



ANNUAL REPORT  
2016-17

**Sonal Adhesives Limited**



## SONAL ADHESIVES LIMITED

CIN: L02004MH1991PLC064045

### **Board of Directors**

Shri. Sandeep M. Arora	- Managing Director
Smt. Mridu S. Arora	- Non-executive Director
Shri. Manish Nanda	- Non-executive Independent Director
Shri. Nitin Rane	- Non-executive Independent Director

### **Registered Office and Factory Address**

Plot No. 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**

**Link Intime India Pvt Ltd.** (w.e.f 15/10/2016)  
C 101, 247 Park, L.B.S Marg,  
Vikhroli (West), Mumbai 400083  
Tel : 022 4918 6000

**System Support Services (Upto 14/10/2016)**  
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 Sixth Annual General Meeting of the Members of Sonal Adhesives Limited will be held on Thursday, the September 28, 2017 at the Registered Office of the Company at Plot No. 28/1A, Takai-Adoshi Road, At PO Khopoli, Tal Khalapur, Dist Raigad, Khopoli – 410 203 at 2.00 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 March 31, 2017 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 Mrs. 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 29<sup>th</sup> 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 2017-2018 at such remuneration as may be determined by the Board of Directors of the Company.”

**Special Business:**

4. To consider and if thought fit, and to pass, the following resolution as a **Special Resolution**:

**“RESOLVED THAT** pursuant to Section 196, 197 read with Schedule V and other applicable provisions of the Companies Act, 2013 and as recommended by Nomination & Remuneration Committee, the consent of the Members of the Company be and is hereby accorded for re-appointment and payment of remuneration of Mr. Sandeep Mohanlal Arora (DIN: 00176939) as Managing Director of the Company for a further period of three years w.e.f. June 01, 2017 at a remuneration of Rs. 75,000/- p.m. in the salary grade of Rs. 75,000/- p.m. to Rs. 3,00,000/- p.m. (all inclusive) with an authority to the Board of Directors to consider and give increment from time to time or on yearly basis within the grade as specified here above and on such other terms and conditions as the Nomination & Remuneration Committee or Board of Directors may decide and approve during the tenure of his re-appointment, subject to requisite approval as required under Schedule V Part II Section II B of the Companies Act, 2013.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorized to do all such acts, deeds, matters and things as the case may be necessary for the aforesaid purpose.”

**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, August 11, 2017.

**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. The Explanatory statement pursuant to Section 102(1) of the Companies Act, 2013 (“the Act”) in respect of special business as mentioned under item No. 4 in the above Notice is annexed hereto.

3. Additional information pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and Secretarial Standard-2 of person seeking appointment/ re-appointment as Director under Item No. 2 & 4 of this notice are also annexed.
4. The Register of Members and Share Transfer Books of the Company will remain closed for the purpose of Annual General Meeting (AGM) from Friday September 22, 2017 to Thursday, September 28, 2017 (both days inclusive).
5. Corporate Members are requested to send a duly certified copy of the Board resolution authorising their representatives to attend and vote at the AGM.
6. 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 the Registrar and Share Transfer Agent, M/s. Link Intime India Pvt Ltd., at C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai – 400 083, Maharashtra in respect of their physical shares, quoting folio Number.
7. 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.
8. The Members who have not claimed Dividend / encashed their Dividend Warrants for the Dividend declared for the financial year 2009-10, 2010-11 & 2011-12 are requested to write/return the time barred dividend warrant to the Company for revalidation or issue of duplicate dividend warrant.
9. The Ministry of Corporate Affairs ("MCA") had issued Circulars stating that the service of notice / document by a company to its members 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 register 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. Link Intime India Pvt Ltd., C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai – 400 083, Maharashtra.

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, Maharashtra.

OR

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

10. The facility for voting, either through electronic voting system or Ballot paper or polling 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.
11. 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.
12. Members can opt for only one mode of voting, i.e., either by polling 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.
13. Members are requested to bring their attendance slip sent herewith duly filled for attending the meeting and copy of Annual Report to the Meeting.
14. **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 September 22, 2017 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 September 22, 2017.

**A. The instructions for members voting electronically are as under:**

- (i) The remote e-voting period commences on Monday, September 25, 2017 (9.00 a.m. IST) and ends on Wednesday, September 27, 2017 (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 September 22, 2017; may cast their vote electronically. The remote e-voting module shall be disabled by CDSL for voting thereafter. Once the member casts the vote on a resolution, the member shall not be allowed to change it subsequently.
- (ii) Members who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The members should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iv) Click on Members.
- (v) 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.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

<b>For Members holding shares in Demat Form and Physical Form</b>	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat members as well as physical members) <ul style="list-style-type: none"> <li>• 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.</li> </ul>
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"> <li>• 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).</li> </ul>

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) 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.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant viz. Sonal Adhesives Limited on which you choose to vote.
- (xiii) 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.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) 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.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xviii) 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.
- (xix) Members 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. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(xx) **Note for Non – Individual Members and Custodians**

- Non-Individual members (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://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](mailto: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](mailto: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.

(xxi) 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](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto: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, September 22, 2017.
- (ii) Mr. Prashant Diwan, Practising Company Secretary (Membership No. FCS 1403) has been appointed by the Company as the Scrutinizer to scrutinize the remote e-voting process and voting through ballot at the AGM 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](http://www.sonal.co.in) and on the website of CDSL [www.evoting.cdsl.com](http://www.evoting.cdsl.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.

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



**EXPLANATORY STATEMENT UNDER SECTION 102 (1) OF THE COMPANIES ACT, 2013**
**Item No. 4:**

The members of the Company at the Annual General Meeting held on September 29, 2014, had unanimously appointed Mr. Sandeep M. Arora as Managing Director of the Company for a period of three years i.e., from June 01, 2014 to May 31, 2017 and approved the payment of remuneration for the said period.

Further, the existing tenure of Mr. Sandeep Mohanlal Arora as Managing Director of the Company expired on May 31, 2017. Mr. Sandeep Arora has been associated with the day to day affairs of the Company. The Board of Directors at its meeting held on May 30, 2017 has re-appointed Mr. Sandeep Arora as Managing Director of the Company for a further period of three years with effect from June 01, 2017 to May 31, 2020 at a remuneration of Rs. 75,000/- p.m. in the salary grade of Rs. 75,000/- p.m. to Rs. 3,00,000/- p.m. (all inclusive) with an authority to the Board of Directors to give an increment from time to time or on yearly basis and on such terms and conditions as the Nomination & Remuneration Committee or Board of Directors may decide and approve during the tenure of his re-appointment and in accordance with the provisions of Section 196, 197 and 203 read with Schedule V and other applicable provisions of the Act, 2013 subject to requisite approval as required under Schedule V Part II Section II B of the Companies Act, 2013.

The Board of Directors recommends this Special Resolution for your approval.

The brief profile of Mr. Sandeep Mohanlal Arora is annexed in the notice.

Except Mrs. Mridu Arora being a relative of Mr. Sandeep Arora, none of the Directors and/or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 4 of the Notice.

**STATEMENT AS REQUIRED UNDER SECTION II OF PART II OF SCHEDULE V**
**I. GENERAL INFORMATION**

1)	Nature of Industry	The Company's main business is of manufacturing adhesive tapes, plastic ropes, emulsions (adhesives)	
2)	Date or expected date of commencement of commercial production	Company started production in 1991	
3)	In case of new companies expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	N.A.	
4)	Financial performance based on given indicators	Particulars	Year ended 31.03.2017 (Rs. in Lakhs)
		Total Revenue	2723.64
		Profit / (Loss) before Interest, depreciation and Tax	(360.79)
		Financial Expenses	3.38
		Depreciation & Amortization	76.23
		(Loss)/ Profit Before Tax	(440.40)
		Taxation for the year	(91.54)
		(Loss)/ Profit After Tax	(348.86)
		Deferred Tax Adjustment	-
		Net (Loss) Profit after Deferred Tax Adjustment	-
		Profit/(Loss) brought forward from previous year	87.57
		Balance carried forward	(261.29)
5)	Foreign investments or collaborators, if any	N.A.	



**II. INFORMATION ABOUT THE APPOINTEE**

Sr. No	Particulars	Mr. Sandeep Arora
1)	Background details	Mr. Sandeep Arora has a Bachelors degree in Business Administration (NYU).
2)	Past Remuneration	Rs. 75,000/- p.m.
3)	Recognition or awards	NIL
4)	Job Profile and suitability	He is having over 24 years of experience of business in manufacturing of adhesive tapes and plastic ropes.
5)	Remuneration proposed	Rs.75, 000/-p.m.
6)	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person	The proposed remuneration compares favorably with that being offered to similarly qualified and experienced persons from industry and the professionals with an entrepreneurial background. The remuneration being proposed is considered to be appropriate, having regard to factors such as past experience, position held, their contribution as Managing Director to the growth of the Company, its business and its profitability and age and merits of both.
7)	Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any	Mr. Sandeep Arora and Mrs. Mridu Arora are the promoters of the Company. They are related to each other as spouses. Mrs. Mridu Arora does not draw any remuneration from the Company.

**III. Other Information**

1)	Reasons of loss or inadequate profits	The ever changing domestic and international market conditions, high cost of materials and other manufacturing, selling & Administration expenses has resulted the Company into losses. New avenues of growth and production are continuously researched by the management.
2)	Steps taken or proposed to be taken for improvement	
3)	Expected increase in productivity and profits in measurable terms	

**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, August 11, 2017.

**Details of Directors seeking appointment/ re-appointment furnished pursuant to Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Clause 1.2.5 of the Secretarial Standard-2.:**

Name of Director	Mrs. Mridu Sandeep Arora	Mr. Sandeep Arora
Date of Birth	24/07/1976	23/09/1969
Age	41 Years	47 years
Date of Appointment	12/08/2015	14/09/2006
Qualifications	M.A.	Bachelors degree in Business Administration
Experience	more than 6 years	more than 24 years
Expertise in specific functional areas	Designing	Business & Administration
Terms and condition of appointment / re-appointment along with remuneration to be drawn	<b>Retire by rotation:</b> <ul style="list-style-type: none"> <li>• Liable to retire by rotation.</li> </ul> <b>Duties:</b> <ul style="list-style-type: none"> <li>• To adhere as provided under Section 166 of the Act.</li> </ul> <b>Code of Conduct:</b> <ul style="list-style-type: none"> <li>• Abide by the Code of Conduct devised by the Company.</li> </ul>	<b>Duties:</b> <ul style="list-style-type: none"> <li>• To adhere as provided under Section 166 of the Act.</li> </ul> <b>Code of Conduct:</b> <ul style="list-style-type: none"> <li>• Abide by the Code of Conduct devised by the Company.</li> </ul> <b>Remuneration:</b> Remuneration paid was Rs. 75000 p.m. in the salary grade of Rs. 75,000/- p.m. to Rs. 3,00,000/- p.m. (all inclusive) w.e.f. June 01, 2017 to May 31, 2020
Relationship with other Directors, Manager and other KMP	Wife of Mr. Sandeep Arora, Managing Director of the Company	Husband of Mrs. Mridu Arora, Director of the Company
No. of Board meeting attended during the year	7	7
Directorships held in other companies (excluding foreign companies)	NIL	4
Memberships / Chairmanships of Committees of the Company	Member of Nomination and Remuneration Committee and Member of Stakeholder Relationship Committee of Sonal Adhesives Limited	Member of Audit Committee and Member of Stakeholder Relationship Committee of Sonal Adhesives Limited
Memberships / Chairmanships of Committees of the other Company	NIL	NIL
Number of shares held in the Company	NIL	NIL

## DIRECTORS' REPORT

### DEAR MEMBERS

Your Directors have pleasure in presenting Twenty Sixth Annual Report for the financial year 2016-2017 along with Audited Balance Sheet and the Statement of Profit and Loss Account for the year ended on March 31, 2017.

### FINANCIAL RESULTS:

The financial performance of your Company for the year ended March 31, 2017 is summarized below:

(Rs. in Lakhs)

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Income from operations	<b>2711.53</b>	2444.27
Profit/(Loss) before Finance Cost & Depreciation	<b>(360.79)</b>	(269.73)
Less:- Finance Cost	<b>3.38</b>	25.57
Less:- Depreciation	<b>76.23</b>	75.14
Profit/(Loss) Before tax	<b>(440.40)</b>	(370.44)
Less: Tax Expenses	<b>(106.11)</b>	(107.04)
Add : Prior year Tax Adjustments	<b>14.57</b>	-
<b>Profit/(Loss) for the year</b>	<b>(348.86)</b>	(263.40)

### DIVIDEND

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

### RESERVES

There is no amount to be proposed to carry to Reserves.

### PRODUCTS & BUSINESS

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

a	Revenue	<ul style="list-style-type: none"> <li>The income earned from operation is Rs. 27,11,53,160/- in current year (previous year operation income was Rs. 24,44,27,026/-) indicating rise of 10.93%</li> <li>The Company's Export Turnover also increased to Rs. 1209.70 Lacs compared to previous year export turnover of Rs. 891.60 Lacs indicating a increment by 35.68%</li> <li>However, due to high cost of materials and other manufacturing, selling &amp; Administration expenses the Company has incurred a Loss of Rs. 3,48,85,896/- (previous year Loss of Rs. 2,63,40,390/-)</li> </ul>
b	Market environment	Market in the year 2016-2017 was slow but encouraging and Growing.
c	Future Prospects	"Make in India" initiative by the Government of India is projected to boost demand for packaging tape in India during 2016-2025

### CODE OF CONDUCT

All Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year 2016-17. A declaration to this effect as required under regulation 26(3) read with Schedule V (D) of the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 ("Listing Regulations"), from the Managing Director of the Company is given below to this report.

A Declaration signed by the Managing Director is given below:

I hereby confirm that:

The Company has obtained from all the members of the Board and senior management, affirmation that they have complied with Code of Conduct and ethics for the Director and Senior Management in respect of the Financial Year 2016-2017.

Sandeep Arora  
Managing Director

### DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

In accordance with the provisions of the Companies Act, 2013 ("the Act") and the Articles of Association of the Company, Mrs. Mridu Arora, Director (DIN: 07260461) is liable to retire by rotation and being eligible, offers herself for re-appointment at the ensuing Annual General Meeting.

The Independent Directors of your Company have submitted a declaration confirming that each of them meets the criteria of independence as laid down under Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations and there has been no change in the circumstances which may affect their status as Independent Director during the year.

The existing tenure of Mr. Sandeep Arora as the Managing Director of the Company expired on May 31, 2017. Mr. Sandeep Arora is been associated with the day to day affairs of the Company. The Board of Directors at its meeting held on May 30, 2017 has re-appointed Mr. Sandeep Arora as Managing Director of the Company for a further period of three years with effect from June 01, 2017 on the terms and condition as set out in notice calling 26<sup>th</sup> Annual General Meeting. The Board recommends special resolution for your approval.

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

- (1) Mr. Sandeep M. Arora - Chairman & Managing Director (KMP)
- (2) Mrs. Mridu Arora - Non-executive Director
- (3) Mr. Manish Nanda - Non-executive Independent Director
- (4) Mr. Nitin Rane - Non-executive Independent Director
- (5) Mr. 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	Mr. Manish Nanda - Chairman Mr. Nitin Rane Mr. Sandeep Arora
B]	Nomination Remuneration Committee	Mr. Manish Nanda - Chairman Mr. Nitin Rane Mrs. Mridu Arora
C]	Stakeholder Relationship Committee	Mr. Manish Nanda - Chairman Mrs. Mridu Arora Mr. Sandeep Arora

#### **NUMBER OF MEETINGS OF THE BOARD**

During the FY 2016-17, seven 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 provision of Act and Listing Regulations. The 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 and 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.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

Your Directors state that:

- a) in the preparation of the annual accounts for the year ended March 31, 2017, 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, 2017 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.

#### **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 September 30, 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 29<sup>th</sup> AGM of the Company to be held in the year 2020. Pursuant to Section 139 of the Act, 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 Act. The Board recommends the ratification of appointment of statutory auditors for the financial year 2017-2018. 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 (Basis of Qualified Opinion) in the Auditors Report your Directors like to state as under:-
  - Qualification (i) & (ii) – Due to non-availability of statements from the Bank the Management is unable to ascertain & provide the interest and unable to reconcile the Bank balance.
  - Qualification (iii) – The disputed matters of respective creditors over quality issues are being pursued in the respective court as regards to winding up petitions and replied to the Winding up Notices by the Advocate of the Company as the case may be.
  - Qualification (iv) – Your Company has received the Notice 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 this notice and is in consultation with its legal advisors to take appropriate steps as may be advised by the legal advisors to protect your Company's interests.
  - Qualification (v) – Your Company has challenged the legality and validity of the action taken by the Bank and is in consultation with its legal advisors to take appropriate steps as may be advised by the legal advisors.
  - Qualification (vi) – The Management is pursuing all amenities to settle all pending matters with debtors and creditors.
- (b) With regards to Emphasis of Matter in the Auditors Report your Directors like to state as under:-
  - Qualification (i) – The matter is pending before High Court and / or Debt Recovery Tribunal
  - Qualification (ii) & (iii) – The Company is in process of identifying various opportunities to generate funds for growth and expansions.

#### **SECRETARIAL AUDITOR**

The Board of Directors had appointed Mr. Prashant Diwan, Company Secretary in whole-Time Practice, to conduct Secretarial Audit for the financial year 2016-17. The Secretarial Audit Report for the financial year ended March 31, 2017 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 suitable candidate for the post of Company Secretary.*

#### **FIXED DEPOSITS**

Your 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 given any loans or made any investments in other bodies corporate during the year. However, the Company had Corporate Guarantees of Rs. 3,82,62,938/- in earlier years which is within limit specified under section 186 of the Act.

#### **PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES**

All transactions entered by the Company with the related parties during the financial year 2016-17 were in the ordinary course of business and on an arm's length pricing basis. Suitable disclosures as required under AS-18 have been made in Note 2.13 in Notes to Accounts of the Financial Statements for the year ended March 31, 2017.

The Related Party Transactions policy as approved by the Board of Directors is disclosed on the Company's website at the web link <http://www.sonal.co.in/financial-info/SAL-RELATED-PARTY-TRSC.pdf>.

**SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES**

Your 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 Act 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 Act, 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 Listing Regulation. 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 Listing Regulations are not applicable and hence Corporate Governance Report does not form part of the Annual Report.

**MANAGEMENT DISCUSSIONS AND ANALYSIS**

Pursuant to Regulation 34 read with Schedule V of the Listing Regulations, 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 Act 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 Regulations, 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.

Your Company hereby affirms that no Director/ employee has been denied access to the Chairman of the Audit Committee and that no complaints were received during the year.

The Policy on vigil mechanism and whistle blower policy is available on the Company's website at weblink <http://www.sonal.co.in/financial-info/SAL-VIGIL-MECHANISM.pdf>.

**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**

Place: Khopoli

Dated: 11<sup>th</sup> August, 2017

**Sandeep Arora**  
**Chairman & Managing Director**

DIN: 00176939

**ANNEXURE - I**  
**FORM NO. MGT-9**

**EXTRACT OF ANNUAL RETURN**

**As on the financial year ended on 31.03.2017**

[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	Link Intime India Private Limited C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai – 400083, Maharashtra Tel: 022 4918 6000

**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	82.16%
2	Acrylic Polymer Emulsion	24134	9.56%

**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	
<b>A. Promoters</b>									
(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...	--	--	--	--	--	--	--	--	--
<b>SUB TOTAL (A)(1)</b>	<b>3800900</b>	<b>--</b>	<b>3800900</b>	<b>62.71</b>	<b>3800900</b>	<b>--</b>	<b>3800900</b>	<b>62.71</b>	<b>--</b>
(2) Foreign									
a) NRIs- Individuals	--	--	--	--	--	--	--	--	--
b) Other Individuals	--	--	--	--	--	--	--	--	--
c) Bodies Corporate	--	--	--	--	--	--	--	--	--
d) Banks / FI	--	--	--	--	--	--	--	--	--
e) Any other...	--	--	--	--	--	--	--	--	--
<b>SUB - TOTAL (A) (2)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>TOTAL SHAREHOLDING OF PROMOTER (A) = (A) (1) + (A)(2)</b>	<b>3800900</b>	<b>--</b>	<b>3800900</b>	<b>62.71</b>	<b>3800900</b>	<b>--</b>	<b>3800900</b>	<b>62.71</b>	<b>--</b>

<b>B. Public Shareholding</b>									
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	--	--	--	--	--	--	--	--	--
<b>SUB - TOTAL (B) (1)</b>	<b>--</b>	<b>24600</b>	<b>24600</b>	<b>0.41</b>	<b>--</b>	<b>24600</b>	<b>24600</b>	<b>0.41</b>	<b>--</b>
2 Non-institutions									
a) Bodies Corporate	51610	220400	272010	4.53	50537	220400	270937	4.47	0.06
i) Indian	--	--	--	--	--	--	--	--	--
ii) Overseas	--	--	--	--	--	--	--	--	--
b) Individuals									
I) Individual shareholders holding nominal share capital up to Rs. 1 lakh	295713	775000	1070713	17.67	325767	766200	1091967	18.01	0.34
II) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	438253	100000	538253	8.88	437651	100000	537651	8.87	(0.01)
c) Others									
i) NRI Individuals (Non Rep)	4000	141900	145900	2.41	4000	141900	145900	2.41	--
ii) OCB	--	--	--	--	--	--	--	--	--
iii) Foreign Bodies	--	51200	51200	0.84	--	51200	51200	0.84	--
iv) NRI (Repatriation)	55298	--	55298	0.91	60134	--	60134	0.99	(0.06)
v) Clearing Members	--	--	--	--	--	--	--	--	--
Non Resident Indians	--	--	--	--	--	--	--	--	--
vii) HUF	99301	--	99301	1.64	76801	--	76801	1.27	(0.37)
viii) Clearing Member	2825	--	2825	0.05	910	--	910	0.02	(0.03)
<b>SUB TOTAL (B)(2)</b>	<b>947000</b>	<b>1288500</b>	<b>2235500</b>	<b>36.88</b>	<b>955800</b>	<b>1279700</b>	<b>2235500</b>	<b>36.88</b>	<b>--</b>
<b>TOTAL PUBLIC SHAREHOLDING (B) = (B)(1) + (B)(2)</b>	<b>947000</b>	<b>1313100</b>	<b>2260100</b>	<b>37.29</b>	<b>955800</b>	<b>1304300</b>	<b>2260100</b>	<b>37.29</b>	<b>--</b>
C. SHARES HELD BY CUSTODIAN FOR GDRS & ADRS	--	--	--	--	--	--	--	--	--
<b>GRANDTOTAL (A+B+C)</b>	<b>4747900</b>	<b>1313100</b>	<b>6061000</b>	<b>100</b>	<b>4756700</b>	<b>1304300</b>	<b>6061000</b>	<b>100</b>	<b>--</b>

**(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	142000	2.34	0	142000	2.34	0	0
3	Mona 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
	<b>Total</b>	<b>3800900</b>	<b>62.71</b>	<b>0</b>	<b>3800900</b>	<b>62.71</b>	<b>0</b>	<b>0</b>



**(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

**(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	-	-	01.04.16	171200	Transfer	171200	2.82
2	Satyanarayan Khandelwal	111111	1.83	07.10.16	100	Transfer	111211	1.83
3	Mita Dipak Shah	-	-	12.08.16	110000	Transfer	110000	1.81
4	Ajay G Piramal	-	-	01.04.16	100000	Transfer	100000	1.65
5	Rajendra Dhirajlal Gandhi (HUF)	90300	1.49	22.04.16	(200)	Transfer	68500	1.13
				29.04.16	(200)			
				03.06.16	(790)			
				24.06.16	(610)			
				15.07.16	(800)			
				29.07.16	(400)			
				05.08.16	(500)			
				12.08.16	(2800)			
				19.08.16	(5500)			
				26.08.16	(1500)			
				09.09.16	(2000)			
				23.09.16	(1700)			
				07.10.16	(1300)			
				28.10.16	(2500)			
				18.11.16	(500)			
				10.02.17	(500)			
6	Sajjan Kumar Makharia	66600	1.10	-	-	-	66600	1.10
7	Mahendra Girdharilal	61827	1.02	-	-	-	61827	1.02
8	Roshani Neetish Doshi	53798	0.89	15.07.16	1999	Transfer	55695	0.92
				29.07.16	(2)			
				23.12.16	(100)			
9	Eon Investments Ltd	-	-	01.04.16	51200	Transfer	51200	0.84
10	Aphrodite Investments Pvt Ltd	-	-	01.04.16	36600	Transfer	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	-	-	-	-
4	Manish Nanda	-	-	-	-
5	Mridu Arora	-	-	-	-
6	Nitin Rane	-	-	-	-
8	Shivcharan Girkar (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
<b>Indebtedness at the beginning of the financial year 01.04.2016</b>				
1) Principal Amount	204213746	873107	-	205086853
2) Interest due but not paid	-	-	-	-
3) Interest accrued but not due	-	-	-	-
<b>Total of (1+2+3)</b>	204213746	873107	-	<b>201586853</b>
<b>Change in Indebtedness during the financial year</b>				
+ Addition	877032	-	-	877032
- Reduction	261015	392388	-	(653403)
Net change	616017	(392388)	-	<b>223629</b>
<b>Indebtedness at the end of the financial year 31.03.2017</b>				
1) Principal Amount	204829763	480719	-	205310482
2) Interest due but not paid	-	-	-	-
3) Interest accrued but not due	-	-	-	-
<b>Total of (1+2+3)</b>	204829763	480719	-	<b>205310482</b>

**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
		Mr. Sandeep Arora
1	Gross Salary	
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act	9,00,000
	(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	-
	<b>Total (A)</b>	<b>9,00,000</b>

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

Particulars of Remuneration	Name of Directors		Total Amount
	Mr. Manish S. Nanda	Mr. 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
	Mrs. 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
		Mr. Shivcharan Girker (CFO)	(CS)	
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act	5,37,000		5,37,000
	(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	-	-	-
	<b>Total (C)</b>	<b>5,37,000</b>	<b>-</b>	<b>5,37,000</b>

**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)
<b>A. Company</b>					
Penalty			NIL		
Punishment					
Compounding					
<b>B. Directors</b>					
Penalty			NIL		
Punishment					
Compounding					
<b>C. Other Officers In Default</b>					
Penalty			NIL		
Punishment					
Compounding					

For and on behalf of the Board

**Sandeep Arora**  
**Chairman & Managing Director**  
 DIN: 00176939

Place: Khopoli  
 Dated: 11<sup>th</sup> August, 2017

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

**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2017**

[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 31<sup>st</sup> March, 2017 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 31<sup>st</sup> March 2017 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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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.**

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.,

- 1) The State Bank of India (the Lender)
  - (a) Had classified the Company's Bank Account as "Non Performing Asset" (NPA);
  - (b) Had served Notice to the Company under section 13(2) of the SARFAESI Act, for attachment of its assets and also intimated the Company about the symbolic possession taken on 22<sup>nd</sup> February, 2017.
  - (c) Has given winding up notices against recovery of their dues.
  - (d) Has filed an appeal in DRAT Mumbai against the stay given by DRT, Pune in the recovery case.
- 2) The 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.
- 3) Two of the Creditors had filed winding up petition with High Court, Mumbai against the Company.
- 4) Few of the Creditors have served winding-up Notice to the Company.
- 5) Few of the Creditors have filed cases under Section 138 of the Negotiable Instruments Act, 1881
- 6) One of the Creditors has served Notice under MSMED Act.
- 7) Few of the Creditors have filed cases under Order XXXVII of Code of Civil Procedure.

**CS Prashant Diwan**

**Practising Company Secretary**

**FCS: 1403 CP: 1979**

Date: 11.08.2017

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.

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: 11.08.2017

Place: Mumbai

**ANNEXURE-III**
**Particulars 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 31.03.2017	Year Ended 31.03.2016
<b>Power and Fuel Consumption</b>			
<b>1. Electricity</b>			
<b>A) Purchase</b>			
Unit		806194	666453
Total Amount	Rs.	6711204	5443690
Rate/Unit	Rs.	8.32	8.17
<b>B) Own generation (Through D.G. Set)</b>			
Diesel Oil Consumed (Unit)	Kgs	Nil	Nil
Total Amount	Rs.	Nil	Nil
Avg. per Kg	Rs.	Nil	Nil
<b>2. Furnace Oil</b>			
Quantity	Kgs	16645.00	35902.564
Total Amount	Rs.	496133.10	1510092
Avg. per Kgs	Rs.	29.80	42.06
<b>3. Briquettes (Furnace Oil)</b>			
Quantity	Kgs	562625.82	557372
Total Amount	Rs.	3092349.80	3436388
Avg. Per Kg	Rs	5.496	6.16

**Technology Absorption:**

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

**Foreign Exchange Earnings and Outgo:**

	Year Ended 31.03.2017 (Rs. In lacs)	Year Ended 31.03.2016 (Rs. In lacs)
Foreign Exchange Outgo	101.81	42.40
Foreign Exchange Earned	937.02	533.47

For and on behalf of the Board

Place: Khopoli

 Dated: 11<sup>th</sup> August, 2017

**Sandeep Arora**  
**Chairman & Managing Director**

DIN: 00176939

**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 2016-2017:

Name of Director	Remuneration (Rs.)	Median Remuneration of Employees	Ratio
Mr. Sandeep M. Arora	9,00,000	2,37,200	3.79

2. Percentage increase in remuneration of each Director, Chief Financial Officer, Company Secretary in the financial year 2016-2017:

Name	Designation	% increase / (decrease) in remuneration
Mr. Sandeep M. Arora	Managing Director	NIL
Mr. Shivcharan Girker	Chief Financial Officer	(10.99)

3. Percentage increase in the median remuneration of employees in the financial year 2016-2017 is 9.81%.
4. The number of permanent employees on the rolls of the Company, as on 31<sup>st</sup> March, 2017 is 24.
5. The average increase in the salary of the employees other than the managerial personnel in FY 2016-17 is (1.70%) and increase in the salary of managerial personnel is (10.99%). 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**

Place: Khopoli

Dated: 11<sup>th</sup> August, 2017

**Sandeep Arora**  
**Chairman & Managing Director**  
 DIN: 00176939

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

The adhesives market is expected to grow from USD 49.50 Billion in 2016 to USD 63.50 Billion by 2021, at a CAGR of 5.11% between 2016 and 2021.

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

**(b) Threats, Opportunities, Risks and concerns**

The threat arising from activities of 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.

The products of the Company are exported all over the world including countries like Spain, Nigeria and many countries in the middle east and the African continent.

**(d) Outlook**

On account of continuously growing building and construction sector, increasing demand for packaging materials in food - beverage industry, logistics industry and growing furniture industry the demand of Adhesives & Emulsions is expected to increase. 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. 2711.53 Lacs as compared to previous year Rs. 2444.27 Lacs which has rise by 10.93% compared to the previous year. The Company's Export Turnover also increased to Rs. 1209.70 Lacs compared to previous year export turnover of Rs. 891.60 Lacs indicating an increment by 35.68%.

**(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 31<sup>st</sup> March 2017 were 24 (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: 11<sup>th</sup> August, 2017

**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 2017, 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. The banking facility availed from SBI have become NPA as per RBI guidelines and consequently the said bank has stopped charging interest. During the year under review no provisions have been made for unapplied interest on account of NPA, not charged by the bank, which is not in accordance with the generally accepted accounting principles.
- ii. The balance of SBI Term Loan, Cash Credit and other credit facilities appearing in the books of accounts are not in accordance with the bank statement and are subject to reconciliation process.
- iii. Two of its creditors had filed Winding up petition, which is pending with High Court, Mumbai. Also creditors have given winding up notices to the company against recovery of their dues which poses a question on the going concern assumption.
- 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 **22<sup>nd</sup> Feb, 2016**. Matter is pending in Debts Recovery Tribunal, Pune and Debt Recovery Appellate Tribunal, Mumbai.
- v. 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.
- vi. As told by management Rs. 88,79,575 Worth of Debtors are more than 3 years old, the same being time barred should have been written off, but no provision for the same had been provided in books of accounts. The same is the case with Sundry creditors, as per management the same is under settlement process.

#### 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, 2017;
- 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 cases/notices filed/given against the Company.
- ii. The accumulated losses of the Company exceed its net worth as at the financial year end. Also, the Company has incurred cash losses during the year.
- 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, 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 Qualification 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, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017, from being appointed as a director in terms of Section 164(2) of the Act.
  - f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to separate report in "Annexure B", and
  - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in my opinion and to the best of my information and according to the explanations given to me:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements- Refer Note 24.5 to the financial statements;
    - ii. The Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses,
    - iii. The amounts which were required to be transferred to the Investor Education and Protection Fund by the Company have been transferred.

**Rohan Agrawal & Co**  
*Chartered Accountants*  
FRN :137136W

**Rohan Agrawal**  
*Proprietor*  
M. No. 123127

Place: Khopoli  
Date: 30<sup>th</sup> May, 2017

### ANNEXURE-A 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 31<sup>st</sup> March 2017, 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 exceeds 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.
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	28th 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. 23,41,91,956	Feb 2015

Rs. 23,41,91,956.00 does not include unapplied interest for FY. 2016-17.

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

**Rohan Agrawal**  
*Proprietor*  
M. No. 123127

Place: Khopoli  
Date: 30<sup>th</sup> May, 2017

## Annexure - B to the Auditors' Report

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

I have audited the internal financial controls over financial reporting of **Sonal Adhesives Limited** ("the Company") as of 31 March 2017 in conjunction with my audit of the standalone financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditors' Responsibility

My responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on my audit. I conducted audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

My audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. My audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion on the Company's internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### Opinion

In my opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Rohan Agrawal & Co  
Chartered Accountants FRN :137136W

**Rohan Agrawal**  
Proprietor  
M. No. 123127

Place: Khopoli  
Date: 30<sup>th</sup> May, 2017

**Balance Sheet as at March 31, 2017**

Particulars	Note	Amounts in INR	
		31-Mar-2017 Rupees	31-Mar-2016 Rupees
<b>Equity and Liabilities</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	60,610,000	60,610,000
Reserves & Surplus	2	(25,128,958)	9,756,938
<b>Non - Current Liabilities</b>			
Long Term Borrowings	3	288,593	480,682
Long Term Provisions	4	1,386,894	1,341,577
<b>Current Liabilities</b>			
Short Term Borrowings	5	204,182,531	203,566,514
Trade Payables	6	72,341,278	72,214,857
Other Current Liabilities	7	14,352,307	14,914,929
<b>Total</b>		<b>328,032,646</b>	<b>362,885,498</b>
<b>Assets</b>			
<b>Non-Current Assets</b>			
<b>Fixed Assets</b>			
- Tangible Assets	8	61,916,707	66,473,914
Long Term Loans & Advances	9	9,033,014	7,700,421.00
Other Non Current Assets	10	57,198,424	19,625,999.00
Deferred Tax Asset(Net)	11	12,323,724	1,712,681.00
<b>Current Assets</b>			
Inventories	12	27,661,243	56,445,544.00
Trade Receivables	13	135,260,659	177,565,958.00
Cash & Bank Balances	14	8,181,428	8,606,671.00
Short Term Loans & Advances	15	16,457,446	24,754,310.00
<b>Total</b>		<b>328,032,646</b>	<b>362,885,498</b>
<b>Contingent Liabilities to the extent not provided for Guarantee given</b>		<b>38,262,938</b>	<b>38,262,938</b>

Notes 1 to 23 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: Khopoli

Date: 30th May 2017

**Sandeep Arora**

Chairman & Managing Director

**Shivcharan Girker**

Chief Financial Officer

Place: Khopoli

Date: 30th May 2017

**Manish Nanda**

Director

**Statement of Profit and Loss for the year ended 31st March 2017**

Amounts in INR

	Note	31-Mar-2017 Rupees	31-Mar-2016 Rupees
<b>Income</b>			
Revenue from Operations [Net]	16	271,153,160	244,427,026
Other Income	17	1,211,037	7,236,318
<b>Total Revenue</b>		<b>272,364,197</b>	<b>251,663,344</b>
<b>Expenditure</b>			
Cost of Materials Consumed	18	252,311,405	183,934,194
Purchase of stock in trade		617,789	11,714,478
Change in Inventories of Work in Process and Finished Goods	19	20,751,350	52,865,357
Employee Benefits Expense	20	5,165,692	5,523,025
Finance costs	21	337,932	2,556,909
Depreciation and amortization expenses	8	7,623,275	7,514,153
Other Manufacturing, Selling and Administrative Expenses	22	29,596,473	24,599,685
<b>Total expenses</b>		<b>316,403,916</b>	<b>288,707,801</b>
<b>Profit before Exceptional and Extraordinary Items And Tax</b>		<b>(44,039,719)</b>	<b>(37,044,457)</b>
<b>Tax expenses:</b>			
1. Current Tax		-	-
2. Deferred Tax expense / (credit)		(10,611,043)	(10,704,068)
3. Prior Year Tax Adjustments		1,457,220	-
<b>Profit for the period from Continuing Operations</b>		<b>(34,885,896)</b>	<b>(26,340,390)</b>
<i>Earnings per share:</i>			
1. Basic		(5.76)	(4.35)
2. Diluted		(5.76)	(4.35)

Notes 1 to 23 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: Khopoli

Date: 30th May 2017

**Sandeep Arora**

Chairman &amp; Managing Director

**Shivcharan Girker**

Chief Financial Officer

Place: Khopoli

Date: 30th May 2017

**Manish Nanda**

Director

## Cash Flow Statement for the year ended 31st March 2017

Particulars	Year ended 31-Mar-2017	Year ended 31-Mar-2016
<b>Cash flow from Operating Activities</b>		
Net profit before taxes as per Statement of Profit and Loss	(44,039,719)	(37,044,457)
Add: Depreciation debited to the Statement of Profit and Loss	7,623,275	7,514,153
Add: Interest finance costs debited to the Statement of Profit and Loss	67,102	1,444,559
Add: Loss on sale of assets	-	-
Less: Gain on sale of assets	-	(2,136,961)
Less: Interest income	(617,913)	(698,295)
	<b>7,072,464</b>	6,123,455
<b>Cash flow from operations before changes in working capital</b>	<b>(36,967,255)</b>	<b>(30,921,002)</b>
<b>Adjustments for working capital</b>		
(Increase) / decline in inventory	28,784,301	59,427,463
(Increase) / decline in trade receivables	42,305,299	18,750,681
(Increase) / decline in other current assets	8,296,864	(341,565)
(Decrease) / increase in trade payables	126,421	(4,439,257)
(Decrease) / increase in other Current liabilities and provisions	(562,622)	(21,328,724)
	<b>78,950,263</b>	52,068,598
<b>Net cash used in Operating Activities (A)</b>	<b>41,983,008</b>	<b>21,147,596</b>
<b>Cash flow from Investing Activities</b>		
Acquisition of fixed assets	(3,066,069)	(1,615,552)
Sale of fixed assets	-	2,457,899
<b>Net cash used in Investing Activities (B)</b>	<b>(3,066,069)</b>	<b>842,347</b>
<b>Cash flow from Financing Activities</b>		
Interest paid	(67,102)	(1,444,559)
Interest received	617,913	698,295
Increase / (Repayment) of long term borrowings	(192,089)	(13,351,631)
Increase / (Repayment) of short term borrowings	616,017	(18,050,212)
Changes in long term loans and advances	-1,332,592.51	(1,697,154)
Changes in non current assets	(37,572,425)	(4,164,746)
Changes in provisions	(1,411,903)	(9,721)
<b>Net cash used in Financing Activities (C)</b>	<b>(39,342,181)</b>	<b>(38,019,728)</b>
<b>Net increase / (decline) in cash and cash equivalents (A) + (B) + (C)</b>	<b>(425,242)</b>	<b>(16,029,785)</b>
Cash and cash equivalents at the beginning of the year	8,606,671	24,636,456
<b>Cash and cash equivalents at the end of the year</b>	<b>8,181,428</b>	<b>8,606,671</b>

**Notes:**

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

Particulars	31 March 2017	31-Mar-16
<b>I Cash and Cash Equivalents</b>		
Cash on hand	134,006	421,155
Balance with banks in current accounts	143,905	177,169
<b>Cash and Cash Equivalents</b>	<b>277,910</b>	<b>598,323</b>
<b>II Other Bank Balances</b>		
Maturity less than or equal to 3 months	-	-
Maturity more than 3 months but less than or equal to 12 months	6,418,968	6,523,898
Maturity more than 12 months	-	-
<b>Other Bank Balances</b>	<b>6,418,968</b>	<b>6,523,898</b>
<b>III Balances lying in the Unclaimed Dividend Account</b>	<b>1,484,550</b>	<b>1,484,450</b>
<b>Total (I) + (II) + (III)</b>	<b>8,181,428</b>	<b>8,606,671</b>

- 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 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: Khopoli  
Date: 30th May 2017

Place: Khopoli  
Date: 30th May 2017



## Notes to Balance Sheet

1 Share Capital	Amount in Rupees	
	31-Mar-2017 Rupees	31-Mar-2016 Rupees
<b>Authorised :</b>		
70,00,000 Equity Shares of Rs 10 each	7,00,00,000	7,00,00,000
[Previous Year: 70,00,000 Equity Shares of Rs.10 each]		
	<b>7,00,00,000</b>	7,00,00,000
<b>Issued, Subscribed &amp; Paid-up :</b>		
60,61,000 Equity Shares of Rs.10 each, fully paid-up.	6,06,10,000	6,06,10,000
[Previous Year : 60,61,000 Equity Shares of Rs.10 each, fully paid up]		
<b>Total</b>	<b>6,06,10,000</b>	6,06,10,000

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

	31-Mar-2017		31-Mar-2016	
	Number of Shares	Rupees	Number of Shares	Rupees
<b>Opening Balance</b>	60,61,000	6,06,10,000	<b>60,61,000</b>	<b>6,06,10,000</b>
Add: Issue of shares during the year	-	-	-	-
Less: Redemption of shares	-	-	-	-
<b>Outstanding at the end of the year</b>	<b>60,61,000</b>	<b>6,06,10,000</b>	<b>60,61,000</b>	<b>6,06,10,000</b>

### 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	Amount in Rupees				
	Name of Shareholders	31-Mar-2017		31-Mar-2016	
		Number of Shares	Percentage holding	Number of Shares	Percentage holding
Sonal Impex Limited	28,22,700	46.57%	28,22,700	46.57%	
Kamal Arora	4,75,400	7.84%	4,75,400	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.

## 2 Reserves & Surplus

	31-Mar-2017	31-Mar-2016
<b>Capital Reserves</b>	10,00,000	10,00,000
<b>Profit and Loss Account</b>		
Balance at the beginning of the year	87,56,938	3,50,97,328
Add: Profit for the period	(3,48,85,896)	(2,63,40,390)
Less: Depreciation adjustment due to revision in useful lives of assets	-	-
<b>Balance at the end of the year</b>	<b>(2,61,28,958)</b>	87,56,938
<b>Total</b>	<b>(2,51,28,958)</b>	97,56,938

## Notes to Balance Sheet

Amount in Rupees

### 3 Long Term Borrowings

	31-Mar-2017	31-Mar-2016
<b>Secured</b>		
Term Loan from Bank	-	-
Less: Current maturities of Long Term Debt	-	-
<b>Net Balance (A)</b>	-	-
Vehicle Loan	4,80,719	8,73,107
Less: Current maturities of Long Term Debt	1,92,126	3,92,425
<b>Net Balance (B)</b>	<b>2,88,593</b>	4,80,682
<b>Unsecured</b>		
Deferred Payment Liability - Sales Tax Deferral Loan	6,47,231	6,47,231
Less: Current maturities of Long Term Debt	6,47,231	6,47,231
<b>Net Balance (C)</b>	<b>0</b>	-
<b>Total (A) + (B) + (C)</b>	<b>2,88,593</b>	4,80,682

- 3.1 Vehicle loan of Rs.4,80,719 (Previous Year: Rs 8,73,107) comprising Rs. 1,92,126(Previous Year Rs 3,92,425) 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	10.49%	Repayable in 59 monthly installments of Rs 19432 each commencing from Sep 2014

### 4 Long Term Provisions

	31-Mar-2017	31-Mar-2016
Provision for Retirement Benefits:		
- Provision for Gratuity	13,86,894	13,41,577
<b>Total</b>	<b>13,86,894</b>	<b>13,41,577</b>

### 5 Short Term Borrowings

	31-Mar-2017	31-Mar-2016
<b>Secured</b>		
<b>Loans repayable on demand</b>		
<b>From Banks</b>		
Term Loan from Bank	2,37,28,512	2,37,28,512.00
Rupee Loans	17,78,09,495	17,80,70,510.00
<b>Total (A)</b>	<b>20,15,38,007</b>	20,17,99,022.00
<b>Secured:</b>		
<b>Loans from Bank</b>		
Rupee Loans	28,627	28,625
Balances in current accounts with banks	26,15,898	17,38,868
<b>Total (B)</b>	<b>26,44,525</b>	17,67,493
<b>Total (A)+(B)</b>	<b>20,41,82,531</b>	<b>20,35,66,514</b>

#### 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:
- 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
  - 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
  - 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.
  - 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.

## Notes to Balance Sheet

- (e) Equitable mortgage of industrial property situated 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**

### 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.

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

- (a) 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.
- (b) Charge on Company's receivables, book debts and other actionable claims.
- (c) Rate of interest - Base rate + 7% on daily products with monthly rests

**5.3** Company has received notice under section 13(2) of the SARFAESI Act, for attachment of its assets from from State Bank of India. Matter is pending in Debts Recovery Tribunal, Pune and Debt Recovery Appellate Tribunal, Mumbai.

### 6 Trade Payables

	<b>31-Mar-2017</b>	<b>31-Mar-2016</b>
Others	7,23,41,278	7,22,14,857
<b>Total</b>	<b>7,23,41,278</b>	<b>7,22,14,857</b>

#### Note:-

- 6.1** Two of its creditors had filed Winding up petition, which is pending with High Court, Mumbai. Also creditors have given winding up notices to the company.
- 6.2** The Company has received intimation from its suppliers M/s Roonak Paper Tubes Co. regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. However company has writtenoff there account on account of quality dispute 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

	<b>31-Mar-2017</b>	<b>31-Mar-2016</b>
Current Maturities of Long term loans		
- on vehicle loans	1,92,126	3,92,425
- on sales tax deferrals	6,47,231	6,47,231
Advance from Customers	1,07,37,869	1,15,69,904
Unclaimed dividend	14,84,550	14,84,450
Expenses Payable	12,90,531	8,20,919
<b>Total</b>	<b>1,43,52,307</b>	<b>1,49,14,929</b>

## Notes to Balance Sheet

Amounts in INR

**Note 8**
**Fixed assets schedule as at 31 Mar 2017**

Sr No	Nature of asset	Gross Block			Depreciation			Net Block			
		Opening balance	Additions	Deletions	Closing balance	Opening balance	Additions	Deletions	Closing balance	31 Mar 2017	31 Mar 2016
1	Land	207,130			207,130	-	-	-	207,130	207,130	207,130
2	Factory Building	18,224,918	56,479		18,281,397	9,125,060	838,264	9,963,324	8,318,073	9,099,860	9,099,860
3	Office Premises	-			-	-	-	-	-	-	-
4	Plant and Equipment	74,778,468	2,675,077		77,453,545	20,310,342	5,792,188	26,102,530	51,351,015	54,468,127	54,468,127
5	Electrical Installation	207,600			207,600	207,605	-	207,605	(5)	1	1
6	Lab Equipments	82,200			82,200	31,158	10,208	41,366	40,834	51,042	51,042
7	Motor Vehicle	5,826,488			5,826,488	3,494,629	733,008	4,227,637	1,598,851	2,331,857	2,331,857
8	Motor Cycle	69,529			69,529	41,162	4,727	45,889	23,640	28,366	28,366
9	Bicycle	4,535			4,535	4,537	-	4,537	(2)	-	-
10	Air-conditioner	235,804	29,916		265,720	142,200	66,278	208,478	57,242	93,605	93,605
11	Computer	1,850,335			1,850,335	1,796,384	26,972	1,823,356	26,979	53,946	53,946
12	Generating Set	48,087			48,087	39,664	4,212	43,876	4,211	8,424	8,424
13	Office Equipment	364,108	304,597		668,705	232,548	147,418	379,966	288,739	131,558	131,558
14	Furniture & Fixture	453,528			453,528	453,528	-	453,528	0	-	-
	<b>Current Year</b>	<b>102,352,731</b>	<b>3,066,069</b>	<b>-</b>	<b>105,418,800</b>	<b>35,878,818.00</b>	<b>7,623,275</b>	<b>43,502,093</b>	<b>61,916,707</b>	<b>66,473,914</b>	<b>66,473,914</b>
	<b>Previous Year</b>	<b>101,392,378</b>	<b>1,615,552</b>	<b>655,199</b>	<b>102,352,731</b>	<b>28,698,925</b>	<b>7,514,153</b>	<b>35,878,818</b>	<b>66,473,914</b>	<b>72,693,453</b>	<b>72,693,453</b>

**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 Rupees

**9 Long Term Loans and Advances**

	31-Mar-2017	31-Mar-2016
<b>Unsecured, considered good:</b>		
Security Deposits	3,31,995	3,26,995
Balance with Government Authorities	87,01,019	73,73,426
<b>Total</b>	<b>90,33,014</b>	<b>77,00,421</b>

**10 Other Non Current Assets**

	31-Mar-2017	31-Mar-2016
Long Term Trade Receivables	5,71,98,424	1,96,25,999
[Including Trade Receivables on deferred credit terms]		
<b>Total</b>	<b>5,71,98,424</b>	<b>1,96,25,999</b>

**11 Deferred Tax Asset(Net)**

	31-Mar-2017	31-Mar-2016
<b>Deferred Tax Assets :</b>		
<b>Opening balance</b>	17,12,681	(89,91,387)
On brought forward business losses	1,12,34,151	1,11,68,502
Provisions	14,003	
<b>Less:</b>		
<b>Deferred Tax Liabilities :</b>		
Fixed Assets & Depreciation	6,37,111	4,61,430
Provisions		3,004
<b>Total</b>	<b>1,23,23,724</b>	<b>17,12,681</b>

**12 Inventories**

	31-Mar-2017	31-Mar-2016
Raw Materials	1,70,41,597	2,32,67,076
Packing Materials	16,64,587	33,41,687
Consumables	2,87,064	4,17,435
Finished Goods [including work in process]	86,67,995	2,94,19,345
<b>Total</b>	<b>2,76,61,243</b>	<b>5,64,45,544</b>

**Note:-****Mode of valuation**

Cost or Net realisable value whichever is lower

**13 Trade Receivables**

	31-Mar-2017	31-Mar-2016
<b>Debts due for a period exceeding six months from the date they became due:</b>		
- Considered Good	8,28,30,051	13,34,72,641
- Considered Doubtful	-	-
	<b>8,28,30,051</b>	<b>13,34,72,641</b>
<b>Debts due for a period less than six months from the date they became due:</b>		
Other Debts - Considered Good	5,24,30,608	4,40,93,317
	<b>13,52,60,659</b>	<b>17,75,65,958</b>
Less: Provision for Doubtful Debts	-	-
<b>Total</b>	<b>13,52,60,659</b>	<b>17,75,65,958</b>

Debtors include dues from related parties amounting to Rs. 50,202,163  
[Previous year :70,057,163]

## Notes to Statement of Profit and Loss

Amounts in Rupees

### 14 Cash & Bank Balances

	31-Mar-2017	31-Mar-2016
<b>A Cash and Cash Equivalents</b>		
Cash on hand	1,34,006	4,21,155
Balance with Banks on Current Accounts	1,43,905	1,77,169
<b>Sub Total - A</b>	<b>2,77,910</b>	<b>5,98,323</b>
<b>B Other Balances</b>		
<b>Term Deposits</b>		
Maturity less than or equal to 3 months	-	
Maturity more than 3 months but less than or equal to 12 months	64,18,968	65,23,898
Maturity more than 12 months	-	
<b>Balances lying in the Unclaimed Dividend Account</b>	14,84,550	14,84,450
<b>Sub Total - B</b>	<b>79,03,518</b>	<b>80,08,348</b>
<b>Total (A) + (B)</b>	<b>81,81,428</b>	<b>86,06,671</b>

**Note :**

Term Deposits includes deposits worth Rs.15,23,899 kept as margin money towards banking facilities.

### 15 Short Term Loans and Advances:

	31-Mar-2017	31-Mar-2016
<b>Unsecured, considered good</b>		
Advance to Vendors	1,36,65,656	1,76,25,958
Advance to staff	66,983	12,232
Advances recoverable in cash or kind for value to be received	88,457	1,25,169
Balance with government authorities	26,36,350	69,90,952
<b>Total</b>	<b>1,64,57,446</b>	<b>2,47,54,310</b>

### 16 Revenue from operations

	31-Mar-2017	31-Mar-2016
Sales	29,43,90,701	26,51,76,762
Less: Excise duty	2,32,37,541	2,07,49,736
<b>Revenue from operations [Gross]</b>	27,11,53,160	24,44,27,026
<b>Other operating revenues</b>		
Export incentives	-	-
<b>Revenue from operations [Net]</b>	<b>27,11,53,160</b>	<b>24,44,27,026</b>

#### 16.1 Earnings in foreign currency

Exports of goods	<b>12,09,70,880</b>	<b>8,91,60,371</b>
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### 17 Other income

	31-Mar-2017	31-Mar-2016
Interest income on fixed deposits	1,71,632	6,98,295
Export Incentive	4,46,281	-
Profit on sale of asset	-	21,36,961
Exchange fluctuation gain		24,23,928
Miscellaneous Income	3,03,954	4,20,210
Trade Discount Received	2,89,170	15,56,924
<b>Total</b>	<b>12,11,037</b>	<b>72,36,318</b>

## Notes to Statement of Profit and Loss

Amounts in Rupees

**18 Cost of materials consumed**

	31-Mar-2017	31-Mar-2016
Raw materials consumed	23,35,80,727	16,50,90,430
Packing materials and other consumables consumed	1,87,30,678	1,88,43,764
	<b>25,23,11,405</b>	<b>18,39,34,194</b>

**19 Changes in Inventories of Finished Goods and Work In Process**

	31-Mar-2017	31-Mar-2016
<b>Inventories at the beginning of the year</b>		
Finished goods and work in process	2,94,19,345	8,22,84,702
<b>Inventories at the end of the year</b>		
Finished goods and work in process	86,67,995	2,94,19,345
<b>Net (increase) / decrease</b>	<b>2,07,51,350</b>	<b>5,28,65,357</b>

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

	31-Mar-2017	31-Mar-2016
<b>Finished goods and work in process</b>		
- Opening stock		
Tapes	8,80,151	91,16,725
Adhesive Rolls	1,03,26,517	3,48,85,947
Ropes	1,62,18,439	3,42,01,276
Others	19,94,238	40,80,754
	<b>2,94,19,345</b>	<b>8,22,84,702</b>
- Closing stock		
Tapes	2,69,984	8,80,151
Adhesive Rolls	32,79,562	1,03,26,517
Ropes	48,62,454	1,62,18,439
Others	2,55,995	19,94,238
	<b>86,67,995</b>	<b>2,94,19,345</b>

**20 Employees benefit expenses**

	31-Mar-2017	31-Mar-2016
Salaries, wages and allowances	41,22,503	43,86,581
Contribution to provident and other funds	8,19,549	8,32,532
Gratuity	5,811	55,407
Staff welfare expenses	2,17,829	2,48,505
<b>Total</b>	<b>51,65,692</b>	<b>55,23,025</b>

**20.1 Managerial Remuneration included under employee benefit expenses:**
**Remuneration Paid to Whole Time Directors**

Salaries & Allowances	9,00,000	9,00,000
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**21 Finance costs**

	31-Mar-2017	31-Mar-2016
Interest expenses	67,102	14,44,559
Other borrowing costs	2,36,698	11,12,087
Other interests	34,132	263
<b>Total</b>	<b>3,37,932</b>	<b>25,56,909</b>

## Notes to Statement of Profit and Loss

Amounts in Rupees

### 22 Other Manufacturing, Selling and Administration expenses

	31-Mar-2017	31-Mar-2016
Freight & forwarding charges	26,11,270	24,49,398
Manufacturing expenses	12,94,805	26,78,147
Salaries to factory staff	37,91,887	38,57,001
Ocean freight	21,65,175	15,12,834
Security charges	8,38,225	10,47,645
General expenses	74,809	2,42,123
Postal expenses	1,39,630	2,36,455
Printing & stationery	89,982	1,75,234
Sales promotion expenses	2,16,254	2,15,583
Conveyance expenses	3,42,608	1,61,438
Listing fees	2,61,120	2,52,298
Advertisement and publicity	78,638	1,25,845
C&F/Port/Octroi	9,61,688	2,82,405
Legal Expenses	40,500	2,86,000.00
Domestic & foreign travel	7,40,398	4,38,583
Factory expenses	6,29,945	6,06,294
Stores & spares expenses	15,64,899	7,69,061
Telephone and communication expenses	3,60,203	4,09,267
Terminal handling charges	8,68,254	6,67,156
Water charges	2,35,300	2,63,200
<b>Total (a)</b>	<b>1,73,05,590</b>	<b>1,66,75,967</b>
<b>Payment to the Auditors</b>		
Audit fees	1,61,000	1,61,000
<b>Total (b)</b>	<b>1,61,000</b>	<b>1,61,000</b>
Consumable	3,84,244	3,57,000
Electricity charges	67,11,204	54,43,690
Rental charges	2,22,000	2,79,530
Repairs & maintenance - building	-	-
Repairs & maintenance - machinery	83,244	56,311
Service Tax Expenses	84,565	
Repairs & maintenance - vehicles	92,651	2,04,653
Insurance premium	1,21,424	5,27,819
Exchange Fluctuation	30,43,511	
Custom duty Expenses	-	4,89,318
Professional tax	5,000	5,000
Excise duty	-	-
TDS expenses	3,850	1,128
Sales tax		47,029
Swach Bharat Cess	19,179	4,695.00
Krishi Kalyan Cess	16,539	
<b>Total (c)</b>	<b>1,07,87,410</b>	<b>74,16,173</b>
Miscellaneous Expenses	13,42,473	3,46,545
<b>Total (d)</b>	<b>13,42,473</b>	<b>3,46,545</b>
<b>Total (a)+ (b)+ (c) +(d)</b>	<b>2,95,96,473</b>	<b>2,45,99,685</b>



**Note 23****Notes to Accounts****Significant accounting policies for the year ended 31<sup>st</sup> March, 2017****1. Nature of Business**

The Company is in the business of manufacturing of adhesive tapes, emulsion 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 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 <sup>st</sup> March, 2017	31 <sup>st</sup> March, 2016
Profit after tax	(34,885,896)	(26,340,390)
Less: Preference dividend, if any	-	-
<b>Adjusted profit after tax</b>	<b>(34,885,896)</b>	<b>(26,340,390)</b>
Weighted average number of equity shares outstanding	6,061,000	6,061,000
Earnings Per Share	<b>(5.76)</b>	<b>(4.35)</b>
Face Value Per Share	<b>10</b>	<b>10</b>

## 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 <sup>st</sup> March, 2017	31 <sup>st</sup> March, 2016
Guarantee given	38,262,938	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	Relative of Key Management Personnel
7	Mridu Arora	Key Management Personnel

**Summary of transactions with Related Parties during the year:**

Sr No	Nature of Transaction	Name of the party	31 <sup>st</sup> March, 2017	31 <sup>st</sup> March, 2016
1	Sales	Sonal Impex Limited	-	17,887,273
2	Sales	Zain Fresh Agro Limited	-	4,837,144
4	Rent	Sonal Ropes Limited	120,000	120,000
6	Managerial Remuneration	Sandeep Mohanlal Arora	900,000	900,000

**Amount outstanding as at 31<sup>st</sup> March, 2017**

Sr No	Nature of Transaction	Name of the party	31 <sup>st</sup> March, 2017	31 <sup>st</sup> March, 2016
1	Trade receivable	Sonal Impex Limited	46,823,454	65,128,454
2		Zain Fresh Agro Limited	3,378,709	4,928,709
<b>Total</b>			<b>50,202,163</b>	<b>70,057,163</b>

**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 3 months but less than or equal to 12 months.

**3. Other Financial Information**
**3.1 Auditor's Remuneration**

Particulars	31 <sup>st</sup> March, 2017	31 <sup>st</sup> March, 2016
Statutory audit fees	116,000	116,000
Tax audit	45,000	45,000
<b>Total</b>	<b>161,000</b>	<b>161,000</b>

The above fees are exclusive of service tax.

**3.2 Dues to Micro Small and Medium Enterprises**

The Company has received intimation from its suppliers M/s Roonak Paper Tubes Co. regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. However company has written off there account on account of quality dispute and hence, the disclosures, if any, relating to the amounts unpaid as at 31<sup>st</sup> March, 2017 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 82,830,051 (Previous Year: Rs. 133,472,641) 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 <sup>st</sup> March, 2017	31 <sup>st</sup> March, 2016
Butyl Acrylate	66,965,363	45,547,484
Vinyl Acetate Monomer	11,981,377	26,613,107
BOPP Film	114,131,205	90,251,707
<b>Total</b>	<b>193,077,945</b>	<b>162,412,298</b>

**Sale of Major Products**

Particulars	31 <sup>st</sup> March, 2017	31 <sup>st</sup> March, 2016
Plastic Rope	21,565,988	18,965,958
BOPP Tape	222,793,037	177,028,748
Acrylic Polymer	25,909,544	35,493,247
Butyl Acrylate	-	3,436,712
Vinyl Acetate Monomer	512,620	7,641,120
<b>Total</b>	<b>270,781,189</b>	<b>242,565,785</b>

**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.	State Bank of India	Recovery Case	DRT, Pune has given the stay in the matter, against which SBI has filed an appeal in DRAT, Mumbai
2.	a. D.Jamnadas & Co. b. Vikram Plasticizers	Winding up Notice	As per the information given petitions have not been filed with the court of law by the parties
3.	a. Vinyl Chemicals (India) Ltd. b. Venus Sales Corporation	Winding up Petition	Case filed in Mumbai High Court
4.	a. Vinyl Chemicals (India) Ltd. b. M.L.J.P Chemicals Ltd. c. Crest Chemicals. d. Accord Chemical Corporation e. BASF India Ltd.	Case filed under section 138 of Negotiable Instruments Act, 1881	Challenged by the company in respective courts over quality issues
5.	Roonak Paper Tubes Co.	Notice under MSMED Act	In dispute over amount and quality issues in respective forum
6.	a. Paari Chem Resources LLP b. Nanjappa paper Conversions	Legal Notices	Reply given through advocate
7.	a. Chemi Enterprise b. Asian Solvochem Pvt. Ltd.	Case filed under Order XXXVII of the Code of civil procedure	Case filed in CITI CIVIL Court Mumbai Case filed in Dindishi Court at Goregaon

6. The accumulated losses of the Company exceed its net worth as at the financial year end. Also, the Company has incurred cash losses during the year and 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.
9. Details of Specified Bank Notes (SBN) held and transacted during the period 8th November, 2016 to 30th December, 2016: Disclosure as stated in Notification G.S.R. 308 dated 30th March 2017.

(Rs. In Lakhs)

	SBNs	Other denomination notes	Total
Closing cash in hand as on 8-11-2016	4.00	0.92	4.92
(+) Permitted receipts	--	4.01	4.01
(-) Permitted payments	--	3.67	3.67
(-) Amount deposited in Banks	4.00	--	4.00
Closing cash in hand as on 30-12-2016	--	1.24	1.24

**Signature to notes '1 to 27'**

As per our Report of even date

**For and on behalf of Sonal Adhesives Ltd**

**For Rohan Agrawal & Co.**

Chartered Accountants

Firm Registration No.: -137136W

**Rohan Agrawal**

Proprietor

Membership No.: 123127

Place: Khopoli

Date: 30th May 2017

**Sandeep Arora**

Chairman & Managing Director

**Shivcharan Girker**

Chief Financial Officer

Place: Khopoli

Date: 30th May 2017



**SONAL ADHESIVES LIMITED**

CIN: L02004MH1991PLC064045

Regd Off: Plot No. 28/1A, Takai-Adoshi Road, At PO Khopoli, Tal Khalapur, Dist Raigad, Khopoli – 410 203

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]

Full name of the Shareholder  
(In block letters)  
Ledger Folio No

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 Sixth Annual General Meeting of the Company to be held on Thursday, the 28<sup>th</sup> September, 2017 at the Registered Office of the Company at Plot No. 28/1A, Takai-Adoshi Road, At PO Khopoli, Tal Khalapur, Dist Raigad, Khopoli – 410 203 at 2.00 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, 2017
2	Re-appointment of Mrs. 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 2017-2018
4	Re-appointment of Mr. Sandeep Arora as Managing Director of the Company

Signed this .....day of ..... 2017.

Signature of Shareholder

Signature of proxy holder (s)

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

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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*If undelivered, please return to:*

**SONAL ADHESIVES LTD.**

Plot No. 28/1A, Village Dheku,  
Takai Adoshi Road, Off: Khopoli Pen Road,  
Tal: Khalapur, Dist., Raigad – 410 203