



ANNUAL REPORT  
2013-14

**Sonal Adhesives Limited**



**SONAL ADHESIVES LIMITED****31.03.2014**

<b>Board of Directors</b>	: Shri Sandeep M. Arora Smt. Kamal M. Arora Shri Jaspal Singh Bhasin Shri Manish S. Nanda
<b>Registered Office</b>	: 2N Laxmi Industrial Estate New Link Road, Andheri (West) Mumbai-400 053
<b>Factory</b>	: Plot 28/1A, Village Dheku Takai Adosi Road Off: Khopoli Pen Road Tal: Khalapur, Dist., Raigad Maharashtra-410 203
<b>Bankers</b>	: State Bank of India
<b>Auditors</b>	: M/S. K.S. Sanghvi & Co. Chartered Accountants, Mumbai.
<b>Registrar and Share</b>	: System Support Services
<b>Transfer Agent</b>	209, Shivai Indl. Estate Andheri-Kurla Road, Sakinaka Mumbai – 400 072. Tel: 022-28500835

## NOTICE

NOTICE is hereby given that the Twenty Third Annual General Meeting of the Members of Sonal Adhesives Limited will be held on Monday, the 29<sup>th</sup> September, 2014 at the Registered Office of the Company at 2N Laxmi Industrial Estate, New Link Road, Andheri (West), Mumbai – 400 053 at 11.00 a.m. to transact the following business:

### Ordinary Business:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 31<sup>st</sup> March, 2014 including audited Balance Sheet as at 31<sup>st</sup> March, 2014 and the Statement of Profit and Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To appoint Director in place of Smt. Kamal Mohanlal Arora (DIN: 00177001) who retires by rotation and, being eligible, offers herself for re-appointment.
3. To appoint Auditors and fix their remuneration and in this regard to consider and if thought fit, pass with or without modification(s), the following resolution as Ordinary Resolution:

“RESOLVED that pursuant to the provisions of section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, and pursuant to the recommendations of the Audit Committee of the Company, M/s. K S Sanghvi and Co, Chartered Accountants (Firm Registration No. 116714W), be and is hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the 26<sup>th</sup> AGM of the Company to be held in the year 2017 (subject to ratification of their appointment at every AGM), at a remuneration to be determined by the Board of Directors of the Company in addition to out of pocket expenses as may be incurred by them during the course of the Audit.”

### Special Business:

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

“RESOLVED THAT pursuant to Section 196, 197 read with Schedule V and other applicable provisions of the Companies Act, 2013 (“the Act”) the consent of the Company be and is hereby accorded and in supersession of all earlier resolutions passed in this regards and as recommended by Nomination & Remuneration Committee, Shri. Sandeep Arora (DIN: 00176939) be and is hereby re-appointed as Managing Director of the Company for a period of three years w.e.f. 1<sup>st</sup> June, 2014 on a remuneration of Rs. 1,00,000/- p.m. in the salary grade of Rs. 1,00,000/- p.m. to Rs. 3,00,000/- p.m. (all inclusive) with an authority to the Board of Directors to consider and give increment from time to time or on yearly basis and on such terms and conditions as the Nomination & Remuneration Committee or Board of Directors may decide and approve during the tenure of his re-appointment.

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

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Shri. Jaspal Singh Bhasin (DIN: 02367138), a non-executive Director of the Company who was appointed as a Director liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a Member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years from the date of this Annual General Meeting i.e. September 29, 2014 till the conclusion of 28<sup>th</sup> Annual General Meeting to be held in the year 2019, not liable to retire by rotation.”

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Shri. Manish Surendrakumar Nanda (DIN: 03245943), a non-executive Director of the Company who was appointed as a Director liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a Member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years from the date of this Annual General Meeting i.e. September 29, 2014 till the conclusion of 28<sup>th</sup> Annual General Meeting to be held in the year 2019, not liable to retire by rotation.”

7. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:
- “RESOLVED THAT** pursuant to the provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and in continuation of all the previous resolutions passed in this regards, the consent of the Company be and is hereby accorded and an authority is conferred upon the Board of Directors of the Company for borrowing any sum for and on behalf of the Company, from time to time, from one or more Financial Institutions/Bank/ Bodies Corporate or from others notwithstanding that the sum so borrowed by the Company together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company’s bankers in the ordinary course of the business) shall not exceed Rs. 1,00,00,00,000/- (Rupees One Hundred Crores Only).

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorized to arrange and finalise the terms and conditions of all such monies to be borrowed from time to time and to do all such acts, matter, deeds and things as may be necessary or expedient for implementing and for giving effect to the above resolution in the best interest of the Company.”

**By order of the Board of Directors**

Place: Mumbai  
Dated: 12/08/2014

**Sandeep Arora**  
**Chairman & Managing Director**  
DIN No. 00176939

**REGISTERED OFFICE:**

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

**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. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or member. Proxies in order to be effective must be received by the Company at its Registered Officer not less than 48 hours before the commencement of the Meeting.
2. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, in respect of item nos. 4 to 7 as mentioned in the above Notice is annexed hereto.
3. The Register of Members and Share Transfer Books will remain closed from Tuesday, the 23<sup>rd</sup> September, 2014 to Monday, the 29<sup>th</sup> September, 2014 (both days inclusive).
4. Corporate Members are requested to send a duly certified copy of the Board resolution authorising their representatives to attend and vote at the Annual General Meeting.
5. Members are requested to notify 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–400072.
6. Please note that your Company’s Shares are compulsorily traded in Electronic Form. Your Company has already entered in the agreement with the National Securities Depository Limited (NSDL) and Central Depository Services India Limited (CDSL). Members who hold shares in physical form and desirous to convert them in De-materialized form may send letters along with the De-materialized Request Form (s) through the concerned Depository participant.
7. Members are requested to bring their attendance slip sent herewith duly filled for attending the meeting and copy of Annual Report to the Meeting.
8. Members holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company as provided under Section 72 of the Companies Act, 2013 are requested to submit the details to the Company’s Registrar and Share Transfer Agent.
9. The Ministry of Corporate Affairs (“MCA”) has issued Circulars stating that the service of notice / document by a company to its shareholders can now be made through electronic mode for prompt receipt of communication, apart from helping avoid losses / delays in postal transit.

In view of the above, we request all the Members who have not registered their email addresses are requested to provide their valid e-mail addresses along with their Client Id No. / Folio No. and their residential address as under:-

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

OR

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

OR

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

**10. Voting through electronic means:**

In terms of section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and clause 35B of the listing agreement, the Company is providing facility to exercise votes on the items of business given in the notice through electronic voting system, to members holding shares as on Tuesday, 19<sup>th</sup> August, 2014 being the cut-off date ("Record date" for the purpose of Rule 20(3)(vii) of the said Rules) fixed for determining voting rights of members entitled to participate in the e-voting process through the e-voting platform provided by Central Depository Services (India) Limited (CDSL).

The e-voting rights of the members/beneficiary owners shall be reckoned on the equity shares held by them as on Tuesday, 19<sup>th</sup> August, 2014.

The instructions for e-voting are as under.

**Process for E-Voting –**

**In case of members receiving e-mail:**

1. Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
2. Click on "Shareholders" tab
3. Now, select the "COMPANY NAME" from the drop down menu and click on "SUBMIT"
4. Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
5. Next enter the Image Verification as displayed and Click on Login.
6. 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 other company, then your existing password is to be used.
7. If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form 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)  Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field.  In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.

Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or Company please enter the number of shares held by you as on the cut-off date in the Dividend Bank details field.

8. After entering these details appropriately, click on "SUBMIT" tab.
9. Members holding shares in physical form will then reach directly the EVSN selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character(@ # \$ % & \*). Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Kindly note that this changed password is to be also used by the Demat holders for voting for resolutions for the Company or any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform.

10. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
11. Click on the EVSN for the relevant <Company Name> on which you choose to vote.
12. 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.
13. Click on the "Resolutions File Link" if you wish to view the entire Resolutions.
14. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
15. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
16. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
17. If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system
18. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves, link their account which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution/ authority letter alongwith attested specimen signatures of the duly authorised signatory(ies) in PDF format in the system for the scrutinizer to verify the vote.

**In case of members receiving the physical copy of Notice of AGM [for members whose e-mail IDs are not registered with the company/ depository participant(s) or requesting physical copy:**

1. Please follow all steps from sl. no. (ii) to sl. no. (xii) above, to cast vote.
2. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

**For Members who wish to vote using ballot form:**

- a) Members may fill in the ballot form annexed to the Notice and submit the same in a sealed prepaid envelope addressed to the Scrutinizer, Mr. Prashant Diwan, Practising Company Secretary, Unit: Sonal Adhesives Limited, C/o System Support Services, 209, Shivai Industrial Estate, 89, Andheri – Kurla Road, Sakinaka, Andheri (East), Mumbai – 400 072, so as to reach by 6.00 p.m. on Wednesday, September 24, 2014. Unsigned, incomplete or incorrectly ticked forms are liable to be rejected and the decision of the scrutinizer on the validity of the forms will be final.
- b) Ballot Form received after Wednesday, September 24, 2014 (6.00 p.m. IST) will be treated as invalid.  
Members have the option to request for physical copy of the Ballot Form by sending an e-mail to [info@sonal.co.in](mailto:info@sonal.co.in) by mentioning their Folio / DP ID & Client ID.
- c) A shareholder can opt for only one mode of voting i.e. either through e-voting or by Ballot. If a shareholder casts votes by both modes, then voting done through e-voting shall prevail and Ballot shall be treated as invalid.

**General Instructions**

- 1) The e-voting period commences on Monday, September 22, 2014 (9.00 a.m. IST) and ends on Wednesday, September 24, 2014 (6.00 p.m. IST). During this period, members of the Company, holding shares either in physical form or in dematerialized form, as on Tuesday, August 19, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- 2) The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on Tuesday, August 19, 2014.
- 3) The Company has appointed, Mr. Prashant Diwan, Practising Company Secretary (Membership No. FCS 1403) as the Scrutinizer to scrutinize the e-voting process (including the ballot form received from the members who do not have access to the e-voting process) in a fair and transparent manner.
- 4) The Scrutinizer shall, within a period not exceeding three working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- 5) The results of e-voting will be declared on or after the date of AGM i.e. Monday, the 29<sup>th</sup> September, 2014. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.sonal.co.in](http://www.sonal.co.in) and on the website of CDSL within two (2) days of the passing of the resolutions at the 23<sup>rd</sup> Annual General Meeting of the Company and will be communicated to Bombay Stock Exchange Limited.

**ANNEXURE TO NOTICE****EXPLANATORY STATEMENT UNDER SECTION 102 (1) OF THE COMPANIES ACT, 2013****Item No. 4:**

Shri. Sandeep Arora was appointed as Managing Director of the Company for a period of three years with effect from 5<sup>th</sup> September, 2011 without payment of remuneration. He has been associated with the day to day affairs of the Company. The term of Shri. Sandeep Arora as Managing Director of the Company has expired on 4<sup>th</sup> September, 2014. The Board of Directors at its meeting held on 1<sup>st</sup> June, 2014 has re-appointed Shri. Sandeep Arora as Managing Director of the Company for a further period of three years with effect from 1<sup>st</sup> June, 2014 on a remuneration of Rs. 1,00,000/- p. m, in the grade of Rs. 1,00,000/- p.m. – Rs. 3,00,000/- p.m. with an authority to the Board of Directors to give an increment from time to time or on yearly basis and on such terms and conditions as the Nomination & Remuneration Committee or Board of Directors may decide and approve during the tenure of his re-appointment and in accordance with the provisions of Section 196, 197 and 203 read with Schedule V and other applicable provisions of the Act, 2013.

The Board of Directors recommends this Special Resolution for your approval.

Except Smt. Kamal Arora being a relative of Mr. Sandeep Arora, none of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 4 of the Notice.

**Item No. 5 & 6:**

Shri. Jaspal Singh Bhasin and Shri. Manish S. Nanda, were appointed as an Independent Directors of the Company w.e.f. 1<sup>st</sup> October, 1994 and 1<sup>st</sup> September, 2010 respectively.

Shri. Jaspal Singh Bhasin and Shri. Manish S. Nanda are Directors whose period of office are liable to determination by retirement of Directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. Under the Act, it is required that Independent Directors not be liable to retire by rotation and be appointed for a fixed term. In terms of section 149 and other applicable provisions of the Act, Shri Jaspal Singh Bhasin and Shri, Manish S. Nanda being eligible and offering themselves for appointment, is proposed to be appointed as an Independent Directors for a term up to the conclusion of 28<sup>th</sup> Annual General Meeting to be held in the year 2019.

Further, in terms of Sections 149, 152 read with Schedule IV of the Companies Act, 2013, the Board of Directors ("the Board") have reviewed the declarations made by them that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013, and the Board is of opinion that they fulfill the conditions specified in the Companies Act, 2013 and the rules made thereunder and are independent of the management. Hence, it is deemed fit to appoint them as Independent Directors on the Board of the Company. A copy of the draft letter for the appointment of Shri. Jaspal Singh Bhasin and Shri. Manish S. Nanda as an Independent Directors setting out the terms and conditions is available for inspection without any fee by the Members at the Company's Registered Office during normal business hours on any working day (Monday to Friday) upto the day previous to the date of Annual General Meeting.

Shri Jaspal Singh Bhasin and Shri. Manish S. Nanda are not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given their consent to act as a Director of the Company.

The Company has received notice from a Member, along with the requisite deposit under Section 160 of the Companies Act, 2013, proposing his candidature for appointment as an Independent Director of the Company.

The detailed profile of Shri. Jaspal Singh Bhasin and Shri Manish S. Nanda, Directorship and Committee position held by them in other Companies is included separately in this Notice and report on Corporate Governance forming part of the Annual Report.

Your Directors consider that their continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Shri. Jaspal Singh Bhasin and Shri Manish Nanda as an Independent Director.

Accordingly, your Directors recommend the Resolution for the approval of the Members appointing Shri. Jaspal Singh Bhasin and Shri. Manish S. Nanda as an Independent Director of the Company for a period of five years, not liable to retire by rotation.

The Board recommends the resolution as set out in the Item No. 5 & 6 of accompanying notice for the approval of members of the Company as Ordinary Resolution.

Except Shri. Jaspal Singh Bhasin and Shri. Manish S. Nanda, no Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 & 6 of the Notice.

**Item No. 7:**

Section 180(1)(c) of the Companies Act, 2013 effective from September 12, 2013 requires that the Board of Directors shall not borrow money in excess of the company's paid up share capital and free reserves, apart from temporary loans obtained from the company's bankers in the ordinary course of business, except with the consent of the company accorded by way of a special resolution.



It is, therefore, necessary for the members to pass a Special Resolution under Section 180(1)(c) and other applicable provisions of the Companies Act, 2013, as set out at Item No. 7 of the Notice, to enable to the Board of Directors to borrow money in excess of the aggregate of the paid up share capital and free reserves of the Company. Approval of members is being sought to borrow money up to Rs. 100 Crores (Rupees One Hundred Crores) in excess of the aggregate of the paid up share capital and free reserves of the Company.

The Board recommends the resolution as set out in the Item No. 7 of accompanying notice for the approval of members of the Company as Special Resolution.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 7 of the Notice.

**By order of the Board of Directors**

Place: Mumbai  
Dated: 12/08/2014

**Sandeep Arora**  
**Chairman & Managing Director**  
DIN No. 00176939

**REGISTERED OFFICE:**

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

**ADDITIONAL INFORMATION PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT WITH REGARD TO DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AT THE TWENTY THIRD ANNUAL GENERAL MEETING:**

**1. Smt. Kamal Mohanlal Arora:**

Smt. Kamal M. Arora, born on 10<sup>th</sup> May, 1946 having a Masters degree in Arts (English). She is having over 40 years of experience of business.

Smt. Kamal M. Arora holds directorship in Sonal Filaments Limited; Sonal Impex Limited; Sonal Ropes Limited and Zain Fresh Agro Limited.

Smt. Kamal M. Arora is a Member of Shareholders'/Investors' Grievance Committee of the Company.

Smt. Kamal M. Arora holds 4,75,400 Equity Shares in the Company which is 7.84% of the total paid up capital of the Company.

**2. Shri. Sandeep Mohanlal Arora:**

Shri. Sandeep Arora, born on 23<sup>rd</sup> September, 1969 having a Bachelors degree in Business Administration (NYU). He is having over 21 years of experience of business.

Shri Sandeep Arora holds directorships in Sonal Filaments Limited; Sonal Impex Limited; Sonal Ropes Limited and Zain Fresh Agro Limited.

Shri. Sandeep M. Arora is the Member of Audit Committee, Remuneration Committee and Shareholders'/ Investors' Grievance Committee of the Company.

Shri Sandeep Arora does not hold any Equity Share of the Company as on date.

**3. Shri. Jaspal Singh Bhasin:**

Shri. Jaspal Singh Bhasin, born on 8<sup>th</sup> July, 1943 having a Master degree in M.A. PGDFT (IIFT). He is having over 30 years of work experience as a Senior Executive in several Limited Companies.

Shri. Jaspal Singh Bhasin does not hold any other directorships.

Shri. Jaspal Singh Bhasin is the Chairman of the Audit Committee and Remuneration Committee and also a Member of Shareholders'/ Investors' Grievance Committee of the Company.

Shri. Jaspal Singh Bhasin does not hold any Equity Share of the Company as on date.

**4. Shri. Manish Surendrakumar Nanda:**

Shri. Manish S. Nanda, born on 16<sup>th</sup> April, 1970 having a Bachelors Degree in Commerce. He is having over 18 years of experience of business.

Shri. Manish S. Nanda does not hold any other directorships.

Shri. Manish S. Nanda the Member of Audit Committee and Remuneration Committee of the Company.

Shri. Manish S. Nanda does not hold any Equity Share of the Company as on date.

**DIRECTORS' REPORT**

Dear Members,

The Directors have pleasure in presenting their Twenty Third Annual Report on the business operations of the Company along with statement of Audited Accounts for the year ended 31<sup>st</sup> March, 2014.

**FINANCIAL RESULTS:****(Rs. In Lakhs)**

Particulars	Year Ended 31 <sup>st</sup> March, 2014	Year Ended 31 <sup>st</sup> March, 2013
Income from operations	5687.49	5835.28
Profit before Interest & Depreciation	315.76	249.00
Interest	191.14	153.23
Depreciation	44.33	27.99
Profit Before tax	80.29	67.78
<b>Less:</b>		
Current Tax	Nil	13.47
Deferred tax expense / (credit)	20.80	2.62
<b>Profit for the year</b>	<b>59.49</b>	<b>51.69</b>

**OPERATIONS:**

The total income of the Company for the year under review at Rs. 5687.49 lacs was lower by 2.53% to that of the previous year at Rs. 5835.28 lacs, on account of considerable sluggishness in the business. However the operating profit i.e. Profit before Interest, Depreciation and Tax has been registered at Rs. 315.79 Lacs as against Rs. 249.00 Lacs of the previous year i.e. growth of around 26.82% to that of previous year. The net profit has been registered at Rs. 59.49 Lacs as against Rs. 51.69 Lacs of the previous year.

**DIVIDEND:**

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

**DIRECTORS:**

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Smt. Kamal Mohanlal Arora, Director is liable to retire by rotation and being eligible, offers herself for re-appointment at the ensuing Annual General Meeting. Your Board recommends her re-appointment.

The term of Shri. Sandeep M. Arora, Managing Director to be expired on 4<sup>th</sup> September, 2014. The Board of Directors, at its meeting held on 1<sup>st</sup> June, 2014 and based on the recommendation of Remuneration Committee Meeting held on even date has re-appointed Shri. Sandeep Arora as Managing Director of the Company for a further period of 3 years w.e.f. 1<sup>st</sup> June, 2014 to 30<sup>th</sup> May, 2017.

Appointment of Shri. Jaspal Singh Bhasin and Shri Manish S. Nanda as Independent Director pursuant to section 149 and 152 of the Companies Act, 2013 are proposed to be made at the forthcoming Annual General Meeting for a term of consecutive five years. Pursuant to Section 149 and 152 of the Companies Act, 2013, Independent Directors will not be liable to retire by rotation.

**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, 2014 on a going concern basis.

**AUDITORS:**

M/s. K. S. Sanghvi & Co., Chartered Accountants, Statutory 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 141 of the Companies Act, 2013. The members are requested to appoint the Auditors and authorise the Board to fix their remuneration.

**COST AUDITORS:**

The Cost Audit Report for the financial year 2012-13 which was required to be filed with Ministry of Corporate Affairs within 180 days from the close of the financial year was filed on 25.09.2013 vide SRN S22500441.

In Pursuance to the provisions of Section 233B of the Companies Act, 1956 and with the prior approval of the Central Government, Mr. Satish R Shah, Cost Accountants (Regn. No.6189) were re-appointed as Cost Auditors to conduct audit of cost records all manufactured products of the company for the financial year 2013-14.

The Cost Audit Report for the Financial year 2013-14 is due to be filed with the Ministry of Corporate Affairs within 180 days from the close of the financial year (i.e. dated: 27.9.2014). Necessary action is being taken to file the Report as required

**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:**

The Company is committed to good corporate governance in line with the Listing Agreement and Sonal adhesives Limited corporate governance norms. The Company is in compliance with the provisions on corporate governance specified in the Listing Agreement with the Bombay Stock Exchange Limited.

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

**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.60,00,000/- or more per annum, if employed throughout the year, or Rs.5,00,000/- or more per month, in case employed for part of the year. Hence, there are no particulars to be annexed to this report as required under 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: 12/08/2014

**Sandeep Arora**  
**Chairman & Managing Director**  
DIN No. 00176939

## 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 31/03/2014	Year Ended 31/03/2013
<b>Power and Fuel Consumption</b>		
<b>1. Electricity</b>		
<b>A) Purchase</b>		
Unit	899199	944528
Total Amount (Rs.)	6541780	6842816
Rate/Unit (Rs.)	7.28	7.24
<b>B) Own generation</b>		
(Through D.G. Set)		
Unit		
Diesel Oil Consumed (Ltr.)	NIL	NIL
Total Amount (Rs.)	NIL	NIL
Avg. per Ltr. (Rs.)	NIL	NIL
<b>2. Furnace Oil</b>		
Quantity (Kgs.)	115102	403475
Total Amount (Rs.)	4914831	17054888
Avg. per Kg (Rs.)	42.699	42.267
<b>3. Briquettes</b>		
Quantity (Kgs.)	669535	NIL
Total Amount (Rs.)	4162640	NIL
Avg. per Kg (Rs.)	6.22	NIL

### Technology Absorption:

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

### Foreign Exchange Earnings and Outgo:

Foreign Exchange Outgo:	5.87 Lacs	4.05 Lacs
Foreign Exchange Earned:	NIL	NIL

Place: Mumbai  
Dated: 12/08/2014

**For and on behalf of the Board**  
**Sandeep Arora**  
**Chairman & Managing Director**  
DIN No. 00176939

## MANAGEMENT DISCUSSION AND ANALYSIS

### (a) Indian Economy:

The year gone by 2013-14 was a year of uncertainty when expectations went for a toss and most of the nations weathered a set back. The constant change in Indian and global economic landscape created uncertainty and risks to the growth momentum. Indian economy continued to record a low GDP below 5% for the second consecutive year. Persistent inflation along with depreciating rupee were the major concerns and that affected all the industries and the population at large. High cost of borrowing, low business confidence and delays in project approvals impacted investments.

### (b) Industry structure and developments :

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

### (c) Opportunities and threats

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

### (d) Risks and concerns

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

### (e) Segment-wise or product-wise performance

The Company 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.

### (f) Outlook

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

### (g) Internal Control Systems and their adequacy

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

### (h) Financial performance and Analysis

The total income of the Company for the year under review at Rs. 5687.49 lacs was lower by 2.53% to that of the previous year at Rs. 5835.28 lacs, on account of considerable sluggishness in the business. However the operating profit i.e. Profit before Interest, Depreciation and Tax has been registered at Rs. 315.79 Lacs as against Rs. 249.00 Lacs of the previous year i.e. growth of around 26.82% to that of previous year. The net profit has been registered at Rs. 59.49 Lacs as against Rs. 51.69 Lacs of the previous year.

### (i) Human Resource Development

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

The total numbers of personnel employed as on 31<sup>st</sup> March 2014 were 35 (staff plus workers).

## REPORT ON CORPORATE GOVERNANCE

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

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

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

### BOARD OF DIRECTORS:

The Board of the Company is composed of Executive and Non-Executive Directors. As on March, 31, 2014, the strength of the Board was four Directors comprising of one Executive and three Non-Executive Directors. Fifty percent of the Board comprised of Independent Directors.

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

Name of the Director	Category	No. of Board Meetings Attended During 2013 - 2014	Attendance at last AGM	No of other Directorships in other Companies incorporated in India	No of other Board Committee of which he/she is Member / Chairman
Shri Sandeep Arora (Chairman and Managing Director)	Executive Director	8	Yes	4	NIL
Shri Jaspal Singh Bhasin	Non-Executive Independent Director	8	Yes	NIL	NIL
Shri. Manish Nanda	Non-Executive Independent Director	8	Yes	NIL	NIL
Smt. Kamal Arora	Non-Executive Director	8	Yes	4	NIL

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

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

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

29.05.2013	12.08.2013	26.08.2013	20.09.2013
30.09.2013	11.11.2013	07.02.2014	18.03.2014

### BOARD PROCEDURE:

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

### BOARD COMMITTEES:

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

#### AUDIT COMMITTEE:

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

The Audit Committee was constituted on 31<sup>st</sup> January 2001 as per the provision of Section 292A of the Companies Act, 1956. The Audit Committee consists of following three Directors:

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

The terms of reference of this Committee are wide enough covering the matters specified for Audit Committee under the revised clause 49 of the Listing Agreement as well as Section 292A of the Companies Act, 1956.

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

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

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

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

Name of the audit committee Members	No. of meetings held	No. of meetings attended
Shri Jaspal Singh Bhasin	4	4
Shri Manish S. Nanda	4	4
Shri Sandeep M. 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>, 2015 and that necessary resolution for appointing them as auditors is placed before the shareholders.

**REMUNERATION COMMITTEE:**

The Remuneration Committee consists of three Directors are as follows:

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

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 Wholetime Director.

No meeting was held during the year.

**SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE:**

The Shareholder/Investor Grievance committee attends to and redresses shareholders' and investors complaints/ grievances.

The Shareholder/Investor Grievance committee is headed by a non-executive director, and consists of the following members.

1. Shri Jaspal Singh Bhasin
2. Smt. Kamal Arora
3. Shri. Sandeep Arora

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

Particulars	2013-2014		2012-2013	
	Received	Attended	Received	Attended
No. of Shareholders Complaint Letter	1	1	5	5

**COMPLIANCE OFFICER:**

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

Address: 2N Laxmi Industrial Estate, New Link Road,  
Andheri (West), Mumbai-400 053  
E-mail: [info@sonal.co.in](mailto:info@sonal.co.in)  
Phone: +91 22 61316131  
Fax: +91 22 61316132

**GENERAL BODY MEETINGS:**

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

Year	Date	Venue	Time
2010-2011	30/09/2011	2N Laxmi Industrial Estate, New Link Road, Andheri (West) Mumbai - 400 053.	11:00 AM
2011-2012	25/09/2012	2N Laxmi Industrial Estate, New Link Road, Andheri (West) Mumbai - 400 053.	11:00 AM
2012-2013	30/09/2013	2N Laxmi Industrial Estate, New Link Road, Andheri (West) Mumbai - 400 053.	11:00 AM

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

Year	Date	Resolution
2010-2011	September 30, 2010	Shifting of Registered office of the Company from Raigad to Mumbai, Andheri (W) with effect from 1 <sup>st</sup> October, 2010

**POSTAL BALLOT:**

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

**DISCLOSURES:**

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

**MEANS OF COMMUNICATION:**

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

**MANAGEMENT DISCUSSION AND ANALYSIS:**

Report on Management discussion and analysis forms a part of the Directors Report for the year ended March 31, 2014.

**GENERAL SHAREHOLDER INFORMATION:**

- Date, time and venue of Annual General Meeting of Shareholders  
29<sup>th</sup> September, 2014, 11.00 A.M.  
2N Laxmi Industrial Estate, New Link Road  
Andheri (West), Mumbai-400053
- Dates of book closures  
23<sup>rd</sup> September, 2014 to 29<sup>th</sup> September, 2014  
(both days inclusive)
- Financial Calendar  
(tentative and subject to change)  
Financial Results reporting for quarter ended  
June 30, 2014 on or before August 15, 2014  
September 30, 2014 on or before November 15, 2014  
December 31, 2014 on or before February 15, 2015  
March 31, 2015 on or before May 30, 2015



- |    |                                     |   |
|----|-------------------------------------|---|
| 4. | Listing on stock exchanges          | The Bombay Stock Exchange Limited   |
| 5. | Registered Office                   | 2N Laxmi Industrial Estate<br>New Link Road, Andheri (West)<br>Mumbai-400053  |
| 6. | Registrar and Share Transfer agents | System Support Services<br>209, Shivai Industrial Estate<br>89, Andheri – Kurla Road<br>Sakinaka, Andheri (East)<br>Mumbai – 400 072. |

#### SHARE TRANSFER SYSTEM:

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

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

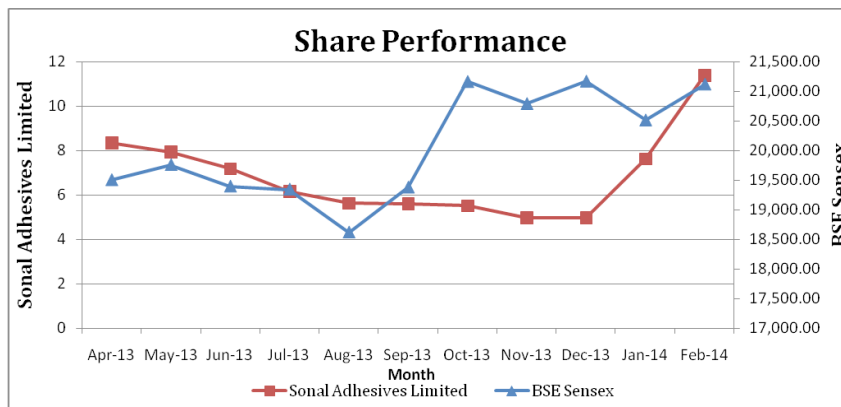
#### STOCK MARKET PRICE DATA:

Monthly high and low at the Stock Exchange, Mumbai for financial year ended 31<sup>st</sup> March 2014.

	The Bombay Stock Exchange Limited, Mumbai	
	High	Low
April – 2013	8.34	8.34
May – 2013	7.93	7.93
June – 2013	7.54	7.17
July-2013	6.82	6.16
August-2013	5.86	5.61
September-2013	5.89	5.60
October-2013	5.77	5.49
November-2013	5.23	4.97
December-2013	5.21	4.96
January-2014	7.63	5.00
February-2014	11.40	8.01

\* No trading in the Month of March, 2014

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



\* No trading in the Month of March, 2014

**DISTRIBUTION OF SHAREHOLDING AS ON 31<sup>ST</sup> MARCH, 2014:**

No. of Equity Share held	No. of Shareholders	%	No. of Shares	%
1 - 500	2959	87.622	692765	11.430
501 - 1000	251	7.433	189554	3.127
1001- 5000	130	3.85	261993	4.323
5001 -10000	10	0.296	75400	1.244
10001- 100000	20	0.592	927863	15.309
100001 and Above	7	0.207	3913425	64.567
<b>Total</b>	<b>3377</b>	<b>100.00</b>	<b>6061000</b>	<b>100.00</b>

**CATEGORY OF SHAREHOLDERS AS ON 31<sup>ST</sup> MARCH, 2014:**

Category	Shareholders Number	Shares % to total Shareholders	Number of Shares	% to Total Capital
Promoter	9	0.18	3800900	62.71
Banks, Financial institutions, Insurance Companies	NIL	NIL	NIL	NIL
Mutual Funds	2	0.06	24600	0.40
Private Corporate Bodies	28	0.83	276899	4.57
FII's / NRI /OCB's	58	1.72	257350	4.25
Indian Public	3280	97.21	1701251	28.07
<b>Total</b>	<b>3377</b>	<b>100.00</b>	<b>6061000</b>	<b>100.00</b>

**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 2014, 6061000 Equity Shares representing 100% has been as follows:

Category	No. of Shares	%age of Shares to Total	No. of Share-Holders	%age of Shareholders to Total
C.D.S.L.	4224278	69.70	256	7.58
N.S.D.L	491422	8.11	435	12.88
Physical	1345300	22.19	2686	79.54
<b>Total</b>	<b>6061000</b>	<b>100.00</b>	<b>3377</b>	<b>100.00</b>

**PLANT LOCATION:**

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

**ADDRESS FOR CORRESPONDENCE WITH COMPANY:**

Sonal Adhesives Limited  
 2N Laxmi Industrial Estate  
 New Link Road, Andheri (West), Mumbai-400 053  
 Tel: +91 22 61316131  
 Fax: +91 22 61316132  
<http://www.sonal.co.in>

**ADDRESS FOR CORRESPONDENCE WITH REGISTRAR:**

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

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

There are no outstanding convertible instruments as on date.

**STOCK EXCHANGE LISTINGS:**

The Bombay Stock Exchange Limited, Mumbai  
 Stock Code: 526901  
 ISIN NO. INE344I01017

**DECLARATION ON CODE OF CONDUCT AND ETHICS:**

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

**For and on behalf of the Board**

Place: Mumbai  
 Date: 12/08/2014

**Sandeep Arora**  
**Chairman & Managing Director**  
 DIN No. 00176939

## CEO / CFO Certificate as per the requirements of Clause 49 of the Stock Exchange Listing Agreement

To the Board of Directors of Sonal Adhesives Limited

Dear Sir,

We hereby certify that:

- a) We have reviewed Financial Statements and the Cash Flow Statement for the year ended 31<sup>st</sup> March, 2014 and that to the best of our knowledge and belief:
  - i these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii these statements together present a true and fair view of the Company's Affairs and are in compliance with existing Accounting Standards, applicable laws and regulations except as disclosed in the financial statements.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditor and the Audit committee:
  - i significant changes in the internal control over financial reporting during the year;
  - ii significant changes in Accounting Policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii instance of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Sincerely,

**Sandeep M. Arora**  
Chairman & Managing Director

**Kamal M. Arora**  
Finance Head  
DIN No. 00176939

Place: Mumbai  
Date: 12/08/2014

## Independent Auditors' Report

### To The Members of Sonal Adhesives Limited

#### Report on financial statements

1. We have audited the accompanying financial statements of **Sonal Adhesives Limited**, ('the Company'), which comprise the Balance Sheet as at 31 Mar 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

#### Management's responsibility for the financial statements

2. The Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub – section (3C) of section 211 of the Companies Act 1956 ("the Act") read with General Circular 15 / 2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involved performing procedures to obtain audit evidence about the amounts and disclosures in financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

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

#### Opinion

5. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
  - a. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st Mar 2014
  - b. In the case of the Statement of Profit and Loss, of the **profit** for the year ended on that date
  - c. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

#### Report on other legal and regulatory requirements

6. As required by the Companies (Auditor's Report) (Amendment) Order, 2004 ("the Order"), issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
7. As required by section 227 (3) of the Act, we report that:
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b. In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books
  - c. The Balance Sheet, the Statement of Profit and Loss and the cash flow statement dealt with by this Report are in agreement with the books of accounts.
  - d. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub – section (3C) of section 211 of the Companies Act, 1956 read with General Circular 15 / 2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013; and
  - e. On the basis of written representation received from the directors as on 31st Mar 2014 and taken on record by the Board of Directors, none of the directors is disqualified as at 31st Mar 2014, from being appointed as a director in terms of clause (g) of sub – section (1) of section 274 of the Companies Act, 1956.

**For K S Sanghvi and Co**

Chartered Accountants

Firm Registration Number 116714W

Tapan Sanghvi

**Partner**

Membership No: 122244

Place of signature: Mumbai

Date: 29/05/2014

**Annexure to our report of even date**  
**(Refer to paragraph 7 of our report of even date)**  
**Re: Sonal Adhesives Limited**

- (A) Having regard to the nature of the Company's business / activities and results for the year, clauses (xiii) and (xiv) of Companies (Auditor's Report) Order (As amended), 2004 are not applicable.
- (i) (a) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including the quantitative details and situation of fixed assets.
- (b) According to the information and explanations 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) As explained to us, the inventories, excluding materials in transit and materials lying with third parties (including ports) were physically verified by the Management at reasonable intervals. However, due to unavoidable reason we could not remain present at the time of such verification.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification followed by the Management are reasonable and adequate in relation to the size of the company and nature of business.
- (c) In our opinion and according to the information and explanations given to us, 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) (a) According to the information and explanations given to us, the particulars of the contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) According to the information and explanations provided to us, the transactions made in pursuance of the contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of sections 58A, 58AA or any other relevant provisions of the Act and the rules framed thereunder are not applicable to the Company.
- (vii) The Company has an in – house internal audit team which comprises the senior executives of the Company. The internal audit is conducted by the team at quarterly intervals. In our opinion, the internal audit system is commensurate with the size of the Company and nature of its business.
- (viii) We have broadly reviewed the books of accounts maintained by the Company in respect of the products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub section (1) of section 209 of the Act, and are of the opinion that, prima facie, the prescribed accounts have been maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

- (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.
- (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. The Company is not aware of the outcome of this appeal. We are therefore, unable to comment upon the matter.*
- (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 given guarantees for loans taken by others from banks or financial institutions. The terms and conditions thereof, are prima facie, not prejudicial to the interest of the Company.
- (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  
Registration Number 116714W

Tapan Sanghvi  
**Partner**  
Membership No.: 122244

Place: Mumbai  
Date: 29/05/2014

## Certificate on Corporate Governance

To

**The Members of Sonal Adhesives Limited**

I have examined the compliance of conditions of Corporate Governance by Sonal Adhesives Limited for the year ended 31<sup>st</sup> March, 2014, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

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

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

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

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

Place: Mumbai  
Date: 12/08/2014

**Balance Sheet as at 31st March 2014**

Particulars	Note Number	Amounts in INR	
		As at 31 Mar 2014	As at 31 Mar 2013
<b>Equity and Liabilities</b>			
<b>Shareholder's Funds</b>			
Share capital	2	60,610,000	60,610,000
Reserves and surplus	3	32,704,938	26,756,046
<b>Total shareholder's funds</b>		<b>93,314,938</b>	<b>87,366,046</b>
<b>Non - current liabilities</b>			
Long term borrowings	4	136,154,050	146,822,792
Other long term liabilities	5	7,000	7,000
Deferred tax liabilities (net)	6	7,943,566	5,863,855
Long term provisions	7	11,586,753	10,049,910
<b>Total non - current liabilities</b>		<b>155,691,369</b>	<b>162,743,557</b>
<b>Current liabilities</b>			
Short term borrowings	8	720,132	5,155,004
Trade payables	9	140,829,971	135,266,872
Other current liabilities	10	29,637,569	15,639,201
Short term provisions	11	11,253,431	12,080,241
<b>Total Current liabilities</b>		<b>182,441,103</b>	<b>168,141,318</b>
<b>Total of Equity and liabilities</b>		<b>431,447,410</b>	<b>418,250,921</b>
<b>Assets</b>			
<b>Non current assets</b>			
<b>Fixed Assets</b>			
Tangible assets	12	80,485,393	79,124,261
Capital work in progress		-	-
Long term loans and advances	13	14,016,752	22,443,597
Other non current assets	14	12,605,102	27,811,811
<b>Total non current assets</b>		<b>107,107,247</b>	<b>129,379,669</b>
<b>Current assets</b>			
Inventories	15	127,895,285	128,474,241
Trade receivables	16	159,215,403	132,725,847
Cash and cash equivalents	17	14,865,180	3,659,200
Short term loans and advances	18	19,871,289	23,664,908
Other current assets	19	2,493,006	347,056
<b>Total current assets</b>		<b>324,340,163</b>	<b>288,871,252</b>
<b>Total assets</b>		<b>431,447,410</b>	<b>418,250,921</b>
Significant accounting policies and notes on accounts	1		

As per our report of even date

**For K S Sanghvi and Co**

Chartered Accountants

Firm Registration Number: 116714W

Tapan Sanghvi

**Partner**

Membership Number: 122244

Place: Mumbai

Date: 29/05/2014

**For and on behalf of Board of Directors of  
Sonal Adhesives Limited**

Sandeep Arora

**Chairman and Managing Director**

Kamal Arora

**Director**

Place: Mumbai

Date: 29/05/2014



**Statement of Profit and Loss for the year ended 31st March 2014**
*Amounts in INR*

Particulars	Note Number	Figures for the current reporting period 31 Mar 2014	Figures for the previous reporting period 31 Mar 2013
Revenue from operations	20	568,748,717	583,527,848
Other income	21	1,710,575	2,427,609
<b>Total Revenue</b>		<b>570,459,292</b>	<b>585,955,457</b>
<i>Expenses</i>			
Cost of materials consumed	22	513,913,784	550,801,115
Change in inventories of finished goods, work in progress and stock in trade	23	(15,486,361)	(24,365,549)
Employee benefits expense	24	4,757,253	4,639,898
Finance costs	25	24,170,844	20,164,545
Depreciation and amortization expenses	12	4,433,298	2,798,905
Other expenses	26	30,641,872	25,138,265
<b>Total expenses</b>		<b>562,430,689</b>	<b>579,177,179</b>
<b>Profit before exceptional items, extraordinary items and tax</b>		<b>8,028,603</b>	<b>6,778,278</b>
Exceptional items		-	-
<b>Profit before extraordinary items and tax</b>		<b>8,028,603</b>	<b>6,778,278</b>
Extraordinary items		-	-
<b>Profit before taxes</b>		<b>8,028,603</b>	<b>6,778,278</b>
Tax expenses:			
1. Current tax		-	1,346,700
2. Deferred tax expense / (credit)		2,079,711	262,233
<b>Profit for the year from continuing operations</b>		<b>5,948,892</b>	<b>5,169,345</b>
Profit for the year from discontinuing operations		-	-
<b>Profit for the year for the period</b>		<b>5,948,892</b>	<b>5,169,345</b>
<i>Earnings per share:</i>			
1. Basic		0.98	0.85
2. Diluted		0.98	0.85
Significant accounting policies and notes on accounts	1		

*As per our report of even date*
**For K S Sanghvi and Co**

Chartered Accountants

Firm Registration Number: 116714W

Tapan Sanghvi

**Partner**

Membership Number: 122244

Place: Mumbai

Date: 29/05/2014

**For and on behalf of Board of Directors of  
Sonal Adhesives Limited**

Sandeep Arora

**Chairman and Managing Director**

Kamal Arora

**Director**

Place: Mumbai

Date: 29/05/2014

## Cash Flow Statement for the year ended 31st March 2014

Cash Flow Statement for the year ended 31st Mar 2014 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 31st Mar 2014

Particulars	Year ended 31 Mar 2014	Year ended 31 Mar 2013
<b>Cash Flow from Operating Activities</b>		
Net profit before tax	8,028,603	6,778,278
<i>Add:</i>		
Interest provisions	-	3,300
Depreciation debited to the Statement of Profit or Loss	4,433,298	2,798,905
Interest paid	19,113,785	15,323,545
Loss on sale of assets	-	-
	<b>31,575,686</b>	<b>24,904,029</b>
<i>Less:</i>		
Gain on sale of assets	87,485	636,731
Interest income	1,607,120	759,350
	<b>1,694,605</b>	<b>1,396,081</b>
<b>Operating cash flow before changes in working capital</b>	<b>29,881,081</b>	<b>23,507,946</b>
<i>Adjustments for working capital:</i>		
(Increase) / decrease in inventories	578,956	(1,745,413)
(Increase) / decrease in trade receivables	(26,489,556)	(36,382,445)
(Increase) / decrease in other current assets	1,647,670	2,011,296
Increase / (decrease) in trade payables	5,563,099	37,315,501
Increase / (decrease) in other current liabilities, short term provisions, short term borrowings & long term provisions	10,273,529	7,594,201
	<b>(8,426,303)</b>	<b>8,793,140</b>
<i>Less:</i>		
Income taxes paid	-	1,700,000
<b>Net cash flow generated from operating activities</b>	<b>(A) 21,454,778</b>	<b>30,601,086</b>
<b>Cash Flow from Investing Activities</b>		
Acquisitions of fixed assets and investment in capital WIP	(6,795,076)	(34,988,444)
Sale of fixed assets	1,088,131	2,129,326
<b>Net cash flow used in Investing Activities</b>	<b>(B) (5,706,945)</b>	<b>(32,859,118)</b>
<b>Cash flow from Financing Activities</b>		
Repayment of long term borrowings	(10,668,742)	29,785,625
Dividend paid during the year	-	(3,030,500)
Dividend distribution tax paid thereon	-	(491,623)
Long term loans and advances and other non current assets	23,633,554	(8,716,573)
Interest paid	(19,113,785)	(15,323,545)
Interest income	1,607,120	759,350
<b>Net cash flow used in Financing Activities</b>	<b>(C) (4,541,853)</b>	<b>2,982,734</b>
Net increase / (decrease) in cash and cash equivalents	<b>(A) + (B) + (C) 11,205,980</b>	<b>724,702</b>
Cash and cash equivalents at the beginning of the year	<i>Note 2</i> 3,659,200	2,934,498
<b>Cash and cash equivalents at the end of the year</b>	<b>Note 2 14,865,180</b>	<b>3,659,200</b>

**Notes:**

- Cash and cash equivalents:  
Cash and cash equivalents consists of cash on hand and balances with scheduled bank, amount of unclaimed dividend and fixed deposits maturing within 12 months from the balance sheet date.
- The cash and cash equivalents comprise the following amounts of the Balance Sheet.

Particulars	As at	As at
	31 Mar 2014	31 Mar 2013
Cash on hand	451,890	611,199
Balances with banks	522,631	140,120
Amount in the unclaimed dividend account	1,468,400	1,470,250
Fixed deposits maturing within 12 months	12,422,259	1,437,631
<b>Total</b>	<b>14,865,180</b>	<b>3,659,200</b>

- Figures in brackets / negative figures indicate cash outflow.
- The above cash flow statement has been prepared by using the indirect method as per Accounting Standard - 3 "Cash Flow Statement" issued by the Companies (Accounting Standard) Rules, 2006.
- Previous year's figures have been regrouped/rearranged wherever necessary to conform to current year's classification  
*This is the cash flow statement referred to in our report of even date.*

As per our report of even date

**For K S Sanghvi and Co**  
Chartered Accountants  
Firm Registration Number: 116714W

Tapan Sanghvi  
**Partner**  
Membership Number: 122244

Place: Mumbai  
Date: 29/05/2014

For and on behalf of Board of Directors of

**Sonal Adhesives Limited**

Sandeep Arora  
**Chairman and Managing Director**

Kamal Arora  
**Director**

Place: Mumbai  
Date: 29/05/2014

## Notes to Balance Sheet

(Amounts in INR)

	<i>As at</i>	<i>As at</i>
	<b>31 Mar 2014</b>	<b>31 Mar 2013</b>

### Note 2

#### Share capital

##### Authorized:

7000000 Equity shares of Rs 10 each.	70,000,000	70,000,000
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##### Issued, subscribed and paid up:

6061000 Equity shares (Previous year 6061000 Equity Shares) of Rs 10 each, fully paid.	60,610,000	60,610,000
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##### Total share capital

	<b>60,610,000</b>	<b>60,610,000</b>
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##### Issued, subscribed and paid up share capital includes:

- a. Equity shareholders holding more than 5% of the equity shares alongwith the number of equity shares held is given below:

Sonal Impex Limited (2822700 Equity Shares)	46.57%	46.57%
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- b. **Reconciliation of the number of shares at the beginning of the year and at the end of the year**

Opening balance as at 01 Apr 2013		6,061,000
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Add: Fresh shares / bonus shares issued during the year		-
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Less: Buyback of shares during the year		-
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<b>Closing balance on 31 Mar 2014</b>		<b>6,061,000</b>
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- c. 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. In the event of liquidation of the company, the holder of equity shares will be entitled to receive remaining assets of the company.

### Note 3

#### Reserves and surplus

##### Capital Reserves

Balance in Capital Reserves	1,000,000	1,000,000
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##### Profit and Loss Account

Balance at the beginning	25,756,046	20,780,494
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Add: Net profit / (loss) for the period	5,948,892	5,169,345
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##### Less: *Appropriations / adjustments*

Deferred tax liability of prior years	-	193,793
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<b>Balance at the end</b>	<b>31,704,938</b>	<b>25,756,046</b>
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<b>Total reserves and surplus</b>	<b>32,704,938</b>	<b>26,756,046</b>
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## Notes to Balance Sheet

(Amounts in INR)

	<i>As at</i>	<i>As at</i>
	<b>31 Mar 2014</b>	<b>31 Mar 2013</b>

### Note 4

#### Long term borrowings

##### Secured

Term loan from banks (Refer Point 1)	28,178,352	988,982
Loan repayable on demand from Banks (Refer Point 2)	107,328,463	144,292,130

##### Unsecured

Deferred payment liabilities (Refer Point 3)	647,235	1,541,680
<b>Total long term borrowings</b>	<b>136,154,050</b>	<b>146,822,792</b>

#### Points:

#### 1 Car Loan:

- a There are 2 term loans. One term loan from Axis Bank is secured against car. The amount payable within one year is Rs 3.63 lakhs

#### 2 Working Capital Facilities and Other Term Loans:

The working capital facilities and the term loans are secured against the following:

- a Equitable mortgage of land and building situated thereon at Gat 232 / 2, Survey No 28, Hissa 1A, measuring 3860 sq mtrs within village Dheku, Taluka Khalapur, District Raigad.
- b Equitable mortgage of land and building situated thereon at Gat 232 / 1, Survey No 28, Hissa 1A, measuring 3860 sq mtrs within village Dheku, Taluka Khalapur, District Raigad, 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 and 1610 / 28 of Santacruz West, Linking Road, Extension Road, Mumbai 400 054, owned by Sandeep Arora and Mridu Arora.
- d Equitable mortgage of property (Residential Flat) at 11th Floor, Morya Heights, Plot No 15, 16 and 17, Near Sanjeevani International School, Kharghar Sector 18, Navi Mumbai, District Panvel, owned by Sonal Impex Limited
- e Equitable mortgage of industrial property situated at Gut No 236 (1), House No 142, Village Dheku, Off Takai - Adoshi Road, Adashi, Khopoli, Raigad, owned by Sonal Impex Limited.
- f Hypothecation of existing fixed assets
- g Hypothecation of plant and machinery of Sonal Ropes Limited
- h Cash collateral or immovable property worth Rs 0.50 crores.
- i Third party guarantee of Sandeep Arora, Kamal Arora, Mridu Arora, Corporate Guarantees of Sonal Impex Limited and Sonal Ropes Limited.
- j Amount repayable within one year for term loan is Rs 84 lakhs (Previous Year: Rs 84 lakhs).

#### 3 Rate of interests:

- a On Term Loan: 7% above the Base Rate.
- b On Working Capital: 7% above Base Rate.

### Note 5

#### Other long term liabilities

Deposits received from suppliers	7,000	7,000
<b>Total other long term liabilities</b>	<b>7,000</b>	<b>7,000</b>

## Notes to Balance Sheet

(Amounts in INR)

	<i>As at</i> 31 Mar 2014	<i>As at</i> 31 Mar 2013
<b>Note 6</b>		
<b>Deferred tax liability (net)</b>		
<i>Deferred tax liability</i>	5,863,855	5,407,829
On depreciation	4,315,917	375,684
On depreciation pertaining to earlier years	-	193,793
 <i>Deferred tax assets</i>		
On provisions	105,126	113,450
On brought forward business losses	2,131,081	-
<b>Total deferred tax liability</b>	<b>7,943,566</b>	<b>5,863,855</b>
 <b>Note 7</b>		
<b>Long term provisions</b>		
VAT payable	-	485
Provision for gratuity	1,482,693	1,295,365
Provision for taxes	10,104,060	8,754,060
<b>Total long term provisions</b>	<b>11,586,753</b>	<b>10,049,910</b>
 <b>Note 8</b>		
<b>Short term borrowings</b>		
Loans repayable on demand		
<i>From banks</i>	720,132	5,155,004
<b>Total short term borrowings</b>	<b>720,132</b>	<b>5,155,004</b>
 <b>Note 9</b>		
<b>Trade payables</b>		
Trade payables	140,829,971	135,266,872
<b>Total trade payables</b>	<b>140,829,971</b>	<b>135,266,872</b>
 <b>Note 10</b>		
<b>Other current liabilities</b>		
Advances received from customers	16,945,640	2,029,563
Outstanding expenses	1,565,141	1,869,841
Statutory dues payable	-	1,385
Current maturities of long term debts	9,658,388	10,268,162
Unclaimed dividends	1,468,400	1,470,250
<b>Total other current liabilities</b>	<b>29,637,569</b>	<b>15,639,201</b>
 <b>Note 11</b>		
<b>Short term provisions</b>		
Provision for excise duty on closing stock of finished goods	11,253,431	10,730,241
Provision for taxes	-	1,350,000
<b>Total short term provisions</b>	<b>11,253,431</b>	<b>12,080,241</b>

## Notes to Balance Sheet

### Sonal Adhesives Limited

Schedules forming part of the balance sheet

#### Note 12

#### Fixed assets schedule as at 31 Mar 2014

(All amounts in INR)

Sr No	Nature of asset	Gross Block			Depreciation			Net Block	
		Opening balance	Additions	Deletions	Closing balance	Deletions	Closing balance	31 Mar 2014	31 Mar 2013
1	Land	207,130	-	-	207,130	-	-	207,130	207,130
2	Factory Building	14,197,909	3,497,379	-	17,695,288	-	7,458,327	10,236,961	7,283,112
3	Office Premises	340,850	-	-	340,850	-	267,397	73,453	79,009
4	Plant and Equipment [Read Note (d) below]	78,431,112	3,092,599	1,673,288	79,850,423	672,642	14,172,915	65,677,508	66,770,604
5	Electrical Installation	2,392,347	-	-	2,392,347	-	2,024,443	367,904	481,540
6	Lab Equipments	94,396	-	-	94,396	-	22,120	72,276	76,760
7	Motor Vehicle	5,054,542	-	-	5,054,542	-	2,114,283	2,940,259	3,420,439
8	Motor Cycle	69,529	-	-	69,529	-	31,707	37,822	42,258
9	Bicycle	4,535	-	-	4,535	-	4,535	-	-
10	Air-conditioner	160,635	25,500	-	186,135	-	17,626	168,509	151,704
11	Computer	1,749,166	20,250	-	1,769,416	-	1,684,206	85,210	77,935
12	Generating Set	239,527	17,460	-	256,987	-	164,488	92,499	87,028
13	Office Equipment	635,522	141,888	-	777,410	-	267,357	510,053	402,225
14	Furniture & Fixture	453,528	-	-	453,528	-	437,718	15,810	44,518
	<b>Current Year</b>	<b>104,030,727</b>	<b>6,795,076</b>	<b>1,673,288</b>	<b>109,152,515</b>	<b>672,642</b>	<b>28,667,122</b>	<b>80,485,393</b>	<b>79,124,261</b>
	<b>Previous Year</b>	<b>57,573,334</b>	<b>48,012,308</b>	<b>1,554,915</b>	<b>104,030,727</b>	<b>62,320</b>	<b>24,906,466</b>	<b>79,124,261</b>	<b>35,403,454</b>

#### Note:

- a) The addition to fixed assets have been classified in accordance with the classification normally adopted by the Management.
- b) The additions to fixed assets are exclusive of VAT since the Company claims set off credit for the same (except which cannot be taken as set - off).

## Notes to Balance Sheet

(Amounts in INR)

	<i>As at</i> <b>31 Mar 2014</b>	<i>As at</i> <b>31 Mar 2013</b>
<b>Note 13</b>		
<b>Long term loans and advances</b>		
<b><i>Unsecured, considered good:</i></b>		
Deposits with related parties	-	11,000,000
Deposit of Residence	10,000	10,000
Deposit Telephone	76,100	76,100
Deposits for office	10,000	10,000
MSEB Deposits	180,795	168,995
Balances with government, public bodies and others	13,709,757	11,148,402
BMC Deposit	25,000	25,000
Gas Deposit	5,100	5,100
<b>Total long term loans and advances</b>	<b>14,016,752</b>	<b>22,443,597</b>
<b>Note 14</b>		
<b>Other non current assets</b>		
Fixed deposits with bank maturing beyond the next 12 months (Refer Point 1)	5,000,000	14,944,867
Long term trade receivables (including trade receivables on deferred credit terms)		
Unsecured, considered good	7,605,102	12,866,944
<b>Total other non current assets</b>	<b>12,605,102</b>	<b>27,811,811</b>
Point 1:		
The fixed deposits are placed with the bank as a margin money for availing the working capital facilities from the Bank.		
<b>Note 15</b>		
<b>Inventories</b>		
Raw materials	18,549,317	23,394,000
Packing materials	6,502,576	7,535,750
Consumables #	542,781	-
Finished goods	102,300,611	97,544,491
<b>Total inventories</b>	<b>127,895,285</b>	<b>128,474,241</b>
# includes wastage / scrap of Rs 19830 (Previous Year: Rs Nil)		
<b>Note 16</b>		
<b>Trade receivables</b>		
<i>Trade receivables outstanding exceeding a period of six months:</i>		
Unsecured, considered good	2,827,431	7,017,053
Unsecured, considered doubtful	-	-
	<b>2,827,431</b>	<b>7,017,053</b>
<i>Other trade receivables, unsecured:</i>		
Considered good	92,594,129	41,805,268
Considered doubtful	-	-
	<b>92,594,129</b>	<b>41,805,268</b>
Receivables from Companies in which the directors are interested	63,793,843	83,903,527
Less: Provision for doubtful receivables	-	-
<b>Total trade receivables</b>	<b>159,215,403</b>	<b>132,725,847</b>

## Notes to Balance Sheet

(Amounts in INR)

	As at 31 Mar 2014	As at 31 Mar 2013
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**Note 17****Cash and cash equivalents**

Cash on hand	451,890	611,199
Balances with banks	522,631	140,120
Amount in the unclaimed dividend account (Refer Note 1)	1,468,400	1,470,250
Fixed deposits maturing within 12 months (Refer Note 2)	12,422,259	1,437,631
<b>Total cash and cash equivalents</b>	<b>14,865,180</b>	<b>3,659,200</b>

**Notes:**

- Section 205 of the Companies Act, 1956 mandates that companies transfer dividend that has been unclaimed for a period of 7 years from unclaimed dividend account to the Investor Education and Protection Fund ('IEPF'). Accordingly, if the dividend is unclaimed for a period of 7 years, it will be transferred to IEPF. The unclaimed dividend pertains to the financial years 2009 - 2010, 2010 - 2011 and 2011 - 2012.
- Of the above, fixed deposits aggregating to Rs 77.88 lakhs (Previous Year: Rs 14.37 lakhs) have been kept as margin money against working capital facilities availed by the Company. These fixed deposits mature during the next 12 months.

**Note 18****Short term loans and advances**

Advance to employees	41,899	180,147
Advance to suppliers ( <i>excluding advance for purchase of capital goods</i> )	6,282,523	1,806,144
Advance for purchase of capital goods	7,220,203	7,151,601
Balances with government authorities	6,023,297	12,691,151
Advance tax	-	1,700,000
Taxes deducted at source	303,367	135,865
<b>Total short term loans and advances</b>	<b>19,871,289</b>	<b>23,664,908</b>

**Note 19****Other current assets**

Interest income receivable	708,756	50,014
Prepaid expenses	837,421	297,042
Excise refund receivable	894,929	-
Insurance claim receivable	51,900	-
<b>Total other current assets</b>	<b>2,493,006</b>	<b>347,056</b>



## Notes to Statement of Profit and Loss

Amounts in INR

	<i>Figures for the current reporting period 31 Mar 2014</i>	<i>Figures for the previous reporting period 31 Mar 2013</i>
<b>Note 20</b>		
<b>Revenue from operations</b>		
Sales	627,453,684	642,447,490
Less: Excise duty	58,704,967	58,919,642
<b>Total revenue from operations</b>	<b>568,748,717</b>	<b>583,527,848</b>
<b>Note 21</b>		
<b>Other income</b>		
Export incentives	-	70,119
Interest income	1,607,120	759,350
Miscellaneous income	15,970	3,692
Profit on sale of asset	87,485	636,731
Sundry creditors written back / bad debts recovered	-	957,717
<b>Total other income</b>	<b>1,710,575</b>	<b>2,427,609</b>
<b>Note 22</b>		
<b>Cost of materials consumed</b>		
Changes in stock of raw materials and other consumables	5,335,077	13,575,220
Add: Purchase of raw materials (Net of discounts)	479,468,012	500,340,293
<i>Add: Direct expenses</i>		
Clearing and forwarding / port / octroi	218,388	2,609,320
Consumable	1,194,736	1,412,497
Electricity charges	6,555,437	6,850,658
Factory expenses	899,473	674,789
Freight & forwarding charges	3,617,897	5,540,693
Manufacturing expenses	7,606,256	11,485,484
Repairs & maintenance - machinery	192,108	163,462
Security charges	992,791	784,185
Stores & spares expenses	1,054,869	1,475,225
Salary	3,360,070	2,930,979
Other allowance	2,916,870	2,551,491
Water charges	501,800	406,819
<b>Total cost of materials consumed</b>	<b>513,913,784</b>	<b>550,801,115</b>
<b>Note 23</b>		
<b>Change in inventories of finished goods, work in progress and stock in trade</b>		
Changes in the stock of finished goods	(15,486,361)	(24,365,549)
<b>Total changes in inventories of finished goods, work in progress and stock in trade</b>	<b>(15,486,361)</b>	<b>(24,365,549)</b>

## Notes to Statement of Profit and Loss

Amounts in INR

	<i>Figures for the current reporting period 31 Mar 2014</i>	<i>Figures for the previous reporting period 31 Mar 2013</i>
<b>Note 24</b>		
<b>Employees benefit expenses</b>		
Gratuity	340,212	367,153
Labour welfare fund	801	1,231
Provident fund	687,240	734,654
Other allowance	1,644,533	1,550,319
Salary	1,584,884	1,521,735
Staff welfare expenses	499,583	464,806
<b>Total employees benefits expenses</b>	<b>4,757,253</b>	<b>4,639,898</b>
<b>Note 25</b>		
<b>Finance costs</b>		
Interest on car loan	132,012	181,919
Bank interest	18,923,840	15,138,326
Interest	57,933	-
Bank charges	5,057,059	4,841,000
Other interests	-	3,300
<b>Total finance costs</b>	<b>24,170,844</b>	<b>20,164,545</b>
<b>Note 26</b>		
<b>Other expenses</b>		
Advertisement & publicity	121,080	135,692
Audit fees	144,000	144,000
Bad debts written off	494,965	-
Charity & donations	6,000	14,000
Commission paid	-	300,000
Domestic & foreign travel	933,336	797,673
Exchange fluctuation loss	9,112,590	2,066,417
Excise duty	11,253,431	10,730,241
Insurance premium	560,608	220,526
Legalization and certification charges	-	680,900
Miscellaneous expenses	2,004,624	2,226,624
Ocean freight	3,056,552	5,230,386
Professional fees	321,951	343,111
Professional tax	2,500	7,500
Rental charges	1,229,584	773,610
Repairs & maintenance - vehicles	547,043	549,734
Telephone and communication expenses	368,890	423,974
Terminal handling charges	484,718	493,877
<b>Total other expenses</b>	<b>30,641,872</b>	<b>25,138,265</b>

**Note 1****Significant accounting policies for the year ended 31 Mar 2014****1. Nature of business**

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

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

*Interest income*

Interest income is recognized on accrual basis.

**2.4. Expenses and incomes**

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

**2.5. Fixed Assets and Depreciation**

Fixed assets acquired by the Company are reported at acquisition value with deductions for accumulated depreciation and impairment losses, if any.

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

Fixed assets are depreciated on Straight Line Method ('SLM') at the rates prescribed by Schedule XIV of the Companies Act, 1956, unless the use of a higher rate or an accelerated charge is justified through technical estimates.

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

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

**2.6. Foreign exchange transactions***Initial recognition*

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

*Translation*

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

*Gain or loss on acquisition of fixed assets*

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

**2.7. Inventory**

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

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

Inventory is valued on weighted average basis.

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

**2.8. Segment reporting**

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

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

**2.9. Earnings per Share**

Particulars	31 Mar 2014	31 Mar 2013
Profit after tax	5,948,892	5,169,345
Less: Preference dividend, if any	-	-
<b>Adjusted profit after tax</b>	<b>5,948,892</b>	<b>5,169,345</b>
Weighted average number of equity shares outstanding	6,061,000	6,061,000
<b>Earnings Per Share</b>	<b>0.98</b>	<b>0.85</b>
Face Value Per Share	10	10

**2.10 Taxes on income**

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

**2.11 Provisions and Contingencies**

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

Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognized but are disclosed in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefit is remote.

A contingent asset is neither recognized nor disclosed.

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

- 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). The Company is not aware of the outcome of the appeal. We are therefore, unable to comment on the matter.
- The Company has given guarantee in favour of Sonal Impex Limited to enable Sonal Impex Limited avail credit facilities with banks. The Company is contingently liable to that extent.
- Claims not acknowledged as debts: Rs 0.45 lakhs

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

### 2.13 Related Party Disclosures

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

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

#### Transactions with Related Parties during the year:

Sr No	Nature of transaction	Associates	Key Management Personnel	Relatives of Key Management Personnel	Total
1	Sales	12,09,32,660	-	-	12,09,32,660
		<i>13,89,54,549</i>	-	-	<i>13,89,54,549</i>
2	Rent	11,40,000	-	-	11,40,000
		<i>6,60,000</i>	-	-	<i>6,60,000</i>
3	Manufacturing expenses	-	-	-	-
		<i>40,50,000</i>	-	-	<i>40,50,000</i>
4	Purchases	2,44,09,803	-	-	2,44,09,803
		<i>2,06,26,655</i>	-	-	<i>2,06,26,655</i>

#### Balances as at 31 Mar 2014

Sr No	Nature of transaction	Associates	Key Management Personnel	Total
1	Deposits	-	-	-
		<i>1,10,00,000</i>	-	<i>1,10,00,000</i>
2	Trade receivables	6,37,93,843	-	6,37,93,843
		<i>8,39,03,527</i>	-	<i>8,39,03,527</i>

#### Notes:

- Figures in italics represent previous year's amount.
- 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.

### 3. Other financial information

#### 3.1 Auditor's Remuneration

Remuneration to auditors		
Particulars	31 Mar 2014	31 Mar 2013
Statutory audit fees	75,000	75,000
Tax audit	45,000	45,000
Other services	24,000	24,000
<b>Total</b>	<b>144,000</b>	<b>144,000</b>

The above fees are exclusive of service tax.

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

### 3.2 Dues to Micro Small and Medium Enterprises

The Company has not received any intimation from its suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence, the disclosures, if any, relating to the amounts unpaid as at 31 Mar 2014 together with the interest paid / payable as required under the said Act have not been given.

3.3 No provision has been created on trade receivables aggregating to Rs 28,27,431 (Previous Year: Rs 70,17,053) which are older than six months. Also, the Management assumes that the other current assets and current liabilities will be realized and settled respectively atleast at the values disclosed in the balance sheet.

### 3.4 Cash Flow Statements

Cash-flow statements are prepared in accordance with the "Indirect Method" as explained in the Accounting Standard (AS) 3 - Cash Flow Statements as prescribed under section 211(3C) of the Companies Act 1956 read with General Circular 15 / 2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013.

### 3.5 Cash and Cash Equivalents

Cash and bank balances and current investments that have insignificant risk of change in value, which have durations up to three months, are included in the Company's cash and cash equivalents in the Cash Flow Statement.

### 3.6 Quantitative information

Purchase of Major Raw Materials		
Particulars	31 Mar 2014	31 Mar 2013
Butyl Acrylate	171,451,636	191,514,078
Vinyl Acetate Monomer	21,035,191	26,396,413
BOPP Film	181,721,902	164,808,681
<b>Total</b>	<b>374,208,729</b>	<b>382,719,172</b>

Sale of major products		
Particulars	31 Mar 2014	31 Mar 2013
Plastic Rope	49,763,950	37,031,967
BOPP Tape	424,828,899	387,123,373
Acrylic Polymer	77,255,381	148,323,986
Butyl Acrylate	6,273,130	8,396,529
Vinyl Acetate Monomer	8,751,270	-
Others	1,876,087	2,651,993
<b>Total</b>	<b>568,748,717</b>	<b>583,527,848</b>

As per our report of even date

**For K S Sanghvi and Co**

Chartered Accountants

Firm Registration Number: 116714W

Tapan Sanghvi

**Partner**

Membership Number: 122244

Place: Mumbai

Date: 29/05/2014

**For and on behalf of Board of Directors of  
Sonal Adhesives Limited**

Sandeep Arora

**Chairman and Managing Director**

Kamal Arora

**Director**

Place: Mumbai

Date: 29/05/2014

## SONAL ADHESIVES LIMITED

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

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

Website: [www.sonal.co.in](http://www.sonal.co.in) Email: [info@sonal.co.in](mailto:info@sonal.co.in)

### ATTENDANCE SLIP

I hereby record my presence at the Twenty Third Annual General Meeting of the Company held on Monday, September 29, 2014 at 11:00 a.m. at the Registered Office of the Company at 2N Laxmi Industrial Estate, New Link Road, Andheri (West), Mumbai – 400 053.

Full name of the Shareholder .....

(in block letters)

Ledger Folio No..... DP ID..... Client ID.....

Number of Shares held.....

Full name of Proxy .....

(in block letters)

### Signature of Shareholder or Proxy attending

Please provide full name of the 1<sup>st</sup> Joint Holder.

#### Notes:

- (1) Members/Proxy holders are requested to produce the attendance slip duly signed for admission to the Meeting hall.
- (2) Members are requested to bring their copy of Annual Report for reference at the Meeting.

## SONAL ADHESIVES LIMITED

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

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

Website: [www.sonal.co.in](http://www.sonal.co.in) Email: [info@sonal.co.in](mailto:info@sonal.co.in)

### PROXY FORM

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

Name of the member(s)

Registered address

E-mail id

Folio No. / Client Id

DP ID

I/We, being the member(s) of ..... equity shares of Sonal Adhesives Limited, hereby appoint

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

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Twenty Third Annual General Meeting of the Company to be held on Monday, September 29, 2014 at 11:00 a.m. at 2N Laxmi Industrial Estate, New Link Road, Andheri (West), Mumbai – 400 053 and at any adjournment thereof in respect of such resolutions as are indicated below.

SR. No	Resolutions
1	Adoption of Financial Statements for the year ended March 31, 2014
2	Appointment of a Director in place of Smt. Kamal M. Arora (DIN No. 00177001), who retires by rotation and, being eligible, offers herself for re-appointment.
3	Appointment of M/s. K.S. Sanghvi & Co Chartered Accountants, as Auditors of the Company
4	Re-appointment and Remuneration of Shri. Sandeep M. Arora as Managing Director
5	Appointment of Shri. Jaspal Singh Bhasin as Independent Director
6	Appointment of Shri. Manish S. Nanda as Independent Director
7	Increase in Borrowing Limits of the Company which shall not exceed Rs. 1,00,00,00,000/- (Rupees One Hundred Crores Only)

Signed this .....day of ..... 2014.

Signature of Shareholder

Signature of proxy holder (s)

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

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








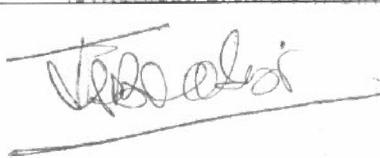





If undelivered, please return to:  
**SONAL ADHESIVES LTD.**  
2N Laxmi Industrial Estate, New Link Road,  
Andheri (west), Mumbai-400 053.

**FORM A**

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

1.	Name of the Company	<b>Sonal Adhesives Limited</b>
2.	Annual financial statements for the year ended	31 <sup>st</sup> March, 2014
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Not applicable
5.	To be signed by-	FOR SONAL ADHESIVES LTD
	<ul style="list-style-type: none"> <li>• Managing Director- <b>Mr. Sandeep M. Arora</b></li> </ul>	 AUTHORIZED SIGNATORY/DIRECTOR
	<ul style="list-style-type: none"> <li>• Audit Committee Chairman - <b>Mr. Jaspal Singh Bhasin</b></li> </ul>	
	<ul style="list-style-type: none"> <li>• CFO- <b>Shivcharan Shankar Girkar</b></li> </ul>	
	<ul style="list-style-type: none"> <li>• <b>Mr. Tapan</b>, Partner For K S Sanghvi &amp; Co Auditor of the company</li> </ul>	<p align="center"><i>Tapan Sanghvi</i></p> <p align="center"><b>Tapan Sanghvi</b> Chartered Accountant Membership Number 122244</p> 