

21st ANNUAL REPORT

2010 - 2011



SATIN CREDITCARE NETWORK LTD



SATIN CREDITCARE NETWORK LTD.

BOARD OF DIRECTORS

Sh. HP Singh	Chairman cum Managing Director
Sh. Satvinder Singh	Director
Sh. Rakesh Sachdeva	Director
Sh. Naresh Khanna	Director
Sh. Vishal Mehta	Director
Sh. Sujan Singh Chawla	Director
Sh. Davis Frederick Golding	Additional Director
Smt. Deepa Hingorani	Additional Director
Sh. Amit Goel	Additional Director

COMPANY SECRETARY & COMPLIANCE OFFICER

Sh. Kuldeep Singh Yadav

AUDITORS

A. K. Gangaher & Co.
Chartered Accountants

BANKERS & OTHER LENDERS

Aditya Birla Finance Limited
Ananya Finance for Inclusive Growth Private Limited
Andhra Bank
AXIS Bank Limited
Bank Of Maharashtra
BNP Paribas
Corporation Bank
Development Credit Bank Limited
Fullerton India Credit Company Limited
HDFC Bank Limited
ICICI Bank Limited
IDBI Bank Limited
IFMR Capital Finance Private Limited
Indian Bank
ING Vysya Bank Limited
The Karur Vysya Bank Limited
Maanaveeya Holdings & Investments Private Limited
Mahindra & Mahindra Financial Services Limited
MAS Financial Services Limited
MV Microfinance Private Limited
Punjab National Bank
Reliance Capital Limited
Small Industries Development Bank of India (SIDBI)
Standard Chartered Bank
State Bank of India
Syndicate Bank
The Hongkong & Shanghai Banking Corporation Limited(HSBC)
The South Indian Bank 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(EQUITY SHARES)

Link Intime India Pvt. Ltd.
A-40, 2nd floor,
Naraina Industrial Area, Phase-II,
Near Batra Banquet Hall, New Delhi-110028

REGISTRAR & TRANSFER AGENT(NON CONVERTIBLE DEBENTURES)

Karvy Computershare Pvt. Ltd.
Plot No. 17 to 24,
Vithalrao Nagar, Madhapur,
Hyderabad-500081

Website

www.satincare.com



SATIN CREDITCARE NETWORK LTD.

NOTICE

Notice is hereby given that the Twenty First Annual General Meeting of **SATIN CREDITCARE NETWORK LIMITED** will be held on Friday, the 30th September, 2011 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 2011, 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. Vishal Mehta, who retires by rotation and being eligible, offers him for re-appointment.
3. To appoint a Director in place of Sh. Sujan Singh Chawla, who retires by rotation and being eligible, offers him for re-appointment.
4. 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

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

"RESOLVED THAT Sh. Davis Frederick Golding, who was appointed as an Additional Director by the Board under Section 260 of the Companies Act, 1956 and as per Articles of Association of the Company and who holds office only up to the date of this Annual General Meeting and in respect of whom the Company has received notice in writing under Section 257 of the Companies Act, 1956 from a member signifying her intention to propose him as a candidate for the office of the Director of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation."

"RESOLVED FURTHER THAT Sh. H P Singh, Chairman cum Managing Director and Sh. Kuldeep Singh Yadav, Company Secretary & Compliance Officer singly and severally be and are hereby authorized to sign and file the requisite documents with ROC and other authorities as may be required."

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

"RESOLVED THAT Smt. Deepa Hingorani, who was appointed as an Additional Director by the Board under Section 260 of the Companies Act, 1956 and as per Articles of Association of the Company and who holds office only up to the date of this Annual General Meeting and in respect of whom the Company has received notice in writing under Section 257 of the Companies Act, 1956 from a member signifying his intention to propose her as a candidate for the office of the Director of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation."

"RESOLVED FURTHER THAT Sh. H P Singh, Chairman cum Managing Director and Sh. Kuldeep Singh Yadav, Company Secretary & Compliance Officer singly and severally be and are hereby authorized to sign and file the requisite documents with ROC and other authorities as may be required."

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

"RESOLVED THAT Sh. Amit Goel, who was appointed as an Additional Director by the Board under Section 260 of the Companies Act, 1956 and as per Articles of Association of the Company and who holds office only up to the date of this Annual General Meeting and in respect of whom the Company has received notice in writing under Section 257 of the Companies Act, 1956 from a member signifying his intention to propose him as a candidate for the office of the Director of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation."

"RESOLVED FURTHER THAT Sh. H P Singh, Chairman cum Managing Director and Sh. Kuldeep Singh Yadav, Company Secretary & Compliance Officer singly and severally be and are hereby authorized to sign and file the requisite documents with ROC and other authorities as may be required."

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

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

**Kuldeep Singh Yadav
Company Secretary & Compliance Officer**

Dated: 12th August 2011



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 16.09.2011 to 30.09.2011 (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 of Directors
For SATIN CREDITCARE NETWORK LIMITED**

**Place: Delhi
Date: 12th August 2011**

**Kuldeep Singh Yadav
Company Secretary & Compliance Officer**

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 ATTACHED ALONGWITH THE NOTICE DATED 12TH AUGUST, 2011.

Item No. 5

Sh. Davis Frederick Golding joined the Company on 12.02.2011 as an Additional Director and as per the provisions of Section 260 of the Companies Act, 1956 he will hold office as a Director only till the date of this Annual General Meeting. The Company has received a notice as prescribed under Section 257 of the Companies Act, 1956 from a member along with a deposit of Rs. 500/- signifying her intention to propose Sh. Davis Frederick Golding as a Director of the Company liable to retire by rotation.

Sh. Davis Frederick Golding is not disqualified from being appointed as Director under Section 274(1)(g) of the Companies Act, 1956 and has complied with the requirement of obtaining the Director Identification Number in terms of Section 266A of the Act.

The Board of Directors recommends the passing of the resolution.

None of the Directors, except Sh. Davis Frederick Golding is in any way concerned or interested in the said resolution.

Item No. 6

Smt. Deepa Hingorani joined the Company on 12.02.2011 as an Additional Director and as per the provisions of Section 260 of the Companies Act, 1956 she will hold office as a Director only till the date of this Annual General Meeting. The Company has received a notice as prescribed under Section 257 of the Companies Act, 1956 from a member along with a deposit of Rs. 500/- signifying his intention to propose Smt. Deepa Hingorani as a Director of the Company liable to retire by rotation.

Smt. Deepa Hingorani is not disqualified from being appointed as Director under Section 274(1)(g) of the Companies Act, 1956 and has complied with the requirement of obtaining the Director Identification Number in terms of Section 266A of the Act.

The Board of Directors recommends the passing of the resolution.

None of the Directors, except Smt. Deepa Hingorani is in any way concerned or interested in the said resolution.

Item No. 7

Sh. Amit Goel joined the Company on 20.05.2011 as an Additional Director and as per the provisions of Section 260 of the Companies Act, 1956 he will hold office as a Director only till the date of this Annual General Meeting. The Company has received a notice as prescribed under Section 257 of the Companies Act, 1956 from a member along with a deposit of Rs. 500/- signifying his intention to propose Sh. Amit Goel as a Director of the Company liable to retire by rotation.

Sh. Amit Goel is not disqualified from being appointed as Director under Section 274(1)(g) of the Companies Act, 1956 and has complied with the requirement of obtaining the Director Identification Number in terms of Section 266A of the Act.

The Board of Directors recommends the passing of the resolution.

None of the Directors, except Sh. Amit Goel is in any way concerned or interested in the said resolution.

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

**Place: Delhi
Date: 12th August 2011**

**Kuldeep Singh Yadav
Company Secretary & Compliance Officer**



SATIN CREDITCARE NETWORK LTD.

DIRECTORS' REPORT

Dear Members,

Your Directors take pleasure in presenting the Twenty First Annual Report of the Company together with the Audited Accounts for the financial year ended 31st March 2011.

(Rs. in Lacs)

Particulars	Current Year	Previous year
Gross Income	5861.96	3602.86
Profit before Depreciation and tax	409.08	492.87
Depreciation and Non Cash Expenditure	70.32	46.79
Profit before Tax	338.76	446.08
Provision for Tax (including Deferred Tax & FBT)	113.43	153.19
Profit after Tax	225.33	292.89
Brought forward from Previous Year	418.50	185.31
Other Adjustment	(8.08)	(1.12)
Profit available for appropriation	635.75	477.08
Transfer to Statutory Reserve Fund	45.07	58.58
Surplus carried to Balance Sheet	590.68	418.50

OPERATIONS, PROSPECTS AND FUTURE PLANS

- As you would notice, your Company has performed well during the year under review. The Company continues to engage itself into microfinance operations only. The Company has expanded its operations in the rural areas by providing loans under Joint Liability to the un-served / underserved poor women borrowers in Northern India. The Company has been lending to groups in rural areas and to both individual and groups in the urban areas to cater to the very low income individuals for predominately meeting their productive requirement of funds. The Company is quite hopeful of achieving even better results in the current financial year.
- The Company has been availing credit facilities from public & private banks, foreign banks, financial institutions for its financial needs. The Company has entered into various loan, securitization and assignment agreements with various institutions for its financial needs and is in the process of negotiating with other financial institutions for arranging funds for its growing operations. Your Company has been regular in discharging its liabilities to all lenders. It continues to enjoy good relationship with all of them.
- During the year, the Company had allotted 12 (Twelve) 12.10% Secured Redeemable Non Convertible Debentures (NCDs) of Face Value of Rs.1,00,00,000/- per NCD at a Discount of 0.4% on 21st March, 2011. These NCDs are listed at The Bombay Stock Exchange Limited. The Company has received rating of BBB - (Triple B Minus) by CARE in relation to issuance of these NCDs.
- During the financial year, the Company has disbursed Rs. 38,101.24 Lacs (Previous Year Rs. 24,720.78 Lacs) showing a growth of 54% over the previous year. The gross income during the year has been Rs. 5,861.96 Lacs (Previous Year Rs. 3,602.86 Lacs) showing a growth of 63% over the previous year. The net profit after tax during the year has been at Rs. 225.33 Lacs (Previous Year Rs. 292.89 Lacs) showing a decrease of 23% over the previous year. There has been reduction in profit as compared to the previous year due to change in accounting policy for assignment of portfolio.
- Pursuant to provisions of section 78 of the Companies Act 1956, during the year the company has utilized Share premium account towards writing off the incidental expenditure incurred in raising fresh equity share capital and secured redeemable non convertible debentures including the discount on issue of debentures aggregating to Rs.135.19 lacs (Previous Year Rs. Nil).
- The Company has changed the method of accounting for recognizing the income from assignment transaction from booking the entire income at the time of assignment to spread the same over the remaining life of the underlying assets. The total gain on the said assignment has been Rs. 601.45 Lacs (previous year Rs. 418.31 Lacs) out of which Rs. 169.05 Lacs (Previous Year Rs. Nil) has been recognized as income during the current financial year. The change in the accounting policy has resulted in reduced profit before tax of the current financial year by Rs. 432.40 Lacs.
- Being highly committed over the issues related to social responsibilities, in the beginning of the last financial year Satin added a new vertical "Social Performance Management (SPM) Department". Through a Social Performance Assessment (SPA) by EDA Rural System, we kept a check on Satin's present system, practices and procedures where we realized that our services ensure good client



protection practices including effective client communication and good client interactions. We also realized that we have a transparent culture and good working conditions for staff and strategic commitment for recruitment and training, appraisal and incentives. Initially, SPM took the charge of working on filling the gaps identified in SPA and then worked on various social awareness and social responsibility campaigns for clients, employees and community.

- Your Company has expanded its capital base by Rs.700 Lacs (Previous Year Rs.325.78 Lacs) to take care of the growth.
- During the financial year 2011-12, the grading of the Company has been upgraded to MFI 2 from earlier grading of MFI3+ by CARE.

In view of the current industry scenario, the Company has budgeted moderate growth for the current financial year. The Government has prepared The Micro Finance Institutions (Development and Regulation) Bill, 2011. There are positive signals in the bill as well as in some of the latest announcement by Government and regulator. The Company is hopeful of performing well during the current financial year.

SUBSIDIARY COMPANIES

The Company had no subsidiary company at any time during the financial year 2010-2011.

DIRECTORS

Sh. Davis Frederick Golding nominee director of ShoreCap II Limited and Smt. Deepa Hingorani nominee director of Danish Microfinance Partners K/S were appointed as Additional Directors of the Company in the Board meeting held on 12.02.2011. Sh. Amit Goel was appointed as an Additional Director of the Company in the Board meeting held on 20.05.2011. The tenure of office of all these three as Director comes to an end at the commencement of the forthcoming Annual General Meeting of the members of the Company. The Company had received notices together with deposit as required under Section 257 of the Companies Act, 1956 proposing their appointment as Directors of the Company. The Nomination Committee has also recommended their appointment for consideration of the shareholders.

Sh. Vishal Mehta and Sh. Sujan Singh Chawla retire by rotation and being eligible offers themselves for their re-appointment. The Nomination Committee has recommended their re-appointment for consideration of the shareholders.

The designation of Sh. Satvinder Singh was changed from Managing Director to Director on 12.02.2011.

Sh. Harbans Singh resigned as a Director of the Company with effect from 05.02.2011. The Directors wish to place on record their appreciation for the contributions made by Mr. Harbans Singh during his tenure.

EMPLOYEES STOCK OPTION PLAN

- a) The Company had allotted 1,00,000 equity shares of Rs.10/- each at a premium of Rs. 12/- each to Satin Employees Welfare Trust under Satin ESOP 2010 scheme on 22nd June, 2010.
- b) Out of 4,25,000 Equity Shares issued to Satin Employees Welfare Trust under Satin ESOP 2009, 1,50,000 Options were granted to the below-mentioned employees as per terms of Satin ESOP 2009 on 12.01.2010:

S. No.	Name of Employee	No. of Options
i)	Mr. Jugal Kataria	1,00,000
ii)	Mr. Vivek Tiwari	50,000

Out of 1,50,000 Options granted to above-said employees, first 1/3rd of total options were vested to the said employees on 12.01.2011 which was duly exercised by them on 12.01.2011. Therefore, 33,333 Equity Shares were transferred from Satin Employees Welfare Trust to Mr. Jugal Kataria and 16,667 Equity Shares to Mr. Vivek Tiwari (subject to lock in period of one year from the date of vesting of options) pursuant to exercising of said options.

INFORMATION REQUIRED TO BE DISCLOSED UNDER SEBI (ESOS & ESPS) GUIDELINES, 1999

Initially, the Company had issued 4,25,000 Equity Shares of Rs.10/- each at a Premium of Rs.10/- per share to Satin Employees Welfare Trust under Satin ESOP 2009 on 27.11.2009. After that, the Trust will transfer the said shares to eligible employees within three years in equal tranches from the date of issue of Options. Further the said shares shall be under lock-in for a period of one year from the date of their transfer to employee.

During the year 2009-2010, the Company had issued 1,50,000 options out of 4,25,000 options to its employees under Satin ESOP 2009 on 12.01.2010, certain information is required to be disclosed in this report as required SEBI (ESOS & ESPS) Guidelines, 1999 as specified below:



SATIN CREDITCARE NETWORK LTD.

S. No.	Particulars	Satin ESOP 2009 (Remarks)	Satin ESOP 2010 (Remarks)	Satin ESOP II 2010 (Remarks)
1.	Options Granted	1,50,000	Nil	Nil
2.	Pricing Formula	Rs.20/- being the Fair Value of the shares of the Company	Rs.22/- being the Fair Value of the shares of the Company	Rs.25/- being the Fair Value of the shares of the Company
3.	Options Vested	50,000	Not Applicable	Not Applicable
4.	Options Exercised	50,000	Not Applicable	Not Applicable
5.	Total no. of shares arising as a result of exercise of options	50,000	Not Applicable	Not Applicable
6.	Options lapsed	Nil	Not Applicable	Not Applicable
7.	Variation of terms of options	No variations til now	Not Applicable	Not Applicable
8.	Money realized by exercise of options	Rs. 10,00,000	Not Applicable	Not Applicable
9.	Total no. of options in force	10,00,00	Not Applicable	Not Applicable
10.	Employee wise details of options granted to			
10 (i)	Senior Managerial Personnel	1. Mr. Jugal Kataria (Chief Financial Officer) 1,00,000 2. Mr. Vivek Tiwari (Head Operations -Rural) 50,000	Not Applicable	Not Applicable
10 (ii)	Any other employee who receives a grant in any year of option amounting to 5% or more of option granted during that year	None	Not Applicable	Not Applicable
10 (iii)	Identified employees who were granted options, during any one year, equal to or exceeding 1% of the Issued Capital (excluding outstanding warrants and conversions) of the Company at the time of Grant.	None	Not Applicable	Not Applicable
11.	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of shares on exercise of option calculated in accordance with Accounting Standard 20	As all the shares have been allotted to the Satin Employees Welfare Trust, the EPS for the year ending 31.03.2011 contains the effect of the same.	Not Applicable	Not Applicable
12.	Where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed.	The company is calculating the employee compensation cost using the Fair value of the shares. Therefore the difference on profit etc is not applicable.	Not Applicable	Not Applicable

13.	Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.	Not Applicable. As the company is listed at the DSE, LSE and JSE, there is no trading of the shares therefore the market price of the shares is not available	Not Applicable	Not Applicable
14.	<p>A Description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information:</p> <ul style="list-style-type: none"> (i) risk-free interest rate, (ii) expected life, (iii) expected volatility, (iv) expected dividends, and (v) the price of the underlying share in market at the time of option grant. 	The company is presently listed at the DSE, LSE and JSE. On all these three exchanges there were no share trading activities in the Company's share from last many year, because of which no market price is available. Therefore because of non-availability of the market price, the Fair value of options based upon the option pricing model cannot be determined. However, the company has computed the fair value of the options considering the other accepted methods of valuation like Net Asset Value, Price Earning Capacity Value etc.	Not Applicable	Not Applicable

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 2011.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Satin Creditcare Network Limited (SCNL) is a category 'B' Non Banking Financial Company (NBFC). It has reported satisfactory financial and operating performance during the period under review i.e. financial year 2010-2011. The disbursement during the year has been Rs. 38,101.24 Lacs (Previous Year Rs. 24,720.78 Lacs). The Gross Income during the year has been Rs. 5,861.96 Lacs (Previous Year Rs. 3,602.86 Lacs). Depreciation and Non Cash expenditure during the year has been higher at Rs. 70.32 Lacs (Previous Year Rs. 46.79 Lacs). The net profit after tax during the year has been at Rs. 225.33 Lacs (Previous Year Rs. 292.89 Lacs). SCNL's net worth stood at Rs. 7,867.31 Lacs (Previous Year Rs. 2,777.58 Lacs). 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 primarily upon Banks and Financial Institutions for its financial needs. The Company has been availing various credit facilities from Aditya Birla Finance Limited, Ananya Finance for Inclusive Growth Private Limited, Andhra Bank, AXIS Bank Limited, Bank of Maharashtra, BNP Paribas, Corporation Bank, Development Credit Bank Limited, Fullerton India Credit Company Limited, HDFC Bank Limited, ICICI Bank Limited, IDBI Bank Limited, IFMR Capital Finance Private Limited, Indian Bank, ING Vysya Bank Limited, The Karur Vysya Bank Limited, Maanaveeya Holdings & Investments Private Limited, Mahindra & Mahindra Financial Services Limited, MAS Financial Services Limited, MV Microfinance Private Limited, Punjab National Bank, Reliance Capital Limited, Small Industries Development Bank of India (SIDBI), Standard Chartered Bank, State Bank of India, Syndicate Bank, The Hongkong & Shanghai Banking Corporation Limited (HSBC) and The South Indian Bank Limited for its microfinance operation which is the main activity of the Company. The Company has raised its first Secured Redeemable Non Convertible Debentures (NCD). These NCDs are listed at The Bombay Stock Exchange Limited. The Company has raised additional equity to fund the growth. In view of the overall environment in the Microfinance Industry in India, the overall liquidity position is tight as bankers and other lenders have gone slow in providing funding to MFIs. However, your Company has been able to mobilize some funds and have performed better than its peers in the industry. The Company has been regular in repayment to all its lenders and has excellent relationship with all the financial institutions and banks and is quite hopeful of raising funds in future for growth.



Industry Scenario

The financial year 2010-11 was a challenging year for the Microfinance Industry in India. The industry has witnessed growth in the first half of the financial year. However, after the (Andhra Pradesh Microfinance Institutions (regulation of money lending) Ordinance, 2010) was passed in October 2010, there is a drastic change in the overall industry environment. The banks and other lenders have stopped extended credit to the Microfinance Institutions all across the country. The Reserve Bank of India has also appointed a Sub-Committee of its Board to study issues and concerns in the microfinance sector in October 2010. The Sub-Committee has submitted its recommendation in January 2011. The positive feature of the recommendation is that lending by banks to MFIs will be considered as Priority Sector Lending (PSL) for the banks. However there are some recommendations like interest rate / margin cap, restriction on number of loans to an individual borrower, restriction on loan amount to an individual borrower, restriction on household income, higher provisioning requirement, minimum capitalization etc. which will affect the MFIs and its growth in short to medium term. Micro Finance Institutions Network (MFIN) and Sa-dhan, the two industry associations have made representation before the Sub-Committee and the RBI. The Government has prepared The Micro Finance Institutions (Development and Regulation) Bill, 2011. There are positive signals in the bill as well as in some of the latest announcement by Government and regulator.

Business Review

Satin Creditcare Network Limited (Satin) is a leading 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 low income people in urban, semi urban and rural areas for primarily meeting their productive needs. The Company has focused on expansion of operations in the rural area. The portfolio quality of the Company is good. After the Andhra Pradesh Microfinance Institutions (regulation of money lending) Ordinance, 2010, raising debt fund was a challenge. Your Company has strong relationship with a large number of lenders and have been able to raise some funds even during this period. The Company has raised adequate capital during the financial year 2010-11 and has raised debt fund by issuing first Secured Redeemable Non Convertible Debentures, which has opened new source of funding. These NCDs are listed at The Bombay Stock Exchange Limited.

The Company's rural microfinance operations has expanded significantly during the financial year 2010-11 with the number of rural branches increased from 72 as of March 2010 to 138 as of March 2011. The rural operation has expanded to 7,773 villages in 5 states covering 216,529 borrowers. The Company disbursed Rs. 38,101.24 lacs during the financial year 2010-11 as against Rs. 24,720.78 lacs in the financial year 2009-10 showing a growth of 54%. The Gross revenue has increased to Rs. 5,861.96 lacs during the financial year 2010-11 as against Rs. 3,602.86 lacs during the financial year 2009-10 showing a growth of 63%. The Profit after tax has declined to Rs. 225.33 lacs in the current financial year as against Rs. 292.89 lacs in the previous financial year showing a decline of 23%. There has been reduction in profit as compared to the previous year due to change in accounting policy for assignment of portfolio.

Opportunities

The microfinance industry has grown substantially during the last decade. Financial inclusion is an important agenda for government and the Reserve Bank of India. However, inspite of the tremendous growth in terms of outreach there is still a very large segment of the society, which does not have access to financial services at the affordable rate. Microfinance activity has been considered as an important and effective means of providing financial services to such un-served population. The Company is operating in Northern and Central India and the reach of MFIs is comparatively less in these geographies as compared to the Southern and Eastern India and hence there is a huge opportunity to be tapped and large population to be served. The Company is making all efforts to use its experience of working in the same geography for last two decade.

Challenges

Microfinance Industry in India is passing through challenging times. The industry primarily deals with underserved, mostly uneducated poor borrowers in rural and semi rural areas. These borrowers are financially illiterate and hence MFIs have to work carefully with great degree of transparency. There are concerns from regulators and lenders on issues of multiple lending, over in-debtiness, rate of interest charged by MFIs and its proper disclosure to the borrowers. There is regulatory uncertainty because of which banks and others lenders are going slow in lending to MFIs and hence the on-lending to borrowers is also getting affected. In case the uncertainty prevails for a longer time, the same will affect the portfolio quality. The Sub-Committee appointed by the Reserve Bank of India has suggested interest rate / margin cap, the same will affect the profitability and sustainability of the MFIs. The activity of the Company is highly manpower driven and hence hiring, training and retaining good talent for the growth of the operations is a big challenge.

SCNL's strong financial position, comfortable capital adequacy, liquidity and adoption of prudent business policies, time tested systems, professional management, association with leading financial institutions and clean repayment track record have enabled it to perform consistently and post satisfactory performance despite these challenges and competitive conditions. The Company is focusing on providing continuous training to its staff and to keep their morale high.



Outlook

The Company is closely monitoring the overall industry environment. In view of the overall slow down in the Microfinance Industry, the flow of funds is comparatively less than anticipated and hence the Company is rationalizing its growth plan in the short and medium term. The Company is considering consolidating some of its smaller areas of operation. The product has been modified from weekly collection to fortnightly collection to keep the operating cost under control. We are further reviewing all our process to improve efficiency, wherever possible. The Company has the experience of working in Northern India for more than two decades and is amongst the largest MFIs in Northern India. The Company has strong association with its borrowers, lenders, investors, employees and other stakeholders and has positive outlook.

Risk & Concerns

SCNL is exposed to risks like volatility in the Indian economy, change in government policies, increasing borrowing cost, competition from the banking sector / other MFIs, 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.

Strengthening of internal audit and procedure is a continuous process.

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 31.03.2011 stood at 918 (Previous Year 618).

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.

Rs. Nil

- b) The total amount due to the depositors and remaining unclaimed or unpaid beyond the dates referred to in Clause (a) as aforesaid

Rs. Nil

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 outstanding public deposit as at 31st March, 2011 is Rs. 33,680.00 (Previous year Rs. 33,680.00). The outstanding public deposit is lying in the Escrow account with scheduled bank.

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 02.11.2000. The category of the Company has been changed from 'A' (Deposit taking) to Category 'B' (Non Deposit taking) by Reserve Bank of India. A fresh Certificate of Registration bearing No. B-14.01394 has been issued by RBI on 04.02.2009. Your Company has been following all relevant guidelines issued by Reserve Bank of India from time to time. The Company has decided not to accept the public deposits with effect from 20.11.2004. 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 separate report dated 20th May, 2011 from the Auditors of the Company. The Board has not observed any adverse remark. Further your Company has achieved Capital Adequacy Ratio of 39.16 as on 31st March, 2011. The Company has become Non Deposit Taking Systematic Important (NDSI) Non Banking Finance Company from September, 2009.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies (Amendment) Act, 2000 the Directors confirm:

1. That in the preparation of the annual accounts, the applicable accounting standards have been followed, along with proper explanations relating to material departures;
2. That they have selected such accounting policies and applied them consistently except where otherwise stated in the notes on accounts, 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. The retiring auditors have furnished a certificate of their eligibility for re-appointment under section 224 (1B) of the Companies Act, 1956. The same was discussed in the Audit Committee. 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

During the year under review, there was no employee who was getting remuneration of Rs.5,00,000 per month / Rs.60,00,000/- per annum or more as required under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 duly amended by Notification dated 31.03.2011.

LISTING WITH STOCK EXCHANGES

Your Company is listed with following stock exchanges:

Secured Redeemable Non Convertible Debentures:

1. Bombay Stock Exchange Limited, Floor 25, P J Towers, Dalai Street, Mumbai - 400001

Equity Shares:

1. Delhi Stock Exchange 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. Ludhiana Stock Exchange Limited, Feroze Gandhi Market, Ludhiana 141001.

Your Company has paid up to date 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		
Travelling Expenses	1,28,875.00	7,80,100.00
Reimbursement of expenses for raising equity		
Share Capital	9,23,400.00	NIL
b) Earning/Remittances (Inward) in Foreign Exchange		
Equity share capital & Share Premium	42,40,80,000.00	194,24,160.00
Reimbursement of Expenses	1,97,413.00	3,64,073.00

ACKNOWLEDGEMENTS

Your Directors would like to place on record their gratitude for the cooperation received from lenders, our valued customers and shareholders. The Board, in specific, wishes to place on record its sincere appreciation of the contribution made by all the employees towards growth of the Company.

For and on behalf of the Board of Directors

Place: Delhi
Date: 12th August 2011

(HP 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 comprises of 9 Directors out of which four are independent and five non-independent directors. The Company has eight non-executive directors and one executive director i.e. the Chairman. Composition of the Board and category of directors are as follows:

Name of Director along with Designation	Category
Sh. H P Singh, Chairman Cum Managing Director	Promoter and Executive Director
Sh. Satvinder Singh, Director ¹	Non Executive and Non-Independent Director ²
Sh. Vishal Mehta, Director	Non Executive and Non-Independent Director
Sh. Davis Frederick Golding, Additional Director ³	Non Executive and Non-Independent Director
Smt. Deepa Hingorani, Additional Director ⁴	Non Executive and Non-Independent Director
Sh. Harbans Singh, Director ⁵	Non Executive and Non-Independent Director
Sh. Sujan Singh Chawla, Director	Non Executive and Independent Director
Sh. Rakesh Sachdeva, Director	Non Executive and Independent Director
Sh. Naresh Khanna, Director	Non Executive and Independent Director
Sh. Amit Goel, Additional Director ⁶	Non Executive and Independent Director

1. Designation changed from Managing Director to Director with effect from 12.02.2011
2. Category further changed from Promoter and Executive Director to Non Executive and Non-Independent Director with effect from 12.02.2011
- 3&4 with effect from 12.02.2011.
5. upto 05.02.2011.
6. with effect from 20.05.2011.

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 22 nd September, 2010	No. of Directorships in other companies ¹	No. of Membership(s) / Chairmanship(s) of the Board Committees ²
Sh. H P Singh Chairman Cum Managing Director	10	10	Yes	1	NIL
Sh. Satvinder Singh, Director	10	10	Yes	1	2 (Including 1 as chairman)
Sh. Vishal Mehta Director	10	10	No	1	2
Sh. Davis Frederick Golding Additional Director ³	10	NIL	No	NIL	NIL
Smt. Deepa Hingorani Additional Director ⁴	10	1	No	2	3 (Including 1 as chairman)
Sh. Harbans Singh Director ⁵	10	9	No	NIL	3 (Including 1 as chairman)
Sh. Sujan Singh Chawla Director	10	10	No	NIL	2
Sh. Rakesh Sachdeva, Director	10	10	Yes	NIL	2 (Both as Chairman and Member)
Sh. Naresh Khanna Director	10	6	No	3	1
Sh. Amit Goel, Additional Director ⁶	10	NIL	No	1	1

1. The Directorships held by Directors as mentioned above, do not include Alternate Directorships and Directorships in Foreign Companies, Companies Registered under Section 25 of the Companies Act, 1956 and Private Limited Companies.

2. in accordance with Clause 49, Memberships / Chairmanships of only the Audit Committees, Shareholders' / investors' Grievance Committees and Remuneration Committees in all Public Limited Companies (including Satin Creditcare Network Limited) have been considered.

3&4 with effect from 12.02.2011.

5. upto 05.02.2011.

6. with effect from 20.05.2011.

Number of Board Meetings held and the dates of Board meetings

During the year 10 (ten) Board Meetings were held. These Board Meetings were held on 29.05.2010, 12.08.2010, 20.08.2010, 13.11.2010, 18.11.2010, 22.11.2010, 08.12.2010, 31.12.2010, 05.02.2011 and 12.02.2011.

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 their experience in specific functional areas and name of Companies in which they hold Directorship and Membership of committees of the Board as furnished below:

Re-appointments

Sh. Sujan Singh Chawia, aged 82 years is Director in the Company. He is also the member of the Audit Committee, Compensation Committee and Remuneration Committee. He is a Law and Arts Graduate and is providing his valuable guidance through the board meeting. Before joining Satin, he has served the Lok Sabha Secretariat as a Deputy Secretary for 32 years and joined the Board of the Company on 01.10.2008. He was also on the board of the Company during the period 04.03.2003 to 30.09.2008. Sh. Sujan Singh Chawla is not related to any of the Directors of the Company.

Sh. Vishal Mehta aged 37 years is associated with the Company as a Nominee Director of Lok Capital LLC. He is also the Director in Lok Advisory Services Pvt. Ltd. He has over 13 years of experience in delivering management consultative services in the financial services and the technology sector, both in developed as well as developing economies. While a majority of his experience has been in the private sector, he has worked on social projects in India and Kenya. He holds an Engineering degree from Delhi University and completed his MBA from University of Michigan, Ann Arbor. He joined the Board of the Company on 01.10.2008. He was also on the board of the Company during the period 30.07.2008 to 30.09.2008. He is also the member in the Compensation Committee. Sh. Vishal Mehta is not related to any of the Directors of the Company.

Appointments

Sh. Davis Frederick Golding, aged 52 years, represents ShoreCap II Limited on the Board of Satin with effect from 12.02.2011. Working with ShoreCap, an international investment company which invests in and supports development financial institutions serving micro and small enterprises in developing economies, Davis holds the responsibility of initiating acquisition leads, performing on-site due diligence, recommending approval or decline of opportunities, structuring investments, and serving on the Board of Directors of investee institutions. Prior to joining ShoreCap International, he was EVP and Chief Operating Officer of ShoreBank Pacific, a community development bank dedicated to sustainable development including environmental integrity, serving the US states of Washington and Oregon. Previously, he worked as Director, International Mergers and Acquisitions/Corporate Development for Textron Financial Corporation. Sh. Golding also served as President and CEO of a Hong Kong based merchant banking operation. He has over 30 years experience in international finance, banking, and mergers and acquisitions. He holds a B.A. in Business Administration from Duke University, Durham, North Carolina. He is also the member in the Compensation Committee. He is not related to any of the Directors of the Company.

Smt. Deepa Hingorani, aged 40 years, represents Danish Microfinance Partners on the Board of Satin with effect from 12.02.2011. She works with IFU, an Investment Fund owned by the Danish Government. IFU invests together with Danish companies in projects in developing countries and is also an investor in Danish Microfinance Partners. She has been associated with IFU for past 16 years working out of Chennai, Copenhagen, Singapore and New Delhi. Prior to working with IFU, she worked in Ballarpur Industries Limited, India, a large industrial group engaged in production of Paper, Chemicals, Glass, etc. Apart from this, Smt. Hingorani serves as member of Board of Directors for a number of organizations. She is Masters in Finance and Control (Delhi), Executive MBA (Scandinavian International Management Institute, Copenhagen). She is also the member in the Compensation Committee. She is not related to any of the Directors of the Company.

Sh. Amit Goel, aged 50 years joined the Board of the Company with effect from 20.05.2011. He, at present, is associated with the Ministry of Culture as an Advisor where he reviews the working and suggests measures for the complete revamp and revitalization of Zonal Cultural Centres for achieving their mandated objectives. Prior to Ministry of Culture, he has served several renowned institutions and ministries as an Advisor between the years 2002 and 2009, namely, Ministry of Panchayati Raj, Government of India; Confederation of Indian Industry (CII); State Udyog Mitra, Government of Uttarakhand; Departments of Social Welfare and Women & Child Development, Government of Chhattisgarh and Office of the Mayor of Delhi. He has also acted as the Coordinator for Uttarakhand for Rural Business Hubs (Ministry of Panchayati Raj, Government of India) and Municipal Corporation of Delhi. From the year 1991 to 1999, he has been associated with Think India Trust as Secretary where he worked in the area of socio-economic development. At the same time, during the years 1989-99, he researched and documented number of issues and produced many documentary films in the areas of environment, gender issues, technology, international events and promotional films for the Ministry of Tourism, National Capital Region Planning Board, Rajasthan Tourism, Doordarshan, National Book Trust, All India Congress Committee etc. and simultaneously acted as Communications Advisor for Project Smita Society. He is also a member of an American NGO - Earth Action, Indian National Trust for Art & Cultural Heritage (INTACH) and India Habitat Centre (IHC). He is also the member in the Compensation Committee and Remuneration Committee. He is not related to any of the Directors of the Company.

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, 2011, 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, Sh. Rakesh Sachdeva who is a qualified Chartered Accountant is the Chairman of the Audit Committee. The other two members of the audit committee are Sh. Satvinder Singh (with effect from 12.02.2011) and Sh. Sujan Singh Chawla. Sh. Rakesh Sachdeva and Sh. Sujan Singh Chawla are independent directors. Before appointment of Sh. Satvinder Singh as a member of the Audit Committee, Sh. Harbans Singh served as the member of the said Committee upto Board Meeting dated 05.02.2011 wherein he had re-signed from the Directorship of the Company and as a result vacated from membership of the Audit Committee.

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

- a) Overseeing of the Company's financial reporting process and the disclosure of its financial information.
- b) Recommending to the Board the appointment and removal of external auditors, fixation of audit fee and also approval for payment of other services.
- c) 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.
- d) Reviewing with the management, external/internal auditors, adequacy of internal control systems.
- e) Reviewing the adequacy of internal audit functions, discussions with internal auditors; any significant findings and follow up thereon.
- f) 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.
- g) 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.
- h) Reviewing the company's financial and risk management policies.
- i) 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.
- j) Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate.

During the year, four Audit Committee meetings were held. The Committee meetings held on 29.05.2010, 12.08.2010, 13.11.2010 and 12.02.2011. These were duly attended by the members as per below-mentioned detail:

Name of Director	No. of Meetings held during the year	Meetings Attended
Sh. Rakesh Sachdeva, Director (Non Executive)	4	4
Sh. Sujan Singh Chawla, Director (Non Executive)	4	4
Sh. Harbans Singh, Director (Non Executive) ¹	4	3
Sh. Satvinder Singh, Director (Non-Executive) ²	4	NIL

1. upto 05.02.2011.

2. with effect from Board Meeting dated 12.02.2011 after holding Audit Committee Meeting.



Remuneration of the Directors:

The disclosure in respect of remuneration paid/ payable to whole time director of the Company for the financial year 2010-2011 is given below:

Particulars	Sh. H P Singh CMD (Rs.)	Sh. Satvinder Singh MD up to 12.02.2011 (Rs.) #
Salary	24,00,000	7,82,143
Provident Fund	2,88,000	93,857
Gratuity	—	8,65,385
Leave Encashment	—	2,50,000
Approximate value of perquisites	4,14,400	1,43,850
Total	31,02,400	21,35,235
Present period of agreement	01.10.2010 to 30.09.2015	01.10.2010 to 12.02.2011

Sh. Satvinder Singh has resigned from the position of Managing Director w.e.f. 12.02.2011 and hence paid remuneration till that date. He continues to be Non Executive Director of the Company.

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
2007-2008	'Tyagi Farms' Plot No. 7, Bhawani Nagar, Dhinpur, Near Jhatikra Morh, Brijwasan Road, New Delhi -110043	30.09.2008	10.00 A.M.	Yes
2008-2009	'Tyagi Farms' Plot No. 7, Bhawani Nagar, Dhinpur, Near Jhatikra Morh, Brijwasan Road, New Delhi -110043	30.09.2009	10.00 A.M.	No
2009-2010	'Tyagi Farms' Plot No. 7, Bhawani Nagar, Dhinpur, Near Jhatikra Morh, Brijwasan Road, New Delhi -110043	22.09.2010	10.00 A.M.	Yes

Shareholder /Investor Grievances Committee:

- The Company has a Shareholder / Investor Grievances Committee comprising of Sh. Satvinder Singh who is the Chairman of the committee himself. Sh. Satvinder Singh was appointed as Member and Chairman of the Committee in place of Sh. Harbans Singh with effect from 12.02.2011. Sh. Harbans Singh resigned from the Directorship of the Company as well as from Chairmanship / Membership of the Committee with effect from 05.02.2011
- The Board has designated Sh. Kuldeep Singh Yadav as the Company Secretary & Compliance Officer. The complaints relating to Investor Grievances may also be forwarded to the said person at kuldeep.singh@satincreditcare.com email Id.
- The Company has received only one complaint from the shareholder during the year which was duly resolved vide Meeting dated 16th July, 2010. Apart from that there were no complaints received from the Shareholder / Investor either at the beginning and at the end of financial year ended 31.03.2011.

Share Transfer Committee:

The Company has a Share Transfer Committee under the Chairmanship of Sh. H P Singh. Other members of the Committee are Sh. Satvinder Singh and Sh. Rakesh Sachdeva. The Committee met 5 (Five) times in the year. These meetings were held on 15.04.2010, 29.04.2010, 15.05.2010, 01.06.2010 and 22.07.2010 and attended by all the members.

Borrowing Committee:

The Company has a Borrowing Committee under the Chairmanship of Sh. H P Singh. Other member of the Committee is Sh. Satvinder Singh. The Committee met 22 (twenty two) times in the year. These meetings were held on 05.04.2010, 26.04.2010, 22.05.2010, 23.06.2010, 02.07.2010, 22.07.2010, 29.07.2010, 04.08.2010, 19.08.2010, 25.08.2010, 30.08.2010, 04.09.2010, 18.09.2010, 24.09.2010, 28.09.2010, 22.10.2010, 19.01.2011, 29.01.2011, 21.02.2011, 18.03.2011, 21.03.2011 and 29.03.2011 and attended by all the members.

Banking Operations Committee:

The Company has a Banking Operations Committee under the Chairmanship of Sh. H P Singh. Other member of the Committee is Sh. Satvinder Singh. The Committee met 17 (seventeen) times in the year. These meetings were held on 01.04.2010, 27.04.2010, 03.06.2010, 13.07.2010, 14.08.2010, 28.08.2010, 06.10.2010, 26.10.2010, 15.11.2010, 22.11.2010, 29.11.2010, 07.12.2010, 06.01.2011, 09.02.2011, 14.02.2011, 07.03.2011 and 28.03.2011 and attended by all the members.

Remuneration Committee:

- The Company has a Remuneration Committee comprising of Sh. Rakesh Sachdeva, and Sh. Sujan Singh Chawla. Sh. Rakesh Sachdeva is Chairman of the committee. Sh. Harbans Singh served the membership of the Committee upto 05.02.2011. Sh. Amit Goel was appointed as member of the Committee with effect from 12.08.2011.
- The committee met once on 19.08.2010 during the financial year 2010-2011 wherein Sh. Rakesh Sachdeva, Sh. Sujan Singh Chawla and Sh. Harbans Singh had attended the same.

Compensation Committee:

- The Company has a Compensation Committee comprising of Sh. Rakesh Sachdeva, Sh. H P Singh, Sh. Vishal Mehta, Sh. Naresh Khanna and Sh. Sujan Singh Chawla. Sh. Rakesh Sachdeva is Chairman of the committee. Sh. Davis Frederick Golding, Smt. Deepa Hingorani and Sh. Amit Goel were appointed as members of the Committee with effect from 20.05.2011.
- The committee met once during the financial year 2010-2011 on 18.11.2010 which was duly attended by Sh. Rakesh Sachdeva, Sh. H P Singh, Sh. Vishal Mehta and Sh. Sujan Singh Chawla.

Nomination Committee:

- The Company has constituted a Nomination Committee under the Chairmanship of Sh. H P Singh on 12.08.2010.
 - The other members of the Nomination Committee are Sh. Rakesh Sachdeva and Sh. Naresh Khanna.
 - The Committee met once during the financial year 2010-2011 on 19.08.2010.
- 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.

Attention of the members is drawn to the disclosure of transactions with the related parties set out in notes to Accounts Schedule 14 at Point no. 15.

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

The Company has complied with all the requirements of regulatory authorities on capital market and no penalties or strictures has been imposed on the Company by Stock Exchange, SEBI or any other authority on any matter relating to the capital markets during the last three years.

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

The Company has not adopted 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 Executive Directors of the Company, if required.

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. Satvinder Singh	2,57,011
2	Sh. Sujan Singh Chawla	NIL
3	Sh. Rakesh Sachdeva	3,711
4	Sh. Naresh Khanna	NIL
5	Sh. Vishal Mehta	NIL
6	Sh. Davis Frederick Golding ¹	NIL
7	Smt. Deepa Hingorani ²	NIL
8	Sh. Harbans Singh ³	46,511
9	Sh. Amit Goel ⁴	NIL

1 & 2 with effect from 12.02.2011

3 upto 05.02.2011

4 with effect from 20.05.2011



DISCLOSURES

The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement (other than those disclosed for independent director) entered into with the Delhi Stock Exchange Limited, Ludhiana Stock Exchange Limited and Jaipur Stock Exchange Limited. The detail of the compliance is as under:

S. No.	PARTICULARS	CLAUSE OF LISTING AGREEMENT	COMPLIANCE STATUS YES/NO	REMARKS
1	2	3	4	
I	BOARD OF DIRECTORS	49 (I)		
	(A) Composition of Board	49 (IA)	NO	Since the Company has Executive Chairman, atleast half of the Board should comprise of Independent Directors. The Company has issued shares to two private equity funds during the period December, 2010 to February, 2011. The Company had appointed two directors nominated by the two Investors on 12.02.2011. These two Investors' Nominee Directors are treated as Non-Independent Directors pursuant to Clause 49 of the listing agreement. Prior to their appointment, the composition of Board was in compliance with Clause 49. The Company is trying to place required number of Independent Directors on the Board to comply with the said Clause.
	(B) Non Executive Directors' - Compensation and disclosures	49 (IB)	YES	—
	(C) Other provisions as to Board and committees	49 (IC)	YES	—
	(D) Code of Conduct	49 (ID)	YES	—
II	AUDIT COMMITTEE	49 (II)		—
	(A) Qualified and Independent Audit Committee	49 (II A)	YES	—
	(B) Meeting of Audit Committee	49 (II B)	YES	—
	(C) Powers of Audit Committee	49 (II C)	YES	—
	(D) Role of Audit Committee	49 (II D)	YES	—
	(E) Review of information by Audit Committee	49 (II E)	YES	—
III	SUBSIDIARY COMPANIES	49 (III)	YES	The Company has no subsidiary company.
IV	DISCLOSURES	49 (IV)		
	(A) Basis of related party transactions	49 (IV A)	YES	—
	(B) Disclosure of accounting treatment	49 (IV B)	YES	—
	(C) Board Disclosures	49 (IV C)	YES	—
	(D) Proceeds from Public Issues, rights issues, preferential issues etc.	49 (IV D)	YES	—
	(E) Remuneration of Directors	49 (IV E)	YES	—
	(F) Management	49 (IV F)	YES	—
	(G) Shareholders	49 (IV G)	YES	—
V	CEO/CFO CERTIFICATION	49 (V)	YES	—
VI	REPORT ON CORPORATE GOVERNANCE	49 (VI)	YES	—
VII	COMPLIANCE	49(VII)	YES	—



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 Veer Arjun (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	: 30 th September, 2011 at 10.00 A.M. : 'TYAGI FARMS', Plot No. 7, Bhawani Nagar, Dhinpur, Near Jhatikara Morh, Brijwasan Road, New Delhi 110043.					
2. Financial Calendar 2011-12 (tentative)	: Results for the quarter ended 30 th June, 2011 upto 14.08.2011. Results for the quarter ended 30 th September, 2011 upto 14.11.2011. Results for the quarter ended 31 st December, 2011 upto 14.02.2012. Results for the quarter ended 31 st March, 2012 upto 30.05. 2012.					
3. Book Closure date	: 16 th September to 30 th September, 2011 (both days inclusive)					
4. Dividend payment date	: N.A.					
5. Registered Office	: 306, Lusa Tower, Azadpur Commercial Complex, Delhi-110033 Phone: 011- 47545000					
6a. Equity Shares Listed on Stock Exchanges at	: 1. Delhi Stock Exchange Limited, Delhi 2. Jaipur Stock Exchange Limited, Jaipur 3. Ludhiana Stock Exchange Limited, Ludhiana					
6b. Annual Listing Fees	: Duly paid to all the above Stock Exchanges for the year 2011-2012.					
7. Stock Code (a) Trading Symbol at b) Demat ISIN Number in NSDL & CDSL	119590 at Delhi Stock Exchange Limited, Delhi 956 at Jaipur Stock Exchange Limited, Jaipur SLFL at Ludhiana Stock Exchange Limited, Ludhiana : For Equity Shares - INE 836B01017 : For Non-Convertible Debentures (NCD) - INE 836B07014					
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 2010						
May 2010						
June 2010						
July 2010						
August 2010						
September 2010	***** N O T T R A D E D D U R I N G T H E Y E A R ****					
October 2010						
November 2010						
December 2010						
January 2011						
February 2011						
March 2011						



SATIN CREDITCARE NETWORK LTD.

9. Share price performance in comparison to broad based indices-
During financial year 2010-11, as per the information available, there was no trading of Company's shares at the stock exchanges.

10. Registrar and Transfer Agents
 a. Equity Shares : Link Intime India Pvt. Ltd.
 (Share Transfer and communication : A-40, 2nd floor,
 regarding share certificates, dividend, Naraina Industrial Area, Phase-II,
 and change of address.) Near Batra Banquet Hall, New Delhi-110028
 b. Non Convertible Debentures : Karvy Computershare Pvt. Ltd.
 Plot No. 17 to 24, Vithalrao Nagar,
 Madhapur, Hyderabad-500081

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.

12. Distribution of Shareholding as on 31st March, 2011

S.No.	No of Equity Shares	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholders
1	Upto 2500	271	33.540	28092	0.154
2	2501-5000	249	30.817	110146	0.604
3	5001-10000	105	12.995	94102	0.516
4	10001-20000	42	5.198	65361	0.358
5	20001-30000	28	3.465	72550	0.398
6	30001-40000	14	1.733	50800	0.278
7	40001-50000	22	2.723	100400	0.550
8	50001-100000	16	1.980	120200	0.659
9	100001 and above	61	7.550	17606676	96.484
TOTAL		808	100.000	18248327	100.000

13. Categories of Shareholders as on 31st March, 2011

Category	%
Promoters	40.417
Financial Institution/Banks / Mutual Funds	0.000
NRI/OCBs	0.026
Bodies Corporate	50.009
Others	9.548
Total	100.000

14. Dematerialization of Shares : 58.743 % of the equity shares have been dematerialized up to 31st March 2011. 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 2010-11 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 2010-2011 at any stock exchange
 Shares (in Rs. crore)



SATIN CREDITCARE NETWORK LTD

15 (a). Investor Correspondence or transfer/ Dematerialisation of shares, payment of dividend on shares, and any other query relating to the shares of the Company	: Link Intime India Pvt. Ltd. A-40, 2nd floor, Naraina Industrial Area, Phase-II, Near Batra Banquet Hall, New Delhi-110028	For shares held in Demat Form to the Depository Participant
15 (b). Investor Correspondence for transfer/ Dematerialisation of debentures, payment of interest and redemption of debentures and any other query relating to the debentures of the Company	: Karvy Computershare Pvt. Ltd. Plot No. 17 to 24, Vithalrao Nagar, Madhapur, Hyderabad-500081	For Debentures held in Demat Form to the Depository Participant
16. Any query on Annual report	: Satin Creditcare Network Ltd. 5th floor, Kundan Bhawan, Azadpur Commercial Complex, Delhi 110033	
17. Transfer of unclaimed amount to	: No amount is due for transfer to Investors' Education and Protection Fund.	
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, 2011.

Place: Delhi
Date: 12th August 2011

(H P SINGH)
Chairman cum Managing Director
Satin Creditcare Network Limited



**AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF
CORPORATE GOVERNANCE FOR THE YEAR ENDING 31st MARCH' 2011
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' 2011, 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' 2011, 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 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

A.K. Gangaher
Proprietor
Membership No. 083674
Firm ICAI Registration No. 004588N

Place: Delhi
Date: 12th August 2011



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 2011 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 2011 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 B7 (iii) and B22 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 2011
 - (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

A.K. Gangaher
Proprietor.
Membership No. 083674.
Firm ICAI Registration No. 004588N

Place : Delhi
Dated : 20th May' 2011



ANNEXURE

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. The fixed assets acquired on amalgamation of Satin Intellicomm Limited with the company with the appointed date of 1.4.2006 and the effective date as on 3.12.2007 are still in the name of the erstwhile company Satin Intellicomm Limited. The process of transfer of these assets in the name of the company is under process.
 - (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) As explained to us, there are no inventories as on 31.3.2011.
- (iii) (a) The company has not granted any fresh loans to company which is covered under section 301 of the Companies Act.
- (b) In our opinion, the provisions regarding the rate of interest and other terms and conditions on which these loans are granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not applicable in this year.
 - (c) The provisions regarding the payment of interest and repayment of principal amounts is not applicable to the company.
 - (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.
- (iv) (a) The company has not taken any short term loan from a associate company covered in the Register maintained under section 301 of the Companies Act, 1956. The loan of Rs.230 lacs taken in the previous year was repaid with interest in the previous year itself.
- (b) In our opinion, the provisions regarding rate of interest and other terms and conditions on which these loans were taken from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not applicable in the current year.
 - (c) The provisions regarding repayment of loan and interest are not applicable to the company.
 - (d) The company has not given any loan to any company covered in the register maintained under section 301 of the Companies Act, 1956.
- (v) 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 fixed assets and with regard to the sale of services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls.
- (vi) (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
- (vii) 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, as amended from time to

time, with regard to deposits received from the public. The company has stopped accepting deposits from 20.11.2004. An amount of Rs. 33,680/- (Previous Year Rs. 33,680/-) is outstanding as on 31.03.2011 and is pertaining to unclaimed public deposits. The entire outstanding amount of public deposit is held in an Escrow account with a scheduled bank. The company has again been reclassified on 4.2.2009 as a Category B -Loan company not accepting public deposits with a new registration certificate no .B- 14.01394 dated 4.2.2009. As per the directions of Non Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2008 a separate report dated 20th May 2011 has been submitted to the Directors of the company.

- (viii) In our opinion, and according to the information and explanations given to us, the internal audit functions carried out by the company alongwith the firm of Chartered Accountants appointed by the management have been commensurate with the size of the company and nature of its business.
- (ix) The provisions regarding maintenance of cost records are not applicable to the company.
- (x) (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 31.03.2011 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.
- (xi) 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.
- (xii) 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.
- (xiii) In our opinion and according to the information and explanations given to us, the company during the year has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiv) 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.
- (xv) 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.
- (xvi) In our opinion and according to the information and explanations given to us, the company has not given guarantees for loan taken by others from banks or financial institutions.
- (xvii) In our opinion and according to the information and explanations given to us, the term loans (both secured and unsecured) availed by the company were, prime facie, applied by the company during the year for the purposes for which they were obtained other than temporary deployment pending application.
- (xviii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company and the maturity profile of assets and liabilities with a residual maturity of one year given in the Asset Liability Management Report, 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.
- (xix) According to the information and explanations given to us, during the year the company has converted fully convertible warrants issued in previous year to fully paid up equity shares to parties and companies covered in the register maintained under section 301 of the Act. The prices at which these equity shares/warrants are allotted are not prime facie prejudicial to the interests of the company.
- (xx) According to the information and explanations given to us, during the period covered by our audit report, the company had issued secured redeemable non convertible debentures. The charge against these debentures is pending registration with the Registrar of Companies.



SATIN CREDITCARE NETWORK LTD.

A. K. GANGAHER & CO.
CHARTERED ACCOUNTANTS

- (xxi) During the year covered by our report the company has not raised money by way of public issue. The company in the current year has raised paid up equity share capital by conversion of fully convertible warrants into fully paid up equity shares and issue of equity shares on preferential allotment basis for working capital requirements and further expansion of business. The funds received by the company have been deployed or are in the process of deployment as per the requirements of the company.
- (xxii) According to the information and explanations given to us, no fraud by the company and no material fraud on the company was noticed or reported during the year, although there have been few instances of loans becoming doubtful of recovery consequent upon fraudulent misrepresentation by the borrowers, the amounts whereof are not material in the context of the size of the company and the nature of its business and which have not been provided for.

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

A.K. Gangaher
Proprietor
Membership No. 083674
Firm ICAI Registration no.004588N

Place: Delhi
Dated: 20th May' 2011



SATIN CREDITCARE NETWORK LTD.

BALANCE SHEET AS AT 31st March, 2011

PARTICULARS	Schedule No.	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
Sources of Funds			
Shareholders' Funds			
Share Capital	1	177,967,770.00	109,967,770.00
Share Application Money		-	39,262,500.00
Reserves & Surplus	2	608,763,002.99	128,527,517.78
Total(A)		786,730,772.99	277,757,787.78
Loan Funds			
Secured Loans	3	1,938,414,079.93	1,840,084,336.73
Unsecured Loans	4	135,309,934.29	1,720,463.00
Total(B)		2,073,724,014.22	1,841,804,799.73
Total Sources (A+B)		2,860,454,787.21	2,119,562,587.51
Application of Funds			
Fixed Assets			
I. Gross Block	5	68,023,477.42	55,885,416.15
II. Less Depreciation		19,983,862.42	13,641,026.79
III. Net Block		48,039,615.00	42,244,389.36
Capital Work in Progress		33,433,595.00	15,257,262.00
Investments	6	6,850,591.33	6,850,591.33
Current Assets, Loans & Advances			
I. Future receivables under finance contracts	7	1,797,504,072.52	1,251,045,106.81
II. Installment in Arrears		23,665,216.07	22,043,579.40
III. Cash & Bank Balance		997,824,488.62	829,111,118.99
IV. Interest accrued but not due on deposits		21,915,822.14	12,725,952.89
V. Loans and Advances		20,063,110.28	20,435,222.44
		2,860,972,709.63	2,135,360,980.53
Less: Current Liabilities & Provisions			
I. Current Liabilities	8	69,079,041.99	62,645,033.95
II. Provisions		24,574,051.90	20,130,908.00
		93,653,093.89	82,775,941.95
Net Current Assets		2,767,319,615.74	2,052,585,038.58
Deferred Tax Assets		4,811,370.14	2,625,306.24
Total Applications		2,860,454,787.21	2,119,562,587.51

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. 083674

Firm ICAI Reg.No. 004588N

Place : Delhi

Dated: 20th May 2011

For and on behalf of the Board of Directors

(H P Singh)

(Director)

(Satvinder Singh)

(Director)

(Kuldeep Singh Yadav)

(Company Secretary & Compliance Officer)



SATIN CREDITCARE NETWORK LTD.

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st March, 2011

PARTICULARS	Schedule No.	Year Ended 31.03.2011 Rs.	Year Ended 31.03.2010 Rs.
Income			
Operating Income	9	586,176,575.21	360,158,126.22
Other Income	10	18,798.51	128,287.39
Total(A)		586,195,373.72	360,286,413.61
Expenditure			
Cost of Borrowings	11	283,200,269.99	158,376,436.50
Personnel Expenses	12	149,150,730.24	62,817,486.00
Administration & Other Expenses	13	112,935,978.89	89,804,991.22
Total(B)		545,286,979.12	310,998,913.72
Profit before Depreciation & Tax		40,908,394.60	49,287,499.89
Depreciation		7,031,606.29	4,679,196.50
Profit Before Tax		33,876,788.31	44,608,303.39
Less: Provision for Taxation		13,529,590.00	16,698,450.00
Add/ (Less) : Adjustment for Deferred Tax		2,186,063.90	1,379,104.10
Profit After Tax		22,533,262.21	29,288,957.49
Less/(Add) Income Tax Adjustments for earlier years		808,817.00	111,992.63
Add: Profit brought forward		41,850,395.78	18,531,221.92
Profit available for appropriation		63,574,840.99	47,708,186.78
Appropriations:			
Transfer to Statutory Reserve Fund		4,506,652.00	5,857,791.00
Profit Carried to Balance Sheet		59,068,188.99	41,850,395.78
		63,574,840.99	47,708,186.78
Earning per share (Par Value Rs. 10/- each) (Refer note no. B10 of Schedule 14)			
Basic		1.77	2.85
Diluted		1.71	2.80
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

For and on behalf of the Board of Directors

A.K. Gangaher
Proprietor
M. No. 083674
Firm ICAI Reg.No. 004588N

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

Place : Delhi
Dated: 20th May 2011

(Kuldeep Singh Yadav)
(Company Secretary & Compliance Officer)



SCHEDULES ANNEXED TO ACCOUNTS

PARTICULARS	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
SCHEDULE 1 - SHARE CAPITAL		
Authorised		
2,00,00,000 Equity Shares of Rs.10/- each (Previous Year 1,75,00,000 Equity Shares of Rs. 10/- each)	200,000,000.00	175,000,000.00
Issued		
1,82,94,827 Equity Shares of Rs. 10/- each (Previous Year 1,14,44,827 Equity Shares of Rs. 10/- each)	182,948,270.00	114,448,270.00
Subscribed		
1,82,94,827 Equity Shares of Rs. 10/- each (Previous Year 1,14,44,827 Equity Shares of Rs. 10/- each)	182,948,270.00	114,448,270.00
Paid-up		
1,82,48,327 Equity Shares of Rs. 10/- each (Previous Year 1,13,98,327 Equity Shares of Rs. 10/- each)	182,483,270.00	
Less:- Amount recoverable from Satin Employee Welfare Trust ** (Face value of 475,000 shares allotted to the Satin Employee Welfare Trust)	<u>4,750,000.00</u>	109,733,270.00
Add: Forfeited shares (Amount originally paid on 46,500 equity shares)	234,500.00	234,500.00
	177,967,770.00	109,967,770.00
Share Application Money against Fully Convertible Warrants	-	39,262,500.00
SCHEDULE 2- RESERVES & SURPLUS		
I. Share Premium Account	75,562,680.00	
Add:-Addition during the year	472,730,000.00	
Less:-Share/Debenture issue expenses (Note no. B 22 of Schedule No. 14)	13,518,960.00	
Less:- Amount recoverable from Satin Employee Welfare Trust (Note no. B 23 of Schedule No. 14) (Premium on 475,000 shares allotted to the Satin Employee Welfare Trust)	<u>4,950,000.00</u>	71,312,680.00
II. General Reserves	3,726,157.00	3,726,157.00
III. Profit & Loss Account	59,068,188.99	41,850,395.78
IV. Statutory Reserve Fund	11,638,285.00	
Add:-Addition during the year	<u>4,506,652.00</u>	11,638,285.00
	608,763,002.99	128,527,517.78



SCHEDULES ANNEXED TO ACCOUNTS

PARTICULARS	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
SCHEDULE 3- SECURED LOANS		
(A) Term Loans		
1. From Banks		
For Working Capital (Note No. B4 of Schedule No. 14)	1,323,564,324.23	1,252,519,669.69
For Immovable Property (Secured against hypothecation of underconstruction immovable property (CWIP))	7,389,523.00	7,389,523.00
2. From Others		
For Working Capital (Note No. B4 of Schedule No. 14)	487,460,232.70	580,175,144.04
(B) Debentures		
12 (Previous Year: Nil) ,12.10% Secured Redeemable Non - Convertible Debentures of Rs. 1,00,00,000/- each redeemable at par at the end of two years from the date of allotment i.e. March 21, 2011. (Note No.B.21of Schedule 14) (Secured against first ranking exclusive hypothecation & charge over specific loan receivables , present & future including all revenue therefrom)	120,000,000.00	-
	1,938,414,079.93	1,840,084,336.73
SCHEDULE 4 - UNSECURED LOANS		
1. Deposits		
Deposits - from Public (Note No.B.16 of Schedule 14)	33,680.00	33,680.00
2. Other Loans		
From Banks	748,839.36	1,159,480.00
From Others (To acquire vehicles and offered personal guarantee of Managing Directors)	257,974.84	527,303.00
3. Overdraft Facility against lien on Fixed Deposits		
a. Karur Vysya Bank Limited	121,386,125.84	-
b. Punjab National Bank	4,610,025.36	-
c. HDFC Bank Limited	8,273,288.89	-
	135,309,934.29	1,720,463.00

SCHEDULE 5-FIXED ASSETS

(AMOUNT IN RS.)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS AT	ADDITION/	SALE/	AS AT	AS AT	FOR THE	ADJ./WRITTEN	AS AT	WDV ON	WDV ON
	01.04.2010	ADJ.	ADJ.	31.03.2011	01.04.2010	YEAR	BACK	31.03.2011	31.03.2011	31.03.2010
A. Tangible Assets										
Office Flat	30,951,057.28	-	-	30,951,057.28	3,796,630.25	1,357,722.03	-	5,154,352.28	25,796,705.00	27,154,427.03
Plant & Machinery	10,054,989.72	3,448,357.50	-	13,503,347.22	4,575,069.89	2,884,737.12	-	7,459,807.01	6,043,540.21	5,479,919.83
Furniture & Fixtures	5,357,481.33	7,239,582.00	-	12,597,063.33	1,280,360.36	1,428,501.97	-	2,708,862.33	9,888,201.00	4,077,120.97
Vehicles	5,497,786.02	798,374.00	759,825.02	5,536,335.00	2,977,781.51	769,981.63	613,040.14	3,134,723.00	2,401,612.00	2,520,004.51
Office Equipments	3,945,561.80	1,584,332.00	172,759.21	5,357,134.59	972,857.26	566,159.06	75,730.52	1,463,285.80	3,893,848.79	2,972,704.54
B. Intangible Assets										
Goodwill	78,540.00	-	-	78,540.00	38,327.52	24,504.48	-	62,832.00	15,708.00	40,212.48
Sub Total	55,885,416.15	13,070,645.50	932,584.23	68,023,477.42	13,641,026.79	7,031,606.29	688,770.66	19,983,862.42	48,039,615.00	42,244,389.36
Capital Work in Progress*	15,257,262.00	18,176,333.00	-	33,433,595.00	-	-	-	-	33,433,595.00	15,257,262.00
Grand Total	71,142,678.15	31,246,978.50	932,584.23	101,457,072.42	13,641,026.79	7,031,606.29	688,770.66	19,983,862.42	81,473,210.00	57,501,651.36
Previous Year	62,314,129.15	10,842,386.00	2,013,837.00	71,142,678.15	10,715,237.13	4,679,196.50	1,753,406.84	13,641,026.79	57,501,651.36	

* Capital work in Progress includes Immovable Property under construction



SCHEDULE 6 - INVESTMENTS-COST

PARTICULARS	Face Value	No. of Units/ Shares 31.03.2011	As at 31.03.2011 Rs.	No. of Units/ Shares 31.03.2010	As at 31.03.2010 Rs.
Long Term					
I Unquoted					
Government of India, Inscribed stock -6.17%	100	500	<u>50,591.33</u>	500	<u>50,591.33</u>
Total (A)			<u><u>50,591.33</u></u>		<u><u>50,591.33</u></u>
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
Alpha Micro Finance Consultants Private Limited	10	50,000	500,000.00	50,000	500,000.00
Total (B)			<u><u>6,800,000.00</u></u>		<u><u>6,800,000.00</u></u>
Grand Total			<u><u>6,850,591.33</u></u>		<u><u>6,850,591.33</u></u>
Aggregate Cost of quoted investments			Nil		Nil
Market value of quoted investments			Nil		Nil
Aggregate Cost of unquoted Investments			6,850,591.33		6,850,591.33



SATIN CREDITCARE NETWORK LTD.

PARTICULARS	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
SCHEDULE 7 - CURRENT ASSETS, LOANS & ADVANCES		
Current Assets		
I. Future receivables under finance contract (Unsecured, Considered good)	1,797,504,072.52	1,251,045,106.81
II. Installments in arrears - unsecured		
More than six months - considered good	6,855,396.00	6,079,810.29
Less : Provision for doubtful debts	5,704,148.09	4,986,672.57
	<u>1,151,247.91</u>	<u>1,093,137.72</u>
Others - considered good	22,513,968.16	20,950,441.68
	<u>23,665,216.07</u>	<u>22,043,579.40</u>
III. Cash & Bank Balances (Note No. B 3 of Schedule 14)	997,824,488.62	829,111,118.99
IV. Interest accrued but not due on deposits	21,915,822.14	12,725,952.89
V. Loans & Advances (Unsecured and considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received	2,003,355.71	2,715,420.77
Security Deposits	615,900.00	5,522,650.00
Staff Advance	1,108,439.80	1,166,250.57
Prepaid Expenses	7,672,002.00	361,919.00
Advance Taxes paid	8,663,412.77	10,668,982.10
	<u>20,063,110.28</u>	<u>20,435,222.44</u>
	<u>2,860,972,709.63</u>	<u>2,135,360,980.53</u>
SCHEDULE 8 - CURRENT LIABILITIES & PROVISIONS		
I. Current Liabilities		
Expenses Payable	17,257,198.00	9,306,650.00
Sundry Creditors: - Due From		
Micro and small enterprises	-	-
Others	43,764,683.32	44,964,630.96
Investor Education and Protection Fund shall be credited by the following:		
Unpaid dividends*	-	-
Interest Accrued but not due on loans	4,690,271.67	5,514,510.99
Other Liabilities	3,366,889.00	2,859,242.00
	<u>69,079,041.99</u>	<u>62,645,033.95</u>
II. Provisions		
Provision for Income Tax	13,529,590.00	16,698,450.00
Provision for Leave Encashment	6,494,852.00	3,432,458.00
Contingent Provisions Against Standard Assets	4,549,609.90	-
	<u>24,574,051.90</u>	<u>20,130,908.00</u>
	<u>93,653,093.89</u>	<u>82,775,941.95</u>

* There is no amount due and outstanding to be credited to Investor Education and Protection Fund



SCHEDULES ANNEXED TO ACCOUNTS

PARTICULARS	Year Ended 31.03.2011 Rs.	Year Ended 31.03.2010 Rs.
SCHEDULE 9 - FINANCING OPERATIONS		
Income from lending operations	501,290,006.42	296,300,139.12
Profit/(Loss) on assignment /securitisation	38,478,063.42	43,920,313.64
Other Interest Income (TDS Rs. 46,63,412.77,	46,408,505.37	19,937,673.46
Previous Year Rs. 28,23,659.10)	586,176,575.21	360,158,126.22
SCHEDULE 10- OTHER INCOME		
Miscellaneous Income (TDS Rs. Nil, Previous Year Rs. 5,113/-)	18,798.51	128,287.39
	18,798.51	128,287.39
SCHEDULE 11 - COST OF BORROWINGS		
Interest paid to Banks/Others	258,803,783.68	130,199,886.83
Interest on Debentures	397,808.00	-
Finance Charges	23,998,678.31	28,176,549.67
	283,200,269.99	158,376,436.50
SCHEDULE 12 - PERSONNEL EXPENSES		
Managerial Remuneration	3,447,768.00	3,575,000.00
Salaries & Other Incentives	130,713,896.74	51,552,738.00
Contribution to Provident & Other Funds	10,628,152.00	3,642,299.00
Gratuity	219,959.00	2,412,129.00
Employee Welfare Expenses	4,140,954.50	1,635,320.00
	149,150,730.24	62,817,486.00
SCHEDULE 13 - ADMINISTRATIVE & OTHER EXPENSES		
Annual Listing Fee	215,190.80	719,340.60
Conveyance & Travelling	10,433,770.50	8,966,592.74
Direct Operational Expenses	37,805,154.27	32,370,207.00
Printing & Stationary	8,402,954.50	7,673,791.95
Communication	4,484,632.14	3,228,043.23
Business Promotion	660,594.00	1,290,557.16
Legal & Professional Charges	7,044,717.00	6,920,452.90
Insurance Charges	6,166,074.49	2,516,052.87
Office Expenses	8,893,742.38	7,811,124.98
Rent	10,494,837.00	3,994,757.00
Advertisement Expenses	1,048,206.00	1,287,434.86
Auditors' Remuneration	212,500.00	130,655.00
Subscription & Fee	1,436,309.00	488,105.00
Rates & Taxes	252,861.00	53,549.00
Repairs & Maintenance	882,713.00	590,851.00
Miscellaneous Expenses	2,087,046.00	1,918,253.20
Bad Debts Written off	7,042,213.82	5,240,330.69
Provision for Standard/Non Performing Assets	5,267,085.42	4,344,461.88
(Profit)/Loss on Sale of Fixed Assets	105,377.57	260,430.16
	112,935,978.89	89,804,991.22

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 applicable accounting standards by Companies (Accounting Standards) Rules 2006, and relevant provisions of the Companies Act 1956 and also the guidelines issued by the Reserve Bank of India. Accounting policies have been consistently applied except where a newly issued accounting standard or a guideline 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 is in conformity with the Indian generally accepted accounting principles (GAAP) and 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. Fixed assets acquired on account of amalgamation are stated at the acquisition value agreed in the amalgamation agreement. Intangible assets including software are recorded at the consideration paid for the acquisition. Capital work in progress comprises outstanding advances paid to acquire fixed assets and the cost of fixed assets that are not ready for their intended use as at the Balance sheet date.

4. DEPRECIATION

Depreciation is provided at the rates prescribed in Schedule XIV of the Companies Act, 1956 on written down value method. Depreciation for assets acquired on amalgamation has been charged from the effective date of merger. Goodwill acquired on account of amalgamation is written in equal installments over a period of five years. Fixed assets costing up to Rs. 5,000/- individually are fully depreciated in the year of purchase itself.

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

Portfolio loan comprises of future receivables in respect of finance /loan contracts and are shown at their principal value and which represents the net future recoverable as on the balance sheet date.

Cash and bank balance includes cash in hand, balances in current account and fixed deposits with banks.

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 on loans is recognized under the internal rate of return method on accrual basis except in case of non-performing assets where it is recognized upon realization as per RBI norms.

- b. Interest income on deposits with bank is recognized on a time proportion accrual basis taking into account the amount outstanding and the rate applicable.
- c. Loan processing fee and loan protection charges are recognized as income on accrual basis.
- d. Profit on securitization of loan portfolio through bankruptcy remote special purpose vehicle (SPV) is recognized over the residual life of the underlying assets in terms of RBI Guidelines. Profit on sale of loan assets through direct assignment, without any recourse obligation or otherwise is amortised over the residual life of the loan. Net loss arising on account of securitization and direct assignment of loan assets is recognized at time of sale.
- e. 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 respective rules and debited to profit and loss account. The Company has no further obligations beyond its monthly contributions.

Employees Gratuity liability has been calculated and managed through a trust by the Life Insurance Corporation of India. As per the valuation conducted by the insurance company the shortfall is paid as the premium for the year and which is debited as an expense in the profit & loss account.

Provision for encashment of leave is being made on the basis of actuarial valuation made at the end of each financial year and is charged to Profit and Loss account.

12. IMPAIRMENT OF ASSETS:

The company assesses at each balance sheet date whether there is an indication that an asset may be impaired. 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. TAXATION :

Tax expense comprises of current tax and deferred 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.

14. EARNING PER SHARE:

In determining earning per share, the Company considers the net profit after tax and includes the post tax effect of any extra-ordinary / exceptional item. The number of shares used in computing basic earning per share is the weighted average number of shares outstanding during the period. The number of shares used in computing diluted earning per share comprises the weighted average shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds

receivable, had the shares been actually issued at fair value (i.e. the average market value of the outstanding shares). Dilutive potential equity shares are deemed converted at the beginning of the period, unless issued at a later date. The number of shares and potential dilutive equity shares are adjusted for any stock splits and bonus shares issued effected prior to the approval of the financial statements by the board of directors.

15. EMPLOYEE STOCK OPTION SCHEME (ESOS):

The Company has formulated Employee Stock Option Schemes (ESOS) in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Guidelines, 1999). These schemes provide for grant of options to employees of the company that vest in a graded manner and that are to be exercised within a specified period. Measurement and disclosure of ESOS is done in accordance with guidance note on Accounting for employee share based payments issued by the Institute of Chartered Accountants of India. The company measures compensation cost relating to employee stock schemes accordingly as per the guidance note. The compensation expense is recognized over the vesting period of the options on the straight line basis.

B. NOTES TO ACCOUNTS

- Estimated amount of contract remaining to be executed on capital account and not provided for Rs. 63.10 Lacs (Previous Year Rs. Nil).
- Contingent Liability: On account of Guarantees :

Particulars	Current Year (Rs./Lacs)	Previous Year (Rs./Lacs)
On account of managed portfolio	936.86	818.82
Others	62.44	96.10
Total	999.30	914.92

- Cash & Bank balance components are as under:

Particulars	As at 31.03.2011(Rs.)	As at 31.03. 2010 (Rs.)
Cash and Bank Balance (Refer Schedule 7)		
Cash in Hand	8,76,16,095.54	6,41,03,703.00
Balance with scheduled banks		
-On Current accounts	7,00,04,297.41	40,93,82,538.99
-On Deposit accounts	83,32,04,095.67	34,86,24,877.00
Balance with Unscheduled Bank		
-On Current accounts Sarv UP Gramin Bank	Nil	Nil
-On Deposit accounts SIDBI	70,00,000.00	70,00,000.00
Total	99,78,24,488.62	82,91,11,118.99

Maximum Balance with Unscheduled Bank during the year		
- On Current accounts Sarv UP Gramin Bank	Nil	46,92,080.00
- On Deposit account SIDBI	70,00,000.00	70,00,000.00



SATIN CREDITCARE NETWORK LTD.

Out of total money lying in deposit accounts amounting to Rs. 84,02,04,095.67 (Previous Year Rs. 35,56,24,877.00) lien is marked on Rs. 32,30,04,095.67 (Previous Year Rs. 24,76,24,877.00) against term loan availed, assets assigned and securitized.

4. The details of Secured loans from Banks and financial institutions as at 31.03.2011 is as under:

Name of Institution	Nature & purpose of Loan	Principal Outstanding as at 31.03.2011 (Rs./Lacs)	Primary Security	Guaranteed by
ICICI Bank Limited	Term Loan for microfinance activities	1,090.48 (Previous Year 878.33)	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	280.67 (Previous Year 1,496.16)	Hypothecation of book debts arising out of bank's assistance	Personal guarantee of Mr. H P Singh and Mr. Satvinder Singh
Axis Bank Limited	Term Loan for microfinance activities	285.71 (Previous Year 900.00)	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	350.00 (Previous Year 750.00)	Hypothecation of book debts arising out of bank's assistance	Personal guarantee of Mr. H P Singh and Mr. Satvinder Singh
Yes Bank Limited	Term Loan for microfinance activities	Nil (Previous Year 325.00)	Hypothecation of book debts equivalent to 115% of the outstanding term loan.	Personal guarantee of Mr. H P Singh and Mr. Satvinder Singh
BNP Paribas	Term Loan for microfinance activities	300.00 (Previous Year 300.00)	Hypothecation of book debts arising out of bank's assistance	Nil
Indian Bank	Term Loan for microfinance activities	300.00 (Previous Year 1,000.00)	Hypothecation of book debts arising out of bank's assistance	Personal guarantee of Mr. H P Singh and Mr. Satvinder Singh
The Hongkong & Shanghai Banking Corporation Limited	Term Loan for microfinance activities	333.33 (Previous Year 458.33)	Hypothecation of book debts arising out of the loan amount	Personal guarantee of Mr. H P Singh and Mr. Satvinder Singh
Indian Overseas Bank	Term Loan for microfinance activities	Nil (Previous Year 166.73)	Hypothecation of book debts arising out of the loan amount	Personal guarantee of Mr. H P Singh and Mr. Satvinder Singh
Bank of India	Term Loan for microfinance activities	Nil (Previous Year 490.00)	Hypothecation of book debts arising out of the loan amount	Personal guarantee of Mr. H P Singh and Mr. Satvinder Singh
ING Vysya Bank Ltd	Term Loan for microfinance activities	672.83 (Previous Year 499.50)	Hypothecation of book debts arising out of the loan amount	Personal guarantee of Mr. H P Singh
Andhra Bank	Term Loan for microfinance activities	500.00 (Previous Year 1,000.00)	Hypothecation of book debts arising out of the loan amount	Personal guarantee of Mr. H P Singh and Mr. Satvinder Singh

South Indian Bank Limited	Term Loan for microfinance activities	1,319.43 (Previous Year 486.15)	Hypothecation of book debts arising out of the loan amount	Personal guarantee of Mr. H P Singh and Mr. Satvinder Singh
Development Credit Bank Limited	Term Loan for microfinance activities	277.78 (Previous Year 200.00)	Hypothecation of book debts equivalent to 110% arising out of the loan amount	Personal guarantee of Mr. H P Singh and Mr. Satvinder Singh
Karur Vysya Bank Limited	Term Loan for microfinance activities	1,270.83 (Previous Year 600.00)	Hypothecation of book debts arising out of the loan amount	Personal guarantee of Mr. H P Singh and Mr. Satvinder Singh
State Bank of India	Term Loan for microfinance activities	24.78 (Previous Year 474.98)	Hypothecation of book debts arising out of the loan amount	Personal guarantee of Mr. H P Singh and Mr. Satvinder Singh
Bank of Maharashtra	Term Loan for microfinance activities	499.96 (Previous Year 1,000.00)	Hypothecation of book debts arising out of the loan amount	Personal guarantee of Mr. H P Singh and Mr. Satvinder Singh
Syndicate Bank	Term Loan for microfinance activities	1,667.34 (Previous Year 1,000.00)	Hypothecation of book debts arising out of the loan amount	Personal guarantee of Mr. H P Singh and Mr. Satvinder Singh
IDBI Bank Ltd	Term Loan for microfinance activities	312.50 (Previous Year 500.00)	Hypothecation of book debts arising out of the loan amount	Personal guarantee of Mr. H P Singh and Mr. Satvinder Singh
Maanaveeya Holdings and Investments Private Limited	Term Loan for microfinance activities	880.00 (Previous Year 1,120.00)	Hypothecation of book debts equivalent to 105% of the loan amount	Nil
Reliance Capital Limited	Term Loan for microfinance activities	372.26 (Previous Year 1,252.75)	Hypothecation of book debts arising out of the loan amount	Nil
IFMR Capital Finance Ltd	Term Loan for microfinance activities	446.71 (Previous Year 1,000.00)	Hypothecation of book debts arising out of the loan amount	Nil
MV Microfinance Pvt. Ltd	Term Loan for microfinance activities	80.00 (Previous Year 400.00)	Hypothecation of book debts arising out of the loan amount	Nil
MAS Financial Services Ltd.	Term Loan for microfinance activities	Nil (Previous Year 325.00)	Hypothecation of book debts arising out of the loan amount	Personal guarantee of Mr. H P Singh and Mr. Satvinder Singh
Ananya Finance for Inclusive Growth Private Limited	Term Loan for microfinance activities	769.44 (Previous Year 275.00)	Hypothecation of book debts arising out of the loan amount	Nil
Small Industries Development Bank of India	Term Loan for microfinance activities	1,086.44 (Previous Year 1,429.00)	Hypothecation of book debts arising out of bank's assistance	Personal guarantee of Mr. H P Singh and Mr. Satvinder Singh

7. (i) In the opinion of the Directors, Current Assets, Loans and Advances are good for recovery unless otherwise stated. An amount of Rs 1,23,09,299.24 (Previous Year Rs 95,84,792.57) 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 despite legal and other steps taken against erring borrowers.
- (ii) During the year, the company has entered into a securitization contract for sale of certain loans (Pool of Assets) to a bankruptcy remote special purpose vehicle (SPV) in return of agreed consideration. The principal value of asset sold was Rs 2510.49 Lacs (Previous Year Rs. 431.28 Lacs). The Company has received a consideration from the SPV amounting to Rs 2760.98 Lacs (Previous Rs. 475.30 Lacs). In respect of recognition of Income relating to the said securitization contract, the company has followed guidelines issued by RBI vide its notification no.DBOD.No.BP.BC.60/21.04.048/2005-06 dated 1st February 2006 and accordingly has amortized the gain/premium arising out of this transaction over the remaining life of securitized assets. The total gain on the said securitization has been Rs. 250.49 Lacs (Previous Year Rs. 44.02 Lacs) and out of which Rs. 192.59 Lacs (Previous Year Rs. 20.88 Lacs) has been recognized as income during the current financial year.

Disclosures as per above-mentioned RBI guidelines as under:

(Rs. in Lacs)				
Number of Loan Assets Securitized	Book Value of Loan Assets Securitized	Sale consideration received for the securitized assets	Gain/(Loss) on sale on account of securitization	Form and quantum (outstanding value) credit enhancement.
27,876 (Previous Year 4905)	2510.49 (Previous Year 431.28)	2760.98 (Previous Year 475.30)	250.49 (Previous Year 44.02)	337.13 (as cash collateral) (Previous Year 51.62)

- (iii) During the year, the company has assigned loan portfolio having book value of Rs 5599.77 Lacs (Previous Year Rs. 4732.64 Lacs) for a consideration of Rs 6201.22 Lacs (Previous Year Rs. 5150.95 Lacs). The profit arising out of the said transactions, being the difference between the consideration and the book value of the loan portfolio assigned amounting to Rs 601.45 Lacs (Previous Year Rs. 418.31 Lacs. This amount was not recognized during the life of receivable) has been recognized over the life of receivables assigned. The company has changed the method of accounting for recognizing the income from assignment transactions to make it prudent and in view of the market conditions and as per industry norms. It is thus more prudent to account for income as it accrues. The total gain on the said assignment has been Rs. 601.45 Lacs (Previous Year Rs. 418.31 Lacs) and out of which Rs. 169.05 Lacs (Previous Year Rs. Nil) has been recognized as income during the current financial year. The change in the accounting policy has resulted in reduced profit before tax of the current financial year by Rs. 432.40 lacs.
- (iv) Installments in arrear amounting to Rs. 2,36,65,216.07 (Previous Year Rs. 2,20,43,579.40) 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. 1,02,53,757.99 (Previous year Rs. 49,86,672.57) stood at towards bad and doubtful debts. This includes an amount of Rs. 45,49,609.90 (Previous year Rs. Nil) as provision for doubtful debts on standard assets as per notification no. DNBS.223/CGM(US)-2011 dated January 17, 2011 issued by Reserve Bank Of India. As per the said notification the same has been shown as "Contingent Provisions against Standard Assets" under "Current Liabilities & Provisions". 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:

Asset classification	Loan Outstanding	
	As at 31.03.2011 (Rs.)	As at 31.03.2010 (Rs.)
Standard Assets (Net of Managed Portfolio)	1,82,26,12,753.49	1,26,86,83,349.21
Substandard Assets	28,46,419.03	86,88,159.57
Doubtful Assets	14,14,264.16	7,03,850.00
Loss Assets	0.00	0.00
Total	1,82,68,73,436.68	1,27,80,75,358.78
Less: Provision for Bad and Doubtful Debts *	57,04,148.09	49,86,672.57
Net own assets	1,82,11,69,288.59	1,27,30,88,686.21
Managed Portfolio	46,93,71,700.00	41,26,83,238.00

* The Company has followed the following provisioning policy:

For individual lending:

Overdue	Provisioning required
For overdue up to 180 days	Nil
For overdue 181 days to 365 days	10%
For overdue above 365 days	100%

For Group lending:

Overdue	Provisioning required
On time portfolio	0.5%
For overdue 1 to 30 days	10%
For overdue 31 to 90 days	50%
For overdue above 90 days	100%

The provision as per above provisioning policy is higher than the minimum prescribed by the Reserve Bank of India.

8. The disclosures required under Accounting Standard 15 "Employee Benefits" notified in the Companies (Accounting Standards) Rules 2006, are given below:

Provident fund

Defined Contribution Plan

Contribution to Defined Contribution Plan, recognized are charged off for the year are as under:

	Current Year In Rupees	Previous Year In Rupees
Employer's Contribution to Provident Fund	78,68,736.00	29,20,629.00
Employer's Contribution to Superannuation Fund	Nil	Nil
Employer's Contribution to Pension Scheme	Nil	Nil

Gratuity

The employee's gratuity fund scheme managed by Life Insurance Corporation of India. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

Leave Encashment

The obligation for leave encashment is recognized based on the present value of obligation based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The detail of the same is as under:

	Current Year In Rupees	Previous Year In Rupees
Leave Encashment (Unfunded)		
a. Reconciliation of opening and closing balances of Defined Benefit Obligation		
Defined Benefit obligation at beginning of the year	29,86,315.00	13,82,392.00
Current Service Cost	33,85,766.00	13,79,576.00
Interest Cost	2,23,227.00	1,13,470.00
Actuarial (gain)/loss	(94,761.00)	2,05,774.00
Benefits paid	(7,20,229.00)	(94,897.00)
Defined Benefit obligation at year end	57,80,318.00	29,86,315.00

b. Reconciliation of opening and closing balances of fair value of plan assets

Fair value of plan assets at the beginning of the year		
Expected return on plan assets		
Actuarial gain/(loss)		
Employer contribution		
Benefits Paid	(7,20,229.00)	(94,897.00)
Fair value of plan assets at year end		
Actual return on plan assets		

c. Reconciliation of fair value of assets and obligations

Fair Value of plan assets as at 31st March, 2011	-	-
Present value of obligation as at 31st March, 2011	57,80,318.00	29,86,315.00
Amount recognized in Balance Sheet	57,80,318.00	29,86,315.00

d. Expenses recognized during the year (Under the head "Payments to and Provisions for Employees")

Current Service Cost	33,85,766.00	13,79,576.00
Interest Cost	2,23,227.00	1,13,470.00
Expected return on plan assets	-	-
Actuarial (gain)/loss	(94,761.00)	2,05,774.00
Net Cost	35,14,232.00	16,98,820.00

e. Actuarial assumptions

Mortality Table (L.I.C)	LIC 1994-96 (Ultimate)	LIC 1994-96 (Ultimate)
Discount Rate (per annum)	8.50%	8.50%
Expected rate of return on plan assets (per annum)	-	-
Rate of escalation in salary (per annum)	5.00%	5.00%

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary. The above figures pertain to Long Term Liability worked in respect of deferred leave only. Expected Short Term Liability of Rs. 7,14,533.00 (Previous Year Rs. 4,46,143.00) will be added to this figure.

9. 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 31.03.2011 are as under: (Amount in Rs)

Timing difference on account of	As at 31.03.2010	(Liability)/Assets/Movements/ during the year	As at 31.03.2011
Depreciation	(2,36,356.24)	(5,16,161.85)	(7,52,518.09)
Provisions created but not claimed in Income Tax	28,61,662.48	27,02,225.75	55,63,888.23
Total (Deferred Tax Assets)	26,25,306.24	21,86,063.90	48,11,370.14

10. **Earning Per Share**

In accordance with the Accounting Standard 20 of 'Earning Per Share' as notified by the Companies (Accounting Standards) Rules, 2006:

a) Calculation of Earnings per Share:

Particulars	Current Year	Previous Year
Net Profit after Tax available for appropriation (Rs.)	2,25,33,262.21	2,92,88,957.49
Weighted average number of Equity Shares for computation of Basic Earnings Per Share	1,27,40,518	1,02,62,353
Basic Earnings Per Share (Rs.)	1.77	2.85



SATIN CREDITCARE NETWORK LTD.

Weighted average number of Equity Shares for computation of Diluted Earnings Per Share	1,31,93,052	1,04,45,572
Diluted Earning Per Share (Rs.)	1.71	2.80

b) The reconciliation between Basic and Diluted Earnings per Share is as follows:

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Basic Earnings Per Share	1.77	2.85
Effect of outstanding Fully Convertible Warrants pending conversion / Shares	(0.06)	(0.05)
Diluted Earnings Per Share	1.71	2.80

11. Segment Reporting:

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

12. (i) Earning /Remittance (Inward) in Foreign currency :

Nature	Current Year (Rs.)	Previous Year (Rs.)
Share Capital & Share Premium	42,40,80,000.00	194,24,160.00
Reimbursement of expenses	1,97,413.00	3,64,073.00
Total	42,42,77,413.00	197,88,233.00

(ii) Expenditure /remittance (Outward) in Foreign Currency:

Nature	Current Year (Rs.)	Previous Year (Rs.)
Travailing Expenses	1,28,875.00	7,80,100.00
Reimbursement of expenses for raising equity share capital	9,23,400.00	-
Total	10,52,275.00	7,80,100.00

13. Pursuant to the provision of section 45 (IC) of Reserve Bank of India Act, 1934, the Company has transferred Rs. 45,06,652.00 (Previous Year Rs. 58,57,791.00) towards Statutory Reserve Fund.

14. Conveyance & Travelling expenses Rs. 1,04,33,770.50 (Previous year Rs. 89,66,592.74) includes foreign travel expenses of Rs. 1,35,772.00 (Previous Year Rs. 917,197.00) out of which Director's foreign travelling expenses amounts to Rs 89,363.00.(Previous Year Rs.561,363.00).

15. 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, 2011 (Rs.)	Amount written off or written back (Rs.)
Mr. H P Singh	Key Personnel	Remuneration	31,02,400.00 (31,02,400.00)	1,16,000.00 Cr. (Nil)	Nil (Nil)
Mr. Satvinder Singh	Key Personnel	Remuneration	12,69,850.00 (11,72,400.00)	Nil (Nil)	Nil (Nil)
Parishek Finance Private Limited	Influence of Key Managerial Personnel & Relatives	Investment in equity shares	Nil (Nil)	8,00,000.00 Dr (8,00,000.00 Dr)	Nil (Nil)
		Inter Corporate Deposit received & Interest paid	Nil (2,33,62,329.00)	Nil (Nil)	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)
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)
		Others	12,58,163.00 (Nil)	Nil (Nil)	Nil (Nil)

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.

16. 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, 2011 is Rs. 33,680.00 (Previous year Rs. 33,680.00). Investments of Rs. 50,591.33 (Previous year Rs. 50,591.33) 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 is being held in an escrow account with scheduled bank. The classification of the company has been changed from Category A (Deposit taking) to Category B (Non Deposit Taking) by Reserve bank of India on 4.2.2009.
17. Disclosure as required by Para 13 of Non Banking Financial (Non - Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 are enclosed in Annexure I to the notes on accounts.
18. 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, 2011 (Previous Year Rs. Nil).
19. During the year the authorized share capital of the company was increased from Rs. 1,750.00 Lacs to Rs. 2,000.00 Lacs on 5th January 2011 after necessary approval from the shareholders.
20. (i) The Company has converted 1,10,000 Fully Convertible Warrants (FCW's) of Rs.10/- each at a premium of Rs.35/- per FCW into equivalent number of Equity Shares on 22nd June, 2010.
- (ii) (a) The Company had obtained the approval of shareholders through postal ballot on 26th March, 2010 for allotment of 10,00,000 Fully Convertible Warrants (FCW's) of Rs.10/- each at a premium of Rs.45/- per FCW to entities covered under Promoters category and 10,00,000 Fully Convertible Warrants (FCW's) of Rs.10/- each at a premium of Rs.45/- per FCW to entities covered under Non Promoters Category. These 20,00,000 FCW's were allotted on 22nd June, 2010 after receiving 25% of total amount payable which were to be convertible into equal number of Equity Shares of Rs.10/- each at a premium of Rs.45/- per share fully paid up after receipt of balance amount within eighteen months from the date of allotment.



- (b) Out of 20,00,000 Fully Convertible Warrants (FCW's), 1,21,212 FCW's belonging to Promoter Category and 3,59,999 FCW's belonging to Non Promoters category were converted into equivalent number of Equity Shares of Rs.10/- each at a premium of Rs.45/- per share on 30th June, 2010 after receipt of balance 75% of the total amount payable.
 - (c) Out of 20,00,000 Fully Convertible Warrants (FCW's), balance 8,78,788 FCW's belonging to Promoter Category and 6,40,001 FCW's belonging to Non Promoters Category were converted into equivalent number of Equity Shares of Rs.10/- each at a premium of Rs.45/- per share on 13th November, 2010 after receipt of balance 75% of the total amount payable.
 - (iii) The Company had taken the approval of shareholders through last Annual General Meeting held on 22nd September 2010 for allotment of 4,40,000 equity shares of Rs. 10/- each at a premium of Rs. 47/- per equity share on preferential basis to Lok Capital LLC (Non Promoters) to meet the present working capital requirement and for the expansion of the company's business operations. These equity shares were allotted on 22nd November 2010.
 - (iv) The Company had taken the approval of shareholders through Extra-ordinary General Meeting held on 15th December 2010 for allotment of 23,00,000 equity shares of Rs. 10/- each at a premium of Rs.85/- per equity share on preferential basis to Shore Cap II Limited (Non Promoters) to meet the present working capital requirement and for the expansion of the company's business operations. These equity shares were allotted on 31st December 2010.
 - (v) The Company had taken the approval of shareholders through Extra-ordinary General Meeting held on 5th January 2011 for allotment of 19,00,000 equity shares of Rs. 10/- each at a premium of Rs.85/- per equity share on preferential basis to Danish Microfinance Partners K/S (Non Promoters) to meet the present working capital requirement and for the expansion of the company's business operations. These equity shares were allotted on 12th February 2011.
21. The Company has allotted 12 (Twelve), 12.10% Secured Redeemable Non Convertible Debentures (NCD) of Face Value of Rs.1,00,00,000/- per NCD at a discount of 0.4% of the Face Value on 21st March 2011 on private placement basis. These NCDs are listed at the Bombay Stock Exchange Limited. Pursuant to the agreement with Debenture Trustee, the Company is in the process of creating necessary security against the NCD. The charge thereon shall be registered with Registrar of Companies in due course.
22. Pursuant to provisions of section 78 of the Companies Act 1956, during the year the company has utilized Share premium account towards writing off the incidental expenditure incurred in raising fresh equity share capital and secured redeemable non convertible debentures including the discount on issue of debentures aggregating to Rs.135.19 lacs (Previous Year Rs. Nil).
23. Satin Employees Welfare Trust holds 4,25,000 shares under Satin ESOP 2009 as on 01.04.2010.
- a) The Company had allotted 1,00,000 equity shares of Rs.10/- each at a premium of Rs. 12/- per share to Satin Employees Welfare Trust under Satin ESOP 2010 scheme on 22nd June, 2010 after taking the approval of the shareholders through postal ballot on 26th March 2010.
 - b) The Company had taken the approval of the shareholders through postal ballot on 15th December 2010 for allotment of 1,50,000 equity shares of Rs.10/- each at a premium of Rs. 15/- per share to Satin Employees Welfare Trust under Satin ESOP II 2010 scheme.
 - c) Employee stock option schemes:

Satin ESOP 2009: 4,25,000 equity shares of Rs. 20/- each (including premium of Rs. 10/- each) were allotted to Satin Employees Welfare Trust on 27th November 2009. 1,50,000 Options were granted on 12th January 2010. First 1/3rd of total options (i.e. 50,000 options) were vested on 12th January 2011.

Satin ESOP 2010: 1,00,000 equity shares of Rs. 22/- each (including premium of Rs. 12/- each) were allotted to Satin Employees Welfare Trust on 22nd June 2010.

Satin ESOP II 2010: The Company had taken the approval of the shareholders through postal ballot on 15th December 2010 for allotment of 1,50,000 equity shares of Rs.25/- each (including premium of Rs. 15/- each) to Satin Employees Welfare Trust under the said scheme.
 - d) The Company has allotted shares to Satin Employees Welfare Trust @ Rs. 20/- each (including premium of Rs. 10/- each) on 27th November 2009 which is over the Fair Market Value of Rs. 12/- at the time of allotment of shares. The Company has further allotted shares to Satin Employees Welfare Trust @ Rs. 22/- each (including premium of Rs. 12/- each) on 22nd June 2010 which is over the Fair Market Value of Rs. 16/- at the time of allotment of shares. Hence no expense has been recognized.
 - e) The Company has provided following share based options to its employees. During the financial year ended 31st March 2011, the following schemes were in operations:

Particulars	ESOP 2009	ESOP 2010	ESOP II 2010
Date of grant	12.01.2010	Not Granted	Not Granted
Date of Board approval	27.11.2009	22.06.2010	Not yet allotted
Date of Shareholders approval	01.06.2009	26.03.2010	15.12.2010
No. of options granted	1,50,000 out of 4,25,000	-	-
Method of settlement	Options will be converted into equivalent number of Equity Shares pursuant to vesting of options	Options will be converted into equivalent number of Equity Shares pursuant to vesting of options	Options will be converted into equivalent number of Equity Shares pursuant to vesting of options
Vesting options	50,000 options were vested on 12.01.2011 and exercised on the same day by employees (i.e. 1/3rd of total options granted subject to lock-in period of one year from the date of vesting of options)	NA	NA
Exercise period	It shall commence from the date of vesting of options and expire not later than 2 months from the vesting date of each grade of options	It shall commence from the date of vesting of options and expire not later than 2 months from the vesting date of each grade of options	It shall commence from the date of vesting of options and expire not later than 2 months from the vesting date of each grade of options
Vesting conditions	Options will be vested equally in three years from the grant of options subject to lock in period of one year from the date of vesting of options	Options will be vested equally in three years from the grant of options subject to lock in period of one year from the date of vesting of options	Options will be vested equally in three years from the grant of options subject to lock in period of one year from the date of vesting of options

The Details of ESOP 2009 are Summarized Below:

Particulars	As at 31.03.2011		As at 31.03.2010	
	ESOP 2009		ESOP 2009	
	No. of options	Weighted average exercise price	No. of options	Weighted average exercise price
Outstanding at the beginning of the year	275000	20	NIL	NIL
Granted during the year	NIL	NIL	150000	20
Forfeited during the year	NIL	NIL	NIL	NIL
Exercise during the year	50000	20	NIL	NIL
Expired during the year	NIL	NIL	NIL	NIL
Outstanding at the end of the year	275000	20	275000	20
Exercisable at the end of the year	100000	20	150000	20
Weighted average remaining contractual life (in years)	1.25	20	1.75	20
Weighted average fair value of the options granted	100000	20	150000	20

The details of ESOP 2010 are summarized below:

Particulars	As at 31.03.2011		As at 31.03.2010	
	ESOP 2010		ESOP 2010	
	No. of options	Weighted average exercise price	No. of options	Weighted average exercise price
Outstanding at the beginning of the year	NIL	NIL	NIL	NIL
Granted during the year	NIL	NIL	NIL	NIL
Forfeited during the year	NIL	NIL	NIL	NIL
Exercise during the year	NIL	NIL	NIL	NIL
Expired during the year	NIL	NIL	NIL	NIL
Outstanding at the end of the year	100000	22	NIL	NIL
Exercisable at the end of the year	NIL	NIL	NIL	NIL
Weighted average remaining contractual life (in years)	NIL	22	NIL	NIL
Weighted average fair value of the Options granted	NIL	22	NIL	NIL

The detail of exercise price for stock option at the end of the financial year 2011 is:

Series	Range of exercise prices	No. of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price
ESOP 2009	20/- per option	275000	1.25	20
ESOP 2010	22/- per option	100000	Not Applicable	22
ESOP II 2010*	25/- per option	150000	Not Applicable	25

* Not allotted till 31.03.2011

24. The disclosure in respect of Accounting for leases as per AS- 19 is as under :-

Particulars	31.03.2011 (Rs.)	31.03.2010 (Rs.)
Operating lease payments recognized during the year	1,04,94,837.00	39,94,757.00
Minimum lease obligations:		
-Not later than 1 year	51,84,004.76	47,07,423.00
-Later than 1 year but not later than 5 years	46,64,690.90	27,02,470.00
- Later than 5 years	-	-



SATIN CREDITCARE NETWORK LTD.

25. Additional disclosure as required by the Reserve Bank of India: -

(i) Capital to Risk Assets ratio ("CRAR")

Item	31.03.2011	31.03.2010
CRAR	39.16	16.67
CRAR Tier I Capital (%)	38.94	16.67
CRAR Tier II Capital (%)	0.22	Nil

(ii) The Company has no exposure to real estate sector, both direct and indirect.

(iii) Asset Liability Management:-

Maturity pattern of certain items of assets and liabilities

(Rs. in Crore)

	1 day to 30/31 days (One Month)	Over one month to 2 months	Over 2 months to 3 months	Over 3 Months upto 6 months	Over 6 Months upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	TOTAL
Liabilities									
Borrowings from Banks	20.37	10.47	12.02	28.35	44.91	42.46	.02	-	158.60
Market Borrowing	3.27	5.71	6.86	8.51	9.52	14.91	-	-	48.77
Assets									
Advances	67.03	22.83	21.33	54.72	83.26	27.50	.04	.02	276.73
Investments	-	-	-	-	-	0.69	-	-	0.69

26. The figures of the previous year have been regrouped / reclassified wherever necessary to make them comparable with the figures of the current year.

As per our report of even date annexed

For A.K Gangaher & Co.

Chartered Accountants

For and on behalf of Board of Directors

A.K. Gangaher

Proprietor

M. No.083674

Firm ICAI Reg. No. 004588N

H P Singh

(Director)

Satvinder Singh

(Director)

Place: Delhi

Dated: 20.05.2011

Kuldeep Singh Yadav

(Company Secretary & Compliance Officer)



SATIN CREDITCARE NETWORK LTD.

Cash Flow Statement for The Year Ended 31st March, 2010

PARTICULARS	31.03.2011 AMOUNT IN Rs.	31.03.2010 AMOUNT IN Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Interest, Tax and Extra-Ordinary Items	317,077,058.30	202,984,739.89
Adjustment for		
Depreciation	7,031,606.29	4,679,196.50
Previous Year Adjustments - Tax	(808,817.00)	(111,992.63)
Operating Profit before Working Capital Changes	323,299,847.59	207,551,943.76
Trade & Other Receivables	(10,439,393.76)	(11,636,596.98)
Future Receivables under finance contracts	(546,458,965.71)	(612,130,996.22)
Trade Payable	(1,199,947.64)	38,715,023.53
Other Liabilities	12,077,099.58	28,719,002.62
Cash Generated from Operations	(222,721,359.94)	(348,781,623.29)
Interest Paid	(283,200,269.99)	(158,376,436.50)
Direct Taxes Paid (Net)	(13,529,590.00)	(15,319,345.90)
Net Cash from Operating Activities	(519,451,219.93)	(522,477,405.69)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase/Sale (Net) of Fixed Assets	(31,003,164.93)	(10,581,955.84)
Purchase/Sale (Net) of Investments	—	(500,000.00)
Net Cash used in Investing Activities	(31,003,164.93)	(11,081,955.84)
CASH FLOW FROM FINANCING ACTIVITIES		
C Proceed from issue of Share Capital	487,248,540.00	80,196,660.00
Proceeds from Unsecured Loans (Net)	133,589,471.29	(2,062,744.00)
Proceeds from Secured Loans (Net)	98,329,743.20	1,048,281,453.75
Net Cash used in Financing Activities	719,167,754.49	1,126,415,369.75
Net Increase in Cash & Cash Equivalents	168,713,369.63	592,856,008.22
Cash and Cash Equivalents as on 01.04.2010	829,111,118.99	236,255,110.77
Cash and Cash Equivalents as on 31.03.2011	997,824,488.62	829,111,118.99

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

A.K. Gangaher
Proprietor
M. No. 083674
Firm ICAI Reg.No. 004588N

Place : Delhi
Dated: 20th May 2011

For and on behalf of the Board of Directors

(H P Singh)
(Director)

(Satvinder Singh)
(Director)

(Kuldeep Singh Yadav)
Company Secretary & Compliance Officer)

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

AUDITORS' 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 2011. 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: 20th May 2011

A. K. Gangaher
Proprietor
M. No. 083674
Firm ICAI Reg.No. 004588N



PART IV

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details	Registration No	41796	States code	55	
	Balance sheet Date	31.03.2011			
II. Capital raised during the year (excluding premium) (amounting in Rs. Thousand)	Public Issue	Nil	Right Issue	Nil	
	Bonus Issue	Nil	Private Placement	68,000	
III. Position of mobilisation and Deployment of Funds (Amount in Rs. Thousand)	Total Liabilities	2,954,108	Total Assets	2,954,108	
	Sources of Funds				
	Paid-up Capital	177,968	Reserves & Surplus	608,763	
	Secured Loans	1,938,414	Unsecured Loans	135,310	
	Application of Funds				
	Net Fixed Assets	81,473	Investments	6,851	
	Net Current Assets	2,772,131	Misc. Expenditure	Nil	
	Accumulated Losses	Nil			
	IV. Performance of the Company (Amount in Rs. Thousand)	Turnover Inc. Other Income:	586,195	Total Expenditure	552,319
		Profit/Loss before Tax	33,876	Profit/Loss after Tax	22,533
Basic Earning per share (Rs.)		1.77	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 Discription		Micro finance Operations		

As per our separate report of even date annexed

For A.K.Gangaher & Co.

Chartered Accountants

For and on behalf of the Board of Director

A.K. Gangaher

Proprietor

M. No. 083674

Firm ICAI Reg.No. 004588N

(H P Singh)

(Director)

(Satvinder Singh)

(Director)

Place : Delhi

Dated: 20th May 2011

(Kuldeep Singh Yadav)

(Company Secretary & Compliance Officer)



SATIN CREDITCARE NETWORK LTD.

SATIN CREDITCARE NETWORK LIMITED
Registered Office: 306, Lusa Tower, Azadpur Commercial Complex, Delhi-110033

ATTENDANCE SLIP

Members are requested to bring their copy of the Annual Report along with them to the Annual General Meeting. Please complete this Attendance Slip and hand it over at the Entrance of the Hall. Only Members or their Proxies are entitled to be present at the Meeting.

Name and Address of the Member	Folio No. / DP & Client ID
	No. of Shares Held.

I hereby record my presence at the 21st Annual General Meeting held on 30th September, 2011 at 10.00 A.M. at 'TYAGI FARMS', Plot No. 7, Bhawani Nagar, Dhinpur, Near Jhatikara Morh, Brijwasan Road, New Delhi 110043

SIGNATURE OF THE SHAREHOLDER/PROXY*
--

*Strike out whichever is not applicable.

SATIN CREDITCARE NETWORK LIMITED
Registered Office: 306, Lusa Tower, Azadpur Commercial Complex, Delhi-110033

PROXY FORM

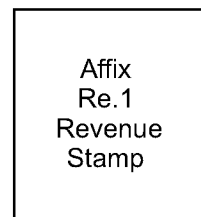
I/We _____ resident of _____
being a Member/Members of Satin Creditcare Network Limited hereby appoint Mr. /Mrs. /Miss _____
resident of _____ as my/our proxy and to vote for me/us on my/our behalf at the 21st
Annual General Meeting of the Company to be held on Friday, the 30th September, 2011 at 10.00 A.M and at any adjournment thereof.

Signed this _____ day of _____ 2011.

Signature _____

Folio No. / DP & Client Id _____

No. of Shares Held _____



Note: If a member is unable to attend the meeting, he/she may sign this form and send it to the Registered Office of the Company so as to reach at least 48 hours before the time for holding the meeting.

BOOK - POST



If undelivered, please return to:

SATIN CREDITCARE NETWORK LTD

**306, Lusa Tower,
Azadpur Commercial Complex
Delhi-110 033**