

7TH ANNUAL REPORT 1999-2000



PARNAMI CREDITS LIMITED.

BOARD OF DIRECTORS*As On 29th July, 2000*

Sh. Dwarka Das Parnami	Chairman
Sh. Tribhawan Kumar Parnami	Mg. Director
Sh. Anil Kumar Parnami	Director
Sh. Raman Kumar Parnami	Director
Sh. Bralesh Kataria	Director

AUDITORS

M/s Vinod Arora & Co.
Chartered Accountants
211-212, Apna Bazar
Gurgaon (Haryana) - 122 001

REGISTERED OFFICE

PARNAMI HOUSE
189/2/1, Civil Lines,
Gurgaon (Haryana) - 122 001

BANKERS

Indian Oversease Bank
Canara Bank
Jammu & Kashmir Bank Ltd.

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PARNAMI CREDITS LIMITED**NOTICE**

NOTICE is hereby given that the Seventh Annual General Meeting of the Company will be held on Monday the 25th September, 2000 at 10.00 A.M. at 189/2/1, Civil Lines, Gurgaon-122001 to transact the following as:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2000, the Profit & Loss Account of the Company for the year ended on that date and the reports of the Board of Directors & Auditors thereon.
2. To appoint a Director in the place of Mr. Brajesh Katariya, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint auditors of the company to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and to fix their remuneration, and to this effect pass the following as an ordinary resolution:

"RESOLVED THAT pursuant to Section 224 (1) of the Companies Act, 1956 M/s Vinod Arora & Co., Chartered Accountants, be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting at such remuneration as may be settled by the Board of Directors"

M/s Vinod Arora & Co., Chartered Accountants, have furnished a Certificate to the effect that their re-appointment, if effected, shall be within the limits prescribed under the provisions of Section 224 (1-B) of the Companies Act, 1956.

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to Sections 198, 269, 309 Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and the Memorandum and Articles of Association of the Company and subject to all requisite permissions, sanctions and approvals as may be necessary or required Mr. T. K. Parnami be and is hereby re-appointed as Managing Director of the Company with effect from 1st August, 2000 for a

period of 5 years at the remuneration, perquisites other benefits and upon terms and conditions set out hereunder:

- I. **Salary** of Rs. 10000 (Rupees Ten thousand only) per month in the scale of 10000- 2000- 18000 as may be determined by the Board of Directors of the Company from time to time within the overall ceiling prescribed under Schedule XIII to the Companies Act, 1956.

- II. **Perquisites** subject to the overall ceiling of the salary payable, as above, with initial ceiling of Rs. 10000 per month, as categorised below:

CATEGORY A

- A. **Housing** : Including Gas, Electricity and water. Provided, however, that the expenditure incurred on hiring the unfurnished accommodation shall not exceed 60% of the Salary. In the event, no accommodation is provided by the Company, the Managing Director be paid House Rent Allowance subject to the above ceiling.
- B. **Medical reimbursement** of expenses actually incurred on self and family subject to a ceiling of one month salary in a year or three months' salary over a period of three years.
- C. **Leave travel concession** for self and family in a year in accordance with Company rules.
- D. **Fees of clubs** subject to a maximum of two clubs which shall not include admission or life membership fees.
- E. **Personal accident Insurance** with premium not exceeding Rs. 1000 per month.

CATEGORY B

- A. **Contribution towards Provident Fund** will not be considered or included for the computation of ceiling on perquisites to the extent the same is not taxable under the Income Tax, 1961
- B. **Gratuity** in accordance with the rules of the company as applicable to the senior executives of the Company but not exceeding one-half month's salary for each completed year of service.
3. **The Register of Members and the Transfer Books of the Company** will remain closed from 16th September, 2000 to 25th September, 2000 (both days inclusive).

PARNAMI CREDITS LIMITED**CATEGORY C**

- A. Provision of Car with driver shall not be considered as perquisite. Provided, however, that the use of car for personal purposes shall be billed by the Company.
- B. Provision of Telephone at Residence shall not be considered as perquisite. Provided, however, that the personal long distance calls on telephone shall be billed by the Company.

FURTHER RESOLVED THAT the said remuneration and the perquisites be paid/extended to Mr. T.K. Parnami, Managing Director as minimum remuneration in the event of there being loss or inadequacy of profits. Provided, always that the remuneration shall be within the overall limits as placed in Section II of part II of schedule XIII to the Companies Act, 1956.

FURTHER RESOLVED THAT the Managing Director shall not be liable to retire by rotation during his tenure as Managing Director and shall function under the superintendence, direction and control of the Board of Directors.

AND RESOLVED FURTHER THAT the Board be and are is hereby authorised to do all such acts, deeds matters and things as may be deemed necessary expedient or desirable in their entire discretion or to settle any question, doubt or difficulty to give effect to the foregoing resolution(s)."

5. To consider, and if thought fit, to pass the following, with or without modification(s), the following as a **Special Resolution**:

RESOLVED THAT pursuant to section 31 and other applicable provisions, if any, of the Companies Act, 1956 the Articles of Association of the Company be and are hereby altered to the extent and in the manner as set out hereunder:

- (1). "Notwithstanding anything contained in Articles 34 to 46, the following new Article 46A be inserted after Article 46 under the heading "DEMATERIALISATION OF SECURITIES"

46A (1) FOR THE PURPOSE OF THIS ARTICLE:

"Beneficial Owner" "Beneficial Owner" shall have the meaning assigned thereto in section 2 (1) (a) of the Depositories Act, 1996

"Depositories Act" "Depositories Act" shall mean a Depository Act, 1996 and includes any statutory modification or re-enactment thereof for the time being in force.

"Depository" "Depository" shall mean a Depository as defined in section 2 (1) (e) of the Depositories Act, 1996

"Member" "Member" shall mean a duly registered holder, from time to time, of the security(ies) of the Company and includes every person whose name is entered as beneficial owner in the records of the depository.

"Security" "Security" shall mean such security as may be specified by Securities and Exchange Board of India (SEBI).

- (2) "Dematerialisation of Securities" Notwithstanding anything on the contrary contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in the dematerialised form and further to dematerialise the securities held in depository pursuant to the Depositories Act, 1996

- (3) "Option to hold securities in physical form or with depository" Every person holding securities of the Company through allotment or otherwise shall have the option to receive and hold the same in the form of Security Certificates if permitted by law, or to receive and hold the same in the dematerialised form with a Depository.

- (4) "Beneficial owner may opt out of a depository" Every person holding securities of the Company with a Depository, being the beneficial owner thereof, may at any time opt out of the depository in the manner provided under the provisions of the Depositories Act 1996 and the Rules, if any, prescribed thereunder and on fulfilment of the conditions prescribed by the Company from time to time, the Company shall issue the relevant security certificates to the beneficial owner thereof.

PARNAMI CREDITS LIMITED

(5) "Securities in depository to be in fungible form" All securities held by a depository shall be dematerialised and shall be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B and 187 C of the Act shall apply to a Depository in respect on the securities held by it on behalf of the beneficial owners.

(6) (a) "Rights of depository and beneficial owners" A depository shall be deemed to be the registered owner for the purpose of effecting the transfer of ownership of securities on behalf of the beneficial owners and shall not have any voting rights or any other rights in respect of the securities held by it.

(b) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the Depository shall deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his/her securities which are held by a Depository.

(7) "Transfer of Securities" Transfer of securities held in a depository will be governed by the provisions of the Depositories Act, 1996. Nothing contained in section 108 of the Companies Act, 1956 or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the record of the Depository.

(8) "Register and Index of beneficial owners" The register and index of beneficial owners maintained by a Depository under the Depositories Act, 1996 shall be deemed to be the Register and Index of Members and security holders of the purpose of these Articles.

(9) "Other Matters" Notwithstanding anything contained in these Articles, the provision of Depositories Act, 1996 relating to dematerialisation of securities including any modification(s) or re-enactment thereof and rules/regulations made thereunder shall prevail and apply accordingly.

(2) **RESOLVED THAT** after the existing Article 13, the following new article 13A be inserted under the heading "NOMINATION",

"NOMINATION' 13A : Notwithstanding anything contained in the Articles or in any other law for the time being in force, a holder or joint holders of shares or Debentures, may nominate, in accordance with the provisions of Section 109 A of Companies Act, 1956 and in the manner prescribed thereunder, a person to whom all the rights in the shares or Debentures of the Company shall vest in the event of death of such holder(s). Any nomination so made shall be dealt with by the Company in accordance, with the provisions of Section 109 B of the Companies Act, 1956".

For and on behalf of the Board

Gurgaon
29th July, 2000

T. K. PARNAMI
Managing Director

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy(ies) and vote instead of himself/herself and the proxy(ies) need not be a member of the Company. Proxy(ies) in order to be effective must be signed, stamped and deposited at the Registered Office of the Company not less than 48 (forty eight) hours before the commencement of the meeting. Blank proxy form is annexed hereto.
2. The relative Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 in respect of the Special business set out at Item Nos. 4 and 5 is annexed hereto.

PARNAMI CREDITS LIMITED

EXPLANATORY STATEMENT

Pursuant to Section 173(2) of the Companies Act, 1956

Item No. 4

Members are aware that Mr. T.K. Parnami was appointed as Managing Director of the Company for a period of 5 year on 1st August, 1995 and his tenure expires on 31st July, 2000.

Mr. T.K. Parnami is proposed to be re-appointed as Managing Director for a period of 5 years effective 1st August 2000 on the terms & conditions set out in the resolution.

Section 198 of the Companies Act, 1956 read with Sections 269 and 309 and Schedule XIII of the Companies Act, 1956 provide the disqualifications and limits on the remuneration payable to the Managing Director. In compliance with the provisions of the foregoing, the re-appointment and payment of remuneration is subject to the approval of the shareholders in a General Meeting.

Mr. T.K. Parnami is a Graduate in Arts and Law and is the promoter of the Company. He has been at the helm of affairs and has rich experience of over 19 years in the field of providing Non Banking finance. He has an illustrious career and is the driving force in the growth of the Company. The Board of Directors are confident that the Company can continue to benefit from the experience and abilities of Mr. Parnami.

The re-appointment placed before the Board of Directors at its meeting held on 29th July 2000 but could not be carried since the disinterested quorum was not present. The resolution as set out at Item No. 4 is therefore placed before the Shareholders for approval.

The terms and conditions as set out in the resolution may be treated as compliance with the provisions of Section 302 of the Companies Act, 1956

Mr. T.K. Parnami is the appointee and is directly interested. All the remaining Directors of the Company, being related to Mr. T.K. Parnami are also indirectly concerned or interested in passing of the said resolution.

Item No. 5

Members are aware that with the introduction of the Depositories Act, 1996 and depository System, some of the provisions of the Companies Act, 1956 in relation to the issue, holding, transfer and transmission of Shares, Debentures and other securities have been amended to facilitate the implementation of the

new systems. The depository system is safe and convenient method to hold and trade in the securities of the Company. The system eliminates several constraints and limitations experienced in the scrip based system such as bad deliveries, fraudulent transfers, theft in postal transit, time taken in registration of transfers, perseverance of Share Certificates etc. The system also offers several cost benefits such as reduction in postage expenses, exemption from stamp duty on transfers etc.

Further, the Companies Act, 1956 as amended by the Companies (Amendment) Act, 1999 has provided to every holder of Shares or Debentures or other securities an option to nominate a person to whom his/her shares or Debentures of the Company shall vest in the event of his/her death.

In view of the enabling provisions now being available and keeping in view the larger Shareholder interests, it is proposed to amend the Articles of Association of the Company suitably incorporating therein necessary provisions relating to the implementation of the depository system and for providing nomination facility in conformity with the Depositories Act, 1996 and the Companies Act, 1956, respectively.

Section 31 of the Companies Act, 1956 provides that any alteration to the articles of association of the Company shall be approved by the Shareholders by means of a Special Resolution.

The Directors, therefore, recommend passing of the Special Resolution as set out at item No. 5 of the Notice.

None of the Directors may be deemed to be concerned or interested in passing of the said Resolution.

Copy of Memorandum and Articles of Association of the Company together with the proposed alterations shall be open for inspection by the Shareholders at the Registered Office of the Company on all working days between 10.00 A.M. and 1.00 P.M. upto and inclusive of the date of the Annual General Meeting.

For and on behalf of the Board

Gurgaon
29th July, 2000

T. K. PARNAMI
Managing Director

Regd. Office :
Parnami House
189/2/1, Civil Lines,
Gurgaon - 122001