

RONI HOUSEHOLDS LIMITED

(Formerly Known as Roni Households Private Limited)

Telephone No.: +91 77965 42369

Email: info@ronihouseholds.com

Website: www.ronihouseholds.com

CIN: L25207MH2017PLC300575

GSTIN: 27AAICR5657B1ZA



ANNUAL REPORT

2019-20

Management Discussion & Analysis

Economy Overview of Plastic Industry

The CPI inflation projection has also been revised upwards to 51.47 % for the second half of FY 2020 and 4-3.8% for the first half of FY 2021. The COVID-19 pandemic has had a more negative impact on activity in the first half of 2020 than anticipated, and the recovery is projected to be more gradual than previous forecast. In 2021 global growth is projected at 5.4%. Overall, this would leave 2021 GDP 6.5% lower than in pre-COVID-19 projections of January 2020. The downward revision to growth prospects for emerging market and developing economies over FY 2020-21 (2.8 percentage points) exceeds the revision for advanced economies (1.8 percentage points). Excluding China, the downward revision for emerging market and developing economies over FY 2020-21 is 3.6 percentage points. (Source: IMF).

Indian Scenario

India has emerged as the fastest growing major economy in the world as per the Central Statistics Organisation (CSO) and International Monetary Fund (IMF) and it is expected to be one of the top three economic powers of the world over the next 10-15 years, backed by its strong democracy and partnerships. Indian economy is expected to grow at a rate of 6.8 per cent in the year 2018-19 and in the year 2019-20 the economy is expected to grow at a rate of 5 per cent. The improvement in India's economic fundamentals has accelerated in the year 2015 with the combined impact of strong government reforms, Reserve Bank of India's (RBI) inflation focus supported by benign global commodity prices.

Overview of Global Plastic Industry

Global economic growth is generally interlinked to petrochemical consumption where plastic is an important partner. Plastic processing is the pillar of economy in most of the advanced economies¹.

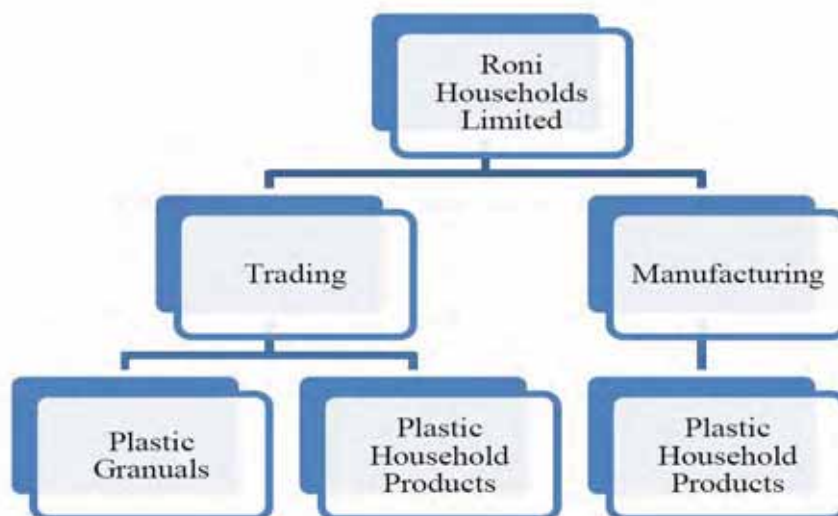
Road Ahead

Global plastics market is projected to grow at a CAGR of 7.03% from 2017 to 2025, as per Orian Research. Plastics are used in a variety of industries: construction, packaging, appliance, automobile, textile, transportation, and many others. A large number of manufacturers supply many different products to numerous end-users for a multitude of applications. The major drivers for plastics market would be its low cost, flexibility of use, easy manufacturing capabilities, growing construction in Asia-Pacific region among others. Thus, plastics can be regarded as synthetic or semi-synthetic organic solids which can be transformed into several useful products. Also, the paradigm shift of technology to recycle plastics for end-use applications provide significant opportunities to the entire supply chain of the plastics market².

¹ (Source: <https://www.moneycontrol.com/news/business/startup/current-scenarioway-forward-for-indian-plastic-industry-1045326.html>)

² (Source: <http://www.plastemart.com/news-plastics-information/global-plastics-market-to-register-cagr-of-7-03-from-2017-to-2025/44014>)

Company Profile and Performance:



Business Process:

1. Trading Business Process

The trading business vertical of the company is a B2B model and operates primarily on an agency basis wherein the goods are procured from suppliers on cash or credit basis and supplied to customers on credit basis. The procurement of goods is carried out on an “order” basis as well as “demand estimation basis”.

2. Proposed Manufacturing Process

The basic raw material is PVC Granuals. This raw material is fed into the Feeding hopper of Injection Moulding Machine. Wherein, the raw material is heated by the heater and is converted into hard solvent and the hard solvent then injected into moulds. Water is circulated and re-circulated on moulds for cooling purpose. The injection moulding items are then packed and are ready for sale.

Capacity Utilization

Our company does not have any operating history with respect to capacity and capacity utilization. However, our proposed manufacturing plant will have production capacity of 4,700 kgs per day for the fiscal 2019 fiscal 2020 and fiscal 2021. Our utilized capacity will be 40%, 65% and 70% for the fiscal 2019 fiscal 2020 and fiscal 2021 respectively.

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Outlook & Opportunities:

- The Governments' 'Make in India' initiative will facilitate the industry with common infrastructure and a consequent rapid flow of FDI into the sector which will accelerate growth.
- As an environmentally conscious company, we stand to benefit from stricter environment norms.
- The Indian specialty plastic industry continues to enjoy advantages in terms of labour costs.
- The Company enjoys additional advantages of product development capabilities, branding and distribution.

Challenges:

- Fragmentation and lack of scale: Only a few Indian companies have the ability to compete with global giants on product development and innovation. It is an advantageous situation as it is one of the larger specialty plastic companies in India.
- Commoditisation: Only niche products enable companies to protect their margins. Focusing more on this segment would be of greater benefit.
- Regulations: The cost of compliance could make operations increasingly economically unviable for small players. Ability to scale up, offering differentiated products through innovations, implementing an effective sales and marketing strategy and maintaining high levels of regulatory standards will clearly separate winners from the crowd in this space.

Financial and Operational Performance Review

The major items of the financial statement are shown below:

PARTICULARS	2019-20	2018-19
Net Sales & Other Income	8,51,20,357	7,80,45,520
Profit before Interest & Depreciation	1,48,82,218	63,27,300
Interest	49,38,966	12,38,861
Depreciation	61,20,775	23,26,261
Profit/(Loss) before exceptional item and tax	38,22,477	27,62,178
Less: Exceptional Item	-	-
Less: Provision for Tax (Net)	(2,49,403)	(5,50,051)
Profit After Tax	40,71,880	33,12,229
Balance available for Appropriation	81,63,871	40,91,991

Risks and Concerns:

The Company follows Enterprise Risk Management (ERM) tools to define, identify and assess report and drive the mitigation of risk throughout the group. The tool is designed to provide risk score measures for each of the potential risks as well as its financial, reputational and operational impact. It also provides risk improvement plans, critical success factors and target dates to control risks.

The Company has aligned its policy on risk assessment with the global approach, and risk assessment reports are reviewed at regular intervals. The Company has also adopted a focused approach towards risk management in the form of a corporate insurance programme. The goal of this programme is to optimise the financing of insurable risks by using a combination of risk retention and risk transfer. The programme covers all potential risks relating to the business operations of the Company at its various locations. As part of the global policy, the relevant parameters for all manufacturing sites are analysed to minimise the risk associated with protection of environment, safety of operations and health of people at work. These are then monitored regularly with reference to statutory regulations prescribed by government authorities and guidelines defined by the Company. The Company fulfils its legal requirements concerning emission, waste water and waste disposal. Improving workplace safety continues to be a top priority at all manufacturing sites.

The Company continues its focus on compliance in all areas of its business operations by rationalising and strengthening controls. This is also an important component of the Company's code of conduct. The Company has set in place the requisite mechanism for meeting with the compliance requirements and periodic monitoring to avoid any deviation. The Company aims to set exemplary and sustainable standards, not only through products, services and performance, but also through integrity and behaviour. As part of our efforts to ensure that we maintain such exemplary standards and to provide employees with a good understanding of the demands of anti-bribery and corruption laws, the Company has launched intranet based training modules on the topic of Preventing Bribery and Corruption.

The business operations of the Company are exposed to a variety of financial risks such as market risk (foreign exchange risk, interest rate risk and price risk); credit risk, liquidity risk etc. The risk management programme focuses on unpredictability of financial markets and seeks to reduce potential adverse effects on the financial performance. The Company's business critical software is operated on a server with regular maintenance and back-up of data and is connected to a centralised computer centre with physically separated server parks operated by the Company group. The system's parallel architecture overcomes failures and breakdowns. The global communication network is managed centrally and is equipped to deal with failures and breakdowns.

Internal Control Systems and Their Adequacy

The Company has adequate internal control procedures commensurate with its size and nature of business in India. The Company has clearly laid down policies, guidelines and procedures that form a part of the internal control systems. The adequacy of Internal Control Systems, which encompasses the Company's business processes and financial reporting systems, is examined by the management as well as by its internal auditors at regular intervals.

The internal auditors carry out audits at regular intervals in order to identify weaknesses and suggest improvements for better functioning. The observations and recommendations of the Internal Auditors are discussed by the Audit Committee to ensure effective corrective action.

Human Resources

The Company acknowledges that its committed and talented workforce is the key factor driving sustainable performance and growth. As one of the most critical assets of the Company, its people are responsible for its competitive advantage. In line with its business imperatives, emphasis continues to be on recruiting and retaining the most relevant talent. These resources are then nurtured, developed, motivated and empowered so that their performance is optimised.

It continuously seeks to inculcate within its employees a strong sense of business ethics and social responsibility. Relations with the employees at all levels remained cordial during the year.

Change in Return on Net Worth

The return on Net worth for the financial year 2019-20 has increased by 0.75% as compared to preceding financial year.

For & on behalf of the Board

Harish Manohar Sirwani

Managing Director

DIN: 07844075

Directors' Report

To
The Members,

Your Directors have pleasure in presenting the Third Annual Report of Roni Households Limited (Formally known as "Roni Household Private Limited") along with the Audited Financial Statements for the year ended 31st March, 2020.

1. Financial Summary or performance of the company:

PARTICULARS	YEAR ENDED 31.03.2020	YEAR ENDED 31.03.2019
Total Income	8,51,20,357	7,80,45,520
Profit before Tax	38,22,477	27,62,178
Less: Tax	6,50,000	7,01,480
Add: Deferred Tax (Assets)/ Liabilities	(8,99,403)	(12,51,531)
Profit after tax	40,71,880	33,12,229
Add: Balance brought forward	40,91,991	7,79,762
Net Profit available for appropriation	81,63,871	40,91,991

2. State of Company's affairs:

The Company has reported total income of ₹ 8,51,20,357/- for the current year as compared to ₹ 7,80,45,520/- in the previous year. The Net Profit for the year under review amounted to ₹ 40,71,880/- in the current year as compared to ₹ 33,12,229/- in the previous year.

3. Transfer to reserves:

The Company has not transferred any amount to General Reserve. However the Company has retained the current year profit in the accumulated Profit and Loss account.

4. Dividend:

In a view of the requirements of own funds for expansion of business of the company, the Directors of the company does not recommended dividend for the Financial Year ended 31st March, 2020.

5. Share Capital:

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The paid up Equity Share Capital as on 31st March, 2020 was ₹ 4,33,59,460/-. During the year under review, the Company has not issued any equity shares with or without differential voting rights nor granted stock options nor sweat equity.

6. Material Changes between the date of the Board report and end of financial year:

There have been no material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements related and the date of the report.

7. Provision of financial assistance to the employees of the company for the purchase of its own shares.

The company has not provided any financial assistance to its employees as per section 67 of the Companies Act, 2013. And employees of the company do not exercise any voting right in the company directly or indirectly.

8. Significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future:

During the year under review there has been no such significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

9. Compliances of Secretarial Standards

During the year under review, the Company has complied with the provisions of the applicable Secretarial Standards issued by Institute of Companies Secretaries of India. The Company has devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards issued by the Institute of Company Secretaries of India and such systems are adequate and operating effectively.

10. Subsidiary Company:

As on 31st March, 2020, the Company does not have any subsidiary.

11. Statutory Auditor & Audit Report:

M/s. Raju & Prasad, Chartered Accountants having Firm Registration No. 003475S was appointed as a Statutory Auditors at the Annual General Meeting of the Company held on 15th September, 2018 for the period of 5 years starting from 01st April, 2018 till the AGM of the company to be held in calendar year 2023.

The Auditors' Report does not contain any qualification, reservation or adverse remark.

12. Change in the nature of business :

There is no change in the nature of the business of the company

13. Details of Change in composition of Directors or key managerial personnel;

In accordance with the provisions of Section 152 of the Act, Mrs. Nidhi Harish Sirwani, Director retires by rotation at the forthcoming Annual General Meeting and, being eligible offers herself for re-appointment. The Board recommends her re-appointment for the consideration of the Members of the Company at the forthcoming Annual General Meeting. Brief profile of Mrs. Nidhi Harish Sirwani has been given in the Notice convening the Annual General Meeting.

14. Deposits:

The Company has not invited/ accepted any deposits from the public during the year ended 31st March, 2020. There were no unclaimed or unpaid deposits as on 31st March, 2020.

15. Conservation of energy, technology absorption, foreign exchange earnings and outgo:

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule, 8 of The Companies (Accounts) Rules, 2014, is annexed herewith as "Annexure - A".

16. Extract of Annual Return

The details forming part of the extract of the Annual Return in form MGT-9 is annexed herewith as "Annexure - B" to this report and is also available on the Company's website at www.ronihouseholds.com

17. Related Party Transactions

All Related Party Transactions entered by the Company during the financial year were in the ordinary course of business and at arm's length basis given in the notes to the Financial Statements.

Form AOC-2 is annexed herewith as "Annexure - C" to this report.

18. Corporate Social Responsibility:

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The Company is not required to constitute a Corporate Social Responsibility Committee as it does not fall within purview of Section 135(1) of the Companies Act, 2013 and hence it is not required to formulate policy on corporate social responsibility.

19. Secretarial Auditor:

Pursuant to the provisions of Section 204 of the Act and rules made thereunder, the Company has appointed M/s. Nitin S. Sharma & Associates, a Company Secretaries in Practice to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed as Annexure 'D' and forms an integral part of this Report.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

20. Particulars of Employee:

The information required pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies(Appointment and Remuneration of Managerial Personnel)Rules, 2014 in respect of employees of the is given in an "Annexure E" and forms part of this Report.

21. Number of meeting of the Board:

During the year 2019-20, the Board of Directors met 5 times.

22. Directors' Responsibility Statement:

Pursuant to the requirement under section 134(3)(C) of the Companies Act, 2013 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- i. In the preparation of the annual accounts for the financial year ended 31st March, 2020, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii. The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March, 2020 and of the profit and loss of the company for that period;
- iii. The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;