

NOTICE

NOTICE is hereby given that the Twelfth Annual General Meeting of the Members of the Company will be held on Monday, 29th Day of August, 2005 at 9.00 A.M. at Chaupal Banquet & Restaurant, Delhi Road, Gurgaon to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2005, 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 Sh. Anil Khanna, 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.
 - a) "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".

By the order of the board

SD/-
T. K. Parnami
Managing Director

Gurgaon
Dated : 30-06-2005

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.
2. Proxy (ies) in order to be effective must be signed stamped and deposited at the Registered office of the company not less than forty eight hours before the commencement of the meeting. Blank Proxy form is annexed hereto.
3. The Register of Members & Transfer Books of Company will remain closed from 27th August 2005 to 29th day of August, 2005. (Both days inclusive).

By the order of the board

PLACE : Gurgaon
Dated : 30-06-2005

SD/-
T. K. Parnami
Managing Director

PARNAMI CREDITS LIMITED

DIRECTOR'S REPORT

TO

THE MEMBERS
PARNAMI CREDITS LIMITED

The Directors are pleased to present the 12th Annual Report on the business and operations of the company together with Audited Balance Sheet as at 31st March 2005.

OPERATION AND FINANCIAL RESULTS

PARTICULARS	2003-2004 Amount in Rupees Lac.	2004-2005 Amount in Rupees Lac.
Income from operation	53.10	70.67
Profit before interest Depreciation and Tax	22.95	34.64
Interest	12.59	0.00
Stock Valuation Difference	4.27	2.02
Profit before tax	8.00	28.72
Profit after tax	6.39	25.02

Your Director achieved a growth in income from operation from 53.10 to Rs. 70.67 lac, there is a growth in profitability of the company from 8.00 lac to 28.72 lac. As per RBI instruction your directors has refunded all the public deposit in the process of surrendering of registration of Reserve Bank of India for conversion of status of the company to non public deposite taking company last year. It is to mention here the company has received the revised certificate for Non Banking Finance company (not accepting public deposits) from the Reserve Bank of India.

DIRECTOR'S RESPONSIBILITY STATEMENT

As required pursuant to the Companies (amendment) Act 2000 the board of directors confirm as under.

- a. That in the preparation of annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- b. The Directors have selected such accounting policies and applied them consistently and made judgements

and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit of the Company for that period.

- c. That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

PARNAMI CREDITS LIMITED

- d. That the Directors have prepared the annual accounts on going concern basis.

DIVIDEND AND RESERVE

In view of meager profits for the period under review and with a view to conserve the resources of the company the director regret their inability to declare any dividend. Together with the sum brought forward in the profit and loss account, entire balance of Rs. 25.02 lacs is being carried forward in the profit and loss account.

DIRECTORS

In accordance with the provisions of the Section 256 of The Companies Act 1956 and Articles 90 (2) of the Articles of Association of the company, Sh. Anil Khanna retires by rotation and being eligible, offers himself for re-appointment. The Directors recommend his re-appointment.

AUDITORS

M/s Vinod Aropra & Co., Chartered Accountant, the auditors of the company hold office until the conclusion of the ensuing Annual General Meeting.

The auditors have forwarded a certificate under section 224 (I-B) of the Companies Act 1956, to the effect that their reappointment, if effected, would be within the limits specified in the said section.

FIXED DEPOSITS

The Company has not received any Fixed Deposits from the Public.

PERSONAL

The employees at all levels continued to put sincere efforts in the growth of the company. The employees relations continue to be cordial.

During the year there were no employees, whose particulars are required to be furnished under the provisions of Section 217 (2A) of the Companies Act, 1956 read with companies (particulars of the Employees) Rules 1975.

REPORT ON CORPORATE GOVERNANCE

The mandatory recommendation of the committee on Corporate Governance, as stipulated under clause 49 of the listing Agreement with the stock Exchanges have become applicable on your company. For the information of our shareholders a separate section on corporate governance duly audited by the Statutory Auditors as per legal requirement is included in the annual Report.

OTHER INFORMATION

The Company is a Non Banking Finance Company and the particulars required to be specified in the terms of the provision of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1998 are considered to be not applicable.

The directors further report that there were no foreign exchange earning or out go.

LISTING AT STOCK EXCHANGE

In accordance with the listing agreement (s) entered into by the company with the stock Exchanges the Directors further report that your company is listed on Delhi and Jaipur Stock Exchanges and there are no dues towards listing fees to the said Stock Exchanges.

ACKNOWLEDGEMENTS

Your directors take this opportunity to express their deep sense of appreciation and gratitude to its Bankers, Customers and various government agencies for their assistance, co-operation & guidance. The Board also thanks to the shareholders and Depositors for their unstinted support.

for and on behalf of the Board

GURGAON
30th June, 2005

Sd/-
T. K. Parnami
Chairman

REPORT ON CORPORATE GOVERNANCE

(forming part of Directors report for the period ended on 31st March, 2005)

A. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The company is committed to good corporate Governance. The company respect the right of its shareholders to information on the performance of the company and it is its endeavor to maximize the long term value to the shareholders of the company. The compliance Report is prepared and given below in conformity with the mandatory requirements of the Listing Agreement with the Stock Exchanges.

B. BOARD OF DIRECTORS

The company is managed and controlled through Board of Directors. The composition of the Board of Directors as on 31st March, 2005 is as follows.

a.	Promoter/Executive Director	Two
b.	Non-Executive Director	Four
c.	TOTAL	Six

C. MEETING OF THE BOARD OF DIRECTORS

The Board of Directors met 04 (Four) times during the financial year 2004-2005 on the following dates.

1. 29-06-2004
2. 30-07-2004
3. 30-10-2004
4. 27-01-2005

The maximum gap between two meeting was 91 days. The Attendance record of participation directors at the Board meeting and Annual General Meetings (AGM) from 1-4-2004 to 31-3-2005 is as follow :-

	Name of the director	Number of meeting		Whether attended
		Held	Attended	Last AGM
1.	D D Parnami	04	02	Yes
2.	T.K. Panami	04	04	Yes
3.	Anil Parnami	04	04	Yes
4.	Brijesh Kataria	04	04	Yes
5.	Anil Khanna	04	04	Yes
6.	Kishan Chand Wadhwa	04	04	Yes

D. AUDIT COMMITTEE

The Audit Committee was constituted with Sh. T K Parnami as Chairman and Sh. Brajesh Kataria and Sh. Anil Kumar Parnami as members of the committee. The committee discharges such duties and functions generally indicated in clause 49 of the listing Agreement with the Stock exchanges and such other function as may be specifically delegated to the committee by the Board from time to time.

E. SHAREHOLDER/INVESTOR GRIEVANCE COMMITTEE

The company has a shareholders/investors Grievance Committee, Which is headed independently by Sh. Brijesh Kataria to attend and address the grievance of shareholder/investors as and when received.

PARNAMI CREDITS LIMITED

F. GENERAL BODY MEETING

YEAR	LOCATION	DATE	DAY	TIME
2004	Chaupal banquet & Restaurant Delhi Road, Gurgaon	10/08/04	Tuesday	9.00 A.M.
2003	Chaupal banquet & Restaurant Delhi Road, Gurgaon	28/06/03	Saturday	9.00 A.M.
2002	Chaupal banquet & Restaurant Delhi Road, Gurgaon	30/09/02	Monday	9.00 A.M.

G. DISCLOSURES

- a. The company has not entered into any transaction of material nature with Promoters, the Director or the management or their relative etc., that may have any potential conflict with the interest of the company.
- b. The company has complied with the requirements of the Stock Exchanges, The SEBI and other statutory authorities on all matters related to capital markets during the last three years. There were no penalties imposed nor any strictures passed on the company by the Stock Exchanges, the SEBI or any other statutory authority relating to the above.

H. MEANS OF COMMUNICATION.

The half-yearly/quarterly results are published in the newspapers (Delhi Edition) and are not being sent to each of share holders. The results usually published in Jansatta (in Hindi) and The Financial Express (in English).

I. GENERAL SHARE HOLDER INFORMATION

Date, Time, and Venue of AGM	Monday, 29th August 2005 at 9.00 A.M. Chaupal Banquet & Restaurant Delhi Road, Gurgaon.
Financial Calender	April to March every Year
Adoption of quaterly results For the quarter ending	4th week of
30th June, 2005	July 2005
30th September, 2005	Octorber 2005
31st December, 2005	January 2005
31st March, 2006	April 2006
Date of Book Closure	27th August to 29th August 2005 {Both Days Inclusive}
ISIN number for NSDL/CDSL	INE837C01013

PARNAMI CREDITS LIMITED

Address for correspondence :
Registrar & Share Transfer Agent

MAS SERVICES PRIVATE LIMITED
AB-4, Safdarjung Enclave, N. Delhi-29
Ph. : 26104142, 26104292 Fax : 26181081

Registered Office

PARNAMI HOUSE
189/2/1, Civil Lines, Gurgaon.

A committee of Directors has been constituted to approve the transfer, transmission, dematerialization of shares, issued of duplicate share certificates and allied matters. The company's Registrars **M/s Mas Services Private Limited** have adequate infrastructures to process share transfer and dematerialization of shares.

A predetermined process cycle at regular interval ensures transfer of share expeditiously and there after an option letter issued to the transferee(s) for dematerialization.

DISTRIBUTION OF SHARE HOLDING AS ON 31ST MARCH 2003.

Particulars	No. of Share Holder	% to Total	No. of Share	% to Total
1-500	1412	58	701300	14
501-1000	578	24	549950	11
1001-2000	166	7	283050	6
2001-3000	89	4	227600	5
3001-4000	32	1	112600	2
4001-5000	42	2	188750	3
5001-10000	58	2	444100	9
Above 10000	56	2	2502050	50
Total	2433		5009400	

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To

The member
Parnami Credits Limited
Gurgaon.

We have examined the compliance of conditions of corporate governance by Parnami Credits Limited ("The Company") for the year ended 31st March 2005 as stipulated in clause 49 of listing agreement of the said company with the Delhi stock exchange and The Jaipur stock exchange.

The compliance of the conditions of the corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof adopted by the company ensuring the compliance of the corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the company. In our opinion and to the best of our information

PARNAMI CREDITS LIMITED

and according to the explanation given to us we certify that the company has complied with the condition of Corporate governance as stipulated in the above listing agreement.

We state that no investor grievance is pending for a period exceeding one month against the company as per records maintained by the company.

We further state the 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 **VINOD ARORA & CO.**
Chartered Accountants

Sd/-
VINOD ARORA
Proprietor

Gurgaon
11th June, 2005

AUDITORS' REPORT**TO THE SHAREHOLDERS OF
PARNAMI CREDITS LIMITED
GURGAON**

1. We have audited the attached Balance Sheet of PARNAMI CREDITS LIMITED, GURGAON as at 31st March, 2005 and also the profit & loss account of the company for the year ended on that date annexed thereto. 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 auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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) Order, 2003 issued

by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said Order.

4. As required by the Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directors, 1998 we give in the Annexure I a statement on the matters specified in paragraph 3 and 4 of the said directions.
5. Further to our comments in the Annexure referred to in paragraph 3 & 4 above :
 - i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - ii) In our opinion, proper books of accounts as required by Law have been kept by the company so far as appears from our examination of the books.
 - iii) The balance sheet and profit & loss account referred to in this report are in agreement with the books of accounts of the company.
 - iv) In our opinion, the Balance Sheet and the Profit & Loss Account comply with the Mandatory Accounting Standards referred to in section 211(3C) of the Companies Act, 1956.
 - v) On the basis of the written

representations received from the directors, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March, 2003 from being appointed as directors 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 Balance Sheet and the Profit & Loss Account read together with the notes thereon 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, 2005.

AND

b) In the case of the Profit & Loss Account, of the Profit for the year ended on that date.

For **VINOD ARORA & CO.**
Chartered Accountants

Gurgaon
11th June, 2005

Sd/-
VINOD ARORA
Proprietor

PARNAMI CREDITS LIMITED
GURGAON

ANNEXURE TO AUDITORS' REPORT

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

- i. (a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed Assets have been physically verified by the management at year end and no material discrepancy was noticed on such verification.
- (c) No substantial part of fixed assets has been sold during the year.
- ii. The company carries stock of securities only, proper records for the same have been maintained by the company.
- iii. (a) The company has neither granted nor taken any loans, secured or unsecured to/ from companies, firms or other parties covered in the register maintained under section 301 of the Act.
- (b) The rate of interest and other terms and conditions on loans given or taken by the company, secured or unsecured are not prima facie prejudicial to the interest of the company.
- (c) Recovery against loan outstanding at Rs. 76.05 lakhs since financial year 1997-98 is not forthcoming, the

PARNAMI CREDITS LIMITED

- company filed liquidation proceedings against the said defaulter company which was decided in favour of the company, the defaulter company filed a review petition against those orders which are pending before the court.
- (d) A sum of Rs. 46.81 lacs is over due. The company is taking reasonable steps for recovery of the same.
- iv. There is an adequate internal control procedure commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods.
- v. During the year there are no transactions that need to be entered in the register in pursuance of section 301 of the Act.
- vi. There are no public deposits outstanding as at the end of the year.
- vii. The company has an internal audit system commensurate with its size & nature of its business.
- viii. The maintenance of cost records has not been prescribed by the Central Government under clause(d) of sub-section(1) of section 209 of the Act for the company.
- ix. The company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Sales-tax, Wealth-tax, Custom Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities, there are no out-standing statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable.
- x. The accumulated losses of the company at the end of the financial year are less than fifty percent of its net worth. During the year the company has not incurred cash losses during the financial year and in the financial year immediately preceding such financial year also.
- xi. The company has not defaulted in re-payment of dues to a financial institution or bank. There are no debentures.
- xii. The company has not granted any loans and advances on the basis of securities by way of shares, debentures and other securities.
- xiii. The company has maintained proper records in respect of its dealing or trading in shares, securities and other investments during the year.
- xiv. The company has not given any guarantee for loans taken by others from bank or financial institutions.
- xv. The term loans taken by the company were applied for the purpose for which the loans were obtained.
- xvi. The funds raised on short term basis have not been used for long term investments.
- xvii. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under

PARNAMI CREDITS LIMITED

section 301 of the Companies Act, 1956.

xviii. The company has not issued any debentures.

xix. During the year the company has not raised any money by public issue.

xx. No fraud on or by the company has been noticed or reported during the year.

For **Vinod Arora & Co.**
Chartered Accountants

Sd/-

Vinod Arora
Proprietor

Gurgaon
11th June, 2005

terms of the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directors, 1998 the company has:

i) Complied with prudential norms on income recognition, accounting standards, asset classification, provisioning for bad and doubtful debts, and concentration of credit/investment.

ii) Capital adequacy ratio as disclosed in the return submitted to the Reserve Bank of India has been correctly determined and such ratio is in compliance with the minimum capital to Risk Asset ratio prescribed by Reserve Bank of India.

(d) The company has not opened any branch during the financial year.

For **Vinod Arora & Co.**
Chartered Accountants

Sd/-

Vinod Arora
Proprietor

Gurgaon
11th June, 2005

ANNEXURE-I TO AUDITORS' REPORT

1. The company has obtained certificate of registration from the Reserve Bank of India.
2. (a) As on 31.03.2005 there are no public deposits outstanding.
(b) The company has not defaulted in payment of principal and/ or interest to its depositors.
(c) As specified in the directions issued by the Reserve Bank of India in

PARNAMI CREDITS LIMITED**BALANCE SHEET AS AT 31ST MARCH, 2005**

SOURCE OF FUNDS	SCHEDULE	31.03.2005(Rs.)	31.03.2004(Rs.)
Share Capital	A	3,73,21,040	3,73,21,040
Reserve & Surplus	B	6,00,000	6,00,000
Secured Loans	C	221,760	411,840
Unsecured Loans	D	3,828,348	4,106,317
TOTAL		41,971,148	42,439,197
APPLICATION OF FUNDS			
FIXED ASSETS			
	E		
Gross Block		1,915,846	2,277,325
Less: Depreciation		1,039,942	9,45,594
Net Block		8,75,904	1,331,731
INVESTMENTS			
	F	4,00,000	1,700,000
CURRENT ASSETS, LOANS & ADVANCES			
Hire Purchase Stock (net)		4,88,365	5,225,185
Stock in securities (At lower of cost or market price)		1,848,428	9,20,482
Work in Progress (At Cost)			4,567,005
Cash & Bank Balance	G	1,27,388	1,486,377
Loans & Advances	H	40,700,937	32,650,550
		43,165,118	44,849,599
Less: Current Liabilities & Provisions	I	11,769,607	17,378,020
		31,395,511	27,471,579
MISCELLANEOUS EXPENDITURE			
(To the extent not written off or adjusted)	J	1,34,066	2,68,126
Profit & Loss Account - Dr. Balance		9,165,667	11,667,761
ACCOUNTING POLICIES & NOTES ON ACCOUNTS			
	K		
TOTAL		41,971,148	42,439,197

Schedules 'A' to 'K' are an integral part of accounts.

In terms of our report attached

for Vinod Arora & Co.
Chartered Accountants

Sd/-
VINOD ARORA
Proprietor

Gurgaon
11th June, 2005

For and on behalf of Board of Directors

Sd/-
DWARKA DASS PARNAMI Chairman

Sd/-
TRIBHAWAN K. PARNAMI Managing Director

Sd/-
BRAJESH K. KATARIA Director

PARNAMI CREDITS LIMITED**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005**

INCOME	31.03.2005(Rs.)	31.03.2004(Rs.)
Hire Charges/Interest	1,003,132	2,492,946
Income from Dealing in shares	2,29,093	-
Income on Valuation of shares	2,02,039	4,26,875
Dividend	11,880	12,440
Interest:		
Securities	97,229	2,16,709
Loan & Advances	2,338,675	1,648,854
Profit on sale of Assets	1,071,995	-
Provision for Doubtful Assets W/back	2,100,033	4,61,925
Excess Provision for Income Tax W/back	-	36,668
Income Tax Refund	-	9,735
Miscellaneous Income	12,694	4,000
TOTAL	7,066,770	5,310,152
EXPENDITURE		
Office Rent	3,24,000	3,24,000
Salaries & Bonus	8,10,144	7,72,848
Printing & Stationery	29,517	44,292
Telephone & Postage Expenses	1,06,564	1,12,168
Directores' Remuneration	1,20,000	1,20,000
Travelling & Conveyance	3,250	2,750
Electricity Charges	51,410	40,575
Interest to Others	-	1,259,385
Bank Charges & Interest	4,35,962	2,46,307
Legal & Professional Charges	1,04,414	1,45,550
Insurance	4,729	21,869
Advertisement	4,548	25,165
Staff Welfare	29,962	33,401
Repairs & Maintenance:		
Car	57,379	1,24,299
Scooter	5,420	5,282
Others	<u>67,129</u>	<u>98,040</u>
	1,29,928	2,27,621
Entertainment/Business Promotion	23,370	35,844
Subscription/ Membership	41,950	42,250

PARNAMI CREDITS LIMITED

Charity Donation		200
Auditors' Remuneration	42,000	43,440
Diwali Expenses		10,875
Commission	1,20,000	-
Rebate & Discunt	9,339	7,715
Annual General Meeting Expenses	6,300	7,560
Bed Debts	1,339,783	5,61,125
Preliminary Expenses W/off	10,448	10,448
Public Issue Expenses W/off	1,23,612	1,23,612
Loss on sale of assets/car	1,10,383	50,056
Depriciation	1,56,444	2,34,987
Miscelleneous expenses	56,619	5,578
Income Tax	-	193
Provision for Income Tax	3,70,000	1,61,000
TOTAL	4,564,676	4,670,814
Net Profit for the year	2,502,094	6,39,338
Profit/ Loss B/Forward from last year	11,667,761	12,307,099
TOTAL	(-) 9,165,667	(-) 11,667,761
Loss Transferred to Balance Sheet	9,165,667	11,667,761

In terms of our report attached

for Vinod Arora & Co.
Chartered Accountants

Sd/-

VINOD ARORA
Proprietor

Gurgaon

11th June, 2005

For and on behalf of Board of Directors

Sd/-

DWARKA DASS PARNAMI *Chairman*

Sd/-

TRIBHAWAN K. PARNAMI *Managing Director*

Sd/-

BRAJESH K. KATARIA *Director*

PARNAMI CREDITS LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET

31.03.2005(Rs.)

31.03.2004(Rs.)

SCHEDULE 'A' SHARE CAPITAL

AUTHORISED

55,00,000 Equity Shares of Rs. 10/- each 5,50,00,000 5,50,00,000

ISSUED, SUBSCRIBED & PAID UP

50,09,400 Equity shares of Rs. 10/- each 5,00,94,000 5,00,94,000

Less : Calls unpaid 1,27,72,960 1,27,72,960

TOTAL **3,73,21,040** **3,73,21,040**

SCHEDULE 'B' RESERVE & SURPLUS

GENERAL RESERVE

Balance at beginning of the year 6,00,000 6,00,000

TOTAL **6,00,000** **6,00,000**

SCHEDULE 'C' SECURED LOANS

From ICICI Bank 2,21,760 4,11,840

(Secured against Hypothecation of vehicles)

TOTAL **2,21,760** **4,11,840**

SCHEDULE 'D' UNSECURED LOANS

From Directors 3,345,000 4,00,000

Temporary overdraft with J & K Bank Limited 4,83,348 3,706,317

TOTAL **3,828,348** **4,106,317**

SCHEDULE 'E' FIXED ASSETS

GROSS BLOCK

PARTICULARS	Balance as at 01.04.2004 (Rs.)	Addition during the year (Rs.)	Sale during the year (Rs.)	Total (Rs.)
Car	1,152,639	-	3,61,479	7,91,160
Scooter	61,932	-	-	61,932
Furniture & Fixture	4,33,186	-	-	4,33,186
Office Equipment	2,64,559	-	-	2,64,559
Computer	3,58,729	-	-	3,58,729
Mobile Phone	6,280	-	-	6,280
TOTAL	2,277,325	-	3,61,479	1,915,846
Previous Year	2,115,185	-	-	-

PARNAMI CREDITS LIMITED

PARTICULARS	DEPRECIATION				WRITTEN DOWN VALUE AS AT	
	Up to 31-03-2004	For the year	W/back during the year	Total	31.03.2005	31.03.2003
Car	2,94,042	75,16	62,096	3,07,106	4,84,054	8,58,597
Scooter	45,158	5,884	-	51,042	10,890	16,774
Furniture & Fixture	1,93,007	27,420	-	2,20,427	2,12,759	2,40,179
Office Equipment	1,03,451	15,246	-	1,18,697	1,45,862	1,61,108
Computer	3,09,235	31,860	-	3,41,095	17,634	49,494
Mobile Expenses	701	874	-	1,575	4,705	5,579
TOTAL	9,45,594	1,56,444	62,096	1,039,942	8,75,904	1,331,731
Previous Year	8,80,551					

SCHEDULE 'F' INVESTMENTS

Indira Vikas Patra	-	1,40,000
HSEB-4 Bonds of face value of Rs. 1,00,000/- each less 30% Redeemed	-	1,60,000
MSEB-3 Bonds of face value of Rs. 1,00,000/- each	3,00,000	3,00,000
M.K.V.D. Corporation -1 Bond of face value of Rs. 1,00,000/-	1,00,000	1,00,000
Rural Electrification Bonds	-	1,00,000
Previous Year 10 Bonds of Rs. 1,00,000/- each		
TOTAL	4,00,000	1,700,000

SCHEDULE 'G' CASH & BANK BALANCE

Cash in hand	1,14,303	1,455,733
Balance in current account with :		
Bank of Baroda	7,896	25,842
Canara Bank	5,189	4,802
TOTAL	1,27,388	1,486,377

SCHEDULE 'H' LOANS & ADVANCES

(Unsecured-Considered Goods)		
Security Deposits	2,77,200	2,77,200
Prepaid Expenses	691	2,412
Loans & Advances	33,024,720	24,682,684
Incidental Charges Receivable	90,662	1,46,639
Cheque Deposit but- not cleared by bank	63,592	43,660

PARNAMI CREDITS LIMITED

Instalment due but not received	4,680,944	7,056,548
Interest accrued but not due	-	1,22,676
Deposit for Telephone	6,000	6,000
Advance Tax & TDS	5,27,012	2,50,126
Staff Advance	-	1,500
Application Money for shares	2,000,000	-
Other Advances & Receivable	30,115	61,105
TOTAL	40,700,936	32,650,550

SCHEDULE 'I' CURRENT LIABILITIES & PROVISIONS

LIABILITIES

Income Tax Deducted at Source	2,807	2,737
Cheques issued but not presented for payment	3,05,153	2,586,080
Expenses Payable	291,737	266,812
Installment received in advance	10,000	-
Advance Against sale of Property	-	1,750,000
Other Payable	1,17,552	-

PROVISION

<i>Doubtful/ Substandard Assets</i>	10,511,358	12,611,391
Income Tax	5,31,000	1,61,000
TOTAL	11,769,607	17,378,020

SCHEDULE 'I' MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

PRELIMINARY EXPENSES

Balance at the beginning of the year	20,900	31,348
Less : W/off during the year	<u>10,448</u>	<u>10,448</u>
	10,452	20,900

PUBLIC ISSUE EXPENSES

Balance at the beginning of the year	2,47,226	3,70,838
Less : W/off during the year	<u>1,23,612</u>	<u>1,23,612</u>
	1,23,614	2,47,226

TOTAL	1,34,066	2,68,126
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PARNAMI CREDITS LIMITED

SCHEDULE 'K'

ACCOUNTING POLICIES & NOTES ON ACCOUNTS

I. ACCOUNTING POLICIES

- a) Financial statements have been drawn up on the basis of historical cost convention.
- b) Fixed assets are stated at cost price.
- c) Depreciation on fixed assets is provided on straight-line method at the rates specified in schedule XIV of the Companies Act, 1956 on pro-rata basis.
- d) Inventories are valued at cost price.
- e) Stock of securities-shares are valued at market price being lower than cost price.
- f) All expenses & income have been accounted for on accrual basis to the extent considered necessary.
- g) Preliminary expenditure & public issue expenses are written off equally over 10 years.

II. NOTES ON ACCOUNTS

- a) Interest for the year has not been provided on loans amounting to Rs. 96.40 lakhs shown under the head 'loans & Advances'. Out of the Said amount a sum of Rs. 76.05 has been considered as doubtful/substandard as the company has filed suit for recovery (by means of winding up petition) hence provision has been made for the same.

A sum of Rs. 13.40 lakhs has been shown as Bad debts in the profit & loss account which consists of Rs. 7.15 lakhs of loans and Rs. 6.25 lakhs of HP stock as the same is not considered as recoverable by the management of the company.

- b) Balance with parties are subject to confirmation.
- c) In the opinion of Board of Directors of the company the current assets and loan & advances are realisable at the value at which they are shown in the Balance Sheet.
- d) Earnings in Foreign Exchange Nil (Nil)
- e) Break up of auditors' Remuneration:
 - i) As Auditors 18,000 (18,000)
 - ii) In respect of Taxation Matters 24,000 (24,000)
 - f) Contingent liabilities not provided for Nil (Nil)

Figures in bracket are for previous year.

- g) Information on other items contained in schedule VI part II of the companies Act, 1956 is Nil.
- h) Income Tax assessment has been completed upto assessment year 2003-04. Provision for Income Tax has been made to the extent considered necessary.
- i) Previous year figures have been re-grouped/re-arranged to make them comparable with current year figures.

Signatures to Schedule 'A' to 'K'.

In terms of our report attached

for Vinod Arora & Co.
Chartered Accountants

Sd/-
VINOD ARORA
Proprietor

Gurgaon
11th June, 2005

Sd/-
DWARKA DASS PARNAMI *Chairman*
Sd/-
TRIBHAWAN K. PARNAMI *Managing Director*
Sd/-
BRAJESH K. KATARIA *Director*

PARNAMI CREDITS LIMITED**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2005**

	CURRENT YEAR 2004-05	PREVIOUS YEAR 2003-04
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Loss before Tax & Extraordinary Items	29,82,477	(85,03,94)
Adjustment for Depreciation	1,56,444	2,34,987
Preliminary Expenses W/off	10,448	10,448
Public Issue Expenses Written off	1,23,612	1,23,612
Interest / Dividend	1,09,109	2,29,149
Operating Profit before Working Capital Changes	(-) 31,63,872	(9,90,292)
Adjustment for Trade & other Receivable	33,13,567	81,65,597
Inventories	9,27,946	4,26,874
Work-in-Progress	(-) 45,67,005	-
Trade & other Payable	(-) 56,08,413	25,12,073
Taxation	3,70,000	1,61,000
Cash Generated from Operating Activities	(-) 24,89,049	1,10,80,088
B. CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of Fixed Assets	-	(4,92,140)
Sale of Fixed Assets	1,89,000	1,00,000
Investment	(-) 13,00,00	12,20,000
Interest Received	97,229	2,16,700
Dividend Receive	11,880	12,449
Net Cash used in Investing Activities	15,98,109	
C. CASH FLOW FROM FINANCIAL ACTIVITIES		
Secured Loan	(-) 1,90,080	3,93,495
Unsecured Loan	(-) 2,77,969	(1,27,61,432)
Net Cash from Financial Activities	(-) 4,68,049	(67,23,042)
Net Increase in Cash / Cash Equivalents (A+B+C)	13,58,989	(2,30,840)
Bank & Cash Equivalents (Beginning of the year)	14,86,377	17,17,217
Cash & Cash Equivalents (End of the year)	1,27,388	14,86,377

For & on Behalf of Board of Directors

Sd/-
DWARKA DASS PARNAMI
Chairman

Sd/-
TRIBHAWAN K. PARNAMI
Managing Director

Sd/-
BJAJESH K. KATARIA
Director

PARNAMI CREDITS LIMITED

AUDITORS' CERTIFICATE

We have examined the attached cash flow statement of Parnami Credits Limited, Gurgaon for the year ended 31st March, 2005. The statement has been prepared by the company in accordance with the requirement of clause 32 of the company's listing agreement with the Stock Exchange and is based on and derived from the Balance Sheet of Company as at 31st March, 2005 and the Profit & Loss Account for the year ended on that date covered by our report of even date to the members of the company.

For **Vinod Arora & Co.**
Chartered Accountants

Gurgaon
11th June, 2005

Sd/-
VINOD ARORA
Proprietor