



ANNUAL REPORT
2012 - 2013

Sonal Adhesives Limited

SONAL ADHESIVES LIMITED**31.03.2013**

Board of Directors	:	Shri Sandeep M. Arora Smt. Kamal M. Arora Shri Jaspal Singh Bhasin Shri Manish S. Nanda
Registered Office	:	2N Laxmi Industrial Estate New Link Road, Andheri (West) Mumbai-400 053
Factory	:	Plot 28/1A, Village Dheku Takai Adosi Road Off: Khopoli Pen Road Tal: Khalapur, Dist., Raigad Maharashtra-410 203
Bankers	:	State Bank of India
Auditors	:	M/S. K.S. Sanghvi & Co. Chartered Accountants, Mumbai.
Registrar and Share Transfer Agent	:	System Support Services 209, Shivai Indl. Estate Andheri-Kurla Road, Sakinaka Mumbai – 400 072.

NOTICE

NOTICE is hereby given that the Twenty Second Annual General Meeting of the Members of Sonal Adhesives Limited will be held on Monday, the 30th September, 2013 at the Registered Office of the Company at 2N Laxmi Industrial Estate, New Link Road, Andheri (West), Mumbai – 400 053 at 11.00 A.M. to transact the following Ordinary Business.

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2013 and Profit and Loss Account for the year ended on that date together with Reports of the Directors and Auditors thereon.
2. To appoint Director in place of Smt. Kamal Mohanlal Arora who retires by rotation and being eligible offers herself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

By order of the Board of Directors

Place: Mumbai

Sandeep Arora

Dated: 26/08/2013

Chairman & Managing Director

REGISTERED OFFICE:

2N Laxmi Industrial Estate
New Link Road
Andheri (West)
Mumbai-400 053

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND TO VOTE ONLY ON A POLL, INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxies, in order to be effective, must be received at the Company's Registered Office not later than 48 (forty-eight) hours before the time fixed for holding the meeting.
3. The Register of Members and Share Transfer Books will remain closed from Tuesday, the 24th September, 2013 to Monday, the 30th September, 2013 (both days inclusive).
4. Corporate Members are requested to send a duly certified copy of the Board resolution authorising their representatives to attend and vote at the Annual General Meeting.
5. Members are requested to notify change of address, if any to the Company's Registrar & Transfer Agent, System Support Services, 209, Shivai Industrial Estate, 89, Andheri-Kurla Road, Sakinaka, Andheri (East) Mumbai-400072.
6. Please note that your Company's Shares are compulsorily traded in Electronic Form. Your Company has already entered in the agreement with the National

Securities Depository Limited (NSDL) and Central Depository Services India Limited (CDSL). Members who hold shares in physical form and desirous to convert them in De-materialized form may send letters along with the De-materialized Request Form (s) through the concerned Depository participant.

7. Members are requested to bring their attendance slip sent herewith duly filled for attending the meeting and copy of Annual Report to the Meeting.
8. Members holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company as provided under Section 109A of the Companies Act, 1956 are requested to submit the details to the Company's Registrar and Share Transfer Agent.
9. The Ministry of Corporate Affairs ("MCA") has issued Circulars stating that the service of notice / document by a company to its shareholders can now be made through electronic mode for prompt receipt of communication, apart from helping avoid losses / delays in postal transit.

In view of the above, we request all the Members who have not registered their email addresses are requested to provide their valid e-mail addresses along with their Client Id No. / Folio No. and their residential address as under:-

(I) Through post at :-

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

OR

- b) The Registered Office of the Company at 2N Laxmi Industrial Estate, New Link Road, Andheri (West), Mumbai-400053

OR

(II) Through email at: -

investor@sonal.co.in

BRIEF RESUME OF PERSON PROPOSED TO BE RE-APPOINTED AS DIRECTOR OF THE COMPANY AT THE ANNUAL GENERAL MEETING:

Name	:-	Smt. Kamal Mohanlal Arora
Age	:-	67 years
Qualification	:-	Master of Arts (English)
Experience	:-	40 years experience of business

By order of the Board of Directors

Place: Mumbai

Sandeep Arora

Dated: 26/08/2013

Chairman & Managing Director

REGISTERED OFFICE:

2N Laxmi Industrial Estate
New Link Road
Andheri (West)
Mumbai-400 053

DIRECTORS' REPORT

Dear Members,

The Directors have pleasure in presenting their Twenty Second Annual Report on the business operations of the Company along with statement of Audited Accounts for the year ended 31st March, 2013.

FINANCIAL RESULTS:

Particulars	Year Ended 31 st March, 2013	Year Ended 31 st March, 2012
	(Rs. In Lakhs)	
Income from operations	5835.28	5024.17
Profit before Interest & Depreciation	249.00	210.12
Interest	153.23	106.49
Depreciation	27.99	25.35
Profit Before tax	67.78	78.28
Less:		
Current Tax	13.47	20.82
Deferred tax expense / (credit)	2.62	3.69
Profit for the year	51.69	53.77

OPERATIONS:

During the year under review, the income from operations of the Company has been increased from Rs. 5024.17 Lacs to Rs. 5835.28 Lacs. The Operating Profit i.e. Profit before Interest, Depreciation and Tax has been registered at Rs. 249.00 Lacs as against Rs. 210.12 Lacs of the previous year. The net profit has been registered at Rs. 51.69 Lacs as against Rs. 53.77 Lacs of the previous year.

DIVIDEND:

To conserve the resources, your Directors do not recommend any Dividend for the year under review.

DIRECTORS:

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Smt. Kamal Mohanlal Arora, Director is liable to retire by rotation and being eligible, offers herself for re-appointment at the ensuing Annual General Meeting. Your Board recommends her re-appointment.

DIRECTOR'S RESPONSIBILITY STATEMENT:

Pursuant to section 217(2AA) of the Companies Act, 1956, your Directors confirm the following:

- In the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same.
- Your 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 at the end of the financial year and of the profit of the Company for that year.
- Your Directors have taken proper and sufficient care or the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- Your Directors have prepared the attached statement of Accounts for the year ended March 31, 2013 on a going concern basis.

AUDITORS:

M/s. K. S. Sanghvi & Co., Chartered Accountants, Statutory Auditors of the Company retires at the ensuing Annual General meeting and are eligible for re-appointment. The Company has received a certificate from the Auditors to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956. The members are requested to appoint the Auditors and authorise the Board to fix their remuneration.

COST AUDITORS

Vide Notification No. 52/26/CAB-2010 dated 24.1.2012, the MCA, Government of India has covered a number of industries under automatic Cost Audit with effect from the financial year commencing on or after 1.4.2012. Our company is subject to Cost Audit in terms of above referred Notifications for the various manufactured products from the financial year 2012-13.

In Pursuance to the provisions of Section 233B of the Companies Act, 1956 and with the prior approval of the Central Government, Mr. Satish R. Shah, Cost Accountants (Regn. No. 6189) were appointed as Cost Auditors to conduct audit of cost records of all the manufactured products of the company for the financial year 2012-13.

The Cost Audit Report for the Financial year 2012-13 is due to be filed with the Ministry of Corporate Affairs within 180 days from the close of the financial year (i.e. dated: 27.9.2013). Necessary action is being taken to file the Report as required.

FIXED DEPOSITS:

During the year under review, the Company has not accepted or renewed any deposits within the meaning of Section 58A of the Companies Act, 1956 and rules made thereunder.

CORPORATE GOVERNANCE:

A Report on Corporate Governance along with a certificate from the Practicing Company Secretary regarding compliance of the requirement of Corporate Governance, as also a Management Discussion and Analysis Report pursuant to Clause 49 of the Listing Agreement with the Stock Exchange are Annexed hereto.

PARTICULARS AS PER SECTION 217(2A) OF COMPANIES ACT, 1956:

During the year under review, none of the employees of the Company was in receipt of remuneration aggregating Rs.60,00,000/- or more per annum, if employed throughout the year, or Rs.5,00,000/- 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 Section 217(2A) of the Companies Act, 1956 and the rules made thereunder.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGES AND OUTGO:

Particulars as required under Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 are given in the Annexure to this report.

ACKNOWLEDGMENTS:

Your Directors take this opportunity to place on record their appreciation towards banker, clients and all the business associates for their continuous support to the Company and to the Shareholders for the confidence reposed in the Company's management. The Directors also convey their appreciation to the employees at all levels for their enormous personal efforts as well as collective contribution.

Place: Mumbai
Dated: 26/08/2013

For and on behalf of the Board
Sandeep Arora
Chairman & Managing Director

ANNEXURE TO DIRECTOR'S REPORT

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo:

During the year under review, the Company had strict control on wasteful electrical consumption.

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 are as under.

	Year Ended 31/03/2013	Year Ended 31/03/2012
Power and Fuel Consumption		
1. Electricity		
A) Purchase		
Unit	944528	958530
Total Amount (Rs.)	6842816	5931758
Rate/Unit (Rs.)	7.24	6.19
B) Own generation (Through D.G. Set)		
Unit	NIL	NIL
Diesel Oil Consumed (Ltr.)	NIL	NIL
Total Amount (Rs.)	NIL	NIL
Avg. per Lt. (Rs.)	NIL	NIL
2. Furnace Oil		
Quantity (Kgs.)	403475	300885
Total Amount (Rs.)	17054888	10868500
Avg per Kg. (Rs.)	42.27	36.12

Technology Absorption:

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

Foreign Exchange Earnings and Outgo:

Foreign Exchange Outgo:	4.05 Lacs	3.34 Lacs
Foreign Exchange Earned:	NIL	NIL

For and on behalf of the Board

Place: Mumbai
Dated: 26/08/2013

Sandeep Arora
Chairman & Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

(a) Industry structure and developments :

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

(b) Opportunities and threats

The Company is now going to concentrate on exports so that the competition from the unorganized sector can be met.

(c) Segment-wise or product-wise performance

The Company has only one business segment i.e. plastic products and the only geographical segment is India.

(d) Outlook

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. The overall business outlook for the Company is promising with improvement in overall economic environment. 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.

(e) Risks and concerns

The Company continues to remain focused on its core competence product i.e. plastic products. Competition in the market place continues to have an impact on the company's realisations and also exerts pressure on the margins.

(f) 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.

(g) Financial performance and Analysis

The net sales increased from Rs 5024.17 Lacs in the previous year to Rs 5835.28 Lacs in the year under review registering a growth of about 16.14%. The profit before tax decreased from Rs.78.28 Lacs in the previous year to Rs. 67.78 Lacs in the year under review.

(h) Human Resource Development

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

The total numbers of personnel employed as on 31st March 2013 were 40 (staff plus workers).

REPORT ON CORPORATE GOVERNANCE

In the fast changing business scenario, good Corporate Governance helps in achieving long term Corporate Goals of enhancing Stakeholders' value. Corporate Governance focuses on commitment to values and adhering to ethical business practices. This includes corporate structures, culture, policies and the manner in which the corporate entity deals with various stakeholders, with transparency being the key word. Accordingly, timely, adequate and accurate disclosure of information on the performance and ownership forms the cornerstone of Corporate Governance

COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE:

Sonal Adhesives Limited is committed to maintaining standards of Corporate Governance, and protection of customers, shareholders interest and the Company endeavors to maintain transparency at all levels. The following is a report on the status and progress on major aspects of corporate governance.

BOARD OF DIRECTORS:

The particulars of composition of the Board of Directors and their attendance at the Board Meeting during the year and at the last Annual General Meeting as also the numbers of directorship/memberships of committees of other companies are as under:

Name of the Director	Category	No. of Board Meetings Attended During 2012 - 2013	Attendance at last AGM	No of other Directorships in other Companies incorporated in India	No of other Board Committee of which he/she is Member / Chairman
Shri Sandeep Arora (Managing Director)	Executive Director	13	Yes	4	NIL
Shri Jaspal Singh Bhasin	Non Executive Independent Director	13	Yes	NIL	NIL
Shri. Manish Nanda	Non Executive Independent Director	13	Yes	NIL	NIL
Smt. Kamal M Arora	Non Executive Director	13	Yes	4	NIL

None of the Directors are either Member or Chairman in any Committee of any other Company.

13 meetings of the Board of Directors of the Company were held during the year on the following dates:

09.05.2012	30.05.2012	20.06.2012	04.08.2012	10.08.2012
10.09.2012	12.10.2012	02.11.2012	05.11.2012	13.12.2012
21.12.2012	31.01.2013	08.02.2013		

BOARD PROCEDURE:

The Board meetings are generally held at the registered office and at the factory of the Company. Agenda for each meeting along with explanatory notes are drafted and distributed well in advance to the directors. Every Board Member is free to suggest the inclusion of items on the agenda. The Board meets at least once a quarter to review the quarterly results and other items on the agenda, and also on the occasion of the annual shareholders meetings. When necessary, additional meetings are held.

BOARD COMMITTEES:

In accordance with the code of Corporate Governance, the Board has set up the following Committees.

AUDIT COMMITTEE:

As a measure of good Corporate Governance and to provide assistance to the Board of Directors in fulfilling the Board's overall responsibilities, an Audit Committee had been constituted by the Board comprising of three Directors. All the members of the committee have knowledge of financial and accounting matters. The Chairman of the Audit Committee is an Independent Director.

The Audit Committee was constituted on 31st January 2001 as per the provision of Section 292A of the Companies Act, 1956. The Audit Committee has been re-constituted on 20th March 2003, 14th September, 2006 and 1st September, 2010 as per the clause 49 of the listing agreement.

The Audit Committee consists of following three Directors:

1. Shri Jaspal Singh Bhasin - Chairman
2. Shri Manish Nanda - Member
3. Shri Sandeep Arora - Member

The terms of reference of this Committee are wide enough covering the matters specified for Audit Committee under the revised clause 49 of the Listing Agreement as well as Section 292A of the Companies Act, 1956.

The primary objective of the Committee is to monitor and provide effective supervision of the financial control and reporting system.

The Audit Committee is responsible for overseeing the Company's financial reporting process; reviewing with the management the quarterly, half year and annual financial statements and recommending the appointment of Statutory Auditor. The Committee acts as a link between the management, external auditors and the Board of Directors of the Company.

The Committee interacts with the external Auditors to discuss their audit methodology, audit planning and significant observations/ suggestions made by them.

The attendance of the members at the committee meetings is as follows:

Name of the audit committee Members	No.of meetings held	No. of meetings attended
Shri Jaspal Singh Bhasin	5	5
Shri. Manish S. Nanda	5	5
Shri Sandeep M. Arora	5	5

The committee has recommended to the Board the appointment of M/s K.S. Sanghvi & Co., Chartered Accountants, as the statutory and independent auditors of the company for the Financial Year ending March 31st, 2014 and that necessary resolution for appointing them as auditors is placed before the shareholders.

REMUNERATION COMMITTEE:

The Remuneration Committee was reconstituted on 1st September, 2010 and consists of three Directors are as follows:

- | | | |
|------------------------------|---|----------|
| 1. Shri. Jaspal Singh Bhasin | - | Chairman |
| 2. Shri. Manish Nanda | - | Member |
| 3. Shri. Sandeep Arora | - | Member |

The primary objective of the Committee is to determine and recommend to the Board and the members, remuneration payable to the Managing Director, to determine and advise the Board on appointment & the payment of remuneration and/or annual increment to the Managing Director and Wholetime Director.

No meeting was held during the year.

SHAREHOLDERS'/INVESTORS' GRIEVANCE:

The Shareholder/Investor Grievance committee has been reconstituted with effect from 31st May 2001 and 13th December, 2010. The committee is headed by a non-executive director, and consists of the following members.

1. Shri Jaspal Singh Bhasin
2. Smt. Kamal Arora
3. Shri. Sandeep Arora

Number of Shareholders complaints received and redressed during the year

Particulars	2012-2013		2011-2012	
	Received	Attended	Received	Attended
No. of Shareholders Complaint Letter	5	5	3	3

COMPLIANCE OFFICER:

The Board has designated Shri Sandeep M. Arora as the Compliance Officer.

Address: 2N Laxmi Industrial Estate, New Link Road, Andheri (West), Mumbai-400 053

E-mail: info@sonal.co.in

Phone: +91 22 61316131

Fax: +91 22 61316132

GENERAL BODY MEETINGS:

Details of location, time and date of last three Annual General Meetings are mentioned below:-

Year	Date	Venue	Time
2009-2010	30/09/2010	Plot No. 28/1A, Village Dheku, Takai Adosi Road, Off. Khopoli Pen Road, Tal: Khalapur Dist. Raigad – 410 203	11:00 AM
2010-2011	30/09/2011	2N Laxmi Industrial Estate, New Link Road, Andheri (West) Mumbai - 400 053.	11:00 AM
2011-2012	25/09/2012	2N Laxmi Industrial Estate, New Link Road, Andheri (West) Mumbai - 400 053.	11:00 AM

The following Special Resolution was passed by shareholders during the past three Annual General Meetings:

Year	Date	Resolution
2010-2011	September 30, 2010	Shifting of Registered office of the Company from Raigad to Mumbai, Andheri (W) with effect from 1st October, 2010

POSTAL BALLOT:

There were no resolutions required to be passed by Postal Ballot during the year.

DISCLOSURES:

- a) The related party transactions are duly disclosed in the Notes to Financial Statements. These are placed periodically before the Audit Committee and there are no transactions of material nature with Directors/Promoters or any related entity, which will have any potential conflict with the interests of the Company at large.
- b) There were no cases of non-compliance by the Company and no penalties, strictures were imposed on the Company by Stock Exchanges or SEBI or any Statutory Authority on any matter related to capital markets, during the last three years.
- c) The Company has not denied access to any personnel to approach the management or the Audit Committee on any issue.
- d) Accounting policies followed in preparation of financial accounts are given in the notes to Financial Statements, which are in line in the accounting standard prescribed by the Institute of Chartered Accountants of India.
- e) The Equity Shares of the Company were listed on the Bombay Stock Exchanges (BSE) and has complied with the mandatory requirements of Clause 49 of the Listing Agreement.

MEANS OF COMMUNICATION:

The Board of Directors of the company takes on record the Un-audited Financial results in the prescribed form within 45 days of the close of the quarter. The quarterly results of the company are published in two newspapers in compliance with the provisions of Clause 41 of the listing agreement. Generally, the same are published in Free Press Journal and Navshakti. Since the results of the Company are published in the newspapers, half-yearly reports are not sent to each household of shareholders. The quarterly results as well as the proceedings of the Annual General Meeting are submitted to the Stock Exchange, Mumbai immediately after the conclusion of the respective meeting.

MANGEMENT DISCUSSION AND ANALYSIS:

Report on Management discussion and analysis forms a part of the Directors Report for the year ended March 31, 2013.

GENERAL SHAREHOLDER INFORMATION:

- | | | |
|----|--|--|
| 1. | Date, time and venue of Annual General Meeting of Shareholders | 30th September, 2013, 11.00 A.M.
2N Laxmi Industrial Estate, New Link Road
Andheri (West), Mumbai-400053 |
| 2. | Dates of book closures | 24th September, 2013 to 30th September, 2013
(both days inclusive) |
| 3. | Financial Calendar
(tentative and subject to change) | Financial Results reporting for quarter ended
June 30, 2013 on or before August 15, 2013
September 30, 2013 on or before November 15, 2013
December 31, 2013 on or before February 15, 2014
March 31, 2014 on or before May 15, 2014 |
| 4. | Listing on stock exchanges | The Bombay Stock Exchange Limited |
| 5. | Registered Office | 2N Laxmi Industrial Estate
New Link Road, Andheri (West)
Mumbai-400053 |
| 6. | Registrar and Share Transfer agents | System Support Services
209, Shivai Industrial Estate
89, Andheri – Kurla Road
Sakinaka, Andheri (East)
Mumbai – 400 072. |

SHARE TRANSFER SYSTEM:

Shares sent for physical transfer are generally registered and returned within a prescribed time from the date of receipt, if the documents are clear in all respects. The Shareholders/ Investors Grievance committee of the Company meets as and when required.

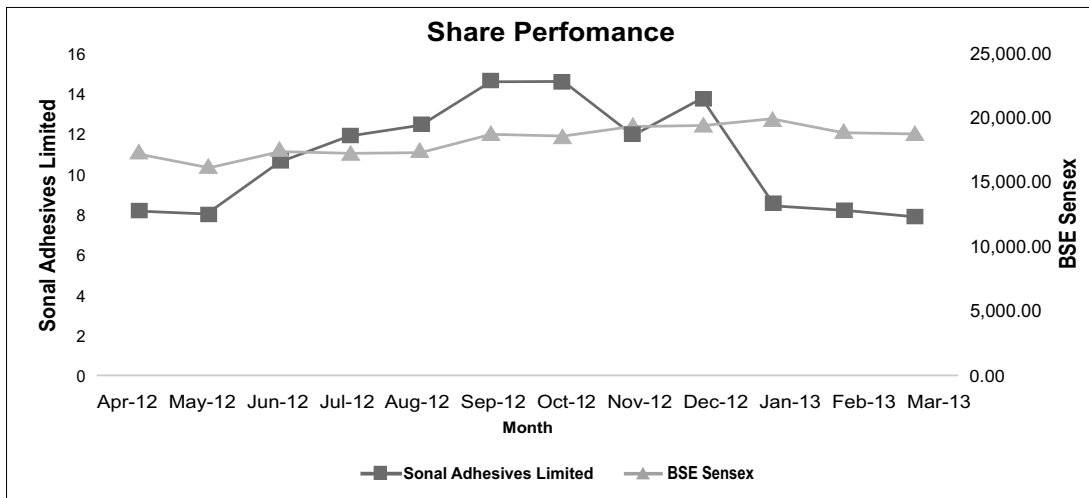
For matters regarding shares transfer in physical form, share certificates, change of address, etc, shareholders should communicate with M/s. System Support Services, the Company's Registrar and Share Transfer Agent. Their address is given in the section on Shareholder information.

STOCK MARKET PRICE DATA:

Monthly high and low at the Stock Exchange, Mumbai for financial year ended 31st March 2013.

	The Bombay Stock Exchange Limited, Mumbai	
	High	Low
April – 2012	8.22	8.22
May – 2012	8.00	8.00
June – 2012	11.79	8.40
July-2012	11.94	9.14
August-2012	13.15	10.84
September-2012	14.65	11.86
October-2012	16.17	13.93
November-2012	13.88	11.92
December-2012	13.78	10.77
January-2013	13.29	8.05
February-2013	9.09	8.10
March-2013	8.19	7.05

Performance of Share Price of the Company in comparison to BSE Sensex is as under:



DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2013:

No. of Equity Share held	No. of Shareholders	% of Shareholders	Amt. in Rs	% of Total Share Capital
1 - 500	2974	87.703	6988330	11.530
501 - 1000	249	7.343	1880550	3.103
1001- 5000	132	3.893	2677620	4.418
5001 -10000	9	0.265	654000	1.079
10001- 100000	20	0.590	9275500	15.304
100001 and Above	7	0.206	39134000	64.567
Total	3391	100.000	60610000	100.000

CATEGORY OF SHAREHOLDERS AS ON 31ST MARCH, 2013:

Category	Shareholders Number	Shares % to total Shareholders	Number of Shares	% to Total Capital
Promoter	9	0.26	3800900	62.71
Banks, Financial institutions, Insurance Companies	NIL	NIL	NIL	NIL
Mutual Funds	3	0.09	144600	2.39
Private Corporate Bodies	29	0.86	276335	4.56
FII's / NRI /OCB's	59	1.74	258350	4.26
Indian Public	3291	97.05	1580815	26.08
Total	3391	100.00	6061000	100.00

DEMATERIALISATION OF SHARES AND LIQUIDITY:

The Company has established connectivity with Central Depository Services (India) Limited and National Securities Depository Limited. As on 31st March 2013, 6061000 Equity Shares representing 100% has been as follows

Category	No. of Shares	%age of Shares to Total	No. of Share- Holders	%age of Shareholders to Total
C.D.S.L.	3819939	63.02	241	7.11
N.S.D.L	478461	7.90	424	12.50
Physical	1762600	29.08	2726	80.39
Total	6061000	100.00	3391	100.00

PLANT LOCATION:

Plot No. 28/1A, Village Dheku, Takai Adoshi Road, Off. Khopoli Pen Road, Tal: Khalapur, Dist. Raigad – 410203

ADDRESS FOR CORRESPONDENCE WITH COMPANY:

Sonal Adhesives Limited
2N Laxmi Industrial Estate
New Link Road, Andheri (West)
Mumbai-400 053
Tel: +91 22 61316131
Fax: +91 22 61316132
<http://www.sonal.co.in>

ADDRESS FOR CORRESPONDENCE WITH REGISTRAR:

System Support Services
209, Shivai Industrial Estate, 89, Andheri – Kurla Road, Sakinaka, Andheri (East), Mumbai – 400 072

OUTSTANDING CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND LIKELY IMPACT ON EQUITY:

There are no outstanding convertible instruments as on date.

STOCK EXCHANGE LISTINGS:

The Bombay Stock Exchange Limited, Mumbai
Stock Code: 526901
ISIN NO. INE344I01017

DECLARATION ON CODE OF CONDUCT AND ETHICS:

The Board of Director's of the Company has laid down Code of Conduct and Ethics (The Code) for the Company's Directors and Senior Employees. All the Directors and the Senior Employees covered by the Codes have confirmed Compliance with the code on an annual basis.

For and on behalf of the Board

Place: Mumbai
Date: 26/08/2013

Sandeep Arora
Chairman & Managing Director

CEO / CFO Certificate as per the requirements of Clause 49 of the Stock Exchange Listing Agreement

To the Board of Directors of Sonal Adhesives Limited

Dear Sir,

We hereby certify that:

- a) We have reviewed Financial Statements and the Cash Flow Statement for the year ended 31st March, 2013 and that to the best of our knowledge and belief:
 - i these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii these statements together present a true and fair view of the Company's Affairs and are in compliance with existing Accounting Standards, applicable laws and regulations except as disclosed in the financial statements.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditor and the Audit committee:
 - i. significant changes in the internal control over financial reporting during the year;
 - ii. significant changes in Accounting Policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. instance of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Sincerely,

Sandeep M. Arora
Chairman &
Managing Director

Kamal M. Arora
Finance Head

Place: Mumbai
Date: 26/08/2013

Independent Auditors' Report

To The Members of Sonal Adhesives Limited

Report on financial statements

1. We have audited the accompanying financial statements of **Sonal Adhesives Limited**, ('the Company'), which comprise the Balance Sheet as at 31st Mar 2013, 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

2. Management is responsible for the preparation 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 Standards referred to in sub – section (3C) of section 211 of the Companies Act 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control 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

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involved performing procedures to obtain audit evidence about the amounts and disclosures in financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

5. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - a. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st Mar 2013
 - b. In the case of the Statement of Profit and Loss, of the profit for the year ended on that date
 - c. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on other legal and regulatory requirements

6. As required by the Companies (Auditor's Report) (Amendment) Order, 2004 ("the Order"), issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
7. As required by section 227 (3) of the Act, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books
 - c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub – section (3C) of section 211 of the Companies Act, 1956.
 - d. On the basis of written representation received from the directors as on 31st Mar 2013 and taken on record by the Board of Directors, none of the directors is disqualified as at 31st Mar 2013, from being appointed as a director in terms of clause (g) of sub – section (1) of section 274 of the Companies Act, 1956.

For K S Sanghvi and Co

Chartered Accountants

Firm Registration Number 116714W

Kirit Sanghvi

Partner

Membership No: 031123

Place of signature: Mumbai

Date: 26/08/2013

**Annexure to our report of even date
Re: Sonal Adhesives Limited**

- (A) Having regard to the nature of the Company's business / activities and results for the year, clauses (viii), (xiii) and (xiv) of Companies (Auditor's Report) Order (As amended), 2004 are not applicable.
- (i) (a) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including the quantitative details and situation of fixed assets.
 - (b) According to the information and explanations given to us, a substantial portion of fixed assets has been physically verified by the Management at reasonable interval, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were observed on such verification.
 - (c) During the year, the Company has not disposed off a major part of the fixed assets.
 - (ii) (a) As explained to us, the inventories, excluding materials in transit and materials lying with third parties (including ports) were physically verified by the Management at reasonable intervals.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification followed by the Management are reasonable and adequate in relation to the size of the company and nature of business.
 - (c) In our opinion and according to the information and explanations given to us, the company is maintaining proper records of inventory. We have been informed that no material discrepancies were noticed on physical verification.
 - (iii) (a) According to the information and explanations given to us, the Company has not granted loans, secured or unsecured, to companies, firms or other parties whose names are required to be entered in the register to be maintained under section 301 of the Companies Act, 1956. Accordingly, sub-clause (b), (c) and (d) of clause 4(iii) of the Companies (Auditor's Report) Order (as amended), 2004 are not applicable to the Company.
 - (e) According to the information and explanations given to us the Company has not taken any loans from companies, firms or other parties covered in the register required to be maintained under section 301 of the Companies Act, 1956. Accordingly, sub-clause (f) and (g) of clause 4 (iii) of the Companies (Auditor's Report) Order (as amended), 2004 are not applicable to the Company.
 - (iv) In our opinion and according to the information and explanation given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
 - (v) Since there are no transactions carried out with parties whose name is required to be entered in the Register which is required to be maintained under section 301 of the Companies Act, 1956, this clause along with sub-clause (b) of clause 4(v) the Companies (Auditor's Report) Order (as amended), 2004 is not applicable to the Company.
 - (vi) The Company has not accepted any deposits from the public.
 - (vii) The Company has an in – house internal audit team which comprises the senior executives of the Company. The internal audit is conducted by the team at quarterly intervals. In our opinion, the internal audit system is commensurate with the size of the Company and nature of its business.
 - (ix) (a) The Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, income-tax, sales tax and other material statutory dues applicable to it.
 - (b) According to the information and explanation given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, sales-tax and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable except Income – tax demand for the Assessment year 1995 – 96 for rupees 564260 which is pending before the honorable Income Tax Appellate Tribunal, Mumbai. The Company is not aware of the outcome of this appeal. We are therefore, unable to comment upon the matter.
 - (x) The Company does not have accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.

- (xi) On the basis of verification of records and as per information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution or bank.
- (xii) According to the information and explanation given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xv) According to the information and explanation given to us, the Company has not given guarantees for loans taken by others from banks or financial institutions.
- (xvi) The term loans have been applied for the purpose for which they were obtained.
- (xvii) According to the information and explanation given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have been used for long term investment.
- (xviii) The Company has not made any preferential allotment of shares to the parties or companies covered in the register required to be maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by way of public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanation given by the Management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For K S Sanghvi & Co
Chartered Accountants
Registration Number 116714W

Kirit Sanghvi
Partner
Membership No.: 031123

Date: 26/08/2013
Place: Mumbai

Certificate on Corporate Governance

To

The Members of Sonal Adhesives Limited

I have examined the compliance of conditions of Corporate Governance by Sonal Adhesives Limited for the year ended 31st March, 2013, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

The Compliance of conditions of corporate governance is the responsibility of the management. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanation given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Prashant Diwan
Practicing Company Secretary
FCS No.: 1403 / CP No.: 1979
Place: Mumbai
Date: 26/08/2013

Balance Sheet as at 31st March 2013

Particulars	Note Number	As at 31 Mar 2013	Amounts in INR As at 31 Mar 2012
Equity and Liabilities			
Shareholder's Funds			
Share capital	2	60,610,000	60,610,000
Reserves and surplus	3	26,756,046	21,780,494
Total shareholder's funds		87,366,046	82,390,494
Non - current liabilities			
Long term borrowings	4	155,222,792	118,981,093
Other long term liabilities	5	7,000	7,000
Deferred tax liabilities (net)	6	5,863,855	5,407,829
Long term provisions	7	10,049,910	8,105,987
Total non - current liabilities		171,143,557	132,501,909
Current liabilities			
Short term borrowings	8	5,155,004	-
Trade payables	9	135,266,872	97,951,371
Other current liabilities	10	7,239,201	12,740,328
Short term provisions	11	12,080,241	14,712,040
Total Current liabilities		159,741,318	125,403,739
Total of Equity and liabilities		418,250,921	340,296,142
Assets			
Non current assets			
Fixed Assets			
Tangible assets	12	79,124,261	35,403,454
Capital work in progress		-	13,023,864
Long term loans and advances	13	22,443,597	25,989,066
Other non current assets	14	27,811,811	15,549,769
Total non current assets		129,379,669	89,966,153
Current assets			
Inventories	15	128,474,241	126,728,828
Trade receivables	16	132,725,847	96,343,402
Cash and cash equivalents	17	3,659,200	2,934,498
Short term loans and advances	18	23,664,908	23,752,355
Other current assets	19	347,056	570,906
Total current assets		288,871,252	250,329,989
Total assets		418,250,921	340,296,142
Significant accounting policies and notes on accounts	1		

As per our report of even date

For K S Sanghvi and Co

Chartered Accountants

Firm Registration Number: 116714W

Kirit Sanghvi

Partner

Membership Number: 031123

Place: Mumbai

Date: 26/08/2013

**For and on behalf of Board of Directors of
Sonal Adhesives Limited**

Sandeep Arora

Chairman and Managing Director

Place: Mumbai

Date: 26/08/2013

Kamal Arora

Director

Statement of Profit and Loss for the year ended 31st March 2013

Particulars	Note Number	Amounts in INR	
		Figures for the current reporting period 31 Mar 2013	Figures for the previous reporting period 31 Mar 2012
Revenue from operations	20	583,527,848	502,416,856
Other income	21	2,427,609	1,162,121
Total Revenue		585,955,457	503,578,976
Expenses			
Cost of materials consumed	22	550,801,115	480,767,709
Change in inventories of finished goods, work in progress and stock it	23	(24,365,549)	(32,439,403)
Employee benefits expense	24	4,639,898	4,868,637
Finance costs	25	20,164,545	16,106,805
Depreciation and amortization expenses	12	2,798,905	2,535,394
Other expenses	26	25,138,265	23,911,410
Total expenses		579,177,179	495,750,552
Profit before exceptional items, extraordinary items and tax		6,778,278	7,828,425
Exceptional items		-	-
Profit before extraordinary items and tax		6,778,278	7,828,425
Extraordinary items		-	-
Profit before taxes		6,778,278	7,828,425
Tax expenses:			
1. Current tax		1,346,700	2,082,000
2. Deferred tax expense / (credit)		262,233	369,460
Profit for the year from continuing operations		5,169,345	5,376,965
Profit for the year from discontinuing operations		-	-
Profit for the year for the period		5,169,345	5,376,965
Earnings per share:			
1. Basic		0.85	0.89
2. Diluted		0.85	0.89
Significant accounting policies and notes on accounts	1		

As per our report of even date

For K S Sanghvi and Co
Chartered Accountants
Firm Registration Number: 116714W

**For and on behalf of Board of Directors of
Sonal Adhesives Limited**

Kirit Sanghvi
Partner
Membership Number: 031123
Place: Mumbai
Date: 26/08/2013

Sandeep Arora
Chairman and Managing Director

Kamal Arora
Director

Place: Mumbai
Date: 26/08/2013

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013

Cash Flow Statement for the year ended 31 Mar 2013 pursuant to Clause number 32 of the Listing Agreement with the stock exchange and forming part of the Director's Report for the year ended 31 Mar 2013

Particulars	Year ended 31 Mar 2013	Year ended 31 Mar 2012
Cash Flow from Operating Activities		
Net profit before tax	6,778,278	7,828,425
Add:		
Interest provisions	3,300	63,000
Depreciation debited to the Statement of Profit or Loss	2,798,905	2,535,394
Interest paid	15,323,545	10,585,672
Loss on sale of assets	-	979,433
	24,904,029	21,991,925
Less:		
Gain on sale of assets	636,731	383,796
Interest income	759,350	592,164
	1,396,081	975,960
Operating cash flow before changes in working capital	23,507,946	21,015,965
Adjustments for working capital:		
(Increase) / decrease in inventories	(1,745,413)	(10,884,450)
(Increase) / decrease in trade receivables	(36,382,445)	(26,749,629)
(Increase) / decrease in other current assets	2,011,296	(7,973,397)
Increase / (decrease) in trade payables	37,315,501	37,943,024
Increase / (decrease) in other current liabilities	(805,799)	7,201,562
	393,140	(462,890)
Less:		
Income taxes paid	1,700,000	1,500,000
Net cash flow generated from operating activities (A)	22,201,086	19,053,074
Cash Flow from Investing Activities		
Acquisitions of fixed assets and investment in capital WIP	(34,988,444)	(22,679,912)
Sale of fixed assets	2,129,326	1,629,744
Net cash flow used in Investing Activities (B)	(32,859,118)	(21,050,168)
Cash flow from Financing Activities		
Proceeds from long term borrowings	38,185,625	26,034,724
Dividend paid during the year	(3,030,500)	(3,030,500)
Dividend distribution tax paid thereon	(491,623)	(491,623)
Long term loans and advances	(8,716,573)	(10,240,866)
Interest paid	(15,323,545)	(10,585,672)
Interest income	759,350	592,164
Net cash flow generated from Financing Activities (C)	11,382,734	2,278,227
Net increase / (decrease) in cash and cash equivalents	(A) + (B) + (C)	724,702
Cash and cash equivalents at the beginning of the year	Note 2	2,934,498
Cash and cash equivalents at the end of the year	Note 2	3,659,200

Notes:

1. Cash and cash equivalents:

Cash and cash equivalents consists of cash on hand and balances with scheduled bank, amount of unclaimed dividend and fixed deposits maturing within 12 months from the balance sheet date.

2. The cash and cash equivalents comprise the following amounts of the Balance Sheet.

Particulars	As at 31 Mar 2013	As at 31 Mar 2012
Cash on hand	611,199	447,699
Balances with banks	140,120	541,318
Amount in the unclaimed dividend account	1,470,250	966,850
Fixed deposits maturing within 12 months	1,437,631	978,631
Total	3,659,200	2,934,498

3. Figures in brackets / negative figures indicate cash outflow.

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

5. Previous year's figures have been regrouped/rearranged wherever necessary to confirm to current year's classification

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

For K S Sanghvi & Co

Chartered Accountants
Firm Registration Number: 116714W

Kirit Sanghvi

Partner

Membership No: 031123

Date: 26/08/2013

Place: Mumbai

For and on behalf of Board of Directors of
Sonal Adhesives Limited

Sandeep Arora
Chairman and Managing Director

Date: 26/08/2013

Place: Mumbai

Kamal Arora
Director

Notes to Balance Sheet

(Amounts in INR)

	As at 31 Mar 2013	As at 31 Mar 2012
Note 2		
Share capital		
Authorized:		
7000000 Equity shares of Rs 10 each.	70,000,000	70,000,000
Issued, subscribed and paid up:		
6061000 Equity shares (Previous year 6061000 Equity Shares) of Rs 10 each, fully paid.	<u>60,610,000</u>	<u>60,610,000</u>
Total share capital	<u>60,610,000</u>	<u>60,610,000</u>

Issued, subscribed and paid up share capital includes:

- a. Equity shareholders holding more than 5% of the equity shares alongwith the number of equity shares held is given below:
- | | | |
|---|--------|--------|
| Sonal Impex Limited (2822700 Equity Shares as at 31 Mar 2013 and 31 Mar 2012) | 46.57% | 46.57% |
|---|--------|--------|
- b. **Reconciliation of the number of shares at the beginning of the year and at the end of the year**
- | | | |
|---|-------------------------|-------------------------|
| Opening balance | 6,061,000 | 6,061,000 |
| Add: Fresh shares / bonus shares issued during the year | - | - |
| Less: Buyback of shares during the year | - | - |
| Closing balance | <u>6,061,000</u> | <u>6,061,000</u> |
- c. 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. In the event of liquidation of the company, the holder of equity shares will be entitled to receive remaining assets of the company.

Note 3

Reserves and surplus

Capital Reserves

Balance in Capital Reserves	1,000,000	1,000,000
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Profit and Loss Account

Balance at the beginning	20,780,494	19,565,336
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Add: Net profit / (loss) for the period	5,169,345	5,376,965
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Less: Appropriations / adjustments

Deferred tax liability of prior years	193,793	639,684
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Proposed final dividend	-	3,030,500
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Dividend distribution tax on proposed final dividend	-	491,623
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Balance at the end	<u>25,756,046</u>	<u>20,780,494</u>
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Total reserves and surplus	<u>26,756,046</u>	<u>21,780,494</u>
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Note 4

Long term borrowings

Secured

Term loan from banks (Refer Point 1)	988,982	1,490,250
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Loan repayable on demand from Banks (Refer Point 2)	152,692,130	114,042,041
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Unsecured

Deferred payment liabilities (Refer Point 3)	1,541,680	2,933,699
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Long term borrowings from related parties	-	515,103
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Total long term borrowings	<u>155,222,792</u>	<u>118,981,093</u>
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Points:

- 1 Term loan is secured against car. The amount repayable within one year is Rs 4.76 lakhs
- 2 Represents loan for Cash Credit, Export Packing Credit and Term Loan. The Cash Credit and Export Packing Credit facilities are secured by stock in trade and book debts and other present and future current assets. The Term Loan is secured by the hypothecation of assets and machineries purchased out of bank finance. The above loans are also secured by personal guarantee of directors and corporate guarantee of associate concerns Sonal Impex Limited and Sonal Ropes Limited. The working capital amount is repayable on demand. The term loan is repayable in 66 monthly installments. Amount payable in one year is Rs 84 lakhs.
- 3 Represents 12 years of interest free sales tax deferralment payment loan received from the Government of Maharashtra. Repayment has commenced in the financial year 2005 - 2006. The Company has not defaulted on any payment. Repayment is made on the basis of schedule obtained. The amount repayable within one year is Rs 1392019 (Previous year: Rs 2050899).

Notes to Balance Sheet

(Amounts in INR)

	As at 31 Mar 2013	As at 31 Mar 2012
Note 5		
Other long term liabilities		
Deposits received from suppliers	7,000	7,000
Total other long term liabilities	<u>7,000</u>	<u>7,000</u>
 Note 6		
Deferred tax liability (net)		
<i>Deferred tax liability</i>	5,407,829	4,398,685
On depreciation	375,684	435,171
On depreciation pertaining to earlier years	193,793	639,684
 <i>Deferred tax assets</i>		
On provisions	113,450	65,711
Total deferred tax liability	<u>5,863,855</u>	<u>5,407,829</u>
 Note 7		
Long term provisions		
VAT payable	485	485
Provision for gratuity	1,295,365	928,212
Provision for taxes	8,754,060	7,177,290
Total long term provisions	<u>10,049,910</u>	<u>8,105,987</u>
 Note 8		
Short term borrowings		
Loans repayable on demand		
From banks	5,155,004	-
Total short term borrowings	<u>5,155,004</u>	<u>-</u>
 Note 9		
Trade payables		
Trade payables	135,266,872	97,951,371
Total trade payables	<u>135,266,872</u>	<u>97,951,371</u>
 Note 10		
Other current liabilities		
Advances received from customers	2,029,563	5,266,060
Outstanding expenses	1,869,841	1,097,079
Statutory dues payable	1,385	1,528,024
Current maturities of long term debts	1,868,162	3,882,315
Unclaimed dividends	1,470,250	966,850
Total other current liabilities	<u>7,239,201</u>	<u>12,740,328</u>
 Note 11		
Short term provisions		
Provision for excise duty on closing stock of finished goods	10,730,241	9,044,917
Proposed final dividend	-	3,030,500
Proposed dividend distribution tax	-	491,623
Provision for taxes	1,350,000	2,145,000
Total short term provisions	<u>12,080,241</u>	<u>14,712,040</u>

Notes to Balance Sheet

Sonal Adhesives Limited Schedules forming part of the balance sheet

Fixed assets schedule as at 31 Mar 2013

Sr No		Nature of asset	Depre- ciation rate	Gross Block			Depreciation			Net Block		
				Opening balance	Addi- tions	Dele- tions	Closing balance	Opening balance	Additions	Deletions	Closing balance	31 Mar 2013
1		Land	-	207,130	-	-	207,130	-	-	-	207,130	207,130
2		Factory Building	3.34%	12,440,105	1,757,804	-	14,197,909	6,486,874	427,922	-	6,914,797	7,283,112
3		Office Premises	1.63%	340,850	-	-	340,850	256,285	5,556	-	261,841	79,009
4		Plant and Equipment [Read Note (d) below]	4.75%	34,177,340	45,808,687	1,554,915	78,431,112	10,034,910	1,687,918	62,320	11,660,508	24,142,430
5		Electrical Installation	4.75%	2,392,347	-	-	2,392,347	1,797,170	113,636	-	1,910,807	481,540
6		Lab Equipments	4.75%	94,396	-	-	94,396	13,152	4,484	-	17,636	76,760
7		Motor Vehicle	9.50%	5,054,542	-	-	5,054,542	1,153,921	480,181	-	1,634,103	3,900,621
8		Motor Cycle	9.50%	22,849	46,680	-	69,529	22,849	4,422	-	27,271	42,258
9		Bicycle	7.07%	4,535	-	-	4,535	4,535	-	-	4,535	-
10		Air-conditioner	4.75%	32,021	128,614	-	160,635	6,667	2,265	-	8,931	151,704
11		Computer	16.21%	1,664,215	84,951	-	1,749,166	1,663,924	7,308	-	1,671,231	77,935
12		Generating Set	4.75%	239,527	-	-	239,527	141,121	11,378	-	152,499	87,028
13		Office Equipment	4.75%	485,687	149,835	-	635,522	208,037	25,260	-	233,297	402,225
14		Furniture & Fixture	6.33%	417,791	35,737	-	453,528	380,435	28,576	-	409,010	44,518
		Current Year		57,573,334	48,012,308	1,554,915	104,030,727	22,169,880	2,798,905	62,320	24,906,466	79,124,261
		Previous Year		52,992,523	9,656,048	5,075,237	57,573,334	22,484,343	2,535,394	2,849,856	22,169,880	35,403,454
												30,508,180

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).
- c) Of the plant and machinery purchased during the year, commercial production on the machineries aggregating to Rs 4.09 crores have not commenced during the year. Hence, no depreciation has been charged for that machinery.

Notes to Balance Sheet

	(Amounts in INR)	
	As at 31 Mar 2013	As at 31 Mar 2012
Note 13		
Long term loans and advances		
Unsecured, considered good:		
Deposits with related parties	11,000,000	18,000,000
Deposit of Residence	10,000	310,000
Deposit Telephone	76,100	76,100
Deposits for office	10,000	10,000
MSEB Deposits	168,995	168,995
Balances with government, public bodies and others	11,148,402	7,393,871
BMC Deposit	25,000	25,000
Gas Deposit	5,100	5,100
Total long term loans and advances	<u>22,443,597</u>	<u>25,989,066</u>
Note 14		
Other non current assets		
Fixed deposits with bank maturing beyond the next 12 months (Refer Point 1)	14,944,867	11,477,000
Long term trade receivables (including trade receivables on deferred credit terms)		
Unsecured, considered good	12,866,944	4,072,769
Total other non current assets	<u>27,811,811</u>	<u>15,549,769</u>
Point 1:		
The fixed deposits are placed with the bank as a margin money for availing the working capital facilities from the Bank.		
Note 15		
Inventories		
Raw materials	23,394,000	36,589,211
Packing materials	7,535,750	5,759,712
Consumables	-	2,156,046
Finished goods	97,544,491	82,223,859
Total inventories	<u>128,474,241</u>	<u>126,728,828</u>
Note 16		
Trade receivables		
Trade receivables outstanding exceeding a period of six months:		
Unsecured, considered good	7,017,053	11,891,411
Unsecured, considered doubtful	-	-
	7,017,053	11,891,411
Other trade receivables, unsecured:		
Considered good	41,805,268	58,141,562
Considered doubtful	-	-
	41,805,268	58,141,562
Receivables from Companies in which the directors are interested	83,903,527	26,310,429
Less: Provision for doubtful receivables	-	-
Total trade receivables	<u>132,725,847</u>	<u>96,343,402</u>
Note 17		
Cash and cash equivalents		
Cash on hand	611,199	447,699
Balances with banks	140,120	541,318
Amount in the unclaimed dividend account (Refer Note 1)	1,470,250	966,850
Fixed deposits maturing within 12 months	1,437,631	978,631
Total cash and cash equivalents	<u>3,659,200</u>	<u>2,934,498</u>

Notes:

- Section 205 of the Companies Act, 1956 mandates that companies transfer dividend that has been unclaimed for a period of 7 years from unclaimed dividend account to the Investor Education and Protection Fund ('IEPF'). Accordingly, if the dividend is unclaimed for a period of 7 years, it will be transferred to IEPF. The unclaimed dividend pertains to the financial years 2009 - 2010, 2010 - 2011 and 2011 - 2012.

Notes to Balance Sheet

	(Amounts in INR)	
	As at 31 Mar 2013	As at 31 Mar 2012
Note 18		
Short term loans and advances		
Advance to employees	180,147	115,794
Advance to suppliers (excluding advance for purchase of capital goods)	1,806,144	4,683,968
Advance for purchase of capital goods	7,151,601	-
Advance to related party	-	929,179
Balances with government authorities	12,691,151	16,459,346
Advance tax	1,700,000	1,500,000
Taxes deducted at source	135,865	64,068
Total short term loans and advances	<u>23,664,908</u>	<u>23,752,355</u>
Note 19		
Other current assets		
Interest income receivable	50,014	324,971
Prepaid expenses	297,042	245,935
Total other current assets	<u>347,056</u>	<u>570,906</u>

Notes to Statement of Profit and Loss

Note 20	Figures for the cur- rent reporting period 31 Mar 2013	Figures for the previ- ous reporting period 31 Mar 2012
Revenue from operations		
Sales	642,447,490	546,644,308
Less: Excise duty	58,919,642	44,227,452
Total revenue from operations	<u>583,527,848</u>	<u>502,416,856</u>
Note 21		
Other income		
Export incentives	70,119	-
Interest income [Gross of TDS Rs 135906; (Previous Year: Rs 62125)]	759,350	592,164
Foreign exchange gain	-	-
Miscellaneous income	3,692	4,955
Profit on sale of asset	636,731	383,796
Sundry creditors written back / bad debts recovered	957,717	181,206
Total other income	<u>2,427,609</u>	<u>1,162,121</u>
Note 22		
Cost of materials consumed		
Changes in stock of raw materials and other consummables	13,575,220	16,427,154
Add: Purchase of raw materials	503,477,677	438,857,303
Add: Direct expenses		
Clearing and forwarding / port / octroi	2,609,320	1,686,706
Consumable	1,412,497	1,261,190
Electricity charges	6,850,658	6,003,972
Factory expenses	674,789	597,028
Freight & forwarding charges	5,540,693	5,070,589
Manufacturing expenses	11,485,484	6,765,106
Repairs & maintenance - machinery	163,462	129,604
Security charges	784,185	706,794
Stores & spares expenses	1,475,225	2,247,448
Salary	2,930,979	2,082,319
Other allowance	2,551,491	1,918,060
Water charges	406,819	348,975
Less: Discounts received	3,137,384	3,334,539
Total cost of materials consumed	<u>550,801,115</u>	<u>480,767,709</u>
Note 23		
Change in inventories of finished goods, work in progress and stock in trade		
Changes in the stock of finished goods	(24,365,549)	(32,439,403)
Total changes in inventories of finished goods, work in progress and stock in trade	<u>(24,365,549)</u>	<u>(32,439,403)</u>

Notes to Statement of Profit and Loss

	(Amounts in INR)	
	Figures for the cur- rent reporting period 31 Mar 2013	Figures for the previ- ous reporting period 31 Mar 2012
Note 24		
Employees benefit expenses		
Gratuity	367,153	212,654
Labour welfare fund	1,231	384
Provident fund	734,654	674,031
Other allowance	1,550,319	1,970,453
Salary	1,521,735	1,519,795
Staff welfare expenses	464,806	491,320
Total employees benefits expenses	4,639,898	4,868,637
Note 25		
Finance costs		
Interest on car loan	181,919	111,915
Bank interest	15,138,326	10,462,490
Interest	-	11,267
Bank charges	4,841,000	5,458,133
Other interests	3,300	63,000
Total finance costs	20,164,545	16,106,805
Note 26		
Other expenses		
Advertisement & publicity	135,692	71,014
Audit fees	144,000	144,000
Charity & donations	14,000	16,001
Commission paid	300,000	237,710
Conveyance expenses	265,112	285,510
Domestic & foreign travel	797,673	852,414
Exchange fluctuation loss	2,066,417	6,132,858
Excise duty	10,730,241	9,044,917
Insurance premium	220,526	813,839
Legalization and certification charges	680,900	680,400
Listing fees	76,470	25,000
Loss on sale of assets	-	979,433
Membership & subscriptions	36,250	73,665
Miscellaneous expenses	1,698,216	943,124
Ocean freight	5,230,386	519,510
Office maintenance expenses	150,576	144,830
Professional fees	343,111	353,950
Professional tax	7,500	5,250
Rent rates & taxes	773,610	1,473,905
Repairs & maintenance - vehicles	549,734	376,916
Telephone expenses	423,974	494,221
Terminal handling charges	493,877	242,944
Total other expenses	25,138,265	23,911,410

Note 1

Significant accounting policies for the year ended 31st March 2013

1. Nature of business

- 1.1 The Company is in the business of manufacturing adhesive tapes and plastic ropes. The manufacturing facility of the Company is situated at Khopoli and its registered office is situated in Andheri (West), Mumbai. The Company exports its products through its associate companies. The Company also gets some part of the manufacturing done from its associate companies on job work basis.

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.

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

Fixed assets acquired by the Company are reported at acquisition value with deductions for accumulated depreciation and impairment losses, if any.

The acquisition 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') at the rates prescribed by Schedule XIV of the Companies Act, 1956, unless the use of a higher rate or an accelerated charge is justified through technical estimates.

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 and 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 and 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 Mar 2013	31 Mar 2012
Profit after tax	51,69,345	5,376,965
Less: Preference dividend, if any	-	-
Adjusted profit after tax	51,69,345	5,376,965
Weighted average number of equity shares outstanding	6,061,000	6,061,000
Earnings Per Share	0.85	0.89
Face Value Per Share	10	10

2.12 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.

2.13 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:

- Income Tax demand for Rs. 5.64 lakhs has been raised by the Assessing officer for the AY 1995 - 96. The Company has disputed the demand and preferred an appeal before Income Tax (Tribunal). The Company is not aware of the outcome of the appeal. We are therefore, unable to comment on the matter.
- The Company has given guarantee in favour of Sonal Impex Limited to enable Sonal Impex Limited avail credit facilities with banks.
- Claims not acknowledged as debts: Rs 0.45 lakhs

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

2.15 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	Enterprise over which Key Management Personnel are able to exercise significant influence
5	Sandeep Arora	Key Management Personnel
6	Kamal Arora	Key Management Personnel
7	Mona Arora	Key Management Personnel

Transactions with Related Parties during the year:

Sr No	Nature of transaction	Associates	Key Management Personnel	Total
1	Sales	13,89,54,549	-	13,89,54,549
		<i>10,89,81,140</i>	-	<i>10,89,81,140</i>
2	Rent	6,60,000	-	6,60,000
		<i>6,60,000</i>	-	<i>6,60,000</i>
3	Managerial Remuneration	-	-	-
		-	-	-
4	Manufacturing expenses	40,50,000	-	40,50,000
		-	-	-
5	Deposits	-	-	-
		<i>5,00,000</i>	-	<i>5,00,000</i>

Balances as at 31 Mar 2013

Sr No	Nature of transaction	Associates	Key Management Personnel	Total
1	Long term borrowings	-	-	-
		<i>5,15,103</i>	-	<i>5,15,103</i>
2	Deposits	1,10,00,000	-	1,10,00,000
		<i>1,80,00,000</i>	-	<i>1,80,00,000</i>
3	Trade receivables	8,39,03,527	-	8,39,03,527
		<i>2,63,10,429</i>	-	<i>2,63,10,429</i>

Notes:

- Figures in italics represent previous year's amount.
- Items of a similar nature may be disclosed in aggregate by type of related party except when separate disclosure is necessary for an understanding of the effects of related party transactions on the financial statements of the reporting enterprise. Disclosure of details of particular transactions with individual related parties would frequently be too voluminous to be easily understood. Accordingly, items of a similar nature may be disclosed in aggregate by type of related party. However, this is not done in such a way as to obscure the importance of significant transactions. Hence, purchases or sales of goods are not aggregated with purchases or sales of fixed assets. Nor a material related party transaction with an individual party is clubbed in an aggregated disclosure.

3. Other financial information
3.1 Managerial remuneration

Particulars	31-Mar-13	31-Mar-12
Director's remuneration	-	-
Perquisites and other benefits	-	-
Total	-	-

3.2 Auditor's Remuneration

Particulars	31 Mar 2013	31 Mar 2012
Statutory audit fees	75,000	75,000
Tax audit	45,000	45,000
Other services	24,000	24,000
Out of pocket expenses	-	-
Total	144,000	144,000

The above fees are exclusive of service tax.

The company takes credit for the service tax on the above payment.

3.3 Dues to Micro Small and Medium Enterprises

The Company has not received any intimation from its suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence, the disclosures, if any, relating to the amounts unpaid as at 31st Mar 2013 together with the interest paid / payable as required under the said Act have not been given.

3.4 The Company submitted audited financial statements to the concerned stock exchanges. Thereafter, an error was noticed in the financial statements due to a software problem. The accounts were subsequently revised and the Board of Directors re-approved the revised financial statements

3.5 No provision has been created on debtors aggregating to Rs 70,17,053 (Previous Year: Rs 1,18,91,411) which are older than six months. Also, the Management assumes that the other current assets and current liabilities will be realized and settled respectively atleast at the values disclosed in the balance sheet.

3.6 Cash Flow Statements

Cash-flow statements are prepared in accordance with the "Indirect Method" as explained in the Accounting Standard (AS) 3 - Cash Flow Statements as prescribed under section 211(3C) of the Companies Act 1956.

3.7 Cash and Cash Equivalents

Cash and bank balances and current investments that have insignificant risk of change in value, which have durations up to three months, are included in the Company's cash and cash equivalents in the Cash Flow Statement.

For K S Sanghvi and Co

Chartered Accountants

Kirit Sanghvi

Partner

Membership No: 031123

Place: Mumbai

Date: 26/08/2013

Sandeep Arora

Chairman & Managing Director

Place: Mumbai

Date: 26/08/2013

For and on behalf of Board of Directors of
Sonal Adhesives Limited

Kamal Arora

Director



Sonal Adhesives Limited

REGD. OFFICE : 2N Laxmi Industrial Estate, New Link Road, Andheri (west), Mumbai-400 053

PROXY

I/We _____

_____ in

the district of _____ being a member /

members of the above named Company hereby appoint _____ of

_____ in the district of

_____ or failing

him _____ of _____ in

the district of _____ as my/our

proxy to vote for me/us on my/our behalf at the **22nd Annual General Meeting** of the Company to be held on Monday, 30th September, 2013 at 11.00 a.m. at 2N Laxmi Industrial Estate, New Link Road, Andheri West, Mumbai - 400053 and at any adjournment thereof.

Signed this _____ day of _____ 2013.

Signed by the said _____

Regd. Folio No. _____ No of Shares held _____

Affix
Re.1/-
Revenue
Stamp

Note : The Companies Act, 1956 lays down that an instrument appointing a proxy shall be deposited at the Registered Office of the Company not less than FORTY EIGHT hours before the time of holding the meeting.

----- TEAR HERE -----



Sonal Adhesives Limited

REGD. OFFICE : 2N Laxmi Industrial Estate, New Link Road, Andheri (west), Mumbai-400 053.

ATTENDANCE SLIP

I hereby record my presence at the **22nd Annual General Meeting** held on Monday, 30th September, 2013 at 11.00 a.m. at 2N Laxmi Industrial Estate, New Link Road, Andheri (west), Mumbai-400 053

Name of the Shareholder(s) _____
(in Block Capitals)

Name of the Proxy or Company Representative _____
(in Block Capitals)

Signature of the Shareholder(s) or

Proxy or Company Representative _____

Note : Members are requested to bring their copies of the Annual Report with them to the Meeting as additional copies of the same will not be made available at the Meeting.

BOOK POST

If undelivered, please return to:
SONAL ADHESIVES LTD.
2N Laxmi Industrial Estate, New Link Road,
Andheri (west), Mumbai-400 053.