



ANNUAL REPORT

2020-21

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 30th Annual General Meeting (AGM) of the Members of Sonal Adhesives Limited will be held on **Monday, the September 27, 2021 at 4.00 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, 2021 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.

Special:

3. Sale of Company's land (undertaking.) situated at Village Dheku, Takai Adoshi Road, Taluka Khalapur, Dist Raigad, Khopoli – 410 203

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

"RESOLVED THAT pursuant to the provisions of Section 180(1)(a) and subject to other applicable provisions, if any, of the Companies Act, 2013, (including any statutory modification or re-enactment thereof for the time being in force), the provision of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, provisions of the Memorandum and Articles of Association of the Company, the consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company to sell / transfer / dispose off Company's property ("Undertaking") comprising of land with building admeasuring an total Square meters 6020 of land, comprised of Survey Nos. 28 being situated at Hissa No.1A, Village Dheku, Takai Adoshi Road, Taluka Khalapur, Dist Raigad, Khopoli – 410 203 to Mr. Hitesh Bhanwarlal Sanghvi on such terms and conditions as may be deemed fit by the Board.

RESOLVED FURTHER THAT the Board be and is hereby authorised and empowered to finalise and execute necessary documents including but not limited to definitive Agreements, deeds of assignment / conveyance and other ancillary documents, by affixing Common Seal of the Company in presence of any one of the Director of the Company and countersign by any one of the Authorised Person of the Company with effect from such date and in such manner as is decided by the Board to do all such other acts, deeds, matters and things as they may deem necessary and/or expedient to give effect to the above Resolution including without limitation, to settle any questions, difficulties or doubts that may arise in regard to sale and transfer of the Undertaking as they may in their absolute discretion deem fit."

For and on behalf of the Board

Mridu Arora
Director
DIN: 07260461

Sandeep Arora
Managing Director
DIN: 00176939

Date: 25.08.2021

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 General Circular Nos. 14/2020, 17/2020, 20/2020 & 02/2021 issued by the Ministry of Corporate Affairs on 8th April, 2020, 13th April, 2020; 5th May, 2020 & 13th January, 2021 respectively and Circulars issued by SEBI dated 12th May, 2020 & 15th January, 2021 (collectively referred to as "MCA and SEBI Circulars"). 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) 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 Circulars.
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 Tuesday, September 21, 2021 to Monday, September 27, 2021 (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 register their email addresses are requested to provide their valid e-mail id along with their folio no. / DP ID No & Client ID No and their residential address as under:-

(I) Through post at below addresses :-

- a) The Registrar and Transfer agent of the Company i.e. M/s. Link Intime India Pvt Ltd., C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai – 400 083, Maharashtra.

OR

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

OR

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

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 Monday, the September 20, 2021 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:

- I. Pursuant to the provisions of Section 108 and other applicable provisions of the Act and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of the Listing Regulations, MCA Circulars and SEBI Circular the Company is pleased to provide its Members facility to exercise their right to vote on resolutions proposed to be passed in the Meeting by electronic means.
- II. The Company has engaged the services of Central Depository Services (India) Limited ("CDSL") to provide e-voting facility to the Members.
- III. Voting rights shall be reckoned on the paid-up value of shares registered in the name of the Member/ beneficial owner (in case of electronic shareholding) as on the cut-off date, i.e., Monday, September 20, 2021. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only.
- IV. A person, whose name is recorded in the Register of Members or in the register of beneficial owners maintained by the depositories as on the cut-off date, i.e., Monday, September 20, 2021 only shall be entitled to avail the facility of e-voting.
- V. Members who are holding shares in physical form or who have not registered their email address with the Company/ Depository or any person who acquires shares of the Company and becomes a Member of the Company after the Notice has been sent electronically by the Company, and holds shares as of the cut-off date, i.e. Monday, September 20, 2021; such Member may obtain the User ID and password by sending a request at helpdesk.evoting@cdslindia.com or may temporarily get their email registered with the Company's Registrar and Share Transfer Agent, Link Intime India Private Limited. Post successful registration of the email, the members would get a confirmation on their email id. In case of any queries, members may contact Company's Registrar and Share Transfer Agent, Link Intime India Private Limited.

It is further clarified that for permanent registration of Email address, Members are required to register their Email address in respect of Electronic holdings with their concerned Depository Participant(s) and in respect of Physical Holdings with the Company's Registrar and Share Transfer Agent M/s Link Intime India Private Limited by sending an E-mail at rnt.helpdesk@linkintime.co or at Co's email id investor@sonal.co.in by following due procedure.

However, if a Member is already registered with CDSL for e-voting then existing User ID and password can be used for casting vote.

- VI. Mr. Prashant Diwan, Practicing Company Secretary (C.P.No. 1979) has been appointed by the Company as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- VII. The Scrutinizer, after scrutinizing the votes, will, not later than forty eight hours from the conclusion of the Meeting; make a consolidated scrutinizer's report which shall be placed on the website of the Company, i.e. www.sonal.co.in and on the website of CDSL. The results shall simultaneously be communicated to the Stock Exchanges.
- VIII. Subject to receipt of requisite number of votes, the resolutions shall be deemed to be passed on the date of the Meeting, i.e. Monday, September 27, 2021.
- IX. Information and other instructions relating to e-voting are as under:

- (i) The remote e-voting facility will be available during the following period:

Commencement of e-voting: From 9:00 a.m. (IST) on Friday, September 24, 2021. End of e-voting: Up to 5:00 p.m. (IST) on Sunday, September 26, 2021. The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled by CDSL upon expiry of the aforesaid period.

- (ii) The Members who have cast their vote by remote e-voting prior to the Meeting may also attend/ participate in the Meeting through VC / OAVM but shall not be entitled to cast their vote again.
- (iii) Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/ retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

- (iv) In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to above said SEBI Circular, Login method for e-Voting and joining virtual meetings **for Individual shareholders holding securities in Demat mode** is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL	<ol style="list-style-type: none"> 1) Users of who have opted for CDSL's Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URLs for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on Login icon and select New System Myeasi. 2) After successful login the Easi / Easiest user will be able to see the e-Voting Menu. On clicking the e-voting menu, the user will be able to see the respective e-Voting service provider i.e. CDSL/ NSDL/ KARVY/ LINK INTIME as per information provided by Issuer / Company. Additionally, we are providing links to e-Voting Service Providers, so that the user can visit the e-Voting service providers' site directly. 3) If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration 4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a link in www.cdslindia.com home page or click on https://evoting.cdslindia.com/Evoting/EvotingLogin. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be provided links for the respective ESP where the e-Voting is in progress during or before the AGM.
Individual Shareholders holding securities in demat mode with NSDL	<ol style="list-style-type: none"> 1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsd.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsd.com. Select "Register Online for IDeAS "Portal or click at https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp 3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsd.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting

Type of shareholders	Login Method
Individual Shareholders (holding securities in demat mode) login through their Depository Participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider's website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 and 22-23058542-43.
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30

(v) Login method for e-Voting and joining virtual meeting for shareholders other than individual shareholders & physical shareholders.

- 1) The shareholders should log on to the e-voting website www.evotingindia.com.
- 2) Click on "Shareholders" module.
- 3) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company 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.
- 4) Next enter the Image Verification as displayed and Click on Login.
- 5) 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.
- 6) If you are a first time user follow the steps given below:

	For Shareholders holding shares in Demat Form other than individual and Physical Form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.
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).

- (vi) After entering these details appropriately, click on "SUBMIT" tab.
- (vii) Members holding shares in physical form will then reach directly 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.

- (viii) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (ix) Click on the EVSN of the “Sonal Adhesives Limited”.
- (x) 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.
- (xi) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xii) 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.
- (xiii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xiv) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xv) If Demat account holder has forgotten the changed password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xvi) Additional facility for Non – Individual Shareholders and Custodians –Remote Voting

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the “Corporates” module.
- 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.

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

1. The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for Remote e-voting.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
4. The Members can join the Meeting through 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 Meeting through VC/OAVM will be made available to at least 1000 members on first come first served basis. However the participation of 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. are not restricted on first come first served basis.
5. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
6. Further Shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the Meeting.
7. 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.

8. Members who would like to express their views or ask questions during the Meeting may register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID/folio number, PAN, mobile number at investor@sonal.co.in at least 2 days before the Meeting. Those Shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the Meeting.
9. The Shareholders who have not registered themselves can put the question on the chat box available on the screen at the time of the Meeting.
10. 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.
11. 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.

PROCESS FOR THOSE SHAREHOLDERS WHO'S EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES & COMPANY/RTA:

1. 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**.
2. For Demat shareholders -, Please update your email id & mobile no. with your respective Depository Participant (DP)
3. For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at 022-23058738 and 022-23058542/43.

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, Mafatlal 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.

For and on behalf of the Board

Mridu Arora
Director
DIN: 07260461

Sandeep Arora
Managing Director
DIN: 00176939

Date: 25.08.2021

Place: Khopoli

Explanatory Statement pursuant to Sec 102 of the Companies Act, 2013

Item No. 3

The Board of Directors had recommended to sale or dispose the Company's properties comprising of land with building admeasuring total Square meters 6020 of land, comprised of Survey Nos. 28 being situated at Hissa No.1A, Village Dheku, Takai Adoshi Road, Taluka Khalapur, Dist Raigad, Khopoli – 410 203 to Mr. Hitesh Bhanwarlal Sanghvi on such terms and conditions as may be deemed fit by the Board.

According to Section 180(1)(a) of the Companies Act, 2013; sale or otherwise disposal of the whole or substantially the whole of an undertaking of the Company or where the Company owns more than one undertaking, of the whole or substantially the whole of any such undertaking, requires the approval of the members of the Company by way of a special resolution.

The Company is therefore seeking your consent for the said proposals as contained in the Special Resolution.

None of the Directors and key managerial personnel of the Company or their respective relatives are concerned or interested in the said Special Resolution.

For and on behalf of the Board

Mridu Arora
Director
DIN: 07260461

Sandeep Arora
Managing Director
DIN: 00176939

Date: 25.08.2021

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
Date of Birth	24/07/1976
Age	44 Years
Date of Appointment	12/08/2015
Qualifications	M.A.
Experience	more than 9 years
Expertise in specific functional areas	Designing
Terms and condition of appointment / re-appointment along with remuneration to be drawn	<p>Retire by rotation – Liable to retire by rotation. Duties – To adhere as provided under Section 166 of the Act. Code of Conduct – Abide by the Code of Conduct devised by the Company. Remuneration: NIL</p>
Relationship with other Directors, Manager and other KMP	Spouse of Mr. Sandeep Arora, Managing Director of the Company
No. of Board meeting attended during the year	6
Directorships held in other companies (excluding foreign companies)	NIL
Memberships / Chairmanships of Committees of the Company	Member of Nomination and Remuneration Committee and Member of Stakeholder Relationship Committee
Memberships / Chairmanships of Committees of the other Company	NIL
Number of shares held in the Company	NIL

DIRECTORS' REPORT

DEAR MEMBERS

Your Directors have pleasure in presenting 30th Annual Report for the financial year 2020-21 along with Audited Balance Sheet and the Statement of Profit and Loss Account for the year ended on March 31, 2021.

FINANCIAL RESULTS

The financial performance of your Company for the year ended March 31, 2021 is summarized below: (Rs. in lakhs)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Income from operations	1697.14	3214.64
Profit(Loss) before Finance Cost & Depreciation	(25.66)	(139.37)
Add: Finance Cost	0.02	39.29
Add: Depreciation	69.20	75.30
Profit(Loss) Before tax	(94.88)	(253.96)
<u>Tax Expenses</u>		
Deferred Tax Expense / Credit	14.24	(66.28)
Short provision for tax relating to prior year	1.77	
Profit(Loss) for the year	82.40	(187.68)

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. 16,97,13,668/- in current year and Rs. 32,14,63,783/- in previous year indicating decline by 52.79% due to impact of COVID-19 and lockdowns.. ➤ The Company's Export Turnover also decreased to Rs. 2,94,03,114 compared to previous year export turnover of Rs. 5,43,35,310 indicating a decrement by 45.89% ➤ The Company has incurred a Loss of Rs. 80,51,819/- compared to Loss of Rs. 1,88,48,091/- in the previous year.
b	Market environment	<ul style="list-style-type: none"> ➤ The corona virus pandemic has crippled India's economy. Like many industries, the Indian Adhesives and Sealants industry too has been hit hard. The production, supply, and export were aligned to meet the desired goals towards the end of the year. However, corona virus was a big factor that turned the smooth operations upside down. As businesses lost their profitability, the managements of key players duly intervened to firefight the crisis. ➤ The Indian Adhesives and sealants market is expected to grow significantly at the highest CAGR of 8.07%, during the forecast period (2021-2026).
c	Future Prospects	<ul style="list-style-type: none"> ➤ Appliances and consumer electronics industry is expected to double to reach Rs. 1.48 lakh crore (US\$ 21.18 billion) by 2025 , therefore good business is expected for the company. ➤ Company is expected to progress due to increasing demand from the packaging industry and the growth of automative production in the Country. ➤ The overall market for adhesives & sealants is expected to have a high growth in the country.

CODE OF CONDUCT

All Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year 2020-21. 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 2020-21.

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.

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.

Ms. Meena Dodmani, Company Secretary and Key Managerial Personnel (KMP) of the Company resigned with effect from 9th February, 2021 and Ms. Anuradha Dubey, Member of Institute of Company Secretaries of India was been appointed as Company Secretary and KMP with effect from 8th June, 2021.

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. Anuradha Dubey | - 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>

- Policy for selection of Directors and determining Directors independence; and
- 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 2020-21, Six 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, 2021, 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, 2021 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.

ANNUAL RETURN

The Annual Return of the Company as on 31st March, 2021 in Form MGT - 7 in accordance with Section 92(3) of the Act read with the Companies (Management and Administration) Rules, 2014, is available on the website of the Company at https://www.sonal.co.in/financial-info/Form_MGT_7.pdf

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

Pursuant to provisions of Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, M/s. M C Asawa & CO, Chartered Accountant (Firm Registration No: 008041C) were appointed as the Statutory Auditors for a period of five years from the conclusion of 29th Annual General Meeting till the conclusion of the 34th Annual General Meeting to be held in the year 2025.

The Auditors' Report to the Members on the Accounts of the Company for the year ended March 31, 2021 is a part of the Annual Report.

Auditors Emphasis/Remarks/Observations in the Audit Report for the year ended 31.03.2021:

- a) With reference to qualifications no. 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.
- b) With reference to qualifications no. 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.
- c) With reference to qualifications no. iii & iv – The matters are under dispute and are pending before the different courts / tribunals.
- d) With reference to qualifications no. v – Continuous follow up are going on with debtors and creditors and the same are in settlement process, hence not written off.
- e) With reference to qualifications no. vi – The matter is pending before High Court and / or Debt Recovery Tribunal.
- f) With reference to qualifications no. vii & viii – The Company is in process of identifying various opportunities to generate funds for growth and expansions.

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 2020-21. The Secretarial Audit Report given by the Secretarial Auditor is annexed to this Board Report as **Annexure I**. The Secretarial Audit Report is unqualified.

DEPOSITS

During the year, the Company has not accepted any Deposits from the Public. The Company has taken a loan from Director of the Company amounting to Rs. 20,00,000/- as detailed in Note 34 of the Financial Statements. The Company has taken a declaration from the Director that the amount is given out of his 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.

COST RECORDS

The cost records as prescribed under sub-section (1) of section 148 of the Companies Act, 2013 is not applicable to the company.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

All Related Parties Transactions entered by the Company during the Financial Year 2020-21 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, 2021.

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 II** 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 III** to this Report. However, as per the provisions of Section 136 of the Act, the Annual Report is being sent to all Members of the Company.

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

CORPORATE GOVERNANCE

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

MANAGEMENT DISCUSSIONS AND ANALYSIS

Pursuant to Regulation 34 read with Schedule V of the Listing Regulations, a brief note on Management Discussions and Analysis of the results for the year under review is given in **Annexure IV** 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

Date: 12.08.2021

Place: Khopoli

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

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021

[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, 2021 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 through digital mode the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31st March, 2021 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; and
 - (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, 2018.

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 22nd February, 2017. 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).
- (3) CS Meena Dodmani resigned from the post of Company Secretary, Compliance Officer and Key Managerial Personnel of the Company w.e.f. 9th February, 2021.

CS Prashant Diwan

Practising Company Secretary

FCS: 1403 CP: 1979

PR: 530/2017

UDIN: F001403C000774219

Date: 12.08.2021

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-19 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: F001403C000774219

Date: 12.08.2021
Place: Mumbai

ANNEXURE- II
**PARTICULAR OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND
FOREIGN EXCHANGE EARNINGS AND OUTGO REQUIRED UNDER THE COMPANIES
(ACCOUNTS OF THE COMPANIES) RULES, 2014.**

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

Conservation of energy:

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

(Amount in Rs.)

		Year Ended 31.3.2021	Year Ended 31.3.2020
Power and Fuel Consumption			
1. Electricity			
A) Purchase			
Unit		447306	697605
Total Amount	Rs.	4894863.92	6672885
Rate/Unit	Rs.	10.94	9.57
B) Own generation (Through D.G. Set)			
Diesel Oil Consumed (Unit)	Kgs	5000.00	8980.59
Total Amount	Rs.	342000.00	608996.28
Avg. per Kg	Rs.	68.40	67.81
2. Furnace Oil			
Quantity	Kgs	6000	14360
Total Amount	Rs.	234000.00	563179.32
Avg. per Kgs	Rs.	39.00	39.21
3. Briquettes (Furnace Oil)			
Quantity	Kgs	275135.00	784660.00
Total Amount	Rs.	1587988.40	4561030.88
Avg. Per Kg	Rs	5.771	5.812

Technology Absorption:

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

Foreign Exchange Earnings and Outgo:

	Year Ended 31.03.2021 (Rs. In lacs)	Year Ended 31.03.2020 (Rs. In lacs)
Foreign Exchange Outgo	0.00	0.94
Foreign Exchange Earned	406.51	719.20

For and on behalf of the Board

Mridu Arora
Director
DIN: 07260461

Sandeep Arora
Managing Director
DIN: 00176939

Date: 12.08.2021

Place: Khopoli

ANNEXURE III

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 2020-21:

Name of Director	Remuneration (Rs.)	Median Remuneration of Employees	Ratio
Mr. Sandeep M. Arora	0	255472	NA

2. Percentage increase in remuneration of each Director, Chief Financial Officer, Company Secretary in the Financial Year 2020-21:

Name	Designation	% increase / (decrease) in remuneration
Mr. Sandeep M. Arora	Managing Director	no remuneration
Mr. Ajeet Singh	Chief Financial Officer	22.13%
Ms. Meena Dodmani	Company Secretary	Not applicable since resigned during the year

3. Percentage increase in the median remuneration of employees in the Financial Year 2020-21 is (14.01)%.
4. The number of permanent employees on the rolls of the Company as on 31st March, 2021 is 23.
5. The average increase in the salary of the employees other than the managerial personnel in FY 2020-21 is (19.56)% and increase in the salary of managerial personnel is 6.95%. 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

Date: 12.08.2021

Place: Khopoli

ANNEXURE - IV

MANAGEMENT DISCUSSION AND ANALYSIS

(a) Industry structure and Outlook

The Indian Adhesive & Sealant market combined was valued at ~INR 10,100 crore in 2020 and is expected to reach ~INR 15,000 crore in 2025. Increasing demand from packaging, furniture, and building & construction will drive the demand for the products during the forecast period.

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.

The BOPP 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.

(b) Threats, Opportunities, Risks and concerns

The corona virus pandemic has crippled India's economy. Like many industries, the Indian Adhesives and Sealants industry too has been hit hard. The production, supply, and export were aligned to meet the desired goals towards the end of the year. However, corona virus was a big factor that turned the smooth operations upside down. As businesses lost their profitability, the managements of key players duly intervened to firefight the crisis.

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.

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.

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

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

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

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

(d) 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.

(e) Financial Performance with respect to Operational Performance

The Total Turnover of the Company is Rs. 16,97,13,668/- in current year and Rs. 32,14,63,783/- in previous year indicating decline by 52.79% due to sluggish market conditions impacted by COVID-19 and lockdowns. The Loss incurred by the Company is comparatively less than previous year i.e. Rs. 80,51,819/- compared to loss of Rs. 1,88,48,091/- in the previous year.

The Company has achieved a satisfactory turnover in the first Quarter of the FY 2021-22 the quarter wise comparison is as under:

Particulars	Quarter ended 30.06.2021 (Amt in Lakhs)	Quarter ended 31.03.2021 (Amt in Lakhs)	Quarter ended 30.06.2020 (Amt in Lakhs)
Turnover	644.52	613.13	243.30

(f) 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 2021 were 23 (staff plus workers).

(g) 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 2020-21	FY 2019-20	% Change	Reason for change of 25% or more as compared to the immediately previous financial year
Debtors Turnover	1.79	3.06	(41.44%)	Sluggish market due to pandemic
Inventory Turnover	13.79	23.45	(41.19%)	
Interest Coverage Ratio	0.00	(0.18)	99.90%	
Current Ratio	0.62	0.63	(1.71%)	
Debt Equity Ratio	(6.34)	(9.65)	34.34%	Unsecured Loan Paid off
Operating Profit Margin (%)	(5.40%)	(7.72%)	30.04%	Sluggish market due to pandemic
Net Profit Margin	(4.69%)	(5.71%)	17.78%	
Return on Net Worth	0.23	0.69	(66.10%)	Sluggish market due to pandemic

(h) Accounting Treatment

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

For and on behalf of the Board

Mridu Arora
Director

DIN: 07260461

Sandeep Arora
Managing Director

DIN: 00176939

Date: 12.08.2021

Place: Khopoli

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 2021, 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 2021, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity 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 **22nd Feb, 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. 2,11,78,196 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 (h) 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, 2021, 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, 2021, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021, 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.

M. C. Asawa & Co.
Chartered Accountants
FRN : 008041C

Mukund Sarda
Proprietor
M. No. 163405

Place: Khopoli
Date: 28th June, 2021

ANNEXURE-A TO THE INDEPENDENT AUDITORS' REPORT

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 2021, I report that:

1. a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) 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.
- c) 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. The cost records as prescribed under sub-section (1) of section 148 of the Companies Act, 2013 is not applicable to the company.
7. a) 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.
- b) 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, 2021 for a period of more than six months from the date they became payable.
- c) The Company has no disputed statutory dues pending to be deposited as on 31st March 2021 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. a) Transactions with related parties are in accordance with the provisions of section 177 & 188.
- b) 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.

M. C. Asawa & Co.
Chartered Accountants
FRN : 008041C

Mukund Sarda
Proprietor
M. No. 163405

Place: Khopoli
Date: 28th June, 2021

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 2021 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 2021, 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.

M. C. Asawa & Co.
Chartered Accountants
FRN : 008041C

Mukund Sarda
Proprietor
M. No. 163405

Place: Khopoli
Date: 28th June, 2021

Balance Sheet as at March 31, 2021

(Amount in Rupees)

Particulars	Note	As at March 31, 2021	As at March 31, 2020
A ASSETS			
1 Non-current assets			
(a) Property, Plant and Equipment	3	4,20,69,870	4,88,74,752
(b) Capital work in progress		-	-
(c) Financial Assets			
(i) Trade Receivables	8	2,11,78,196	1,98,04,801
(ii) Other financial assets	4	3,08,946	3,37,523
(d) Other Non Current Assets	5	17,19,188	19,48,213
(e) Non Current Tax		50,917	1,78,795
(f) Deferred Tax Assets (Net)	31	2,63,19,467	2,49,16,900
Total Non - Current Assets		9,16,46,583	9,60,60,984
2 Current assets			
(a) Inventories	11	1,23,08,956	1,37,10,843
(b) Financial Assets			
(i) Cash and cash equivalents	9	4,83,114	(1,12,146)
(ii) Other Bank Balance	10	64,34,277	64,24,277
(iii) Other financial assets	6	9,78,28,381	9,00,69,124
(iv) Trade Receivable	8	7,35,92,575	8,53,20,125
(c) Other current assets	7	1,21,79,858	1,06,64,792
Total Current Assets		20,28,27,161	20,60,77,015
Total Assets (1+2)		29,44,73,744	30,21,38,000
B EQUITY AND LIABILITIES			
1 Equity			
(a) Equity Share capital	12	6,06,10,000	6,06,10,000
(b) Other Equity	13	(9,59,40,137)	(8,78,88,318)
Total Equity		(3,53,30,137)	(2,72,78,318)
LIABILITIES			
2 Non-current liabilities			
(a) Provisions	15	10,13,871	10,62,975
Total Non - Current Liabilities		10,13,871	10,62,975
3 Current liabilities			
(a) Financial Liabilities			
(i) Trade payables	17	5,12,93,398	5,47,86,476
(ii) Other financial liabilities	18	5,32,71,246	99,55,778
(ii) Borrowings	14	22,39,62,256	26,33,58,420
(b) Provisions	16	2,63,109	2,52,667
Total Current Liabilities		32,87,90,009	32,83,53,342
Total Equity and Liabilities (1+2+3)		29,44,73,744	30,21,38,000

See accompanying notes forming part of the financial statements.

In terms of our report attached

M. C. Asawa & Co.

Chartered Accountants

Firm Registration No : 008041C

For Sonal Adhesives Limited
Mukund Sarda
Partner
Membership No.: 163405
Sandeep Arora
Managing Director

DIN: 00176939

Manish Nanda
Director

DIN: 03245943

Anuradha Dubey
Company Secretary

A65278

Ajeet Singh
Chief Financial Officer

Place: Khopoli

Date: 28th June 2021

Place: Khopoli

Date: 28th June 2021

Statement of Profit and Loss for the year ended 31st March 2021

(Amount in Rupees)

Particulars		Note	For the Year ended March 31, 2021	For the Year ended March 31, 2020
I	Revenue from operations	19	16,97,13,668	32,14,63,783
II	Other income	20	59,09,724	74,04,318
III	Total Revenue (I + II)		17,56,23,392	32,88,68,100
IV	Expenses			
	(a) Cost of Material Consumed	24	14,21,67,781	29,07,96,823
	(b) Purchase of Stock in Trade		31,14,038	71,18,921
	(c) Change in Inventories of Work in Progress and F/G	25	68,51,570	1,05,48,891
	(d) Employee Benefit Expense	21	37,80,088	39,29,549
	(e) Finance Cost	23	1,728	39,29,119
	(f) Depreciation and amortisation expense	3	69,20,261	75,30,132
	(g) Other expenses	22	2,22,75,776	3,04,10,876
	Total Expense (IV)		18,51,11,242	35,42,64,311
V	Loss before tax (III - IV)		(94,87,850)	(2,53,96,211)
VI	Tax expense:			
	Current Tax		-	-
	Deferred Tax expense / credit	31	(14,24,152)	(66,28,397)
	Short provision for tax relating to prior year		1,76,978	
	Total Tax Expense (VI)		(12,47,174)	(66,28,397)
VII	Loss for the year (V+VI)		(82,40,676)	(1,87,67,814)
VIII	Other Comprehensive Income			
	(i) Items that will not be reclassified to profit or loss			
	(a) Remeasurements of the defined benefit plans		2,10,442	(63,712)
	(ii) Tax on items that will not be reclassified to profit or loss	31	(21,585)	(16,565)
	Total other comprehensive Income for the year (VIII)		1,88,857	(80,277)
IX	Total Comprehensive Loss for the year		(80,51,819)	(1,88,48,091)
X	Earnings per equity share (of Rs. 10/- each)	27		
	Basic & Diluted		(1.36)	(3.10)

See accompanying notes forming part of the financial statements.

In terms of our report attached

M. C. Asawa & Co.

Chartered Accountants

Firm Registration No : 008041C

For Sonal Adhesives Limited
Mukund Sarda
Partner
Membership No.: 163405
Sandeep Arora
Managing Director

DIN: 00176939

Manish Nanda
Director

DIN: 03245943

Anuradha Dubey
Company Secretary

A65278

Ajeet Singh
Chief Financial Officer

Place: Khopoli

Date: 28th June 2021

Place: Khopoli

Date: 28th June 2021

Statement of Changes in Equity for the year ended March 31, 2021
a. Equity Share Capital (Amount in Rupees)

	As at March 31, 2021	As at March 31, 2020
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, 2020	10,00,000	(8,91,75,136)	2,86,818	(8,78,88,318)
Add: Loss for the year	-	(82,40,676)	-	(82,40,676)
Add: Other comprehensive income for the year, net of tax	-	-	1,88,857	1,88,857
Total comprehensive loss for the year	-	(82,40,676)	1,88,857	(80,51,819)
Add:				
Balance as at March 31, 2021	10,00,000	(9,74,15,812)	4,75,675	(9,59,40,137)

See accompanying notes forming part of the financial statements.

In terms of our report attached

M. C. Asawa & Co.

Chartered Accountants

Firm Registration No : 008041C

For Sonal Adhesives Limited

Mukund Sarda

Partner

Membership No.: 163405

Sandeep Arora

Managing Director

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A65278

Ajeet Singh

Chief Financial Officer

Place: Khopoli

Date: 28th June 2021

Place: Khopoli

Date: 28th June 2021

Cash flow statement for the year ended March 31, 2021

(Amount in Rupees)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before Tax	(94,87,850)	(2,53,96,211)
<u>Adjusted for:</u>		
Depreciation	69,20,261	75,30,132
Interest Income	(38,50,000)	(25,503)
Finance costs	1,728	39,29,119
Operating Profit before Working Capital Changes	(64,15,861)	(1,39,62,463)
<u>Changes in working capital:</u>		
Decrease/(Increase) in trade receivables	1,03,54,155	3,96,86,332
Decrease/(Increase) in inventories	14,01,887	1,47,48,768
Decrease/(Increase) in Other financial assets - Non Current	28,577	51,998
Decrease/(Increase) in Other Assets - Non Current	2,29,026	2,02,372
Decrease/(Increase) in Other Assets - Current	(15,15,065)	4,24,91,017
Decrease/(Increase) in Other Financial Assets - Current	(77,59,257)	(7,96,75,926)
(Decrease)/Increase in Trade Payables	(34,93,078)	(1,20,74,411)
(Decrease)/Increase in other financial liabilities - current	4,33,15,468	(47,52,378)
(Decrease)/Increase in provision for Provision - non current	1,61,338	(7,342)
(Decrease)/Increase in provision for Provision - current	10,442	3,702
	4,27,33,492	6,74,133
Cash generated from operations	3,63,17,631	(1,32,88,330)
Income tax paid (Net of refund)	(49,100)	33,150
Net Cash used in Operating Activities	3,62,68,532	(1,32,55,180)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure on fixed assets	(1,15,379)	(50,55,181)
Deposits Matured	(10,000)	5,29,943
Interest received	38,50,000	25,503
Net Cash used in Investing Activities	37,24,621	(44,99,735)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Decrease in Borrowings - Short Term	(3,93,96,164)	2,27,05,000
Decrease in Borrowings - Long Term	-	(87,672)
Finance Cost	(1,728)	(39,29,119)
Dividend Paid	-	(5,33,600)
Net Cash from Financing Activities	(3,93,97,892)	1,81,54,609
Net decrease in cash and cash equivalents	5,95,261	3,99,695
Cash and cash equivalents at beginning of the year	(1,12,146)	(5,11,842)
Cash and cash equivalents at end of the year (Refer Note Below)	4,83,114	(1,12,147)

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	10,63,271	4,62,901
- Bank Overdraft	(5,80,157)	(5,75,048)
Cash and Cash Equivalents	4,83,114	(1,12,146)

See accompanying notes forming part of the financial statements.

In terms of our report attached

M. C. Asawa & Co.

Chartered Accountants

Firm Registration No : 008041C

For Sonal Adhesives Limited

Mukund Sarda

Partner

Membership No.: 163405

Sandeep Arora

Managing Director

DIN: 00176939

Manish Nanda

Director

DIN: 03245943

Anuradha Dubey
Company Secretary

A65278

Ajeet Singh
Chief Financial Officer

Place: Khopoli

Date: 28th June 2021

Place: Khopoli

Date: 28th June 2021

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, 2021 have been approved for issue in accordance with the resolution of the Board of Directors on June 28, 2021.

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, 2021

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, 2021

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, 2021

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, 2021

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 liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset). Net

Notes to the financial statements for the year ended March 31, 2021

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, 2021

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, 2021	Year Ending March 31, 2020
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 tape chemical. 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, 2021
Note 3 : Property , plant and equipment

(Amount in Rupees)

Particulars	As at March 31, 2021										As at March 31, 2020			
	Land	Building	Computer	Electrical Equipments	Lab Equipments	Furniture & Fixture Set	Air Conditioner	Office Equipments	Plant and Machinery	Motor Vehicles	Bicycle	Motor Cycle	Total	
Carrying amount of:														
Land	2,07,130												2,07,130	
Building		49,96,071											58,35,484	
Computer			6										6	
Electrical Equipments													-5	
Lab Equipments													10,208	
Furniture & Fixture													-	
Generating Set													-1	
Air Conditioner													14,443	
Office Equipments													2,58,831	
Plant and Machinery													4,15,18,886	
Motor Vehicles													10,20,315	
Motor Cycle													9,456	
Bicycle													-2	
Total													4,88,74,752	
Cost														
At April 1, 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
Additions														1,15,379
Deletions														-
At March 31, 2021	2,07,130	1,83,15,897	18,50,335	2,07,600	82,200	4,53,528	48,087	2,86,868	11,46,627	8,49,81,396	70,20,363	4,535	69,529	11,46,74,096
Accumulated Depreciation														
At April 1, 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
Charge for the year	-	8,39,413	-	-	10,209	-	-	10,213	1,56,504	56,12,891	2,86,303	-	4,728	69,20,261
Disposals														-
At March 31, 2021	-	1,33,19,826	18,50,329	2,07,605	82,201	4,53,528	48,088	2,82,638	9,28,921	4,90,75,401	62,86,351	4,537	64,801	7,26,04,226

Notes to the financial statements for the year ended March 31, 2021
Note 4 : Other Financial assets - Non Current

(Amount in Rupees)

Particulars	As at	As at
	March 31, 2021	March 31, 2020
a) Security Deposits		
- Unsecured, considered good	3,01,170	3,21,170
b) Interest accrued on MSEB Deposit	7,776	16,353
Total	3,08,946	3,37,523

Note 5 : Other Non Current assets

Particulars	As at	As at
	March 31, 2021	March 31, 2020
a) Balances with government authorities		
- Sales Tax Department	17,06,188	19,35,213
b) Advance Sales Tax	13,000	13,000
Total	17,19,188	19,48,213

Note 6 : Other Financial assets - Current

Particulars	As at	As at
	March 31, 2021	March 31, 2020
a) Loans and advances to employees	78,381	69,124
b) Advances to ASREC India Limited (ARC)	9,77,50,000	9,00,00,000
Total	9,78,28,381	9,00,69,124

Note 7 : Other Current assets

Particulars	As at	As at
	March 31, 2021	March 31, 2020
a) Balances with government authorities		
- GST Receivable	50,15,271	38,12,368
b) Advance to vendors	70,73,401	67,49,500
c) Prepaid Expense	91,186	1,02,925
Total	1,21,79,858	1,06,64,792

Note 8 : Trade receivables

Particulars	As at March 31, 2021		As at March 31, 2020	
	Non Current	Current	Non Current	Current
Trade Receivable (Unsecured)				
(a) Considered Good	2,11,78,196	7,35,92,575	1,98,04,801	8,53,20,125
(b) Considered Doubtful	-	-	-	-
	2,11,78,196	7,35,92,575	1,98,04,801	8,53,20,125
Less: Allowances for bad and doubtful debts (expected credit loss allowance)				
Total	2,11,78,196	7,35,92,575	1,98,04,801	8,53,20,125

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, 2021

(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	As at
	March 31, 2021	March 31, 2020
Revenue from top customer	1,69,21,914	3,57,74,868
Revenue from top five customers	7,03,91,104	13,23,29,930

Age of receivables

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Exceeding six months	8,03,00,209	9,97,56,660
Others	1,44,70,562	53,68,266
Total	9,47,70,771	10,51,24,926

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

However, No provision has been created on trade receivables aggregating to Rs 8,03,00,209 (Previous Year: Rs. 9,97,56,660) 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	As at
	March 31, 2021	March 31, 2020
(a) Bank balances		
- In Current account	7,81,160	91,710
(b) Cash in hand	2,82,111	3,71,192
(c) Bank Overdraft	(5,80,157)	(5,75,048)
Total	4,83,114	(1,12,146)

Note 10: Other Bank Balance

Particulars	As at	As at
	March 31, 2021	March 31, 2020
(a) Bank balances		
- In Deposit account	64,34,277	64,24,277
Total	64,34,277	64,24,277

Note 11: Inventories

Particulars	As at	As at
	March 31, 2021	March 31, 2020
(a) Raw Materials	89,97,390	26,08,525
(b) Packing Materials	14,69,664	22,14,779
(c) Consumables	2,71,953	4,66,021
(d) Finished Goods [including work in process]	15,69,948	84,21,518
Total	1,23,08,956	1,37,10,843

Note 12: Equity Share Capital

Particulars	As at March 31, 2021		As at March 31, 2020	
	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
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 to the financial statements for the year ended March 31, 2021

(Amount in Rupees)

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, 2021		As at March 31, 2020	
	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, 2021		As at March 31, 2020	
	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 March 31, 2021	As at March 31, 2020
(a) Capital Reserve	10,00,000	10,00,000
(b) Retained earnings	(9,74,15,812)	(8,91,75,136)
(c) Other Items of Other Comprehensive Income	4,75,675	2,86,818
Total	(9,59,40,137)	(8,78,88,318)

Note 13.1 Capital Reserve

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
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

Notes to the financial statements for the year ended March 31, 2021

(Amount in Rupees)

Note 13.2 Retained earnings

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Balance at beginning of year	(8,91,75,136)	(7,04,07,322)
Loss for the year	(82,40,676)	(1,87,67,814)
Balance at end of year	(9,74,15,812)	(8,91,75,136)

Note 13.3 Other Items of Other Comprehensive Income

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Balance at beginning of year	2,86,818	3,67,095
- Remeasurement of Defined Benefit Obligation	2,10,442	-63,712
- Tax on Above	-21,584.68	(16,565)
Balance at end of year	4,75,675	2,86,818

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, 2021		As at March 31, 2020	
	Current	Non Current	Current	Non Current
- 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		1,92,40,000	
Nitin Rane	20,00,000		-	
- From Others				
Aneri Fincap Limited	-		84,06,164	
Unno Industries Limited	18,04,054		3,47,94,054	
Total	22,39,62,256	-	26,33,58,420	-

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

Notes to the financial statements for the year ended March 31, 2021

(Amount in Rupees)

- (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, 2021	As at March 31, 2020
Provision for employee benefits (Refer note 26)		
Gratuity	10,13,871	10,62,975
Total	10,13,871	10,62,975

Note 16: Current - Provisions

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits (Refer note 26)		
Gratuity	2,63,109	2,52,667
Total	2,63,109	2,52,667

Note 17: Trade Payables

Particulars	As at March 31, 2021	As at March 31, 2020
Trade payables		
Dues to Micro, Small and Medium Enterprises	-	4,60,922
Dues to Others	5,12,93,398	5,43,25,554
Total	5,12,93,398	5,47,86,476

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

Notes to the financial statements for the year ended March 31, 2021

(Amount in Rupees)

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	As at
	March 31, 2021	March 31, 2020
	Current	Current
The principal amount remaining unpaid to any supplier at the end of the year	-	4,60,922
Interest due remaining unpaid to any supplier at the end of the year	-	2,18,077
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
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	-	-

Amount payable to MSME Rs 4,60,922 has been written-back on account of quality issues with the parties. As per management, as on March 21, there is no outstanding to MSME.

Note 18: Other Financial Liabilities (Current)

Particulars	As at	As at
	March 31, 2021	March 31, 2020
(i) Advances from customers	4,91,96,328	78,88,497
(ii) Current Maturities of Long Term Loan		
- On Vehicle Loan	-	86,574
(iii) Other Payables	40,74,918	19,80,707
Total	5,32,71,246	99,55,778

Note 19: Revenue from Operations

Particulars	For the year ended	For the year ended
	March 31, 2021	March 31, 2020
(a) Revenue from Operations	16,97,13,668	32,14,63,783
Total	16,97,13,668	32,14,63,783

Note 20: Other Income

Particulars	For the year ended	For the year ended
	March 31, 2021	March 31, 2020
(a) Interest Income		
On Deposits	8,406.97	25,503
On Account of Interest Reversal	38,50,000	-
	38,58,407	25,503
(b) Other Non-Operating Income		
Exchange Fluctuation Gains	-	73,78,814
Rate Difference	13,79,382	-
Sundry Balance W/back	6,53,819	-
Ocean Freight	18,116	-
Total	59,09,724	74,04,318

Notes to the financial statements for the year ended March 31, 2021

(Amount in Rupees)

Note 21: Employee benefits expense

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries, wages and bonus	30,63,185.00	29,67,753
Gratuity	1,91,395.00	1,97,360
Contributions to provident and other funds	2,33,894.00	4,32,431
Staff welfare expenses	2,91,614.10	3,32,005
Total employee benefits	37,80,088	39,29,549

Note 22: Other expenses

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Freight & forwarding charges	13,81,625	21,50,603
Manufacturing expenses	37,13,259	47,57,549
Salaries to factory staff	40,90,645	56,69,393
Ocean freight	-	46,095
Security charges	6,97,292	6,92,350
General expenses	32,246	2,72,968
Postal expenses	34,516	88,607
Printing & stationery	87,829	1,40,605
Sales promotion expenses	55,121	3,05,536
Conveyance expenses	3,81,019	6,13,187
Listing fees	3,00,000	3,00,000
Advertisement and publicity	1,28,359	1,52,052
Legal & Professional Expenses	6,34,400	11,82,028
Domestic & foreign travel	59,474	5,52,660
Factory expenses	6,04,225	11,41,947
Stores & spares expenses	5,74,827	8,84,171
Telephone and communication expenses	1,36,713	1,77,607
C&F/Port/Octroi/Terminal handling charges	6,70,011	13,90,012
Water charges	1,00,830	4,74,410
Total (a)	1,36,82,390	2,09,91,780
Payment to the Auditors		
Audit fees	1,96,000	1,96,000
Total (b)	1,96,000	1,96,000
Consumable	79,229	3,95,230
Electricity charges	48,94,864	66,72,885
Exchange Fluctuation Loss	19,13,977	
Rental charges	1,20,000	3,40,000
Commission	-	50,000
Repairs & maintenance - machinery	4,95,572.02	2,75,190
Repairs & maintenance - vehicles	88,068.92	2,62,669
Insurance premium	1,15,140.95	1,17,306
Professional tax	2,280.00	2,500
Sales tax	-	1,64,272
GST Expenses	1,22,574.00	1,02,614
Job Work Charges	-	-
Sundry Balance W/off	-	1,28,069
Rate Difference	-	22,395
Total (c)	78,31,706	85,33,129
Miscellaneous Expenses	5,65,680	6,89,968
Loss on Sale of Asset	-	-
Total (d)	5,65,680	6,89,968
Total (a)+ (b)+ (c) +(d)	2,22,75,776	3,04,10,876

Notes to the financial statements for the year ended March 31, 2021

(Amount in Rupees)

Note 23: Finance Cost

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest expenses	1,728	39,29,119
Other interests	-	-
Total employee benefits	1,728	39,29,119

Note 24: Cost of Material Consumed

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Raw materials consumed	13,16,91,782	27,16,87,926
Packing materials and other consumables consumed	1,04,76,000	1,91,08,897
Total employee benefits	14,21,67,781	29,07,96,823

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

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Inventories at the beginning of the year		
Finished goods and work in process	84,21,518	1,89,70,408
Inventories at the end of the year		
Finished goods and work in process	15,69,948	84,21,518
Net (increase) / decrease	68,51,570	1,05,48,891

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

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Finished goods and work in process		
- Opening 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
- Closing stock		
Tapes	-	41,52,375
Adhesive Rolls	1,37,742	15,76,944
Ropes	-	-
Others	14,32,206	26,92,199
	15,69,948	84,21,518

Notes to the financial statements for the year ended March 31, 2021

(Amount in Rupees)

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, 2021	For the year ended March 31, 2020
i) Employer's Contribution to Provident Fund and pension	2,33,894	4,32,431
Total	2,33,894	4,32,431

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)

A. Principal actuarial assumptions used:

Particulars	Gratuity	
	As at March 31, 2021	As at March 31, 2020
Discount rate	6.50%	6.55%
Expected rate of salary increase	5.00%	5.00%
Mortality tables	IALM (2012-14) Ult.	IALM (2012-14) 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, 2021	As at March 31, 2020
Service cost:		
Current service cost	1,13,495	1,12,528
Past service cost and (gain) / loss from settlements	-	-
Net interest expense	77,900	84,832
Remeasurements	-	-
Components of defined benefit costs recognised in profit or loss	1,91,395	1,97,360

Notes to the financial statements for the year ended March 31, 2021

(Amount in Rupees)

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

Particulars	Gratuity	
	As at March 31, 2021	As at March 31, 2020
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	4,239	84,767
Actuarial (gains) / losses arising from changes in experience adjustments	-2,14,681	-20,525
Adjustments for restrictions on the defined benefit asset		
Components of defined benefit costs recognised in other comprehensive income	(2,10,442)	63,712
Total	(19,047)	2,61,072

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

Particulars	Period Ended	
	As at March 31, 2021	As at March 31, 2020
Opening net defined benefit liability/(assets)	13,15,642	12,55,570
Expenses charged to profit & loss account	1,91,395	1,97,360
Amount recognised outside profit and loss account	(2,10,442)	63,712
Employer contributions paid directly	(19,615)	(2,01,000)
Impact of liability assumed or (settled)	12,76,980	13,15,642

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

Particulars	Gratuity	
	As at March 31, 2021	As at March 31, 2020
Movements in present value of defined benefit obligation are as follows:		
Opening defined benefit obligation	13,15,642	12,55,570
Current service cost	1,13,495	1,12,528
Interest cost	77,900	84,832
Remeasurement (gains)/losses:		
Actuarial (gains) / losses arising from changes in demographic assumptions	-	(530)
Actuarial (gains) / losses arising from changes in financial assumptions	4,239	84,767
Actuarial (gains) / losses arising from changes in experience adjustments	(2,14,681)	(20,525)
Past service cost, including losses/(gains) on curtailments	-	-
Benefits paid	(19,615)	(2,01,000)
Closing defined benefit obligation	12,76,980	13,15,642

Notes to the financial statements for the year ended March 31, 2021

(Amount in Rupees)

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, 2021	Estimated for the year ended March 31, 2020
1st Following Year	2,63,109	2,52,667
2nd Following Year	60,682	63,275
3rd Following Year	60,947	62,614
4th Following Year	54,835	62,720
5th Following Year	52,797	57,901
Sum of Years 6 to 10	8,22,201	8,28,540

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, 2021	As at March 31, 2020
Defined Benefit Obligation - Discount Rate + 50 basis points	12,35,696	12,69,814
Defined Benefit Obligation - Discount Rate - 50 basis points	13,20,796	13,64,380
Defined Benefit Obligation - Salary Escalation Rate + 50 basis points	13,21,222	13,64,878
Defined Benefit Obligation - Salary Escalation Rate - 50 basis points	12,34,930	12,68,941
Defined Benefit Obligation - Withdrawal Rate + 1000 basis points	12,80,203	13,19,027
Defined Benefit Obligation - Employee Turnover - 1000 basis points	12,73,567	13,12,037

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.

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, 2021	For the year ended March 31, 2020
Basic		
Profit for the year attributable to owners of the company (Amount in Lakhs)	(82,40,676.05)	(1,87,67,813.55)
Weighted average number of equity shares in calculating EPS (number)	6061000	6061000
Earnings per share (Basic and Diluted)	(1.36)	(3.10)

Note 28: Contingent Liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
a) Guarantees excluding financial guarantee*	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 guarantees to further the interest business of the company in the entities on whose behalf such guarantees 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 guarantees.

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 guarantees do not result in any additional benefits to the borrowers. Accordingly the fair value of the corporate guarantees are expected to be immaterial.

Notes to the financial statements for the year ended March 31, 2021

(Amount in Rupees)

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 filed under Order XXXVII of the code of Civil procedure	Case filed in Dindishi Court at Goregaon	11,69,729/-
Spectra Specialities	Notice under MSMED Act, 2006	In dispute over amount and quality issues in respective forum	1,45,795/-

Note 29: Payment to auditors

Particulars	March 31, 2021	March 31, 2020
a) for audit	1,96,000	1,96,000
b) for professional Fees		35,000
Total	1,96,000	2,31,000

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.

Payments recognised as an expense

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Minimum lease payments	1,20,000	3,40,000
Total	1,20,000	3,40,000

Notes to the financial statements for the year ended March 31, 2021

(Amount in Rupees)

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, 2021	As at March 31, 2020
<u>Deferred tax liability:</u>		
Remeasurements of the defined benefit plans (Recognised FVTOCI)	1,67,129	1,45,544
Depreciation	46,32,944	53,49,039
	48,00,073	54,94,583
<u>Deferred tax asset :</u>		
Gratuity & Leave Encashment	4,99,144	4,87,611
Carry forward Losses	2,90,90,545	2,83,94,022
	2,95,89,689	2,88,81,633
Net deferred tax asset	2,47,89,616	2,33,87,049

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

Particulars	As at March 31, 2021	As at March 31, 2020
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	7,82,90,662	6,44,50,725

Breakup of expiry of balances as at

March 31	Amount
2022	3,11,67,098
2024	2,69,77,420
2025	63,06,207
2026	1,38,39,937
Total	7,82,90,662

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, 2021, 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, 2021

(Amount in Rupees)

Gearing Ratio

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Debt	22,39,62,256	26,33,58,420
Cash and cash balances	69,17,391	63,12,131
Net Debt	21,70,44,865	25,70,46,290
Total Equity	6,06,10,000	6,06,10,000
Net Debt to Equity Ratio	3.58	4.24

(ii) Categories of financial instruments

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Financial assets		
Measured at amortised cost		
Trade Receivables	9,47,70,771	10,51,24,926
Cash and cash equivalents	4,83,114	(1,12,146)
Other Bank balance	64,34,277	64,24,277
Other financial assets (Current and Non Current)	9,81,37,327	9,04,06,647
Financial liabilities		
Measured at amortised cost		
Borrowings	22,39,62,256	26,33,58,420
Trade payables	5,12,93,398	5,47,86,476
Other financial liabilities	5,32,71,246	99,55,778

(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.

(iii) (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.

(iii) (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, 2021

(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.

(iii) (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, 2021.

Particulars	Due in 1st year	Due in 1- 5 years	Carrying amount
Financial Liabilities			
Trade payables	5,12,93,398	-	5,12,93,398
Borrowings	22,39,62,256	-	22,39,62,256
Other financial liabilities	5,32,71,246	-	5,32,71,246
Total	32,85,26,900	-	32,85,26,900

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

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.

Notes to the financial statements for the year ended March 31, 2021

(Amount in Rupees)

(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, 2021		As at March 31, 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
<u>Financial assets at amortised cost:</u>				
Trade Receivables	9,47,70,771	9,47,70,771	10,51,24,926	10,51,24,926
Cash and cash equivalents	4,83,114	4,83,114	(1,12,146)	(1,12,146)
Other bank balances with bank	64,34,277	64,34,277	64,24,277	64,24,277
Other financial assets	9,81,37,327	9,81,37,327	9,04,06,647	9,04,06,647
Financial Liabilities				
<u>Financial liabilities held at amortised cost:</u>				
Trade payables	5,12,93,398	5,12,93,398	5,47,86,476	5,47,86,476
Borrowings	22,39,62,256	22,39,62,256	26,33,58,420	26,33,58,420
Other financial liabilities	5,32,71,246	5,32,71,246	99,55,778	99,55,778

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	Mrs. Kamal Arora

S. No.	Particulars	Year ended March 31, 2021	Year ended March 31, 2020
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	20,00,000
	Loan Repaid	-	20,00,000

Notes to the financial statements for the year ended March 31, 2021

(Amount in Rupees)

S. No.	Particulars	As at March 31, 2021	As at March 31, 2020
Balance outstanding			
A	Key Management Personnel		
I	Sandeep Arora	1,92,40,000	1,92,40,000
II	Nitin Rane	20,00,000	-

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

See accompanying notes forming part of the financial statements.

In terms of our report attached

M. C. Asawa & Co.

Chartered Accountants

Firm Registration No : 008041C

For Sonal Adhesives Limited

Mukund Sarda
Partner
Membership No.: 163405

Sandeep Arora
Managing Director
 DIN: 00176939

Manish Nanda
Director
 DIN: 03245943

Anuradha Dubey
Company Secretary
 A65278

Ajeet Singh
Chief Financial Officer

Place: Khopoli
 Date: 28th June 2021

Place: Khopoli
 Date: 28th June 2021

SONAL ADHESIVES LTD.

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