



ANNUAL REPORT

2015-16

Sonal Adhesives Limited

SONAL ADHESIVES LIMITED

CIN: L02004MH1991PLC064045

Board of Directors

| | | |
|--------------------------|---|---|
| Shri. Sandeep M. Arora | - | Managing Director |
| Smt. Mridu S. Arora | - | Non-executive Director (<i>w.e.f. 12/08/2015</i>) |
| Shri. Manish Nanda | - | Non-executive Independent Director |
| Shri. Nitin Rane | - | Non-executive Independent Director (<i>w.e.f. 12/08/2015</i>) |
| Smt. Kamal Arora | - | Non-executive Director (<i>upto 12/08/2015</i>) |
| Shri. Jaspal Singh Basin | - | Non-executive Independent Director (<i>upto 12/08/2015</i>) |

Registered Office and Factory Address

Plot 28/1A, Village Dheku, Takai Adoshi Road Off: Khopoli Pen Road, Tal: Khalapur, Dist., Raigad Maharashtra – 410 203

Bankers

State Bank of India

Auditors

M/s. Rohan Agrawal & Co, Chartered Accountants

Registrar and Share Transfer Agent

System Support Services
209, Shivai Indl. Estate, 89, Andheri-Kurla Road, Sakinaka, Mumbai – 400 072
Tel: 022-28500835

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NOTICE

NOTICE is hereby given that the Twenty Fifth Annual General Meeting of the Members of Sonal Adhesives Limited will be held on Friday, the 30th September, 2016 at the Registered Office of the Company at Plot No. 28/1A, Takai-Adoshi Road, At PO Khopoli, Tal Khalapur, Dist. Raigad, Khopoli - 410203 at 1.00 p.m. (route map to the Venue of AGM is annexed with the Notice) to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2016 and the Statement of Profit / Loss Account for the year ended on that date and the reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Smt. Mridu Sandeep Arora (DIN: 07260461), who retires by rotation and being eligible, offers herself for re-appointment.
3. To consider ratification of appointment of Auditor of the Company and, if thought fit, to pass without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time and as recommended by Audit Committee of the Company, the appointment of M/s. Rohan Agrawal & Co., Statutory Auditors of the Company, who holds office until the conclusion of the 29th Annual General Meeting to be held in the year 2020, be and is hereby ratified by the members of the company for the financial year 2016-2017 at such remuneration as may be determined by the Board of Directors of the Company.”

For and on behalf of the Board

Sandeep Arora
Chairman & Managing Director
DIN: 00176939

Registered Office:

Plot No.28/1A, Takai-Adoshi Road,
At PO Khopoli, Tal, Khalapur;
Dist. Raigad, Khopoli - 410203
CIN: L02004MH1991PLC064045
Khopoli, 11th August, 2016

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or member. Proxies in order to be effective must be received by the Company at its Registered Office not less than 48 hours before the commencement of the Meeting.
2. Additional information pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard-2 in respect of Director retiring by rotation and being reappointed has been provided in the explanatory statement annexed thereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed for the purpose of Annual General Meeting from Saturday, the 24th September, 2016 to Friday, the 30th September, 2016 (both days inclusive).
4. Corporate Members are requested to send a duly certified copy of the Board resolution authorising their representatives to attend and vote at the Annual General Meeting.
5. Members are requested to notify any change in their addresses to their Depository Participants in respect of their electronic share holding quoting client ID No. to M/s. System Support Services, 209, Shivai Industrial Estate, 89, Andheri-Kurla Road, Sakinaka, Andheri (East) Mumbai-400072 the Registrar and Share Transfer Agent of the Company in respect of their physical shares, quoting folio No.
6. Please note that your Company's Shares are compulsorily traded in Electronic Form. Your Company has already entered in the agreement with the National Securities Depository Limited (NSDL) and Central Depository Services India Limited (CDSL). Members who hold shares in physical form and desirous to convert them in De-materialized form may send letters along with the De-materialized Request Form (s) through the concerned Depository participant.

7. The Members who have not claimed Dividend / encashed their Dividend Warrants for the Dividend declared in the previous Financial Years are requested to write/return the time barred dividend warrant to the Company for revalidation or issue of duplicate dividend warrant.
8. The Ministry of Corporate Affairs ("MCA") has issued Circulars stating that the service of notice / document by a company to its shareholders can now be made through electronic mode for prompt receipt of communication, apart from helping avoid losses / delays in postal transit.

In view of the above, The Members who have not registered their email addresses are requested to provide their valid e-mail id along with their folio no. / DP ID No & Client ID No and their residential address as under:-

(I) Through post at below addresses :-

- a) The Registrar and Transfer agent of the Company i.e. M/s. System Support Services at 209, Shivai Indl. Estate, Andheri-Kurla Road, Sakinaka, Mumbai – 400072.

OR

- b) The Registered Office of the Company at Plot No.28/1A, Takai-Adoshi Road, At PO Khopoli, Tal: Khalapur Dist. Raigad, Khopoli – 410203

OR

(II) Through email at:- investor@sonal.co.in

9. The facility for voting, either through electronic voting system or Ballot paper shall also be made available at the meeting and Members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting.
10. The Members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.
11. Members can opt for only one mode of voting, i.e., either by Ballot paper or e-voting. In case Members cast their votes through both the modes, voting done by e-voting shall prevail and votes cast through Ballot Form shall be treated as invalid.
12. Members are requested to bring their attendance slip sent herewith duly filled for attending the meeting and copy of Annual Report to the Meeting.
13. **Voting through electronic means:**

In terms of section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Company is pleased to provide its members the facility to exercise their votes on the items of business given in the notice through electronic voting system, to members holding shares as on Friday, the 23rd September, 2016 being the cut-off date ("Record date" for the purpose of said Rules) fixed for determining voting rights of members entitled to participate in the e-voting process through the e-voting platform provided by Central Depository Services (India) Limited (CDSL).

The e-voting rights of the members/beneficiary owners shall be reckoned on the equity shares held by them as on Friday, the 23rd September, 2016.

A. The instructions for shareholders voting electronically are as under:

- (i) The e-voting period commences on Tuesday, 27th September, 2016 (9.00 a.m. IST) and ends on Thursday, 29th September, 2016 (5.00 p.m. IST). During this period, members of the Company, holding shares either in physical form or in dematerialized form, as on Friday, the 23rd September, 2016; may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the shareholder casts the vote on a resolution, the shareholder shall not be allowed to change it subsequently.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue. The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
 - (a) For CDSL: 16 digits beneficiary ID,
 - (b) For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - (c) Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.

If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(vi) If you are a first time user follow the steps given below:

| For Members holding shares in Demat Form and Physical Form | |
|---|---|
| PAN | Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. |
| Dividend Bank Details OR Date of Birth (DOB) | Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v). |

(vii) After entering these details appropriately, click on “SUBMIT” tab.

(viii) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(x) Click on the EVSN for the relevant <Company Name> on which you choose to vote.

(xi) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.

(xiii) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.

(xiv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.

(xv) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.

(xvi) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xvii) Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively on or after 30th June, 2016. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(xviii) **Note for Non – Individual Shareholders and Custodians**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

B. General Instructions

- (i) The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on Friday, the 23rd September, 2016.
- (ii) The Company has appointed, Mr Prashant Diwan, Practising Company Secretary (Membership No. FCS 1403) as the Scrutinizer to scrutinize the remote e-voting process in a fair and transparent manner.
- (iii) The Scrutinizer shall, immediately after the conclusion of voting at the general meeting, would count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, within forty eight hours of conclusion of the meeting, a consolidated Scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing who shall countersign the same
- (iv) The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.sonal.co.in and on the website of CDSL www.evoting.cdsi.com immediately after the result is declared. The Company shall simultaneously forward the results to BSE Limited ("BSE") where the shares of the Company are listed.

14. The route map from Khopoli Bus Stand to Takai Adoshi Road is given hereunder. The prominent landmark for Takai Adoshi Road is Sanjivani Hospital.



ADDITIONAL INFORMATION WITH REGARD TO DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT AT THE TWENTY FIFTH ANNUAL GENERAL MEETING:

| | |
|---|---|
| Particulars | Mridu Arora |
| Date of Birth | 24/07/1976 |
| Date of Appointment | 12/08/2015 |
| Qualifications | M.A. |
| Experience | more than 5 years |
| Expertise in specific functional areas | Designing |
| Terms and condition of appointment / re-appointment along with remuneration to be drawn | NIL |
| Relationship with other Directors, Manager and other KMP | Wife of Mr. Sandeep Arora, Managing Director of the Company |
| No. of Board meeting attended during the year | 7 |
| Directorships held in other companies (excluding foreign companies) | NIL |
| Memberships / Chairmanships of Committees of the Company | Member of Nomination Remuneration Committee |
| Memberships / Chairmanships of Committees of the other Company | NIL |
| Number of shares held in the Company | NIL |

DIRECTORS' REPORT**DEAR MEMBERS**

Your Directors have pleasure in presenting Twenty Fifth Annual Report for the financial year 2015-2016 along with Audited Balance Sheet and the Statement of Profit and Loss Account for the year ended on 31st March, 2016.

FINANCIAL RESULTS:

The financial performance of your Company for the year ended 31st March, 2016 is summarized below:

| Particulars | (Rs. In Lakhs) | |
|--|--|--|
| | Year Ended 31 st March, 2016 | Year Ended 31 st March, 2015 |
| Income from operations | 2444.27 | 4328.01 |
| Profit/(Loss) before Finance Cost & Depreciation | (269.73) | 415.06 |
| Less:- Finance Cost | 25.57 | 281.73 |
| Less:- Depreciation | 75.14 | 78.03 |
| Profit/(Loss) Before tax | (370.44) | 55.30 |
| Less: Tax Expenses | (107.04) | 9.37 |
| Profit/(Loss) for the year | (263.40) | 45.93 |

DIVIDEND

In view of loss incurred during the year, your Directors do not recommend any Dividend for the year under review.

RESERVES

There is no amount has been proposed to carry to Reserves.

PRODUCTS & BUSINESS

The Company's main business is of manufacturing adhesive tapes and plastic ropes.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors state that:

- a) In the preparation of the annual accounts for the year ended March 31, 2016, the applicable accounting standards have been followed and there are no material departures from the same;
- b) 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 March 31, 2016 and of the Loss of the Company for the year ended on that date;
- c) 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;
- d) The Directors have prepared the annual accounts on a 'going concern' basis;
- e) 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; and
- f) 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.

DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

Smt. Kamal Arora and Shri. Jaspal Singh Bhasin resigned from the post of Directors w.e.f. 12th August, 2015. The Board of Directors places on record its appreciation for the valuable contribution made by Smt. Kamal Arora and Shri. Jaspal Singh Bhasin during their tenure with the Company.

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Smt. Mridu Arora, Director is liable to retire by rotation and being eligible, offers herself for re-appointment at the ensuing Annual General Meeting. Your Board recommends her re-appointment.

Smt. Mridu Arora and Shri. Nitin Rane were appointed as an Additional Director of the Company w.e.f. 12th August, 2015. At the 24th Annual General Meeting of the Company held on 30th September, 2015, Smt. Mridu Arora was appointed as Director of the Company liable to retire by rotation and Shri. Nitin Rane was appointed to hold office of Independent Director of the Company for a term of five consecutive years from the date of 24th Annual General Meeting till the conclusion of 29th Annual General Meeting to be held in the year 2020 not liable to retire by rotation.

The Company has also received declaration from Shri. Manish Nanda and Shri. Nitin Rane, Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed both under the Act and Clause 49 of the Listing Agreement with the Stock Exchanges.

Shri. Amish Ashar resigned from the post of Company Secretary w.e.f. 6th June, 2015 the Board of Directors places on record its appreciation for the valuable contribution made by him during his tenure with the Company.

The Composition of the Board and KMP as on date is as under:

- (1) Shri. Sandeep M. Arora - Chairman & Managing Director (KMP)
- (2) Smt. Mridu Arora - Non-executive Director
- (3) Shri. Manish Nanda - Non-executive Independent Director
- (4) Shri. Nitin Rane - Non-executive Independent Director
- (5) Shri. Shivcharan Girker - Chief Financial Officer (KMP)

The details of programmes for familiarisation of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters are put up on the website of the Company.

The following policies of the Company are put up on the website of the Company

- a) Policy for selection of Directors and determining Directors independence; and
- b) Remuneration Policy for Directors, Key Managerial Personnel and other employees.

VARIOUS COMMITTEES OF THE BOARD AND THEIR COMPOSITIONS

| | | |
|----|------------------------------------|--|
| A] | Audit Committee | Shri. Manish Nanda - Chairman Shri. Nitin Rane Shri. Sandeep Arora |
| B] | Nomination Remuneration Committee | Shri. Manish Nanda - Chairman Shri. Nitin Rane Smt. Mridu Arora |
| C] | Stakeholder Relationship Committee | Shri. Manish Nanda - Chairman Smt. Mridu Arora Shri. Sandeep Arora |

NUMBER OF MEETINGS OF THE BOARD

During the FY 2015-16, eighteen meetings of the Board of Directors were held.

BOARD EVALUATION

The Board of Directors has carried out an annual evaluation of its own performance, Board committees and individual Directors pursuant to the proper performance of the Board was evaluated by the Board after seeking inputs from all the Directors on the basis of the criteria such as the Board composition and structure, effectiveness of Board processes, information and functioning, etc.

The performance of the committees was evaluated by the Board after seeking inputs from the committee members on the basis of the criteria such as the composition of committees, effectiveness of committee meetings, etc.

The Board and the Nomination Remuneration Committee (“NRC”) reviewed the performance of the individual Directors on the basis of the criteria such as the contribution of the individual Director to the Board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc. In addition, the Chairman was also evaluated on the key aspects of his role.

In a separate meeting of independent Directors, performance of non-independent Directors, performance of the Board as a whole and performance of the Chairman was evaluated, taking into account the views of executive Directors and non-executive Directors. The same was discussed in the Board meeting that followed the meeting of the independent Directors, at which the performance of the Board, its committees and individual Directors was also discussed.

EXTRACT OF ANNUAL RETURN

The extracts of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and administration), 2014 is furnished in **Annexure I** and is attached to this Report.

INTERNAL FINANCIAL CONTROLS

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation was observed.

AUDITORS

At the Annual General Meeting held on 30th September, 2015; M/s. Rohan Agrawal & Co, Chartered Accountant, were appointed as the Statutory Auditor of the Company to hold office till the conclusion of the 29th AGM of the Company to be held in the year 2020. Pursuant to Section 139 of the Companies Act, 2013, the appointment of the auditors shall be placed for ratification at every Annual General Meeting. Accordingly, the appointment of M/s. Rohan Agrawal & Co., is placed for ratification by the members at the ensuing Annual General Meeting. The Company has received from M/s. Rohan Agrawal & Co a certificate to the effect that their proposed ratification, if made will be in accordance with Section 141 of the Companies Act, 2013. The Board recommends the ratification of appointment of statutory auditors for the financial year 2016-2017. The members are requested to appoint M/s. Rohan Agrawal & Co, Chartered Accountant and authorize the Board to fix their remuneration.

Auditors Emphasis/Remarks/Observations in the Audit Report:

- a) With regards to Qualified Opinion in the Auditors Report your Directors like to state as under:-
- Your Company has received the Notices issued by State Bank of India to your Company purportedly under Section 13(2) of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("SARFAESI ACT"), calling upon your Company to discharge the alleged outstanding liability Your Company has challenged the legality and validity of these notices and is in consultation with its legal advisers to take appropriate steps as may be advised by the legal advisers to protect your Company's interests.
 - The disputed cases of various creditors over quality issues are being pursued in the respective courts.
- b) With regards to Point No. II and III in Emphasis of Matter in the Auditors Report your Directors like to state as under:-
- The Company is in process of identifying various opportunities to generate funds for growth and expansions.

SECRETARIAL AUDITOR

The Board has appointed Shri. Prashant Diwan, Practising Company Secretary, to conduct Secretarial Audit for the financial year 2015-16. The Secretarial Audit Report for the financial year ended March 31, 2016 is annexed herewith marked as **Annexure II** to this Report. As regards the observations made in Secretarial Audit Report the Directors state as under:-

The Company is in process of appointing a Company Secretary for vacancy caused due to resignation of previous Company Secretary during the year.

FIXED DEPOSITS

The Company has not accepted any Deposits from the Public during the year.

PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN AND SECURITIES PROVIDED UNDER SECTION 186 OF THE COMPANIES ACT, 2013

The Company has not made any loans or advances or investments or provided securities to other bodies corporate during the year. However, the Company has Corporate Guarantees of Rs. 3,82,62,938/- during the year which is within limit specified under section 186 of the Companies Act, 2013.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

The Contracts or Arrangements with related parties are done on arm's length and in ordinary course of business which are detailed in Note 2.13 in Notes to Accounts of the Financial Statements for the year ended 31st March, 2016.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company does not have any Subsidiary, Joint Venture and Associate Company.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under the Act, are provided in **Annexure III** to this Report.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

The particulars of employees required to be furnished 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, is annexed herewith as **Annexure IV** to this Report. However, as per the provisions of Section 136 of the Companies Act, 2013, the Annual Report is being sent to all members of the Company.

During the year under review, none of the employees of the Company was in receipt of remuneration aggregating Rs. 1,02,00,000/- or more per annum, if employed throughout the year, or Rs. 8,50,000/- or more per month, in case employed for part of the year. Hence, there are no particulars to be annexed to this report as required under sub-rules 2 and 3 of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

CORPORATE GOVERNANCE

The Company is committed to good corporate governance in line with the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015. However, since the Net worth and paid up capital of the Company is below Rs. 25 Crores and Rs 10 Crores respectively the Regulation 27 and Para C, D and E of Schedule V of the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 are not applicable and hence Corporate Governance Report does not form part of the Annual Report.

MANAGEMENT DISCUSSIONS AND ANALYSIS

A brief note on Management Discussions and Analysis of the results for the year under review is given in **Annexure V** which forms part of the Directors' Report.

CORPORATE RESPONSIBILITY STATEMENT (CSR)

Your Directors state that the provisions of Section 135 of the Companies Act, 2013 regarding the provisions Corporate Social Responsibility is not applicable to the Company as the Company is not falling under the said parameters.

VIGIL MECHANISM

The Vigil Mechanism of the Company, which also incorporates a whistle blower policy in terms of the Listing Agreement, includes an Ethics & Compliance Task Force comprising senior executives of the Company. Protected disclosures can be made by a whistle blower through an e-mail, or dedicated telephone line or a letter to the Task Force or to the Chairman of the Audit Committee. The Policy on vigil mechanism and whistle blower policy may be accessed on the Company's website.

GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statements relate on the date of this report except that the Account of the Company is declared Non Performing Asset by State Bank of India.
2. The Company does not have any Risk Management Policy as the element of risk threatening the Company's existence is very minimal.
3. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
4. Your Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

ACKNOWLEDGEMENT

Your Directors take this opportunity to thank all employees of the Company for their hard work, dedication and commitment and appreciate the co-operation received from the Bankers and other Government authorities during the year under review.

For and on behalf of the Board

Sandeep Arora
Chairman & Managing Director
DIN: 00176939

Place: Khopoli

Dated: 11th August, 2016

ANNEXURE - I
FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on 31.03.2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

| | | |
|-------|---|--|
| (i) | CIN | L02004MH1991PLC064045 |
| (ii) | Registration Date | 18/11/1991 |
| (iii) | Name of the Company | Sonal Adhesives Limited |
| (iv) | Category / Sub-Category of the Company | Company Limited By Shares / India-Non Government Company |
| (v) | Address of the Registered Office and contact details | Plot No. 28/1A , Village Dheku, Takai - Adoshi Road , Off. Khopoli Pen Road, Taluka Khalapur, Dist -Raigad, P.O Khopoli - 410203 |
| (vi) | Whether listed Company | Yes |
| (vii) | Name, Address and Contact details of Registrar and Transfer Agent | System Support Services 209, Shivai Indl. Estate, 89, Andheri-Kurla Road, Sakinaka, Mumbai – 400 072 Tel: 022-28500835 |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

| S. No. | Name and Description of main products / services | NIC Code of the Product/ service | % to total turnover of the company |
|--------|--|----------------------------------|------------------------------------|
| 1 | BOPP Self Adhesive Tape | 24295 | 72.97 |
| 2 | Acrylic Polymer Emulsion | 24134 | 14.12 |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| S. NO | Name And Address Of The Company | CIN/GIN | Holding/Subsidiary/ Associate | % Of Shares Held | Applicable Section |
|-------|---------------------------------|---------|-------------------------------|------------------|--------------------|
| N.A. | | | | | |

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)
(i) Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|--|---|-----------|----------------|-------------------|---|-----------|----------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual / HUF | 699400 | -- | 699400 | 11.54 | 699400 | -- | 699400 | 11.54 | -- |
| b) Central Govt | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| c) State Govt(s) | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| d) Bodies Corporate | 3101500 | -- | 3101500 | 51.17 | 3101500 | -- | 3101500 | 51.17 | -- |
| e) Banks / FI | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| f) Any other... | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| SUB - TOTAL (A) (1) | 3800900 | -- | 3800900 | 62.71 | 3800900 | -- | 3800900 | 62.71 | -- |
| (2) Foreign | | | | | | | | | |
| a) NRIs- Individuals | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| b) Other Individuals | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| c) Bodies Corporate | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| d) Banks / FI | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| e) Any other... | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| SUB - TOTAL (A) (2) | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| TOTAL SHAREHOLDING OF PROMOTER (A) = (A) (1) + (A)(2) | 3800900 | -- | 3800900 | 62.71 | 3800900 | -- | 3800900 | 62.71 | -- |

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|---|---|----------------|----------------|-------------------|---|----------------|----------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| B. Public Shareholding | | | | | | | | | |
| 1 Institutions | | | | | | | | | |
| a) Mutual Funds | -- | 24600 | 24600 | 0.41 | -- | 24600 | 24600 | 0.41 | -- |
| b) Banks / FI | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| c) Central Govt | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| d) State Govt(s) | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| e) Venture Capital Funds | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| f) Insurance Companies | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| g) FIs | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| h) Foreign Venture Capital Funds | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| (i) Others | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| SUB - TOTAL (B) (1) | -- | 24600 | 24600 | 0.41 | -- | 24600 | 24600 | 0.41 | -- |
| 2 Non-institutions | | | | | | | | | |
| a) Bodies Corporate | 55671 | 220400 | 276071 | 4.55 | 54435 | 220400 | 274835 | 4.53 | (0.02) |
| i) Indian | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| ii) Overseas | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| b) Individuals | | | | | | | | | |
| I) Individual shareholders holding nominal share capital up to Rs. 1 lakh (at beginning) / Rs. 2 lakhs (at end) | 290757 | 791800 | 1082557 | 17.86 | 393429 | 775000 | 1168429 | 19.27 | 1.41 |
| II) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh (at beginning) / Rs. 2 lakhs (at end) | 519934 | 100000 | 619934 | 10.23 | 439838 | 100000 | 539838 | 8.91 | (1.32) |
| c) Others | | | | | | | | | |
| i) NRI Individuals (Non Rep) | 4000 | 142900 | 146900 | 2.42 | 4000 | 141900 | 145900 | 2.41 | (0.01) |
| ii) OCB | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| iii) Foreign Bodies | -- | 51200 | 51200 | 0.84 | -- | 51200 | 51200 | 0.84 | -- |
| iv) NRI (Repatriation) | 58838 | -- | 58838 | 0.97 | 55298 | -- | 55298 | 0.91 | (0.06) |
| Clearing Members | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Non Resident Indians | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| SUB - TOTAL (B) (2) | 929200 | 1306300 | 2235500 | 36.88 | 947000 | 1288500 | 2235500 | 36.88 | -- |
| TOTAL PUBLIC SHAREHOLDING (B) = (B) (1) + (B)(2) | 929200 | 1330900 | 2260100 | 37.29 | 947000 | 1313100 | 2260100 | 37.29 | -- |
| C. SHARES HELD BY CUSTODIAN FOR GDRS & ADRS | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| GRANDTOTAL (A+B+C) | 4730100 | 1330900 | 6061000 | 100 | 4747900 | 1313100 | 6061000 | 100 | -- |

(ii) Shareholding of Promoters

| S. No | Shareholders Name | Shareholding at the beginning of the year | | | Share holding at the end of the year | | | % change in share holding during the year |
|--------------|---|---|----------------------------------|--|--------------------------------------|----------------------------------|--|---|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | |
| 1 | Kamal Arora | 475400 | 7.84 | 0 | 475400 | 7.84 | 0 | 0 |
| 2 | Megha Arora Jointly with Kamal Arora / Mohanlal Arora | 142000 | 2.34 | 0 | 142000 | 2.34 | 0 | 0 |
| 3 | Mona Arora Jointly with Kamal Arora / Mohanlal Arora | 82000 | 1.35 | 0 | 82000 | 1.35 | 0 | 0 |
| 4 | Sonal Impex Ltd | 2822700 | 46.57 | 0 | 2822700 | 46.57 | 0 | 0 |
| 5 | Sonal Ropes Ltd | 278800 | 4.60 | 0 | 278800 | 4.60 | 0 | 0 |
| Total | | 3800900 | 62.71 | 0 | 3800900 | 62.71 | 0 | 0 |

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

| Sr. No | Particular | Shareholding at the beginning during the year | | Cumulative Shareholding during the year | |
|--------|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1 | At the beginning of the year | 3800900 | 62.71 | 3800900 | 62.71 |
| 2 | Date wise Increase/ Decrease in Promoters Share holding during the year specifying there as on for increase /decrease | No Transaction during the year | | | |
| 3 | At the End of the year | 3800900 | 62.71 | 3800900 | 62.71 |

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

| Sl. No. | Name of the Shareholder | Shareholding at the beginning of the year | | | | | Cumulative Shareholding during the year / Shareholding at the end of the year | |
|---------|---------------------------------|---|----------------------------------|----------|---------------------------------------|----------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | Date | Increase/ (Decrease) in Share-Holding | Reason | No. of shares | % of total shares of the company |
| 1 | Piramal Polymers Ltd | 171200 | 2.82 | - | - | - | 171200 | 2.82 |
| 2 | Satyanarayan Khandelwal | 113725 | 1.88 | 01.05.15 | 500 | Sale | 111231 | 1.84 |
| | | | | 08.05.15 | 570 | Sale | | |
| | | | | 22.05.15 | 111 | Purchase | | |
| | | | | 29.05.15 | 500 | Sale | | |
| | | | | 12.06.15 | 900 | Sale | | |
| | | | | 16.10.15 | 205 | Sale | | |
| | | | | 05.02.16 | 20 | Purchase | | |
| | | | | 12.02.16 | 50 | Purchase | | |
| | | | | | | | | |
| 3 | Mita Dipak Shah | 99968 | 1.65 | 18.12.15 | 10032 | Purchase | 110000 | 1.81 |
| 4 | Ajay G Piramal | 100000 | 1.65 | - | - | - | 100000 | 1.65 |
| 5 | Rajendra Dhirajlal Gandhi (HUF) | 119000 | 1.96 | 18.12.15 | 10000 | Sale | 90300 | 1.49 |
| | | | | 31.12.15 | 7000 | Sale | | |
| | | | | 08.01.16 | 2000 | Sale | | |
| | | | | 22.01.16 | 3000 | Sale | | |
| | | | | 29.01.16 | 3000 | Sale | | |
| | | | | 05.02.16 | 2200 | Sale | | |
| | | | | 12.02.16 | 1500 | Sale | | |
| 6 | Sajjan Kumar Makharia | 66600 | 1.10 | - | - | - | 66600 | 1.10 |

| Sl. No. | Name of the Shareholder | Shareholding at the beginning of the year | | | | | Cumulative Shareholding during the year / Shareholding at the end of the year | |
|----------|-------------------------------|---|----------------------------------|----------|---------------------------------------|----------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | Date | Increase/ (Decrease) in Share-Holding | Reason | No. of shares | % of total shares of the company |
| 7 | Mahendra Girdharilal | 42242 | 0.70 | 24.04.15 | 6000 | Purchase | 61827 | 1.02 |
| | | | | 01.05.15 | 300 | Purchase | | |
| | | | | 15.05.15 | 500 | Purchase | | |
| | | | | 22.05.15 | 200 | Purchase | | |
| | | | | 29.05.15 | 400 | Purchase | | |
| | | | | 05.06.15 | 500 | Purchase | | |
| | | | | 19.06.15 | 900 | Purchase | | |
| | | | | 30.06.15 | 355 | Purchase | | |
| | | | | 10.07.15 | 300 | Purchase | | |
| | | | | 17.07.15 | 975 | Purchase | | |
| | | | | 14.08.15 | 400 | Purchase | | |
| | | | | 28.08.15 | 3750 | Purchase | | |
| | | | | 11.09.15 | 800 | Purchase | | |
| | | | | 30.10.15 | 400 | Purchase | | |
| | | | | 06.11.15 | 200 | Purchase | | |
| | | | | 20.11.15 | 2400 | Purchase | | |
| 04.12.15 | 400 | Purchase | | | | | | |
| 08.01.16 | 805 | Purchase | | | | | | |
| 8 | Roshani Neetish Doshi | 54800 | 0.90 | 31.12.15 | 1002 | Sale | 53798 | 0.89 |
| 9 | Eon Investments Ltd | 51200 | 0.84 | - | - | - | 51200 | 0.84 |
| 10 | Aphrodite Investments Pvt Ltd | 36600 | 0.60 | - | - | - | 36600 | 0.60 |

(v) **Shareholding of Directors and Key Managerial Personnel:**

| Sr. No. | Name of the Director/KMP | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|--------------------------|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1 | Sandeep Arora | - | - | - | - |
| 2 | Kamal Arora | 475400 | 7.84 | 475400 | 7.84 |
| 3 | Jaspal Singh Bhasin | - | - | - | - |
| 4 | Manish Nanda | - | - | - | - |
| 5 | Mridu Arora | - | - | - | - |
| 6 | Nitin Rane | - | - | - | - |
| 7 | Amish Ashar (CS) | - | - | - | - |
| 8 | Shivcharan Girker (CFO) | - | - | - | - |

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

| | Secured Loans Excluding Deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|-------------------------------------|--------------------|----------|-----------------------|
| Indebtedness at the beginning of the financial year 01.04.2015 | | | | |
| 1) Principal Amount | 247,031,103 | 1,434,084 | - | 24,84,65,187 |
| 2) Interest due but not paid | - | - | - | - |
| 3) Interest accrued but not due | - | - | - | - |
| Total of (1+2+3) | 247,031,103 | 1,434,084 | | 24,84,65,187 |
| Change in Indebtedness during the financial year | | | | |
| + Addition | 4,94,19,917 | - | - | 4,94,19,917 |
| - Reduction | 9,22,37,274 | 5,60,977 | - | 9,27,98,251 |
| Net change | (4,28,17,357) | (5,60,977) | - | (4,33,78,334) |
| Indebtedness at the end of the financial year 31.03.2016 | | | | |
| 1) Principal Amount | 20,42,13,746 | 8,73,107 | - | 20,50,86,853 |
| 2) Interest due but not paid | - | - | - | - |
| 3) Interest accrued but not due | - | - | - | - |
| Total of (1+2+3) | 20,42,13,746 | 8,73,107 | - | 20,50,86,853 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL
(A) Remuneration to Managing Director, Whole-Time Directors and/or Manager:

(Amount in Rs.)

| Sr. No | Particulars of Remuneration | Managing Director |
|--------|---|---------------------|
| | | Shri. Sandeep Arora |
| 1 | Gross Salary | 9,00,000 |
| | (a) Salary as per provisions contained in section 17(1) of the Income Tax Act | - |
| | (b) Value of perquisites u/s 17(2) Income Tax Act, 1961 | - |
| | (c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961 | - |
| 2 | Stock Option | - |
| 3 | Sweat Equity | - |
| 4 | Commission - As % of Profit - Others, specify | - |
| 5 | Others, please specify Provident Fund & other Funds | - |
| | Performance Bonus | - |
| | Total (A) | 9,00,000 |

(B) Remuneration of other Directors:
I. Independent Directors:-

| Particulars of Remuneration | Name of Directors | | | Total Amount |
|--|-------------------|-----------------------|------------------|--------------|
| | Shri J S Bhasin | Shri. Manish S. Nanda | Shri. Nitin Rane | |
| Fee for attending Board committee meetings | - | - | - | - |
| Commission | - | - | - | - |
| Others | - | - | - | - |
| Total (1) | - | - | - | - |

II. Other Non-Executive Directors:-

| Other Non-Executive Directors | Name of Non-Executive Directors | | Total Amount |
|--|---------------------------------|------------------|--------------|
| | Smt. Kamal M. Arora | Smt. Mridu Arora | |
| Fee for attending Board committee meetings | - | - | - |
| Commission | - | - | - |
| Others | - | - | - |
| Total (2) | - | - | - |
| Total B = (1+2) | - | - | - |
| Total Managerial Remuneration | - | - | - |
| Overall Ceiling as per the Act | - | - | - |

(C) Remuneration to Key Managerial Personnel Other Than MD/ Manager/ WTD

(Amount in Rs.)

| Sr. No | Particulars of Remuneration | Name of KMP | | Total Amount |
|--------|---|-------------------------------|------------------------|-----------------|
| | | Shri. Shivcharan Girker (CFO) | Shri. Amish Ashar (CS) | |
| 1 | Gross Salary | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income Tax Act | 6,03,303 | 32,500 | 6,35,803 |
| | (b) Value of perquisites u/s 17(2) Income Tax Act, 1961 | - | - | - |
| | (c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961 | - | - | - |
| 2 | Stock Option | - | - | - |
| 3 | Sweat Equity | - | - | - |
| 4 | Commission - As % of Profit - Others, specify | - | - | - |
| 5 | Others, please specify Provident Fund & other Funds | - | - | - |
| | Total (C) | 6,03,303 | 32,500 | 6,35,803 |

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF:

| Type | Section of the Companies Act | Brief Description | Details of Penalty / punishment / compounding fees imposed | Authority (RD/NCLT/ COURT) | Appeal made, if any (give details) |
|-------------------------------------|------------------------------|-------------------|--|----------------------------|------------------------------------|
| A. Company | | | | | |
| Penalty | | | NIL | | |
| Punishment | | | | | |
| Compounding | | | | | |
| B. Directors | | | | | |
| Penalty | | | NIL | | |
| Punishment | | | | | |
| Compounding | | | | | |
| C. Other Officers In Default | | | | | |
| Penalty | | | NIL | | |
| Punishment | | | | | |
| Compounding | | | | | |

For and on behalf of the Board

Sandeep Arora
 Chairman & Managing Director
 DIN: 00176939

 Place: Khopoli
 Dated: 11th August, 2016

ANNEXURE - II
SECRETARIAL AUDIT REPORT
FORM NO. MR-3

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2016

[Pursuant to section 204 (1) of the Companies Act, 2013 and rule No. 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

The Members

Sonal Adhesives Limited

Plot No. 28/1A, Takai-Adoshi Road
PO Khopoli Tal Khalapur
Dist Raigad Khopoli - 410203

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Sonal Adhesives Limited** having CIN: L02004MH1991PLC064045 (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2016 generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31st March 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

As per the explanations given to me in the representations made by the management and relied upon by me, during the period under review, provisions of the following regulations/guidelines were not applicable to the Company:

- (i) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (ii) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (c) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
 - (e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards 1 & 2 issued by the Institute of Company Secretaries of India under the Companies Act, 2013.

- (ii) The Listing Agreement for Equity Shares entered into by the Company with Stock Exchange(s) for the period from 1st April, 2015 to 30th November, 2015 and The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the period from 1st December, 2015 to 31st March, 2016.

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above to the extent applicable except for the non compliance of Section 203(1)(ii) of the Companies Act, 2013 for the part of the period.

I further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is generally given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were generally sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through and as informed, there were no dissenting members' views and hence not recorded as part of the minutes.

I further report that as per the explanations given to me in the representations made by the management and relied upon by me, there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines; however the same may be further strengthened.

As per the information provided and explanations given to me in the representations made by the management and relied upon by me, I further report that, the following are the specific events / actions taken place, having a major bearing on the Company's affairs, in pursuance of the above referred laws, rules, regulations, guidelines etc.,

- (a) the State Bank of India (the Lender) has classified the Company's Bank Account as "Non Performing Asset" (NPA).
- (b) the State Bank of India and creditors have given winding up notices to the company against recovery of their dues.
- (c) Company had given corporate guarantee for credit facilities availed by M/s Sonal Impex Ltd., the same has been classified as NPA by the bank and the company has been called upon to discharge in full the liability by paying to the bank.
- (d) the Company has also received notice under section 13(2) of the SARFAESI Act, for attachment of its assets from State Bank of India. The Company has been intimated of the symbolic possession taken by the State Bank of India on 22nd February, 2016.

CS Prashant Diwan
Practising Company Secretary
FCS: 1403 CP: 1979

Date: 11.08.2016
Place: Mumbai

This report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report.

Annexure "A"

To
The Members
Sonal Adhesives Limited
Plot No. 28/1A, Takai-Adoshi Road
PO Khopoli Tal Khalapur
Dist Raigad Khopoli - 410203

My report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and books of Accounts of the company.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

CS Prashant Diwan
Practising Company Secretary
FCS: 1403 CP: 1979

Date: 11.08.2016
Place: Mumbai

ANNEXURE-III

Particular of Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo required under the Companies (Accounts of the Companies) Rules, 2014.

In terms of Section 134 (3)(m) of the Companies Act, 2013 and the Companies (Accounts of Companies) Rule, 2014, your Directors furnish hereunder the additional information, which form part of the Directors' Report:

Conservation of energy:

1. Energy conservation measures taken
2. Additional investment and proposals, if any, being implemented for reduction of consumption
3. Impact of the measure at (1) and (2) above for reduction of energy consumption and consequent impact on the cost of production of goods.
4. Total energy consumption and energy consumption per unit of production is as under:

(Amount in Rs.)

| | | Year Ended 31.3.2016 | Year Ended 31.3.2015 |
|---|-----|----------------------|----------------------|
| Power and Fuel Consumption | | | |
| 1. Electricity | | | |
| A) Purchase | | | |
| Unit | | 666453 | 713441 |
| Total Amount | Rs. | 5443690 | 5548813 |
| Rate/Unit | Rs. | 8.17 | 7.27 |
| B) Own generation (Through D.G. Set) | | | |
| Diesel Oil Consumed (Unit) | Ltr | Nil | Nil |
| Total Amount | Rs. | Nil | Nil |
| Avg. per Ltr | Rs. | Nil | Nil |
| 2. Furnace Oil | | | |
| Quantity | Kgs | 35902.564 | Nil |
| Total Amount | Rs. | 1510092 | Nil |
| Avg. per Kgs | Rs. | 42.06 | Nil |
| 3. Briquettes (Furnace Oil) | | | |
| Quantity | Kgs | 557372 | 610393 |
| Total Amount | Rs. | 3436388 | 3796650 |
| Avg. Per Kg | Rs | 6.16 | 6.22 |

Technology Absorption:

The Company does not need any technology for its existing business.

Foreign Exchange Earnings and Outgo:

| | Year Ended 31.03.2016 (Rs. In lacs) | Year Ended 31.03.2015 (Rs. In lacs) |
|-------------------------|--|--|
| Foreign Exchange Outgo | 42.20 | 1003.67 |
| Foreign Exchange Earned | 533.47 | 1148.05 |

For and on behalf of the Board

Sandeep Arora
Chairman & Managing Director
DIN: 00176939

Place: Khopoli
Dated: 11th August, 2016

ANNEXURE IV**REMUNERATION DETAILS 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.**

1. The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2015-2016:

| Name of Director | Remuneration (Rs.) | Median Remuneration of Employees | Ratio |
|-------------------------|---------------------------|---|--------------|
| Shri Sandeep M. Arora | 9,00,000 | 2,10,000 | 4.29 |

2. Percentage increase in remuneration of each Director, Chief Financial Officer, Company Secretary in the financial year 2015-2016:

| Name | Designation | % increase / (decrease) in remuneration |
|------------------------|-------------------------|--|
| Shri Sandeep M. Arora | Managing Director | (10) |
| Shri Shivcharan Girker | Chief Financial Officer | 10.09 |
| Shri Amish Ashar | Company Secretary | NIL |

3. Percentage increase in the median remuneration of employees in the financial year 2015-2016 is 31.33%
4. The number of permanent employees on the rolls of the Company, as on 31st March, 2016 is 25.
5. The average increase in the salary of the employees other than the managerial personnel in FY 2015-16 is 9.07% and increase in the salary of managerial personnel is (2.89%). The increment given to each individual employee is based on the employees' potential, experience as also their performance and contribution to the Company's progress over a period of time and also as per market trend.
6. It is hereby affirmed that the remuneration paid during the year is as per the Remuneration Policy of the Company.

For and on behalf of the Board

Sandeep Arora
Chairman & Managing Director
 DIN: 00176939

Place: Khopoli
 Dated: 11th August, 2016

ANNEXURE - V**MANAGEMENT DISCUSSION AND ANALYSIS****(a) Industry structure and developments**

Indian adhesive market is estimated to be around Rs. 60 billion per annum. The adhesive market in India is expected to be fastest growing at CAGR of 6% during 2015-2019.

The industry has continuous competition from the unorganized sector and there is always pressure on selling prices.

The fluctuation in the Rupee/dollar parity has stabilized and oil bill import has gone down due to a steep fall in the crude prices. However it was difficult for most of the industries to immediately come out of the earlier years negative effects and in the process a few of our competitors tried to increase their volumes by resorting to offering even below cost rates. Your company managed to keep its market share by focusing more on exports and also expanding the customer base.

(b) Threats, Opportunities, Risks and concerns

The threat arising from activities of our competitors especially the MNC's who have put up manufacturing units in India and secondly in developed countries such as the U.S., Spain, Germany, Japan, and Italy, the market is growing at a low to moderate rate.

The opportunities in the adhesive tapes industry are leveraging technology requirements and regulations in higher value sectors and targeting current as well as potential markets where adhesive tapes can be used instead of competing fastening systems. Countries such as China, U.S., and India, are the major consumers of adhesive tapes. The market in countries of the Middle East and Africa are also growing. The Company is proactively concentrating on exports so that the competition from the unorganized sector can be met.

The Company is taking proactive steps in implementing management principles well adapted to the demands of the changing environment. The company has the policy of assessing the risk and manages the business. The company is operating on a well defined plan and strategy and hence is well equipped to face any change in regulatory risk.

(c) Segment-wise or product-wise performance

The Company is one of the largest manufacturers and exporters of BOPP Self Adhesive Tapes and Various types of Adhesives & Emulsions in India. The Company's products are marketed under brand name SONAL and ADICRYL which are approved and preferred all over because of competitive pricing and dependable quality and service.

The Company is also manufacturing a complete range of adhesives and emulsions for various applications such as paint binders, textile binders, woodworking adhesives, water proofing chemicals and many other kinds of adhesives used in the sticker, label and lamination industries.

The Company also manufactures and exports PP / HDPE Ropes and twines.

(d) Outlook

Growth of disposable products is expected to increase in India which leads to increases in consumption of adhesive in packaging industry the Company is proactively responding to the changing business environment and is confident of sustaining its market share by improving competitive position in the market. Efforts towards higher operational efficiencies shall continue. The Company continues to examine the possibilities of expansion and will make the necessary investments when attractive opportunities arise.

The BOPP Adhesive Tapes are used for packaging. It is consumed daily in large quantities by all industrial and commercial organizations. From packing courier covers and bags to packing of pharmaceutical cartons, everywhere, the self adhesive tapes are consumed. The consumption increases in line with the improved standard of living and business activity in the society. Therefore the consumption of this product is bound to increase further.

(e) Internal Control Systems and their adequacy

The Company's operating and business control procedures have been framed in order that they ensure efficient use of resources and comply with the procedures and regulatory requirements. The Company has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and that transaction are authorized, recorded and reported correctly. The Board has also appointed Internal Auditors to more strengthen the internal control system.

(f) Financial performance and Analysis

The turnover of the Company is Rs. 2444.27 as compared to previous year Rs. 4328.01 Lacs which was lower by 56.47% to that of the previous years on account of non availability of funds and continuous sluggishness in the domestic and global market which has resulted in Losses of the Company. The Company's Export Turnover also reduced from Rs. 1245.79 Lacs in previous year to Rs. 891.60 Lacs in the current year.

(g) Human Resource Development

The Company believes that the human resources are vital resource in giving the company a competitive edge in the current business environment. The Company's philosophy is to provide congenial work environment, performance oriented work culture, knowledge acquisition/ dissemination, creativity and responsibility. As in the past, the company enjoyed cordial relations with the employees at all levels.

The total numbers of personnel employed as on 31st March 2016 were 25 (staff plus workers).

(h) Accounting Treatment

All Accounting Standards mandatorily required have been followed in preparation of financial statements and no deviation has been made in following the same.

For and on behalf of the Board

Place: Khopoli
Dated: 11th August, 2016

Sandeep Arora
Chairman & Managing Director
DIN: 00176939

INDEPENDENT AUDITOR'S REPORT

To The Members of Sonal Adhesives Limited

Report on the Financial Statements

I have audited the accompanying financial statements of **Sonal Adhesives Limited, ('the Company')**, which comprise the Balance Sheet as at 31 Mar 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes 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 frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. I conducted my audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion on the financial statements.

Basis of Qualified Opinion

- i. Due to the defaults of the Company to the bank, the Company's accounts have been classified as NPA by the bank. During the year under review no provisions have been made for unapplied interest on account of NPA, not charged by the bank. Accordingly Interest for the year is understated resulting in total loss of the Company is understated by **Rs. 3,26,53,949/-**
- ii. During the year State Bank of India and creditors have given winding up notices to the company against recovery of their dues which poses a question on the going concern assumption.
- iii. As informed to me, the Company had given corporate guarantee of **Rs. 3,82,62,938/-** for credit facilities availed by M/S Sonal Impex Ltd. The same has been classified as NPA by the bank, the guarantee been has invoked and company has been called upon by the bank to repay the entire amount.
- iv. The Company has received notice under section 13(2) of the SARFAESI Act, for attachment of its assets from State Bank of India. Pursuant to this, the Company has been intimated of the symbolic possession taken by the State Bank of India on **22nd Feb, 2016**.

Qualified Opinion

In my opinion and to the best of the information and according to the explanations given to me, except for the effects/possible effects of the matter described in the Basis for Qualification of Opinion paragraph above, the aforesaid Financial Statements give the information required the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

- i. In the case of Balance Sheet, of the state of affairs of the company as at March 31, 2016;
- ii. In the case of Statement of Profit and Loss, of the loss for the year ended on that date; and
- iii. In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

- i. Note No. 5.3, 6.1 to the Financial Statements which inter-alia describes the uncertainty related to the outcome of the winding up notices given to the Company.
- ii. The Company has incurred cash losses; its Net worth has been substantially eroded.
- iii. Considering the overall financial health of the Company, it may require further fund infusion for growth and expansion.

Report on other legal and regulatory requirements

- i. As required by The Companies (Auditors Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of subsection(11) of section 143 of the Act, I give in the Annexure, a statement on the matters specified in paragraphs 3 and 4 of the said order.
- ii. As required by section 143(3) of the Companies Act 2013, I report that:
 - a. As described in the Basis of Disclaimer of Opinion Paragraph, I was unable to obtain all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of my audit;
 - b. In my opinion proper books of account as required by law have been kept by the Company so far as appears from my examination of those books;
 - c. The Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
 - d. Except for the effects of the matter described in the Basis for Qualified / Disclaimer Opinion / Emphasis of Matter paragraphs in my opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of written representations received from the directors as on 31st March, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016, from being appointed as a director in terms of Section 164(2) of the Act.

Rohan Agrawal & Co
Chartered Accountants
FRN :137136W

CA. Rohan Agrawal
Proprietor
M. No. 123127

Nagpur
30th May, 2016

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

The annexure referred to my Independent Auditors' Report to the members of the company on the financial statements for the year ended 31st March 2016, I report that:

1. 1) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- 2) Physical verification of the same has been carried out by the management.
- 3) Title deeds of Immovable properties are held in the name of the company.
2. The inventory of the company has been physically verified by the management during the year at reasonable intervals.
3. As per the information and explanations given to me and the records produced before me for my verification, the Company has not granted unsecured loan to companies, firms, LLPs or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, clause 3 (iii) (a) & (b) of the Order is not applicable to the Company.
4. The Company has not given any loans, guarantees or made any investments under section 185 of the Companies Act, 2013. However it had given guarantee against loan to M/s Sonal Impex Ltd., the same has been classified as NPA by the bank during the year and the company has been called upon to discharge in full the liability by paying to the bank. The guarantee amount does not exceed the limit as per provisions of section 186.
5. The company has not accepted loans & deposits u/s 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under from persons other than directors and the company has not complied with the conditions stipulated.
6. The Company is not required to maintain cost records specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 hence this clause is not applicable.
7. 1) According to the records of the company, undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance dues, income-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable have been paid on timely basis. Except for the following :-

| Particulars of Statutory dues | Amount | Date of Order |
|-------------------------------|-------------|----------------------------|
| CST (FY 2011-12) | Rs. 321,695 | 28 th May, 2015 |

2. According to the information and explanations given to me and the records of the Company as examined by me, there are no disputed dues of income-tax, sales-tax, VAT, service tax, customs duty, excise duty, wealth tax and cess, which have not been deposited.
8. The Company has defaulted in payment of loans to banks during the year the previous financial period. The details of such default are as under:

| Bank Name | Total Amount Defaulted | Date default started |
|---------------------|------------------------|----------------------|
| State Bank of India | Rs. 23,44,52,971 | Feb 2015 |

9. During the year no money was raised by way of initial public offer (including debt instrument) and no fresh loans have been raised by the company. The term loans raised in the past by the Company were applied for the purpose for which they had been raised.
10. Based upon the audit procedures performed and information and explanations given by the management, I report that no fraud on or by the company has been noticed or reported by its officers or employees during the year.
11. Managerial Remuneration has been paid in accordance with section 197 of schedule V of Companies Act, 2013.
12. This clause is not applicable since the company is not a NIDHI company.
13. 1. Transactions with related parties are in accordance with the provisions of section 177 & 188.
2. Details of the same have been disclosed in the financial statements.
14. The company has not made any preferential allotment or private placement of shares or convertible debentures; hence this clause is not applicable.
15. The Company has not entered into any non-cash transactions with directors or connected persons; hence this clause is not applicable.
16. The company is not required get registration u/s 45-IA of RBI Act, 1934.

Rohan Agrawal & Co
Chartered Accountants
FRN :137136W

CA. Rohan Agrawal
Proprietor
M. No. 123127

Nagpur
30th May, 2016

Balance Sheet as at March 31, 2016

Amounts in INR

| Particulars | Note | 31-Mar-2016 Rupees | 31-Mar-2015 Rupees |
|--|------|-----------------------|-----------------------|
| Equity and Liabilities | | | |
| Shareholders' Funds | | | |
| Share Capital | 1 | 60,610,000 | 60,610,000 |
| Reserves & Surplus | 2 | 9,756,938 | 36,097,328 |
| Non - Current Liabilities | | | |
| Long Term Borrowings | 3 | 480,682 | 13,832,313 |
| Long Term Provisions | 4 | 1,341,577 | 1,351,298 |
| Current Liabilities | | | |
| Short Term Borrowings | 5 | 203,566,514 | 221,616,726 |
| Trade Payables | 6 | 72,214,857 | 76,654,114 |
| Other Current Liabilities | 7 | 14,914,929 | 35,823,443 |
| Short Term Provisions | 8 | - | 420,210 |
| Total | | 362,885,498 | 446,405,432 |
| Assets | | | |
| Non-Current Assets | | | |
| Fixed Assets | | | |
| - Tangible Assets | 9 | 66,473,914 | 72,693,453 |
| Long Term Loans & Advances | 10 | 7,700,421 | 6,003,267 |
| Other Non Current Assets | 11 | 19,625,999 | 15,461,253 |
| Deferred Tax Asset(Net) | 12 | 1,712,681 | (8,991,387) |
| Current Assets | | | |
| Inventories | 13 | 56,445,544 | 115,873,008 |
| Trade Receivables | 14 | 177,565,958 | 196,316,639 |
| Cash & Bank Balances | 15 | 8,606,671 | 24,636,455 |
| Short Term Loans & Advances | 16 | 24,754,310 | 24,412,745 |
| Total | | 362,885,498 | 446,405,432 |
| Contingent Liabilities to the extent not provided for Guarantee given | | 38,262,938 | - |

Notes 1 to 24 form an integral part of the Financial Statements

As per our Report of even date

For and on behalf of the Board

For Rohan Agrawal & Co.

 Chartered Accountants
 Firm Registration No.:-137136W

Sandeep Arora
 Chairman & Managing Director

Manish Nanda
 Director

Rohan Agrawal

 Proprietor
 Membership No.: 123127

Shivcharan Girker
 Chief Financial Officer

 Place: Nagpur
 Date: 30th May 2016

 Place: Khopoli
 Date: 30th May 2016

Statement of Profit and Loss for the year ended 31st March 2016

Amounts in INR

| | Note | 31-Mar-2016 Rupees | 31-Mar-2015 Rupees |
|--|------|-----------------------|-----------------------|
| Income | | | |
| Revenue from Operations [Net] | 17 | 244,427,026 | 432,801,438 |
| Other Income | 18 | 7,236,318 | 9,923,728 |
| Total Revenue | | 251,663,344 | 442,725,166 |
| Expenditure | | | |
| Cost of Materials Consumed | 19 | 183,934,194 | 312,950,231 |
| Purchase of stock in trade | | 11,714,478 | 35,820,376 |
| Change in Inventories of Work in Process and Finished Goods | 20 | 52,865,357 | 8,764,928 |
| Employee Benefits Expense | 21 | 5,523,025 | 5,913,162 |
| Finance costs | 22 | 2,556,909 | 28,173,363 |
| Depreciation and amortization expenses | 9 | 7,514,153 | 7,803,231 |
| Other Manufacturing, Selling and Administrative Expenses | 23 | 24,599,685 | 37,768,951 |
| Total expenses | | 288,707,801 | 437,194,244 |
| Profit before Exceptional and Extraordinary Items And Tax | | (37,044,457) | 5,530,922 |
| Tax expenses: | | | |
| 1. Current Tax | | - | - |
| 2. Deferred Tax expense / (credit) | | (10,704,068) | 1,047,821 |
| 3. Prior Year Tax Adjustments | | - | (110,640) |
| Profit for the period from Continuing Operations | | (26,340,390) | 4,593,741 |
| <i>Earnings per share:</i> | | | |
| 1. Basic | | (4.35) | 0.76 |
| 2. Diluted | | (4.35) | 0.76 |

Notes 1 to 24 form an integral part of the Financial Statements

As per our Report of even date

For and on behalf of the Board

For Rohan Agrawal & Co.

 Chartered Accountants
 Firm Registration No.:-137136W

Rohan Agrawal

 Proprietor
 Membership No.: 123127

Place: Nagpur

Date: 30th May 2016

Sandeep Arora

Chairman & Managing Director

Shivcharan Girker

Chief Financial Officer

Place: Khopoli

Date: 30th May 2016

Manish Nanda

Director

Cash Flow Statement for the year ended 31st March 2016

Cash Flow Statement for the year ended 31 March 2016 pursuant to Clause number 32 of the Listing Agreement with the stock exchange and forming part of the Director's Report for the year ended 31 March 2016

| Particulars | Year ended 31 March 2016 | Year ended 31 March 2015 |
|--|--------------------------|--------------------------|
| Cash flow from Operating Activities | | |
| Net profit before taxes as per Statement of Profit and Loss | (37,044,457) | 5,530,922 |
| Add: Depreciation debited to the Statement of Profit and Loss | 7,514,153 | 7,803,231 |
| Add: Interest finance costs debited to the Statement of Profit and Loss | 1,444,559 | 22,966,704 |
| Add: Loss on sale of assets | - | 543,144 |
| Less: Gain on sale of assets | (2,136,961) | - |
| Less: Interest income | (698,295) | (2,404,256) |
| | 6,123,455 | 28,908,824 |
| Cash flow from operations before changes in working capital | (30,921,002) | 34,439,746 |
| Adjustments for working capital | | |
| (Increase) / decline in inventory | 59,427,463 | 771,297 |
| (Increase) / decline in trade receivables | 18,750,681 | (37,101,236) |
| (Increase) / decline in other current assets | (341,565) | (2,048,450) |
| (Decrease) / increase in trade payables | (4,439,257) | (64,175,857) |
| (Decrease) / increase in other Current liabilities and provisions | (21,328,724) | 6,603,634 |
| | 52,068,598 | (95,950,612) |
| Net cash used in Operating Activities (A) | 21,147,596 | (61,510,866) |
| Cash flow from Investing Activities | | |
| Acquisition of fixed assets | (1,615,552) | (1,816,871) |
| Sale of fixed assets | 2,457,899 | 61,085 |
| Net cash used in Investing Activities (B) | 842,347 | (1,755,786) |
| Cash flow from Financing Activities | | |
| Interest paid | (1,444,559) | (22,966,704) |
| Interest received | 698,295 | 2,404,256 |
| Increase / (Repayment) of long term borrowings | (13,351,631) | (14,993,274) |
| Increase / (Repayment) of short term borrowings | (18,050,212) | 113,568,131 |
| Changes in long term loans and advances | (1,697,154) | 8,013,485 |
| Changes in non current assets | (4,164,746) | (7,856,151) |
| Changes in provisions | (9,721) | (10,131,815) |
| Net cash used in Financing Activities (C) | (38,019,728) | 68,037,927 |
| Net increase / (decline) in cash and cash equivalents (A) + (B) + (C) | (16,029,785) | 4,771,275 |
| Cash and cash equivalents at the beginning of the year | 24,636,456 | 19,865,181 |
| Cash and cash equivalents at the end of the year | 8,606,671 | 24,636,456 |

Notes:

1 Cash and cash equivalents comprise the following amounts as at the Balance Sheet date

| Particulars | 31 March 2016 | 31 March 2015 |
|---|------------------|-------------------|
| I Cash and Cash Equivalents | | |
| Cash on hand | 421,155 | 473,137 |
| Balance with banks in current accounts | 177,169 | 309,166 |
| Cash and Cash Equivalents | 598,323 | 782,303 |
| II Other Bank Balances | | |
| Maturity less than or equal to 3 months | - | 64,341 |
| Maturity more than 3 months but less than or equal to 12 months | 6,523,898 | 6,016,194 |
| Maturity more than 12 months | - | 16,286,267 |
| Other Bank Balances | 6,523,898 | 22,366,802 |
| III Balances lying in the Unclaimed Dividend Account | | |
| | 1,484,450 | 1,487,350 |
| Total (I) + (II) + (III) | 8,606,671 | 24,636,455 |

2 Previous year's figures have been regrouped wherever necessary to confirm to current year's classification

3 Figures in brackets indicate cash outflow

4 The above cash flow statement has been prepared by using the indirect method as per Accounting Standard - 3 "Cash Flow Statement" issued by the Companies (Accounting Standard) Rules, 2006.

This is the cash flow statement referred to in our report of even date.

As per our Report of even date

For and on behalf of the Board

For Rohan Agrawal & Co.
Chartered Accountants
Firm Registration No.:-137136W

Sandeep Arora
Chairman & Managing Director

Manish Nanda
Director

Rohan Agrawal
Proprietor
Membership No.: 123127

Shivcharan Girker
Chief Financial Officer

Place: Nagpur
Date: 30th May 2016

Place: Khopoli
Date: 30th May 2016

Notes to Balance Sheet

1 Share Capital

| | 31-Mar-2016 Rupees | 31-Mar-2015 Rupees |
|--|-----------------------|-----------------------|
| Authorised : | | |
| 70,00,000 Equity Shares of Rs 10 each | 70,000,000 | 70,000,000 |
| [Previous Year: 70,00,000 Equity Shares of Rs.10 each] | 70,000,000 | 70,000,000 |
| Issued, Subscribed & Paid-up : | | |
| 60,61,000 Equity Shares of Rs.10 each, fully paid-up. | 60,610,000 | 60,610,000 |
| [Previous Year : 60,61,000 Equity Shares of Rs.10 each, fully paid up] | 60,610,000 | 60,610,000 |
| Total | 60,610,000 | 60,610,000 |

1.1 Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:

| Equity Shares | 31-Mar-2016 | | 31-Mar-2015 | |
|---|---------------------|------------|---------------------|------------|
| | Number of Shares | Rupees | Number of Shares | Rupees |
| Opening Balance | 6,061,000 | 60,610,000 | 6,061,000 | 60,610,000 |
| Add: Issue of shares during the year | - | - | - | - |
| Less: Redemption of shares | - | - | - | - |
| Outstanding at the end of the year | 6,061,000 | 60,610,000 | 6,061,000 | 60,610,000 |

1.2 Rights, preferences and restrictions attached to shares:

Equity Shares:

The Company has only one class of equity shares having a par value of Rs 10 per share. Each holder of Equity Shares is entitled to one vote per share. The Company declares & pays dividends in Indian rupees. The dividend, if proposed by the Board of Directors, is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation, the Equity Shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

1.3 During the period of five years immediately preceding the reporting date:

- (i) The Company has not issued any shares pursuant to contract(s) without payment being received in cash.
- (ii) The Company has not allotted any shares as fully paid up by way of bonus shares.
- (iii) The Company has not bought back any shares.

1.4 Details of shareholders holding more than 5% shares in the Company:

| Equity Shares Name of Shareholders | 31-Mar-2016 | | 31-Mar-2015 | |
|---------------------------------------|---------------------|-----------------------|---------------------|--------------------|
| | Number of Shares | Percentage holding | Number of Shares | Percentage holding |
| Sonal Impex Limited | 2,822,700 | 46.57% | 2,822,700 | 46.57% |
| Kamal Arora | 475,400 | 7.84% | 475,400 | 7.84% |

As per the records of the Company, including its register of shareholders/members and other declarations received from the shareholders regarding the beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

Notes to Balance Sheet

Amounts in INR

2 Reserves & Surplus

| | 31-Mar-2016 | 31-Mar-2015 |
|---|---------------------|-------------|
| Capital Reserves | 1,000,000 | 1,000,000 |
| Profit and Loss Account | | |
| Balance at the beginning of the year | 35,097,328 | 31,704,938 |
| Add: Profit for the period | (26,340,390) | 4,593,741 |
| Less: Depreciation adjustment due to revision in useful lives of assets | - | 1,201,351 |
| Balance at the end of the year | 8,756,938 | 35,097,328 |
| Total | 9,756,938 | 36,097,328 |

3 Long Term Borrowings

| | 31-Mar-2016 | 31-Mar-2015 |
|--|----------------|-------------|
| Secured | | |
| Term Loan from Bank | - | 24,767,145 |
| Less: Current maturities of Long Term Debt | - | 12,000,000 |
| Net Balance (A) | - | 12,767,145 |
| Vehicle Loan | 873,107 | 1,434,084 |
| Less: Current maturities of Long Term Debt | 392,425 | 560,977 |
| Net Balance (B) | 480,682 | 873,107 |
| Unsecured | | |
| Deferred Payment Liability - Sales Tax Deferral Loan | 647,231 | 647,231 |
| Less: Current maturities of Long Term Debt | 647,231 | 455,170 |
| Net Balance (C) | - | 192,061 |
| Total (A) + (B) + (C) | 480,682 | 13,832,313 |

3.1 Vehicle loan of Rs.8,73,107 (Previous Year: Rs 14,34,084) comprising Rs. 3,92,425(Previous Year Rs. Rs 560,977) classified as current maturities of long term borrowings included under other current liabilities is secured by way of hypothecation of vehicle financed.

3.2 Sales Tax Deferral Loans from the Government of Maharashtra are repayable as per the schedule provided by the Government of Maharashtra.

| Term Loan | Rate of interest | Repayment terms |
|------------------------|------------------|--|
| Vehicle Loan from Bank | 10.83% | Repayable in 59 monthly installments of Rs 37780 each commencing from Nov 2011 |
| Vehicle Loan from Bank | 10.49% | Repayable in 59 monthly installments of Rs 19432 each commencing from Sep 2014 |

4 Long Term Provisions

| | 31-Mar-2016 | 31-Mar-2015 |
|------------------------------------|------------------|-------------|
| Provision for Retirement Benefits: | | |
| - Provision for Gratuity | 1,341,577 | 1,351,298 |
| Total | 1,341,577 | 1,351,298 |

Notes to Balance Sheet

Amounts in INR

5 Short Term Borrowings

| | 31-Mar-2016 | 31-Mar-2015 |
|---|-------------|-------------|
| Secured | | |
| Loans repayable on demand | | |
| From Banks | | |
| Term Loan from Bank | 23,728,512 | - |
| Rupee Loans | 178,070,510 | - |
| Total (A) | 201,799,022 | - |
| Secured: | | |
| Loans from Bank | | |
| Rupee Loans | 28,625 | 135,353,380 |
| Balances in current accounts with banks | 1,738,868 | 86,263,346 |
| Total (B) | 1,767,493 | - |
| Total (A)+(B) | 203,566,514 | 221,616,726 |

5.1 Term loan from Bank

5.1 Term Loan from Bank comprising Rs 2,37,28,512 [Previous Year: Rs 2,47,67,145] are secured by:

- (a) Equitable mortgage of land & building situated thereon at Gat No 232/2, Survey No 28, Hissa 1A, admeasuring 3860 sq mtrs, village Dheku, Taluka Khalapur, District Raigad, Maharashtra
- (b) Equitable mortgage of land & building situated thereon at Gat No 232/1, Survey No 28, Hissa 1A, admeasuring 2160 sq. mtrs, village Dheku, Taluka Khalapur, District Raigad, Maharashtra, owned by Sonal Ropes Limited
- (c) Equitable mortgage of property at Ground Floor, "C" Wing, Bhagwati Building, FP Nos 18 - 19 / 34 A, B, C and 35 A, B, C TPS VI and CTS No 1610 / 27 & 1610 / 28 of Santacruz West, Linking Road, Extension Road, Mumbai 400054, owned by Sandeep Arora and Mridu Arora.
- (d) Equitable mortgage of residential flat at 11th Floor, Morya Heights, Plot No 15, 16 and 17, Near Sanjeevani International School, Sector - 18, Kharghar, Navi Mumbai, District Raigad, owned by Sonal Impex Limited.
- (e) Equitable mortgage of industrial property situation at Gut No 236 (1), House No 142, Village Dheku, off Takai - Adoshi Road, District Raigad, owned by Sonal Impex Limited
- (f) Mortgage of immovable property situated at Abhishek Bungalow No 4, Four Bungalows, Andheri West, Mumbai 400 053, owned by director, towards enhanced mortgage debt.
- (g) Hypothecation of existing fixed assets of the Company.
- (h) Hypothecation of plant and machinery of Sonal Ropes Limited at written down values.
- (i) Cash collateral or immovable property valuing at Rs 0.50 crores.
- (j) Third party guarantee of:
 - Sandeep Mohanlal Arora, Kamal Arora and Mridu Arora
 - Corporate Guarantee of Sonal Impex Limited and Sonal Ropes Limited
- (k) Hypothecation of current assets, including stocks, receivables, consumables, stores and spares and movable plant and machinery.
- (l) Hypothecation of machines purchased out of bank finance

Note The assets (a to f) mentioned above have been over under symbolic possession under SARFAESI Act, 2002 on account of non-payment of demand amounting to Rs. 21,58,77,033

Notes to Balance Sheet

Amounts in INR

Terms of repayment for secured borrowings:

| Term Loan | Rate of interest | Repayment terms |
|---------------------|---|---|
| Term Loan from Bank | Base rate + 7% on daily products with monthly rests | Moratorium period of 12 months from Nov 2011 to Oct 2012; followed by 01 installment of 2 lakhs in Nov 2012, 4 monthly installments of 3 lakhs each from Dec 2012 to March 2013, 12 monthly installments of Rs 7 lakhs each from April 2013 to March 2015, 12 monthly installments of Rs 10 lakhs each from April 2015 to March 2017 and 1 installment of Rs 8 lakhs in April 2017. |

| Account Particulars | Period of default | Amount of default | Interest | Total |
|------------------------------|-------------------------|--------------------|-------------------|--------------------|
| Term Loan | 1.02.2016 to 31.03.2016 | 23,728,512 | 4,000,263 | 27,728,775 |
| Account No. CC9 -34658136533 | 1.09.2015 to 31.03.2016 | 4,652,274 | 570,121 | 5,222,395 |
| Account No. CC9 -34284258635 | 1.07.2015 to 31.03.2016 | 110,334 | 17,077 | 127,411 |
| Account No. CC9 -34065672920 | 1.06.2015 to 31.03.2016 | 387,268 | 62,854 | 450,122 |
| Account No. CC9 -34026824121 | 1.05.2015 to 31.03.2016 | 282,270 | 46,940 | 329,210 |
| Account No. CC9 -33901208413 | 1.06.2015 to 31.03.2016 | 1,964,069 | 319,365 | 2,283,434 |
| Account No. CC9-33901208184 | 1.05.2015 to 31.03.2016 | 29,524,180 | 4,904,606 | 34,428,786 |
| Account No. CC9- 33685675287 | 1.08.2015 to 31.03.2016 | 10,473,159 | 1,717,565 | 12,190,724 |
| Account No. CC2- 10295388658 | 1.08.2015 to 31.03.2016 | 439,863 | 65,730 | 505,593 |
| Account No. CC1- 10295388400 | 1.05.2015 to 31.03.2016 | 130,237,093 | 20,949,428 | 151,186,521 |
| Total | | 201,799,022 | 32,653,949 | 234,452,971 |

5.2 Working capital loans from bank comprise EPC, which are secured by:

- Hypothecation of Company's stocks of raw materials, finished goods, SIP of finished goods of proposed manufacturing activity in factory, godown, in transit or lying elsewhere.
- Charge on Company's receivables, book debts and other actionable claims.
- Rate of interest - Base rate + 7% on daily products with monthly rests

5.3 Company has been given winding up notice by State Bank of India against the term loan and working capital loans.

6 Trade Payables

| | 31-Mar-2016 | 31-Mar-2015 |
|--|-------------------|-------------|
| Due to Micro, Small and Medium Enterprises | - | - |
| Others | 72,214,857 | 76,654,114 |
| Total | 72,214,857 | 76,654,114 |

Note:-

6.1 Company has been given winding up notice by creditors during the year.

6.2 The Company has not received any intimation from its suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence, the disclosures, if any, relating to the amounts unpaid as at the year end together with the interest paid / payable, if any, as required under the said Act have not been given.

7 Other Current Liabilities

| | 31-Mar-2016 | 31-Mar-2015 |
|---------------------------------------|-------------------|-------------|
| Current Maturities of Long term loans | | |
| - on term loan from banks | - | 12,000,000 |
| - on vehicle loans | 392,425 | 560,977 |
| - on sales tax deferrals | 647,231 | 455,170 |
| Advance from Customers | 11,569,904 | 17,933,502 |
| Unclaimed dividend | 1,484,450 | 1,487,350 |
| Expenses Payable | 820,919 | 3,386,444 |
| Total | 14,914,929 | 35,823,443 |

7.1 The Company has been informed by its Bankers that an amount of Rs 35595 is lying to the credit of the account of the Company. This amount pertains to the year 1999. The Company has instructed the Bankers to deposit the amount into the Investor Education and Protection Fund. The Bankers have transferred the above mentioned amount.

8 Short Term Provisions

| | 31-Mar-2016 | 31-Mar-2015 |
|--|-------------|-------------|
| Provision for excise duty on closing stock | | 420,210 |
| Total | - | 420,210 |

Amounts in INR

Notes to Balance Sheet

Note 9
Fixed assets schedule as at 31 Mar 2016

| Sr No | Nature of asset | Gross Block | | | Depreciation | | | Net Block | | |
|-------|-------------------------|--------------------|------------------|------------------|--------------------|-------------------|------------------|-------------------|-------------------|-------------------|
| | | Opening balance | Additions | Deletions | Closing balance | Opening balance | Additions | Deletions | 31 Mar 2016 | 31 Mar 2015 |
| 1 | Land | 207,130 | - | - | 207,130 | - | - | - | 207,130 | 207,130 |
| 2 | Factory Building | 18,044,029 | 180,889 | - | 18,224,918 | 8,288,678 | 836,380 | 9,125,058 | 9,099,860 | 9,755,351 |
| 3 | Office Premises | 340,850 | - | 340,850 | - | 272,294 | - | 0 | (0) | 68,556 |
| 4 | Plant and Equipment | 73,739,074 | 1,353,744 | 314,349 | 74,778,469 | 14,726,280 | 5,646,029 | 20,310,341 | 54,468,127 | 59,012,794 |
| 5 | Electrical Installation | 207,600 | - | - | 207,600 | 146,405 | 61,194 | 207,599 | 1 | 61,195 |
| 6 | Lab Equipments | 82,200 | - | - | 82,200 | 20,950 | 10,209 | 31,158 | 51,042 | 61,250 |
| 7 | Motor Vehicle | 5,826,488 | - | - | 5,826,488 | 2,761,622 | 733,009 | 3,494,631 | 2,331,857 | 3,064,866 |
| 8 | Motor Cycle | 69,529 | - | - | 69,529 | 36,435 | 4,728 | 41,163 | 28,366 | 33,094 |
| 9 | Bicycle | 4,535 | - | - | 4,535 | 4,535 | - | 4,535 | - | - |
| 10 | Air-conditioner | 235,804 | - | - | 235,804 | 81,903 | 60,296 | 142,199 | 93,605 | 153,901 |
| 11 | Computer | 1,769,416 | 80,919 | - | 1,850,335 | 1,759,462 | 36,927 | 1,796,390 | 53,946 | 9,954 |
| 12 | Generating Set | 48,087 | - | - | 48,087 | 21,895 | 17,768 | 39,663 | 8,424 | 26,192 |
| 13 | Office Equipment | 364,108 | - | - | 364,108 | 124,937 | 107,613 | 232,550 | 131,558 | 239,171 |
| 14 | Furniture & Fixture | 453,528 | - | - | 453,528 | 453,528 | - | 453,528 | - | - |
| | Current Year | 101,392,377 | 1,615,552 | 655,199 | 102,352,730 | 28,698,924 | 7,514,153 | 35,878,816 | 66,473,914 | 72,693,453 |
| | Previous Year | 109,152,515 | 1,816,871 | 9,577,009 | 101,392,377 | 28,667,122 | 7,803,231 | 28,698,924 | 72,693,453 | 80,485,393 |

Note:

- a) The addition to fixed assets have been classified in accordance with the classification normally adopted by the Management.
- b) The additions to fixed assets are exclusive of VAT since the Company claims set off credit for the same (except which cannot be taken as set - off).

Notes to Balance Sheet

Amounts in INR

10 Long Term Loans and Advances

| | 31-Mar-2016 | 31-Mar-2015 |
|-------------------------------------|------------------|------------------|
| Unsecured, considered good: | | |
| Security Deposits | 326,995 | 326,995 |
| Balance with Government Authorities | 7,373,426 | 5,676,272 |
| Total | 7,700,421 | 6,003,267 |

11 Other Non Current Assets

| | 31-Mar-2016 | 31-Mar-2015 |
|--|-------------------|-------------------|
| Long Term Trade Receivables | 19,625,999 | 15,461,253 |
| [Including Trade Receivables on deferred credit terms] | | |
| Total | 19,625,999 | 15,461,253 |

12 Deferred Tax Asset(Net)

| | 31-Mar-2016 | 31-Mar-2015 |
|------------------------------------|--------------------|--------------------|
| Deferred Tax Liabilities : | | |
| Opening balance | (8,991,387) | (7,943,566) |
| Fixed Assets & Depreciation | (461,430) | (1,477,931) |
| Less: | | |
| Deferred Tax Assets : | | |
| Provisions | (3,004) | 71,709 |
| On brought forward business losses | 11,168,502 | 358,401 |
| Total | 1,712,681 | (8,991,387) |

13 Inventories

| | 31-Mar-2016 | 31-Mar-2015 |
|--|-------------------|--------------------|
| Raw Materials | 23,267,076 | 26,418,945 |
| Packing Materials | 3,341,687 | 5,536,850 |
| Consumables | 417,435 | 1,632,510 |
| Finished Goods [including work in process] | 29,419,345 | 82,284,702 |
| Total | 56,445,544 | 115,873,008 |

Note:-**Mode of valuation**

Cost or Net realisable value whichever is lower

14 Trade Receivables

| | 31-Mar-2016 | 31-Mar-2015 |
|---|--------------------|--------------------|
| Debts due for a period exceeding six months from the date they became due: | | |
| - Considered Good | 133,472,641 | 18,528,146 |
| - Considered Doubtful | - | - |
| | 133,472,641 | 18,528,146 |
| Other Debts - Considered Good | 44,093,317 | 177,788,493 |
| | 177,565,958 | 196,316,639 |
| Less: Provision for Doubtful Debts | - | - |
| Total | 177,565,958 | 196,316,639 |

Debtors include dues from related parties amounting to Rs.6,51,28,454.07 [Previous year :11,88,24,325]

Notes to Balance Sheet

Amounts in INR

15 Cash & Bank Balances

| | 31-Mar-2016 | 31-Mar-2015 |
|---|------------------|-------------------|
| A Cash and Cash Equivalents | | |
| Cash on hand | 421,155 | 473,137 |
| Balance with Banks on Current Accounts | 177,169 | 309,166 |
| Sub Total - A | 598,323 | 782,303 |
| B Other Balances | | |
| Term Deposits | | |
| Maturity less than or equal to 3 months | - | 64,341 |
| Maturity more than 3 months but less than or equal to 12 months | 6,523,898 | 6,016,194 |
| Maturity more than 12 months | - | 16,286,267 |
| Balances lying in the Unclaimed Dividend Account | 1,484,450 | 1,487,350 |
| Sub Total - B | 8,008,348 | 23,854,152 |
| Total (A) + (B) | 8,606,671 | 24,636,455 |

Note :

Term Deposits includes deposits worth Rs.6,47,361 kept as margin money towards banking facilities.

16 Short Term Loans and Advances:

| | 31-Mar-2016 | 31-Mar-2015 |
|---|-------------------|-------------------|
| Unsecured, considered good | | |
| Advance to Vendors | 17,625,958 | 13,796,432 |
| Advance to staff | 12,232 | 22,431 |
| Advances recoverable in cash or kind for value to be received | 125,169 | 648,193 |
| Balance with government authorities | 6,990,952 | 9,945,688 |
| Total | 24,754,310 | 24,412,745 |

Notes to Statement of Profit and Loss

Amounts in INR

17 Revenue from operations

| | 31-Mar-2016 | 31-Mar-2015 |
|--|--------------------|-------------|
| Sales | 265,176,762 | 460,373,949 |
| Less: Excise duty | 20,749,736 | 28,213,504 |
| Revenue from operations [Gross] | 244,427,026 | 432,160,445 |
| Other operating revenues | | |
| Export incentives | - | 640,993 |
| Revenue from operations [Net] | 244,427,026 | 432,801,438 |
| | | |
| 17.1 Earnings in foreign currency | | |
| Exports of goods | 89,160,371 | 124,579,154 |

18 Other income

| | 31-Mar-2016 | 31-Mar-2015 |
|--|--------------------|-------------|
| Interest income on fixed deposits | 698,295 | 2,350,017 |
| Other interest income | - | 54,239 |
| Profit on sale of asset | 2,136,961 | - |
| Exchange fluctuation gain | 2,423,928 | 7,519,472 |
| Provision for excise duty on closing stock | 420,210 | - |
| Trade Discount Received | 1,556,924 | - |
| Total | 7,236,318 | 9,923,728 |

19 Cost of materials consumed

| | 31-Mar-2016 | 31-Mar-2015 |
|--|--------------------|-------------|
| Raw materials consumed | 165,090,430 | 294,012,152 |
| Packing materials and other consumables consumed | 18,843,764 | 18,938,079 |
| Total | 183,934,194 | 312,950,231 |

20 Changes in Inventories of Finished Goods and Work In Process

| | 31-Mar-2016 | 31-Mar-2015 |
|---|--------------------|-------------|
| Inventories at the beginning of the year | | |
| Finished goods and work in process | 82,284,702 | 91,049,631 |
| | | |
| Inventories at the end of the year | | |
| Finished goods and work in process | 29,419,345 | 82,284,702 |
| Net (increase) / decrease | 52,865,357 | 8,764,928 |

20.1 Values for closing and opening inventories of finished goods and work in process

| | 31-Mar-2016 | 31-Mar-2015 |
|---|--------------------|-------------|
| Finished goods and work in process | | |
| - Opening stock | | |
| Tapes | 9,116,725 | 18,234,701 |
| Adhesive Rolls | 34,885,947 | 39,543,804 |
| Ropes | 34,201,276 | 29,971,867 |
| Others | 4,080,754 | 3,299,258 |
| | 82,284,702 | 91,049,631 |
| | | |
| - Closing stock | | |
| Tapes | 880,151 | 9,116,725 |
| Adhesive Rolls | 10,326,517 | 34,885,947 |
| Ropes | 16,218,439 | 34,201,276 |
| Others | 1,994,238 | 4,080,754 |
| | 29,419,345 | 82,284,702 |

Notes to Statement of Profit and Loss

| | Amounts in INR | |
|---|--------------------|--------------------|
| 21 Employees benefit expenses | 31-Mar-2016 | 31-Mar-2015 |
| Salaries, wages and allowances | 4,386,581 | 4,537,380 |
| Contribution to provident and other funds | 832,532 | 818,554 |
| Gratuity | 55,407 | 67,500 |
| Staff welfare expenses | 248,505 | 489,728 |
| Total | 5,523,025 | 5,913,162 |
| 21.1 Managerial Remuneration included under employee benefit expenses: | 31-Mar-2016 | 31-Mar-2015 |
| Remuneration Paid to Whole Time Directors | | |
| Salaries & Allowances | 900,000 | 1,000,000 |
| 22 Finance costs | 31-Mar-2016 | 31-Mar-2015 |
| Interest expenses | 1,444,559 | 22,936,761 |
| Other borrowing costs | 1,112,087 | 5,206,659 |
| Other interests | 263 | 29,943 |
| Total | 2,556,909 | 28,173,363 |
| 23 Other Manufacturing, Selling and Administration expenses | 31-Mar-2016 | 31-Mar-2015 |
| Freight & forwarding charges | 2,449,398 | 2,856,789 |
| Manufacturing expenses | 2,678,147 | 5,228,021 |
| Salaries to factory staff | 3,857,001 | 5,304,188 |
| Ocean freight | 1,512,834 | 3,717,195 |
| Security charges | 1,047,645 | 1,051,675 |
| General expenses | 242,123 | 413,664 |
| Postal expenses | 236,455 | 245,692 |
| Printing & stationery | 175,234 | 258,211 |
| Sales promotion expenses | 215,583 | 291,039 |
| Conveyance expenses | 161,438 | 242,918 |
| Listing fees | 252,298 | 135,000 |
| Advertisement and publicity | 125,845 | 113,862 |
| C&F/Port/Octroi | 282,405 | 254,158 |
| Legal Expenses | 286,000 | - |
| Domestic & foreign travel | 438,583 | 720,910 |
| Factory expenses | 606,294 | 601,158 |
| Stores & spares expenses | 769,061 | 1,354,633 |
| Telephone and communication expenses | 409,267 | 458,040 |
| Terminal handling charges | 667,156 | 645,592 |
| Water charges | 263,200 | 471,400 |
| Total (a) | 16,675,967 | 24,364,145 |
| Payment to the Auditors | | |
| Audit fees | 161,000 | 169,000 |
| Total (b) | 161,000 | 169,000 |
| Consumable | 357,000 | 556,310 |
| Electricity charges | 5,443,690 | 5,548,813 |
| Rental charges | 279,530 | 1,281,092 |
| Repairs & maintenance - building | - | 57,600 |
| Repairs & maintenance - machinery | 56,311 | 61,588 |
| Office maintenance expenses | | |
| Repairs & maintenance - vehicles | 204,653 | 424,090 |
| Insurance premium | 527,819 | 635,430 |
| Custom duty Expenses | 489,318 | - |
| Professional tax | 5,000 | 5,000 |
| Excise duty | - | 417,759 |
| TDS expenses | 1,128 | - |
| Sales tax | 47,029 | 61,028 |
| Swachh Bharat Cess | 4,695 | - |
| Total (c) | 7,416,173 | 9,048,710 |
| Miscellaneous Expenses | 346,545 | 4,187,096 |
| Total (d) | 346,545 | 4,187,096 |
| Total (a)+ (b)+ (c) +(d) | 24,599,685 | 37,768,951 |

Note 24**Notes to Accounts Significant accounting policies for the year ended 31st March, 2016****1. Nature of Business**

1.1 The Company is in the business of manufacturing of adhesive tapes and plastic ropes. The manufacturing facility and registered office of the Company is situated at Khopoli. The Company exports its products through its associate companies.

2. Significant Accounting Policies**2.1. Accounting Convention**

The financial statements of the Company are prepared under historical cost convention on an accrual basis and comply with the Accounting Standards ('AS') notified by the Companies (Accounting Standards) Rules, 2006 except otherwise mentioned elsewhere in the financial statements.

2.2. Use of Estimates

The preparation of financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities, if any) as at the date of the financial statements and the reported income and expenses during the reporting period like provisioning for taxation, useful lives of assets etc. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Future results may vary from these estimates.

2.3. Revenue Recognition*On sale of goods*

Sales of the Company comprise sale of BOPP tapes, ropes and adhesives. Revenue is recognized when the risks and rewards are substantially transferred to the buyer. This usually occurs when the goods leave the premises of the Company. The Company collects sales taxes and value added taxes (VAT) on behalf of the Government and, therefore, these are not economic benefits flowing to the Company. Hence they are excluded from Revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year. Excise duty (including education cess) in respect of finished goods is shown separately as an item of expense and included in the valuation of finished goods.

Interest income

Interest income is recognized on accrual basis.

2.4. Expenses and Incomes

Expenses and incomes are accounted for on accrual basis except for bonus to employees. Bonus to employees is accounted for on payment basis. Provisions are made for all known liabilities.

2.5. Fixed Assets and Depreciation

- Tangible assets are stated at cost, less accumulated depreciation and impairment, if any.
- Cost includes the purchase price (excluding refundable taxes) and expenses directly attributable to bring the asset to the location and condition for its intended use. Examples of directly attributable expenses included in the acquisition cost are delivery and handling costs, installation, legal services and consultancy services.
- Fixed assets are depreciated on Straight Line Method ('SLM') based on the useful lives prescribed under Part C of Schedule II of Companies Act, 2013.
- Land is not depreciated since it is deemed to have an indefinite economic life. Depreciation is charged on a pro-rata basis on additions made during the year.
- Assets costing below Rs 5000 are charged to the Statement of Profit and Loss in the year of purchase.

2.6. Foreign Exchange Transactions**Initial recognition**

- Transactions in foreign currency are booked at standard rates determined periodically, which approximate the actual rates.

Translation

- Cash and bank balances, receivables and liabilities (monetary items) in foreign currencies as at the year-end are revalued at year end rates and the unrealized translation differences are included in the Statement of Profit or Loss.

Gain or loss on acquisition of fixed assets

- Gain / loss arising out of fluctuations on realization / payment or restatement, except those identifiable to acquisition of fixed assets is charged / credited to the Statement of Profit or Loss. Gain / loss on account of exchange fluctuations identifiable to fixed assets acquired are adjusted against the carrying value of the related fixed asset.

2.7. Inventory

- Raw materials, consumable and packing materials, semi-finished goods and finished goods are valued at cost or net realizable value, whichever is lower.
- Cost includes freight, taxes and duties (other than those subsequently recoverable from the tax authorities) and all other expenses incurred on bringing the inventory to its present location and condition.
- Inventory is valued on weighted average basis.
- Cenvat credit for materials purchased for production is taken into account at the time of purchases. Cenvat credit on purchases of capital items wherever applicable is recognized when the asset is purchased. The Cenvat credit so taken is utilized for the payment of excise duty on goods manufactured. The unutilized Cenvat credit is carried forward in the financial statements.

2.8. Segment Reporting

- The Company is primarily engaged in manufacture of Ropes and BOPP tapes.
- Although these two businesses represent separate business segments, Accounting Standard 17 – “Segment Reporting” issued by the Institute of Chartered Accountants of India is not applicable to the Company.

2.9. Earnings per Share

| Particulars | 31 st March, 2016 | 31 st March, 2015 |
|--|------------------------------|------------------------------|
| Profit after tax | (26,340,390) | 4,593,741 |
| Less: Preference dividend, if any | - | - |
| Adjusted profit after tax | (26,340,390) | 4,593,741 |
| Weighted average number of equity shares outstanding | 6,061,000 | 6,061,000 |
| Earnings Per Share | (4.35) | 0.76 |
| Face Value Per Share | 10 | 10 |

2.10 Taxes on Income

- Income tax is computed in accordance with Accounting Standard 22 – ‘Accounting for Taxes on Income’ (‘AS – 22’), notified by the Companies (Accounting Standards) Rules, 2006. Tax expenses are accounted in the same period to which the revenue and expenses relate.
- Deferred tax assets, other than unabsorbed depreciation or carried forward losses, are recognized only if there is reasonable certainty that they will be realized in the future and are reviewed for the appropriateness of their respective carrying values at each Balance Sheet date.

2.11 Provisions and Contingencies

A provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognized but are disclosed in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefit is remote. A contingent asset is neither recognized nor disclosed.

The contingent liabilities as at the Balance Sheet date are disclosed as under.

| Particulars | 31 st March, 2016 | 31 st March, 2015 |
|-----------------|------------------------------|------------------------------|
| Guarantee given | 38,262,938 | - |

2.12 Previous year figures have been regrouped wherever necessary so as to enable comparison with the figures of the current year.

2.13 Related Party Disclosures

Related Party disclosures are given according to Accounting Standard 18 “Related Party Disclosures”.

| Sr No | Name of the party | Relationship |
|-------|-------------------------|--------------------------------------|
| 1 | Sonal Impex Limited | Associate |
| 2 | Sonal Filaments Limited | Associate |
| 3 | Sonal Ropes Limited | Associate |
| 4 | Zain Fresh Agro Limited | Associate |
| 5 | Sandeep Arora | Key Management Personnel |
| 6 | Kamal Arora | Key Management Personnel |
| 7 | Mridu Arora | Relative of Key Management Personnel |

Summary of transactions with Related Parties during the year:

| Sr No | Nature of Transaction | Name of the party | 31 st March, 2016 | 31 st March, 2015 |
|-------|-------------------------|-------------------------|------------------------------|------------------------------|
| 1 | Sales | Sonal Impex Limited | 17,887,273 | 7,52,761,54 |
| 2 | Sales | Zain Fresh Agro Limited | 4,837,144 | 2,65,68,991 |
| 3 | Rent | Zain Fresh Agro Limited | - | 1,80,000 |
| 4 | Rent | Sonal Ropes Limited | 120,000 | 9,60,000 |
| 5 | Purchase | Sonal Impex Limited | - | 1,44,55,200 |
| 6 | Managerial Remuneration | Sandeep Mohanlal Arora | 900,000 | 10,00,000 |

Amount outstanding as at 31st March, 2016

| Sr No | Nature of Transaction | Name of the party | 31 st March, 2016 | 31 st March, 2015 |
|--------------|-----------------------|-------------------------|------------------------------|------------------------------|
| 1 | Trade receivable | Sonal Impex Limited | 65,128,454 | 118,824,325 |
| 2 | | Zain Fresh Agro Limited | 4,928,709 | - |
| Total | | | 70,057,163 | 118,824,325 |

2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and term deposits having maturity of more than three months but less than or equal to twelve months.

3. Other Financial Information
3.1 Auditor's Remuneration

| Particulars | 31 st March, 2016 | 31 st March, 2015 |
|----------------------|------------------------------|------------------------------|
| Statutory audit fees | 116,000 | 75,000 |
| Tax audit | 45,000 | 45,000 |
| Other services | - | 24,000 |
| Tax services | - | 25,000 |
| Total | 161,000 | 169,000 |

The above fees are exclusive of service tax.

3.2 Dues to Micro Small and Medium Enterprises

The Company has not received any intimation from its suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence, the disclosures, if any, relating to the amounts unpaid as at 31 Mar 2016 together with the interest paid / payable as required under the said Act have not been given.

3.3 No provision has been created on trade receivables aggregating to Rs 133,472,641 (Previous Year: 1,85,28,146) which are older than six months as the Management continues to believe that they will be realized and settled respectively at least at the values disclosed in the balance sheet
3.4 Quantitative information
Purchase of Major Raw Materials

| Particulars | 31 st March, 2016 | 31 st March, 2015 |
|-----------------------|------------------------------|------------------------------|
| Butyl Acrylate | 45,547,484 | 104,538,969 |
| Vinyl Acetate Monomer | 26,613,107 | 50,199,275 |
| BOPP Film | 90,251,707 | 138,362,816 |
| Total | 162,412,298 | 293,101,060 |

Sale of Major Products

| Particulars | 31 st March, 2016 | 31 st March, 2015 |
|-----------------------|------------------------------|------------------------------|
| Plastic Rope | 18,965,958 | 24,218,543 |
| BOPP Tape | 177,028,748 | 301,522,691 |
| Acrylic Polymer | 35,493,247 | 75,436,060 |
| Butyl Acrylate | 3,436,712 | 12,933,600 |
| Vinyl Acetate Monomer | 7,641,120 | 18,049,551 |
| Others | - | - |
| Total | 242,565,785 | 432,160,445 |

4. Confirmation:

The balance shown in Sundry Debtors, Sundry Creditors, Advances, are subject to confirmation from respective parties.

5. Pending Litigations:

The following are the details of pending litigations during the year:-

| Sr. No. | Party Name | Nature of Notice/ Case | Current Status |
|---------|---|--|---|
| 1. | a. State Bank of India b. Venus Sales Corporation Pvt Ltd. c. Accord Chemical Corporation d. Chemi Enterprise e. Premier Packaging Industries | Winding up Notice | As per the information given petitions have not been filed with the court of law by the parties |
| 2. | Vinyl Chemicals (India) Ltd. | Winding up Petition | Case filed in Mumbai High Court |
| 3. | a. Vinyl Chemicals (India) Ltd. b. M.L.J.P Chemicals Ltd. c. Indofil Industries Ltd. d. Accord Chemical Corporation e. Crest Chemicals. | Case filed under section 138 of Negotiable Instruments Act, 1881 | Challenged by the company in respective courts over quality issues |
| 4. | Roonak Paper Tubes Co. | Notice under MSMED Act | In dispute over amount and quality issues in respective forum |

6. The Company does not have accumulated losses but has incurred cash losses in the financial year covered by the audit. No cash losses have been incurred in the preceding financial period.
7. Amount required to be transferred to Investor Education and Protection Fund in accordance with the relevant provisions of the act and rules made there under, has been transferred within stipulated time.
8. There are adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets, sale of goods and services. During the audit no continuing failure to correct major weaknesses in internal control has been noticed.

As per our Report of even date

For and on behalf of the Board

For Rohan Agrawal & Co.

Chartered Accountants
Firm Registration No.:-137136W

Rohan Agrawal

Proprietor
Membership No.: 123127

Place: Nagpur
Date: 30th May 2016

Sandeep Arora
Chairman & Managing Director

Shivcharan Girker
Chief Financial Officer

Place: Khopoli
Date: 30th May 2016

Manish Nanda
Director



SONAL ADHESIVES LIMITED

Regd Off: Plot 28/1A, Village Dheku, Takai Adoshi Road, Off: Khopoli Pen Road, Tal: Khalapur, Dist., Raigad – 410 203

CIN: L02004MH1991PLC064045

Tel. no.: 91 22 61316131 Fax no.: 91 22 61316132

Website: www.sonal.co.in Email: info@sonal.co.in

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member(s)

Registered address

E-mail id

Folio No. / Client Id

DP ID

I/We, being the member(s) of equity shares of Sonal Adhesives Limited, hereby appoint

- Name:..... Email Id: Address:
..... Signature: *or failing him/her*
- Name:..... Email Id: Address:
..... Signature: *or failing him/her*
- Name:..... Email Id: Address:
..... Signature: *or failing him/her*

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Twenty fifth Annual General Meeting of the Company to be held on Friday, the 30th September, 2016 at the Registered Office of the Company at Plot 28/1A, Village Dheku, Takai Adosi Road, Off: Khopoli Pen Road, Tal: Khalapur, Dist., Raigad,– 410 203 at 1.00 p.m. and at any adjournment thereof in respect of such resolutions as are indicated below.

| SR. No | Resolutions |
|--------|---|
| 1 | Adoption of Financial Statements for the year ended March 31, 2016 |
| 2 | Re-appointment of Smt. Mridu Sandeep Arora, who retires by rotation |
| 3 | Ratification of appointment of M/s. Rohan Agrawal & Co, Chartered Accountants, as Auditor of the Company for the Financial Year 2015-2016 |

Signed thisday of 2016.

Please affix Re.1/- revenue stamp and sign across

Signature of Shareholder

Signature of proxy holder (s)

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

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SONAL ADHESIVES LIMITED

Regd Off: Plot 28/1A, Village Dheku, Takai Adoshi Road, Off: Khopoli Pen Road, Tal: Khalapur, Dist., Raigad – 410 203
CIN: L02004MH1991PLC064045
Tel. no.: 91 22 61316131 Fax no.: 91 22 61316132
Website: www.sonal.co.in Email: info@sonal.co.in

ATTENDANCE SLIP

I hereby record my presence at the Twenty Fifth Annual General Meeting of the Company held on Friday, the 30th September, 2016 at the Registered Office of the Company at Plot 28/1A, Village Dheku, Takai Adosi Road, Off: Khopoli Pen Road, Tal: Khalapur, Dist., Raigad,– 410 203 at 1.00 p.m.

Full name of the Shareholder

(in block letters)

Ledger Folio No.....DP ID.....Client ID.....

Number of Shares held.....

Full name of Proxy

(in block letters)

Signature of Shareholder or Proxy attending.....

Please provide full name of the 1st Joint Holder

.....

Notes:

- (1) Members/Proxy holders are requested to produce the attendance slip duly signed for admission to the Meeting hall.
- (2) Members are requested to bring their copy of Annual Report for reference at the Meeting.

If undelivered, please return to:

SONAL ADHESIVES LTD.

Plot 28/1A, Village Dheku,
Takai Adoshi Road, Off: Khopoli Pen Road,
Tal: Khalapur, Dist., Raigad – 410 203