

SANATHNAGAR ENTERPRISES LIMITED

(FORMERLY KNOWN AS BAKELITE HYLAM LIMITED)

Annual Report

2009 - 2010

SANATHNAGAR ENTERPRISES LIMITED

(Formerly known as Bakelite Hylam Limited)

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BOARD OF DIRECTORS

- Shri Surendra Shah - Non-executive and Non-Independent Director
- Shri Bhaskar Kamat - Non-executive and Non-Independent Director
- Shri Deependra Gupta - Independent Director
- Shri Somanathan Koranchirath - Independent Director
- Shri Sagar Gawade - Independent Director
- Shri Sanjay Ambre - Independent Director

REGISTERED OFFICE

Lodha Bellezza, East Block,
Eden Square, Off Kukatpally
Housing Board Road (KPHB),
Hyderabad – 500072,
Andhra Pradesh

AUDITORS

M/s. Lodha & Company
Chartered Accountants
6, Karim Chambers, Hutatma Chowk
Mumbai – 400 023

BANKERS

Kotak Mahindra Bank
HDFC Bank

SHARE TRANSFER AGENT

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

SANATHNAGAR ENTERPRISES LIMITED
(FORMERLY KNOWN AS BAKELITE HYLAM LIMITED)

NOTICE

Notice is hereby given that the Sixty Third Annual General Meeting of the Members of Sanathnagar Enterprises Limited will be held on Friday, 12th November, 2010 at 12.00 Noon, at Alankrita Resorts, Thumkunta Village, Shameerpet Mandal, Hyderabad – 500078, to transact the following businesses:

Ordinary Business:

1. To consider and adopt the audited Balance Sheet as at 31st March, 2010, the Profit and Loss Account for the period ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint statutory auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting on such remuneration as may be determined by the Board of Directors.
3. To appoint a Director in place of Shri Deependra Ramji Gupta, who retires by rotation and being eligible, offers himself for reappointment.

Special Business:

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

“RESOLVED THAT pursuant to Section 149(2A) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force) and subject to the necessary approvals/consent of such authorities as may be required, the consent of the members of the Company be and is hereby accorded to the Board of Directors to commence businesses as stipulated under Sub-Clauses 10(a), (b) and (c) of Clause 3(A) under the Main Objects of the Memorandum of Association of the Company, which are reproduced below:

“10(a)

To acquire by purchase, lease, mortgage, exchange, gift or otherwise and to hold develop lands, buildings and hereditaments of any tenure or description what so ever and any estate or interest therein and any rights over or connected with or interest in any buildings, premises, lands and to turn the same to account as may seem expedient and in particular by preparing and developing building sites and by constructing, reconstructing, altering, improving, decorating, furnishing and maintaining offices, flats, houses, factories, warehouses, shops, wharves, buildings, works and conveniences and utilities of all kinds and by consolidating or connecting or sub-dividing properties, and by lettering out, leasing, encumbering selling and disposing of the same in any manner whatsoever either in whole or otherwise or apartments or flats.

10 (b)

To manage lands, buildings and other property whether belonging to the Company or not and to collect rents and income, and to supply to tenants and occupiers and others refreshments, attendants, messengers, lights and fans, air-conditioners, waiting rooms, meeting rooms, laboratories, laundry conveniences, electric conveniences, garages and other accommodation conveniences and advantages.

10(c)

To carry on the business of builders, contractors, dealers in and manufacturers of pre-fabricated and pre-set houses, buildings and erections, materials, tools, implements, machinery and metal ware in connection there with or incidental thereto and to carry on any other business that is customarily, usually and conveniently carried on therewith.”;

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised on behalf of the Company to do all other acts, deeds, matters and things as may be necessary and requisite for and in relation to give effect to aforesaid resolution.”

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

“RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, or any statutory modification(s) or re-enactment thereof, Shri Surendra Shah, who was appointed as an Additional Director of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956 and the Articles of Association of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

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

“**RESOLVED THAT** in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, or any statutory modification(s) or re-enactment thereof, Shri Bhaskar Kamat, who was appointed as an Additional Director of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956 and the Articles of Association of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

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

“**RESOLVED THAT** pursuant to Section 293(1)(d) and other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) and Articles of Association of the Company, and further subject to approval of such authorities as may be required in this regard, consent of the members be and is hereby granted to the Board of Directors of the Company (which term shall include any Committee constituted by the Board of Directors or any person(s) authorized by the Board of Directors to exercise the powers conferred on the Board of Directors by this Resolution to borrow such sum or sums of money (including non fund based facilities) from time to time, at their discretion, for the purpose of the business of the Company, from any one or more banks, financial institutions and other persons, firms, bodies corporate or from any other sources abroad, such as, foreign banks, foreign investment/financial institutions or funds or other bodies, authorities/ entities abroad whether by way of rupee loans or foreign currency loans or other external commercial borrowings, cash credit, advance, loans or bill discounting, issue of non-convertible debentures/optionally convertible debentures/partly convertible debentures with or without detachable or non-detachable warrants or warrants of any other kind, bonds or other debt instruments, or otherwise and whether unsecured or secured by mortgage, charge, hypothecation or lien or pledge on the Company’s assets and properties whether movable or immovable or stock-in-trade (including raw materials, stores, spare parts and components or stock in transit) and work-in-progress of the Company on such terms and conditions as may be considered suitable by the Board of Directors, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company’s Bankers in the ordinary course of business) and outstanding at any time, may exceed upto a sum of Rs. 2,000 Crore (Rupees Two Thousand Crore Only) exclusive of interest, over and above the aggregate of the then paid up capital of the Company and its free reserves (i.e. reserves not set apart for any specific purpose) and that the Board of Directors be and is hereby empowered and authorised to arrange or fix the terms and conditions of all such monies to be borrowed from time to time as to interest, repayment, security or otherwise as they may, in their absolute discretion, think fit;

RESOLVED FURTHER THAT the Company do hereby also ratify the total borrowings already availed by the Company and existing on the date of this meeting, if any, whether such borrowings exceed the aggregate of the paid up capital of the Company and its free reserves as stipulated under Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956;

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised on behalf of the Company to do all other acts, deeds, matters and things as may be necessary and requisite for and in relation to give effect to aforesaid resolution;

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to delegate all or any of the powers herein conferred to any Committee of Directors, Director of the Company or any other person as the Board of Directors may deem fit, to give effect to the aforesaid resolution.”

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

“**RESOLVED THAT** pursuant to Section 293(1)(a) and other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) and Articles of Association of the Company, and further subject to approval of such authorities as may be required in this regard, consent of the members be and is hereby granted to the Board of Directors of the Company (which term shall include any Committee constituted by the Board of Directors or any person(s) authorized by the Board of Directors to exercise the powers conferred on the Board of Directors by this Resolution) to mortgage, charge, hypothecate, lien, pledge or otherwise create an encumbrance on the Company’s assets and properties both present and future, whether movable or immovable or stock-in-trade (including raw materials, stores, spare parts and components or stock in transit) and work-in-progress of the Company and /or the whole or any part of the undertaking(s) of the Company, in addition to the mortgages /charges etc. already created by the Company, in such form and manner and with such ranking and at such time and on such terms as the Board of Directors may determine and consider suitable from time to time, in favour of the Lender(s), Agent(s)

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and Trustee(s), for securing the borrowings availed / to be availed by the Company and/or any of the Company's holding / subsidiary / affiliate / associate Company(ies) and/or by any other person, by way of loans and/or Securities (comprising fully/partly Convertible Debentures and/or Non Convertible Debentures with or without detachable or non-detachable Warrants and/or secured premium notes and/or floating rates notes/bonds or other debt instruments), issued/to be issued, from time to time, subject to the limits of borrowing as approved by the members of the Company from time to time under Section 293(1)(d) of the Companies Act, 1956, together with the interest at the respective agreed rates, additional interest, compound interest in case of default, accumulated interest, liquidated damages, commitment charges, premia on prepayment, remuneration of the Agent(s)/Trustees, premium (if any) on redemption, all other costs, charges and expenses, including any increase as a result of devaluation / revaluation / fluctuation in the rates of exchange and all other monies payable by the Company in terms of the Loan Agreement(s) / Heads of Agreement(s), Debenture Trust Deed(s) or any other document, entered into/to be entered into between the Company and the Lender(s)/Agent(s) and Trustee(s), in respect of the said loans / borrowings / debentures and containing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board of Directors or Committee thereof and the Lender(s)/ Agent(s)and Trustee(s);

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised on behalf of the Company to do all other acts, deeds, matters and things as may be necessary and requisite for and in relation to give effect to aforesaid resolution;

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to delegate all or any of the powers herein conferred to any Committee of Directors, Director of the Company or any other person as the Board of Directors may deem fit, to give effect to the aforesaid resolution.”

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

“**RESOLVED THAT** in accordance with the provisions of Sections 198, 269, 387 and all other applicable provisions, if any, read with Schedule XIII to the Companies Act 1956, and subject to all such sanctions, as may be necessary, the consent of the Members be and is hereby accorded to the appointment of Shri Deepak Chitnis as the Manager of the Company for a period of 5 (five) years commencing from July 22, 2010 on the terms and conditions set out in the Agreement entered into between the Company and Shri Deepak Chitnis, which Agreement is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter referred to as “Board” which term shall be deemed to include any Committee of the Board constituted to exercise its powers including powers conferred by this resolution) to alter and vary the terms and conditions of the said appointment and/or Agreement, as may be agreed to between the Board and Shri Deepak Chitnis, so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto;

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year during the currency of tenure of Shri Deepak Chitnis, as Manager, the remuneration and perquisites be paid or granted to him as minimum remuneration and perquisites provided that the total remuneration comprising of salary, perquisites and other allowances shall not exceed the applicable ceiling limit in terms of Schedule XIII to the Companies Act, 1956 as may be amended from time to time or any equivalent statutory re-enactment thereof for the time being in force;

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

By Order of the Board of Directors

Place: Mumbai
Date: 12th October, 2010

Surendra Shah
Director

Registered Office:
Lodha Bellezza, East Block,
Eden Square, Off Kukatpally Housing Board Road (KPHB),
Hyderabad, Andhra Pradesh-500072
e-mail : selinvrelation@gmail.com

Note:

1. **A Member entitled to attend and vote at the Annual General Meeting (the Meeting) is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a Member of the Company. The Instrument appointing the Proxy should, however, be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.**
2. Corporate Members intending to send their authorised representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
3. Shri Deependra Ramji Gupta, Director, retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment. Brief resume of the said Director, nature of his expertise in specific functional areas and names of companies in which he holds directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors *inter-se* as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, are provided in the Report on Corporate Governance forming part of the Annual Report. The Board of Directors of the Company commends his reappointment.
4. Members are requested to bring their Attendance Slip along with their copy of the Annual Report to the Meeting.
5. Relevant documents referred to in the accompanying Notice are open for inspection by the Members at the Registered Office of the Company on all working days, except Saturdays, between 11.00 a.m. and 1.00 p.m. upto the date of the Meeting.
6. Register of Members and Transfer Books will remain closed from Tuesday, 9th November, 2010 to Friday, 12th November, 2010 (both days inclusive) for the purpose of the Annual General Meeting of the Company.
7. Members holding shares in identical orders of names in more than one folio are requested to write to the Company's Share Transfer Agent, M/s CIL Securities Limited, 214, Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad - 500 001, enclosing their original share certificates to enable them to consolidate the holdings into one folio.
8. As per the provisions of the Companies Act, 1956, the members of the Company are allowed to nominate any person to whom the share(s) shall be transmitted in the event of Member' death. The Members are advised to contact the Company's Share Transfer Agent, CIL Securities Limited, to avail this facility.
9. **Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Meeting is annexed hereto.**

By Order of the Board of Directors

Place: Mumbai
Date: 12th October, 2010

Surendra Shah
Director

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

Item 4

Rehabilitation Scheme sanctioned by the Board for Industrial Financial Reconstruction vide its order *inter alia* provided for diversification of the Company into real estate activity.

In view of this, shareholders approval by way of Special Resolution is sought at Item No. 4 of the notice as required under Section 149 (2A) of the Companies Act, 1956.

None of the Directors of the Company is concerned or interested in the proposed resolution.

Items 5 & 6

The Board of Directors of the Company, pursuant to the provisions of Section 260 of the Companies Act, 1956 ('the Act') and the Articles of Association of the Company, appointed Shri Surendra Shah and Shri Bhaskar Kamat, as Additional Directors of the Company with effect from 10th May, 2010. In terms of the provisions of Section 260 of the Act, Shri Surendra Shah and Shri Bhaskar Kamat, would hold office upto the date of this Annual General Meeting. The Company has received a Notice in writing from a member alongwith a deposit of Rs. 500/- each, proposing the candidatures of Shri Surendra Shah and Shri Bhaskar Kamat for the offices of Director of the Company, under the provisions of Section 257 of the Act. Shri Surendra Shah and Shri Bhaskar Kamat, are not disqualified from being appointed as Director in terms of Section 274(1)(g) of the Act. The Company has received the requisite Form 'DD-A' from Shri Surendra Shah and Shri Bhaskar Kamat, in terms of the Companies (Disqualification of Directors under Section 274(1)(g) of the Companies Act, 1956) Rules, 2003, confirming their eligibility for such appointments.

Shri Surendra Shah has rich experience in procurement of materials for construction industry and possesses commendable insight on cost structures of construction activities.

Shri Bhaskar Kamat is an Engineering Graduate in the Civil field having nearly 10 years of rich experience in execution and management of civil construction / real estate projects. He is a keen player and strategist with the distinction of serving reputed business houses and also has successfully executed prestigious projects like the construction of five star hotels, corporate commercial buildings among several others. He possesses excellent relationship management skills with ability to relate people at level of business and management.

Keeping in view their enriched expertise and knowledge, it will be in the interest of the Company that Shri Surendra Shah and Shri Bhaskar Kamat are appointed as Directors, who if appointed, shall be liable to retire by rotation, in accordance with the provisions of the Articles of Association of the Company.

A brief resume of Shri Surendra Shah and Shri Bhaskar Kamat, nature of their expertise in specific functional areas and names of companies in which they hold directorships and memberships/ chairmanships of Board Committees, Shareholding and relationship between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, are provided in the Report on Corporate Governance forming part of the Annual Report. Shri Surendra Shah and Shri Bhaskar Kamat do not hold any share in the Company as on 31st March, 2010. The Board commends the resolution set out at Item No. 5 & 6 of the Notice for your approval.

Shri Surendra Shah and Shri Bhaskar Kamat, Directors of the Company may be deemed to be concerned or interested in the resolution proposed for their respective appointment.

Item No. 7

In terms of the provisions of Section 293 (1) (d) of the Companies Act, 1956, the Board cannot except with the consent of the members of the Company, borrow moneys, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, in excess of aggregate of paid up capital and its free reserves that is to say reserves not set apart for any specific purpose. Keeping in view the Company's business requirements and its growth plans, it is considered desirable to fix the said borrowing limits. The Board accordingly recommends the resolution for fixing the borrowing powers of the Board as set out in the accompanying Notice for the approval of the members pursuant to the provisions of sections 293 (1) (d) of the Companies Act, 1956.

None of the Directors of the Company is concerned or interested in the said resolution.

Item No. 8

The borrowings by a Company, in general, is required to be secured by mortgage or charge on all or any of the movable or immovable properties of the Company in such form, manner and ranking as may be determined by the Board from time to time, in consultation with the lender(s)/ Trustee(s)/Agent(s). The mortgage and/or charge on any of the movable and/or immovable properties and/or the whole or any part of the undertaking(s) of the Company,

to secure borrowings of the Company or of any of its holding, subsidiary, affiliate or associate Company and/or of any other person, may be regarded as disposal of the Company's undertaking(s) within the meaning of Section 293(1)(a) of the Companies Act, 1956. Hence, it is necessary for the Members to pass a resolution under the said Section. The Board accordingly recommends the resolution as set out above authorizing the Board to create security by mortgage or otherwise for the approval of the Members pursuant to Section 293(1)(a) of the Companies Act, 1956.

None of the Directors of the Company is concerned or interested in the said resolution.

Item No. 9

The Board of Directors of the Company at its meeting held on July 22, 2010, has, subject to the approval of the Members in general meeting appointed Shri Deepak Chitnis as Manager of the Company for a period of 5 years commencing from July 22, 2010 without any remuneration. Shri Deepak Chitnis has done B.Arch. He has 9 years of experience in design consultancies and 6 years of experience in real estate development.

Shri Deepak Chitnis fulfils the conditions for eligibility contained in Part I of Schedule XIII to the Companies Act, 1956. Shri Deepak Chitnis has agreed to provide complimentary services as the Manager to the Company.

Shri Deepak Chitnis will carry out his function as the Manager of the Company under the superintendence, control and direction of the Board.

The Board of Directors accordingly recommends the resolution for member's approval. The above may be treated as an abstract of the terms of appointment of Shri Deepak Chitnis under Section 302 of the Companies Act, 1956.

None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

SANATHNAGAR ENTERPRISES LIMITED
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DIRECTORS' REPORT

TO THE MEMBERS,

The Directors present the Sixty Third Annual Report and the Audited Statement of Accounts of the Company for the period ended 31st March, 2010.

FINANCIAL RESULTS

Particulars	For the 9 months period ended 31.03.2010	For the year ended 30.06.2009
Profit before Depreciation	(4,905,872)	(62,020,369)
Depreciation	183,750	19,206,330
Profit / (loss) before Exceptional Items and Taxation	(5,089,622)	(81,226,698)
Exceptional Items	(27,707,138)	15,858,668
Provision for Fringe Benefit Tax	-	294,975
Profit / (Loss) after Exceptional Items and Taxation	(32,796,760)	(65,663,005)
Balance of loss brought forward from previous year	(1,026,640,091)	(1,088,761,086)
Less: Adjustment on account of de – merger	-	102,233,000
Less: Loss relating to resulting companies from 01-12-2007 to 30-06-2008	-	25,551,000
Balance of (Loss) Carried to Balance Sheet	(1,059,436,851)	(1,026,640,091)

HOLDING COMPANY

Pursuant to the BIFR/ AAI FR Scheme/ Order in the matter of the Company, Siddhnath Residential Paradise Private Limited ('SRPPL') (Formerly known as Paraswanath Residential Paradise Private Limited), co-promoter of the Company and new management, has, on 25th May, 2010 acquired majority stake in the Company.

Accordingly, the Company has become a subsidiary of SRPPL. Further, since SRPPL is wholly owned subsidiary of Lodha Developers Limited, the Company has also become a subsidiary of Lodha Developers Limited pursuant to Section 4 of the Companies Act, 1956.

OPERATION

Pursuant to the BIFR/AI FR Scheme/Order, the Company has ventured into real estate activity on its land at Sanathnagar, Hyderabad and started developing Sanathnagar land after getting all assets lying at Sanathnagar dismantled/sole/discarded and consequently, land owned by the Company has been transferred to current assets from fixed assets at book value. Further, a sum of ₹ 87,18,617 has been incurred towards development of the said land during the period, which has been added to the cost of the land.

MANAGEMENT DISCUSSION AND ANALYSIS; BUSINESS OUTLOOK AND SEGMENT WISE PERFORMANCE

The Company's future business will be in Real Estate sector. Real Estate sector seems to be encouraging. However, the future performance of the Company will depend on the building industry, market for residential and commercial properties, cost of construction, none of which can be predicted with any reasonable accuracy at this stage.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has set up Internal Audit System and taken adequate steps to strengthen internal control system to make it commensurate with the size and nature of its business.

DELISTING

The trading in the shares of the Company has remained suspended. The promoters, therefore, initiated the steps for delisting pursuant to the SEBI (Delisting of Equity Shares) Regulations, 2009 and pursuant to consent accorded by the members of the Company through postal ballot, to provide liquidity and exit opportunity to the public shareholders. Necessary application in this regard is made to Bombay Stock Exchange Limited ('BSE') and pending at BSE' end. Further, the Company has in earlier year made necessary application to the Delhi Stock Exchange Limited for delisting.

SHIFTING OF THE REGISTERED OFFICE

On 10th May, 2010, the Company' registered office was shifted to Lodha Bellezza, East Block, Eden Square, Off Kukatpally Housing Board Road (KPHB), Hyderabad, Andhra Pradesh-500072.

DIVIDEND

In view of losses, your Directors have not recommended any dividend for the year under review.

DIRECTORS

Shri Anurag Singhvi resigned as a director of the Company w.e.f. 26th December, 2009. Dr. A. L. Ananthanarayanan and Shri SPS Shinh vacated office w.e.f. 31st December, 2009 since they were not seeking their reappointment at the last Annual General Meeting of the Company held on 31st December, 2009. Shri NPS Shinh resigned as the Managing Director of the Company w.e.f. 30th April, 2010 and as a director of the Company w.e.f. 10th May, 2010. Shri Bharath Chandra and Dr. Usha Sunderajan resigned as directors of the Company w.e.f. 22nd April, 2010 and 10th May, 2010, respectively. Your Directors record their deep appreciation for the valuable contribution made by them to the Company during their tenure as Directors of the Company.

Pursuant to the provisions of Section 260 of the Companies Act, 1956 and the Articles of Association of the Company, Shri Surendra Shah and Shri Bhaskar Kamat were appointed as Additional Directors on the Board with effect from 10th May, 2010. They shall hold office upto the date of the ensuing Annual General Meeting, unless appointed at the ensuing Annual General Meeting. The Company has received a notice in writing from a member proposing the candidatures of Shri Surendra Shah and Shri Bhaskar Kamat for the offices of Director, liable to retire by rotation. In terms of the Articles of Association, Shri Deependra Ramji Gupta retires by rotation and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting.

Brief Resume of the Directors proposed to be appointed / reappointed, nature of their expertise in specific functional areas and names of companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement are provided in the Report on Corporate Governance forming part of the Annual Report.

COMPLIANCE CERTIFICATE

The Compliance Certificate in terms of Section 383A(1) of the Companies Act, 1956 read with rule 3(2) of the Companies (Compliance Certificate) Rule, 2001, is attached herewith as an **Annexure - 1** to this report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:-

- I. in the preparation of the accounts for the financial year ended 31st March, 2010, the applicable accounting standards read with requirements set out under Schedule VI to the Companies Act, 1956 have been followed and that there are no material departures from the same;
- II. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2010 and of the loss of the Company for the year ended on that date;
- III. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- IV. the Directors have prepared the accounts for the financial year ended 31st March, 2010 on a "going concern" basis.

AUDITORS & AUDITORS REPORT

M/s Lodha & Company, statutory auditors of the company, retire at the ensuing Annual General Meeting and have expressed their willingness to continue, if so appointed. As required under the provisions of Section 224(1B) of the Companies Act, 1956, the Company has obtained written confirmation from M/s Lodha & Company, the auditors proposed to be re-appointed to the effect that their re-appointment, if made, would be in conformity with the limits specified in the said section.

A proposal seeking their re-appointment is provided as part of the Notice of the Annual General Meeting.

As regards Auditors' observations, they are self explanatory and do not call for any further comments.

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PARTICULARS OF EMPLOYEE

In terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are set out in the annexure to the Directors' Report. Having regard to the provisions of Section 219(1)(b)(iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. Any member interested in obtaining such particulars may write to the Company at its registered office.

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

The particulars relating to energy conservation, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 are annexed to this Report. as **Annexure - 2**.

GROUP ENTITIES

Siddhnath Residential Paradise Private Limited (Formerly known as Paraswanath Residential Paradise Private Limited), Lodha Developers Limited and its subsidiaries are forming a part of group for the Company.

CORPORATE GOVERNANCE

The Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement forms part of the Annual Report. Certificate confirming compliance of the conditions of Corporate Governance as stipulated under the aforesaid Clause 49, is annexed to this Report as **Annexure - 3**.

ACKNOWLEDGEMENT

The Board also records its appreciation for the support and cooperation received from various stakeholders, during the period under review.

On behalf of the Board of Directors

Place: Mumbai
Date: 12.10.2010

Bhaskar Kamat
Director

Surendra Shah
Director

ANNEXURE – 1 to the Directors' Report

Ashish Kumar Gaggar
Company Secretary in Practice

205 Raghava Ratna Towers,
Chirag Ali Lane, Abids
Hyderabad
M: 98492 23007É040-64557764
Email: ashishgaggar.pcs@gmail.com

COMPLIANCE CERTIFICATE

Company Regn. No. : **01-000675**
Nominal Capital : **Rs.15,00,00,000/-**

To,

The Members

SANATHNAGAR ENTERPRISES LIMITED

(Formerly Bakelite Hylam Limited)

Regd.Off: Lodha Bellezza, East Block, Eden Square,

Opp: Kukatpally Housing Board Road (KPHB),

Hyderabad – 500072 (A.P.)

I have examined the registers, records, books and papers of **SANATHNAGAR ENTERPRISES LIMITED (Formerly Bakelite Hylam Limited)** (herein after called Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March 2010 (9 Months). In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The company has kept and maintained all registers as stated in Annexure "A" to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded;
2. The company has duly filed the forms and returns as stated in Annexure "B" to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under; or with a delay after paying the additional fees, if any.
3. The Company, being a public limited company, the restriction clauses as provided in Section 3(1)(iii) of the Companies Act, 1956 is not applicable;
4. The Board of Directors duly met Five times on 27/07/2009, 16/10/2009, 05/12/2009, 26/12/2009 and 25/03/2010 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
5. The Company closed its Register of Members, and/or Debenture holders from 28th December 2009 to 31st December 2009 (both days inclusive) and necessary compliance of Section 154 of the Act has been made;
6. The Annual General Meeting for the financial year ended on 30th June 2009 was held on 31st December 2009 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose;
7. One Extraordinary meeting(s) was/were held during the financial year after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
8. The company has not advanced loan to its directors and/or persons or firms or companies referred in Section 295 of the Act;
9. The Company has duly complied with the provisions of Section 297 of the Act in respect of contracts specified in that section;
10. The company has made necessary entries in the register maintained under Section 301 of the Act;

SANATHNAGAR ENTERPRISES LIMITED
(FORMERLY KNOWN AS BAKELITE HYLAM LIMITED)

11. The company has obtained necessary approvals from the Board of Directors, Members and previous approval of the Central Government pursuant to Section 314 of the Act wherever applicable,
12. The Board of Directors or duly constituted Committee of Directors has approved the issue of duplicate shares certificates;
13. The company has-
 - (i) delivered all the certificates on allotment of securities and on lodgments thereof for transfer/transmission or any other purpose in accordance with the provisions of the Act;
 - (ii) has not deposited any amount in a separate Bank account as no dividend was declared during the financial year;
 - (iii) was not required to post warrants to any member of the company as no dividend was declared during the financial year
 - (iv) as explained by the Company, the rehabilitation scheme sanctioned by Hon'ble BIFR provided for exemption from Section 205 (c) for transfer of unpaid amounts to Investor Protection fund and hence the amounts in unpaid dividend account, which have remained unclaimed or unpaid for a period of seven years has not been transferred to Investor Education and Protection Fund;
 - (v) materially complied with the requirements of Section 217 of the Act;
14. The Board of Directors of the Company is duly constituted and the appointment of directors, additional directors, alternate directors and the directors to fill casual vacancies have been duly made;
15. The appointment of Managing Director/Whole-time Director/Manager has been made in compliance with the provisions of Section 269 read with Schedule XIII to the Act
16. The Company has not appointed any Sole-selling agents during the financial year;
17. The Company has obtained all necessary approvals of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act as detailed below
18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under;
19. The company has not issued any shares/debentures/other securities during the financial year ;
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference shares/debentures during the financial year;
22. There were no transaction necessitating the Company to keep up in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares;
23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of section 58A during the financial year.
24. The amount borrowed by the company from directors, members, public, financial institutions, banks and others during the financial year ending 31st March 2010 is within the borrowing limits of the company
25. The company has made loans and investments, or given guarantees or provided securities to other bodies corporate in compliance with the provisions of the Act and has made necessary entries in the register kept for the purpose;
26. The Company has not altered the provisions of the Memorandum with respect to situation of the company's registered office from one state to another during the year under scrutiny;
27. The company has not altered the provisions of the memorandum with respect to the objects of the company during the year under scrutiny;
28. The company has altered the provisions of the memorandum with respect to name of the company during the year under scrutiny and complied with the provisions of the Act
29. The company has not altered the provisions of the memorandum with respect to share capital of the company during the year;
30. The company has altered its articles of association after obtaining approval of members in the general meeting held on 08th September 2009 and the amendments to the articles of association have been duly registered

with the Registrar of Companies;

31. There was no prosecution initiated against or show cause notices received by the company and no fines and penalties or any other punishment was imposed on the company during the financial year for offences under the Act
32. The Company has not received any money as security from its employees during the financial year;
33. The Company has not constituted any Provident Fund and accordingly the provisions of the Section 418 of the Act are not applicable.

Ashish Kumar Gaggar
Company Secretary in Practice

ACS: 19525
CP No.: 7321

Place: Mumbai
Date: 12th October 2010

SANATHNAGAR ENTERPRISES LIMITED
(FORMERLY KNOWN AS BAKELITE HYLAM LIMITED)

ANNEXURE – 2 to the Directors' Report

Conservation of Energy, technology absorption, Foreign Exchange Earnings and outgo:

In accordance with the Companies (Disclosure of particulars in report of the Board of Directors) rules, 1988.

A. Conservation of Energy:

a) Energy Conservation measures taken:

There is nothing significant to report in this area.

b) Additional investments and proposals if any being implemented for reduction of consumption of energy:

No investments were made in this area.

c) Impact of measures to (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

NIL

B. Technology Absorption and Innovation:

During the period under review, there was no import of technology.

C. Research and Development (R&D):

There was no R&D work on account of the units not being operational during most part of the year.

Foreign exchange earnings and outgo:

During the period under review, there was no foreign exchange earnings and outgo.

ANNEXURE – 3 to the Directors' Report

Ashish Kumar Gaggar
Company Secretary in Practice

205 Raghava Ratna Towers,
Chirag Ali Lane, Abids
Hyderabad
M: 98492 23007É040-64557764
Email: ashishgaggar.pcs@gmail.com

Certificate on Corporate Governance

The Members
Sanathnagar Enterprises Limited

I have examined the compliance of conditions of Corporate Governance by Sanathnagar Enterprises Limited for the period ended 31st March, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges in India. The compliance of conditions of Corporate Governance is the responsibility of the management. My examination was Limited to procedures and implementation thereof, adopted by the Company for ensuring the Compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company. In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has generally complied with the conditions of Corporate Governance as stipulated in the above-referred Listing Agreement. I am informed that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company.

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

Ashish Kumar Gaggar
Company Secretary in Practice

ACS: 19525
CP No.: 7321

Place: Mumbai
Date: 12th October 2010

SANATHNAGAR ENTERPRISES LIMITED
(FORMERLY KNOWN AS BAKELITE HYLAM LIMITED)

Report on Corporate Governance

1. Company's philosophy on Code of Governance

The Company's philosophy on Corporate Governance envisages transparency, accountability and equity for its operations, and for interactions with its Stakeholders.

2. Board of Directors - Composition and Particulars of Directors

Board Composition

The Board of Directors of the Company (the Board) consists of 6 Directors, out of whom 4 are Independent Directors. Composition of the Board and category of Directors as on date are as follows:

Category	Name of the Director
Non-Independent Non-Executive Directors	Shri Surendra Shah* Shri Bhaskar Kamat*
Independent Non-Executive Directors	Shri Deependra Gupta Shri Somanathan Nair Shri Sagar Gawde Shri Sanjay Ambre

*Appointed as Additional Directors w.e.f. 10.05.2010

Shri SPS Shinh and Dr. A. L. Ananthanarayanan ceased to be directors on 31st December,2009, date of last Annual General Meeting, consequent to non seeking of re-appointment. Shri Anurag Singhvi resigned as a director on 26th December,2009.

No Director is related to any other Director on the Board in terms of the definition of 'relative' given under the Companies Act, 1956.

Directors' Profile

Brief resume of the Directors proposed to be appointed/ reappointed at the forthcoming Annual General Meeting, nature of their expertise in specific functional areas and names of companies in which they hold directorships/ chairmanships/ memberships of Board Committees and their shareholding in the Company are provided below:

- (a) **Shri Suredndra Shah** has experience in procurement of materials for construction industry and possesses commendable insight on cost structures of construction activities.

Shri Shah was appointed as an Additional Director of the Company w.e.f. 10.05.2010. He is a member of the Shareholders Investors Grievance Committee of the Board of Directors of the Company.

Shri Shah is also on the Board of Simtools Private Limited, Microtec Constructions Pvt. Ltd., Odeon Theatres and Properties Private Limited, Lodha Novel Buildfarms Pvt. Ltd., Parasnath Hi-Tech Constructions Private Limited, Naminath Builders And Farms Private Limited, Galaxy Premises Private Limited, Shri Vardhvinayak Builders Private Limited, Aasthavinayak Real Estate Private Limited, Shantinath Designer Construction Private Limited, Gandhar Builders Private Limited, Shripal realty Pvt. Ltd., Siddhnath Residential Paradise Private Limited (Formerly known as Paraswanath Residential Paradise Private Limited). Shri Shah does not hold any membership of a Committee of the Board in any Company.

Shri Shah does not hold any share of the Company as on 31st March, 2010.

- (b) **Shri Bhaskar Kamat** is an Engineering Graduate in the Civil field having nearly 10 years of rich experience in execution and management of civil construction / real estate projects. He is a keen player and strategist with the distinction of serving reputed business houses and also has successfully executed prestigious projects like the construction of five star hotels, corporate commercial buildings among several others. He possesses excellent relationship management skills with ability to relate people at level of business and management.

Shri Kamat was appointed as an Additional Director of the Company w.e.f. 10.05.2010. He is a member of the Shareholders Investors Grievance Committee and the Audit Committee of the Board of Directors of the Company.

Shri Kamat is also on the Board of Shri Vardhvinayak Builders Private Limited, Aasthavinayak Real Estate Private Limited. Marutinandan Real Estate Dovelopers Private Limited, Lodha Glowing Construction Private Limited, Arihant Premises Private Limited, Hi-Class Developers Private Limited, Lodha Land Scapes Pvt.

Ltd., Paraswanath Residential Paradise Pvt Ltd, Galaxy premises Pvt. Ltd, Shripal Realty Pvt. Ltd., Parasnath Hi-Tech Constructions Private Limited, Shantinath Designer Construction Private Limited, Bahubali Real Estate And Farms Management Private Limited. Shri Kamat does not hold any membership of a Committee of the Board in any Company.

Shri Kamat does not hold any share of the Company as on 31st March, 2010.

(c) **Shri Deependra Gupta** is Inter CA and Science Graduate with expertise in Accounts, Taxation & Finance.

Shri Gupta was appointed as a Director of the Company by the shareholders at the last Annual General Meeting of the Company held on 31.12.2009. He is the Chairman of the Audit Committee of the Board of Directors of the Company.

Shri Gupta is also on the Board of Roselabs Finance Limited and National Standard (India) Limited and holds the Chairmanship of Shareholders/Investors Grievance Committee of Roselabs Finance Limited.

Shri Gupta does not hold any share of the Company as on 31st March, 2010.

3. Attendance of Directors at Board Meetings, last Annual General Meeting and number of other Directorships and Chairmanships / Memberships of Committees of each Director in various companies

Name of the Directors	Attendance at meetings during 1 st July 2009 to 31 st March 2010		Number of Other Directorship(s) (*)	No of Membership(s)/ Chairmanship(s) of Board Committees of Other Companies (**)
	Board Meetings	Last AGM		
Shri Deependra Gupta	1	No	2	1
Shri Somnathan Nair	1	No	-	-
Shri Sagar Gawde	1	No	1	1
Shri Sanjay Ambre	1	No	-	-
Dr. Usha Sunderarajan	2	No	3	1
Shri NPS Shinh	4	Yes	7	1
Shri Bharath Chandra	4	No	4	1
Dr. A. L. Ananthanarayanan+	4	No	7	1
Shri SPS Shinh+	2	Yes+	4	1
Shri Anurag Singhvi+	-	No	-	-

+ Shri SPS Shinh and Dr. A. L. Ananthanarayanan ceased to be directors on 31st December,2009 consequent to non seeking of re-appointment. Shri Anurag Singhvi resigned as a director on 26th December,2009.

* The Directorships held by Directors as mentioned above, do not include Alternate Directorships and Directorships of Foreign Companies, Section 25 Companies and Private Limited Companies.

** In accordance with Clause 49, Memberships / Chairmanships of only the Audit Committees and Shareholders' / Investors' Grievance Committees of Indian Public Companies (excluding Sanathnagar Enterprises Limited) have been considered.

4. Number of Board Meetings held and the dates on which held

Five Board Meetings were held during the period from 1st July, 2009 to 31st March, 2010. The Company has held at least one Board meeting in every three months and the maximum time gap between any such two meetings was not more than four months. The details of the Board meetings are as under:

Sr. No.	Date	Board Strength	No. of Directors Present
1.	27th July, 2009	6	5
2.	16 th October, 2009	6	4
3.	5 th December, 2009	6	3
4.	26 th December, 2009	6	4
5	25 th March, 2010	7	4

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5. Board Committees

Details of the Committees of the Board and other related information are provided hereunder :

(a) Audit Committee

In view of the cessation of industrial activities, the Audit Committee consisting of Shri Bharath Chandra, Dr. Usha Sunderarajan, Shri Anurag Singhvi, all being Non-executive Independent Directors, was suspended w.e.f. 1st April, 2009. Subsequent to the takeover of the Company by Siddhnath Residential Paradise Private Limited (Formerly known as Paraswanath Residential Paradise Private Limited), co-promoter of the Company and change in directors of the Company, the Audit Committee was re-constituted with Shri Deependra Gupta (Chairman), Shri Sagar Gawde and Shri Bhaskar Kamat as members w.e.f. 10.05.2010. 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, reviewing statements before submission to the Board and other terms as per Clause 49 of the Listing Agreement to the extent applicable to the Company.

Accordingly, no meeting of the Audit Committee was held during the period from 1st July, 2009 to 31st March, 2010.

(b) Remuneration Committee

Subsequent to the takeover of the Company by Siddhnath Residential Paradise Private Limited (Formerly known as Paraswanath Residential Paradise Private Limited), co-promoter of the Company and change in directors of the Company, the Remuneration Committee consisting of Dr Usha Sunderarajan (Chairman), Shri Bharath Chandra and Shri NPS Shinh, was dissolved w.e.f. 10.05.2010.

Managerial remuneration to Managing Director and a Whole-time Director (upto 31.12.2009) comprise of the following:

	For the period ended 31.03.2010 Amount in ₹
Salaries	13,80,000
Contribution to Provident Fund and Family Pension Fund	1,38,000
Perquisites (evaluated as per Income Tax Rules, wherever necessary)	11,36,502
Total	26,54,502

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

No meeting of the Remuneration Committee was held during the period from 1st July, 2009 to 31st March, 2010.

(c) Shareholders'/ Investors' Grievance Committee

Subsequent to the takeover of the Company by Siddhnath Residential Paradise Private Limited (Formerly known as Paraswanath Residential Paradise Private Limited), co-promoter of the Company and change in directors of the Company, the Shareholders'/ Investors' Grievance Committee consisting of Dr Usha Sunderarajan, Shri Bharath Chandra (Chairman) and Shri NPS Shinh, was reconstituted w.e.f. 10.05.2010, comprising of the following directors viz., Shri Surendra Shah and Bhaskar Kamat.

Five Meetings were held during the period from 1st July, 2009 to 31st March, 2010. The Company has held at least one Meeting in every three months and the maximum time gap between any such two meetings was not more than four months. The details of the meetings are as under:

Sr. No.	Date	Members' Strength	No. of Members Present
1.	27th July, 2009	3	3
2.	16 th October, 2009	3	2
3.	5 th December, 2009	3	2
4.	26 th December, 2009	3	3
5	25 th March, 2010	3	2

Compliance officer: Subsequent to the takeover of the Company by Siddhnath Residential Paradise Private Limited (Formerly known as Paraswanath Residential Paradise Private Limited), co-promoter of the Company, Shri Yogesh Vadhwana has been appointed as the Compliance Officer of the Company.

Investor Grievance Redressal

The number of complaints received and resolved during the year under review and their break-up are as under :

Type of Complaints	No. of Complaints
Non-Receipt of Annual Reports	02
Non-Receipt of Dividend Warrants	Nil
Non-Receipt of Certificates	Nil
Total	02

There were no outstanding complaints as on 31st March, 2010.

6. Code of Business Conduct and Ethics for Directors and Senior Management

Subsequent to the takeover of the Company by Siddhnath Residential Paradise Private Limited (Formerly known as Paraswanath Residential Paradise Private Limited), co-promoter of the Company and change in directors of the Company, on 10th May, 2010, the Company adopted the Code of Business Conduct and Ethics for Directors and Senior Management (the Code).

Declaration for compliance of Code of Conduct

I hereby confirm that the Company has obtained from all the members of the Board and Senior Management team, an affirmation, of compliance with the code of conduct for Directors and Senior Management in respect of financial year ended March 31, 2010.

Place: Mumbai

Deepak Chitnis

Date: 12th October, 2010

Manager

7. General Body Meetings

The last three Annual General Meetings of the Company were held as under :

Year	Venue of the Meeting	Date	Time
2006-2007	Plot No.4-7, IDA, Jeedimetla, Hyderabad - 500855	29.09.2007	9.30 AM
2007-2008	Plot No.4-7, IDA, Jeedimetla, Hyderabad - 500855	21.03.2009	9.30 AM
2008-2009	Plot No.4-7, IDA, Jeedimetla, Hyderabad - 500855	31.12.2009	11.30 AM

Special Resolutions passed at the last 3 Annual General Meetings

AGM Date	Item No	Particulars
29.09.2007	10	Divestment of laminate business into new company
	11	Authorisation for demerger of Nacharam, Jeedimala, Balarshah into new co.
	12	Approval for VRS Scheme for Sanathnagar Workmen
	13	Approval for implementation of AAIFR order dated 10.04.2007
	14	Approval for relocation of Sanathnagar & R&D Centre
	15	Approval for Sell/ Develop Sanathnagar/ R&D land and sell surplus equipment
	16	Approval to sell/ develop Jeedimetla land
	17	Approval for appointment of Ms harsimran Shinh as Sr.Mnaager w.e.f. 16.09.2006 for 5 years
	18	Appointment of Shri SVS Shetty as wholetime director
	19	Appointment of Shri Rajagopalan as wholetime director w.e.f. 01.10.2007

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21.03.2009	5	Approval of appointment of Shri NPS Shinh as the Managing Director w.e.f. 27.08.2009
	6	Approval of appointment of Shri SPS Shinh as Director (Commercial) w.e.f. 15.05.2009
	7	Divestment of Sanathnagar Machinery
	8	Divestment/ relocation of Surface Texture business
	9	Transfer of IPRs etc in favour of Bakelite Resins & Foams Limited
	18	Demerger of Nacharam Unit and Balارشah Unit
	19	Closure of Particle Board Unit
31.12.2009	-	Nil

As reported in the last year' Annual Report, during the period under review, the Postal ballot has been conducted for delisting of the Company and the results confirm decision of de-listing the shares.

8. Book Closure date

Register of Members and Transfer Books will remain closed from Tuesday, 9th November, 2010 to Friday, 12th November, 2010 (both days inclusive) for the purpose of the Annual General Meeting of the Company.

9. Disclosures

There were no monetary penalties imposed by SEBI or the stock Exchanges or by any statutory authorities for non-compliance on any matters related to capital markets.

None of the transactions with any of the related parties were in conflict with the interests of the Company.

Attention of Members is drawn to the disclosures of transactions with the related parties set out in Notes on Accounts forming part of the Annual Report.

10. Means of Communication

There are no industrial operations in the Company after 01.04.2009. Accordingly, the Company is no longer an industrial company since April 01, 2009. The Company only has Sanathnagar Land. Accordingly, the quarterly/ half yearly results are not prepared/ published during the period under review. Annual Report containing, inter alia, Audited Annual Accounts, Directors' Report, Auditors' Report, and other important information is circulated to members and others entitled thereto. The Management Discussion and Analysis Report forms part of the Annual Report. The Company has designated exclusive email ID viz., selinvrelation@gmail.com for investor servicing.

11. General Shareholder Information

- | | |
|---|---|
| (a) Company Registration Details | The Company is registered in the State of Andhra Pradesh, India. The Corporate Identity Number (CIN) allotted to the Company by Ministry of Corporate Affairs (MCA) is L99999AP1947PLC000675. |
| (b) Annual General Meeting (Day, Date, Time and Venue) | Friday, 12 th November, 2010 at 12 Noon At Alankrita Resorts Thumkunta Village, Shameerpet Mandal, Hyderabad – 500078 |
| (c) Financial Calendar | Financial Year
April 1, 2010 to
March 31, 2011 |
| (d) Book Closure Period | Tuesday, 9 th November, 2010 to Friday, 12 th November, 2010 (both days inclusive) for the purpose of the Annual General Meeting of the Company. |
| (e) Dividend Payment Date | No dividend on equity is recommended by the Board. |
| (f) E-mail address for shareholders | selinvrelation@gmail.com |

(g) Listing of Equity Shares at Stock Exchange (nation wise trading terminal)	Bombay Stock Exchange Limited (BSE), Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.	
(h) Stock Code		
(i) Trading Symbol at	Bombay Stock Exchange Limited (Trading suspended)	509423
(ii) Demat ISIN Numbers	Equity Shares	CDSL-INE 367E01017 – inoperative since 2001 in view of trading suspended NSDL – Awaited
i) Outstanding GDRs/ ADRs/ Warrants/ Convertible Instruments	Not Applicable	
j) Investor Correspondence		
For change in address, change of bank mandate, Nomination, transfer, Dematerialisation of shares.	CIL Securities Limited, 214, Raghava Ratna Towers, Chirag Ali Lane, Hyderabad-500001	
Any Query on Annual Report	Lodha Bellezza, East Block, Eden Square, Off Kukatpally Housing Board Road (KPHB), Hyderabad, Andhra Pradesh-500072	

In absence of any operations in the Company, the quarterly results were not published during the period under review.

(k) Share Transfer Agent	CIL Securities Limited
	214, Raghava Ratna Towers Chirag Ali Lane Hyderabad-500001 E-Mail: cilsec@rediffmail.com Telephone Nos. : +91-040-23202465, 23203145 Fax No. : +91-040-23203028

(l) Share Transfer System

Share Transfers, which are received in Physical form, are processed and the Share Certificates are returned to the shareholders, subject to the documents being valid and complete in all respects.

The Company was offering the facility of Transfer cum De-mat. However, due to trading being suspended, CDSL is unable to process demat requests/ transmissions. Request for permit the operation of CDSL is pending.

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

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(m) Distribution of Shareholding as on 31st March, 2010

Sl. No.	Category	No. of Shares Held	% of total shares held to total Share-holding
1.	Promoters:	2588037	82.16
2.	Mutual Funds & UTI	4644	0.15
3.	Banks, Financial Institutions and Insurance Companies	22897	0.73
4.	Central Government / State Government.	32496	1.03
5.	FIs	0	0
6.	Private Corporate Bodies	452626	14.37
7.	Indian Public	49290	1.56
8.	NRI/OCBs	10	0.00
	Grand Total	3150000	100

(n) Shareholding Pattern by Size as on 31st March, 2010

Sr.	Shares	Holders	% to total holders	Shares	% to total Shares
1	01 - 100	10099	99.39	36250	1.15
2	101 - 500	30	0.30	5539	0.18
3	501 - 1000	7	0.07	5251	0.16
4	1001 - 5000	6	0.06	17997	0.57
5	5001 - 10000	1	0.01	8100	0.26
6	10001 - 50000	8	0.08	219154	6.96
7	50001 - 100000	5	0.05	291435	9.25
8	100001 & Above	4	0.04	2566274	81.47
	Total	10160	100.0	3150000	100.0

(o) Liquidity

The trading in the shares of the Company has remained suspended. The promoters, therefore, initiated the steps for delisting pursuant to the SEBI (Delisting of Equity Shares) Regulations, 2009 and pursuant to consent accorded by the members of the Company through postal ballot, to provide liquidity and exit opportunity to the public shareholders. Necessary application in this regard is made to Bombay Stock Exchange Limited ("BSE") and pending at BSE' end. Further, the Company has in earlier year made necessary application to the Delhi Stock Exchange Limited for delisting.

12. Compliance Certificate

Certificate confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49 of Listing Agreement, is annexed to the Directors' Report forming part of the Annual Report.

13. CEO and CFO Certification

The Manager of the Company and the Chief Financial Officer of the Company has given annual certification on financial reporting and internal controls to the Board in terms of Clause 49.

14. Capital Integrity Audit

Subsequent to the takeover of the Company by Siddhnath Residential Paradise Private Limited (Formerly known as Paraswanath Residential Paradise Private Limited), co-promoter of the Company, the Company has been submitting quarterly Reconciliation of Share Capital Audit Report to the Stock Exchanges where the securities of the Company are listed.

15. Fee to Statutory Auditors

Audit Fees to the Statutory Auditors for the 9 months ended 31.03.2010 was Rs. 50,000/- (excluding out of pocket expenses).

AUDITORS' REPORT

1. We have audited the attached Balance Sheet of **SANATHNAGAR ENTERPRISES LIMITED** (formerly **BAKELITE HYLAM LIMITED**) as at 31st March, 2010, the Profit and Loss Account and also the Cash Flow Statement for the period 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) Without qualifying our opinion, we draw your attention to Note no. 5 in Schedule 15, regarding the appropriateness or otherwise of the preparation of these accounts on going concern basis as the net-worth of the Company has been completely eroded as at March 31, 2010. In our opinion, the validity of the going concern basis would depend upon the continuance of the existing funding by the new promoters of the Company. The Accounts do not include adjustments, if any, that would result from discontinuance of the funding;
 - 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;
 - 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;
 - 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) On the basis of written representations received from the Directors as on 31st March, 2010, and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - g) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with Significant Accounting Policies, Contingent Liabilities and notes appearing in the Schedule 15 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 31st March, 2010;
 - b) in the case of Profit and Loss Account, of the profit of the Company for the period ended on that date; and
 - c) in the case of Cash Flow Statement, of the Cash Flows for the period ended on that date.

For LODHA & COMPANY
Chartered Accountants

Place : Mumbai
Date : 12th October, 2010

R.P. BARADIYA
Partner Membership No.: 44101
Firm Registration No.: 301051E

SANATHNAGAR ENTERPRISES LIMITED
(FORMERLY KNOWN AS BAKELITE HYLAM LIMITED)

Annexure referred to in our Report of even date on the Financial Statements as on and for the period ended 31st March, 2010 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, physical verification of assets has been carried out by the management during the period 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 carried out in earlier years stand adjusted between the book records and assets physically verified.**
 - c) The Company presently holds only building and as more fully explained in note no, 4 and 7 of Schedule 15 to the financial statements about the Scheme of Arrangement de-merging Foam and Resins as well as Particle Board Business which had been given effect to in the financials of an earlier year and also divestment of Surface Texture Business of the Company in an earlier 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. 15(a) in Schedule 15 though substantial part of the fixed assets had been transferred / sold during the period.
2. a) As per the information furnished, the inventory has been physically verified by the management at reasonable intervals during the period. In our opinion, the frequency of verification is reasonable.
 - b) In our opinion, the procedures for physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification of inventory as compare to book records.
3. a) The Company has granted interest free unsecured loans to two companies covered in the register maintained under Section 301 of the Act. The maximum amount involved during the period and the closing balances of such loans were Rs. 4,19,98,874 and Rs. 30,38,770, respectively (also refer note no.....in Schedule 15);
 - b) In our opinion and according to the information and explanations given to us, the interest free nature and other terms and conditions of such loans prima facie are not prejudicial to the interest of the company.
 - c) According to the information and explanations given to us, the above loans are repayable on demand, the question of their receipt being regular does not arise.
 - d) As the above loans are repayable on demand, the question of overdue amount does not arise.
 - e) The Company has taken interest free secured from a Company and unsecured loans from two companies covered in the register maintained under Section 301 of the Act. The maximum amount involved during the period and the balances at the end of the period of such loans were Rs. 106,08,77,300.
 - f) In our opinion and according to the information and explanations given to us, the interest free nature and other terms and conditions on which such loan has been taken by the Company are prima-facie, not prejudicial to the interest of the Company.
 - g) According to the information and explanations given to us, the above loans are repayable on demand and consequently, the question of its regular payment does not arise.
4. In our opinion and according to the information and explanations given to us and subject to what is stated in para 7 below regarding the Company not having an internal audit system, 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. 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.

6. The Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Act and the Companies (Acceptance of Deposits) Rules, 1975 during the period. Accordingly, the provisions of clause 4(vi) of the Order are not applicable.
7. **The Company does not have an internal audit system.**
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 not 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 and there have been delays in all the cases. No undisputed amounts payable in respect of aforesaid statutory dues were outstanding as at 31st March, 2010 for a period of more than six months from the date they became payable.
b) 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 invited to note no. 3 in Schedule 15.
10. The Company's accumulated losses as at 31st March, 2010 are more than fifty percent of its net worth. The Company has incurred cash losses during the period and also in the immediately preceding financial year.
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. According to the information and explanations given to us, the Company has not obtained any term loan during the period.
17. On the basis of an overall examination of the Balance Sheet of the Company, in our opinion and according to the information and explanations given to us, no funds raised on short-term basis have been used for long term investment during the period.
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 during the period.
19. Accordingly to the information and explanations given to us, the Company did not have any outstanding debentures during the period covered by this report or in the recent past.
20. The Company has not raised any money by way of public issues during the period 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 period, nor have we been informed of such case by the management.

Place : Mumbai
Date : 12th October, 2010

For LODHA & COMPANY
Chartered Accountants
R.P.BARADIYA
Partner
Membership No.: 44101
Firm Registration No.:301051E

SANATHNAGAR ENTERPRISES LIMITED
(FORMERLY KNOWN AS BAKELITE HYLAM LIMITED)

BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule	As at 31.03.2010	Amount in Rupees As at 30.06.2009
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	31,500,000	31,500,000
Reserves and Surplus	2	376,000	376,000
		<u>31,876,000</u>	<u>31,876,000</u>
Loan Funds			
Secured Loans	3	566,727,300	565,995,000
Unsecured Loans	4	494,150,000	494,150,000
		<u>1,060,877,300</u>	<u>1,060,145,000</u>
Total		<u><u>1,092,753,300</u></u>	<u><u>1,092,021,000</u></u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	2,450,000	19,464,521
Less: Accumulated Depreciation		183,750	32,196
Net Block		<u>2,266,250</u>	<u>19,432,325</u>
Assets Held for Disposal		–	2,450,000
Current Assets, Loans and Advances:			
Inventories	6	28,054,857	–
Cash and Bank Balances	7	–	13,651,084
Loans and Advances	8	3,050,492	34,584,427
		<u>31,105,348</u>	<u>48,235,511</u>
Less : Current Liabilities and Provisions:			
Liabilities	9	55,150	4,341,722
Provision		–	395,205
		<u>55,150</u>	<u>4,736,927</u>
Net Current Assets		<u>31,050,198</u>	<u>43,498,584</u>
Profit and Loss Account (Loss)		<u>1,059,436,851</u>	<u>1,026,640,091</u>
Total		<u><u>1,092,753,300</u></u>	<u><u>1,092,021,000</u></u>
Significant Accounting policies and Notes to the Accounts	15		

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

Place: Mumbai

Date: 12th October, 2010

For and on behalf of the Board

Bhaskar Kamat
Director

Surendra Shah
Director

Deepak Chitnis
Manager

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 2010

	Schedule	For the 9 months period ended 31.03.2010	Amount in Rupees For the year ended 30.06.2009
INCOME			
Sales		–	49,996,243
Less: Excise Duty		–	5,405,064
		–	44,591,179
Other Income	10	–	2,490,624
Increase / (Decrease) in Stocks	11	8,718,617	(21,944,000)
Total		8,718,617	25,137,803
EXPENDITURE			
Cost of Materials	12	–	19,488,023
Manufacturing, Selling and Administration Expenses	13	13,599,399	67,517,841
Interest and Finance Charges	14	25,090	152,307
		13,624,489	87,158,172
PROFIT BEFORE DEPRECIATION		(4,905,872)	(62,020,369)
Depreciation		183,750	19,206,330
PROFIT /LOSS BEFORE EXCEPTIONAL ITEMS AND TAXATION		(5,089,622)	(81,226,698)
Exceptional Items		(27,707,138)	15,858,668
(Refer note no. 24 in Schedule 15)		(32,796,760)	(65,368,030)
Provision for Fringe Benefit Tax		–	294,975
PROFIT / (LOSS) AFTER EXCEPTIONAL ITEMS AND TAXATION		(32,796,760)	(65,663,005)
Balance of loss brought forward from previous year		(1,026,640,091)	(1,088,761,086)
Less: Adjustment on account of de - merger		–	102,233,000
Less : Loss relating to resulting companies from 01-12-2007 to 30-06-2008		–	25,551,000
BALANCE OF (LOSS) CARRIED TO BALANCE SHEET		(1,059,436,851)	(1,026,640,091)
Basic and Diluted Earnings Per Share (in Rs.) (Face Value of Rs. 10 per Share)			
Before Exceptional Items		(1.62)	(25.79)
After Exceptional Items		(10.41)	(20.85)
Significant Accounting policies and Notes to the Accounts	15		

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

Place: Mumbai

Date: 12th October, 2010

For and on behalf of the Board

Bhaskar Kamat
Director

Surendra Shah
Director

Deepak Chitnis
Manager

SANATHNAGAR ENTERPRISES LIMITED
(FORMERLY KNOWN AS BAKELITE HYLAM LIMITED)

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2010

	Amount in Rupees	
	For the period ended 31st March, 2010	For the year ended 30th June, 2009
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before Tax	(32,796,760)	(65,464,811)
Adjustments for:	-	
Depreciation	183,750	19,206,330
Interest Income	-	(83,027)
Bad Debts Written off	-	7,680,000
Provisions no longer required / Sundry balances written back (net)	-	-
Interest	25,090	73,327
Profit on Sale of Assets	(11,252,966)	-
Voluntary Retirement Scheme - Deferred Revenue Expenditure Written Off	-	-
	(15,762,583)	
Operating Profit / (Loss) before Working Capital adjustments	<u>(43,840,886)</u>	<u>(40,602,701)</u>
Adjustments for Changes in Working Capital		
Trade and other Receivables	-	1,065,272
Inventories	(8,718,617)	13,918,843
Current Liabilities & Provisions	(4,681,777)	(43,378,000)
Loans & Advances	31,533,935	-
	<u>18,133,541</u>	<u>(28,393,885)</u>
Cash Used in Operations	<u>(25,707,345)</u>	<u>(68,996,586)</u>
Net Cash from Operating Activities (A)	<u>(25,707,345)</u>	<u>(68,996,586)</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	-	(283,000)
Proceeds from sale of Fixed Assets	11,349,051	117,918,000
Interest Received	-	83,027
Net Cash from Investing Activities (B)	<u>11,349,051</u>	<u>117,718,027</u>
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Unsecured Loans Taken	732,300	(93,000,000)
Unsecured Loans Repaid	-	92,518,000
Sales Tax Deferment	-	(36,284,000)
Repayment of Working Capital Loan	-	(15,557,000)
Interest	(25,090)	(73,327)
Net Cash from Financing Activities (C)	<u>707,210</u>	<u>(52,396,327)</u>
Net Cash Flow during the year (A+B+C)	<u>(13,651,084)</u>	<u>(3,674,886)</u>
Cash and Cash Equivalents at the beginning of the year	13,651,084	17,325,970
Cash and Cash Equivalents at the end of the year	(0.00)	13,651,084

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. Previous year's figures have been regrouped wherever necessary to conform to the current period's presentation.

As per our attached report of even date

For LODHA & Co.

Chartered Accountants

R.P. Baradiya
Partner

Place: Mumbai

Date: 12th October, 2010

For and on behalf of the Board

Bhaskar Kamat
Director

Surendra Shah
Director

Deepak Chitnis
Manager

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

	As at 31.03.2010	Amount in Rupees As at 30.06.2009
SCHEDULE 1		
SHARE CAPITAL		
AUTHORISED		
147,00,000 Equity Shares of Rs. 10 each	147,000,000	147,000,000
7,520 9.5% Redeemable Cumulative Preference Shares of Rs. 50 each	376,000	376,000
Unclassified Shares	2,624,000	2,624,000
	150,000,000	150,000,000
ISSUED*		
31,50,000 (Previous Year 31,50,000) Equity Shares of Rs. 10 each	31,500,000	31,500,000
SUBSCRIBED AND PAID UP*		
31,50,000 (Previous Year 31,50,000) Equity Shares of Rs. 10 each fully paid up	31,500,000	31,500,000
*refer note no. 2 in Schedule 15	31,500,000	31,500,000
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SCHEDULE 2		
RESERVES AND SURPLUS		
CAPITAL REDEMPTION RESERVE	376,000	376,000
As per Last Balance Sheet	376,000	376,000

SANATHNAGAR ENTERPRISES LIMITED
(FORMERLY KNOWN AS BAKELITE HYLAM LIMITED)

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

	As at	Amount in Rupees
	31.03.2010	As at 30.06.2009
SCHEDULE 3		
SECURED LOANS		
(Short-term, repayable on demand)		
Loan from a Company	566,727,300	565,995,000
	566,727,300	565,995,000

Security Clause:

Secured by first charge by way of mortgage of Land at Sanathnagar, Hyderabad.

Amount in Rupees

	As at	As at
	31.03.2010	30.06.2009
SCHEDULE 4		
UNSECURED LOANS		
(Short-term, repayable on demand)		
Loan from Bodies Corporate	494,150,000	494,150,000
	494,150,000	494,150,000

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

**SCHEDULE 5
FIXED ASSETS\$**

Particulars	GROSS BLOCK (COST / BOOK VALUE)						DEPRECIATION				Amount in Rupees			
	As at 1st July, 2009	Adjustments on Demerger	Additions At Cost	Deductions/Adjustment	Adjustments on Demerger	As at 31st Mar. 2010	Upto 30th June, 2009	Adjustments demerger	On Deductions Deletions	Adjustments on Demerger	For the period	As at 31st Mar. 2010	As at 31st Mar. 2010	As at 30th Jun. 2009
Freehold Land@	19,336,240	-	-	19,336,240	-	-	-	-	-	-	-	-	19,336,240	-
Leasehold Land	128,281	-	-	128,281	-	32,196	-	-	32,196	-	-	-	-	96,085
Buildings*	-	-	2,450,000	-	-	2,450,000	-	-	-	183,750	183,750	183,750	2,266,250	-
Total	19,464,521	-	2,450,000	19,464,521	-	2,450,000	32,196	-	32,196	183,750	183,750	183,750	2,266,250	19,432,325
Previous Year	869,848,256	-	283,000	532,502,719	318,164,016	19,464,521	696,590,695	486,508,184	229,256,500	19,206,185	32,196	19,432,325	-	-

\$Refer note no. 11 in Schedule 15

@Refer note no. 15(a) in Schedule 15

*Refer note no. 15(b) in Schedule 15

SANATHNAGAR ENTERPRISES LIMITED
(FORMERLY KNOWN AS BAKELITE HYLAM LIMITED)

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

Amount in Rupees

	As at	As at
	31.03.2010	30.06.2009
SCHEDULE 6		
INVENTORIES		
(As valued, verified and certified by the Management)		
Land and Development Cost thereon (Refer Note No. 15(a) in Schedule 15)	28,054,857	-
	<u>28,054,857</u>	<u>-</u>
SCHEDULE 7		
CASH AND BANK BALANCES#		
Cash on Hand	-	137,949
Balances with Scheduled Banks*		
- in Current Accounts	-	13,513,136
	<u>-</u>	<u>13,651,084</u>

* Bank Balances as at 31/03/2010 aggregating to Rs. 36,59,548 in the Current Accounts held by the company have been assigned under an arrangement with Bakelite Hylam Limited (formerly Bakelite Resins and Foams Limited) and consequently, no bank balances are being reflected above.

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

Amount in Rupees

	As at 31.03.2010	As at 30.06.2009
SCHEDULE 8		
LOANS AND ADVANCES*		
(Unsecured, Considered good unless stated otherwise)		
Advances recoverable in cash or in kind or for value to be received#	3,038,770	34,526,594
Balances with Customs and Excise Authorities	11,722	57,833
	3,050,492	34,584,427
# Included in Loans and Advances are:		
Dues from companies under the same management		
Bakelite Hylam Limited (formerly Bakelite Resins & Foams Limited)*	2,038,770	-
Panel Boards and Laminates Limited\$	1,000,000	34,110,156
Maximum amount outstanding during the period / year		
Bakelite Hylam Limited (formerly Bakelite Resins & Foams Limited)	2,038,770	-
Panel Boards and Laminates Limited	1,000,000	34,110,156
(\$ Refer note no. 16 in Schedule 15)		
<hr/>		
SCHEDULE 9		
CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES*		
Sundry Creditors	-	15,396
Other Liabilities	55,150	3,932,536
Advance received from customers	-	393,790
	55,150	4,341,722
PROVISION		
Provision for Fringe Benefit Tax	-	395,205
	-	395,205

*Refer note no. 7 and 8 in Schedule 15

SANATHNAGAR ENTERPRISES LIMITED
(FORMERLY KNOWN AS BAKELITE HYLAM LIMITED)

**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE
PERIOD ENDED 31ST MARCH, 2010**

	Amount in Rupees	
	For the 9 months period ended 31.03.2010	For the year ended 30.06.2009
SCHEDULE 10		
OTHER INCOME		
Scrap Sales	-	2,407,597
Interest Income	-	83,027
(Gross, TDS Rs. Nil; Previous Year Rs.13,433)		
	-	2,490,624
SCHEDULE 11		
INCREASE / (DECREASE) IN STOCKS		
Land		
Closing Stock	19,336,240	-
	19,336,240	-
Add : Land Development Cost	8,718,617	
(Refer Note No. 15(a) and 18 in Schedule 15)	28,054,857	
Less : Opening Stock	19,336,240	-
	8,718,617	-
Stock at Commencement		
Finished Goods	-	28,588,000
Work - in - Process	-	7,768,000
	-	36,356,000
Less: Stock transferred on account of de-merger*	-	(11,765,000)
Less: Stock transferred on account of Divestment#	-	(2,647,000)
	-	(21,944,000)
SCHEDULE 12		
COST OF MATERIALS		
Stock at Commencement	-	29,328,023
Less: Stock adjusted on account of de-merger*	-	(12,000,000)
Less: Stock adjusted on account of divestment#	-	(3,722,000)
Add: Purchases	-	13,562,000
Less: Inventory written off	-	(7,680,000)
	-	19,488,023
Less: Stock at Close	-	-
	-	19,488,023

* Refer Note No. 4 in Schedule 15

Refer Note No. 6 in Schedule 15

**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE
PERIOD ENDED 31ST MARCH, 2010**

	For the 9 months period ended 31.03.2010	Amount in Rupees For the year ended 30.06.2009
SCHEDULE 13		
MANUFACTURING, SELLING AND ADMINISTRATION EXPENSES		
Salaries, Wages and Bonus	3,589,657	16,719,824
Contribution to:		
Provident and Other Funds	68,942	1,123,994
Employees' State Insurance Scheme	5,020	13,609
Gratuity	1,047,602	-
Workmen & Staff Welfare Expenses	223,096	865,001
	4,934,317	18,722,428
Stores and Maintenance Spares	-	1,165,571
Packing Materials Consumed	-	3,145,159
Dismantling Expenses	1,262,631	141,331
Power and Fuel	257,522	3,852,800
Repairs and Maintenance - Buildings	-	213,994
- Plant & Machinery	-	441,281
- Others	552,328	2,966,738
Insurance	-	105,724
Rent (Net)	859,804	2,114,427
Rates and Taxes	1,464,542	944,061
Sales Tax	-	(737,403)
Freight and Forwarding	-	583,514
Cash Discount	-	20,057
Advertisement and Publicity	39,128	167,583
Professional Charges	581,464	3,282,843
Travelling Expenses	328,088	1,552,576
Communication	789,372	1,743,445
Balances Write off	24,197	1,802,816
Sundry Balances written off	3,266,000	
Directors' Sitting Fees	15,000	26,000
Provision for Doubtful Debts	-	8,679,248
Miscellaneous Expenses	818,124	112,523
Conveyance	420,781	1,388,718
Vehicle Expenses	523,756	1,502,525
Printing and Stationery	-	314,025

SANATHNAGAR ENTERPRISES LIMITED
(FORMERLY KNOWN AS BAKELITE HYLAM LIMITED)

Auditors' Remuneration	55,150	366,632
Registration & Filing Fees	30,510	282,608
Legal and Professional Fees	54,335	150,585
Inventory Written Off	-	7,680,000
Security Charges	588,351	1,520,036
	13,599,399	67,517,841
Less: Transferred to Land Development Cost (Refer Note No. 15(a) and 18 in Schedule 15)	8,718,617	-
	4,880,782	67,517,841

SCHEDULE 14
INTEREST AND FINANCE CHARGES

Interest to Others	25,090	73,327
Bank Charges	-	78,980
	25,090	152,307

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS AS ON AND FOR THE PERIOD ENDED 31ST MARCH, 2010.**SCHEDULE 15****SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS****1) SIGNIFICANT ACCOUNTING POLICIES:****A) BASIS OF ACCOUNTING**

- a) In view of demerger / divestment of all industrial businesses, the Company is no longer an Industrial Company w.e.f. 1.4.2009. During the period, the Company has ventured into real estate activity on its land at Sanathnagar, Hyderabad.
- b) 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.
- c) 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 has been made relying on the estimates. Any revision to accounting estimates is recognized prospectively.

B) FIXED ASSETS

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.

C) IMPAIRMENT OF ASSETS

In accordance with AS 28 on 'Impairment of Assets' issued by The Institute of Chartered Accountants of India, where there is an indication of impairment of the Company's assets related to cash generating units, the carrying amounts of such assets are reviewed at each balance sheet date to determine whether there is any impairment. The recoverable amount of such assets is estimated as the higher of its net selling price and its value in use. An impairment loss is recognized in the Profit & Loss Accounts whenever the carrying amount of such assets exceeds its recoverable amount.

D) 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.

E) DEPRECIATION/AMORTISATION

- a) Leasehold land is amortised over the period of lease.
- b) Depreciation on fixed assets is provided on Written Down Value Method at the rates and in the manner as prescribed in Schedule XIV to the Companies Act, 1956 read with relevant circulars issued from time to time by the Department of Company Affairs.
- c) Individual asset costing less than Rs. 5,000 is depreciated in full in the year of acquisition.

F) VALUATION OF INVENTORY

Land is valued at cost. Cost includes land (including development rights) acquisition cost, estimated internal development costs and external development charges. Cost of construction / development material is valued at lower of cost or net realisable value.

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G) REVENUE RECOGNITION

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) FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of transaction. Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rate that existed when the values were determined. Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year or reported in the previous financial statements, are recognized as income or expense in the year in which they arise.

I) 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.

J) 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.

NOTES TO ACCOUNTS:

2. Issued, Subscribed and Paid up Capital includes:	As at 31.03.2010 Rupees	As at 30.06.2009 Rupees
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.	8,580	8,580
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.	17,130	17,130
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.	34,320	34,320
iv) 1,074 Equity Shares (Previous Year 1,074) of Rs.10 each issued to the members of Bakelite (India) Private Limited as	3,210	3,210

	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.		
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.	10,46,490	10,46,490
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 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.	25,61,970	25,61,970
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.	2,78,28300	2,78,28,300
	Total	3,15,00,000	3,15,00,000

3. The Company had assigned all the rights and obligations in respect of appeals in Income Tax/ Other Taxes/ Cases to Bakelite Hylam Limited (BHL) (formerly Bakelite Resins & Foams Limited) (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. 5,00,000 and accordingly, any liability arising on this account upto 31.03.2009 would be borne by the BHL.

4. SCHEME OF ARRANGEMENT

In view of a Rehabilitation Scheme sanctioned by the Board for Industrial and Financial Reconstruction (BIFR) vide Order dated 22.08.2005, which, inter-alia, provided for the Scheme of Arrangement involving de-merger of the various businesses of the Company upon complying with certain conditions stipulated therein to the resulting companies as specified in the Scheme i.e., Panel Boards & Laminates Limited for Particle Board Business and Bakelite Hylam Limited (formerly Bakelite Resins & Foams Limited) for Resins and Foam Business.

The Appointed Date of the Scheme was 1st December' 2007 and Effective Date was 13th April, 2009. The Scheme had been given effect to in the financial statements for the period ended 30th June, 2008.

The title deeds, licenses, agreements etc. are in the process of being transferred in the name of the resulting companies.

5. 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 in earlier years as mentioned in note no. 4 above & 6 below and also in view of proposed change in the line of business activity namely real estate development.

6. In terms of Rehabilitation Scheme of the Company sanctioned by BIFR, in an earlier 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. 89,62,000 vide agreement dated 31.03.2009 and also by transferring all the current assets and liabilities for a sum of Rs. 53,29,481 vide agreement dated 31.03.2009. As mutually agreed, the said aggregate consideration of Rs. 1,42,91,481 receivable by the Company had 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.

7. a) In terms of Rehabilitation Scheme of the Company sanctioned by BIFR in an earlier year, the Company had assigned 1) rights relating to Transferable Development Rights, 2) Intellectual Property Rights, 3) Claims, Receivables, Deposits etc., 4) Receivable of consideration on account of sale of certain items of plant and machinery and 5) HP Project Rights by executing Deed of Assignment dated 31.03.2009 between the Company and Bakelite Hylam Limited (BHL) (formerly Bakelite Resins and Foam Limited), the resulting

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company for a sum of Rs. 10,00,000 , Rs. 10,00,000 , Rs. 5,00,000, Rs. 1,02,64,260, and Rs. 10,00,000 for the aforesaid items, respectively.

- b) In view of an agreement dated 31.03.2009 entered into between the Company and Bakelite Hylam Limited (BHL) (formerly Bakelite Resins and Foam Limited) residual machinery / scrap etc. had been sold for a sum of Rs 50,00,000 by the Company and given effect to in the financial statements of the previous year.
 - c) In view of a Deed of Assignment dated 31.03.2009 entered into between the Company, Bakelite Hylam Limited (BHL) (formerly Bakelite Resins and Foam Limited) and National Standard Tyre Moulds (India) Limited (NSTML), a group company, a sum of Rs. 85,00,000 payable by the Company to NSTML had been assigned to the BHL and consequently, the amount receivable from BHL stood adjusted to that extent.
 - d) In view of a Deed of Assignment dated 01.04.2009 executed between the Company and Bakelite Hylam Limited (BHL) (formerly Bakelite Resins and Foam Limited), a sum of Rs. 3,03,31,839 payable as at 31.03.2009 on account of VRS liability payable as pension over the years by way of future monthly installments by the Company has been assigned at par to the Bakelite Hylam Limited (BHL) (formerly Bakelite Resins and Foam Limited).
 - e) In view of a Deed of Assignment dated 31.03.2009 executed between the Company and Bakelite Hylam Limited (BHL) (formerly Bakelite Resins and Foam Limited), Net Current Assets of Rs. 32,76,216 had been assigned to the BHL and the same had been given effect in the financial statements of the previous year. After considering the above transactions, a sum of Rs. 2,33,43,839 was payable by the Company to BHL.
8. The Company has entered into an Assignment Deed dated 31.03.2010 with Bakelite Coatings and Paints Private Limited (BCPPL), Bakelite Hylam Limited (BHL), Bakelite Hylam Laminates Limited (BHLL) and National Standard Tyre Moulds (India) Limited (NSTML) whereby a sum of Rs. 6,50,000 payable to NSTML was assigned to BHL, a sum of Rs. 21,82,295, Rs. 32,93,153 receivable from BCPPL and BHLL, respectively was assigned to BHL and Net Current Assets of Rs. 11,40,332 was assigned to BHL resulting into a sum of Rs. 20,38,770 being receivable from BHL at the end of the period after adjusting opening outstanding of Rs. 80,04,550 which has been shown under 'Loan and Advances'.
9. In view of Memorandum of Settlement (MoS) had 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 to 25th March, 2008 with the Union of permanent workmen, staff and sub-staff of Sanathnagar Unit stipulating, inter-alia, the Company had provided for a sum of Rs.17,45,19,918 on account of VRS compensation in earlier years. A sum of Rs 14,41,88,079 had been charged off completely to Profit and Loss Account upto 31.03.2009. Further, in view of a Deed of Assignment dated 01.04.2009 executed between the Company and Bakelite Hylam Limited (formerly Bakelite Resins & Foams Limited) whereby the amount payable on VRS liability as on 01.04.2009 of Rs 3,03,31,839 had been assigned at par and consequently, there exists no liability on this account.
10. a) Land of Sanathnagar Unit admeasuring 4114 sq. yards of the cost of Rs. 31,000 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. 40,68,000. 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.
- 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. 62,60,000 in the month of July' 2007 and TDRs in accordance with State Government guidelines.
- In view of a Deed of Assignment dated 31.03.2009 executed between the Company and Bakelite Hylam Limited (formerly Bakelite Resins & Foams Limited) whereby all the claims, legal cases, receivable had been assigned for a sum of Rs 5,00,000 and TDR for Rs 10,00,000 to a resulting company viz. Bakelite Hylam Limited (formerly Bakelite Resins & Foams Limited). Consequently, the aforesaid case is being pursued by them.
11. 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.2,94,79,841 for Buildings and Rs.23,00,38,000 for Plant & Machinery were transferred to Revaluation Reserve which stood adjusted. All the aforesaid revaluations were carried out by an external approved

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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 period / year are:

	As at 31.03.2010	As at 30.06.2009
	Rupees	Rupees
Land	1,93,36,000	1,93,36,000
Buildings	5,32,000	5,32,000

12. 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.
13. 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.
14. 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.
15. a) In view of a Rehabilitation Scheme sanctioned by the Board for Industrial and Financial Reconstruction (BIFR) vide Order dated 22.08.2005 in an earlier year, which, inter-alia, provided for the diversification into real estate activity, the Company has already started developing the land at Sanathnagar for suitable real estate venture after getting all the assets lying at Sanathnagar dismantled / sold / discarded and consequently, land owned by the Company has been transfereed to cuurent asset from fixed assets at book value. Further, a sum of Rs. 87,18,617 (Previous Year Nil) has been incurred towards development of the said land during the period which has been added to the cost of the land.
- b) In view of what is stated in sub-para (a) above, a sum of Rs. 24,50,000, the realizable value of the Sanathangar building, was shown as 'Asset Held for Disposal' in the previous year. However, the Company has again started using such building for its business purposes and consequently, the said asset has been re-classified under "Fixed Assets" and deprecation has been charged accordingly.
16. A sum of Rs. 3,99,60,104 receivable on account of Loans and Advances by the Company from Panel Boards and Laminates Limited has been assigned to Mystic Woods Holdings and Trading Private Limited, both group companies, for a sum of Rs. 10,00,000 subsequent to the close of the financial year. Consequently, the balance sum of Rs. 3,89,60,104 has been written off during the year and shown as an exceptional item.
17. In view of The Company has made an application to Income Tax Directorate for confirming remissions arising out of the Scheme as referred to in para 4 above, 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 and the same being rejected, the Company is in the process of filing an appeal before the appropriate forum.
18. During the period, the Company has started the real estate activities on its land at Sanathnagar, Hyderabad. The Company has, however, incurred expense for real estate activity as well as expense for lamination business and the same have been segregated accordingly.
19. At the request of Bakelite Hylam Limited (formerly Bakelite Resins & Foams Limited) (BHL), the Company has given on long lease, two plots of the total area 1762 sq. yards (1473 sq.mtrs) to enable the BHL to have access to lease land and for other requirements subsequent to the close of the financial year.

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20. Managerial remuneration to Managing Director and a Whole-time Director (upto 31.12.2009) comprise of the following:

	For the period ended 31.03.2010	For the year ended 30.06.2009
Salaries	13,80,000	16,80,000
Contribution to Provident Fund and Family Pension Fund	1,38,000	1,68,000
Perquisites (evaluated as per Income Tax Rules, wherever necessary)	11,36,502	14,48,004
Total	26,54,502	32,96,004

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

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) Limited
 Panel Board & Laminates Limited
 Bakelite Hylam Limited (formerly Bakelite Resins & Foams Limited)
 Paraswanath Residential Paradise (P) Limited
 Dharmanath Buildtech and Farms Private Limited

III a) **Key Management Personnel:**

Shri N.P.S.Shinh, the Managing Director
 Shri S.P.S.Shinh, the Whole time Director (Upto 31.12.2009)

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

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

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(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:

Transactions	Group / Associate Company	Key Management Personnel	Relative of Key Management Personnel	Total	Previous Year 30.06.2009
Unsecured Loans taken from :					
(Interest free)					
● NPS Shinh	-	-	-	-	10,00,000
● Bakelite Hylam Limited (formerly Bakelite Resins & Foams Limited)	85,52,805		-	85,52,805	89,38,000
Secured Loans taken from :					
● Dharmanath Buildtech And Farms Private Limited	7,32,300	-	-	7,32,300	-
Unsecured Loans Repaid To:					
● NPS Shinh		-		-	92,28,000
● Vijay Garg		-		-	34,91,000
● Bakelite Hylam Limited (formerly Bakelite Resins & Foams Limited)	1,90,72,137			1,90,72,137	2,35,65,000
Loan given to:					
● Panel Boards & Laminates Limited	58,64,948			58,64,948	3,41,10,000
Managerial Remuneration:					
● N.P.S.Shinh	-	20,13,000	-	20,13,000	20,13,000
● S.P.S.Shinh	-	6,41,502		6,41,502	12,83,004
Salary paid :					
● Harsimran Shinh	-	-	-	-	3,33,750
Rent Paid:					
● Gurpreet Kaur	-	-	60,000	60,000	1,80,000
● Amrita Shinh	-	-	80,000	80,000	2,40,000
● N.P.S. Shinh(HUF)	-	-	64,000	64,000	1,92,000
Sale/assignment of Assets/ (Liabilities) /Claims					
● Bakelite Hylam Limited (formerly Bakelite Resins & Foams Limited)	11,40,332			11,40,332	1,87,64,260
● National Standard Tyre Moulds India Limited	(6,50,00)			(6,50,00)	(85,00,000)
● Bakelite Coatings & Paints (Pvt) Limited	21,82,295			21,82,295	1,42,481
● Bakelite Hylam	32,93,153			32,93,153	-

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Laminates (India) Limited			
● National Standard Tyre Moulds India Limited	-	-	(1,42,91,481)
● Bakelite Properties Limited	-	-	5,56,38,790
● National Standard Tyre Moulds (India) Limited	-	-	2,27,91,481
● National Standard (India) Limited	-	-	(5,56,38,790)
● Bakelite Hylam Laminates (India) Limited.(Sale)	-	-	1,02,64,260
● Bakelite Hylam Laminates (India) Limited (Assignment)	-	-	(1,02,64,260)
Loans and Advances given written off:			
Panel Boards & Laminates Ltd (refer note no. 16 above)		(3,89,60,104)	-
Outstanding Balances of:			
Loan Given to:			
● Bakelite Hylam Limited (formerly Bakelite Resins & Foams Limited)	20,38,770	20,38,770	-
● Panel Boards & Laminates Ltd	10,00,000	10,00,000	3,40,95,156
Unsecured Loans taken from:			
● Avaya Holdings & Trading Private Limited	1,50,000	-	1,50,000
● Paraswanath Residential Paradise Pvt. Ltd	49,40,00,000	49,40,00,000	49,40,00,000
● Bakelite Hylam Limited (formerly Bakelite Resins & Foams Limited)		-	1,44,46,342
Secured Loans taken from:			
● Dharmanath Buildtech And Farms Private Limited	56,67,27,300	-	56,67,27,300
Managerial Remuneration:			
● N.P.S.Shinh	-	2,96,000	-
● S.P.S.Shinh	-	-	-
Current Liabilities:			
● Harsimran Shinh	-	-	-
			3,26,000

* 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 except what is stated in above.

22. Auditors' Remuneration

	For the 9 months period ended 31.03.2010	Rupees For the year ended 30.06.2009
Audit Fees	50,000	3,00,000
Tax Audit Fees	-	50,000
Out of Pocket Expenses	5,150	16,632
Total	55,150	3,66,632

23. Calculation of Earnings per Share:

	For the 9 months period ended 31.03.2010	For the year ended 30.06.2009
Numerator: Loss as per Profit and Loss Account considered for EPS Calculation (Rs. in lacs)		
Loss as per Profit and Loss Account Before Exceptional Items	(50,89,622)	(8,12,26,698)
Profit / (Loss) as per Profit and Loss Account After Exceptional Items	(3,27,96,760)	(6,56,63,005)
Denominator: Number of Weighted Equity Shares (Annualized)		
Number of equity shares at the beginning of the period / year	31,50,000	31,50,000
Total Number of equity shares outstanding at the end of the period / year	31,50,000	31,50,000
Weighted average number of Equity Shares outstanding	31,50,000	31,50,000
Basic and Diluted Earnings per Equity Share:		
Before Exceptional Items	Rs. (1.62)	Rs. (25.79)
After Exceptional Items	Rs. (10.41)	Rs.(20.85)
Nominal Value per Equity Share	Rs.10 each	Rs.10 each

24. **Exceptional Items**

	For the 9 months period ended 31.03.2010	Rupees For the year ended 30.06.2009
Voluntary Retirement Compensation Written off (Also refer note no.9 in Schedule 15)	-	(10,94,84,388)
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	-	(1,20,07,029)
Loss on Sale / Discarding of Fixed assets (net)	-	(3,87,79,915)
Profit on Sale of Fixed Assets	1,12,52,966	17,61,30,000
Loans and Advances given written off (refer note no. 16 above)	(3,89,60,104)	
Total (net)	(2,77,07,138)	1,58,58,668

25. Previous year's figures have been regrouped / rearranged wherever necessary to conform to the current period's presentation. The figures of the current period are not comparable with those of previous year as the current period's figures comprise of 9 months.

As per our attached report of even date

For LODHA & Co.

Chartered Accountants

**R.P. Baradiya
Partner**

**Bhaskar Kamat
Director**

**Surendra Shah
Director**

**Deepak Chitnis
Manager**

Place: Mumbai

Date: 12th October, 2010

For and on behalf of the Board

**STATEMENT PURSUANT TO PART IV OF SCHEDULE VI TO COMPANIES ACT, 1956
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

I REGISTRATION DETAILS

Registration No.	L99999AP1947PLC000675	State Code	1
Balance Sheet	31	3	2010
	Date	Month	Year

II CAPITAL RAISED DURING THE YEAR (FIGURES IN THOUSAND RUPEES)

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (FIGURES IN THOUSAND RUPEES)

Total Liabilities	1,092,753	Total Assets	1,092,753
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SOURCES OF FUNDS

Paid-up Capital	31,500	Reserves & Surplus	376
Secured Loans	566,727	Unsecured Loans	494,150

APPLICATION OF FUNDS

Net Fixed Assets	2,266	Miscellaneous Expenditure	-
Net Current Assets	31,050	Profit & Loss Account (Loss)	1,059,437

IV PERFORMANCE OF COMPANY (FIGURES IN THOUSAND RUPEES)

Turnover and Other Income	8,719	Total Expenditure	13,624
Profit Before Tax	(32,797)	Profit after Tax	(32,797)
Earnings Per Share(in Rs.) After Tax	(10.41)	Dividend Rate(%)	Nil

V GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY (AS PER MONETARY TERMS)

Item Code No.(ITC Code)	Product Description
Not Applicable	Building Construction

For and on behalf of the Board

**Place: Mumbai
Date: 12th October, 2010**

**Bhaskar Kamat
Director**

**Surendra Shah
Director**

**Deepak Chitnis
Manager**

SANATHNAGAR ENTERPRISES LIMITED
(FORMERLY KNOWN AS BAKELITE HYLAM LIMITED)

NOTES

SANATHNAGAR ENTERPRISES LIMITED

Lodha Bellezza, East Block, Eden Square, Off Kukatpally,
Housing Board Road (KPHB), Hyderabad – 500072, Andhra Pradesh

PROXY FORM

I/We _____
of _____
being member(s) of Santhanagar Enterprises Limited, bearing folio 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 Third Annual General Meeting of the company to be held on Friday, 12th
November, 2010 at 12.00 Noon at Alankrita Resorts, Thumkunta Village, Shameerpet Mandal, Hyderabad - 500078,
Andhra Pradesh and at any adjournment thereof.

Signed this of _____ day of _____

Affix
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 LIMITED

Lodha Bellezza, East Block, Eden Square, Off Kukatpally,
Housing Board Road (KPHB), Hyderabad – 500072,

ATTENDANCE SLIP

Particulars to be filled in 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 Third Annual General Meeting of the company held on Friday, 12th November,
2010 at 12.00 Noon at Alankrita Resorts, Thumkunta Village, Shameerpet Mandal, Hyderabad – 500078,
Andhra Pradesh.

Signature of Member / Proxy

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

BOOK POST

If Undelivered, please return to:

SANATHNAGAR ENTERPRISES LIMITED

Lodha Bellezza, East Block, Eden Square, Off Kukatpally
Housing Board Road (KPHB), Hyderabad – 500072,
Andhra Pradesh