



# 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 VSM	Director
Sh. Rakesh Sachdeva	Director
Sh. Harprit Singh	Director
Sh. S. S. Chawla	Alternate Director of Mr. Harprit Singh

## CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Sh. Jugal Kataria

## AUDITORS

A. K. Gangaher & Co.  
Chartered Accountants

## BANKERS & OTHER LENDERS

ICICI Bank Ltd.  
HDFC Bank Limited  
Standard Chartered Bank  
Yes Bank Limited  
UTI Bank Limited  
Small Industries Development Bank of India  
HDFC Limited  
Maanaveeya Holdings & Investments Private Limited  
The Bellwether Microfinance Fund Private Limited

## REGISTERED OFFICE

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

## CORPORATE OFFICE

5<sup>th</sup> Floor, Kundan Bhawan,  
Azadpur Commercial Complex,  
Delhi- 110033

## REGISTRAR & TRANSFER AGENT

Intime Spectrum Registry Ltd.  
A-40, 2<sup>nd</sup> Floor,  
Naraina Industrial Area, Phase-II,  
Near Batra Banquet Hall,  
New Delhi-110028



# SATIN CREDITCARE NETWORK LTD.

## NOTICE

Notice is hereby given that the Seventeenth Annual General Meeting of **SATIN CREDITCARE NETWORK LIMITED** will be held on Saturday, the 29<sup>th</sup> September, 2007 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 2007, 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 Sh. Harprit Singh, 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** pursuant to the provisions of section 94(1)(a) & other applicable provisions, if any, of the Companies Act, 1956 the Authorised share capital of the company be & is hereby increased from Rs.7,50,00,000.00 (Rupees Seven Crores Fifty Lacs) divided into 75,00,000 (Seventy Five Lacs) equity shares of Rs.10 each to Rs.10,00,00,000.00 (Rupees Ten Crores) divided into 1,00,00,000 (One Crore) equity shares of Rs.10/- each by creation of 25,00,000 (Twenty Five Lacs) equity shares of Rs.10/- each."  
**"RESOLVED FURTHER THAT** Shri H P Singh, Chairman Cum Managing Director and Shri Satvinder Singh, Managing Director either/survivor be and are hereby authorised to sign and file the requisite documents with ROC and other authorities as required."
5. To consider and if thought fit to pass the following resolution, with or without modification, as a special resolution:  
**"RESOLVED THAT** the existing clause V of the Memorandum of Association of the company as to the share capital be and is hereby deleted and in its place the following clause V be substituted:-  
 V. The Authorised Share Capital of the Company is Rs. 10,00,00,000/- (Rupees Ten Crores Only) divided into 1,00,00,000 (One Crore) Equity Shares of Rs.10/- each.
6. To consider and if thought fit to pass the following resolution, with or without modification, as a special resolution:  
**"RESOLVED THAT** pursuant to Section 31 of the Companies Act, 1956, the existing article 3 of Articles of Association of the company as to the Authorised Share Capital be & is hereby deleted & in its place the following article 3 be substituted:-  
 3. The Authorised Share Capital of the Company shall be the same as it stands in Clause V of the Memorandum of Association of the Company."
7. 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) (d) of the Companies Act, 1956, for borrowing from time to time any sum or sums of money which together with the moneys 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. 500.00 Crores (Rupees Five Hundred Crores only) notwithstanding 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."
8. To consider and if thought fit to pass the following resolution, with or without modification, as an ordinary resolution:  
**"RESOLVED that** pursuant to section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 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 favour of the Bankers, Financial Institutions and other lenders shall not at any time exceed the amount of Rs. 500.00 Crores (Rupees Five Hundred Crores only)

By Order of the Board  
For SATIN CREDITCARE NETWORK LIMITED

Registered Office  
306, Lusa Tower,  
Azadpur Commercial Complex,  
Delhi - 110033  
Dated : 21<sup>st</sup> August, 2007

Jugal Kataria  
Chief Financial 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 and share transfer books of the Company shall remain closed from 18.09.2007 to 29.09.2007 (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**

Place : Delhi  
Dated : 21<sup>st</sup> August, 2007

Jugal Kataria  
Chief Financial Officer  
& Company Secretary

## EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 ATTACHED ALONGWITH THE NOTICE DATED 21<sup>ST</sup> AUGUST, 2007.

### Item No.4

The company intends to expand its present business activities. In order to meet the additional requirements of funds it is anticipated that the present Authorised Share Capital shall be insufficient. It is, therefore, proposed to increase the Authorised Share Capital of the Company from present Rs.7,50,00,000/- to Rs.10,00,00,000/-. In order to raise the Authorised Share Capital of the Company, approval of shareholders is necessary pursuant to Section 94(1)(a) of the Companies Act, 1956, and is thus being sought. This requires shareholders' approval by passing an ordinary resolution through resolution at item No.4. None of the directors is concerned or interested in the resolution.

### Item No.5 & 6

The increase in Authorised Share Capital of the Company, as proposed in Item no.4 would require an amendment in the Capital Clause of the Memorandum of Association of the Company and that of Articles of Association of the Company by passing the special resolutions as proposed at items no.5 & 6 above. None of the directors is concerned or interested in the resolution. The documents mentioned in this para are open for inspection by the members during business hours on any working day.

### Item No. 7 & 8

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 need 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. 500.00 Crores 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. 7 is intended to seek the approval of the shareholders for the said purpose.

Resolution at item no. 8 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. 500.00 Crores at any one time by way of security towards monies so borrowed by the Company from Bankers and others.

None of the Directors of your Company is interested, either directly or indirectly, in the said proposal. The Directors recommend your approval thereof

**By Order of the Board  
For SATIN CREDITCARE NETWORK LIMITED**

Place : Delhi  
Dated : 21<sup>st</sup> August, 2007

Jugal Kataria  
Chief Financial Officer  
& Company Secretary



# SATIN CREDITCARE NETWORK LTD.

## DIRECTORS' REPORT

Dear Members,

Your Directors take pleasure in presenting the Seventeenth Annual Report of the company together with the Audited Accounts for the financial year ended 31st March 2007.

(Rs. in lacs)

Particulars	Current Year	Previous year
Gross Income	589.92	289.33
Profit before Depreciation and tax	49.09	30.56
Depreciation and Non Cash Expenditure	8.79	6.28
Profit before Tax	40.30	24.28
Provision for Tax (including Deferred Tax & FBT)	15.90	10.46
Profit after Tax	24.40	13.82
Brought forward from Previous Year	65.22	54.23
Other Adjustment	(0.31)	(0.07)
Profit available for appropriation	89.31	67.98
Transfer to Statutory Reserve Fund	4.88	2.76
Surplus carried to Balance Sheet	84.43	65.22

### OPERATIONS, PROSPECTS AND FUTURE PLANS

- As you would notice, your Company has performed well during the year under review. During the year under review, Company engaged itself primarily into microfinance operations. The Company continued its micro financing policy by financing to low income individuals in the urban and semi-urban areas for predominately meeting their productive requirement of funds. 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 2006-07, Micro Credit Rating International Limited (MCRIL) rated the Company again for its micro finance activities. The rating of the Company has been increased to **ALPHA- "representing High Safety and good systems"**. The Company has been sanctioned financial assistance in the form of term loan by ICICI Bank Limited, HDFC Bank Limited, Standard Chartered Bank, Yes Bank Limited, UTI Bank Limited, Small Industries Development Bank of India, HDFC Limited, Maanaveeya Holdings & Investments Private Limited and The Bellwether Microfinance Fund Private Limited for its microfinance activities. The Company is in the process of negotiating with other financial institutions for arrangement of funds for its growing operations.
- The disbursement during the financial year 2006-2007 has been Rs. 4248 Lacs (Previous Year Rs. 1993 Lacs) showing a growth of 113% over the previous year. The gross income during the year has been Rs. 589.92 Lacs (Previous Year Rs. 289.33 Lacs) showing a growth of 104% over the previous year. The net profit after tax during the year has been higher at Rs. 24.40 Lacs (Previous Year Rs. 13.82 Lacs) showing a growth of 77% over the previous year.
- 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 sections and micro entrepreneurs
- Your Board of Directors has thought it advisable to amalgamate Satin Intellicomm Limited which is under the same management as your Company, for which a petition has already been filed before the Hon'ble High Court of Delhi and the proposed amalgamation is expected to combine the financial and other resources of both the Companies and shall result in better operational, technical and marketing synergies and result in economies of scale. The order sanctioning the petition for amalgamation is still awaited.
- In the current financial year, i.e., post balance sheet dated 31<sup>st</sup> March, 2007, the Company has allotted 10,00,000 Fully Convertible Warrants of Rs.10/- each to the Promoters Group of the Company under Section 81(1A) of the Companies Act, 1956 on preferential basis on 4<sup>th</sup> August, 2007, after obtaining the approval of the members through a Postal Ballot process. Each warrant is convertible at par into equal number of Equity Shares of the Company.

### SUBSIDIARY COMPANIES

The Company had no subsidiary company any time during the financial year 2006-2007.

### DIRECTORS

Sh. Harprit Singh 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 2007.





# 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. 2006-2007. The financial disbursement during the year has been Rs. 4248 Lacs (Previous Year Rs. 1993 Lacs). The Gross Income during the year has been Rs.589.92 Lacs (Previous Year Rs.289.33 Lacs). Depreciation during the year has been higher at Rs. 8.79 Lacs (Previous Year Rs. 5.39 lacs). The net profit after tax during the year has been at Rs. 24.40 Lacs (Previous Year Rs. 13.82 Lacs). SCNL's net worth stood at Rs. 541.94 lacs (Previous Year Rs. 517.85 lacs) showing a growth of 4.65%. 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 Banks, Financial Institutions and Corporates for its resources. The Company enjoys an overdraft limit of Rs. 500.00 lacs from ICICI Bank Limited. The Company has received term loans from ICICI Bank Limited, HDFC Bank Limited, Standard Chartered Bank, Yes Bank Limited, UTI Bank Limited, Small Industries Development Bank of India, HDFC Limited, Maanaveeya Holdings & Investments Private Limited and The Bellwether Microfinance Fund Private Limited for its microfinance operation which is the main activity of the Company. The Company has good repayment track record with all its lenders. The credit rating of the Company has been upgraded to **ALPHA- "representing High Safety and good systems"** by Micro Credit Ratings International Limited (MCRIL) and hence the Company is quite hopeful of raising the required funds for achieving the budgeted growth. The liquidity position of the Company is comfortable and Debt: Equity ratio of the company as at 31.03.2007 is 5.74.

### Industry Scenario

The microfinance sector is witnessing steady growth in the country. There has been significant progress in terms of expansion across regions and outreach. With the growth, the sector is witnessing increased diversity in terms of operating models, legal forms, regional imbalances etc. The growth trend is also observed in terms of outreach and outstanding of the MFIs. Unlike previous years' the MFIs have started focusing on urban poor and individual lending models. The lending to poor is part of the priority sector lending and hence the banks and other financial institutions are willing to lend to MFIs for on-lending for microfinance. Most of the financial needs of the poor are met from family sources, neighbours and informal lenders at an abnormally high rate of interest. Off late a part of the same is met by the Micro Finance Institutions (MFIs). Microfinance industry shall be finally responsible for filling the financial void. Thus there is a great challenge ahead for the industry.

### Business Review

Satin Creditcare Network Limited (Satin) is a leading urban Microfinance Institution, registered as Non Banking Finance Company with the Reserve Bank of India since its inception in 1990, based in Delhi (Northern India) engaged in providing loans to poor in urban and semi urban area for primarily meeting their productive needs. The Company pioneered the unique concept of daily collection schemes. Small amount of loans are provided to individual borrowers and the repayment is collected from them in small daily installments. The economically weak borrowers find this small repayment on daily basis as a convenient mode of repayment out of their daily sales/ income. Satin has a time tested self sustaining individual lending model.

The Company has a mission to provide affordable finance to low income individuals, tiny businesses for meeting their productive requirements to enhance their revenue generating capacity and to generate direct and indirect employment for such people. The Objective of the Company is to provide micro credit for productive activities to very small, small and medium entrepreneurs specially those who don't have access to funds from any financial institution in the organized sector, which could augment and increase their income generating capacity, working in urban and semi urban areas and thus to increase the shareholders worth. The complementary objective of the Company is to provide employment and healthy working atmosphere.

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 disbursed Rs. 4248 lacs as against Rs. 1993 lacs showing a growth of 113%. The majority of Company's funds are deployed in retail financing and the future receivables under the financing contracts as at March 31, 2007 are Rs. 2,447.51 lacs (Previous Year Rs. 1,241.30 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 MFI's having local and regional penetration. SCNL is well placed to identify such entrepreneurs and individuals and to provide them with convenient financing. SCNL is primarily focused on Individual Urban Microfinance in northern India. As against the individual lending model, a substantial part of the Indian Microfinance is concentrated as Self Help Group (SHG) model and is primarily concentrated in rural area. SCNL is primarily focused on Individual Urban Microfinance in northern India. Hence SCNL has a great opportunity ahead.



# SATIN CREDITCARE NETWORK LTD.

## 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, comfortable capital adequacy, liquidity 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. The Company has expanded geographically in parts of Haryana, Uttar Pradesh, Rajasthan and Punjab during the current year besides covering the entire Delhi. The Company is in the process of starting a group lending model for the urban slum dwellers.

## Risk & Concerns

SCNL is exposed to risks like volatility in the Indian economy, change in government policies, falling interest rates, competition from the banking sector, volatile economic cycle, market risks and credit risks. 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 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 31.03.2007 stood at 50.

## DEPOSITS

- |   |             |
|---|-------------|
| a) The total no. of depositors of the Company whose deposits have not been claimed by the depositors and paid by the Company after the date on which the deposit became due for payment or renewal. | 1           |
| b) The total amount due to the depositors and remaining unclaimed or unpaid beyond the dates referred to in Clause (a) as aforesaid   | Rs.8,080.00 |

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.

The entire amount of unclaimed public deposit of Rs.61,533.00 has been deposited in an Escrow Account maintained with a Scheduled Bank on 13<sup>th</sup> April, 2007.

## 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 had intimated the same to Reserve Bank of India. Payment to depositors is being 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 31<sup>st</sup> May, 2007 from the Auditors of the Company. The Board has not observed any adverse remark.



# SATIN CREDITCARE NETWORK LTD.

## 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.

## 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 Limited, Stock Exchange Building, Jawahar Lal Nehru Marg, Malviya Nagar, Jaipur – 302017
3. The Ludhiana Stock Exchange Association Limited, Feroze Gandhi Market, 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 Guarantee Commission	14,13,471.16	Nil
b) Earning/Remittances (Inward) in Foreign Exchange	Nil	Nil

## ACKNOWLEDGEMENTS

Your Directors would like to express their appreciation for the assistance and co-operation received from ICICI Bank Limited, HDFC Bank Limited, Standard Chartered Bank, Yes Bank Limited, UTI Bank Limited, Small Industries Development Bank of India, HDFC Limited, Maanaveeya Holdings & Investments Private Limited, The Bellwether Microfinance Fund Private Limited and 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: 21<sup>st</sup> August, 2007

(R 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 6 Directors out of which 3 are 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 29th July, 2006	No. of Directorships in other Companies	No. of Membership of the Committees	No. of Chairperson of committees
Sh. H P Singh Chairman cum Managing Director	16	16	Yes	1	1	1
Sh. Satvinder Singh Managing Director	16	16	Yes	2	1	Nil
Sh. Harbans Singh Director (Non-Executive)	16	16	No	1	3	1
Sh. S. S. Chawla Alternate Director (Non Executive) to Sh. Harpreet Singh	16	16	No	Nil	2	Nil
Sh. Rakesh Sachdeva Director (Non Executive)	16	16	Yes	Nil	3	2
Maj. Gen. (Retd.) Sh. S. K. Vij Director (Non Executive)	16	0	No	Nil	Nil	Nil

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

During the year, 16 Board Meetings were held. These Board Meetings were held on 20.04.2006, 02.06.2006, 16.06.2006, 29.07.2006, 19.09.2006, 26.09.2006, 04.10.2006, 10.10.2006, 28.10.2006, 08.11.2006, 09.11.2006, 30.01.2007, 21.02.2007, 26.03.2007, 29.03.2007 and 31.03.2007.

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

A brief resume of the 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 as furnished below:

**Mr. Harprit Singh**, aged 38, is B.S. in Electrical Engineering from University of Pennsylvania and MBA (Finance) from Wharton School, (University of Pennsylvania), USA. He is also a director on the Board of Intellicomm Inc. USA. He is not a member/chairman of any committee of the Board.

### Code of Conduct

The Board of Directors has laid down a Code of Conduct for all its Board members and senior management personnel of the Company. The Code of Conduct has also been posted on the website of the Company.

All Board members and senior management personnel have on March 31, 2007, affirmed compliance with the Code of Conduct. A declaration to this effect, duly signed by the CMD is annexed and part of the report.

### 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





## SATIN CREDITCARE NETWORK LTD.

- 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 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 16.06.2006, 29.07.2006, 28.10.2006, 30.01.2007 and 31.03.2007. These were duly attended by all the members.

### Remuneration of the Directors:

The disclosure in respect of remuneration paid/ payable to whole time directors of the Company for the financial year 2006-2007 is given below:

Particulars	Mr. H P Singh, CMD (Rs.)	Mr. Satvinder Singh, MD (Rs.)
Salary	9,92,000.00	7,92,000.00
Provident Fund	1,19,040.00	95,040.00
Approximate value of perquisites	97,067.00	80,400.00
Total	12,08,107.00	9,67,440.00
Present period of agreement	01.10.2005 to 30.09.2010	01.10.2005 to 30.09.2010

No Sitting fee was paid to any of the directors during the year.

### General Body Meetings

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

Year	Location	Date	Time	Whether any Special Resolution Passed
2003-2004	'Tyagi Farms' Plot No. 7, Bhawani Nagar, Dhinpur, Near Jhatikra Morh, Brijwasan Road, New Delhi - 110 043	30.09.2004	10.00 A.M.	No
2004-2005	'Tyagi Farms' Plot No. 7, Bhawani Nagar, Dhinpur, Near Jhatikra Morh, Brijwasan Road, New Delhi - 110 043	30.09.2005	10.00 A.M.	No
2005-2006	'Tyagi Farms' Plot No. 7, Bhawani Nagar, Dhinpur, Near Jhatikra Morh, Brijwasan Road, New Delhi - 110 043	29.07.2006	10.00 A.M.	No

### Details of Resolutions passed last year through Postal Ballot, the persons who conducted the Postal Ballot exercise and details of the voting pattern

During the year ended March 31, 2007, the Company sought approval from its shareholders on one occasion for passing Special/ Ordinary resolutions through the process of Postal Ballot in accordance with the provisions of Section 192(A) of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001. The Board of Directors of the Company at its meeting had appointed a Scrutinizer for conducting Postal Ballot in fair and transparent manner. The Postal Ballot forms received were kept in boxes sealed by the Scrutinizer. The results of the Postal Ballots were announced and displayed on the notice board of the Company. The details of the same are given below

### Resolutions passed on 9<sup>th</sup> November, 2006:-

S. No.	Particulars	Details/ Dates
1.	Date of Board Meeting	26 <sup>th</sup> September, 2006
2.	Scrutinizer appointed by the Board of Directors at the meeting	Sh. Rajiv Bhatia, FCA, Practising Chartered Accountant
3.	Date of Notice seeking Shareholder's approval	26 <sup>th</sup> September, 2006
4.	Date of completion of dispatch of Notice	4 <sup>th</sup> October, 2006
5.	Last date of receipt of duly filled Postal Ballot Form	4 <sup>th</sup> November, 2006
6.	Date of submission of Scrutinizer's Report to the Chairman	7 <sup>th</sup> November, 2006
7.	Date of declaration of result	Thursday, 9 <sup>th</sup> November, 2006 at 11:00 A.M.



# SATIN CREDITCARE NETWORK LTD.

## Particulars of Resolution and Voting Pattern :

Resolution No. & Particulars	Whether ordinary/special	Total Votes (No. of Shares)	Total Valid Votes cast (No. of Shares)	Total valid votes cast in favour of the resolution (No. of Shares %age)	Total Valid votes cast against the resolution (No. of Shares %age)
1. Increase in Authorised Share Capital	Ordinary	16,68,610	16,68,610	16,68,110 (99.97%)	500 (0.03%)
2. Alteration in Clause V of the Memorandum of Association of the Company	Special	16,68,610	16,68,610	16,68,110 (99.97%)	500 (0.03%)
3. Alteration in Article 3 of the Articles of Association of the Company	Special	16,68,610	16,68,610	16,68,110 (99.97%)	500 (0.03%)
4. Alteration in Object Clause of the Memorandum of Association of the Company	Special	16,68,610	16,68,610	16,68,110 (99.97%)	500 (0.03%)

## 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 Financial Officer and Company Secretary as the Compliance Officer.
- The Company has not received any complaint from the shareholder during the year and no complaint is pending as at 31.03.2007.

## Remuneration Committee:

- The Company has a Remuneration Committee comprising of Sh. Rakesh Sachdeva, Sh. Harbans Singh and Sh. S.S.Chawla. Sh. Rakesh Sachdeva is chairman of the committee.
- The committee met once during the financial year 2006-2007 on 02.06.2006.

- 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.

There has been no 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.

- c) Whistle Blower Policy and affirmation that no personnel denied access to the Audit Committee

The Company has not accepted any Whistle Blower Policy. However, the Company has not denied access to any personnel to approach the Audit Committee on any issue.

- d) Details of compliance with mandatory requirements and adoption of non-mandatory requirements of this clause

The Company has complied with the mandatory requirements of Clause 49 of the Listing Agreement and adopted the non-mandatory requirement in regard to constitution of Remuneration Committee, which has been constituted to determine the remuneration package of Chairman Cum Managing Director and Managing Director.

## Shareholding of Non- executive Directors

The shareholding of Non-executive directors of the Company is as follows:

S. No.	Name of Director	Shareholding
1.	Sh. Harbans Singh	46,300
2.	Sh. S.S. Chawla	1,600
3.	Sh. Rakesh Sachdeva	3,500
4.	Sh. Harprit Singh	3,000