

Annual Report
2020-21



Valiant Organics
Limited



**Marching ahead
with renewed optimism**

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Forward-looking Statements

This Report and statements made in this annual report may contain forward-looking statements that set out anticipated results based on the management's plans, assumptions, and on currently available information. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Actual results may vary materially from those anticipated, estimated or projected if known or unknown risks or uncertainties materialise or underlying assumptions prove inaccurate. Readers should bear this in mind that we undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

FY 2020-21: Key Figures



₹ 591 Crores

Total Revenues



₹ 71 Crores

Exports



₹ 174 Crores

EBITDA



₹ 115 Crores

Profit After Tax



₹ 422 Crores

Net Worth



29.46 %

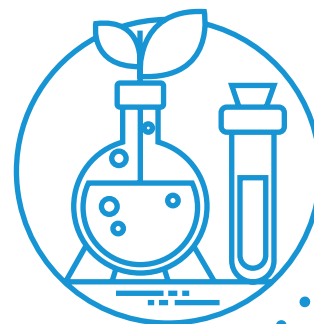
EBITDA Margin

Note: Figures are on a standalone basis.



While the past year has been unprecedented for us, just as it has been for businesses globally, there is a renewed hope and optimism as we move into the new normal. What gives us confidence is our resilient business model and ability to integrate operations, develop in-house process technology and enhance production capacities to gain strength and shape a brighter future. Amidst the current economic uncertainties, we are hopeful and optimistic of achieving high growth by leveraging our core capabilities, enhancing manufacturing capacities, augmenting product portfolio, and improving efficiencies.

We are committed towards superior value creation and to building the Valiant of tomorrow. We are nurturing our spirit by boosting our production capacities through organic growth, establishing our market leadership, and gaining strength and scale to serve the customer demands.



Though challenges persist in the near-to-medium-term, but we desire to benefit from the evolving industry dynamics and growing opportunities in the post-COVID world. By making notable progress on the initiatives, we had set out to accomplish, we intend to capture the thriving opportunities and secure a stronger future.





Who We Are

We are a specialty chemicals manufacturing company in India, backed by a legacy of 35 years, having established a reputation of being a highly reliable supplier and a diversified product player, one that is capable of not only meeting but also foreseeing market needs.

We have established an all-encompassing domain expertise in manifold process chemistries including Chlorination, Ammonolysis, Acetylation, Hydrogenation, Sulphonation and Methoxylation. We produce a range of high-quality products that are used as intermediates in varied industries. Commitment to business superiority has cemented our standing as a favoured supplier of choice for our esteemed customers.

Our Key Strengths

ROBUST BUSINESS MODEL

Our domain expertise in multiple chemistries, healthy business model is supported by a comprehensive product portfolio and client base distributed across multiple industries and countries, which lowers our product, industry, and geographical intensity risk.

DOMAIN KNOWLEDGE

We constantly meet the perpetually advancing business mandates by our domain know-how and widespread process knowledge in numerous chemistries. The management team comprises first generation technocrats with a combined experience of more than 50 years.

INTEGRATED OPERATIONS

Our multi-use plants empower us to manufacture an array of products and tailor them as per clients' diverging needs, technical qualifications, batch sizes, and delivery plans.

WIDESPREAD SUPPLY CHAIN

Our widespread and distinct supply chain, combined with backward integrated operations, ensures uninterrupted availability of adequate and quality raw materials and continual production.

STRONG CUSTOMER RELATIONS

High-quality products, advanced manufacturing capacities, and invention-driven value-added competencies have led us to expand multi-year relationships with our customers in domestic as well as overseas marketplaces.

STRATEGIC LOCATION OF PLANTS

Our manufacturing plants are deliberately situated near the ports, offering a locational advantage, significant logistical cost efficiencies and better delivery timelines.

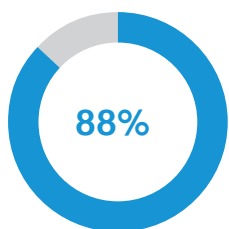
DISTINCT PRODUCT PORTFOLIO

We fabricate a comprehensive portfolio of products used as intermediates in several end-user industries, and several value-added products.

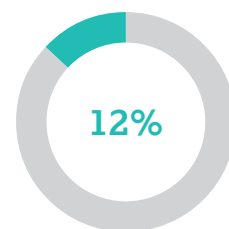


REVENUE BREAK-UP

Domestic



Exports



OUR PROCESS & PRODUCT PORTFOLIO

Chlorination

- Para Chloro Phenol
- Ortho Chloro Phenol
- 2,4 Di Chloro Phenol
- 2,6 Di Chloro Phenol
- 2,4,6 Tri Chloro Phenol

Ammonolysis

- Para Nitro Aniline
- Ortho Chloro
Para Nitro Aniline

Acetylation

- 6 Acetyl OAPSA
- OA Acetanilide
- PA Acetanilide

Hydrogenation

- Ortho Anisidine
- Para Anisidine
- IPPCA
- Meta Chloro Aniline
- Para Amino Phenol
- Ortho Amino Phenol

Sulphonation

- OT5SA
- 4B Acid
- 2B Acid

Methoxylation

- Ortho Nitro Anisole
- Para Nitro Anisole



Our Quality Certifications

ISO 9001:2015

ISO 14001:2015

OHSAS 18001:2007

Zero Liquid
Discharge Units

Managing Director's Message

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At Valiant Organics Limited, we demonstrated powerful business resilience and agility on the back of our strong fundamentals, integrated operations, and manufacturing and technical capabilities.



Dear Shareholders,

Trust you all are safe and doing well amidst the unprecedented times. The COVID-19 pandemic has ravaged millions of lives and economies across the world. On behalf of the Board, I offer my deepest condolences to the bereaved families and gratitude to healthcare professionals around the world.

The Indian economy was severely impacted on account of the contraction of the economic activity following the nationwide lockdown. Despite the near-to-medium-term challenges, the long-term fundamentals of the economy seem robust. Government's fiscal support package and policy reforms under the 'Atmanirbhar Bharat Abhiyan', along with successful vaccination drives will be key in reinvigorating the economy; however, the intensity and depth of the second wave of coronavirus infections may derail the economic recovery.

At Valiant Organics Limited, we demonstrated powerful business resilience and agility on the back of our strong fundamentals, integrated operations, and manufacturing and technical capabilities. Amidst the current economic uncertainties, we are hopeful and optimistic of capturing

the emerging market dynamics and cater to the customer demands.

BUSINESS PERFORMANCE

The broad-based slowdown in the Indian economy following the advent of the COVID-19 pandemic, led to temporary shutdown of our manufacturing facilities. During this period, we also faced significant supply chain and logistical challenges in movement of goods and manpower. However, we swiftly resumed operations in mid-April post normalisation of economic activities, and worked towards effective plant utilisation as well as complete well-being of our employees.

Our total revenue for the year stood at ₹ 591 Crores as compared to ₹ 589 Crores in the previous year. Net Profit stood at ₹ 115 Crores as against ₹ 124 Crores in the previous year, marking a de-growth of 7%. EBITDA stood at ₹ 174 Crores as compared to ₹ 179 Crores in the previous year. Our debt equity ratio remained constant as last year at 0.28x.

We export our products to various geographies across the globe, which contributes nearly 12% to our revenues. During the year, our exports registered a stable performance.



We implemented rigorous standard operating protocols across our manufacturing facilities and workplaces to safeguard the health and well-being of our employees. Notable measures included regular sanitisation of our facilities, temperature scanning, wearing of masks and gloves, and ensuring social distancing. We also adopted work from home culture by providing adequate systems and connectivity to our employees to ensure business continuity.

LEVERAGING OUR CAPABILITIES

Being a leading specialty chemicals manufacturer, we are well positioned to capitalise on the thriving opportunities by significantly leveraging our operations, expanding capacities, and broadening our offerings. Our competent and highly qualified team with vast expertise and experience enable us to take advantage of the evolving dynamics and deliver consistent growth.

Throughout the year, we continued to focus on consolidating our operations by integrating the processes and moving up the value chain. Astute manufacturing helps us cater to diverse customer needs efficiently, while achieving economies of scale and improving our cost efficiency. In addition, our superior R&D edge and fully integrated manufacturing processes enable us to develop margin-accretive downstream products and value-added import substitutes, providing tremendous opportunities to grow.

You would be delighted to know that we completed the expansion of ammonolysis capacity at Vapi plant. We also completed expansion of Phase I of Para Amino Phenol (PAP), while the expansion of Ortho Amino Phenol (OAP) is still in process. PAP has been identified as key intermediates of pharmaceutical products.

We have commenced preparation on the production of drug intermediates. Our strategy is to produce drug intermediates to reduce the imports of these products. On the other hand, we have been increasingly considering forward integration of Paracetamol in the future. All these will enable us to cater to the growing demand for drug intermediates and APIs in the end-user industries, particularly, the pharmaceuticals industry.

BUSINESS OUTLOOK

The Government's powerful 'Atmanirbhar Bharat Abhiyan' will be fundamental in promoting domestic manufacturing

Throughout the year, we continued to focus on consolidating our operations by integrating the processes and moving up the value chain

and increasing India's self-reliance, thus presenting enormous opportunities. Moreover, China's competitive position in the global markets has been diminishing in the past few years on account of stringent environmental and safety norms and shutdown of chemical plants. In the wake of the COVID-19 pandemic, many companies across the globe are scouting for new alternate vendors. A unique combination of talented manpower and low-cost production makes India an ideal production and supply chain hub for global markets.

India's specialty chemicals industry is poised to grow rapidly due to varied applications and rising demand from the end-user industries. We are well prepared to encapsulate the growing opportunities and become a leading player in specialty chemicals by harnessing our dynamic capabilities. With our prudent strategies, we are hopeful about surpassing the challenges and marching ahead with optimism to deliver sustainable growth and enhanced value for all our stakeholders.

CONCLUSION

In closing, I would like to thank our esteemed stakeholders, our shareholders, our customers, our suppliers, our business partners, and our family of dedicated employees for their unstinted trust and support in these difficult times.

Warm Regards,

Arvind Kanji Chheda

Managing Director

Board of Directors



Shri Chandrakant V. Gogri

Chairman Emeritus

Mr. Gogri is a stalwart in the Indian chemical industry and the founder of the Aarti Group of Companies. He possesses expertise in the areas of projects, operations, process development and local & international marketing. His keen business acumen and over five decades of experience has helped the Aarti Group scale new heights of success. We believe that under his valuable guidance, the Company will keep touching newer peaks.

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