



**ANNUAL REPORT  
2008 - 2009**

**Sonal Adhesives Limited**

**TRUE COPY**

**For SONAL ADHESIVES LTD.**

**Director/ Auth. Signatory**



**SONAL ADHESIVES LIMITED**

**31.03.2009**

**Board of Directors** : Shri Mohan L. Arora —Chairman & Managing Director  
Shri Sandeep Arora  
Shri Jaspal Singh Bhasin  
Shri S.P.S.Narula

**Registered Office & Works** : Plot 28/1A, Village Dheku,  
Takai Adoshi Road,  
Off : Khopoli Pen Road,  
Tal: , Khalapur, Dist., Raigad  
Maharashtra. 410 203.

**Administrative Office** : 2N, Laxmi Industrial Estate,  
New Link Road, Andheri (W),  
Mumbai – 400 053.

**Bankers** : State Bank of India

**Auditors** : M/S. K.S. Sanghvi & Co.  
Chartered Accountants,  
Mumbai.

**Registrar and Share  
Transfer Agent** : System Support Services,  
209 , Shivai Indl. Estate,  
Andheri- Kurla Road, Sakinaka,  
Mumbai – 400 072.



**NOTICE**

NOTICE is hereby given that the Eighteenth Annual General Meeting of the Members of Sonal Adhesives Limited will be held on Wednesday, the 30<sup>th</sup> September, 2009 at the Registered Office of the Company at Plot No. 28/1A, Village Dheku, Takai Adoshi Road, off. Khopoli Pen Road, Tal: Khalapur Dist. Raigad - 410 203, Maharashtra at 11.00 A.M. to transact the following business.

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Balance Sheet as at 31<sup>st</sup> March, 2009 and Profit and Loss Account for the year ended on that date together with Reports of the Directors and Auditors thereon.
2. To appoint Director in place of Shri. Jaspal Singh Bhasin who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

**SPECIAL BUSINESS:**

4. To consider and if thought fit, and to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED that pursuant to the provisions of section 198, 269, 309 and other applicable provisions, if any, of the Companies Act 1956, read with schedule XIII thereof, the consent of the Company be and is hereby accorded to the payment of revised remuneration in the Salary Grade of Rs.50,000/- per month — Rs.1,25,000 per month to Mr. Mohan Lal Arora as Managing Director of the Company for the remaining period of his appointment with effect from 1<sup>st</sup> October, 2009."

"RESOLVED FURTHER THAT consent of the Company be and is hereby accorded to the Board of Directors to give yearly increment in the Salary Grade as above and to alter and vary the terms and conditions of remuneration of Mr. Mohan Lal Arora as the Board of Directors may deem fit and as may be agreed to by Mr. Mohan Lal Arora, provided however that any revision/ increase in remuneration shall not exceed the limits specified in Schedule XIII of the Companies Act, 1956 or any amendments made thereto.

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorized to do all such acts, matters, deeds and things as it may in its absolute discretion deem necessary, expedient and proper."

5. To consider and, if thought fit, and to pass with or without modification (s), the following resolution as an

**Ordinary Resolution:**

"RESOLVED THAT that pursuant to sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with schedules XIII thereof, the consent of the Company be and is hereby accorded to the appointment and terms of remuneration of Mr. Sandeep Arora as Wholetime Director for a period of three years with effect from 1<sup>st</sup> April 2009 upon the terms and conditions as set out in the draft agreement to be executed between the company and Mr. Sandeep Arora submitted to this meeting and for identification signed by a director thereof, which agreement is hereby specifically sanctioned with liberty to the Directors to alter and vary the terms and conditions of the said appointment and/or in such manner as may be agreed to between the Board of Directors and Mr. Sandeep Arora."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorized to do all such acts, matters, deeds and things as it may in its absolute discretion deem necessary, expedient and proper."

6. To consider and if thought fit, and to pass, with or without modification(s), the following resolution as Special Resolution:

"RESOLVED THAT the consent of the members of the Company under Section 314 of the Companies Act, 1956, be and is hereby accorded for payment of salary to Ms. Mona Arora, Vice-President of the Company, w.e.f 1<sup>st</sup> April, 2009 and for holding and continue to hold the office or place of profit, being a relative of Director of the Company."

"RESOLVED FURTHER THAT the consent of the members of the Company be and is hereby accorded for payment of salary to Ms. Mona Arora in the salary grade of Rs. 40,000/- p.m. to Rs. 49,000/- p.m. with an authority to the Board of Directors to give yearly increment within this grade."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as the case may be necessary for the aforesaid purpose."

By order of the Board of Directors

Place : Mumbai  
Dated: 26th August 2009

Mohan Lal Arora  
Chairman and  
Managing Director

**REGISTERED OFFICE:**

Plot No. 28/1A, Village Dheku,  
Takai Adosi Road, Off. Khopoli Pen Road,  
Tal : Kalapur, Dist. Raigad - 410 203,  
Maharashtra.



**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND TO VOTE ONLY ON A POLL, INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxies, in order to be effective, must be received at the Company's Registered Office not later than 48 (forty-eight) hours before the time fixed for holding the meeting.
3. The Register of Members and Share Transfer Books will remain closed from Monday 28<sup>th</sup> September, 2009 to Wednesday 30<sup>th</sup> September, 2009 (both days inclusive)
4. Member are requested to notify change of address, if any to the Company's Registrar & Transfer Agent, System Support Services, 209, Shivai Industrial Estate, 89, Andheri - Kurla Road, Sakinaka, Andheri (East) Mumbai - 400 072.
5. Members are requested to bring their copy of Annual Report to the Meeting.
6. Members are requested to bring the Attendance Slip sent herewith duly filled for attending the Meeting.
7. Explanatory Statement Pursuant to Section 173 (2) of the Companies Act, 1956 is annexed herewith.

**BRIEF RESUME OF PERSON PROPOSED TO BE RE-APPOINTED AS DIRECTOR OF THE COMPANY AT THE ANNUAL GENERAL MEETING:**

Name : Shri. Jaspal Singh Bhasin  
Age : 66 years  
Qualification : M.A. PGDFT (IIFT)  
Experience : Worked as Senior Executive for more than 30 years in several Limited Companies

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**

**Item No.4**

Mr. Mohanlal Arora was reappointed as Managing Director of the Company with effect from 1<sup>st</sup> March, 2009 for a period of five years in the Salary Grade of Rs.15,000 per month — Rs. 50,000 per month. In view of key role envisaged to be played by him in the Company's future operations and endeavors, the Board of Directors at its meeting held on 26<sup>th</sup> August, 2009 thought it prudent to revise his Salary Grade to

Rs.50,000/- per month — Rs.1,25,000 per month with effect from 1<sup>st</sup> October, 2009 till the remaining period of his appointment as Managing Director i.e upto 28<sup>th</sup> February, 2014 as recommended by remuneration committee.

The terms contained in the resolution may be treated as an abstract as required under Section 302 of the Companies Act, 1956.

None of the Directors, except Mr. Mohan Lal Arora and Mr. Sandeep Arora are interested in this resolution.

The Board recommends the resolution for your approval.

**Item No.5**

The Board of Directors at its meeting held on 25<sup>th</sup> May, 2009 has appointed Mr. Sandeep Arora as Whole time Director of the Company for a period of three years with effect from 1.04.2009 on a remuneration of Rs. 40,000/- p. m, in the grade of Rs.40,000/- p.m. — Rs 1,00,000/- p.m. with yearly increment in accordance with the provisions of Section 198, 269 & 309 read with Schedule XIII and other applicable provisions of the Act, 1956, subject to the approval of the members. He is associated with the day to day affairs of the Company.

None of the Directors, except Mr. Mohan Lal Arora and Mr. Sandeep Arora are interested in this resolution.

The Board recommends the resolution for your approval.

**Item No.6**

Ms. Mona Arora, a relative of Directors was appointed as Vice-President of the Company, w.e.f 01.04.2009 in the salary grade of Rs. 40,000/- p.m. to Rs. 49,000/- p.m. with an authority to the Board of Directors to give yearly increment within this grade pursuant to the provisions of Section 314 of the Companies Act, 1956 read with the Directors Relatives (Office or Place of Profit) Rules, 2003 on payment of remuneration.

None of the Directors, except Mr. Mohan Lal Arora and Mr. Sandeep Arora are interested in this resolution.

The Board recommends the resolution for your approval.

By order of the Board of Directors

Place : Mumbai  
Dated: 26th August 2009

Mohan Lal Arora  
Chairman and  
Managing Director

**REGISTERED OFFICE:**

Plot No. 28/1A, Village Dheku,  
Takai Adosi Road, Off. Khopoli Pen Road,  
Tal : Kalapur, Dist. Raigad - 410 203,  
Maharashtra.



## **DIRECTORS' REPORT**

Dear Members,

The Directors have pleasure in presenting their Eighteenth Annual Report on the business operations of the Company along with statement of Audited Accounts for the year ended 31<sup>st</sup> March 2009.

### **FINANCIAL RESULTS:**

Particulars	( Rs. In Lacs )	
	Year Ended 31 <sup>st</sup> March 2009	Year Ended 31 <sup>st</sup> March 2008
Income from operations	3010.82	2392.27
Profit before Interest & Depreciation	138.06	115.60
Interest	61.93	46.78
Depreciation	24.23	22.98
Profit Before tax	51.90	45.84
Provision for Tax	20.25	10.25
Provision for Deferred Tax Liability	(3.04)	(9.03)
Provision for Fringe Benefit Tax	1.00	0
Profit/ (Loss) after Tax	33.69	44.62

### **OPERATIONS:**

During the year under review, the income from operations of the Company has been increased from Rs.2392.27 to Rs. 3010.82 Lacs. The Operating Profit i.e. Profit before Interest, Depreciation and Tax has been registered at Rs. 138.06 Lacs. The net profit has been registered at Rs. 33.69 lacs as against Rs.44.62 Lacs of the previous year. The net profit of Rs. 33.69 Lacs has been carried forward to the Balance Sheet.

### **DIVIDEND:**

In view of the ploughing back of the profit for the betterment of the working of the Company, your Directors have decided to skip the dividend.

### **DIRECTOR'S RESPONSIBILITY STATEMENT:**

Pursuant to section 217(2AA) of the Companies Act, 1956, your Directors confirm the following:

- In the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same,
- Your 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 at the end of the financial year and of the profit of the Company for that year.,
- Your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- Your Directors have prepared the attached statement of Accounts for the year ended March 31, 2009 on a going concern basis.



**DIRECTORS:**

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri. Jaspal Singh Bhasin, Director is liable to retire by rotation and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting. Your Board recommends his re-appointment. Mr. Sandeep Arora was appointed as executive Whole-Time Director w.e.f. 01-04-2009.

**AUDITORS:**

M/s. K. S. SANGHVI & Co., Chartered Accountants, Auditors of the Company retires at the ensuing Annual General meeting and are eligible for re-appointment. The Company has received a certificate from the Auditors to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956. The members are requested to appoint the Auditors and authorise the Board to fix their remuneration.

**FIXED DEPOSITS:**

During the year under review, the Company has not accepted or renewed any deposits within the meaning of Section 58A of the Companies Act, 1956 and rules made thereunder.

**CORPORATE GOVERNANCE:**

A Report on Corporate Governance along with a certificate from the Auditors of the Company regarding compliance of the requirement of Corporate Governance, as also a Management Discussion and Analysis Report pursuant to Clause 49 of the Listing Agreement with the Stock Exchange are annexed hereto.

**PARTICULARS AS PER SECTION 217(2A) OF COMPANIES ACT, 1956:**

During the year under review, none of the employees of the Company was in receipt of remuneration aggregating Rs.24,00,000/- or more per annum, if employed throughout the year, or Rs.2,00,000/- or more per month, in case employed for part of the year. Hence, there are no particulars to be annexed to this report as required under Section 217(2A) of the Companies Act, 1956 and the rules made thereunder.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGES AND OUTGO:**

Particulars as required under Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 are given in the Annexure to this report.

**ACKNOWLEDGMENTS:**

Your Directors take this opportunity to place on record their appreciation towards banker, clients and all the business associates for their continuous support to the Company and to the Shareholders for the confidence reposed in the Company's management. The Directors also convey their appreciation to the employees at all levels for their enormous personal efforts as well as collective contribution.

For and on behalf of the Board

Place: Mumbai

Dated: 26th August 2009

Mohan Lal Arora

Chairman and Managing Director



**ANNEXURE TO DIRECTOR'S REPORT**

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo:

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

Conservation of energy:

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

**Year Ended 31/03/2009**

**Year Ended 31/03/2008**

**Power and Fuel Consumption**

**1. Electricity**

**A) Purchase**

Unit		482544	1205091
Total Amount	(Rs.)	2288390	6394090
Rate/Unit	(Rs.)	4.74	5.30

**B) Own generation**

(Through D.G. Set)

Unit			
Diesel Oil Consumed (Ltr.)		NIL	NIL
Total Amount	(Rs.)	NIL	NIL
Avg. per Lt.	(Rs.)	NIL	NIL

**2. Furnace Oil**

Quantity	(Kgs.)	1,41,055	1,51,340
Total Amount	(Rs.)	42,22,328/-	40,61,444/-
Avg. per Kg.	(Rs.)	29.93	26.83

**Technology Absorption:**

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

**Foreign Exchange Earnings and Outgo:**

Foreign Exchange Outgo:	Rs. 511.37 lacs	Rs.645.36 lacs
Foreign Exchange Earned:	NIL	NIL

For and on behalf of the Board

Place: Mumbai  
Dated: 26th August 2009

Mohan Lal Arora  
Chairman and Managing Director



## **MANAGEMENT DISCUSSION AND ANALYSIS**

**(a) Industry structure and developments :**

The industry has competition from the unorganized sector and there is always pressure on selling prices.

**(b) Opportunities and threats**

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

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

The Company has only one business segment i.e. plastic products and the only geographical segment is India. The figures of production and sales for plastic products are furnished in the Notes on Accounts.

**(d) Outlook**

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

**(e) Risks and concerns**

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

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

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

**(g) Financial performance and Analysis**

The net sales increased from Rs 2392.27 lacs in the previous year to Rs 3010.82 lacs in the year under review registering a growth of about 26 %. The profit before tax increased from Rs.45.84 Lacs in the previous year to Rs.51.89 Lacs in the year under review.

**(h) Human Resource Development**

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

The total number of personnel employed as on 31<sup>st</sup> March 2009 were 26 (staff plus workers).





## **REPORT ON CORPORATE GOVERNANCE**

### **COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE**

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

### **BOARD OF DIRECTORS:**

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

<b>Name of the Director</b>	<b>Category</b>	<b>No. of Board Meetings Attended During 2008-09</b>	<b>Attendance at last AGM</b>	<b>No of other Directorships in Companies incorporated in India</b>	<b>No of other Board Committee of which he is member/ Chairman</b>
Shri Mohan Lal Arora, (Managing Director)	Executive Director	10	Yes	3	Nil
Shri Jaspal Singh Bhasin	Non Executive Independent Director	10	Yes	Nil	Nil
Shri S.P.S. Narula	Non Executive Independent Director	10	Yes	Nil	Nil
Shri Sandeep Arora (Wholtime Director)	Executive Director	10	Yes	1	Nil

The Company held ten meetings of its Board of Directors during the year on the following dates:

9 <sup>th</sup> April, 2008	24 <sup>th</sup> April, 2008	24 <sup>th</sup> July, 2008	29 <sup>th</sup> July, 2008	1 <sup>st</sup> September, 2008
1 <sup>st</sup> October, 2008	24 <sup>th</sup> October, 2008	10 <sup>th</sup> November, 2008	3 <sup>rd</sup> December, 2008	24 <sup>th</sup> January, 2009

### **BOARD PROCEDURE:**

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

### **BOARD COMMITTEES:**

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

#### **AUDIT COMMITTEE:**

Brief Description in terms of reference :

The Audit Committee consists of two Non Executive Directors with Shri Jaspal Singh Bhasin (Chairman), Shri S.P. Narula and one Executive Director, Shri Sandeep Arora as Members of the Committee

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

The Audit Committee reviews the following :

- Auditors Report on the financial statements
- Compliance with accounting standards



The Audit Committee was constituted on 31<sup>st</sup> January 2001 as per the provision of Section 292A of the Companies Act, 1956. The Audit Committee has been re-constituted on 20<sup>th</sup> March 2003 and 14<sup>th</sup> September, 2006 as per the clause 49 of the listing agreement. The attendance of the members at the committee meetings is as follows:

Name of the audit committee Members	No. of meetings held	No. of meetings attended
Shri Jaspal Singh Bhasin	4	4
Shri S.P.S. Narula	4	4
Shri Sandeep Arora	4	4

The committee has recommended to the Board the appointment of M/s K.S. Sanghvi & Co., Chartered Accountants, as the statutory and independent auditors of the company for the Financial Year ending March 31<sup>st</sup>, 2010 and that necessary resolution for appointing them as auditors is placed before the shareholders.

#### **REMUNERATION COMMITTEE:**

The Remuneration Committee consists of two Non Executive Directors with Shri S.P.Narula (Chairman), Shri Jaspal Singh Bhasin and one Executive Director, Shri Sandeep Arora as Members of the Committee

The primary objective of the Committee is to determine and recommend to the Board and the members, remuneration payable to the managing Director, to determine and advise the Board on appointment & the payment of remuneration and/or annual increment to the Managing Director and Wholtime Director.

A meeting of the Remuneration committee was held on 26<sup>th</sup> August, 2009. All the Members of the Remuneration committee were present at the meeting.

#### **DETAILS OF REMUNERATION OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH 2009**

Director	Salary And Perquisites	Performance Incentive/bonus	Commission	(Amount in Rs.) Total
Shri. Mohan Lal Arora	1,80,000/- p.a.	Nil	Nil	1,80,000 p.a.

Note: The Remuneration committee has recommended to revise Salary Grade of Shri Mohan Lal Arora to Rs.50,000/- per month — Rs.1,25,000 per month with effect from 1<sup>st</sup> October, 2009 till the remaining period of his appointment as Managing Director i.e upto 28<sup>th</sup> February, 2014 as per Item No.4 of the Notice of the Annual General Meeting. It has also recommended the appointment of Mr. Sandeep Arora, the Whole-Time Director as executive.

#### **SHAREHOLDERS/INVESTOR GRIEVANCE COMMITTEE:**

The Share transfer committee has been re-constituted a Shareholder/Investor grievance committee with effect from 31<sup>st</sup> May 2001. The committee is headed by an executive director and a non-executive director, and consists of the following members.

Shri Jaspal Singh Bhasin

Shri Mohan Lal Arora

Name and Designation of Compliance Officer :

Shri Sandeep Arora acts as the Compliance Officer.

#### **Number of Shareholders complaints received and redressed during the year**

Particulars	2008-2009		2007-2008	
	Received	Attended	Received	Attended
No. of Shareholders Complaint letters	1	1	1	1



**GENERAL BODY MEETINGS:**

Details of location, time and date of last three Annual General Meetings.

Year	Date	Venue	Time
2006	20/09/2006	Plot No. 28/1A, Village Dheku, Takai Adosi Road, Off. Khopoli Pen Road, Tal : Khalapur, Dist. Raigad – 410 203.	11:00 A.M.
2007	29/09/2007	Plot No. 28/1A, Village Dheku, Takai Adosi Road, Off. Khopoli Pen Road, Tal: Khalapur, Dist. Raigad – 410 203.	11:00 A.M.
2008	30/09/2008	Plot No. 28/1A, Village Dheku, Takai Adosi Road, Off. Khopoli Pen Road, Tal : Khalapur, Dist. Raigad – 410 203.	11:00 A.M.

**POSTAL BALLOT:**

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

**DISCLOSURES:**

There are no transactions of material nature with Directors/Promoters or any related entity, which will have any potential conflict with the interests of the Company at large.

There is no non-compliance by the Company or any penalties, strictures imposed by the Stock Exchange, SEBI or any other statutory authority on any matter related to capital markets, during the last three years.

**MEANS OF COMMUNICATION:**

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

**MANAGEMENT DISCUSSION AND ANALYSIS:**

Report on Management discussion and analysis forms a part of the Directors Report for the year ended March 31, 2009.

**GENERAL SHAREHOLDER INFORMATION:**

- |   |  |
|---|--|
| 1. Date, time and venue of Annual General Meeting of Shareholders | 30 <sup>th</sup> September, 2009, 11.00 A.M.<br>Plot No. 28/1A,<br>Village Dheku, Takai Adosi Road,<br>Tal: Khalapur, Dist. Raigad – 410 203.  |
| 2. Dates of book closures   | 28 <sup>th</sup> September 2009 to 30 <sup>th</sup> September, 2009<br>(both days inclusive)   |
| 3. Financial Calendar<br>(tentative and subject to change)        | Financial Results reporting for quarter<br>ended June 30, 2009 on or before July 31, 2009<br>September 30, 2009 on or before October 31, 2009<br>December 31, 2009 on or before January 31, 2010<br>March 31, 2010 on or before April 30, 2010 |
| 4. Listing on stock exchanges                                     | The Stock Exchange, Mumbai   |
| 5. Listing Fees   | Paid for the year 2009-2010 to the<br>Stock Exchange, Mumbai   |
| 6. Registered Office  | Plot No. 28/1A, Village Dheku, Takai<br>Adosi Road, Off. Khopoli Pen Road<br>Dist. Raigad – 410 203.   |



**7. Registrar and Share Transfer agents**

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

**SHARE TRANSFER SYSTEM:-**

Shares sent for physical transfer are generally registered and returned within a period of 30 days from the date of receipt, if the documents are clear in all respects. The Shareholders/ Investors Grievance committee of the Company meets as and when required.

The total numbers of share transferred in physical form during the year 2008-09 were 1,22,200 shares.

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

**9. STOCK MARKET PRICE DATA**

Monthly high and low at the Stock Exchange, Mumbai for financial year ended 31<sup>st</sup> March 2009.

There was no trading for the period from 1<sup>st</sup> January, 2009 to 31<sup>st</sup> March, 2009

**The Bombay Stock Exchange Ltd Mumbai**

	High	Low
April-2008	9.32	8.44
May-2008	8.86	8.66
June-2008	8.86	8.66
July-2008	8.42	8.00
August-2008	7.61	7.61
September-2008	7.61	7.61
October-2008	7.61	7.61
November-2008	7.61	7.61
December-2008	7.61	7.61

**10. DISTRIBUTION OF SHAREHOLDING AS ON 31<sup>ST</sup> March, 2009.**

No. of Equity Share held	No. of Shareholders	% of Shareholders	Amt. In Rs.	% of Total Share Capital
1 - 500	3318	87.731	7837000	12.93
501 - 1000	288	7.615	2152000	3.551
1001- 5000	144	3.808	2934000	4.841
5001 -10000	9	0.238	733000	1.209
10001 - 100000	16	0.423	7647000	12.617
100001 and Above	7	0.185	39307000	64.852
<b>Total</b>	<b>3782</b>	<b>100.00</b>	<b>60610000</b>	<b>100.00</b>



Category	Shareholders Number	Shares % to total Shareholders	Numbers	% to total Capital
Promoter	9	0.24	3805300	62.79
Banks, Financial institutions, Insurance Companies	NIL	NIL	NIL	NIL
Mutual Funds	4	0.10	146300	2.41
Private Corporate Bodies	22	0.58	260400	4.30
FII's / NRI /OCB's	72	1.90	351800	5.80
Indian Public	3675	97.18	1497200	24.70
<b>Total</b>	<b>3782</b>	<b>100.00</b>	<b>6061000</b>	<b>100.00</b>

**11. DEMATERIALISATION OF SHARES AND LIQUIDITY**

The Company has established connectivity with Central Depository Services (India) Limited and National Securities Depository Limited. As on 31<sup>st</sup> March 2009, 6061000 Equity Shares representing 100% has been as follows

Category	No.of Shares	%age of Share- holders to Total	No.of Share-Holders	%age to Total
C.D.S.L.	33,09,600	54.60	102	2.70
N.S.D.L	2,94,400	4.86	254	6.72
Physical	24,57,000	40.54	3,426	90.58
<b>Total</b>	<b>60,61,000</b>	<b>100</b>	<b>3,782</b>	<b>100</b>

**12. PLANT LOCATION:**

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

**14. ADDRESS FOR CORRESPONDENCE:**

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

**15. OUTSTANDING CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND LIKELY IMPACT ON EQUITY.**

There are no outstanding convertible instruments as on date.

**16. STOCK EXCHANGE LISTINGS**

The Bombay Stock Exchange Ltd., Mumbai  
Stock Code: 526 901.  
ISIN NO. INE344I01017

**17. MANAGING DIRECTOR'S DECLARATION ON CODE OF CONDUCT AND ETHICS:**

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

**For and on behalf of the Board**

Place: Mumbai  
Date: 26<sup>th</sup> August 2009

**Mohan Lal Arora**  
Chairman and Managing Director



**AUDITORS' REPORT TO THE MEMBERS OF SONAL ADHESIVES LIMITED**

1. We have audited the attached Balance Sheet of **Sonal Adhesives Limited, Mumbai** as at 31 Mar 09 and also the Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit,
  - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - iii. The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - iv. In our opinion, the Balance Sheet and Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
5. On the basis of the written representations received from the directors, as on 31 Mar 09, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 Mar 09 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a. In the case of the Balance Sheet, of the state of affairs of the Company as at 31 Mar, 2009; and;
  - b. In the case of the Profit and Loss Account, of the Profit for the year ended on that date;
  - c. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**For K S Sanghvi & Co**  
Chartered Accountants

Place : Mumbai  
Date : 26 Aug 09

K S Sanghvi  
**Partner**  
Membership No.: 31123



## **ANNEXURE TO THE AUDITORS' REPORT**

**(Referred to in paragraph 3 of our report of even date)**

- (A) Having regard to the nature of the Company's business / activities and results for the year, clauses (viii), (xiii) and (xiv) of Companies (Auditor's Report) Order (As amended), 2004 are not applicable.
- (i) (a) *The Company has not produced the details pertaining to fixed assets before us for the purpose of our verification and hence we are unable to comment whether the Company has maintained proper records pertaining to fixed assets.*
- (b) According to the information explanation given to us, a substantial portion of fixed assets has been physically verified by the Management at reasonable interval, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were observed on such verification.
- (c) During the year, the Company has not disposed off a major part of the fixed assets.
- (ii) (a) According to the information and explanations given to us, the Management has physically verified the inventory at reasonable intervals. We have obtained balance confirmations from third parties in respect of inventory lying with them.
- (b) We are informed that the procedures followed by the Management are reasonable and adequate in relation to the size of the company and nature of business. No inadequacies in such procedures were noticed by the Management.
- (c) The company is maintaining proper records of inventory. We have been informed that no material discrepancies were noticed on physical verification.
- (iii) (a) According to the information and explanations given to us, the Company has not granted loans, secured or unsecured, to companies, firms or other parties whose names are required to be entered in the register to be maintained under section 301 of the Companies Act, 1956. Accordingly, sub-clause (b), (c) and (d) of clause 4(iii) of the Companies (Auditor's Report) Order (as amended), 2004 are not applicable to the Company.
- (e) According to the information and explanations given to us the Company has not taken any loans from companies, firms or other parties covered in the register required to be maintained under section 301 of the Companies Act, 1956. Accordingly, sub-clause (f) and (g) of clause 4(iii) of the Companies (Auditor's Report) Order (as amended), 2004 are not applicable to the Company.
- (iv) In our opinion and according to the information and explanation given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) Since there are no transactions carried out with parties whose name is required to be entered in the Register which is required to be maintained under section 301 of the Companies Act, 1956, this clause along with sub-clause (b) of clause 4(v) the Companies (Auditor's Report) Order (as amended), 2004 is not applicable to Company.
- (vi) The Company has not accepted any deposits from the public.
- (vii) *The Company does not have an internal audit system.*
- (ix) (a) The Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, income-tax, sales tax and other material statutory dues applicable to it. Since the company does not have any unclaimed dividend, provisions relating to investor education and protection fund are not applicable to the Company.
- (b) According to the information and explanation given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, sales-tax and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable except Income – tax demand for the Assessment year 1995 – 96 for rupees 564260 which is pending before the honorable Income Tax Appellate Tribunal, Mumbai.



- (x) The Company does not have accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) On the basis of verification of records and as per information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution or bank.
- (xii) According to the information and explanation given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xv) According to the information and explanation given to us, the Company has not given guarantees for loans taken by others from banks or financial institutions.
- (xvi) The term loans have been applied for the purpose for which they were obtained.
- (xvii) According to the information and explanation given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have been used for long term investment.
- (xviii) The Company has not made any preferential allotment of shares to the parties or companies covered in the register required to be maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by way of public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanation given by the Management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

**For K S Sanghvi & Co**  
Chartered Accountants

Place : Mumbai  
Date : 26 Aug 09

K S Sanghvi  
Partner

Membership No.: 31123

**Auditor's Certificate regarding compliance of conditions of corporate governance**

To the Members of Sonal Adhesives Limited

We have examined the compliance of conditions of Corporate Governance by Sonal Adhesives Limited for the year ended 31 Mar 09 as stipulated in Clause 49 of the Listing Agreement(s) of the said Company with stock exchange(s) in India. The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement(s). We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For K. S. SANGHVI & CO.**  
Chartered Accountants  
**KIRIT S. SANGHVI**  
(Partner)  
M.No.31123

Date : 26 Aug 09  
Place: Mumbai





**BALANCE SHEET AS AT 31st MARCH ' 2009.**

Particulars	Schedule No.	As at 31.03.2009	As at 31.03.2008
<b><u>SOURCES OF FUNDS</u></b>			
<b>Shareholders' Fund</b>			
Share Capital	A	60,610,000	60,610,000
Reserves and Surplus	B	18,711,371	20,937,510
<b>Net Worth</b>		<b>79,321,371</b>	<b>81,547,510</b>
<b>Loan Funds:</b>			
Secured Loans	C	65,437,920	65,298,189
Unsecured Loans	D	12,164,090	8,284,766
Deferred tax liability	E	4,144,543	4,449,076
		<b>81,746,553</b>	<b>78,032,031</b>
<b>Total Sources of Funds</b>		<b>161,067,924</b>	<b>159,579,541</b>
<b>Application of funds:</b>			
<b>Fixed Assets:</b>			
	F		
Gross block		50,184,675	49,869,691
Less: Accumulated depreciation		19,408,439	16,985,493
<b>Net block</b>		<b>30,776,236</b>	<b>32,884,198</b>
<b>Investments:</b>			
<b>Current assets, loans and advances:</b>			
Inventories	G	94,525,320	113,512,746
Sundry debtors	H	40,325,209	24,546,223
Cash and bank balances	J	5,472,820	1,913,564
Loans and advances	K	14,329,073	10,359,922
Other current assets	L	43,331,147	48,259,564
		<b>197,983,569</b>	<b>198,592,019</b>
<b>Less: Current liabilities and provisions</b>			
Current liabilities	M	59,228,350	57,152,579
Provisions	N	8,463,531	14,744,096
		<b>67,691,881</b>	<b>71,896,675</b>
<b>Net current assets</b>		<b>130,291,688</b>	<b>126,695,344</b>
<b>Miscellaneous Expenditure</b>		<b>-</b>	<b>-</b>
<b>Total Application of Funds</b>		<b>161,067,924</b>	<b>159,579,541</b>

Schedules "A" to "N" and Notes to Accounts in Schedule "V" form an integral part of the balance sheet

**As per our report of even date**

**For K. S. Sanghvi & Co.**  
Chartered Accountants

**Kirit S. Sanghvi**  
Partner.M.No.31123  
Place : Mumbai  
Date : 26th August 2009

**For Sonal Adhesives Ltd.**

**Mohan Arora**  
(Director)  
Place : Mumbai  
Date : 26th August 2009

**Sandeep Arora**  
(Director)



**PROFIT & LOSS ACCOUNT  
FOR THE YEAR ENDING 31st MARCH '2009.**

Particulars	Schedule No.	For the year ended 31.03.2009	For the year ended 31.03.2008
<b><u>INCOME</u></b>			
1 Sales and operations	P	301,082,028	239,226,879
2 Other income	Q	401,674	989,902
		<b>301,483,702</b>	<b>240,216,781</b>
<b><u>EXPENDITURE</u></b>			
3 Cost of goods sold	R	271,029,516	218,272,589
4 Personnel Cost	S	3,798,219	3,044,169
5 Other expenditure	T	12,849,168	7,339,750
		<b>287,676,903</b>	<b>228,656,508</b>
<b>Profit before interest, depreciation, extraordinary items and tax</b>		13,806,799	11,560,274
6 Interest	U	6,193,404	4,678,463
7 Depreciation	F	2,422,946	2,297,953
		<b>8,616,350</b>	<b>6,976,416</b>
<b>8 Profit before extraordinary items, prior period items and tax</b>		<b>5,190,449</b>	<b>4,583,858</b>
9 Prior period and extraordinary items			
Prior period items (Refer Note 2.6 of Schedule V)		1,320	
<b>Profit before tax</b>		<b>5,189,129</b>	<b>4,583,858</b>
<b>Tax:</b>			
10 Current		2,025,000	1,025,000
11 Deferred tax (Assets Written Back)	E	(304,533)	(903,124)
12 Fringe benefit tax		100,000	-
<b>Profit after tax</b>		<b>3,368,662</b>	<b>4,461,982</b>
<b>Profit available for appropriation</b>		<b>3,368,662</b>	<b>4,461,982</b>
Earnings per share (Refer Note 2.10 of Schedule V)		0.56	0.74
Basic and diluted			

Schedules "P" to "U" and Notes to Accounts in Schedule "V" form an integral part of the Profit and Loss Account

**As per our report of even date**

**For K. S. Sanghvi & Co.**  
Chartered Accountants

**Kirit S. Sanghvi**  
Partner.M.No.31123  
Place : Mumbai  
Date : 26th August 2009

**For Sonal Adhesives Ltd.**

**Mohan Arora**  
(Director)  
Place : Mumbai  
Date : 26th August 2009

**Sandeep Arora**  
(Director)



**SCHEDULES TO ACCOUNTS**

	<b>As at 31.03.2009</b>	<b>As at 31.03.2008</b>
<b>Schedule 'A' : Share Capital</b>		
Authorized:		
7000000 Equity shares of Rs 10 each.	70,000,000	70,000,000
Issued, subscribed and paid up:		
6061000 Equity shares of Rs 10 each, fully paid.	60,610,000	60,610,000
<b>Total</b>	<b>60,610,000</b>	<b>60,610,000</b>
<b>Schedule 'B': Reserves and Surplus:</b>		
<b>Capital Reserves:</b>		
<b>Capital Subsidy</b>		
Opening balance	1,000,000	1,000,000
Add: Additions during the year	-	-
Less: Withdrawals during the year	-	-
<b>Closing balance</b>	<b>1,000,000</b>	<b>1,000,000</b>
<b>General Reserves:</b>		
<b>Profit and Loss Account:</b>		
Opening balance	19,937,510	15,812,277
Add: Additions during the year	3,368,662	4,461,982
Less: Withdrawals during the year	5,594,801	336,749
<b>Closing balance</b>	<b>17,711,371</b>	<b>19,937,510</b>
<b>Total Reserves and Surplus</b>	<b>18,711,371</b>	<b>20,937,510</b>
<b>Schedule 'C': Secured loans</b>		
SBI Cash Credit (Andheri)	13,564,417	14,197,235
SBI EPC	50,534,960	49,961,013
SBI Khopoli OD	866,246	411,686
Kotak Mahindra Prime Limited (Car Loan) (Refer Note 2.13 of Schedule V)	472,297	728,255
<b>Total</b>	<b>65,437,920</b>	<b>65,298,189</b>
<b>Schedule 'D': Unsecured loans</b>		
Sales Tax Deferral Account	11,408,102	7,528,778
Sales Tax Expansion Scheme	755,988	755,988
<b>Total</b>	<b>12,164,090</b>	<b>8,284,766</b>
<b>Schedule 'E': Deferred tax liability</b>		
<b>Deferred tax liability</b>		
Opening balance	4,449,076	5,352,200
Add: Additions during the year	-	-
Less: Adjustments during the year (Refer Note 2.12 of Schedule V)	(304,533)	903,124
<b>Total</b>	<b>4,144,543</b>	<b>4,449,076</b>



**SCHEDULE-F FIXED ASSETS AS ON 31ST MARCH' 2009.**

Sr. No.	Description	Dep. %	GROSS BLOCK			DEPRECIATION				NET BLOCK		
			As on 01.04.2008	Additions during year	Deductions during year	As on 31.03.2009	Up to 01.04.2008	During the year	Deduction during year	Up to 31.03.2009	As on 31.03.2009	As on 31.03.2008
1	Land	-	207,130	-	-	207,130	-	-	-	-	207,130	207,130
2	Factory Building	3.34%	12,274,905	-	-	12,274,905	4,845,949	409,982	-	5,255,931	7,018,974	7,428,956
3	Office Premises	1.63%	569,728	-	-	569,728	234,060	9,287	-	243,347	326,381	335,668
4	Machinery	4.75%	30,614,521	175,760	-	30,790,281	8,180,509	1,460,107	-	9,640,616	21,149,665	22,434,012
5	Electrical Installation	4.75%	2,392,347	-	-	2,392,347	1,342,625	113,636	-	1,456,262	936,085	1,049,722
6	Lab Equipments	4.75%	12,196	-	-	12,196	7,904	579	-	8,484	3,712	4,292
7	Motor Vehicle	9.50%	1,398,506	-	-	1,398,506	362,423	132,858	-	495,281	903,225	1,036,083
8	Motor Cycle	9.50%	22,849	-	-	22,849	22,849	-	-	22,849	-	-
9	Bicycle	7.07%	4,535	-	-	4,535	3,490	321	-	3,810	725	1,045
10	Air-conditioner	4.75%	3,825	14,506	-	18,331	2,455	406	-	2,861	15,470	1,370
11	Computer	16.21%	1,520,760	54,896	-	1,575,656	1,466,851	247,591	-	1,714,442	(138,786)	53,909
12	Generating Set	4.75%	208,900	-	-	208,900	100,824	9,923	-	110,747	98,154	108,076
13	Office Equipment	4.75%	297,845	6,375	-	304,220	136,998	14,177	-	151,175	153,045	160,847
14	Furniture & Fixture	6.33%	341,644	63,447	-	405,091	278,557	24,079	-	302,636	102,455	63,087
	<b>Total</b>		<b>49,869,691</b>	<b>314,984</b>	<b>-</b>	<b>50,184,675</b>	<b>16,985,493</b>	<b>2,422,946</b>	<b>-</b>	<b>19,408,439</b>	<b>30,776,236</b>	<b>32,884,198</b>
	<b>Previous year (2007 - 08)</b>		<b>51,963,896</b>	<b>5,468,783</b>	<b>7,562,981</b>	<b>49,869,691</b>	<b>17,255,754</b>	<b>2,297,953</b>	<b>2,568,214</b>	<b>16,985,493</b>	<b>32,884,198</b>	

**Note:**

- The addition to fixed assets have been classified in accordance with the classification normally adopted by the Management.
- The additions to fixed assets are exclusive of VAT since the Company claims set off credit for the same.
- Motor cycle has been fully depreciated.



**SCHEDULES TO ACCOUNTS**

	<b>As at 31.03.2009</b>	<b>As at 31.03.2008</b>
<b>Schedule 'G': Inventories</b>		
Raw materials	38,454,015	23,721,851
Finished goods	53,942,042	89,790,895
Packing Materials	1,468,620	-
Consummables	660,643	-
<b>Total</b>	<b>94,525,320</b>	<b>113,512,746</b>
<b>Schedule 'H': Sundry debtors</b>		
Debts outstanding for more than 6 months:		
Unsecured - Considered good	1,717,516	1,164,484
Unsecured - Considered doubtful	-	-
<b>Total</b>	<b>1,717,516</b>	<b>1,164,484</b>
Less: Provision for doubtful debts	-	-
	<b>1,717,516</b>	<b>1,164,484</b>
Other debts (Unsecured - considered good)	20,263,065	18,118,962
Dues from companies in which the directors are interested	18,344,628	5,262,777
<b>Total</b>	<b>40,325,209</b>	<b>24,546,223</b>
<b>Schedule 'J': Cash and bank balances</b>		
Cash on hand	345,959	917,064
<b>Bank balances:</b>		
In current account with scheduled banks:	5,126,861	996,499
In other accounts	-	-
<b>Total</b>	<b>5,472,820</b>	<b>1,913,564</b>
<b>Schedule 'K': Loans and advances</b>		
Advance to staff	75,089	-
Advance to suppliers	2,337,621	-
Balances lying with government authorities	11,916,363	10,359,922
<b>Total</b>	<b>14,329,073</b>	<b>10,359,922</b>
<b>Schedule 'L': Other current assets</b>		
Deposits with companies in which directors are interested	42,500,000	42,500,000
Other deposits	831,147	5,759,564
<b>Total</b>	<b>43,331,147</b>	<b>48,259,564</b>



**SCHEDULES TO ACCOUNTS**

	<b>As at 31.03.2009</b>	<b>As at 31.03.2008</b>
<b>Schedule 'M': Current liabilities</b>		
<b>Sundry creditors</b>		
Dues to Micro, Small and Medium Enterprises (Refer Note 3.4 to Schedule V)	-	-
Dues to enterprises other than Micro, Small and Medium Enterprises	58,412,890	56,069,635
Duties and taxes payable	2,583	-
Advances received from customers	791,982	1,062,044.
Deposits accepted	20,895	20,895
<b>Total</b>	<b>59,228,350</b>	<b>57,152,574</b>
<b>Schedule 'N': Provisions</b>		
Provision for FBT (FY 2007 - 08)	95,000	95,000
Provision for Income Tax (FY 2007 - 08)	1,025,000	1,025,000
Provision for Income Tax (AY 07 - 08)	900,000	900,000
Provision for Income Tax (AY 09 - 10)	2,025,000	-
Provision for Fringe Benefit Tax (AY 09 - 10)	100,000	-
VAT Payable	485	-
Provision for leave salary	175,208	-
Provision for gratuity	511,846	-
Outstanding Expense	741,055	12,724,096
Excise duty on closing finished stock	2,889,937	-
<b>Total</b>	<b>8,463,531</b>	<b>14,744,096</b>
<b>Schedule 'P': Sales</b>		
Sales from HO	314,470,973	225,737,444
Add: Sales from Bangalore Branch	8,259,345	27,390,062
Add: Sales from Chennai Branch	7,393,970	13,019,967
Add: Sales from Silvassa Branch	-	3,089,692
Less: Excise duty on Sales	29,042,260	30,010,285
<b>Total</b>	<b>301,082,028</b>	<b>239,226,879</b>
<b>Schedule 'Q': Other income</b>		
Miscellaneous income	142,245	26,395
Interest income (Gross of TDS Rs 48034)	259,429	184,029
<b>Total</b>	<b>401,674</b>	<b>210,424</b>



**SCHEDULES TO ACCOUNTS**

	<b>As at 31.03.2009</b>	<b>As at 31.03.2008</b>
<b>Schedule 'R': Cost of Goods Sold</b>		
Opening stock of Finished Goods	89,790,895	54,045,317
Opening stock of Raw Materials	23,721,851	33,003,401
Less: Excise duty on Opening Stock	(11,111,250)	
Add: Purchases of stock - HO	235,466,687	205,027,940
Purchase of license	334,376	373,206
<b>Add: Direct expenses</b>		
Excise Duty on Closing Stock	2,889,937	11,296,027
Clearing and Forwarding/Port/Octroi	221,509	473,592
Consumable	745,044	753,119
Electricity Charges	2,339,737	6,450,441
Factory Expenses	292,958	457,749
Freight & Forwarding Charges	1,670,488	1,657,339
Loading & Unloading Charges	185,654	2,316,600
Manufacturing Expenses	16,282,528	12,338,498
Repairs & Maintenance (Machinery)	482,948	398,085
Security Charges	639,895	515,174
Stores & Spares Expenses	1,666,144	2,027,786
Salary (Factory)	1,125,629	2,020,294
Gratuity (Factory)	12,150	-
Other Allowance (Factory)	769,895	-
Less: Discounts received	1,603,392	725,956
Less: Rate differences	368,847	643,277
Less: Closing stock	94,525,320	113,512,746
<b>Total</b>	<b>271,029,516</b>	<b>218,272,589</b>
<b>Schedule 'S': Personnel cost</b>		
Director's Remuneration	660,000	180,000
Gratuity (H.O.)	66,345	-
Provision for gratuity	465,693	-
Labour Welfare Fund	(1,229)	-
Leave Salary paid	36,433	-
Provision for Leave Salary	175,208	-
Provident Fund	627,977	633,376
Other Allowance (HO)	554,552	-
Salary (H.O)	1,213,240	2,230,793
<b>Total</b>	<b>3,798,219</b>	<b>3,044,169</b>



**SCHEDULES TO ACCOUNTS**

	<b>As at 31.03.2009</b>	<b>As at 31.03.2008</b>
<b>Schedule 'T': Other Expenditure</b>		
Advertisement & Publicity	51,134	70,671
Audit Fees (Refer Note 3.3 to Schedule V)	120,000	120,000
Bad Debts written off	489,128	-
Bank Charges	866,400	1,008,466
Books & Periodicals	3,023	5,947
Charity & Donations	30,300	-
Commission on Sales	220,903	424,247
Conveyance Expenses	217,137	375,013
Domestic & Foreign Travel	518,586	870,711
Exchange Fluctuation	6,356,374	11,016
Fringe Benefit Tax	-	97,825
General Expenses	68,020	74,272
Insurance Premium	707,504	809,583
Income Tax	-	41,981
Interest	-	77,529
Listing Fees	17,800	15,446
Membership & Subscriptions	36,484	13,374
Office Maintenance Expenses	108,114	116,013
Postal Expenses	145,237	159,155
Printing & Stationery	215,132	183,115
Professional Fees	137,300	365,519
Professional Tax	9,310	4,742
Preliminary expenditure written off	-	200,161
Recruitment Charges	7,500	12,000
Registrar Expenses	39,314	30,000
Rent Rates & Taxes	495,721	211,030
Repairs & Maintenance (Vehicle)	281,973	123,781
Sales Promotion Expenses	139,214	32,592
Sales Tax	281,691	736,157
Staff Welfare Expenses	275,395	238,174
Sundry Balance Written Off	2,876	189,375
Telephone Expenses	414,788	489,607
Terminal handling charges	391,146	-
Testing Charges	750	42,834
Trade Discount	31,240	189,414
Water Charges	148,425	-
Xerox / Typing Charges	21,250	-
<b>Total</b>	<b>12,849,168</b>	<b>7,339,750</b>
<b>Schedule 'U': Interest cost</b>		
Interest to Sales Tax Authorities	15,175	-
Interest On Car Loan	46,706	15,143
Bank Interest	6,131,523	4,663,320
<b>Total</b>	<b>6,193,404</b>	<b>4,678,463</b>





**Schedule V**

Significant accounting policies and Notes to Accounts for the year ended 31 Mar 09

**1. Nature of business**

- 1.1 The Company is in the business of manufacturing Adhesive Tapes and Plastic Ropes. The manufacturing facility of the Company is situated at Khopoli and its administrative office is situated in Andheri (West). The Company exports its products through its associate companies. The Company also gets some part of the manufacturing done from its associate companies on job work basis.

**2. Significant accounting policies**

**2.1. Accounting convention**

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

**2.2. Use of Estimates**

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

**2.3. Revenue Recognition**

Sales of the Company comprise sale of BOPP tapes and ropes. Revenue is recognized when the risks and rewards are substantially transferred to the buyer. This usually occurs when the goods leave the premises of the Company.

Interest income is recognized on accrual basis.

**2.4. Expenses and incomes**

Expenses and incomes are accounted for on accrual basis. Provisions are made for all known liabilities.

**2.5. Fixed Assets and Depreciation**

Fixed assets are stated at cost less accumulated depreciation. Cost includes taxes, duties, freight and incidental expenses (which are not subsequently recoverable from the tax authorities) related to the acquisition and installation of the asset.

Fixed assets are depreciated on Straight Line Method ('SLM') at the rates prescribed by Schedule XIV of the Companies Act, 1956. Depreciation is charged on a pro - rata basis on additions made during the year. Assets costing below Rs 5000 are expensed out in the year of purchase.

**2.6. Prior period items**

Prior period items include amount of Rs 1320 pertaining to Rent, Rates and Taxes incurred during the period Oct 07 to Mar 08.

**2.7. Foreign exchange transactions**

Transactions in foreign currency are booked at standard rates determined periodically, which approximate the actual rates, and all monetary assets and liabilities in foreign currency are restated at the year-end. Gain / loss arising out of fluctuations on realization / payment or restatement, except those identifiable to acquisition of fixed assets is charged / credited to the profit and loss account. Gain / loss on account of exchange fluctuations identifiable to fixed assets acquired are adjusted against the carrying value of the related fixed asset.



## 2.8. Inventory

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

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

Inventory is valued on weighted average basis.

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

## 2.9. Segment reporting

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

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

## 2.10 Earnings per Share

Particulars	2008 - 2009	2007 - 2008
Profit after tax	3,368,662	4,461,982
Less: Preference dividend after distribution thereon	-	-
<b>Adjusted Profit After Tax</b>	<b>3,368,662</b>	<b>4,461,982</b>
Weighted average number of Equity Shares	6,061,000	6,061,000
<b>Earnings per share Basic and Diluted</b>	<b>0.56</b>	<b>0.74</b>
Face value per share	10.00	10.00

## 2.12 Taxes on income

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

Particulars of timing differences	Amount (Rs)
<b>Deferred tax liability</b>	
Depreciation	359,642
<b>Deferred tax asset</b>	
Tax impact of expenses (net) charged in the financial statements but allowable as deduction in future years under the Income Tax Act, 1961.	1,345,185
<b>Net Deferred Tax Asset</b>	<b>985,543</b>
Tax Rate	30.90%
<b>Deferred tax asset (Rounded to nearest rupee)</b>	<b>304,533</b>

## 2.13 Secured loans

Secured loan represents loans obtained for commercial purposes. These loans are secured by mortgage of the Company's immovable property and hypothecation of the movable properties, stocks, book debts and personal guarantees of the directors.

Loan from Kotak Mahindra Prime Limited is secured against car.



#### 2.14. Contingent liabilities

The following are the contingent liabilities outstanding as at the balance sheet date.

- Bank Guarantees pertaining to sales tax aggregate to Rs 7.28 lakhs (Previous Year Rs 2.36 lakhs).
- Letter of Credits outstanding aggregate to Rs 78.62 lakhs (Previous Year: Rs 1.96 Crores).
- Income Tax demand for Rs. 5.64 lakhs has been raised by the Assessing officer for the AY 1995 - 96. The Company has disputed the demand and preferred an appeal before Income Tax (Tribunal) and final judgment is awaited.

#### 2.15 Unsecured loans

- Under the packaging scheme of incentives of the Government of Maharashtra, the Company is entitled to defer its liability for the payment of sales tax upto a period of 10 years for its manufacturing facility at Khopoli. The amount is payable as per liability determined by the Sales Tax authorities. The Company has paid Rs 17.15 lakhs as sales tax liability on this account during the year. However, additional liability for deferral of sales tax payment has arisen in view of the assessments completed under the sales tax laws. The Management is of the view that the liability pertains to earlier years and hence the provision for additional liability should be made out of the reserves and surplus account. As a result, an additional liability of Rs 55.94 lakhs has been created by reducing the reserves and surplus.

2.16 Since the Directors (including the Managing Director) are not drawing any commission, computation of commission for the year ended 31 Mar 09 as prescribed by sections 198, 309, 349 and 268 read with schedule XIII of the Companies Act, 1956 is not applicable.

2.17 Previous year figures have been regrouped wherever necessary.

#### 2.18 Related Party Disclosures

Particulars	Associates		Key Management Personnel		Relatives of Key Management Personnel		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
<b>Sales</b>								
1. Sonal Impex Limited	124,088,603	77,356,494	-	-	-	-	124,088,603	77,356,494
<b>Purchases of raw materials and intermediaries</b>								
1. Sonal Impex Limited	347,751	373,206	-	-	-	-	347,751	373,206
2. Sonal Filaments Limited	2,312,664	-	-	-	-	-	2,312,664	-
<b>Receipt of Manufacturing services</b>								
1. Sonal Filaments Limited	7,319,858	8,325,213	-	-	-	-	7,319,858	8,325,213
Managerial Remuneration	-	-	660,000	180,000	480,000	225,000	1,140,000	405,000
<b>Rent Expense</b>								
1. Sonal Ropes Limited	120,000	47,640	-	-	-	-	120,000	47,640
<b>Balance outstanding at the year end [debit / (credit)]</b>								
1. Sonal Ropes Limited	(9,186,786)	(11,552,621)	-	-	-	-	(9,186,786)	(11,552,621)
2. Sonal Filaments Limited	(14,033,533)	(7,510,895)	-	-	-	-	(14,033,533)	(7,510,895)
3. Sonal Impex Limited	18,344,627	5,262,777	-	-	-	-	18,344,627	5,262,777

#### Notes:

1. Items of a similar nature may be disclosed in aggregate by type of related party except when separate disclosure is necessary for an understanding of the effects of related party transactions on the financial statements of the reporting enterprise. Disclosure of details of particular transactions with individual related parties would frequently be too voluminous to be easily understood. Accordingly, items of a similar nature may be disclosed in aggregate by type of related party. However, this is not done in such a way as to obscure the importance of significant transactions. Hence, purchases or sales of goods are not aggregated with purchases or sales of fixed assets. Nor a material related party transaction with an individual party is clubbed in an aggregated disclosure.



2. Key Management Personnel include Mohan Arora (Managing Director) and Sandeep Arora.
3. Relatives to Key Management Personnel include Mona Arora.
4. Goods are sold on three (3) month credit to non-related parties. Four (4) months credit period is generally allowed on sales made to associates.
5. Loans made, if any, to key management personnel are interest free.
6. Loans taken from enterprises owned by key management personnel do not stipulate any repayment schedule.
7. Goods sold to Sonal Impex Limited are not sold in India and hence there is no price comparison between goods sold to Sonal Impex Limited and goods sold to an unrelated party.
8. Remuneration paid to directors is disclosed in Point 3.2 in the Notes to Accounts.

**2.19 Provisions**

Sr No	Particulars	Opening balance	Additional provision created during the year	Amounts used	Unused amounts reversed during the year	Closing provision balance
		(A)	(B)	(C)	(D)	(E) = (A) + (B) - (C) - (D)
1	Outstanding expenses	1,301,077	741,055	1,301,077	-	741,055
2	Profession tax payable	400	57,875	58,275	-	-
3	Prov for Fringe Benefit Tax (FY 07 - 08)	95,000	-	-	-	95,000
5	Prov for Income Tax (FY 07 - 08)	1,025,000	-	-	-	1,025,000
6	Prov for Income Tax (FY 06 - 07)	900,000	-	-	-	900,000
7	Salary & bonus payable	53,577	3,253,429	3,307,006	-	-
8	VAT payable	485	-	-	-	485
9	Provision for Income Tax (AY 09 - 10)	-	2,025,000	-	-	2,025,000
10	Provision for Fringe Benefit Tax (AY 09 - 10)	-	100,000	-	-	100,000
11	Provision for leave salary	-	175,208	-	-	175,208
12	Provision for gratuity	-	511,846	-	-	511,846
13	Excise duty on closing stock of Finished Goods	-	2,889,937	-	-	2,889,937
	<b>Total</b>	<b>3,375,539</b>	<b>9,754,350</b>	<b>4,666,358</b>	<b>-</b>	<b>8,463,531</b>

**Note:**

- 1 No reimbursement is expected on any of the above provisions.
- 2 The provisions for Income Taxes have been made against the advance taxes paid for those years.
- 3 The provisions for outstanding expenses have been made on the basis of best estimate and the available evidence at the balance sheet date.



**3. Other financial information**

**3.1 No whole time company secretary**

The Company does not have a whole time company secretary as prescribed by section 383A of the Companies Act, 1956.

**3.2 Managerial remuneration**

Particulars	31-Mar-09	31-Mar-08
Director's remuneration	660,000	180,000
Perquisites and other benefits	-	-
<b>Total</b>	<b>660,000</b>	<b>180,000</b>

Director's remuneration has been included in personnel cost.

**3.3 Auditor's Remuneration**

Particulars	2008 - 2009	2007 - 2008
Statutory audit fees	75,000	75,000
Tax audit	45,000	45,000
Other services	-	-
Out of pocket expenses	-	-
<b>Total</b>	<b>120,000</b>	<b>120,000</b>

The above fees are exclusive of service tax.

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

**3.4 Micro Small and Medium Enterprises**

The Company has not received any intimation from its suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence, the disclosures, if any, relating to the amounts unpaid as at 31 Mar 09 together with the interest paid / payable as required under the said Act have not been given.

**3.5 Balance of debtors, creditors and bank are subject to confirmations from the respective parties.**

**3.6 Quantitative information**

**Quantitative details of stock**

**Capacities and actual production**

Class of goods	Units	Licensed capacity		Installed capacity		Actual production	
		2009	2008	2009	2008	2009	2008
BOPP Tapes	Lakhs sqm	NA	NA	1300	1300	324	316.42
Ropes	Lakhs kgs	NA	NA	12	12	12.86	8.77
<b>Total</b>				<b>1312</b>	<b>1312</b>	<b>336.86</b>	<b>325.2</b>

Notes:

1. The installed capacity is as certified by the Management and not verified by the auditors, this being a technical matter.
2. Actual production includes production of goods captively consumed.



Purchase of each class of Raw Material					
Class of goods	Units of measurement	2009		2008	
		Quantity	Value	Quantity	Value
BOPP Film	Kgs	776,063	82,188,699	704,153	70,076,945
Plastic Granules	Kgs	1,413,400	87,304,876	1,063,500	71,158,658
Butyl Acrylate	Kgs	718,790	70,018,124	743,640	69,725,016
<b>Total</b>			<b>239,511,699</b>		<b>210,960,619</b>

Sale of each class of finished goods					
Class of goods	Units	2009		2008	
		Quantity	Value	Quantity	Value
BOPP Tapes	Sqm	32,809,792	138,271,217	29,915,161	132,450,881
Ropes	Kgs	1,305,069	105,536,691	1,074,785	77,525,655
Acrylic Polymer Emulsion	Kgs	212,844	11,349,685	359,142	17,406,971
<b>Total</b>			<b>255,157,593</b>		<b>227,383,507</b>

Closing stock of each class of finished goods					
Class of goods	Units	2009		2008	
		Quantity	Value	Quantity	Value
Adhesive Coated Rolls	Sq Mts	2257424	15421457	3064950	22593084
Acrylic Polymer	Kgs	825	37,946	71,930	4,315,800
Ropes	Kgs	138,957	31,960,110	355,433	45,954,000
Tapes	Cartons	914	850,644	1,069	13,830
<b>Total</b>			<b>48,270,157</b>		<b>50,283,630</b>

**Note:**

The closing stock stated above is after adjustments for in - transit brokerage, obsolete and expired stocks and also for captive consumption.

Break up of materials consumed					
Class of goods	Units of measurement	2009		2008	
		Quantity	Value	Quantity	Value
Butyl Acrylate	kgs	776,215	54,131,368	811,114	74,220,129
Bopp Film	kgs	724,022	84,411,295	711,214	70,668,773
Granules	kgs	1,155,778	89,456,130	1,077,261	70,342,628
<b>Total consumption (net of cenvat)</b>			<b>227,998,793</b>		<b>215,231,530</b>

Note: Figures as certified by Management

4. Supplementary statutory information		Current Year Figures	Previous Year Figures
<b>A. Expenditure in foreign currency</b>			
Travelling		275,813.00	348,196.00
Royalty		-	-
Know-how		-	-
Professional and consultation fees		-	-
Interest		-	-
Others		-	-
Others		-	-



**5. Balance sheet abstract**

**I Registration Details**

Registration Number	11-64045	State Code	011
Balance sheet date	31-Mar-09		

**II Capital raised during the year**

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

**III Position of mobilization and utilization of funds (Amount in lakhs)**

Total liabilities	1610.68	Total Assets	1610.68
-------------------	---------	--------------	---------

**Sources of funds**

Paid up capital	606.10	Reserves and Surplus	187.11
Secured Loans	654.38	Unsecured Loans	121.64
Deferred tax liability	41.45		

**Application of funds**

Net Fixed Assets	307.76	Net Current Assets	1302.92
------------------	--------	--------------------	---------

**IV Performance of the Company (Amount in lakhs)**

Turnover	3010.82	Total Expenditure	2962.93
Profit before tax	51.89	Profit after tax	33.69
Earnings Per Share	0.56	Interim Dividend	NIL

**V Generic Names of three principal products of the Company**

Item Code No (ITC Code)	Product Description
39.19.00	Bopp Self Adhesive Tape
56.07.90	Plastic Ropes and Twines
56.07.41	P P Twine

**As per our report of even date**

**For K. S. Sanghvi & Co.**  
Chartered Accountants

**Kirit S. Sanghvi**  
Partner.M.No.31123  
Place : Mumbai  
Date : 26th August 2009

**For Sonal Adhesives Ltd.**

**Mohan Arora**  
(Director)  
Place : Mumbai  
Date : 26th August 2009

**Sandeep Arora**  
(Director)



**CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31st MARCH, 2009**

Cash Flow Statement for the year ended 31 Mar 09 pursuant to Clause number 32 of the Listing Agreement with the stock exchange and forming part of the Director's Report for the year ended 31 Mar 09

<b>Sr No</b>	<b>Particulars</b>	<b>Year ended 31-Mar-09</b>	<b>Year ended 31-Mar-08</b>
<b>(A) Cash Flow from Operating Activities</b>			
	Net Profit / (Loss) After Tax and Extra Ordinary items adjusted for:		
	Profit for the Year After Taxation	<b>3,368,662</b>	<b>4,461,981</b>
	Add back :		
1	Depreciation	2,422,946	2,297,953
2	Interest Expenses	6,193,404	4,678,463
3	Loss / (Profit) on Sale of Fixed Assets	-	(779,478)
	<b>(a) Operating profit Before working capital Charges</b>	<b>11,985,012</b>	<b>10,658,919</b>
	(b) Deduct :		
4	Increase / ( Decrease ) in Trade and other Receivables	15,778,986	17,897,178
5	Increase / ( Decrease ) in Inventories	(18,987,426)	26,464,028
6	Increase / ( Decrease ) in Loans and Advances	(959,266)	(8,977,486)
		<b>(4,167,707)</b>	<b>35,383,720</b>
	(c) Add :		
7	Increase / ( Decrease ) in Trade Payables	(9,907,270)	2,417,474
8	Increase / ( Decrease ) in Provisions	5,702,476	11,766,699
		<b>(4,204,794)</b>	<b>14,184,173</b>
	(d) Deduct :		
9	Cash flow from Operations		
10	Interest paid	6,193,404	4,678,463
	<b>Net Cash from Operating Activities [ a - b + c - d ]</b>	<b>(A) 5,754,521</b>	<b>(15,219,091)</b>
<b>(B) Cash Flow from Investing Activities</b>			
11	Acquisition of Fixed Assets	(314,984)	5,294,527
12	Increase / ( Decrease ) in Miscellaneous Expenses ( Net )	-	(200,161)
13	Sale of Fixed assets	-	(5,600,000)
	<b>Net Cash used in Investing Activities</b>	<b>(B) (314,984)</b>	<b>(505,634)</b>
<b>(C) Cash Flow from Financing Activities</b>			
15	Increase/ ( Decrease ) in Reserves and Surplus	(5,594,801)	-
16	Increase/ ( Decrease ) in Borrowings	139,731	16,801,263
17	Increase/ ( Decrease ) in Unsecured Loans	3,879,324	(1,356,598)
18	Increase/ ( Decrease ) in Deferred Tax Liabilities	(304,533)	(903,124)
	<b>Net Cash From Financing Activities</b>	<b>(C) (1,880,279)</b>	<b>14,541,541</b>
	<b>Net Increase / Decrease in Inflow of Cash / Cash Equivalents A+B+C</b>	<b>3,559,257</b>	<b>(171,914)</b>
	Cash & Cash Equivalent as at 1 Apr 08 (Opening balance)	1,913,564	2,085,477
	<b>Cash &amp; Cash Equivalent as at 31 Mar 09 (Closing balance)</b>	<b>5,472,821</b>	<b>1,913,564</b>
	<b>Net Increase / ( Decrease )</b>	<b>3,559,257</b>	<b>(171,914)</b>

Place : Mumbai  
Date : 26 Aug 09

**AUDITOR'S CERTIFICATE**

We have examined the attached Cash Flow statement of Sonal Adhesives Limited for the year ended 31 Mar 09. The statement has been prepared by the Company in accordance with the requirements of clause 32 of Listing Agreement with Stock Exchange and is based on and in agreement with profit & loss account and balance sheet of the company as covered by our report of 26 Aug 09 to the Members of the Company

**For K. S. Sanghvi & Co.**  
Chartered Accountants  
**Kirit S. Sanghvi**  
Partner.M.No.31123  
Place : Mumbai  
Date : 26th August, 2009

Mohan L Arora  
Chairman Cum Managing director



[illegible]



## Sonal Adhesives Limited

REGD. OFFICE : Plot No. 28/1A, Village Dheku, Takal Adosi Road, Off Khopoli Pen Road, Tal. Khalapur, Raigad,  
Maharashtra 410 203

### PROXY

I/We \_\_\_\_\_ in  
the district of \_\_\_\_\_ being a member /  
members of the above named Company hereby appoint \_\_\_\_\_ of  
\_\_\_\_\_ in the district of  
\_\_\_\_\_ or failing  
him \_\_\_\_\_ of \_\_\_\_\_  
in the district of \_\_\_\_\_ as my/our  
proxy to vote for me/us on my/our behalf at the **18th Annual General Meeting** of the Company to be held on 30th  
September, 2009 at 11.00 a.m. at Plot No. 28/1A, Village Dheku, Takal Adosi Road, Off Khopoli Pen Road, Tal. Khalapur,  
Raigad, Maharashtra 410 203 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2009.

Signed by the said \_\_\_\_\_

Regd. Folio No. \_\_\_\_\_ No of Shares held \_\_\_\_\_

Affix  
Re.1/-  
Revenue  
Stamp

Note : The Companies Act, 1956 lays down that an instrument appointing a proxy shall be deposited at the Registered  
Office of the Company not less than FORTY EIGHT hours before the time of holding the meeting.

-----TEAR HERE-----



## Sonal Adhesives Limited

REGD. OFFICE : Plot No. 28/1A, Village Dheku, Takal Adosi Road, Off Khopoli Pen Road, Tal. Khalapur, Raigad,  
Maharashtra 410 203

### ATTENDANCE SLIP

I hereby record my presence at the **18th Annual General Meeting** held on 30th September, 2009 at 11.00 a.m. at Plot No.  
28/1A, Village Dheku, Takal Adosi Road, Off Khopoli Pen Road, Tal. Khalapur, Raigad, Maharashtra 410 203

Name of the Shareholder(s) \_\_\_\_\_  
(in Block Capitals)

Name of the Proxy or Company Representative \_\_\_\_\_  
(in Block Capitals)

Signature of the Shareholder(s) or

Proxy or Company Representative \_\_\_\_\_

**Note :** Members are requested to bring their copies of the Annual Report with them to the Meeting as additional copies  
of the same will not be made available at the Meeting.

**BOOK POST**

*If undelivered, please return to:*

**SONAL ADHESIVES LTD.**

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