



04.09.2021

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

Scrip Code No. 526901

**Sub: Submission of Annual Report for the Financial Year 2020-21**

Dear Sir

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), we enclose herewith Annual Report of the Company for the financial year 2020-21 along with Notice of 30<sup>th</sup> Annual General Meeting of the Company to be held on 27<sup>th</sup> September, 2021.

Kindly take the above intimation on your record.

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

  
**Sandeep Arora**  
**Managing Director**  
DIN: 00176939



Encl: As above

**SONAL ADHESIVES LIMITED**

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

[www.sonal.co.in](http://www.sonal.co.in)



ANNUAL REPORT

2020-21

**Sonal Adhesives Limited**



## SONAL ADHESIVES LIMITED

CIN: L02004MH1991PLC064045

### **Board of Directors**

|                      |   |                                    |
|----------------------|---|------------------------------------|
| Mr. Sandeep M. Arora | - | Managing Director                  |
| Mrs. Mridu S. Arora  | - | Non-executive Director             |
| Mr. Manish Nanda     | - | Non-executive Independent Director |
| Mr. Nitin Rane       | - | Non-executive Independent Director |

### **Registered Office and Factory Address**

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

### **Bankers**

State Bank of India

### **Auditors**

M/s. Rohan Agrawal & Co, Chartered Accountants (retiring auditors)  
M/s. M C Asawa & Co, Chartered Accountant (incoming auditors)

### **Registrar and Share Transfer Agent**

**Link Intime India Pvt Ltd.**

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

| CONTENTS                                |         |
|---|---------|
| Particulars                             | Pg. No. |
| General Information.....                | 1       |
| Notice of AGM .....                     | 2       |
| Directors' Report.....                  | 10      |
| Independent Auditors' Report .....      | 22      |
| Balance Sheet .....                     | 28      |
| 3 UR ĳ W / R V V...\$ .F.F.R.X.Q.W..... | 29      |
| Cash Flow Statement .....               | 31      |
| Notes .....                             | 32      |



**NOTICE**

**NOTICE** is hereby given that the 30<sup>th</sup> Annual General Meeting (AGM) of the Members of Sonal Adhesives Limited will be held on **Monday, the September 27, 2021 at 4.00 p.m.** through two-way Video Conferencing or Other Audio Visual Means ("VC/OAVM") to transact the following business:

**Ordinary:**

- 7R UHFHLYH FRQVLGHU DQG DGRSW WKH \$XGLWHG %DODQFH 6KHHW DV DW  
Account for the year ended on that date and the reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Mrs. Mridu Sandeep Arora (DIN: 07260461), who retires by rotation and being eligible, offers herself for re-appointment.

**Special:**

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

7R FRQVLGHU DQG LI WKRXJKW ¿ W WR SDVV WKH IROORZLQJ UHVROXWLRQ DV  
"RESOLVED THAT pursuant to the provisions of Section 180(1)(a) and subject to other applicable provisions, if any, of the & RPSDQLHV \$FW LQFOXGLQJ DQ\ VWDWXWRU\ PRGL¿ FDWLRQ RU UH H QDFW  
of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, provisions of the Memorandum and Articles of Association of the Company, the consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company to sell / transfer / dispose off Company's property ("Undertaking") comprising of land with building admeasuring an total Square meters 6020 of land, comprised of Survey Nos. 28 being situated at Hissa No.1A, Village Dheku, Takai Adoshi Road, Taluka Khalapur, Dist Raigad, Khopoli – 410 203 to Mr. Hitesh Bhanwarlal Sanghvi on such terms and FRQGLWLRQV DV PD\ EH GHHPHG ¿ W E\ WKH %RDUG

RESOLVED FURTHER THAT WKH %RDUG EH DQG LV KHUHE\ DXWKRULVHG DQG HPSRZHU GRFXPHQVV LQFOXGLQJ EXW QRW OLPLWHG WR GH¿ QLWLYH \$JUHHPHQVV GHHG\ E\ DI¿ [LQJ &RPPRQ 6HDO RI WKH &RPSDQ\ LQ SUHVHQFH RI DQ\ RQH RI WKH 'LU  
one of the Authorised Person of the Company with effect from such date and in such manner as is decided by the Board to do all such other acts, deeds, matters and things as they may deem necessary and/or expedient to give effect to the above 5HVROXWLRQ LQFOXGLQJ ZLWKRXW OLPLWDWLRQ WR VHWWOH DQ\ TXHVWLRQ WUDQVIHU RI WKH 8QGHUDNLQJ DV WKH\ PD\ LQ WKHLU DEVROXWH GLVFUJHWLRQ

**For and on behalf of the Board**

**Mridu Arora**  
Director  
DIN: 07260461

**Sandeep Arora**  
Managing Director  
DIN: 00176939

Date: 25.08.2021

Place: Khopoli

**NOTES:**

- As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per General Circular Nos. 14/2020, 17/2020, 20/2020 & 02/2021 issued by the Ministry of Corporate Affairs on 8th April, 2020, 13th April, 2020; 5th May, 2020 & 13th January, 2021 respectively and Circulars issued by SEBI dated 12th May, 2020 & 15th January, 2021 (collectively referred to as "MCA and SEBI Circulars"). The forthcoming AGM will thus be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
- Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended) the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
- The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the \$\*0 WKURXJK 9 & 2\$90 ZLOO EH PDGH DYDLODEOH WR DWOHDVV PHFEHUV include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors,

Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of

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4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
5. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.
6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at www.sonal.co.in. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited Limited at www.bseindia.com. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. www.evotingindia.com.
7. The AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circulars.
8. Additional information pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and Secretarial Standard-2 of person seeking appointment/ re-appointment as Director is also annexed.
9. Explanatory statement under section 102 of the Companies Act, 2013 is also annexed to this notice.
10. The Register of Members and Share Transfer Books of the Company will remain closed for the purpose of Annual General Meeting (AGM) from Tuesday, September 21, 2021 to Monday, September 27, 2021 (both days inclusive).
11. Members are requested to notify any change in their addresses to their Depository Participants in respect of their electronic share holding quoting Client ID no to the Registrar and Share Transfer Agent, M/s. Link Intime India Pvt Ltd., at C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai – 400 083, Maharashtra in respect of their physical shares, quoting folio No.
12. Please note that your Company's Shares are compulsorily traded in Electronic Form. Your Company has already entered in the agreement with the National Securities Depository Limited (NSDL) and Central Depository Services India Limited (CDSL). **As per the Amendment to Regulation 40 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 it is mandatory that transfer of shares would be carried out in dematerialized form only w.e.f. 5th December, 2018. Therefore Members who still holds shares in physical form are advised to convert them in De-materialized form by sending letters along with the De-materialized Request Form (s) through their concerned Depository participants.**
13. **As per the SEBI circular No SEBI/HO/MIRSD/DOP1/CIR/P/2018 dated 20.04.2018 Members who hold shares in physical form kindly submit the copy of PAN and original cancelled cheque leaf /attested bank passbook showing name of account holder to M/s. Link Intime India Pvt. Ltd. Unit: SONAL ADHESIVES LIMITED, C-101, 247 Park, LBS Marg, Vikhroli (West), Mumbai - 400083 the Registrar and Share Transfer Agent of the Company.**
14. The Ministry of Corporate Affairs ("MCA") had issued Circulars stating that the service of notice / document by a company to its members can now be made through electronic mode for prompt receipt of communication, apart from helping avoid losses / delays in postal transit.

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

(I) Through post at below addresses :-

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

OR

E 7KH 5HJLVWHUHG 2I¿FH RI WKH &RPSDQ\ DW 3ORW 1R \$ 7DNDL \$GRV  
Raigad, Khopoli – 410203, Maharashtra.

OR

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

#### 15. Voting through electronic means:

In terms of section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the

Company is pleased to provide its members the facility to exercise their votes on the items of business given in the notice through electronic voting system, to members holding shares as on Monday, the September 20, 2021 being the cut-off date for the e-voting process through the e-voting platform provided by Central Depository Services (India) Limited (CDSL).

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

- I. Pursuant to the provisions of Section 108 and other applicable provisions of the Act and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of the Listing Regulations, MCA Circulars and SEBI Circular the Company is pleased to provide its Members facility to exercise their right to vote on resolutions proposed to be passed in the Meeting by electronic means.
- II. The Company has engaged the services of Central Depository Services (India) Limited ("CDSL") to provide e-voting facility to the Members.
  - III. The e-voting facility shall be available to the Members who are registered as beneficial owners (in case of electronic shareholding) as on the cut-off date, i.e., Monday, September 20, 2021. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only.
  - IV. Only the Members who are registered as beneficial owners with the depositories as on the cut-off date, i.e., Monday, September 20, 2021 only shall be entitled to avail the facility of e-voting.
  - V. Members who are holding shares in physical form or who have not registered their email address with the Company/ Depository or any person who acquires shares of the Company and becomes a Member of the Company after the Notice has been sent electronically by the Company, and holds shares as of the cut-off date, i.e. Monday, September 20, 2021; such Member may obtain the User ID and password by sending a request at helpdesk.evoting@cdslindia.com or may temporarily get their email registered with the Company's Registrar and Share Transfer Agent, Link Intime India Private Limited, at [qwlph@linkintime.co](mailto:qwlph@linkintime.co) or [qgl3ul@linkintime.co](mailto:qgl3ul@linkintime.co) / [lplwhg@linkintime.co](mailto:lplwhg@linkintime.co) or [3rvw@linkintime.co](mailto:3rvw@linkintime.co) / [vxfh@linkintime.co](mailto:vxfh@linkintime.co) / [uvix@linkintime.co](mailto:uvix@linkintime.co) / [uhjlvw@linkintime.co](mailto:uhjlvw@linkintime.co) / [udwlrq@linkintime.co](mailto:udwlrq@linkintime.co) / [rd@linkintime.co](mailto:rd@linkintime.co) / [pd@linkintime.co](mailto:pd@linkintime.co) email id. In case of any queries, members may contact Company's Registrar and Share Transfer Agent, Link Intime India Private Limited.
    - VI. Members who are holding shares in physical form or who have not registered their email address in respect of Electronic holdings with their concerned Depository Participant(s) and in respect of Physical Holdings with the Company's Registrar and Share Transfer Agent M/s Link Intime India Private Limited by sending an E-mail at [rnt.helpdesk@linkintime.co](mailto:rnt.helpdesk@linkintime.co) or at Co's email id [investor@sonal.co.in](mailto:investor@sonal.co.in) by following due procedure. However, if a Member is already registered with CDSL for e-voting then existing User ID and password can be used for casting vote.
  - VI. Mr. Prashant Diwan, Practicing Company Secretary (C.P.No. 1979) has been appointed by the Company as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
  - VII. The Scrutinizer, after scrutinizing the votes, will, not later than forty eight hours from the conclusion of the Meeting; make a consolidated scrutinizer's report which shall be placed on the website of the Company, i.e. [www.sonal.co.in](http://www.sonal.co.in) and on the website of CDSL. The results shall simultaneously be communicated to the Stock Exchanges.
  - VIII. Subject to receipt of requisite number of votes, the resolutions shall be deemed to be passed on the date of the Meeting, i.e. Monday, September 27, 2021.
- IX. Information and other instructions relating to e-voting are as under:
  - (i) The remote e-voting facility will be available during the following period:  
Commencement of e-voting: From 9:00 a.m. (IST) on Friday, September 24, 2021. End of e-voting: Up to 5:00 p.m. (IST) on Sunday, September 26, 2021. The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled by CDSL upon expiry of the aforesaid period.
  - (ii) The Members who have cast their vote by remote e-voting prior to the Meeting may also attend/ participate in the Meeting through VC / OAVM but shall not be entitled to cast their vote again.
  - (iii) Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/ retail shareholders is at a negligible level.  
Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

, Q RUGHU WR LQFUHVDH WKH HI¿FLHQF\ RI WKH YRWLQJ SURFHVV to enable e-voting to all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

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

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

| Type of shareholders  | Login Method  |
|---|---|
| Individual Shareholders holding securities in Demat mode with <b>CDSL</b> | <ol style="list-style-type: none"> <li>1) Users of who have opted for CDSL's Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URLs for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi.</li> <li>2) After successful login the Easi / Easiest user will be able to see the e-Voting Menu. On clicking the e-voting menu, the user will be able to see the respective e-Voting service provider i.e. CDSL/ NSDL/ KARVY/ LINK INTIME as per information provided by Issuer / Company. Additionally, we are providing links to e-Voting Service Providers, so that the user can visit the e-Voting service providers' site directly.</li> <li>3) If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page or click on <a href="https://evoting.cdslindia.com/Evoting/EvotingLogin">https://evoting.cdslindia.com/Evoting/EvotingLogin</a>. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be provided links for the respective ESP where the e-Voting is in progress during or before the AGM.</li> </ol>  |
| Individual Shareholders holding securities in demat mode with <b>NSDL</b> | <ol style="list-style-type: none"> <li>1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsd.com">https://eservices.nsd.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, FOLFN RQ WKH ³%HQH¿FLDO 2ZQHU´ LFRQ XQGHU ³ / R J L Q ´ section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>2) If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsd.com">https://eservices.nsd.com</a>. Select "Register Online for IDeAS "Portal or click at <a href="https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsd.com/">https://www.evoting.nsd.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available XQGHU µ6KDUHKROGHU 0HPEHU¶ VHFWRQRQ \$ QHZ VFUHHQ Z DQG D 9HUL¿FDWLRQ &amp;RGH DV VKRZQ RQ WKH VFUHHQ \$ I will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting</li> </ol> |



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

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

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

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

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

1) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).

2) Click on "Shareholders" module.

3) Now Enter your User ID

D )RU &'6/ GLJLWV EHQH¿FLDU\ ,'

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Members holding shares in Physical Form should enter Folio Number registered with the Company OR Alternatively, if you are registered for CDSL's EASI/EASIEST e-services, you can log-in at <https://www.cdslindia.com> from Login - Myeasi using your login credentials. Once you successfully log-in to CDSL's EASI/EASIEST e-services, click on e-Voting option and proceed directly to cast your vote electronically.

1H[W HQWHU WKH ,PDJH 9HUL¿FDWLRQ DV GLVSOD\HG DQG &OLF N RQ

5) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.

,I \RX DUH D ¿UVW WLPX XVHU IROORZ WKH VWHSV JLYHQ EHORZ

| For Shareholders holding shares in Demat Form other than individual and Physical Form |   |
|---|---|
| PAN   | Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)<br>Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA. |
| Dividend Bank Details <b>OR</b> Date of Birth (DOB)                                   | Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.<br>‡ ,I ERWK WKH GHWDLOV DUH QRW UHFRUGHG ZLWK WKI WKH PHPEHU LG IROLR QXPEHU LQ WKH 'LYLGHQG % instruction (v).   |

(vi) After entering these details appropriately, click on "SUBMIT" tab.

(vii) Members holding shares in physical form will then reach directly the Company selection screen. However, PHPEHUV KROGLQJ VKDUHV LQ GHPDW IRUP ZLOO QRZ UHDFK µ3DVVZRUG PDQGDWRULO\ HQWHU WKHLU ORJLQ SDVVZRUG LQ WKH QHZ SDVVZRUG

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

- (viii) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (ix) Click on the EVSN of the “Sonal Adhesives Limited”.
- (x) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xi) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.

[L \$IWHU VHOHFWLQJ WKH UHVROXWLRQ \RX KDYH GHFLGHG WR YRWH RQ GLVSOD\HG ,I \RX ZLVK WR FRQ¿UP \RXU YRWH FOLFN RQ 32.´

accordingly modify your vote.

- (xiii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xiv) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.

[Y,I 'HPDW DFFRXQW KROGHU KDV IRUJRWWHQ WKH FKDQJHG SDVVZRUJ W code and click on Forgot Password & enter the details as prompted by the system.

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

- ‡ 1RQ ,QGLYLGXDO VKDUHKROGHUV L H RWKHU WKDQ ,QGLYLGXDOV + on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the “Corporates” module.
- ‡ \$ VFDQQHG FRS\ RI WKH 5HJLVWUDWLRQ )RUP EHDULQJ WKH VWDPS helpdesk.evoting@cdslindia.com.
- ‡ \$IWHU UHFHLYLQJ WKH ORJLQ GHWDLOV D &RPSOLDQFH 8VHU V KRXOG The Compliance User would be able to link the account(s) for which they wish to vote on.
- ‡ 7KH OLVW RI DFFRXQWV OLQNHG helpdesk.evoting@cdslindia.com for approval of the accounts they would be able to cast their vote.
- ‡ \$ VFDQQHG FRS\ RI WKH %RDUG 5HVROXWLRQ DQG 3RZHU RI \$WWRUQ the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- ‡ \$OWHUQDWLYHO\ 1RQ ,QGLYLGXDO VKDUHKROGHUV DUH UHTXLUHG V letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; investor@sonal.co.in, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

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

1. The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for Remote e-voting.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
4. The Members can join the Meeting through VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the 0HHWLQJ WKURXJK 9& 2\$90 ZLOO EH PDGH DYDLODEOH WR DW OHDVW participation of large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee DQG 6WDNHKROGHUV 5HODWLRQV KLS & RPPLWVHH \$XGLWRUV HWF DUH QRW
5. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
6. Further Shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the Meeting.
7. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

8. Members who would like to express their views or ask questions during the Meeting may register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID/folio number, PAN, mobile number at investor@sonal.co.in at least 2 days before the Meeting. Those Shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the Meeting.
9. The Shareholders who have not registered themselves can put the question on the chat box available on the screen at the time of the Meeting.
10. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
11. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

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

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the (VKDUH FHUWL ; FDWH IURQW DQG EDFN 3\$1 VHOI DWWHVWHG VFDQQH G FRS of Aadhar Card) by email to **Company/RTA email id**.
2. For Demat shareholders -, Please update your email id & mobile no. with your respective Depository Participant (DP)
3. For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

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

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25<sup>th</sup> Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.

**For and on behalf of the Board**

**Mridu Arora**  
**Director**  
 DIN: 07260461

**Sandeep Arora**  
**Managing Director**  
 DIN: 00176939

Date: 25.08.2021

Place: Khopoli

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

**Item No. 3**

The Board of Directors had recommended to sale or dispose the Company's properties comprising of land with building admeasuring total Square meters 6020 of land, comprised of Survey Nos. 28 being situated at Hissa No.1A, Village Dheku, Takai Adoshi Road, Taluka Khalapur, Dist Raigad, Khopoli – 410 203 to Mr. Hitesh Bhanwarlal Sanghvi on such terms and (FRQGLWLRQV DV PD\ EH GHHPHG ; W E\ WKH %RDUG

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

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

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

**For and on behalf of the Board**

**Mridu Arora**  
**Director**  
 DIN: 07260461

**Sandeep Arora**  
**Managing Director**  
 DIN: 00176939

Date: 25.08.2021

Place: Khopoli

**Details of Directors seeking appointment/ re-appointment furnished pursuant to Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Clause 1.2.5 of the Secretarial Standard-2.:**

|   |   |
|---|---|
| Name of Director  | Mrs. Mridu Arora  |
| Date of Birth   | 24/07/1976  |
| Age   | 44 Years  |
| Date of Appointment   | 12/08/2015  |
| 4 X D O L ¿ F D W L R Q V   | M.A.  |
| Experience  | more than 9 years   |
| ( [ S H U W L V H L Q V S H F L ¿ F I X Q F W L R Q                                     | Designation: HDV  |
| Terms and condition of appointment / re-appointment along with remuneration to be drawn | <b>Retire by rotation</b> – Liable to retire by rotation.<br><b>Duties</b> – To adhere as provided under Section 166 of the Act.<br><b>Code of Conduct</b> – Abide by the Code of Conduct devised by the Company.<br><b>Remuneration: NIL</b> |
| Relationship with other Directors, Manager and other KMP                                | Spouse of Mr. Sandeep Arora, Managing Director of the Company   |
| No. of Board meeting attended during the year   | 6   |
| Directorships held in other companies (excluding foreign companies)                     | NIL   |
| Memberships / Chairmanships of Committees of the Company                                | Member of Nomination and Remuneration Committee and Member of Stakeholder Relationship Committee  |
| Memberships / Chairmanships of Committees of the other Company                          | NIL   |
| Number of shares held in the Company  | NIL   |



**DIRECTORS' REPORT**
**DEAR MEMBERS**

Your Directors have pleasure in presenting 30<sup>th</sup> Annual Report for the year ended March 31, 2021. The Company has incurred a net loss of Rs. 82.40 lakhs for the year under review as compared to a net profit of Rs. 82.40 lakhs in the previous year.

**FINANCIAL RESULTS**

The following table shows the financial results of the Company for the year ended March 31, 2021, compared with the year ended March 31, 2020.

| Particulars  | Year Ended March 31, 2021 | Year Ended March 31, 2020 |
|--|---------------------------|---------------------------|
| Income from operations                             | 1697.14                   | 3214.64                   |
| 3UR ĩ W? /RVV EHIRUH )LQDQFH &RVW 'HSUHFLD(25.66)Q | (25.66)                   | (139.37)                  |
| Add: Finance Cost                                  | 0.02                      | 39.29                     |
| Add: Depreciation                                  | 69.20                     | 75.30                     |
| 3UR ĩ W? /RVV %HIRUH WD[                           | (94.88)                   | (253.96)                  |
| <u>Tax Expenses</u>                                |                           |                           |
| Deferred Tax Expense / Credit                      | 14.24                     | (66.28)                   |
| Short provision for tax relating to prior year     | 1.77                      |                           |
| <b>Profit(Loss) for the year</b>                   | <b>82.40</b>              | <b>(187.68)</b>           |

**DIVIDEND**

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

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

**RESERVES**

No amount has been proposed to carry to Reserves.

**PRODUCTS & BUSINESS**

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

|   |                    |  |
|---|--------------------|--|
| a | Revenue            | <ul style="list-style-type: none"> <li>➤ The Total Turnover of the Company is Rs. 16,97,13,668/- in current year and Rs. 32,14,63,783/- in previous year indicating decline by 52.79% due to impact of COVID-19 and lockdowns..</li> <li>➤ The Company's Export Turnover also decreased to Rs. 2,94,03,114 compared to previous year export turnover of Rs. 5,43,35,310 indicating a decrement by 45.89%</li> <li>➤ The Company has incurred a Loss of Rs. 80,51,819/- compared to Loss of Rs. 1,88,48,091/- in the previous year.</li> </ul>                                  |
| b | Market environment | <ul style="list-style-type: none"> <li>➤ The corona virus pandemic has crippled India's economy. Like many industries, the Indian Adhesives and Sealants industry too has been hit hard. The production, supply, and export were aligned to meet the desired goals towards the end of the year. However, corona virus was a big factor that turned WKH VPRRWK RSHUDWLRQV XSVLGH GRZQ \$V EXVLQHVVHV ORVW SOD\HUV GXO\ LQWHUYHQHG WR ĩUHĩJKW WKH FULVLV 7KH ,QGLDQ \$GKHVLYHV DQG VHDODQWV PDUNHW LV H[SHFWHG WR HG W 8.07%, during the forecast period (2021-2026).</li> </ul> |
| c | Future Prospects   | <ul style="list-style-type: none"> <li>➤ Appliances and consumer electronics industry is expected to double to reach Rs. 1.48 lakh crore (US\$ 21.18 billion) by 2025 , therefore good business is expected for the company.</li> <li>➤ Company is expected to progress due to increasing demand from the packaging industry and the growth of automotive production in the Country.</li> <li>➤ The overall market for adhesives &amp; sealants is expected to have a high growth in the country.</li> </ul>   |

**CODE OF CONDUCT**

\$OO %RDUG 0HPEHUV DQG 6HQLRU 0DQDJPHQW 3HUVRRQHO KDYH DIĩUPHG FRP 21. A declaration to this effect as required under regulation 26(3) read with Schedule V (D) of the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 ("Listing Regulations"), from the Managing Director of the Company is given below to this report.

A Declaration signed by the Managing Director is given below:

, KHUHE\ FRQ ĩUP WKDW

7KH &RPSDQ\ KDV REWDLQHG IURP DOO WKH PHPEHUV RI WKH %RDUG DQG VHQ L with Code of Conduct and ethics for the Director and Senior Management in respect of the Financial Year 2020-21.

Sandeep Arora  
DIN: 00176939

### DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

In accordance with the provisions of the Companies Act, 2013 (“the Act”) and the Articles of Association of the Company, Mrs. Mridu Arora, Director (DIN: 07260461) is liable to retire by rotation and being eligible, offers herself for re-appointment at the ensuing Annual General Meeting.

7KH , QGHSHQGHQW 'LUHFWRUV RI \RXU &RPSDQ\ KDYH VXEPLWWHG D GHF DUDV independence as laid down under Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations and there has been no change in the circumstances which may affect their status as Independent Director during the year.

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

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

- (1) Mr. Sandeep M. Arora - Managing Director (KMP)
- (2) Mrs. Mridu Arora - Non-executive Director
- (3) Mr. Manish Nanda - Non-executive Independent Director
- (4) Mr. Nitin Rane - Non-executive Independent Director
- (5) 0U \$MHHW 6LQJK & KLHI )LQDQFLDO 2I¿FHU .03
- (6) Ms. Anuradha Dubey - Company Secretary (KMP)

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

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

### VARIOUS COMMITTEES OF THE BOARD AND THEIR COMPOSITIONS

|    |                                    |  |
|----|------------------------------------|--|
| A] | Audit Committee                    | Mr. Manish Nanda - Chairman<br>Mr. Nitin Rane<br>Mr. Sandeep Arora   |
| B] | Nomination Remuneration Committee  | Mr. Manish Nanda - Chairman<br>Mr. Nitin Rane<br>Mrs. Mridu Arora    |
| C] | Stakeholder Relationship Committee | Mr. Manish Nanda - Chairman<br>Mrs. Mridu Arora<br>Mr. Sandeep Arora |

### NUMBER OF MEETINGS OF THE BOARD

During the FY 2020-21, Six meetings of the Board of Directors were held.

### BOARD EVALUATION

The Board of Directors has carried out an Annual Performance Evaluation for all Board Members as well as the working of the Board and its Committees pursuant to the provision of Act and Listing Regulations. The performance of the Board was evaluated by the Board after seeking inputs from all the Directors on the basis of the criteria such as the Board composition and structure, effectiveness of Board processes, information and functioning, etc.

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

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

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

**DIRECTORS' RESPONSIBILITY STATEMENT**

Your Directors state that:

- a) in the preparation of the annual accounts for the year ended March 31, 2021, the applicable accounting standards have been followed and there are no material departures from the same;
- b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2021;
- c) the Directors have taken proper care to comply with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors have ensured that proper systems of internal control are in place and operating effectively;
- e) the Directors have ensured that proper systems of internal control are adequate and are operating effectively; and
- f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

**ANNUAL RETURN**

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

**INTERNAL FINANCIAL CONTROLS**

The internal financial controls were tested and no reportable material weakness in the design or operation was observed.

**STATUORY AUDITORS**

Pursuant to provisions of Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, M/s. M C Asawa & CO, Chartered Accountant (Firm Registration No: 008041C) were appointed as the Statutory Auditors for a period of five years from the year 2020 to be held in the year 2025.

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

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

- D : The management is following up with SBI.
- E : The management is following up with SBI.
- F : The management is following up with SBI.
- G : The settlement process, hence not written off.
- H : The management is following up with SBI.
- I : The management is following up with SBI.

**Reporting of Frauds**

'XULQJ WKH \HDU XQGHU UHYLHZ WKH \$XGLWRUV KDYH QRW UHSRUWHG DQ\ LQ or Employees to the Audit Committee under section 143 (12) of the Companies Act, 2013.

**SECRETARIAL AUDITOR**

Pursuant to the provisions of section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. Prashant Diwan, Company Secretary in Whole-Time 3UDFWLFH WR FRQGXFW 6HFUHWLDO \$XGLW IRU WKH QDQFLDO \HDU Auditor is annexed to this Board Report as **Annexure I** 7KH 6HFUHWLDO \$XGLW 5HSRUW LQ XQTXDO

**DEPOSITS**

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

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

The Company has not given any loans or made any investments in other bodies corporate during the year. However, the &RPSDQ\ KDG JLYHQ &RUSRUDWH \*XDUDQWHHV RI 5V LQ HDUO HU \H 186 of the Act.

**COST RECORDS**

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

**PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES**

All Related Parties Transactions entered by the Company during the Financial Year 2020-21 were in the ordinary course of business and on an arm's length pricing basis. The details of Related Parties Transactions are given in Note 34 in Notes to Accounts of the Financial Statements for the year ended March 31, 2021.

The Related Party Transactions policy as approved by the Board of Directors is disclosed on the Company's website at the web link <http://www.sonal.co.in/financial-info/SAL-RELATED-PARTY-TRSC.pdf>.

**SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES**

Your Company does not have any Subsidiary, Joint Venture and Associate Company.

The Company is Associate of Sonal Impex Limited.

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

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

**PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES**

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

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

**CORPORATE GOVERNANCE**

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

**MANAGEMENT DISCUSSIONS AND ANALYSIS**

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



**CORPORATE SOCIAL RESPONSIBILITY STATEMENT (CSR)**

The provisions of Section 135 of the Act regarding Corporate Social Responsibility are not applicable to the Company as the Company is not falling under the said parameters.

**VIGIL MECHANISM**

The Vigil Mechanism of the Company, which also incorporates a Whistle Blower Policy in terms of the Listing Regulations, includes an Ethics & Compliance Task Force comprising Senior Executives of the Company. Protected disclosures can be made by a Whistle Blower through an e-mail, or dedicated telephone line or a letter to the Task Force or to the Chairman of the Audit Committee.

<RXU &RPSDQ\ KHUHE\ DI;UPV WKDW QR 'LUHFWRU HPSOR\HH KDYH EHHQ GHQL and that no complaints were received during the year.

The Policy on vigil mechanism and whistle blower policy is available on the Company's website at web link <http://www.sonal.co.in/financial-info/SAL-VIGIL-MECHANISM.pdf>.

**SECRETARIAL STANDARDS**

7KH DSSOLFDEOH 6HFUHWLDO 6WDQGDUJVL L H 66 DQG 66 UHODWLQJ WR respectively, as issued by the Institute of Company Secretaries of India (ICSI), have been duly complied by your Company.

**SEXUAL HARASSMENT**

The Company has complied and constituted Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 except for appointment of a Member in the Committee who LV DPRQJVV 1\*2 DVVRFLDWLRQV )XUWKHU GXULQJ WKH \HDU XQGHU UH YLHZ Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

**GENERAL**

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

- 1R PDWHULDO FKDQJHV DQG FRPPLWPHQWV DIIHFWLQJ WKH ;QDQFLDO SRVLV )LQDQFLDO <HDU WR ZKLFK WKLV ;QDQFLDO VWDWHPHQW UHODWH RQ WKH is declared Non Performing Asset by State Bank of India and the said loan has been now assigned to ASREC (India) Limited.
- 2. The Company does not have any Risk Management Policy as the element of risk threatening the Company's existence is very minimal.
- 1R VLJQL;FDQW RU PDWHULDO RUGHUV ZHUH SDVVHG E\ WKH 5HJXODWRUV R status and Company's operations in future.

**ACKNOWLEDGEMENT**

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

**For and on behalf of the Board**

**Mridu Arora**  
**Director**  
 DIN: 07260461

**Sandeep Arora**  
**Managing Director**  
 DIN: 00176939

Date: 12.08.2021  
 Place: Khopoli

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

**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2021**

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

To  
 The Members  
**Sonal Adhesives Limited**  
 Plot No. 28/1A, Takai-Adoshi Road  
 PO Khopoli Tal Khalapur  
 Dist Raigad Khopoli - 410203

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

%DVHG RQ P\ YHUL¿FDWLRQ RI WKH &RPSDQ\TV ERRNV SDSHUV PLQXWH ERRNV E\ WKH FRPSDQ\ DQG DOVR WKH LQIRUPDWLRQ SURYLGHG E\ WKH &RPSDQ\ LWV the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the ¿ QDQFLDO \HDU<sup>st</sup> March, 2021 Generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

, KDYH H[DPLQHG WKURXJK GLJLWDO PRGH WKH ERRNV SDSHUV PLQXWH ERRNV E\ WKH &RPSDQ\ IRU WKH ¿ Q March, 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;  
 LL7KH 6HFXULWLHV &RQWUDFWV 5HJXODWLRQ \$FW µ6&5\$¶ DQG WKH UXO
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;  
 LY7KH IROORZLQJ 5HJXODWLRQV DQG \*XLGHOLQHV SUHVFULEHG XQGHU WKH 6H Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and
  - (c) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

As per the representations made by the management and relied upon by me, during the period under review, provisions of the following regulations/guidelines were not applicable to the Company:

- (i) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;  
 LL7KH IROORZLQJ 5HJXODWLRQV DQG \*XLGHOLQHV SUHVFULEHG XQGHU WKH 6H 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;  
 F 7KH 6HFXULWLHV DQG ([FKDQJH %RDUG RI ,QGLD 6KDUH %DVHG (PSOR\HH
  - (d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
  - (e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards 1 & 2 issued by the Institute of Company Secretaries of India under the Companies Act, 2013.
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above to the extent applicable.

I further report that:

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

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

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

I further report that as per the representations made by the management and relied upon by me, there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines; however the same may be further strengthened.

\$ V SHU WKH UHSUHVHQWDWLRQV PDGH E\ WKH PDQDJHPHQW DQG UHOLHG XS RQ events / actions taken place, having a major bearing on the Company's affairs, in pursuance of the above referred laws, rules, regulations, guidelines etc.

D 7KH 6WDWH %DQN RI ,QGLD 6% , KDG FODVVLHG WKH &RPSDQ\ DV DQN served Notice to the Company under section 13(2) of the SARFAESI Act, for attachment of its assets and also intimated the Company about the symbolic possession taken on 22nd February, 2017. Further, the SBI has assigned the companies loan account to ASREC (India) Limited (Asset Reconstruction Company) on 27<sup>th</sup> March, 2019.

E 7KH 6% , KDG OHG DQ DSSHDO LQ '5\$7 0XPEDL DJDLQVW WKH VWD\ JLYHQ

- (2) The Company had given corporate guarantee for credit facilities availed by M/s Sonal Impex Ltd., the same has been FODVVLHG DV 13\$ E\ WKH 6% , DQG WKH &RPSDQ\ KDV EHHQ FDOOHG XS RQ WR Further, the SBI has assigned the M/s Sonal Impex Ltd loan account to ASREC (India) Limited (Asset Reconstruction Company).

& 6 0HHQD 'RGPDQL UHVLJQH G IURP WKH SRVW RI &RPSDQ\ 6HFUHWDU\ &RPSO the Company w.e.f. 9<sup>th</sup> February, 2021.

**CS Prashant Diwan**  
**Practising Company Secretary**  
**FCS: 1403 CP: 1979**  
 PR: 530/2017  
 UDIN: F001403C000774219

Date: 12.08.2021  
 Place: Mumbai

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

**Annexure “A”**

To  
 The Members  
**Sonal Adhesives Limited**  
 Plot No. 28/1A, Takai-Adoshi Road  
 PO Khopoli Tal Khalapur  
 Dist Raigad Khopoli - 410203

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

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the FRUUHFWQHVV RI WKH FRQWHQWV RI 6HFUHW DULDO UHFRUGV 7KH YHUL¿FDWLRQ UHÁHFWHG LQ VHFUHW DULDO UHFRUGV , EHOLHYH WKDW WKH SURFHVV\HV D opinion.  
 , KDYH QRW YHUL¿HG WKH FRUUHFWQHVV DQG DSSURSULDQWHQ R V WR H¿RQSDU
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility RI PDQDJHPHQW 0\ H[DPLQDWLRQ ZDV OLPLWHG WR WKH YHUL¿FDWLRQ RI SU 7KH 6HFUHW DULDO \$XGLW UHSRUW LV QHLWKHU DQ DVVXUDQFH DV WR WKH effectiveness with which the management has conducted the affairs of the company.  
 , KDYH QRW FDUULHG RXW WKH SK\VLFDQ YHUL¿FDWLRQ RI DQ\ UHFRUGV GX have relied on the records as made available by the Company through digital mode as well as I have also relied on the Management representation made by the Company.

**CS Prashant Diwan**  
**Practising Company Secretary**  
**FCS: 1403 CP: 1979**  
 PR: 530/2017  
 UDIN: F001403C000774219

Date: 12.08.2021  
 Place: Mumbai



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

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

**Conservation of energy:**

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

(Amount in Rs.)

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

**Technology Absorption:**

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

**Foreign Exchange Earnings and Outgo:**

|                         | Year Ended 31.03.2021<br>(Rs. In lacs) | Year Ended 31.03.2020<br>(Rs. In lacs) |
|-------------------------|--|--|
| Foreign Exchange Outgo  | 0.00                                   | 0.94                                   |
| Foreign Exchange Earned | 406.51                                 | 719.20                                 |

For and on behalf of the Board

**Mridu Arora**  
Director  
DIN: 07260461

**Sandeep Arora**  
Managing Director  
DIN: 00176939

Date: 12.08.2021

Place: Khopoli

## ANNEXURE III

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

1. The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2020-21:

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

3 HUFHQWDJH LQFUHDVH LQ UHPXQHWDWLRQ RI HDFK 'LUHFWRU & KLHI LQDQ 2020-21:

| Name                 | Designation          | % increase / (decrease) in remuneration       |
|----------------------|----------------------|---|
| Mr. Sandeep M. Arora | Managing Director    | no remuneration                               |
| Mr. Ajeet Singh      | & KLHI ) LQDQFLDO 21 | 22.13%  |
| Ms. Meena Dodmani    | Company Secretary    | Not applicable since resigned during the year |

3. Percentage increase in the median remuneration of employees in the Financial Year 2020-21 is (14.01%).
4. The number of permanent employees on the rolls of the Company as on 31<sup>st</sup> March, 2021 is 23.
5. The average increase in the salary of the employees other than the managerial personnel in FY 2020-21 is (19.56)% and increase in the salary of managerial personnel is 6.95%. The increment given to each individual employee is based on the employees' potential, experience as also their performance and contribution to the Company's progress over a period of time and also as per market trend.

,W LV KHUHE\ DI¿UPHG WKDW WKH UHPXQHWDWLRQ SDLG GXULQJ WKH YH DU L

**For and on behalf of the Board**

**Mridu Arora**  
Director  
DIN: 07260461

**Sandeep Arora**  
Managing Director  
DIN: 00176939

Date: 12.08.2021

Place: Khopoli

**ANNEXURE - IV**  
**MANAGEMENT DISCUSSION AND ANALYSIS**

**(a) Industry structure and Outlook**

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

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

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

Further, the increase in the e-business with has positive impact and growth as the BOPP tape is used for packaging. Therefore the consumption of this product is bound to increase further.

**(b) Threats, Opportunities, Risks and concerns**

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

The threat arising from activities of competitors especially the MNC's who have put up manufacturing units in India and secondly in developed countries such as the U.S., Spain, Germany, Japan, and Italy, the market is growing at a low to moderate rate.

Increasing electronic operation in India is likely to act as an opportunity in the forecast period. The demand for adhesives in the packaging industry is increasing with the growing number of end-user application.

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

The Company is taking proactive steps in implementing management principles well adapted to the demands of the changing environment. The company has the policy of assessing the risk and manages the business. The company is

**(c) Segment-wise or product-wise performance**

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

The Company is also manufacturing a complete range of adhesives and emulsions for various applications such as paint sticker, label and lamination industries.

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

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

**(d) Internal Control Systems and their adequacy**

of resources and comply with the procedures and regulatory requirements. The Company has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and that transaction are authorized, recorded and reported correctly. The Board has also appointed Internal Auditors to more strengthen the internal control system.

**(e) Financial Performance with respect to Operational Performance**

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

7KH &RPSDQ\ KDV DFKLHYHG D VDWLVIDFWRU\ WXUQRYHU LQ WKH 2020-21 as under:

| Particulars | Quarter ended 30.06.2021<br>(Amt in Lakhs) | Quarter ended 31.03.2021<br>(Amt in Lakhs) | Quarter ended 30.06.2020<br>(Amt in Lakhs) |
|-------------|--|--|--|
| Turnover    | 644.52                                     | 613.13                                     | 243.30                                     |

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

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

The total numbers of personnel employed as on 31<sup>st</sup> March 2021 were 23 (staff plus workers).

**(g) Details of significant changes in key financial ratios**

In accordance with the amended SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the &RPSDQ\ LV UHTXLUHG WR JLYH GHWDLOV RI VLJQL2FDQW FKDQJHV LQ FKD SUHYLRXV 2 QDQFLDO \HDU LQ WKH 2020-21 2 QDQFLDO UDWLRV DORQJ ZLWK GHWDLO 7KH &RPSDQ\ KDV LGHQWL2HG IROORZLQJ UDWLRV DV NH\ 2 QDQFLDO UDWLRV

| Particulars                 | FY 2020-21 | FY 2019-20 | % Change | Reason for change of 25% or more as compared to the immediately previous 2 QDQFLDO \HDU |
|-----------------------------|------------|------------|----------|---|
| Debtors Turnover            | 1.79       | 3.06       | (41.44%) | Sluggish market due to pandemic   |
| Inventory Turnover          | 13.79      | 23.45      | (41.19%) |   |
| Interest Coverage Ratio     | 0.00       | (0.18)     | 99.90%   |   |
| Current Ratio               | 0.62       | 0.63       | (1.71%)  |   |
| Debt Equity Ratio           | (6.34)     | (9.65)     | 34.34%   | Unsecured Loan Paid off   |
| 2 SHUDWLQJ 3UR2W (5.40%) LQ | (5.40%)    | (7.72%)    | 30.04%   | Sluggish market due to pandemic   |
| 1 HW 3UR2W 0DUJLQ (4.69%)   | (4.69%)    | (5.71%)    | 17.78%   |   |
| Return on Net Worth         | 0.23       | 0.69       | (66.10%) | Sluggish market due to pandemic   |

**(h) Accounting Treatment**

\$OO \$FFRXQLQJ 6WDQGDUGV PDQGDWRULO\ UHTXLUHG KDYH EHHQ IROORZH has been made in following the same.

**For and on behalf of the Board**

**Mridu Arora**  
Director  
DIN: 07260461

**Sandeep Arora**  
Managing Director  
DIN: 00176939

Date: 12.08.2021

Place: Khopoli



## INDEPENDENT AUDITOR'S REPORT

**To The Members of Sonal Adhesives Limited**

**Report on the Audit of the Standalone IND AS Financial Statements**

### Opinion

I have examined the Standalone Financial Statements of Sonal Adhesives Limited, the Company, for the year ended March 31, 2021, in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India. The Company has prepared the Standalone Financial Statements in accordance with the Indian Accounting Standards, issued by the Ministry of Corporate Affairs, India. I have also examined the accounting policies and other explanatory information.

In my opinion and to the best of my information and according to the explanations given to me, the aforesaid standalone IND AS Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards, issued by the Ministry of Corporate Affairs, India, of the state of affairs of the Company as at the end of the financial year and of its profit and loss, and the cash flows for the year ended on that date.

### 6Ug]g'cZ' E iU'jUYX' Cd]b]cb

- i. The banking facility availed from SBI have become NPA as per RBI guidelines and consequently the said bank has stopped charging interest. During the year under review no provisions have been made for unapplied interest on account of NPA, not charged by the bank, which is not in accordance with the generally accepted accounting principles.
- ii. The balance of SBI Term Loan, Cash Credit and other credit facilities appearing in the books of accounts are not in accordance with the bank statement and are subject to reconciliation process.
- iii. The Company has received notice under section 13(2) of the SARFAESI Act, for attachment of its assets from State Bank of India. Pursuant to this, the Company has been intimated of the symbolic possession taken by the State Bank of India on 22<sup>nd</sup> Feb, 2016. Matter is pending in Debts Recovery Tribunal, Mumbai and Debt Recovery Appellate Tribunal, Mumbai. As on 27<sup>th</sup> March, 19, SBI has assigned companies loan account to ASREC (India) Limited (Asset Reconstruction Company).
- iv. As informed to me, the Company had given corporate guarantee of **Rs. 3,82,62,938/-** for credit facilities availed by M/S Sonal Impex Ltd. The same has been classified as NPA by the bank, the guarantee been has invoked and company has been called upon by the bank to repay the entire amount.
- v. As told by management Rs. 2,11,78,196 Worth of Debtors are more than 3 years old, the same being time barred should have been written off, but no provision for the same had been provided in books of accounts. The same is the case with Sundry creditors, as per management the same is under settlement process.

### Basis of Opinion

I have conducted the audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India. My responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to my audit of the Standalone Financial Statements in accordance with these requirements and the Code of Ethics. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Material Uncertainty Related to Going Concern

As informed to me, the Company is also in the process to initiate a One Time Settlement (OTS) with the banks. The above factors and other uncertainties, the Company has prepared the aforesaid statement on a going concern basis.

### Emphasis of Matter

In view of the fact that the Company has reported a net profit of Rs. 29,12,10,000 for the year ended March 31, 2021, this assessment and the outcome of the pandemic is as made by the management and is highly dependent on the circumstances as they evolve in the subsequent periods.

I have also examined the Standalone Financial Statements of Sonal Adhesives Limited, the Company, for the year ended March 31, 2021, in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India. The Company has prepared the Standalone Financial Statements in accordance with the Indian Accounting Standards, issued by the Ministry of Corporate Affairs, India. I have also examined the accounting policies and other explanatory information.

**Key Audit Matters**

.H\ DXGLW PDWWHUV DUH WKR VH PDWWHUV WKDW LQ P\ SURIHVVLRQDO M XGJPI VWDWHPHQWV RI WKH FXUUHQW SHULRG 7KHVH PDWWHUV ZHUH DGGUHVHG LQ WHOLE, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

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

- i. Note No. 14.1 and 28 to the standalone IND AS Financial Statements which inter-alia describes the uncertainty related WR WKH RXWFRPH RI WKH FDVHV QRWLFHV ¿OHG JLYHQ DJDLQVW WKH &RPSDQL\ DV DV LL 7KH DFFXPXODWHG ORVVHV RI WKH &RPSDQL\ H[FHHG LWV QHW ZRUWK DV DV incurred cash losses during the year.

LL&RQVLGHULQJ WKH RYHUOO ¿QDQFLDO KHDOWK RI WKH &RPSDQL\ LW F\DUUHG

**Other Matter**

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

\$OVR , ZDV QRW DEOH WR SDUWLFLSDWH LQ WKH SK\VLFD YHUL¿FDWLRQ RI LQWRU RI WKH \HDU HQG ,Q DEVHQFH RI RWKHU VXI¿FLHQW DOWHUQDWH DXGLW HYLPRGL¿HG LQ WKLW PDWHU

**Information other than the Financial Statements and Auditor’s Report thereon**

The Company’s Board of Directors is responsible for the other information. The other information comprises the information LQFOXGHG LQ WKH \$QQXDO 5HSRUW EXW GRHV QRW LQFOXGH WKH ¿QDQFLDO V\VWJH 0\ RSLQLRQ RQ WKH ¿QDQFLDO VWDWHPHQWV GRHV QRW FRYHU WKH RWKHU LQWRU conclusion thereon.

,Q FRQQHFWRU ZLWK P\ DXGLW RI WKH ¿QDQFLDO VWDWHPHQWV P\ UHVSRQVLRQ FRQVLGHU ZKHWKHU WKH RWKHU LQIRUPDWLRQ LV PDWHULDOO\ LQFRVLVWHQW WR WKH audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

**Responsibility of Management for the Standalone IND AS Financial Statements**

The Company’s Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (“the \$FW’ ZLWK UHVSFW WR WKH SUHSDUDWLRQ DQG SUHVHQDWLRQ RI WKH VH V\IDLU YLHZ RI WKH ¿QDQFLDO SRVLWLRQ ¿QDQFLDO SHUIRUPDQFH LQFOXGLQJ equity of the Company in accordance with the accounting principles generally accepted in India, including the Accounting 6WDQGDUJVLV ,QG \$6 VSHFL¿HG XGHU 6HFWLRQ RI WKH \$FW UHG ZLWK 5

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, LPSOHPHQDWLRQ DQG PDLQWHQDQFH RI DGHTXDWH LQWHUQDO ¿QDQFLDO FR accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone IND \$6 ¿QDQFLDO VWDWHPHQWV WKDW JLYH D WUXH DQG IDLU YLHZ DQG DUH UH accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone IND \$6 ¿QDQFLDO VWDWHPHQWV WKDW JLYH D WUXH DQG IDLU YLHZ DQG DUH UH

,Q SUHSDULQJ WKH ¿QDQFLDO VWDWHPHQWV PDQDJPHQW LV UHVSRQVLEOH IRU concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

7KR VH %RDUG RI 'LUHFWRUV DUH DOVR UHVSRQVLEOH IRU UHVSUHVLRQV

**Auditor’s Responsibility**

0\ REMHFWLYHV LV WR REWDLQ UHVRQDEOH DVXUDQFH DERXW ZKHWKHU WKH misstatement, whether due to fraud or error, and to issue an auditor’s report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered PDWHULDO LI LQGLYLGDWLRQ RU LQ WKH DJJUHJDWH WKH\ FRXOG UHVRQDEO WDNHQ RQ WKH EDVLV RI WKHVH ¿QDQFLDO VWDWHPHQWV

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

- , GHQWLI\ DQG DVVHV V WKH ULVNV RI PDWHULDO PLVVWDWHPHQW RI WKH ¿Q DQG SHUIRUP DXGLW SURFHGXUHV UHVSQRVLYH WR WKR VH ULVNV DQG REW provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, I am also responsible for explaining my opinion on whether the & RPSDQ\ KDV DGHTXDWH LQWHUQDO ¿QDQFLDO FRQWUROV QHVVHQSHV RI LQFOXGLHG & RPSDQ\ KDV DGHTXDWH LQWHUQDO ¿QDQFLDO FRQWUROV QHVVHQSHV RI LQFOXGLHG
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit HYLGHQFH REWDLQH ZKHWKHU D PDWHULDO XQFHUWDLQLQJ H[LQVW UHODWLRQ on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required WR GUDZ DWWHQWLRQ LQ P\ DXGLWRU\ V UHSRUW WR WKH UHODWLRQ GLVFOR in inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (YDOXDWH WKH RYHUDOO SUHVHQWDWLRQ VWUXFWXUH DQG FRQWHQW RI WKH WKH ¿QDQFLDO VWDWHPHQW UHSUHVHQW WKH XQGHUOLQJ WUDQVDFWLRQV

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit DQG VLJQL¿FDQW DXGLW ¿QGLQJ LQFOXGLQJ DQ\ VLJQL¿FDQW GH¿FLHQFLHV

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

)URP WKH PDWWHU FRPPXQLFDWHG ZLWK WKR VH FKDUJHG ZLWK JRYHUQDQFH LQ WKH DXGLW RI WKH ¿QDQFLDO VWDWHPHQW RI WKH FXUUHQW SHULRG DQG in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of GRLQJ VR ZRXOG UHIVRQDEO\ EH H[SHFWHG WR RXWZHLJK WKH SXEOLF LQWHU

**Report on other legal and regulatory requirements**

- i. As required by The Companies (Auditors Report) Order, 2016 ("the Order") issued by the Central Government of India LQ WHUPV RI VXEYHFWRQ RI VHFWRQ RI WKH \$FW , JLYH LQ WKH \$Q paragraphs 3 and 4 of the said order.
- ii. As required by section 143(3) of the Companies Act 2013, based on my audit I report to the extent applicable that:
  - D \$V GHVFULEHG LQ WKH %DVLV RI 4XDOL¿FDWLRQ RI 2SLQLRQ 3DUDJUDSKV explanations which to the best of my knowledge and belief were necessary for the purpose of my audit;
  - b. In my opinion proper books of account as required by law have been kept by the Company so far as appears from my examination of those books;
 

F 7KH %DODQFH 6KHHW WKH 6WDWHPHQW RI 3UR¿W DQG /RVV LQFOXGLQJ Cash Flow and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account;

G ([FHSW IRU WKH HIIHFW RI WKH PDWWHU GHVFULEHG LQ WKH %DVLV IRU 4 0DWWHU SDUDJUDSKV LQ P\ RSLQLRQ WKH DIRUHVDLG VWDQGDORQH ,QG 6WDQGDUGV VSHFL¿HG XQGHU VHFWRQ RI WKH \$FW
  - e. On the basis of written representations received from the directors as on 31st March, 2021, and taken on record E\ WKH %RDUG RI 'LUHFWRUV QRQH RI WKH GLUHFWRUV LV GLVTXDOL¿HG director in terms of Section 164(2) of the Act.
 

I :LWK UHVSHFW WR WKH DGHTXD\ RI WKH LQWHUQDO ¿QDQFLDO FRQWUROV operating effectiveness of such controls, refer to separate report in "Annexure B", and

g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in my opinion and to the best of my information and according to the explanations given to me:

L 7KH & RPSDQ\ KDV GLVFORVHG WKH LPSDFW RI SHQGLQJ OLWLJSDWLRQV F  
¿ QDQFLDO VWDWHPHQWV 5HIHU 1RWH WR WKH VWDQG DORQH , ' \$6 ¿

- ii. The Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses,
- iii. The amounts which were required to be transferred to the Investor Education and Protection Fund by the Company have been transferred.

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

**Mukund Sarda**  
*Proprietor*  
M. No. 163405

Place: Khopoli  
Date: 28<sup>th</sup> June, 2021

**ANNEXURE-A TO THE INDEPENDENT AUDITORS' REPORT**

7 KH DQQH[XUH UHIHUUHG WR P\ ,QGHSHQGHQW \$XGLWRUV† 5HSRUW WR WKH PHPEH statements for the year ended 31<sup>st</sup> March 2021, I report that:

D 7KH FRPSDQ\ KDV PDLQWDLQHG SURSHU UHFRUGV VKRZLQJ IXOO SDUWLFXODU assets.

E )L[HG DVVHWV KDYH EHHQ SK\VLFDQ\ YHULHG E\ WKH PDQDJHPHQW DW UH PDWHULDO GLVHUHSRQFLHV ZHUH QRWLFHG RQ VXFK YHULHG FDWLRQ

c) According to the information and explanations given to me and on the basis of my examination of the records of the Company, all the title deeds of immovable properties are held in the name of the Company.

\$V H[SODLQHG WR PH WKH LQYHQWRU\ RI WKH FRPSDQ\ KDV EHHQ SK\VLFDQ\ YHULHG LQWHUYDOV DQG QR PDWHULDO GLVHUHSRQFLHV ZHUH QRWLFHG RQ SK\VLFDQ\ YHULHG

\$V SHU WKH LQIRUPDWLRQ DQG H[SODQDWRQV JLYHQ WR PH DQG WKH UHFRUGV QRW JUDQWHG XQVHFUXHG ORDQ WR FRPSDQLHV ¿UPV //3V RU RWKHU SDUWLHV the Companies Act, 2013. Accordingly, clause 3 (iii) (a) & (b) of the Order is not applicable to the Company.

4. The Company has not given any loans, guarantees or made any investments under section 185 of the Companies Act, 2013. +RZHYHU LW KDG JLYHQ JXDUDQWHH DJDLQVW ORDQ WR 0 V 6RQDO ,PSH[ /WG W the year and the company has been called upon to discharge in full the liability by paying to the bank. The guarantee amount does not exceed the limit as per provisions of section 186.

5. The company has not accepted loans & deposits u/s 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under.

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

7. a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Goods & Service Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it to the appropriate authorities.

b) There were no undisputed amounts payables in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods & Service Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at 31 March, 2021 for a period of more than six months from the date they became payable.

c) The Company has no disputed statutory dues pending to be deposited as on 31st March 2021 in respect of provident fund, employees state insurance, income tax, good and service tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues applicable to it.

7KH &RPSDQ\ KDV GHIDXOWHG LQ SD\PHQW RI ORDQV WR EDQNV GXULQJ WKH \H default are as under:

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

Rs. 23,36,61,442.00 does not include unapplied interest for FY. 2016-17to19-20.

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

10. Based upon the audit procedures performed and information and explanations given by the management, I report that no fraud RQ RU E\ WKH FRPSDQ\ KDV EHHQ QRWLFHG RU UHSRUWHG E\ LWV RI¿FHUV RU HP

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

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

13. a) Transactions with related parties are in accordance with the provisions of section 177 & 188. E 'HWDLOV RI WKH VDPH KDYH EHHQ GLVFORVHG LQ WKH VWDQGDORQH , ' \$6 ¿Q

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

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

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

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

**Mukund Sarda**  
Proprietor  
M. No. 163405

Place: Khopoli  
Date: 28<sup>th</sup> June, 2021



**ANNEXURE - B TO THE AUDITORS' REPORT**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

Sonal Agri Services Limited (The Company) as on 31 March 2021  
 LQ FRQMXQFWLRQ ZLWK P\ DXGLW RI WKH VWDQGDORQH ¿ QDQFLDO VWDWHPHQW

**Management's Responsibility for Internal Financial Controls**

7KH &RPSDQ\¶V PDQDJPHQW LV UHVSRVLEOH IRU HVWDEOLVKLQJ DQG PDLQWLQJ RYHU ¿ QDQFLDO UHSRUWLQJ FULWHULD HVWDEOLVKHG E\ WKH &RPSDQ\ FRVLGHUL Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of , QGLD µ, & \$, ¶ 7KHVH UHVSRVLELWLHV LQFOXGH WKH GHVLJQ LPSOHPHQWDWLR ZHUH RSHUDWLQJ HIIHFWLYHO\ IRU HQVXULQJ WKH RUGHU\ DQG HIFLHQW FRQGXFW the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting UHFRUGV DQG WKH WLPHO\ SUHSDUDWLRQ RI UHOLDEOH ¿ QDQFLDO LQIRUPDWLRQ

**Auditors' Responsibility**

0\ UHVSRVLELWLW\ LV WR H[SUHVV DQ RSLQLRQ RQ WKH &RPSDQ\¶V LQWHUQDO ¿ QDQFLDO UHSRUWLQJ conducted audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, WR WKH H[WHQVH DSSOLFDEOH WR DQ DXGLW RI LQWHUQDO ¿ QDQFLDO FRQWURO both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that I comply with HWKLFDO UHTXLPHQWV DQG SODQ DQG SHUIRUP WKH DXGLW WR REWDLQ UHDFW FRQWUROV RYHU ¿ QDQFLDO UHSRUWLQJ ZDV HVWDEOLVKHG E\ PDQDJPHQW DQGLD 0\ DXGLW LQYROYHV SHUIRUPLQJ SURFHGXUV WR REWDLQ DXGLW HYLGHQFH DERXV ¿ QDQFLDO UHSRUWLQJ DQG WKHLU RSHUDWLQJ HIIHFWLYHQHV 0\ DXGLW RI LQWHU DQ XQGHUVDQGLQJ RI LQWHUQDO ¿ QDQFLDO FRQWUROV RYHU ¿ QDQFLDO UHSRUWL and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected GHSHQG RQ WKH DXGLWRU¶V MXGJPHQW LQFOXGLQJ WKH DVVHVPHQW RI WKH ULVN due to fraud or error.

, EHOLHYH WKDW WKH DXGLW HYLGHQFH , KDYH REWDLQHG LV VXI¿FLHQW DQG DSSUL LQWHUQDO ¿ QDQFLDO FRQWUROV V\WHP RYHU ¿ QDQFLDO UHSRUWLQJ

**Meaning of Internal Financial Controls over Financial Reporting**

\$ FRPSDQ\¶V LQWHUQDO ¿ QDQFLDO FRQWURO RYHU ¿ QDQFLDO UHSRUWLQJ LV D SU WKH UHOLDELOLW\ RI ¿ QDQFLDO UHSRUWLQJ DQG WKH SUHSDUDWLRQ RI ¿ QDQFLDO DFFHSWHG DFRXQLQJ SULQFLSOHV \$ FRPSDQ\¶V LQWHUQDO ¿ QDQFLDO FRQWURO WKDW SHUWDLQ WR WKH PDLQHQDQFH RI UHFRUGV WKDW LQ UHDFRQDEOH GHW of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of ¿ QDQFLDO VWDWHPHQWV LQ DFRUGDQFH ZLWK JHQHUDOO\ DFFHSWHG DFRXQLQJ are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could KDYH D PDWHULDO HIIHFW RQ WKH ¿ QDQFLDO VWDWHPHQW

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

%HFDXVH RI WKH LQKHUHQW OLPLDWLRQV RI LQWHUQDO ¿ QDQFLDO FRQWUROV RYH management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of DQ\ HYDOXDWLRQ RI WKH LQWHUQDO ¿ QDQFLDO FRQWUROV RYHU ¿ QDQFLDO UHSRUWL FRQWURO RYHU ¿ QDQFLDO UHSRUWLQJ PD\ EHFRPH LQDGHTXDWH EHFDXVH RI FKDQJ policies or procedures may deteriorate.

**Opinion**

, Q P\ RSLQLRQ WKH &RPSDQ\ KDV LQ DOO PDWHULDO UHVSHFWV DQ DGHTXDWH LQ VXFK LQWHUQDO ¿ QDQFLDO FRQWUROV RYHU ¿ QDQFLDO UHSRUWLQJ ZHUH RSHUDWL RYHU ¿ QDQFLDO UHSRUWLQJ FULWHULD HVWDEOLVKHG E\ WKH &RPSDQ\ FRVLGHUL Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

**Mukund Sarda**  
 Proprietor  
 M. No. 163405

Place: Khopoli  
 Date: 28<sup>th</sup> June, 2021

**Balance Sheet as at March 31, 2021**

(Amount in Rupees)

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

6HH DFFRPSDQ\LQJ QRWHV IRUPLQJ SDUW RI WKH ¿ QDQFLDO VWDWHPHQWV

In terms of our report attached

**M. C. Asawa & Co.**

Chartered Accountants

Firm Registration No : 008041C

**For Sonal Adhesives Limited**
**Mukund Sarda**  
**Partner**  
**Membership No.: 163405**
**Sandeep Arora**  
**Managing Director**  
 DIN: 00176939

**Manish Nanda**  
**Director**  
 DIN: 03245943

**Anuradha Dubey**  
**Company Secretary**  
 A65278

**Ajeet Singh**  
**Chief Financial Officer**

 Place: Khopoli  
 Date: 28th June 2021

 Place: Khopoli  
 Date: 28th June 2021

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

(Amount in Rupees)

| Particulars |   | Note | For the Year ended<br>March 31, 2021 | For the Year ended<br>March 31, 2020 |
|-------------|---|------|--------------------------------------|--------------------------------------|
| I           | Revenue from operations   | 19   | 16,97,13,668                         | 32,14,63,783                         |
| II          | Other income  | 20   | 59,09,724                            | 74,04,318                            |
| <b>III</b>  | <b>Total Revenue (I + II)</b>                                       |      | <b>17,56,23,392</b>                  | <b>32,88,68,100</b>                  |
| <b>IV</b>   | <b>Expenses</b>   |      |                                      |                                      |
|             | (a) Cost of Material Consumed                                       | 24   | 14,21,67,781                         | 29,07,96,823                         |
|             | (b) Purchase of Stock in Trade                                      |      | 31,14,038                            | 71,18,921                            |
|             | (c) Change in Inventories of Work in Progress and F/G               | 25   | 68,51,570                            | 1,05,48,891                          |
|             | G (PSOR\HH %HQH & W ([SHQVH   | 21   | 37,80,088                            | 39,29,549                            |
|             | (e) Finance Cost  | 23   | 1,728                                | 39,29,119                            |
|             | (f) Depreciation and amortisation expense                           | 3    | 69,20,261                            | 75,30,132                            |
|             | (g) Other expenses  | 22   | 2,22,75,776                          | 3,04,10,876                          |
|             | <b>Total Expense (IV)</b>   |      | <b>18,51,11,242</b>                  | <b>35,42,64,311</b>                  |
| <b>V</b>    | <b>Loss before tax (III - IV)</b>                                   |      | <b>(94,87,850)</b>                   | <b>(2,53,96,211)</b>                 |
| <b>VI</b>   | <b>Tax expense:</b>   |      |                                      |                                      |
|             | Current Tax   |      | -                                    | -                                    |
|             | Deferred Tax expense / credit                                       | 31   | (14,24,152)                          | (66,28,397)                          |
|             | Short provision for tax relating to prior year                      |      | 1,76,978                             |                                      |
|             | <b>Total Tax Expense (VI)</b>                                       |      | <b>(12,47,174)</b>                   | <b>(66,28,397)</b>                   |
| <b>VII</b>  | <b>Loss for the year (V+VI)</b>                                     |      | <b>(82,40,676)</b>                   | <b>(1,87,67,814)</b>                 |
| <b>VIII</b> | <b>Other Comprehensive Income</b>                                   |      |                                      |                                      |
|             | L ,WHPV WKDW ZLOO QRW EH UHFODVVL & HG WR SUR & W RU ORVV           |      |                                      |                                      |
|             | D 5HPHDVXUHPHQWV RI WKH GH & QHG EHQH & W2,5042QV                   |      |                                      | (63,712)                             |
|             | LL 7D[ RQ LWHPV WKDW ZLOO QRW EH UHFODVVL & HG WR SUR & W6,665 ORVV |      | (21,585)                             | (16,665)                             |
|             | <b>Total other comprehensive Income for the year (VIII)</b>         |      | <b>1,88,857</b>                      | <b>(80,277)</b>                      |
| <b>IX</b>   | <b>Total Comprehensive Loss for the year</b>                        |      | <b>(80,51,819)</b>                   | <b>(1,88,48,091)</b>                 |
| <b>X</b>    | <b>Earnings per equity share (of Rs. 10/- each)</b>                 | 27   |                                      |                                      |
|             | Basic & Diluted   |      | (1.36)                               | (3.10)                               |

6HH DFFRPSDQ\LQJ QRWHV IRUPLQJ SDUW RI WKH &amp; QDQFLDO VWDWHPHQWV

In terms of our report attached

**M. C. Asawa & Co.**

Chartered Accountants

Firm Registration No : 008041C

**For Sonal Adhesives Limited**
**Mukund Sarda**  
**Partner**  
**Membership No.: 163405**
**Sandeep Arora**  
**Managing Director**  
 DIN: 00176939

**Manish Nanda**  
**Director**  
 DIN: 03245943

**Anuradha Dubey**  
**Company Secretary**  
 A65278

**Ajeet Singh**  
**Chief Financial Officer**

 Place: Khopoli  
 Date: 28th June 2021

 Place: Khopoli  
 Date: 28th June 2021

## Statement of Changes in Equity for the year ended March 31, 2021

## a. Equity Share Capital

(Amount in Rupees)

|                        | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|------------------------|-------------------------|-------------------------|
| Opening Balance        | 6,06,10,000             | 6,06,10,000             |
| Issued during the year | -                       | -                       |
| <b>Closing Balance</b> | <b>6,06,10,000</b>      | <b>6,06,10,000</b>      |

## b. Other Equity

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

6 HH DFFRPSDQ\LQJ QRWHV IRUPLQJ SDUW RI WKH QDQFLDO VWDWHPHQW

In terms of our report attached

**M. C. Asawa & Co.**

Chartered Accountants

Firm Registration No : 008041C

For Sonal Adhesives Limited

**Mukund Sarda****Partner****Membership No.: 163405****Sandeep Arora****Managing Director**

DIN: 00176939

**Manish Nanda****Director**

DIN: 03245943

**Anuradha Dubey**  
**Company Secretary**

A65278

**Ajeet Singh****Chief Financial Officer**

Place: Khopoli

Date: 28th June 2021

Place: Khopoli

Date: 28th June 2021

**Cash flow statement for the year ended March 31, 2021**

(Amount in Rupees)

| Particulars  | For the year ended<br>March 31, 2021 | For the year ended<br>March 31, 2020 |
|--|--------------------------------------|--------------------------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>                                 |                                      |                                      |
| 3UR ĩ W EHIRUH 7D[   | (94,87,850)                          | (2,53,96,211)                        |
| <u>Adjusted for:</u>   |                                      |                                      |
| Depreciation   | 69,20,261                            | 75,30,132                            |
| Interest Income  | (38,50,000)                          | (25,503)                             |
| Finance costs  | 1,728                                | 39,29,119                            |
| <b>Operating Profit before Working Capital Changes</b>                         | <b>(64,15,861)</b>                   | <b>(1,39,62,463)</b>                 |
| <u>Changes in working capital:</u>   |                                      |                                      |
| Decrease/(Increase) in trade receivables                                       | 1,03,54,155                          | 3,96,86,332                          |
| Decrease/(Increase) in inventories   | 14,01,887                            | 1,47,48,768                          |
| 'HFUHDVH , QFUHDVH LQ 2WKHU ĩ QDQFLDO DVVHWV 128,577 XUUHQW 51,998             | 128,577                              | 51,998                               |
| Decrease/(Increase) in Other Assets - Non Current                              | 2,29,026                             | 2,02,372                             |
| Decrease/(Increase) in Other Assets - Current                                  | (15,15,065)                          | 4,24,91,017                          |
| Decrease/(Increase) in Other Financial Assets - Current                        | (77,59,257)                          | (7,96,75,926)                        |
| (Decrease)/Increase in Trade Payables  | (34,93,078)                          | (1,20,74,411)                        |
| 'HFUHDVH , QFUHDVH LQ RWKHU ĩ QDQFLDO OLDELOLW 4,31,15,468 FXUUHQW 4,31,15,468 | 4,31,15,468                          | 4,31,15,468                          |
| (Decrease)/Increase in provision for Provision - non current                   | 1,61,338                             | (7,342)                              |
| (Decrease)/Increase in provision for Provision - current                       | 10,442                               | 3,702                                |
|  | <b>4,27,33,492</b>                   | <b>6,74,133</b>                      |
| <b>Cash generated from operations</b>  | <b>3,63,17,631</b>                   | <b>(1,32,88,330)</b>                 |
| Income tax paid (Net of refund)  | (49,100)                             | 33,150                               |
| <b>Net Cash used in Operating Activities</b>                                   | <b>3,62,68,532</b>                   | <b>(1,32,55,180)</b>                 |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>                                  |                                      |                                      |
| & DSLWDO H[SHQGLWXUH RQ ĩ [HG DVVHWV   | (1,15,379)                           | (50,55,181)                          |
| Deposits Matured   | (10,000)                             | 5,29,943                             |
| Interest received  | 38,50,000                            | 25,503                               |
| <b>Net Cash used in Investing Activities</b>                                   | <b>37,24,621</b>                     | <b>(44,99,735)</b>                   |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>                                  |                                      |                                      |
| Decrease in Borrowings - Short Term  | (3,93,96,164)                        | 2,27,05,000                          |
| Decrease in Borrowings - Long Term   | -                                    | (87,672)                             |
| Finance Cost   | (1,728)                              | (39,29,119)                          |
| Dividend Paid  | -                                    | (5,33,600)                           |
| <b>Net Cash from Financing Activities</b>                                      | <b>(3,93,97,892)</b>                 | <b>1,81,54,609</b>                   |
| <b>Net decrease in cash and cash equivalents</b>                               | <b>5,95,261</b>                      | <b>3,99,695</b>                      |
| <b>Cash and cash equivalents at beginning of the year</b>                      | <b>(1,12,146)</b>                    | <b>(5,11,842)</b>                    |
| <b>Cash and cash equivalents at end of the year (Refer Note Below)</b>         | <b>4,83,114</b>                      | <b>(1,12,147)</b>                    |

**Notes:**

D 7KH DERYH FDKV ÀRZ VWDWHPHQW KDV EHHQ SUHSDUH G XQGHU WKH 3, QGL Standard (IND AS - 7) "Statement of Cash Flow".

**(b) Cash and Cash Equivalents**

|  | As at March 31, 2020 | As at March 31, 2019 |
|--|----------------------|----------------------|
| - Cash on Hand and Balances with Banks | 10,63,271            | 4,62,901             |
| - Bank Overdraft                       | (5,80,157)           | (5,75,048)           |
| <b>Cash and Cash Equivalents</b>       | <b>4,83,114</b>      | <b>(1,12,146)</b>    |

6HH DFFRPSDQ\LQJ QRWHV IRUPLQJ SDUW RI WKH ĩ QDQFLDO VWDWHPHQW V

In terms of our report attached

**M. C. Asawa & Co.**

Chartered Accountants

Firm Registration No : 008041C

**For Sonal Adhesives Limited**

**Mukund Sarda**  
Partner  
Membership No.: 163405

**Sandeep Arora**  
Managing Director  
DIN: 00176939

**Manish Nanda**  
Director  
DIN: 03245943

**Anuradha Dubey**  
Company Secretary  
A65278

**Ajeet Singh**  
Chief Financial Officer

Place: Khopoli  
Date: 28th June 2021

Place: Khopoli  
Date: 28th June 2021



**NOTE 1: GENERAL INFORMATION**

**a) Corporate information**

Sonal Adhesives Limited (the Company) was incorporated on 18 November 1991, and is engaged in manufacture of VSHFLDOLW\ DGKHVLYH WDSHV HPXOVL RQ DQG SODVWLF URSHV 7KH & RPSDQ\ .KRSROL 0DKDUDVKWUD DQG DW 3DODFRGH 7DPLO 1DGX 7KH DGGUH\ V RI Road, Off Khopoli Pen Road, Village Dheku, Raigad - 410 203, Maharashtra, India.

**b) Basis of preparation and presentation**

7KH & RPSDQ\ KDYH EHHQ SUHSDUHG LQ DFFR in India under the historical cost convention on accrual basis at the end of each reporting period except for:

'H & QHG %HQH & W 3ODQV WKDW DUH PHDVXUHG DW IDLU YDOXH

The Generally Accepted Accounting principles in India comply in all material aspects with the Indian Accounting Standards μ , QG \$6 ¶ DV QRWL & HG E\ 0LQLVWU\ RI & RUSRUDWH \$IIDLUV SXUVXDQW WR 6H Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016, the Companies (Indian Accounting Standards) Rules, 2017 and other relevant provisions of the Act.

7KH & RPSDQ\ ¶ V QHW ZRUWK LV QHJDWLYH DQG WKH ERUURZLQJV IURP EDQN the lenders as non-performing assets. The Company has received notice under section 13(2) of the SARFAESI Act, for attachment of its assets from State Bank of India. I was informed that the Company is also in the process to initiate a One 7LPH 6HWWOHPHQW 276 ZLWK 6WDWH %DQN RI , QGLD 7KH DERYH IDFW RU V WR FRQLQXH DV D JRLQJ FRQFHUQ 3HQGLQJ WKH UHVROXWLRQ RI WKH DE prepared on accrual and going concern basis. The accounting policies are applied consistently to all periods presented LQ WKH & RPSDQ\ QHW ZRUWK LV QHJDWLYH DQG OLDELWLHV KDYH EHHQ FODVVL & HG operating cycle and other criteria as set out in the Division II of Schedule III of the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for proceeding and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as not exceeding 12 months for the purpose of current or QRQ FXUUHQW FODVVL & FDWLRQ RI DVVHWV DQG OLDELWLHV 7KH & RPSDQ\ IRU WKH \HDU HQGHG 0DUFK with the resolution of the Board of Directors on June 28, 2021.

**c) Functional and presentational currency**

7KH & RPSDQ\ DUH SUHVHQWHG LQ , QGLDQ 5XSHHV , 15 ZK currency.

**d) Key estimates and assumptions**

7KH SUHSDUDWLRQ RI & RPSDQ\ UHTXLUHV 0DQDJPHQW WR application of accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Continuous evaluation is done on the estimation and judgments based on historical experience and other factors, including expectations of future events that are believed to be reasonable.

Information about critical judgments in applying accounting policies, as well as estimates and assumptions that have the PRVW VLJQL & FDQW HIIHFW WR WKH FDUU\ LQJ DPRXQW RI DVVHWV DQG OLDELWLHV

- Determination of the estimated useful lives of tangible assets and the assessment as to which components of the cost may be capitalized.
- Impairment of Property, Plant and Equipment.  
5HFRJQLWLRQ DQG PHDVXUHPHQW RI GH & QHG EHQH & W REOLJDWLRQV 'LVFRXQWLQJ RI ORQJ WHUP & RPSDQ\ OLDELWLHV
- Recognition and measurement of provisions and contingencies, key assumptions about the likelihood and magnitude RI DQ RXWÀRZ RI UHVXRUFHV
- Accrual of sales incentives, commission, etc.

**e) Measurement of Fair value**

7KH & RPSDQ\ ¶ V DFFRXQLQJ SROLFLHV DQG GLVFORVXUHV UHTXLUHV WKH PH The Company has an established control framework with respect to the measurement of fair values. The Management UHJXODUO\ UHYLHZV VLJQL & FDQW LQ SXW DQG YDOXDWLRQ DGMXVWPHQWV valuers, broker quotes or pricing services, is used to measure fair values, then the Management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of Ind AS, including WKH OHYHO LQ WKH IDLU YDOXH KLHUDUFK\ LQ ZKLFK VXFK YDOXDWLRQ V VKR

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

As far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

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

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

**f) Application of new and revised Ind AS's**

The Company has applied the new and revised Ind AS's from the beginning of the reporting period. The impact of the application of the new and revised Ind AS's is not material.

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

The global health pandemic on COVID-19 has impacted the Company's operations. The Company has taken various measures to contain the spread of the virus, including travel ban, quarantines, social distancing and supply chain disruption and unavailability of personnel.

In assessing the recoverability of receivables including unbilled receivables, contract assets and contract costs, goodwill, intangible assets, and certain investments, the Company has considered internal and external information up to the date of the reporting period. Sensitivity analysis on the assumptions used and based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. The impact of the global health pandemic may be different from current estimates.

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES**

**a) Property, Plant and Equipment**

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

Other Non-Current Assets and assets which are not ready for intended use as on the date of balance Sheet are disclosed as "Capital Work in Progress".

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

The difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss.

The estimated residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at the end of each reporting period.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only if it is probable that the future economic benefits will flow to the Company and the cost can be measured reliably.



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

a) Measured at amortised cost:

) LQDQFLDO DVVHWV WKDW DUH KHOG ZLWKLQ D EXVLQHV PRGHO ZKRV FROOHFW FRQWUDFWXDO FDKV ÀRV WKDW DUH VROHO\ SD\PHQW\ RI S DPRUWL VHG FRVW XVLQJ WKH HIIHFWLYH LQWHUHVW UDWH  $\mu(,5\%$  PHW DQG ORVV DULVLQJ IURP LPSDLUPHQW LI DQ\ LV UHFRJQLVHG LQ WKH 6

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

) LQDQFLDO DVVHWV WKDW DUH KHOG ZLWKLQ D EXVLQHV PRGHO ZKRV DVVHWV DQG FROOHFWLQJ FRQWUDFWXDO FDKV ÀRV WKDW DUH VROHO measured at fair value through other comprehensive income. Fair value movements are recognized in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, LI DQ\ DUH UHFRJQLVHG LQ WKH 6WDWHPHQW RI 3UR¿W DQG /RVV 2Q G UHFRJQLVHG LQ 2021, LV UHFODVVL¿HG IURP WKH 6WDWHPHQW RI 2020. WKH 6

c) 0HDVXUHG DW )DLU 9DOXH 7KURXJK SUR¿W DQG /RVV )973/

\$ ¿QDQFLDO DVVHW QRW FODVVL¿HG DV HLWKHU DPRUWL VHG FRVW RU are measured at fair value with all changes in fair value, including interest income and dividend income if any, UHFRJQLVHG DV  $\mu$ 2WKHU ,QFRPH LQ WKH 6WDWHPHQW RI 3UR¿W DQG /RVV

**Impairment of financial assets:**

7KH &RPSDQ\ DSSOLHV WKH H[SHFWHG FUHGLW ORVV PRGHO IRU UHFRJQLV DW DPRUWL VHG FRVW 0HDV UHFHLYDEOHV WUDGH UHFHLYDEOHV RWK asset.

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

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

**De-recognition of financial assets:**

7KH &RPSDQ\ GH UHFRJQLVHV D ¿QDQFLDO DVVHW ZKHQ WKH FRQWUDFWXDO H[SLUH RU LW WUDQVIHUV WKH FRQWUDFWXDO ULJKWV WR UHFHLYH WKH

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks DQG UHSDUGV RI RZQHUVKLS RI WKH ¿QDQFLDO DVVHW ,Q VXFK FDVHV WKH KDV QRW WUDQVIHUHG VXEWDQWLDOO\ DOO ULVNV DQG UHSDUGV RI RZQ de-recognised.

:KHU WKH HQWLW\ KDV QHLWKHU WUDQVIHUHG D ¿QDQFLDO DVVHW QRU RI WKH ¿QDQFLDO DVVHW WKH ¿QDQFLDO DVVHW LV GH UHFRJQLVHG LI V DVVHW :KHU WKH &RPSDQ\ UHWDLQV FRQWURO RI WKH ¿QDQFLDO DVVHW RI FRQLQXLQJ LQYROYHPHQW LQ WKH ¿QDQFLDO DVVHW

ii) **Financial liabilities**

**Initial recognition**

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

) LQDQFLDO OLDELWLHV DUH LQLWLDOO\ PHDVXUHG DW WKH DPRUWL VHG YDOXH WKURXJK SUR¿W DQG ORVV ,Q FDVHV RI WUDGH SD\DEOHV WKH DU these liabilities are held at amortised cost, using the effective interest method.

**Subsequent Measurement**

Financial liabilities are subsequently measured at amortised cost using the EIR method. Financial liabilities carried at IDLU YDOXH WKURXJK SUR¿W RU ORVV DUH PHDVXUHG DW IDLU YDOXH ZLW RI 3UR¿W DQG /RVV 7KH LQWHUHVW H[SHQVHV XVLQJ WKH HIIHFWLYH LQW RI WKH ¿QDQFLDO DVVHW 7KH VDPH LV LQFOXGHG XQGHU )LQDQFH FRVW capitalised as part of cost of an item of Property, Plant and Equipment.

**Derecognition**

\$ ¿QDQFLDO OLDELWLW\ LV GHUFRJQL]HG ZKHQ WKH REOLJDWLRQ XQGHU DQ H[LVWLQJ ¿QDQFLDO OLDELWLW\ LV UHSODFHG E\ DQRWKHU IURP WKH V RI DQ H[LVWLQJ OLDELWLW\ DUH VXEWDQWLDOO\ PRGL¿HG VXFK DQ H[FR of the original liability and the recognition of the new liability. The difference in the respective carrying amounts is UHFRJQL]HG LQ WKH 6WDWHPHQW RI 3UR¿W DQG /RVV

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

### Offsetting of financial instruments

The Company currently enforces a legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### f) Foreign Exchange Transactions

Foreign currencies (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are restated at the rates prevailing at the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated. Exchange differences on monetary items are recognised in the Profit and Loss Statement.

### g) Revenue recognition

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

Revenue is recognized on satisfaction of performance obligation upon transfer of control of promised products to the customer.

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

The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

2. The Company's performance does not create an asset with an alternative use to the Company and an entity has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the customer obtains control of the asset.

### Interest Income

Interest income is recognized on accrual basis. The Company uses the Effective Interest Rate (EIR), which is the rate that discounts the estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial instrument at the end of each reporting period.

Deposit Interest income is recognized on accrual basis

### h) Employee benefits

The Company recognizes a liability for employee benefits when the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The liability is measured at the present value of the estimated future cash outflows that the Company will be required to make to settle the liability.

(a) Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(b) Long-term employee benefits

Long-term employee benefits are measured at the present value of the estimated future cash outflows that the Company will be required to make to settle the liability. The present value is determined by discounting the estimated future cash outflows at the end of each reporting period. The discount rate is the rate that reflects the risks specific to the liability. The liability is measured at the present value of the estimated future cash outflows that the Company will be required to make to settle the liability.

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

LQWHUHVW H[SHQVH DQG RWKHU H[SHQVHV UHODWHG WR GH¿QH EHQH¿W :KHQ WKH EHQH¿WV RI D SODQ DUH FKDQJHG RU ZKHQ D SODQ LV FXUWD WR SDVW VHUFLFH RU WKH JDLQ RU ORVV RQ FXUWDLOPHQW LV UHFRJQL &RPSDQ\ UHFRJQL]HV JDLQV DQG ORVVHV RQ WKH VHWWOHPHQW RI D GH¿

**i) Leases**

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

7KH &RPSDQ\ HYDOXDWHV HDFK FRQWUDFW RU DUUDQJPHQW\$¿KHWKHU LW

The Company as a lessee

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

(a) WKH XVH RI DQ LGHQWL¿HG DVVHW

(b) WKH ULJKW WR REWDLQ VXEVDQWLDOO\ DOO WKH HFRQRPLF EHQH¿WV

(c) WKH ULJKW WR GLUHFW WKH XVH RI WKH LGHQWL¿HG DVVHW

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

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

7KH &RPSDQ\ DSSOLHV ,QG \$6 WR GHWHUPLQH ZKHWKHU D 5R8 DVVHW LV LPORVV DV GHVFULEHG LQ WKH LPSDLUPHQW RI QRQ¿QDQFLDO DVVHWV LQFOXGHG ended March 31, 2019.

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

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

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

/HDVH SD\PHQWV KDYH EHHQ FODVVL¿HG DV FDK XVHG LQ )LQDQFLQJ DFWL

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

**j) Taxes on Income**

Income tax expense comprises current tax expense and the deferred tax during the year. Current and deferred taxes DUH UHFRJQLVHG LQ WKH 6WDWHPHQW RI 3UR¿W DQG /RVV H[FHSW ZKHQ comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Current tax

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

Deferred tax

'HIHUHG WD[ LV UHFRJQLVHG RQ WHPSRUDU\ GLIIHUHQFHV EHWZHHQ WKH FDVVDWHPHQWV DQG WKH FRUHVSRQGLQJ WD[ EDVHV XVHG LQ WKH FRPSXWDV

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the H[WHQW WKDW LW LV SUREDEOH WKDW IXWXUH WD[DEOH SUR¿WV ZLOO EH DDUH UHFLZHG DW HDFK UHSRUWLQJ GDWH DQG DUH UHGXFHG WR WKH H[WHQW ZLOO EH UHDO]HG VXFK UHGXFWRQV DUH UHYHUVHG ZKHQ WKH SUREDELO



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

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become SUREDEOH WKDW IXWXUH WD[DEOH SUR¿WV ZLOO EH DYDLODEOH DJDLQ VW ZI

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

7KH PHDVXUHPHQW RI GHIHUUHG WD[ UHÅHFWV WKH WD[ FRQVHTXHQFH WKD expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

### k) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when the Company has a present obligation as a result of a past event; it is probable that an RXWÄRZ RI UHVRXUFHV HPERG\LQJ HFRQRPLF EHQH¿WV ZLOO EH UHTXLUHG V

of the amount of the obligation can be made. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date. The expenses relating to a provision is presented in the Statement RI 3UR¿W DQG /RVV QHW RI DQ\ UHLPEXUVHPHQW

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash ÄRZV VSHFL¿F WR WKH OLDELQW\ 7KH XQZLQGLQJ RI WKH GLVFRXQW LV UH

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which ZLOO EH FRQ¿UPHG RQO\ E\ WKH RFFXUUHQFH RU QRQ RFFXUUHQFH RI RQH F

FRQWURO RI WKH &RPSDQ\ RU D SUHVHQW REOLJDWRU WKDW DULVHV URP S

of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

\$ FRQLQJHQW DVVHW LV QRW UHFRJQLVHG EXW GLVFORVHG LQ WKH ¿QDQ

probable.

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

### l) Earnings Per Share (EPS)

%DVLF HDUQLQJV SHU HTXLW\ VKDUH LV FRPSXWHG E\ GLYLGLQJ WKH QHW SU

the weighted average number of equity shares outstanding during the period.

'LOXWHG HDUQLQJV SHU HTXLW\ VKDUH LV FRPSXWHG E\ GLYLGLQJ WKH QHW

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

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for DQ\ VKDUH VSOLWV DQG ERQXV VKDUHV LVVXHV LQFOXGLQJ IRU FKDQJHV HII

by the Board of Directors.

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

|   | Year Ending<br>March 31, 2021 | Year Ending<br>March 31, 2020 |
|---|-------------------------------|-------------------------------|
| Basic earnings per equity share - weighted average number of equity shares outstanding                    | 60,61,000                     | 60,61,000                     |
| Effect of dilutive common equivalent shares - share options outstanding                                   |                               |                               |
| Diluted earnings per equity share - weighted average number of equity shares and common equivalent shares | 60,61,000                     | 60,61,000                     |
| <b>Weighted average equity shares used in computing earnings per equity share</b>                         |                               |                               |
| Basic   | 60,61,000                     | 60,61,000                     |
| Diluted   | 60,61,000                     | 60,61,000                     |

### m) Segment Reporting

The Company is considered to be a single segment company – engaged in the manufacture of speciality adhesive WDSH FKHPDFD \$V SHU ,QG \$6 µ2SHUDWLQJ 6HJPHQWV† LI D ¿QDQFLDQ

VWDWHPHQWV RI D SDUHQW WKDW LV ZLWKLQ WKH VFRSH RI ,QG \$6 DV

VHJPHQW LQIRUPDWLRQ LV UHTXLUHG RQO\ LQ WKH FRQVROLGDWHG ¿QDQFL

SUHVHQWHG XQGHU ,QG \$6 2SHUDWLQJ 6HJPHQWV KDV EHHQ JLYHQ LQ WK

**Notes to the financial statements for the year ended March 31, 2021**
**Note 3 : Property , plant and equipment**

(Amount in Rupees)

| Particulars                     | As at March 31, 2021 |             |           |                       |                |                     |                |                 |                   |                     | As at March 31, 2020 |         |             |                    |
|---------------------------------|----------------------|-------------|-----------|-----------------------|----------------|---------------------|----------------|-----------------|-------------------|---------------------|----------------------|---------|-------------|--------------------|
|                                 | Land                 | Building    | Computer  | Electrical Equipments | Lab Equipments | Furniture & Fixture | Generating Set | Air Conditioner | Office Equipments | Plant and Machinery | Motor Vehicles       | Bicycle | Motor Cycle | Total              |
| <b>Carrying amount of:</b>      |                      |             |           |                       |                |                     |                |                 |                   |                     |                      |         |             |                    |
| Land                            | 2,07,130             |             |           |                       |                |                     |                |                 |                   |                     |                      |         |             | 2,07,130           |
| Building                        |                      | 1,83,15,897 | 18,50,335 | 2,07,600              | 82,200         | 4,53,528            | 48,087         | 2,86,868        | 9,57,736          | 7,76,29,027         | 70,20,363            | 4,535   | 69,529      | 58,35,484          |
| Computer                        |                      |             |           |                       |                |                     |                |                 |                   |                     |                      |         |             | 6                  |
| Electrical Equipments           |                      |             |           |                       |                |                     |                |                 |                   |                     |                      |         |             | -5                 |
| Lab Equipments                  |                      |             |           |                       |                |                     |                |                 |                   |                     |                      |         |             | -1                 |
| Furniture & Fixture             |                      |             |           |                       |                |                     |                |                 |                   |                     |                      |         |             | 10,208             |
| Generating Set                  |                      |             |           |                       |                |                     |                |                 |                   |                     |                      |         |             | -                  |
| Air Conditioner                 |                      |             |           |                       |                |                     |                |                 |                   |                     |                      |         |             | -1                 |
| 2 I J F H ( T X L S P H Q W V   |                      |             |           |                       |                |                     |                |                 |                   |                     |                      |         |             | 14,443             |
| Plant and Machinery             |                      |             |           |                       |                |                     |                |                 |                   |                     |                      |         |             | 2,58,831           |
| Motor Vehicles                  |                      |             |           |                       |                |                     |                |                 |                   |                     |                      |         |             | 4,15,18,886        |
| Motor Cycle                     |                      |             |           |                       |                |                     |                |                 |                   |                     |                      |         |             | 10,20,315          |
| Bicycle                         |                      |             |           |                       |                |                     |                |                 |                   |                     |                      |         |             | 9,456              |
| <b>Total</b>                    |                      |             |           |                       |                |                     |                |                 |                   |                     |                      |         |             | <b>4,20,69,870</b> |
|                                 |                      |             |           |                       |                |                     |                |                 |                   |                     |                      |         |             | <b>4,88,74,752</b> |
| <b>Cost</b>                     |                      |             |           |                       |                |                     |                |                 |                   |                     |                      |         |             |                    |
| At April 1, 2019                | 2,07,130             | 1,83,15,897 | 18,50,335 | 2,07,600              | 82,200         | 4,53,528            | 48,087         | 2,86,868        | 9,57,736          | 7,76,29,027         | 70,20,363            | 4,535   | 69,529      | 10,71,32,836       |
| Additions                       |                      |             |           |                       |                |                     |                |                 |                   |                     |                      |         |             | 74,25,881          |
| Deletions                       |                      |             |           |                       |                |                     |                |                 |                   |                     |                      |         |             | -                  |
| At March 31, 2020               | 2,07,130             | 1,83,15,897 | 18,50,335 | 2,07,600              | 82,200         | 4,53,528            | 48,087         | 2,86,868        | 10,31,248         | 8,49,81,396         | 70,20,363            | 4,535   | 69,529      | 11,45,58,717       |
| Additions                       |                      |             |           |                       |                |                     |                |                 |                   |                     |                      |         |             | 1,15,379           |
| Deletions                       |                      |             |           |                       |                |                     |                |                 |                   |                     |                      |         |             | -                  |
| At March 31, 2021               | 2,07,130             | 1,83,15,897 | 18,50,335 | 2,07,600              | 82,200         | 4,53,528            | 48,087         | 2,86,868        | 11,46,627         | 8,49,81,396         | 70,20,363            | 4,535   | 69,529      | 11,46,74,096       |
| <b>Accumulated Depreciation</b> |                      |             |           |                       |                |                     |                |                 |                   |                     |                      |         |             |                    |
| At April 1, 2019                | -                    | 1,16,41,000 | 18,50,329 | 2,07,605              | 61,783         | 4,53,528            | 48,088         | 2,62,212        | 6,38,737          | 3,72,16,924         | 57,13,745            | 4,537   | 55,345      | 5,81,53,833        |
| Charge for the year             | -                    | 8,39,413    | -         | -                     | 10,209         | -                   | -              | 10,213          | 1,33,680          | 62,45,586           | 2,86,303             | -       | 4,728       | 75,30,132          |
| Disposals                       |                      |             |           |                       |                |                     |                |                 |                   |                     |                      |         |             | -                  |
| At March 31, 2020               | -                    | 1,24,80,413 | 18,50,329 | 2,07,605              | 71,992         | 4,53,528            | 48,088         | 2,72,425        | 7,72,417          | 4,34,62,510         | 60,00,048            | 4,537   | 60,073      | 6,56,93,965        |
| Charge for the year             | -                    | 8,39,413    | -         | -                     | 10,209         | -                   | -              | 10,213          | 1,56,504          | 56,12,891           | 2,86,303             | -       | 4,728       | 69,20,261          |
| Disposals                       |                      |             |           |                       |                |                     |                |                 |                   |                     |                      |         |             | -                  |
| At March 31, 2021               | -                    | 1,33,19,826 | 18,50,329 | 2,07,605              | 82,201         | 4,53,528            | 48,088         | 2,82,638        | 9,28,921          | 4,90,75,401         | 62,86,351            | 4,537   | 64,801      | 7,26,04,226        |

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

(Amount in Rupees)

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

**Note 5 : Other Non Current assets**

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

**Note 6 : Other Financial assets - Current**

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

**Note 7 : Other Current assets**

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

**Note 8 : Trade receivables**

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

**Notes**

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

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

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

(Amount in Rupees)

The following table gives details in respect of percentage of revenues from services generated from top customers and top 5 customers.

| Particulars                  | As at          |                |
|------------------------------|----------------|----------------|
|                              | March 31, 2021 | March 31, 2020 |
| Revenue from top customer    | 1,69,21,914    | 3,57,74,868    |
| Revenue from top 5 customers | 7,03,91,104    | 13,23,29,930   |

### Age of receivables

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

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

However, No provision has been created on trade receivables aggregating to Rs 8,03,00,209 (Previous Year: Rs. 9,97,56,660) which are older than six months as the Management continues to believe that they will be realized and settled respectively at least at the values disclosed in the balance sheet

### Note 9: Cash and cash equivalents

| Particulars          | As at           |                   |
|----------------------|-----------------|-------------------|
|                      | March 31, 2021  | March 31, 2020    |
| (a) Bank balances    |                 |                   |
| - In Current account | 7,81,160        | 91,710            |
| (b) Cash in hand     | 2,82,111        | 3,71,192          |
| (c) Bank Overdraft   | (5,80,157)      | (5,75,048)        |
| <b>Total</b>         | <b>4,83,114</b> | <b>(1,12,146)</b> |

### Note 10: Other Bank Balance

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

### Note 11: Inventories

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

### Note 12: Equity Share Capital

| Particulars                                 | As at March 31, 2021 |                    | As at March 31, 2020 |                    |
|---|----------------------|--------------------|----------------------|--------------------|
|   | Units                | Amount             | Units                | Amount             |
| <b>Authorised Capital</b>                   |                      |                    |                      |                    |
| Equity Shares of Rs 10/- each               | 70,00,000            | 7,00,00,000        | 70,00,000            | 7,00,00,000        |
|   | <b>70,00,000</b>     | <b>7,00,00,000</b> | <b>70,00,000</b>     | <b>7,00,00,000</b> |
| <b>Issued, Subscribed and Fully Paid up</b> |                      |                    |                      |                    |
| Equity Shares of Rs 10/- each               | 60,61,000            | 6,06,10,000        | 60,61,000            | 6,06,10,000        |
| <b>Total</b>                                | <b>60,61,000</b>     | <b>6,06,10,000</b> | <b>60,61,000</b>     | <b>6,06,10,000</b> |

Refer Notes (i) to (iv) below

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

(Amount in Rupees)

## Notes

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

| Particulars                  | As at March 31, 2021 |                    | As at March 31, 2020 |                    |
|------------------------------|----------------------|--------------------|----------------------|--------------------|
|                              | No. of Shares        | Amount             | No. of Shares        | Amount in Rs       |
| <b>Equity shares</b>         |                      |                    |                      |                    |
| At the beginning of the year | 60,61,000            | 6,06,10,000        | 60,61,000            | 6,06,10,000        |
| Add: Issued during the year  | -                    | -                  | -                    | -                  |
| At the end of the year       | <b>60,61,000</b>     | <b>6,06,10,000</b> | <b>60,61,000</b>     | <b>6,06,10,000</b> |

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

| Class of shares / Name of shareholder | As at March 31, 2021  |                                   | As at March 31, 2020  |                                   |
|---------------------------------------|-----------------------|-----------------------------------|-----------------------|-----------------------------------|
|                                       | Number of shares held | % holding in that class of shares | Number of shares held | % holding in that class of shares |
| Sonal Impex Limited                   | 28,22,700             | 46.57%                            | 28,22,700             | 46.57%                            |
| Kamal Arora                           | 4,75,400              | 7.84%                             | 4,75,400              | 7.84%                             |

As per the records of the Company, including its register of shareholders/members and other declarations received IURP WKH VKDUHKROGHUV UHJDUGLQJ WKH EHQH¿FLDO LQWHUHVW WKH DE ownerships of shares.

## (iii) Rights, preferences and restrictions attached to shares:

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

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

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

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

## Note 13: Other equity

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

## Note 13.1 Capital Reserve

| Particulars                  | Year ended March 31, 2021 | Year ended March 31, 2020 |
|------------------------------|---------------------------|---------------------------|
| Balance at beginning of year | 10,00,000                 | 10,00,000.00              |
| Additions during the year    | -                         | -                         |
| Balance at end of year       | <b>10,00,000</b>          | <b>10,00,000.00</b>       |

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

(Amount in Rupees)

**Note 13.2 Retained earnings**

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

**Note 13.3 Other Items of Other Comprehensive Income**

| Particulars                                | Year ended<br>March 31, 2021 | Year ended<br>March 31, 2020 |
|--|------------------------------|------------------------------|
| <b>Balance at beginning of year</b>        | 2,86,818                     | 3,67,095                     |
| 5 HPHDVXUHPHQW RI 'H¿QHG %HQH¿W 2EOLJDWLRQ | 2,10,442                     | -63,712                      |
| - Tax on Above                             | -21,584.68                   | (16,565)                     |
| <b>Balance at end of year</b>              | <b>4,75,675</b>              | <b>2,86,818</b>              |

**Retained earnings:**

5 HWDLQHG HDUQLQJV UHSUHVHQWV WKH VXUSOXV GH¿FLW RI WKH VWDWHPHQW distributed to shareholders.

**Capital Reserve:**

Capital Reserve represents the capital subsidy received from government.

**Note 14: Borrowings**

| Particulars                                    | As at March 31, 2021 |             | As at March 31, 2020 |             |
|--|----------------------|-------------|----------------------|-------------|
|  | Current              | Non Current | Current              | Non Current |
| <b>- Loan Repayable on Demand</b>              |                      |             |                      |             |
| <b>From Banks/Asset Reconstruction Company</b> |                      |             |                      |             |
| Term Loan                                      | 2,37,28,512          |             | 2,37,28,512          |             |
| Rupee Loans                                    | 17,71,89,690         |             | 17,71,89,690         |             |
| <b>Unsecured Borrowings:</b>                   |                      |             |                      |             |
| <b>- From Directors</b>                        |                      |             |                      |             |
| Sandeep Arora, Kamal Arora, Megha Arora        | 1,92,40,000          |             | 1,92,40,000          |             |
| Nitin Rane                                     | 20,00,000            |             | -                    |             |
| <b>- From Others</b>                           |                      |             |                      |             |
| Aneri Fincap Limited                           | -                    |             | 84,06,164            |             |
| Unno Industries Limited                        | 18,04,054            |             | 3,47,94,054          |             |
| <b>Total</b>                                   | <b>22,39,62,256</b>  | <b>-</b>    | <b>26,33,58,420</b>  | <b>-</b>    |

**14.1 Term loan from Bank/Asset Reconstruction Company**

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

- (a) Equitable mortgage of land & building situated thereon at Gat No 232/2, Survey No 28, Hissa 1A, admeasuring 3860 sq mtrs, village Dheku, Taluka Khalapur, District Raigad, Maharashtra
- (b) Equitable mortgage of land & building situated thereon at Gat No 232/1, Survey No 28, Hissa 1A, admeasuring 2160 sq. mtrs, village Dheku, Taluka Khalapur, District Raigad, Maharashtra, owned by Sonal Ropes Limited
- (c) Equitable mortgage of property at Ground Floor, "C" Wing, Bhagwati Building, FP Nos 18 - 19 / 34 A, B, C and 35 A, B, C TPS VI and CTS No 1610 / 27 & 1610 / 28 of Santacruz West, Linking Road, Extension Road, Mumbai 400054, owned by Sandeep Arora and Mridu Arora.

G (TXLWDEOH PRUWJDJH RI UHVLGHQWLDO ÀDW DW WK )ORRU ORUND +H International School, Sector - 18, Kharghar, Navi Mumbai, District Raigad, owned by Sonal Impex Limited.

- (e) Equitable mortgage of industrial property situation at Gut No 236 (1), House No 142, Village Dheku, off Takai - Adoshi Road, District Raigad, owned by Sonal Impex Limited



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

(Amount in Rupees)

- (f) Mortgage of immovable property situated at Abhishek Bungalow No 4, Four Bungalows, Andheri West, Mumbai 400 053, owned by director, towards enhanced mortgage debt.

J + \SRWKHFDWLRQ RI H[LVWLQJ ¿[HG DVVHWV RI WKH &RPSDQ\

- (h) Hypothecation of plant and machinery of Sonal Ropes Limited at written down values.

- (i) Cash collateral or immovable property valuing at Rs 0.50 crores.

- (j) Third party guarantee of:

- Sandeep Mohanlal Arora, Kamal Arora and Mridu Arora
- Corporate Guarantee of Sonal Impex Limited and Sonal Ropes Limited

- (k) Hypothecation of current assets, including stocks, receivables, consumables, stores and spares and movable plant and machinery.

O + \SRWKHFDWLRQ RI PDFKLQHV SXUFKDVHG RXW RI EDQN ¿QDQFH

**Note**

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

- 14.2 Working capital loans from bank comprise EPC, which are secured by:

D + \SRWKHFDWLRQ RI &RPSDQ\¶V VWRFNV RI UDZ PDWHULDOV ¿QL/KHG manufacturing activity in factory, godown, in transit or lying elsewhere.

- (b) Charge on Company's receivables, book debts and other actionable claims.

- (c) Rate of interest - Base rate + 7% on daily products with monthly rests

- 14.3 Company has received notice under section 13(2) of the SARFAESI Act, for attachment of its assets from from State Bank of India. Matter is pending in Debts Recovery Tribunal, Mumbai and Debt Recovery Appellate Tribunal, Mumbai. As on 27th March 19, SBI has assigned the loan account to ASREC (India) Limited (ARC).

**Note 15: Non Current - Provisions**

| Particulars  | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|--|-------------------------|-------------------------|
| <b>Provision for employee benefits (Refer note 26)</b> |                         |                         |
| Gratuity   | 10,13,871               | 10,62,975               |
| <b>Total</b>   | <b>10,13,871</b>        | <b>10,62,975</b>        |

**Note 16: Current - Provisions**

| Particulars  | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|--|-------------------------|-------------------------|
| <b>Provision for employee benefits (Refer note 26)</b> |                         |                         |
| Gratuity   | 2,63,109                | 2,52,667                |
| <b>Total</b>   | <b>2,63,109</b>         | <b>2,52,667</b>         |

**Note 17: Trade Payables**

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

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

**Note : Dues to Micro and Small Enterprises**

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

(Amount in Rupees)

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006

| Particulars  | As at          | As at          |
|--|----------------|----------------|
|  | March 31, 2021 | March 31, 2020 |
|  | Current        | Current        |
| The principal amount remaining unpaid to any supplier at the end of the year   | -              | 4,60,922       |
| Interest due remaining unpaid to any supplier at the end of the year   | -              | 2,18,077       |
| The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year   | -              | -              |
| The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without   | -              | -              |
| The amount of interest accrued and remaining unpaid at the end of each accounting year   | -              | 2,18,077       |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprises, for the purpose of disallowance of a deductible expenditure under section 23 | -              | -              |

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

### Note 18: Other Financial Liabilities (Current)

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

### Note 19: Revenue from Operations

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

### Note 20: Other Income

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

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

(Amount in Rupees)

**Note 21: Employee benefits expense**

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

**Note 22: Other expenses**

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

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

(Amount in Rupees)

**Note 23: Finance Cost**

| Particulars                    | For the year ended<br>March 31, 2021 | For the year ended<br>March 31, 2020 |
|--------------------------------|--------------------------------------|--------------------------------------|
| Interest expenses              | 1,728                                | 39,29,119                            |
| Other interests                | -                                    | -                                    |
| <b>Total employee benefits</b> | <b>1,728</b>                         | <b>39,29,119</b>                     |

**Note 24: Cost of Material Consumed**

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

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

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

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

| Particulars                               | For the year ended<br>March 31, 2021 | For the year ended<br>March 31, 2020 |
|---|--------------------------------------|--------------------------------------|
| <b>Finished goods and work in process</b> |                                      |                                      |
| <b>- Opening stock</b>                    |                                      |                                      |
| Tapes                                     | 41,52,375                            | 1,44,82,787                          |
| Adhesive Rolls                            | 15,76,944                            | 15,30,430                            |
| Ropes                                     | -                                    | 7,33,634                             |
| Others                                    | 26,92,199                            | 22,23,557                            |
|   | <b>84,21,518</b>                     | <b>1,89,70,408</b>                   |
| <b>- Closing stock</b>                    |                                      |                                      |
| Tapes                                     | -                                    | 41,52,375                            |
| Adhesive Rolls                            | 1,37,742                             | 15,76,944                            |
| Ropes                                     | -                                    | -                                    |
| Others                                    | 14,32,206                            | 26,92,199                            |
|   | <b>15,69,948</b>                     | <b>84,21,518</b>                     |

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

(Amount in Rupees)

## Note 26: Employee Benefits

## 1) Defined contribution plans :

7KH &RPSDQ\ SDUWLF LSDWHV LQ D QXPEHU RI GH; QHG FRQWULEXWLRQ SO recognised in relation to these schemes represents the value of contributions payable during the period by the Company DW UDWHV VSHFL; HG E\ WKH UXOHV RI WKRVH SODQV 7KH RQO\ DPRXQWV L prior months contributions that were not due to be paid until after the end of the reporting period.

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

## a) Provident fund and pension

In accordance with the Employee's Provident Fund and Miscellaneous Provisions Act, 1952 eligible employees of WKH &RPSDQ\ DUH HQWLWOHG WR UHFHLYH EHQH; WV LQ UHVSHFW RI SUR HPSOR\HHV DQG WKH &RPSDQ\ PDNH PRQWKO\ FRQWULEXWLRQV DW DVS VDODU\ 7KH FRQWULEXWLRQV DV VSHFL; HG XQGDU WKH ODZ DUH PDGH by Government of India. The Company has no further obligations under the fund managed by the GOI beyond its PRQWKO\ FRQWULEXWLRQV ZKLFK DUH FKDUJHG WR WKH 6WDWHPHQW RI EHQH; WV DUH SDLG WR HPSOR\HHV RQ WKHLU UHWLUHPHQW RU UHV LJQDW &RQWULEXWLRQ WR 'H; QHG &RQWULEXWLRQ 3ODQV UHFRJQLVHG LQ WKH HPSOR\HH EHQH; WV H[SHQVH DUH DV XQGDU

| Particulars  | For the year ended<br>March 31, 2021 | For the year ended<br>March 31, 2020 |
|--|--------------------------------------|--------------------------------------|
| i) Employer's Contribution to Provident Fund and pension | 2,33,894                             | 4,32,431                             |
| <b>Total</b>   | <b>2,33,894</b>                      | <b>4,32,431</b>                      |

## b) Defined Benefit Plans

## Gratuity (Unfunded)

7KH &RPSDQ\ KDV DQ REOLJDWLRQ WRZDUGV JUDWXLW\ DQ XQIXQG HG G employees. The plan provides for lump sum payment to vested employees at retirement, death while in employment or on termination of the employment of an amount equivalent to 15 days salary, as applicable, payable for each FRPSOHWHG \HDU RI VHUFLFH ZLWKRXW DQ\ SD\PHQW FHLQLQJ 9HVWLQJ &RPSDQ\ DFFRXQWV IRU WKH OLDELWLW\ IRU JUDWXLW\ EHQH; WV SD\DEOH 7KH &RPSDQ\ RIIHUV WKH IROORZLQJ HPSOR\HH EHQH; WV VFKHPHV WFLWV \*UDWXLW\ LQFOXGHG DV SDUW RI JUDWXLW\ LQ 1RWH (PSOR\HH EHQH; WV

## A. Principal actuarial assumptions used:

| Particulars                      | Gratuity             |                      |
|----------------------------------|----------------------|----------------------|
|                                  | As at March 31, 2021 | As at March 31, 2020 |
| Discount rate                    | 6.50%                | 6.55%                |
| Expected rate of salary increase | 5.00%                | 5.00%                |
| Mortality tables                 | IALM (2012-14) Ult.  | IALM (2012-14) Ult.  |
| Expected rate of Return          | N.A.                 | N.A.                 |
| Withdrawal Rates                 | 10.00%-2.00%         | 10.00%-2.00%         |

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

| Particulars   | Gratuity             |                      |
|---|----------------------|----------------------|
|   | As at March 31, 2021 | As at March 31, 2020 |
| Service cost:   |                      |                      |
| Current service cost  | 1,13,495             | 1,12,528             |
| Past service cost and (gain) / loss from settlements                    | -                    | -                    |
| Net interest expense  | 77,900               | 84,832               |
| Remeasurements  | -                    | -                    |
| <b>Components of defined benefit costs recognised in profit or loss</b> | <b>1,91,395</b>      | <b>1,97,360</b>      |

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

(Amount in Rupees)

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

| Particulars   | Gratuity             |                      |
|---|----------------------|----------------------|
|   | As at March 31, 2021 | As at March 31, 2020 |
| Return on plan assets (excluding the amount included in net interest cost)          | -                    | -                    |
| Actuarial (gains) / losses arising from changes in demographic assumptions          | -                    | -530                 |
| Actuarial (gains) / losses arising from changes in experience adjustments           | -2,14,681            | -20,525              |
| <b>Components of defined benefit costs recognised in other comprehensive income</b> | <b>(2,10,442)</b>    | <b>63,712</b>        |
| <b>Total</b>  | <b>(19,047)</b>      | <b>2,61,072</b>      |

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

| Particulars                              | Period Ended         |                      |
|--|----------------------|----------------------|
|  | As at March 31, 2021 | As at March 31, 2020 |
| Employer contributions paid directly     | 13,15,642            | 12,55,570            |
| Impact of liability assumed or (settled) | 1,91,395             | 1,97,360             |
|  | (2,01,000)           | 63,712               |
|  | <b>(19,615)</b>      | <b>(2,01,000)</b>    |
|  | <b>12,76,980</b>     | <b>13,15,642</b>     |

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

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



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

(Amount in Rupees)

## E. Maturity profile of defined benefit obligation:

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

increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

## Sensitivity Analysis

| Particulars              | Gratuity                 |                          |
|--------------------------|--------------------------|--------------------------|
|                          | As at March 31, 2021     | As at March 31, 2020     |
| 'H QHG %HQH W 2EOLJDWLRQ | 12,35,595                | 12,69,814                |
| 'H QHG %HQH W 2EOLJDWLRQ | 13,20,795                | 13,64,380                |
| 'H QHG %HQH W 2EOLJDWLRQ | 6 DODU\ (VFDODW 1,32,222 | 6 DODU\ (VFDODW 1,35,178 |
| 'H QHG %HQH W 2EOLJDWLRQ | 6 DODU\ (VFDODW 1,23,930 | 6 DODU\ (VFDODW 1,28,944 |
| 'H QHG %HQH W 2EOLJDWLRQ | :LWKGUDZDO 5DWH 2,80,203 | EDVLV 1,89,027           |
| 'H QHG %HQH W 2EOLJDWLRQ | (PSOR\HH 7XUQR 1,73,567  | EDVLV 1,89,027           |

assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analyses.

## Note 27: Earnings per share (EPS)

| Particulars  | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|--|-----------------------------------|-----------------------------------|
| <b>Basic</b>   |                                   |                                   |
| Weighted average number of equity shares in calculating EPS (number) | 6061000                           | 6061000                           |
| <b>Earnings per share (Basic and Diluted)</b>                        | <b>(1.36)</b>                     | <b>(3.10)</b>                     |

## Note 28: Contingent Liabilities

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|-------------|----------------------|----------------------|
| Total       | 3,82,62,938          | 3,82,62,938          |

of the company in the entities on whose behalf such guarantees have been provided and the management is of the view that there would be no sustainable claims on the company in respect of these corporate guarantees.

The rate of interest, processing fees and any other charges levied by the vendors on these entities availing loan are based on guarantees are expected to be immaterial.

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

(Amount in Rupees)

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

| Party Name                             | Nature of Notice/ Case  | Current Status   | Disputed Amount |
|--|---|--|-----------------|
| State Bank of India                    | Recovery Case   | 6%, KDV & OOHG WKH FDVHV & DRAT Mumbai. As on 27th March 19, SBI has assigned loan account to ASREC (India) Limited (ARC). | 27,40,00,500/-  |
| BASF India Ltd                         | & DVH & OHG XQGHU 6 Negotiable Instruments Act, 1981                                      | Challenged by the company in respective courts over quality issues   | 49,32,966/-     |
| Roonak Paper Tubes Co                  | Notice under MSMED Act  | In dispute over amount and quality issues in respective forum  | 2,49,116/-      |
| Dyno Inks                              | Adv. Notice Dt.19.02.2019 U/S 8 of the insolvency and bankruptcy code 2016                | Replied to Notice on faulty material   | 23,38,556/-     |
| Vision Inks and Resins Private Limited | Notice under MSMED Act, 2006  | In dispute over amount and quality issues in respective forum  | 1,99,470/-      |
| Asian Solvochem Pvt Ltd                | & DVH & HOG XQGHU 2 & OMH & OHG RIQ 'LQGLVKL & RX 11,00,729/- the code of Civil procedure | In dispute over amount and quality issues in respective forum  | 1,45,795/-      |
| Spectra Specialities                   | Notice under MSMED Act, 2006  | In dispute over amount and quality issues in respective forum  | 1,45,795/-      |

**Note 29: Payment to auditors**

| Particulars              | March 31, 2021  | March 31, 2020  |
|--------------------------|-----------------|-----------------|
| a) for audit             | 1,96,000        | 1,96,000        |
| b) for professional Fees |                 | 35,000          |
| <b>Total</b>             | <b>1,96,000</b> | <b>2,31,000</b> |

**Note 30: Operating lease arrangements**
**The Company as a lessee**

Leasing arrangements

7KH & RPSDQ\UV VLJQL & FDQW OHDVLQJ DUUDQJHPHQWV DUH LQ UHVSHFW have an average life of between 12 months with renewal option included in the contracts. There are no restrictions placed upon the Company by entering into these leases.

Payments recognised as an expense

| Particulars            | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|------------------------|-----------------------------------|-----------------------------------|
| Minimum lease payments | 1,20,000                          | 3,40,000                          |
| <b>Total</b>           | <b>1,20,000</b>                   | <b>3,40,000</b>                   |

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

(Amount in Rupees)

### Note 31: Deferred tax asset

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

7KH WD[ HIIHFW RI VLJQL; FDQW WLPLQJ GLIIHUHQFHV WKDW KDV UHVXOWHG LQ

| Particulars   | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|---|-------------------------|-------------------------|
| <u>Deferred tax liability:</u>                                      |                         |                         |
| 5HPHDVXUHPHQWV RI WKH GH; QHG EHQH; W SODQV 5167129 QLVHG ) 1752584 | 51,67,129               | 1,75,258                |
| Depreciation  | 46,32,944               | 53,49,039               |
|   | 48,00,073               | 54,94,583               |
| <u>Deferred tax asset :</u>   |                         |                         |
| Gratuity & Leave Encashment   | 4,99,144                | 4,87,611                |
| Carry forward Losses  | 2,90,90,545             | 2,83,94,022             |
|   | 2,95,89,689             | 2,88,81,633             |
| <b>Net deferred tax asset</b>                                       | <b>2,47,89,616</b>      | <b>2,33,87,049</b>      |

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

| Particulars   | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|---|-------------------------|-------------------------|
| Deductible temporary differences, unused tax losses and unabsorbed depreciation for which deferred tax asset have been recognized, are attributable to the following: |                         |                         |
| Unabsorbed depreciation   | 2,69,12,503             | 2,21,02,933             |
| Unabsorbed losses   | 7,82,90,662             | 6,44,50,725             |

### Breakup of expiry of balances as at

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

### Note 32 : Financial Instruments

#### (i) Capital management

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

As at March 31st, 2021, the capital structure of the company consists of net debt (borrowings as detailed in Note 15 offset by cash and cash equivalents) and total equity of the company.

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

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

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

(Amount in Rupees)

Gearing Ratio

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

**(ii) Categories of financial instruments**

| Particulars  | As at          | As at          |
|--|----------------|----------------|
|  | March 31, 2021 | March 31, 2020 |
| <b>Financial assets</b>                                  |                |                |
| <b>Measured at amortised cost</b>                        |                |                |
| Trade Receivables  | 9,47,70,771    | 10,51,24,926   |
| Cash and cash equivalents                                | 4,83,114       | (1,12,146)     |
| Other Bank balance                                       | 64,34,277      | 64,24,277      |
| 2 WKHU ĳ QDQFLDO DVVHWV & XUUHQW DQG 1RQ & X 9,81,80,327 | 9,81,80,327    | 9,04,06,647    |
| <b>Financial liabilities</b>                             |                |                |
| <b>Measured at amortised cost</b>                        |                |                |
| Borrowings   | 22,39,62,256   | 26,33,58,420   |
| Trade payables   | 5,12,93,398    | 5,47,86,476    |
| 2 WKHU ĳ QDQFLDO OLDELWLHV                               | 5,32,71,246    | 99,55,778      |

**(iii) Financial risk management objectives**

The Company is exposed to credit risk, interest rate risk, foreign exchange risk, commodity price risk, and other risks. The Company's Senior Management has the overall responsibility for establishing and governing the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

The Company uses various financial instruments to manage its risk exposures. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. The Company uses various financial instruments to manage its risk exposures.

**(iii) (a) Market Risk**

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's financial position. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

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

**(iii) (b) Credit risk management**

Credit risk is the risk that the counterparty will not meet its contractual obligations, and arises principally from the Company's receivables from customers and loans and advances.

The Company's credit risk management objectives are to ensure that the Company's receivables are managed effectively and that the Company's credit risk is within acceptable parameters.

**Trade Receivable & Staff Loan:** Credit risk is the risk that the counterparty will not meet its obligations under a contract. The company has a trade policy approved by the Management that is designed to ensure consistent processes are in place to measure and control credit risks.

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

(Amount in Rupees)

The company has trade relations with reputed third parties. The receivables are constantly managed through credit approvals, establish credit limits and continuously monitoring the credit worthiness of customers. The company follows the market norms in terms of its credit policy. The credit terms offered to export customers is around 120-150 days and 30 to 60 days to the customers in the domestic market. The company's historical experience of collecting receivables, supported by the level of default is that the credit risk is low across territories and so trade receivables

### (iii) (c) Liquidity risk management

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

#### Liquidity risk tables

7KH IROORZLQJ WDEOHV GHWDLO WKH &RPSDQ\UHPDLQLQJ FRQWUDFW UHSD\PHQW SHULRGV 7KH WDEOHV KDYH EHHQ GUDZQ XS EDVHG RQ WKH based on the earliest date on which the Company can be required to pay.

7KH WDEOH EHORZ SURYLGHV GHWDLOV UHJDUGLQJ WKH FRQWUDFW DO PD payments as at March 31, 2021.

| Particulars                  | Due in 1st year     | Due in 1- 5 years | Carrying amount     |
|------------------------------|---------------------|-------------------|---------------------|
| <b>Financial Liabilities</b> |                     |                   |                     |
| Trade payables               | 5,12,93,398         | -                 | 5,12,93,398         |
| Borrowings                   | 22,39,62,256        | -                 | 22,39,62,256        |
| 2WKHU QDQFLDO OLDELOLWLHV    | 5,32,71,246         | -                 | 5,32,71,246         |
| <b>Total</b>                 | <b>32,85,26,900</b> | <b>-</b>          | <b>32,85,26,900</b> |

7KH WDEOH EHORZ SURYLGHV GHWDLOV UHJDUGLQJ WKH FRQWUDFW DO PD payments as at March 31, 2020

| Particulars                  | Due in 1st year     | Due in 1- 5 years | Carrying amount     |
|------------------------------|---------------------|-------------------|---------------------|
| <b>Financial Liabilities</b> |                     |                   |                     |
| Trade payables               | 5,47,86,476         | -                 | 5,47,86,476         |
| Borrowings                   | 26,33,58,420        | -                 | 26,33,58,420        |
| 2WKHU QDQFLDO OLDELOLWLHV    | 99,55,778           | -                 | 99,55,778           |
| <b>Total</b>                 | <b>32,81,00,675</b> | <b>-</b>          | <b>32,81,00,675</b> |

### Note 33 : Fair Value Measurement

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

7KH PDQDJPHQW FRQVLGHU WKDW WKH FDUU\LQJ DPRXQV RI QDQFLDO DV statements approximate their fair values.

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

(Amount in Rupees)

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

| Particulars  | As at March 31, 2021 |              | As at March 31, 2020 |              |
|--|----------------------|--------------|----------------------|--------------|
|  | Carrying amount      | Fair value   | Carrying amount      | Fair value   |
| <b>Financial assets</b>                              |                      |              |                      |              |
| <u>Financial assets at amortised cost:</u>           |                      |              |                      |              |
| Trade Receivables                                    | 9,47,70,771          | 9,47,70,771  | 10,51,24,926         | 10,51,24,926 |
| Cash and cash equivalents                            | 4,83,114             | 4,83,114     | (1,12,146)           | (1,12,146)   |
| Other bank balances with bank                        | 64,34,277            | 64,34,277    | 64,24,277            | 64,24,277    |
| 2 WKHU ि QDQFLDO DVVHWV                              | 9,81,37,327          | 9,81,37,327  | 9,04,06,647          | 9,04,06,647  |
| <b>Financial Liabilities</b>                         |                      |              |                      |              |
| <u>Financial liabilities held at amortised cost:</u> |                      |              |                      |              |
| Trade payables                                       | 5,12,93,398          | 5,12,93,398  | 5,47,86,476          | 5,47,86,476  |
| Borrowings   | 22,39,62,256         | 22,39,62,256 | 26,33,58,420         | 26,33,58,420 |
| 2 WKHU ि QDQFLDO OLDELWLH                            | 5,32,71,246          | 5,32,71,246  | 99,55,778            | 99,55,778    |

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

) LQDQFLDO LQVWUXJPBQWZUWDEOH LQWHUHVW UDWHV DUH HYDOXDWHG E\ V interest rates and duration of the instruments. Accordingly, fair value of such instruments is not materially different from their carrying amounts. Further refer note 32.

**Note 34 : Related party transactions**
**A . Details of related parties**

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

| S. No.  | Particulars                     | Year ended<br>March 31, 2021 | Year ended<br>March 31, 2020 |
|---|---------------------------------|------------------------------|------------------------------|
| <b>Nature of Transactions/ Names of Related Parties</b> |                                 |                              |                              |
| <b>A</b>  | <b>Associates</b>               |                              |                              |
| <b>I</b>  | <b>Sonal Ropes Limited</b>      |                              |                              |
|   | Rent                            | 1,20,000                     | 1,20,000                     |
| <b>B</b>  | <b>Key Management Personnel</b> |                              |                              |
| <b>I</b>  | <b>Sandeep Arora</b>            |                              |                              |
|   | Loan Taken                      | -                            | 1,92,40,000                  |
| <b>II</b>   | <b>Nitin Rane</b>               |                              |                              |
|   | Loan Taken                      | 20,00,000                    | 20,00,000                    |
|   | Loan Repaid                     | -                            | 20,00,000                    |



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

(Amount in Rupees)

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

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

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

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

**Note 36:-** 3 UHYLRXV \HDU ¶V ¿ JXUHV KDYH EHHQ UHJURXSHG ZKHUHYHU QHFHVVDU\

**Note 37:-** 7KH EDODQFH VKRZQ LQ 6XQGU\ 'HEWRUV 6XQGU\ &UHGLWRUV \$GNDQFH parties

6HH DFFRPSDQ\LQJ QRWHV IRUPLQJ SDUW RI WKH ¿ QDQFLDO VWDWHPHQWV

In terms of our report attached

**M. C. Asawa & Co.**

Chartered Accountants

Firm Registration No : 008041C

**For Sonal Adhesives Limited**

**Mukund Sarda**  
Partner  
Membership No.: 163405

**Sandeep Arora**  
Managing Director  
DIN: 00176939

**Manish Nanda**  
Director  
DIN: 03245943

**Anuradha Dubey**  
Company Secretary  
A65278

**Ajeet Singh**  
Chief Financial Officer

Place: Khopoli  
Date: 28th June 2021

Place: Khopoli  
Date: 28th June 2021



**SONAL ADHESIVES LTD.**

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

