

28.05.2019

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

**Scrip Code No. 526901**

**Sub: Outcome of the Board Meeting held on 28<sup>th</sup> May, 2019**

Dear Sir,

This is to inform you that pursuant to Regulation 30 and 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulation 2015, the Board of Directors of the Company at its Meeting held on today i.e. Tuesday, the 28<sup>th</sup> May, 2019 have approved and taken on record the Audited Financial Results for the 4<sup>th</sup> Quarter and year ended 31<sup>st</sup> March, 2019.

Attached herewith following pursuant to Regulation 33(3)(d) of the SEBI (Listing Obligation and Disclosure Requirements) Regulation 2015.

- 1) Audited Financial Results for the 4<sup>th</sup> Quarter ended and year ended 31<sup>st</sup> March, 2019 along with the statement of Assets and Liabilities as at the half year ended 31<sup>st</sup> March, 2019.
- 2) The Auditors' Review Report on Financial Result and
- 3) Statement on Impact of Audit Qualifications (for audit report with modified opinion)

The meeting of the Board of Directors commenced at 4.00 p.m. and concluded at 4.30 p.m.

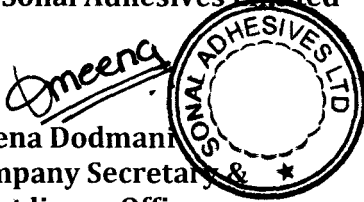
This is for your information and for the information of members of your exchange.

Kindly take the same on record and acknowledge the receipt

Thanking you  
Yours faithfully

For **Sonal Adhesives Limited**

**Meena Dodmani**  
Company Secretary &  
Compliance Officer



Encl: As Above

## **SONAL ADHESIVES LIMITED**

Regd. Off. : Plot No. 28/1A, Village Dheku, Takai Adoshi Road, Off. Khopoli-Pen Road, Taluka – Khalapur, Dist. – Raigad, P. O. Khopoli – 410 203.  
CIN No.L02004MH1991PLC064045 Email : info@sonal.co.in Tel No.+91 2192 262620 Fax : +91 2192 268478 Tel No. +91 22 61316131

www.sonal.co.in

# SONAL ADHESIVES LIMITED

CIN L02004MH1991PLC064045

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

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**PART I STATEMENT OF STANDALONE AUDITED FINANCIAL RESULTS FOR THE QUARTER & YEAR ENDED 31ST MARCH, 2019**

(Rs. In Lakhs)

S. No.	Particulars	For the Quarter ended March 31 2019 (Unaudited)	For the Quarter ended Dec 31 2018 (Unaudited)	For the Quarter ended March 31 2018 (Unaudited)	For the Year Ended 31st March 2019 (Audited)	For the Year Ended 31st March 2018 (Audited)
<b>1</b>	Revenue from Operations (Net of GST)	1,003.56	791.89	1,417.58	3,737.96	4,445.56
<b>2</b>	Other Income	(56.11)	(7.15)	26.67	49.56	36.28
<b>3</b>	<b>Total income (1+2)</b>	<b>947.45</b>	<b>784.74</b>	<b>1,444.25</b>	<b>3,787.52</b>	<b>4,481.83</b>
<b>4</b>	<b>Expenses</b>					
	(a) Cost of Materials consumed	980.79	681.10	1,588.47	3,414.46	4,274.07
	(b) Purchase of stock-in-trade	53.00	-	(113.22)	53.00	16.98
	(c) Changes in inventories of Finished Goods, work-in-progress and Stock in Trade	(217.15)	115.55	(229.93)	(8.56)	(94.47)
	(d) Employee benefits expense	12.18	10.99	13.50	43.35	43.48
	(e) Finance Cost	11.25	2.83	(2.23)	14.60	1.14
	(f) Depreciation and amortisation expense	18.82	18.60	19.14	74.64	76.28
	(g) Other expenses	84.28	74.77	269.48	335.23	512.40
	<b>Total expenses</b>	<b>943.17</b>	<b>903.84</b>	<b>1,545.21</b>	<b>3,926.73</b>	<b>4,829.88</b>
<b>5</b>	<b>Profit before Tax (3-4)</b>	<b>4.27</b>	<b>(119.08)</b>	<b>(100.96)</b>	<b>(139.22)</b>	<b>(348.04)</b>
<b>6</b>	<b>Tax Expenses</b>					
	(a) Current Tax					
	(b) Short/ (Excess) provision of Taxation for previous periods					
	(c) Deferred Tax	(24.28)	(2.21)	69.59	(36.91)	29.89
<b>7</b>	<b>Net Profit/ (Loss) for the Period (5-6)</b>	<b>28.54</b>	<b>(116.87)</b>	<b>(170.56)</b>	<b>(102.31)</b>	<b>(377.94)</b>
<b>8</b>	<b>Other Comprehensive Income</b>					
	(a) (i) Item that will not be reclassified to Profit or Loss	1.13	0.05	0.22	1.30	0.22
	(a) (ii) Income tax related to item that will not be reclassified to Profit or Loss	(0.29)	(0.02)	0.11	(0.34)	0.11
	(b) (i) Item that will be reclassified to Profit or Loss			1.59		
	(b) (ii) Income tax related to item that will be reclassified to Profit or Loss			-		
	<b>Total Other Comprehensive Income, net of Income Tax</b>	<b>0.84</b>	<b>0.04</b>	<b>1.93</b>	<b>0.96</b>	<b>0.33</b>
<b>9</b>	<b>Total Comprehensive Income (7+8)</b>	<b>29.38</b>	<b>(116.83)</b>	<b>(168.63)</b>	<b>(101.35)</b>	<b>(377.61)</b>
<b>10</b>	Paid-up Equity Share Capital (Face Value Rs. 10/-)	606.10	606.10	606.10	606.10	606.10
<b>11</b>	<b>Earnings per share (of Rs.10/- each) (not annualised)</b>					
	(a) Basic	0.47	(1.93)	(2.81)	(1.69)	(6.24)
	(b) Diluted	0.47	(1.93)	(2.81)	(1.69)	(6.24)

Place : Khopoli

Date : May 28, 2019



For Sonal Adhesives Limited

Sandeep Arora  
Managing Director  
DIN : 00176939

**SONAL ADHESIVES LIMITED**  
**STANDALONE STATEMENT OF ASSETS AND LIABILITIES**

(Rs. in lakhs)

Particulars	Standalone	
	As at 31st March, 2019 Audited	As at 31st March, 2018 Audited
<b>A ASSETS</b>		
<b>1 Non-current assets</b>		
(a) Property, Plant and Equipment	489.79	560.01
(b) Capital work in progress	23.71	23.71
(c) Financial Assets		
(i) Trade Receivables	470.18	430.27
(ii) Other financial assets	3.90	3.31
(d) Other Non Current Assets	21.51	34.26
(e) Non Current Tax	2.12	2.35
(f) Deferred Tax Assets (Net)	183.05	146.48
<b>Total non-current assets</b>	<b>1,194.25</b>	<b>1,200.39</b>
<b>2 Current assets</b>		
(a) Inventories	284.60	408.81
(b) Financial Assets		
(i) Cash and cash equivalents	(5.12)	(1.10)
(ii) Other Bank Balance	69.54	74.35
(iii) Other financial assets	103.93	1.06
(iv) Trade Receivable	977.93	890.99
(c) Other current assets	531.56	201.26
<b>Total current Assets</b>	<b>1,962.44</b>	<b>1,575.37</b>
<b>Total Assets (1+2)</b>	<b>3,156.69</b>	<b>2,775.77</b>
<b>B EQUITY AND LIABILITIES</b>		
<b>1 Equity</b>		
(a) Equity Share capital	606.10	606.10
(b) Other Equity	(690.40)	(589.05)
<b>Total Equity</b>	<b>(84.30)</b>	<b>17.05</b>
<b>LIABILITIES</b>		
<b>2 Non-current liabilities</b>		
(a) Borrowings	0.88	4.90
(b) Provisions	10.07	9.43
<b>Total Non - Current Liabilities</b>	<b>10.94</b>	<b>14.33</b>
<b>3 Current liabilities</b>		
(a) Financial Liabilities		
(i) Trade payables	668.61	643.28
(ii) Other financial liabilities	152.42	87.89
(ii) Borrowings	2,406.53	2,010.07
(b) Provisions	2.49	3.15
<b>Total Current Liabilities</b>	<b>3,230.05</b>	<b>2,744.39</b>
<b>Total Equity and Liabilities (1+2+3)</b>	<b>3,156.69</b>	<b>2,775.77</b>

**Notes:**

- The above standalone financials results for the quarter and for the year ended March 31, 2019 have been reviewed by the Audit Committee on May 28, 2019 and approved by the Board of Directors and May 28, 2019 and the statutory auditor of the Company have conducted an audit of the above standalone financial results year ended March 31, 2018.
- The Statutory Auditors have carried out the audit of the above results for the quarter and year ended 31st March, 2019 and have issued Audit Report with qualified opinion on the same.
- The above standalone financial results have been prepared in accordance with the Indian Accounting Standard (Ind AS) prescribed under Section 133 of the Companies, 2013 and other recognised accounting practices and policies to the extent applicable.
- In the opinion of the Board Of Directors, there is only one Major segment, therefore, has only one reportable segment in accordance with Ind AS 108 "Operating Segments".
- Post the applicability of Goods and Service Tax (GST with effect from 1st July, 2017. Revenue from Operations are disclosed Net of GST, whereas excise duty formed part of other expenses in previous period/year. Accordingly the Revenue from Operations and other expenses for the year ended 31st March, 2019 are not comparable with the previous periods presented in the results .
- As intimated by the company's Registrars, the investor's complaints pending as on 31 March 2019 was Nil and 31 December 2018 was Nil.
- The figures for the quarter ended March 31, 2019 and March 2018 are arrived at as difference between audited figures in respect of the full financial year for the year ended March 31, 2019 and March 31, 2018 and reviewed figures upto nine months period ended December 31, 2018 and December 31, 2017.
- Previous quarter's / year's figures have been regrouped / reclassified and rearranged necessary to correspond with the quarter's / year's classification / disclosure.



For SSONAL ADHESIVES LTD

AUTHORISED SIGNATORY / DIRECTOR

# Rohan Agrawal & Co.

Chartered Accountants

Address: 304, Mahalaxmi Apartment,  
Next to Hyundai Service Centre,  
Shastri Nagar, Nagpur 440008

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Date: 28<sup>th</sup> May, 2019

Review Report to the Board of Directors of Sonal Adhesives Limited

Auditor's Report on Quarterly Financial Results and Year to Date Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015

I have audited the accompanying statement of quarterly standalone financials results of Sonal Adhesives Limited ("the Company") for the quarter ended 31<sup>st</sup> March 2019 and for the year ended March 31, 2019, attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015, read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016. The quarterly standalone financial results are the derived figures between the audit figures in respect of the year ended March 31, 2019 and the published year to date figures up to December 31, 2018, being the date of the end of the third quarter of the current financial year, which were subject to limited review. The standalone financial results for the quarter ended March 31, 2019 and year ended March 31, 2019 have been prepared on the basis of the standalone financial results for the nine-month period ended December 31, 2018, the audited annual standalone financial statements as at and for the year ended March 31, 2019, and the relevant requirement of Regulation 33 of the of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015, read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016, which are the responsibility of the Company's management and have been approved by the Board of Directors of the Company. My responsibility is to express an opinion on these standalone financial results based on my review of the standalone financial results for the nine month period ended December 31, 2018 which are prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standards (IND AS 34) Interim Financial Reporting, specified under Section 133 of the Companies Act, 2013 read with relevant rules issued there under and other accounting principles generally accepted in India. My audit of the annual standalone financial statement as at and for the year ended March 31, 2019; and the relevant requirement of the Regulation and the Circular.

I conducted my audit in accordance with the auditing standards generally accepted in India. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement. An audit includes examining, on the test basis, evidence supporting the amount disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. I believe that my audit provides a reasonable basis of my qualified opinion.

In my opinion and to best of my information and according to the explanation given to us, these quarterly standalone financial results as well as the year to date results:

- i. are presented in accordance with the requirement of Regulation 33 of the of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015, read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016, in this regard; and
- ii. give a true and fair view of the total comprehensive income comprising of net profit and other comprehensive income and other financial information for the quarter ended March 31, 2019 and for the year ended March 31, 2019 except for the effects/possible effects of the matter described in the Basis for Qualification of Opinion in the financial statements.

I draw attention to the following Matters:

- a. The financial statement of the Company for the year ended March 31, 2019 prepared in accordance with Companies (Accounting Standards) Rules, 2006, under the Companies Act, 2013 expressed a Qualified Opinion on those financial statements.



b. Further, read with paragraph 1 above, I report that the figures for the quarter ended March 31, 2019 represent the derived figures between the audited figures of the financial year ended March 31, 2019 and the published year to date figures up to December 31, 2018, being the date of the end of the third quarter of the current financial year, which were subject to a limited review as stated in paragraph 1 above, as required under regulation 33 of the of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015, read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.

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

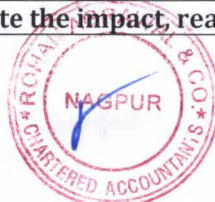


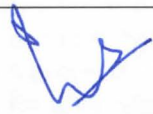
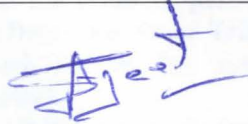


Rohan Agrawal  
Proprietor  
Membership No: 123127  
Place: Khopoli



**Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2019**  
**[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]**

I	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1	Turnover / Total income	37,87,51,592	37,87,51,592
	2	Total Expenditure	39,26,73,300	39,26,73,300
	3	Net Profit/(Loss)	(1,02,31,167)	(1,02,31,167)
	4	Earnings Per Share	(1.69)	(1.69)
	5	Total Assets	31,56,69,078	31,56,69,078
	6	Total Liabilities	31,56,69,078	31,56,69,078
	7	Net Worth	(84,30,227)	(84,30,227)
	8	Any other financial item(s) (as felt appropriate by the management)		
II	<b>Audit Qualification (each audit qualification separately):</b>			
	a. Details of Audit Qualification:			
	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 27 <sup>th</sup> 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. 4,70,17,093 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.			
	vi. Note No. 14.3 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.			
	vii. 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.			
	viii. Considering the overall financial health of the Company, it may require further fund infusion for growth and expansion.			
	ix. The Company has defaulted in payment of loans to banks during the year and previous financial period.			
	b. <b>Type of Audit Qualification :</b> Qualification no. i to v and ix are Qualified Opinion Qualification no. vi, vii and viii are Emphasis on Matter			
	c. <b>Frequency of qualification:</b> All Qualification are repetitive			
	d. <b>For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:</b> Impact not quantified by the auditor			
	e. <b>For Audit Qualification(s) where the impact is not quantified by the auditor:</b>			
	(i) <b>Management's estimation on the impact of audit qualification:</b> N.A.			
	(ii) <b>If management is unable to estimate the impact, reasons for the same:</b>			



	<ul style="list-style-type: none"> <li>➤ 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</li> <li>➤ 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</li> <li>➤ With reference to qualifications no. iii &amp; iv – The matters are under dispute and are pending before the different courts</li> <li>➤ With reference to qualifications no. v – Continuous follow up are going on and the same in settlement process, hence not treated as Bad Debts</li> <li>➤ With reference to qualifications no. vi – The matter is pending before High Court and / or Debt Recovery Tribunal</li> <li>➤ With reference to qualifications no. vii &amp; viii – The Company is in process of identifying various opportunities to generate funds for growth and expansions</li> <li>➤ With reference to qualifications no. ix – The matter is pending under Debt Recovery Tribunal</li> </ul>	
	(iii) <b>Auditors' Comments on (i) or (ii) above:</b>	
	N.A.	
III	<b>Signatories:</b>	
	Sandeep Arora Managing Director	
	Ajeet Singh CFO	
	Manish Nanda Audit Committee Chairman	
	Rohan Agarwal Proprietor M/s. Rohan Agarwal & Co., Statutory Auditor	
	Place: Khopoli	Khopoli
	Date: 28.05.2019	28.05.2019



# Rohan Agrawal & Co.

Chartered Accountants

Address: 304, Mahalaxmi Apartment,  
Next to Hyundai Service Centre,  
Shastri Nagar, Nagpur 440008

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## INDEPENDENT AUDITOR'S REPORT

### To The Members of Sonal Adhesives Limited

#### Report on the Standalone IND AS Financial Statements

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 2019, 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.

#### Management's Responsibility 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.

#### Auditor's Responsibility

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





### **Basis of Qualified Opinion**

- i. The banking facility availed from SBI have become NPA as per RBI guidelines and consequently the said bank has stopped charging interest. During the year under review no provisions have been made for unapplied interest on account of NPA, not charged by the bank, which is not in accordance with the generally accepted accounting principles.
- ii. The balance of SBI Term Loan, Cash Credit and other credit facilities appearing in the books of accounts are not in accordance with the bank statement and are subject to reconciliation process.
- iii. The Company has received notice under section 13(2) of the SARFAESI Act, for attachment of its assets from State Bank of India. Pursuant to this, the Company has been intimated of the symbolic possession taken by the State Bank of India on **22<sup>nd</sup> Feb, 2016**. Matter is pending in Debts Recovery Tribunal, Mumbai and Debt Recovery Appellate Tribunal, Mumbai. As on 27<sup>th</sup> 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 Soñal 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. 4,70,17,093 Worth of Debtors are more than 3 years old, the same being time barred should have been written off, but no provision for the same had been provided in books of accounts. The same is the case with Sundry creditors, as per management the same is under settlement process.

### **Qualified Opinion**

In my opinion and to the best of the information and according to the explanations given to me, except for the effects/possible effects of the matter described in the Basis for Qualification of Opinion paragraph above, the aforesaid standalone IND AS Financial Statements give the information required the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2019, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### **Emphasis of Matter**

- 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 Company has represented that it has advanced amounts aggregating to Rs 3.01 crores towards purchase of raw material to M/s Kalpataru Papers Limited in the previous years. We have relied on the Management representation in this regard.
- iii. 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.
- iv. Considering the overall financial health of the Company, it may require further fund infusion for growth and expansion.



## Report on other legal and regulatory requirements

- i. As required by The Companies (Auditors Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of subsection(11) of section 143 of the Act, I give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the said order.
- ii. As required by section 143(3) of the Companies Act 2013, 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 / Emphasis of 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, 2019, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019, 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.

Place: Khopoli  
Date: 28<sup>th</sup> May, 2019



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

**RohanAgrawal**  
Proprietor  
M. No. 123127

## 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 31<sup>st</sup> March 2019, I report that:

1.
  - 1) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - 2) Fixed assets have been physically verified by the management at reasonable intervals. I have been informed that no material discrepancies were noticed on such verification.
  - 3) According to the information and explanations given to me and on the basis of my examination of the records of the Company, all the title deeds of immovable properties are held in the name of the Company..
2. As explained to me, the inventory of the company has been physically verified by the management during the year at reasonable intervals and no material discrepancies were noticed on physical verification.
3. As per the information and explanations given to me and the records produced before me for my verification, the Company has not granted unsecured loan to companies, firms, LLPs or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, clause 3 (iii) (a) & (b) of the Order is not applicable to the Company.
4. The Company has not given any loans, guarantees or made any investments under section 185 of the Companies Act, 2013. However it had given guarantee against loan to M/s Sonal Impex Ltd., the same has been classified as NPA by the bank during the year and the company has been called upon to discharge in full the liability by paying to the bank. The guarantee amount does not exceeds the limit as per provisions of section 186.
5. The company has not accepted loans & deposits u/s 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under.
6. As per the information and explanations given to me, the cost records as prescribed under sub-section (1) of section 148 of the Companies Act, 2013 are maintained.
7.
  - 1) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Goods & Service Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it to the appropriate authorities.
  - 2) There were no undisputed amounts payables in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods & Service Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at 31 March, 2019 for a period of more than six months from the date they became payable.
  - 3) The Company has no disputed statutory dues pending to be deposited as on 31st March 2019 except as reported below 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.



Sr. No.	Name Of Statute	Nature of Dues	Period to Which Amount Relates	Forum Where Dispute is Pending	Amounts
1	Sales Tax (CST)	Wrong Calculation of CST liability & interest thereon.	FY 2011-12	Deputy Commissioner (Appeals)	2,36,694.00*

\*Rs.85,000/- deposited.

8. The Company has defaulted in payment of loans to banks during the year the previous financial period. The details of such default are as under:

Bank Name	Total Amount Defaulted	Date default started
State Bank of India	Rs. 23,36,61,442	Feb 2015

Rs. 23,36,61,442.00 does not include unapplied interest for FY. 2016-17 to 18-19.

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



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## **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 2019 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 2019, 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.

Place: Khopoli  
Date: 28<sup>th</sup> May, 2019



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