

# **SANATHNAGAR ENTERPRISES LIMITED**

**ANNUAL REPORT  
2015-16**

**TABLE OF CONTENTS**

<b>Contents</b>	<b>Page No.</b>
Information about the Company	03
Notice to Members	04-16
Board's Report	17-45
Auditor's Report	46-50
Balance Sheet	51
Statement of Profit & Loss	52
Cash Flow Statement	53
Notes forming part of the Financial Statements	54-72
Proxy & Attendance Slip	73-75

## **BOARD OF DIRECTORS:**

### **Directors**

Ms. Purnima Pavle

Mr. Babusingh Rajguru

Mr. Umashankar Hegde

Mr. Bhushan Shah

Mr. Sagar Gawde

Mr. Deependra Gupta

Mr. Santoshkumar Ojha

### **Category**

Chairperson & Non-Executive Director

Non- Executive Director

Independent Director (w.e.f. 05th November, 2015)

Independent Director (w.e.f.07th July, 2016)

Independent Director (upto 03rd August, 2015)

Independent Director (upto 05th November, 2015)

Independent Director (w.e.f. 05th November, 2015 and upto 08th April, 2016)

### **Key Managerial Personnel**

Mr. Maninder Chhabra

Mr. Vishal Ghadigaonkar

Mr. Sharatkumar Shetty

Manager (w.e.f. 05th February, 2016)

Chief Financial Officer (w.e.f. 13th October, 2015)

Company Secretary

### **BANKERS**

HDFC Bank Limited

Kotak Mahindra Bank Limited

### **REGISTERED OFFICE:**

412, Floor-4, 17G, Vardhaman Chamber,  
Cawasji Patel Road, Horniman Circle,  
Fort, Mumbai-400001

Website: [www.sanathnagar.in](http://www.sanathnagar.in)

E-mail: [investors.sel@lodhagroup.com](mailto:investors.sel@lodhagroup.com)

Telephone No.: +9122-23024400

Fax No.: +9122-23024550

### **REGISTRAR AND SHARE TRANSFER AGENT**

#### **CIL Securities Limited**

214, Raghava Ratna Tower, Chirag Ali Lane,  
Hyderabad, Telangana - 500001

Email: [rta@cilsecurities.com](mailto:rta@cilsecurities.com)

## SANATHNAGAR ENTERPRISES LIMITED

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Notice is hereby given that the Sixty-Ninth Annual General Meeting of the Members of Sanathnagar Enterprises Limited will be held on Thursday, 29<sup>th</sup> September, 2016 at 04.30 p.m. at Lodha Excelus, 6<sup>th</sup> floor , Apollo Mills Compound, N M Joshi Marg, Mahalaxmi, Mumbai 400 011 to transact the following business:

### **ORDINARY BUSINESS:**

1. To consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2016 and the Reports of the Board of Directors' and Auditors' thereon and in this regard, pass the following resolution as an **Ordinary Resolution:**

“**RESOLVED THAT** the Audited Financial Statements of the Company for the financial year ended March 31, 2016 and the Reports of the Board of Directors and Auditors thereon laid before this Meeting, be and are hereby considered and adopted.”

2. To appoint a Director in place of Ms. Purnima Pavle (DIN: 06705133), who retires by rotation at this Annual General Meeting and being eligible, offers herself for re-appointment and in this regard, pass the following resolution as an **Ordinary Resolution:**

“**RESOLVED THAT** pursuant to the provisions of Section 152 of the Companies Act, 2013, Ms. Purnima Pavle (DIN:06705133), who retires by rotation at this Meeting and being eligible has offered herself for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation.”

### **SPECIAL BUSINESS:**

3. **Appointment of Statutory Auditor to fill casual vacancy:**

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution:**

“**RESOLVED THAT** pursuant to the provisions of Section 139(8) and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and other applicable provisions if any, M/s. MZSK & Associates, Chartered Accountants (Firm Registration No: 105047W) be and are hereby appointed as Statutory Auditors of the Company to fill the casual vacancy caused by the resignation of M/s Shanker and Kapani, Chartered Accountants, (Firm Registration No: 117761W).

“**RESOLVED FURTHER THAT** that M/s. MZSK & Associates, Chartered Accountants, be and are hereby appointed as Statutory Auditors of the Company to hold the office from 3<sup>rd</sup> September 2016 until the conclusion of the 69<sup>th</sup> Annual General Meeting of the Company, at such remuneration plus applicable taxes, and out of pocket expenses, as shall be fixed by the Board of Directors of the Company.”

4. **Appointment of Statutory Auditor:**

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution:**

“**RESOLVED THAT** pursuant to Section 139 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and other applicable provisions if any, M/s MZSK & Associates, Chartered Accountants (Firm Registration No: 105047W, be and are hereby appointed as Statutory Auditors of the Company to hold office for five years, from the conclusion of the 69<sup>th</sup> Annual General Meeting till the conclusion of the 74<sup>th</sup> Annual General Meeting of the Company to be held in the year 2021 (subject to ratification of the appointment by the Members at every Annual General Meeting held after the 69<sup>th</sup> Annual General Meeting of the Company), at such remuneration plus applicable taxes and out of pocket expenses, as shall be fixed by the Board of Directors of the Company.”

5. To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution:**

“**RESOLVED THAT** pursuant to the provisions of Section 149, 152, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 read alongwith Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s), amendment(s) or re-enactment thereof, for the time being in force), Mr. Umashankar Hegde (DIN: 06797098), who was appointed as an Additional Director w.e.f November 5, 2015 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, along with the deposit of Rs.1 lakh, proposing his candidature for the office of Director of the Company, be and

is hereby appointed as an Independent Director on the Board of the Company to hold office upto November 4, 2020, not liable to retire by rotation.”

6. To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 149, 152, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 read alongwith Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s), amendment(s) or re-enactment thereof, for the time being in force), Mr. Bhushan Shah (DIN: 07484485), who was appointed as an Additional Director w.e.f July 7, 2016 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, alongwith the deposit of Rs.1 lakh, proposing his candidature for the office of Director of the Company, be and is hereby appointed as an Independent Director on the Board of the Company to hold office upto July 6, 2021, not liable to retire by rotation.”

7. To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:"

“**RESOLVED THAT** pursuant to the provisions of Section 196, 203 and other applicable provisions, if any, of the Companies Act, 2013 (hereinafter referred to as “Act”) and the relevant rules made thereunder (including any statutory modification(s), enactment(s) or re-enactment(s) thereof for the time being in force) read with Schedule V of the Act, the consent of the members be and is hereby accorded for appointment of Mr. Maninder Chhabra as the Manager of the Company for a period of 5 years with effect from February 05, 2016 till February 04, 2021 on the terms and conditions as set out in the Explanatory Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as the “Board” and shall include duly constituted Committee(s) thereof) to alter and vary the terms and conditions of the said appointment as it may deem fit.

**RESOLVED FURTHER THAT** all actions taken by the Board of Directors (including any Committee thereof) and all matters related thereto are specifically approved and ratified.

**RESOLVED FURTHER THAT** the Board of Directors (including any Committee thereof) and Company Secretary of the Company, be and are hereby severally authorised to complete all the formalities, file necessary forms and to do all such acts, deeds and things as may be necessary in this regard and necessary entries be made in the statutory registers to that effect.”

**Date : 3<sup>rd</sup> September, 2016**  
**Place : Mumbai**

**By Order of the Board**  
**For Sanathnagar Enterprises Limited**

**Sharatkumar Shetty**  
**Company Secretary**  
**ACS: 31888**

**Registered Office:**

412, Floor-4, 17G, Vardhaman Chamber,  
Cawasji Patel Road, Horniman Circle,  
Fort, Mumbai-400001  
CIN L99999MH1947PLC252768  
Telephone No. :+9122-23024400  
Fax No. : +9122-23024550  
Website : www.sanathnagar.in  
E-mail : investors.sel@lodhagroup.com

## SANATHNAGAR ENTERPRISES LIMITED

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### Notes:

- 1) **A Member entitled to attend and vote at the 69<sup>th</sup> Annual General Meeting (“the Meeting”) is entitled to appoint proxy to attend and vote instead of himself/herself and the proxy need not be a member of the Company. The instrument of proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed, stamped and signed, not later than 48 hours before the commencement of the meeting.**

**A person can act as a proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A Member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.**

- 2) A proxy form is annexed to this notice of the Meeting. The holder of the proxy shall prove his identity at the time of attending the Meeting.
- 3) Every member entitled to vote at the Annual General Meeting of the Company can inspect the proxies lodged at the Company at any time during the normal business hours of the Company during the period beginning twenty-four (24) hours before the time fixed for the commencement of the Annual General Meeting and ending on the conclusion of the meeting. However, a prior notice of not less than three (3) days in writing of the intention to inspect the proxies lodged shall be required to be provided to the Company.
- 4) Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified true copy of the relevant Board Resolution together with the specimen signature(s) of the representatives authorised under the said Board Resolution to attend and vote on their behalf at the Meeting.
- 5) A Statement pursuant to Section 102 (1) of the Companies Act, 2013 (“the Act”), relating to the Special Business to be transacted at the Meeting is annexed hereto.
- 6) This Notice is also being sent with Annual Report along with attendance slip, proxy form and route map of the venue of the Meeting.
- 7) Members/Proxies should fill the Attendance Slip for attending the Meeting and bring their Attendance Slips along with their copy of the Annual Report at the Meeting.
- 8) In case of Joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- 9) Members who hold shares in dematerialised form are requested to write their DP ID and Client ID number(s) and those who hold share(s) in physical form are requested to write their Folio Number(s) in the attendance slip for attending the Meeting to facilitate identification of membership at the Meeting.
- 10) Members holding shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to write to the Company’s Registrar and Share Transfer agent, CIL Securities Ltd., 214, Raghava Ratna Towers, Chirag Ali Lane, Hyderabad - 500 001, Tel No: 91 - 040 - 23203155, Email Id: rta@cilsecurities.in enclosing their original share certificate to enable them to consolidate the holdings into one folio.
- 11) The Register of Members and Share Transfer Books of the Company would remain closed from Saturday, 24<sup>th</sup> September, 2016 to Thursday, 29<sup>th</sup> September, 2016 (both days inclusive) in terms of the provisions of Section 91 of the Companies Act, 2013.
- 12) The Register of Directors and Key Managerial Personnel and their Shareholding maintained under Section 170 of the Companies Act, 2013 and the Register of Contracts or arrangements in which Directors are interested under Section 189 of Companies Act, 2013, will be available for inspection by the members at the Annual General Meeting.
- 13) Relevant documents referred to in the accompanying Notice are open for inspection by the Members at the Registered Office /Corporate Office of the Company on all working days, excluding Saturday, Sunday and public holidays between 11.00 a.m. and 1.00 p.m. The aforesaid documents will also be available for inspection at the Meeting.
- 14) In terms of Rule 18 of the Companies (Management and Administration) Rules, 2014, a Company may give notice through electronic mode addressing to the person entitled to receive such e-mail as per the records of the Company or as provided by the depository, provided that the Company shall provide an advance opportunity atleast once in a

financial year, to the member to register his e-mail address and changes therein and such request may be made by only those members who have not got their email id recorded or to update a fresh email id and not from the members whose e-mail ids are already registered. In view of the above, the Company hereby requests members who have not updated their email IDs to update the same with their respective Depository Participant(s) or the CIL Securities Limited, Registrar and Transfer Agent (R&T) of the Company. Further, Members holding shares in electronic mode are also requested to ensure to keep their email addresses updated with the Depository Participants. Members holding shares in physical mode are also requested to update their email addresses by writing to the R & T of the Company quoting their folio number(s).

- 15) Members holding shares in dematerialized form are requested to intimate all changes pertaining to their bank details, National Electronic Clearing Service (NECS) and Electronic Clearing Service (ECS) mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers, etc., to their Depository Participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's record which will help the Company and the Company's Registrars and Transfer Agents, CIL Securities Limited (RTA) to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes either to the Company or to RTA.
- 16) The Securities and Exchange Board of India (SEBI) has mandated submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in demat form are, therefore, requested to submit PAN details to the Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to CIL Securities Limited, Registrar and Share Transfer Agent of the Company.
- 17) Members desiring any information relating to the financial statements are requested to write to the Company well in advance so as to enable the management to keep the information ready.
- 18) Members holding shares of the Company as on Friday, 23<sup>rd</sup> September, 2016, shall be entitled to vote at the Annual General Meeting of the Company. A person who is not a member as on the cut-off date should treat this notice for information purpose only.
- 19) In terms of Section 152 of the Act, Ms. Purnima Pavle, retire by rotation at the Meeting and being eligible, offers herself for re-appointment. The Nomination and Remuneration Committee of the Board and the Board of Directors of the Company recommend her re-appointment.

The additional information in respect of re-appointment of Ms. Purnima Pavle as Director liable to retire by rotation, pursuant to the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standard on General Meetings, are provided as Annexure 1 to the Explanatory Statement.

- 20) Ms. Purnima Pavle is interested in Ordinary Resolution as set out at Item No. 2 of the Notice with respect to her re-appointment. The relatives of Ms. Purnima Pavle may be deemed to be interested in the said Resolution to the extent of their shareholding interest, if any, in the Company. Save and except the above, none of the Directors / Key Managerial Personnel of the Company / their Relatives are, in any way, concerned or interested, financially or otherwise, in the Ordinary Resolution set out under Item No. 2.
- 21) The Company is providing facility for voting by electronic means (E-voting) through an electronic voting system which will include remote E-voting as prescribed by the Companies (Management and Administration) Rules, 2014 as presently in force and the business set out in the Notice will be transacted through such voting. Information and instructions including details of User ID and password relating to such e-voting are provided in the Notice under Note No. 22.
- 22) **Information and instructions relating to E-voting are as under:-**
  - 1) In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide members a facility to exercise their right to vote on business proposed to be transacted at the Annual General Meeting (AGM) by electronic means and the business may be transacted through E-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM, ("remote E-voting") will be provided by Central Depository Services (India) Limited (CDSL).

## SANATHNAGAR ENTERPRISES LIMITED

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- 2) The facility for voting through ballot paper shall be made available at the AGM premises and the members attending the meeting who have not cast their vote by remote E-voting shall be able to exercise their right at the AGM through ballot paper.
- 3) The members who have cast their vote by remote E-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- 4) The remote E-voting period commences on Monday, 26<sup>th</sup> September, 2016 (9:00 am) and ends on Wednesday, 28<sup>th</sup> September, 2016 (5:00 pm). During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. Friday, 23<sup>rd</sup> September, 2016, may cast their vote by remote E-voting. The remote e-voting module shall be forthwith blocked by CDSL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- 5) You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- 6) The voting rights of members shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date i.e. Friday, 23<sup>rd</sup> September, 2016.
- 7) Any person, who acquires shares of the Company and becomes member of the Company after dispatch of the notice and holding shares as on the cut-off date i.e. Friday, 23<sup>rd</sup> September, 2016, may obtain the login ID and password by sending a request at [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com). However, if you are already registered with CDSL for remote E-voting than you can use your existing user ID and password for casting your vote.
- 8) A member can opt for only one mode of voting i.e. either through remote e-voting or by Ballot process to be done at the AGM. If a member casts vote by both modes, then voting done through remote E-voting shall prevail and the Ballot form shall be treated as invalid.
- 9) A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date i.e. Friday, 23<sup>rd</sup> September, 2016 only shall be entitled to avail the facility of remote E-voting as well as voting at the AGM through ballot paper.
- 10) The Company has appointed Ms. Payal Purohit, Practising Company Secretary, as scrutinizer (the 'Scrutinizer') for scrutinizing the Remote E-voting process as well as voting at the AGM in a fair and transparent manner.
- 11) The Chairman shall, at the Annual General Meeting, at the end of discussion on the business matters on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Ballot Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- 12) The Scrutinizer shall after the conclusion of voting at the Annual General Meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of atleast two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report on the total votes cast in favour or against, if any, to the Chairman/ Director or a person authorized by him in writing, who shall counter sign the same and declare the result of the voting forthwith.
- 13) The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company [www.sanathnagar.in](http://www.sanathnagar.in) and on the website of the CDSL immediately after the declaration of result by the Chairman/ Director or a person authorized by him in writing. The results shall also be immediately forwarded to the stock exchange (BSE Limited).
- 14) This notice has been updated with the instructions for voting through electronic means as per the Amended Companies (Management and Administration) Rules, 2015.

### THE PROCESS AND MANNER FOR REMOTE E-VOTING ARE AS UNDER:

- 15) The voting period begins on Monday, 26<sup>th</sup> September, 2016 (9:00 am) and ends on Wednesday, 28<sup>th</sup> September, 2016 (5:00 pm). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date Friday, 23<sup>rd</sup> September, 2016 may cast their vote electronically. The E-voting module shall be disabled by CDSL for voting thereafter.



- a. Shareholders who have already voted prior to the AGM date would not be entitled to vote at the meeting venue.
- b. The shareholders should log on to the E-voting website [www.evotingindia.com](http://www.evotingindia.com)
- c. Click on Shareholders.
- d. Now Enter your User ID
  - i. For CDSL: 16 digits beneficiary ID,
  - ii. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
- e. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- f. Next enter the Image Verification as displayed and Click on Login.
- g. If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any Company, then your existing password is to be used.
- h. If you are a first time user follow the steps given below:

<b>For Members holding shares in Demat Form and Physical Form</b>	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)
	<ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>

- i. After entering these details appropriately, click on "SUBMIT" tab.
- j. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that that company opts for E-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- k. For Members holding shares in physical form, the details can be used only for E-voting on the resolutions contained in this Notice.
- l. Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- m. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- n. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- o. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- p. You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- q. If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

## SANATHNAGAR ENTERPRISES LIMITED

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- r. Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The M-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

### NOTE FOR NON – INDIVIDUAL SHAREHOLDERS AND CUSTODIANS

- a. Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
- b. A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- c. After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- d. The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- e. A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

### EXPLANATORY STATEMENT ANNEXED TO THE NOTICE PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 IN RESPECT OF THE BUSINESSES MENTIONED IN THE NOTICE OF THE SIXTY NINTH ANNUAL GENERAL MEETING OF THE COMPANY

#### ITEM NO. 3

The Members of the Company at the 67<sup>th</sup> Annual General Meeting held on 30<sup>th</sup> September, 2014 had appointed M/s. Shanker and Kapani, Chartered Accountants, (Firm Registration No: 117761W) as the Statutory Auditors of the Company to hold office from the conclusion of 67<sup>th</sup> Annual General Meeting till the conclusion of 72<sup>nd</sup> Annual General Meeting of the Company to be held in the year 2019 subject to ratification of the appointment by the Members at every Annual General Meeting held after the 67<sup>th</sup> Annual General Meeting of the Company.

M/s Shanker and Kapani Chartered Accountants, expressed their intention to step down and resigned from the position as Statutory Auditors of the Company on 03<sup>rd</sup> September, 2016 resulting in a casual vacancy in the office of Statutory Auditors of the Company as envisaged by section 139(8) of the Companies Act, 2013. The Board of Directors at its meeting held on 3<sup>rd</sup> September 2016, as per the recommendation of the Audit Committee, and pursuant to the provisions of Section 139(8) under Companies Act, 2013, appointed M/s MZSK & Associates, Chartered Accountants, (Firm Registration No: 105047W) as the Statutory Auditors of the Company to fill the casual vacancy caused by the resignation of M/s Shanker and Kapani, Chartered Accountants, subject to the approval by the members in the 69<sup>th</sup> Annual General Meeting of the Company, at such remuneration plus applicable taxes, and out of pocket expenses, as shall be fixed by the Board of Directors of the Company.

MZSK & Associates is a leading Chartered Accountancy Firm in India and is the Member Firm of BDO International, which has presence in 6 cities in India viz. Mumbai, Pune, New Delhi - Gurgaon, Bengaluru, Hyderabad and Aurangabad with a team of 13 Partners and over 280 Employees which includes Chartered Accountant's, Advocates, Company Secretaries and Articles.

The firm serves several Multinational Companies and Indian Corporates across all industries in Technology, Services, Real Estate, Manufacturing & Distribution Segments providing integrated advice and support.

The Company has received consent and eligibility certificate from M/s MZSK & Associates, Chartered Accountants, to act as Statutory Auditors of the Company in place of M/s Shanker and Kapani, Chartered Accountants, along with a confirmation that, their appointment, if made, would be within the limits prescribed under the Companies Act, 2013.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out in Item No. 3 of the Notice for appointment and payment of remuneration to the Statutory Auditors.

None of the Directors, Key Managerial Personnel of the Company and their relatives are in any way concerned or interested, financially or otherwise, in the resolution at Item No.3.

The Board recommends the Resolution at Item No. 3 for approval of the Members.

**ITEM NO. 4**

The Board of Directors at its meeting held on 3<sup>rd</sup> September 2016, as per the recommendation of the Audit Committee and pursuant to Section 139 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and other applicable provisions if any, recommended the appointment of M/s MZSK & Associates, Chartered Accountants, (Firm Registration No: 105047W) as Statutory Auditors of the Company to hold office for five years, from the conclusion of the 69<sup>th</sup> Annual General Meeting, till the conclusion of the 74<sup>th</sup> Annual General Meeting of the Company to be held in the year 2021 (subject to ratification of the appointment by the Members at every Annual General Meeting held after the 69<sup>th</sup> Annual General Meeting), at such remuneration plus applicable taxes, and out of pocket expenses, as shall be fixed by the Board of Directors of the Company.

The brief profile of M/s MZSK & Associates, Chartered Accountants has been given under the explanatory statement provided for Item No. 3.

The Company has received consent and eligibility certificate from M/s MZSK & Associates, Chartered Accountants to act as Statutory Auditors of the Company along with a confirmation that, their appointment, if made, would be within the limits prescribed under the Companies Act, 2013.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out in Item No. 4 of the Notice for appointment and payment of remuneration to the Statutory Auditors.

None of the Directors, Key Managerial Personnel of the Company and their relatives are in any way concerned or interested, financially or otherwise, in the resolution at Item No. 4.

The Board recommends the resolution at Item No. 4 for approval of the Members.

**ITEM NO.5**

The Board of Directors of the Company on 05<sup>th</sup> November, 2015, had appointed Mr. Umashankar Hedge (DIN: 06797098) as an Additional Director of the Company, categorised as Independent, in terms of Section 161 of the Companies Act, 2013 ("Act").

Mr. Umashankar K. Hegde is an expert on Legal and Secretarial matters. He is an Associate member of ICSI and holds bachelor's degree in Law from Mumbai University and has varied experience of over 8 years.

The Company has received notice in writing from a member along with the deposit of requisite amount under Section 160 of the Act, proposing the candidature of Mr. Umashankar Hedge for the office of Independent Director of the Company, to be appointed as such under the provisions of Section 149 and 152 of the Companies Act, 2013.

Mr. Umashankar Hedge is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director. The Company has also received a declaration from Mr. Umashankar Hedge that he meets the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under the Listing Regulations.

The Nomination & Remuneration Committee has recommended the appointment of Mr. Umashankar Hegde as an Independent Director for a term of 5 years effective from November 5, 2015 till November 4, 2020.

Based on the recommendation of the Nomination and Remuneration Committee and after reviewing the declaration submitted by Mr. Umashankar Hegde, the Board of Directors of the Company has formed an opinion that Mr. Umashankar Hegde meets with the criteria of independence as per the provisions of Section 149(6) of the Companies Act, 2013 and rules made thereunder and also meets with the requirements of Regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and accordingly has proposed his appointment as an Independent Director of the Company and who is also independent of the management and possesses appropriate skills, experience and knowledge.

A copy of the draft letter of appointment, setting out the terms and conditions of appointment of Mr. Umashankar Hedge, is available for inspection, without any fee, by the members at the Company's registered office on all working days, excluding Saturday, Sunday and public holidays between 11.00 a.m. and 1.00 p.m.

The additional information in respect of appointment of Mr. Umashankar Hegde as Independent Director pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standard on General Meetings, is provided as Annexure 1 to the Explanatory Statement.

## **SANATHNAGAR ENTERPRISES LIMITED**

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Except Mr. Umashankar K. Hegde and his relatives, none of the other Directors /Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the notice.

The Board recommends the resolution set forth in Item No. 5 of the notice for approval of the members.

### **ITEM NO.6**

The Board of Directors of the Company on 07<sup>th</sup> July, 2016, has appointed Mr. Bhushan Shah (DIN: 07484485) as an Additional Director of the Company, categorised as Independent, in terms of Section 161 of the Companies Act, 2013 ("Act").

Mr. Bhushan Shah holds Bachelors' degree in Commerce and is presently heading Private Client Group, Ventura Securities Limited.

The Company has received notice in writing from a member along with the deposit of requisite amount under Section 160 of the Act, proposing the candidature of Mr. Bhushan Shah for the office of Independent Director of the Company, to be appointed as such under the provisions of Section 149 and 152 of the Companies Act, 2013.

Mr. Bhushan Shah is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director. The Company has also received a declaration from Mr. Bhushan Shah that he meets the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under the Listing Regulations.

The Nomination & Remuneration Committee has recommended the appointment of Mr. Bhushan Shah as an Independent Director for a term of 5 years effective from July 7, 2016 till July 6, 2021.

Based on the recommendation of the Nomination and Remuneration Committee and after reviewing the declaration submitted by Mr. Bhushan Shah, the Board of Directors of the Company has formed an opinion that Mr. Bhushan Shah meets with the criteria of independence as per the provisions of Section 149(6) of the Companies Act, 2013 and rules made thereunder and also meets with the requirements of Regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and accordingly has proposed his appointment as an Independent Director of the Company and who is also independent of the management and possesses appropriate skills, experience and knowledge.

A copy of the draft letter of appointment, setting out the terms and conditions of appointment of Mr. Bhushan Shah, is available for inspection, without any fee, by the members at the Company's registered office on all working days, excluding Saturday, Sunday and public holidays between 11.00 a.m. and 1.00 p.m.

The additional information in respect of appointment of Mr. Bhushan Shah as Independent Director pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standard on General Meetings, is provided in Annexure 1 to the Explanatory Statement.

Except Mr. Bhushan Shah and his relatives, none of the other Directors /Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 6 of the notice.

The Board recommends the resolution set forth in Item No. 6 of the notice for approval of the members.

### **ITEM NO.7**

Mr. Maninder Chhabra was appointed as Manager of the Company with effect from 05<sup>th</sup> February, 2016 for a period of 5 years subject to approval of the shareholders at the ensuing Annual General Meeting.

Mr. Maninder Chhabra is a Gold Medallist in B.E. (Production engineering) from C.B.I.T, Osmania University, Hyderabad followed by PGDM from IIM Bangalore. He has diverse experience in the field of marketing & customer service, across industries including the real estate industry. He has been associated with organizations like Britannia, Essar Group & Aliens Group in the past.

In view of the past experiences, it is now proposed to appoint Mr. Maninder Chhabra as Manager of the Company for the period of 5 years till 04<sup>th</sup> February, 2021. The Board of Directors at its meeting held on 05<sup>th</sup> February, 2016 has approved the appointment of Mr. Maninder Chhabra as Manager of the Company.

This appointment as Manager is subject to the approval of the members at the AGM of the Company and any other regulatory approvals, if applicable.

As required under Section 196(4) of the Companies Act, 2013, the terms and conditions of the appointment entered with Mr. Maninder Chhabra are as under:

**1. Tenure of Appointment:**

For a period of 5 years with effect from 05<sup>th</sup> February, 2016 till 04<sup>th</sup> February, 2021.

**2. Nature of Duties:**

The Manager shall devote his whole time and attention to the business of the Company and perform such duties as may be entrusted to him by the Board from time to time and separately communicated to him and exercise such powers as may be assigned to him, subject to the superintendence, control and directions of the Board in the best interest of the Company.

**3. Remuneration:**

The Manager shall not receive any remuneration from the Company during the currency of his tenure as a Manager.

**4. Other terms of Appointment:**

The Manager shall not become interested or otherwise concerned, directly or through his spouse and / or children, in any of the businesses of the Company.

The terms and conditions of the appointment of the Manager may be altered and varied from time to time by the Board as it may, in its discretion deem fit, in such manner as may be agreed to between the Board and the Manager, subject to such approvals as may be required.

The Company shall be entitled to terminate employment of the Manager, at any time by giving two months prior notice in writing in that regard without assigning any reason, save and except as may be mutually agreed between the Manager and the Company.

The Manager shall be entitled to terminate his employment at any time by giving to the Company two months prior notice in writing in that regard without assigning any reason.

Upon the termination by whatever means of the Manager employment, he shall not, without the consent of the Company, at any time thereafter represent himself as connected with the Company or any of the subsidiaries or associated companies.

During the period of employment of Manager with the Company or at any time thereafter, except in the course of performance of his duties, he shall not use, divulge or disclose any information to any person, association, agency or Company, any of the information/secrets concerning the affairs of and / or the business of the Company, which he may have acquired incidental to or in the course of his employment in the Company.

If and when the Agreement expires or is terminated for any reason whatsoever, he will be ceased as Manager of the Company.

The Company has received the necessary consent and disclosures from Mr. Maninder Chhabra in terms of provisions of the Companies Act, 2013.

Except Mr. Maninder Chhabra and his relatives, none of the other Directors /Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 7 of the notice.

The additional information in respect of appointment of Mr. Maninder Chhabra as Manager pursuant to the Secretarial Standard on General Meetings, is provided as Annexure 1 to the Explanatory Statement.

The Board recommends the Special Resolution as set out at Item No. 7 of the Notice for your approval.

**Date : 3<sup>rd</sup> September, 2016**  
**Place : Mumbai**

**By Order of the Board**  
**For Sanathnagar Enterprises Limited**

**Sharatkumar Shetty**  
**Company Secretary**  
**ACS: 31888**

**Registered Office:**

412, Floor-4, 17G, Vardhaman Chamber,  
Cawasji Patel Road, Horniman Circle,  
Fort, Mumbai-400001  
CIN L99999MH1947PLC252768  
Telephone No. :+9122-23024400  
Fax No. : +9122-23024550  
Website : www.sanathnagar.in  
E-mail : investors.sel@lodhagroup.com

## SANATHNAGAR ENTERPRISES LIMITED

### ANNEXURE I - DISCLOSURE RELATING TO DIRECTORS/MANAGER PURSUANT TO LISTING REGULATIONS AND SECRETARIAL STANDARDS

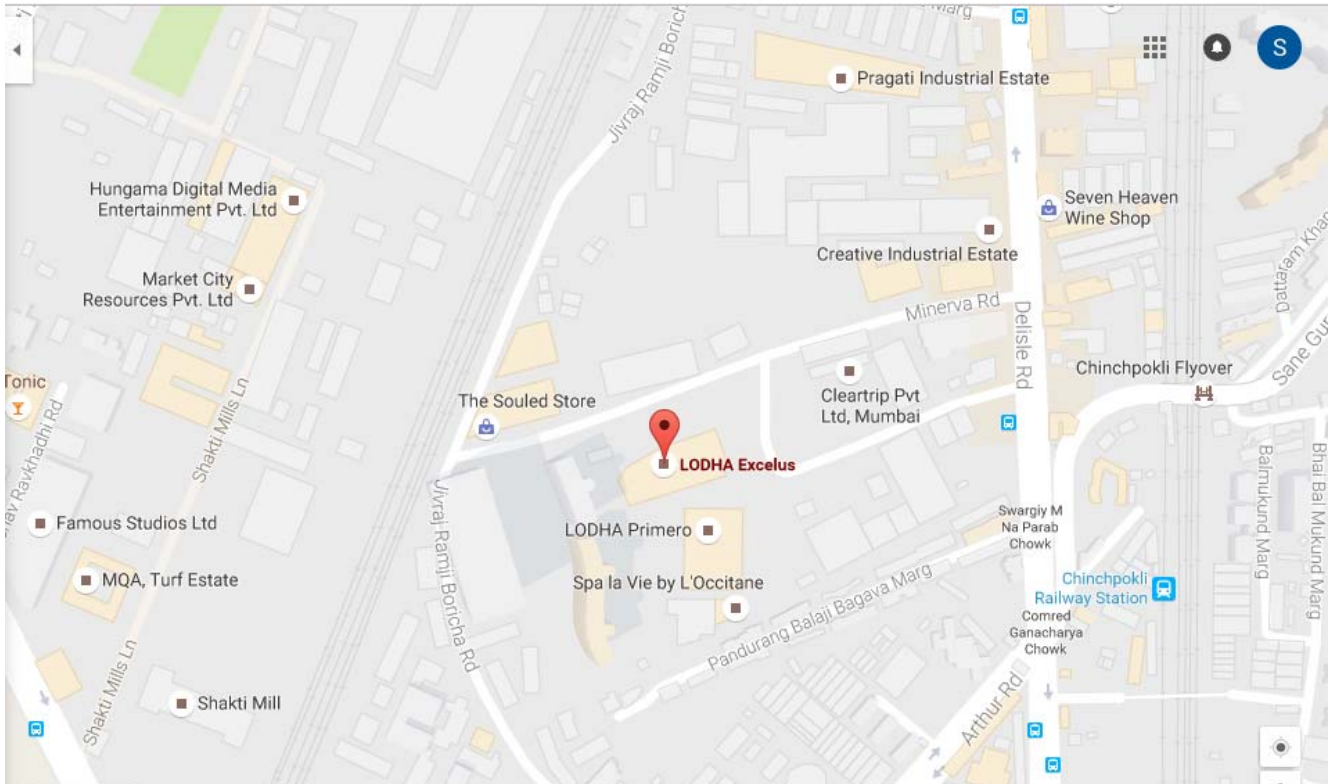
Name of the Director / Manager	Purnima Pavle	Umashankar Hegde	Bhushan Shah	Maninder Chhabra (Manager)
Date of Birth	03 <sup>rd</sup> August, 1974	19 <sup>th</sup> June, 1982	08 <sup>th</sup> November, 1964	26 <sup>th</sup> September, 1978
Qualification	Chartered Accountant	Company Secretary	Bachelors' degree in Commerce	Bachelors in Production Engineering
Experience	Ms. Purnima Pavle has overall 17 years of experience in the field of Accounting and Finance. Prior to joining the Lodha Group, she was associated with Grauer & Weil (I) Ltd and HCC Ltd.	Mr. Umashankar K. Hegde is an expert on Legal and Secretarial matters. He is an Associate member of ICSI and holds bachelor's degree in Law from Mumbai University and have varied experience of over 8 years.	Mr. Bhushan Shah has over 25 years of experience in the field of finance and is presently heading Private Client Group, Ventura Securities Limited.	Mr. Maninder Chhabra is a Gold Medallist in B.E. (Production engineering) from C.B.I.T, Osmania University, Hyderabad followed by PGDM from IIM Bangalore. He has diverse experience in the field of marketing & customer service, across industries including the real estate industry. He has been associated with organizations like Britannia, Essar Group & Aliens Group in the past.
Terms & Conditions of appointment	As per the provisions of the Companies Act, 2013	Appointed as Independent Director on terms and conditions as mentioned in the letter of appointment as placed before the meeting.	Appointed as Independent Director on terms and conditions as mentioned in the letter of appointment as placed before the meeting.	Appointed as Manager on terms and conditions as mentioned in the letter of appointment as placed before the meeting.
Remuneration last drawn & Sought to be paid	Nil	No remuneration except the sitting fee as permitted under the Companies Act, 2013	No remuneration except the sitting fee as permitted under the Companies Act, 2013	Nil
Date of Appointment	08 <sup>th</sup> August, 2014	05 <sup>th</sup> November, 2015	07 <sup>th</sup> July, 2016	05 <sup>th</sup> February, 2016

<b>Directorships held in other companies as on 31<sup>st</sup> March, 2016</b>	<ol style="list-style-type: none"> <li>1. Roselabs Finance Limited</li> <li>2. Sarvavasa Buildtech &amp; Farms Private Limited</li> <li>3. Adinath Builders Private Limited</li> <li>4. Anantnath Construction and Farms Private Limited</li> <li>5. Shreeniwas Cotton Mills Limited</li> <li>6. Siddhnath Residential Paradise Private Limited</li> </ol>	<ol style="list-style-type: none"> <li>1. National Standard (India) Limited</li> <li>2. Capacity Projects Private Limited</li> <li>3. New Consolidation Projects &amp; Constructions Private limited</li> <li>4. Capacity Constructions &amp; Infrastructures Private Limited</li> </ol>	<p align="center">Nil</p>	<ol style="list-style-type: none"> <li>1. National Standard (India) Limited</li> <li>2. Arihant Premises Private Limited</li> <li>3. Aanant Developers Private Limited</li> </ol>
<b>Membership of Committees across Companies (include only Audit and stakeholders relationship committee) as on 31<sup>st</sup> March 2016.</b>	<ol style="list-style-type: none"> <li>1. Member of Audit Committee of Sanathnagar Enterprises Limited &amp; Roselabs Finance Limited</li> <li>2. Member of Stakeholder Relationship Committee of Sanathnagar Enterprises Limited</li> <li>3. Chairperson of Stakeholder Relationship Committee of Roselabs Finance Limited</li> </ol>	<ol style="list-style-type: none"> <li>1. Chairman of Audit Committee of Sanathnagar Enterprises Limited &amp; National Standard (India) Limited</li> <li>2. Chairman of Stakeholder Relationship Committee of Sanathnagar Enterprises Limited &amp; National Standard (India) Limited</li> </ol>	<p align="center">Nil</p>	<p align="center">Nil</p>
<b>Shareholding in the Company (Equity)</b>	<p align="center">Nil</p>	<p align="center">Nil</p>	<p align="center">Nil</p>	<p align="center">Nil</p>
<b>Relationship with other Directors/ Manager/Key Managerial Personnel</b>	<p align="center">None</p>	<p align="center">None</p>	<p align="center">None</p>	<p align="center">None</p>
<b>Number of Board meetings attended during the year 2015-16</b>	<p align="center">8</p>	<p align="center">2</p>	<p align="center">Nil</p>	<p align="center">1</p>

# **ROUTE MAP TO THE VENUE OF THE ANNUAL GENERAL MEETING**

**Address** : Lodha Excelus, 6<sup>th</sup> floor, Apollo Mills Compound, N M Joshi Marg, Mahalaxmi, Mumbai 400 011

**Landmark** : Apollo Mills Compound





**BOARD'S REPORT**

**Dear Members,**

The Directors have pleasure in presenting the 69<sup>th</sup> Annual Report along with the Audited Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2016.

**1. FINANCIAL RESULTS & OVERVIEW**

(Rs. in lakhs)

Particulars	For the financial year ended March 31, 2016	For the financial year ended March 31, 2015
Total Income	12,569.71	2,489.01
Total Expenses	9,348.95	2,446.18
Profit before tax	3,220.76	42.83
Less: Tax Expenses	1,132.33	15.06
Less: Other prior period tax adjustments	-	0.07
<b>Net Profit for the year</b>	<b>2,088.43</b>	<b>27.84</b>

**Results of operations and the state of the Company's affairs**

During the financial year 2015-16, total income increased by 405% to Rs. 12,569.71 lakhs from Rs. 2,489.01 lakhs for the financial year 2014-15. Total expenses increased by 282.18% to Rs. 9,348.95 lakhs for the financial year 2015-16 from Rs. 2,446.18 lakhs for the financial year 2014-15.

The net profit after tax for the financial year 2015-16 has increased to Rs. 2,088.43 lakhs as compared to a net profit of Rs. 27.84 lakhs during the financial year 2014-15.

**2. RESERVES**

The Board does not recommend any amount to be transferred to the reserves for the financial year ended March 31, 2016.

**3. DIVIDEND**

With a view to conserving resources, the Board does not recommend any dividend for the financial year ended March 31, 2016.

**4. BUSINESS & SECTOR REVIEW**

**Indian Economy**

India has emerged as the fastest growing major economy in the world as per the Central Statistics Organisation (CSO) and International Monetary Fund (IMF). According to the Economic Survey 2015-16, the Indian economy will continue to grow more than 7 per cent in 2016-17. The improvement in India's economic fundamentals has accelerated in the year 2015 with the combined impact of strong government reforms, RBI's inflation focus supported by benign global commodity prices. India was ranked the highest globally in terms of consumer confidence during October-December quarter of 2015, continuing its earlier trend of being ranked the highest during first three quarters of 2015, as per the global consumer confidence index created by Nielsen.

According to IMF World Economic Outlook Update (January 2016), Indian economy is expected to grow at 7-7.75 per cent during FY 2016-17, despite the uncertainties in the global market. The Economic Survey 2015-16 had forecasted that the Indian economy will grow by more than seven per cent for the third successive year 2016-17 and can start growing at eight per cent or more in next two years. Foreign direct investment (FDI) in India has increased by 29 per cent during October 2014-December 2015 period post the launch of Make in India campaign, compared to the 15-month period before the launch.

Source <http://www.ibef.org/economy/indian-economy-overview>

**Industry review**

The Indian real estate sector has witnessed high growth in recent times with the rise in demand for office as well as

residential spaces. According to data released by Department of Industrial Policy and Promotion (DIPP), the construction development sector in India has received Foreign Direct Investment (FDI) equity inflows to the tune of US\$ 24.156 billion in the period April 2000-September 2015. Real estate is currently the fourth-largest sector in the country in terms of Foreign Direct Investment (FDI) inflows.

The Indian real estate market is expected to touch US\$ 180 billion by 2020. The housing sector alone contributes 5-6 % to the country's Gross Domestic Product (GDP). In the period FY08-20, the market size of this sector is expected to increase at a Compound Annual Growth Rate (CAGR) of 11.2 %. Retail, hospitality and commercial real estate are also growing significantly, providing the much-needed infrastructure for India's growing needs.

Source <http://www.ibef.org/economy/indian-economy-overview>

### Hyderabad real estate

Hyderabad residential real estate is driven by a mix of both investors and end users. There has been a marked preference for apartments in multi-storeyed buildings in a variety of price ranges depending on the purchasing power of the buyer. Many areas on the west of Hyderabad like Gachibowli, HITEC City, Kukatpally, Madhapur and Chandanagar have witnessed increased demand due to their proximity to the IT hub, along with other factors such as excellent connectivity, developed infrastructure, and availability of good residential development in Hyderabad at affordable prices in these locations.

Source ICICI property services Hyderabad Real estate overview 2016

### Government Initiatives

The Government of India along with the governments of the respective states has taken several initiatives to encourage the development in the sector. The Smart City Project, where there is a plan to build 100 smart cities, is a prime opportunity for the real estate companies. Below are some of the other major Government Initiatives:

- Prime Minister Mr. Narendra Modi approved the launch of Housing for All by 2022. Under the Sardar Patel Urban Housing Mission, 30 million houses will be built in India by 2022, mostly for the economically weaker sections and low-income groups, through public-private-partnership (PPP) and interest subsidy.
- The Government of India has relaxed the norms to allow Foreign Direct Investment (FDI) in the construction development sector. FDI limits for townships and settlement development projects have been raised to 100%. Real estate projects within the Special Economic Zone are also permitted 100 per cent FDI. This move should boost affordable housing projects and smart cities across the country.
- The Securities and Exchange Board of India has notified final regulations that will govern real estate investment trusts (REITs) and infrastructure investment trusts. This move will enable easier access to funds for cash-strapped developers and create a new investment avenue for institutions and high net worth individuals, and eventually ordinary investors.
- The Government of Maharashtra announced a series of measures to bring transparency and increase the ease of doing business in the real estate sector.
- The Real Estate (Regulation & Development) Act 2016, which seeks to protect home-buyers as well as help boost investments in the real estate industry was enacted in May 2016.

### Opportunities and challenges:

#### Opportunities

As India awaits policy reforms to pick up speed, your Company firmly believes that the demand for Real Estate in a country like India should remain strong in the medium to long term. Your company is ideally placed to further strengthen its development potential by acquiring new land parcels.

#### Challenges

While the management is confident of creating and exploiting the opportunities, it also finds the following challenges:

- Unanticipated delays in project approvals
- Availability of accomplished and trained labour force
- Increased cost of manpower

- Rising cost of construction
- Growth in auxiliary infrastructure
- Over-regulated environment

**Risks and concerns**

- **Market price fluctuation**

The performance of your Company may be affected by the sales realizations of its projects. These prices are driven by prevailing market conditions, the nature and location of the projects, and other factors such as brand and reputation and the design of the projects. Your company follows a prudent business model and tries to ensure steady cash flow even during adverse pricing scenario.

- **Sales volume**

The volume of bookings depends on the ability to design projects that will meet customer preferences, getting various approvals in time, general market factors, project launch and customer trust in entering into sale agreements well in advance of receiving possession of the projects. Your Company sells its projects in phases from the time it launches the project, based on the type and scale of the project and depending on market conditions

**Outlook**

FY2016 outlook would be governed by the implementation of REIT Regulations, the proposed New Real Estate Bill and the New Development Plan for Mumbai. We expect FY2016 to be the start of growth year for the Indian economy as a whole in view of various measures being taken by the new government to boost manufacturing and infrastructure development in the country. Economists expect India's GDP growth in the range of 7.0-8.0% for FY2016. Your company will target to ensure steady operations and deliver high quality projects for its customers.

**Business Overview**

The Company's Casa Paradiso project is a large mid income residential development with supersized 3 room residences in at Sanathnagar in Central Hyderabad. The target profile of this project is the middle / upper middle income segment of the market. The project has been designed by Hafeez Contractor, one of the India's largest and most reputed architectural firms.

**5. EXTRACT OF ANNUAL RETURN**

Pursuant to the provisions of Section 92(3) of the Companies Act, 2013 ('the Act') and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, extract of the Annual Return is annexed as **Annexure-I**.

**6. CHANGES IN SHARE CAPITAL**

During the financial year 2015-16, there has been no change in the equity share capital of the Company.

**7. DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**Appointment**

Mr. Umashankar Hegde and Mr. Bhushan Shah were appointed as Additional Directors (both Independent) on the Board of the Company on 05<sup>th</sup> November, 2015 and 07<sup>th</sup> July, 2016 respectively and hold office upto the date of the ensuing Annual General Meeting. Your Company has received notices from shareholders along with requisite deposits proposing their candidatures for appointment as Independent Directors for period of 5 years at the ensuing Annual General Meeting.

Mr. Vishal Ghadigaonkar was appointed as Chief Financial Officer and Mr. Maninder Chhabra was appointed as Manager with effect from 13<sup>th</sup> October, 2015 and 05<sup>th</sup> February, 2016 respectively.

**Re-appointment**

As per the provisions of the Companies Act, 2013, Ms. Purnima Pavle will retire at the ensuing Annual General Meeting and being eligible offers herself for reappointment.

**Resignation**

Mr. Sagar Gawde, and Mr. Deependra Gupta and Santoshkumar Ojha resigned as Independent Directors of the Company with effect from 03<sup>rd</sup> August, 2015, and 05<sup>th</sup> November, 2015 (close of business hours) and 08 April, 2016 respectively.

## SANATHNAGAR ENTERPRISES LIMITED

Mr. Santosh Kumar Ojha resigned as an Independent Director of the Company w.e.f. 8<sup>th</sup> April 2016 (he was appointed as an Additional Director (in the category of Independent Director w.e.f. 5<sup>th</sup> November 2015).

Further Mr. Deepak Chitnis resigned as Manager of the Company with effect from 05<sup>th</sup> February, 2016.

Mr. Babusingh Rajguru and Mr. Sharatkumar Shetty continued to be a Director and Company Secretary of the Company respectively during the year under review.

### 8. BOARD MEETINGS

During the financial year 2015-16, 8 (Eight) Board Meetings were held on 30<sup>th</sup> April, 2015, 15<sup>th</sup> May, 2015, 10<sup>th</sup> June, 2015, 22<sup>nd</sup> July, 2015, 12<sup>th</sup> August, 2015, 13<sup>th</sup> October, 2015, 05<sup>th</sup> November, 2015 and 05<sup>th</sup> February, 2016 in accordance with the provisions of the Companies Act, 2013 and rules made thereunder. The intervening gap between two meetings was within the period specified in the Companies Act 2013, the Secretarial Standards and the Listing Regulations.

Details of meetings attended by the Directors during the year ended March 31, 2016 are as below:

Sr. No.	Name of Director(s)	Category	Number of Meetings which director was entitled to attend	Total no. of board meetings attended
1.	Purnima Pavle	Non-Executive Director & Chairperson	8	8
2.	Babusingh Rajguru	Non-Executive Director	8	8
3.	Sagar Gawde <sup>1</sup>	Independent Director	4	4
4.	Deependra Gupta <sup>2</sup>	Independent Director	7	7
5.	Umashanker Hegde <sup>3</sup>	Independent Director	2	2
6.	Santosh Kumar Ojha <sup>4</sup>	Independent Director	2	2

<sup>1</sup> Mr. Sagar Gawde resigned from the Board w.e.f. 03<sup>rd</sup> August, 2015.

<sup>2</sup> Mr. Deependra Gupta resigned from the Board w.e.f. 05<sup>th</sup> November, 2015 (close of business hours).

<sup>3</sup> Mr. Umashanker Hegde appointed as Independent Director of the Company w.e.f. 05<sup>th</sup> November, 2015

<sup>4</sup> Mr. Santosh Kumar Ojha appointed as Independent Director of the Company w.e.f. 05<sup>th</sup> November, 2015.

### 9. COMMITTEES OF BOARD

The details of composition of the Committees of the Board of Directors are as under:-

#### a. AUDIT COMMITTEE:

The Audit Committee has been constituted by the Board of Directors of the Company in accordance with the provisions of Section 177 of the Companies Act, 2013. The Audit Committee met five times during the year, i.e. on 30<sup>th</sup> April, 2015, 12<sup>th</sup> August, 2015, 13<sup>th</sup> October, 2015, 05<sup>th</sup> November, 2015 and 05<sup>th</sup> February, 2016. The intervening gap between two meetings was within the period specified in the Companies Act 2013 and, the Secretarial Standards and the Listing Regulations. The composition, meetings and attendance of the Audit Committee as on 31st March, 2016 is given as under:

Sr. No.	Name of Members	Category	Total no. of meetings attended
1.	Umashanker Hegde <sup>1</sup>	Chairman	1
2.	Purnima Pavle	Member	5
3.	Sagar Gawde <sup>2</sup>	Chairman	1
4.	Deependra Gupta <sup>3</sup>	Member	4
5.	Santosh Kumar Ojha <sup>4</sup>	Member	1

<sup>1</sup> Mr. Umashanker Hegde was appointed as Chairman of the Committee w.e.f. 05<sup>th</sup> November, 2015

<sup>2</sup> Mr. Sagar Gawde resigned as a Chairman of the Committee w.e.f. 03<sup>rd</sup> August, 2015.

<sup>3</sup> Mr. Deependra Gupta resigned as a member of the Committee w.e.f. 05<sup>th</sup> November, 2015.

<sup>4</sup> Mr. Santosh Kumar Ojha appointed as member of the Committee w.e.f. 05<sup>th</sup> November, 2015.

**b. NOMINATION & REMUNERATION COMMITTEE:**

In accordance with the provisions of Section 178 of the Companies Act, 2013, the Board has constituted a Nomination and Remuneration Committee (NRC). The Nomination & Remuneration Committee met four times during the year, i.e. on 22<sup>nd</sup> July, 2015, 13<sup>th</sup> October, 2015, 05<sup>th</sup> November, 2015 and 05<sup>th</sup> February, 2016. The composition, meetings and attendance of the Nomination and Remuneration Committee (NRC) as on 31<sup>st</sup> March, 2016 are given as under:

Sr. No.	Name of Members	Category	Total no. of meetings attended
1.	Umashankar Hegde <sup>1</sup>	Chairman	1
2.	Babusingh Rajguru <sup>4</sup>	Member	4
3.	Sagar Gawde <sup>1</sup>	Member	1
4.	Deependra Gupta <sup>3</sup>	Member	3
5.	Santosh Kumar Ojha <sup>1</sup>	Member	1

<sup>1</sup> Mr. Umashankar Hegde was appointed as Chairman of the Committee w.e.f. 05<sup>th</sup> November, 2015

<sup>2</sup> Mr. Sagar Gawde resigned as a member of the Committee w.e.f. 03<sup>rd</sup> August, 2015.

<sup>3</sup> Mr. Deependra Gupta resigned as a Chairman of the Committee w.e.f. 05<sup>th</sup> November, 2015 (close of business hours).

<sup>4</sup> Mr. Santosh Kumar Ojha appointed as member of the Committee w.e.f. 05<sup>th</sup> November, 2015.

The policy on Directors appointment and remuneration for Directors, Key Managerial Personnel, Senior Management Personnel including policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors is attached as **Annexure II**.

**c. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:**

The Board of Directors of your Company has constituted a Corporate Social Responsibility Committee ("CSR") and also approved its terms of reference in line with the provisions of Section 135 of the Companies Act, 2013 read together with the Rules made thereunder. The CSR Committee met twice during the year, i.e. on 30<sup>th</sup> April, 2015 and 05<sup>th</sup> February, 2016. The composition, meetings and attendance of the CSR Committee as on 31<sup>st</sup> March, 2016 is given as under:

Sr. No.	Name of Members	Category	Total no. of meetings attended
1.	Babusingh Rajguru	Chairman	2
2.	Umashankar Hegde <sup>1</sup>	Member	1
3.	Sagar Gawde <sup>2</sup>	Member	1
4.	Deependra Gupta <sup>3</sup>	Member	1
5.	Santosh Kumar Ojha <sup>4</sup>	Member	1

<sup>1</sup> Mr. Umashankar Hegde appointed as member of the Committee w.e.f. 05<sup>th</sup> November, 2015

<sup>2</sup> Mr. Sagar Gawde resigned as a member of the Committee w.e.f. 03<sup>rd</sup> August, 2015.

<sup>3</sup> Mr. Deependra Gupta resigned as a member of the Committee w.e.f. 05<sup>th</sup> November, 2015 (close of business hours).

<sup>4</sup> Mr. Santosh Kumar Ojha appointed as member of the Committee w.e.f. 05<sup>th</sup> November, 2015.

The details required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 are given in CSR Report appended as **Annexure II** to this Report. The CSR Policy of the Company is also annexed to this Report as **Annexure III** of this Report.

## SANATHNAGAR ENTERPRISES LIMITED

### d. STAKEHOLDERS RELATIONSHIP COMMITTEE:

The Board has changed the nomenclature of the Shareholders'/ Investors Grievance Committee has been changed to already constituted Stakeholders Relationship Committee in accordance with Section 178 of the Companies Act, 2013. The Stakeholders Relationship Committee met four times during the year, i.e. on 30<sup>th</sup> April, 2015, 12<sup>th</sup> August, 2015, 05<sup>th</sup> November, 2015 and 05<sup>th</sup> February, 2016. The composition, meetings and attendance of the Stakeholders Relationship Committee as on 31<sup>st</sup> March, 2016 is given as under:

Sr. No.	Name of Members	Category	Total no. of meetings attended
1.	Umashankar Hegde <sup>1</sup>	Chairman	1
2.	Babusingh Rajguru	Member	4
3.	Sagar Gawde <sup>2</sup>	Member	1
4.	Deependra Gupta <sup>3</sup>	Member	3
5.	Santosh Kumar Ojha <sup>4</sup>	Member	1

<sup>1</sup> Mr. Umashankar Hegde appointed as Chairman of the Committee w.e.f. 05<sup>th</sup> November, 2015

<sup>2</sup> Mr. Sagar Gawde resigned as a member of the Committee w.e.f. 03<sup>rd</sup> August, 2015.

<sup>3</sup> Mr. Deependra Gupta resigned as a Chairman of the Committee w.e.f. 05<sup>th</sup> November, 2015 (close of business hours).

<sup>4</sup> Mr. Santosh Kumar Ojha appointed as member of the Committee w.e.f. 05<sup>th</sup> November, 2015.

### 10. DECLARATION BY INDEPENDENT DIRECTORS

The Company has received declarations from the Independent Directors confirming that they meet the criteria of independence laid down in Section 149(6) of the Companies Act, 2013.

### 11. BOARD EVALUATION

In terms of the requirements of the Act, the Board carried out the annual performance evaluation of the Board as a whole, Board Committees and the Directors. During the year under review, in terms of the requirements of the Companies Act, 2013, the Board Evaluation cycle was completed by the Company internally which included the evaluation of the Board as a whole, Board Committees and Directors. The evaluation process focused on various aspects of the functioning of the Board and Committees such as composition of the Board and Committees, experience and competencies, performance of specific duties and obligations etc. A separate exercise was carried out to evaluate the performance of individual Directors on parameters such as attendance, contribution and independent judgement.

The results of the evaluation were shared with the Board, Chairman of respective Committees and individual Directors. Based on the outcome of the Evaluation, the Board and Committees have agreed on an action to further improve the effectiveness and functioning of the Board and Committees.

The policy on Directors appointment and remuneration for Directors, Key Managerial Personnel, Senior Management Personnel including policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors is attached as **Annexure IV**.

### 12. AUDIT & AUDITORS

#### a. Report on Statutory Audit

The Report given by the Auditors on the financial statements of the Company is part of the Annual Report. There is no qualification, reservation, adverse remark or disclaimer given by the Auditors in their Report.

#### b. Statutory Auditors

M/s. Shanker and Kapani, Chartered Accountants were appointed as Statutory Auditors at the 67<sup>th</sup> Annual General Meeting for the period of 5 years subject to ratification of members at every Annual General Meeting. However pursuant to their resignation letter received from M/s Shanker and Kapani, Chartered Accountants on 03<sup>rd</sup> September, 2016, M/s Shanker and Kapani, Chartered Accountants expressed their inability to continue as Auditors of the Company due to their pre-occupation.

The Board of Directors of the Company at its Meeting held on 3<sup>rd</sup> September 2016 appointed M/s MZSK & Associates, Chartered Accountants as the Statutory Auditors of the Company to fill the casual vacancy. The new auditors would hold the office till the conclusion of the 69<sup>th</sup> Annual General Meeting.

Further in view of the above, the Board proposes M/s. MZSK & Associates, Chartered Accountants to be appointed as Statutory Auditors of the Company for period of five years, from the conclusion of the 69<sup>th</sup> Annual General Meeting till the conclusion of the 74<sup>th</sup> Annual General Meeting of the Company to be held in the year 2021 (subject to ratification of the appointment by the Members at every Annual General Meeting held after the 69<sup>th</sup> Annual General Meeting).

A proposal seeking their appointment has been incorporated in the Notice of the Annual General Meeting

**c. Internal Audit**

Pursuant to Section 138 of the Companies Act, 2013 and as per the recommendation of the Audit Committee, the Board of Directors appointed Mr. Parag Parekh, Chartered Accountant as an Internal Auditor of the Company during the year 2014-15. The audit carried out by him is on half yearly basis. Further, the report issued by an Internal Auditor is reviewed on an on-going basis in the Meetings of the Audit Committee and of the Board and appropriate actions are taken as per the directions of the Audit Committee by the Board.

**d. Secretarial Audit**

M/s. Shraavan A. Gupta and Associates, (Membership No. A27484, CP No. 9990) Practicing Company Secretary has been appointed as the Secretarial Auditor of the Company in place of Ms. Jinal Dawda (Membership No. A20255, CP No. 9830), Practicing Company Secretary, to carry out the Secretarial Audit for the financial year 2015-16. The Secretarial Audit Report issued by M/s Shraavan A. Gupta and Associates in form MR-3 for the financial year 2015-16 forms part of this report and is annexed as **Annexure VII**. The said report does not contain any observation or qualification requiring explanation or comments from the Board except as disclosed herein under the Section 134(3) of the Companies Act, 2013.

**13. LOANS, GUARANTEES, SECURITY & INVESTMENT**

The Company is engaged in the business of a company providing “infrastructural facilities” as defined in Schedule VI of the Companies Act 2013 and therefore the provisions of Section 186 are not applicable to any loans and, guarantee given or security provided by the Company in terms of exemption provided u/s 186(11) (a). The Company has not made any investments during the financial year ended 31<sup>st</sup> March, 2016.

**14. RELATED PARTY TRANSACTIONS**

The transactions/contracts/arrangements, falling within the purview of provisions of Section 188(1) of the Companies Act, 2013, entered by the Company with related parties as defined under the provisions of Section 2(76) of the Companies Act, 2013, during the financial year under review, were in the ordinary course of business and have been transacted at arm's length basis.

Further there are no transactions/contracts/arrangements entered by the Company with related party(ies) as defined under the provisions of Section 2(76) of the Companies Act, 2013, during the financial year 2015-16, that are required to be reported in Form AOC-2 and as such does not form part of the Report.

**15. HOLDING COMPANY, SUBSIDIARIES, JOINT VENTURE AND ASSOCIATES**

The Company continues to be a subsidiary of Siddhnath Residential Paradise Private Limited which in turn is the subsidiary of Lodha Developers Private Limited. The ultimate holding Company of the Company is Sambhavnath Infrabuild and Farms Private Limited.

During the year, under review, the Company did not have any subsidiary, joint ventures or associate companies.

**16. RISK MANAGEMENT**

Your Company has adopted a Risk Management policy which is based on three pillars: Business Risk Assessment, Operational Controls Assessment and Policy Compliance processes. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. The key risks and mitigating actions are also placed before the Board of Directors of the Company.

### 17. INTERNAL FINANCIAL CONTROLS

Internal Financial Controls with reference to financial statements as designed and implemented by the Company are adequate. During the year under review, no material or serious observation has been received from the Statutory Auditors and the Internal Auditors of the Company on the inefficiency or inadequacy of such controls.

### 18. INTERNAL CONTROL SYSTEMS

The Company's internal control systems are commensurate with the nature of its business and the size and complexity of operations. These systems are routinely tested and certified by Statutory as well as Internal Auditor and cover all offices, sites and key business areas. Significant audit observations and follow up actions thereon are reported to the Board/ Audit Committee. The Board / Audit Committee reviews adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations, including those relating to strengthening of the Company's risk management policies and systems. These systems provide a reasonable assurance in respect of financial and operational information, complying with applicable statutes, safeguarding of assets of the Company, prevention & detection of frauds, accuracy & completeness of accounting records and ensuring compliance with corporate policies.

### 19. VIGIL MECHANISM

The Company has established a vigil mechanism process by adopting a Vigil Mechanism / Whistle Blower Policy Transparency & Ethics Policy for directors and employees. This policy outlines the procedures for reporting, handling, investigating and deciding on the course of action to be taken in case inappropriate conduct / behaviour is/are noticed, reported or suspected. The Policy provides for adequate safeguards against victimization of persons who use the mechanism and has a process for providing direct access to the Ombudsman in appropriate or exceptional cases.

The employees of the Company have the right to report their concern or grievance to the Chairman of the Audit Committee. The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations. The Vigil Mechanism / Whistle Blower Policy is Transparency and Ethics Policy is posted on the Company's website [www.sanathnagar.in](http://www.sanathnagar.in).

### 20. MINIMUM PUBLIC SHAREHOLDING AS PER SECURITIES CONTRACT (REGULATION) (AMENDMENT) RULES, 2010

The Company is in the process of complying with the requirement of Rule 19(2)(b) of Securities Contract (Regulation) (Amendment) Rules, 2010, with regard to achieving public shareholding to the prescribed minimum level of 25% of the total equity shares issued by the Company.

### 21. DISCLOSURE UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 AND OTHER DISCLOSURES AS PER RULE 5 OF COMPANIES (APPOINTMENT & REMUNERATION) RULES, 2014

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, there are no statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said Rules is provided in the Annual Report.

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in **Annexure VI** of the Annual Report.

### 22. HUMAN RESOURCES

The objective of the human resources department at your Company is to attract the best talent, build employee capability and nurture the right culture to deliver on the business goals. We believe that an inspired, involved and invigorated workforce makes all the difference to being what we are today. Our vision, values and Associate Value Proposition are the foundational blocks that drive our associates to make their work meaningful. This year the focus largely remained on strategic hiring laterally and from Premier campuses, capability building through developmental programs and sharpening our people focus by putting in place a comprehensive Talent Management program. The objective is to provide our talent with an environment that fosters continuous learning, recognition, innovation, leadership development and employee well-being. The human resources function is the prime custodian of the culture at your Company.



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

The particulars as required under the provisions of Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 in respect of conservation of energy, technology absorption, foreign exchange earnings and outgo etc. are furnished in below:

<b>(A)</b>	<b>Conservation of energy</b>	
(a)	Energy conservation measures taken	<ul style="list-style-type: none"> <li>• Installation of solar powered street lights at its township projects</li> <li>• Use of variable frequency drives for all its elevators and air-conditioning equipment.</li> <li>• Occupation censor controlled lighting and air-conditioning through home automation in its projects.</li> <li>• Extensive use of materials like fly ash, GGBS, etc. at all its projects resulting in saving of cement thus indirectly saving energy consumed in manufacturing of cement.</li> <li>• At all its major projects electrical designs have been fine tuned to contain the voltage drop to less than 5%.</li> <li>• Use of low voltage PL lamps.</li> </ul>
(b)	Capital Investment on Energy Conservations Equipment	<ul style="list-style-type: none"> <li>• Variable frequency drives for all its elevators and air-conditioning equipment.</li> <li>• Censor controlled lighting and air-conditioning through home automation</li> <li>• solar water heaters and solar powered street lights</li> </ul>
(c)	Steps taken for utilizing alternate source of energy	Same as Above
(d)	Impact of measures for reduction of energy consumption	<ul style="list-style-type: none"> <li>• Reduction in overall maximum demand for the electricity in all its projects and consequent energy saving benefits to the residents.</li> <li>• Measures to achieve eco balance have been taken at the major sites of large developments by providing extensive green cover and creating water bodies by treating waste water and rain harvesting.</li> <li>• Waste water equipment plants are installed at all major projects for treating waste water and utilising it for air-conditioning, watering of green spaces and flushing.</li> <li>• Providing dust control systems for the concrete batching plant across its projects.</li> <li>• Complete ban on use of mud bricks in construction and using light weight blocks which helps soil conservation and utilization of material like fly ash which otherwise would cause air pollution.</li> <li>• Minimise use of paper in its offices across all sites.Regulated water and power supply to labour camps across all sites.</li> <li>• Plantation of large number of trees and providing extensive green cover creating water bodies to enhance the ecology and environment.</li> <li>• Use of fly ash and other minerals in the construction to reduce cement consumption thus indirectly saving the energy used for manufacture of cement.</li> </ul>

## SANATHNAGAR ENTERPRISES LIMITED

		<ul style="list-style-type: none"> <li>• State of the art electronic parking management system installed to accommodate and control the movement of large number of vehicles thus helping de-congestion of the roads in the area resulting in smooth and faster passing of traffic thereby reducing fuel consumption and pollution caused due to carbon monoxide by idle running of vehicles.</li> <li>• Use of crushed sand in the construction instead of natural sand thus helping environmental degradation as natural sand is normally dredged from the river beds.</li> <li>• Crushing stones obtained from excavation at the construction site itself thus saving the transportation for disposal of stones as well as import of crush aggregate, saving both ways transportation and thus saving fuel.</li> </ul>
<b>(B)</b>	<b>Technology absorption</b>	
(a)	Efforts, in brief, made towards technology absorption, adaptation and innovation	Nil
(b)	Benefits derived as result of above efforts, e.g., product improvement, cost reduction, product development, import substitution, etc	Nil
(c)	In case of imported technology (imported during the last three years reckoned from the beginning of the financial year), following information may be furnished a) Technology imported b) Year of import c) Has technology been fully absorbed? d) If not fully absorbed, areas where this has not taken place, reasons thereof	Nil
(d)	The expenditure incurred on Research and Development	Nil

### (C) Foreign Exchange Earnings & Outgo

During the financial year 2015-16, the Company neither earned any foreign exchange in terms of actual inflows nor is there any foreign exchange outgo in terms of actual outflows.

### 24. GENERAL

Your Directors state that for the financial year ended March 31, 2016 no disclosure is required in respect of the following items and accordingly confirm as under:

- The Company has neither revised the financial statements nor the report of Board of Directors.
- No cases were filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
- There are no material changes or commitments affecting the financial position of the Company between March 31, 2016 and the date of this report
- The Company has not accepted any deposits during financial year 2015-16.
- No instance of fraud has been reported to Board of Directors of the Company by the Auditors or any other person.

- f. There are no significant or material for which orders were passed by the Regulators/Courts/Tribunals which impact the going concern status and Company's operations in future.
- g. During the financial year 2015-16, there is no change in the nature of the business of the Company.
- h. There has been no Issue of equity shares with differential rights as to dividend, voting or otherwise during the financial year 2015-16
- i. The Company has not issued any shares (including sweat equity shares) to employees of the Company under any scheme during the financial year 2015-16.

**25. DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013, your Directors confirm that:

- a. in the preparation of the annual accounts for the year ended March 31, 2016, read with the requirements set out under Schedule III to the Act, have been followed and there has been no material departures;
- b. the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the loss of the company for that period;
- c. the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d. the directors had prepared the annual accounts on a going concern basis;
- e. the directors had laid down internal financial controls to be followed by the company and that such internal financial control are adequate and were operating effectively; and
- f. the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**ACKNOWLEDGEMENT**

Your Directors place on record their appreciation for stakeholders at all levels, who have contributed to the growth and performance of your Company.

For and on behalf of the Board  
**Sanathnagar Enterprises Limited**

**Date : 03<sup>rd</sup> September, 2016**  
**Place : Mumbai**

**Purnima Pavle**  
**(Director)**  
**DIN: 06705133**

**Babusingh Rajguru**  
**(Director)**  
**DIN: 02696937**

**Registered Office:**

412, Floor-4, 17G, Vardhaman Chamber,  
Cawasji Patel Road, Horniman Circle,  
Fort, Mumbai-400001  
Telephone No.: +9122-23024400  
Fax No.: +9122-23024550  
CIN No.: L99999MH1947PLC252768 /  
E-mail: investors.sel@lodhagroup.com

**FORM NO. MGT-9**  
**EXTRACT OF ANNUAL RETURN**  
**AS ON THE FINANCIAL YEAR ENDED ON 31<sup>ST</sup> MARCH, 2016**  
**OF**  
**SANATHNAGAR ENTERPRISES LIMITED**

[Pursuant to Section 92(1) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS**

Particulars	Details
CIN	: L99999MH1947PLC252768
Registration Date	: 18/06/1947
Name of the Company	: Sanathnagar Enterprises Limited
Category of the Company	: Company Limited By Shares
Sub-Category of the Company	: Indian Non-Government Company
Address of the Registered Office	: 412, Floor-4, 17G,Vardhama Chamber, Cawasji Patel Road, Horniman Circle, Fort, Mumbai-400001.
Contact Details	: 022 – 23024400
Whether listed company	: Yes
Name of Registrar & Transfer Agents	: CIL Securities Limited
Address of Registrar & Transfer Agents	: 214, Raghava Ratna Tower, Chirag Ali Lane, Hyderabad, Telangana – 500001Andhra Pradesh, India.
Contact Details of Registrar & Transfer Agents	: +91 - 040 – 23203155

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10 % or more of the total turnover of the Company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1.	Construction and development of real estate and allied activities	410	100%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sr. No.	Name and Address of the Company	CIN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Siddhnath Residential Paradise Private Limited 412, Floor – 4, 17G, Vardhaman Chamber, Cawasji Patel Road, Horniman Circle, Fort, Mumbai – 400001	U70109MH2007PTC166867	Holding Company	89.99%	2(46)
2.	Lodha Developers Pvt. Ltd. 412, Floor- 4, 17G Vardhaman, Chamber, Cawasji Patel Road, Horniman Circle, Fort, Mumbai – 400001	U45200MH1995PTC093041	Holding Company	89.99%	2(46)
3.	Sambhavnath Infrabuild and Farms Private Limited. 412, Floor- 4, 17G Vardhaman, Chamber, Cawasji Patel Road, Horniman Circle, Fort, Mumbai – 400001	U45200MH2007PTC173517	Ultimate Holding Company	54.56%	2(46)

## SANATHNAGAR ENTERPRISES LIMITED

During the year under review, the Company did not have any subsidiaries, joint venture and associate companies.

### IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

#### (i) Category-wise Share Holding

Category of Shareholders		No. of Shares held at the beginning of the year 1 <sup>st</sup> April, 2015				No. of Shares held at the end of the year 31 <sup>st</sup> March, 2016				%Change during The year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>A.</b>	<b>Promoters</b>									
(1)	<b>Indian</b>									
(a)	Individual/HUF	18,105	-	1,8105	0.58	18,105	-	18,105	0.58	NIL
(b)	Central Govt	-	-	-	-	-	-	-	-	-
(c)	State Govt (s)	-	-	-	-	-	-	-	-	-
(d)	Bodies Corp.	53,985	28,35,947	28,89,932	91.74%	53,985	28,35,947	28,89,932	91.74%	NIL
(e)	Banks / FI	-	-	-	-	-	-	-	-	-
	<b>Sub-total (A) (1):-</b>	<b>72,090</b>	<b>28,35,947</b>	<b>29,08,037</b>	<b>92.32%</b>	<b>72,090</b>	<b>28,35,947</b>	<b>29,08,037</b>	<b>92.32%</b>	-
(2)	<b>Foreign</b>									
(a)	NRIs Individuals	-	-	-	-	-	-	-	-	-
(b)	Other –Individuals	-	-	-	-	-	-	-	-	-
(c)	Bodies Corp.	-	-	-	-	-	-	-	-	-
(d)	Banks / FI	-	-	-	-	-	-	-	-	-
	<b>Sub-total (A) (2):-</b>	-	-	-	-	-	-	-	-	-
	<b>Totalshareholding of Promoter (A) =(A)(1)+(A)(2)</b>	<b>72,090</b>	<b>28,35,947</b>	<b>29,08,037</b>	<b>92.32%</b>	<b>72,090</b>	<b>2835,947</b>	<b>29,08,037</b>	<b>92.32%</b>	-
<b>B.</b>	<b>PublicShareholding</b>									
1.	<b>Institutions</b>									
(a)	Mutual Funds	-	4,644	4,644	0.15	-	4,644	4,644	0.15	NIL
(b)	Banks / FI	8,100	14,797	22,897	0.73	8100	14,797	22,897	0.73	NIL
(c)	Central Govt/ State Govt(s)	-	32,496	32,496	1.03	-	32,496	32,496	1.03	NIL
(d)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	-	-	-	-	-
(a)	FIs	-	-	-	-	-	-	-	-	-
(b)	ForeignVenture Capital	-	-	-	-	-	-	-	-	-
	<b>Sub-total (B)(1):-</b>	<b>8,100</b>	<b>51,937</b>	<b>60,037</b>	<b>1.91</b>	<b>8,100</b>	<b>51,937</b>	<b>60,037</b>	<b>1.91</b>	<b>NIL</b>
2.	<b>Non- Institutions</b>									
(a)	Bodies Corp.									
(i)	Indian	15	1,32,611	1,32,626	4.21	15	1,32,611	1,32,626	4.21	NIL
(ii)	Overseas	-	-	-	-	-	-	-	-	-
(b)	Individuals									
(i)	Individual shareholders holding nominal share capital upto Rs. 1 lakh	2,070	47,220	49,290	1.56	2070	47,220	49,290	1.56	NIL
(ii)	Individualshareholders holding nominal share capital in excess of Rs. 1lakh	-	-	-	-	-	-	-	-	-
(c)	Others (NRI's)	-	10	10	0.00	-	10	10	0.00	-
	<b>Sub-total (B)(2):-</b>	<b>2,085</b>	<b>1,79,841</b>	<b>1,81,926</b>	<b>5.78</b>	<b>2,085</b>	<b>1,79,841</b>	<b>1,81,926</b>	<b>5.78</b>	<b>NIL</b>
	<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>10,185</b>	<b>2,31,778</b>	<b>2,41,963</b>	<b>7.68</b>	<b>10,185</b>	<b>2,31,778</b>	<b>2,41,963</b>	<b>7.68</b>	<b>NIL</b>
<b>C.</b>	<b>Shares held by Custodian forGDRs &amp; ADRs</b>									
	<b>Grand Total(A+B+C)</b>	<b>82,275</b>	<b>30,67,725</b>	<b>31,50,000</b>	<b>100</b>	<b>82,275</b>	<b>30,67,725</b>	<b>31,50,000</b>	<b>100</b>	<b>NIL</b>

## SANATHNAGAR ENTERPRISES LIMITED

### (ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year 1 <sup>st</sup> April, 2015			Shareholding at the end of the year 31 <sup>st</sup> March, 2016			% change in the shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total Shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total Shares	
1.	N.P.S. Shinh	14,955	0.47	-	14,955	0.47	-	Nil
2.	Manita Shinh	3,150	0.10	-	3,150	0.10	-	Nil
3.	Siddhnath Residential Paradise Private Limited	28,34,528	89.99	-	28,34,528	89.99	-	Nil
4.	Continuous Forms (Calcutta) Limited	53,985	1.71	-	53,985	1.71	-	Nil
5.	Arihant Premises Private Limited	993	0.03	-	993	0.03	-	Nil
6.	Microtec Constructions Private Limited	426	0.01	-	426	0.01	-	Nil
	<b>Total</b>	<b>29,08,037</b>	<b>92.32</b>	<b>-</b>	<b>29,08,037</b>	<b>92.32</b>	<b>-</b>	<b>Nil</b>

### (iii) Change in Promoters' Shareholding (please specify, if there is no change)

There is no change in promoters' shareholding during financial year 2015-16.

### (iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year 1 <sup>st</sup> April, 2015		Cumulative shareholding during the year and as on 31 <sup>st</sup> March, 2016	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>1.</b>	<b>KRIKA INFRABUILD AND FARMS PRIVATE LIMITED</b>				
	At the beginning of the year 1 <sup>st</sup> April, 2015	1,29,970	4.126	1,29,970	4.126
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g.allotment / transfer / bonus / sweat equity etc):	Nil	Nil	Nil	Nil
	At the End of the year 31 <sup>st</sup> March, 2016 ( or on the date of separation, if Separated during theyear)	1,29,970	4.126	1,29,970	4.126
<b>2.</b>	<b>THE GOVERNOR OF ANDHRA PRADESH</b>				
	At the beginning of the year 1 <sup>st</sup> April, 2015	32,496	1.0316	32,496	1.0316
	Date wise Increase /Decrease in Shareholding during the year specifying thereasons for increase /decrease (e.g.allotment / transfer / bonus / sweat equity etc):	Nil	Nil	Nil	Nil
	At the End of the year 31 <sup>st</sup> March, 2016 ( or on the date of separation, if Separated during theyear)	32,496	1.0316	32,496	1.0316
<b>3.</b>	<b>LIFE INSURANCE CORPORATION OF INDIA</b>				
	At the beginning of the year 1 <sup>st</sup> April, 2015	14,027	0.4453	14,027	0.4453
	Date wise Increase /Decrease in Shareholding during the year specifying thereasons for increase /decrease (e.g.allotment / transfer / bonus / sweat equity etc):	Nil	Nil	Nil	Nil
	At the End of the year 31 <sup>st</sup> March, 2016 ( or on the date of separation, if Separated during theyear)	14,027	0.4453	14,027	0.4453

**SANATHNAGAR ENTERPRISES LIMITED**

<b>4.</b>	<b>ICICI BANK LIMITED</b>				
	At the beginning of the year 1 <sup>st</sup> April, 2015	8,100	0.2571	8100	0.2571
	Date wise Increase /Decrease in Shareholding during the year specifying thereasons for increase /decrease (e.g.allotment / transfer / bonus / sweat equity etc):	Nil	Nil	Nil	Nil
	At the End of the year 31 <sup>st</sup> March, 2016 ( or on the date of separation, if Separated during theyear)	8,100	0.2571	8,100	0.2571
<b>5.</b>	<b>UNIT TRUST OF INDIA</b>				
	At the beginning of the year 1 <sup>st</sup> April, 2015	4,644	0.147	4,644	0.147
	Date wise Increase /Decrease in Shareholding during the year specifying thereasons for increase /decrease (e.g.allotment / transfer / bonus / sweat equity etc):	Nil	Nil	Nil	Nil
	At the End of the year 31 <sup>st</sup> March, 2016 ( or on the date of separation, if Separated during theyear)	46,44	0.147	4,644	0.147
<b>6.</b>	<b>A P INDUSTRIAL DEVELOPMENT CORPN LIMITED</b>				
	At the beginning of the year 1 <sup>st</sup> April, 2015	1,890	0.0600	1,890	0.0600
	Date wise Increase /Decrease in Shareholding during the year specifying thereasons for increase /decrease (e.g.allotment / transfer / bonus / sweat equity etc):	Nil	Nil	Nil	Nil
	At the End of the year 31 <sup>st</sup> March, 2016 ( or on the date of separation, if Separated during theyear)	1890	0.0600	1890	0.0600
<b>7.</b>	<b>SANJAY HIRALAL PATEL</b>				
	At the beginning of the year 1 <sup>st</sup> April, 2015	1,200	0.0381	1,200	0.0381
	Date wise Increase /Decrease in Shareholding during the year specifying thereasons for increase /decrease (e.g.allotment / transfer / bonus / sweat equity etc):	Nil	Nil	Nil	Nil
	At the End of the year 31 <sup>st</sup> March, 2016 ( or on the date of separation, if Separated during theyear)	1,200	0.0381	1,200	0.0381
<b>8.</b>	<b>PRAFUL MANILAL SHAH</b>				
	At the beginning of the year 1 <sup>st</sup> April, 2015	992	0.0315	992	0.0315
	Date wise Increase /Decrease in Shareholding during the year specifying thereasons for increase /decrease (e.g.allotment / transfer / bonus / sweat equity etc):	Nil	Nil	Nil	Nil
	At the End of the year 31 <sup>st</sup> March, 2016 ( or on the date of separation, if Separated during the year)	992	0.0315	992	0.0315
<b>9.</b>	<b>CHIRAYUSH PRAVIN VAKIL</b>				
	At the beginning of the year 1 <sup>st</sup> April, 2015	807	0.0256	807	0.0256
	Date wise Increase /Decrease in Shareholding during the year specifying thereasons for increase /decrease (e.g.allotment / transfer / bonus / sweat equity etc):	Nil	Nil	Nil	Nil
	At the End of the year 31 <sup>st</sup> March, 2016 ( or on the date of separation, if Separated during theyear)	807	0.0256	807	0.0256
<b>10.</b>	<b>ATUL GUPTA</b>				
	At the beginning of the year 1 <sup>st</sup> April, 2015	759	0.0241	759	0.0241
	Date wise Increase /Decrease in Shareholding during the year specifying thereasons for increase /decrease (e.g.allotment / transfer / bonus / sweat equity etc):	Nil	Nil	Nil	Nil
	At the End of the year 31 <sup>st</sup> March, 2016 ( or on the date of separation, if Separated during theyear)	759	0.0241	759	0.0241

## SANATHNAGAR ENTERPRISES LIMITED

### (v) Shareholding of Directors and Key Managerial Personnel

During the year under review, none of the Directors and Key Managerial Personnel were holding shares in the Company.

### V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Amount in Rs.)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	-	1,30,75,22,287	-	1,30,75,22,287
i) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	13,30,18,368	-	13,30,18,368
<b>Total (i+ii+iii)</b>	-	<b>1,44,05,40,655</b>	-	<b>1,44,05,40,655</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	-	46,98,98,280	-	46,98,98,280
• Reduction	-	(92,27,89,557)	-	(92,27,89,557)
<b>Net Change</b>	-	<b>(45,28,91,277)</b>	-	<b>(45,28,91,277)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	-	85,46,31,009	-	85,46,31,009
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	13,37,90,156	-	13,37,90,156
<b>Total (i+ii+iii)</b>	-	<b>98,84,21,165</b>	-	<b>98,84,21,165</b>

### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL - NIL

#### A. Remuneration to Managing Director, Whole-time Directors and/or Manager- NIL

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		
	(c) Profits in lieu of salary under		
2	Stock Option		
3	Sweat Equity		
4	Commission		
	- as % of profit		
	- others, specify...		
5	Others, please specify		
	Total (A)		
	Ceiling as per the Act		

NIL



**SANATHNAGAR ENTERPRISES LIMITED**

**B. Remuneration to other directors**

Sl. No.	Particulars of Remuneration	Name of Directors	Total Amount
1.	Independent Directors <ul style="list-style-type: none"> <li>• Fee for attending board / committee meetings</li> <li>• Commission</li> <li>• Others, please specify</li> </ul>	<b>NIL</b>	/
	Total (1)		
2.	Other Non-Executive Directors <ul style="list-style-type: none"> <li>• Fee for attending board / committee meetings</li> <li>• Commission</li> <li>• Others, please specify</li> </ul>		
	Total (2)		
	Total (B)=(1+2)		
	Total Managerial Remuneration		
	Overall Ceiling as per the Act		

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:**

Sl.No.	Particulars of Remuneration	Key Managerial Personnel			
		Company Secretary*	CEO	CFO	Total
1	Gross salary				
	a. Salary as per provisions contained in section 17(1) of the Income tax Act, 1961	Rs. 7,55,410	Nil	Rs. 938,131	Rs. 16,93,541
	b. Value of perquisites u/s 17(2) Income-tax Act, 1961				
	c. Profits in lieu of salary under section 17(3) Income-tax Act, 1961				
2	Stock Option	Nil	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil	Nil
4	Commission	Nil	Nil	Nil	Nil
	- as % of profit				
	- others, specify...				
5	Others, please specify	Nil	Nil	Nil	Nil
	<b>Total</b>	<b>Rs. 7,55,410</b>	<b>Nil</b>	<b>Rs. 938,131</b>	<b>Rs. 16,93,541</b>

\* Mr. Vishal Ghadigaonkar and Mr. Sharatkumar Shetty are not on the rolls of the Company and are deputed by Lodha Developers Private Limited, Holding Company and Nabhiraja Software Design India Private Limited, Group Company. Their remuneration is being reimbursed by the Company to the said Holding Company and Group Company.

## SANATHNAGAR ENTERPRISES LIMITED

### I. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty					
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty			NIL		
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					

For and on behalf of the Board  
**Sanathnagar Enterprises Limited**

**Date : 03<sup>rd</sup> September, 2016**  
**Place : Mumbai**

**Purnima Pavle**  
**(Director)**  
**DIN: 06705133**

**Babusingh Rajguru**  
**(Director)**  
**DIN: 02696937**

**Registered Office:**

412, Floor-4, 17G, Vardhaman Chamber,  
 Cawasji Patel Road, Horniman Circle,  
 Fort, Mumbai-400001  
 Telephone No.: +9122-23024400  
 Fax No.: +9122-23024550  
 CIN No.: L99999MH1947PLC252768  
 E-mail: investors.sel@lodhagroup.com

**[Pursuant to Section 135 of the Act & Rules made thereunder]**

<b>Sr. No.</b>	<b>Particulars</b>	<b>Details</b>
1.	A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web- link to the CSR policy and projects and programs	<p>The Policy emphasizes initiatives in specific areas of social development that would include primary and secondary education, skills development, vocational training, health and hygiene, preventive health care and sanitation, women empowerment, environment and ecological protection, character building by providing training opportunities in sports and cultural activities etc.</p> <p>The Company has framed its CSR Policy in compliance with the provisions of the Companies Act, 2013 and the same is available on the Company's website at the web link <a href="http://www.sanathnagar.in/Policies.html">http://www.sanathnagar.in/Policies.html</a></p>
2.	<p>Composition of the CSR Committee as on 31<sup>st</sup> March, 2016</p> <p>a. Mr. Babusingh Rajguru - Chairman of the Committee</p> <p>b. Mr. Umashankar Hegde– Member of the Committee</p> <p>c. Mr. Santosh Kumar Ojha– Member of the Committee</p>	
3.	Average Net Profit of the Company for last three financial years	Rs. 852.76 lakhs
4.	Prescribed CSR Expenditure (two percent of the amount as per item 3 above)	Rs. 17.06 lakhs (2%)
5.	<p>Details of CSR spent during the financial year;</p> <p>a. Total amount spent for the financial year</p> <p>b. Amount unspent if any</p> <p>c. Manner in which the amount spent during the financial year is detailed below:</p>	<p>Nil</p> <p>Rs. 17.06 lacs</p> <p>N.A</p>
6.	In In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report.	<p>The real estate market was going through a sluggish phase due to the uncertain economic conditions prevalent in the country for the last few years. The Company has one land parcel wherein the construction of projects is in the completion stage and it might explore new areas for real estate development for which it requires funds. The Company understands its responsibility and will contribute towards CSR initiatives in the coming years as per the policy adopted by the Company.</p>

The implementation and monitoring of CSR policy is in compliance with CSR objectives and policy of the Company.

For and on behalf of the Board  
**Sanathnagar Enterprises Limited**

**Date : 03<sup>rd</sup> September, 2016**  
**Place : Mumbai**

**Babusingh Rajguru**  
**(Chairman of CSR Committee)**  
**DIN: 06705133**

**Umashankar Hegde**  
**(Director)**  
**DIN: 06797098**

**Corporate Social Responsibility Policy****A. Preamble :**

Sanathnagar Enterprises Limited (“**the Company**”) has adopted a Policy on Corporate Social Responsibility (CSR). The Company shall strive to be a socially responsible company and strongly believes in development which is beneficial for the society at large. The Company shall carry out the CSR activities where it has its major business presence.

**B. Policy Objective :**

The objective of this Policy is to set guiding principles for carrying out Corporate Social Responsibility (CSR) activities and also to set up process of implementation and monitoring of the CSR activities to be undertaken by the Company.

**C. Scope and Implementation of CSR :**

The Company shall implement the CSR activities / programs as a combined effort between itself and its subsidiaries, in such a manner, that their individual CSR Committees will be in a position to report separately on CSR activities / programs in accordance with Section 135 of Companies Act 2013 and notified rules.

All CSR projects/activities will be over and above the normal course of the Company’s business.

The Company may decide to do CSR activities through a registered trust or registered society or a Section 8 Company either singly or along with its holding or subsidiary or associate company, or along with any other company or holding or subsidiary or associate company of such company, or otherwise.

If such trust, society or section 8 companies are not established by the Company or aforementioned companies – then they should have an established track record of 3 years in undertaking similar projects or programs.

The Company shall engage / co-ordinate with these Implementing Agencies and seek requisite documents / papers so as to ensure that they have an established track record in undertaking CSR activities.

The Company shall specify the project or programs to be undertaken by these entities, the modalities of utilization of funds on such projects and programs and the monitoring and reporting mechanism.

The Company may also collaborate with other companies for undertaking CSR activities – provided they are able to report separately such activities.

**D. Composition and Quorum of CSR Committee :**

Pursuant to the provisions of Section 135 of the Act, the Members of CSR Committee shall be appointed by the Board of Directors of the Company. Members of the CSR Committee shall meet, at mutually decided time, as and when required by sending notice or e-mails in order to perform, decide and monitor the implementation of this CSR Policy.

The quorum of CSR Committee shall be two members or one third of the total strength whichever is higher.

**E. Scope of CSR Committee is as under:**

1. Formulate and recommend to the Board, a Corporate Social Responsibility Policy;
2. Finalise and approve the amount of expenditure to be incurred on the activities to be undertaken for Corporate Social Responsibility and for this purpose approve the annual plans and budgets;
3. Ensure that the company spends towards Corporate Social Responsibility, in every financial year, amount as may be recommended by the CSR Committee;
4. Ensure that the activities as are included in Corporate Social Responsibility Policy of the company are undertaken by the company;
5. Monitor the Corporate Social Responsibility Policy of the Company from time to time.

Any other matter as the CSR Committee may deem appropriate after the approval of the Board of Directors or as may be directed by the Board from time to time.

**F. Areas of CSR activities:**

The Company may undertake the below activities under the ambit of CSR:

1. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation

and making available safe drinking water;

2. Promoting education, hosting events, performances in pure arts including special education and employment enhancing vocational skills especially among children, women and the differently abled and livelihood enhancement projects;
3. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; day care centers and such other facilities and measures for reducing inequalities faced by socially and economically backward groups;
4. Ensuring environmental sustainability, ecological balance, protection of flora and fauna and conservation of natural resources;
5. Protection of national heritage, art and culture; setting up public libraries; promotion and development of traditional arts and handicrafts;
6. Contributions to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
7. Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
8. Rural development projects;
9. Slum area development;
10. Contribution to Prime Minister's National Relief Fund, etc.;
11. Contributions or funds provided to technology incubators located within academic institutions which are approved by Central Government;
12. Contribution to corpus of a trust / society / section 8 company would also qualify as CSR expenditure as long as they are created exclusively for undertaking CSR activities or where the corpus is created exclusively for the purpose directly relatable to a subject covered in Schedule VII of the Act;

The Company may contribute to other areas of interest as permitted under Schedule VII of the Act & update the above list as per Section 135 and Schedule VII of the Act as amended from time to time.

**G. Budget**

A specific budget will be allocated for CSR activities alongwith the projected plan on an annual basis. The amount & the projected plan will be approved by the Board on the recommendation of the CSR Committee. Any surplus arising and/ or additional revenue generated out of CSR Activities undertaken by the Company shall not form part of the business profit of the Company and same shall be spent for undertaking any CSR Activities only.

**H. Dissemination of information of CSR activities :**

The Company's involvement in the CSR projects and/or activities and details of work executed and progress made will be communicated through its annual reports and other modes as may be required from time to time.

**I. Monitoring :**

The Company will set up a monitoring process for implementation of the CSR projects/activities and reporting to the CSR Committee in compliance with the requirements of Section 135 of the Companies Act, 2013.

**J. Reporting Framework**

The Company shall lay down a reporting framework for each and every program / project being undertaken towards CSR activities laying down specifically the sector / location in which the activity has been undertaken, the description of the activities being undertaken, the amount allocated towards the same, the amount spent towards the CSR activities and such other particulars as may be required from time to time depending upon the nature of the CSR activity.

***Any or all provisions of the CSR Policy would be subject to revision/amendment as may be required / deemed fit by the Company from time to time.***

### **POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION FOR DIRECTORS, KEY MANAGERIAL PERSONNEL, SENIOR MANAGEMENT PERSONNEL AND OTHER EMPLOYEES**

#### **Background & Objectives:**

Clause 49 of the Listing Agreement and Section 178 of the Companies Act, 2013 ('the Act') requires the Nomination and Remuneration Committee to identify persons who are qualified to become Directors and who may be appointed in Senior Management and to formulate a Policy relating to the remuneration for the Directors, Key Managerial Personnel (KMP), Senior Management and other employees of the Company and recommend the same for approval of the Board. Further Section 134 of the Act stipulates that the Board Report shall include a statement on Company's Policy on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of Director and remuneration for Key Managerial Personnel and other employees.

This Policy shall act as a guideline for determining, inter-alia, qualifications, positive attributes and independence of a Director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, Key Managerial Personnel, Senior Management and other employees.

#### **Objective and Role of Committee:**

- To attract, recruit and retain good and exceptional talent.
- To identify persons who are qualified to become Directors and who may be appointment in Senior Management in accordance with the criteria laid down in this Policy.
- To guide the Board in relation to appointment and removal of Directors.
- To evaluate the performance of the Members of the Board including Independent Directors.
- Formulation of criteria for evaluation of Independent Director and the Board.
- To determine criteria for payment of remuneration to Directors, Key Managerial Personnel, Senior Management and Employees.
- To recommend to the Board on remuneration payable to the Directors including Key Managerial Personnel, Senior Management and Employees, if required.
- To ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- To devise a Policy on Board diversity.
- To carry out any other function as is mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification, as may be applicable.
- To perform such other functions as may be necessary or appropriate for the performance of its duties.

#### **Definitions:**

“**Act**” means the Companies Act, 2013 and rules thereunder.

“**Board of Directors**” or “**Board**” means the Board of Directors of Sanathnagar Enterprises Limited, as constituted from time to time.

“**Company**” means Sanathnagar Enterprises Limited.

“**Committee**” means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.

“**Director**” means a director appointed to the Board of a Company.

“**Independent Director**” means an independent director referred to in sub-section (5) of Section 149 of the Companies Act, 2013.

“**Policy**” means Nomination and Remuneration Policy.

“**Key Managerial Personnel**” (**KMP**) means:

- a. Chief Executive Officer or the Managing Director or the Manager

- b. Whole-time Director
- c. Chief Financial Officer
- d. Company Secretary
- e. Such other officer as may be prescribed

“**Senior Management Personnel**” for this purpose shall mean personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive Director(s), including the functional/vertical heads.

Unless the context otherwise requires, words and expressions used in this Policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

**Composition**

- The Committee shall comprise at least three (3) Directors, all of whom shall be non-executive Directors and at least half shall be independent.
- The Board shall reconstitute the Committee as and when required to comply with the provisions of the Companies Act, 2013 and applicable statutory requirement.
- Minimum two (2) members shall constitute a quorum for Committee meeting.
- Membership of the Committee shall be disclosed in the Annual Report.
- Chairman of the Committee shall be an Independent Director.
- Chairperson of the Company may be appointed as a member of the Committee but shall not Chair the Committee

**Frequency of Meetings:**

The meeting of the Committee shall be held at such regular intervals as may be required.

**Committee Member’s Interest:**

- A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- The Committee may invite such executives , as it considers appropriate, to be present at the meetings of the Committee.

**Voting:**

- Matters arising for determination at Committee meetings shall be decided by a majority of votes Members and voting and any such decision shall for all purposes be deemed a decision of the Committee.
- In the case of equality of votes, the Chairman of the meeting will have a casting vote.

**Appointment– Criteria Identification**

- The Committee shall identify and ascertain the integrity, professional qualification, expertise and experience of the person, who is proposed to be appointed as a Director, KMP or at a Senior Management level and appropriate recommendation shall be made to the Board with respect to his/her appointment. However the Committee while identifying person, who is proposed to be appointed as a Director, KMP or at a Senior Management level, may identify and appoint the employees of the group companies.
- A person should possess adequate qualification, expertise and experience for the position he/she is considered for appointment as KMP, Senior Management Personnel of the Company. The Committee, on the recommendation of Human Resource Department (HR Department), if required, shall have the discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- Appointment of Independent Directors shall be subject to the provisions of Section 149 of the Act read with schedule IV and rules made thereunder. Before appointment as Independent Director, the Committee shall satisfy itself that the proposed person satisfies the criteria of independence as stipulated under Section 149(6) of the Act.
- Appointment of Directors on the Board of a Company shall be subject to the recommendation made by the Committee. However, the decision of the Board with respect to appointment of a Director shall be final.
- Appointment of Managing Director and Whole-time Director shall be subject to provisions of Sections 196, 197, 198 and 203 of the Act read with Schedule V and rules made there under. The Committee shall ensure that a person shall not occupy position as a Managing Director/Whole-time Director beyond the age of seventy years, unless his appointment is approved by a special resolution passed by the Company in general meeting. No re-appointment shall be made earlier than one year before the expiry of term.

## SANATHNAGAR ENTERPRISES LIMITED

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- No person shall be eligible to be appointed as a Director, if he/she is subject to any disqualifications as stipulated under the Companies Act, 2013 or any other law(s) for the time being in force.

### **Removal:**

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations there under, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel, subject to the provisions and compliance of the said Act, rules and regulations.

### **Retirement:**

The Director, KMP or Senior Management Personnel, shall retire as per the applicable provisions of the Act and the prevailing Policy of the Company, if any. The Board will have the discretion to retain the Director in the same position/ remuneration or otherwise, even after attaining the retirement age, for the benefit of the Company.

### **Evaluation:**

#### **A) Independent Directors/Non-Executive Directors**

The Committee shall carry out evaluation of performance of Independent Directors/Non-Executive Directors every year ending 31<sup>st</sup> March. In case, if a Director is a member of the Committee, he/she shall abstain himself/herself from participation, when he/she is being evaluated.

As a part of evaluation, the Committee shall determine the following criteria:

- Membership & attendance - Committee and Board Meetings
- Contribution during such meetings
- Willingness to spend time and effort learning about the Company and its business
- Active participation in strategic decision making
- Inputs to executive management on matters of strategic importance
- Individual Performance and Contribution
- Such other matters, as the Committee/Board may determine from time to time.

#### **B) Executive Directors**

The Committee shall carry out evaluation of performance of Executive Directors every year ending 31<sup>st</sup> March. In case, if a Director is a member of the Committee, he/she shall abstain himself/herself from participation, when he/she is being evaluated. The evaluation shall be on the basis of Key Performance Indicators (KPI), which would be identified based on a) their commitment to achieve Company's goals and alignment with the strategic direction, b) their decision making ability, and c) their ability and actions to safeguard the interest of shareholders of the Company and weights assigned for each measure of performance keeping in view the distinct roles of each Executive Director. The identified KPI for Executive Directors shall be approved by the Board, pursuant to recommendation of the Committee, if required.

#### **C) Key Managerial Personnel /Senior Management/ Employees**

The HR Department shall assign the responsibility of carrying out the evaluation of the aforementioned persons every year ending March 31<sup>st</sup>, to the concerned department heads. KPI are identified well in advance at the commencement of the financial year. Performance benchmarks shall be set and evaluation of employees would be done by the respective reporting manager(s)/Management to determine whether the performance benchmarks are achieved. The payment of remuneration/annual increment to the aforementioned persons shall be determined after the satisfactory completion of Evaluation process.

The objective of carrying out the evaluation by the Company is to identify and reward those with exceptional performances during any financial year. Additional Training and Development Orientation programs on need basis shall be provided to employees, whose performance during any financial year do not meet the benchmark criteria.

Further, the performance of the Committees formed by the Board will be evaluated based on the terms of reference assigned to the respective Committees.

### **Matters relating to remuneration, perquisites for Directors, KMP/Senior Management Personnel & Employees:**

Clause 49 of the Listing Agreement and Section 178 of the Act, emphatically specify that the Committee, while formulating the Policy shall ensure the following:

- the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
- relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and



- remuneration to Directors, Key Managerial Personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

In the Company, the remuneration structure for Executive Directors/Senior Management & Employees comprises of :

- a) A **fixed base salary**, set at a level aimed at attracting and retaining executives with professional and personal competences required to drive the Company's performance.
- b) **Performance Bonus**, based on achieving the minimum KPI predefined at the commencement of the financial year.
- c) **Retirement benefits** including PF, gratuity, etc.
- d) **Such other emolument(s)** as the HR department may after consultation with the Management determine from time to time.

**Criteria for Remuneration:**

1) **KMP/Senior Management/other employees**

Upon the satisfactory completion of Evaluation process and after taking into consideration the performance appraisal of the concerned employee(s) and also taking into consideration the profitability/performance of the Company, salary increments/performance bonus would be decided by the concerned Department Head(s)/Management, as the case may be. The increments/ performance bonus declared shall be solely as per Company Policy.

Determination of remuneration/performance bonus for KMP /Senior Management/other employees, so far as there are no regulatory requirements, need not be recommended/approved by the Committee/Board. The concerned Department Head(s)/Management on the recommendation of the HR department shall have the discretion to determine the quantum of remuneration to be payable to KMP/Senior Management and other employees, as the case may be. Regulatory compliance, if any, needs to be complied appropriately before determining/approving remuneration.

2) **Executive Director(s) (EDs)**

The remuneration/compensation, etc., to Executive Directors (EDs) of the Company during any financial year shall be determined on the basis of they achieving the Key Performance Indicators (KPIs) as is set on them at the commencement of every financial year. The remuneration/compensation shall be determined by the Committee after considering the KPI achieved by EDs. The Committee may consider the recommendation of HR department while determining the remuneration to be paid to EDs.

The remuneration payable to EDs and Whole-time Directors shall be subject to the provisions of Section 197 and 198 of the Companies Act, 2013 or which may be mutually agreed.

3) **Non-Executive Director/Independent Director**

The Non-executive / Independent Directors (NEDs) of the Company may be paid sitting fees as per the applicable Regulations. Any revision in the quantum of sitting fees shall be subject to approval of Board of Directors of the Company. Further the travelling, boarding and lodging expenses, if any, shall be reimbursed to the Directors based out of Mumbai.

The profit-linked Commission may be paid within the monetary limit approved by the shareholders of the Company and subject to compliance with the provisions of Companies Act, 2013, if any. The aforesaid Commission shall be paid, subject to NEDs, satisfying the criteria approved by the Board for receiving remuneration.

Pursuant to the provisions of the Act, an Independent Director shall not be entitled to any stock option (ESOPs) of the Company.

Where any insurance is taken by the Company on behalf of its KMP and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

**Amendments to the Policy:**

The Board of Directors on its own and / or as per the recommendations of Nomination and Remuneration Committee can amend this Policy, as and when deemed fit.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

**Form No. MR-3****SECRETARIAL AUDIT REPORT**FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> March, 2016*[Pursuant to section 204(1) of the Companies Act, 2013 and rule**No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]*

To

The Members

**M/s. SANATHNAGAR ENTERPRISES LIMITED****CIN: L99999MH1947PLC252768**

412 Floor 4, 17 G Vardhaman Chamber,

Cawasji Patel Road Horniman Circle Fort Mumbai 400001

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. SANATHNAGAR ENTERPRISES LIMITED** (hereinafter called the "company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Company for the financial year ended on 31<sup>st</sup> March, 2016 according to the provisions of:

- (i) The Companies Act 2013 and the Rules made thereunder ;
- (ii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
- (iv) Foreign Exchange Management Act, 1999 and the applicable rules and regulations made there under; **Not Applicable**
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act');
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **Not Applicable during the period under Review**
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading Regulations) 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **Not Applicable during the period under Review**
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **Not Applicable during the period under Review**
  - (e) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **Not Applicable during the period under Review**
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **Not Applicable during the period under Review**

(vi) The other laws as are applicable specifically to the Company.

**We have also examined compliance with the applicable clauses of the following:**

(i) Secretarial Standards issued by The Institute of Company Secretaries of India

\* (ii) The Listing Agreements entered into by the Company with BSE Listed

\*Note: The Company is in the process of complying with the requirement of Rule 19(2)(b) of Securities Contract (Regulation) (Amendment) Rules, 2010, with regard to achieving public shareholding to the prescribed minimum level of 25% of the total equity shares issued by the Company.

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

**We further report that, during the year under review:**

The status of the Company during the financial year has been that of an Equity Listed Public Company.

The Board of Directors of the Company is duly constituted with proper balance of Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Companies Act, 2013.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda are sent at least seven days in advance, a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

**We further report that** there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** the Company has complied with the provisions of the Act and Rules made under that Act in carrying out the following changes:

(a) Appointment and Resignation of Directors and Key Managerial Personnel during the period under review.

**Shravan A. Gupta & Associates  
Practicing Company Secretary**

**Shravan A. Gupta  
ACS: 27484, CP: 9990**

**Place: Mumbai  
Date: 03<sup>rd</sup> September, 2016**

**DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

1. The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2015-16, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2014-15 are as under:

<b>Sr. No</b>	<b>Name of Director / KMP and Designation</b>	<b>Period</b>	<b>Remuneration of Director / KMP for financial year 2015-16 (Amount in Rs.)</b>	<b>% increase in remuneration in the financial year 2015-16</b>	<b>Ratio of remuneration of each Director to the median remuneration of employees#</b>
1.	*\$Vishal Ghadigaonkar Chief Financial Officer	13 <sup>th</sup> October, 2015 till 31 <sup>st</sup> March, 2016	9,38,131	N.A.	N.A.
2.	*\$Sharatkumar Shetty Company Secretary	01 April, 2015 till 31 <sup>st</sup> March, 2016	7,55,410	N.A.	N.A.

\* Mr. Vishal Ghadigaonkar and Mr. Sharatkumar Shetty are not on the rolls of the Company and are deputed by Lodha Developers Private Limited, Holding Company and Nabhiraja Software Design India Private Limited, Group Company. Their remuneration is being reimbursed by the Company to the said Holding Company and Group Company.

\$ The percentage increase for remuneration cannot be derived during the financial year 2015-16 for Mr. Vishal Ghadigaonkar as he was appointed as Chief Financial Officer on 13<sup>th</sup> October, 2015 and Mr. Sharatkumar Shetty who was appointed as Company Secretary on 31<sup>st</sup> March, 2015.

# The Company has not paid any remuneration to the Directors during the financial year 2015-16 and hence, the criteria for ratio of remuneration of each Director to the median remuneration of employees is not applicable.

2. The percentage increase in the median remuneration of employees as compared to the last financial year 2014-15:  
Since the Company had 48 employees in the financial year 2014-15 which has been reduced to 17 in the financial year 2015-16, the percentage increase in the median remuneration of employees as compared to the last financial year cannot be derived.

7. Since the Company has not paid any remuneration to any of its managerial personnel either in any of the current financial years i.e. 2014-15 and 2015-16, the point pertaining to average percentile increase / decrease in the salaries of employees other than the managerial personnel is not applicable.

8. It is hereby confirmed that the remuneration / reimbursement paid is as per the Remuneration Policy for Directors, Key managerial Personnel and other employees.

9. The details of top ten permanent employees in the Company pursuant to Rule (5)(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given below:

Name & Designation	Remuneration Received [Rs.]	Nature of Employment	Qualification	Experience in years	Date of comment	Age in years	Last employment held by such employee	% of equity shares held by the Employee	Whether Such employee is a relative of any director/ manager
Puneet Kumar - General Manager – Sales	27,05,572	Permanent	M.B.A. / M.M.S.	11.8	27-06-2014	37 Yrs	Reliance Broadcast Network Ltd	Nil	No
Suryakanth Jadhav - Manager - Sales	15,86,068	Permanent	P.G. Diploma – Others	10.6	04-03-2014	33 Yrs	Cholamandalam Distribution Services Ltd	Nil	No
David Raju - Manager - Construction Management	13,15,337	Permanent	M.B.A. / M.M.S.	19.9	12-11-2010	41 Yrs	K Raheja Corp.	Nil	No
Nagendra Prasad - Manager - Sales	13,61,803	Permanent	M.B.A. / M.M.S.	10.6	05-08-2010	32 Yrs	IIPM/Planning Consulting	Nil	No
Srinivasa Dumpala - Manager - Construction Management	12,19,844	Permanent	B.E. / B.Tech.	10.12	02-03-2011	33 Yrs	Lodha Bellezza	Nil	No
Sriram Sripada - Dy. Manager - Handover & Facilities Management	9,76,570	Permanent	Bachelors Course - Others	8.8	26-05-2014	36 Yrs	Causeway Technologies India Pvt Ltd	Nil	No
Nadiminti Kumar - Associate Manager - Construction Management	9,39,399	Permanent	M.E. / M.Tech.	13.2	02-09-2011	33 Yrs	MyHome Construction.ltd.	Nil	No
Satish Kumar D. - Associate Manager - Quality Enhancement (Structure)	7,60,840	Permanent	TECHNICAL ENGINEERING (CIVIL)	10.6	10-09-2009	31 Yrs	ACC Concrete Limited	Nil	No
Ramesh G - Dy. Executive - Civic Relations	6,91,109	Permanent	B.A.	7.6	01-10-2008	45 Yrs	Not available	Nil	No
Siva Prasad Kintala - Associate Manager - Handover & Facilities Management	7,14,547	Permanent	B.E. / B.Tech.	7.5	20-02-2014	30 Yrs	L&TECC	Nil	No

For and on behalf of the Board  
**Sanathnagar Enterprises Limited**

**Purnima Pavle**  
(Director)  
DIN: 06705133

**Babusingh Rajguru**  
(Director)  
DIN: 02696937

**Date : 03<sup>rd</sup> September, 2016**  
**Place : Mumbai**

**Registered Office:**  
412, Floor-4, 17G, Vardhaman Chamber,  
Cawasji Patel Road, Horniman Circle,  
Fort, Mumbai-400001  
Telephone No.: +9122-23024400  
Fax No.: +9122-23024550  
CIN No.: L99999MH1947PLC252768 / E-mail: investors.sel@lodhagroup.com

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF

### M/s. SANATHNAGAR ENTERPRISES LIMITED

### REPORT ON THE STANDALONE FINANCIAL STATEMENTS

We have audited the accompanying standalone financial statements of **M/s. SANATHNAGAR ENTERPRISES LIMITED** ('the Company'), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the of Cash Flow Statement for the year then ended, and notes to the Financial Statements including a summary of significant accounting policies and other explanatory information.

#### MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS:

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### AUDITORS' RESPONSIBILITY:

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

#### OPINION:

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, and its profit and its cash flows for the year ended on that date.

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS:**

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the 'Annexure A', a statement on the matters specified in the paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that :
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e) On the basis of the written representations received from the Directors as on 31st March, 2016, taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2016, from being appointed as a Director in terms of Section 164 (2) of the Act;
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure B'; and
  - g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the information and explanations given to us :
    - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer Clause 1, 2 and 7 of Note 25 to the financial statements.
    - ii. The Company does not have any Long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. No amounts were required to be transferred, to the Investor Education and Protection Fund by the Company.

**FOR SHANKER AND KAPANI  
Chartered Accountants  
FIRM REGISTRATION NO.: 117761W**

**PLACE:- MUMBAI  
DATE:- 13 - MAY - 2016**

**JAYESH B. KAPANI  
PARTNER  
MEMBERSHIP NO: - 35667**

# SANATHNAGAR ENTERPRISES LIMITED

## M/s SANATHNAGAR ENTERPRISES LIMITED

### ANNEXURE 'A' TO INDEPENDENT AUDITORS' REPORT

#### (Referred to in Paragraph (1) of our report of even date)

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31st March, 2016, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we report that:

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As informed to us, all fixed assets have been physically verified by the management at reasonable intervals. No material discrepancies were noticed on such physical verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii. The inventory has been physically verified by the management. In our opinion, the frequency of verification is reasonable. Discrepancies noticed on verification have been properly dealt with in the books of account.
- iii. As the Company has not granted any loans or advances in the nature of loans to parties covered in the register maintained under Section 189 of the Act, the provisions of Clause 3 (iii) of the Order are not applicable to the Company.
- iv. In our Opinion and according to the information and explanations given to us, as the Company has not granted any loans or provided any guarantees or security in connection with any loan to any party covered under Section 185 of the Act and has not made any investment during the year and on the basis of expert opinion obtained by the Company that provision of Section 186 are not applicable to the Company in respect of Loans made, Guarantee given or security provided by it, the provisions of Clause 3 (iv) of the Order are not applicable to the Company.
- v. The Company has not accepted any deposits from the public.
- vi. As informed to us, the maintenance of cost records has not been prescribed by the Central Government under Section 148(1) of the Act in respect of the activities carried on by the Company. Therefore, the provisions of Clause 3(vi) of the Order are not applicable to the Company.
- vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company is generally regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income-tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts in respect of the aforesaid statutory dues were outstanding as at the last day of the financial year for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, and value added tax which have not been deposited by the Company on account of disputes except for following:

Name of the statute	Nature of dues	Amount in (Rs.) in Lakhs	Period to which the amount relates	Forum where the dispute is pending
The Income Tax Act, 1961	Penalty	4,581.67	April, 2011 to March, 2012	Commissioner of Income Tax (Appeals)

- viii. As the Company has not taken any loan or Borrowings from Financial Institutions or Banks or Governments or issued Debentures, the provisions of Clause 3(viii) of the Order are not applicable to the Company.
- ix. According to the records of the Company, the Company has neither raised any moneys by way of Initial Public Offer or Further Public Offer (including debt instruments) nor obtained any term loan from banks and financial institutions. Therefore, the provisions of Clause 3 (ix) of the Order are not applicable to the Company.
- x. Based upon the audit procedures performed and information and explanations given by the management, we report that neither fraud on the Company by its officers or employees nor any fraud by the Company has been noticed or reported during the course of our audit.



- xi. As the Company has not paid or provided any managerial remuneration as defined under Section 197 of the Act during the year, the Provisions of Clause 3(xi) of the Order are not applicable to the Company.
- xii. As the Company is not a nidhi company, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with section 177 and 188 of the Act, wherever applicable and details have been disclosed in the Financial Statements (refer Clause 8 of Note 25) as required by the applicable accounting standards.
- xiv. As the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. As the Company has not entered into any non-cash transactions covered under Section 192 of the Act with the directors or persons connected with him, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. As the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

**FOR SHANKER AND KAPANI**  
**Chartered Accountants**  
**FIRM REGISTRATION NO.: 117761W**

**PLACE:- MUMBAI**  
**DATE:- 13 - MAY - 2016**

**JAYESH B. KAPANI**  
**PARTNER**  
**MEMBERSHIP NO: - 35667**

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**M/s SANATHNAGAR ENTERPRISES LIMITED**

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

**Referred to in paragraph 2 (f) of the Independent Auditors' Report of even date to the members of Sanathnagar Enterprises Limited on the standalone financial statements for the year ended 31st March , 2016.**

**Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Act**

We have audited the internal financial controls over financial reporting of **M/s. SANATHNAGAR ENTERPRISES LIMITED** ('the Company') as of 31st March, 2016, in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

The Company's management is responsible for establishing down and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act , to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal

## **SANATHNAGAR ENTERPRISES LIMITED**

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Financial Controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

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

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of the management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by ICAI.

**FOR SHANKER AND KAPANI**  
**Chartered Accountants**  
**FIRM REGISTRATION NO.: 117761W**

**PLACE:- MUMBAI**  
**DATE:- 13 - MAY - 2016**

**JAYESH B. KAPANI**  
**PARTNER**  
**MEMBERSHIP NO: - 35667**

**BALANCE SHEET AS AT 31ST MARCH, 2016**

	Notes	As at 31/March/16 ₹ in Lakhs	As at 31/March/15 ₹ in Lakhs
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>Shareholders' Funds</b>			
Share Capital	2	315.00	315.00
Reserves and Surplus	3	(1,694.74)	(3,783.17)
		(1,379.74)	(3,468.17)
<b>Non Current Liabilities</b>			
Deferred Tax Liabilities (Net)	4	275.72	-
Other Long Term Liabilities	5	362.25	402.02
Long Term Provisions	6	10.74	15.24
		648.71	417.26
<b>Current Liabilities</b>			
Short Term Borrowings	7	8,546.31	13,075.22
Trade Payables	8		
Total Outstanding dues of micro enterprises and small enterprises		0.65	14.61
Total Outstanding dues of creditors other than micro enterprises and small enterprises		720.56	919.56
Other Current Liabilities	9	2,368.30	4,569.72
Short Term Provisions	10	2.47	5.85
		11,638.29	18,584.96
<b>Total</b>		<b>10,907.26</b>	<b>15,534.05</b>
<b><u>ASSETS</u></b>			
<b>Non Current Assets</b>			
Fixed Assets (Net)			
Tangible Assets	11	19.84	24.03
Deferred Tax Asset (Net)	12	-	815.41
Long Term Loans and Advances	13	461.68	453.90
		481.52	1,293.34
<b>Current Assets</b>			
Inventories	14	9,111.93	13,515.14
Trade Receivables	15	651.22	143.92
Cash and Bank Balances	16	135.16	36.01
Short Term Loans and Advances	17	523.32	542.65
Other Current Assets	18	4.11	2.99
		10,425.74	14,240.71
<b>Total</b>		<b>10,907.26</b>	<b>15,534.05</b>
<b>Summary of Significant Accounting Policies</b>	1		
<b>The accompanying notes form an integral part of Financial Statements</b>	1 - 25		

As per our attached Report of even date

For Shanker and Kapani  
Chartered Accountants  
Firm Registration No. : 117761W

Jayesh B. Kapani  
Partner  
  
Place : Mumbai  
Date : 13-May-2016

Purnima Pavle  
Director  
DIN: 06705133

Babusingh  
Rajguru  
Director  
DIN: 02696937

For and on behalf of the Board

Vishal  
Ghadigaonkar  
Chief Financial  
Officer

Sharatkumar  
Shetty  
Company  
Secretary  
ACS : A 31888

## SANATHNAGAR ENTERPRISES LIMITED

### STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

	Notes	For the Year ended 31/March/16 ₹ in Lakhs	For the Year ended 31/March/15 ₹ in Lakhs
<b>INCOME</b>			
Revenue From Operations	19	12,554.85	2,482.12
Other Income	20	14.86	6.89
<b>Total</b>		<b>12,569.71</b>	<b>2,489.01</b>
<b>EXPENSES</b>			
Cost of Projects	21	7,499.68	1,441.27
Employee Benefits Expense	22	178.60	200.42
Finance Costs (Net)	23	583.89	553.74
Depreciation and Amortisation Expense	11	4.93	123.52
Other Expenses	24	1,081.85	127.23
<b>Total</b>		<b>9,348.95</b>	<b>2,446.18</b>
<b>Profit Before Tax</b>		<b>3,220.76</b>	<b>42.83</b>
<b>Tax Expense:</b>			
Current Tax			
Income Tax (MAT)		(375.41)	-
MAT Credit Entitlement		334.22	-
Deferred Tax		(1,091.14)	(15.06)
<b>Profit After Tax</b>		<b>2,088.43</b>	<b>27.77</b>
Prior Period Deferred Tax Adjustments		-	0.07
<b>Profit for the Year</b>		<b>2,088.43</b>	<b>27.84</b>
Earnings Per Share			
Basic and Diluted Earnings Per Share (in ₹) (Face Value of ₹ 10 per share)		66.30	0.88
<b>Summary of Significant Accounting Policies</b>	1		
<b>The accompanying notes form an integral part of Financial Statements</b>	1 - 25		

As per our attached Report of even date

For Shanker and Kapani  
Chartered Accountants  
Firm Registration No. : 117761W

Jayesh B. Kapani  
Partner  
Place : Mumbai  
Date : 13-May-2016

Purnima Pavle  
Director  
DIN: 06705133

Babusingh  
Rajguru  
Director  
DIN: 02696937

For and on behalf of the Board

Vishal  
Ghadigaonkar  
Chief Financial  
Officer

Sharatkumar  
Shetty  
Company  
Secretary  
ACS : A 31888

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016**

		<b>For the Year ended 31/March/16 ₹ in Lakhs</b>	<b>For the Year ended 31/March/15 ₹ in Lakhs</b>
<b>Cash flow from Operating Activities</b>			
Profit Before Tax		3,220.76	42.83
Adjustments for:			
Depreciation and Amortisation Expense		4.93	123.52
Sundry Balances Written Back (Net)		(12.94)	(0.28)
Unrealised Foreign Exchange Loss (Net)		0.03	0.02
Interest Income		(1.25)	(1.19)
Finance Costs		1,473.26	1,452.81
<b>Operating profit before working capital changes</b>		<b>4,684.79</b>	<b>1,617.71</b>
(Increase) / Decrease in Inventories		4,403.21	(4,303.24)
(Increase) / Decrease in Trade Receivables		(507.30)	40.26
(Increase) / Decrease in Loans and Advances and Other Current Assets		19.33	(225.31)
Decrease in Trade Payables, Other Current Liabilities and Provisions		(2,462.43)	(649.82)
<b>Cash flow from / (used in) operations</b>		<b>6,137.60</b>	<b>(3,520.40)</b>
Income Tax Paid		(48.97)	(11.41)
<b>Net cash flow from / (used in) Operating Activities</b>	<b>(A)</b>	<b>6,088.63</b>	<b>(3,531.81)</b>
<b>Cash flow from Investing Activities</b>			
Purchase of Fixed Assets		(0.74)	(2.43)
Interest Received		0.13	683.15
<b>Net cash from / (used in) Investing Activities</b>	<b>(B)</b>	<b>(0.61)</b>	<b>680.72</b>
<b>Cash flow from Financing Activities</b>			
Proceeds from Borrowings		4,698.99	24,901.72
Repayment of Borrowings		(9,227.90)	(20,740.04)
Finance Costs Paid		(1,459.96)	(1,348.72)
<b>Net cash flows from / (used in) Financing Activities</b>	<b>(C)</b>	<b>(5,988.87)</b>	<b>2,812.96</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>(A+B+C)</b>	99.15	(38.13)
Add : Cash and Cash Equivalents at the beginning of the year		25.49	63.62
<b>Cash and Cash Equivalents at the end of the year*</b>		<b>124.64</b>	<b>25.49</b>
*Includes Cheques on Hand of ₹ 41.67 Lakhs; (Previous year : Nil)			
<b>Notes:</b>			
1. Cash and Cash Equivalents includes:			
Cash and Bank Balances		135.16	36.01
Less: Fixed Deposits held as Margin money		(10.52)	(10.52)
		<b>124.64</b>	<b>25.49</b>
2. Previous year's figures have been regrouped / rearranged wherever necessary to conform to current year's classification.			

**As per our attached Report of even date**

**For Shanker and Kapani  
Chartered Accountants  
Firm Registration No. : 117761W**

**Jayesh B. Kapani  
Partner  
  
Place : Mumbai  
Date : 13-May-2016**

**Purnima Pavle  
Director  
DIN: 06705133**

**Babusingh  
Rajguru  
Director  
DIN: 02696937**

**For and on behalf of the Board**

**Vishal  
Ghadigaonkar  
Chief Financial  
Officer**

**Sharatkumar  
Shetty  
Company  
Secretary  
ACS : A 31888**

## NOTES TO FINANCIAL STATEMENTS AS AT 31ST MARCH, 2016

### 1) Summary of Significant Accounting Policies

#### 1 Basis of Accounting:

The financial statements have been prepared on an accrual basis under the historical cost convention and as a going concern in accordance with the Indian Generally Accepted Accounting Principles (GAAP) in compliance with the Accounting Standards as specified Section 133 of the Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rules, 2014 (as amended). The accounting policies have been consistently applied by the Company.

#### 2 Use of Estimates:

The preparation of financial statements in conformity with GAAP requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities (including contingent liabilities) on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Actual results could differ from those estimates.

#### 3 Fixed Assets:

Fixed Assets are stated at cost of acquisition or construction less accumulated depreciation thereon. Cost includes all incidental expenses related to acquisition, construction, installation, other pre-operation expenses and borrowing costs in case of construction.

The carrying amount of cash generating units / assets is reviewed at the balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated at the net selling price or value in use, whichever is higher. Impairment loss, if any, is recognized whenever carrying amount exceeds the recoverable amount.

#### 4 Depreciation:

- i) Depreciation on Tangible Assets is provided on Written Down Value basis, at the rates determined with reference to useful lives specified in Schedule II of the Companies Act, 2013 except the following: To be decided in March
  - a) The carrying value of Tangible Fixed Assets as on 1st April, 2014 is depreciated equally over the remaining useful life of the asset.
  - b) Cost of site / sales office and sample flats are being amortized over the duration of the project. However, if the same is demolished earlier, the unamortised portion is charged off in the year of demolition.
- ii) Depreciation on Additions / Deletions of assets is provided on a pro-rata basis.
- iii) The depreciation on assets other than those used for construction of Capital Assets is treated as period cost.

#### 5 Inventories:

Inventories are stated at lower of cost or net realisable value. The cost of construction material is determined on the basis of the weighted average method. Construction Work-in-Progress includes cost of land, construction costs, Borrowing Cost and other overheads incidental to the projects undertaken.

#### 6 Operating Cycle:

The Operating cycle of the Company's realty operations varies from project to project depending on the size of the project, type of development, project complexities and related approvals. Assets and Liabilities are classified into current and non current based on the Operating Cycle.

#### 7 Revenue Recognition:

- i) Income from Property Development
  - a) Income from property development is recognized upon transfer of all significant risks and rewards of ownership to the buyers and no significant uncertainty exists regarding the amount of consideration and ultimate collection. However, if at the time of transfer, substantial acts are yet to be performed under the contract, revenue is recognized on proportionate basis as the acts are performed i.e. on the percentage completion method on incurring at least 25% of estimated construction and development cost (excluding land and borrowing cost), at least 25% of the total saleable area is secured by agreement or letter of allotment with buyers and receipt of 10% of the sales consideration per contract. The percentage of completion is worked out based on the total project cost incurred to the total estimated project cost including land and borrowing cost.

As the projects necessarily extend beyond one year, revision in costs and revenues estimated during the course of the contract are reflected in the accounting period in which the said estimates are revised.

- b) Determination of revenue under the percentage of completion method necessarily involves making estimates by the Company, some of which are technical in nature, concerning, where relevant, the percentage of completion, costs to completion, the expected revenues from the project and the foreseeable losses to completion. Provision for foreseeable losses, determination of profit from real estate projects and valuation of construction work in progress is based on such estimates.

ii) Revenue from Sale of Finished Flats are recognized upon transfer of significant risks and rewards to the buyers / Customers.

**8 Borrowing Costs:**

Borrowing costs that are directly attributable to long term project development activities are inventorised as part of project cost. Other borrowing costs are recognized as an expense in the period in which they are incurred.

Borrowing costs are inventorised as part of project cost when the activities that are necessary to prepare the inventory for its intended use or sale are in progress. Borrowing costs are suspended from inventorisation on the project when development work on the project is interrupted for extended periods and there is no imminent certainty of recommencement of work.

**9 Foreign Exchange Transactions:**

The transactions in foreign exchange are recorded at the exchange rates prevailing on the date of transactions. All monetary assets and liabilities in foreign currency are translated at the exchange rate prevailing at the date of the Balance Sheet. Any exchange gains or losses arising on the translation or settlement of such transaction are accounted for in the Statement of Profit and Loss.

**10 Employee Benefits:**

Expenses and liabilities in respect of employee benefits are recorded in accordance with Revised Accounting Standard 15 - Employee Benefits:

**i) Provident Fund:**

The Company makes contribution to statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952 which is a defined contribution plan and contribution paid or payable is recognized as an expense in the period in which services are rendered by the employee.

**ii) Gratuity:**

Gratuity is a post employment benefit and is in the nature of a defined benefit plan. The liability recognized in the balance sheet in respect of gratuity is the present value of the defined benefit / obligation at the balance sheet date less the fair value of plan assets, together with any adjustments for unrecognized actuarial gains or losses and past service costs. The defined benefit / obligation is calculated at or near the balance sheet date by an independent actuary using the projected unit credit method. Actuarial gains and losses arising from the past experience and changes in actuarial assumptions are charged or credited to the Statement of Profit and Loss in the period to which such gains or losses are determined.

**iii) Earned Leave:**

Liability in respect of earned leave expected to become due or expected to be availed within one year from the balance sheet date is recognized on the basis of undiscounted value of benefit expected to be availed by the employees. Liability in respect of earned leave expected to become due or expected to be availed beyond one year after the balance sheet date is estimated on the basis of actuarial valuation performed by an independent actuary using the projected unit credit method.

**iv) Other Short Term Benefits:**

Expense in respect of other short term benefits is recognized on the basis of the amount paid or payable for the period during which services are rendered by the employees.

**11 Taxation:**

Tax expense comprises both current and deferred tax. Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates and tax laws.

MAT asset is recognized when it is highly probable that future economic benefit associated with it will flow to the entity.

Deferred Tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognized and carried forward only to the extent that there is a virtual / reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. The tax effect is calculated on the accumulated timing difference at the year-end based on the tax rates and laws enacted or substantially enacted on the balance sheet date.

**12 Provisions and Contingent Liabilities:**

Provisions are recognized in the accounts in respect of present probable obligation, the amount of which can be reliably estimated. Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

## SANATHNAGAR ENTERPRISES LIMITED

### NOTES TO FINANCIAL STATEMENTS AS AT 31ST MARCH, 2016

	As at 31/March/16 ₹ in Lakhs		As at 31/March/15 ₹ in Lakhs	
	Numbers	Amount	Numbers	Amount
<b>2) Share Capital</b>				
<b>(A) Authorised</b>				
Equity Shares of ₹ 10 each	1,47,00,000	1,470.00	1,47,00,000	1,470.00
9.5% Redeemable Cumulative Preference Shares of ₹ 50 each	7,520	3.76	7,520	3.76
Unclassified Shares *		26.24		26.24
* Unclassified Shares shall be divided into such number of class or classes and of such denominations as the Company may determine from time to time by Special Resolution.				
<b>Total</b>		<b>1,500.00</b>		<b>1,500.00</b>
<b>(B) Issued, Subscribed and Paid-up</b>				
Equity Shares of ₹ 10 each fully paid up	31,50,000	315.00	31,50,000	315.00
<b>Total</b>		<b>315.00</b>		<b>315.00</b>
<b>(C) Reconciliation of number of shares and amount</b>				
As per Last Financial Statement	31,50,000	315.00	31,50,000	315.00
Changes during the year	-	-	-	-
<b>Total</b>	<b>31,50,000</b>	<b>315.00</b>	<b>31,50,000</b>	<b>315.00</b>

#### (D) Rights and preferences attached to Equity Shares

Each Shareholder is entitled for one vote per share. The shareholders have the right to receive interim dividends declared by the Board of Directors and final dividend proposed by the Board of Directors and approved by the Shareholders.

In the event of liquidation, the shareholders will be entitled in proportion to the number of Equity Shares held by them to receive remaining assets of the Company, after distribution of all preferential amounts.

#### (E) Shares held by Holding Company and Shareholder Holding more than 5%

	Numbers	% of Holding	Numbers	% of Holding
Siddhnath Residential Paradise Pvt. Ltd., the Holding Company**	28,34,528	89.99%	28,34,528	89.99%

\*\* Refer clause 7 of Note 25

#### 3) Reserves and Surplus

	As at 31/March/16 ₹ in Lakhs	As at 31/March/15 ₹ in Lakhs
<b>Capital Redemption Reserve</b>		
As per last Financial Statement	3.76	3.76
	3.76	3.76
<b>Deficit in the Statement of Profit and Loss</b>		
As per last Financial Statement	(3,786.93)	(3,814.77)
Less : Profit as per the annexed Statement of Profit and Loss	2,088.43	27.84
	(1,698.50)	(3,786.93)
<b>Total</b>	<b>(1,694.74)</b>	<b>(3,783.17)</b>



**NOTES TO FINANCIAL STATEMENTS AS AT 31ST MARCH, 2016**

	<b>As at 31/March/16 ₹ in Lakhs</b>	<b>As at 31/March/15 ₹ in Lakhs</b>
<b>4) Deferred Tax Liabilities (Net)</b>		
<b>Timing differences on account of</b>		
Book and Tax Depreciation	(113.91)	-
Carried forward Business Loss and Unabsorbed Depreciation	(446.51)	-
Expenses allowable but not charged to Statement of Profit and Loss	831.57	-
Others	4.57	-
<b>Total</b>	<b>275.72</b>	<b>-</b>
<b>5) Other Long Term Liabilities</b>		
Trade Payables		
Total Outstanding dues of micro enterprises and small enterprises (Refer Clause 14 of Note 25)	-	-
Total Outstanding dues of creditors other than micro enterprises and small enterprises	362.25	402.02
<b>Total</b>	<b>362.25</b>	<b>402.02</b>
<b>6) Long Term Provisions</b>		
Employee Benefits :		
Gratuity	4.39	6.63
Leave Entitlements	6.35	8.61
<b>Total</b>	<b>10.74</b>	<b>15.24</b>
<b>7) Short Term Borrowings</b>		
Related Parties (Repayable on demand)	8,546.31	13,075.22
Rate of Interest - 12.15% p.a. to 13.55% p.a. (Previous Year - 12.85% p.a. to 13.40% p.a.) (Refer Clause 8 (B) (ii) of Note 25)		
<b>Total</b>	<b>8,546.31</b>	<b>13,075.22</b>
<b>8) Trade Payables</b>		
Total Outstanding dues of micro enterprises and small enterprises (Refer Clause 14 of Note 25)	0.65	14.61
Total Outstanding dues of creditors other than micro enterprises and small enterprises	720.56	919.56
<b>Total</b>	<b>721.21</b>	<b>934.17</b>

## SANATHNAGAR ENTERPRISES LIMITED

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### NOTES TO FINANCIAL STATEMENTS AS AT 31ST MARCH, 2016

	Asat at 31/March/16 ₹ in Lakhs	As at 31/March/15 ₹ in Lakhs
<b>9) Other Current Liabilities</b>		
Interest accrued but not due on Borrowings	1,337.90	1,330.18
Advance Received From Customers	622.23	2,904.45
Other Payables:		
Employee Payables	21.34	50.93
Duties and Taxes	312.69	235.75
Cancelled Flats	68.68	48.41
Other Liabilities	5.46	-
<b>Total</b>	<b>2,368.30</b>	<b>4,569.72</b>
<b>10) Short Term Provisions</b>		
Employee Benefits :		
Gratuity	1.99	5.18
Leave Entitlements	0.48	0.67
<b>Total</b>	<b>2.47</b>	<b>5.85</b>

## NOTES TO FINANCIAL STATEMENTS AS AT 31ST MARCH, 2016

## 11) Fixed Assets

(₹ in Lakhs)

Particulars	Gross Block (At cost)				Depreciation / Amortisation				Net Block	
	As at 01-April-15	Additions	Disposals / (Adjustments)	As at 31-March-16	Upto 31-March-15	For the year	Disposals / (Adjustments)	Upto 31-March-16	As at 31-March-16	As at 31-March-15
<b>Tangible Assets :</b>										
Site / Sales Offices and Sample Flats	431.79	-	-	431.79	431.79	-	-	431.79	-	-
Plant and Equipment	24.36	-	-	24.36	9.90	1.30	-	11.20	13.16	14.46
Furniture and Fixtures	16.81	-	-	16.81	11.84	0.86	-	12.70	4.11	4.97
Office Equipments	19.33	0.74	-	20.07	14.76	2.74	-	17.50	2.57	4.57
Computers	0.14	-	-	0.14	0.11	0.03	-	0.14	-	0.03
<b>Total</b>	<b>492.43</b>	<b>0.74</b>	<b>-</b>	<b>493.17</b>	<b>468.40</b>	<b>4.93</b>	<b>-</b>	<b>473.33</b>	<b>19.84</b>	<b>24.03</b>
<b>Previous Year</b>	<b>490.00</b>	<b>2.43</b>	<b>-</b>	<b>492.43</b>	<b>344.88</b>	<b>123.52</b>	<b>-</b>	<b>468.40</b>	<b>24.03</b>	

## SANATHNAGAR ENTERPRISES LIMITED

### NOTES TO FINANCIAL STATEMENTS AS AT 31ST MARCH, 2016

	As at 31/March/16 ₹ in Lakhs	As at 31/March/15 ₹ in Lakhs
<b>12) Deferred Tax Asset (Net)</b>		
<b>Timing differences on account of</b>		
Book and Tax Depreciation	-	88.06
Carried forward Business Loss and Unabsorbed Depreciation	-	1,613.72
Expenses allowable but not charged to Statement of Profit and Loss	-	(886.37)
<b>Total</b>	<b>-</b>	<b>815.41</b>
<b>13) Long Term Loans and Advances</b>		
(Unsecured, Considered Good)		
Income Tax Payments (Net of Provisions of ₹ 1,330.73 Lakhs; Previous Year ₹ 955.32 Lakhs, including MAT Credit eligible for set off of ₹ 1,264.86 Lakhs; Previous year ₹ 930.64 Lakhs)	461.68	453.90
<b>Total</b>	<b>461.68</b>	<b>453.90</b>
<b>14) Inventories</b>		
<b>(at Lower of Cost and Net Realisable Value)</b>		
Building Materials	32.23	280.02
Land and Property Development Work-in-Progress	-	11,799.84
Finished Flats	9,079.70	1,435.28
<b>Total</b>	<b>9,111.93</b>	<b>13,515.14</b>
<b>15) Trade Receivables</b>		
(Unsecured, Considered good)		
Outstanding for a period more than six months from the date they became due for payment	113.70	3.51
Others	537.52	140.41
<b>Total</b>	<b>651.22</b>	<b>143.92</b>
<b>16) Cash and Bank Balances</b>		
<b>Cash and Cash Equivalents</b>		
Balances with Banks	82.97	25.25
Cheques on Hand	41.67	-
Cash on Hand	-	0.24
	<b>124.64</b>	<b>25.49</b>
<b>Other Bank Balances</b>		
Fixed Deposits held as Margin money	10.52	10.52
<b>Total</b>	<b>135.16</b>	<b>36.01</b>

**NOTES TO FINANCIAL STATEMENTS AS AT 31ST MARCH, 2016**

	<b>As at 31/March/16 ₹ in Lakhs</b>	<b>As at 31/March/15 ₹ in Lakhs</b>
<b>17) Short Term Loans and Advances</b>		
(Unsecured, Considered good)		
Advances to Related Parties	218.88	0.55
(Refer Clause (8)(B)(ii) of Note 25)		
Advances to :		
Suppliers and Contractors	28.30	50.21
Employees	11.27	14.15
Pre-paid Expenses	-	5.10
Service Tax Input Credit Receivable	264.87	472.64
<b>Total</b>	<b>523.32</b>	<b>542.65</b>
<b>18) Other Current Assets</b>		
Interest Receivables	4.11	2.99
<b>Total</b>	<b>4.11</b>	<b>2.99</b>

## SANATHNAGAR ENTERPRISES LIMITED

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	For the Year ended 31/March/16 ₹ in Lakhs	For the Year ended 31/March/15 ₹ in Lakhs
<b>19) Revenue From Operations</b>		
Income from Property Development	12,545.40	2,473.93
Other Operating Revenue	9.45	8.19
<b>Total</b>	<b>12,554.85</b>	<b>2,482.12</b>
<b>20) Other Income</b>		
Miscellaneous Income	1.92	6.61
Sundry Balances Written Back (Net)	12.94	0.28
<b>Total</b>	<b>14.86</b>	<b>6.89</b>
<b>21) Cost of Projects</b>		
Opening Stock of :		
Land and Property Development Work-in-Progress	11,799.84	8,919.06
Finished Flats	1,435.28	-
Add: Expenditure during the year : *		
Construction Contract	1,628.28	2,412.02
Project Consultancy	29.61	78.16
Building Materials Consumed (Net)	551.17	1,483.30
Rates and Taxes	110.50	359.37
Repairs and Maintenance	0.01	0.09
Insurance	0.16	2.35
Electricity	33.54	116.01
Other Construction Expenses	32.51	58.16
Overheads Allocated	979.22	1,268.70
Less:		
Scrap Sales	(20.74)	(20.83)
Closing Stock of :		
Land and Property Development Work-in-Progress	-	(11,799.84)
Finished Flats	(9,079.70)	(1,435.28)
<b>Total</b>	<b>7,499.68</b>	<b>1,441.27</b>

\* Net of Foreign Exchange Loss of ₹ 0.03 Lakhs (Previous Year ₹ 0.01 Lakhs)

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016**

	<b>For the Year ended 31/March/16 ₹ in Lakhs</b>	<b>For the Year ended 31/March/15 ₹ in Lakhs</b>
<b>22) Employee Benefits Expense</b>		
Salaries and Wages	273.68	531.11
Contribution to Provident and Other Funds	8.12	10.62
Staff Welfare	8.95	4.16
	290.75	545.89
Less: Allocated to Cost of Projects	(112.15)	(345.47)
<b>Total</b>	<b>178.60</b>	<b>200.42</b>
<b>23) Finance Costs (Net)</b>		
Interest Expense on :		
Borrowings and Others	1,473.26	1,452.81
Less : Interest Income on :		
Customers' Overdues	(37.17)	(20.39)
Bank Fixed Deposits	(1.25)	(1.19)
	1,434.84	1,431.23
Less: Allocated to Cost of Projects	(850.95)	(877.49)
<b>Total</b>	<b>583.89</b>	<b>553.74</b>
<b>24) Other Expenses</b>		
Legal and Professional Fees	5.41	23.82
Payments to Auditor (excluding Service Tax) as:		
Audit Fees	4.70	6.00
Other Services	1.45	1.92
Printing and Stationery	16.76	3.34
Postage and Courier	3.07	4.89
Rates and Taxes	8.74	4.28
Insurance	2.25	2.82
Advertisement and Publicity	180.13	31.65
Brokerage	90.86	11.04
Business Promotion	42.98	21.10
Trade Discount	669.56	-
Incentives	30.46	24.13
Miscellaneous Expenses	41.60	37.98
	1,097.97	172.97
Less: Allocated to Cost of Projects	(16.12)	(45.74)
<b>Total</b>	<b>1,081.85</b>	<b>127.23</b>

## SANATHNAGAR ENTERPRISES LIMITED

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

1 Contingent Liabilities not provided for in respect of :

- a) The Company had assigned all the rights and obligations in respect of appeals in Income Tax / Other Taxes / Cases to Bakelite Hylam Ltd (BHL) (formerly Bakelite Resins & Foams Ltd) (i.e. the resulting company, on account of demerger) vide Deed of Assignment dated March 31, 2009, entered into by the Company for a consideration of ₹ 5.00 Lakhs and accordingly, any liability arising on this account upto March 31, 2009, would be borne by BHL. The details of contingent liabilities at the time of such assignment are as under:

(₹ in Lakhs)

Sr. No.	Particulars	As at 31-March-16	As at 31-March-15
1	Disputed Income Tax	14.75	14.75
2	Disputed Central Excise	158.41	158.41
3	Disputed Sales Tax	36.31	36.31

- b) Other than 1 (a) above : Disputed Income Tax ₹ 0.26 Lakhs (Previous Year Nil)
- c) Civil suits filed by certain buyers of the apartments before various judicial forums for specific performance/s:

(₹ in Lakhs)

Particulars	As at 31-March-16	As at 31-March-15
Disputed Demands of few Customers	526.53	40.78

- 2 Penalties under section 271D and 271E of the Income Tax Act, 1961 have been levied by the Income Tax Department for the various Assessment years.

Penalties levied by the department on similar facts have been deleted by the Appellate authorities. This is also supported by the decision of Hon'ble Delhi High Court in the case of CIT vs Worldwide Township Projects Ltd and by Hon'ble Supreme Court in the case of CIT vs Dinesh Jain. Further, on the basis of expert legal opinion obtained by the management the levy of penalty is not sustainable and consequently provision for the same is not considered necessary by the management.

- 3 The accumulated losses of the Company have far exceeded its entire net worth. The financial statements have, however, been prepared by the management on a going concern basis in view of expected profits to be earned on agreements to sale executed with the customers, improved market conditions and sale of apartments at newly launched buildings.
- 4 In the opinion of the Board, the assets other than fixed assets have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated.
- 5 Balances in certain accounts of Trade Payables are subject to reconciliation / confirmation.
- 6 As the Company has only one segment, segment reporting in terms of Accounting Standard 17 is not applicable.
- 7 Consequent to Order dated 4th June, 2013 of SEBI served to the Company, it is in the process of complying with the requirements of Rule 19(2)(b) of Securities Contracts (Regulation) (Amendment) Rules 2010, with regard to achieving public shareholding at the prescribed minimum level of 25% of the total Equity Shares issued by the Company, impact whereof is presently not ascertainable.
- 8 The information as required by Accounting Standard 18 relating to 'Related Party Disclosures' is given below:

**A. List of Related Parties:**

(As identified by the Management)

**a) Individuals / Enterprises Controlling the Company**

**i. Controlling Shareholder**

Mr. Mangalprabhat Lodha



**ii. Ultimate Holding Company**

Sambhavnath Infrabuild and Farms Pvt. Ltd. (Holding Company of LDPL)

**iii. Holding Companies**

Lodha Developers Pvt. Ltd. (LDPL) (Holding Company of SRPPL)

Siddhnath Residential Paradise Pvt. Ltd. (SRPPL)

**b) Entities as at 1st April, 2015**

**i. Fellow Subsidiaries**

Adinath Builders Pvt. Ltd.

Ajitnath Hi-Tech Builders Pvt. Ltd. (Demerged with Shri Kaiilas Properties and Agrofarms Pvt. Ltd. w.e.f. 02-April-16, Appointed date being 01-April-15)

Anant Developers Pvt. Ltd.

Anantnath Constructions And Farms Pvt. Ltd.

Arihant Premises Pvt. Ltd.

Bellissimo Hi-Rise Builders Pvt. Ltd. (Formerly known as Lodha Hi-Rise Builders Pvt. Ltd.)

Cowtown Land Development Pvt. Ltd.

Dalhousie Leasing and Financial Services Pvt. Ltd.

Hi-Class Buildcon Pvt. Ltd.

Hotel Rahat Palace Pvt. Ltd.

Ishwer Realty and Technologies Pvt. Ltd.

Jawala Real Estate Pvt. Ltd.

Kidderpore Holdings Ltd.

Krona Realities Pvt. Ltd. (merged with Sarvavasa Buildtech and Farms Pvt. Ltd. w.e.f. 08-April-2016, Appointed date being 01-November-14)

Kundan Realtors Pvt. Ltd.

Lodha Aviation Pvt. Ltd.

Lodha Buildcon Pvt. Ltd.

Lodha Building and Construction Pvt. Ltd.

Lodha Crown Buildmart Pvt. Ltd.

Lodha Designer Construction Pvt. Ltd.

Lodha Developers 1GSQ Ltd.

Lodha Developers 48CS Ltd.

Lodha Developers Dorset Close Ltd.

Lodha Developers International (Jersey) I Holdings Ltd.

Lodha Developers International (Jersey) III Ltd.

Lodha Developers International (Netherlands) B. V.

Lodha Developers International Holding Ltd.

Lodha Developers International Ltd.

Lodha Developers UK Ltd.

Lodha Elevation Buildcon Pvt. Ltd.

## SANATHNAGAR ENTERPRISES LIMITED

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Lodha Estate Pvt. Ltd.	
Lodha Home Developers Pvt. Ltd.	
Lodha Ideal Buildcon Pvt. Ltd.	
Lodha Impression Real Estate Pvt. Ltd.	
Lodha Land Developers Pvt. Ltd.	
Lodha Properties Development Pvt. Ltd.	
Mahavir Premises Pvt. Ltd.	
Microtec Constructions Pvt. Ltd.	
Nabhiraja Software Design Pvt. Ltd.	
National Standard (India) Ltd.	
Odeon Theatres and Properties Pvt. Ltd.	
Odeon Theatres Pvt. Ltd.	
Palava City Management Pvt. Ltd.	
Palava Dwellers Pvt. Ltd.	
Roselabs Finance Ltd.	
Samvara Buildtech Pvt. Ltd.	
Sarvavasa Buildtech and Farms Pvt. Ltd.	
Shree Sainath Enterprises Construction and Developers Pvt. Ltd.	
Shreeniwas Cotton Mills Ltd.	
Simtools Pvt. Ltd.	
Sitaldas Estate Pvt. Ltd.	
Suryakrupa Constructions Pvt. Ltd.	
Tropical Adventures Ltd.	
<b>ii. Limited Liability Partnership under control</b>	
Lodha Fincorp Distribution Services LLP	
<b>iii. Partnership Firms Under Control</b>	
Mahavir Associates	
Vivek Enterprises	
<b>iv. Others (Enterprises owned / controlled by controlling shareholder and / or his relatives with whom the Company had transactions)</b>	
Lodha Healthy Constructions and Developers Pvt. Ltd.	
<b>c) Entities added during the year</b>	<b>From</b>
<b>Fellow Subsidiary</b>	
Shri Kaiilas Properties & Agrofarms Pvt. Ltd.	16-August-15
<b>d) Entities ceased / Struck off during the year</b>	<b>Upto</b>
<b>Fellow Subsidiaries</b>	
Manan Finserve Pvt. Ltd.	27-March-16
Lodha Finserve Pvt. Ltd. (formerly known as Sai Ishwer Finvest Pvt. Ltd.)	27-March-16
Shreeniwas Abode and House Pvt. Ltd.	04-March-16

**SANATHNAGAR ENTERPRISES LIMITED**

**e) Key Managerial Personnel**

Maninder Chhabra

**B. Transactions during the year ended and Balances Outstanding as at 31-March-16 with related parties are as follows:**

**(i) Transactions:**

(₹ in Lakhs)

Sr. No.	Nature of Transactions	Holding Company / Relatives of Controlling Shareholder	Fellow Subsidiaries	Others
1	Reimbursements Given	232.62 (59.44)	16.96 (-)	19.41 (149.16)
2	Reimbursements Taken	- (-)	1.18 (-)	- (34.77)
3	Amount paid on behalf of	- (-)	0.31 (0.83)	269.84 (4.33)
4	Amount paid on behalf by	- (-)	5.54 (0.42)	16.97 (5.84)
5	Sale of Building Materials	- (-)	14.06 (-)	- (-)
6	Purchase of Materials	- (0.41)	- (0.60)	- (-)
7	Interest Expenses	283.32 (724.62)	1,171.76 (678.10)	- (-)
8	Loans Taken	3,239.96 (13,885.24)	1,459.03 (11,016.48)	- (-)
9	Deposit Given	- (3.00)	- (-)	- (-)

**(ii) Outstanding Balances:**

(₹ in Lakhs)

Sr. No.	Nature of Transactions	Holding Company / Relatives of Controlling Shareholder	Fellow Subsidiaries	Others
1	Loan Taken	248.21 (3,190.50)	8,298.10 (9,884.72)	- (-)
2	Trade Payables	- (-)	- (0.33)	- (-)
3	Trade Receivable	- (-)	11.88 (-)	- (-)
4	Interest accrued but not due on Borrowings	283.32 (652.16)	1,054.58 (678.02)	- (-)
5	Advances Given	- (-)	0.64 (0.55)	218.24 (-)
6	Other Liabilities	- (-)	5.46 (-)	- (-)

## SANATHNAGAR ENTERPRISES LIMITED

### (iii) Disclosure in respect of material transactions with related parties:

(₹ in Lakhs)

Sr. No.	Nature of Transactions	Name of the Company	For the Year ended 31-March-16	For the Year ended 31-March-15
1	Reimbursements Given	Lodha Developers Pvt. Ltd.	232.62	59.44
		Nabhiraja Software Design Pvt. Ltd.	16.96	-
		Lodha Healthy Constructions and Developers Pvt. Ltd.	19.41	149.16
2	Reimbursements Taken	Lodha Healthy Constructions and Developers Pvt. Ltd.	-	34.77
		Bellissimo Hi-Rise Builders Pvt. Ltd.	0.59	-
		Lodha Estate Pvt. Ltd.	0.59	-
3	Amount paid on behalf of	Lodha Healthy Constructions and Developers Pvt. Ltd.	269.84	4.33
		Bellissimo Hi-Rise Builders Pvt. Ltd.	-	0.07
		Palava Dwellers Pvt. Ltd.	0.02	0.33
		Nabhiraja Software Design Pvt. Ltd.	0.07	-
		Cowtown Land Development Pvt. Ltd.	0.22	-
		Shreeniwas Cotton Mills Ltd.	-	0.03
		Samvara Buildtech Pvt. Ltd.	-	0.34
4	Amount paid on behalf by	Lodha Healthy Constructions and Developers Pvt. Ltd.	16.97	5.84
		Cowtown Land Development Pvt. Ltd.	4.45	-
		Nabhiraja Software Design Pvt. Ltd.	0.19	-
		Lodha Crown Buildmart Pvt. Ltd.	0.22	0.27
		Shreeniwas Cotton Mills Ltd.	0.68	-
		Palava Dwellers Pvt. Ltd.	-	0.08
		Bellissimo Hi-Rise Builders Pvt. Ltd.	-	0.07
5	Sale of Building Materials	Shreeniwas Cotton Mills Ltd.	1.95	-
		Palava Dwellers Pvt. Ltd.	9.20	-
		Jawala Real Estate Pvt. Ltd.	1.65	-
		Shree Sainath Enterprises Construction and Developers Pvt. Ltd.	1.26	-
6	Purchase of Materials	Cowtown Land Development Pvt. Ltd.	-	0.14
		Lodha Developers Pvt. Ltd.	-	0.41
		Lodha Buildcon Pvt. Ltd.	-	0.01
		Odeon Theatres and Properties Pvt. Ltd.	-	0.03
		Bellissimo Hi-Rise Builders Pvt. Ltd.	-	0.12
		Samvara Buildtech Pvt. Ltd.	-	0.30
7	Interest Expenses	Lodha Developers Pvt. Ltd.	283.32	724.62
		Jawala Real Estate Pvt. Ltd.	1,171.76	678.10
8	Loans Taken	Lodha Developers Pvt. Ltd.	3,239.96	13,885.24
		Jawala Real Estate Pvt. Ltd.	1,459.03	11,016.48
9	Deposit Given	Siddhnath Residential Paradise Pvt. Ltd.	-	3.00

Note : No amount pertaining to related parties have been written off / back or provided for.

## SANATHNAGAR ENTERPRISES LIMITED

### 9 Basic and Diluted Earnings Per Share:

		For the Year ended 31/March/16 ₹ in Lakhs	For the Year ended 31/March/15 ₹ in Lakhs
(a) Net Profit for the year	(₹ in Lakhs)	2,088.43	27.84
(b) No. of Equity Shares as at beginning of the year		31,50,000	31,50,000
Add: Shares Allotted		-	-
No. of Equity Shares as at end of the year		31,50,000	31,50,000
Weighted Average number of Equity Shares outstanding during the year		31,50,000	31,50,000
(c) Face Value of Equity Shares	(₹)	10	10
(d) Basic and Diluted Earnings Per Share	(₹)	66.30	0.88

### 10 Building Materials Consumption (Net):

	(₹ in Lakhs)	
	For the Year ended 31/March/16 ₹ in Lakhs	For the Year ended 31/March/15 ₹ in Lakhs
Cement	138.45	410.70
Steel	20.10	89.96
Tile and Flooring	105.35	257.28
Masonry	15.34	130.22
Plumbing Fixture	79.39	128.06
Others	192.54	467.08
<b>Total</b>	<b>551.17</b>	<b>1,483.30</b>

### 11 Value of Imports on CIF Basis :

	(₹ in Lakhs)	
	For the Year ended 31/March/16 ₹ in Lakhs	For the Year ended 31/March/15 ₹ in Lakhs
Building Materials	-	19.10

### 12 Value of Imported and Indigenous Materials Consumed (Net):

Particulars	For the Year ended 31-March-16 ₹ in Lakhs		For the Year ended 31-March-15 ₹ in Lakhs	
	%	₹ in Lakhs	%	₹ in Lakhs
Building Materials -				
Imported	-	-	1.44	21.43
Indigenous	100.00	551.17	98.56	1,461.87
<b>Total</b>	100.00	551.17	100.00	1,483.30

## SANATHNAGAR ENTERPRISES LIMITED

### 13 Unhedged Foreign Currency Exposures / Balances Outstanding as at 31-March-16:

Disclosure in accordance with announcement dated December 2, 2005 issued by the Council of the Institute of Chartered Accountants of India (ICAI) with respect to foreign currency balances not hedged:

Particulars	Currency	As at 31-March-16		As at 31-March-15	
		₹ in Lakhs	Foreign Currency	₹ in Lakhs	Foreign Currency
<b>Assets</b>					
Advances to Suppliers / Vendors	USD	2.21	0.03	-	-
<b>Liabilities</b>					
Trade Payables (Previous Year USD 229.76)	USD	-	-	0.14	0.00

### 14 Details of dues to Micro, Small and Medium Enterprises :

The information has been determined to the extent such parties have been identified on the basis of information available with the Company. The amount of principal and interest outstanding is given below :

Particulars	(₹ in Lakhs)	
	For the Year ended 31-March-16	For the Year ended 31-March-15
Amount unpaid as at year end - Principal	0.65	14.61
Amount unpaid as at year end - Interest	(-)	(-)
The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 (the 'Act') along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	(-)	(-)
The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act.	(-)	(-)
The amount of interest accrued and remaining unpaid at the end of each accounting year.	(-)	(-)
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Act.	(-)	(-)

**15 Defined Benefit Plan:**

The employees gratuity fund scheme managed by Life Insurance Corporation of India is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build in the final obligation. The obligation for leave encashment is recognized in the same manner as gratuity.

(₹ in Lakhs)

Particulars	Gratuity (funded)		Leave encashment (unfunded)	
	For the Year ended 31-March-16	For the Year ended 31-March-15	For the Year ended 31-March-16	For the Year ended 31-March-15
<b>a. Reconciliation of opening and closing balances of Defined Benefit obligation</b>				
Defined Benefit obligation at beginning of the year	13.42	-	9.28	-
Current Service Cost	3.39	2.41	4.27	2.20
Interest Cost	0.69	0.70	0.52	0.96
Transferred in	(4.49)	7.67	(2.29)	10.58
Actuarial (gain) / loss	(2.37)	2.64	5.28	(0.90)
Benefits Paid	3.07	-	10.23	3.56
Defined Benefit obligation at year end	7.57	13.42	6.83	9.28
<b>b. Reconciliation of opening and closing balances of fair value of plan assets</b>				
Fair value of plan assets at beginning of the year	1.60	-	-	-
Expected return on plan assets	0.29	0.13	-	-
Transferred In	(0.50)	1.48	-	-
Actuarial (gain) / loss	0.20	0.01	-	-
Employer contribution	-	-	-	-
Benefits Paid	-	-	-	-
Fair value of plan assets at year end	1.19	1.60	-	-
Actual return on plan assets	1.19	1.60	-	-
<b>c. Reconciliation of fair value of assets and obligation</b>				
Present value of obligation as at 31st March	7.57	13.42	6.83	9.28
Fair value of plan assets as at 31st March	1.19	1.60	-	-
(Accrued liability) / Prepaid benefit	(6.38)	(11.82)	(6.83)	(9.28)
<b>d. Expenses recognized during the year ended</b>				
Current Service Cost	3.39	2.41	4.27	2.20
Interest Cost	0.69	0.70	0.52	0.96
Expected return on plan assets	0.29	0.13	-	-
Actuarial (gain) / loss	(2.17)	2.65	5.28	(0.90)
Net Cost	1.62	5.63	10.07	2.26

## SANATHNAGAR ENTERPRISES LIMITED

e. Investment details	% invested as at 31-March-16	% invested as at 31-March-15	% invested as at 31-March-16	% invested as at 31-March-15
L.I.C. Group Gratuity (Cash Accumulation) Policy	100%	100%	0%	0%
Mortality Table (L.I.C.)	-	-	-	-
	Ultimate	Ultimate	Ultimate	Ultimate
Discount Rate (Per annum)	7.9% p.a.	7.8% p.a.	7.9% p.a.	7.8% p.a.
Expected rate of return on plan assets (per annum)	7.9% p.a.	8% p.a.	0%	0%
Rate of escalation in salary (per annum)	5% p.a.	5% p.a.	5% p.a.	5% p.a.

The estimates of rate of escalation in salary considered in actuarial valuation of Gratuity, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

- 16 (a) Previous year's figures have been regrouped / rearranged wherever necessary to conform to the current year's presentation.
- (b) Figures in brackets are related to previous year.

### As per our attached Report of even date

**For Shanker and Kapani**  
Chartered Accountants  
Firm Registration No. : 117761W

**Jayesh B. Kapani**  
Partner

Place : Mumbai  
Date : 13-May-2016

**Purnima Pavle**  
Director  
DIN: 06705133

**Babusingh Rajguru**  
Director  
DIN: 02696937

**Vishal Ghadigaonkar**  
Chief Financial Officer

**Sharatkumar Shetty**  
Company Secretary  
ACS : A 31888

### For and on behalf of the Board



# SANATHNAGAR ENTERPRISES LIMITED

Regd Office : 412, Floor- 4, 17G Vardhaman Chamber, Cawasji Patel Road, Horniman Circle, Fort, Mumbai-400001  
CIN: L99999MH1947PLC252768 E-Mail : investors.sel@lodhagroup.com Website : www.sanathnagar.in  
Phone No.: +9122-23024400 Fax No.: +9122-23024550

## Proxy Form

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

Name of the member(s): \_\_\_\_\_ E-mail ID \_\_\_\_\_

Registered address \_\_\_\_\_

Folio No / Client ID \_\_\_\_\_ DP ID \_\_\_\_\_

I / We, being the member(s) of \_\_\_\_\_ shares of the above named Company, hereby appoint

1. Name \_\_\_\_\_ E-mail ID \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_  
Signature \_\_\_\_\_ or failing him

2. Name \_\_\_\_\_ E-mail ID \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_  
Signature \_\_\_\_\_ or failing him

3. Name \_\_\_\_\_ E-mail ID \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_  
Signature \_\_\_\_\_ or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 69<sup>th</sup> Annual General Meeting of the Company, to be held on **Thursday, 29<sup>th</sup> September, 2016 at 04.30 P.M. at Lodha Excelus, 6<sup>th</sup> floor , Apollo Mills Compound, N M Joshi Marg, Mahalaxmi, Mumbai 400 011** and at any adjournment thereof in respect of such resolutions as are indicated below:

## SANATHNAGAR ENTERPRISES LIMITED

Resolution no	Particulars	For	Against
1.	To consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2016 and the Reports of the Board of Directors' and Auditors' thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2.	To appoint a Director in place of Ms. Purnima Pavle (DIN: 06705133), who retires by rotation at this Annual General Meeting and being eligible, offers herself for re-appointment.	<input type="checkbox"/>	<input type="checkbox"/>
3.	To appoint M/s MZSK & Associates Chartered Accountants as Statutory Auditors of the Company to fill the casual vacancy caused by resignation of M/s Shanker & Kapani, Chartered Accountants	<input type="checkbox"/>	<input type="checkbox"/>
4.	To appoint M/s MZSK & Associates Chartered Accountants as Statutory Auditors of the Company for a period of five years	<input type="checkbox"/>	<input type="checkbox"/>
5.	To appoint Mr. Umashankar Hegde (DIN: 06797098) as Independent Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
6.	To appoint Mr. Bhushan Shah (DIN: 07484485) as Independent Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
7.	To appoint Mr. Maninder Chhabra as Manager of the Company	<input type="checkbox"/>	<input type="checkbox"/>

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2016

Signature of shareholder(s) :

Signature of Proxy holder(s) :

### Notes:

1. This form of proxy in order to be effective should be duly completed, signed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. For the resolutions, Explanatory Statement and Notes, please refer to the Notice of the Sixty Ninth Annual General Meeting.
3. Kindly affix Re. 1 revenue stamp on the proxy form before depositing at the registered office.

**SANATHNAGAR ENTERPRISES LIMITED**

Regd Office : 412, Floor- 4, 17G Vardhaman Chamber, Cawasji Patel Road, Horniman Circle, Fort, Mumbai-400001

CIN: L99999MH1947PLC252768 E-Mail : investors.sel@lodhagroup.com Website : www.sanathnagar.in

Phone No.: +9122-23024400 Fax No.: +9122-23024550

**Attendance Slip**

Folio No. \_\_\_\_\_ No of shares \_\_\_\_\_

DP ID No. \_\_\_\_\_ Client ID No \_\_\_\_\_

I hereby record my presence at the 69<sup>th</sup> **ANNUAL GENERAL MEETING** of the Company held on **Thursday, 29<sup>th</sup> September, 2016 at 04.30 P.M. at Lodha Excelus, 6<sup>th</sup> floor , Apollo Mills Compound, N M Joshi Marg, Mahalaxmi, Mumbai 400 011.**

Name of the Member / Proxy \_\_\_\_\_

Signature of the Member / Proxy \_\_\_\_\_

1. Only Member/Proxy holder can attend the Meeting.
2. Member/Proxy holder should bring his/her copy of the Annual Report for reference at the Meeting.

## **COURIER / REGISTERED POST**

*If undelivered, please return to :*

The Secretarial Department

**SANATHNAGAR ENTERPRISES LIMITED**

Regd Office : 412, Floor- 4, 17G Vardhaman Chamber,  
Cawasji Patel Road, Horniman Circle, Fort, Mumbai-400001