

**DIRECTOR'S REPORT***[Pursuant to Section 134 of Companies Act, 2013]***Dear Shareholders,**

Your Directors are pleased to present the Fifth Annual Report together with the Audited Financial statements for the year ended 31st March, 2021.

**1. Financial Results:**

<i>Particulars</i>	<i>Current Financial Year (2021)</i>	<i>Previous Financial Year (2020)</i>
<i>Revenue from Operations</i>	4,608,594,986	1,097,841,731
<i>Other Income</i>	44,216,288	22,284,016
<i>Profit/(Loss) before Depreciation, Finance Costs, Exceptional items and Tax Expense</i>	4,652,811,274	1,120,125,747
<i>Less: Depreciation/ Amortisation/ Impairment</i>	(4,711,513)	(3,100,120)
<i>Profit/(Loss) before Finance Costs, Exceptional items and Tax Expense</i>	298,423,985	(55,828,876)
<i>Less: Finance Costs</i>	(1,766,958)	(265,810)
<i>Profit/(Loss) before Exceptional items and Tax Expense</i>	296,657,027	(59,194,805)
<i>Add/(less): Exceptional items</i>	0	0
<i>Loss before Tax Expense</i>	296,657,026	(59,194,805)
<i>Less: Tax Expense (Current &amp; Deferred)</i>	(50,738,283)	0
<i>Profit/(Loss) for the year (1)</i>	245,918,744	(59,194,805)
<i>Total Comprehensive Income/loss (2)</i>	0	0
<i>Total (1+2)</i>	245,918,744	(59,194,805)
<i>Balance of profit /loss for earlier years</i>	(100,664,033)	(41,469,228)
<i>Less: Transfer to Debenture Redemption Reserve</i>	0	0
<i>Less: Transfer to Reserves</i>	0	0
<i>Less: Dividend paid on Equity Shares</i>	0	0
<i>Less: Dividend paid on Preference Shares</i>	0	0
<i>Less: Dividend Distribution Tax</i>	0	0
<i>Balance carried forward</i>	145,254,711	(100,664,033)

**2. Transfer to General Reserve**

The Board of Directors of your company does not propose to transfer any amount to the General Reserve for the year under review.

**3. Dividend:**

The Board of Directors of your company, after considering holistically the relevant circumstances and keeping in view the company's dividend distribution policy, has decided that it would be prudent, not to recommend any Dividend for the year under review.

**4. Operations and State of Company's affairs:****THE HIGHLIGHTS OF THE COMPANY'S PERFORMANCE FOR THE YEAR ENDED 31ST MARCH, 2021 ARE AS UNDER:**

- Value of sales increased by 319.8% to INR 4,608,594,986
- EBITDA increased by 642.9% to INR 303,135,498
- Profit Before Tax increased by 601.2% to INR 296,657,027
- Cash Profit (Profit after tax + Depreciation) Increased by 546.8% to INR 250,630,256

**5. Deposits from public:**

During the year under review the company has not accepted any deposits from public.

**6. Annual Return:**

As per provisions of Section 92(3) of the Companies Act, 2013, Annual Return of the Company for F.Y. 2020-2021 will be placed on the website of the Company.

The same may be viewed through following Link:

[http://honasa.in/admin/annual\\_reports/detail/1](http://honasa.in/admin/annual_reports/detail/1)

**7. Meetings of the Board:**

9 meetings of the Board of Directors were held during the year. Details of the same are as follows:

Date	Board Strength	No. of directors present
20-05-2020	5	5
22-07-2020	5	5
28-10-2020	5	5
05-11-2020	5	5
22-12-2020	5	5
04-02-2021	5	5
04-03-2021	5	5
08-03-2021	5	5
19-03-2021	5	5

**8. Directors' Responsibility Statement:-**

Pursuant to requirement under sub-section (3) and (5) of Section 134 of the Companies Act, 2013, with respect to Directors' Responsibility Statement, your directors state that:

- i. In the preparation of the Annual Accounts, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- ii. The Directors have 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 2021 and of the profit/loss of the company for that period;

- iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv. The Directors have prepared the annual accounts on a 'going concern' basis.
- v. The Directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and are operating effectively)
- vi. The directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

#### **9. Particulars of Loans, Guarantees or Investment under Section 186**

During the period under review the company has not granted any loans, Guarantees or has not made any investment under Section 186 of the Companies Act, 2013.

Sr. No.	Name of the Party	Opening Balance	Dr.	Cr.	Closing Balance
1	-	-	-	-	-
2	-	-	-	-	-

#### **10. Risk Management:-**

The Company manages monitors and reports on the principal risks and uncertainties that can impact its abilities to achieve its strategic objectives. No such risk has been identified during the year.

#### **11. Foreign Currency Earning/Outflow:-**

Foreign Currency Earning : Rs. 8,22,69,598  
Foreign Currency Outflow : Rs. 3,09,50,215

#### **12. Contracts and arrangements with related parties:-**

During the period under review the company has entered into related party transactions on arm's length basis. Details of related party transactions during the year is attached as Annexure II in **Form AOC-2** as per the provisions of Section 188(1) of the Companies Act, 2013 and Rule 8(2) of The Companies (Accounts) Rules, 2014.

#### **13. Statement on Declaration Given by Independent Director's:**

The Company being a private company, section 149(6) of Companies Act, 2013 is not applicable.

#### **14. Change in Directors:**

During the year under review, Mr. Vivek Gambhir (DIN: 06527810) was appointed as Independent Director (Non-Executive) on 24.03.2021 to the Board of Directors of the Company.

The Company has received declarations from all the Independent Directors of the Company confirming that:

- (a) They meet the criteria of independence prescribed under the Act; and
- (b) They have registered their names in the Independent Directors' Databank.

**15. Change in KMP:**

There was no change in KMP during the year under review.

**16. Auditors**

**Statutory auditors**

M/s. S.R. Batliboi & Associates LLP, Chartered Accountants, registered with the Institute of Chartered Accountants of India bearing Firm Registration No. 101049W/E300004 were re-appointed as Statutory Auditors of the Company in the Annual general meeting of shareholders of the company held on 30th September, 2019 to act as statutory auditors of the Company from conclusion of the 3rd Annual General meeting till Conclusion of 8th Annual General Meeting of the Company. The auditors of company have given their consent for such re-appointment.

**17. Reservation and qualification on Auditor Report:**

Auditor's Report is self-explanatory and does not need any other explanation/or clarification. Further the Auditor of the Company have not raised any qualification, reservation or any adverse remarks regarding the functioning of the Company in the Auditors report of the financial year under review.

**18. Reservation and qualification on Secretarial Auditor's Report:**

The Company being a private company, Secretarial Audit Under section 204 of Companies Act, 2013 is not applicable.

**19. Material changes and commitments affecting financial position between the end of the financial year and date of report:**

There are no such changes during the year.

**20. Particulars of Employees and related disclosures:**

None of the employee is in receipt of remuneration in excess of the limits prescribed under Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

**21. Conservation of energy:**

In the opinion of the directors there is no need to take any measure in this regard. The company does not have any proposal for additional investment in this regard. The details of energy consumption are not required to be given.

**22. Technology absorption:**

The research and experiments are carried on as part of the normal business activities and as such no separate figures are available.

**23. Disclosure under SHWW(PPR) Act, 2013**

The Company has in place an Anti Sexual Harassment Policy in line with requirements of the **Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**. The following is a summary of sexual harassment complaints received and disposed off during the year 2020-21.

- Number of complaints received : 00
- Number of Complaints Disposed off : 00

**24. General Disclosures**

- **Disclosure under Section 131(1):** The Company has not revised its financial statements or its Board report during the relevant financial year. Hence no disclosure is required.
- **Disclosure under Section 149(10):**-As the Company being a private Company, there is no requirement of appointment of Independent Director.
- **Disclosure under Section 177(8):** As the Company does not fall under this section, there is no requirement of constitution of Audit Committee.
- **Disclosure on Vigil Mechanism under Prov. to Section 177 (10):** As the Company does not fall under this section, there is no requirement of establishment of vigil mechanism.
- **Details of Remuneration pursuant to Section 197(12) & Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:** Company not being a Listed Company, provisions of Section 197(12) are not applicable.
- **Disclosure under Section 134(3)(p):** The Company, being a private company, Annual Evaluation under section 134(3)(p) is not mandatory.

**25. Details of Significant and Material Orders passed by the Regulators or Courts or Tribunals, etc**

No significant and material orders have been passed by any regulators or courts or tribunals against the Company impacting the going concern status and Company's operations in future.

**26. Change in Share Capital**

During the Financial Year under review the Authorized Share Capital of the company remained unchanged at INR 6,25,300 (Indian Rupees Six Lakhs Twenty Five Thousand And Three Hundred) divided into;

- a) 40,000 (Forty Thousand) Equity Shares of INR 10 (Indian Rupees Ten) each,
- b) 580 (Five Hundred and Eighty) Equity Shares of INR 100 (Indian Rupees Hundred) each,
- c) 5839 (Five Thousand Eight Hundred and Thirty Nine) Class A Compulsorily Convertible Non-Cumulative Preference Shares of INR 10 (Rupees ten) each,
- d) 1,885 (One Thousand Eight Hundred Eighty Five) Class B Compulsorily Convertible Non-Cumulative Preference Shares of INR 10 (Rupees Ten) each,
- e) 4,845 (Four Thousand Eight Hundred Forty Five) Class C Compulsorily Convertible Non cumulative Preference Shares of INR 10 (Rupees Ten) each, and;
- f) 4161 (Four Thousand One Hundred and Sixty One) Class D Compulsorily Convertible Non Cumulative Preference Shares of INR 10 (Rupees Ten) each."

Further during the financial year under review the company has increase paid up capital from INR 245,790 to INR 245,970. Following class of shares were issued during the financial year:

- a) 18 Equity Shares (ESOP Shares) of Rs. 10 each.

**27. ESOP**

Disclosures as per provisions of Section 62 read with Rule 12(9) of the Companies (Share Capital and Debentures) Rule, 2014:

a	Options Granted	447
b	Options Vested	NIL
c	Options Exercised	18
d	The total number of shares arising as a result of exercise of option	18
e	Option Lapsed	NIL
f	The Exercise Price	Rs. 25,889; Rs. 54,522; Rs. 2,63,566; Rs. 8,69,248; and Rs. 10,54,529
g	Variation in terms of Options	NA
h	Money Realized by exercise of Options	8,95,347
i	Total Number of Options in force	429
j	Employee wise details of Options granted to:-	
	i. Key Managerial Personnel	i. NIL

	ii. Any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during the year.	ii. NIL
	iii. Identified Employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	iii. NIL

28. Corporate Governance:

The management has taken every possible steps to ensure Efficient and Transparent governance of the affairs of the Company. The Board is committed towards the compliance of all laws of the land as may be applicable on the company and management of the affairs of the organization in the best interest of all stakeholders of the Company. However the Company being a Private Limited Company is not required to disclose the corporate governance policy and measures in the Board's report.

29. Acknowledgement:

Your Directors would like to express their sincere appreciation for the assistance and co-operation received from the financial institutions, Government Authorities, customers, vendors and members during the year under review. Your directors also wish to place on record their deep sense of appreciation for the committed services by the Company's executives, staff and workers.

For and on behalf of the Board  
HONASA CONSUMER PRIVATE LIMITED

Varun Alagh  
Director  
DIN: 07597289

Ghazal Alagh  
Director  
DIN: 07608292

Date : 16/09/2021  
Place : Gurgaon

**Annexure B**  
**Form No. AOC-2**  
**RELATED PARTY TRANSACTION**

**(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)**

1. Details of contracts or arrangements or transactions not at arm's length basis

- Name(s) of the related party and nature of relationship- **N.A.**
- Nature of contracts /arrangements/ transactions- **N.A.**
- Duration of the contracts /arrangements/ transactions- **N.A.**
- Salient terms of the contracts or arrangements or transactions including the value, if any- **N.A.**
- Justification for entering into such contracts or arrangements or transactions- **N.A.**
- Date(s) of approval by the Board- **N.A.**
- Amount paid as advances, if any- **N.A.**
- Date on which the special resolution was passes in general meeting as required under first proviso to section 188- **N.A.**

2. Details of material contracts or arrangements or transactions at arm's length basis

- Name(s) of the related party and nature of relationship-

Name of Related Party	Nature of Relationship
Varun Alagh	Director
Ghazal Alagh	Director
Mukesh Alagh	Relative of KMP

- Nature of contracts /arrangements/ transactions- **N.A.**

Name of Related Party	Nature of contracts/arrangements/ transactions
Varun Alagh	Sale of traded goods
Ghazal Alagh	Sale of traded goods

- Duration of the contracts /arrangements/ transactions- Transactions are in ordinary course of business.
- Salient terms of the contracts or arrangements or transactions including the value, if any-

Name of Related Party	Nature of contracts/arrangements/ transactions	Value (INR)
Varun Alagh	Sale of traded goods	999
Ghazal Alagh	Sale of traded goods	5,115



- Justification for entering into such contracts or arrangements or transactions- **N.A.**
- Date(s) of approval by the Board- **N.A.**
- Amount paid as advances, if any- **N.A.**

For and on behalf of the Board  
**HONASA CONSUMER PRIVATE LIMITED**

Varun Alagh  
Director  
DIN: 07597289

Ghazal Alagh  
Director  
DIN: 07608292

Date : 16/09/2021  
Place : Gurgaon