



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

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

REGISTRAR & TRANSFER AGENT

Intime Spectrum Registry Ltd.
A-40, 2nd 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 29th 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 31st 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 : 21st 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 : 21st 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 21ST 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 : 21st 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.

Particulars	(Rs. in lacs)	
	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 31st 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 4th 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 31st March 2007.



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 MFIs 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.

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. 20th 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 13th 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 4th 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 2nd 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 20th 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 31st 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 ICI/CI 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: 21st August, 2007

(R P Singh)
Chairman Cum Managing Director



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

- 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 9th November, 2006:-

S. No.	Particulars	Details/ Dates
1.	Date of Board Meeting	26 th 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 th September, 2006
4.	Date of completion of dispatch of Notice	4 th October, 2006
5.	Last date of receipt of duly filled Postal Ballot Form	4 th November, 2006
6.	Date of submission of Scrutinizer's Report to the Chairman	7 th November, 2006
7.	Date of declaration of result	Thursday, 9 th November, 2006 at 11:00 A.M.



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



Means of Communication:

- Half yearly results: These were published in newspapers for information.
- Quarterly results: The Company has published quarterly results in Pioneer (English) and Jansatta (Hindi) both at Delhi.
- The company has its website namely www.satincare.com. The Company posts its quarterly financial results on the same.
- Though no official newsletters are published, relevant information is communicated to the shareholders through annual report.

General Shareholder Information:

1. Annual General Meeting Date and Time Venue	: 29 th September, 2007 at 10.00 A.M. : 'TYAGI FARMS', Plot No. 7, Bhawani Nagar, Dhinpur, Near Jhatikara Morh, Brijwasan Road, New Delhi – 110043.							
2. Financial Calendar 2007-08 (tentative)	: Results for the quarter ended 30 th June, 2007		: Last week of July, 2007		: Results for the quarter ended 30 th September, 2007		: Last week of October, 2007	
	: Results for the quarter ended 31 st December, 2007		: Last week of January, 2008		: Results for the quarter ended 31 st March, 2008		: Last week of April, 2008	
3. Book Closure date	: 18 th September to 29 th September, 2007 (both days inclusive)							
4. Dividend payment date	: N.A.							
5. Registered Office	: 306, Lusa Tower, Azadpur Commercial Complex, Delhi-110033 Ph: 011-27671400							
6a. Equity Shares Listed on Stock Exchanges at	: 1. The Delhi Stock Exchange Association Limited, Delhi 2. Jaipur Stock Exchange Limited, Jaipur 3. The Ludhiana Stock Exchange Association Limited, Ludhiana							
6b. Annual Listing Fees	: Duly paid to all the above Stock Exchanges for the year 2007 –2008.							
7. Stock Code (a) Trading Symbol at	: 1195950 at The Delhi Stock Exchange Association Limited, Delhi 959 at Jaipur Stock Exchange Limited, Jaipur SLFL at The Ludhiana Stock Exchange Association Limited, Ludhiana							
b) Demat ISIN Number in NSDL & CDSL	: Equity Shares INE 836B01017							
8. Stock Market Data: (in Rs./per share)	The Stock Exchange Delhi		The Stock Exchange Jaipur		The Stock Exchange Ludhiana			
	High	Low	High	Low	High	Low		
April 2006	***** N O T T R A D E D D U R I N G T H E Y E A R *****							
May 2006								
June 2006								
July 2006								
August 2006								
September 2006								
October 2006								
November 2006								
December 2006								
January 2007								
February 2007								
March 2007								
9. Share price performance in comparison to broad based indices- During financial year 2006-07, as per the information available, there were no trading of Company's shares at the stock exchanges.								
10. Registrar and Transfer Agents (Share Transfer and communication regarding share certificates, dividend, and change of address.)	: Intime Spectrum Registry Ltd. A-40, 2 nd floor, Naraina Industrial Area, Phase-II, Near Batra Banquet Hall, New Delhi-110028							
11. Share Transfer System Presently, the share transfers in physical form are processed and the share certificates are returned within a period of 10 to 15 days from the date of receipt by the Registrar and Share Transfer Agent, subject to the document being clear in all respects. Shares under objections are returned within two weeks.								



SATIN CREDITCARE NETWORK LTD.

12. Distribution of Shareholding as on 31 st March, 2007.					
S. No.	No. of Equity Shares	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholding
1	Upto 2500	273	33.871	28391	0.799
2	2501-5000	245	30.397	108746	3.060
3	5001-10000	104	12.903	93500	2.631
4	10001-20000	47	5.831	71850	2.022
5	20001-30000	27	3.350	69850	1.966
6	30001-40000	13	1.613	47700	1.342
7	40001-50000	23	2.854	104500	2.941
8	50001-100000	17	2.109	120202	3.383
9	100001 and above	57	7.072	2908761	81.856
Total		806	100.000	3553500	100.000

13. Categories of Shareholders as on 31 st March, 2007.	
Category	%
Promoters	49.574
Financial Institution/Banks / Mutual Funds	0.000
NRI/OCBs	0.132
Bodies Corporate	17.036
Others	33.258
Total	100.000

14. Dematerialisation of Shares	: 66.260 % of the equity shares have been dematerialized upto 31 st March 2007. Trading in Equity shares of the company is permitted only in dematerialized form w.e.f. 28.04.2001 as per notification issued by the Securities and Exchange Board of India (SEBI).
Liquidity	: Relevant data of the average daily turnover for the financial year 2005-2006 is given below: Delhi Stock Exchange (DSE) Ludhiana Stock Exchange (LSE) Jaipur Stock Exchange (JSE)
Shares (in lakhs)	No trading of Company's shares during 2006-2007 at any stock exchange
Shares (in Rs. crs)	

15. Investor Correspondence for transfer/ Dematerialisation of shares, payment of dividend on shares, interest and redemption of debentures, and any other query relating to the shares of the Company	: Intime Spectrum Registry Ltd. A-40, 2 nd floor, Naraina Industrial Area, Phase-II, Near Batra Banquet Hall, New Delhi-110028	For shares held in Demat Form to the Depository Participant
16. Any query on Annual report	: Satin Creditcare Network Ltd. 5 th floor, Kundan Bhawan, Azadpur Commercial Complex, Delhi -110033	
17. Transfer of unclaimed amount to	: The Company has deposited a sum of Rs. Nil (previous year Rs. 96,925.00) to Investors' Education and Protection Fund, being the unclaimed dividend remaining unpaid for a period of seven years from the date they became due for payment to shareholders.	
18. Compliance Certificate by Auditors	: The Company has obtained a certificate from the Statutory Auditors regarding compliance of conditions of Corporate Governance as stipulated in clause 49 of the listing agreements executed with stock exchanges, which is annexed herewith.	

DECLARATION BY CHAIRMAN CUM MANAGING DIRECTOR UNDER CLAUSE 49(1D) OF THE LISTING AGREEMENT

I hereby confirm that all Board Members and Senior Management personnel have affirmed compliance with the Code of Conduct for Directors and Senior Management, as approved by the Board, for the financial year ended 31st March, 2007.

Place: Delhi
Date: 21st August, 2007

(H P Singh)
Chairman Cum Managing Director
Satin Creditcare Network Limited



SATIN CREDITCARE NETWORK LTD.

A. K. GANGAHER & CO.
CHARTERED ACCOUNTANTS

AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE FOR THE YEAR ENDING 31st MARCH, 2007 UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To,
The Members of
Satin Creditcare Network Limited,
Delhi.

We have examined the compliance of Corporate Governance procedures by **Satin Creditcare Network Limited** for the year ended 31st March'2007, as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchange, with the relevant records and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.

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

On the basis of our review and according to the information and explanations given to us, the conditions of Corporate Governance as stipulated in Clause 49 of the listing agreements with the Stock Exchange have been complied with in all material respect by the Company.

As required by the Guidance Note on certification of Corporate Governance issued by the Institute of Chartered Accountants of India, we state that the Registrar and Transfer agent of the company have certified as on 31st March' 2007, there were no investor grievances remaining pending for a period exceeding one month and as explained to us by the management, the Registrar and Transfer agent have reported to the Shareholders/Investors' Grievances Committee regularly on the status of such grievances.

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

For A. K. Gangaher & Co.
Chartered Accountants

Place : Delhi
Dated: 21st August, 2007

A.K.Gangaher
Proprietor
Membership No. 83674



SATIN CREDITCARE NETWORK LTD.

A. K. GANGAHER & CO.
CHARTERED ACCOUNTANTS

AUDITORS' REPORT

TO,
THE MEMBERS OF
SATIN CREDITCARE NETWORK LIMITED,

1. We have audited the attached Balance Sheet of **SATIN CREDITCARE NETWORK LIMITED**, as at 31st March 2007 and also the Profit and Loss account and Cash Flow statement annexed thereto for the year ended on that date. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
 - (iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account.
 - (iv) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (v) On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and other Notes thereon and in particular Note B19 in Schedule 14 give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - (a) in the case of the balance sheet, of the state of affairs of the company as at 31st March 2007.
 - (b) in the case of the profit and loss account, of the profit for the year ended on that date; and
 - (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

For A.K. Gangaher & Co.
Chartered Accountants

Place : Delhi
Dated : 23rd June' 2007

A.K. Gangaher
Proprietor
Membership No. 83674.



ANNEXURE

SATIN CREDITCARE NETWORK LIMITED

Referred to in paragraph 3 of our report of even date.

- (i) In respect of fixed assets:
 - (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) All the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
 - (c) As per the information and explanation given to us, during the year, the company has not disposed off any substantial part of fixed assets that would affect the going concern status of the company.
- (ii) In respect of Inventories:
 - (a) As explained to us, the inventory (investment in shares/securities) has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - (c) The company is maintaining proper records of inventory. No discrepancies noticed on verification between the physical stocks and the book records.
- (iii)
 - (a) The company has not granted any fresh loans to company which is covered under section 301 of the Companies Act. The company had granted loans to two associate companies in the previous years and the maximum amount involved during the year was Rs.25.12 Lacs(Previous Year Rs.29.33 Lacs) and the year end balance of loans granted to such parties is Rs.24.00 Lacs (Previous Year Rs.24.00Lacs).
 - (b) In our opinion, the rate of interest and other terms and conditions on which these loans have been granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 are, *prima facie*, not prejudicial to the interests of the company.
 - (c) These companies are regular in payment of interest and also have repaid principal amounts as stipulated.
 - (d) There is no overdue amount of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
 - (e) The company has not taken any loan from companies covered in the Register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls.
- (v)
 - (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
 - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and in respect of each party during the year have been made at prices which are reasonable having regard to the prices at which transactions for similar goods, materials and services have been made with other parties.
- (vi) The company being Non Banking Finance Company (NBFC), section 58A of the Companies Act is not applicable to the company. In our opinion and according to information and explanation given to us, the company is complying with the provisions of Directives issued by the Reserve Bank of India for Non Banking Financial Companies (Reserve Bank) Directives, 1998 with regard to deposits received from the public. An amount of Rs. 8080.00 (Previous Year Rs.Nil) is outstanding as on 31.03.2007 and is pertaining to unclaimed matured deposits. The company has stopped accepting deposits from 20.11.2004. As per the directions of Non Banking Financial Companies Auditor's Report (Reserve Bank) Directives, 1998 a separate report dated 23rd June 2007 has been submitted to the Directors of the company.



SATIN CREDITCARE NETWORK LTD.

- (vii) In our opinion, and according to the information and explanations given to us, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) The provisions regarding maintenance of cost records are not applicable to the company.
- (ix) (a) According to the records of the company, the company has been regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it.
(b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty, excise duty and cess were in arrears as at 31.03.2007 for a period of more than six months from the date they became payable.
(c) According to the information and explanation given to us, there are no dues of sales tax, income tax, custom duty, wealth tax, service tax, excise duty and cess which have not been deposited on account of any dispute
- (x) The company neither has accumulated losses and nor has incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) Based on our audit procedures and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) In our opinion and according to the information and explanations given to us, the company has maintained adequate records where the company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information and explanations given to us, the company is not a chit fund or a nidhi/mutual benefit fund /society.
- (xiv) In our opinion and according to the information and explanations given to us, the company has maintained proper records of transactions and contracts in respect of trading in shares, debentures and other securities and timely entries has been made therein. The investments are held by the company in its own name. During the year there were no trading transactions.
- (xv) In our opinion and according to the information and explanations given to us, the terms and conditions on which the company has given guarantees for loan taken by others from banks or financial institutions are not prejudicial to the interests of the company.
- (xvi) In our opinion and according to the information and explanations given to us, the term loans (both secured and unsecured) raised by the company during the year has been used for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long- term investment. No long-term funds have been used to finance short-term assets except permanent working capital.
- (xviii) According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (xix) According to the information and explanations given to us, during the period covered by our audit report, the company had not issued any debentures.
- (xx) During the year covered by our report the company has not raised any money by way of public issue, though the company has raised its authorised capital on 9th November, 2006.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For A.K. Gangaher & Co.
Chartered Accountants

Place : Delhi
Dated : 23rd June' 2007

A.K. Gangaher
Proprietor
Membership No. 83674.



SATIN CREDITCARE NETWORK LTD.

BALANCE SHEET AS AT 31ST MARCH, 2007

Particulars	Schedule No.	As at 31.03.2007 Rs.	As at 31.03.2006 Rs.
Sources of Funds			
Shareholders' Funds			
Share Capital	1	35,769,500.00	35,769,500.00
Reserves & Surplus	2	18,424,512.54	16,015,214.86
Total(A)		54,194,012.54	51,784,714.86
Loan Funds			
Secured Loans	3	257,251,536.98	119,074,122.59
Unsecured Loans	4	53,576,354.44	37,546,749.00
Total(B)		310,827,891.42	156,620,871.59
Total Sources (A+B)		365,021,903.96	208,405,586.45
Application of Funds			
Fixed Assets			
5			
I. Gross Block		10,476,468.45	8,552,577.45
II. Less Depreciation		6,541,504.70	6,170,541.67
III. Net Block		3,934,963.75	2,382,035.78
Investments	6	6,350,591.33	7,138,289.00
Current Assets, Loans & Advances			
7			
I. Interest accrued but not due		-	-
II. Inventories		4,600.00	4,600.00
III. Sundry Debtors		13,917,826.05	6,884,964.96
IV. Cash & Bank Balance		84,061,858.77	62,940,394.00
V. Other Current Assets		245,950,624.54	124,410,246.95
VI. Loans and Advances		15,551,901.07	12,099,997.04
		359,486,810.43	206,340,202.95
Less: Current Liabilities & Provisions	8		
I. Current Liabilities		2,646,442.24	6,280,063.30
II. Provisions		3,551,348.00	2,452,987.00
		6,207,790.24	8,733,050.30
Net Current Assets		353,279,020.19	197,607,152.65
Deferred Tax Assets		1,457,326.69	1,278,109.02
Total Applications		365,021,903.96	208,405,586.45
Significant Accounting Policies & Notes to Accounts	14		
Schedule 1 to 14 form an integral part of the Accounts			

As per our report of even date annexed
for A.K. Gangaher & Co.
Chartered Accountants

A. K. Gangaher
Proprietor
M. No. : 83674
Place : Delhi
Date : 23rd June, 2007

For and on behalf of the Board of Directors

(H P Singh) (Satvinder Singh)
(Director) (Director)

(Jugal Kataria)
(CFO & CS)



SATIN CREDITCARE NETWORK LTD.

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

Particulars	Schedule No.	Year Ended 31.03.2007 Rs.	Year Ended 31.03.2006 Rs.
Income			
Income from Operations	9	58,664,838.74	28,444,208.81
Other Income	10	326,950.04	488,566.77
Total(A)		58,991,788.78	28,932,775.58
Expenditure			
Cost of Borrowings	11	22,120,555.02	10,126,767.39
Personnel Expenses	12	9,174,035.00	5,172,935.50
Administration & Other Expenses	13	22,787,666.53	10,577,257.62
Total(B)		54,082,256.55	25,876,960.51
Profit before Depreciation & Tax		4,909,532.23	3,055,815.07
Depreciation		879,137.22	539,285.16
Miscellaneous Expenditure Written off		-	88,922.00
Profit Before Tax		4,030,395.01	2,427,607.91
Less: Provision for Taxation		1,594,149.00	955,439.00
Add/ (Less) : Adjustment for Deferred Tax		179,219.67	31,562.38
Less: Provision for Fringe Benefit Tax		175,635.00	121,660.00
Profit After Tax		2,439,830.68	1,382,071.29
Less/(Add) Income Tax Adjustments for earlier years		30,533.00	7,213.79
Add: Profit brought forward		6,521,571.86	5,423,128.36
Profit available for appropriation		8,930,869.54	6,797,985.86
Appropriations:			
Less : Transfer to Statutory Reserve Fund		487,966.00	276,414.00
Profit Carried to Balance Sheet		8,442,903.54	6,521,571.86
		8,930,869.54	6,797,985.86
Basic and Diluted EPS		0.69	0.39
Significant Accounting Policies & Notes to Accounts	14		

Schedule 1 to 14 form an integral part of the Accounts

As per our report of even date annexed

for **A.K. Gangaher & Co.**
Chartered Accountants

A. K. Gangaher
Proprietor
M. No. : 83674

Place : Delhi
Date : 23rd June, 2007

For and on behalf of the Board of Directors

(H P Singh)
(Director)

(Satvinder Singh)
(Director)

(Jugal Kataria)
(CFO & CS)



SATIN CREDITCARE NETWORK LTD.

SCHEDULES ANNEXED TO ACCOUNTS

PARTICULARS	As at 31.03.2007 Rs.	As at 31.03.2006 Rs.
SCHEDULE 1 - SHARE CAPITAL		
Authorised		
75,00,000 Equity Shares of Rs.10/- each (Previous year 40,10,000 Equity Shares of Rs. 10/- each)	75,000,000.00	40,100,000.00
Issued		
36,00,000 Equity Shares of Rs. 10/- each	36,000,000.00	36,000,000.00
Subscribed		
36,00,000 Equity Shares of Rs. 10/- each	36,000,000.00	36,000,000.00
Paid-up		
35,53,500 Equity Shares of Rs. 10/- each fully paid up	35,535,000.00	35,535,000.00
Add: Forfeited shares (Amount originally paid on 46,500 equity shares)	234,500.00	234,500.00
	35,769,500.00	35,769,500.00
SCHEDULE 2 - RESERVES & SURPLUS		
I. Share Premium Account	3,000,000.00	3,000,000.00
II. General Reserve	3,726,157.00	3,726,157.00
III. Profit & Loss Account	6,442,903.54	6,521,571.86
IV. Statutory Reserve Fund	3,255,452.00	2,767,486.00
	18,424,512.54	16,015,214.86
SCHEDULE 3 - SECURED LOANS*		
I. Term Loan ICICI Bank Limited (Secured against hypothecation of book debts created out of funds from ICICI Bank Limited)	42,466,385.00	83,259,501.00
II. Term Loan HDFC Bank Limited (Secured against hypothecation of book debts created out of funds from HDFC Bank Limited)	76,250,000.00	15,000,000.00
III. Term Loan UTI Bank Limited (Secured against hypothecation of book debts created out of funds from UTI Bank Limited)	14,278,003.00	-
IV. Term Loan Maanaveeya Holding & Investments Private Limited (Secured against hypothecation of book debts created out of funds from Maanaveeya Holding & Investments Private Limited)	20,000,000.00	-
V. Term Loan Standard Chartered Bank (Secured against hypothecation of book debts created out of funds from Standard Chartered Bank)	62,027,192.98	-
VI. Term Loan Yes Bank (Secured against hypothecation of book debts created out of funds from Yes Bank)	40,000,000.00	-
VII. Working Capital Loan from Bank (Secured against hypothecation of books debts and other current assets)	-	19,691,296.83
VIII. Other Loans (Secured against vehicles and personal Guarantee of Executive Directors)	2,229,756.00	923,324.76
	257,251,536.98	119,074,122.59
*Refer Note B4 of Schedule No. 14		
SCHEDULE 4 - UNSECURED LOANS*		
I. Deposits - from Public	53,453.00	164,937.00
II. Inter Corporate Deposits	1,365,872.00	6,488,812.00
III. Loan from Small Industries Development Bank of India	11,429,000.00	17,143,000.00
IV. Loan from The Bellwether Microfinance Fund Pvt. Ltd.	3,750,000.00	13,750,000.00
V. Loan from The HDFC Limited	10,000,000.00	-
VI. Overdraft from ICICI Bank Limited	26,978,029.44	-
	53,576,354.44	37,546,749.00
*Refer Note B4 of Schedule No. 14		

SCHEDULE 5 - FIXED ASSETS

(AMOUNT IN RS.)

PARTICULARS	DEP. RATE	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		AS AT 01.04.2006	ADDITION/ ADJ.	SALE/ ADJ.	AS AT 31.03.2007	AS AT 01.04.2006	FOR THE YEAR	ADJ./WRIT- TEN BACK	AS AT 31.03.2007	WDV ON 31.03.2007	WDV ON 31.03.2006
Office Flat	5.00%	898,800.00			898,800.00	355,325.98	27,173.70		382,499.68	516,300.32	543,474.02
Computer	40.00%	1,640,546.91	7,732.00		1,648,278.91	1,508,937.32	53,383.95		1,562,321.27	85,957.64	131,609.59
Two Wheelers	25.89%	133,084.02			133,084.02	119,934.50	3,403.89		123,338.39	9,745.63	13,149.52
Motor Car	25.89%	4,028,162.00	2,530,033.00	632,154.00	5,926,041.00	2,809,623.48	717,583.74	508,174.19	3,019,033.03	2,907,007.97	1,218,538.52
Air Conditioner	13.91%	523,295.00			523,295.00	397,218.14	17,537.29		414,755.43	108,539.57	126,076.86
Office Equipments	13.91%	556,280.00	18,280.00		574,560.00	330,381.73	37,739.34		368,121.07	206,438.93	225,898.27
Furniture & Fixtures	18.10%	772,409.52			772,409.52	649,120.52	22,315.31		671,435.83	100,973.69	123,289.00
Total		8,552,577.45	2,556,045.00	632,154.00	10,476,468.45	6,170,541.67	879,137.22	508,174.19	6,541,504.70	3,934,963.75	2,382,035.78
Previous Year		8,183,719.36	481,080.00	112,221.91	8,552,577.45	5,724,606.10	539,285.16	93,349.59	6,170,541.67	2,382,035.78	



SATIN CREDITCARE NETWORK LTD.

SCHEDULE 6 - INVESTMENTS - COST

Particulars	Face Value	No. of Units/ Shares 31.03.2007	As at 31.03.2007 Rs.	No. of Units Shares 31.03.2006	As at 31.03.2006 Rs.
Long Term					
I. Unquoted					
Government of India, Inscribed stock-6.05%	100	-	-	5000	534,741.00
Government of India, Inscribed stock-6.17%	100	500	50,591.33	3000	303,548.00
Total (A)			50,591.33		838,289.00
II. UNQUOTED SHARES					
Parishek Finance Private Limited	10	40,000	800,000.00	40,000	800,000.00
Satin (India) Limited	10	150,000	2,500,000.00	150,000	2,500,000.00
Satin Media Solutions Limited	10	150,000	3,000,000.00	150,000	3,000,000.00
TOTAL (B)			6,300,000.00		6,300,000.00
GRAND TOTAL			6,350,591.33		7,138,289.00
Aggregate Cost of quoted investments			Nil		Nil
Market value of quoted investments			Nil		Nil
Aggregate Cost of unquoted Investments			6,350,591.33		7,138,289.00



SATIN CREDITCARE NETWORK LTD.

PARTICULARS	As at 31.03.2007 Rs.	As at 31.03.2006 Rs.
SCHEDULE 7 - CURRENT ASSETS, LOANS & ADVANCES		
A. Current Assets		
I. Inventories (Physically verified, Valued & Certified by the Management)	4,600.00	4,600.00
II. Sundry Debtors*		
More than Six Months - Considered Good	1,561,563.91	835,483.37
Less : Provision for Doubtful debts	638,568.95	548,516.84
	<u>922,994.96</u>	<u>286,966.53</u>
Others - Considered good	12,994,831.09	6,597,998.43
	<u>13,917,826.05</u>	<u>6,884,964.96</u>
III. Cash & Bank Balances (Refer Note B 3 of Schedule 14)	84,061,858.77	62,940,394.00
IV. Other Current Assets		
Future receivables under finance contracts	244,750,798.62	124,130,358.38
Repossessed Assets	-	70,792.44
Interest accrued but not due on deposits	1,199,825.92	209,096.13
	<u>245,950,624.54</u>	<u>124,410,246.95</u>
B. Loans & Advances		
(Unsecured and considered good unless otherwise stated)		
Advance recoverable in Cash or in kind or for value to be received	8,005,285.76	5,794,837.76
Security Deposits	3,963,441.00	4,856,839.00
Staff Advance	640,527.42	672,784.28
Prepaid Expenses	1,413,471.16	12,927.00
Income Tax	1,529,175.73	762,609.00
	<u>15,551,901.07</u>	<u>12,099,997.04</u>
	<u>359,486,810.43</u>	<u>206,340,202.95</u>
*Refer note B-9 of Schedule No. 14		
SCHEDULE 8 - CURRENT LIABILITIES & PROVISIONS		
I. Current Liabilities		
Expenses Payable	671,087.10	329,071.15
Sundry Creditors - Registered SSI Units	-	-
- Others	1,236,309.14	5,398,538.73
Other Liabilities	423,530.00	403,842.00
Unclaimed Matured Deposits	8,080.00	-
Interest Accrued but not due on loans	307,436.00	148,611.42
	<u>2,646,442.24</u>	<u>6,280,063.30</u>
II. Provisions		
Provision for Income Tax / Fringe Benefit Tax	1,769,784.00	1,077,099.00
Provision for Gratuity	1,143,554.00	873,961.00
Provision for Leave Encashment	648,010.00	501,927.00
	<u>3,561,348.00</u>	<u>2,452,987.00</u>
	<u>6,207,790.24</u>	<u>8,733,050.30</u>



SATIN CREDITCARE NETWORK LTD.

PARTICULARS	Year Ended 31.03.2007 Rs.	Year Ended 31.03.2006 Rs.
SCHEDULE 9 - INCOME FROM OPERATIONS		
On lending operations	57,224,285.07	28,060,048.08
Other Interest Income	1,440,553.67	384,160.73
	<u>58,664,838.74</u>	<u>28,444,208.81</u>
SCHEDULE 10- OTHER INCOME		
Miscellaneous Income (TDS Rs. 7,669/- Previous Year Rs. 8,274/-)	500,147.54	577,038.77
Profit/(Loss) on sale of investment	(173,197.50)	(88,472.00)
	<u>326,950.04</u>	<u>488,566.77</u>
SCHEDULE 11 - COST OF BORROWINGS		
Bank Interest	17,502,928.90	5,513,651.08
Finance Charges	4,617,623.12	4,013,116.31
	<u>22,120,552.02</u>	<u>10,526,767.39</u>
SCHEDULE 12 - PERSONNEL EXPENSES		
Managerial Remuneration	1,932,667.00	1,248,000.00
Salaries & Other Incentives	5,947,550.00	3,017,957.50
Contribution to Provident & Other Funds	605,337.00	989,070.00
Gratuity	286,901.00	154,987.00
Employee Welfare Expenses	401,572.00	62,921.00
	<u>9,174,035.00</u>	<u>5,472,935.50</u>
SCHEDULE 13 - ADMINISTRATIVE & OTHER EXPENSES		
Annual Listing Fee	26,300.00	26,300.00
Conveyance & Travelling	1,135,497.51	516,560.00
Direct Operational Expenses	12,959,024.71	4,693,217.00
Printing & Stationary	662,420.75	287,795.00
Commission & Incentives	-	23,829.00
Communication	614,685.02	287,273.13
Business Promotion	50,775.71	31,221.00
Legal & Professional Charges	3,426,854.28	2,250,720.64
Office Expenses	1,665,031.63	727,706.10
Rent	626,420.00	245,800.00
Advertisement Expenses	106,020.00	68,230.00
Auditors' Remuneration	61,856.00	39,121.00
Subscription & Fee	45,080.00	12,465.00
Rates & Taxes	241,836.00	10,214.00
Vehicle Repairs & Maintenance	174,640.88	163,379.41
Bad Debts	515,310.97	222,269.06
(Profit)/Loss on Sale of Fixed Assets	73,979.31	6,872.32
Discount & Rebate	61,180.97	302,327.55
Miscellaneous Expenses	341,840.29	320,957.41
	<u>22,787,665.53</u>	<u>10,677,257.62</u>

SCHEDULE 14

A. SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under historical cost convention in accordance with the generally accepted accounting principles and the accounting standards referred to in Section 211(3C) of the Companies Act, 1956, and in Companies (Accounting Standards) Rules 2006 and also guidelines issued by the Reserve Bank of India. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to the existing accounting standard requires a change in the accounting policy hitherto in use. The management evaluates all recently issued or revised accounting standards on an ongoing basis.

2. USE OF ESTIMATES

The preparation of financial statements in conformity with the Indian generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities as at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

3. FIXED ASSETS:

All fixed assets owned by the Company are stated at historic cost less depreciation.

4. DEPRECIATION

Depreciation is provided at the rates prescribed in Schedule XIV of the Companies Act, 1956 on Written Down Value method.

5. INVESTMENTS:

- (i) Investments are classified as long-term investments and current investment.
- (ii) The Company value its investment based on the accounting standard issued by the Institute of Chartered Accountants of India as under:
 - a. Investment held as long-term investments are valued at cost. Provision for diminution in value is not made unless there is a permanent fall in their net realisable value.
 - b. Current investments are valued at lower of cost or net realisable value.

6. CURRENT ASSETS

- (i) Inventories:
 - a. Repossessed Stocks: Repossessed Stock is valued at lower of agreement value net of installments received and unmatured finance charges, and the estimated realisable value of the assets concerned.
 - b. Others: Securities are valued at cost or market price whichever is less.
- (ii) Other current assets comprises of Future receivables in respect of finance /loan contracts and are shown at their principle value and which represents the net loan recoverable as on the balance sheet date net of unmatured interest income .
- (iii) Sundry Debtors represent installments in arrear in respect of finance / loan contracts.
- (iv) Cash and bank balances: Besides the normal bank accounts includes fixed deposits with banks under lien or as security deposit under various statutory obligations.

7. REVENUE RECOGNITION

- (i) The Reserve Bank of India's prudential norms on income recognition and provisioning for bad and doubtful debts has been followed.
- (ii) Subject to the above, specific incomes have been accounted for as under:
 - a. **Interest Income:** Interest income is recognized in the profit and loss account as income from operations.
 - b. **Repossessed Assets:** Interest Income is not accrued on repossessed assets after the date of repossession.
 - c. **Other Interest:** Overdue and other interest considered recoverable is recognised as income, as and when received.
 - d. **Miscellaneous Income:** Dividend income, Miscellaneous Income is accounted for as and when received.



8. BORROWING COSTS

Borrowing costs, which are directly attributable to the acquisition /construction of fixed assets, till the time such assets are ready for intended use, are capitalized as a part of the cost of assets. Other borrowing costs are recognized as an expense in the year in which they are incurred.

9. FOREIGN CURRENCY:

Transactions in foreign currency are recorded at the rates of exchange prevalent on the date of transaction. Exchange difference, if any, arising from foreign currency transaction are dealt in the Profit & Loss account at year end rates.

10. PROVISIONS AND CONTINGENT LIABILITIES:

Provisions involving substantial degree of estimation in measurement are recognized when there is present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

11. EMPLOYEES RETIREMENT BENEFITS:

Contributions to Provident Fund and Employee State Insurance are being paid and accounted as per the rules and debited to profit and loss account. Provisions for Gratuity liability and provision for encashment of leave are being made on the basis of actuarial valuations made at the end of each financial year and are charged to profit and loss account.

12. IMPAIRMENT OF ASSETS:

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to Profit & Loss account in the year in which the asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

13. AMORTISATION:

Preliminary & Public Issue expenses are written off equally over a period of ten years.

14. TAXATION :

Tax expense comprises of current tax, deferred tax and fringe benefits tax.

- (i) Provision for current tax is made based on the estimated tax liability as per the appropriate provisions of the Income Tax Act, 1961 and considering the previous final assessment orders.
- (ii) Deferred tax for timing differences between tax profit and book profit is accounted for using the tax rates and laws that have been enacted or substantially enacted as on balance sheet date. Deferred Tax Assets are recognized to the extent there is reasonable certainty that these assets can be realised in future.
- (iii) Provision for fringe benefit tax has been recognized on the basis of a harmonious, contractual interpretation of the Income tax act, 1961.

B NOTES TO ACCOUNTS

1. Estimated amount of contract remaining to be executed on capital account and not provided for Rs. Nil (Previous Year Nil).
2. Contingent Liability:
On account of Guarantees - Rs. 37.28 Lacs (Previous year Rs. 122.45 Lacs).
3. Cash & Bank balance also includes:
 - a) Fixed deposit of Rs. 20,00,000.00 (Previous Year Rs. 20,00,000.00) with the scheduled bank, pledged with Small Industries Development Bank of India.
 - b) Fixed deposit of Rs. 62,50,000.00 (Previous Year Rs. 10,00,000.00) with the scheduled bank, pledged with HDFC Bank Limited.
 - c) Fixed deposit of Rs. 1,50,00,000.00 (Previous Year Rs. 60,00,000.00) with the scheduled bank, pledged with ICICI Bank Limited.
 - d) Fixed deposit of Rs. 20,00,000.00 (Previous Year Rs. Nil) with the scheduled bank, pledged with UTI Bank Limited.
 - e) Fixed deposit of Rs. 25,00,000.00 (Previous Year Rs. Nil) with the scheduled bank, pledged with Standard Chartered Bank.
 - f) Fixed deposit of Rs. 30,00,000.00 (Previous Year Rs. Nil) with the scheduled bank, pledged with Yes Bank Limited.
 - g) Rs 4,43,34,332.12 (Previous Year 5,25,93,751.21) in current account with scheduled bank being the unutilized amount of the unsecured term loan received from various financial institutions.



4. The detail of borrowings from Banks and financial institutions as at 31.03.2007 is as under

Name of Institution	Nature, Purpose & duration of Loan	Amount Sanctioned (Rs./Lacs)	Amount Disbursed (Rs./Lacs)	Principle Outstanding as at 31.03.07 (Rs./Lacs)	Primary Security	Guaranteed by
Andhra Bank	Cash Credit Limited renewable after 1 Year	225.00	0.00	Nil (Previous Year 198.91). The Limit has been repaid	Hypothecation of leased /hire purchased assets, resultant receivables and other current assets	Personal guarantee of Mr. H P Singh, Mr. Satvinder Singh, Mr. Harbans Singh and their spouses and mortgage of some of their immovable properties
ICICI Bank Limited	Working Capital Term Loan for 24 Months	1000.00	1000.00	424.67 (Previous Year 832.60)	Hypothecation of book debts arising out of bank's assistance	Personal guarantee of Mr. H P Singh and Mr. Satvinder Singh
HDFC Bank Limited	Term Loan for microfinance activities for 24 Months	950.00	950.00	762.50 (Previous Year 150.00)	Hypothecation of book debts arising out of bank's assistance	Personal guarantee of Mr. H P Singh and Mr. Satvinder Singh
UTI Bank Limited	Term Loan for microfinance activities for 24 Months	200.00	200.00	142.78 (Previous Year Nil)	Hypothecation of book debts arising out of bank's assistance	Nil
Maanaveeya Holdings and Investments Private Limited	Term Loan for microfinance activities for 72 months	200.00	200.00	200.00 (Previous Year Nil)	Hypothecation of book debts (equivalent to 105% of the loan amount plus interest due at all times).	Nil
Standard Chartered Bank	Term Loan for microfinance activities for 18 months	250.00	250.00	196.27 (Previous Year Nil)	Hypothecation of book debts arising out of bank's assistance	Personal guarantee of Mr. H P Singh and Mr. Satvinder Singh
Standard Chartered Bank	Term Loan for microfinance activities for 24 months	424.00	424.00	424.00 (Previous Year Nil)	Hypothecation of book debts with asset coverage of minimum 55% of the outstanding principal.	First loss guarantee in the form of cash deposit of minimum 50% of the outstanding principal, at any point, placed with Standard Chartered Bank, UK by Vision Microfinance Fund, Luxembourg.
Yes Bank Limited	Term Loan for microfinance activities for 24 months	400.00	400.00	400.00 (Previous Year Nil)	Hypothecation of book debts (equivalent to 105% of the outstanding term loan).	Personal guarantee of Mr. H P Singh and Mr. Satvinder Singh

B. Unsecured Loans

Name of Institution	Nature, Purpose & duration of Loan	Amount Sanctioned (Rs./Lacs)	Amount Disbursed (Rs./Lacs)	Principle Outstanding as at 31.03.07 (Rs./Lacs)	Primary Security	Guaranteed by
Small Industries Development Bank of India (SIDBI)	Term Loan for on lending to individual borrower/micro enterprises loans for 48 months	200.00	200.00	114.29 (Previous Year Rs. 171.43)	Nil	Personal guarantee of Mr. H P Singh and Mr. Satvinder Singh and second charge on the assets of Executive Directors and their relatives mortgaged to ICICI Bank Limited to secure Overdraft facility
The Bellwether Microfinance Fund Pvt. Ltd.	Term Loan for on lending under the Company's microfinance programme for 24 months	200.00	200.00	37.50 (Previous Year 137.50)	Nil	Nil
HDFC Limited	Term Loan for microfinance activities for 24 months	200.00	100.00	100.00 (Previous Year Nil)	Nil	Nil
ICICI Bank Limited	Overdraft limit renewable after 1 year from the date of sanction	500.00	500.00	269.78 (Previous Year Nil)	Nil	Personal guarantee of Executive Directors and their relatives and first charge on some of the assets of Executive Directors and their relatives.

5. The Company has been sanctioned a Capacity Building Package of Rs. Nil (previous year Rs. 8,00,000.00) by Small Industries Development Bank of India (SIDBI) under the Micro Credit Scheme under various heads. During the year a sum of Rs. 2,72,467.00 (Previous year Rs. 15,000.00) has been reimbursed by SIDBI under the above scheme and which has been reduced from the corresponding expense.

6. The Company has deposited a sum of Rs. Nil (Previous Year – Rs. 96,925.00) to Investors' Education and Protection Fund, being the unclaimed dividend remaining unpaid for a period of seven years from the date they became due for payment to shareholders.

7. Auditors' remuneration includes the following:

	CURRENT YEAR (In Rs.)	PREVIOUS YEAR (In Rs.)
Audit Fees	39,284.00	21,000.00
Tax Audit Fees	11,224.00	5,250.00
Certification work	11,350.00	12,871.00
	<u>61,858.00</u>	<u>39,121.00</u>

8. Directors' Remuneration includes:

	CURRENT YEAR (In Rs.)	PREVIOUS YEAR (In Rs.)
Salary	17,84,000.00	11,52,000.00
Provident Fund	2,14,080.00	1,38,240.00
Value of perquisites	1,77,467.00	1,24,800.00
	<u>21,75,547.00</u>	<u>14,15,040.00</u>

9. (i) In the opinion of the Directors, Current Assets, Loans and Advances are good for recovery unless otherwise stated. An amount of Rs. 15,310.97 (Previous Year – Rs. 2,22,269.06) has been written off / provided as bad debts during the year. In the opinion of management, the amounts, which are written off as bad debts, are not recoverable from debtors despite legal and other steps taken against erring debtors by the Company.

(ii) Future receivables in respect of finance/loan contracts amounting to Rs. 24,47,50,798.62 (Previous year Rs. 12,41,00,358.38) are shown at their principle value and are net of securitised future receivables.

(iii) Sundry Debtors amounting to Rs. 1,39,17,826.05 (Previous Year Rs. 68,84,964.96) represent instalments in arrear in respect of finance contracts and is net of provision for doubtful debts As per prudential norms prescribed by the Reserve Bank of India on income recognition and provisioning for bad and doubtful debts, a provision of Rs. 6,38,538.95 (Previous year Rs. 5,48,516.84) stood at towards bad and doubtful debts against the overdue amounts in respect of all finance contracts. In the opinion of the management the classification of various assets as per the prudential norms prescribed by the Reserve Bank of India are as under:

	Current Year (Rs.)	Previous Year (Rs.)
A) Future receivables under finance contracts:		
Standard Assets	24,47,50,798.62	12,41,30,358.38
Substandard Assets	_____	_____
Doubtful Assets	_____	_____
Loss Assets	_____	_____
B) Finance Contracts (Overdue Installments) (Debtors) :		
Standard Assets	1,29,94,831.09	65,97,998.43
Substandard Assets	15,61,563.91	8,35,483.37
Doubtful Assets	_____	_____
Loss Assets	_____	_____
C) Loans and advances :		
Standard Assets	80,05,285.76	57,94,837.76
Substandard Assets	_____	_____
Doubtful Assets	_____	_____
Loss Assets	_____	_____

10. Sundry creditors include Rs. NIL (Previous year Rs. NIL) due to small scale and ancillary undertakings, based on available information.
11. Pursuant to Accounting Standard - 22 issued by The Institute of Chartered Accountants of India in respect of "Accounting for Taxes on Income" necessary deferred tax liabilities and assets have been recognised. The major components of deferred tax as at 31.03.2007 are as under:

Timing Difference on account of	As at 31.03.2006	(Liability)/Assets/Movements/during the year	As at 31.03.2007
Depreciation	630,354.35	+8,991.58	6,39,345.93
Provisions created but not claimed in Income Tax	647,754.67	+1,70,228.09	8,17,982.76
Total (Deferred Tax Assets) as at 31.03.2007	12,78,109.02	+1,79,219.67	14,57,328.69

12. The detail of purchases, sales and stocks of Securities during the year is as under :

Particulars	Opening Balance	Opening Balance	Purchase	Purchase	Production	Sales	Sales	Closing Stock	Closing Stock
	Quantity (Nos.)	Amount (Rs.)	Quantity (Nos.)	Amount (Rs.)	Quantity (Nos.)	Quantity (Nos.)	Amount (Rs.)	Quantity (Nos.)	Amount (Rs.)
Securities	500	4600.00	Nil	Nil	Nil	Nil	Nil	500	4600.00
Previous Year	500	4600.00	Nil	Nil	Nil	Nil	Nil	500	4600.00

13. Earning per Share

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Net Profit after Tax available for appropriation (Rs.)	24,39,830.68	13,82,071.29
Weighted Average no. of equity shares of Rs. 10/- each outstanding during the year (No. of Equity Shares)	35,53,500	35,53,500
Basic/Diluted Earning per Share (Rs.)	0.69	0.39

14. Segment Reporting:

The Company is operating as single segment i.e. financing operations. Hence the segment wise reporting is not applicable to the Company.

15. (i) Earning /Remittance (Inward) in Foreign currency : Rs. Nil (Previous year Rs. Nil)
(ii) Expenditure /remittance (Outward) in foreign Currency : Rs.14,13,471.16 (Previous year Rs. Nil)
16. Pursuant to the provision of section 45 (IC) of Reserve Bank of India Act, 1934, the Company has transferred Rs. 4,87,966.00 (Previous Year Rs. 2,76,414.00) towards Statutory Reserve Fund for the year.



SATIN CREDITCARE NETWORK LTD.

17. Related party disclosures in terms of Accounting Standard 18 issued by The Institute of Chartered Accountants of India:

Name of Related party	Description of relationship	Nature of transaction	Volume of transaction (Rs.)	Outstanding amount as at 31st March, 2007 (Rs.)	Amount written off or written back (Rs.)
Parishek Finance Private Limited	Influence of Key Managerial Personnel & Relatives	Corporate Services	Nil (3,30,000.00)	Nil (Nil)	Nil (Nil)
		Rent Paid	1,20,000.00 (152,076.00)	Nil (1,02,076.00 Cr)	
Taco Consultants Private Limited	Influence of Key Managerial Personnel & Relatives	Inter Corporate Deposit and Interest thereon	5,000.00 (5,000.00)	2,70,000.00 Cr. (2,65,000.00 Cr.)	Nil (Nil)
Mr. H P Singh	Key Personnel	Remuneration	12,08,107.00 (707,520.00)	58,663.00 Cr. (Nil)	Nil (Nil)
Mr. Satvinder Singh	Key Personnel	Remuneration	9,67,440.00 (707,520.00)	26,210.00 Cr. (2,772.00 Cr.)	Nil (Nil)
Satin (India) Limited	Influence of Key Managerial Personnel & Relatives	Investment in equity shares	Nil (Nil)	25,00,000.00 Dr. (25,00,000.00 Dr.)	Nil (Nil)
		Inter Corporate Deposit, Interest & Others	2,88,000.00 (6,57,648.12)	16,00,000.00 Dr. (16,00,000.00 Dr.)	
Satin Media Solutions Limited	Influence of Key Managerial Personnel & Relatives	Investment in Equity Shares	Nil (Nil)	30,00,000.00 Dr. (30,00,000.00 Dr.)	Nil (Nil)
		Inter Corporate Deposit, Interest & Others	1,44,000.00 (3,74,541.43)	8,00,000.00 Dr. (8,00,000.00 Dr.)	

Figures in brackets pertain to previous year.

The names and relationship with all the related parties with whom the Company had financial transaction have been included in the above list.

18. Disclosure of loans/advances and investments in its own shares by the listed company, its subsidiaries, associates etc. (as certified by the management) :

Name	Current Year		Previous Year	
	Amount outstanding as at 31.03.2007	Maximum amount outstanding during the year (31.03.2007)	Amount outstanding as at 31.03.2006	Maximum amount outstanding during the year (31.03.2006)
Loans and advances in the nature of loan to Associate Company : Satin Media Solutions Ltd.	8,00,000.00 Dr.	9,11,686.00 Dr.	8,00,000.00 Dr.	10,20,031.43 Dr.
Investment by the Loanee (i.e. Satin Media Solutions Ltd.) in the shares of the Company (paid up value)	10,90,000.00	10,90,000.00	10,90,000.00	10,90,000.00
Loans and advances in the nature of loan to Associate Company : Satin (India) Ltd.	16,00,000.00 Dr.	16,00,000.00 Dr.	16,00,000.00 Dr.	19,13,261.12 Dr.
Investment by the Loanee (i.e. Satin (India) in the shares of the Company (paid up value)	12,55,000.00	12,55,000.00	8,05,000.00	3,05,000.00



SATIN CREDITCARE NETWORK LTD.

19. The company has filed an application under sections 391 and 394 of the Companies Act, 1956 to the Hon'ble High Court of Delhi for approving scheme of amalgamation of Satin Intellicomm Limited, a Company formed and registered under the Indian Companies Act, 1956, on the appointed date of 01.04.2006 with the Company. Prior to the granting approval the Hon'ble High Court of Delhi has instructed the company to convene separate meetings of the Shareholders, Secured Creditors, Unsecured Creditors and Public Deposit Holders for their approval. The approval once granted in the meetings on 21.7.2007 will be filed with the Hon'ble High Court of Delhi and then according to the merits of the case Hon'ble High Court of Delhi will accord its approval. The scheme of amalgamation shall be effective after the filing of the final order of approval by the Hon'ble High Court of Delhi with the Registrar of Companies. As the scheme is pending before the Hon'ble High Court of Delhi so no financial implication or any provision can be estimated /created till the final disposal of application by the Hon'ble High Court of Delhi.
20. The Company had stopped accepting public deposits with effect from 20th November, 2004. The Company has intimated the same to Reserve Bank of India. Payment to depositors is being made on the maturity of deposit or over premature request from depositor. The outstanding public deposits as at 31st March, 2007 is Rs. 61,533.00 (Previous year Rs. 1,64,937.00). Investments of Rs. 50,591.33 (Previous year Rs. 8,38,289.00) are being held in pursuant to directions issued by the Reserve Bank of India as applicable to Non Banking Financial Companies. The entire amount of outstanding public deposit of Rs. 61,533.00 has been transferred to an Escrow account with scheduled bank on 13.04.2007.
21. Disclosure of details as required by Para 9BB of Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998 are enclosed in Annexure I to the notes on accounts.
22. Based on the information available with the company, there were no suppliers who are registered as micro, small or medium enterprises under "The Micro, Small and Medium Enterprises Development Act, 2006" as at 31st March, 2007.
23. The company during the year has increased its authorized equity share capital from Rs. 401 lacs to Rs. 750 lacs on 9th November 2006.
24. In the opinion of the management, the Company is not liable to pay any service tax on its operations and no service tax is payable as at 31.03.2007.
25. Previous year figures have been regrouped /reclassified wherever necessary.

As per our report of even date annexed
for **A.K. Gangaher & Co.**
Chartered Accountants

For and on behalf of the Board of Directors

A. K. Gangaher
Proprietor
M. No. : 83674
Place : Delhi
Date : 23rd June, 2007

(H P Singh) **(Satvinder Singh)**
(Director) (Director)

(Jugal Kataria)
(CFO & CS)

Particulars	Amount Outstanding	
Long Term Investments :		
1. Quoted :		
(i) Shares : (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual funds	-	-
(iv) Government Securities	-	-
(v) Others (please specify)	-	-
2. Unquoted :		
(i) Shares : (a) Equity	63.00	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual funds	-	-
(iv) Government Securities	0.51	-
(v) Others (please specify)	-	-

6. Borrower Group-wise classification of all leased assets, stock-on-hire and loans and advances :			
Category	Amount Net of provisions		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	24.00	24.00
2. Other than related parties	-	2,621.62	2,621.62
Total	-	2,645.62	2,645.62
7. Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) Please see Note 3 below			
Category	Market Value/Breakup or fair value or NAV	Book Value (Net of Provisions)	
1. Related Parties			
(a) Subsidiaries	-		-
(b) Companies in the same group	63.00		63.00
(c) other related parties	-		-
2. Other than related parties	0.51		0.51
Total	63.51		63.51
8. Other Information			
PARTICULARS	Amount	Amount	
(i) Gross Non-Performing Assets			
(a) Related Parties	-		-
(b) Other than related Parties	15.62		15.62
(ii) Net Non-Performing Assets			
(a) Related Parties	-		-
(b) Other than related parties	9.23		9.23
(iii) Assets acquired in satisfaction of debt			



SATIN CREDITCARE NETWORK LTD.

CASH FLOW STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2007

PARTICULARS	31.03.2007 AMOUNT IN Rs.	31.03.2006 AMOUNT IN Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before interest, Tax and Extra-Ordinary Items	26,150,950.03	12,554,375.30
Adjustment for		
Depreciation	879,137.22	539,285.16
Miscellaneous Expenses Written Off	-	88,922.00
Previous Year Adjustments - Tax	(30,533.00)	(7,213.79)
Operating Profit before Working Capital Changes	26,999,554.25	13,175,368.67
Trade & Other Receivables	(11,404,702.47)	2,205,585.31
Stock on Hire	(120,620,440.24)	(55,050,950.70)
Trade Payable	(4,162,229.59)	(1,121,140.58)
Other Liabilities	1,636,969.53	146,126.37
Cash Generated from Operations	(107,550,848.52)	(40,645,010.93)
Interest Paid	(22,120,555.02)	(10,126,767.39)
Direct Taxes Paid (Net)	(1,769,784.00)	(1,077,099.00)
Net Cash from Operating Activities	(131,441,187.54)	(51,948,877.32)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase/Sale (Net) of Fixed Assets	(2,432,065.19)	(462,207.68)
Purchase/Sale (Net) of Investments	787,697.67	2,096,042.00
Net Cash used in Investing Activities	(1,644,367.52)	1,633,834.32
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long Term Borrowings & Deposits	16,029,605.44	9,935,850.00
Bank Borrowing including Cash Credit	138,177,414.39	96,864,094.37
Net Cash used in Financing Activities	154,207,019.83	106,799,944.37
Net increase in Cash & Cash Equivalents	21,121,464.77	56,584,901.37
Cash and Cash Equivalents as on 01.04.2006	62,940,394.00	6,355,492.63
Cash and Cash Equivalents as on 31.03.2007	84,061,858.77	62,940,394.00

As per our report of even date annexed

for **A.K. Gangaher & Co.**
Chartered Accountants

For and on behalf of the Board of Directors

A. K. Gangaher
Proprietor

(H P Singh)
(Director)

(Satvinder Singh)
(Director)

Place : Delhi
Date : 23rd June, 2007

(Jugal Kataria)
(CFO & CS)

Note : Notes to accounts (Schedule 14) forms an integral part of the Cash Flow statement.

AUDITOR'S CERTIFICATE

The Board of Directors,
SATIN CREDITCARE NETWORK LIMITED

We have examined the attached Cash Flow Statement of SATIN CREDITCARE NETWORK LIMITED for the year ended 31st March, 2007. The statement has been prepared by the Company in accordance with the requirements of listing agreement under clause 32 with various Stock Exchange and is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by our report of even date to the Members of the Company.

For **A. K. Gangaher & Co.**
Chartered Accountants

Place : Delhi
Dated: 23rd June, 2007

A.K.Gangaher
Proprietor
M.No. 83674



PART IV

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No	41796	Status code	55
Balance sheet Date	31.03.2007		

II. Capital raised during the year (amounting in Rs. Thousand)

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

III. Position of mobilisation and Deployment of Funds (Amount in Rs. Thousand)

Total Liabilities	371,230	Total Assets	371,230
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Sources of Funds

Paid-up Capital	35770	Reserves & Surplus	18424
Secured Loans	257252	Unsecured Loans	53576

Application of Funds

Net Fixed Assets	3935	Investments	6351
Net Current Assets	354736	Misc. Expenditure	0
Accumulated Losses	Nil		

IV. Performance of the Company (Amount in Rs. Thousand)

Turnover Inc. Other Income	58992	Total Expenditure	54961
Profit/Loss before Tax	4031	Profit/Loss after Tax	2440
Earning per share (Rs.)	0.69	Dividend Rate(%)	Nil

V. Generic Names of three Principal Product/Services of the company (As per monetary terms)

Item Code No (ITC Code)	Nil
1. Product Description	Microfinance Operations

Handwritten signature: Hire Panch...

As per our separate report of even date annexed for **A.K. Gangaher & Co.** Chartered Accountants

A. K. Gangaher
Proprietor
M. No. : 83674
Place : Delhi
Date : 23rd June, 2007

For and on behalf of the Board of Directors

(H P Singh) (Director) **(Satvinder Singh)** (Director)

(Jugal Kataria)
(CFO & CS)