



SANATHNAGAR ENTERPRISES LTD.
(Formerly Bakelite Hylam Limited)

62nd ANNUAL REPORT
30th June 2009

SANATHNAGAR ENTERPRISES LIMITED

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956:

Items No. : 3 to 6

In accordance with the Rehabilitation Scheme, the demerger and divestment of businesses has been completed and the Company is no longer an Industrial Company w.e.f. April 1, 2009. The Company will be under taking development of the Sanathnagar Land under the Promoters inducted as per the Rehabilitation Scheme sanctioned by Hon'ble BIFR.

The Board of Directors is therefore being re-constituted to reflect the above and the resolutions proposed are to implement the same. The Directors retiring by rotation, Sh S P S Shinh (Wholetime Director) and Dr A L Ananthanarayanan (Promoter Directors), are not offering themselves for re-appointment accordingly. The remaining existing Directors will be relinquishing office after the requisite compliances relating to Sanathnagar Agreements are completed.

The names of incoming Directors have been proposed by the aforesaid Promoter group as non executive directors. The details of their qualifications and background are given below.

Details of Additional Director / Directors seeking appointment at the forthcoming Annual General Meeting of the Company (Pursuant to provisions of Clause 49 of the Listing Agreement with the Stock Exchange):

Name of Directors	Mr. Deependra Gupta	Mr. Somanathan Nair	Mr. Sagar Gawde	Mr. Sanjay Ambre
Date of Birth	05.03.1972	12.07.1961	20.10.1984	01.01.1974
Qualification	Inter C.A., Science Graduate	Under Graduate	Commerce Graduate	Under Graduate
Expertise in specific functional area	Accounts, Taxation & Finance	Accounts	Accounts & Taxation	Accounts
List of Indian Public Limited Companies in which holds Directorship	Roselabs Finance Limited	-	-	-
Chairmanship/ membership of committee of Director of the Companies	-	-	-	-
No. of shares held in the Company as on 30.06.2009	Nil	Nil	Nil	Nil

None of the above Directors of the Company proposed to be appointed at the ensuing Annual General Meeting are related to each other.

NOTES:

- 1 ANY MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. IN ORDER TO BE EFFECTIVE, THE PROXIES SHOULD BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE MEETING.
- 2 The Directors retiring by rotation are not seeking reappointment.
- 3 Register of Members & Share Transfer Books will remain closed on 28th to 31st December, 2009.
- 4 Members who wish to seek any further information / clarification, at the meeting, on the annual accounts or operations of the Company are requested to send their queries at least a week in advance of the date of the Meeting, to the Registered Office of the Company.
- 5 Members are requested to intimate any change in their address to the Company immediately. Members who attend the meeting are requested to complete the enclosed attendance slip and deliver the same at the entrance of the Meeting.
7. **The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Special Business is annexed and forms part of this Notice.**
8. Members holding shares in identical order of names in more than one folio are requested to write to the Company's Registrar and Share Transfer Agents M/s CIL Securities Limited, 214, Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad - 500 001, enclosing their original Share Certificate to enable them to consolidate the holdings into one folio.
9. As per the recent amendment to the Companies Act, 1956, the Members of a Company are allowed to nominate any person to whom the share(s) shall be transmitted in the event of Member's death. Members are advised to contact the Company to avail this facility.
10. Members are requested to bring their copies of Annual Reports at the time of attending the Meeting.

By order of the Board

Place: Hyderabad
Date: 05.12.2009

N.P.S.Shinh
Managing Director

SANATHNAGAR ENTERPRISES LIMITED

REPORT OF THE DIRECTORS

To
THE MEMBERS,

Your Directors present the SIXTY SECOND Annual Report together with the Audited Statement of Accounts of the company for the financial year ended 30th June 2009. During this period the demerger of the various businesses of the company has been completed. The demerger was implemented in accordance with the rehabilitation scheme sanctioned by Hon'ble BIFR (Order vide dt. August 22, 2005), with December 1, 2007 as appointed date, and April 13, 2009 as the effective date for the demerger. Consequently all the transactions from the appointed date were on behalf of the resulting companies as follows:

- a) Panel Board & Laminates Limited – Particle Board business including the Balارشah factory.
- b) Bakelite Resins & Foams Limited – Foams and Resins business including the Nacharam factory and various assets/liabilities de-merged into the company as per the scheme of arrangement.

In view of the demerger, the only operating business in the company was surface textures, which was divested on March 31, 2009. There are no industrial operations' in the company after 1.4.2009. The lamination production had already been suspended in 2007, in order to vacate the Sanathnagar factory in accordance with the directions of Hon'ble Supreme Court of India as conveyed through Government of Andhra Pradesh. The company is no longer an Industrial Company since April 1 2009.

The residual company now has only the Sanathnagar owned land and liabilities relating to the funds taken from the promoters and their associates for meeting the liabilities of the company. To the extent that the assets are not taken over and included in the transaction consideration, the residual assets are being held in the resulting company (Bakelite Resins & Foams Limited).

To enable the value thereof to be retained in favour of the common shareholders.

FINANCIAL RESULTS:

The financial results of the Current Year reflecting the Surface Texture Business and transactions other than those on behalf of the Resulting Companies are as under:

FINANCIAL RESULTS: (Rs. Crs)

	Period ended June 30, 2009	Year ended June 30, 2008
Gross Sales	5.00	36.84
Net Sales	4.46	33.15
Other Income	0.25	1.83
Interest	0.01	(9.80)
Cash Profit/(Loss)	(10.09)	(29.44)
Depreciation	(1.92)	(5.35)
Exceptional Items	5.46	(8.08)
Net Profit/(Loss)	(6.55)	(42.87)

DEMERGER & SHARES ISSUANCE:

The shareholders of the company have been issued new shares of the Post-demerger Resulting companies in accordance with the ratio as lay down in the BIFR Order dt. 22.08.2005 as follows, (for every 10 shares of Bakelite Hylam Limited)

<u>S.No.</u>	<u>Company</u>	<u>Details</u>	<u>New Shares</u>
1.	Bakelite Resins & Foams Ltd	Resulting Company No.1	2
2.	Panel Boards & Laminates Ltd	Resulting Company No.2	5
3.	Sanathnagar Enterprises Ltd	Residual Company	3

Shareholders have been requested to return the old shares of the company and obtain fresh shares and the same are being dispatched against return of old shares. The new shares carry equal rights as the existing rights and are all with face value of Rs.10 per share (fully paid up).

DELISTING:

The trading in the shares of the company has remained suspended since 2001. Despite all efforts made by the management and ensuring the required compliances/ payment of the listing charges, the shares have remained in the suspended list. The promoters therefore decided to initiate the steps for delisting to provide liquidity to the shareholders not interested in holding the shares any further, through offer to purchase the shares, as specified under the SEBI regulations for delisting of shares. A postal ballot has been conducted and the results of the same confirm the approval of the shareholders to the delisting as proposed, with 99.97% of those voting have voted in favour of the de-listing. Further steps are being taken as per the SEBI guidelines for de-listing.

MANAGEMENT DISCUSSION AND ANALYSIS; BUSINESS OUTLOOK AND SEGMENT WISE PERFORMANCE

As there are no industrial operations / other businesses in the company, and the promoters will in due course develop the Sanathnagar land, the future performance of the company will depend on the status of the building industry, market for residential and commercial properties, cost of construction, settlement of liabilities with due interest, etc., none of which can be predicted with any reasonable accuracy at this stage.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

In view of the assets / liabilities have been demerged out of the company, and all liabilities / claims / contingency having been taken over by resulting companies. This item is no longer applicable.

ASSETS SALE

It was reported that last year that some progress in sale of Jeedimetla land and other assets had been made. During the current financial year the entire Jeedimetla land along with buildings has been disposed and the amount realized except for some amounts for which the buyers had requested for additional time, and given post dated cheques extending till Dec 312009. These have been assigned to Bakelite Resins & Foams Ltd., a group company as partial consideration for VRS Liability taken over by the said company. All IPRs /claims/contingent & other liabilities/assets have been transferred to Bakelite Resins & Foams Ltd. for consideration, to ensure that the shareholders value is maintained, albeit in the resulting company and to ensure that the residual company is without any assets/liabilities except those relating to the Sanathnagar owned lands which have been included in the transaction consideration. The surface texture machinery as well as its assets & liabilities(other than land & buildings) have been acquired by Bakelite Coatings &

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Paints Pvt Ltd., a company owned and controlled by the promoters, for consideration based on valuation by Authorised valuers and as approved by the BoD as fair and reasonable consideration.

PERSONNEL

All the workmen of the laminates division (Sanathnagar) have been settled by VRS in accordance with the scheme as approved vide Hon'ble AAIFR Order (SS-05) dt. 10/4/2007. The company had introduced pension based VRS scheme during 1999-2001 under which about 540 workmen had taken retirement. Substantial portion of the former workmen have been paid their dues in full and final settlement (OTS) and the remaining personnel are being paid the monthly pensions as well as installments of past arrears as per the SS-05. The payments are from the resultant company (Bakelite Resins & Foams Ltd) under the above mentioned assignment of the future liability on this account.

CAUTIONARY NOTE

The statements forming part of the Directors' report may contain certain forward-looking statements within the meaning of applicable securities laws and regulations. Many factors could cause the actual results, performance or achievements of the company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward looking statements.

DIRECTORS

In accordance with the provisions of Section 256 of the Companies Act 1956, Sh S P S Shinh and Dr A L Ananthanarayanan, Directors, retire by rotation and are not offering themselves for re-appointment.

In the last AGM, the members had approved the appointment of Sh M P Lodha, Sh Abhishek Lodha, Sh Abhinandan Lodha, Sh Dinkar Rai, Sh Anurag Singhvi, Sh Surendra Shah and Sh Mangesh Puranik, as Directors. This induction was in accordance with the agreement for induction of funds and development of Sanathnagar land as finalized with the Lodha Group. All the above Directors, except Sh Anurag Singhvi resigned from the Board during the course of the year.

Appointment of new Directors to facilitate the implementation of the Sanathnagar Land development is being proposed in the forthcoming AGM. and resolutions for the same are being included in the forthcoming AGM. Their brief profiles are included in the Explanatory Memorandum annexed to the Notice being sent to shareholders.

AUDITORS

M/s Lodha & Co., statutory auditors of the company will retire by rotation at the ensuing General Meeting of the company and are eligible for re-appointment. As regards the auditors' observations, the relevant notes on the accounts and the explanations provided therein are self-explanatory and do not call for any further comments.

COST AUDITORS

In view of there being no industrial operations in the company, the appointment of Cost Auditor is not proposed.

LISTING FEE PAYMENT / DELISTING

The Company has made the payment to Mumbai Stock Exchange till date. The process of delisting has been initiated, including Postal Ballot, to provide an exit option for non promoter group shareholders and related matters.

CORPORATE GOVERNANCE

The Report on Corporate Governance is enclosed separately.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217 (2AA) of the Companies (Amendment) Act, 2002, the Directors confirm:

- a) That in the preparation of the accounts for the year ended 30th June 2009, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any
- b) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of the affairs of the company as at the end of the period and of the profit or loss of the company for that period.
- c) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act so as to prevent and detect fraud and other irregularities.
- d) That the Directors have prepared the accounts on a going concern basis.

FIXED DEPOSITS

As on June 30, 2009 no fixed deposits were outstanding, as the entire liability of any unpaid amounts have been acquired by Bakelite Resins & Foams Ltd., (Resulting Company), under the Scheme of Arrangement. The Rehabilitation scheme sanctioned by Hon'ble BIFR provided for exemption from Section 205(c) for transfer of unpaid amounts to Investors protection fund. Claims for unpaid FDs are being / will be settled from the resulting company

accordingly, without recourse to the company.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

There is nothing to report on this matter.

FINANCE

The promoters (Lodha Group companies) have provided the required funds and have also taken over the liabilities to IDM, as a part of the arrangement for land development. Apart from the above, the company does not have any other liabilities or outstanding claims. The release of charge and return of title deeds relating to the assets of Resulting companies, from the above promoters is under process.

SUBSIDIARY COMPANY

The shareholding of the company was divested for a nominal consideration and there is no subsidiary company as on date.

EMPLOYEES

There are no employees in the company whose particulars are required under Section 217 (2A) of the Companies Act 1956.

ACKNOWLEDGEMENT

Sh S P S Shinh Whole Time Director, and Dr A L Ananthanarayana , Director are retiring at the conclusion of the forthcoming AGM. The Directors express their appreciation for their contribution to the company's operations / restructuring and for their support and assistance during very trying periods covering their tenures. The Board also records its appreciation for the support and cooperation received from various Stakeholders, during the period under review.

For and on behalf of the Board

Place: Hyderabad
Date: 5-12-2009

N.P.S.Shinh
Managing Director

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AUDITOR'S REPORT OF CORPORATE GOVERNANCE

To

The Members of
Sanathnagar Enterprises Limited
Hyderabad.

We have examined the compliance of conditions of Corporate Governance procedures implemented by Sanathnagar Enterprises Ltd, for the period ended 30th June, 2009, as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchanges in India.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has generally complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement except to the extent as mentioned below:

During the period, no quarterly limited review reports have been obtained for the quarterly results published by the Company. The Company has no Industrial Operation since April 1, 2009.

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

For LODHA & COMPANY
Chartered Accountants

R.P.BARADIYA
Partner
Membership No.: 44101

Place: Mumbai
Date: Dec 5 2009

REPORT ON CORPORATE GOVERNANCE

1. COMPANY PHILOSOPHY:

The company future activities will be non-industrial and the company philosophy of the Corporate Governance will reflect the land development activities as taken up in the company in future.

2. BOARD OF DIRECTORS:

The details of attendance, Directorship and Membership of the Directors as on 30.06.2009 are given below:

Name of Director	Date of appointment / change	Category of Director	BOD meetings During the year		Remuneration (Rs)	Committee membership as on 30.06.09	Sitting fee (Rs.)	Attendance at AGM	Audit Comm meetings		Directorship of other Companies
			Held	Attended					Held	Attended	
Bharath Chandra	26/11/2005	ID & NED	6	5	-	3	13,000	-	2	2	6
Dr. Usha Sunderarajan	26/11/2005	ID & NED	6	5	-	3	10,500	-	2	2	6
Dr. AL Ananthanarayanan		NED	1	1	-	-	-	YES	-	-	5
Alexander Shaik #	12/12/2006	NED	1	1	-	-	-	-	-	-	6
Abhishek Lodha #	16/11/2007	NED	6	2	-	-	-	-	-	-	155
NPS Shinh	27/08/2003	Managing Director	6	6	20,13,000	2	-	YES	2	2	14
Brig. Chaitanya Prakash, VSM #	02/08/2006	IFR Nominee Spl. Director	1	1	-	-	2,500	-	-	-	2
Anish Modi #	12/12/2006	NED	1	1	-	-	-	-	-	-	14
Abhinandan Lodha #	16/11/2007	NED	6	0	-	-	-	-	-	-	155
Mangal Prabhat Lodha #	16/11/2007	NED	6	0	-	-	-	-	-	-	155
Anurag Singhvi	04/10/2007	ID & NED	6	0	-	-	-	-	-	-	5
SPS Shinh	14/05/2003	WT Director	6	5	12,83,004	-	-	YES	-	-	9
Dinkar Rai #	3/07/2008		5	0	-	-	-	-	-	-	NA
Surendra Shah #	3/07/2008		5	0	-	-	-	-	-	-	NA
Mangesh Puranik #	3/07/2008		5	0	-	-	-	-	-	-	NA

Remuneration as above includes arrears withheld last year pending sanction from Central Govt.

NED = Non- Executive Director, ID = Independent Director, # = Resigned

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BOARD MEETINGS:

Six Board Meetings were held on 03.07.08, 29.09.08, 19.11.09, 17.01.09, 19.02.09, 30.03.09.

AUDIT COMMITTEE:

The Audit Committee at present consists of Shri Bharath Chandra, Dr Usha Sunderarajan and Anurag Singhvi, all being Non-executive Independent Directors. Two meetings were held during the year under review. The terms of reference includes in particular, overseeing the Company's financial reporting process and disclosure of financial reporting information, recommending appointment and removal of External Auditor, fixation of statements before submission to the Board. In view of the cessation of industrial activities, the Audit Committee has been suspended w.e.f. April 1, 2009.

REMUNERATION COMMITTEE:

Remuneration Committee has been formed to periodically review the remuneration package of Managing/Whole-time Directors and recommend suitable revision to the Board. Remuneration committee at present consists of Dr Usha Sunderarajan, Shri Bharath Chandra, both Non-Executive Independent Directors and Shri NPS Shinh. Dr Usha Sunderarajan is Chairman of the Committee.

Non-executive directors did not receive any remuneration during the financial year under review. During the period under review the Remuneration Committee has not met as there were no item pertaining to the Remuneration.

SHARE TRANSFER AND INVESTOR GRIEVANCE COMMITTEE:

The Committee consists of Shri Bharath Chandra, Dr Usha Sunderarajan, and Shri N P S Shinh. Shri Bharath Chandra is Chairman of the Committee.

Name & designation of Compliance Officer

Shri T N Rao, Vice President is the Compliance Officer. No Meetings were held during the year.

No complaints were received during the year and remained pending. No transfers were pending at the end of Financial Year ended 30th June 2008.

General Body Meetings:

AGM	Date	Time	Venue
59 th AGM	29.11.2006	9.30 AM	Plot No.4 -7, IDA, Jeedimetla, Hyderabad
60 th AGM	29.09.2007	9.30 AM	Plot No.4 -7, IDA, Jeedimetla, Hyderabad
61 ST AGM	21.03.2009	9.30 AM	Plot No.4 -7, IDA, Jeedimetla, Hyderabad

Special Resolutions passed at the last 3 year Annual General Meetings

AGM Date	Item No.	Particulars	
29.11.2006	Item No.5	Settlement of secured creditors dues	
	Item No.6	Approval of Demerger	
	Item No.7	Approval for sale of IPRs	
	Item No.8	Relocate Sanathnagar unit	
	Item No.9	Develop/Sell Sanathnagar/Jeedimetla lands	
	Item No.10	Divest Ezra shareholding	
	Item No.11	Approval of Terms of appointment S P S Shinh	
	29.09.2007	Item No.10	Divestment of laminate business into a new co.
		Item No.11	Authorisation for Demerger of Nacharam, Jeedimala, Balarshah into new cos.
		Item No.12	Approval for a VRS Scheme for Sanathnagar workmen
		Item No.13	Approval for implementation of AAIFR order dt 10.4.2007
Item No.14		Approval for relocation of Sanathnagar & R & D centre	
Item No.15		Approval for Sell/ Develop Sanathnagar/R & D land and sell surplus equipment	
Item No 16		Approval for Sell/ Develop Jeedimetla land	
Item No 17		Approval for appointment of Ms Harsimran Shinh as Sr. Manager wef 16.9.2006 for 5 years	
21.03.2009	Item No 18	Appointment of S V S Shetty as wholetime time Director	
	Item No 19	Appointment of Sh Rajagopalan as whole-time director wef 1.10.2007	
	Item No.5	Approval of appointment of Sh N P S Shinh as Managing Director w.e.f. 27.08.2009	
	Item No.6	Approval of appointment of Sh S PS Shinh as Director (Commercial) w.e.f. 15.05.2009	
	Item No.7	Divestment of Sanathnagar Machinery	
	Item No.8	Divestment / relocation of Surface Texture Business	
	Item No.9	Transfer of IPRs etc in favour of Bakelite Resins & Foams Ltd.,	
	Item No.18	Demerger of Nacharam Unit and Balarshah Unit	
	Item No.19	Closure of Particle Board Unit	

POSTAL BALLOT

The Postal Ballot has been conducted for delisting of the company and the results confirm the decision of de-listing the shares.

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BOOK CLOSURE DATE

Book Closure dates have been fixed on 28th to 31st December, 2009 for the purpose of 62nd Annual General Meeting of the Company.

DISCLOSURES

During the last 3 years, there were no monetary penalties imposed either by SEBI or the Stock Exchanges or by any statutory Authority for non-compliance on any matter related to Capital Markets. The Land & Building of the Surface Texture business have been taken over by Bakelite Properties Pvt Ltd., owned and controlled by the promoters, for consideration, at the price at which other plots of land were acquired by independent buyers, and the amount set off against company's liabilities to the promoters / promoter group companies. Similar action has been taken for divesting the Surface Textures business to a group company, Bakelite Coatings & Paints Pvt Ltd., resulting in reduction of the Liabilities of the Company, through set off against the above sale transactions.

The laminates business as well as related assets and liabilities have been assigned to the resulting company (Bakelite Resins & Foams Ltd.), as well as all rights / claims receivables/IPRs etc., to ensure that the shareholders value remains in tact.

There are no material stock transfers made by the company with its promoters, directors or management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large.

MEANS OF COMMUNICATION:

In compliance of the Listing agreements, Quarterly and Half yearly results, after being approved and taken on record by the Board of Directors, are sent to the Stock Exchanges where the shares of Company are listed and published in Daily papers as required. The Company has a website at www.bakelitehylam.com. However no financial data is posted on the web at present.

Management discussion and analysis forms part of this Annual Report.

SHAREHOLDERS INFORMATION:

ANNUAL GENERAL MEETING

Date and Time	:	31 st December, 2009 at 9:30AM
Venue	:	Plot No.4 -7, IDA, Jeedimetla, Hyderabad, Andhra Pradesh
Financial Calendar (Tentative Financial Calendar Subject to change)	:	July to June
Quarterly Results	:	Published for QE ending September 2008 & December 2008
E-mail address for Shareholders	:	sanathnagarenterprises@gmail.com
Dividend payment date	:	No dividend on Equity is recommended by the Board
Listing on Stock Exchange	:	Bombay Stock Exchange Limited
Stock Code	:	BSE – 509423-Trading suspended since 2001

ISIN	:	CDSL-INE 367E01017-inoperative since 2001 in view of trading suspended NSDL – Awaited
Dematerialization of shares and	:	_____
Outstanding GDRs/ADRs/ Warrants/Convertible Instruments	:	Not applicable
Investor Correspondence	:	CIL Securities Limited
For change in address,		214, Raghava Ratna Towers
Change of Bank mandate, Nomination		Chirag Ali Lane, Abids
Transfer, Dematerialization of Shares		Hyderabad-500 001.
Any query on Annual Report	:	Secretarial Department "Surya Towers", 3 rd Floor, 'C' Block, 104, S P Road Secunderabad – 500 003

In absence of any operations in the company, the quarterly results were not published after QE December 2008.

Share Transfer System :

Share Transfers, which are received in Physical form, are processed and the Share Certificates are returned with in a period of 15 days, subject to the documents being valid and complete in all respects. The Share Transfer Committee approves Memoranda of Share Transfers along with Share transfer documents every fortnight, if such are complete in all respects.

Company had been offering the facility of Transfer cum De-mat. However, due to the trading being suspended, CDIL is unable to process and demat requests / transmissions. Request for permit the operation of CDSL is pending with BSE.

Further all the work relating to Share registry in terms of both Physical and electronic mode are being maintained with the "CIL Securities limited", a SEBI registered R&T Agent.

SHAREHOLDING OF DIRECTORS:

Shri N.P.S.Shinh, Managing Director of the Company, along with his Relatives, holds 10.9% of the total paid-up Equity Share Capital of the Company. The present shareholdings of Directors as on date are- S.P.S Shinh- 51150 (1.624%) and Dr. A.L. Ananthanarayanan- 51150 (1.624%).

82.16% of the total Equity Capital is held by the Promoter Group as on date of this report, 43.824% is held by Avaya Holdings and Trading Pvt. Ltd., and 9.433% by Mountain Holdings and Trading Pvt. Ltd., both being Companies owned / controlled by the promoters. Promoters and Associates Shareholding (64.70%) is pledged with Dharmanath Buildtech & Farms Ltd., a Lodha Group Company, against loan availed of by the company from India Debt Management Limited (IDM), since assigned to Dharmanath Buildtech & Farms Ltd. The Loan has been substantially cleared against the agreement relating to the Sanathnagar Land being taken over through acquisition of equity of the company (post-demerger) free of other assets / liabilities.

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Address for correspondence for both Physical Share Transfer & Demat:

CIL Securities Limited, 214, Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad - 500 001.

Address for correspondence:

Sanathnagar Enterprises Ltd (Formerly Bakelite Hylam Limited), 7-2-1669, Sanathnagar, Hyderabad - 500 018.

SHARE HOLDING PATTERN AS ON 30.6.2009

Sl. No.	CATEGORY	30.06.2009	
		No.of Shares	Share holding %
A	Promoter's Holding		
1	Promoters*		
	- Indian Promoters	2588037	82.16%
	- Foreign Promoters	Nil	Nil
2	Persons acting in Concert	Nil	Nil
	Sub Total	2588037	82.16%
B	Non-Promoters Holding		
3	Institutional Investors		
A	Mutual Funds and UTI	4644	0.15%
B	Banks, Financial Institutions, Insurance Companies (Central / State Govt.Institutions)	22897	0.73%
	Non-government Institutions	32496	1.03%
		452627	14.37%
C	FIs	Nil	Nil
	Sub Total	512664	16.28%
4	Others	49299	1.56%
A	Private Corporate Bodies	-	-
B	Indian Public	-	-
C	NRI's/OCBs	-	-
D	Any Other (please specify)		
	Sub Total	49299	1.56%
	Grand Total	3150000	100%

DISTRIBUTION OF SHAREHOLDING AS ON 30.06.2009

No. of Equity Shares held	No. of folios	% to total	Amount (in Rs.)	% to Total
Upto 5000	9945	99.75	5,98,020	1.88
5001 10000	-	0.02	-	0.20
10001 20000	3	0.04	4,55,870	0.86
20001 30000	-	0.01	-	0.30
30001 40000	2	0.00	65,675	0.00
40001 50000	2	0.03	92,937	2.17
50001 100000	5	0.02	3,19,725	2.02
100001 Above	6	0.12	25,66,274	92.56
TOTAL	9,963	100.00	40,98,501	100

MANAGING DIRECTOR'S CERTIFICATION

I, N P S Shinh, Managing Director of **Sanathnagar Enterprises Limited** (Formerly Bakelite Hylam Limited), to the best of my knowledge and belief, certify that:

1. I have reviewed the financial statements and the cash flow statements and that to the best of my knowledge:
 - The statements do not contain any materially untrue or misleading statement or omit any material fact.
 - The statements present a true and fair view of Company's affairs and are in compliance of applicable laws, regulations and accounting standards.
2. To the best of my knowledge, no transactions entered into by the Company during the year, are fraudulent, illegal or in violation of Company's Code of Conduct.
3. I am responsible for establishing and maintaining internal controls and I have:
 - a. Evaluated the effectiveness of the internal control system
 - b. Disclosed deficiencies in the design or operation of internal controls that I am aware of
 - c. Taken steps to rectify the internal control deficiencies
4. I further declare that all board members and senior managerial personnel have affirmed compliance with the code of conduct for the current year.

N P S Shinh
Managing Director

Hyderabad
Date: Dec 5, 2009

SANATHNAGAR ENTERPRISES LIMITED

AUDITORS' REPORT

1. We have audited the attached Balance Sheet of **SANATHNAGAR ENTERPRISES LIMITED** (formerly **BAKELITE HYLAM LIMITED**) as at 30th June, 2009, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, (hereinafter referred to as the 'Act'), we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - a) **the accumulated losses of the Company have far exceeded its entire net worth. The accounts have, however, been prepared by the management on a going concern basis as explained in note no. 6 of Schedule 18 of Significant Accounting Policies and Notes to Accounts. Should, however, the Company be unable to continue as a going concern, the extent of the effect of the resultant adjustments on the net worth of the Company as at the year end and loss for the year, as explained by the management, is presently not ascertainable;**
 - b) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit **except information mentioned in para (f) below;**
 - c) in our opinion, proper books of account, as required by law have been kept by the Company so far as appears from our examination of those books **except what is stated in para (f) below;**
 - d) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - e) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211 (3C) of the Act, to the extent applicable;
 - f) **attention is invited to note no. 15 in Schedule 18 regarding pending reconciliations and / or confirmations of accounts of secured loans**

and unsecured loans and consequential revenue and other adjustments as may be required to be carried out, amount of adjustment, if any, have not been ascertained;

- g) On the basis of written representations received from the Directors as on 30th June, 2009, and taken on record by the Board of Directors, none of the Directors is disqualified as on 30th June, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
- h) In our opinion and to the best of our information and according to the explanations given to us, the said accounts **subject to what is stated in paragraphs 4 (a) and (f) above, the effect whereof is presently not determinable** and read together with Significant Accounting Policies, Contingent Liabilities and notes appearing in the Schedule 18 and those appearing elsewhere in the said accounts, give the information required by the Act and in the manner so required, give a true and fair view in conformity with the accounting principles generally accepted in India:
- a) in the case of Balance Sheet, of the state of affairs of the Company as at 30th June, 2009;
 - b) in the case of Profit and Loss Account, of the loss of the Company for the year ended on that date; and
 - c) in the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

For **LODHA & COMPANY**
CHARTERED ACCOUNTANTS

R.P. BARADIYA
Partner
Membership No.: 44101

Place : Mumbai
Date : 05-12-2009

Annexure referred to in our Report of even date on the Financial Statements as on and for the year ended 30th June, 2009 of SANATHNAGAR ENTERPRISES LIMITED (formerly BAKELITE HYLAM LIMITED).

On the basis of our examination of the books and records of the Company carried out in accordance with the auditing standards generally accepted in India and according to the information and explanations given to us during the course of audit, we state that:

1. a) **The Company is in the process of updating its fixed assets records to show full particulars including quantitative details and situation of fixed assets.**
- b) **As informed to us, no physical verification of assets has been carried out by the management during the year in accordance with the phased programme of verification adopted by the Company. Also, in view of demerger / divestment of various businesses, assignment / sale of assets, differences / discrepancies noticed on physical verification**

SANATHNAGAR ENTERPRISES LIMITED

carried out in earlier years stand adjusted between the book records and assets physically verified.

- c) The Company presently holds only land and building at Sanathnagar and as more fully explained in note no, 4 and 7 of Schedule 18 to the financial statements about the Scheme of Arrangement de-merging Foam and Resins as well as Particle Board Business which has been given effect to in the financials and also divestment of Surface Texture Business of the Company during the year resulting in transfer / sale of fixed assets pertaining to these businesses. In our opinion and according to the information and explanations given by the management (also refer para 4(a) of our main audit report), the aforesaid transfer / sale may not affect the going concern assumption in view of what is stated in note no. 6 in Schedule 18 though substantial part of the fixed assets have been transferred / sold.
2. a) **The inventory has not been physically verified by the management at reasonable intervals during the year. In view of demerger / divestment of various businesses, assignment / sale of assets, differences / discrepancies between the book records and physical inventory stand adjusted.** The Company is maintaining proper records of inventory.
3. a) The Company has granted interest free unsecured loans to a resulting company as stated in note no. 4 of Schedule 18 covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year and the closing balance of such loans was Rs. 341.10 lacs and Rs 341.10 lacs, respectively.
- b) In our opinion and according to the information and explanations given to us, the other terms and conditions of such loans prima facie are not prejudicial to the interest of the company.
- c) In respect of the aforesaid unsecured loans, the said companies are regular in repayment of principal amount as stipulated.
- d) There is no overdue amount in respect of the aforesaid unsecured loans granted by the Company.
- e) The Company has taken interest free unsecured loans from companies and other parties covered in the register maintained under Section 301 of the Act. There are 7 such parties and the maximum amount involved during the year and the closing balances of such loans were Rs. 12,015 lacs and Rs 10,766 lacs, respectively.
- f) In our opinion and according to the information and explanations given to us, other terms and conditions on which such loans have been taken by the Company are prima-facie, not prejudicial to the interest of the Company.
- g) The Company is regular in repayment of principal amounts as stipulated.
4. **In our opinion and according to the information and explanations given to us subject to what is stated in para 7 below regarding the Company's internal**

audit system requiring strengthening to be commensurate with its size and nature of its business, internal control system needs to be strengthened to make it commensurate with the size of the Company and nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services.

5. (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangement referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding Rs. 5,00,000 in respect of each party have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us and also in view of the Rehabilitation Scheme sanctioned by the BIFR in an earlier year, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA or any other relevant provision of the Act and Rules framed there under. Attention is, however, drawn to note no. 4 in Schedule 18 forming part of the financial statements.
7. **The Company has an internal audit system which, in our opinion, needs to be strengthened to make it commensurate with the size and nature of its business, particularly in respect of areas of coverage, extent of checking, responses to and implementation of various suggestions / remarks made by the internal auditors.**
8. As informed to us, maintenance of cost records has not been prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956 in respect of activities carried on by the Company.
9. a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing with the appropriate authorities the undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and any other material statutory dues applicable to it. No undisputed amounts payable in respect of aforesaid statutory dues were outstanding as at 30th June, 2009 for a period of more than six months from the date they became payable.

According to the records of the Company, there are no dues of Income Tax / Sales Tax / Wealth Tax / Service Tax / Custom Duty / Excise Duty / Cess which have not been deposited on account of any dispute. Attention is also drawn to note no. 3 and 7 (b) in Schedule 18.

SANATHNAGAR ENTERPRISES LIMITED

10. The Company's accumulated losses as at 30th June, 2009 are more than fifty percent of its net worth. The Company has not incurred cash losses during the year but it had cash losses in the immediately preceding period.
11. In our opinion and according to the information and explanations given to us, there exist no dues to any bank or financial institution or debenture holders. Hence, the question of default does not arise.
12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
13. In our opinion and according to the information and explanations given to us, the nature of the activities of the Company does not attract any special statute applicable to the chit fund and nidhi / mutual benefit fund / societies.
14. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.
15. Accordingly to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. In our opinion and according to the information and explanations given to us, the term loans were applied for the purpose for which they were obtained.
17. According to the information and explanations given to us, the Company has not raised any funds on short term basis during the year.
18. In our opinion and according to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act.
19. Accordingly to the information and explanations given to us, the Company did not have any outstanding debentures during the year covered by this report or in the recent past.
20. The Company has not raised any money by way of public issues during the year or in the recent past.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For LODHA & COMPANY
CHARTERED ACCOUNTANTS

R.P. BARADIYA
Partner
Membership No.: 44101

Place : Mumbai
Date : 05-12-2009

SIXTY SECOND ANNUAL REPORT

BALANCE SHEET AS AT 30th JUNE 2009

Rs. in Lacs

	Schedule	As at 30.06.2009	As at 31.06.2008
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	315.00	1050.00
Reserves and Surplus	2	3.76	43.94
		318.76	1093.94
Loan Funds			
Secured Loans	3	1198.95	6589.95
Unsecured Loans	4	9402.50	6052.65
		10601.45	12642.60
Total		10920.21	13736.54
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	217.87	8698.49
Less: Accumulated Depreciation		-	6965.90
Net Block		217.87	1732.59
Capital Work-in-Progress		-	45.91
		217.87	1778.50
Investments			
	6	-	0.02
Current Assets, Loans and Advances:			
Inventories	7	-	611.45
Sundry Debtors	8	-	338.40
Cash and Bank Balances	9	136.51	173.26
Interest Accrued on Deposits		-	0.57
Loans and Advances	10	345.84	490.60
		482.36	1614.28
Less : Current Liabilities and Provisions:			
Liabilities	11	43.42	1414.38
Provisions		3.95	224.34
		47.37	1638.72
Net Current Liabilities			
Miscellaneous Expenditure			
(To the extent not written off or adjusted)	12	-	1094.84
Profit and Loss Account (Loss)			
		10267.37	10887.61
Total		10920.21	13736.54
Significant Accounting policies and Notes to the Accounts			
	18		

Schedules referred to above form an integral part of the financial statements.

As per our attached report of even date

For LODHA & Co.
Chartered Accountants

For and on behalf of the Board

R.P.Baradiya
Partner

A.L.Anathanarayanan
Director

NPS Shinh
Managing Director

Place: Mumbai
Date: 05.12.2009

Place: Hyderabad
Date: 05.12.2009

SANATHNAGAR ENTERPRISES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE 2009

Rs. in Lacs

	Schedule	For the Year ended 30.06.2009	For the period ended 30.06.2008
INCOME			
Sales		499.96	3,684.04
Less: Excise Duty		54.05	368.81
		445.91	3,315.23
Other Income	13	24.91	183.09
Increase / (Decrease) in Stocks	14	(219.44)	(150.32)
Total		251.38	3,348.00
EXPENDITURE			
Cost of Materials	15	194.88	1,812.51
Manufacturing, Selling and Administration Expenses	16	675.19	3,499.61
Interest and Finance Charges	17	1.52	979.91
		871.59	6,292.03
PROFIT / (LOSS) BEFORE DEPRECIATION		(620.21)	2,944.03
Depreciation		192.06	535.36
PROFIT/(LOSS) BEFORE EXCEPTIONAL ITEMS & TAXATION		(812.27)	3,479.39
Exceptional Items (Refer note no. 29 in Schedule 18)		157.63	807.75
PROFIT / (LOSS) BEFORE TAXATION		(654.65)	4,287.14
Provision for Fringe Benefit Tax		2.95	9.39
Excess Provision for Income tax made in earlier years written back		-	(96.62)
PROFIT / (LOSS) AFTER TAXATION		(657.60)	4,199.91
Balance of loss brought forward from previous year		(10,887.61)	6,687.70
Less: Adjustment on account of de-merger		1,022.33	-
Less: Loss relating to resulting companies from 01-12-2007 to 30-06-2008 (i.e. from appointed date to the period ended 30.06.2008)		255.51	-
BALANCE OF LOSS CARRIED TO BALANCE SHEET		(10,267.37)	10,887.61
Total		(10,267.37)	10,887.61
Basic and Diluted Earnings Per Share (in Rs.) (Face Value of Rs. 10 per Share)			
Before Exceptional items		(25.79)	(32.31)
After Exceptional items		(20.88)	(40.00)
Significant Accounting policies and Notes to the Accounts	18		

Schedules referred to above form an integral part of the financial statements

As per our attached report of even date

For LODHA & Co.
Chartered Accountants

R.P.Baradiya
Partner

For and on behalf of the Board

A.L.Anathanarayanan
Director

NPS Shinh
Managing Director

Place: Mumbai
Date: 05.12.2009

Place: Hyderabad
Date: 05.12.2009

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 30TH JUNE 2009

Rs. in Lacs

	As at 30.06.2009	As at 30.06.2008
SCHEDULE 1		
SHARE CAPITAL*		
AUTHORISED		
147,00,000 Equity Shares of Rs. 10 each	1,470.00	1,470.00
7,520 9.5% Redeemable Cumulative Preference Shares of Rs. 50 each	3.76	3.76
Unclassified Shares	26.24	26.24
	1,500.00	1,500.00
ISSUED*		
3150,000 (Previous Year 1,05,00,000) Equity Shares of Rs. 10 each	315.00	1,053.59
SUBSCRIBED AND PAID UP *		
3150,000 (Previous Year 1,05,00,000) Equity Shares of Rs. 10 each, fully paid up	315.00	1,050.00
	315.00	1,050.00
*Reduction in Share Capital is on account of de-merger as mentioned in note no.4 of Schedule 18 in the ratio of 3 new equity shares of Rs.10 each for every 10 old equity shares of Rs.10 each held before de-merger. Also, refer note no. 2 in Schedule 18.		
SCHEDULE 2		
RESERVES AND SURPLUS		
CAPITAL RESERVE		
As per last Balance Sheet	40.18	10.18
Less: Adjusted on account of de-merger	40.18	-
	-	40.18
CAPITAL REDEMPTION RESERVE		
As per last Balance Sheet	3.76	3.76
	3.76	43.94

SANATHNAGAR ENTERPRISES LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 30TH JUNE 2009

Rs. in Lacs

	As at 30.06.2009	As at 30.06.2008
SCHEDULE 3		
SECURED LOANS		
Term Loan from a Company (including accrued and due Nil; Previous Year 799.19 lacs)	1,198.95	6,589.95
	1,198.95	6,589.95

Security in respect of the above consists of the assets hypothecated for the Loan availed from IDM which has since been taken over by the incoming promoter group and will be substantially set off against the transaction consideration for Sanathnagar lands. The hypothecated assets covers interalia, a production line at Balارشah Plant of Panel Boards and Laminates Limited, fixed assets of the pre-demerger company since demerged into the Resulting companies as well as Sanathnagar lands. It is further secured by pledge of 20,38,079 equity shares of Rs. 10 each fully paid up held by the promoters. In view of the de-merger of certain businesses of the Company as mentioned in note no 4 of Schedule 18, and conclusion of the Sanathnagar transaction, the release of charge on properties after considering the residual loan amounts is in process.

In view of the de-merger of certain businesses of the Company as mentioned in note no 4 of Schedule 18, separate loan documentation in respect of the term loan taken is in the process of execution.

Rs. in Lacs

	As at 30.06.2009	As at 31.06.2008
SCHEDULE 4		
UNSECURED LOANS*		
A. Promoters' Contribution (Interest free)	9,402.50	5,204.96
B. Deferred Sales Tax	-	806.94
C. Other Loans from Bodies Corporate	-	40.75
	9,402.50	6,052.65

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 30TH JUNE,2009

5. FIXED ASSETS

Rs. in lacs

DESCRIPTION	GROSS BLOCK (COST / BOOK VALUE)						DEPRECIATION					NET BLOCK		
	As at 1st April, 2008	Adjustments on	Additions At Cost	Deductions	Adjustments D-merger	As at 30th June, 2009	Upto 30th June, 2009	Adjustments on D-merger	On Deletions	On Adjustments	For the Period	As at 30th June 2009	As at 30th June , 2009	As at 31st March , 2008
Freehold Land	240.54	47.18	0.00	0.00	0.00	193.36	0.00	0.00	0.00	0.00	0.00	0	193.36	240.54
Leasehold Land	18.28	0.00	0.00	18.28	0.00	0.00	4.59	4.59	0.00	0.00	0.00	0.00	0.00	13.69
Buildings	602.84	425.56	0.00	152.78	0.00	24.50	415.99	321.17	98.91	0.00	4.09	0.00	24.50	186.85
Plant & Machinery	7737.15	2677.50	2.83	5062.48	0.00	0.00	6449.55	1937.22	4324.75	0.00	187.59	0.00	0.00	1287.60
Furniture & Fittings	79.43	19.96	0.00	59.47	0.00	0.00	77.67	18.74	59.11	0.00	0.18	0.00	0.00	1.76
Vehicles	19.85	11.05	0.00	8.80	0.00	0.00	17.99	10.74	7.45	0.00	0.20	0.00	0.00	1.86
Other Equipment	0.38	0.38	0.00	0.00	0.00	0.00	0.11	0.11	0.00	0.00	0.00	0.00	0.00	0.27
Total	8698.48	3181.63	2.83	5301.81	0.00	217.87	6965.91	2292.57	4490.22	0.00	192.06	0.00	217.87	1732.58
Capital Work in Progress	45.91	0.00	0.00	45.91	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	
Total	8744.40	3181.63	2.83	5347.72	0.00	217.87	6965.91	2292.57	4490.22	0.00	192.06	0.00	217.87	1732.58
Previous Year	9353.73	0.00	83.12	160.59	8744.40	8698.48	6833.38	0.00	123.47	279.62	535.62	6965.91	1732.58	0.00

Refer note no.9 and 13 in Schedule 18

SANATHNAGAR ENTERPRISES LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 30TH JUNE, 2009

Rs. in Lacs

	As at 30.06.2009	As at 30.06.2008
SCHEDULE 6		
INVESTMENTS - LONG TERM		
A. GOVERNMENT SECURITIES - Unquoted		
National Savings Certificate	-	0.01
Indira Vikas Patra*	-	0.01
* lodged with Government authorities		
B. NON-TRADE - FULLY PAID UP		
Unquoted		
In Subsidiary Company		
42,27,418 Equity Shares Ezra Trading & Finance		
Company Limited of Rs. 10 each	-	450.02
	-	450.04
Less: Provision for diminution		
in the value of investments	-	450.02
	-	0.02
SCHEDULE 7		
INVENTORIES		
(As valued, verified and certified by the Management)		
Raw Materials	-	293.28
Stores and Maintenance Spares	-	118.92
Finished Goods	-	285.79
Work-in-Process	-	77.68
	-	775.68
Less : Provision for fall in the value of the inventory	-	164.23
	-	611.45

SIXTY SECOND ANNUAL REPORT

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 30TH JUNE 2009

Rs. in Lacs

	As at 30.06.2009	As at 30.06.2008
SCHEDULE 8*		
SUNDRY DEBTORS*		
(Unsecured)		
Due for a period exceeding six months		
Considered Good	-	73.93
Considered Doubtful	-	490.92
Other Debts		
Considered Good	-	264.47
	-	829.32
Less: Provision for Doubtful Debts	-	490.92
	-	338.40
SCHEDULE 9		
CASH AND BANK BALANCES*		
Cash on Hand	1.38	4.18
Cheques on Hand (Since realised)	-	106.00
Balances with Scheduled Banks		
- in Current Accounts	135.13	59.15
- in Fixed Deposit Account	-	3.93
	136.51	173.26
SCHEDULE 10		
LOANS AND ADVANCES		
(Unsecured, Considered good unless stated otherwise)		
Advances recoverable in cash or in kind or for value to be received	345.27	237.43
Capital Advances	-	179.47
Deposits	-	66.77
Balances with Customs and Excise Authorities	0.58	1.06
Loan to Dharamnath	-	-
Advance for Jeedimatla Purchase	-	-
TDS Receivable	-	5.87
	345.84	490.60

SANATHNAGAR ENTERPRISES LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 30TH JUNE 2009

Rs. in Lacs

	As at 30.06.2009	As at 30.06.2008
SCHEDULE 11		
CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors	0.15	418.73
Deposits from Customers / Clearing & Forwarding Agents	-	44.20
Matured Fixed Deposits (including interest accrued upto 30.06.2008)	-	7.70
Interest accrued but not due on loan from a body corporate	-	-
Other Liabilities	39.33	935.52
Advances Received from Customers	3.94	-
Investors' Education & Protection Fund		
Unclaimed Dividends	-	0.34
Unclaimed Fixed Deposits	-	7.89
	43.42	1,414.38
PROVISIONS		
Provision for Income Tax	-	-
Provision for Leave Entitlement	-	37.32
Provision for Gratuity	-	177.90
Provision for Fringe Benefit Tax	3.95	9.11
	3.95	224.34
SCHEDULE 12		
MISCELLANEOUS EXPENDITURE		
(to the extent not written off or adjusted)		
Deferred Revenue Expenditure (Voluntary Retirement Compensation)*	-	1,094.84
	-	1,094.84
*Refer note no. 20 in Schedule 18		

**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30TH JUNE 2009**

Rs. in Lacs

	For the year ended 30.06.2009	For the period ended 30.06.2008
SCHEDULE 13		
OTHER INCOME		
Provisions no longer required / Sundry balances written back (net)	-	80.92
Scrap Sales	24.08	65.19
Export Incentive	-	4.84
Interest Income (Tax deducted at source Rs 0.13 lacs. Previous Year Rs.1.98 lacs)	0.83	39.21
	24.91	222.30
SCHEDULE 14		
INCREASE / (DECREASE) IN STOCKS		
Stock at Commencement		
Finished Goods	285.88	391.69
Work - in - Process	77.68	122.19
	363.56	513.88
Less: Stock transferred on account of de-merger*	(117.65)	-
Less: Stock transferred on account of Divestment*	(26.47)	-
	219.44	-
Finished Goods	-	285.88
Work - in - Process	-	77.68
	-	363.56
	(219.44)	(150.32)
SCHEDULE 15		
COST OF MATERIALS		
Raw Materials Consumed		
Stock at Commencement	293.28	283.79
Less: Stock adjusted on account of de-merger*	(120.00)	
Less: Stock adjusted on account of divestment*	(37.22)	
Add: Purchases	135.62	1,822.00
Less: Inventory written off	(76.80)	194.88
	2,105.79	
Less: Stock at Close	-	293.28
Direct Consumption	194.88	1,812.51
* REFER NOTE NO. 4 OF SCHEDULE 18		

SANATHNAGAR ENTERPRISES LIMITED

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE 2009

Rs. in Lacs

	For the year ended 30.06.2009	For the period ended 30.06.2008
SCHEDULE 16*		
MANUFACTURING, SELLING AND ADMINISTRATION EXPENSES		
Salaries, Wages and Bonus	167.20	1,096.01
Voluntary Retirement Compensation (Old Pension)	-	523.50
Contribution to:		
Provident and Other Funds	11.24	91.11
Employees' State Insurance Scheme	0.14	6.61
Gratuity	-	143.32
Workmen & Staff Welfare Expenses	8.65	56.87
Excise Duty on Stocks (Net)	-	(14.97)
	187.22	1,902.45
Stores and Maintenance Spares	11.66	77.07
Packing Materials Consumed	31.45	85.64
Material Handling Expenses	1.41	61.12
Power and Fuel	38.53	479.72
Repairs and Maintenance		
- Buildings	2.14	8.94
- Plant & Machinery	4.41	91.74
- Others	29.67	28.94
Insurance	1.06	11.53
Rent (Net)	21.14	29.74
Rates and Taxes	9.44	15.36
Sales Tax	(7.37)	163.06
Freight and Forwarding Charges	5.84	36.94
Cash Discount	0.20	2.42
Advertisement and Publicity	1.68	5.55
Commission on Sales	-	6.75
Professional Charges	32.83	70.73
Travelling Expenses	15.53	45.87
Communication Charges	17.43	33.27
Bad Debts Written Off	18.03	2.75
Fixed Assets Written Off	-	-
Sundry Balances Written Off (Net)	32.66	-
Directors' Sitting Fees	0.26	0.74
Provision for Doubtful Debts	86.79	67.41
Conveyance	13.89	34.42
Vehicle Expenses	15.03	35.37
Provision for Loss of Stock by Flood	-	38.63
Auditors' Remuneration	3.67	4.03
Legal and Professional Fees	1.51	-
Printing & Stationery	3.14	8.34
Registration & Filing Fees	2.83	9.29
Inventory Written Off	76.80	-
Security Charges	15.21	24.10
Miscellaneous Expenses	1.13	57.69
	675.19	3,499.61

*Refer note no.30 of Schedule 18

**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30TH JUNE 2009**

Rs. in Lacs

	For the year ended 30.06.2009	For the period ended 30.06.2008
SCHEDULE 17		
INTEREST AND FINANCE CHARGES		
Interest on Term Loan	-	952.17
Interest on Others	0.73	56.47
Bank Charges	0.79	10.47
	1.52	1,019.12

SANATHNAGAR ENTERPRISES LIMITED

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS AS ON AND FOR THE YEAR ENDED 30TH JUNE, 2009.

SCHEDULE 18

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

1) SIGNIFICANT ACCOUNTING POLICIES:

A) BASIS OF ACCOUNTING

- a) In view of divestment of *all industrial* business, the company is no longer an Industrial Company w.e.f. 1.4.2009. The accounting policies are given below for record, only with divestment of all assets except owned land at Sanathnagar, the significant account policies are no longer impact the accounts.
- b) Bakelite Hylam Limited was engaged in the business of manufacturing of decorative and industrial laminates, electrical insulating laminates, phenolic resins, insulating varnishes, phenolic foam, surface texture and wall coving materials and particle board. It had got manufacturing facilities at Sanathnagar, Jeedimetla and Nacharam in Hyderabad, Andhra Pradesh and at Ballarshah in Maharashtra. All industrial activities have since been demerged/ divested
- c) The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles ("GAAP") under the historical cost convention except for certain fixed assets which have been revalued, on the accounting principles of a going concern. The Company follows mercantile system of accounting and recognizes income and expenditure on accrual basis except those with significant uncertainties. GAAP comprises mandatory accounting standards issued by the Institute of Chartered Accountants of India ("ICAI"), the provisions of the Companies Act, 1956 and guidelines issued by Securities and Exchange Board of India. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in accounting policy hitherto in use.
- d) The preparation of financial statements in conformity with General Accepted Accounting Practices requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of financial statements. The recognition, measurement, classification or disclosure of an item or information in the financial statements have been made relying on the estimates. Any revision to accounting estimates is recognized prospectively.

B) FIXED ASSETS

- a) All fixed assets are stated at cost net of CENVAT / Value Added Tax less accumulated depreciation and impairment loss, if any. Direct costs related to acquisition of fixed assets are capitalised until the assets are ready to put to use. These costs include freight, installation costs, duties and taxes and other allocated expenses.
- b) The Company assesses at each Balance Sheet date whether there is any indication that any asset may be impaired. If any such indication exists, the carrying value of such assets is reduced to recoverable amount and the impairment loss is charged to profit and loss account. If at the Balance Sheet

date there is any deduction that a previously assessed impairment loss no longer exists, then such loss is reversed and the asset is restated to that effect.

C) BORROWING COSTS

Borrowing costs directly attributable to the acquisition and construction of qualifying assets are capitalised as a part of the cost of respective assets upto the date when such asset is ready for its intended use. Other borrowing costs are charged to the Profit and Loss Account.

D) INVESTMENTS

Long term Investments are stated at cost. In case, there is a decline other than temporary in the value of any investments, a provision for the same is made.

E) DEPRECIATION/AMORTISATION

- a) Leasehold land is amortised over the period of lease.
- b) In case of Plant and Machinery, depreciation is calculated on Straight Line Method and in the case of other assets on Written Down Value Method at the rates and in the manner as prescribed in Schedule XIV to the Companies Act, 1956.
- c) In case of differential increase on account of revaluation of Plant and Machinery and Building, depreciation is calculated taking into account varying lives of numerous items of assets involved as arrived at by the approved valuer.

F) VALUATION OF INVENTORIES

- a) Inventories are valued at lower of cost and estimated net realisable value except stocks of Scrap/Rejects, which are taken at nil value and recognised on sale. Obsolete, defective and unserviceable stocks are provided for.
- b) Cost of Raw Materials consumed are determined net of benefits accruing on export of Finished Goods.
- c) Cost of Raw materials, Stores and Maintenance Spares are computed on Moving Weighted Average.
- d) Cost in respect of Work-in-Process and Finished Goods represents direct cost and an appropriate portion of factory overheads which are incurred in bringing them to their present location and condition.

G) REVENUE RECOGNITION

Sales are stated inclusive of sales tax and net of rebates and discount. Revenue is recognized when the property and all the significant risks and rewards of ownership are transferred to the buyer or no significant uncertainty exists regarding the amount of consideration to be realised from the sale of goods.

H) EMPLOYEE BENEFITS

- a) **Provident and Family Pension Fund:** Provident Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account as incurred.
- b) **Gratuity:** Gratuity is a defined retirement benefit plan, liability for which is determined on the basis of actuarial valuation carried out at the end of the period.
- c) **Compensated Absences:** The Company has a scheme for compensated absences, liability for which is determined on the basis of actuarial valuation carried out at the end of the period.

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- d) Voluntary Retirement Compensation payable as pension over the years by way of future monthly installments is being accounted for on accrual basis.
- I) CAPITAL WORK-IN-PROGRESS
The cost incurred for fixed assets, the construction / installation / acquisition of which is not completed, are included under the Capital Work-in-progress and the same are related / classified to the respective assets on completion.
- J) FOREIGN CURRENCY TRANSACTIONS
a) Transactions in foreign currency are recorded at the rate of exchange in force at the date of transactions. Gain and losses resulting from settlement of such transactions and from the transaction of monetary assets and liabilities denominated in foreign currencies are recognised in Profit and Loss Account. Premium in respect of forward foreign exchange contract is recognised over the life of the contracts.
b) In respect of Derivative Contracts, premium paid, provision for losses on restatement and gain / losses on settlement are recognised along with the underlying transactions and charged to Profit and Loss Account.
- K) GOVERNMENT GRANTS
Grants relating to fixed assets in the nature of project capital subsidy are credited to capital reserve and those relating to specific fixed assets are deducted from the cost of such fixed assets.
- L) ACCOUNTING FOR TAXES ON INCOME
Provision for current tax is made on the basis of estimated taxable income for the current accounting year after taking credit for allowance and exemptions in accordance with the provisions of Income Tax Act, 1961.
The deferred tax for timing differences between the book and tax profits for the year is accounted for, using the tax rates and laws that have been substantively enacted as of the balance sheet date. Deferred tax assets arising from timing differences are recognised and carried forward only if there is reasonable / virtual certainty that they will be realised in future and reviewed for the appropriateness of their respective carrying value at each balance sheet date.
Provision for Fringe Benefit Tax (FBT) has been made on the basis of expenses incurred on employees / other expenses as prescribed under the Income Tax Act, 1961.
- M) PROVISION, CONTINGENT LIABILITIES & CONTINGENT ASSETS
A provision is made based on a reliable estimate when it is probable that an outflow of resources embodying economic benefit will be required to settle an obligation. Contingent liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty are treated as contingent and to the extent not provided for are disclosed in the notes to the accounts. Contingent assets are not recognized or disclosed in the financial statement.
- N) MISCELLANEOUS EXPENDITURE
Deferred Revenue Expense represents the compensation paid under Voluntary Retirement Scheme (VRS) is written off over the period during which benefits therefrom are expected to be derived but not beyond 31st March, 2010.

	As at 30.06.2009* Rs. in lacs	As at 30.06.2008 Rs. in lacs
2. Issued, Subscribed and Paid up Capital includes:		
i) 3,333 Equity Shares (Previous Year 3,333) of Rs.10 each issued and paid up to the extent of Rs.8.57143 (Previous year Rs. 8.57143) (approx.) per share pursuant to a contract without payment being received in cash; post de-merger, 3 shares issued for every 10 shares of Rs. 10 each fully paid-up.	0.086	0.286
ii) 6,667 Equity Shares (Previous Year 6,667) of Rs.10 each issued for payment in cash to the extent of Rs.8.57143 (Previous year Rs. 8.57143) (approx.) per share ; post de-merger, 3 shares issued for every 10 shares of Rs. 10 each fully paid-up.	0.171	0.571
iii) Rs.1.42857 (Previous year Rs. 1.42857) (approx.) per share on the 10,000 Equity Shares (Previous Year 10,000) referred to in (i) and (ii) above paid up by capitalization of General Reserve; post de-merger, 3 shares issued for every 10 shares of Rs. 10 each fully paid-up.	0.143	0.143
iv) 1,074 Equity Shares (Previous Year 1,074) of Rs.10 each issued to the members of Bakelite (India) Private Limited as fully paid up pursuant to a Scheme of Amalgamation approved by the High Court of Judicature at Mumbai ; post de-merger, 3 shares issued for every 10 shares of Rs. 10 each fully paid-up.	0.032	0.107
v) 3,48,831 Equity Shares (Previous Year 3,48,831) of Rs.10 each issued as Bonus Shares by capitalization of General Reserve ; post de-merger, 3 shares issued for every 10 shares of Rs. 10 each fully paid-up.	10.465	34.883
vi) 8,53,991 Equity Shares (Previous Year 8,53,991) of Rs. 10 each fully paid up after giving effect to 90% reduction in the Share		

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Capital based on the BIFR Order received in an earlier year ; post de-merger, 3 shares issued for every 10 shares of Rs. 10 each fully paid-up.	25.620	85.399
vii) 92,76,104 Equity Shares (Previous Year 92,76,104) of Rs.10 each issued at par to present promoters. These shares were issued after reduction of share capital as stated in (vi) above ; post de-merger, 3 shares issued for every 10 shares of Rs. 10 each fully paid-up.	278.583	927.610
Total	315.000	1050.000

* There is a reduction of paid – up Equity Share Capital to 30% on account of Demerger of Businesses as mentioned in note no. 4 below by issue of 3 shares of Rs. 10 each fully paid-up for every 10 shares.

3. Contingent liabilities not provided for in respect of:	As at	As at
	30.06.2009†	30.06.2008
	Rs. in lacs	Rs. in lacs
i) Disputed Income Tax Liability	14.75	14.75
ii) Disputed Central Excise Duty	158.41	158.41
iii) Disputed Sales Tax liability	36.31	36.31

† All the rights and obligations in respect of appeals in Income Tax/ Other Taxes/ Cases being defended have been assigned to Bakelite Resins & Foams Limited (BRFL) (i.e. the resulting company, on account of demerger) vide Deed of Assignment dated 31st March, 2009 entered into by the Company for a consideration of Rs. 5 lacs and accordingly, any liability arising on this account would be borne by the BRFL.

4. SCHEME OF ARRANGEMENT

A Rehabilitation Scheme was sanctioned by the Board for Industrial and Financial Reconstruction (BIFR) vide Order dated 22.08.2005 in view of an application made by Company and subsequent modification thereof consequent to the Order dated 10.04.2007 passed by the Appellate Authority for Industrial & Financial Reconstruction providing for, inter-alia, the Scheme of Arrangement involving de-merger of the various businesses of the Company upon complying with certain conditions stipulated therein with all the respective related / specified assets, liabilities and employees of the businesses including items specifically listed in the Scheme along with share of common liabilities being transferred at book value to the resulting companies as specified in the Scheme i.e., Panel Boards & Laminates Limited for Particle Board Business and Bakelite Resins & Foams Limited for Resins and Foam Business.

The said transfer and vesting of the businesses and its assets were deemed to be on a going concern basis.

The Appointed Date of the Scheme is 1st December' 2007 and Effective Date is 13th April, 2009. The businesses of the resulting companies were deemed to have been carried out by the Company in trust upto the effective date. Net profit / (loss) of Rs. (575.57) lacs for the period from the appointed date to the effective date have been transferred to the respective resulting companies.

Accordingly, the Scheme has been given effect to in the above financial statements in terms of which the following Assets and Liabilities were transferred at book values and the difference has been adjusted / written off against the General Reserve as provided for in the Scheme.

(Rs.in Lacs)

Particulars	Bakelite Resins and Foams Limited	Panel Boards and Laminates Limited
ASSETS:		
Net Fixed Assets	97	451
Investments	-	-
Net Current Assets	216	(157)
TOTAL - A	313	294
LIABILITIES:		
Reserves	3	37
Secured Loans	(29)	607
Unsecured Loans	106	821
TOTAL - B	80	1465
TOTAL (A-B)	233	(1171)
ADJUSTED AGAINST :		
Share Capital	215	530
Profit and Loss Account	18	(1701)
	233	(1171)

The title deeds, licenses, agreements etc. are in the process of being transferred in the name of the resulting companies. The creation of separate security for secured loan is in the process of execution.

5. Rehabilitation Scheme of the Company was sanctioned by the Board for Industrial and Financial Reconstruction (BIFR) vide its Order dated 22nd August, 2005 fixing the cut off date as 31st July, 2005 and the same was also been upheld by the Appellate Authority for Industrial and Financial Reconstruction (AAFIR) vide its Order dated 10.04.2007 which inter alia, provided for various reliefs and concessions as well as restructuring of dues to Banks, leasing Companies, FD holders, statutory dues, unsecured creditors etc. The followings have been implemented during the year:

- i) Fixed Deposit Holders have been settled on OTS basis and other deposit holders who have opted for the BIFR payment terms are being paid the installments as per the Sanctioned Scheme 2005 (SS-05). The outstanding liability as on 30.06.2009 is Nil (Previous Period Rs. 7.70 lacs).

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- ii) The Unsecured Creditors - The Company has completed the settlement / assignment of all the creditors.
 - iii) In view of an application made by the Company to Income Tax Directorate for confirming remissions arising out of the Scheme, to extend the period of carry forward of losses in terms of Section 72 by five years and to grant exemption from capital gain tax for the sale of assets of the Company being rejected, the Company is in the process of filing an appeal before the appropriate forum.
6. The accumulated losses of the Company have far exceeded its entire net worth. The accounts have, however, been prepared by the management on a going concern basis considering inter alia, the implementation of Rehabilitation Scheme sanctioned by the Board for Industrial and Financial Reconstruction (BIFR) fully resulting into the De-merger / Divestment of various businesses as mentioned in note no.4 & 7(a) above and also in view of proposed change in the line of business activity namely real estate development. The Company ceases to be a 'Sick industrial undertaking' within the meaning of Section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985 and has been de-registered from BIFR. The company is no longer an "Industrial Company" as it does not have any industrial operations or manufacturing activity since April 1 2009.
7. a) Further in terms of Rehabilitation Scheme of the Company sanctioned by BIFR, during the year, the Company divested the Surface Texture Business to Bakelite Coatings and Paints Private Limited (BCPPL) (a Group Company) by selling plant and machinery for a sum of Rs. 89.62 lacs vide agreement dated 31.03.2009 and also by transferring all the current assets and liabilities for a sum of Rs. 53.27 lacs vide agreement dated 31.03.2009. As mutually agreed, the said aggregate consideration of Rs. 142.89 lacs receivable by the Company has been set off against the amount payable by the Company to National Standard Tyre Moulds India Limited (NSTML) in view of the Deed of Assignment dated 31.03.2009 executed amongst the Company, BCPPL and NSTML.
- b) Further in terms of Rehabilitation Scheme of the Company sanctioned by BIFR during the year, the Company had assigned 1) rights relating to Transferable Development Rights, 2) Intellectual Property Rights, 3) Claims, Receivables, Deposits etc., as well as liabilities/ contingent liabilities 4) Receivables of consideration on account of sale of certain items of plant and machinery by executing Deed of Assignment dated 31.03.2009 at par, and 5) Sale of residual machinery/scrap etc. between the Company and Bakelite Resins and Foam Limited, the resulting company for a sum of Rs. 10 lacs, Rs. 10 lacs, Rs. 5 lacs, Rs. 102 lacs and Rs 50 lacs for the aforesaid items, respectively.
- The total consideration of Rs 177 lacs is receivable on account of assignment / sale as mentioned beforehand. A sum of Rs. 85 lacs out of the total consideration has been set off against the amount payable by the Company to NSTML (a Group Company) vide Deed of Assignment dated 31.3.2009.
- A further sum of Rs. 303 lacs representing the VRS residual liability as per books was assigned to BRFL, a Group Company. After considering transactions

on behalf of BRFL, an amount of Rs 244 lacs is payable by the Company to BRFL on this account.

8. The Company entered into Memorandum of Settlement (MoS) on 26th March 2007 under Section 12(3) read with Section 18(3) of Industrial Disputes Act, 1947 and Rule 60 of Andhra Pradesh Industrial Disputes Rules, 1958 effective from 26th March, 2007 with the Union of permanent workmen, staff and sub-staff of Sanathnagar Unit stipulating, inter alia, that the workmen will take VRS in phases as per the list finalized by the management in co-operation with the union from time to time. It has also been approved by AAIFR vide its Order dated 10th April, 2007. Consequently, the Company had provided for a sum of Rs.1745.19 lacs on account of VRS compensation in earlier years against which a sum of Rs 1,442 lacs (including Rs. 678.48 lacs during the year) has been charged off to Profit and Loss Account on proportionate basis.

In view of a Deed of Assignment dated 31.3.2009 executed between the Company and Bakelite Resins & Foams Limited whereby the amount payable on VRS liability as on 31.03.2009 of Rs 303 lacs has been assigned at par and consequently, there exists no liability on this account.

9. a) Land of Sanathnagar Unit admeasuring 4114 sq. yards of the cost of Rs. 0.31 lac had been acquired in an earlier year by the Special Deputy Land Acquisition Officer under the Land Acquisition Act, on the request of Municipal Corporation of Hyderabad for development of railway station under M.M.T.S. project and the Company was awarded a compensation of Rs. 40.68 lacs. The compensation being much lower than the actual market price, the matter had been taken up for revision of compensation as per the prevailing law in the State. The matter is pending before the Courts at present and will be pursued by BRFL in view of the assignment mentioned in note 7 (b) above.
- b) Further 4526 Sq. yards (3784.18 Sq. Mtrs) of land was surrendered free of cost for road widening against transferable development rights. The Company was awarded a compensation of Rs. 62.60 lacs in the month of July' 2007 and TDRs in accordance with State Government guidelines. The TDRs have been assigned to BRFL as per the deed of assignment mentioned in note 7 (b) above.
10. In view of de-merger of Particle Board Business at Balarshah to Panel Boards and Laminates Limited as mentioned in note no. 4 above, eligibility for deferment of sales tax payable in accordance with Maharashtra Package Scheme of Incentives, 1993 pursuant to the Eligibility Certificate No. FINC (I)/1993/DEFERRAL/EC-4235 dated 31.08.2000 and the liability to date on this account stands transferred to the aforesaid resulting company. (The Company had deferred a sum of Rs. 806.94 lacs up to 30th June, 2008).
11. Addition of Rs. 30 lacs to Capital Reserve in an earlier year that represented capital subsidy received by Ballarshah Unit of the Company which was sanctioned in an earlier year under an incentive scheme of Maharashtra Government has been transferred to Panel Boards & Laminates Limited on account of de-merger as mentioned in note no.4 above.

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12. a) Certain Land, Buildings and Plant and Machinery were earlier revalued in June 1985. The total increase as a result of the revaluation was transferred to Revaluation Reserve. The Company again revalued its Buildings and Plant & Machinery as on 31st March, 2001 and the resultant net increase in value amounting to Rs.294.80 lacs for Buildings and Rs.2300.38 lacs for Plant & Machinery were transferred to Revaluation Reserve which stood adjusted. All the aforesaid revaluations were carried out by an external approved valuer on replacement basis using standard indices and after considering the obsolescence and age of individual assets.
- b) The revalued amounts (net of withdrawals) remaining substituted for the historical costs in the gross block of fixed assets at the close of the year are:

	As at 30.06.2009 Rs. in lacs	As at 30.06.2008 Rs. in lacs
Land	193.36	193.36
Buildings	5.32	131.01
Plant & Machinery	-	2788.56

13. During the year, the Company has changed the accounting policy relating to write off of Miscellaneous Expenditure (VRS) not beyond 30th June,2009 as against 31st March, 2010 on account of de-merger / divestment of various businesses of the Company as mentioned in note nos. 4 and 7 (a) above and also in view of assignment of VRS liability as per the Deed of Assignment dated 31.03.2009 executed between the Company and Bakelite Resins and Foams Limited, the de-merged entity for a sum of Rs 303 Lacs.

Had the Company continued the earlier policy of write off, the loss for the year, accumulated losses would have been lower by Rs 547.42 lacs and Miscellaneous Expenditure would have been Rs 547.42 lacs.

14. The Company is in the process of obtaining / compiling information from suppliers regarding their status under the Micro, Small and Medium Enterprises Act, 2006 and hence the disclosure, if any, relating to amounts unpaid as at the end of the year together with interest paid / payable as required under the Act could not be furnished.
15. Accounts of secured loans and unsecured loans are subject to confirmations, reconciliations and adjustments, if any, having consequential impact on the loss for the year, assets and liabilities, the amounts whereof are presently not ascertainable. However, the management does not expect any material difference affecting the current year's financial statements.
16. In the opinion of the Board, the Current Assets, Loans and advances have a value on realization in the ordinary course of the business at least equal to the amount at which they are carried in the books and provision for all known and determined liabilities (except otherwise stated) are adequate and not in the excess of the amount reasonably stated.
17. Various statutory records/ procedures as required to be maintained / compiled with under various sections of Companies Act, 1956 and allied fiscal laws are in the

process of completion/ compliance. This, however, does not have any material impact on the results of the Company.

18. The Company has not recognized deferred tax assets in respect of unabsorbed depreciation, carry forward business losses, disallowances under various sections of Income Tax Act, 1961 and long term capital loss of earlier years, on a prudent basis, there being no virtual / reasonable certainty supported by convincing evidence that sufficient future taxable income will be available against which such DTAs can be realized.
19. The amount of exchange difference (Net) Credited / Debited to the Profit and Loss account is Nil (Previous Year Debited Rs. 0.05 lac).
20. Managerial remuneration to Managing Director and three Whole-time Directors comprise of the following.

	For the year ended 30.06.2009	For the 15 months period ended 30.06.2008
Salaries *	16.80	37.99
Contribution to Provident Fund and Family Pension Fund*	1.68	3.79
Perquisites (evaluated as per Income Tax Rules, wherever necessary)*	14.48	31.32
Total	32.96	73.10

The above excludes provision for leave encashment / gratuity liability, which are actuarially determined on an overall basis.

21. Research and Development are debited to various heads which are as under

	For the year ended 30.06.2009	For the 15 months period ended 30.06.2008
	Rs. in lacs	Rs. in lacs
Other Expenses	-	0.01
Total	-	0.01

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21. Disclosure in respect of related parties pursuant to Accounting Standards 18:

(A) List of related parties:

- I. parties where control exists – Nil
- II. Other parties with whom company entered into transactions during the period or there are outstanding balances due to / from them.

Associates/ Group Companies:

Avaya Holdings & Trading (P) Ltd
Bakelite Coating & Paints (P) Ltd
Bakelite Hylam Laminates (India) Ltd
Bakelite Properties Pvt Ltd
Panel Board & Laminates Ltd
National Standard (India) Ltd
National Standard Tyre Moulds (India) Ltd
Bakelite Resins & Foams Ltd
Paraswanath Residential Paradise (P) Ltd
Dharmanath Buildtech & Farms Pvt Ltd
Mountain Dew Properties Pvt Ltd

III. a) **Key Management Personnel:**

Shri N.P.S.Shinh, the Managing Director
Shri S.P.S.Shinh, the Whole time Director

b) **Enterprises / Entities having common Key Management Personnel:**

N.P.S.Shinh (HUF)
National Standard (India) Limited
Bakelite Resins & Foams Ltd.
Bakelite Coating & Paints (P) Ltd
Bakelite Hylam Laminates (India) Ltd
Panel Board & Laminates Ltd
National Standard Tyre Moulds (India) Ltd
Bakelite Properties (P) Ltd
Mountain Dew Properties (P) Ltd

c) **Relatives of Key Management Personnel:**

Smt. Gurpreet Kaur -Wife of Shri N.P.S.Shinh
Smt. Amrita Shinh - Wife of Shri S.P.S.Shinh
Ms Harsimran Shinh – Daughter of Shri N.P.S.Shinh
Ms Manita Shinh – Daughter of Shri N.P.S.Shinh

- (B) During the period, the following transactions excluding reimbursement were carried out with the related parties in the ordinary course of business and at arm's length:

Rs. in lacs					
Transactions	Group Associate Company	Key Management Personnel	Relative of Key Management Personnel	Total	Previous Period 30.06.2008
Unsecured Loans taken (Interest free)					
Avaya Holdings & Trading Private Limited	-	-	-	-	171.77
NPS Shinh	-	100.00	-	100.00	245.00
SPS Shinh	-	-	-	-	-
Vijay Garg	-	-	-	-	35.00
Bakelite Resins & Foams Ltd.	89.38	-	-	89.38	156.27
Paraswanath Residential Paradise Pvt Ltd.	4461.00	-	-	4461.00	4940.00
Panel Boards & Laminates Ltd	(341.10)	-	-	-	-
National Standard Tyre Moulds (India) Limited	27.50	-	-	-	-
Unsecured Loans Repaid :					
Mountain holdings & Trading Private Limited	-	-	-	-	-
Avaya Holdings & Trading Private Limited	-	-	-	-	172.88
NPS Shinh	-	92.28	-	92.28	162.72
SPS Shinh	-	-	-	-	-
Vijay Garg	-	34.91	-	34.91	0.09
Bakelite Resins & Foams Ltd.	235.65	-	-	235.65	10.00
Managerial Remuneration:					
N.P.S.Shinh	-	20.13	-	20.13	31.42
S.P.S.Shinh	-	12.83	-	12.83	20.88
S. Rajagopalan	-	-	-	-	5.32
S.V.S Shetty	-	-	-	-	17.28
Salary Paid :					
Harsimran Shinh	-	-	3.34	3.34	5.44
Rent Paid :					
Gurpreet Kaur	-	-	1.80	1.80	2.25
Amrita Shinh	-	-	2.40	2.40	3.00
N.P.S. Shinh (HUF)	-	-	1.92	1.92	2.40
Outstanding Balances:					
Unsecured Loans taken from:					
Avaya Holdings & Trading Private Limited	1.50	-	-	1.50	1.50
NPS Shinh	-	-	-	-	82.28

SANATHNAGAR ENTERPRISES LIMITED

Vijay Garg	-	-	-	-	34.91
Bakelite Resins & Foams Ltd.	144.47	-	-	144.47	146.27
Paraswanath Residential Paradise Pvt. Ltd.	9401.00	-	-	9401.00	4940.00
Managerial Remuneration:					
N.P.S.Shinh	-	0.65	-	0.65	4.16
S.P.S.Shinh	-	0.57	-	0.57	2.45
S.V.S Shetty	-	0	-	-	0.46
Current Liabilities :					
Harsimran Shinh	-	-	3.26	3.26	1.04
Advance Taken					
Gurpreet Kaur	-	-	-	-	0.11
Sale/assignment of Assets/ Liabilities/claims					
Bakelite Resins & Foams Ltd.	177.68	-	177.00	-	-
National Standard Tyre Moulds (India) Limited	-	-	-	-	-
Bakelite Coatings & paints	(85.00)	-	(85.00)	-	-
National Standard Tyre Moulds (India) Limited	142.91	-	142.91	-	-
Bakelite Properties Ltd	(142.91)	-	(142.91)	-	-
National Standard (India) Ltd	556.39	-	556.39	-	-
Bakelite Hylam Laminates (India) Ltd.(Sale)	-	-	227.91	-	-
Bakelite Hylam Laminates (India) Ltd.(Assignment)	(556.39)	-	(556.39)	-	-
Bakelite Hylam Laminates (India) Ltd.(Assignment)	102.68	-	92.68	-	-
Bakelite Hylam Laminates (India) Ltd.(Assignment)	(102.68)	-	(92.68)	-	-
Transfer on Account of Demerger					
Bakelite Resins & Foams Ltd.*					
Panel Boards & Laminates Ltd. *					

* Refer note no. 4 above relating to De - merger

- Note:** (a) Related parties are as identified by the Management and relied upon by the auditors.
(b) No amount pertaining to related parties has been provided for as doubtful debts nor written off / back during the period.

23. Raw Materials Consumed:

	For the year ended 30.06.2009		For the 15 months period ended 30.06.2008	
	Qty. in MT	Rs. in lacs	Qty. in MT	Rs. in lacs
Chemicals	5.77	6.80	3584.33	1013.83
Papers	-	-	2394.44	417.77
Metal Foils	-	-	12.21	18.28
Others	-	188.08	-	362.63
Total		194.88		1812.51

24. Value of Consumption: Raw Materials

	For the year ended 30.06.2009		For the 15 months period ended 30.06.2008	
	Rs. in lacs	%	Rs. in lacs	%
Imported at landed Cost		-	130.64	7.21
Indigenous	194.88	100.00	1681.87	92.79
Total	194.88	100.00	1812.51	100

25. Value of Consumption: Stores, Spares and Packing Materials

	For the year ended 30.06.2009		For the 15 months period ended 30.06.2008	
	Rs. in lacs	%	Rs. in lacs	%
i) Imported	-	-	0.16	0.10
ii) Indigenous	43.11	100.00	162.56	99.90
Total	43.11	100.00	162.72	100.00

Note: Components are Spares Parts referred to in Para 4D (c) of Part II of Schedule VI to the Companies Act, 1956 are assumed to be those used in the goods produced and not for maintenance of Plant & Machinery.

26. Expenditure in Foreign Currency

Rs. in lacs

	For the year ended 30.06.2009	For the 15 months period ended 30.06.2008
i) Traveling Expenses	-	-
ii) Others	-	33.33

SANATHNAGAR ENTERPRISES LIMITED

27. Earnings in Foreign Currency

Rs. in lacs

	For the year ended 30.06.2009	For the 15 months period ended 30.06.2008
Earnings from export of goods on FOB basis	-	162.58

28. Value of Imports on CIF Basis in respect of:

Rs. in lacs

	For the year ended 30.06.2009	For the 15 months period ended 30.06.2008
i) Raw Materials	-	117.08
ii) Components and Spare Parts for maintenance of Plant & Machinery	-	-

29. Exceptional Items

Rs. in lacs

	For the year ended 30.06.2009	For the 15 months period ended 30.06.2008
Voluntary Retirement Compensation Written off (Also refer note no.8 & 16 in Schedule 18)	(1094.84)	(758.00)
One Time Settlement sum paid during the year in respect of Voluntary Retirement Compensation payable as Pension over the years to Employees of Old VRS Scheme	(120.07)	(313.62)
Loss on Sale / Discarding of Fixed assets (net)	(388.76)	(204.00)
Profit on Sale of Fixed Assets	1761.30	-
Write Back of :		
i) Provident Fund / Interest on PF excess booked in earlier years	-	87.50
ii) Excess Provision for Leave Encashment	-	15.62
iii) Sundry Creditors balances on reconciliation and / or settlement	-	81.24
iv) Sundry Debtors having credit balances on reconciliation	-	24.12
v) Interest on C&F Deposits provided in earlier years	-	37.09

vi) Inter Corporate Borrowings on account of One Time Settlement	-	84.25
vii) Excess provision of VRS liability	-	100.00
viii) Excess provision for various expenses in respect of earlier years	-	28.95
ix) Interest on working capital loan waived by consortium of banks	-	9.10
Total (net)	157.63	(807.75)

30. Prior year expenses debited to respective head of accounts are as follows:
Rs. in lacs

	For the year ended 30.06.2009	For the 15 months period ended 30.06.2008
Expenses:		
Sales tax Dues	-	-
Finance Charges		2.74
Interest-Others		0.63
Repairs and Maintenance		0.26
Excise Duty/ Customs Duty / DEPB	-	-
Salaries / Wages / Workmen Compensation		4.01
Misc. Expenses	0.38	0.38
Total	0.38	8.02

21. Calculation of Earning per Share:

	For the year ended 30.06.2009	For the 15 months period ended 30.06.2008
<u>Numerator:</u> Loss as per Profit and Loss Account considered for EPS Calculation (Rs. in lacs)		
Profit as per Profit and Loss Account Before Exceptional Items	(812.27)	(3392.16)
Loss as per Profit and Loss Account After Exceptional Items	(657.60)	(4199.91)
<u>Denominator:</u> Number of Weighted Equity Shares (Annualized)		
Number of equity shares at the beginning of the period / year	31,50,000	1,05,00,000
Balance no. of Equity Shares	31,50,000	1,05,00,000
Equity shares issued on 01.07.2006	-	-

SANATHNAGAR ENTERPRISES LIMITED

Total Number of equity shares outstanding at the end of the period / year	31,50,000	1,05,00,000
Weighted average number of Equity Shares outstanding	31,50,000	1,05,00,000
Basic and Diluted Earnings per Equity Share Before Exceptional Items	Rs. (25.79)	Rs. (32.31)
After Exceptional Items	Rs.(20.88)	Rs. (40.00)
Nominal Value per Equity Share	Rs.10 each	Rs.10 each

32. Auditors' Remuneration

	Rs. in lacs	
	For the year ended 30.06.2009	For the 15 months period ended 30.06.2008
Audit Fees	1.5	3.00
Tax Audit Fees	0.5	0.50
Certification	0.25	0.25
Out of Pocket Expenses	0.25	0.33
Total	2.5	4.08

33. Previous period's figures have been regrouped / rearranged wherever necessary to conform to the current year's presentation. The figures of the current year are not comparable with those of previous period as the previous period figures comprised of 15 months.

For and on behalf of the Board

A L Ananathanarayanan
Directors

N.P.S.Shinh

Place: Hyderabad

Date: Dec 5 2009

SCHEDULE FORMING PART OF THE ACCOUNTS**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

(as per Part IV of Schedule of the Companies Act, 1956)

(Rs. Thousands)

I. Registration DetailsRegistration No.

					0	1	-	6	7	5
--	--	--	--	--	---	---	---	---	---	---

Balance Sheet Date

3	0	-	0	6	-	2	0	0	9
---	---	---	---	---	---	---	---	---	---

II. Capital raised during the year :Public Issue

								N	I	L
--	--	--	--	--	--	--	--	---	---	---

Private Placement

								N	I	L
--	--	--	--	--	--	--	--	---	---	---

III. Position of Mobilisation and deployment of FundsTotal Liabilities

					1	0	9	2	0	2	1
--	--	--	--	--	---	---	---	---	---	---	---

Sources of FundsPaid-up Capital
(as on 30.06.2008)

						3	1	5	0	0
--	--	--	--	--	--	---	---	---	---	---

Secured Loans

					1	1	9	8	9	5
--	--	--	--	--	---	---	---	---	---	---

Application of FundsNet Fixed Assets

						2	1	7	8	7
--	--	--	--	--	--	---	---	---	---	---

Net Current Assets

						4	3	4	9	4
--	--	--	--	--	--	---	---	---	---	---

IV. Performance of CompanyTurnover

						4	9	9	9	6
--	--	--	--	--	--	---	---	---	---	---

Loss Before Tax

						6	5	4	6	5
--	--	--	--	--	--	---	---	---	---	---

Earnings Per Share

(-)					Rs.	2	0	.	8	8
-----	--	--	--	--	-----	---	---	---	---	---

V. Performance of CompanyProduct Description

S	U	R	F	A	C	E	T	E	X	T	U	R	E	S
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

SANATHNAGAR ENTERPRISES LIMITED

(Rs. Thousands)

State Code

									0	1
--	--	--	--	--	--	--	--	--	---	---

Bonus Issue

									N	I	L
--	--	--	--	--	--	--	--	--	---	---	---

Rights Issue

									N	I	L
--	--	--	--	--	--	--	--	--	---	---	---

Total Assets

				1	0	9	2	0	2	1
--	--	--	--	---	---	---	---	---	---	---

Reserves & Surplus

									3	7	6
--	--	--	--	--	--	--	--	--	---	---	---

Unsecured Loans

				9	4	0	2	5	0
--	--	--	--	---	---	---	---	---	---

Investments

									N	I	L
--	--	--	--	--	--	--	--	--	---	---	---

Misc. Expenditure

									N	I	L
--	--	--	--	--	--	--	--	--	---	---	---

Total Expenditure

						8	7	1	5	9
--	--	--	--	--	--	---	---	---	---	---

Loss After Tax

						6	5	7	6	0
--	--	--	--	--	--	---	---	---	---	---

Dividend Rate %

									N	I	L
--	--	--	--	--	--	--	--	--	---	---	---

Item Code

3	0	3	1	0	2	0	0	0	0
---	---	---	---	---	---	---	---	---	---

3	0	6	2	0	8	0	0	0	0
---	---	---	---	---	---	---	---	---	---

3	1	6	2	0	8	2	0	0	0
---	---	---	---	---	---	---	---	---	---

For and on behalf of the Board

A L Ananathanarayanan
Directors

N.P.S.Shinh

Place: Hyderabad

Date: Dec 5 2009

SCHEDULE 19**CASH FLOW STATEMENT FOR THE 15 MONTHS PERIOD ENDED 30.06.2009**

	For the year ended 30.06.2009 Rs. in lacs	For the 15 months period ended 30.06.2008 Rs. in lacs
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Loss after Exceptional Items and before Tax		
Adjustments for:		
Depreciation	192.06	535.36
Interest Income	(0.83)	(39.21)
Inventory Written Off	76.80	-
Bad Debts Written off	18.03	2.75
Provisions no longer required / Sundry balances written back (net)	-	(80.92)
Sundry Balances Written Off	32.66	-
Provision for Doubtful Debts	86.79	67.41
Interest Charges	0.73	1,008.65
Provision for Non-moving Stock	-	60.00
Provision for Loss of Stock by Flood	-	38.63
Exceptional Items - Non-cash	(157.63)	807.75
Operating Profit / (Loss) before Working Capital adjustments	(406.03)	(1,886.73)
Adjustments for Changes in Working Capital		
Trade and other Receivables	10.65	25.81
Inventories	139.19	65.49
Current Liabilities & Provisions	(433.78)	(2,846.45)
	(283.94)	(2,892.75)
Cash Used from Operations	(689.97)	(4,998.40)
Taxes Paid	(8.88)	
Net Cash from Operating Activities (A)	(689.97)	(5,007.28)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(2.83)	(68.59)
Proceeds from sale of Fixed Assets	1,179.18	70.16
Interest Received	0.83	38.65
Net Cash from Investing Activities (B)	1,177.18	40.21

SANATHNAGAR ENTERPRISES LIMITED

	For the year ended 30.06.2009 Rs. in lacs	For the 15 months period ended 30.06.2008 Rs. in lacs
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Public Deposits	-	(54.26)
Fresh Equity Capital	-	-
Proceeds from Promoters contribution	-	5,202.35
Repayment to Other Loans and Advances	-	(49.75)
Proceeds from a term Loan	-	1,833.45
Secured Loans Repaid	(930.00)	
Unsecured Loans Taken	925.18	-
Unsecured Loans Repaid	(362.84)	
Unsecured Loans Given	(155.57)	
Sales Tax Deferment	-	82.15
Repayment of Working Capital Loan	-	(1,463.70)
Interest	(0.73)	(446.05)
Net Cash from Financing Activities (C)	(523.96)	5,104.18
Net Cash Flow during the year (A+B+C)	(36.75)	137.11
Cash and Cash Equivalents at the beginning of the year	173.26	36.15
Cash and Cash Equivalents at the end of the year	136.51	173.26

Notes :

1. The above cash flow statement has been prepared by using the indirect method as per Accounting Standard 3 - Cash Flow Statement issued by the Institute of Chartered Accountants of India.
2. Margin Money Deposits have been included under "Trade and Other Receivables"
3. Previous year's figures have been regrouped wherever necessary to conform to the current period's presentation.

As per our report of even date attached

For **LODHA & Co.**

Chartered Accountants

For and on behalf of the Board

R.P.Baradiya

Partner

A.L.Anathanarayanan

Director

NPS Shinh

Managing Director

Place: Mumbai

Date: 5-12-2009

Place: Hyderabad

Date : 5-12-2009

SANATHNAGAR ENTERPRISES LTD.

(Formerly Bakelite Hylam Limited)

7-2-1669, SANATHNAGAR, HYDERABAD - 500 018.

PROXY FORM

I/We _____

of _____

being Members (s) of the Sanathnagar Enterprises Ltd bearing folio No. _____

DP-ID No. _____ Client ID No. _____ No. of shares held

_____ hereby appoint _____

of _____ or failing him/her _____

of _____ or failing him/her _____

of _____ as my/our proxy to attend and vote for me/us and on my/our behalf as indicated below at the Sixty Second Annual General Meeting of the Company to be held at 9.30 a.m. on Thursday, the 31st Dec, 2009 at Plot No. 4-7, I.D.A., Jeedimetla, Hyderabad - 500 855 and at any adjournment thereof.

Signed this _____ day of _____ 2009

Affix
Re. 1
Revenue
Stamp

Signature _____

Note : A Member entitled to attend and vote is entitled to appoint a Proxy to attend and vote instead of himself / herself and the Proxy need not be a member of the Company. Proxies should be lodged with the Company at least 48 hours before the time fixed for the meeting.

SANATHNAGAR ENTERPRISES LTD.

(Formerly Bakelite Hylam Limited)

7-2-1669, SANATHNAGAR, HYDERABAD - 500 018.

ATTENDANCE SLIP

Particulars to be completed by Member / Proxy :

Name of the Member _____

Member's Regd. Folio No. _____

No. of Shares held _____

Name of Proxy, if attending on behalf of a Member _____

I hereby record my presence at the Sixty Second Annual General Meeting of the Company to be held at 9.30 a.m. on Thursday, the 31st Dec, 2009 at Plot No. 4 - 7, I.D.A., Jeedimetla, Hyderabad - 500 855. A.P.

Signature of Member / Proxy

Note : 1. Members / Proxies attending must fill in this attendance slip and hand it over at the entrance of the venue of the meeting.

2. Members / Proxies are requested to bring their copy of the Annual Report for the Meeting and no copy of Notice / Attendance slip will be supplied at the Meeting.

**PRINTED MATTER
BOOK-POST**

If undelivered please return to :

SANATHNAGAR ENTERPRISES LTD.

(Formerly Bakelite Hylam Limited)

7-2-1669, Sanathnagar,

Hyderabad - 500 018 (A.P.)

IMPORTANT NOTICE FOR ACTION BY SHAREHOLDERS

All shareholders who have so far not returned their old shares as on 1st August, 2005 for issuance of fresh share certificates after reduction of par value to 10% or for issuance of post demerger shares are requested to send their old share certificates to the Company by courier or Regd. post to the Registered Office address as indicated above.