

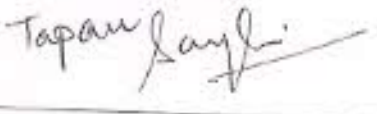
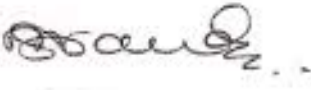


FORM B

Format of covering letter of the annual audit report to be filed with the stock exchanges

1.	Name of the Company	Sonal Adhesives Limited
2.	Annual financial statements for the year ended	31 st March, 2015
3.	Type of Audit observation	<p>1) <u>Emphasis of Matter point 7 (reproduced below):</u> Considering the overall financial health of the Company, it may require further fund infusion for growth and expansion.</p> <p>2) <u>Observation Point 9f.iii. (reproduced below):</u> The Company has been informed by its Bankers that an amount of Rs 35595 is lying to the credit of the account of the Company. This amount pertains to the year 1999. The Company has instructed the Bankers to deposit the amount into the Investor Education and Protection Fund. The Bankers are yet to do the needful in the matter.</p>
4.	Frequency of qualification	Appeared first time.
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report	<p>The Management responses are detailed in Directors Report which are reproduced as under:</p> <p>1) <u>For Emphasis of Matter point 7:</u> The Company is in process of identifying various opportunities to generate funds for growth and expansions.</p> <p>2) <u>For Observation Point 9 f. iii.:</u> This Observation is self explanatory</p>
6.	Additional comments from the board/audit committee chair:	NIL
7.	To be signed by	
	• Mr. Sandeep M. Arora Managing Director	
	• Shivcharan Shankar Girker Chief Financial Officer	
	• Mr. Tapan Sanghvi, Partner M/s. K S Sanghvi & Co Statutory Auditor	
	• Mr. Manish Nanda Audit Committee Chairman	



ANNUAL REPORT
2014-15

Sonal Adhesives Limited

SONAL ADHESIVES LIMITED

CIN: L02004MH1991PLC064045

Board of Directors

Shri Sandeep M. Arora	- Managing Director
Smt. Kamal M. Arora	- Non-executive Director (upto 12.08.2015)
Shri Manish Nanda	- Non-executive Independent Director
Shri Jaspal Singh Bhasin	- Non-executive Independent Director (upto 12.08.2015)
Smt. Mridu S. Arora	- Non-executive Director (w.e.f 12.08.2015)
Shri. Nitin Rane	- Non-executive Independent Director (w.e.f 12.08.2015)

Registered Office Address

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

Factory Address

Plot 28/1A, Village Dheku, Takai Adosi Road, Off: Khopoli Pen Road, Tal: Khalapur, Dist., Raigad, Maharashtra – 410 203

Bankers

State Bank of India

Auditors

M/s. K S Sanghvi & Co., Chartered Accountants (upto 12.08.2015)

M/s. Rohan Agrawal & Co, Chartered Accountants (w.e.f 12.08.2015) subject to approval of Members

Registrar and Share Transfer Agent

System Support Services

209, Shivai Indl. Estate, 89, Andheri-Kurla Road, Sakinaka, Mumbai – 400 072

Tel: 022-28500835

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NOTICE

NOTICE is hereby given that the Twenty Fourth Annual General Meeting of the Members of Sonal Adhesives Limited will be held on Wednesday, the 30th September, 2015 at the Registered Office of the Company at 2N Laxmi Industrial Estate, New Link Road, Andheri (West), Mumbai – 400 053 at 10.00 a.m. (route map to the Venue of AGM is annexed with the Notice) to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2015 and the Statement of Profit and Loss Account for the year ended on that date and the reports of the Auditors and Directors thereon.
2. To appoint Auditors and if thought fit to pass without modification(s), the following resolution as an Ordinary Resolution:
“RESOLVED THAT pursuant to provisions of Section 139 of the Companies Act, 2013 and all other provisions and rules made there under, M/s. Rohan Agrawal & Co, Chartered Accountants, be and are hereby appointed as Statutory Auditors of the Company, who has given their consent to act as Statutory Auditor of the Company to fill the vacancy caused by the resignation of M/s. K S Sanghvi & Co., Chartered Accountants (who have expressed their unwillingness to continue being Auditor of the Company), if appointed they shall hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the 29th AGM of the Company to be held in the year 2020 (subject to ratification of their appointment at every AGM) AND THAT the Board of Directors of the Company be and are hereby authorised to fix their remuneration.”

Special Business:

3. To consider and if thought fit to pass with or without modification(s), the following resolution as an Ordinary Resolution:
“RESOLVED THAT pursuant to Section 152 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Mr. Nitin Rane (DIN: 07237310) who was appointed as an Additional Director with effect from 12th August, 2015 by the Board of Directors of the Company and who in terms of Section 161 of the Companies Act, 2013, holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing along with the requisite deposit from a member under Section 160 of the Companies Act, 2013, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company.”
4. To consider and if thought fit to pass with or without modification(s), the following resolution as an Ordinary Resolution:
“RESOLVED THAT pursuant to the provisions of sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the Rules framed there under, read with Schedule IV to the Companies Act, 2013 as amended from time to time and Clause 49 of the Listing Agreement, Mr. Nitin Rane, (DIN: 07237310), who qualifies for being appointed as an Independent Director and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director and who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years from the date of this 24th Annual General Meeting i.e. 30th September, 2015 till the conclusion of 29th Annual General Meeting to be held in the year 2020 not liable to retire by rotation.”
5. To consider and if thought fit to pass with or without modification(s), the following resolution as an Ordinary Resolution:
“RESOLVED THAT pursuant to Section 152 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Mrs. Mridu Arora (DIN: 07260461) who was appointed as an Additional Director with effect from 12th August, 2015 by the Board of Directors of the Company and who in terms of Section 161 of the Companies Act, 2013, holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing along with the requisite deposit from a member under Section 160 of the Companies Act, 2013, proposing her candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

For and on behalf of the Board

Sandeep Arora
Chairman & Managing Director
DIN: 00176939

Registered Office:

2N Laxmi Industrial Estate
New Link Road, Andheri (West)
Mumbai - 400 053
CIN: L02004MH1991PLC064045
Mumbai, 12th August, 2015

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or member. Proxies in order to be effective must be received by the Company at its Registered Officer not less than 48 hours before the commencement of the Meeting.
2. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, pertaining to the business under Item nos. 3, 4 & 5 set out above Notice is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed for the purpose of Annual General Meeting from Thursday, the 24th September, 2015 to Wednesday, the 30th September, 2015 (both days inclusive).
4. Corporate Members are requested to send a duly certified copy of the Board resolution authorising their representatives to attend and vote at the Annual General Meeting.
5. Members are requested to notify any change in their addresses to their Depository Participants in respect of their electronic share holding quoting client ID No. and to M/s. System Support Services, 209, Shivai Industrial Estate, 89, Andheri-Kurla Road, Sakinaka, Andheri (East) Mumbai-400072 the Registrar and Share Transfer Agent of the Company in respect of their physical shares, quoting folio No.
6. Please note that your Company's Shares are compulsorily traded in Electronic Form. Your Company has already entered in the agreement with the National Securities Depository Limited (NSDL) and Central Depository Services India Limited (CDSL). Members who hold shares in physical form and desirous to convert them in De-materialized form may send letters along with the De-materialized Request Form (s) through the concerned Depository participant.
7. The Members who have not claimed Dividend / encashed their Dividend Warrants for the Dividend declared in the previous Financial Years are requested to write/return the time barred dividend warrant to the Company for revalidation or issue of duplicate dividend warrant.
8. The Ministry of Corporate Affairs ("MCA") has issued Circulars stating that the service of notice / document by a company to its shareholders can now be made through electronic mode for prompt receipt of communication, apart from helping avoid losses / delays in postal transit.

In view of the above, The Members who have not register their email addresses are requested to provide their valid e-mail id along with their folio no. / DP ID No & Client ID No and their residential address as under:-

(I) Through post at below addresses :-

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

OR

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

OR

(II) Through email at:-

investor@sonal.co.in

9. The facility for voting, either through electronic voting system or Ballot paper or polling paper shall also be made available at the meeting and Members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting.
10. The Members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.
11. Members can opt for only one mode of voting, i.e., either by polling paper or e-voting. In case Members cast their votes through both the modes, voting done by e-voting shall prevail and votes cast through Ballot Form shall be treated as invalid
12. Members are requested to bring their attendance slip sent herewith duly filled for attending the meeting and copy of Annual Report to the Meeting.
13. **Voting through electronic means:**

In terms of section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and clause 35B of the listing agreement, the Company is providing facility to exercise votes on the items of business given in the notice through electronic voting system, to members holding shares as on Wednesday, the 23rd September, 2015 being the cut-off date ("Record date" for the purpose of said Rules) fixed for determining voting rights

of members entitled to participate in the e-voting process through the e-voting platform provided by Central Depository Services (India) Limited (CDSL).

The e-voting rights of the members/beneficiary owners shall be reckoned on the equity shares held by them as on Wednesday, the 23rd September, 2015.

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

- (i) The e-voting period commences on Sunday, 27th September 2015 (9.00 a.m. IST) and ends on Tuesday, 29th September 2015 (5.00 p.m. IST). During this period, members of the Company, holding shares either in physical form or in dematerialized form, as on Wednesday, 23rd September, 2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the shareholder casts the vote on a resolution, the shareholder shall not be allowed to change it subsequently.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iv) Click on Shareholders.
- (v) Now Enter your User ID
 - (a) For CDSL: 16 digits beneficiary ID,
 - (b) For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - (c) Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and

accordingly modify your vote.

(xvi) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.

(xvii) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.

(xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xix) **Note for Non – Individual Shareholders and Custodians**

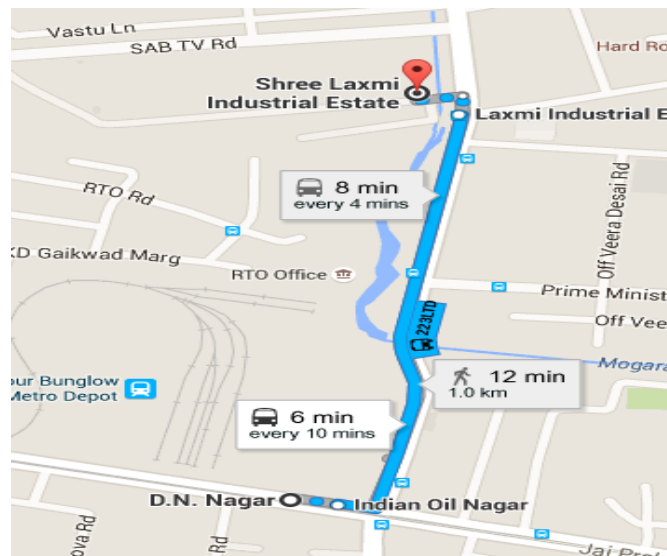
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

B. General Instructions

- The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as Wednesday, 23rd September, 2015.
- The Company has appointed, Mr Prashant Diwan, Practising Company Secretary (Membership No. FCS 1403) as the Scrutinizer to scrutinize the remote e-voting process in a fair and transparent manner.
- The Scrutinizer shall, immediately after the conclusion of voting at the general meeting, would count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than three days of conclusion of the meeting, a consolidated Scrutinizer’s report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing who shall countersign the same
- The results declared along with the Scrutinizer’s Report shall be placed on the Company’s website www.sonal.co.in and on the website of CDSL www.evoting.cdsl.com immediately after the result is declared. The Company shall simultaneously forward the results to BSE Limited (“BSE”) where the shares of the Company are listed.

14. The route map of the venue of the AGM is given herein below. The prominent landmark near the venue is D. N. Nagar Metro Station



EXPLANATORY STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013**Item No: 3 & 4**

Mr. Nitin Rane was appointed as an Additional Director of the Company by the Board of Directors with effect from 12th August, 2015; in terms of Section 161 of the Companies Act, 2013. Mr. Nitin Rane holds office up to the date of the ensuing Annual General Meeting of the Company.

Further, in terms of Sections 149, 152 read with Schedule IV of the Companies Act, 2013, the Board of Directors ("the Board") have reviewed the declaration made by Mr. Nitin Rane that he meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and the Board is of opinion that he fulfill the conditions specified in the Companies Act, 2013 and the rules made thereunder and is independent of the management. Hence, it is deemed fit to appoint him as Independent Director on the Board of the Company. A copy of the draft letter for the appointment of Mr. Nitin Rane as an Independent Director setting out the terms and conditions is available for inspection by the Members at the Company's Registered Office between 2.00 p.m. to 4.00 p.m. on any working day (Monday to Friday) of the Company upto the day previous to the date of Annual General Meeting.

Mr. Nitin Rane is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director of the Company.

Notice along with the requisite deposits under Section 160 of the Companies Act, 2013 has been received from a member of the Company proposing Mr. Nitin Rane as a candidate for the office of Independent Director.

Your Directors consider that his association would be of immense benefit to the Company.

Accordingly, your Directors recommend the Resolution for the approval of the Members for appointing Mr. Nitin Rane as an Independent Directors of the Company for a period of five years, not liable to retire by rotation.

The brief profile of Mr. Nitin Rane is annexed in the Notice.

Except Mr. Nitin Rane, none of the other Directors, KMP or senior management alongwith their relatives are deemed to be concerned or interested in the said resolution.

Item No: 5

Mrs. Mridu Arora was appointed as an Additional Director of the Company by the Board of Directors with effect from 12th August, 2015; in terms of Section 161 of the Companies Act, 2013. Mrs. Mridu Arora holds office up to the date of the ensuing Annual General Meeting of the Company. Notice along with the requisite deposits under Section 160 of the Companies Act, 2013 has been received from a member of the Company proposing Mrs. Mridu Arora as a candidate for the office of Director, liable to retire by rotation. The Board of Directors recommends the Resolution for the approval of the Members for appointing Mrs. Mridu Arora as a Director of the Company.

The brief profile of Mrs. Mridu Arora is annexed in the Notice.

Except Mrs. Mridu Arora and Mr. Sandeep Arora, none of the other Directors, KMP or senior management alongwith their relatives are deemed to be concerned or interested in the said resolution.

For and on behalf of the Board

Sandeep Arora
Chairman & Managing Director
DIN: 00176939

Registered Office:

2N Laxmi Industrial Estate
New Link Road, Andheri (West)
Mumbai - 400 053
CIN: L02004MH1991PLC064045
Mumbai, 12th August, 2015

ADDITIONAL INFORMATION WITH REGARD TO DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT AT THE TWENTY FOURTH ANNUAL GENERAL MEETING:

Particulars	Nitin Rane	Mridu Arora
Date of Birth	10/07/1965	24/07/1976
Date of Appointment	12/08/2015	12/08/2015
Qualifications	B.com	M.A.
Terms and condition of appointment / re-appointment along with remuneration to be drawn	NA	NA
Relationship with other Directors, Manager and other KMP	NIL	Wife of Mr. Sandeep Arora, Managing Director of the Company
No. of Board meeting attended during the year	NA	NA
Directorships held in other companies (excluding foreign companies)	1. Sonal Filaments Limited 2. Sonal Impex Limited 3. Zain Fresh Agro Limited 4. Sonal Ropes Limited	NIL
Memberships/ Chairmanships of committees of other companies (includes only Audit Committee and Shareholders/ Investors Grievance Committee)	NIL	NIL
Number of shares held in the Company	NIL	NIL

DIRECTORS' REPORT

DEAR MEMBERS

Your Directors have pleasure in presenting Twenty Fourth Annual Report for the financial year 2014-2015 along with Audited Balance Sheet and the Statement of Profit and Loss Account for the year ended on 31st March, 2015.

FINANCIAL RESULTS:

The financial performance of your Company for the year ended 31st March, 2015 is summarized below:

Particulars	(Rs. In Lakhs)	
	Year Ended 31 st March, 2015	Year Ended 31 st March, 2014
Income from operations	4328.01	5687.49
Profit before Finance Cost & Depreciation	415.07	366.33
Finance Cost	(281.73)	(241.71)
Depreciation	(78.03)	(44.33)
Profit Before tax	55.31	80.29
<u>Tax Expenses:</u>		
Current Tax	-	-
Deferred tax expense / (credit)	10.48	20.80
Prior Year Tax Adjustments	(1.11)	-
Profit for the year	45.94	59.49

DIVIDEND:

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

RESERVES

There is no amount has been proposed to carry to Reserves.

PRODUCTS & BUSINESS

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

FUTURE OUTLOOK

The Company is proactively responding to the changing business environment and is confident of sustaining its market share by improving competitive position in the market. The overall business outlook for the Company is promising with improvement in overall economic environment. Efforts towards higher operational efficiencies shall continue. The Company continues to examine the possibilities of expansion and will make the necessary investments when attractive opportunities arise.

The BOPP Adhesive Tapes are used for packaging. It is consumed daily in large quantities by all industrial and commercial organisations. From packing courier covers and bags to packing of pharmaceutical cartons, everywhere, the self adhesive tapes are consumed. The consumption increases in line with the improved standard of living and business activity in the society. Therefore the consumption of this product is bound to increase further.

EXPORTS

The Company has achieved an Export Turnover of Rs. 1245.79 Lacs compared to previous years Rs. 1101.22 Lacs.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors state that:

- in the preparation of the annual accounts for the year ended March 31, 2015, the applicable accounting standards have been followed and there are no material departures from the same;
- the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2015 and of the profit of the Company for the year ended on that date;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Directors have prepared the annual accounts on a 'going concern' basis;
- the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

Shri. Kamal Arora and Shri. Jaspal Singh Bhasin resigned from the post of Directors w.e.f. 12th August, 2015. The Board of Directors places on record its appreciation for the valuable contribution made by Shri. Kamal Arora and Shri. Jaspal Singh Bhasin during their tenure with the Company.

Further, due to resignation of Shri. Kamal Arora none of the Directors retires by rotation at the ensuing Annual General Meeting.

Smt. Mridu Arora and Shri. Nitin Rane were appointed as an Additional Director of the Company w.e.f. 12th August, 2015. Pursuant to Section 161 of the Companies Act, 2013, Smt. Mridu Arora and Shri. Nitin Rane holds office upto the date of ensuing Annual General Meeting of the Company. The Company has received notice alongwith the requisite deposit from the member of the Company for their appointment as Director of the Company. The Board of Directors recommends their appointment as the Director of the Company.

Further, in terms of Sections 149, 152 read with Schedule IV of the Companies Act, 2013, the Board of Directors ("the Board") have reviewed the declaration made by Shri. Nitin Rane that he meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and the Board is of opinion that he fulfill the conditions specified in the Companies Act, 2013 and the rules made thereunder and is independent of the management. The Board of Directors recommends his appointment as an Independent Director for period of five years, not liable to retire by rotation.

The Company has also received declaration from Shri. Manish Nanda, Independent Director of the Company confirming that he meets with the criteria of independence as prescribed both under the Act and Clause 49 of the Listing Agreement with the Stock Exchanges.

Shri. Sandeep Arora, Managing Director of the Company was designated as Whole-time Key Managerial Personnel of the Company w.e.f. 12th August, 2014.

Shri. Shivcharan Girker was appointed as Chief Financial Officer of the Company and was designated as Whole-time Key Managerial Personnel of the Company w.e.f. 12th August, 2014.

Shri. Amish Ashar was appointed as Company Secretary of the Company and was designated as Whole-time Key Managerial Personnel of the Company w.e.f. 10th March, 2015. However, Shri. Amish Ashar resigned from the post of Company Secretary w.e.f. 6th June, 2015 the Board of Directors places on record its appreciation for the valuable contribution made by him during his tenure with the Company.

The Composition of the Board and KMP as on date is as under:

- | | |
|-----------------------------|--------------------------------------|
| (1) Shri. Sandeep M. Arora | - Managing Director (KMP) |
| (2) Smt. Mridu Arora | - Non-executive Director |
| (3) Shri. Manish Nanda | - Non-executive Independent Director |
| (4) Shri. Nitin Rane | - Non-executive Independent Director |
| (5) Shri. Shivcharan Girker | - Chief Financial Officer (KMP) |

The details of programmes for familiarisation of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters are put up on the website of the Company.

The following policies of the Company are put up on the website of the Company

- a) Policy for selection of Directors and determining Directors independence; and
- b) Remuneration Policy for Directors, Key Managerial Personnel and other employees.

MEETINGS OF THE BOARD

During the year under review, The Board of Directors duly met Seven times on 29th May, 2014; 5th June, 2014; 28th July, 2014; 12th August, 2014; 22nd September, 2014; 12th November, 2014 and 12th February, 2015.

BOARD EVALUATION

The Board of Directors has carried out an annual evaluation of its own performance, Board committees and individual Directors pursuant to the provisions of the Act. The performance of the Board was evaluated by the Board after seeking inputs from all the Directors on the basis of the criteria such as the Board composition and structure, effectiveness of Board processes, information and functioning, etc.

The performance of the committees was evaluated by the Board after seeking inputs from the committee members on the basis of the criteria such as the composition of committees, effectiveness of committee meetings, etc.

The Board and the Nomination and Remuneration Committee ("NRC") reviewed the performance of the individual Directors on the basis of the criteria such as the contribution of the individual Director to the Board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc. In addition, the Chairman was also evaluated on the key aspects of his role.

In a separate meeting of independent Directors, performance of non-independent Directors, performance of the Board as a whole and performance of the Chairman was evaluated, taking into account the views of executive Directors and non-executive Directors. The same was discussed in the Board meeting that followed the meeting of the independent Directors, at which the performance of the Board, its committees and individual Directors was also discussed.

EXTRACT OF ANNUAL RETURN

The extracts of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and administration), 2014 is furnished in **Annexure I** and is attached to this Report.

INTERNAL FINANCIAL CONTROLS

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation was observed.

AUDIT COMMITTEE

The Audit Committee comprises of Members namely of Shri. Jaspal Singh Bhasin (Chairman), Shri. Manish Nanda and Shri. Sandeep Arora. All the recommendations made by the Audit Committee were accepted by the Board.

However, The Board of Directors re-constituted the Audit Committee after the resignation of Shri. Jaspal Singh Bhasin w.e.f. 12th August, 2015. The Audit Committee now comprises of Members namely Shri. Manish Nanda (Chairman), Shri. Nitin Rane and Shri. Sandeep Arora.

AUDITORS

The terms of office of M/s. K S Sanghvi and Co., Chartered Accountant as the Auditors of the Company will expire at the conclusion of the ensuing Annual General Meeting of the Company. M/s. K S Sanghvi and Co. expressed their unwillingness for re-appointment as Auditors of the Company.

On the request of the Company M/s. Rohan Agrawal & Co, Chartered Accountant, Mumbai consented to get appointed as the Statutory Auditor of the Company at the ensuing Annual General Meeting. The Company has also received a certificate from M/s. Rohan Agrawal & Co, Chartered Accountant to the effect that their appointment, if made, would be within the prescribed limits under Section 141 of the Companies Act, 2013. The members are requested to appoint M/s. Rohan Agrawal & Co, Chartered Accountant in place of M/s. K S Sanghvi and Co and authorize the Board to fix their remuneration.

Auditors Emphasis/Remarks/Observations in the Audit Report:

- a) With regards to Emphasis of Matter in the Auditors Report your Directors like to state as under:-
The Company is in process of identifying various opportunities to generate funds for growth and expansions.
- b) Point No. 9 f. iii. of the Auditors Report is self explanatory.

SECRETARIAL AUDITOR

The Board has appointed Shri. Prashant Diwan, Practising Company Secretary, to conduct Secretarial Audit for the financial year 2014-15. The Secretarial Audit Report for the financial year ended March 31, 2015 is annexed herewith marked as **Annexure II** to this Report. As regards the observations made in Secretarial Audit Report the Directors state as under:-

The Company has instructed its bankers to transfer the fund to the Investor Education and Protection Fund Account. However, the Bankers of the Company have not initiated the process of transfer of the funds to the Investor Education and Protection Fund.

FIXED DEPOSITS

The Company has not accepted any Deposits from the Public during the year.

PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN AND SECURITIES PROVIDED UNDER SECTION 186 OF THE COMPANIES ACT, 2013

The Company has not made any loans or advances or investments or provided securities to other bodies corporate during the year. However, the Company has given Corporate Guarantees of Rs. 4,90,00,000 to M/s. Sonal Impex Ltd during the year which is within limit specified under section 186 of the Companies Act, 2013.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES.

There was no contract or arrangements made with related parties as defined under Section 188 of the Companies Act, 2013 during the year under review.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company do not have any Subsidiary, Joint Venture and Associate Company.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under the Act, are provided in **Annexure III** to this Report.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

The particulars of employees required to be furnished pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed herewith as **Annexure IV** to this Report. However, as per the provisions of Section 136 of the Companies Act, 2013, the Annual Report is being sent to all members of the Company.

During the year under review, none of the employees of the Company was in receipt of remuneration aggregating Rs. 60,00,000/- or more per annum, if employed throughout the year, or Rs. 5,00,000/- or more per month, in case employed for part of the year. Hence, there are no particulars to be annexed to this report as required under sub-rules 2 and 3 of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

CORPORATE GOVERNANCE

The Company is committed to good corporate governance in line with the Listing Agreement and Sonal adhesives Limited corporate governance norms. The Company is in compliance with the provisions on corporate governance specified in the Listing Agreement with the Bombay Stock Exchange Limited same is given in the **Annexure V** which form part of the Directors' Report.

A certificate of compliance from Mr. Prashant Diwan, Practicing Company Secretary and the report on Corporate Governance form part of this Directors' Report.

MANAGEMENT DISCUSSIONS AND ANALYSIS

A brief note on Management Discussions and Analysis of the results for the year under review is given in **Annexure VI** which forms part of the Directors' Report.

CORPORATE RESPONSIBILITY STATEMENT (CSR)

Your Directors state that the provisions of Section 135 of the Companies Act, 2013 regarding the provisions Corporate Social Responsibility is not applicable to the Company as the Company is not falling under the said parameters.

VIGIL MECHANISM

The Vigil Mechanism of the Company, which also incorporates a whistle blower policy in terms of the Listing Agreement, includes an Ethics & Compliance Task Force comprising senior executives of the Company. Protected disclosures can be made by a whistle blower through an e-mail, or dedicated telephone line or a letter to the Task Force or to the Chairman of the Audit Committee. The Policy on vigil mechanism and whistle blower policy may be accessed on the Company's website.

GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statements relate on the date of this report except that the Account of the Company is declared Non Performing Asset by State Bank of India.
2. The Company does not have any Risk Management Policy as the element of risk threatening the Company's existence is very minimal.
3. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
4. Your Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

ACKNOWLEDGEMENT

Your Directors take this opportunity to thank all employees of the Company for their hard work, dedication and commitment and appreciate the co-operation received from the Bankers and other Government authorities during the year under review.

For and on behalf of the Board

Place: Mumbai

Dated: 12th August, 2015

Sandeep Arora
Chairman & Managing Director
DIN: 00176939

ANNEXURE - I
FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on 31.03.2015

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

(i)	CIN	L02004MH1991PLC064045
(ii)	Registration Date	18/11/1991
(iii)	Name of the Company	Sonal Adhesives Limited
(iv)	Category / Sub-Category of the Company	Company Limited By Shares / India-Non Government Company
(v)	Address of the Registered Office and contact details	2N Laxmi Industrial Estate, New Link Road, Andheri (West), Mumbai – 400 053
(vi)	Whether listed Company, Yes/ No	Yes
(vii)	Name, Address and Contact details of Registrar and Transfer Agent	System Support Services 209, Shivai Indl. Estate, 89, Andheri-Kurla Road, Sakinaka, Mumbai – 400 072 Tel: 022-28500835

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

S. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	BOPP Self Adhesive Tape	3692002(p)	70.50
2	Acrylic Emulsion	3511070	15.46

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. NO	Name And Address Of The Company	CIN/GIN	Holding/Subsidiary/ Associate	% Of Shares Held	Applicable Section
NIL					

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)
(i) Category-wise Share Holding

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

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1 Institutions									
a) Mutual Funds	--	24600	24600	0.41	--	24600	24600	0.41	--
b) Banks / FI	--	--	--	--	--	--	--	--	--
c) Central Govt	--	--	--	--	--	--	--	--	--
d) State Govt(s)	--	--	--	--	--	--	--	--	--
e) Venture Capital Funds	--	--	--	--	--	--	--	--	--
f) Insurance Companies	--	--	--	--	--	--	--	--	--
g) FIIs	--	--	--	--	--	--	--	--	--
h) Foreign Venture Capital Funds	--	--	--	--	--	--	--	--	--
(i) Others	--	--	--	--	--	--	--	--	--
SUB - TOTAL (B) (1)	--	24600	24600	0.41	--	24600	24600	0.41	--
2 Non-institutions									
a) Bodies Corporate	56499	220400	276899	4.56	55671	220400	276071	4.55	(0.01)
i) Indian	--	--	--	--	--	--	--	--	--
ii) Overseas	--	--	--	--	--	--	--	--	--
b) Individuals									
I) Individual shareholders holding nominal share capital up to Rs. 1 lakh	295263	803800	1099063	18.13	290757	791800	1082557	17.86	(0.27)
II) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	502188	100000	602188	9.94	519934	100000	619934	10.23	0.29
c) Others (Specify)									
i) NRI Individuals (Non Rep)	2000	145300	147300	2.43	4000	142900	146900	2.42	(0.01)
ii) OCB	54800	--	54800	0.9	0	0	0	0	(0.9)
iii) Foreign Bodies	--	51200	51200	0.84	--	51200	51200	0.84	--
iv) NRI (Repatriation)	4050	--	4050	0.07	58838	--	58838	0.97	0.9
Clearing Members	--	--	--	--	--	--	--	--	--
Non Resident Indians	--	--	--	--	--	--	--	--	--
SUB - TOTAL (B) (2)	914800	1320700	2235500	36.88	929200	1306300	2235500	36.88	--
TOTAL PUBLIC SHAREHOLDING (B) = (B) (1) + (B)(2)	914800	1345300	2260100	37.29	929200	1330900	2260100	37.29	--
C. SHARES HELD BY CUSTODIAN FOR GDRS & ADRS	--	--	--	--	--	--	--	--	--
GRANDTOTAL (A+B+C)	4715700	1345300	6061000	100	4730100	1330900	6061000	100	--

(ii) Shareholding of Promoters

S. No	Shareholders Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Kamal Arora	62400	1.03	0	62400	1.03	0	0
2	Kamal Arora Jointly with Sandeep Arora	413000	6.81	0	413000	6.81	0	0
3	Megha Arora Jointly with Kamal Arora / Mohanlal Arora	142000	2.34	0	142000	2.34	0	0
4	Mona Arora Jointly with Kamal Arora / Mohanlal Arora	82000	1.35	0	82000	1.35	0	0
5	Sonal Impex Ltd	2822700	46.57	0	2822700	46.57	0	0
6	Sonal Ropes Ltd	278800	4.60	0	278800	4.60	0	0
Total		3800900	62.71	0	3800900	62.71	0	0

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

Sr. No	Particular	Shareholding at the beginning during the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	3800900	62.71	3800900	62.71
2	Date wise Increase/ Decrease in Promoters Share holding during the year specifying there as on for increase/decrease	No Transaction during the year			
3	At the End of the year	3800900	62.71	3800900	62.71

(iv) **Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year					Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	Date	Increase/ (Decrease) in Share-Holding	Reason	No. of shares	% of total shares of the company
1	Piramal Polymers Ltd	171200	2.8246			N.A.	171200	2.8246
2	Rajendra Dhirajlal Gandhi (HUF)	120000	1.9799	01.08.2014	(1000)	sale	119000	1.9634
3	Satyanarayan Khandelwal	113810	1.8777	18.07.2014	24	Purchase	113725	1.8763
				23.01.2015	(80)	sale		
				30.01.2015	(29)	sale		
4	Ajay G. Piramal	100000	1.6499			N.A.	100000	1.6499
5	Mita Dipak Shah	94000	1.5509	23.01.2015	4251	Purchase	99968	1.6494
				13.02.2015	1717	Purchase		
6	Sajjan Kumar Makharia	66600	1.0988			N.A.	66600	1.0988
7	EON Investments Ltd	54800	0.9041	13.06.2014	(54800)	sale	0	0.00
8	Roshani Neetish Doshi	0	0.00	20.06.2014	54800	Purchase	54800	0.9041
9	EON Investments Ltd	51200	0.8447			N.A.	51200	0.8447
10	Mahendra Girdharilal	37863	0.6247	30.09.2014	1896	Purchase	42242	0.6969
				02.01.2015	800	Purchase		
				23.01.2015	1519	Purchase		
				30.01.2015	164	Purchase		
11	Aphrodite Investments	36600	0.6039			N.A.	36600	0.6039

(v) **Shareholding of Directors and Key Managerial Personnel:**

Sr. No.	Name of the Director/ KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Sandeep Arora	-	-	-	-
2	Kamal Arora	62400	1.03	62400	1.03
3	Jaspal Singh Bhasin	-	-	-	-
4	Manish Nanda	-	-	-	-
5	Mridu Arora	-	-	-	-
6	Nitin Rane	-	-	-	-

V. INDEBTEDNESS

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

	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year 01.04.2014				
1) Principal Amount	145543588.38	988982.00	0.00	146532570.38
2) Interest due but not paid	0.00	0.00	0.00	0.00
3) Interest accrued but not due	0.00	0.00	0.00	0.00
Total of (1+2+3)	145543588.38	988982.00	0.00	146532570.38
Change in Indebtedness during the financial year				
+ Addition	117413485.53	912000.00	0.00	118325485.53
- Reduction	15925971.00	466897.00	0.00	16392868.00
Net change	0.00	0.00	0.00	0.00
Indebtedness at the end of the financial year 31.03.2015				
1) Principal Amount	247031103.00	1434085.00	0.00	248465187.91
2) Interest due but not paid	0.00	0.00	0.00	0.00
3) Interest accrued but not due	0.00	0.00	0.00	0.00
Total of (1+2+3)	247031103.00	1434085.00	0.00	248465187.91

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

(A) Remuneration to Managing Director, Whole-Time Directors and/or Manager:

Sr. No	Particulars of Remuneration	Managing Director	Total Amount
		Shri. Sandeep Arora	
1	Gross Salary	10,00,000.00	10,00,000.00
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act	0.00	0.00
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	0.00	0.00
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	0.00	0.00
2	Stock Option	0.00	0.00
3	Sweat Equity	0.00	0.00
4	Commission - As % of Profit - Others, specify	0.00	0.00
5	Others, please specify Provident Fund & other Funds	0.00	0.00
	Performance Bonus	0.00	0.00
	Total (A)	10,00,000.00	10,00,000.00

(B) Remuneration of other Directors:

I. Independent Directors:-

Particulars of Remuneration	Name of Directors		Total Amount
	Shri. Jaspal Singh Bhasin	Shri. Manish S. Nanda	
Fee for attending Board committee meetings	0.00	0.00	0.00
Commission	0.00	0.00	0.00
Others	0.00	0.00	0.00
Total (1)	0.00	0.00	0.00

II. Other Non-Executive Directors:-

Other Non-Executive Directors	Name of Non-Executive Directors			Total Amount
	Shri. Kamal M. Arora	Shri. Jaspal Singh Bhasin	Shri. Manish S. Nanda	
Fee for attending Board committee meetings	0.00	0.00	0.00	0.00
Commission	0.00	0.00	0.00	0.00
Others	0.00	0.00	0.00	0.00
Total (2)	0.00	0.00	0.00	0.00
Total B = (1+2)	0.00	0.00	0.00	0.00
Total Managerial Remuneration	0.00	0.00	0.00	0.00
Overall Ceiling as per the Act				

(C) Remuneration to Key Managerial Personnel Other Than MD/ Manager/ WTD

Sr. No	Particulars of Remuneration	Name of KMP		Total Amount
		Shri. Shivcharan Girker (CFO)	Shri. Amish Ashar (CS)	
1	Gross Salary	5,48,000	15,000	5,63,000
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act	0.00	0.00	0.00
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	0.00	0.00	0.00
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	0.00	0.00	0.00
2	Stock Option	0.00	0.00	0.00
3	Sweat Equity	0.00	0.00	0.00
4	Commission - As % of Profit - Others, specify	0.00	0.00	0.00
5	Others, please specify Provident Fund & other Funds	0.00	0.00	0.00
	Total (C)	5,48,000	15,000	5,63,000

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF:

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

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

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2015

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

To
The Members
Sonal Adhesives Limited
2N Laxmi Industrial Estate
New Link Road, Andheri (West)
Mumbai – 400 053

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2015 generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31st March 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; and
 - (c) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client.

As per the explanations given to me in the representations made by the management and relied upon by me, during the period under review, provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') were not applicable to the Company:

- (i) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (ii) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (c) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - (e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

I have also examined compliance with the applicable clauses of the Listing Agreement for Equity Shares entered into by the Company with Bombay Stock Exchange (BSE).

Further to report that the Secretarial Standards issued by the Institute of Company Secretaries of India under the Companies Act, 2013 were not notified during the period and hence not verified.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above to the extent applicable, except transfer of outstanding Share Application Money to Investor

Education and Protection Fund u/s. 205 of the Companies, Act 1956.

I further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is generally given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were generally sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through and as informed, there were no dissenting members' views and hence not recorded as part of the minutes.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure proper compliance with applicable laws, rules, regulations and guidelines; however the same may be further strengthened.

As per the explanations given to me in the representations made by the management and relied upon by me, I further report that, during the audit period, there were no other specific events / actions in pursuance of the above referred laws, rules, regulations, guidelines, etc; however, subsequent to the closure of Financial Year 2014-2015 the State Bank of India, the Lender, has classified the Company's Bank Account as "Non Performing Asset" and has served a SARFAESI Notice on the Company against which the company has filed a reply.

Prashant Diwan
Practising Company Secretary
FCS: 1403 CP: 1979

Date: 12/08/2015
Place: Mumbai

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

Annexure "A"

To
The Members
Sonal Adhesives Limited
2N Laxmi Industrial Estate
New Link Road, Andheri (West)
Mumbai – 400 053

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

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

Prashant Diwan
Practising Company Secretary
FCS: 1403 CP: 1979

Date: 12/08/2015
Place: Mumbai

ANNEXURE-III

Particular of Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo required under the Companies (Accounts of the Companies) Rules, 2014.

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

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

Conservation of energy:

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

		Year Ended 31/03/2015	Year Ended 31/03/2014
Power and Fuel Consumption			
1. Electricity			
A) Purchase			
Unit		713441	899199
Total Amount	(Rs.)	5548813	6541780
Rate/Unit	(Rs.)	7.78	7.27
B) Own generation			
(Through D.G. Set)			
Unit			
Diesel Oil Consumed	(Ltr.)	NIL	NIL
Total Amount	(Rs.)	NIL	NIL
Avg. per Ltr.	(Rs.)	NIL	NIL
2. Furnace Oil			
Quantity	(Kgs.)	NIL	115102
Total Amount	(Rs.)	NIL	4914831
Avg. per Ltr	(Rs.)	NIL	42.699
3. Briquettes (Furnace Oil)			
Quantity	(Kgs.)	610393	669535
Total Amount	(Rs.)	3796650	4162640
Avg. per Ltr	(Rs.)	6.22	6.22

Technology Absorption:

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

Foreign Exchange Earnings and Outgo:

Foreign Exchange Outgo:	3.28 Lacs	5.87 Lacs
Foreign Exchange Earned:	NIL	NIL

For and on behalf of the Board

Place: Mumbai

Dated:12/08/2015

Sandeep Arora
Chairman &
Managing Director
DIN. 00176939

ANNEXURE IV**REMUNERATION DETAILS PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014.**

1. The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2014-2015:

Sr. No.	Name of Director	Remuneration	Median Remuneration of Employees	Ratio
1	Sandeep M. Arora	10,00,000	1,59,895	6.25
2	Kamal M. Arora	0.00	1,59,895	0.00
3	Manish Nanda	0.00	1,59,895	0.00
4	Jaspal Singh Bhasin	0.00	1,59,895	0.00

2. Percentage increase in remuneration of each Director, Chief Financial Officer, Company Secretary in the financial year 2014-2015:

Sr. No.	Name	Designation	Percentage increase in remuneration
1	Sandeep M. Arora	Managing Director	N.A.
2	Kamal M. Arora	Director	N.A.
3	Manish Nanda	Director	N.A.
4	Jaspal Singh Bhasin	Director	N.A.
5	Shivcharan Girker	Chief Financial Officer	N.A.
6	Amish Ashar	Company Secretary	N.A.

3. Percentage increase in the median remuneration of employees in the financial year 2014-2015 is **NIL**

4. The number of permanent employees on the rolls of the Company, as on 31st March, 2015 is **30**.

5. **Relationship between average increase in remuneration and Company performance:**

During the year, the total revenue of the Company during the year 2014-15 was Rs. 4328.01 Lacs as compared to Rs. 5687.49 Lacs of previous fiscal year. The Net profit after tax was Rs. 45.94 Lacs during the year under review whereas the average increase in remuneration was in line with industry trend and company's performance.

6. **Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company:**

There is no increase in the remuneration of Key Managerial Personnel in 2014-15. During the year, the total revenue of the Company during the year 2014-15 was Rs. 4,328.01 Lacs as compared to Rs. 5687.49 Lacs of previous fiscal year. The Net profit after tax was Rs. 45.94 Lacs during the year under review.

7. Variations in the market capitalization of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company:

Particulars	As on 31st March, 2015	As on 31st March, 2014*	% Variation
Market Capitalization (Rs in Cr)	69095400	69095400	0
Price Earning Ratio	15	11.63	28.98

*As there is no trading in security in the month of March 2014 hence the market price of February, 2014 has been considered.

8. Key parameters for any variable component of remuneration of the Executive Directors:
None of the Directors remuneration includes any variable component.
9. There are no employees of the Company who received remuneration in excess of the highest paid Director during the financial year 2014-2015.
10. It is hereby affirmed that the remuneration paid during the year is as per the Remuneration Policy of the Company.

For and on behalf of the Board

Place: Mumbai

Dated: 12/08/2015

Sandeep Arora
Chairman &
Managing Director
DIN. 00176939

ANNEXURE - V

REPORT ON CORPORATE GOVERNANCE

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

COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE:

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

BOARD OF DIRECTORS:

The Board of the Company is composed of Executive and Non-Executive Directors. As on March, 31, 2015, the strength of the Board was four Directors comprising of one Executive and three Non-Executive Directors. Fifty percent of the Board comprised of Independent Directors.

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

Name of the Director	Category	No. of Board Meetings Attended During 2014-2015	Attendance at last AGM	No of other Directorships in other Companies incorporated in India	No of other Board Committee of which he/she is Member / Chairman
Shri Sandeep Arora (Chairman and Managing Director)	Executive Director	7	YES	4	NIL
Shri Jaspal Singh Bhasin	Non-Executive Independent Director	7	YES	NIL	NIL
Shri. Manish Nanda	Non-Executive Independent Director	7	YES	NIL	NIL
Smt. Kamal Arora	Non-Executive Director	7	YES	4	NIL

No Director is, inter se, related to any other Director on the Board, except Shri Sandeep Arora and Smt. Kamal Arora, who are related to each other as Mother and Son.

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

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

29.05.2014	05.06.2014	28.07.2014	12.08.2014
22.09.2014	12.11.2014	12.02.2015	-

BOARD PROCEDURE:

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

BOARD COMMITTEES:

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

AUDIT COMMITTEE:

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

The Audit Committee is duly constituted as per the provisions of Companies Act, 2013 and Listing Agreement.

The Audit Committee consists of following three Directors:

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

The terms of reference of this Committee are wide enough covering the matters specified for Audit Committee under the clause 49 of the Listing Agreement as well as Section 177 of the Companies Act, 2013.

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

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

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

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

Name of the audit committee Members	No. of meetings held	No. of meetings attended
Shri Jaspal Singh Bhasin	6	6
Shri Manish S. Nanda	6	6
Shri Sandeep M. Arora	6	6

NOMINATION AND REMUNERATION COMMITTEE:

Pursuant to Section 178(1) of the Companies Act, 2013, the Remuneration Committee of the Company rename as Nomination and Remuneration Committee.

The composition of the Committee was re-constituted and comprised of Three Non – Executive Directors namely Shri. Jaspal Singh Bhasin, Shri. Manish Nanda and Smt. Kamal Arora. The Chairman of the Committee is Shri. Jaspal Singh Bhasin.

The terms of reference of this Committee are wide enough covering the matters specified for Nomination and Remuneration Committee under the clause 49 of the Listing Agreement as well as Section 178 of the Companies Act, 2013.

There was three Nomination and Remuneration Committee meeting was held during the year on 29.05.2014, 12.08.2014 and 12.02.2015. All Members of the Committee have attended the Meeting.

STAKEHOLDER RELATIONSHIP COMMITTEE:

Pursuant to Section 178 of the Companies Act, 2013 the Shareholder / Investor Grievance Committee of the Company renamed as Stakeholder Relationship Committee.

The composition of the Committee comprised of two Non – Executive Directors and one Executive Director namely Shri. Jaspal Singh Bhasin, Smt. Kamal Arora and Shri. Sandeep Arora. The Chairman of the Committee is Shri. Jaspal Singh Bhasin.

There were five Stakeholder Relationship Committee meetings were held during the financial year 2014-15.

Number of Shareholders complaints received and redressed during the year:

Particulars	2014-2015		2013-2014	
	Received	Attended	Received	Attended
No. of Shareholders Complaint Letter	2	2	1	1

COMPLIANCE OFFICER:

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

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

E-mail: info@sonal.co.in

Phone: +91 22 61316131 Fax: +91 22 61316132

GENERAL BODY MEETINGS:

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

Year	Date	Venue	Time
2011-2012	25/09/2012	2N Laxmi Industrial Estate, New Link Road, Andheri (West) Mumbai - 400 053.	11:00 AM
2012-2013	30/09/2013	2N Laxmi Industrial Estate, New Link Road, Andheri (West) Mumbai - 400 053.	11:00 AM
2013-2014	29/09/2014	2N Laxmi Industrial Estate, New Link Road, Andheri (West) Mumbai - 400 053.	11:00 AM

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

Year	Date	Resolution
2013-2014	29/09/2014	1) Re-appointment and Remuneration of Shri. Sandeep M. Arora (DIN No. 00176939) as Managing Director of the Company 2) Increase in Borrowing Limits of the Company which shall not exceed Rs. 1,00,00,00,000/- (Rupees One Hundred Crores Only)

POSTAL BALLOT:

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

DISCLOSURES:

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

MEANS OF COMMUNICATION:

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

MANAGEMENT DISCUSSION AND ANALYSIS:

Report on Management discussion and analysis forms a part of the Directors Report for the year ended March 31, 2015.

GENERAL SHAREHOLDER INFORMATION:

1.	Date, time and venue of Annual General Meeting of Shareholders	30 th September, 2015, 10.00 A.M. 2N Laxmi Industrial Estate, New Link Road Andheri (West), Mumbai-400053
2.	Dates of book closures	24 th September, 2015 to 30 th September, 2015 (both days inclusive)
3.	Financial Calendar (tentative and subject to change)	Financial Results reporting for quarter ended June 30, 2015 on or before August 15, 2015 September 30, 2015 on or before November 15, 2015 December 31, 2015 on or before February 15, 2016 March 31, 2016 on or before May 30, 2016
4.	Listing on stock exchanges	The Bombay Stock Exchange Limited
5.	Registered Office	2N Laxmi Industrial Estate New Link Road, Andheri (West) Mumbai-400053
6.	Registrar and Share Transfer agents	System Support Services 209, Shivai Industrial Estate, 89, Andheri – Kurla Road Sakinaka, Andheri (East) Mumbai – 400 072.

SHARE TRANSFER SYSTEM:

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

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

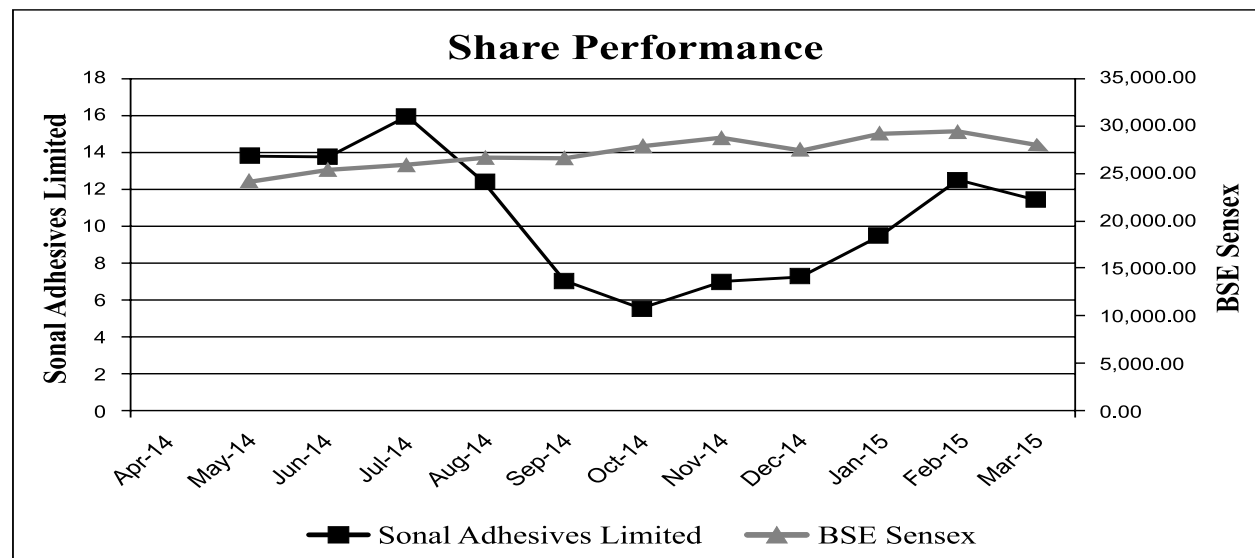
STOCK MARKET PRICE DATA:

Monthly high and low at the Stock Exchange, Mumbai for financial year ended 31st March 2015.

	Bombay Stock Exchange Limited	
	Low	High
May – 2014	11.97	13.82
June – 2014	13.78	14.5
July-2014	14.46	15.93
August-2014	12.4	15.15
September -2014	7.05	12.4
October-2014	5.5	6.7
November-2014	5.77	6.99
December-2014	7.29	8.07
January-2015	7.27	9.5
February-2015	9.97	13.3
March -2015	11.4	13.63

* No trading in the Month of April, 2014

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



* No trading in the Month of April, 2014

DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2015:

No. of Equity Share held	No. of Shareholders	%	No. of Shares	%
1 - 500	2940	87.50	685475	11.310
501 - 1000	256	7.619	195031	3.218
1001- 5000	127	3.78	256060	4.225
5001 -10000	9	0.268	65400	1.079
10001- 100000	21	0.625	946609	15.618
100001 and Above	7	0.208	3912425	64.55
Total	3360	100.00	6061000	100.00

CATEGORY OF SHAREHOLDERS AS ON 31ST MARCH, 2015:

Category	Shareholders Number	Shares % to total Shareholders	Number of Shares	% to Total Capital
Promoter	9	0.27	3800900	62.71
Banks, Financial institutions, Insurance Companies	NIL	NIL	NIL	NIL
Mutual Funds & UTI	2	0.06	24600	0.41
Private Corporate Bodies	33	0.98	276071	4.55
FII's / NRI /OCB's	NIL	NIL	NIL	NIL
Indian Public	3316	98.69	1959429	32.33
Total	3360	100	6061000	100.00

DEMATERIALISATION OF SHARES AND LIQUIDITY:

The Company has established connectivity with Central Depository Services (India) Limited and National Securities Depository Limited. As on 31st March 2015, 6061000 Equity Shares representing 100% has been as follows:

Category	No. of Shares	% of Shares to Total	No. of Share- Holders	% of Shareholders to Total
C.D.S.L.	4229017	69.77	271	8.07
N.S.D.L	501083	8.27	450	13.39
Physical	1330900	21.96	2639	78.54
Total	6061000	100	3360	100

PLANT LOCATION:

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

ADDRESS FOR CORRESPONDENCE WITH COMPANY:

Sonal Adhesives Limited

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

Tel: +91 22 61316131 Fax: +91 22 61316132 <http://www.sonal.co.in>

ADDRESS FOR CORRESPONDENCE WITH REGISTRAR:

System Support Services

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

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

There are no outstanding convertible instruments as on date.

STOCK EXCHANGE LISTINGS:

The Bombay Stock Exchange Limited, Mumbai

Stock Code: 526901

ISIN NO. INE344I01017

DECLARATION ON CODE OF CONDUCT AND ETHICS:

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

CEO / CFO CERTIFICATE AS PER THE REQUIREMENTS OF CLAUSE 49 OF THE STOCK EXCHANGE LISTING AGREEMENT

To the Board of Directors of Sonal Adhesives Limited

Dear Sir,

We hereby certify that:

- a) We have reviewed Financial Statements and the Cash Flow Statement for the year ended 31st March, 2015 and that to the best of our knowledge and belief:
 - i these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii these statements together present a true and fair view of the Company's Affairs and are in compliance with existing Accounting Standards, applicable laws and regulations except as disclosed in the financial statements.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditor and the Audit committee:
 - i. significant changes in the internal control over financial reporting during the year;
 - ii. Significant changes in Accounting Policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. Instance of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Sincerely,

Sandeep M. Arora
Chairman & Managing Director
DIN. 00176939

Shivcharan Shankar Girker
CFO

Place: Mumbai
Date: 12/08/2015

Certificate on Corporate Governance

To

The Members of Sonal Adhesives Limited

I have examined the compliance of conditions of Corporate Governance by Sonal Adhesives Limited for the year ended 31st March, 2015, as stipulated in clause 49 of the Listing Agreement of the said Company with Bombay Stock Exchange.

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

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

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

Prashant Diwan
Practising Company Secretary
FCS No.: 1403 / CP No.: 1979

Place: Mumbai
Date: 12th August, 2015

ANNEXURE - VI

MANAGEMENT DISCUSSION AND ANALYSIS

(a) Indian Economy:

The global economic environment in recent years has been challenging and marked by increasing volatility and uncertainty. The economy grew by 6.9% in 2013-14 and is expected to grow by 7.4% in the fiscal year 2014-15. Industry and service sectors are expected to grow at 5.9% and 10.6% respectively in 2014-15. High cost of borrowing, low business confidence and delays in project approvals impacted investments.

(b) Industry structure and developments :

The industry has continuous competition from the unorganized sector and there is always pressure on selling prices. Packaging in India is a Rs.11,500 crores industry and growing at the rate of 18 per cent annually. The global market for packaging is US \$900 billion and India's share is only US \$3 billion, but while the per capita expenditure on packaging in the US is a whopping US \$125, it is only \$6.5 in India. Therefore, there is a huge potential for growth in the Indian packaging industry.

The packaging industry in India, which started on low ebb in the 1950's has grown slowly and steadily in both quality and quantity. The 70's and 80's witnessed a remarkable change in materials as well as machinery. This has not only given a face-lift to the industry but also opened it up for innovations. In this period, the industry by and large, depended on domestic resources for materials as well as machinery. This was due to various restrictions on imports. Around the mid 90's, liberalisation opened the industry further and it began to reflect in the changes in consumers' consumption pattern.

(c) Opportunities and threats

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

(d) Risks and concerns

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

(e) Segment-wise or product-wise performance

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

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

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

The figures of production and sales for plastic products are furnished in the Notes on Accounts.

(f) Outlook

The Company is proactively responding to the changing business environment and is confident of sustaining its market share by improving competitive position in the market. The overall business outlook for the Company is promising with improvement in overall economic environment. Efforts towards higher operational efficiencies shall continue. The Company continues to examine the possibilities of expansion and will make the necessary investments when attractive opportunities arise.

The BOPP Adhesive Tapes are used for packaging. It is consumed daily in large quantities by all industrial and commercial organisations. From packing courier covers and bags to packing of pharmaceutical cartons, everywhere, the self adhesive tapes are consumed. The consumption increases in line with the improved standard of living and business activity in the society. Therefore the consumption of this product is bound to increase further.

(g) Internal Control Systems and their adequacy

The Company's operating and business control procedures have been framed in order that they ensure efficient use of resources and comply with the procedures and regulatory requirements. The Company has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and that transaction are authorized, recorded and reported correctly.

(h) Financial performance and Analysis

The turnover of the Company is Rs. 4328.01 Lacs as compared to previous year Rs. 5687.49 Lacs which was lower by 23.90% to that of the previous years on account of considerable sluggishness in the business. The operating profit i.e. Profit before Finance Cost & Depreciation has been registered at Rs. 415.07 Lacs as against Rs. 366.33 Lacs of the previous year i.e. growth of around 13.30% to that of previous year. The net profit has been registered at Rs. 45.94 Lacs as against Rs. 59.49 Lacs of the previous year due to increasing cost of Finance and Depreciation.

(i) Human Resource Development

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

The total numbers of personnel employed as on 31st March 2015 were 30 (staff plus workers).

Independent Auditors' Report

To The Members of Sonal Adhesives Limited

Report on financial statements

1. We have audited the accompanying financial statements of **Sonal Adhesives Limited**, ('the Company'), which comprise the Balance Sheet as at 31 Mar 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

2. 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility includes the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting 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 accounting records, relevant to the preparation and presentation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We 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 thereunder.
4. We conducted our audit in accordance with the Standards on Auditing specified under section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involved performing procedures to obtain audit evidence about the amounts and disclosures in financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation that give a true and fair view in order to design audit that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a. In the case of the Balance Sheet, of the state of affairs of the Company as at 31 Mar 2015
 - b. In the case of the Statement of Profit and Loss, of the **profit** for the year ended on that date
 - c. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

7. 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

8. As required by the Companies (Auditor's Report) Order, 2015 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the said Order.
9. As required by section 143 (3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

- b. In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books
- c. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of accounts.
- d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. On the basis of written representation received from the directors as on 31 Mar 2015 and taken on record by the Board of Directors, none of the directors is disqualified as at 31 Mar 2015, from being appointed as a director in terms of Section 164 (2) of the Act and
- f. 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 our opinion and to the best of information and according to the explanations given to us:
 - i. The Sales Tax Authorities have raised a demand of Rs 1,82,97,552 pertaining to VAT dues and Rs 2,11,41,834 pertaining to CST dues. The Company has contested this demand before the appropriate appellate forum. The Company been advised by its legal consultants that it is more than likely than not that the verdict will be in Company's favour. Hence, no provision for the same has been made in the books of accounts.
 - ii. There are no long term contracts, including derivative contracts. Hence the question of provision of for any losses on the same does not arise.
 - iii. The Company has been informed by its Bankers that an amount of Rs 35595 is lying to the credit of the account of the Company. This amount pertains to the year 1999. The Company has instructed the Bankers to deposit the amount into the Investor Education and Protection Fund. The Bankers are yet to do the needful in the matter.

For K S Sanghvi and Co

Chartered Accountants

Firm Registration Number 116714W

Tapan Sanghvi

Partner

Membership No: 122244

Place of signature: Mumbai

Date: 29/05/2015

Annexure to our report of even date

Re: Sonal Adhesives Limited

(Referred to in Para 8 of our report of even date)

- i) [a] The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
[b] Fixed assets have been physically verified by the management and the company has regular program of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancy was noticed on such verification.
- ii) [a] According to the information and explanations given to us, physical verification of inventory has been carried out at reasonable intervals.
[b] In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.
[c] In our opinion, the Company has maintained proper records of inventory and no material discrepancies were noticed on physical verification.
- iii) [a] According to the information and explanation given to us, the Company has not granted any loans, secured or unsecured, to Companies, Firms or other parties covered in the Register maintained under section 189 of the Act, and hence this clause, along with sub clauses (a) and (b) of the Order, are not applicable to the Company.
- iv) According to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and nature of its business, for purchase of inventory and fixed assets and for sale of goods.
- v) The Company has not accepted deposits and hence the question of contravention of provisions of sections 73 to 76 of the Act, or any other relevant provisions of the Act and the Rules framed thereunder does not arise.
- vi) According to the information and explanations given to us, the Government has not prescribed maintenance of cost records under section 148 (1) of the Act, for any of the goods sold by the Company.
- vii) [a] According to the information and explanations given to us and on the basis of examination of records of the Company, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other material statutory dues with the appropriate authorities. As explained to us, the Company did not have any dues on account of wealth tax.

According to the information and explanations given to us, no undisputed amounts in respect of provident fund, income tax, sales tax, wealth tax, service tax, duty of customs, value added tax, cess and other material statutory dues were in arrears as at 31 March 2015 for a period of more than six months from the date they became payable.

- [b] According to the information and explanations given to us, the following dues of sales tax / VAT have not been deposited on account of disputes.

Sr No	Name of the Statute	Nature of Dues	Amount (Rs)	Period to which the amount relates	Forum where the dispute is pending
1	MVAT Act, 2005	Sales Tax	1,82,97,552	01 April 2010 – 31 March 2011	Deputy Commissioner of Sales Tax, Mumbai
2	CST Act	Central Sales Tax	2,11,41,834	01 April 2010 – 31 March 2011	Deputy Commissioner of Sales Tax, Mumbai

- [c] According to the information and explanations given to us, an amount of Rs 35595 is required to be transferred to Investor Education and Protection Fund in accordance with the relevant provisions of the Act and the rules made thereunder. As explained in point 9 (f) (iii) above, the Company has initiated the process of transferring the funds to the Investor Education and Protection Fund. However, the bankers of the Company are yet to do the needful on the matter.
- viii) The Company does not have any accumulated losses at the end of the financial year. The Company has not incurred cash losses in the current financial year and in the immediately preceding financial year.
- ix) The Company has availed itself of financial facilities, funded and non - funded, from banks such as cash credit, letter of

credit and term loans. As on 31 March 2015, the Company has utilized cash credit facility in excess of the limit sanctioned by the Bank in respect of such facility. Thus, the account with such credit facility became irregular since February 2015.

- x) According to the information and explanations given to us, the Company has given a guarantee for loans taken by others from banks and financial institutions; the terms and conditions thereof are prima facie, not prejudicial to the interest of the Company.
- xi) According to the information and explanations given to us, the term loans were applied for the purpose for which they were obtained.
- xii) According to the information and explanations given to us, no material fraud on or by the Company has been noticed and reported during the course of our audit.

For K S Sanghvi and Co

Chartered Accountants

Firm Registration Number 116714W

Tapan Sanghvi

Partner

Membership No: 122244

Place of signature: Mumbai

Date: 29/05/2015

Balance Sheet as at 31st March 2015

	Note	31 Mar 2015	Amounts in INR 31 Mar 2014
Equity and Liabilities			
Shareholders' Funds			
Share Capital	1	60,610,000	60,610,000
Reserves & Surplus	2	36,097,328	32,704,938
Non - Current Liabilities			
Long Term Borrowings	3	13,832,313	28,825,587
Deferred Tax Liability (Net)	4	8,991,387	7,943,566
Other Long Term Liabilities	5	-	7,000
Long Term Provisions	6	1,351,298	11,586,753
Current Liabilities			
Short Term Borrowings	7	221,616,726	108,048,595
Trade Payables	8	76,654,114	140,829,971
Other Current Liabilities	9	35,823,443	29,637,569
Short Term Provisions	10	420,210	2,451
Total		455,396,820	420,196,431
Assets			
Non-Current Assets			
Fixed Assets			
- Tangible Assets	11	72,693,453	80,485,393
Long Term Loans & Advances	12	6,003,267	14,016,752
Other Non Current Assets	13	15,461,253	7,605,102
Current Assets			
Inventories	14	115,873,008	116,644,304
Trade Receivables	15	196,316,639	159,215,403
Cash & Bank Balances	16	24,636,455	19,865,181
Short Term Loans & Advances	17	24,412,745	22,364,295
Total		455,396,820	420,196,431

Notes 1 to 24 form an integral part of the Financial Statements

As per our report of even date

For K S Sanghvi & Co. (Regd.)

Chartered Accountants
Firm Registration Number: 116714W

Tapan Sanghvi

Partner
Membership Number: 122244

Place: Mumbai
Date: 29/05/2015

For and on behalf of the Board

Sandeep Arora

Chairman and Managing Director

Kamal Arora

Director

Shivcharan Girker

Chief Financial Officer

A K ASHAR

Company Secretary

Place: Mumbai
Date: 29/05/2015

Statement of Profit and Loss for the year ended 31st March 2015

Amounts in INR

	Note	31 March 2015	31 March 2014
Income			
Revenue from Operations [Net]	18	432,801,438	568,748,717
Other Income	19	9,923,728	1,710,575
Total Revenue		442,725,166	570,459,292
Expenditure			
Cost of Materials Consumed	20	312,950,231	484,803,089
Purchase of finished goods		35,820,376	-
Change in Inventories of Work in Process and Finished Goods	21	8,764,928	(4,235,381)
Employee Benefits Expense	22	5,913,162	4,757,253
Other Manufacturing, Selling and Administrative Expenses	23	37,768,951	48,501,587
Total expenses		401,217,649	533,826,547
Profit before Interest, Tax, Depreciation and Amortization		41,507,516	36,632,744
Finance costs	24	28,173,363	24,170,844
Profit before Tax, Depreciation and Amortization		13,334,153	12,461,901
Depreciation and amortization expenses	11	7,803,231	4,433,298
Profit Before Tax		5,530,922	8,028,603
Tax expenses:			
1. Current Tax		-	-
2. Deferred Tax expense / (credit)		1,047,821	2,079,711
3. Prior Year Tax Adjustments		(110,640)	-
Profit for the period from Continuing Operations		4,593,741	5,948,892
Earnings per share:			
1. Basic		0.76	0.98
2. Diluted		0.76	0.98

Notes 1 to 24 form an integral part of the Financial Statements

As per our report of even date

For K S Sanghvi & Co. (Regd.)

Chartered Accountants
Firm Registration Number: 116714W

Tapan Sanghvi

Partner
Membership Number: 122244

Place: Mumbai

Date: 29/05/2015

For and on behalf of the Board

Sandeep Arora

Chairman and Managing Director

Kamal Arora

Director

Shivcharan Girker

Chief Financial Officer

A K ASHAR

Company Secretary

Place: Mumbai

Date: 29/05/2015

Cash Flow Statement for the year ended 31st March 2015

Cash Flow Statement for the year ended 31 Mar 2015 pursuant to Clause number 32 of the Listing Agreement with the stock exchange and forming part of the Director's Report for the year ended 31 March 2015.

Particulars	Year ended 31 March 2015	Year ended 31 March 2014
Cash flow from Operating Activities		
Net profit before taxes as per Statement of Profit and Loss	5,530,922	8,028,603
Add: Depreciation debited to the Statement of Profit and Loss	7,803,231	4,433,298
Add: Interest finance costs debited to the Statement of Profit and Loss	22,966,704	19,113,785
Add: Loss on sale of assets	543,144	
Less: Gain on sale of assets	-	(87,485)
Less: Interest income	(2,404,256)	(1,623,090)
	28,908,824	21,836,508
Cash flow from operations before changes in working capital	34,439,746	29,865,111
Adjustments for working capital		
(Increase) / decline in inventory	771,297	11,829,937
(Increase) / decline in trade receivables	(37,101,236)	(26,489,556)
(Increase) / decline in other current assets	(2,048,450)	1,647,669
(Decrease) / increase in trade payables	(64,175,857)	5,563,099
(Decrease) / increase in other short term liabilities and provisions	6,603,634	1,920,577
	(95,950,612)	(5,528,274)
Net cash used in Operating Activities (A)	(61,510,866)	24,336,837
Cash flow from Investing Activities		
Acquisition of fixed assets	(1,816,871)	(6,795,076)
Sale of fixed assets	61,085	1,088,131
Net cash used in Investing Activities (B)	(1,755,786)	(5,706,945)
Cash flow from Financing Activities		
Interest paid	(22,966,704)	(19,113,785)
Interest received	2,404,256	1,623,090
Increase / (Repayment) of long term borrowings	(14,993,274)	(6,980,495)
Increase / (Repayment) of short term borrowings	113,568,131	(8,123,119)
Changes in long term loans and advances	8,013,485	8,426,845
Changes in non current assets	(7,856,151)	5,261,842
Changes in provisions	(10,131,815)	1,536,843
Net cash used in Financing Activities (C)	68,037,927	(17,368,780)
Net increase / (decline) in cash and cash equivalents (A) + (B) + (C)	4,771,275	1,261,113
Cash and cash equivalents at the beginning of the year	19,865,181	18,604,068
Cash and cash equivalents at the end of the year	24,636,456	19,865,181

Notes:

1 Cash and cash equivalents comprise the following amounts as at the Balance Sheet date

Particulars	31 March 2015	31 March 2014
I Cash and Cash Equivalents		
Cash on hand	473,137	451,891
Balance with banks in current accounts	309,166	522,631
Cash and Cash Equivalents	782,303	974,522
II Other Bank Balances		
Maturity less than or equal to 3 months	64,341	60,000
Maturity more than 3 months but less than or equal to 12 months	6,016,194	1,937,631
Maturity more than 12 months	16,286,267	15,424,628
Other Bank Balances	22,366,802	17,422,259
III Balances lying in the Unclaimed Dividend Account	1,487,350	1,468,400
Total (I) + (II) + (III)	24,636,455	19,865,181

2 Previous year's figures have been regrouped wherever necessary to confirm to current year's classification

3 Figures in brackets indicate cash outflow

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

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

As per our report of even date

For K S Sanghvi & Co. (Regd.)

Chartered Accountants
Firm Registration Number: 116714W

Tapan Sanghvi

Partner
Membership Number: 122244

Place: Mumbai
Date: 29/05/2015

For and on behalf of the Board

Sandeep Arora
Chairman and Managing Director

Kamal Arora
Director

Shivcharan Girker
Chief Financial Officer

A K ASHAR
Company Secretary

Place: Mumbai
Date: 29/05/2015

Notes to Balance Sheet

1 Share Capital

Amounts in INR

	March 31, 2015	March 31, 2014
Authorised :		
70,00,000 Equity Shares of Rs 10 each	70,000,000	70,000,000
[Previous Year: 70,00,000 Equity Shares of Rs.10 each)		
	70,000,000	70,000,000
Issued, Subscribed & Paid-up :		
60,61,000 Equity Shares of Rs.10 each, fully paid-up.	60,610,000	60,610,000
[Previous Year : 60,61,000 Equity Shares of Rs.10 each, fully paid up)		
Total	60,610,000	60,610,000

1.1 Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:

Equity Shares

	31st March 2015		31st March 2014	
	Number of Shares	Rupees	Number of Shares	Rupees
Opening Balance	6,061,000	60,610,000	6,061,000	60,610,000
Add: Issue of shares during the year	-	-	-	-
Less: Redemption of shares	-	-	-	-
Outstanding at the end of the year	6,061,000	60,610,000	6,061,000	60,610,000

1.2 Rights, preferences and restrictions attached to shares:

Equity Shares:

The Company has only one class of equity shares having a par value of Rs 10 per share. Each holder of Equity Shares is entitled to one vote per share. The Company declares & pays dividends in Indian rupees. The dividend, if proposed by the Board of Directors, is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation, the Equity Shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

1.3 During the period of five years immediately preceding the reporting date:

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

1.4 Details of shareholders holding more than 5% shares in the Company:

Equity Shares

Name of Shareholders	March 31, 2015		31st March 2014	
	Number of Shares	Percentage holding	Number of Shares	Percentage holding
Sonal Impex Limited	2,822,700	46.57%	2,822,700	46.57%
Kamal Arora	475,400	7.84%	475,400	7.84%

As per the records of the Company, including its register of shareholders/members and other declarations received from the shareholders regarding the beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

Notes to Balance Sheet

2 Reserves & Surplus

Amounts in INR

	March 31, 2015	March 31, 2014
Capital Reserves	1,000,000	1,000,000
Profit and Loss Account		
Balance at the beginning of the year	31,704,938	25,756,046
Add: Profit for the period	4,593,741	5,948,892
Less: Depreciation adjustment due to revision in useful lives of assets	1,201,351	-
Balance at the end of the year	35,097,328	31,704,938
Total	36,097,328	32,704,938

3 Long Term Borrowings

	March 31, 2015	March 31, 2014
Secured		
Term Loan from Bank	24,767,145	35,953,310
Less: Current maturities of Long Term Debt	12,000,000	8,400,000
Net Balance (A)	12,767,145	27,553,310
Vehicle Loan	1,434,084	988,982
Less: Current maturities of Long Term Debt	560,977	363,940
Net Balance (B)	873,107	625,042
Unsecured		
Deferred Payment Liability - Sales Tax Deferral Loan	647,231	1,541,683
Less: Current maturities of Long Term Debt	455,170	894,448
Net Balance (C)	192,061	647,235
Total (A) + (B) + (C)	13,832,313	28,825,587

3.1 Term Loan from Bank comprising Rs 2,68,67,145 [Previous Year: Rs 3,59,53,310], including Current Maturities of Long Term Debt Rs 1,20,00,000 [Previous Year: 84,00,000] are secured by:

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

Notes to Balance Sheet

3.2 Vehicle loan of Rs. 14,34,084 (Previous Year: Rs 9,88,922) comprising Rs. 5,60,977 (Previous Year Rs. Rs 3,63,940) classified as current maturities of long term borrowings included under other current liabilities is secured by way of hypothecation of vehicle financed.

3.3 Terms of repayment for secured borrowings:

Term Loan	Rate of interest	Repayment terms
Term Loan from Bank	Base rate + 7% on daily products with monthly rests	Moratorium period of 12 months from Nov 2011 to Oct 2012; followed by 01 installment of 2 lakhs in Nov 2012, 4 monthly installments of 3 lakhs each from Dec 2012 to March 2013, 12 monthly installments of Rs 7 lakhs each from April 2013 to March 2015, 12 monthly installments of Rs 10 lakhs each from April 2015 to March 2017 and 1 installment of Rs 8 lakhs in April 2017.
Vehicle Loan from Bank	10.83%	Repayable in 59 monthly installments of Rs 37780 each commencing from Nov 2011
Vehicle Loan from Bank	10.49%	Repayable in 59 monthly installments of Rs 19432 each commencing from Sep 2014

3.4 Sales Tax Deferral Loans from the Government of Maharashtra are repayable as per the schedule provided by the Government of Maharashtra.

4 Deferred Tax Liability (Net)

Amounts in INR

	March 31, 2015	March 31, 2014
Deferred Tax Liabilities :		
Opening balance	7,943,566	5,863,855
Fixed Assets & Depreciation	1,477,931	4,315,917
Less:		
Deferred Tax Assets :		
Provisions	71,709	105,126
On brought forward business losses	358,401	2,131,081
Total	8,991,387	7,943,566

5 Other Long Term Liabilities

	March 31, 2015	March 31, 2014
Deposit received from suppliers	-	7,000
Total	-	7,000

6 Long Term Provisions

	March 31, 2015	March 31, 2014
Provision for income tax	-	10,104,060
Provision for Retirement Benefits:		
- Provision for Gratuity	1,351,298	1,482,693
Total	1,351,298	11,586,753

7 Short Term Borrowings

	March 31, 2015	March 31, 2014
Secured:		
Working capital Loans from Bank		
Rupee Loans	135,353,380	107,328,463
Balances in current accounts with banks	86,263,346	720,132
Total	221,616,726	108,048,595

Notes to Balance Sheet

7.1 Working capital loans from bank comprise Cash Credit, and EPC, which are secured by:

- (a) Hypothecation of Company's stocks of raw materials, finished goods, SIP of finished goods of proposed manufacturing activity in factory, godown, in transit or lying elsewhere.
- (b) Charge on Company's receivables, book debts and other actionable claims.
- (c) Rate of interest - Base rate + 7% on daily products with monthly rests

8 Trade Payables

Amounts in INR

	March 31, 2015	March 31, 2014
Due to Micro, Small and Medium Enterprises (See note 8.1 below)	-	-
Others (See note 8.2 below)	76,654,114	140,829,971
Total	76,654,114	140,829,971

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

8.2 Trade Payables Due to related parties

- -

9 Other Current Liabilities

	March 31, 2015	March 31, 2014
Current Maturities of Long term loans (Refer Note 3)		
- on term loan from banks	12,000,000	8,400,000
- on vehicle loans	560,977	363,940
- on sales tax deferrals	455,170	894,448
Advance from Customers [Note 9.1]	17,933,502	16,945,640
Unclaimed dividend [Note 9.2]	1,487,350	1,468,400
Expenses Payable	3,386,444	1,565,141
Total	35,823,443	29,637,569

9.1 Includes advance from related party Rs 14,37,722 [Previous Year: Rs 98,17,820]

9.2 The Company has been informed by its Bankers that an amount of Rs 35595 is lying to the credit of the account of the Company. This amount pertains to the year 1999. The Company has instructed the Bankers to deposit the amount into the Investor Education and Protection Fund. The Bankers are yet to do the needful in the matter.

10 Short Term Provisions

	March 31, 2015	March 31, 2014
Provision for excise duty on closing stock	420,210	2,451
Total	420,210	2,451

Sonal Adhesives Limited

Schedules forming part of the balance sheet

Note 11

Amounts in INR

Fixed assets schedule as at 31 Mar 2015

Sr No	Nature of asset	Gross Block				Depreciation				Net Block	
		Opening balance	Additions	Deletions	Closing balance	Opening balance	Additions	Deletions	Closing balance	31 Mar 2015	31 Mar 2014
1	Land	207,130	-	-	207,130	-	-	-	-	207,130	207,130
2	Factory Building	17,695,288	348,741	-	18,044,029	7,458,327	830,351	-	8,288,678	9,755,351	10,236,961
3	Office Premises	340,850	-	-	340,850	267,397	4,897	-	272,294	68,556	73,453
4	Plant and Equipment	79,850,423	277,788	6,389,137	73,739,074	14,172,915	5,626,410	5,073,045	14,726,280	59,012,794	65,677,508
5	Electrical Installation	2,392,347	-	2,184,747	207,600	2,024,443	67,034	1,945,072	146,405	61,195	367,904
6	Lab Equipments	94,396	-	12,196	82,200	22,120	10,209	11,379	20,950	61,250	72,276
7	Motor Vehicle	5,054,542	1,096,552	324,606	5,826,488	2,114,283	971,945	324,606	2,761,622	3,064,866	2,940,259
8	Motor Cycle	69,529	-	-	69,529	31,707	4,728	-	36,435	33,094	37,822
9	Bicycle	4,535	-	-	4,535	4,535	-	-	4,535	-	-
10	Air-conditioner	186,135	68,000	18,331	235,804	17,626	71,492	7,215	81,903	153,901	168,509
11	Computer	1,769,416	-	-	1,769,416	1,684,206	75,256	-	1,759,462	9,954	85,210
12	Generating Set	256,987	-	208,900	48,087	164,488	17,768	160,361	21,895	26,192	92,499
13	Office Equipment	777,410	25,790	439,092	364,108	267,357	107,331	249,751	124,937	239,171	510,053
14	Furniture & Fixture	453,528	-	-	453,528	437,718	15,810	-	453,528	(0)	15,810
	Current Year	109,152,515	1,816,871	9,577,009	101,392,377	28,667,122	7,803,231	7,771,429	28,698,924	72,693,453	80,485,393
	Previous Year	104,030,727	6,795,076	1,673,288	109,152,515	24,906,466	4,433,298	672,642	28,667,122	80,485,393	79,124,261

Note:

- a) The addition to fixed assets have been classified in accordance with the classification normally adopted by the Management.
- b) The additions to fixed assets are exclusive of VAT since the Company claims set off credit for the same (except which cannot be taken as set - off).
- c) There were certain assets whose useful lives exceeded the life as prescribed under the Schedule II of the Companies Act, 2013. Those assets have been adjusted against retained earnings in the current financial year. The details of the assets are as under:

Asset Head	Gross Cost	Accumulated depreciation
Air conditioners	18,331	7,215
Office equipment	439,092	249,751
Generator set	208,900	160,361
Lab Equipments	12,196	11,379
Electrical Installation	2,184,747	1,945,072
Plant and Machinery	3,481,615	2,769,752

Notes to Balance Sheet

12 Long Term Loans and Advances

Amounts in INR

	March 31, 2015	March 31, 2014
Unsecured, considered good:		
Security Deposits	326,995	306,995
Balance with Government Authorities	5,676,272	13,709,757
Total	6,003,267	14,016,752

13 Other Non Current Assets

	March 31, 2015	March 31, 2014
Long Term Trade Receivables	15,461,253	7,605,102
[Including Trade Receivables on deferred credit terms]		
Total	15,461,253	7,605,102

14 Inventories

	March 31, 2015	March 31, 2014
Raw Materials	26,418,945	18,549,317
Packing Materials	5,536,850	6,502,576
Consumables	1,632,510	542,781
Finished Goods [including work in process]	82,284,702	91,049,631
Total	115,873,008	116,644,304

15 Trade Receivables

	March 31, 2015	March 31, 2014
Unsecured		
Debts due for a period exceeding six months from the date they became due:		
- Considered Good	18,528,146	2,827,431
- Considered Doubtful	-	-
	18,528,146	2,827,431
Other Debts - Considered Good	177,788,493	156,387,972
	196,316,639	159,215,403
Less: Provision for Doubtful Debts	-	-
Total	196,316,639	159,215,403

15.1 Other debts include dues from related party: Rs 11,88,24,325 [Previous Year: Rs 6,37,93,843]

16 Cash & Bank Balances

	March 31, 2015	March 31, 2014
A Cash and Cash Equivalents		
Cash on hand	473,137	451,891
Balance with Banks on Current Accounts	309,166	522,631
Sub Total - A	782,303	974,522
B Other Balances		
Term Deposits		
Maturity less than or equal to 3 months	64,341	60,000
Maturity more than 3 months but less than or equal to 12 months	6,016,194	1,937,631
Maturity more than 12 months	16,286,267	15,424,628
Balances lying in the Unclaimed Dividend Account	1,487,350	1,468,400
Sub Total - B	23,854,152	18,890,659
Total (A) + (B)	24,636,455	19,865,181

Note : Term Deposits includes deposits worth Rs. 1,73,66,802 kept as margin money towards banking facilities.

17 Short Term Loans and Advances:

	March 31, 2015	March 31, 2014
Unsecured, considered good		
Advance to Vendors	13,796,432	13,502,726
Advance to staff	22,431	41,899
Advances recoverable in cash or kind for value to be received	648,193	2,493,006
Balance with government authorities	9,945,688	6,326,664
Total	24,412,745	22,364,295

Notes to Statement of Profit and Loss

18 Revenue from operations		Amounts in INR	
	March 31, 2015	March 31, 2014	
Sales	460,373,949	627,453,684	
Less: Excise duty	28,213,504	58,704,967	
Revenue from operations [Gross]	432,160,445	568,748,717	
Other operating revenues			
Export incentives	640,993	-	
Revenue from operations [Net]	432,801,438	568,748,717	
18.1 Earnings in foreign currency			
	March 31, 2015	March 31, 2014	
Exports of goods	124,579,154	110,122,033	
19 Other income			
	March 31, 2015	March 31, 2014	
Interest income on fixed deposits	2,350,017	1,607,120	
Other interest income	54,239	15,970	
Profit on sale of asset	-	87,485	
Exchange fluctuation gain	7,519,472	-	
Total	9,923,728	1,710,575	
20 Cost of materials consumed			
	March 31, 2015	March 31, 2014	
Raw materials consumed	294,012,152	457,446,156	
Packing materials and other consummables consumed	18,938,079	27,356,932	
	312,950,231	484,803,089	
21 Changes in Inventories of Finished Goods and Work In Process			
	March 31, 2015	March 31, 2014	
Inventories at the beginning of the year			
Finished goods and work in process	91,049,631	86,814,250	
Inventories at the end of the year			
Finished goods and work in process	82,284,702	91,049,631	
Net (increase) / decrease	8,764,928	(4,235,381)	
21.1 Values for closing and opening inventories of finished goods and work in process			
	March 31, 2015	March 31, 2014	
Finished goods and work in process			
- Opening stock			
Tapes	18,234,701	32,603,816	
Adhesive Rolls	39,543,804	23,381,343	
Ropes	29,971,867	20,437,556	
Others	3,299,258	10,391,534	
	91,049,631	86,814,250	
- Closing stock			
Tapes	9,116,725	18,234,701	
Adhesive Rolls	34,885,947	39,543,804	
Ropes	34,201,276	29,971,867	
Others	4,080,754	3,299,258	
	82,284,702	91,049,631	

Notes to Statement of Profit and Loss

22 Employees benefit expenses

Amounts in INR

	March 31, 2015	March 31, 2014
Salaries, wages and allowances	4,537,380	3,229,417
Contribution to provident and other funds	818,554	688,041
Gratuity	67,500	340,212
Staff welfare expenses	489,728	499,583
Total	5,913,162	4,757,253

22.1 Managerial Remuneration included under employee benefit expenses: Remuneration Paid to Whole Time Directors

Salaries & Allowances	1,000,000	-
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23 Other Manufacturing, Selling and Administration expenses

	March 31, 2015	March 31, 2014
Bad debts written off	1,227,225	494,965
Consumable	556,310	1,194,736
Domestic & foreign travel	720,910	933,336
Electricity charges	5,548,813	6,555,437
Error in discounts	1,242,815	-
Exchange fluctuation loss	-	9,112,590
Excise duty	417,759	2,451
Factory expenses	601,158	899,473
Freight & forwarding charges	2,856,789	3,617,897
Insurance premium	635,430	560,608
Loss on sale of assets	543,144	-
Manufacturing expenses	5,228,021	7,606,256
Miscellaneous expenses	2,947,833	2,494,092
Ocean freight	3,717,195	3,056,552
Professional fees	410,651	321,951
Professional tax	5,000	2,500
Rental charges	1,281,092	1,229,584
Repairs & maintenance - building	57,600	-
Repairs & maintenance - machinery	61,588	192,108
Repairs & maintenance - vehicles	424,090	547,043
Salaries to factory staff	5,304,188	6,276,940
Security charges	1,051,675	992,791
Stores & spares expenses	1,354,633	1,054,869
Telephone and communication expenses	458,040	368,890
Terminal handling charges	645,592	484,718
Water charges	471,400	501,800
Total	37,768,951	48,501,587

24 Finance costs

	March 31, 2015	March 31, 2014
Interest expenses	22,936,761	19,113,785
Other borrowing costs	5,206,659	5,057,059
Other interests	29,943	-
Total	28,173,363	24,170,844

Note 1

Significant accounting policies for the year ended 31 Mar 2015

1. Nature of business

- 1.1 The Company is in the business of manufacturing adhesive tapes and plastic ropes. The manufacturing facility of the Company is situated at Khopoli and its registered office is situated in Andheri (West), Mumbai. The Company exports its products through its associate companies.

2. Significant accounting policies

2.1. Accounting convention

The financial statements of the Company are prepared under historical cost convention on an accrual basis and comply with the Accounting Standards ('AS') notified by the Companies (Accounting Standards) Rules, 2006 except otherwise mentioned elsewhere in the financial statements.

2.2. Use of Estimates

The preparation of financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities, if any) as at the date of the financial statements and the reported income and expenses during the reporting period like provisioning for taxation, useful lives of assets etc. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Future results may vary from these estimates.

2.3. Revenue Recognition

On sale of goods

Sales of the Company comprise sale of BOPP tapes, ropes and adhesives. Revenue is recognized when the risks and rewards are substantially transferred to the buyer. This usually occurs when the goods leave the premises of the Company. The Company collects sales taxes and value added taxes (VAT) on behalf of the Government and, therefore, these are not economic benefits flowing to the Company. Hence they are excluded from Revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year. Excise duty (including education cess) in respect of finished goods is shown separately as an item of expense and included in the valuation of finished goods.

Interest income

Interest income is recognized on accrual basis.

2.4. Expenses and incomes

Expenses and incomes are accounted for on accrual basis except for bonus to employees. Bonus to employees is accounted for on payment basis. Provisions are made for all known liabilities.

2.5. Fixed Assets and Depreciation

Tangible assets are stated at cost, less accumulated depreciation and impairment, if any.

Cost includes the purchase price (excluding refundable taxes) and expenses directly attributable to bring the asset to the location and condition for its intended use. Examples of directly attributable expenses included in the acquisition cost are delivery and handling costs, installation, legal services and consultancy services.

Fixed assets are depreciated on Straight Line Method ('SLM') based on the useful lives prescribed under Part C of Schedule II of Companies Act, 2013.

Land is not depreciated since it is deemed to have an indefinite economic life. Depreciation is charged on a pro – rata basis on additions made during the year.

Assets costing below Rs 5000 are charged to the Statement of Profit and Loss in the year of purchase.

Those assets whose useful lives have exceeded the life prescribed under Part C of Schedule II of Companies Act, 2013, are adjusted against the retained earnings. The asset wise break up of the assets adjusted against retained earnings is as under:

Sr No	Asset head	Amount adjusted against retained earnings
1	Air Conditioners	11,116
2	Office Equipment	1,89,341
3	Generator Set	48,539
4	Lab Equipment	817
5	Electrical Installation	2,39,675
6	Plant and Machinery	7,11,863
	Total	12,01,351

2.6. Foreign exchange transactions

Initial recognition

Transactions in foreign currency are booked at standard rates determined periodically, which approximate the actual rates.

Translation

Cash and bank balances, receivables and liabilities (monetary items) in foreign currencies as at the year end are revalued at year end rates and the unrealized translation differences are included in the Statement of Profit or Loss.

Gain or loss on acquisition of fixed assets

Gain / loss arising out of fluctuations on realization / payment or restatement, except those identifiable to acquisition of fixed assets is charged / credited to the Statement of Profit or Loss. Gain / loss on account of exchange fluctuations identifiable to fixed assets acquired are adjusted against the carrying value of the related fixed asset.

2.7. Inventory

Raw materials, consumable and packing materials, semi finished goods and finished goods are valued at cost or net realizable value, whichever is lower.

Cost includes freight, taxes and duties (other than those subsequently recoverable from the tax authorities) and all other expenses incurred on bringing the inventory to its present location and condition.

Inventory is valued on weighted average basis.

Cenvat credit for materials purchased for production is taken into account at the time of purchases. Cenvat credit on purchases of capital items wherever applicable is recognized when the asset is purchased. The Cenvat credit so taken is utilized for the payment of excise duty on goods manufactured. The unutilized Cenvat credit is carried forward in the financial statements.

2.8. Segment reporting

The Company is primarily engaged in manufacture of Ropes and BOPP tapes.

Although these two businesses represent separate business segments, Accounting Standard 17 – “Segment Reporting” issued by the Institute of Chartered Accountants of India is not applicable to the Company.

2.9. Earnings per Share

Particulars	31 Mar 2015	31 Mar 2014
Profit after tax	4,593,741	5,948,892
Less: Preference dividend, if any	-	-
Adjusted profit after tax	4,593,741	5,948,892
Weighted average number of equity shares outstanding	6,061,000	6,061,000
Earnings Per Share	0.76	0.98
Face Value Per Share	10	10

2.10 Taxes on income

- Income tax is computed in accordance with Accounting Standard 22 – ‘Accounting for Taxes on Income’ (‘AS – 22’), notified by the Companies (Accounting Standards) Rules, 2006. Tax expenses are accounted in the same period to which the revenue and expenses relate.
- Deferred tax assets, other than unabsorbed depreciation or carried forward losses, are recognized only if there is reasonable certainty that they will be realized in the future and are reviewed for the appropriateness of their respective carrying values at each Balance Sheet date.

2.11 Provisions and Contingencies

A provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognized but are disclosed in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefit is remote. A contingent asset is neither recognized nor disclosed.

The contingent liabilities as at the Balance Sheet date are disclosed as under:

- The Company has other contingent liabilities in the form of guarantees extended from time to time, details of which are maintained by the Company as per the prescribed standards.
- The Company has given guarantee in favour of Sonal Impex Limited to enable Sonal Impex Limited avail credit facilities with banks. The Company is contingently liable to that extent.

- Claims not acknowledged as debts: Rs 0.45 lakhs
- Demands raised by the sales tax authorities, Maharashtra for financial year 2010 – 2011

Particulars	Amount (Rs)
VAT	1,82,97,552
CST	2,11,41,834
Total	3,94,39,836

The Company is in the process of filing an appeal and contesting the demand raised by the above order of the tax authorities and the Management including its consultants and advisors believe that its position will likely be upheld in the appellate process.

The Management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

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

2.13 Related Party Disclosures

Related Party disclosures are given according to Accounting Standard 18 "Related Party Disclosures".

Sr No	Name of the party	Relationship
1	Sonal Impex Limited	Associate
2	Sonal Filaments Limited	Associate
3	Sonal Ropes Limited	Associate
4	Zain Fresh Agro Limited	Associate
5	Sandeep Arora	Key Management Personnel
6	Kamal Arora	Key Management Personnel
7	Mona Arora	Relative of Key Management Personnel
8	Megha Arora	Relative of Key Management Personnel

Summary of transactions with Related Parties during the year:

Sr No	Nature of transaction	Name of the party	31 March 2015	31 March 2014
1	Sales	Sonal Impex Limited	7,52,761,54	12,09,32,660
2	Sales	Zain Fresh Agro Limited	2,65,68,991	-
3	Rent	Zain Fresh Agro Limited	1,80,000	1,80,000
4	Rent	Sonal Ropes Limited	9,60,000	9,60,000
5	Purchases	Sonal Impex Limited	1,44,55,200	2,44,09,803
6	Managerial Remuneration	Sandeep Mohanlal Arora	10,00,000	-

Amount outstanding as at 31 Mar 2015

Sr No	Nature of balance	Name of the party	31 March 2015	31 March 2014
1	Trade receivables	Sonal Impex Limited	11,88,24,325	6,37,93,843

3. Other financial information

3.1 Miscellaneous expenses include auditor's remuneration

Particulars	31 Mar 2015	31 Mar 2014
Statutory audit fees	75,000	75,000
Tax audit	45,000	45,000
Other services	24,000	24,000
Tax services	25,000	-
Total	169,000	144,000

The above fees are exclusive of service tax.

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

3.2 Dues to Micro Small and Medium Enterprises

The Company has not received any intimation from its suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence, the disclosures, if any, relating to the amounts unpaid as at 31 Mar 2015 together with the interest paid / payable as required under the said Act have not been given.

3.3 No provision has been created on trade receivables aggregating to Rs 1,85,28,146 (Previous Year: 28,27,431) which are older than six months as the Management continues to believe that they will be realized and settled respectively atleast at the values disclosed in the balance sheet.

3.4 Quantitative information

Purchase of Major Raw Materials

Particulars	31 Mar 2015	31 Mar 2014
Butyl Acrylate	104,538,969	171,451,636
Vinyl Acetate Monomer	50,199,275	21,035,191
BOPP Film	138,362,816	181,721,902
Total	293,101,060	374,208,729

Sale of major products

Particulars	31 Mar 2015	31 Mar 2014
Plastic Rope	24,218,543	49,763,950
BOPP Tape	301,522,691	424,828,899
Acrylic Polymer	75,436,060	77,255,381
Butyl Acrylate	12,933,600	6,273,130
Vinyl Acetate Monomer	18,049,551	8,751,270
Others	-	1,876,087
Total	432,160,445	568,748,717

As per our report of even date

For K S Sanghvi & Co. (Regd.)

Chartered Accountants

Firm Registration Number: 116714W

Tapan Sanghvi

Partner

Membership Number: 122244

Place: Mumbai

Date: 29/05/2015

For and on behalf of the Board

Sandeep Arora

Chairman and Managing Director

Kamal Arora

Director

Shivcharan Girker

Chief Financial Officer

A K ASHAR

Company Secretary

Place: Mumbai

Date: 29/05/2015

SONAL ADHESIVES LIMITED

Registered Office: 2N Laxmi Industrial Estate, New Link Road, Andheri (West), Mumbai – 400 053

CIN: L02004MH1991PLC064045 Tel. no.: 91 22 61316131 Fax no.: 91 22 61316132

Website: www.sonal.co.in Email: info@sonal.co.in

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member(s)	<input type="text"/>
Registered address	<input type="text"/> <input type="text"/>
E-mail id	<input type="text"/>
Folio No. / Client Id	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
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I/We, being the member(s) of equity shares of Sonal Adhesives Limited, hereby appoint

1. Name:..... Email Id: Address:
..... Signature: or failing him/her
2. Name:..... Email Id: Address:
..... Signature: or failing him/her
3. Name:..... Email Id: Address:
..... Signature: or failing him/her

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Twenty Fourth Annual General Meeting of the Company to be held on Wednesday, the 30th September, 2015 at the Registered Office of the Company at 2N Laxmi Industrial Estate, New Link Road, Andheri (West), Mumbai – 400 053 at 10.00 a.m. and at any adjournment thereof in respect of such resolutions as are indicated below.

SR. No	Resolutions
1	Adoption of Financial Statements for the year ended March 31, 2015.
2	Appointment of M/s. Rohan Agrawal Chartered Accountants, as Auditors of the Company.
3	Appointment of Mr. Nitin Rane as a Director.
4	Appointment of Mr. Nitin Rane as an Independent Director.
5	Appointment of Mrs. Mridu Arora as a Director.

Signed thisday of 2015.

Signature of Shareholder

Signature of proxy holder (s)

Please
affix Re.1/-
revenue
stamp and
sign across

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

If undelivered, please return to:

SONAL ADHESIVES LTD.

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