

28.06.2021

Scrip Code No. 526901

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

Sub: Outcome of the Board Meeting held on 28th June, 2021

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. Monday, the 28th June, 2021 have approved and taken on record the Audited Financial Results for the 4th Quarter and Year ended 31st March, 2021.

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

- 1) The Audited Financial Results for the Quarter and Year ended 31st March, 2021 along with the Statement of Assets and Liabilities and Cash Flow statement as at 31st March, 2021.
- 2) The Auditors' Report on Financial Result.
- 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 pm

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**

Sandeep Arora
Managing Director
DIN: 00176939



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, 2021

(Rs. In Lakhs)

S. No.	Particulars	Standalone				
		For the Quarter ended 31st March 2021	For the Quarter ended 31st December 2020	For the Quarter ended 31st March 2020	Year Ended 31st March 2021	Year Ended 31st March 2020
		(Audited)	(Unaudited)	(Unaudited)	(Audited)	(Audited)
1	Revenue from Operations	613.13	412.84	598.35	1,697.14	3214.64
2	Other Income	49.54	(0.19)	13.84	59.09	74.04
3	Total income (1+2)	662.67	412.65	612.19	1,756.23	3,288.68
4	Expenses					
	(a) Cost of Materials consumed	499.93	392.21	539.34	1,421.68	2,907.97
	(b) Purchase of stock-in-trade	31.14	-	71.19	31.14	71.19
	(c) Changes in inventories of Finish Goods, work-in-progress and Stock	6.67	7.04	(11.85)	68.52	105.49
	(d) Employee benefits expense	13.86	11.70	8.99	37.80	39.30
	(e) Finance Cost	37.01	1.49	36.96	0.02	39.29
	(f) Depreciation and amortisation expense	17.35	17.33	19.22	69.20	75.30
	(g) Other expenses	50.20	55.30	92.17	222.76	304.11
	Total expenses	656.15	485.07	756.01	1,851.11	3,542.64
5	Profit before Tax (3-4)	6.52	(72.42)	(143.83)	(94.88)	(253.96)
6	Tax Expenses					
	(a) Current Tax					
	(b) Short/ (Excess) provision of Taxation for previous periods	1.77	-	-	1.77	-
	(c) Deferred Tax	(1.00)	(19.77)	(67.61)	(14.24)	(66.28)
7	Net Profit/ (Loss) for the Period (5-6)	5.75	(52.65)	(76.20)	(82.41)	(187.68)
8	Other Comprehensive Income					
	(a) (i) Item that will not be reclassified to Profit or Loss	3.10	(0.50)	(1.39)	2.10	(0.64)
	(a) (ii) Income tax related to item that will not be reclassified to Profit or Loss	(0.05)	(0.41)	(0.01)	(0.22)	(0.17)
	(b) (i) Item that will be reclassified to Profit or Loss					
	(b) (ii) Income tax related to item that will be reclassified to Profit or Loss					
	Total Other Comprehensive Income, net of Income Tax	3.06	(0.91)	(1.40)	1.89	(0.80)
9	Total Comprehensive Income (7+8)	8.81	(53.56)	(77.60)	(80.52)	(188.48)
10	Paid-up Equity Share Capital (Face Value Rs. 10/-)	606.10	606.10	606.10	606.10	606.10
11	Earnings per share (of Rs.10/- each) (not annualised)					
	(a) Basic	0.09	(0.87)	(1.26)	(1.36)	(3.10)
	(b) Diluted	0.09	(0.87)	(1.26)	(1.36)	(3.10)

Notes :

- The above standalone financials results for the quarter and for the year ended March 31, 2021 have been reviewed by the Audit Committee on June 28, 2021 and approved by the Board of Directors and June 28, 2020 and the statutory auditor of the Company have conducted an audit of the above standalone financial results year ended March 31, 2021.
- 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".
- The figures for the quarter ended March 31, 2021 and March 2020 are arrived at as difference between audited figures in respect of the full financial year for the year ended March 31, 2021 and March 31, 2020 and reviewed figures upto nine months period ended December 31, 2020 and December 31, 2019.
- The Company has considered the possible effects that may arise out of the still unfolding Covid-19 pandemic on the carrying amount of property, plant and equipment including intangible assets, inventories, trade receivables, other financial assets, other assets etc. For this purpose the Company has considered internal and external sources of information up to the date of approval of the standalone financial results including economic forecasts, market value of certain assets etc. Based on the current estimates, the company does not expect any significant impact on such carrying values. The Company will continue to closely monitor for any material changes to future economic condition.
- The outbreak of COVID-19 pandemic across the globe and in India and consequential nationwide lockdown since March 24, 2020 has caused a slowdown in economic activities. The management has assessed the potential impact of COVID-19 on the company and based on its review there is no significant impact on its financial results on a medium and long term basis. Sales during the Quarter ended June, 2020 was majorly impacted due to the national lockdown and consequently production / sales were badly hit. However, the same has improved from the Second Quarter onwards. The Company is closely monitoring any material changes to future economic conditions.
- Previous quarter's / year's figures have been regrouped / reclassified and rearranged necessary to correspond with the quarter's / year's classification / disclosure.

Place : Khopoli

Date : 28th June 2021

For SONAL ADHESIVES LIMITED

 Sandeep Arora
 Managing Director
 DIN :- 00176939

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SONAL ADHESIVES LIMITED
Standalone Statement of Assets and Liabilities



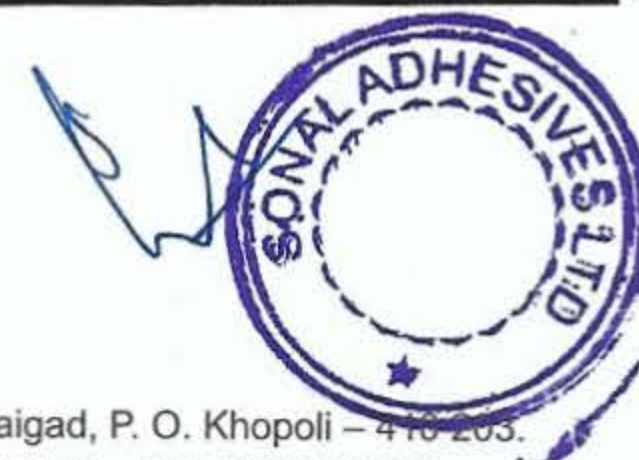
(Amount in Lakhs)

Particulars	As at Current Period End 31st Mar 2021 (Audited)	As at Previous Year End 31st Mar 2020 (Audited)
A ASSETS		
1 Non-current assets		
(a) Property, Plant and Equipment	420.70	488.75
(b) Capital work in progress	-	-
(c) Financial Assets		
(i) Trade Receivables	211.78	198.05
(ii) Other financial assets	3.09	3.38
(d) Other Non Current Assets	17.19	19.48
(e) Non Current Tax	0.51	1.79
(f) Deffered Tax Assets (Net)	263.19	249.17
Total Non - Current Assets	916.47	960.61
2 Current assets		
(a) Inventories	123.09	137.11
(b) Financial Assets		
(i) Cash and cash equivalents	4.83	-1.12
(ii) Other Bank Balance	64.34	64.24
(iii) Other financial assets	978.28	900.69
(iv) Trade Receivable	735.93	853.20
(c) Other current assets	121.80	106.65
Total Current Assets	2,028.27	2,060.77
Total Assets (1+2)	2,944.74	3,021.38
B EQUITY AND LIABILITIES		
1 Equity		
(a) Equity Share capital	606.10	606.10
(b) Other Equity	-959.40	-878.88
Total Equity	-353.30	-272.78
LIABILITIES		
2 Non-current liabilities		
(a) Borrowings	-	-
(b) Provisions	10.14	10.63
Total Non - Current Liabilities	10.14	10.63
3 Current liabilities		
(a) Financial Liabilities		
(i) Trade payables	512.93	547.86
(ii) Other financial liabilities	532.71	99.56
(ii) Borrowings	2,239.62	2,633.58
(b) Provisions	2.63	2.53
Total Current Liabilities	3,287.90	3,283.53
Total Equity and Liabilities (1+2+3)	2,944.74	3,021.38

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Cash flow statement for the Period ended March 31, 2021

(Amount in Lakhs)

Particulars	For the year ended March 31st, 2021	For the year ended March 31st, 2020
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before Tax	(94.88)	(253.96)
Adjusted for:		
Depreciation	69.20	75.30
Interest Income	(38.50)	(0.26)
Finance costs	0.02	39.29
	30.72	114.34
Operating Profit before Working Capital Changes	(64.16)	(139.62)
Changes in working capital:		
Decrease/(Increase) in trade receivables	103.54	396.86
Decrease/(Increase) in inventories	14.02	147.49
Decrease/(Increase) in Other financial assets - Non Current	0.29	0.52
Decrease/(Increase) in Other Assets - Non Current	2.29	2.02
Decrease/(Increase) in Other Assets - Current	(15.15)	424.91
Decrease/(Increase) in Other Financial Assets - Current	(77.59)	(796.76)
(Decrease)/Increase in Trade Payables	(34.93)	(120.74)
(Decrease)/Increase in other financial liabilities - current	433.15	(47.52)
(Decrease)/Increase in provision for Provision - non current	1.61	(0.07)
(Decrease)/Increase in provision for Provision - current	0.10	0.04
	427.33	6.74
Cash generated from operations	363.18	(132.88)
Income tax paid (Net of refund)	(0.49)	0.33
Net Cash used in Operating Activities	362.69	(132.55)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure on fixed assets	(1.15)	(50.55)
Deposits Matured	(0.10)	5.30
Invested in FD	-	-
Interest received	38.50	0.26
Net Cash used in Investing Activities	37.25	(45.00)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase/Decrease in Borrowings - Short Term	(393.96)	227.05
Decrease in Borrowings - Long Term	-	(0.88)
Finance Cost	(0.02)	(39.29)
Dividend Paid	-	(5.34)
Net Cash from Financing Activities	(393.98)	181.55
Net decrease in cash and cash equivalents	5.95	4.00
Cash and cash equivalents at beginning of the year	(1.12)	(5.12)
Cash and cash equivalents at end of the year	4.83	(1.12)

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M. C. Asawa & Co.

Chartered Accountants

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NAGPUR - 440002, Maharashtra, India
Mobile : +91 99300 94011, +91 8087223919 Email : casardamukund@gmail.com

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

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 statement of quarterly and year to date standalone financials results of Sonal Adhesives Limited ("the Company") for the quarter and year ended 31st March 2021 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.

In my opinion and to the best of our information and according to the explanations given to me these standalone financial results:

- i. are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
- ii. give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable accounting standards and other accounting principles generally accepted in India of the net profit and other comprehensive income and other financial information of the Company for the quarter ended March 31, 2021 as well as for the year ended March 31, 2021.

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.



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.

Other Matter

- i. 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.
- ii. 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.
- iii. The Statement includes the financial results for the quarter ended 31 March 2021, being the balancing figures between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year, which were subject to limited review by me.

Place: Khopoli
Date: 28th June, 2021



Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2021
[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	17,56,23,392	17,56,23,392
	2	Total Expenditure	18,51,11,242	18,51,11,242
	3	Net Profit/(Loss)	(82,40,676)	(82,40,676)
	4	Earnings Per Share	(1.36)	(1.36)
	5	Total Assets	29,44,73,744	29,44,73,744
	6	Total Liabilities	29,44,73,744	29,44,73,744
	7	Net Worth	(3,53,30,137)	(3,53,30,137)
	8	Any other financial item(s) (as felt appropriate by the management)		

Audit Qualification (each audit qualification separately):

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 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.
- vi. 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.
- 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.

b. Type of Audit Qualification : Qualification no. i to v are Qualified Opinion
 Qualification no. vi, vii and viii are Emphasis on Matter (Key Audit Matters)

c. Frequency of qualification: All Qualification are repetitive.

d. For Audit Qualification(s) where the Impact is quantified by the auditor, Management's Views:
 Impact not quantified by the auditor

e. For Audit Qualification(s) where the Impact is not quantified by the auditor:

- (i) **Management's estimation on the impact of audit qualification:**
 N.A.



(ii) If management is unable to estimate the impact, reasons for the same:

- 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.
- 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.
- With reference to qualifications no. iii & iv - The matters are under dispute and are pending before the different courts / tribunals.
- 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.
- With reference to qualifications no. vi - The matter is pending before High Court and / or Debt Recovery Tribunal.
- With reference to qualifications no. vii & viii - The Company is in process of identifying various opportunities to generate funds for growth and expansions.

(iii) Auditors' Comments on (i) or (ii) above:

N.A.

III Signatories:

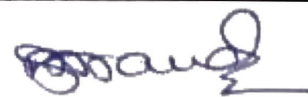
Sandeep Arora
Managing Director



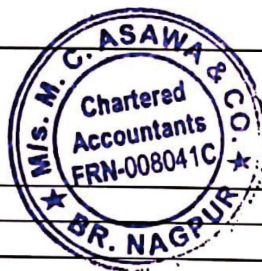
Ajeet Singh
CFO



Manish Nanda
Audit Committee Chairman



CA Mukund Sarda
Partner
M/s M C Asawa & Co.,
Statutory Auditor



Place: Khopoli

Khopoli

Date: 28.06.2021

28.06.2021



M. C. Asawa & Co.

Chartered Accountants

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NAGPUR - 440002, Maharashtra, India
Mobile : +91 99300 94011, +91 8087223919 Email : casardamukund@gmail.com

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 inequity for the year ended on that date.

Basis of Qualified Opinion

- i. The banking facility availed from SBI have become NPA as per RBI guidelines and consequently the said bank has stopped charging interest. During the year under review no provisions have been made for unapplied interest on account of NPA, not charged by the bank, which is not in accordance with the generally accepted accounting principles.
- ii. The balance of SBI Term Loan, Cash Credit and other credit facilities appearing in the books of accounts are not in accordance with the bank statement and are subject to reconciliation process.
- iii. The Company has received notice under section 13(2) of the SARFAESI Act, for attachment of its assets from State Bank of India. Pursuant to this, the Company has been intimated of the symbolic possession taken by the State Bank of India on **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.

Place: Khopoli
Date: 28th June, 2021



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


Mukund Sarda
Partner
M. No. 16340

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.
 - 1) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - 2) Fixed assets have been physically verified by the management at reasonable intervals. I have been informed that no material discrepancies were noticed on such verification.
 - 3) According to the information and explanations given to me and on the basis of my examination of the records of the Company, all the title deeds of immovable properties are held in the name of the Company.
2. As explained to me, the inventory of the company has been physically verified by the management during the year at reasonable intervals and no material discrepancies were noticed on physical verification.
3. As per the information and explanations given to me and the records produced before me for my verification, the Company has not granted unsecured loan to companies, firms, LLPs or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, clause 3 (iii) (a) & (b) of the Order is not applicable to the Company.
4. The Company has not given any loans, guarantees or made any investments under section 185 of the Companies Act, 2013. However it had given guarantee against loan to M/s Sonal Impex Ltd., the same has been classified as NPA by the bank during the year and the company has been called upon to discharge in full the liability by paying to the bank. The guarantee amount does not exceed the limit as per provisions of section 186.
5. The company has not accepted loans & deposits u/s 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under.
6. The Company is not required to maintain cost records specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013. Hence this clause is not applicable.
7.
 - 1) 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, 2021 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 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. 2016-17to19-20.

9. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence this clause is not applicable

10. Based upon the audit procedures performed and information and explanations given by the management, I report that no fraud on or by the company has been noticed or reported by its officers or employees during the year.

11. Managerial Remuneration has been paid in accordance with section 197 of schedule V of Companies Act, 2013.

12. This clause is not applicable since the company is not a NIDHI company.

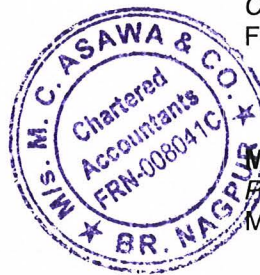
13. 1) Transactions with related parties are in accordance with the provisions of section 177 & 188.
2) Details of the same have been disclosed in the standalone IND AS financial statements.

14. The company has not made any preferential allotment or private placement of shares or convertible debentures; hence this clause is not applicable.

15. The Company has not entered into any non-cash transactions with directors or connected persons; hence this clause is not applicable.

16. The company is not required get registration u/s 45-IA of RBI Act, 1934.

Place: Khopoli
Date: 28th June, 2021



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

Mukund Sarda
Partner
M. No. 163405

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
Partner
M. No. 163405

Place: Khopoli
Date: 28th June, 2021