

03.12.2020

To
Dept. of Corporate Services
Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai 400 001

Scrp Code No. 526901

Sub: Submission of Annual Report for the Financial Year 2019-20

Dear Sir

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), we enclose herewith Annual Report of the Company for the financial year 2019-20 along with Notice of 29th Annual General Meeting of the Company to be held on 26th December, 2020.

Kindly take the above intimation on your record.

Thank you
Yours faithfully
For **Sonal Adhesives Limited**



Sandeep Arora
Managing Director
DIN: 00176939

Encl: As above

SONAL ADHESIVES LIMITED

Regd. Address: Plot no.28/1A, Village Dheku, Takai Adoshi Road. Off. Khopoli-Pen Road, Taluka – Khalapur, Dist.- Raigad, P.O. Khopoli – 410 203.

Tel: 02192 262622/ 262620 . Email Id : info@sonal.co.in

Tel. 022- 61316131 Fax : 022 - 61316132 CIN NO. : L02004MH1991PLC064045

www.sonal.co.in



ANNUAL REPORT

2019-20

Sonal Adhesives Limited

SONAL ADHESIVES LIMITED

CIN: L02004MH1991PLC064045

Board of Directors

Mr. Sandeep M. Arora	-	Managing Director
Mrs. Mridu S. Arora	-	Non-executive Director
Mr. Manish Nanda	-	Non-executive Independent Director
Mr. 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 (retiring auditors)
M/s. M C Asawa & Co, Chartered Accountant (incoming auditors)

Registrar and Share Transfer Agent

Link Intime India Pvt Ltd.
C 101, 247 Park, L.B.S Marg,
Vikhroli (West), Mumbai 400083
Tel : 022 4918 6000

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NOTICE

NOTICE is hereby given that the Twenty Ninth Annual General Meeting (AGM) of the Members of Sonal Adhesives Limited will be held on Saturday, the December 26, 2020 at 3.00 p.m. through two-way Video Conferencing or Other Audio Visual Means ("VC/OAVM") to transact the following business:

Ordinary:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2020 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 Appoint Auditors and if thought fit to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to provisions of Section 139 of the Companies Act, 2013 and all other provisions and rules made there under, due to retirement by rotation of M/s. Rohan Agrawal & Co, existing Statutory Auditor of the Company, M/s. M C Asawa & Co, Chartered Accountants (Firm Registration Number: 008041C) be and are hereby appointed as Statutory Auditors of the Company, who have given their consent to act as Statutory Auditor of the Company from the conclusion of this 29th Annual General Meeting (AGM) till the conclusion of the 34th AGM of the Company to be held in the year 2025 AND THAT the Board of Directors of the Company be and are hereby authorised to fix their remuneration."

Special:

4. APPROVAL FOR RE-APPOINTMENT OF MR. NITIN RANE AS INDEPENDENT DIRECTOR OF THE COMPANY

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

"RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 ("the Act"), and the Companies (Appointment and Qualification of Directors) Rules, 2014 [including any statutory modification(s) or re-enactment thereof for the time being in force] and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and upon the recommendation of the Nomination and Remuneration Committee, Mr. Nitin Rane (DIN: 07237310), who was appointed as an Independent Non-Executive Director of the Company at the 24th Annual General Meeting of the Company and who holds office upto the ensuing 29th Annual General Meeting and who has submitted a declaration under Section 149(7) of the Act and Regulation 25(8) of the Listing Regulations that he meets the criteria for independence as provided in the Act and the Listing Regulations and who is eligible for re-appointment be and is hereby re-appointed as an Independent Non-Executive Director of the Company, not liable to retire by rotation, to hold office for a second term of further period of five consecutive years from the date of this Annual General Meeting i.e. 26th December, 2020 till the conclusion of 34th Annual General Meeting to be held in the year 2025.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as it may deem necessary and authorize executives of the Company for the purpose of giving effect to this Resolution."

5. RE-APPOINTMENT OF MR. SANDEEP ARORA AS MANAGING DIRECTOR

To consider, and if thought fit, 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, subject to the consent of the Members of the Company at the General Meeting and as recommended by Nomination & Remuneration Committee, the consent of the Members of the Company be and is hereby accorded to re-appoint Mr. Sandeep Arora as the Managing Director of the Company for a further period of three years w.e.f. 1st June, 2020 on 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 if 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

Mridu Arora
Director
DIN: 07260461

Sandeep Arora
Managing Director
DIN: 00176939

Date: November 24, 2020

Place: Khopoli

NOTES:

1. As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020. The forthcoming AGM will thus be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
2. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
5. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.
6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at www.sonal.co.in. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited Limited at www.bseindia.com. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. www.evotingindia.com.
7. The AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.
8. 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 is also annexed.
9. Explanatory statement under section 102 of the Companies Act, 2013 is also annexed to this notice.
10. The Register of Members and Share Transfer Books of the Company will remain closed for the purpose of Annual General Meeting (AGM) from Sunday, December 20, 2020 to Saturday, December 26, 2020 (both days inclusive).
11. 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 No.
12. 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). **As per the Amendment to Regulation 40 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 it is mandatory that transfer of shares would be carried out in dematerialized form only w.e.f. 5th December, 2018. Therefore Members who still holds shares in physical form are advised to convert them in De-materialized form by sending letters along with the De-materialized Request Form (s) through their concerned Depository participants.**
13. **As per the SEBI circular No SEBI/HO/MIRSD/DOP1/CIR/P/2018 dated 20.04.2018 Members who hold shares in physical form kindly submit the copy of PAN and original cancelled cheque leaf /attested bank passbook showing name of account holder to M/s. Link Intime India Pvt. Ltd. Unit: SONAL ADHESIVES LIMITED, C-101, 247 Park, LBS Marg, Vikhroli (West), Mumbai - 400083 the Registrar and Share Transfer Agent of the Company.**

14. 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 registered their email addresses are requested to provide their valid e-mail id along with their folio no. / DP ID No & Client ID No and their residential address as under:-

(I) Through post at below addresses :-

- a) The Registrar and Transfer agent of the Company i.e. M/s. 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

15. 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 Sunday, the December 20, 2020 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).

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

- a) The remote e-voting period commences on Wednesday, the December 23, 2020 (9.00 a.m. IST) and ends on Friday, the December 25, 2020 (5.00 p.m. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on Sunday, the December 20, 2020; 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.
- b) Members who have already voted prior to the meeting date would not be entitled to vote at the meeting.
- c) The Members should log on to the e-voting website www.evotingindia.com.
- d) Click on “Shareholders” module.
- e) Now Enter your User ID
- For CDSL: 16 digits beneficiary ID,
 - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

OR

Alternatively, if you are registered for CDSL's EASI/EASIEST e-services, you can log-in at <https://www.cdslindia.com> from Login - Myeasi using your login credentials. Once you successfully log-in to CDSL's EASI/EASIEST e-services, click on e-Voting option and proceed directly to cast your vote electronically.

- f) Next enter the Image Verification as displayed and Click on Login.
- g) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- h) If you are a first time user follow the steps given below:

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

- i) After entering these details appropriately, click on "SUBMIT" tab.
- j) 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.
- k) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- l) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- m) 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.
- n) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- o) 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.
- p) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- q) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- r) 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.
- s) Shareholders can also cast their vote using CDSL's mobile app "m-Voting". The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

PROCESSES FOR THOSE SHAREHOLDERS WHO'S EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:

- For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to Company/RTA email id.
- For Demat shareholders -, please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to Company/RTA email id.

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

- Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
- Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
- Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast two days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at investor@sonal.co.in. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance two days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at investor@sonal.co.in. These queries will be replied to by the company suitably by email.
- Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM ARE AS UNDER:-

- The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
- Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
- If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
- Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

INSTRUCTIONS 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 and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; investor@sonal.co.in, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same

GENERAL INSTRUCTIONS

- Mr. Prashant Diwan, Practising Company Secretary (Membership No. FCS 1403) has been appointed by the Company as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- 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 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.
- The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.sonal.co.in and on the website of CDSL www.evoting.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.
- If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or contact Mr. Nitin Kunder (022- 23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).
- All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatnal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013:**Item No. 3:**

At the 25th Annual General Meeting held on September 30, 2016, M/s. Rohan Agrawal & Co, Chartered Accountant (ICAI Membership No. 123127), were appointed as the Statutory Auditor of the Company to hold office for a term on 5 years till the conclusion of the 29th Annual General Meeting of the Company to be held in the year 2020.

In view of above, the existing tenure of M/s. Rohan Agrawal & Co will expire will retire by rotation at the ensuing 29th Annual General Meeting pursuant to Section 139 of the Companies Act, 2013. The Board of Directors of the Company on recommendation of Audit Committee has recommended the appointment of M/s. M C Asawa & Co, Chartered Accountant (Firm Registration No: 008041C) as the Statutory Auditor of the Company for a period of five years from the conclusion of this 29th Annual General Meeting till the conclusion of the 34th Annual General Meeting to be held in the year 2025.

The Company has received from M/s. M C Asawa & Co a certificate to the effect that their proposed appointment, if made will be in accordance with section 141 of the Companies Act, 2013. The Board recommends their appointment as stated in Item No. 3 of the Notice.

Item No. 4:

Pursuant to the provisions of Section 149, 152 and all other applicable provisions of the Companies Act, 2013 (the Act) read with Schedule IV of the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), Mr. Nitin Rane (DIN: 07237310), was appointed as an Independent Non-Executive Director of the Company at the 24th Annual General Meeting of the Company to hold office as an Independent Non-Executive Director of the Company for a period up to five (5) consecutive years till the conclusion of the forthcoming 29th AGM of the Company.

As per Section 149(10) of the Act, an Independent Director can hold office for a term up to five (5) consecutive years on the Board of a Company and may be re-appointed for another term up to five (5) consecutive years, with the approval of Members of the Company by way of Special Resolution.

In the opinion of the Board of Directors of the Company, Mr. Nitin Rane fulfils the conditions for re-appointment of Independent Director as specified in the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and is independent of the management.

The Board of Directors on the recommendation of the Nomination and Remuneration Committee and based on the satisfactory performance evaluation result, considered that given his professional background and experience and contributions made by him during his tenure, the association of Mr. Nitin Rane would be beneficial to the Company and it is desirable to re-appoint him as an Independent Director for another term up to five (5) consecutive years with effect from December 26, 2020 till the conclusion of 34th Annual General Meeting to be held in the year 2025.

Copy of the draft letter of appointment of Mr. Nitin Rane setting out the terms and conditions of re-appointment will be made available on request.

The details of Mr. Nitin Rane as required under the provisions of Regulation 36(3) of the Listing Regulations and other applicable provisions are annexed to this Notice.

Mr. Nitin Rane does not hold by himself or for any other person on a beneficial basis, any shares in the Company. Mr. Nitin Rane has given a declaration that he meets the criteria of independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations.

None of the Directors or Key Managerial Personnel of the Company or their relatives except Mr. Nitin Rane is in any way, concerned or interested, financially or otherwise, in the Special Resolution set out at Item No. 04 of the Notice.

The Board recommends the Special Resolution set out in the Notice for approval by the Members.

Item No. 5:

The members of the Company at the Annual General Meeting held on September 28, 2017, had re-appointed Mr. Sandeep Arora as Managing Director of the Company for a further period of three years i.e. from June 01, 2017 to May 31, 2020.

Further, the existing tenure of Mr. Sandeep Arora as Managing Director of the Company expired on May 31, 2020. Mr. Sandeep Arora is been associated with the day to day affairs of the Company. The Board of Directors at its meeting held on June 30, 2020 has re-appointed Mr. Sandeep Arora as Managing Director of the Company for a further period of three years with effect from June 01, 2020 to May 31, 2023 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 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 is concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 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 Speciality adhesive tapes, emulsions and plastic ropes.	
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 31.03.2020 (Rs. in Lakhs)
		Total Revenue	3288.67
		Profit / (Loss) before Interest, depreciation and Tax	(139.37)
		Financial Expenses	39.29
		Depreciation & Amortization	75.30
		(Loss)/ Profit Before Tax	(253.96)
		Taxation for the year	(66.28)
		(Loss)/ Profit After Tax	(187.68)
		Deferred Tax Adjustment	-
		Net (Loss) Profit after Deferred Tax Adjustment	-
		Profit/(Loss) brought forward from previous year	(704.07)
		Balance carried forward	(891.75)
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	NIL
3)	Recognition or awards	NIL
4)	Job Profile and suitability	He is having over 27 years of experience of business of manufacturing speciality 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.
----	---------------------------------------	--

For and on behalf of the Board

Mridu Arora
Director
 DIN: 07260461

Sandeep Arora
Managing Director
 DIN: 00176939

Date: November 24, 2020

Place: Khopoli

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 Arora	Mr. Nitin Rane	Mr Sandeep Arora
Date of Birth	24/07/1976	10/07/1965	23/09/1969
Age	44 Years	55 Years	51 years
Date of Appointment	12/08/2015	12/08/2015	14/09/2006
Qualifications	M.A.	B. Com	Bachelors degree in Business Administration
Experience	more than 8 years	more than 25 years	more than 27 years
Expertise in specific functional areas	Designing	Administration	Business & Administration
Terms and condition of appointment / re-appointment along with remuneration to be drawn	<p>Retire by rotation: Liable to retire by rotation.</p> <p>Duties: To adhere as provided under Section 166 of the Act.</p> <p>Code of Conduct: Abide by the Code of Conduct devised by the Company.</p> <p>Remuneration: NIL</p>	<p>Retire by rotation: Not Liable to retire by rotation.</p> <p>Duties: To adhere as provided under Section 166 of the Act.</p> <p>To adhere to Schedule V of the Companies Act, 2013.</p> <p>Code of Conduct: Abide by the Code of Conduct devised by the Company.</p> <p>Remuneration: NIL</p>	<p>Duties:</p> <ul style="list-style-type: none"> To adhere as provided under Section 166 of the Act. <p>Code of Conduct:</p> <ul style="list-style-type: none"> Abide by the Code of Conduct devised by the Company. <p>Remuneration: 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, 2020 to May 31, 2023</p>
Relationship with other Directors, Manager and other KMP	Spouse of Mr. Sandeep Arora, Managing Director of the Company	NIL	Spouse of Mrs Mridu Arora, Director of the Company
No. of Board meeting attended during the year	5	5	5
Directorships held in other companies (excluding foreign companies)	NIL	4	4
Memberships / Chairmanships of Committees of the Company	Member of Nomination and Remuneration Committee and Member of Stakeholder Relationship Committee	Member of Audit Committee and Nomination & Remuneration Committee	Member of Audit Committee and Member of Stakeholder Relationship Committee of Sonal Adhesives Limited
Memberships / Chairmanships of Committees of the other Company	NIL	NIL	NIL
Number of shares held in the Company	NIL	NIL	NIL

DIRECTORS' REPORT

DEAR MEMBERS

Your Directors have pleasure in presenting 29th Annual Report for the financial year 2019-20 along with Audited Balance Sheet and the Statement of Profit and Loss Account for the year ended on March 31, 2020.

FINANCIAL RESULTS

The financial performance of your Company for the year ended March 31, 2020 is summarized below:

(Rs. in lakhs)

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Income from operations	3214.64	3737.95
Profit(Loss) before Finance Cost & Depreciation	(139.37)	(49.98)
Add: Finance Cost	39.29	14.60
Add: Depreciation	75.30	74.64
Profit(Loss) Before tax	(253.96)	(139.22)
<u>Tax Expenses</u>		
Deferred Tax Expense / Credit	(66.28)	(36.91)
Profit(Loss) for the year	(187.68)	(102.31)

DIVIDEND

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

All the unclaimed / unpaid dividends lying with the Company are transferred to Investor Education Protection Fund.

RESERVES

No amount has been proposed to carry to Reserves.

PRODUCTS & BUSINESS

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

a	Revenue	<ul style="list-style-type: none"> The Total Turnover of the Company is Rs. 32,14,63,783/- in current year and Rs. 37,37,95,673/- in previous year indicating decline by 14.00% due to high competition and sluggish market condition. The Company's Export Turnover also decreased to Rs. 543.35 Lacs compared to previous year export turnover of Rs. 980.92 Lacs indicating a decrement by 44.60% The Company has incurred a Loss of Rs. 1,88,48,091/- compared to Loss of Rs. 1,02,31,167/- in the previous year.
b	Market environment	<ul style="list-style-type: none"> Market in the year 2019-2020 was encouraging but slow. Slow growth of the Indian Economy could impact the performance of the Company The rise in e-business could positively affects the growth as BOPP adhesives are beneficial and used for packaging of boxes. The Indian Adhesives and sealants market is expected to grow significantly at the highest CAGR of 11.17%, during the forecast period (2019-2024)
c	Future Prospects	<p>The increasing electronic operations in India are likely to act as an opportunity in the forecast period. Company is expected to progress due to increasing demand from the packaging industry and the growth of automative production in the Country.</p> <p>The overall market for adhesives & sealants is expected to have a high growth in the country. Due to COVID pandemic and its impact on economy, the Management is expecting sluggish market conditions in coming years.</p>

CODE OF CONDUCT

All Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year 2019-20. 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 2019-20.

Sandeep Arora
DIN: 00176939

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.

Mr. Nitin Rane (DIN: 07237310), was appointed as an Independent Non-Executive Director of the Company to hold office for a period up to five (5) consecutive years till the conclusion of the forthcoming 29th AGM of the Company. An Independent Director can hold office for a term up to five (5) consecutive years on the Board of a Company and may be re-appointed for another term up to five (5) consecutive years, with the approval of Members of the Company by way of Special Resolution. The Board of Directors on the recommendation of the Nomination and Remuneration Committee appointed him subject to approval of Members of the Company for another term up to five (5) consecutive years with effect from December 26, 2020 till the conclusion of 34th Annual General Meeting to be held in the year 2025. The Board recommends the Special Resolution as set out in Notice calling AGM.

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, 2020. Mr. Sandeep Arora is been associated with the day to day affairs of the Company. The Board of Directors the recommendation of the Nomination and Remuneration Committee has re-appointed Mr. Sandeep Arora as Managing Director of the Company for a further period of three years with effect from June 01, 2020 on the terms and condition as set out in notice calling 29th 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 - 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. Ajeet Singh - Chief Financial Officer (KMP)
- (6) Ms. Meena Dodmani - Company Secretary (KMP)

The following policies of the Company are put up on the Website of the Company at the weblink <http://www.sonal.co.in/financial-info/default.php>

- 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 2019-20, Five meetings of the Board of Directors were held.

BOARD EVALUATION

The Board of Directors has carried out an Annual Performance Evaluation for all Board Members as well as the working of the Board and its Committees 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. 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, 2020, 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, 2020 and of the Profit / 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. Same is disclosed on the Company’s website at the <http://www.sonal.co.in>

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.

STATUORY AUDITORS

At the 25th Annual General Meeting held on September 30, 2016, M/s. Rohan Agrawal & Co, Chartered Accountant (ICAI Membership No. 123127), were appointed as the Statutory Auditor of the Company to hold office for a term on 5 years till the conclusion of the 29th Annual General Meeting of the Company to be held in the year 2020.

In view of above, the existing tenure of M/s. Rohan Agrawal & Co will expire at the ensuing 29th Annual General Meeting. Pursuant to Section 139 of the Companies Act, 2013 M/s. Rohan Agrawal & Co being a Individual (Proprietary firm) will not be eligible for re-appointment. The Board of Directors of the Company on recommendation of Audit Committee has recommended the appointment of M/s. M C Asawa & CO, Chartered Accountant (Firm Registration No: 008041C) as the Statutory Auditor of the Company for a period of five years from the conclusion of this 29th Annual General Meeting till the conclusion of the 34th Annual General Meeting to be held in the year 2025.

The Company has received from M/s. M C Asawa & CO a certificate to the effect that their proposed appointment, if made will be in accordance with section 141 of the Companies Act, 2013. The Board recommends their appointment as stated in the notice.

Auditors Emphasis/Remarks/Observations in the Audit Report for the year ended 31.03.2020:

- (a) With regards to Qualified Opinion (Basis of Qualified Opinion) in the Auditors Report your Directors states as under:-
 - Qualification (i) – The bank has not disclosed the details of interest and hence it is not feasible for the management to estimate the impact. The management is following up with SBI.
 - Qualification (ii) – The bank has not provided the Bank statements owing to NPA, hence it is not feasible for the management to reconcile the same. The management is following up with SBI.
 - Qualification (iii) & (iv) – The matters are under dispute and are pending before the different courts.
 - Qualification (v) – Continuous follow up are going on and the same in settlement process, hence not treated as Bad Debts.

- (b) With regards to Key Audit Matters in the Auditors Report your Directors states as under:-
- Matter (i) - The matter is pending before High Court and / or Debt Recovery Tribunal
 - Matter (ii) & (iii) - The Company is in process of identifying various opportunities to generate funds for growth and expansions.
- (c) With regards to remark in the Point no. 8 of Annexure A to Auditors Report your Directors state that the matter is pending under Debt Recover Tribunal.

Reporting of Frauds

During the year under review, the Auditors have not reported any instance of fraud committed in the Company by its Officers or Employees to the Audit Committee under section 143 (12) of the Companies Act, 2013.

SECRETARIAL AUDITOR

Pursuant to the provisions of section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. Prashant Diwan, Company Secretary in Whole-Time Practice, to conduct Secretarial Audit for the financial year 2019-20. The Secretarial Audit Report given by the Secretarial Auditor is annexed to this Board Report as **Annexure II**. The Secretarial Audit Report is unqualified.

COST RECORDS

The cost records as prescribed under sub-section (1) of section 148 of the Companies Act, 2013 are maintained.

DEPOSITS

During the year, the Company has not accepted any Deposits from the Public. The Company has taken a loan from Mr Sandeep Arora, Managing Director and Mr Nitin Rane, Director of the Company amounting to Rs. 1,92,40,000/- & Rs. 20,00,000/- respectively. The Company has taken a declaration from both the Directors that the amounts are given out of their own funds and not acquired from others.

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 given 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 Related Parties Transactions entered by the Company during the Financial Year 2019-20 were in the ordinary course of business and on an arm's length pricing basis. The details of Related Parties Transactions are given in Note 34 in Notes to Accounts of the Financial Statements for the year ended March 31, 2020.

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.

The Company is Associate of Sonal Impex Limited.

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 forms 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 SOCIAL RESPONSIBILITY STATEMENT (CSR)

The provisions of Section 135 of the Act regarding Corporate Social Responsibility are 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 have 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 web link <http://www.sonal.co.in/financial-info/SAL-VIGIL-MECHANISM.pdf>.

SECRETARIAL STANDARDS

The applicable Secretarial Standards, i.e. SS-1 and SS-2 relating to 'Meetings of Board of Directors' and 'General Meeting' respectively, as issued by the Institute of Company Secretaries of India (ICSI), have been duly complied by your Company.

SEXUAL HARASSMENT

The Company has complied and constituted Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 except for appointment of a Member in the Committee who is amongst NGO/associations. Further, 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.

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 and the said loan has been now assigned to ASREC (India) Limited.
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.

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

Mridu Arora
Director
DIN: 07260461

Sandeep Arora
Managing Director
DIN: 00176939

Place: Khopoli

Dated: 24.11.2020

ANNEXURE - I
FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN

As on the Financial Year ended 31st March, 2020

[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 Takai - Adoshi Road At Po Khopoli Tal Khalapur Dist Raigad Khopoli, Maharashtra – 410203 Tel: +91 2192 262620 / Email: info@sonal.co.in
(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- 49186000

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:-

Sr. 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	87.56
2	Acrylic Polymer	25209	10.13

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No	Name and Address of the Company	CIN/GIN	Holding/Subsidiary/Associate	% of Shares Held	Applicable Section
NA					

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

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

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1 Institutions									
a) Mutual Funds	--	--	--	--	--	--	--	--	--
b) Banks / FI	--	--	--	--	--	--	--	--	--
c) Central Govt	--	--	--	--	--	--	--	--	--
d) State Govt(s)	--	--	--	--	--	--	--	--	--
e) Venture Capital Funds	--	--	--	--	--	--	--	--	--
f) Insurance Companies	--	--	--	--	--	--	--	--	--
g) FIs	--	--	--	--	--	--	--	--	--
h) Foreign Venture Capital Funds	--	--	--	--	--	--	--	--	--
(i) Others	--	--	--	--	--	--	--	--	--
SUB - TOTAL (B) (1)	--	--	--	--	--	--	--	--	--
2 Non-institutions									
a) Bodies Corporate	27918	3200	31118	0.51	48656	3200	51856	0.85	0.34
i) Indian	--	--	--	--	--	--	--	--	--
ii) Overseas	--	--	--	--	--	--	--	--	--
b) Individuals									
I) Individual shareholders holding nominal share capital up to Rs. 1 lakh	349683	458600	808283	13.34	353533	374600	728133	12.01	(1.33)
II) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	450161	-	450161	7.43	455074	0	450074	7.43	0
c) Others									
i) NRI Individuals (Non Rep)	5000	55500	60500	1.00	14500	51000	65500	1.08	0.08
ii) OCB	--	--	--	--	--	--	--	--	--
iii) Foreign Bodies	--	--	--	--	--	--	--	--	--
iv) NRI (Repatriation)	56195	--	56195	0.93	56195	--	56195	0.93	--
v) Clearing Members	--	--	--	--	--	--	--	--	--
vi) Non Resident Indians	--	--	--	--	--	--	--	--	--
vii) HUF	66675	--	66675	1.10	68274	--	68274	1.13	0.03
viii) Clearing Member	500	--	500	0.01	--	--	--	--	(0.01)
ix) IEPF	765368	--	765368	12.62	840068	--	840068	13.86	1.24
x) NBFC	21300	--	21300	0.35	--	--	--	--	(0.35)
SUB TOTAL (B)(2)	1742800	517300	2206100	37.29	1831300	374800	2206100	37.29	--
TOTAL PUBLIC SHAREHOLDING (B) = (B)(1) + (B)(2)	1742800	517300	2260100	37.29	1831300	374800	2206100	37.29	--
C. SHARES HELD BY CUSTODIAN FOR GDRS & ADRS	--	--	--	--	--	--	--	--	--
GRANDTOTAL (A+B+C)	5543700	517300	6061000	100	5632200	428800	6061000	100	--

(ii) Shareholding of Promoters

S. No	Shareholders Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Kamal Arora	475400	7.84	0	475400	7.84	0	0
2	Megha Arora	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
	Total	3800900	62.71	0	3800900	62.71	0	0

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

Sr. No	Particular	Shareholding at the beginning during the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	3800900	62.71	3800900	62.71
	Date wise Increase/ Decrease in Promoters Share holding during the year specifying there as on for increase /decrease	No Transaction during the year			
	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		Date	Increase/ (Decrease) in Share-Holding	Reason	Cumulative Shareholding during the year / Shareholding at the end of the year	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
1	Satyanarayan Khandelwal	111211	1.83	-	-	-	111211	1.83
2	Mita Dipak Shah	110000	1.81	-	-	-	110000	1.81
3	Sajjan Kumar Makharia	66600	1.10	-	-	-	66600	1.10
4	Mahendra Girdharilal	61827	1.02	-	-	-	61827	1.02
5	Roshani Neetish Doshi	55195	0.91	-	-	-	55195	0.91
6	Rajendra Dhirajlal Gandhi (HUF)	44000	0.73	-	-	-	44000	0.72
7	Devji R Bhudia	25000	0.41	-	-	-	25000	0.41
8	Dwarikesh Trading Company Ltd	21800	0.36	-	-	-	21800	0.36
9	Moneycare Securities And Financial Services Ltd.	21300	0.35	-	-	-	21300	0.35
10	Kalpna Prakash Pandey	17964	0.29	-	-	-	17964	0.29

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Name of the Director/ KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Sandeep Arora	-	-	-	-
2	Manish Nanda	-	-	-	-
3	Mridu Arora	-	-	-	-
4	Nitin Rane	-	-	-	-
5	Shivcharn Girkar (CFO)	-	-	-	-
6	Meena Dodmani (CS)	-	-	-	-

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

	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year 01.04.2019				
1) Principal Amount	201005874	38500000	-	239505874
2) Interest due but not paid	-	1235218	-	1235218
3) Interest accrued but not due	-	-	-	-
Total of (1+2+3)	201005874	39735218	-	240741092

	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Change in Indebtedness during the financial year				
+ Addition	-	21240000	-	21240000
- Reduction	(87672)	(2000000)	-	(2087672)
Net change	(87672)	19240000	-	19152328
Indebtedness at the end of the financial year 31.03.2020				
1) Principal Amount	20918202	57740000	-	258658202
2) Interest due but not paid	-	4700218	-	4700218
3) Interest accrued but not due	-	-	-	-
Total of (1+2+3)	20918202	62440218	-	263358420

V. 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	-
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	-
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-
2	Stock Option	-
3	Sweat Equity	-
4	Commission - As % of Profit - Others, specify	-
5	Others, please specify Provident Fund & other Funds	-
	Performance Bonus	-
	Total (A)	-

(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
		Shri. Ajeet Singh (CFO)	Meena Dodmani (CS)	
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act	478591	306564	785155
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission - As % of Profit - Others, specify	-	-	-
5	Others, please specify Provident Fund & other Funds	-	-	-
	Total (C)	478591	306564	785155

VI. PENALTIES/ PUNISHMENT/ COMPOUNDING OF:

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

For and on behalf of the Board

Mridu Arora
Director
DIN: 07260461

Sandeep Arora
Managing Director
DIN: 00176939

Place: Khopoli

Dated: 24.11.2020

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

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

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

To

The Members

Sonal Adhesives Limited

Plot No. 28/1A, Takai-Adoshi Road

PO Khopoli Tal Khalapur

Dist Raigad Khopoli - 410203

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2020 generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31st March, 2020 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 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 (Share Based Employee Benefits) Regulations, 2014;
 - (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.

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 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 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) (a) The State Bank of India (SBI) had classified the Company's Bank Account as "Non-Performing Asset" (NPA) and 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 18th February, 2016. Further, the SBI has assigned the companies loan account to ASREC (India) Limited (Asset Reconstruction Company) on 27th March, 2019.
(b) The SBI had 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 SBI and the Company has been called upon to discharge in full the liability by paying to the bank. Further, the SBI has assigned the M/s Sonal Impex Ltd loan account to ASREC (India) Limited (Asset Reconstruction Company).

CS Prashant Diwan

Practising Company Secretary

FCS: 1403 CP: 1979

PR: 530/2017

UDIN: F001403B001298171

Date: 24.11.2020

Place: Mumbai

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

Annexure "A"

To

The Members

Sonal Adhesives Limited

Plot No. 28/1A, Takai-Adoshi Road

PO Khopoli Tal Khalapur

Dist Raigad Khopoli - 410203

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

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and books of Accounts of the company.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.
7. I have not carried out the physical verification of any records due to prevailing conditions of COVID 2019 in the country. I have relied on the records as made available by the Company through digital mode as well as I have also relied on the Management representation made by the Company

CS Prashant Diwan

Practising Company Secretary

FCS: 1403 CP: 1979

PR: 530/2017

UDIN: F001403B001298171

Date: 24.11.2020

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 31.3.2020	Year Ended 31.3.2019
Power and Fuel Consumption			
1. Electricity			
A) Purchase			
Unit		697605	754811
Total Amount	Rs.	6672885	7580873
Rate/Unit	Rs.	9.57	10.04
B) Own generation (Through D.G. Set)			
Diesel Oil Consumed (Unit)	Kgs	8980.59	Nil
Total Amount	Rs.	608996.28	Nil
Avg. per Kg	Rs.	67.81	Nil
2. Furnace Oil			
Quantity	Kgs	14360	17323
Total Amount	Rs.	563179.32	6944755.58
Avg. per Kgs	Rs.	39.21	40.09
3. Briquettes (Furnace Oil)			
Quantity	Kgs	784660.00	842085
Total Amount	Rs.	4561030.88	4653984
Avg. Per Kg	Rs	5.812	5.526

Technology Absorption:

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

Foreign Exchange Earnings and Outgo:

	Year Ended 31.03.2020 (Rs. In lacs)	Year Ended 31.03.2019 (Rs. In lacs)
Foreign Exchange Outgo	0.94	6.38
Foreign Exchange Earned	719.20	786.40

For and on behalf of the Board

Mridu Arora
Director
DIN: 07260461

Sandeep Arora
Managing Director
DIN: 00176939

Place: Khopoli
Dated: 24.11.2020

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 2019-20:

Name of Director	Remuneration (Rs.)	Median Remuneration of Employees	Ratio
Mr. Sandeep M. Arora	0	297101	NA

2. Percentage increase in remuneration of each Director, Chief Financial Officer, Company Secretary in the Financial Year 2019-20:

Name	Designation	% increase / (decrease) in remuneration
Mr. Sandeep M. Arora	Managing Director	no remuneration
Mr. Ajeet Singh	Chief Financial Officer	Not applicable being first year in company
Ms. Meena Dodmani	Company Secretary	(21.68) p.m.

3. Percentage increase in the median remuneration of employees in the Financial Year 2019-20 is 30.25%.
4. The number of permanent employees on the rolls of the Company as on 31st March, 2020 is 23.
5. The average increase in the salary of the employees other than the managerial personnel in FY 2019-20 is 13.90% and increase in the salary of managerial personnel is 263.74%. 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

Mridu Arora
Director
DIN: 07260461

Sandeep Arora
Managing Director
DIN: 00176939

Place: Khopoli

Dated: 24.11.2020

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

The Indian Adhesives and sealants market is expected to grow significantly at the highest CAGR of 11.17%, during the forecast period (2019-2024).

The major factor driving the market studied is the increasing demand from the packaging industry and the growth of the automotive production in the country.

Increasing electronic operation in India is likely to act as an opportunity in the forecast period.

The demand for adhesives in the packaging industry is increasing with the growing number of end-user application.

Therefore, the overall market for adhesives & sealants is expected to have a high growth in the country, as its end-user sector such as Building & Construction, Footwear Industry, Stationery Industry are showing a positive growth in India.

(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 Company is trying to achieve better performance in coming years, but factors like availability of raw material and its prices, changes in Government regulation, economic development within and outside India could affect the performance of the Company.

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 speciality 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 Nigeria, Spain and many countries in the Middle East and African continent.

(d) Outlook

On account of continuously growing building and construction sector, increasing demand for packaging materials in sector like Electronic Goods, food - beverage industry, logistics industry and growing furniture industry the demand of Adhesives & Emulsions is expected to increase. The Company continues to examine the possibilities of expansion and will make the necessary investments when attractive opportunities arise.

The Speciality Adhesive Tapes are used for packaging. It is consumed daily in large quantities by all industrial and commercial organizations. The consumption increases in line with the improved standard of living and business activity in the society.

Further, the increase in the e-business with has positive impact and growth as the BOPP tape is used for packaging. 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 with respect to Operational Performance

The Total Turnover of the Company is Rs. 32,14,63,783/- in current year and Rs. 37,37,95,673/- in previous year indicating decline by 14.00% due to high competition and sluggish market condition. The Company has incurred a Loss of Rs. 1,88,48,091/- compared to Loss of Rs. 1,02,31,167/- in the previous year.

(g) Human Resources / Industrial Relations front, including number of people employed

The Company believes that the Human Resources Management of the Company must be developed in terms of the current and emergent strategic orientation of the Company. The mission of Human Resources Management is to support the goal and challenges of the Company and is dedicated to partnering with Company business units to maximize the potential of our greatest assets – our employees. We embrace change and the opportunity it brings. The Company and its employees are focused on delivering quality customer service and are committed to recruiting, developing, rewarding and retaining our workforce.

The total numbers of personnel employed as on 31st March 2020 were 25 (staff plus workers).

(h) Details of significant changes in key financial ratios

In accordance with the amended SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Company is required to give details of significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in key financial ratios, along with detailed explanations thereof:

The Company has identified following ratios as key financial ratios:

Particulars	FY 2019-20	FY 2018-19	% Change	Reason for change of 25% or more as compared to the immediately previous financial year
Debtors Turnover	3.06	2.58	18.47%	
Inventory Turnover	23.45	13.13	78.51%	
Interest Coverage Ratio	(0.18)	(0.12)	(56.18%)	This is due to lower margins because of overall slowdown in the market.
Current Ratio	0.63	0.61	3.30%	
Debt Equity Ratio	(9.65)	(28.56)	(66.19%)	This is due to lower margins because of overall slowdown in the market.
Operating Profit Margin (%)	(7.72%)	(3.68%)	(110.09%)	This is due to lower margins because of overall slowdown in the market.
Net Profit Margin	(5.71%)	(2.70%)	(111.26%)	This is due to lower margins because of overall slowdown in the market.
Return on Net Worth	0.69	1.21	(43.31%)	This is due to lower margins because of overall slowdown in the market.

(i) 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

Mridu Arora
Director
DIN: 07260461

Sandeep Arora
Managing Director
DIN: 00176939

Place: Khopoli
Dated: 24.11.2020

INDEPENDENT AUDITOR'S REPORT

To The Members of Sonal Adhesives Limited

Report on the Audit of the Standalone IND AS Financial Statements

Opinion

I have audited the accompanying standalone IND AS financial statements of **Sonal Adhesives Limited, ('the Company')**, which comprise the Balance Sheet as at 31 Mar 2020, the Statement of Profit and Loss(including Other Comprehensive Income), Cash Flow Statement and Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information.

In my opinion and to the best of my information and according to the explanations given to me, the aforesaid standalone IND AS financial statements give the information required by the Companies Act, 2013 (the 'Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards('Ind AS') specified under Section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 March 2020, and its profit (financial performance including other comprehensive income), its cash flows and the changes inequity for the year ended on that date.

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. *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 **18th February, 2016**. Matter is pending in Debts Recovery Tribunal, Mumbai and Debt Recovery Appellate Tribunal, Mumbai. As on 27th March, 19, SBI has assigned companies loan account to ASREC (India) Limited (Asset Reconstruction Company).*
- iv. *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.*
- v. *As told by management Rs. 1,98,04,801 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.*

Basis of Opinion

I conducted my audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. My responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to my audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the Code of Ethics. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my Qualified opinion.

Material Uncertainty Related to Going Concern

I draw attention to Note 1 (b) in the financial statement, which describes that the Company's net worth is negative and the borrowings from banks and financial institutions have been classified by the lenders as non-performing assets. I was informed that the Company is also in the process to initiate a One Time Settlement (OTS) with the banks. The above factors cast a significant uncertainty on the Company's ability to continue as a going concern. Pending the resolution of the above uncertainties, the Company has prepared the aforesaid statement on a going concern basis.

Emphasis of Matter

I invite attention to Note No 1 (g) to the standalone financial results regarding the uncertainties arising out of the outbreak of COVID-19 pandemic and the assessment made by the management on its business and financials, including valuation of assets and solvency for the year ended March 31, 2020, this assessment and the outcome of the pandemic is as made by the management and is highly dependent on the circumstances as they evolve in the subsequent periods.

My opinion is not modified on the above matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have determined the matters described below to be the key audit matters to be communicated in my report.

- i. Note No. 14.1 and 28 to the standalone IND AS 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.

Other Matter

Due to the COVID-19 pandemic, lockdown and other restrictions imposed by the Government and local administration, the audit processes were carried out based on the remote access to the extent available/feasible and necessary records made available by the management through digital medium.

Also, I was not able to participate in the physical verification of inventory that was carried out by the management subsequent to the year end. In absence of other sufficient alternate audit evidence, I am unable to verify the inventory. My opinion is modified in this matter.

Information other than the Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibility of Management for the Standalone IND AS 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 standalone IND AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards (Ind AS) 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 standalone IND AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibility

My objectives is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Standards on Auditing, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, I am also responsible for explaining my opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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, based on my audit I report to the extent applicable 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, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flow and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account;
 - d. Except for the effects of the matter described in the Basis for Qualified / Disclaimer Opinion / Key Audit Matters/ Other Matter paragraphs in my opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act;
 - e. On the basis of written representations received from the directors as on 31st March, 2020, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020, 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 standalone IND AS financial statements- Refer Note 28 to the standalone IND AS 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

RohanAgrawal
Proprietor
M. No. 123127

Place: Khopoli
Date: 30th June, 2020

ANNEXURE-A TO THE INDEPENDENT AUDITORS' REPORT

1. The annexure referred to my Independent Auditors' Report to the members of the company on the standalone IND AS financial statements for the year ended 31st March 2020, I report that:
 - 1) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - 2) Fixed assets have been physically verified by the management at reasonable intervals. I have been informed that no material discrepancies were noticed on such verification.
 - 3) According to the information and explanations given to me and on the basis of my examination of the records of the Company, all the title deeds of immovable properties are held in the name of the Company.
2. As explained to me, the inventory of the company has been physically verified by the management during the year at reasonable intervals and no material discrepancies were noticed on physical verification.
3. As per the information and explanations given to me and the records produced before me for my verification, the Company has not granted unsecured loan to companies, firms, LLPs or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, clause 3 (iii) (a) & (b) of the Order is not applicable to the Company.
4. The Company has not given any loans, guarantees or made any investments under section 185 of the Companies Act, 2013. However it had given guarantee against loan to M/s Sonal Impex Ltd., the same has been classified as NPA by the bank during the year and the company has been called upon to discharge in full the liability by paying to the bank. The guarantee amount does not exceed the limit as per provisions of section 186.
5. The company has not accepted loans & deposits u/s 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under.
6. As per the information and explanations given to me, the cost records as prescribed under sub-section (1) of section 148 of the Companies Act, 2013 are maintained.
7.
 - 1) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Goods & Service Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it to the appropriate authorities.
 - 2) There were no undisputed amounts payables in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods & Service Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at 31 March, 2020 for a period of more than six months from the date they became payable.
 - 3) The Company has no disputed statutory dues pending to be deposited as on 31st March 2020 in respect of provident fund, employees state insurance, income tax, good and service tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues applicable to it.
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. 23,36,61,442	Feb 2015

Rs. 23,36,61,442.00 does not include unapplied interest for FY. 2016-17 to 19-20.
9. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence this clause is not applicable
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 standalone IND AS 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

RohanAgrawal
Proprietor
M. No. 123127

Place: Khopoli
Date: 30th June, 2020

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 2020 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 2020, 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

RohanAgrawal
Proprietor
M. No. 123127

Place: Khopoli
Date: 30th June, 2020

Balance Sheet as at March 31, 2020

(Amount in Rupees)

Particulars	Note	As at March 31, 2020	As at March 31, 2019
A ASSETS			
1 Non-current assets			
(a) Property, Plant and Equipment	3	4,88,74,752	4,89,79,003
(b) Capital work in progress		-	23,70,700
(c) Financial Assets			
(i) Trade Receivables	8	1,98,04,801	4,70,17,903
(ii) Other financial assets	4	3,37,523	3,89,521
(d) Other Non Current Assets	5	19,48,213	21,50,585
(e) Non Current Tax		1,78,795	2,11,945
(f) Deferred Tax Assets (Net)	31	2,49,16,900	1,83,05,069
Total Non - Current Assets		9,60,60,984	11,94,24,726
2 Current assets			
(a) Inventories	11	1,37,10,843	2,84,59,612
(b) Financial Assets			
(i) Cash and cash equivalents	9	(1,12,146)	(5,11,842)
(ii) Other Bank Balance	10	64,24,277	69,54,220
(iii) Other financial assets	6	9,00,69,124	1,03,93,198
(iv) Trade Receivable	8	8,53,20,125	9,77,93,354
(c) Other current assets	7	1,06,64,792	5,31,55,809
Total Current Assets		20,60,77,015	19,62,44,351
Total Assets (1+2)		30,21,38,000	31,56,69,078
B EQUITY AND LIABILITIES			
1 Equity			
(a) Equity Share capital	12	6,06,10,000	6,06,10,000
(b) Other Equity	13	(8,78,88,318)	(6,90,40,227)
Total Equity		(2,72,78,318)	(84,30,227)
LIABILITIES			
2 Non-current liabilities			
(a) Borrowings	14	-	87,672
(b) Provisions	15	10,62,975	10,06,605
Total Non - Current Liabilities		10,62,975	10,94,277
3 Current liabilities			
(a) Financial Liabilities			
(i) Trade payables	17	5,47,86,476	6,68,60,888
(ii) Other financial liabilities	18	99,55,778	1,52,41,756
(ii) Borrowings	14	26,33,58,420	24,06,53,420
(b) Provisions	16	2,52,667	2,48,965
Total Current Liabilities		32,83,53,342	32,30,05,028
Total Equity and Liabilities (1+2+3)		30,21,38,000	31,56,69,078

See accompanying notes forming part of the financial statements.

In terms of our report attached

For Rohan Agarwal & Co

Chartered Accountants

Firm Registration No.: 137136W

Rohan Agarwal
Proprietor
Membership No.: 123127
For Sonal Adhesives Limited
Sandeep Arora
Managing Director

DIN: 00176939

Ajeet Singh
Chief Financial Officer
Manish Nanda
Director

DIN: 03245943

Meena Dodmani
Company Secretary

ACS 44315

Place: Khopoli

Date: 30th June, 2020

Place: Khopoli

Date: 30th June, 2020

Statement of Profit and Loss for the year ended 31st March 2020

(Amount in Rupees)

Particulars	Note	For the Year ended March 31, 2020	For the Year ended March 31, 2019
I Revenue from operations	19	32,14,63,783	37,37,95,673
II Other income	20	74,04,318	49,55,920
III Total Revenue (I + II)		32,88,68,100	37,87,51,592
IV Expenses			
(a) Cost of Material Consumed	24	29,07,96,823	34,14,46,359
(b) Purchase of Stock in Trade		71,18,921	53,00,272
(c) Change in Inventories of Work in Progress and F/G	25	1,05,48,891	(8,55,679)
(d) Employee Benefit Expense	21	39,29,549	43,34,614
(e) Finance Cost	23	39,29,119	14,60,350
(f) Depreciation and amortisation expense	3	75,30,132	74,63,916
(g) Other expenses	22	3,04,10,876	3,35,23,469
Total Expense (IV)		35,42,64,311	39,26,73,300
V Loss before tax (III - IV)		(2,53,96,211)	(1,39,21,708)
VI Tax expense:			
Current Tax		-	-
Deferred Tax expense / credit	31	(66,28,397)	(36,90,541)
Short provision for tax relating to prior year		-	
Total Tax Expense (VI)		(66,28,397)	(36,90,541)
VII Loss for the year (V+VI)		(1,87,67,814)	(1,02,31,167)
VIII Other Comprehensive Income			
(i) Items that will not be reclassified to profit or loss			
(a) Remeasurements of the defined benefit plans		(63,712)	1,29,895
(ii) Tax on items that will not be reclassified to profit or loss	31	(16,565)	(33,773)
Total other comprehensive Income for the year (VIII)		(80,277)	96,122
IX Total Comprehensive Loss for the year		(1,88,48,091)	(1,01,35,045)
X Earnings per equity share (of Rs. 10/- each)	27		
Basic & Diluted		(3.10)	(1.69)

See accompanying notes forming part of the financial statements.

In terms of our report attached

For Rohan Agarwal & Co

Chartered Accountants

Firm Registration No.: 137136W

For Sonal Adhesives Limited
Rohan Agarwal
Proprietor
Membership No.: 123127
Sandeep Arora
Managing Director

DIN: 00176939

Manish Nanda
Director

DIN: 03245943

Ajeet Singh
Chief Financial Officer
Meena Dodmani
Company Secretary

ACS 44315

Place: Khopoli

Date: 30th June, 2020

Place: Khopoli

Date: 30th June, 2020

Statement of Changes in Equity for the year ended March 31, 2020

a. Equity Share Capital (Amount in Rupees)

	As at March 31, 2020	As at March 31, 2019
Opening Balance	6,06,10,000	6,06,10,000
Issued during the year	-	-
Closing Balance	6,06,10,000	6,06,10,000

b. Other Equity

	Capital Reserve	Retained earnings	Other Items of Other Comprehensive Income	Total
Balance as at March 31, 2019	10,00,000	(7,04,07,322)	3,67,095	(6,90,40,227)
Add: Loss for the year	-	(1,87,67,814)	-	(1,87,67,814)
Add: Other comprehensive income for the year, net of tax	-	-	80,277	80,277
Total comprehensive loss for the year	-	(1,87,67,814)	80,277	(1,86,87,536)
<u>Add:</u>				
Balance as at March 31, 2020	10,00,000	(8,91,75,136)	4,47,372	(8,77,27,764)

See accompanying notes forming part of the financial statements.

See accompanying notes forming part of the financial statements.

In terms of our report attached

For Rohan Agarwal & Co

Chartered Accountants

Firm Registration No.: 137136W

Rohan Agarwal

Proprietor

Membership No.: 123127

For Sonal Adhesives Limited

Sandeep Arora

Managing Director

DIN: 00176939

Manish Nanda

Director

DIN: 03245943

Ajeet Singh

Chief Financial Officer

Meena Dodmani

Company Secretary

ACS 44315

Place: Khopoli

Date: 30th June, 2020

Place: Khopoli

Date: 30th June, 2020

Cash flow statement for the year ended March 31, 2020

(Amount in Rupees)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before Tax	(2,53,96,211)	(1,39,21,708)
Adjusted for:		
Depreciation	75,30,132	74,63,916
Interest Income	(25,503)	(1,16,456)
Finance costs	39,29,119	14,60,350
	1,14,33,748	88,07,810
Operating Profit before Working Capital Changes	(1,39,62,463)	(51,13,899)
<u>Changes in working capital:</u>		
Decrease/(Increase) in trade receivables	3,96,86,332	(1,26,85,730)
Decrease/(Increase) in inventories	1,47,48,768	1,24,21,589
Decrease/(Increase) in Other financial assets - Non Current	51,998	(58,044)
Decrease/(Increase) in Other Assets - Non Current	2,02,372	12,75,841
Decrease/(Increase) in Other Assets - Current	4,24,91,017	(3,30,29,807)
Decrease/(Increase) in Other Financial Assets - Current	(7,96,75,926)	(1,02,86,864)
(Decrease)/Increase in Trade Payables	(1,20,74,411)	25,33,268
(Decrease)/Increase in other financial liabilities - current	(47,52,378)	69,29,193
(Decrease)/Increase in provision for Provision - non current	(7,342)	1,93,195
(Decrease)/Increase in provision for Provision - current	3,702	(66,240)
	6,74,133	(3,27,73,600)
Cash generated from operations	(1,32,88,330)	(3,78,87,499)
Income tax paid (Net of refund)	33,150	22,755
Net Cash used in Operating Activities	(1,32,55,180)	(3,78,64,744)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure on fixed assets	(50,55,181)	(4,41,800)
Deposits Matured	5,29,943	4,76,125
Interest received	25,503	1,21,177
Net Cash used in Investing Activities	(44,99,735)	1,55,502
C. CASH FLOW FROM FINANCING ACTIVITIES		
Decrease in Borrowings - Short Term	2,27,05,000	3,96,45,927
Decrease in Borrowings - Long Term	(87,672)	(4,02,139)
Finance Cost	(39,29,119)	(14,60,350)
Dividend Paid	(5,33,600)	(4,76,125)
Net Cash from Financing Activities	1,81,54,609	3,73,07,313
Net decrease in cash and cash equivalents	3,99,695	(4,01,929)
Cash and cash equivalents at beginning of the year	(5,11,842)	(1,09,915)
Cash and cash equivalents at end of the year (Refer Note Below)	(1,12,146)	(5,11,844)

Notes:

(a) The above cash flow statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (IND AS - 7) "Statement of Cash Flow".

(b) Cash and Cash Equivalents

	As at March 31, 2020	As at March 31, 2019
- Cash on Hand and Balances with Banks	4,62,901	8,26,459
- Bank Overdraft	(5,75,048)	(13,38,301)
Cash and Cash Equivalents	(1,12,146)	(5,11,842)

See accompanying notes forming part of the financial statements.

In terms of our report attached

For Rohan Agarwal & Co

Chartered Accountants

Firm Registration No.: 137136W

Rohan Agarwal
Proprietor
Membership No.: 123127

For Sonal Adhesives Limited

Sandeep Arora
Managing Director
DIN: 00176939

Ajeet Singh
Chief Financial Officer

Manish Nanda
Director
DIN: 03245943

Meena Dodmani
Company Secretary
ACS 44315

Place: Khopoli
Date: 30th June, 2020

Place: Khopoli
Date: 30th June, 2020

Notes to the financial statements for the year ended March 31, 2020

NOTE 1: GENERAL INFORMATION

a) Corporate information

Sonal Adhesives Limited (the Company) was incorporated on 18 November 1991, and is engaged in manufacture of Speciality adhesive tapes, emulsion and plastic ropes. The Company has manufacturing facilities and registered office at Khopoli (Maharashtra) and at Palacode (Tamil Nadu). The address of its registered office is Plot no. 28/1A, Takai Adoshi Road, Off Khopoli Pen Road, Village Dheku, Raigad 410 203, Maharashtra, India.

b) Basis of preparation and presentation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India under the historical cost convention on accrual basis at the end of each reporting period except for:

- Defined Benefit Plans that are measured at fair value

The Generally Accepted Accounting principles in India comply in all material aspects with the Indian Accounting Standards ('Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 (the Act) read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016, the Companies (Indian Accounting Standards) Rules, 2017 and other relevant provisions of the Act.

The Company's net worth is negative and the borrowings from banks and financial institutions have been classified by the lenders as non-performing assets. The Company has received notice under section 13(2) of the SARFAESI Act, for attachment of its assets from State Bank of India. I was informed that the Company is also in the process to initiate a One Time Settlement (OTS) with State Bank of India. The above factors cast a significant uncertainty on the Company's ability to continue as a going concern. Pending the resolution of the above uncertainties, the financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all periods presented in the financial statements and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria as set out in the Division II of Schedule III of the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for proceeding and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as not exceeding 12 months for the purpose of current or non-current classification of assets and liabilities.

The financial statements of the Company for the year ended March 31, 2020 have been approved for issue in accordance with the resolution of the Board of Directors on June 30, 2020.

c) Functional and presentational currency

The financial statements are presented in Indian Rupees (INR), which is the Company's functional and presentation currency.

d) Key estimates and assumptions

The preparation of financial statements requires Management to make judgments, estimates and assumptions in the application of accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Continuous evaluation is done on the estimation and judgments based on historical experience and other factors, including expectations of future events that are believed to be reasonable.

Information about critical judgments in applying accounting policies, as well as estimates and assumptions that have the most significant effect to the carrying amounts of assets and liabilities within the next financial year, are as follows:

- Determination of the estimated useful lives of tangible assets and the assessment as to which components of the cost may be capitalized.
- Impairment of Property, Plant and Equipment.
- Recognition and measurement of defined benefit obligations
- Discounting of long-term financial liabilities
- Recognition and measurement of provisions and contingencies, key assumptions about the likelihood and magnitude of an outflow of resources;
- Accrual of sales incentives, commission, etc.

e) Measurement of Fair value

The Company's accounting policies and disclosures require the measurement of fair values for financial instruments. The Company has an established control framework with respect to the measurement of fair values. The Management regularly reviews significant inputs and valuation adjustments. If third party information, such as Government approved valuers, broker quotes or pricing services, is used to measure fair values, then the Management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified.

Notes to the financial statements for the year ended March 31, 2020

While measuring the fair value of a financial asset or a financial liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 inputs for the assets or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

f) Application of new and revised Ind AS's

All the Indian Accounting Standards ("Ind AS") issued and notified by the Ministry of Corporate Affairs are effective and considered for the significant accounting policies to the extent relevant and applicable for the Company.

g) Estimation uncertainty relating to the global health pandemic on COVID-19

The outbreak of coronavirus (Covid 19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. In many countries, businesses are being forced to cease or limit their operations for long or indefinite period of time. Measures taken to contain the spread of the virus, including travel ban, quarantines, social distancing and closure of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Covid-19 is significantly impacting business operation of the company, by way of interruption in production, supply chain disruption and unavailability of personnel.

In assessing the recoverability of receivables including unbilled receivables, contract assets and contract costs, goodwill, intangible assets, and certain investments, the Company has considered internal and external information up to the date of approval of these financial statements including credit reports and economic forecasts. The Company has performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. The impact of the global health pandemic may be different from that estimated as at the date of approval of financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

a) Property, Plant and Equipment

Property, Plant and Equipment (PPE) are stated at cost of acquisition, including any attributable cost for bringing the asset to its working condition for its intended use less accumulated depreciation and less accumulated impairment, if any. Cost includes expenses related to acquisition and installation of the concerned assets, borrowing cost during the construction period and excludes any duties / taxes recoverable.

Advances paid towards the acquisition of PPE outstanding at each reporting date is classified as Capital Advances under Other Non-Current Assets and assets which are not ready for intended use as on the date of balance Sheet are disclosed as "Capital Work in Progress".

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes all costs incurred to bring the assets to their present location and condition. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is derecognized.

The estimated residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit and Loss during the period in which they are incurred.

Notes to the financial statements for the year ended March 31, 2020

When significant identifiable parts of PPE are required to be replaced, the Company de-recognises the replaced parts and recognises the new part with its own associated useful life and it is depreciated accordingly. In other cases, expenses are charged off to the Statement of Profit and Loss.

Depreciation is provided, under the Straight Line Method basis so as to write off the original cost of the asset less its estimated residual value over the estimated useful life. The Management's estimate of useful lives is in accordance with Schedule II to the Companies Act, 2013.

b) Impairment of Non-Financial Assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of an impairment loss. If any such indication exists, the recoverable amounts are estimated in order to determine the extent of the impairment loss (if any). An impairment loss is recognised whenever the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. The impairment loss, if any, is recognised in the Statement of Profit and Loss in the period in which impairment takes place. Recoverable amount is higher of an assets net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an assets and from its disposal at the end of its useful life. Where an impairment loss subsequently reverses, the carrying amount of the assets is increased to the revised estimate of its recoverable amount, however subject to the increased carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior accounting periods.

c) Inventories

Inventories are measured at lower of cost and net realisable value. Cost of inventories comprises all costs of purchase (net of input credits), costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost of stores and spares, raw materials, trading and other products is determined on weighted average basis. Cost of work-in-progress and finished stock is determined by the absorption costing method.

Net realizable value represents estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

Provision is made for cost of obsolescence and other anticipated losses, whenever considered necessary by Management.

d) Cash and Cash Equivalents

Cash and Cash Equivalents in the Balance Sheet comprises cash on hand, bank balances and short-term deposits with banks with an original maturity of three months or less which are readily convertible into cash and which are subject to insignificant risk of changes in value.

For the purpose of the Statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

e) Financial instruments

A financial instrument is any contract that gives rise to financial assets of one entity and financial liability or equity of another entity. Financial instruments also include derivative contracts such as foreign currency foreign exchange forward contracts.

i) Financial Asset

Initial recognition:

Financial assets are recognised when a Company becomes a party to the contractual provisions of the instruments. Financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of financial assets.

Subsequent measurement of financial assets:

Financial assets are subsequently classified and measured at:

- amortised cost

Financial assets are not reclassified subsequent to their recognition, except if and in the period the Company changes its business model for managing financial assets.

Trade Receivables and Loans:

Trade receivables are initially recognised at fair value. Subsequently, these assets are held at amortised cost, using the effective interest rate (EIR) method net of any expected credit losses. The EIR is the rate that discounts estimated future cash income through the expected life of financial instruments.

Notes to the financial statements for the year ended March 31, 2020

a) Measured at amortised cost:

Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows that are solely payments of principal and interest, are subsequently measured at amortised cost using the effective interest rate ('EIR') method less impairment, if any. The amortisation of EIR and loss arising from impairment, if any is recognised in the Statement of Profit and Loss.

b) Measured at Fair value through other comprehensive income (FVTOCI):

Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognized in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognised in the Statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to 'Other Income' in the Statement of Profit and Loss.

c) Measured at Fair Value Through profit and Loss (FVTPL):

A financial asset not classified as either amortised cost or FVOCI, is classified as FVTPL. Such financial assets are measured at fair value with all changes in fair value, including interest income and dividend income if any, recognised as 'Other Income' in the Statement of Profit and Loss.

Impairment of financial assets:

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset.

For trade receivables, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

De-recognition of financial assets:

The Company de-recognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the cash flows from the asset.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is de-recognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not de-recognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is de-recognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

ii) Financial liabilities

Initial recognition

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as fair value through profit and loss. In case of trade payables, they are initially recognised at fair value and subsequently, these liabilities are held at amortised cost, using the effective interest method.

Subsequent Measurement

Financial liabilities are subsequently measured at amortised cost using the EIR method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss. The interest expenses using the effective interest method is recognised over the relevant period of the financial asset. The same is included under Finance cost in the Statement of profit and Loss unless it is capitalised as part of cost of an item of Property, Plant and Equipment.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of the new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss.

Notes to the financial statements for the year ended March 31, 2020

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

f) Foreign Exchange Transactions

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are restated at the rates prevailing at the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated. Exchange differences on monetary items are recognised in the Statement of Profit and Loss in the period in which they arise.

g) Revenue recognition

The Company derives revenue primarily from sale of manufactured goods and traded good of speciality adhesive tapes, emulsion and plastic ropes.

Revenue is recognized on satisfaction of performance obligation upon transfer of control of promised products to customers in an amount that reflects the consideration Company expect to receive in exchange for those products.

The Company does not expect to have any contracts where the period between the transfer of the promised goods to the customer and payment by the customer exceeds one year. As a consequence, it does not adjust any of the transaction prices for the time value of money.

The Company satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

1. The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or
2. The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
3. The Company's performance does not create an asset with an alternative use to the Company and an entity has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

Interest Income

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR), which is the rate that discounts the estimated future cash payments or receipts through the expected life of the financial instruments or a shorter period, where appropriate, to the net carrying amount of the financial assets. Interest income is included in other income in the Statement of Profit and Loss.

Deposit Interest income is recognized on accrual basis

h) Employee benefits

Short-term Employee benefits:

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, performance incentives, etc., are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the employee renders the related service. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Post-Employment Benefits:

(a) Defined Contribution Plans

Payments made to a defined contribution plan such as Provident Fund, Family Pension and Superannuation scheme are charged as an expense in the Statement of Profit and Loss as they fall due.

(b) Defined Benefit Plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, after discounting the same. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. Re-measurement of the net defined benefit liability, which comprise actuarial gains and losses are recognized immediately in Other Comprehensive Income (OCI). Net interest expense (income) on the net defined

Notes to the financial statements for the year ended March 31, 2020

liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in Statement of Profit and Loss. When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in Statement of Profit and Loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

i) Leases

On April 1, 2019, the Company adopted Ind AS116, Leases. Accordingly, the amended policy for Leases is as under:

The Company evaluates each contract or arrangement, whether it qualifies as lease as defined under Ind AS 116.

The Company as a lessee

The Company assesses, whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract involves—

- (a) the use of an identified asset,
- (b) the right to obtain substantially all the economic benefits from use of the identified asset, and
- (c) the right to direct the use of the identified asset.

The Company at the inception of the lease contract recognizes a Right-of-Use (RoU) asset at cost and corresponding lease liability, except for leases with term of less than twelve months (short term) and low-value assets.

The cost of the right-of-use assets comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the inception date of the lease plus any initial direct costs, less any lease incentives received. Subsequently, the right-of-use assets is measured at cost less any accumulated depreciation and accumulated impairment losses, if any. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use assets.

The Company applies Ind AS 36 to determine whether a RoU asset is impaired and accounts for any identified impairment loss as described in the impairment of non-financial assets included as part of our annual financial statements for the year ended March 31, 2019.

For lease liabilities at inception, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate is readily determined, if that rate is not readily determined, the lease payments are discounted using the incremental borrowing rate.

The Company recognizes the amount of the re-measurement of lease liability as an adjustment to the right-of-use assets. Where the carrying amount of the right-of-use assets is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the re-measurement in consolidated statement of income.

For short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the lease term.

Lease payments have been classified as cash used in Financing activities.

The adoption of Ind AS116 did not have any impact on Statement of income and earnings per share.

j) Taxes on Income

Income tax expense comprises current tax expense and the deferred tax during the year. Current and deferred taxes are recognised in the Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Current tax

Current tax is measured at the amount of tax expected to be payable on the taxable income for the year and any adjustments to the tax payable or receivable in respect of previous years as determined in accordance with the provisions of the Income Tax Act, 1961 that have been enacted or subsequently enacted at the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Notes to the financial statements for the year ended March 31, 2020

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

k) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when the Company has a present obligation as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date. The expenses relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows specific to the liability. The unwinding of the discount is recognised as finance cost.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

A contingent asset is not recognised but disclosed in the financial statements where an inflow of economic benefit is probable.

Provisions, contingent assets, contingent liabilities and commitments are reviewed at each balance sheet date.

l) Earnings Per Share (EPS)

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period.

Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

The following is a reconciliation of the equity shares used in the computation of basic and diluted earnings per equity share:

	Year Ending March 31, 2020	Year Ending March 31, 2019
Basic earnings per equity share - weighted average number of equity shares outstanding	60,61,000	60,61,000
Effect of dilutive common equivalent shares - share options outstanding		
Diluted earnings per equity share - weighted average number of equity shares and common equivalent shares	60,61,000	60,61,000
Weighted average equity shares used in computing earnings per equity share		
Basic	60,61,000	60,61,000
Diluted	60,61,000	60,61,000

m) Segment Reporting

The Company is considered to be a single segment company – engaged in the manufacture of speciality adhesive tapes chemicals. As per Ind AS-108 'Operating Segments', if a financial report contains both the consolidated financial statements of a parent that is within the scope of Ind AS-108 as well as the parent's separate financial statements, segment information is required only in the consolidated financial statements. Accordingly, information required to be presented under Ind AS-108 Operating Segments has been given in the consolidated financial statements.

Notes to the financial statements for the year ended March 31, 2020
Note 3 : Property , plant and equipment

(Amount in Rupees)

Particulars	As at March 31, 2020		As at March 31, 2019	
Carrying amount of:				
Land		2,07,130		2,07,130
Building		58,35,484		66,74,897
Computer		6		6
Electrical Equipments		-5		-5
Lab Equipments		10,208		20,417
Furniture & Fixture		-		-
Generating Set		-1		-1
Air Conditioner		14,443		24,656
Office Equipments		2,58,831		3,18,999
Plant and Machinery		4,15,18,886		4,04,12,103
Motor Vehicles		10,20,315		13,06,618
Motor Cycle		9,456		14,184
Bicycle		-2		-2
Total		4,88,74,752		4,89,79,003

Particulars	Land	Building	Computer	Electrical Equipments	Lab Equipments	Furniture & Fixture	Generating Set	Air Conditioner	Office Equipments	Plant and Machinery	Motor Vehicles	Bicycle	Motor Cycle	Total
Cost														
At April 1, 2018	2,07,130	1,82,81,397	18,50,335	2,07,600	82,200	4,53,528	48,087	2,86,868	8,40,292	7,77,79,246	70,20,363	4,535	69,529	10,71,31,110
Additions	-	34,500	-	-	-	-	-	-	1,17,444	8,63,661	-	-	-	10,15,605
Deletions										10,13,880				10,13,880
At March 31, 2019	2,07,130	1,83,15,897	18,50,335	2,07,600	82,200	4,53,528	48,087	2,86,868	9,57,736	7,76,29,027	70,20,363	4,535	69,529	10,71,32,836
Additions									73,512	73,52,369				74,25,881
Deletions														-
At March 31, 2020	2,07,130	1,83,15,897	18,50,335	2,07,600	82,200	4,53,528	48,087	2,86,868	10,31,248	8,49,81,396	70,20,363	4,535	69,529	11,45,58,717
Accumulated Depreciation														
At April 1, 2018	-	1,08,01,587	18,50,329	2,07,605	51,574	4,53,528	48,088	2,38,399	5,14,859	3,18,82,528	50,26,341	4,537	50,617	5,11,29,992
Charge for the year	-	8,39,413	-	-	10,209	-	-	23,813	1,23,878	57,74,471	6,87,404	-	4,728	74,63,916
Disposals										4,40,075				4,40,075
At March 31, 2019	-	1,16,41,000	18,50,329	2,07,605	61,783	4,53,528	48,088	2,62,212	6,38,737	3,72,16,924	57,13,745	4,537	55,345	5,81,53,833
Charge for the year	-	8,39,413	-	-	10,209	-	-	10,213	1,33,680	62,45,586	2,86,303	-	4,728	75,30,132
Disposals														-
At March 31, 2020	-	1,24,80,413	18,50,329	2,07,605	71,992	4,53,528	48,088	2,72,425	7,72,417	4,34,62,510	60,00,048	4,537	60,073	6,56,83,965

Notes to the financial statements for the year ended March 31, 2020
Note 4 : Other Financial assets - Non Current

(Amount in Rupees)

Particulars	As at	
	March 31, 2020	March 31, 2019
a) Security Deposits		
- Unsecured, considered good	3,21,170	3,73,820
b) Interest accrued on MSEB Deposit	16,353	15,701
Total	3,37,523	3,89,521

Note 5 : Other Non Current assets

Particulars	As at	
	March 31, 2020	March 31, 2019
a) Balances with government authorities		
- Sales Tax Department	19,35,213	21,37,585
b) Advance Sales Tax	13,000	13,000
Total	19,48,213	21,50,585

Note 6 : Other Financial assets - Current

Particulars	As at	
	March 31, 2020	March 31, 2019
a) Loans and advances to employees	69,124	3,93,198
b) Advances to ASREC India Limited (ARC)	9,00,00,000	1,00,00,000
Total	9,00,69,124	1,03,93,198

Note 7 : Other Current assets

Particulars	As at	
	March 31, 2020	March 31, 2019
a) Balances with government authorities		
- GST Receivable	38,12,368	1,48,87,632
b) Advance to vendors	67,49,500	3,81,79,179
c) Prepaid Expense	1,02,925	88,998
Total	1,06,64,792	5,31,55,809

Note 8 : Trade receivables

Particulars	As at March 31, 2020		As at March 31, 2019	
	Non Current	Current	Non Current	Current
Trade Receivable (Unsecured)				
(a) Considered Good	1,98,04,801	8,53,20,125	4,70,17,903	9,77,93,354
(b) Considered Doubtful	-	-	-	-
	1,98,04,801	8,53,20,125	4,70,17,903	9,77,93,354
Less: Allowances for bad and doubtful debts (expected credit loss allowance)				
Total	1,98,04,801	8,53,20,125	4,70,17,903	9,77,93,354

Notes

The credit period on sale of services is 120 to 150 days to export customer and 30 to 60 days in case of domestic customer. The Company does not charge interest on delayed payments and exercise the right on its own discretion depending upon prevailing circumstances.

Before accepting a new customer, the Company obtains market feedback on the creditworthiness of the customer concerned. Customer wise outstanding receivables are reviewed on a quarterly basis and where necessary, the credit allowed to particular customers for subsequent sales is adjusted in line with their past payment performance.

Notes to the financial statements for the year ended March 31, 2020

(Amount in Rupees)

The following table gives details in respect of percentage of revenues from services generated from top customers and top five customers :

Particulars	As at March 31, 2020	As at March 31, 2019
Revenue from top customer	3,57,74,868	4,16,13,226
Revenue from top five customers	13,23,29,930	13,14,61,604

Age of receivables

Particulars	As at March 31, 2020	As at March 31, 2019
Exceeding six months	9,97,56,660	13,85,14,975
Others	53,68,266	62,96,282
Total	10,51,24,926	14,48,11,258

Currently there is no movement of allowances for bad and doubtful debts

However, No provision has been created on trade receivables aggregating to Rs 9,97,56,660 (Previous Year: Rs. 138,514,975) 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.

Note 9: Cash and cash equivalents

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Bank balances		
- In Current account	91,710	3,46,333
(b) Cash in hand	3,71,192	4,80,126
(c) Bank Overdraft	(5,75,048)	(13,38,301)
Total	(1,12,146)	(5,11,842)

Note 10: Other Bank Balance

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Bank balances		
- In Deposit account	64,24,277	64,20,620
(b) Balances lying in the Unclaimed Dividend Account	-	5,33,600
Total	64,24,277	69,54,220

Note 11: Inventories

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Raw Materials	26,08,525	60,98,725
(b) Packing Materials	22,14,779	29,67,217
(c) Consumables	4,66,021	4,23,260
(d) Finished Goods [including work in process]	84,21,518	1,89,70,408
Total	1,37,10,843	2,84,59,612

Note 12: Equity Share Capital

Particulars	As at March 31, 2020		As at March 31, 2019	
	Units	Amount	Units	Amount
Authorised Capital				
Equity Shares of Rs 10/- each	70,00,000	7,00,00,000	70,00,000	7,00,00,000
	70,00,000	7,00,00,000	70,00,000	7,00,00,000

Notes to the financial statements for the year ended March 31, 2020

(Amount in Rupees)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Units	Amount	Units	Amount
Issued, Subscribed and Fully Paid up				
Equity Shares of Rs 10/- each	60,61,000	6,06,10,000	60,61,000	6,06,10,000
Total	60,61,000	6,06,10,000	60,61,000	6,06,10,000

Refer Notes (i) to (iv) below

Notes**(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period**

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of Shares	Amount	No. of Shares	Amount in Rs
Equity shares				
At the beginning of the year	60,61,000	6,06,10,000	60,61,000	6,06,10,000
Add: Issued during the year	-	-	-	-
At the end of the year	60,61,000	6,06,10,000	60,61,000	6,06,10,000

(ii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at March 31, 2020		As at March 31, 2019	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
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.

(iii) Rights, preferences and restrictions attached to 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.

(iv) During the period of five years immediately preceding the reporting date:

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

Note 13: Other equity

Particulars	As at	As at
	March 31, 2020	March 31, 2019
(a) Capital Reserve	10,00,000	10,00,000
(b) Retained earnings	(8,91,75,136)	(7,04,07,322)
(c) Other Items of Other Comprehensive Income	2,86,818	3,67,095
Total	(8,78,88,318)	(6,90,40,227)

Notes to the financial statements for the year ended March 31, 2020

(Amount in Rupees)

Note 13.1 Capital Reserve

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Balance at beginning of year	10,00,000	10,00,000.00
Additions during the year	-	-
Balance at end of year	10,00,000	10,00,000.00

Note 13.2 Retained earnings

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Balance at beginning of year	(7,04,07,322)	(6,01,76,155)
Loss for the year	(1,87,67,814)	(1,02,31,167)
Balance at end of year	(8,91,75,136)	(7,04,07,322)

Note 13.3 Other Items of Other Comprehensive Income

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Balance at beginning of year	3,67,095	2,70,972
- Remeasurement of Defined Benefit Obligation	(63,712)	1,29,895
- Tax on Above	(16,565)	(33,773)
Balance at end of year	2,86,818	3,67,095

Retained earnings:

Retained earnings represents the surplus / (deficit) of the statement of profit or loss less transfers to general reserves, dividend distributed to shareholders.

Capital Reserve:

Capital Reserve represents the capital subsidy received from government.

Note 14: Borrowings

Particulars	As at March 31, 2020		As at March 31, 2019	
	Current	Non Current	Current	Non Current
Secured Borrowings:				
- Commercial Vehicle Loan		-		87,672
- Loan Repayable on Demand				
From Banks/Asset Reconstruction Company				
Term Loan	2,37,28,512		2,37,28,512	
Rupee Loans	17,71,89,690		17,71,89,690	
Unsecured Borrowings:				
- From Directors				
Sandeep Arora, Kamal Arora, Megha Arora	1,92,40,000			-
- From Others				
Aneri Fincap Limited	84,06,164		77,31,164	
Unno Industries Limited	3,47,94,054		3,20,04,054	
Total	26,33,58,420	-	24,06,53,420	87,672

Notes:

Vehicle loan of Rs.86,574 (Previous Year: Rs 4,85,056) comprising Rs. 86,574 (Previous Year Rs. Rs 3,97,384) classified as current maturities of long term borrowings included under other current liabilities is secured by way of hypothecation of vehicle financed.

Notes to the financial statements for the year ended March 31, 2020

(Amount in Rupees)

14.1 Term loan from Bank/Asset Reconstruction Company

14.1 Term Loan from Bank comprising Rs 2,37,28,512 [Previous Year: Rs 2,37,28,512] are secured by:

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

Note

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

14.2 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

14.3 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, Mumbai and Debt Recovery Appellate Tribunal, Mumbai. As on 27th March 19, SBI has assigned the loan account to ASREC (India) Limited (ARC).

Note 15: Non Current - Provisions

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits (Refer note 26)		
Gratuity	10,62,975	10,06,605
Total	10,62,975	10,06,605

Notes to the financial statements for the year ended March 31, 2020

(Amount in Rupees)

Note 16: Current - Provisions

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits (Refer note 26)		
Gratuity	2,52,667	2,48,965
Total	2,52,667	2,48,965

Note 17: Trade Payables

Particulars	As at March 31, 2020	As at March 31, 2019
Trade payables		
Dues to Micro, Small and Medium Enterprises	4,60,922	4,60,922
Dues to Others	5,43,25,554	6,63,99,966
Total	5,47,86,476	6,68,60,888

Information regarding the total outstanding dues of Micro Enterprises and Small Enterprises is given to the extent the same is available with the Company.

Note : Dues to Micro and Small Enterprises

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:

Particulars	As at March 31, 2020 Current	As at March 31, 2019 Current
The principal amount remaining unpaid to any supplier at the end of the year	4,60,922	4,60,922
Interest due remaining unpaid to any supplier at the end of the year	2,18,077	1,07,278
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	2,18,077.00	1,07,278.00
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprises, for the purpose of disallowance of a deductible expenditure under section 23	-	-

As per the information given by the management amount unpaid is on account of quality issues with the parties. Thus no provision made for unpaid interest in the books of account.

Note 18: Other Financial Liabilities (Current)

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Advances from customers	78,88,497	1,25,52,928
(ii) Unclaimed Dividend	-	5,33,600
(iii) Current Maturities of Long Term Loan		
- On Vehicle Loan	86,574	3,97,384
- On Sales Tax Deferrals	-	6,47,231
(iv) Other Payables	19,80,707	11,10,613
Total	99,55,778	1,52,41,756

Notes to the financial statements for the year ended March 31, 2020

(Amount in Rupees)

Note 19: Revenue from Operations

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(a) Revenue from Operations *	32,14,63,783	37,37,95,673
	32,14,63,783	37,37,95,673
Total	32,14,63,783	37,37,95,673

Note 20: Other Income

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(a) Interest Income		
On Deposits	25,502.90	1,16,456
	25,503	1,16,456
(b) Other Non-Operating Income		
Exchange Fluctuation Gains	73,78,813.98	48,20,958
Miscellaneous Income	-	18,504
	73,78,814	48,39,463
Total	74,04,318	49,55,920

Note 21: Employee benefits expense

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries, wages and bonus	29,67,753.00	31,60,943
Gratuity	1,97,360.00	2,05,417
Contributions to provident and other funds	4,32,431.00	5,92,954
Staff welfare expenses	3,32,005.00	3,75,300
Total employee benefits	39,29,549.00	43,34,614

Note 22: Other expenses

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Freight & forwarding charges	21,50,603	15,99,929
Manufacturing expenses	47,57,549	50,23,784
Salaries to factory staff	56,69,393	65,66,588
Ocean freight	46,095	40,107
Security charges	6,92,350	4,93,623
General expenses	2,72,968	3,35,365
Postal expenses	88,607	1,00,444
Printing & stationery	1,40,605	2,12,012
Sales promotion expenses	3,05,536	3,48,258
Conveyance expenses	6,13,187	7,01,001
Listing fees	3,00,000	2,50,000
Advertisement and publicity	1,52,052	1,29,387
Legal & Professional Expenses	11,82,028	10,00,090
Domestic & foreign travel	5,52,660	8,29,122
Factory expenses	11,41,947	15,24,895
Stores & spares expenses	8,84,171	15,88,172
Telephone and communication expenses	1,77,607	2,47,388
C&F/Port/Octroi/Terminal handling charges	13,90,012	9,23,710

Notes to the financial statements for the year ended March 31, 2020

(Amount in Rupees)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Water charges	4,74,410	6,31,320
Total (a)	2,09,91,780	2,25,45,194
Payment to the Auditors		
Audit fees	1,96,000	1,61,000
Total (b)	1,96,000	1,61,000
Consumable	3,95,230	1,93,542
Electricity charges	66,72,885	75,80,873
Rental charges	3,40,000	1,53,432
Commission	50,000	-
Repairs & maintenance - machinery	2,75,189.80	2,33,302
Repairs & maintenance - vehicles	2,62,669.15	2,07,930
Insurance premium	1,17,306.16	1,05,956
Professional tax	2,500.00	2,500
Sales tax	1,64,271.70	20,000
GST Expenses	1,02,613.60	-
Job Work Charges	-	4,00,000
Sundry Balance W/off	1,28,069	-
Rate Difference	22,395	-
Total (c)	85,33,129	88,97,534
Miscellaneous Expenses	6,89,968	16,13,308
Loss on Sale of Asset	-	3,06,432
Total (d)	6,89,968	19,19,740
Total (a)+ (b)+ (c) +(d)	3,04,10,876	3,35,23,469

Note 23: Finance Cost

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest expenses	39,29,119	14,60,350
Other interests	-	-
Total employee benefits	39,29,119	14,60,350

Note 24: Cost of Material Consumed

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Raw materials consumed	27,16,87,926	31,77,29,817
Packing materials and other consumables consumed	1,91,08,897	2,37,16,542
Total employee benefits	29,07,96,823	34,14,46,359

Note 25: Changes in Inventories of Finished Goods and Work In Process

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Inventories at the beginning of the year		
Finished goods and work in process	1,89,70,408	1,81,14,730
Inventories at the end of the year		
Finished goods and work in process	84,21,518	1,89,70,408
Net (increase) / decrease	1,05,48,891	(8,55,679)

Notes to the financial statements for the year ended March 31, 2020

(Amount in Rupees)

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

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Finished goods and work in process		
- Opening stock		
Tapes	1,44,82,787	98,96,845
Adhesive Rolls	15,30,430	23,77,754
Ropes	7,33,634	32,62,863
Others	22,23,557	25,77,267
	1,89,70,408	1,81,14,730
- Closing stock		
Tapes	41,52,375	1,44,82,787
Adhesive Rolls	15,76,944	15,30,430
Ropes	-	7,33,634
Others	26,92,199	22,23,557
	84,21,518	1,89,70,408

Note 26: Employee Benefits**1) Defined contribution plans :**

The Company participates in a number of defined contribution plans on behalf of relevant personnel. Any expense recognised in relation to these schemes represents the value of contributions payable during the period by the Company at rates specified by the rules of those plans. The only amounts included in the balance sheet are those relating to the prior months contributions that were not due to be paid until after the end of the reporting period.

The major defined contribution plans operated by the Company are as below:

a) Provident fund and pension

In accordance with the Employee's Provident Fund and Miscellaneous Provisions Act, 1952 eligible employees of the Company are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary. The contributions, as specified under the law, are made to the provident fund administered and managed by Government of India. The Company has no further obligations under the fund managed by the GOI beyond its monthly contributions which are charged to the Statement of Profit and Loss in the period they are incurred. The benefits are paid to employees on their retirement or resignation from the Company.

Contribution to Defined Contribution Plans, recognised in the Statement of Profit and Loss for the year under employee benefits expense, are as under :

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
i) Employer's Contribution to Provident Fund and pension	4,32,431	5,92,954
Total	4,32,431	5,92,954

b) Defined Benefit Plans**Gratuity (Unfunded)**

The Company has an obligation towards gratuity, an unfunded defined benefit retirement plan covering eligible employees. The plan provides for lump sum payment to vested employees at retirement, death while in employment or on termination of the employment of an amount equivalent to 15 days salary, as applicable, payable for each completed year of service, without any payment ceiling. Vesting occurs upon completion of five years of service. The Company accounts for the liability for gratuity benefits payable in the future based on an actuarial valuation.

The Company offers the following employee benefit schemes to its employees:

Gratuity (included as part of gratuity in Note 21 Employee benefits expense)

Notes to the financial statements for the year ended March 31, 2020

(Amount in Rupees)

A. Principal actuarial assumptions used:

Particulars	Gratuity	
	As at March 31, 2020	As at March 31, 2019
Discount rate	6.55%	7.50%
Expected rate of salary increase	5.00%	5.00%
Mortality tables	IALM (2012-14) Ult.	IALM (2006-08) Ult.
Expected rate of Return	N.A.	N.A.
Withdrawal Rates	10.00%-2.00%	10.00%-2.00%

A. Amounts recognised in statement of profit and loss in respect of these defined benefit plans are as follows

Particulars	Gratuity	
	As at March 31, 2020	As at March 31, 2019
Service cost:		
Current service cost	1,12,528	1,19,546
Past service cost and (gain) / loss from settlements	-	-
Net interest expense	84,832	85,871
Remeasurements	-	-
Components of defined benefit costs recognised in profit or loss	1,97,360	2,05,417

B. Amounts recognised in statement of OCI in respect of these defined benefit plans are as follows

Particulars	Gratuity	
	As at March 31, 2020	As at March 31, 2019
Remeasurement on the net defined benefit liability:		
Return on plan assets (excluding the amount included in net interest cost)	-	-
Actuarial (gains) / losses arising from changes in demographic assumptions	(530)	-
Actuarial (gains) / losses arising from changes in financial assumptions	84,767	24,410
Actuarial (gains) / losses arising from changes in experience adjustments	(20,525)	(1,54,305)
Adjustments for restrictions on the defined benefit asset		
Components of defined benefit costs recognised in other comprehensive income	63,712	(1,29,895)
Total	2,61,072	75,522

C. Amounts recognised in Balance Sheet in respect of these defined benefit plans are as follows

Particulars	Period Ended	
	As at March 31, 2020	As at March 31, 2019
Opening net defined benefit liability/(assets)	12,55,570	12,58,510
Expenses charged to profit & loss account	1,97,360	2,05,417
Amount recognised outside profit and loss account	63,712	(1,29,895)
Employer contributions paid directly	(2,01,000)	(78,462)
Impact of liability assumed or (settled)	13,15,642	12,55,570

Notes to the financial statements for the year ended March 31, 2020

(Amount in Rupees)

D. Movements in the present value of defined benefit obligation are as follows:

Particulars	Gratuity	
	As at March 31, 2020	As at March 31, 2019
Movements in present value of defined benefit obligation are as follows:		
Opening defined benefit obligation	12,55,570	12,58,510
Current service cost	1,12,528	1,19,546
Interest cost	84,832	85,871
Remeasurement (gains)/losses:		
Actuarial (gains) / losses arising from changes in demographic assumptions	(530)	-
Actuarial (gains) / losses arising from changes in financial assumptions	84,767	24,410
Actuarial (gains) / losses arising from changes in experience adjustments	(20,525)	(1,54,305)
Past service cost, including losses/(gains) on curtailments	-	-
Benefits paid	(2,01,000)	(78,462)
Closing defined benefit obligation	13,15,642	12,55,570

E. Maturity profile of defined benefit obligation:

Projected Benefits Payable in Future Years From the Date of Reporting	Estimated for the year ended March 31, 2020	Estimated for the year ended March 31, 2019
1st Following Year	2,52,667	2,48,965
2nd Following Year	63,275	63,952
3rd Following Year	62,614	62,549
4th Following Year	62,720	2,10,159
5th Following Year	57,901	57,863
Sum of Years 6 to 10	8,28,540	5,24,956

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

Sensitivity Analysis

Particulars	Gratuity	
	As at March 31, 2020	As at March 31, 2019
Defined Benefit Obligation - Discount Rate + 50 basis points	12,69,814	12,15,356
Defined Benefit Obligation - Discount Rate - 50 basis points	13,64,380	12,98,230
Defined Benefit Obligation - Salary Escalation Rate + 50 basis points	13,64,878	12,99,066
Defined Benefit Obligation - Salary Escalation Rate - 50 basis points	12,68,941	12,14,235
Defined Benefit Obligation - Employee Turnover + 50 basis points	13,19,027	12,61,238
Defined Benefit Obligation - Employee Turnover - 50 basis points	13,12,037	12,49,593

These sensitivities have been calculated above to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analyses.

Notes to the financial statements for the year ended March 31, 2020

(Amount in Rupees)

Note 27: Earnings per share (EPS)

The following reflects the loss and share data used in the basic and diluted EPS computations:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Basic		
Profit for the year attributable to owners of the company (Amount in Lakhs)	(1,87,67,813.55)	(1,02,31,167.00)
Weighted average number of equity shares in calculating EPS (number)	6061000	6061000
Earnings per share (Basic and Diluted)	(3.10)	(1.69)

Note 28: Contingent Liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
a) Guarantees excluding financial gurantee*	3,82,62,938	3,82,62,938
Total	3,82,62,938	3,82,62,938

* The management is of the view that it was necessary to provide the corporate gurantees to further the interest business of the company in the entities on whose behalf such gurantees have been provided and the management is of the view that there would be no sustainable claims on the company in respect of these corporate gurantees.

The rate of interest, processing fees and any other charges levied by the vendors on these entities availing loan are based on the internal guidelines of the lenders, depending on the merits of the underlying projects and their estimated cash flows. These corporate gurantees do not result in any additional benefits to the borrowers. Accordingly the fair value of the corporate gurantees are expected to be immaterial.

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

Party Name	Nature of Notice/ Case	Current Status	Disputed Amount
State Bank of India	Recovery Case	SBI has filled the cases in DRT, Mumbai & DRAT Mumbai. As on 27th March 19, SBI has assigned loan account to ASREC (India) Limited (ARC).	27,44,00,000/-
BASF India Ltd	Case filed under Section 138 of Negotiable Instruments Act, 1981	Challenged by the company in respective courts over quality issues	49,32,966/-
Roonak Paper Tubes Co	Notice under MSMED Act	In dispute over amount and quality issues in respective forum	2,49,116/-
Dyno Inks	Adv. Notice Dt.19.02.2019 U/S 8 of the insolvency and bankruptcy code 2016	Replied to Notice on faulty material	23,38,556/-
Vision Inks and Resins Private Limited	Notice under MSMED Act, 2006	In dispute over amount and quality issues in respective forum	1,99,470/-
Asian Solvochem Pvt Ltd	Case field under Order XXXVII of the code of Civil procedure	Case filed in Dindishi Court at Goregaon	11,69,729/-

Note 29: Payment to auditors

Particulars	March 31, 2020	March 31, 2019
a) for audit	1,96,000	1,61,000
b) for professioal Fees	35,000	-
Total	2,31,000	1,61,000

Note 30: Operating lease arrangements

The Company as a lessee

Leasing arrangements

The Company's significant leasing arrangements are in respect of operating leases taken for Office Premises. These leases have an average life of between 12 months with renewal option included in the contracts. There are no restrictions placed upon the Company by entering into these leases.

Notes to the financial statements for the year ended March 31, 2020

(Amount in Rupees)

Payments recognised as an expense

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Minimum lease payments	3,40,000	1,53,432
Total	3,40,000	1,53,432

Note 31: Deferred tax asset

In accordance with Ind AS 12 on "Income taxes" (Ind AS 12), deferred tax assets and liabilities should be recognized for all timing differences.

The tax effect of significant timing differences that has resulted in deferred tax assets are as follows:

Particulars	As at March 31, 2020	As at March 31, 2019
<u>Deferred tax liability:</u>		
Remeasurements of the defined benefit plans (Recognised FVTOCI)	1,45,544	1,28,979
Depreciation	53,49,039	60,56,386
	54,94,584	61,85,364
<u>Deferred tax asset :</u>		
Gratuity & Leave Encashment	4,87,611	4,55,427
Carry forward Losses	2,83,94,022	2,25,05,155
	2,88,81,633	2,29,60,582
Net deferred tax asset	2,33,87,049	1,67,75,218

Unrecognized, deductible, temporary differences on unused tax losses and unabsorbed depreciation:

Particulars	As at March 31, 2020	As at March 31, 2019
Deductible temporary differences, unused tax losses and unabsorbed depreciation for which deferred tax asset have been recognized, are attributable to the following:		
Unabsorbed depreciation	2,69,12,503	2,21,02,933
Unabsorbed losses	8,22,95,274	6,44,55,355

Breakup of expiry of balances as at

March 31	Amount
2024	3,11,67,098
2026	2,69,77,420
2027	63,06,207
2028	1,78,44,549
Total	8,22,95,274

Note 32 : Financial Instruments

(i) Capital management

For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the equity shareholders of the Company. The primary objective of the Company when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value.

As at March 31st, 2020, the capital structure of the company consists of net debt (borrowings as detailed in Note 15 offset by cash and cash equivalents) and total equity of the company.

The company is not subject to any externally imposed capital requirements.

In order to maintain or achieve an optimal capital structure, the Company reviews its capital on semi annual basis. As a part of review the company considers the cost of capital and the risks associated with each class of capital.

Notes to the financial statements for the year ended March 31, 2020

(Amount in Rupees)

Gearing Ratio

Particulars	As at March 31, 2020	As at March 31, 2019
Debt	26,33,58,420	24,07,41,092
Cash and cash balances	63,12,131	64,42,378
Net Debt	25,70,46,290	23,42,98,715
Total Equity	6,06,10,000	6,06,10,000
Net Debt to Equity Ratio	4.24	3.87

(ii) Categories of financial instruments

Particulars	As at March 31, 2020	As at March 31, 2019
Financial assets		
Measured at amortised cost		
Trade Receivables	10,51,24,926	14,48,11,258
Cash and cash equivalents	(1,12,146)	(5,11,842)
Other Bank balance	64,24,277	69,54,220
Other financial assets (Current and Non Current)	9,04,06,647	1,07,82,719
Financial liabilities		
Measured at amortised cost		
Borrowings	26,33,58,420	24,07,41,092
Trade payables	5,47,86,476	6,68,60,888
Other financial liabilities	99,55,778	1,52,41,756

(iii) Financial risk management objectives

The Company's business activities are exposed to a variety of financial risks, namely Credit risk, Liquidity risk, Currency risk, Interest risks and Commodity price risk. The Company's Senior Management has the overall responsibility for establishing and governing the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company monitors and manages the financial risks relating to the operations of the entity through internal risk reports which analyse exposures by degree and magnitude of the risk.

(a) Market Risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Company's is currently not exposed to market risk in the reporting period.

(b) Credit risk management

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and loans and advances.

The carrying amount of following financial assets represents the maximum credit exposure:

Trade Receivable & Staff Loan: Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its operating activities (primarily trade receivables), deposits with banks and staff loan. The company has a trade policy approved by the Management that is designed to ensure consistent processes are in place to measure and control credit risks.

Notes to the financial statements for the year ended March 31, 2020

(Amount in Rupees)

The company has trade relations with reputed third parties. The receivables are constantly managed through credit approvals, establish credit limits and continuously monitoring the credit worthiness of customers. The company follows the market norms in terms of its credit policy. The credit terms offered to export customers is around 120-150 days and 30 to 60 days to the customers in the domestic market. The company's historical experience of collecting receivables, supported by the level of default is that the credit risk is low across territories and so trade receivables are considered to be a single class of financial assets. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in the financial statements.

(c) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the management, which has established an appropriate liquidity risk management framework for the Company's short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows.

Liquidity risk tables

The following tables detail the Company's remaining contractual maturity for its financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments as at March 31, 2020

Particulars	Due in 1st year	Due in 1- 5 years	Carrying amount
Financial Liabilities			
Trade payables	5,47,86,476	-	5,47,86,476
Borrowings	26,33,58,420	-	26,33,58,420
Other financial liabilities	99,55,778	-	99,55,778
Total	32,81,00,675	-	32,81,00,675

The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments as at March 31, 2019

Particulars	Due in 1st year	Due in 1- 5 years	Carrying amount
Financial Liabilities			
Trade payables	6,68,60,888	-	6,68,60,888
Borrowings	24,06,53,420	87,672	24,07,41,092
Other financial liabilities	1,52,41,756	-	1,52,41,756
Total	32,27,56,063	87,672	32,28,43,735

Notes to the financial statements for the year ended March 31, 2020

(Amount in Rupees)

Note 33 : Fair Value Measurement

(i) Fair value of financial assets and financial liabilities that are measured at fair value on recurring basis

The management consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

(ii) Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Carrying amount	Fair value		
Financial assets				
<u>Financial assets at amortised cost:</u>				
Trade Receivables	10,51,24,926	10,51,24,926	14,48,11,258	14,48,11,258
Cash and cash equivalents	(1,12,146)	(1,12,146)	(5,11,842)	(5,11,842)
Other bank balances with bank	64,24,277	64,24,277	69,54,220	69,54,220
Other financial assets	9,04,06,647	9,04,06,647	1,07,82,719	1,07,82,719
Financial Liabilities				
<u>Financial liabilities held at amortised cost:</u>				
Trade payables	5,47,86,476	5,47,86,476	6,68,60,888	6,68,60,888
Borrowings	26,33,58,420	26,33,58,420	24,07,41,092	24,07,41,092
Other financial liabilities	99,55,778	99,55,778	1,52,41,756	1,52,41,756

The Fair value of cash and cash equivalents, other bank balances, trade receivables, trade payables approximated their carrying value largely due to short term maturities of these instruments.

Financial instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rates and duration of the instruments. Accordingly, fair value of such instruments is not materially different from their carrying amounts. Further refer note 32.

Note 34 : Related party transactions

A . Details of related parties

Description of relationship	Name of the Related Party
Associates	Sonal Impex Limited
	Sonal Filaments Limited
	Sonal Ropes Limited
	ZAIN Fresh Agro Limited
Key Management Personnel	Mr. Sandeep Arora
	Mr. Nitin Rane
	Mr. Manish Nanda
	Mrs. Mridu Arora
Relative of Key Management Personnel	Mr. Kamal Arora

Notes to the financial statements for the year ended March 31, 2020

(Amount in Rupees)

S. No.	Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Nature of Transactions/ Names of Related Parties			
A	Associates		
I	Sonal Ropes Limited		
	Rent	1,20,000	1,20,000
B	Key Management Personnel		
I	Sandeep Arora		
	Loan Taken	1,92,40,000	-
II	Nitin Rane		
	Loan Taken	20,00,000	-
	Loan Repaid	20,00,000	-

S. No.	Particulars	As at March 31, 2020	As at March 31, 2019
Balance outstanding			
A	Associates		
I	Sonal Impex Limited	-	2,51,60,050

Note 35: Disclosure as per Section 186 of the Companies Act, 2013

The details of loans, guarantees and investments under Section 186 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 are as follows:

(i) There are no investments, securities and guarantees provided and no guarantees given during the year.

Note 36:- Previous year's figures have been regrouped wherever necessary, to conform to the current year's classification.

Note 37:- The balance shown in Sundry Debtors, Sundry Creditors, Advances, are subject to confirmation from respective parties.

In terms of our report attached
For Rohan Agarwal & Co
 Chartered Accountants
 Firm Registration No.: 137136W

Rohan Agarwal
Proprietor
Membership No.: 123127

Place: Khopoli
 Date: 30th June, 2020

For Sonal Adhesives Limited

Sandeep Arora
Managing Director
 DIN: 00176939

Ajeet Singh
Chief Financial Officer

Place: Khopoli
 Date: 30th June, 2020

Manish Nanda
Director
 DIN: 03245943

Meena Dodmani
Company Secretary
 ACS 44315

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