



# SATIN CREDITCARE NETWORK LTD.

## BOARD OF DIRECTORS

|                                   |                                         |
|-----------------------------------|-----------------------------------------|
| Sh. H P Singh                     | Chairman cum Managing Director          |
| Sh. Satvinder Singh               | Managing Director                       |
| Sh. Harbans Singh                 | Director                                |
| Maj. Gen. (Retd) S. K. Vij<br>VSM | Director                                |
| Sh. Rakesh Sachdeva               | Director                                |
| Sh. Harprit Singh                 | Director                                |
| Sh. S. S. Chawla                  | Alternate Director of Mr. Harprit Singh |

## CHIEF FINANCE OFFICER & COMPANY SECRETARY

Sh. Jugal Kataria

## AUDITORS

A. K. Gangaher & Co.  
Chartered Accountants

## BANKERS

Andhra Bank

## REGISTERED OFFICE

306, Lusa Tower,  
Azadpur Commercial Complex,  
Azadpur, Delhi-110033

## CORPORATE OFFICE

5th Floor, Kundan Bhawan,  
Azadpur Commercial Complex,  
Azadpur, Delhi- 110033

## REGISTRAR & TRANSFER AGENT

Intime Spectrum Registry Ltd.  
A-31, 3rd Floor, Near PVR Cinemas,  
Nariana Industrial Area, Phase-I  
New Delhi-110028



# SATIN CREDITCARE NETWORK LIMITED

## NOTICE

Notice is hereby given that the Fifteenth Annual General Meeting of **SATIN CREDITCARE NETWORK LIMITED** will be held on Friday, the 30th September 2005 at 10 a.m. at 'TYAGI FARMS', Plot No. 7, Bhawani Nagar, Dhinpur, Near Jhatikara Morh, Brijwasan Road, New Delhi - 110043, to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2005, Profit & Loss Account for the year ended on that date and the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Maj. Gen (Retd.) S K Vij, who retires by rotation and being eligible, offers himself for re-appointment
3. To appoint Statutory Auditors for the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting, to fix their remuneration and to authorize them also to conduct audit of accounts of the Company's Branches.

### SPECIAL BUSINESS

4. To consider and if thought fit to pass the following resolution, with or without modification, as an ordinary resolution:  
"RESOLVED that consent be and is hereby accorded to the Board of Directors of the Company pursuant to section 293 (1) of the Companies Act, 1956, for borrowing from time to time any sum or sums of money which together with the money already borrowed by the Company (apart from temporary loans obtained from the bankers of the company in the ordinary course of business including the cash credit limit) shall not exceed in aggregate at any one time Rs. 2000 lacs (Rupees Twenty Crores only) irrespective of the fact that such aggregate amount of borrowing outstanding at any one time may exceed the aggregate for the time being of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose."
5. To consider and if thought fit to pass the following resolution, with or without modification, as an ordinary resolution:  
"RESOLVED that the consent of the shareholders be and is hereby accorded to the Board of Directors of the Company authorizing them to create charge on the movable and immovable properties of the Company, by way of hypothecation, mortgage or otherwise subject to the conditions that the aggregate amount of charges so created in favor of the Bankers, Financial Institutions and other lenders shall not exceed the amount of Rs. 2000 lacs. (Rupees Twenty Crores Only)."
6. To consider and if thought fit, to pass with or without modification(s) the following resolution as an ordinary resolution:  
"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and 310 read with Schedule XIII and other applicable provisions if any, of the Companies Act, 1956, approval be and is hereby accorded to the reappointment of Mr. H P Singh as Chairman Cum Managing Director of the Company with effect from 01.10.2005 for a period of five years i.e. till 30.09.2010 at remuneration as set out below:  
  - a. Salary: Rupees 48,000/- per month
  - b. Perquisites

### CATEGORY A

1. **Medical Benefits for Self & family**  
Reimbursement of expenses actually incurred for self and family, the total cost of which should not exceed one month's salary per year or three months' salary in a period of three years.
2. **Leave Travel Concession**  
For self, wife & dependent children once in a year to and fro from any place in India subject to the condition that only actual fare & no hotel expenses etc. will be allowed. This is further subject to maximum of one month salary.
3. **Club Fees**  
Club subscription fees for membership of maximum two clubs. This will, however, not include admission fees or life membership fees. This will be further subject to a ceiling of Rs.5,000/- per year.

### CATEGORY B

#### Provident Fund

Participation in a recognised Provident Fund as per rules of the Company and to the extent not taxable under the Income Tax Act, 1961.



## SATIN CREDITCARE NETWORK LTD.

### Gratuity

Gratuity not exceeding half month's salary for each completed year of service.

### Leave

Encashment of leave as per rules of the Company at the end of the tenure.

The value of perquisites under category 'B' shall not be included in the computation of the ceiling on remuneration specified in Section II of part II of Schedule XIII of the Companies Act, 1956.

### CATEGORY C

Car with driver and telephone facilities at residence for use on Company business."

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and 310 read with Schedule XIII and other applicable provisions if any, of the Companies Act, 1956, approval be and is hereby accorded to the reappointment of Mr. Satvinder Singh as Managing Director of the Company with effect from 01.10.2005 for a period of five years i.e. till 30.09.2010 at remuneration as set out below:

Salary: Rupees 48,000/- per month

#### a. Perquisites

### CATEGORY A

#### 1. Medical Benefits for Self & family

Reimbursement of expenses actually incurred for self and family, the total cost of which should not exceed one month's salary per year or three months' salary in a period of three years.

#### 2. Leave Travel Concession

For self, wife & dependent children once in a year to and fro from any place in India subject to the condition that only actual fare & no hotel expenses etc. will be allowed. This is further subject to maximum of one month salary.

#### 3. Club Fees

Club subscription fees for membership of maximum two clubs. This will, however, not include admission fees or life membership fees. This will be further subject to a ceiling of Rs.5,000/- per year.

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Gratuity not exceeding half month's salary for each completed year of service.

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Encashment of leave as per rules of the Company at the end of the tenure.

The value of perquisites under category 'B' shall not be included in the computation of the ceiling on remuneration specified in Section II of part II of Schedule XIII of the Companies Act, 1956.

### CATEGORY C

Car with driver and telephone facilities at residence for use on Company business."

By Order of the Board  
For SATIN CREDITCARE NETWORK LIMITED

#### Registered Office

106, Lusa Tower,  
Azadpur Commercial Complex,  
Delhi - 110033

Dated : 29<sup>th</sup> June, 2005

Jugal Kataria  
Chief Finance Officer  
& Company Secretary



# SATIN CREDITCARE NETWORK LTD.

## NOTES:

1. A member who is entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the Company. A blank proxy form is enclosed and if intended to be used, it should be returned duly completed at the registered office of the Company not less than 48 hours before the scheduled time of the Annual General Meeting.
2. The register of members of the Company shall remain closed from 16.09.2005 to 30.09.2005 (both days inclusive).
3. Shareholders/proxy holders are requested to produce at the entrance the attached admission slip duly completed and signed for admission to the meeting place.

By Order of the Board  
For SATIN CREDITCARE NETWORK LIMITED

Dated : 29<sup>th</sup> June, 2005

Jugal Kataria  
Chief Finance Officer  
& Company Secretary

## EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 ATTACHED ALONGWITH THE NOTICE DATED 29<sup>th</sup> June, 2005.

### Item No. 4 & 5

Pursuant to the provisions of clause (d) of sub section (1) of section 293 of the Companies Act, 1956, the Board of Directors cannot borrow more than the aggregate amount of the paid up capital of the Company and its free reserves at any one time except with the consent of the shareholders of the Company in the General Meeting. The expansion plans of the Company are in full swing and it is expected that Company would be needing additional funds for the same. The Board of Directors has proposed that the shareholders may allow borrowing from time to time any sum or sums of money which together with the money already borrowed by the Company (apart from temporary loans obtained from the bankers of the company in the ordinary course of business including the cash credit limit) not exceeding in aggregate at any one time Rs. 2000 lacs irrespective of the fact that such aggregate amount of borrowing outstanding at any one time may exceed the aggregate for the time being of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose. The resolution at item no. 4 is intended to seek the approval of the shareholders for the said purpose.

Resolution at item no. 5 is intended under section 293(1)(a) of the Companies Act 1956 authorizing the Board of Directors to create charge on the properties of the Company subject to limit of Rs. 2000 lacs at any one time by way of security towards monies so borrowed by the Company.

None of the Directors of your Company is interested, either directly or indirectly, in the said proposal and recommends your approval thereof in the interest of the Company.

### Item No. 6 & 7

Mr. H P Singh and Mr. Satvinder Singh, shall be completing their respective terms of Chairman Cum Managing Director and Managing Director respectively of the Company on 30.09.2005. Mr. H P Singh was appointed as Chairman Cum Managing Director of the Company and Mr. Satvinder Singh as Managing Director of the Company in the Annual General Meeting of the shareholders of the Company held on 15.07.2000. Their tenure was fixed for five years i.e. w. e. f. 01.10.2000 to 30.09.2005. Since their term expires on 30.09.2005, they need to be re-appointed. The remuneration payable to them has been set out in the Notice. Pursuant to the provisions contained in the sections 198, 269, 309 and 310 read with the schedule XIII of the Companies Act, 1956, reappointment and any change in the remuneration payable to the managing personnel requires the approval of the shareholders in the general meeting and accordingly the resolutions are placed before the shareholders for their approval. Mr. Harbans Singh, Mr. H P Singh, Mr. Satvinder Singh and Mr. Harprit Singh may be deemed to be interested in the said resolution.

This may be treated as an abstract of the terms of appointment of Chairman cum Managing Director and Managing Director and Memorandum of interest pursuant to section 302 of the Companies Act, 1956.

By Order of the Board  
For SATIN CREDITCARE NETWORK LIMITED

Dated : 29<sup>th</sup> June, 2005

Jugal Kataria  
Chief Finance Officer  
& Company Secretary



# SATIN CREDITCARE NETWORK LTD.

## DIRECTORS' REPORT

Dear Members,

Your Directors take pleasure in presenting the Fifteenth Annual Report of the company together with the Audited Accounts for the financial year ended 31st March 2005.

(Rs. in lacs)

| Particulars                                | Current Year | Previous year |
|--------------------------------------------|--------------|---------------|
| Gross Income                               | 248.34       | 258.30        |
| Profit before Depreciation and tax         | 26.57        | 25.41         |
| Depreciation and Non Cash Expenditure      | 7.55         | 8.61          |
| Profit before Tax                          | 19.02        | 16.80         |
| Provision for Tax (including Deferred Tax) | 7.22         | 5.67          |
| Profit after Tax                           | 11.80        | 11.13         |
| Brought forward from Previous Year         | 45.13        | 36.47         |
| Other Adjustment                           | (0.33)       | (0.24)        |
| Profit available for appropriation         | 56.59        | 47.35         |
| Transfer to Statutory Reserve Fund         | 2.36         | 2.23          |
| Surplus carried to Balance Sheet           | 54.23        | 45.13         |

## OPERATIONS, PROSPECTS AND FUTURE PLANS

- As you would notice, your Company has performed well during the year under review. During the year under review, financial activities continued to be major business of the Company. The Company continued its micro financing policy by financing to small borrowers. The Company has thoroughly and continuously been perusing its strategy of financial deepening. Although the Company has been competing with medium to large NBFCs, Banks and Financial Institutions, it has managed well by way of innovative and convenient financing. The Company is quite hopeful of achieving even better results in the Current financial year.
- During the financial year 2004-05, Micro Credit Rating International Limited (MCRIL) rated the Company for its micro finance activities. On the basis of credit rating by MCRIL, the Company has been sanctioned a term loan of Rs. 200.00 Lacs by Small Industries Development Bank of India (SIDBI). In this respect an agreement was executed on 07<sup>th</sup> March, 2005 between the Company and SIDBI. An amount of Rs. 50.00 lacs out of the sanctioned loan has been disbursed by SIDBI during the financial year 2004-05.
- The net finance disbursement has been Rs. 1367 Lacs (Previous Year Rs. 1287 Lacs). The Gross Income during the year has been Rs. 248.34 Lacs (Previous Year Rs. 258.30 Lacs). The net profit after tax during the year has been higher at Rs. 11.79 Lacs (Previous Year Rs. 11.13 Lacs).
- Your Company has plans to broad base its micro financing activities by including more products and also expanding geographically. The Company is also deeply committed towards its goal of financing to poor section and women entrepreneurs.

## SUBSIDIARY COMPANIES

During the year Satin Media Solutions Limited that was a wholly owned subsidiary of the Company ceased to be subsidiary of the Company. In the opinion of the management the Investment made by the Company in the aforesaid Company is long-term investment and its realizable value is not less than the value at which it is stated in the Balance Sheet. The statement of the holding company's interest in the subsidiary as specified in subsection 3 of section 212 of the Companies Act, 1956 and accounts, Directors' reports and Auditors' Reports of subsidiary company is attached to the report and accounts of the Company.

## DIRECTORS

Maj. Gen (Retd.) S K Vij retires by rotation and being eligible offers himself for reappointment.

## DIVIDEND

In order to undertake and carry on future plans, it is necessary to conserve the resources. Your Directors are of the opinion of retaining the profits for the year within the Company, and thus have not recommended any Dividend for the year ended 31<sup>st</sup> March 2005.



# SATIN CREDITCARE NETWORK LTD.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Review

Satin Creditcare Network Limited (SCNL) is one of the category 'A' Non Banking Financial Companies (NBFC). It has reported satisfactory financial and operating performance during the period under review i.e. 2004-2005. The financial disbursement during the year has been Rs. 1367 Lacs. (Previous Year Rs. 1287 Lacs). The Gross Income during the year has been Rs. 248.34 Lacs (Previous Year Rs. 258.30 Lacs). Depreciation during the year has been lower at Rs. 6.66 Lacs against Rs. 7.73 lacs during previous year. The net profit after tax during the year has been at Rs. 11.80 Lacs (Previous Year Rs. 11.13 Lacs). SCNL's net worth stood at Rs. 503.21 lacs against Rs. 490.85 lacs showing a growth of 2.52%. The Company plans to concentrate only on Non Banking financial activities during the current financial year.

### Resources and liquidity

During the year, the company relied upon Bank, Financial Institutions, Corporate and deposits for its resources. The Company enjoys a cash credit limit of Rs. 225.00 lacs from Andhra Bank. The public deposits and Inter corporate deposits stood at Rs. 231.93 lacs as at March 31, 2005 as against Rs. 259.81 lacs. The credit rating of the Company by its bankers has been A+. The liquidity position and Debt: Equity ratio of the company at 0.99 is highly comfortable.

### Industry Scenario

The Non Banking Financial Company (NBFC) industry in the private sector in India is represented by a mix of few large Companies with nation wide presence, and a large number of small and medium size Companies with regional focus. These NBFCs provide a variety of services including fund based and fee based activities and cater to retail and non-retail markets and niche segments.

The increased penetration of the banking sector in few segments and reduced direct cost of borrowing for high quality borrowers have been a reason of some competition among NBFCs. During past several years an effective regularity framework has continuously been responsible for improving the overall level of investor protection. However, SCNL has not been much affected by these factors due to the fact that it has been catering to core retail customers by carrying on very attractive, convenient and innovative methods of micro financing. SCNL has also been greatly benefited by its strategy of financial deepening.

### Business Review

As you would notice, your Company has performed well during the year under review. During the year under review, financial activities continued to be major business of the Company. The Company continued its micro financing policy by financing to small borrowers. The Company has thoroughly and continuously been pursuing its strategy of financial deepening. The Company is quite hopeful of achieving even better results in the Current financial year. The majority of Company's funds are deployed in retail financing and the future receivables under the financing contracts as at March 31, 2005 are Rs. 690.79 lacs.

### Opportunities

With the globalisation of economy and continuous growth in the GDP of the country, the growth prospects for small and medium business enterprises have also prospered. In future the same trend is likely to continue. However, majority of such small business entrepreneurs and individuals are still not in the reach of the retail banking industry. This is a great opportunity for smaller and medium NBFCs especially in the area of micro financing having local and regional penetration. SCNL is well placed to identify such entrepreneurs and individuals and to provide them with convenient financing. Besides this there is lot of scope for finance institutions, and the company is trying to position itself as an ideal Micro Financial Institution, which will further help the Company to generate better resources.

### Challenges

The entire NBFC sector faces competitive pressure from the banking sector, which enjoys access to lower cost financing. The spreads in the lending business have also narrowed.

SCNL's strong financial position, reflected by its low Debt: Equity ratio and adoption of prudent business policies, association with leading financial institutions have enabled it to perform consistently and post satisfactory performance despite these competitive conditions.

### Outlook

SCNL plans to broad base its product line to include financing of more products and also to expand geographically.



# SATIN CREDITCARE NETWORK LTD.

## Risk & Concerns

SCNL is exposed to risks like volatility in the Indian economy, falling interest rates, competition from the banking sector, volatile economic cycle, market risks, credit risk and failure of many NBFC during past few years. SCNL manages these risks by maintaining a conservative financial profile and by following prudent business and risk management practices.

## Adequacy of internal controls

SCNL has a proper and adequate internal controls to ensure that all activities are monitored and controlled against any unauthorised use or disposition of assets and that all the transactions are authorised, recorded, reported and monitored correctly. The Company works in computerised environment and all its operations including accounts and MIS are electronic.

SCNL ensures adherence to all internal control policies and procedures as well as compliance with all regulatory guidelines.

An audit committee is in place to review and strengthen the adequacy of internal control.

## Human Resource Development

SCNL has a team of young, able, experienced and dedicated team of professionals at all levels to support the management. The number of employees as at 31.03.2005 stood at 28.

## DEPOSITS

- |    |                                                                                                                                                                                                 |                |
|----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| a) | The total no. of depositors of the Company whose deposits have not been claimed by the depositors or paid by the Company after the date on which the deposit became due for payment or renewal. | 29             |
| b) | The total amount due to the depositors and remaining unclaimed or unpaid beyond the dates referred to in Clause (a) as aforesaid                                                                | Rs.5,81,660.00 |

The above figures relate to the deposits, which are unclaimed after becoming due. There are no deposits, which were claimed but not paid.

The Company has stopped accepting public deposits w.e.f. 20<sup>th</sup> November 2004.

## RESERVE BANK OF INDIA-REGISTRATION AND DIRECTIONS

The Company has been granted certificate of registration from Reserve Bank of India to carry on the business of non-banking financial institution vide Registration No A14.01394 dated 4<sup>th</sup> December, 1998. Owing to the change of name of the Company from Satin Leasing & Finance Limited to Satin Creditcare Network Limited on 10.04.2000, the Company had received a revised certificate of Registration from Reserve Bank of India dated 2<sup>nd</sup> November, 2000. Your Company has been following all relevant guidelines issued by Reserve Bank of India from time to time. Also the Company has been following all the prudential norms as per Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998 as amended from time to time. The Company has decided not to accept the public deposits with effect from 20<sup>th</sup> November, 2004. The Company has intimated the same to Reserve Bank of India. Payment to depositors shall be made on the maturity of deposits or over premature request from depositor. Pursuant to the directives issued by the Reserve Bank of India for the Non Banking Financial Companies Auditors' Report (Reserve Bank) Directions, 1998, the Board of Directors of the Company have received a report dated 29<sup>th</sup> June, 2005 from the Auditors of the Company. The Board has not observed any adverse remark.

The Company has received Inspection Report dated 18.04.2005 from The Reserve Bank of India. The observations / comments have been suitably responded to by the Company.

## DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm:

1. That in the preparation of the annual accounts, the applicable accounting standards have been followed, alongwith proper explanations relating to material departures;
2. That they have selected such accounting policies and applied them consistently and made judgements 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 financial year and of the profit or loss of the Company for that period.;
3. That they have taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of The Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; and
4. That they have prepared the annual accounts on a going concern basis.



# SATIN CREDITCARE NETWORK LTD.

## AUDITORS & THEIR REPORT

A. K. Gangaher & Co., Chartered Accountants, the existing auditors of the Company retire at the conclusion of this Annual General Meeting and being eligible, offer themselves for re-appointment. Your directors recommend their reappointment. The Company has received audit report from A. K. Gangaher & Co., Chartered Accountants and your Directors do not observe any adverse remark therein.

## PARTICULARS OF EMPLOYEES

There is no employee drawing remuneration in excess of limits laid down under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

## LISTING WITH STOCK EXCHANGES

Your Company is listed with following stock exchanges:

1. The Delhi Stock Exchange Association Limited DSE House, 3/1 Asaf Ali Road, New Delhi – 110002.
2. Jaipur Stock Exchange, Stock Exchange Building, Jawahar Lal Nehru Marg, Malviya Nagar, Jaipur – 302017
3. The Ludhiana Stock Exchange Association Limited, Feroz Gandhi Marg, Ludhiana – 141001

Your Company has paid up to date the listing fee to each of above named stock exchanges.

## OTHER INFORMATION

Information pursuant to clause (e) of sub section (1) of section 217 of the Companies Act, 1956 read with Companies (Disclosures of particulars in the report of Board of directors) Rules, 1988 being not applicable and hence not being disclosed.

## FOREIGN EXCHANGE TRANSACTIONS

|                                                           | <u>Current Year (Rs.)</u> | <u>Previous Year (Rs.)</u> |
|-----------------------------------------------------------|---------------------------|----------------------------|
| a) Expenditure in Foreign Currency<br>CIF value of Import | Nil                       | Nil                        |
| b) Earning/Remittances (Inward) in Foreign Exchange       | 22,166.05                 | 1,08,139.00                |

## ACKNOWLEDGEMENTS

Your Directors would like to express their appreciation for the assistance and co-operation received from Andhra Bank, Small Industries Development Bank of India, our valued customers and shareholders during the year under review. Your Directors also appreciate performance of the employees at all levels.

For and on behalf of the Board

Place: Delhi  
Date: 29<sup>th</sup> June 2005

(H P Singh)  
Chairman Cum Managing Director



# SATIN CREDITCARE NETWORK LTD.

## CORPORATE GOVERNANCE

### Company's Philosophy on code of Corporate Governance

Company's philosophy on corporate governance is to bestow greater transparency and openness in the management, and to ensure best performance by rank and file of staff at all levels and to maximize the operational efficiency as to enhance shareholders' value.

### Board of Directors

The Company has an Executive Chairman. The Board of Directors of the Company comprised of 3 independent non-executive directors and three non-independent Directors. The Company has two Executive Directors including the Chairman.

Attendance of each Director at the Board meetings, last Annual General Meeting and number of other Directorships, memberships and chairpersonships of committees in various companies, are given below:

| Name of Director                                                                   | No. of Board meetings held during the year | Board meetings attended | Attendance at the last Annual General Meeting held on 30th, Sept. 2004 | No. of Directorships in other Companies | No. of Membership of the Committees | No. of Chairperson of committees |
|------------------------------------------------------------------------------------|--------------------------------------------|-------------------------|------------------------------------------------------------------------|-----------------------------------------|-------------------------------------|----------------------------------|
| Sh. H.P. Singh<br>Chairman &<br>Managing Director                                  | 8                                          | 8                       | No                                                                     | 2                                       | 1                                   | 1                                |
| Sh. Satvinder Singh<br>Managing Director                                           | 8                                          | 8                       | Yes                                                                    | 3                                       | 1                                   | Nil                              |
| Sh. Harbans Singh<br>Director                                                      | 8                                          | 8                       | No                                                                     | 1                                       | 2                                   | 1                                |
| Sh. S. S. Chawla<br>Alternate Director<br>(Non Executive) to<br>Sh. Harpreet Singh | 8                                          | 8                       | No                                                                     | Nil                                     | 1                                   | Nil                              |
| Sh. Rakesh Sachdeva<br>Director (Non Executive)                                    | 8                                          | 8                       | No                                                                     | 1                                       | 2                                   | 1                                |
| Maj. Gen. (Retd.)<br>Sh. S. K. Vij<br>Director (Non Executive)                     | 8                                          | 0                       | No                                                                     | Nil                                     | Nil                                 | Nil                              |

### Number of Board Meetings held and the dates of Board meetings

During the year, 8 Board Meetings were held. These Board Meetings were held on 29.06.2004, 30.07.2004, 30.09.2004, 30.10.2004, 09.11.2004, 29.01.2005, 17.02.2005 and 31.03.2005.

### Information on Directors Re-appointment/Appointment.

A brief resume of Director proposed for re-appointment at the ensuing Annual General Meeting, the nature of his experience in specific functional areas and name of Companies in which he holds Directorship and Membership of committees of the Board are furnished below:

**Maj Gen (Retd.) S K Vij** aged 68 years having over 40 years of experience in various fields. He has been a Director of the Company since 29.09.1995. The Company has greatly been benefited by his experience and vision.

### Audit Committee

The Audit committee comprises of three non-executive Directors, Mr. Rakesh Sachdeva who is a qualified Chartered Accountant is the chairman of the Audit Committee. The other two members of the audit committee are Mr. Harbans Singh and Mr. S. S. Chawla. Mr. Rakesh Sachdeva and Mr. S. S. Chawla are independent directors.

The terms of reference stipulated by the Board for the Audit Committee, as contained under clause 49 of the listing agreement, are as follows:

- Overseeing of the Company's financial reporting process and the disclosure of its financial information.
- Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment of other services.
- Reviewing with management the annual financial statements before submission to the Board, focusing primarily on (i) any changes in accounting policies and practices (ii) major accounting entries based on exercise of judgment by the management (iii) qualifications in draft audit report (iv) significant adjustments arising out of Audit (v) the going concern assumptions (vi) Compliance with accounting standards (vii) compliance with stock exchange and legal requirements concerning financial statements and (viii) any related party transactions i.e. transactions of the company of material nature, with promoters or the management, their



# SATIN CREDITCARE NETWORK LTD.

- subsidiaries, relatives etc. that may have potential conflict with the interest of the company at large.
- Reviewing with the management, external/internal auditors, the adequacy of internal control systems.
  - Reviewing the adequacy of internal audit functions, discussions with internal auditors; any significant findings and follow up thereon.
  - Reviewing the finding of any internal investigations by the internal Auditors into matters where there is suspected fraud or irregularities or a failure of internal control systems of material nature and reporting the matter to the Board.
  - Discussion with external Auditors before the audit commences, nature and scope of the Audit as well as post audit discussions to ascertain any area of concern.
  - Reviewing the company's financial and risk management policies.
  - To look into the reasons for substantial defaults in the payment to the depositors, shareholders (in case of non payment of declared dividends) and creditors.

During the year, five Audit committee meetings were held. The Committee held meetings on 29.06.2004, 30.07.2004, 30.10.2004, 29.01.2005 and 31.03.2005. These were duly attended by all the members.

## Remuneration to the Directors:

The disclosure in respect of remuneration paid/ payable to whole time directors of the Company for the financial year 2004-2005 are given below:

| Particulars                      | Mr. H P Singh, CMD (Rs.) | Mr. Satvinder Singh, MD (Rs.) |
|----------------------------------|--------------------------|-------------------------------|
| Salary                           | 5,76,000.00              | 5,76,000.00                   |
| Provident Fund                   | 69,120.00                | 69,120.00                     |
| Approximate value of perquisites | 62,400.00                | 62,400.00                     |
| Total                            | 7,07,520.00              | 7,07,520.00                   |
| Present period of agreement      | 01.10.2000 to 30.09.2005 | 01.10.2000 to 30.09.2005      |

## General Body Meetings

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

| Year      | Location                                                                                                  | Date       | Time       |
|-----------|-----------------------------------------------------------------------------------------------------------|------------|------------|
| 2001-2002 | 'Kukreja Farms' Main Jhatikra Road, Near Jhatikra Modh, Nazafgarh, New Delhi-43                           | 28.09.2002 | 10.00 A.M. |
| 2002-2003 | 'Tyagi Farms' Plot No. 7, Bhawani Nagar, Dhinpur, Near Jhatikra Modh, Brijwasan Road, New Delhi - 110 043 | 30.09.2003 | 10.00 A.M. |
| 2003-2004 | 'Tyagi Farms' Plot No. 7, Bhawani Nagar, Dhinpur, Near Jhatikra Modh, Brijwasan Road, New Delhi - 110 043 | 30.09.2004 | 10.00 A.M. |

During the year ended 31<sup>st</sup> March, 2005, there has been no resolution passed by the Company's shareholders by postal ballots.

## Shareholder /Investor Grievances Committee:

- The Company has a Shareholder /Investor Grievances Committee comprising of Sh. Harbans Singh who is chairman of the committee himself.
  - The Board has designated Mr. Jugal Kataria, Chief Finance Officer and Company Secretary as the Compliance Officer.
  - The Company did not receive any complaint from any shareholder during the year.
  - There was no pending share transfer requests as at March 31, 2005.
- a) Disclosure on materially significant related party transaction i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large.

None of the transactions with any of the related parties was in conflict with the interest of the Company.

- b.) Detail of non compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI, or any authority, or any matter related to capital markets, during last three years.

During the financial year 2002-2003, the Company had opted voluntarily for regularisation of Non Compliance of regulation 8 of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 pursuant to SEBI Regularisation scheme, 2002 for Non Compliance with regulations 6 & 8 of the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997. Apart from this there has not been any other non compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI, or any authority, or any matter related to capital markets, during last three years.