

**Twenty Ninth Annual Report  
for the Year Ended  
31<sup>st</sup> March, 2013**



**PAUL MERCHANTS LTD.<sup>TM</sup>**

(An ISO 9001:2008 Certified Co.)

[www.paulmerchants.net](http://www.paulmerchants.net)

**BOARD OF DIRECTORS**

MR. SAT PAUL BANSAL  
MR. RAJNEESH BANSAL  
MR. SANDEEP BANSAL  
MRS. SARITA RANI BANSAL  
MR. RAM K. GUPTA  
MR. KARUNASAGAR  
MR. VIGYAN ARORA  
MR. DILBAG SINGH SIDHU

**REGISTERED OFFICE**

FF-1, FF-1A, FF-1B, FF-1C, 1<sup>ST</sup>  
FLOOR, 11/5-B, PUSA ROAD, NEW  
DELHI-110055  
TEL: 011-48602000  
EMAIL: [info@paulmerchants.net](mailto:info@paulmerchants.net)

**CORPORATE OFFICE**

SCO 829-830, SECTOR 22-A,  
CHANDIGARH - 160 022  
TEL: 0172-5041786, 5025090  
FAX: 0172-5041709  
EMAIL- [info@paulmerchants.net](mailto:info@paulmerchants.net)  
WEBSITE: [www.paulmerchants.net](http://www.paulmerchants.net)

**AUDITORS**

M/S. JAIN & ASSOCIATES  
CHARTERED ACCOUNTANTS  
SCO 819-820, SECTOR 22-A,  
CHANDIGARH -160022

**COMPANY SECRETARY**

MR. HARDAM SINGH

**BANKERS**

HDFC BANK  
STATE BANK OF INDIA  
ICICI  
PUNJAB NATIONAL BANK  
AXIS BANK  
STATE BANK OF PATIALA  
UNION BANK OF INDIA  
INDUSIND BANK  
STATE BANK OF BIKANER &  
JAIPUR

**YEAR 2012-2013 – AT A GLANCE**

**INTERNATIONAL MONEY TRANSFER ACTIVITIES**

**Gross Remittances – Rs 12695 Crores**

**Business Growth 18.18%**

**MONEY EXCHANGE ACTIVITIES**

**Gross Turnover – Rs. 1469 Crores**

**Business Growth 4.93%**

**INCOME FROM TOURS & TRAVELS ACTIVITIES**

**Gross Income – Rs. 35.98 Crores**

**Business Growth 19.92%**

**OVERALL PERFORMANCE**

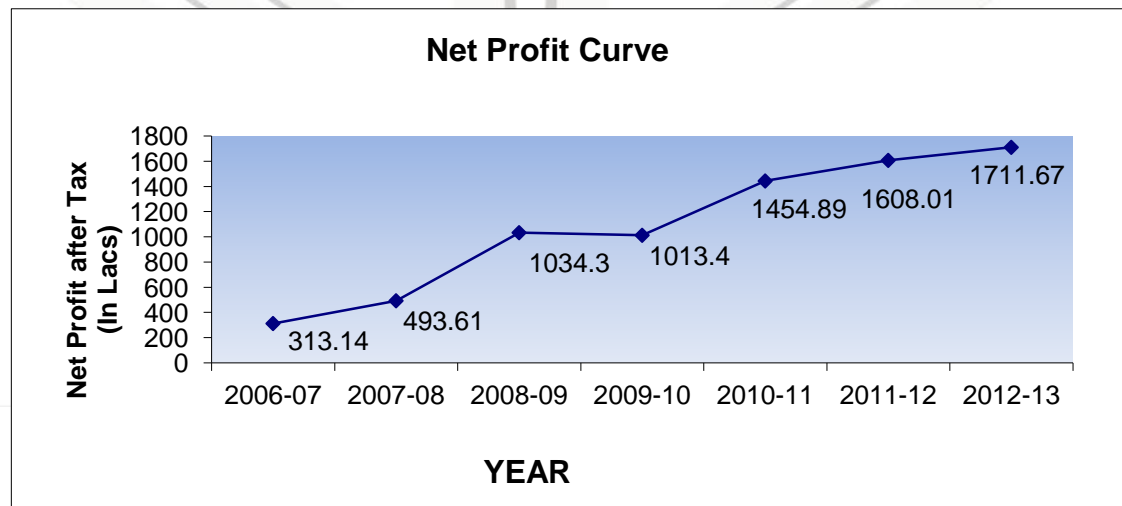
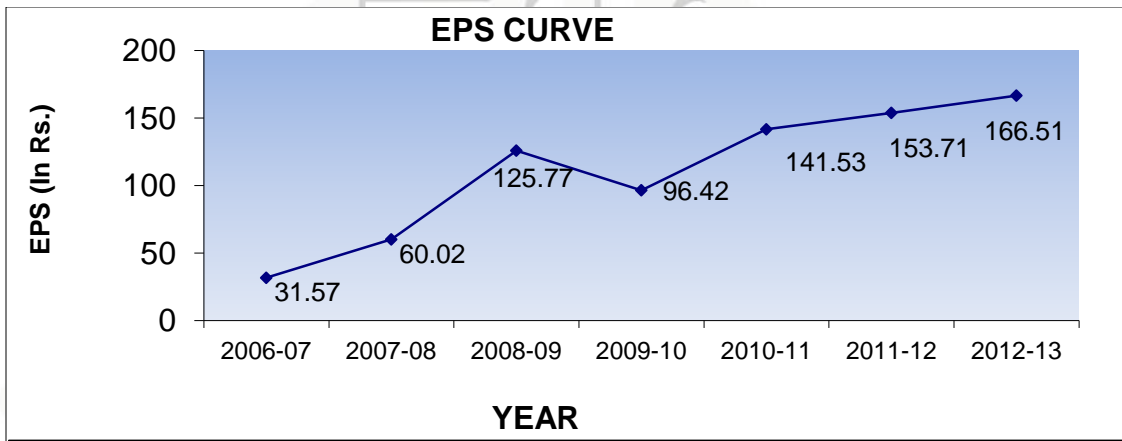
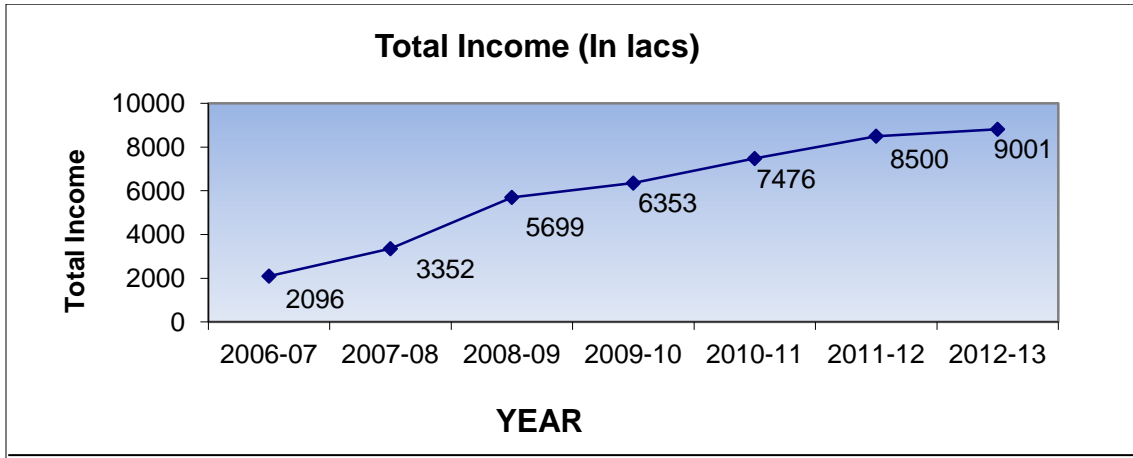
**Gross Revenues– 1615 Crores**

**Growth – 5.67%**

**Net Profit Before Tax – 25.56 crores**

**Net Profit After Tax – Rs 17.12 Crores**

- \* MONTHLY AVERAGE OF WUMT TRANSACTIONS REMAINED MORE THAN 5 LACS IN THE CALENDAR YEAR 2012.**
- \* EMBARKED UPON BOTH INWARD & OUTWARD INTERNATIONAL COMMERCIAL REMITTANCES IN ASSOCIATION WITH WESTERN UNION**
- \* KICK STARTED DOMESTIC MONEY TRANSFER SERVICES IN ASSOCIATION WITH WESTERN UNION**
- \* LAUNCHED PREPAID CARDS FOR EFFECTING WUMT TRANSACTIONS**
- \* TIED UP WITH WESTERN UNION FOR EFFECTING OUTWARD STUDENT REMITTANCES**
- \* CONTINUED TO BE THE TOP SELLER OF AMERICAN EXPRESS TRAVEL CHEQUES**



**NOTICE**

NOTICE is hereby given that 29<sup>th</sup> Annual General Meeting of the shareholders of M/s Paul Merchants Limited will be held on Monday, the 30<sup>th</sup> day of September, 2013 at 11.00 A.M. at the Registered Office of the Company situated at FF-1, FF-1A, FF-1B and FF-1C, 1<sup>st</sup> Floor, 11/5-B, Pusa Road, New Delhi- 110 005, to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2013 and the Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditor's thereon.
2. To appoint a Director in place of Sh. Rajneesh Bansal, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Sh. Sandeep Bansal, who retires by rotation and being eligible, offers himself for reappointment.
4. To confirm payment of Interim Dividend as Final Dividend on Equity Shares declared by the Board of Directors
5. To appoint Auditors and to fix their remuneration and for this purpose to consider and, if thought fit, to pass the following resolution with or without modification(s) as an ordinary resolution:

**“RESOLVED THAT** the retiring Auditors M/s Jain & associates, Chartered Accountants, SCO 819-20 Sector 22-A, Chandigarh (Membership No. FCA 089477) be and are hereby reappointed as Auditors of the Company to hold office till the conclusion of the next Annual General Meeting of the Company on a remuneration to be fixed by the Board of Directors of the Company.”

**SPECIAL BUSINESS:**

6. **TO CONSIDER AND, IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATION(S), THE FOLLOWING RESOLUTION AS SPECIAL RESOLUTION:**

**“RESOLVED THAT** in partial modification of the Special Resolution passed by the Shareholders of the Company in their Annual General Meeting held on 29.09.2012 and in terms of Section 198, 269, 309, 310 and all other applicable Provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act (including any Statutory modification(s) or re-enactment thereof for the time being in force), approval of the Members of the Company be and is hereby accorded to the payment of remuneration of Mr. Sat Paul Bansal, Chairman cum Managing Director of the Company @ Rs. 15,00,000/- (Rupees Fifteen Lacs only) per month for the Financial Year 2012-13 and Financial Year 2013-14, with a liberty to the Board of Directors of the Company to alter and vary the terms and conditions and/or remuneration of the Chairman cum Managing Director without referring the same again to the Shareholders, provided that the remuneration of the Chairman cum Managing Director shall never exceed the limits specified under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof.

**RESOLVED FURTHER THAT** notwithstanding anything contained hereinabove, where, during the term of employment of the of the Chairman cum Managing Director, in any Financial Year, the Company has no profits or its profits are inadequate, unless otherwise approved by the Central Government, the Remuneration payable to the of the Chairman cum Managing Director including Salary, Commission, Perquisites and any other Allowances, shall be governed by and be subject to the ceiling provided under Section II of part II of Schedule XIII to the Companies Act, 1956 or such other limits as may be prescribed by the Central Government from time to time.

**“RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to take all steps as may be necessary, proper and expedient to give effect to this resolution.”

Place: Chandigarh  
Date: August 8, 2013

By order of the Board of Directors  
for **PAUL MERCHANTS LIMITED**

**SD/-  
HARDAM SINGH  
(COMPANY SECRETARY)**

**NOTES:**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself/herself and the proxy need not be a member of the company. Proxies in order to be effective must be received at the registered office of the company not less than 48 hours before commencement of the meeting.
2. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Resolutions set out at Item No. 6 of the Notice is annexed herewith.
3. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send a certified copy the Board resolution authorizing their representative to attend and vote on their behalf.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 23<sup>rd</sup> September, 2013 till 30<sup>th</sup> September, 2013 (Both days inclusive)
5. Members desirous of getting any information about the accounts of the company are requested to send their queries at the Registered office of the company at least 10 days prior to the date of meeting, so that the requisite information can be readily made available at the meeting.
6. Members holding shares in the same set of names under different ledger folios are requested to apply for consolidation of such folios along with relevant share certificates to company or the RTA of the Company M/s Alankit Assignments Ltd.
7. Pursuant to the Provisions of Section 109 A of the Companies Act, 1956, Shareholders are entitled to make nominations in respect of shares held by them in physical form. Shareholders desirous of making nominations, are requested to send their requests in Form 2B (which will be made available on request) to the Corporate Office of the Company.



8. Members/ Proxies are requested to bring their copies of the Annual Report and attendance slip to the meeting.
9. Member who hold shares in dematerialized form are requested to write their client ID and DP ID and those who hold shares in physical form are requested to write their folio no. in the attendance slip for attending the meeting.
10. Members are requested to quote client ID and DP ID or ledger folio numbers in their correspondence with the Company.
11. Brief resume of the Directors proposed to be appointed/re-appointed, nature of their expertise in specific functional areas, names of their companies in which they hold directorships and memberships/chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, are provided in the Report on Corporate Governance forming part of the Annual Report.
12. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the Company on all working days, except Sundays, between 11.00 a.m. and 1.00 p.m. up to the date of the Meeting.
13. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change of address immediately to the Company.
14. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
15. The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/ documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail

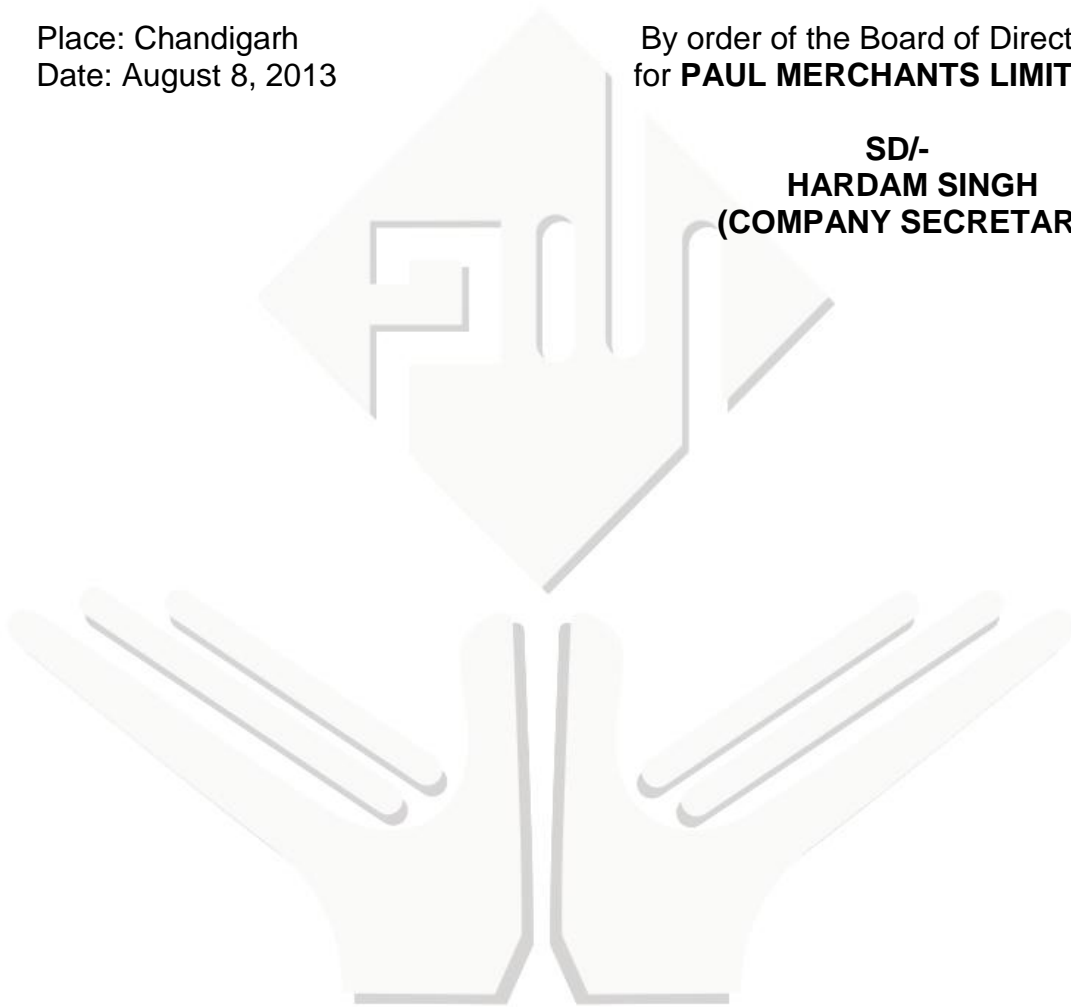


addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to fill the appropriate column in the members feedback form and register the same with M/s Alankit Assignments Ltd, New Delhi.

Place: Chandigarh  
Date: August 8, 2013

By order of the Board of Directors  
for **PAUL MERCHANTS LIMITED**

**SD/-  
HARDAM SINGH  
(COMPANY SECRETARY)**



**EXPLANATORY STATEMENT PURSUANT TO PROVISIONS OF SECTION 173  
(2) OF THE COMPANIES ACT, 1956**

**ITEM NO. 6**

The Board of Directors of the Company had, subject to the Provisions of Sections 198, 269, 309, 310, 311 and all other applicable Provisions, if any, of the Companies Act, 1956 read with Schedule XIII of the said Act, re-structured the remuneration of Mr. Sat Paul Bansal, the Chairman cum Managing Director of the Company in their meeting held on 31.10.2012 @ Rs. 15,00,000/- (Rupees Fifteen Lacs Only) per month without linkage with the net profits of the Company for the Financial Year 2012-13. Further, in their meeting held on 12.02.2013, the Board of Directors of the Company retained the same remuneration of the Chairman cum Managing Director i.e Rs. 15,00,000 lacs (Rs. Fifteen Lacs) per month for the Financial Year 2013-14.

As per the requirements of the Companies Act, 1956 and the provisions of Schedule XIII thereto, the appointment/re-appointment of the Managing Director/Whole Time Directors and increase/change in their remuneration is to be made with approval of the Shareholders in the General Meeting. The said revision for the Financial Year 2012-13 and further continuance of the same remuneration for the Financial Year 2013-14 was subject to approval of the Members of the Company. Therefore your Directors recommend the Resolutions set out at Item no. 6 to be passed as Special Resolution.

The Directors Mr. Sat Paul Bansal, Mr. Rajneesh Bansal. Mrs. Sarita Rani Bansal and Mr. Sandeep Bansal may be treated as interested in this resolution.

Place: Chandigarh  
Date: August 8, 2013

By order of the Board of Directors  
For **PAUL MERCHANTS LIMITED**

**SD/-  
HARDAM SINGH  
(COMPANY SECRETARY)**

**INFORMATION REGARDING DETAILS OF THE DIRECTORS SEEKING APPOINTMENT/REAPPOINTMENT IN ANNUAL GENERAL MEETING PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT**

(1)

<b>Name of Director</b>	Mr. Sandeep Bansal
<b>Date of Original Appointment:</b>	18.09.1993
<b>Date of Birth</b>	25.12.1970
<b>Designation</b>	Non-Executive Non-Independent Director

Mr. Sandeep Bansal, who is liable to retire by rotation and being eligible, is proposed to be re-appointed as the Director of the Company.

Expertise in Specific Functional Area:

Preparing budgets, financial planning, Network expansion, Marketing strategy. As a director of the Company, successfully expanded the International Money Transfer Business of the Company to Southern parts of India, lent innovative initiatives to marketing policy of the Company and effectively implemented budgetary controls.

**Qualification:** Graduate in Arts

**List of other Directorships:**

Chandigarh Network System Pvt Ltd  
Chandigarh Club Limited  
Paul E-Commerce Pvt Ltd  
ABS Media Holding Pvt Ltd  
Paul Energy Projects Pvt Ltd  
Divya Broadcasting Network Pvt Ltd  
Paul Entertainments Pvt Ltd  
Paul Broadcasting Pvt Ltd  
INX Music Pvt Ltd  
9X Media Pvt Ltd  
Prabhsharanshanti Films Pvt Ltd  
BBSM Films Pvt Ltd

**Chairman/Member of the Committee of the Directors of Paul Merchants Ltd:**

Member of Shareholders Grievance Committee  
Member of Executive Committee

**Chairman/Member of the Committee of the Directors of other Companies**

Nil

**Shareholding in the Company:** Holding 144507 Equity Shares as on 31.03.2013

(2)

<b>Name of Director</b>	Mr. Rajneesh Bansal
<b>Date of Original Appointment</b>	27.02.1999
<b>Date of Birth</b>	27.07.1974
<b>Designation</b>	Executive Director

Mr. Rajneesh Bansal, who is liable to retire by rotation and being eligible, is proposed to be re-appointed as the Director of the Company.

**Expertise in Specific Functional Area:**

Leadership skill, tact and initiative in Finance, New product lines, IT integration of business model and infra structure development. Displayed exceptional financial prowess in developing the Forex and Travel verticals of the Company in conjunction with the company's goal & objectives.

**Qualification:** MBA

**List of other Directorships:**

Paul Overseas Pvt Ltd  
Paul E-Commerce Pvt Ltd  
Paul energy Projects Pvt Ltd  
Paul Excursions Pvt Ltd  
Talk More Communications Pvt Ltd  
All India Association of Authorised Money Changers and Money Transfer Agents

**Chairman/Member of the Committee of the Directors of Paul Merchants Ltd:**

Member of Shareholders Grievance Committee  
Member of Executive Committee

**Chairman/Member of the Committee of the Directors Of other Companies**

Nil

**Shareholding in the Company** : Holding 141500 Equity Shares as on 31.03.2013

**DIRECTORS' REPORT**

Dear Members,

Your Directors have pleasure in presenting before you their 29<sup>th</sup> Annual Report together with the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2013.

**FINANCIAL RESULTS :-**

The financial results of the Company for the year under review are summarized for your consideration:

<b>PARTICULARS</b>	<b>CURRENT YEAR 2012-2013 (Rs. In Lacs)</b>	<b>PREVIOUS YEAR 2011-2012 (Rs. In Lacs)</b>
Gross Income	161487.34	152818.64
Depreciation	182.70	185.90
Interest	285.53	282.54
Other Expenditure	158462.79	149943.68
Profit after depreciation but before Tax & other & Provisions	2556.33	2406.52
Less :Provision for Current Tax	(841.80)	(805.28)
Add/(Less) : Deferred Tax	(2.85)	6.78
Profit/(Loss) after Tax & Provisions	1711.67	1608.01
Net Profit/(Loss) transferred to Reserves	1696.25	1564.69

**DIRECTORS :-**

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Sandeep Bansal and Mr. Rajneesh Bansal, Directors of the Company retire by rotation in the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

The salary of Mr. Sat Paul Bansal, Chairman cum Managing Director and Mr. Rajneesh Bansal, Executive Director has been revised by the Board of Directors of

the Company w.e.f. 01.04.2013 subject to approval of the Members of the Company in the ensuing Annual General Meeting.

**DIVIDEND :-**

Your Directors at their meeting held on 28.05.2013, had declared an interim Dividend @ Re. 1.50/- (15%) per equity share of Rs. 10/- each for the financial year ended 31<sup>st</sup> March, 2013. Your Directors have decided to treat the interim dividend as final dividend and the same is submitted for approval of the members.

**MATERIAL CHANGES AND COMMITMENTS**

There are no material changes or commitments, effecting the Financial position of the Company happening between the end of the Financial Year of the Company date of this Report.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO**

The requisite information has been given by way of an Annexure to this Report.

**CHANGES HAPPENING DURING THE FINANCIAL YEAR**

Your Directors wish to inform that there have not been any changes during the Financial Year under review:

- a. In the nature of Company's business
- b. Generally in the class of business in which the Company has an interest

Further, the Company has no Subsidiary and therefore information regarding any change in subsidiaries or in the nature of business carried on by them is not applicable to the Company.

**CORPORATE GOVERNANCE :-**

Report on Corporate Governance in terms of Clause 49 (VI) (ii) of the Listing Agreement is annexed herewith and forms a part of this Annual Report. A Certificate from Mr. Sanjeev Sharma, a practicing Company Secretary confirming compliance with the conditions of Corporate Governance is also annexed under Clause 49 (VII) of the Listing Agreement

**MANAGEMENT DISCUSSION & ANALYSIS REPORT:**

Management Discussion & Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement is presented in a separate section forming part of the Annual Report.

**AUDITORS & AUDITORS REPORT:-**

M/s Jain & Associates, Chartered Accountants, Chandigarh, were appointed as Statutory Auditors of the Company in the last Annual General Meeting. As their term expires at the ensuing Annual General Meeting, they have offered themselves for re- appointment as they are eligible for re-appointment. The Company has obtained a Certificate from the Auditors to the effect that their appointment, if made, would be within the prescribed limits under section 224 (1) of the Companies Act, 1956. Your Directors recommend their reappointment.

The Auditors' reports being self-explanatory require no comments from the Directors. Further, there are no reservations, qualifications or adverse remarks in the Audit Report given by them in respect of the Financial Year 2012-13.

**DEPOSITS**

The Company has not accepted any Deposits from the Public within the meaning of Section 58 A, of the Companies Act, 1956 and the Rules made there under during the year under review.

**AUDIT COMMITTEE**

Your Directors wish to inform that provisions of Section 292 A of the Companies Act, 1956 are not applicable to the Company. However, in Compliance with Clause 49 of listing agreement with the stock exchange, an audit committee has been duly constituted the details of which have been separately given in the corporate governance report.

**DIRECTORS' RESPONSIBILITY STATEMENT:-**

- a) That in the preparation of the annual accounts for the financial year ending 31<sup>st</sup> March, 2013, the applicable accounting standards have been followed along with proper explanation relating to material departures;



- b) That the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31<sup>st</sup> March, 2013 and of the Profit of the Company for that period.
- c) That the directors 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 fraud and other irregularities.
- d) That the directors have prepared the annual accounts on a going concern basis.

**DETAILS OF EMPLOYEES PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956**

There was no employee drawing the salary in excess of the limits prescribed under Section 217 (2A) of the Companies Act, 1956 during the year under review as such information in this regard is nil.

**COMPLIANCE CERTIFICATE :-**

A certificate has been issued by Mr. Sanjeev Sharma, Company Secretary in practice in terms of Section 383 A (1) of the Companies Act 1956 to the effect that the Company has complied with the applicable provisions of the said Act and the same is attached to this report.

**INDUSTRIAL RELATIONSHIPS:-**

Relations between the Management and the employees at all levels have been cordial and the Directors wish to express their appreciation for the cooperation and dedication of the employees of the Company.

**LISTING AGREEMENT :-**

The equity shares of the company are listed on the Stock Exchange at New Delhi. The company has already paid listing fees for the year 2013-2014 to the Delhi Stock Exchange.

**ANNEXURE TO THE DIRECTOR'S REPORT:-**

**A. Conservation of Energy :**

Though energy does not form a significant portion of the cost for the Company yet wherever possible and feasible, continuous efforts are being put for conservation of energy and minimize power cost. Staff of the Company is regularly sensitized about conservation of power.

**B. Technology Absorption : Nil**

**C. Foreign exchange earnings and outgo:**

Under International Money Transfer Services, the Company exports the services to Western Union Services Inc., USA.

As India is only a Receipt country, initiatives to increase the quantum of this service is limited in scope. Yet, many initiatives are undertaken to increase the brand visibility, customer awareness and bandwidth of the Network which ultimately translates into incremental revenues. These initiatives include Network expansion, promotional campaigns and incentive plans. The Company spent a sum of Rs. 10,95,61,292/- on these initiatives. These initiatives will be continued to be undertaken in the times to come with suitable variations as per needs.

Total Foreign Exchange used and earned:-

	<b>2012-13</b>	<b>2011-12</b>
<b>PARTICULARS</b>	<b>Amount (Rs. In lacs)</b>	<b>Amount (Rs. In lacs)</b>
<b>Foreign Exchange Outgo</b>		
Towards Travelling Overseas	25.98	27.82
Towards Advertisements & Business Promotion	20.12	0.98
Towards Tour Packaging Business	129.34	182.93
Towards Investments	128.37	135.52
<b>Total</b>	<b>303.82</b>	<b>347.25</b>
<b>Foreign Exchange Receipts</b>		
Gross Remittance from W.U.	1269486.38	1074221.03
Tour Packaging Business	191.12	219.53
<b>Total</b>	<b>1269677.5</b>	<b>1074440.56</b>

**ACKNOWLEDGEMENT:-**

Your Directors wish to express their sincere appreciation to valued Clients, Reserve Bank of India, Western Union Financial Services Inc, U.S.A, Company's Bankers,

Government Agencies and Employees of the company for their continued support & co-operation.

**For & On Behalf of the Board**

**SD/-  
(SAT PAUL BANSAL)  
CHAIRMAN CUM MANAGING DIRECTOR**

**For & On Behalf of the Board**

**SD/-  
(RAJNEESH BANSAL)  
DIRECTOR**

PLACE: CHANDIGARH  
Date: August 8, 2013



**MANAGEMENT DISCUSSION & ANALYSIS REPORT****a. INDUSTRY STRUCTURE AND DEVELOPMENTS AND SEGMENT WISE PERFORMANCE****Western Union Money Transfer Division**

“Although migrant workers are, to a large extent, adversely affected by the slow growth in the global economy, remittance volumes have remained remarkably resilient, providing a vital lifeline to not only poor families but a steady and reliable source of foreign currency in many poor remittances recipient countries,” Hans Timmer, director of the World Bank’s Development Prospects Group, said in a statement

Remittance inflows into India increased to approximate \$64 billion in 2012, according to a World Bank report on global migration and remittances. India continued to top the remittances list in 2012 while China was placed a close second with approximate \$60 billion migrant remittances in the same year.

The World Bank said, remittance flows to the developing world have exceeded earlier estimates and ended up with a total of approximately \$406 billion in 2012, an increase of 6.02% from the previous year and is projected to grow by 7.9% in 2013, 10.1% in 2014 and 10.7% in 2015 to reach \$534 billion in 2015.

In India, as for cross border remittance market is concerned only inward money transfer services are allowed by Reserve Bank of India in private sector. For regulating the market, RBI has prescribed Money Transfer Service Scheme (MTSS) which is subjected to review every year now. At present Western Union Financial Services Inc., USA owns the biggest market share in remittance market in India which is around 72%. PML holds 32.15% market share of Western Union business in India. Western Union operates in India with its 16 Principal Agents and PML is their biggest Principal Agent in entire South and South East Asia Region.

While the global money remittance country grew at 6.02% in 2012, over 2011, WU business in India grew at approx. 7% whereas PML grew at 13.29%. Thus, PML increased their market share by approx. 1.75% and ended the year with market share of 32.15%.

2012 vs 2011 comparison: ( Jan 1<sup>st</sup> to Dec 31<sup>st</sup> )

2011 trns = 5339251

2012 trns = 6048908

Gain = 709657

Growth = 13.29%

2012-13 vs 2011-12 comparison: (April 1<sup>st</sup> to March 31<sup>st</sup>)

2011-12 trns = 5584240

2012-13 trns = 6155465

Gain = 571225

Growth = 10.23%

2013 vs 2012 comparison: (Jan 1<sup>st</sup> to March 31<sup>st</sup>)

2011-12 trns = 1410684

2012-13 trns = 1517241

Gain = 106557

Growth = 7.55%

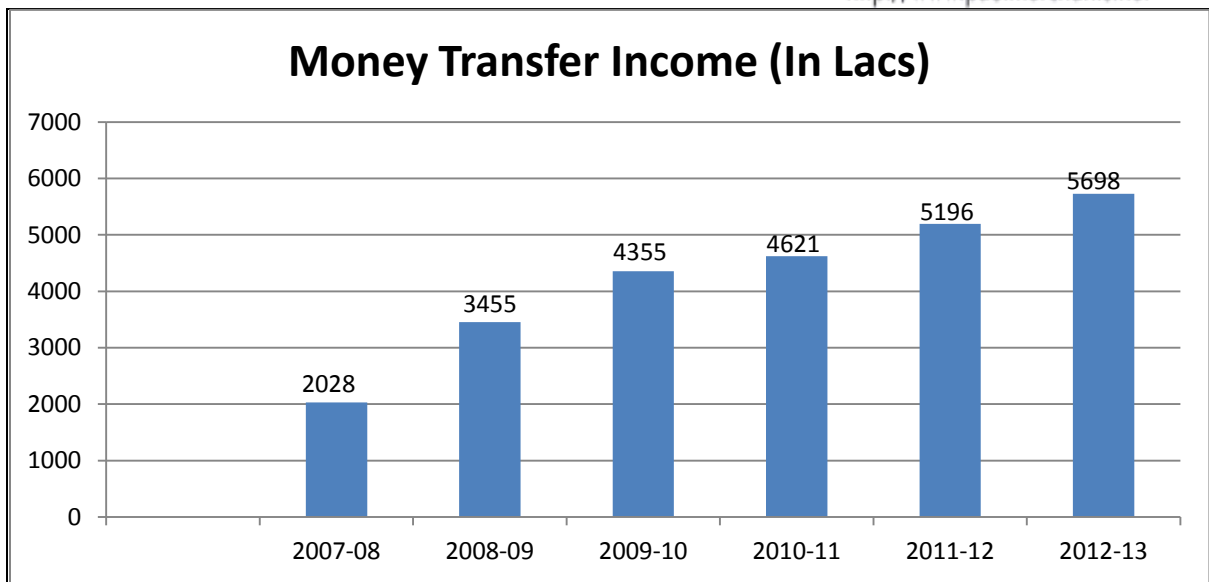
In August 2011, PML had set a landmark by processing 500,000 transactions in one month highest ever by any Principal Agent in India. In 2012, PML repeated this feat 8 times, in the months of March, May, June, July, August, October, November & December.

With a view to enhance customer convenience, we have launched prepaid cards for WUMT customers, which will surely be a step towards changing the face of this service with more efficient, secure and effective service becoming available to the customer.

While continuing to strive for excellent service to the customers, PML also added 3 prestigious Banks into the PML-WU network: Thane Janta Sahakari Bank, Punjab Grameena Bank & J&K Grameena Bank.

The Gross Revenue of the Company from this segment grew to Rs. 100.95 crores in the year under review as compared to last year figure of Rs. 89.01 crores registering a growth of 13%. Net income grew to Rs. 56.98 crores in the year under review as compared to last year figure of Rs. 51.96 crores registering a growth of 10%.

The Gross Inward Remittances increased to Rs. 12695 crores as compared to last year figure of Rs. 10742 crores registering a growth of 18%.



We see a brighter tomorrow in this segment as this core vertical of the Company will continue to be the mainstay of Company's overall growth & sustainability. We will take all required steps to fortify our presence across the country and as the Western Union is set to diversify its product portfolio in Indian market, we are confident that our hold in the market will increase and we will be able to add more value to the customer satisfaction. Our key focus will remain on strengthening our international personal remittances segment, however, we expect to see customer growth in Domestic Money Transfer and Western Union Business Solutions.

### **Forex Division**

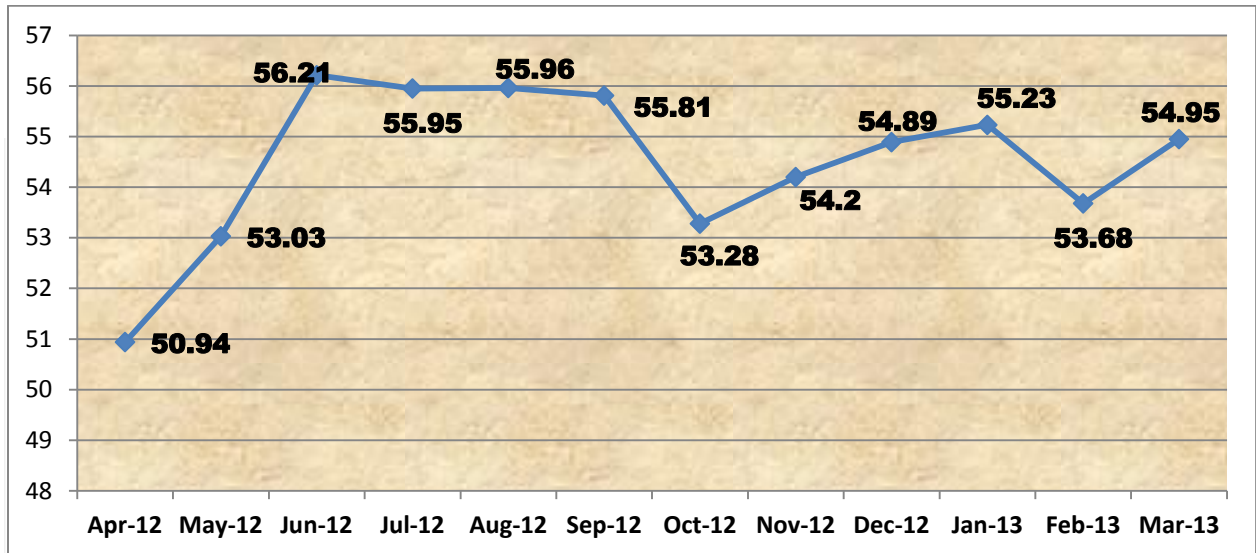
2012-13 has been a rather challenging year for the Indian Economy. The year started with a concern about Global Economic slowdown on account of fiscal imbalances and reduced trade & investments in advanced economies. These concerns sustained throughout the FY 2012-13 and prevented the world from achieving any sort meaningful recovery. The domestic economy too suffered a decade low GDP growth of 5%.

Foreign exchange markets are the largest markets in terms of liquidity and size, with an average daily turnover of over \$4 trillion. International financial market conditions improved in Q3 of 2012-13 despite a fragile global economic outlook. Recent financial market developments indicate a perceived reduction in some major downside risks to the world economy. The possibility of a near-term worsening of the euro area crisis also appears to have declined following new policy announcements and the extension of financial help to troubled periphery economies.

Various reform measures, including liberalized FDI limits for certain sectors and the announcement of a fiscal consolidation path, enhanced global investor confidence in



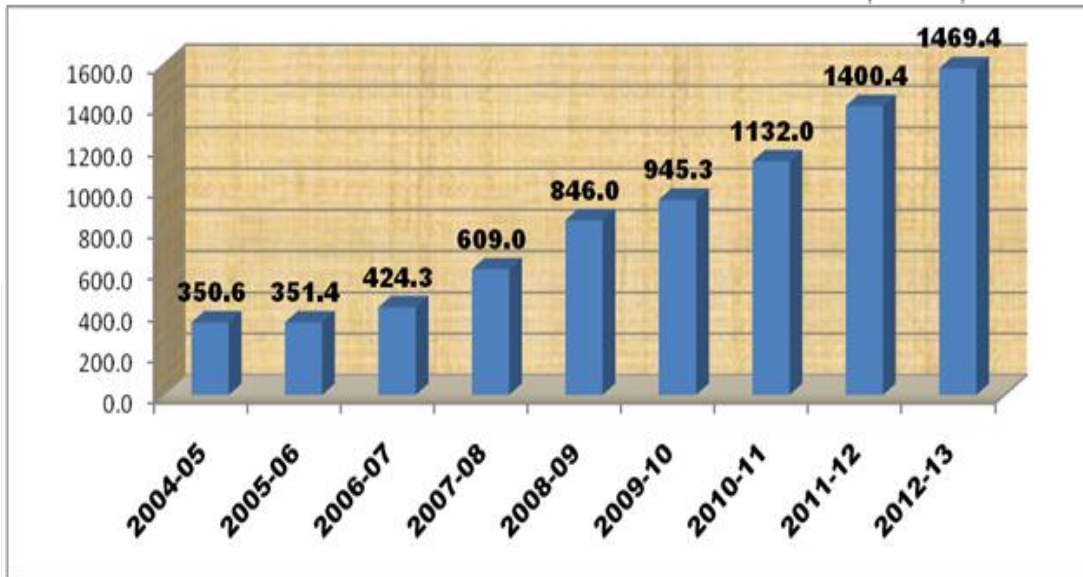
the Indian economy. This, along with announcements of quantitative easing by the US Fed and the BOJ, boosted capital inflows to India and aided the recovery of the rupee.



(US Dollar against Rupee)

The total turnover from this division increased to Rs. 1469.40 cr as compared to Rs. 1400.40 cr of last year registering a growth of 4.92%. Retail business continues to be the hallmark and strength of the company which is reflected in the 18% growth achieved by the company in retail currency sales. Outbound business, which has been the focus area of the company, registered a spectacular growth of 35 % from Rs.366 cr to Rs.495 cr. This has also helped the company to increase its market share and build a strong name for itself in the segment. There was a marginal drop in the forex sales from 1034 cr to Rs.974 cr because of the sluggish market conditions.



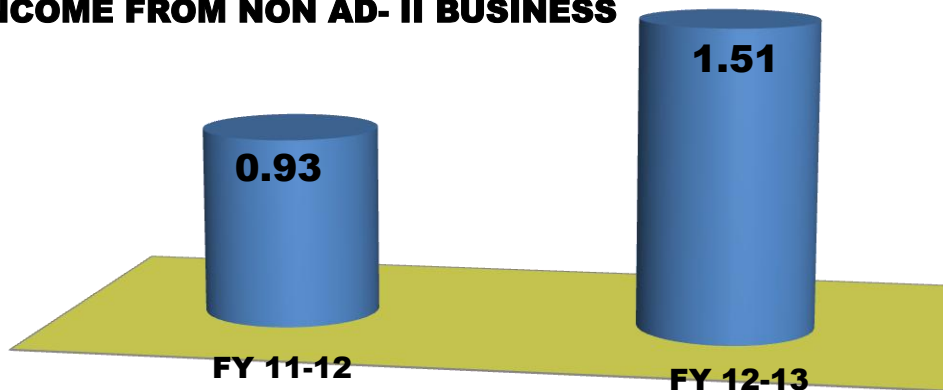


**Total Forex Turnover (Figures in Rs. Crores)**

Currency business continues to be the major contributor towards the overall forex Sales. The Traveller Cheque sales remained static and Travel Card Sales grew by 35%. The company has also been focusing on the Non AD II business and it witnessed an astounding growth of 66% this fiscal. During the year under review, the non-AD II business continued to the tune of Rs. 1.51 Crores as against the previous year figures of Rs. 0.93 Crores. As this particular segment will continue to drive the revenue of Forex division, the Company sees phenomenal growth in the years to come.

Figures in INR Crores

**INCOME FROM NON AD- II BUSINESS**



The incremental figures per se may not look extraordinary but considering the sluggish market conditions, whatever growth has occurred is remarkable. As the industry is showing signs of revival now next year will certainly be a more rewarding year and will significantly contribute towards the overall growth of the Company.

**TRAVEL DIVISION**

Travel Division of the Company has undergone complete revamp during the year under review. The new set up has brought fresh energy and rejuvenation and the team is fully geared up for taking up the challenge.

Travel Division grew almost 30% vis a vis last year, however the growth in four major divisions can be summarized in below chart & their contributions in the total sales figures.

<b>Division</b>	<b>YTD 2012</b> (Rs. In Lacs)	<b>YTD2013</b> (Rs. In Lacs)
Ticketing	2661	3233
Outbound & Hotels	220	191
Inbound & Hotels	60	84
Domestic & Hotels	51	63
Visas & Bus Services	19	27

Travel is one of the industries which has gone incognito under IT powers in the recent years. PML has all along ensured to follow and remain amongst the very few who could adapt to latest technologies & trends in the industry. While the traditional air ticketing was made live with fast & quick confirmed online ticketing process, PML became one of the top agencies holding the largest inventory of Hotels & was accredited as sole GSA of INSTANT supplier of INDIA.

PML widens the horizons to move towards direct international airlines sourcing after successive two years completion of partnership with Domestic Airlines – Jet Airways as preferred agent partner. PML closed the deal v/s targets of Jet Airways to the tune of 85 lacs & 1.10 Cr in the year 2011 & 2012 respectively. As we hold strong command of our service to passengers travelling towards UAE & South east Asia, PML was awarded as TOP TRAVEL AGENT AWARD from one of the youngest UAE airlines [www.airarabia.com](http://www.airarabia.com) for the first time. PML over achieved the set targets with the airlines in mere six months than a year for which the team PML as applauded for a fantastic performance.

While the team continued to work & strive towards the growth of the company, the Online website of PML Travels [www.pmlholidays.com](http://www.pmlholidays.com) crossed a benchmark of Rs. 1 Cr business volume online and is poised to achieve bigger targets in the times to come. With much more practical commitments lined up, PML Travels is all set to become a force to reckon with.

During the year under review, the Company achieved a Turnover in this Division @ Rs. 35.98 Crores as against previous year figure of Rs. 30.11 Crores, registering a growth over past year by 21%.

**THIRD PARTY PRODUCTS DIVISION**

The year under review has been a very exciting one as the many new tie ups were done and older tie ups gained momentum. Some strategic Tie ups coupled with integration of the business model with Company's portal will pave the way for increased revenues. The plans are also underway to venture into the print media, which will give further fillip to the revenues from this segment.

This segment is also stepping into advertising, food & beverages, recharge of communication products which will reflect in the revenues in the coming years.

**b) OPPORTUNITIES & THREATS****OPPORTUNITIES**

Declining inflation combined with improving liquidity and reducing benchmark rates are expected to gradually improve domestic economic activity providing impetus to the growth of overall economy. These positive developments are expected to give a boost to all three business divisions of the Company.

As per world bank estimates, remittance flows to the developing world are projected to grow by 7.9% in 2013 over the 2012 figure of \$406 billion, 10.1% in 2014 and 10.7% in 2015 to reach \$534 billion in 2015. Migrant workers are displaying tremendous resilience in the face of the continuing economic crisis in advanced countries. India, as a largest recipient of the international remittances will naturally be a major gainer.

With continued economic uncertainty and low consumer confidence, families are expected to continue to put faith in the destinations they know best. Spain, Greece, Italy, the USA, France, Cyprus and Turkey are expected to continue to be the most popular destinations for holidaymakers in 2013. PML, having best of the tie ups and vendors for these destinations, holds a distinct edge over its competitors for converting this opportunity into real business.

With stringent regulatory environment in place, loosely built service providers get weeded out and confidence of the customer gets boosted in the market. This scenario, surely gives advantages to the responsible and compliant players like PML in both Forex and Money Transfer verticals.

**THREATS**

As a responsible Corporate House, PML does not compromise on statutory compliances. Due to the very hard stiffening of regulatory matrix in recent times, we will have to be very cautious in driving the expansion of International Money

Transfer and Forex business. Further, continued Global economy recession/slowdown, High fiscal deficit, volatility in crude oil prices across the world, falling rupee and growing Import bill are some eminent threats to the Indian economy, which have natural adverse impacts on all verticals of the Company.

**c) OUTLOOK**

As the Company is gearing up for further strengthening its position in the market by adding more products & services in its bouquet, the outlook for the future is widely positive. India, the fast emerging economic power in the world, remains on the growth path in comparison with many developed and developing economies, though many steps are needed to be taken to stem ever rising current account balance and country's adverse fiscal deficit.

The addition of Commercial remittances both inbound & outbound, prepaid cards, fast expanding forex operations, fast developing Travel Portals and value addition brought in by third party products makes us to believe that future outlook of where we stand, is very bright.

**d) RISKS AND CONCERN**

The Global Economic Outlook continues to be weak with tight liquidity, contracting demand and declining commercial activity. Global growth turned weaker in 2012 and is expected to stay sluggish in 2013 as fiscal adjustments drag growth in advanced economies (AEs) and, in turn, delay cyclical recovery in emerging market and developing economies (EMDEs). The Indian economy remained sluggish in Q3 of 2012-13, with slowdown turning visibly pervasive across most sectors.

As per RBI, economic activity is expected to show only a modest improvement over last year, with a pick-up likely only in the second half of the year. Conditional upon a normal monsoon, agricultural growth could return to trend levels. High Current Account Deficit levels and a consequent weakening of the domestic currency create severe impediments to the sustainable growth of India's Economy. With global growth unlikely to improve significantly from 2012, growth in services and exports may remain sluggish. Falling Rupee is a major concern for Policy makers of the country.

The weakened global economy and pace of recovery being very slow will result in low income levels across the globe. It can shrink their urge to send money to their families. Further, falling income compels people to stay hooked to their home which effects tourism and leaves an adverse impact on both Forex and Tourism industry. In addition, rising competition, stiffening regulatory environment and slow down in the global economy has the potential to badly effect all three verticals of the Company i.e. Inward Remittances, Forex and Travel Division.

Since 2000, the Forex market has made significant strides in reducing the risks associated with the settlement of transactions. However, substantial settlement-

related risks remain due to rapid growth in the forex trading market. The volatility of rupee against dollar adds to the this risk. The Company plans to minimize this risk by putting proper hedging operations in place

**e) INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY**

The Company has a proper and adequate system of internal controls commensurate with nature and its size to ensure that all properties & assets are safeguarded and protected against loss from unauthorized use or disposition and the transactions are authorized, recorded, vouched and reported correctly. Regular review of the systems is conducted by the Audit Committee of the Company. Further, any significant findings & follow up thereon, internal investigations by Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of material nature is placed before the Audit Committee. The Company's internal control systems are further supplemented by an extensive programme of internal audit and also by Concurrent Audit by an independent firm of Chartered Accountants. For this purpose, a separate Audit and Inspection Department has been created which is headed by an ex DGM of RBI. The Internal Controls and Audits are subject to periodic review by the management. The internal control system is designed to ensure that all financial and other records are reliable for preparing financial statements and other data and for maintaining accountability of assets. A separate Monitoring Cell is in place to monitor individual transactions as well as Company procedures so as to ensure that controls are working properly.

**f) FINANCIAL PERFORMANCE VIS-A-VIS OPERATIONAL PERFORMANCE**

During the year under review, Total Revenue of the Company was Rs. 1615 crores, an increase of 6% over 2012-13. Profit before tax (PBT) was Rs. 25.56 Crores and Profit after tax was Rs. 17.12 crores. The Company effected 61,55,465 Western Union transactions as against 55,84,240 last year, an increase of 10%. The total operating income of the Company is Rs. 86.71 crores as compared to last year figure of Rs. 81.82 crores, an increase of 6%.

**g) DEVELOPMENTS ON HUMAN RESOURCES & INDUSTRIAL RELATIONS FRONT**

Motivating the Human Resources of the Company has always been a top priority of the Company because Human resources are the most valuable of the Company. During the year under review, the Company took following initiatives:

- a. **Integration of technology:** To boost the efficiency of human resources, the human effort is being integrated with technology. This integration is aimed to deliver real-time intelligence to the people who are in the decision making process.



- b. **Employee engagement**: We believe that the overall quality of the work experience gained by an employee in the Organization, depends far more on the quality of his relationship with his immediate managers, his trust in senior leadership and his ability to manage stress on the job. For this purpose, the effort is always on to enable work force with the right set of resources and support. Further, we aim to provide a workplace which is energizing to work in so as to promote physical, emotional and social well-being of the employees.
  
- c. **Fast Response to Changes**: It goes without saying that in an ever evolving economic atmosphere, only that business house will be successful which adapts to change and that too quickly. If we look around, many large organizations are struggling to provide the training and skills quickly enough to keep pace with how they, their markets, competitors and customers are changing. Therefore, training & development is kept on a high pedestal

At PML, we acknowledge that our Human resources are the face of the Company. Their welfare, growth and development coincides with the development & growth of the Company. All our systems and processes have been designed with a view to positioning PML as an employer of choice. This goes in alignment with the Company's vision of being the most sustainable and competitive business house in the industry.

## **QUALITY POLICY**

The Company is committed to provide services of highest quality to its customers. For the achievement of world class quality in the services offered by it in all business divisions, it is utmost necessary that each employee is aware of its quality policy, mission and objectives. For this purpose, the Company has posted this information on its Website. The Company has been certified as ISO 9001:2008 by TUV Rheinland, Germany. The Management on its part is fully committed to quality and provides all resources, guidance and assistance to accomplish this task.

## **SAFETY, HEALTH AND ENVIRONMENT POLICY**

The Company is committed to prevent injury and ill health and continually improve its safety, health and environment, legal and other requirements through institutionalizing proactive safety, health and environment management strategies.

## **CORPORATE GOVERNANCE SECTION**

### **1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE**

Company's philosophy on Corporate Governance aims to ensure establishing and practicing a sound system of good corporate governance which will not only meet Company objectives but will render assistance to the management in managing the company's business in an ethical, compliant, efficient and transparent manner for achieving the corporate objectives so as to provide services to the utmost satisfaction of the customer and to conduct business in a manner which add value to the Company's brand all its stakeholders like shareholders, employees, customers, suppliers, vendors etc.

The Company believes that good corporate governance is essential to attain long term goals and mission of the Company. It is Company's belief that ethics and business go together. The Code of conduct implemented by the Company places high premium on ethics.

The Company is committed to moral accountability, social responsibility, strict compliance with the law and consistent and coherent approach and has a strong, independent and knowledgeable Board charged with the responsibility to:-

- ❖ Ensure legal and ethical conduct by all associated with the Company.
- ❖ Protect the interest of the investors, customers, employees, lenders, suppliers and the community.
- ❖ Support investments and decisions that serve the interest of the Company and the stakeholders and caution in cases of investments and decisions which may not benefit the Company.
- ❖ Prevent conflicts of interest and ensure that the right people are making the decisions and monitor, on ongoing basis, the results of the decisions that are likely to affect the Company most.

### **2. BOARD OF DIRECTORS**

#### **(i) Composition and category of Directors**

The strength of Board was Eight Directors as on 31st March 2013. The Board consists of One Managing Director, Two non-Executive non-independent Directors, One Executive Director and Four Non-Executive Independent Directors.

The Non-Executive Independent Directors with their diverse knowledge, vast experience and relevant expertise brings in their independent judgment, knowledgeable and professional view to the deliberations and decisions of the



Board. Apart from the sitting fees being paid for attending Board / Committee Meetings, the non-executive Directors did not have any material pecuniary relationship or transaction with the Company during the year 2012-2013 or even after the close of Financial year upto the date of this report. The Company has an executive Chairman and the Company meets the requirements relating to the composition of Independent and non-Independent Directors of the Board of Directors. The Composition of the Board as on 31.03.2013 is given below:

1. Mr. Sat Paul Bansal - Executive Chairman cum Managing Director
2. Mr. Rajneesh Bansal - Executive Director
3. Mr. Sandeep Bansal - Non-Executive Director
4. Mrs Sarita Rani Bansal - Non-Executive Director
5. Mr. Ram K Gupta - Non Executive Independent Director
6. Mr. Vigyan Arora - Non Executive Independent Director
7. Mr. Dilbag Singh Sidhu - Non Executive Independent Director
8. Mr. Karunasagar - Non Executive Independent Director

(ii) The attendance at Board Meetings and at the Last Annual General Meeting and the No. of Other Directorships and Committee Memberships/Chairmanships of Directors is given below

Total 6 Board meetings were held during the period from 1st April, 2012 to March 31, 2013 and attendance record in respect of the same is given below:

NAME	Sat Paul Bansal	Rajneesh Bansal	Sandeep Bansal	Sarita Rani Bansal	Ram K Gupta	Karunasagar	Vigyan Arora	Dilbag Singh Sidhu
CATEGORY	Executive	Executive	Non Executive	Non Executive	Independent & Non-Executive	Independent & Non-Executive	Independent & Non-Executive	Independent & Non-Executive
Board Meetings attended during the year	5	4	6	6	5	4	4	4
Attendance at the AGM held on 29.09.2012	YES	YES	YES	YES	YES	NO	YES	NO
No. of other Boards in which Member or chairperson	7	6	11	3	5	0	1	0
No. of other Board Committees in which Member Chairperson	Member	NIL	NIL	NIL	3	0	0	0
	Chairperson							

**Note:**

1. Directorship in Private Company, Foreign Companies and Companies under section 25 of the Companies Act, 1956 have not been considered.

2. For the purpose of membership & Chairmanship in a Committee only Audit Committee and Shareholders' Investors' Grievances Committee have been considered.
3. The above composition is as at 31.03.2013.

None of the Directors of the Board serve as Member of more than 10 Committees nor do they Chair more than 5 Committees.

(iii) Number of Board Meetings held, dates on which held:

Total 6 Board meetings were held during the period from 1st April, 2012 to March 31, 2013 on the following dates:

14.05.2012, 14.08.2012, 17.08.2012, 25.10.2012, 31.10.2012, 12.02.2013

### **Information placed before the Board**

The Board of Paul Merchants Limited is presented with all relevant information on various vital matters affecting the working of the company in addition to the matters set out in Annexure IA of Clause 49 of the Listing Agreement. Also, extensive information is provided on various critical matters such as Risk Assessment, Growth, Expansion, Related party transactions, sales, financial performance, foreign exchange exposure, Appointment of Key Management personnel, legal proceedings, share transfer compliance, quarterly financial results, significant labour and human relation matters.

### **3. AUDIT COMMITTEE**

#### **TERMS OF REFERENCE:**

#### **Powers of Audit Committee**

The Audit Committee has powers including:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

#### **The role of the audit committee:**

- 1) Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

- 2) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- 3) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- 4) Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
  - b) Changes, if any, in accounting policies and practices and reasons for the same
  - c) Major accounting entries involving estimates based on the exercise of judgment by management
  - d) Significant adjustments made in the financial statements arising out of audit findings
  - e) Compliance with listing and other legal requirements relating to financial statements
  - f) Disclosure of any related party transactions
  - g) Qualifications in the draft audit report.
- 5) Reviewing, with the management, the quarterly financial statements before submission to the board for approval
- 6) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- 7) Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- 8) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

- 9) Discussion with internal auditors any significant findings and follow up there on.
- 10) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- 11) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- 12) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- 13) To review the functioning of the Whistle Blower mechanism, in case the same is existing.
- 14) 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 & background, etc. of the candidate.
- 15) Carrying out any other function which the Board of Directors of the Company can refer to Audit Committee from time to time.

#### **Review of information by Audit Committee**

The Audit Committee reviews the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses and
5. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee

#### **Composition of Audit Committee**

The Audit Committee of the Company comprises of 4 non-executive Independent Directors, who are well qualified and financially literate.

Mr. Ram K Gupta is the Chairman who has relevant accounts and Finance related expertise as well as qualification. Mr. Dilbag Singh Sidhu has, Mr. Vigyan Arora and Mr. Karunasagar are other three members. All of them are having knowledge and expertise in accounts and fiancé.

The Audit Committee meetings are also attended by Chief Financial Officer, Head of Internal Audit and representatives of Statutory Auditors. The Company Secretary acts as a Secretary of the Committee.

#### **Meetings of Audit Committee and attendance during the year 2012-13**

4 meetings of the Audit Committee have been held during the year 2012-13 on the following dates:

14.05.2012, 14.08.2012, 31.10.2012, 12.02.2013

The attendance at the Audit Committee Meetings during the period from 01.04.2012 till 31.03.2013 is given below:

<b>Name</b>	<b>Title</b>	<b>No. of Meetings held</b>	<b>No. of Meetings attended</b>
Mr. Ram K Gupta	Independent Director and Chairman of Committee	4	4
Mr. Sat Paul Bansal	Chairman cum Managing Director	4	3
Mr. Rajneesh Bansal	Executive Director	4	2
Mr. Sandeep Bansal	Director	4	4
Mr. Vigyan Arora	Independent Director	4	2
Mrs. Sarita Rani Bansal	Director	4	4
Mr. Dilbag Singh Sidhu	Independent Director	4	3
Mr. Karunasagar	Independent Director	4	4

#### **4. SHAREHOLDERS/ INVESTORS GRIEVANCE COMMITTEE**

The Shareholders'/Investors' Grievance Committee of the Board has been constituted to look into complaints like transfer of shares, non-receipt of Balance Sheet, non-receipt of Annual Report etc. The Committee comprises of Mr. Vigyan Arora as Chairman and Mr. Sandeep Bansal Non-executive Director and Mr Rajneesh Bansal, Executive Director as other Members. The Company Secretary

Mr. Hardam Singh, is the Compliance Officer of the Company. The Compliance Officer can be contacted at:

[cs@paulmerchants.net](mailto:cs@paulmerchants.net)

Ph. 0172-5041760

Fax – 0172-5041713

During the year, 3 meetings of the Shareholders'/Investors' Grievance Committee were held on:

09.07.2012, 07.12.2012, 29.03.2013

The attendance at the Shareholders'/Investors' Grievance Committee Meetings during the period from 01.04.2012 till 31.03.2013 is given below:

<b>Name</b>	<b>Title</b>	<b>No. of Meetings held</b>	<b>No. of Meetings attended</b>
Mr. Vigyan Arora	Independent Director, Chairman	3	3
Mr. Sandeep Bansal	Director, Member	3	3
Mr. Rajneesh Bansal	Executive Director, Member	3	3

No shareholder complaint has been received by the Company during the year under review.

## **5. EXECUTIVE COMMITTEE**

An Executive Committee of the Board has been formed during the year to look after day to day affairs of the Company. The Committee comprises of Mr. Sat Paul Bansal, CMD as Chairman of the Meeting, Mr. Sandeep Bansal and Mr Rajneesh Bansal, Directors as other Members. The Company Secretary Mr. Hardam Singh, is the Secretary to the Committee.

During the year, 14 meetings of the Executive Committee were held on:

06.04.2012, 26.04.2012, 28.05.2012, 18.06.2012, 05.07.2012, 21.08.2012, 20.09.2012, 03.11.2012, 07.12.2012, 07.01.2013, 25.01.2013, 04.02.2013, 20.02.2013, 14.03.2013



**6. NOMINATION COMMITTEE**

Nomination Committee of the Board of Directors is in place in terms of RBI Guidelines. As per RBI Guidelines, the Boards of FFCs / non-bank ADs Category - II should undertake a process of due diligence to determine the suitability of the person for appointment / continuing to hold appointment as a director on the Board, based upon qualification, expertise, track record, integrity and other 'fit and proper' criteria. It further says that Nomination Committees should be constituted to scrutinize the declarations given by the Directors as to Fit & Proper Criteria. Following is the composition of the Nomination Committee:

1. Shri Sat Paul Bansal , Chairman Cum Managing Director (Chairman)
2. Shri Rajneesh Bansal, Executive Director (Member)
3. Shri Vigyan Arora, Independent Director (Member)

During the year, 2 meetings of the Nomination Committee were held on 17.08.2012 and 31.03.2013.

**7. GENERAL BODY MEETINGS**

(i) Location and time of Annual General Meetings held in the last 3 years:

<b>YEAR</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Type of Meeting	AGM	AGM	AGM
Date	30.09.2010	30.09.2011	29.09.2012
Venue	F 46, Malhotra Building, 1 <sup>st</sup> Floor, Cannught Place, New Delhi – 110001	FF-1, FF-1A, FF-1B and FF-1C, 1 <sup>st</sup> Floor, 11/5-B, Pusa Road, New Delhi 110 005	FF-1, FF-1A, FF-1B and FF-1C, 1 <sup>st</sup> Floor, 11/5-B, Pusa Road, New Delhi 110 005
Time	11.00 AM	11.00 AM	11.00 AM
Special Resolution passed	YES	YES	YES

(ii) Details of the Special Resolutions passed in the last three Annual General Meetings

**Year 2010:**

Appointment of Statutory Auditors to fill the vacancy caused by resignation



Approval for the remuneration of Chairman cum Managing Director  
Approval for the remuneration of Whole Time Director  
Approval for remuneration and Re-appointment of Whole Time Director  
Appointment of Independent Directors as regular Directors of the Company (3 no.s)

**Year 2011:**

Increase in remuneration of Whole Time Director

**Year 2012:**

Increase in remuneration of Chairman cum Managing Director

(iii) Whether any Special Resolution passed last year through Postal Ballot – No

No Special Resolution is proposed to be conducted through Postal Ballot Process at present.

**8. DISCLOSURES**

**(i) Related Party Transactions**

There is no material significant related party transaction that may have potential conflict with the interest of the Company at large.

**(ii) Details of Non-Compliances:**

There is no non-compliance by the Company and there are no penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any Statutory Authority on any matter related to capital markets, during the last three years.

**(iii) Disclosure of Accounting Treatment**

The Financial statement of Company are prepared as per the prescribed Accounting standards and reflects true and fair view of the business transactions in the Corporate Governance.

**(iv) Whistle Blower Policy**

As the mechanism for escalation of grievances and non-compliances, unethical behavior, need for establishing a separate mechanism called 'Whistle Blower Policy' has not been felt.

(v) **COMPLIANCE**

The Company has complied with all the mandatory conditions of Corporate Governance and is planning to adopt non-mandatory requirements also in a phased manner.

(vi) **COMPLIANCE WITH NON-MANDATORY REQUIREMENTS**

**1. Tenure of independent Directors on the Board**

Though no tenure for independent Directors has been fixed, their tenure on the Board of the Company shall not exceed 9 years in aggregate.

**2. Committees of Board**

The Board has set up a Nomination Committee as per RBI Guidelines but the Company has not set up a Remuneration Committee.

**3. Disclosures**

Quarterly Results of the Company are published in Newspapers.

**4. Audit Qualifications**

There are no Audit qualifications on the Financial Statements of the Company for the year 2012-13.

**5. Training of Board Members**

Considering the nature and risk profile of business of the Company vis a vis business experience/ professional standing of board members, they are eminently competent to discharge their duties.

**6. Mechanism for evaluating non-executive Directors**

Before appointing or re-appointing any director of the Company including non-executive directors, Nomination committee evaluates their credentials and their suitability, advantages to the Company. Further, evaluation of the non-executive directors is made.

**7. Whistle Blower Policy**

As a robust mechanism for escalation of grievances and non-compliances, unethical behavior etc, is in place, need for establishing a separate mechanism called 'Whistle Blower Policy' has not been felt.

**(vii) Disclosure Regarding Appointment Or Re-appointment Of Directors:**

Mr. Sandeep Bansal and Mr. Rajneesh Bansal, Directors of the Company retire by rotation in the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Their brief Resumes are already given.

**RELATIONSHIP OF DIRECTORS INTER SE**

Mr. Sat Paul Bansal is the Chairman cum Managing Director of the Company. Mr. Sandeep Bansal and Mr. Rajneesh Bansal, Directors of the Company are his sons. Mrs. Sarita Rani Bansal is his wife. No other directors are related to each other in any other manner.

**(viii) Code of Conduct**

(i) The Board of Directors has laid down Code of Conduct for all Board Members and Senior Management of the Company. The copies of Code of Conduct as applicable to the Directors (including Senior Management of the Company) are uploaded on the website of the Company [www.paulmerchants.net](http://www.paulmerchants.net)

(ii) The Members of the Board of Directors and Senior Management personnel have affirmed compliance with the Code applicable to them during the year ended March 31, 2013. The Annual Report of the Company contains a Certificate duly signed by the Managing Director in this regard.

**(ix) Board Disclosures - Risk Management**

The Company manages risks as an integral part of its decision making process. The Company has laid down procedures to inform the Board of Directors about the Risk Management and its minimization procedures. The Audit Committee and the Board of Directors review these procedures periodically.

**(x) Proceeds from public issues, rights issues, preferential issues, etc.**

During the year under review, no money has been raised by the Company by way of Public Issues, Rights Issues, Preferential Issues Etc.

**9. Management Discussion & Analysis Report:**

Management Discussion & Analysis Report forms part of the Annual Report and include discussions on various matters specified under Clause 49 of the Listing Agreement.

**10. MEANS OF COMMUNICATIONS**

Directors' Report includes the Management Discussion & Analysis Report of the Company. The Annual, Half yearly and Quarterly Results of the Company are sent to Delhi Stock Exchange in accordance with the Listing Agreement. The said Results are normally published in The Financial Express (English) and Jansatta (Hindi), circulating in New Delhi Region. During the year, no presentations were made to the Institutional Investors or to the Analysts.

**11. GENERAL SHAREHOLDER INFORMATION**

AGM : Date, time	Monday, the 30 <sup>th</sup> day of September, 2013 at 11.00 A.M.
AGM venue	Registered Office of the Company situated at FF-1, FF-1A, FF-1B, FF-1C, 11-B, Pusa Road, New Delhi – 110--
Financial year	April 1 <sup>st</sup> , 2012 to March 31 <sup>st</sup> , 2013
Date of Book closure	23.09.2013 to 30.09.2013
Dividend Payment Date	N/A
Listing on Stock Exchanges	Delhi Stock Exchange
ISIN	INE 291 E 01019
Stock Code	16059
Market Price Data: High, Low during each month in last financial year	NIL (As the Delhi Stock Exchange is not trading for the past many years)
Performance in comparison to broad-based indices such as BSE Sensex, CRISIL index etc.	(NIL for the same reason)
Registrar and Transfer Agents	Alankit Assignments Limited, 2E/21, JHANDEWALAN EXTN. NEW DELHI- 110055 (INDIA) Ph No. : 011-42541959
Share Transfer System	<p>To expedite the share transfer process in the physical segment, the process is undertaken by Common Registry M/s Alankit Assignments Limited, New Delhi. Share Transfers are processed and approved by them and reviewed by Share Transfer Committee, i.e. Shareholders'/Investors' Grievance Committee. The said Committee of the Company usually meets every fortnight to review the Transfer, transmission and issue of duplicate share certificates etc. The shares of the Company are traded in dematerialized form only.</p> <p>Presently, the share transfers, which are received in physical form, are processed and the share certificates returned within a period of 15 days from the date of receipt, subject to documents being valid and complete in all respects.</p> <p>All requests for dematerialization of shares are processed and the confirmation is given to the Depositories within 15 days subject to documents being valid and complete in all respects. Grievances received from Members and other miscellaneous correspondence on change of address,</p>

	mandates etc. are processed by the Registrar within 15 days.
Dematerialization of shares and liquidity	Liquidity 72.71% of the shareholding of the Company have been dematerialized as on 31.03.2013 and there is sufficient liquidity in the stock.
Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity	The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments
Plant Locations	The Company is in service Industry and has own offices in 443 Cities as on 08.08.2013.
Address for correspondence	The Company Secretary, PML House, SCO 829-830, Sector 22-A, Chandigarh – 160022 Ph. 0172-5025090, Fax 0172-5041713 email: <a href="mailto:cs@paulmerchants.net">cs@paulmerchants.net</a>

(a) **Distribution of Shareholding (No. of Shares) as on March 31, 2013 is as under :-**

No. of Shares	No. Shareholders	% Shareholders	Total No. Shares	% of Holding
1 – 500	51	46.79	15701	1.53
501 – 1000	6	5.50	4900	0.48
1001 – 2000	10	9.17	14951	1.45
2001 – 3000	7	6.42	21000	2.04
3001 – 4000	10	9.17	36700	3.57
4001 – 5000	9	8.26	43400	4.22
5001 – 10000	8	7.34	62286	6.06
10001 & above	8	7.34	829062	80.65%

Shareholding Pattern as on 31<sup>st</sup> March, 2013:-

Category	No. of Shares held
Promoters	645093
Institutional Investors	0
Mutual Funds & UTI	0
Banks, Financial Institutions and Insurance Companies	0
FII's	0
Others	0

Private Corporate Bodies	102355
Indian Public	280552
NRIs/OCBs	0
Trust	0

**(11) REMUNERATION OF DIRECTORS****(i) Executive Directors**

- (a) The remuneration of the executive directors is decided by the Board of Directors subject to approval by the Shareholders in General Meeting based on the qualification, experience, industry benchmarks, the Company's performance vis-à-vis the industry, performance track record of the executive director/ appointee(s). The remuneration of Directors is reviewed by Nomination Committee of the Board. The Company pays remuneration by way of salary or as a %age of Net Profits.
- (b) Remuneration paid to the past/present executive directors of the company during 2012-2013 is as under:-

**Mr. Sat Paul Bansal, Chairman cum Managing Director**

A Total Remuneration of Rs. 1.80 crores has been paid to him @ Rs. 15.00 Lacs per month. No other emoluments, commission, Bonus, allowances etc. were paid to him during the year.

His service tenure ends on 31.03.2014. His contract notice period is three months. No Stock Options has been given. He holds 201100 (19.56%) equity shares in the Company.

**Mr. Rajneesh Bansal, Executive Director**

A Total Remuneration of Rs. 60.00 Lacs has been paid to him @ Rs. 5.00 Lacs per month. No other emoluments, commission, Bonus, allowances etc. were paid to him during the year.

His service tenure ends on 31.03.2015. His contract notice period is three months. No Stock Options has been given. He holds 149746 (14.57%) equity shares in the Company.



**(ii) Non-Executive Directors**

The non-executive Directors do not draw any remuneration from the Company except the sitting fee as permitted under Companies Act, 1956 for attending meetings of the Board/Committees thereof. A sum of Rs. 1,85,000 has been paid to Non Executive Independent Directors as their sitting fee for the year 2012-13.

No non-executive independent director of the Company holds any shares or other convertible instruments in the Company. The Company has not entered into any pecuniary transactions with non-executive director of the Company during the year under review. Shares held by non-executive non-independent directors are given below:

Sr. No.	Name of the Non-executive non-independent Director	Number of Shares held
1.	Mr. Sandeep Bansal	144507 (14.57%)
2.	Mrs. Sarita Rani Bansal	144500 (14.57%)

**12. CEO/CFO CERTIFICATION**

In terms of the requirements of Clause 49(v) of the Listing Agreement, the Executive Chairman cum Managing Director and the CFO have submitted necessary certificate to the Board of Directors stating the particulars specified under the said Clause. The certificate has been reviewed by the Audit Committee and taken on record by the Board of Directors.

**(13) SUBSIDIARY COMPANIES**

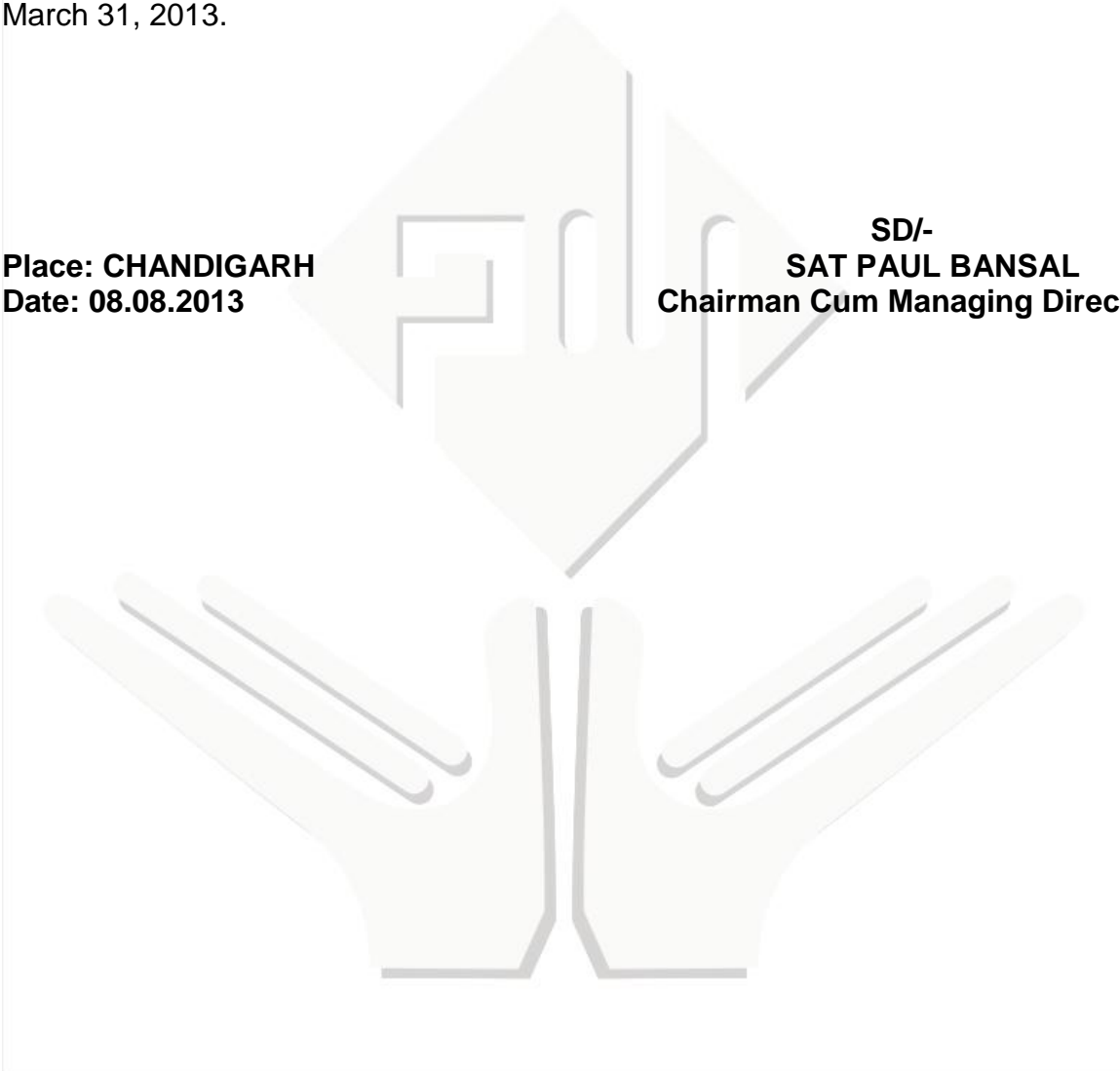
The Company has no Subsidiary Company. As such information and compliance in this regard is NIL.

**DECLARATION OF THE MANAGING DIRECTOR**

This is to certify that the Company has laid down code of conduct for all Board Members and Senior Management of the Company and the copies of the same are uploaded on the website of the Company [www.paulmerchants.net](http://www.paulmerchants.net). Further certified that the Members of the Board of Directors and Senior Management personnel have affirmed having complied with the code applicable to them during the year ended March 31, 2013.

**Place: CHANDIGARH**  
**Date: 08.08.2013**

**SD/-**  
**SAT PAUL BANSAL**  
**Chairman Cum Managing Director**



**CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE**

To  
The Members of Paul Merchants Limited

We have examined the compliance of conditions of Corporate Governance by Paul Merchants Limited for the year ended March 31, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the 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.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month with the Company.

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.

**Date: August 8, 2013**  
**Place: Chandigarh**

**SD/-**  
**(SANJEEV SHARMA)**  
**COMPANY SECRETARY IN PRACTICE**  
**FCS NO. 4047**

**INDEPENDENT AUDITOR'S REPORT****To the Members of Paul Merchants Limited:**

We have audited the accompanying financial statements of **M/s Paul Merchants Limited**, which comprise the Balance Sheet as at March 31, 2013, and the statement of Profit and Loss and Cash Flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements:**

Management is responsible for the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility:**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit

procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion:**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) In the case the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2013.
- (ii) In the case of Profit and Loss Account, of the profit for the year ended on that date, and
- (iii) In the case of Cash Flow Statement, the cash flow for the year ended on that date.

**Report on Other Legal and Regulatory Requirements:**

1. As required by Companies (Auditors' Report) Order, 2003, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act 1956, we annex hereto a statement on the matters specified in paragraph 4 & 5 of the said order.
2. As required by section 227(3) of the Act, we report that:

a. 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;

b. 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;

c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in Sub Section (3C) of Section 211 of the Companies Act, 1956;

e. on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

**For JAIN & ASSOCIATES  
CHARTERED ACCOUNTANTS  
Firm Reg. no.-01361N**

**PLACE: CHANDIGARH  
DATE: 28-05-2013**

**SD/-  
(NEERAJ JAIN)  
PARTNER  
M. NO. 089477**



**ANNEXURE TO THE AUDITORS' REPORT****I. In respect of its fixed assets:**

- a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) According to the information and explanations given to us, the company has a system of physical verification of all its fixed assets once in a year. In our opinion having regard to the size of the company and the nature of its assets, the program of verification is reasonable. No material discrepancies have been noticed in respect of assets physically verified.
- c) During the year, Company has not disposed of any substantial / major part of fixed assets.

**II. In respect of its inventories:**

- a) The inventory was physically verified during the year by the management. In our opinion, frequency of verification is reasonable.
- b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of inventory, the Company is maintaining proper records of its inventory. The discrepancies noticed on physical verification of inventory as compared to the book records were not material and have been properly dealt with in the books of account.

**III.**

- a) According to the information and explanations given to us, and our verification we observed that the company has granted no unsecured loans during the year to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956. Hence clause III (b) & (c) of this clause are not applicable

- d) According to the information and explanations given to us, and our verification we observed that the company has not taken any loans from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956.
  - e) The terms and conditions regarding repayment of loans and interest thereon have not been specified.
  - f) As per information provided there is no overdue amount for more than Rs. One Lac but the terms and condition regarding repayment have not been specified.
- IV. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods.
- V. In respect of transactions entered in the register maintained in pursuance of section 301 of the Companies Act 1956.
- a) To the best of our knowledge and belief and according to the information and explanation given to us, transactions that needed to be entered into the register have been so entered.
  - b) As per our verification regarding the transactions exceeding Rs. 5.00 lacs with each party we are of the opinion that the same are made at a price which is reasonable having regard to the prevailing market prices at the relevant time.
- VI. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public as per provisions of section 58A and 58AA of the Companies Act 1956
- VII. In our opinion, the Company has internal audit system which commensurate with the size and nature of its business.
- VIII. The Central Government has not prescribed the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 for the products of the company.
- IX. According to the information and explanations given to us in respect of Statutory and other dues:
- a) The company is regular in depositing undisputed statutory and other dues, including provident fund, Employees' State Insurance, Income

Tax, Sales Tax, Custom Duty, Excise Duty and any other statutory dues with the appropriate authorities during the year

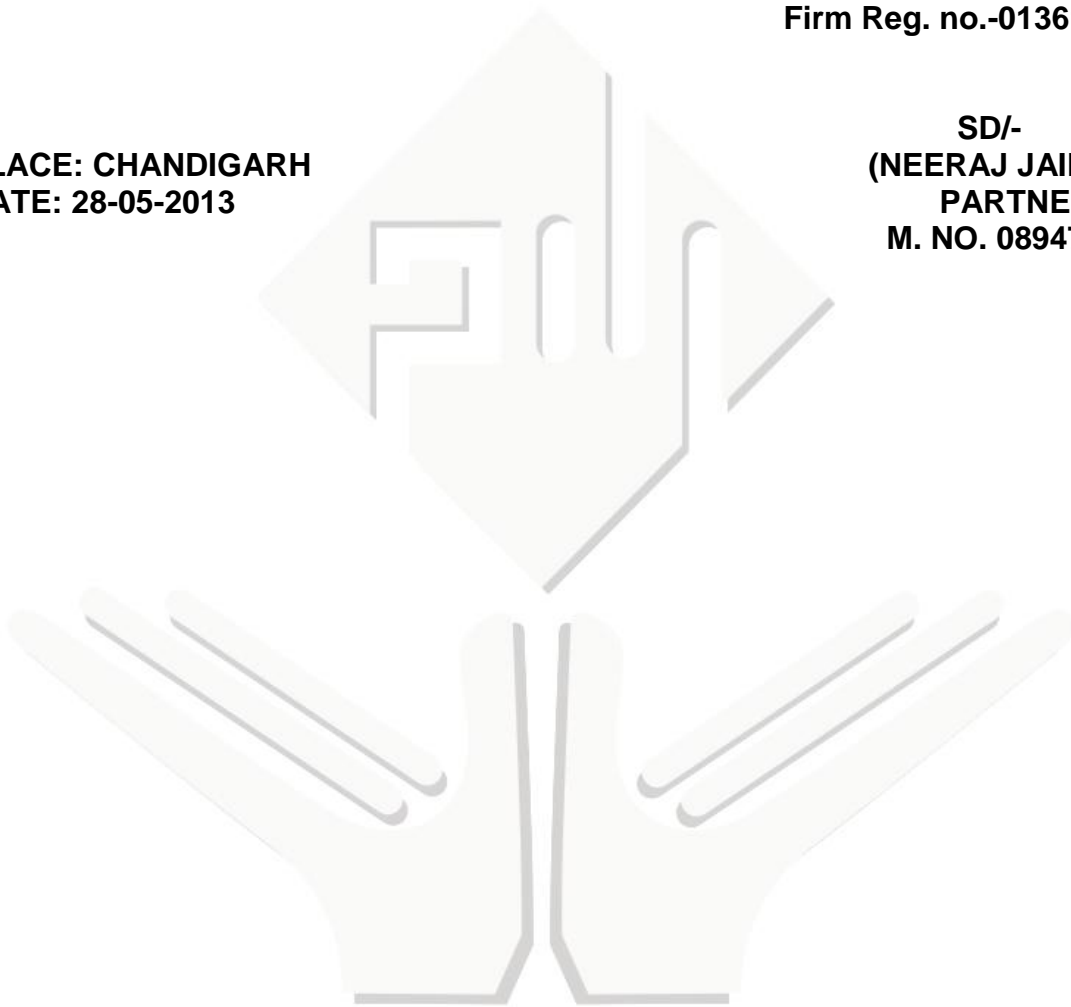
- b) As per the information and explanation given to us, no disputed amounts payable in respect of Income Tax, Wealth Tax, Custom Duty and Excise Duty were outstanding as on 31.03.2013 for a period more than six months from the date of becoming payable.
- X. The Company does not have accumulated losses as at the end of the year and the Company has not incurred cash losses during the current and the immediately preceding financial year.
- XI. Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the Company has not defaulted in the repayment of dues to financial institutions and banks.
- XII. According to the information and explanations, given to us, the Company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- XIII. The company is not a chit fund company, Nidhi or mutual benefit fund / society.
- XIV. The company is not dealing or trading in shares, securities, debentures and other investments.
- XV. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.
- XVI. To the best of our knowledge and belief and according to the information and explanations given to us, term loans availed by the company were, prima facie, applied by the company during the year for the purposes for which the loans were obtained.
- XVII. On our verification we are of the opinion and as per the information and explanations given to us, on an overall basis, funds raised on short term basis have, prima facie, not been used during the year for long term investment and vice versa.
- XVIII. The company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act 1956, during the year.
- XIX. The Company has not issued any debenture during the year.

- XX. The company has not raised any money by way of public issue during the year.
- XXI. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company was noticed or reported during the year.

**For JAIN & ASSOCIATES  
CHARTERED ACCOUNTANTS  
Firm Reg. no.-01361N**

**PLACE: CHANDIGARH  
DATE: 28-05-2013**

**SD/-  
(NEERAJ JAIN)  
PARTNER  
M. NO. 089477**



**BALANCE SHEET AS AT 31st MARCH, 2013**

Amount in Rupees

PARTICULARS	Note	CURRENT YEAR as on 31.03.2013	PREVIOUS YEAR as on 31.03.2012
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
Shri Laxmi Ji		1.25	1.25
Share Capital	1	10,280,000.00	10,280,000.00
Reserve & Surplus	2	858,824,457.91	689,199,255.16
<b>(2) Non-Current Liabilities</b>			
Long Term Borrowings	3	8,084,590.68	13,238,943.18
Other Long Term Liabilities	4	54,927,988.00	78,603,116.00
Deferred Tax Liabilities (Net)	5	342,193.00	57,172.00
<b>(3) Current Liabilities</b>			
Short Term Borrowings	6	219,917,776.46	143,239,144.81
Trade Payables	7	494,287,261.25	306,856,373.68
Other Current Liabilities	8	60,175,895.56	48,990,918.11
Short Term Provisions	9	93,247,756.40	84,772,362.32
<b>TOTAL</b>		<b>1,800,087,920.51</b>	<b>1,375,237,286.51</b>
<b>II. ASSETS</b>			
<b>(1) Non-Current Assets</b>			
Fixed Assets			
Tangible Assets	10	175,469,187.93	169,955,599.93
Non-Current Investments	11	54,225,216.53	41,388,436.79
Other Non-Current Assets	12	69,853,979.58	21,440,837.58
<b>(2) Current Assets</b>			
Inventories	13	29,743,425.16	20,438,651.98
Trade Receivables	14	838,811,878.46	435,187,197.56
Cash and Cash Equivalents	15	447,736,649.80	479,215,195.33
Short Term Loans and Advances	16	180,047,626.05	205,729,763.34
Other Current Assets	17	4,199,957.00	1,881,604.00
<b>TOTAL</b>		<b>1,800,087,920.51</b>	<b>1,375,237,286.51</b>
Significant Accounting Policies & Notes of Financial Statements	1-37		

PLACE: CHANDIGARH  
DATED: 28.05.2013

For & on Behalf of Board of Directors

SD/-  
SAT PAUL BANSAL  
Chairman cum  
Managing Director

SD/-  
RAJNEESH BANSAL  
Executive Director

SD/-  
HARDAM SINGH  
Company Secretary

AUDITOR'S REPORT:

As per our Separate Report of the Even Date

For Jain & Associates  
CHARTERED ACCOUNTANTS  
(FRN – 01361N)

SD/-  
CA. NEERAJ JAIN  
Partner  
(M. No. 089477)

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDING 31st MARCH,2013**

Amount in Rupees

PARTICULARS	Note	CURRENT YEAR as on 31.03.2013	PREVIOUS YEAR as on 31.03.2012
<b>I. REVENUE</b>			
Revenue from Operations	18	16,115,733,026.36	15,250,006,329.47
Other Income	19	33,001,888.13	31,857,497.76
<b>TOTAL REVENUE</b>		<b>16,148,734,914.49</b>	<b>15,281,863,827.23</b>
<b>II. EXPENSES</b>			
Purchase of Foreign Exchange and Services	20	14,796,814,379.23	14,037,630,208.55
Changes in Inventories of Stock in Trade	21	(9,304,773.18)	4,493,541.41
Commission & Incentive Paid To WU Agents	22	461,185,762.97	389,722,207.10
Office & Administrative Expenses	23	211,116,213.95	191,530,401.62
Employee Benefit Expenses	24	266,347,541.00	240,373,486.28
Finance Costs	25	33,525,862.76	35,024,193.86
Sales Promotion Expenses	26	109,561,291.79	117,037,002.16
Other Expenses	27	5,585,586.51	6,810,740.63
Depreciation		18,270,423.63	18,589,733.00
<b>TOTAL EXPENSES</b>		<b>15,893,102,288.66</b>	<b>15,041,211,514.61</b>
<b>III. PROFIT BEFORE EXCEPTIONAL &amp; EXTRAORDINARY ITEMS &amp; TAX (I - II)</b>		<b>255,632,625.83</b>	<b>240,652,312.62</b>
<b>IV. EXCEPTIONAL ITEMS</b>		0.00	0.00
<b>V. PROFIT BEFORE EXTRAORDINARY ITEMS AND TAX (III - IV)</b>		<b>255,632,625.83</b>	<b>240,652,312.62</b>
<b>VI. EXTRAORDINARY ITEMS</b>		0.00	0.00
<b>VII. PROFIT BEFORE TAX (V - VI)</b>		<b>255,632,625.83</b>	<b>240,652,312.62</b>
<b>VIII. TAX EXPENSE</b>			
(1) Current Tax		84,180,402.08	80,528,294.32
(2) Deferred Tax		285,021.00	-677,868.00
<b>IX. PROFIT (LOSS) AFTER TAX (VII - VIII)</b>		<b>171,167,202.75</b>	<b>160,801,886.30</b>
<b>X. EARNING PER EQUITY SHARE (BASIC &amp; DILUTED)</b>		<b>166.51</b>	<b>153.71</b>

Significant Accounting Policies & Notes of Financial Statements 1-36

PLACE: CHANDIGARH  
DATED: 28.05.2013

For & on Behalf of Board of Directors

SD/-  
SAT PAUL BANSAL  
Chairman cum  
Managing Director

SD/-  
RAJNEESH BANSAL  
Executive Director

SD/-  
HARDAM SINGH  
Company Secretary

AUDITOR'S REPORT:

As per our Separate Report of the Even Date

For Jain & Associates  
CHARTERED ACCOUNTANTS  
(FRN - 01361N)

SD/-  
CA. NEERAJ JAIN  
Partner  
(M. No. 089477)



**CASH FLOW STATEMENT AS ON 31st MARCH 2013**

Amount in Rupees

	CURRENT YEAR 31.03.2013	PREVIOUS YEAR 31.03.2012
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before Tax and Extraordinary Items	255,632,626	240,652,313
Adjustment for:		
Depreciation	18,270,424	18,589,733
Profit/Loss on Sale of Fixed Assets/Investments	(387,826)	403,399
Finance Cost	33,525,863	35,024,194
Interest Income	(9,337,199)	(9,970,847)
Profit before working Capital Changes	<b>297,703,888</b>	<b>284,698,792</b>
Adjustment for :		
Net changes in operating Assets & Liabilities		
Trade receivable	(403,624,681)	(221,613,577)
Inventory	(9,304,773)	4,493,541
Short Term Loans & Advances	25,682,137	(28,588,056)
Other Current Assets	(2,318,353)	909,982
Other Non Current Assets	(48,413,142)	(14,306,938)
Trade Payables	187,430,888	137,176,050
Other Current Liabilities	11,184,977	6,345,643
Other Long Term Liabilities	(23,675,128)	(23,743,130)
Short Term Provisions	8,475,394	9,101,311
Cash generated from operations	<b>(254,562,681)</b>	<b>(130,225,174)</b>
Income Taxes Paid	(83,919,642)	(83,069,000)
Cash generated from operation before extraordinary items	(40,778,435)	71,404,618
Dividend Received	-	2,481
Net Cash flow from operating activities	<b>(40,778,435)</b>	<b>71,407,099</b>
<b>B. CASH FLOW FROM LENDING AND INVESTING ACTIVITIES</b>		
Fixed Deposited with Banks	2,852,177	(34,274,222)
Interest Received on Fixed Deposits	9,337,199	9,968,366
Sale of Fixed Assets	5,618,141	867,124
Purchase of Fixed Assets	(29,014,511)	(18,350,002)
Increase/Decrease in Non Current Investments	(12,836,780)	(13,551,625)
Net cash used in lending and investing activities	<b>(24,043,774)</b>	<b>(55,340,360)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend Paid	(1,542,000)	(1,542,000)
Tax on Dividend Paid	(250,151)	(250,151)
Borrowings (Net of Repayments)		
Long Term Borrowings	(5,154,353)	127,793
Short Term Borrowings	76,678,632	(4,832,006)
Finance Cost	(33,525,863)	(35,024,194)
	<b>36,206,265</b>	<b>(41,520,557)</b>
Net cash flow after financing activities	(28,615,944)	(25,453,818)
Cash and Cash equivalent at the beginning of the year	341,060,057	366,513,874
Cash and Cash equivalents at the end of the year	<b>312,444,113</b>	<b>341,060,057</b>

Place : Chandigarh.

For & on behalf of Board of Directors

Dated : 28.05.2013

SD/-  
HARDAM SINGH  
Company Secretary

SD/-  
(SAT PAUL BANSAL)  
MANAGING DIRECTOR

SD/-  
(RAJNEESH BANSAL)  
EXEC. DIRECTOR

**AUDITOR'S CERTIFICATE**

We have examined the Cash flow Statement of Paul Merchants Limited for the year ended 31st March 2013. The Statement has been prepared by the company in accordance with the requirement of listing agreement clause 32 with stock exchange and is based on and in agreement with the corresponding Profit and Loss account and Balance Sheet of the Company covered by our report of even date to the members of the Company.

Place: Chandigarh  
Dated: 28.05.2013

For Jain & Associates  
CHARTERED ACCOUNTANTS  
(FRN - 01361N)

SD/-  
CA. NEERAJ JAIN  
Partner  
(M. No. 089477)

## **SIGNIFICANT ACCOUNTING POLICIES**

### **A. Basis of Preparation of Financial Statements**

The financial statements are prepared under the historical cost convention, except for certain fixed assets which are revalued, in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956.

### **B. Use of Estimates**

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known/ materialised.

### **C. Own Fixed Assets**

Fixed Assets are stated at cost net of recoverable taxes and includes amounts added on revaluation, less accumulated depreciation and impairment loss, if any. All costs, including financing costs, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the fixed assets are capitalised.

### **D. Depreciation**

Depreciation on fixed assets is provided to the extent of depreciable amount on written down value method (WDV) at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 over their useful life on pro-rata basis.

### **E. Impairment of Assets**

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

### **F. Foreign Currency Transactions**

1. The Company undertakes Inward Money Transfer Services in Association with Western Union Financial Service Inc. U.S.A. and in the process receives the remittances from Western Union in US Dollars, which are credited to the Company's Bank account at the exchange rates prevailing on the date of receipt.
2. Similarly all other Foreign Currency transactions have also been recorded at exchange rate prevailing on the date of the transaction.
3. Foreign Currency Fixed Deposits, Balances in Foreign Currency Bank Accounts and other Foreign Currency receivables or payables are valued at year end rates and gains/losses due to exchange rate differences have been adjusted in Profit & Loss Account.

#### **G. Investments**

Current investments are carried at lower of cost and quoted/fair value, computed category wise. Non-Current Investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary.

#### **H. Inventories**

Stock of Foreign Currency/TC and Stock of Shares held for trading purposes has been valued at cost.

#### **I. Revenue Recognition**

Revenue is recognized only when it can be reliably measured and it is reasonable to expect ultimate collection. Revenue from operations includes sale of Foreign Exchange and Services. Dividend income is recognized on receipt basis. Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable.

#### **J. Employee Benefits**

The entity makes contributions to statutory provident funds in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952 and Employee State Insurance Act, 1948. Provident Fund and ESI are defined contribution schemes and the contributions are charged to the profit and loss account of the year when the contributions to the respective fund is due. There are no other obligations other than the contribution payable to the fund.

Leave encashment which are short term compensated absences are charged to profit and loss account of the year in which it is due.

#### **K. Borrowing Costs**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets (if any) are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to Profit and Loss account.

#### **L. Forex Hedging Transactions**

In respect of Forex hedging transactions, gains / losses on settlement and losses on restatement are recognised in the Profit and Loss account except in case where they relate to the acquisition or construction of fixed assets, in which case, they are adjusted to the carrying cost of such assets.

#### **M. Provision for Current and Deferred Tax**

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income-tax Act, 1961. Deferred tax resulting from "timing difference" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date.

Deferred tax asset is recognised and carried forward only to the extent that there is a virtual certainty that the asset will be realised in future.

**N. Provisions, Contingent Liabilities and Contingent Assets**

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

**NOTES ON FINANCIAL STATEMENTS**

The previous year figures have been regrouped / reclassified, wherever necessary to conform to the current year presentation.

**Note 1: SHARE CAPITAL**

**A. Authorised, Issued, Subscribed & Paid up Share Capital and Par Value per Share**

Particulars	As at 31 March 2013		As at 31 March 2012	
	Number	Amount ( In Rs.)	Number	Amount ( In Rs.)
<b><u>Authorised</u></b>				
Equity Shares of Rs. 10 each	20,00,000	2,00,00,000.00	20,00,000	2,00,00,000.00
<b><u>Issued, Subscribed &amp; fully Paid up</u></b>				
Equity Shares of Rs. 10 each fully paid	10,28,000	1,02,80,000.00	10,28,000	1,02,80,000.00
<b>Total</b>	<b>10,28,000</b>	<b>1,02,80,000.00</b>	<b>10,28,000</b>	<b>1,02,80,000.00</b>

**B. Reconciliation of Number of Shares Outstanding at the beginning and end of the year**

Particulars	Equity Shares			
	As at 31 March 2013		As at 31 March 2012	
	Number	Amount ( In Rs.)	Number	Amount ( In Rs.)
Shares outstanding at the beginning of the year	1028000	1,02,80,000.00	10,28,000.00	1,02,80,000.00
Shares Issued during the year	0.00	0.00	0.00	0.00
Shares bought back during the year	0.00	0.00	0.00	0.00
<b>Shares outstanding at the end of the year</b>	<b>1028000</b>	<b>1,02,80,000.00</b>	<b>10,28,000.00</b>	<b>1,02,80,000.00</b>

**C. Rights, Preferences and Restrictions attaching to various classes of Shares**

Class of Shares	Rights, Preferences and Restrictions attaching to various classes of Shares
Equity Shares	No Special Rights, Preferences & Restrictions Attached

**D. Shares in the company held by each shareholder holding more than 5% shares**

Name of Shareholder (Mr./Mrs.)	Equity Shares			
	As at 31 March 2013		As at 31 March 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Sat Paul Bansal	201100	19.56	201100	19.56
Sarita Rani Bansal	144500	14.06	144500	14.06
Rajneesh Bansal	141500	13.76	141500	13.76
Sandeep Bansal	144507	14.06	144507	14.06
Paul Excursions Pvt. Ltd.	102355	9.96	NA	NA

**Note 2: RESERVES AND SURPLUS**

Particulars	As at 31 March 2013	As at 31 March 2012
	Amount ( In Rs.)	Amount ( In Rs.)
<b>A. Securities Premium Account</b>		
Opening Balance	50,40,000.00	50,40,000.00
Add : Securities premium credited on Share issue	0.00	0.00
Less : Premium Utilised	0.00	0.00
<b>Closing Balance</b>	<b>50,40,000.00</b>	<b>50,40,000.00</b>
<b>B. General Reserve</b>		
Opening Balance	68,41,59,255.16	52,76,90,225.54
(+) Current Year Transfer	16,96,25,202.75	15,64,69,029.62
(-) Written Back in Current Year	0.00	0.00
<b>Closing Balance</b>	<b>85,37,84,457.91</b>	<b>68,41,59,255.16</b>
<b>C. Surplus</b>		
Opening balance	0.00	0.00
(+) Net Profit For the current year	17,11,67,202.75	16,08,01886.30
(-) Tax Provisions for earlier years	0.00	27,90,856.68
(-) Dividends	15,42,000.00	15,42,000.00
(-) Transfer to General Reserves	16,96,25,202.75	15,64,69,029.62
<b>Closing Balance</b>	<b>0.00</b>	<b>0.00</b>
<b>Total</b>	<b>85,88,24,457.91</b>	<b>68,91,99,255.16</b>

**Note:** - Section 205(2) of the Companies Act, 1956 requires that where the dividend proposed exceeds 12.5%, but does not exceed 15% of the paid up capital, the amount to be transferred to the reserves shall not be less than 5% of the current profits. Total surplus transferred to General reserve includes 5% amounting to Rs. 85,58,360.15.



### Note 3: LONG TERM BORROWINGS

Particulars	As at 31 March 2013 Amount ( In Rs.)	As at 31 March 2012 Amount ( In Rs.)
<b>SECURED</b>		
<b>A. Term loans</b>		
<b>1. From Banks</b>		
a. Term Loan from ICICI Bank <i>(Secured by Mortgage of Guest House Building at Delhi and personal guarantee of Directors)</i>	0.00	89,53,689.00
b. Car Loans from Banks <i>(Secured by Hypothecation of Cars)</i>	72,19,901.68	42,85,254.18
<b>2. From other parties</b>		
a. Car Loans from BMW Financial Services <i>(Secured by Hypothecation of Car)</i>	8,64,689.00	0.00
<b>Total</b>	<b>80,84,590.68</b>	<b>1,32,38,943.18</b>
<b>Total</b>	<b>80,84,590.68</b>	<b>1,32,38,943.18</b>

### Note 4: OTHER LONG TERM LIABILITIES

Particulars	As at 31 March 2013 Amount ( In Rs.)	As at 31 March 2012 Amount ( In Rs.)
Advance from Western Union	4,96,92,988.00	7,35,45,616.00
Security deposits received from WU	27,15,000.00	25,57,500.00
Security deposits received from Agents	25,20,000.00	25,00,000.00
<b>Total</b>	<b>5,49,27,988.00</b>	<b>7,86,03,116.00</b>

## Note 5: DEFFERED TAX LIABILITIES

Particulars	As at 31 March 2013 Amount ( In Rs.)	As at 31 March 2012 Amount ( In Rs.)
Opening Balances	57,172.00	7,35,040.00
Add: Deffered Tax Liabilty for the year	2,85,021.00	(6,77,868.00)
<b>Total</b>	<b>3,42,193.00</b>	<b>57,172.00</b>

## Note 6: SHORT TERM BORROWINGS

Particulars	As at 31 March 2013 Amount ( In Rs.)	As at 31 March 2012 Amount ( In Rs.)
<b>A. SECURED</b>		
1. Loans repayable on demand		
a. FROM BANKS		
Secured by Current Assets (future & current) and personal properties of Directors with personal guarantee		
(i) Cash Credit Facility (CC)	14,93,29,923.41	10,95,87,348.56
Secured by Hypothication of Fixed deposits with Respective Banks		
(ii) Over Draft Facility (OD)	7,05,87,853.05	3,36,51,796.25
b. FROM OTHER PARTIES	0.00	0.00
<b>B. UNSECURED</b>		
(a) Loans and advances from related parties		
(i) Deposits from Directors Relatives	0.00	0.00
<b>Total</b>	<b>21,99,17,776.46</b>	<b>14,32,39,144.81</b>

## Note 7: TRADE PAYABLES

Particulars	As at 31 March 2013 Amount ( In Rs.)	As at 31 March 2012 Amount ( In Rs.)
Sundry Creditors - Forex	70,73,582.29	38,79,018.06
Western Union Sub-Agents	47,48,89,875.27	29,22,04,093.67
Sundry Creditors - Travel	1,23,23,803.69	1,07,73,261.95
<b>Total</b>	<b>49,42,87,261.25</b>	<b>30,68,56,373.68</b>

## Note 8: OTHER CURRENT LIABILITIES

Particulars	As at 31 March 2013 Amount ( In Rs.)	As at 31 March 2012 Amount ( In Rs.)
Current maturities of long-term debt	1,52,65,304.00	64,00,197.58
Expenses Payable	2,79,13,931.76	3,24,94,128.28
Unclaimed dividends	62,293.00	38,599.00
Advance From Customer	59,60,416.38	19,62,208.99
Other payables		
(i) PF Payable	18,90,044.00	18,36,480.00
(ii) ESI Payable	2,34,676.00	2,12,449.00
(iii) Service Tax Payable	17,83,984.06	0.00
(iv) TDS Payable	55,23,246.36	45,64,763.77
(v) Dividend Payable	15,42,000.00	15,42,000.00
<b>Total</b>	<b>6,01,75,895.56</b>	<b>4,89,90,918.11</b>

## Note 9: SHORT TERMS PROVISIONS

Particulars	As at 31 March 2013 Amount ( In Rs.)	As at 31 March 2012 Amount ( In Rs.)
(a) Provision for employee benefits		
Gratuity	36,33,460.00	0.00
Leave Encashment	46,77,288.00	42,44,068.00
(b) Others		
Provision for Taxes	8,46,03,257.40	8,02,09,143.32
Provision for Dividend Distribution Tax	2,50,151.00	2,50,151.00
Provision for Wealth Tax	83,600.00	69,000.00
<b>Total</b>	<b>9,32,47,756.40</b>	<b>8,47,72,362.32</b>

## Note 11: NON CURRENT INVESTMENTS

Particulars	As at 31 March 2013 Amount ( In Rs.)	As at 31 March 2012 Amount ( In Rs.)
Other Investments (unquoted, fully paid up, at cost) 49.99% JV Investment in Horizon Remit SDN BHD, Malaysia	5,42,25,216.53	4,13,88,436.79
<b>Total</b>	<b>5,42,25,216.53</b>	<b>4,13,88,436.79</b>

Note 10: FIXED ASSETS

PARTICULARS	Gross Block (Amount in Rupees)				Accumulated Depreciation (Amount in Rupees)				Net Block (Amount in Rupees)	
	Balance as at 1 April 2012	Additions	Disposals	Balance as at 31st Mar 2013	Balance as at 1 April 2012	Depreciation charge for the year	On disposals	Balance as at 31st Mar 2013	Balance as at 1 April 2012	Balance as at 31st Mar 2013
<b>Tangible Assets</b>										
Land	61,119,566.00	0.00	1,541,765.00	59,577,801.00	0.00	0.00	0.00	0.00	61,119,566.00	59,577,801.00
Buildings	56,263,329.00	6,000,000.00	0.00	62,263,329.00	5,924,351.00	2,502,883.00	0.00	8,427,234.00	50,338,978.00	53,836,095.00
Computers & Pheriparals	37,316,514.89	2,685,768.00	454,034.00	39,548,248.89	26,855,795.99	4,784,786.50	377,481.00	31,263,101.49	10,460,718.90	8,285,147.40
Furniture and Fixtures	44,948,269.53	942,688.00	2,499,405.00	43,391,552.53	20,163,515.08	4,363,661.73	1,090,397.00	23,436,779.81	24,784,754.45	19,954,772.72
Motor Vehicles	23,974,160.00	15,120,772.00	7,358,686.00	31,736,246.00	11,286,549.00	4,988,521.00	5,451,835.00	10,823,235.00	12,687,611.00	20,913,011.00
Machinery & Equipments	17,794,806.00	4,265,283.00	540,876.00	21,519,213.00	7,231,018.75	1,630,571.40	244,737.96	8,616,852.19	10,563,787.25	12,902,360.81
<b>Total Current Year</b>	<b>241,416,645.42</b>	<b>29,014,511.00</b>	<b>12,394,766.00</b>	<b>258,036,390.42</b>	<b>71,461,229.82</b>	<b>18,270,423.63</b>	<b>7,164,450.96</b>	<b>82,567,202.49</b>	<b>169,955,415.60</b>	<b>175,469,187.93</b>
<b>Total Previous Year</b>	<b>225,314,614.46</b>	<b>18,350,002.28</b>	<b>2,247,786.99</b>	<b>241,416,829.75</b>	<b>53,848,760.61</b>	<b>18,589,733.00</b>	<b>977,263.79</b>	<b>71,461,229.82</b>	<b>171,465,842.14</b>	<b>169,955,599.93</b>

## Note 12: OTHER NON CURRENT ASSETS

Particulars	As at 31 March 2013 Amount ( In Rs.)	As at 31 March 2012 Amount ( In Rs.)
Advance against Investment Properties	6,98,53,979.58	2,14,40,837.58
<b>Total</b>	<b>6,98,53,979.58</b>	<b>2,14,40,837.58</b>

## Note 13: INVENTORIES

Particulars	As at 31 March 2013 Amount ( In Rs.)	As at 31 March 2012 Amount ( In Rs.)
Stock of Foreign Currency at Cost	2,93,03,508.58	1,99,98,735.40
Stock Of Shares at Cost	4,39,916.58	4,39,916.58
<b>Total</b>	<b>2,97,43,425.16</b>	<b>2,04,38,651.98</b>

## Note 14: TRADE RECEIVABLES

Particulars	As at 31 March 2013 Amount ( In Rs.)	As at 31 March 2012 Amount ( In Rs.)
A. Trade receivables outstanding for a period less than six months		
1. Unsecured, considered good	82,93,34,469.90	42,71,32,383.08
Less: Provision for doubtful debts	0.00	0.00
	82,93,34,469.90	42,71,32,383.08
B. Trade receivables outstanding for a period exceeding six months		
1. Unsecured, considered good	94,77,408.56	80,54,814.48
Less: Provision for doubtful debts	0.00	0.00
	94,77,408.56	80,54,814.48
<b>Total</b>	<b>83,88,11,878.46</b>	<b>43,51,87,197.56</b>

Trade Receivable stated above include debts due by:

Particulars	As at 31 March 2013 Amount ( In Rs.)	As at 31 March 2012 Amount ( In Rs.)
Directors	Nil	Nil
Other officers of the Company	Nil	Nil
Firm in which director is a partner	Nil	Nil
Private Company in which director is a member	Nil	Nil
	Nil	Nil

## Note 15: CASH & CASH EQUIVALENTS

Particulars	As at 31 March 2013 Amount ( In Rs.)	As at 31 March 2012 Amount ( In Rs.)
<b>A. Balances with Banks</b>		
1. In Current Accounts	20,38,60,412.41	19,25,61,267.97
2. In Term Deposit Accounts with more than 12 months maturity	29,35,905.00	25,87,768.90
3. In earmarked Term Deposit Accounts		
a. Security against borrowings	12,75,77,254.00	12,85,14,806.00
b. Margin money	45,39,377.31	45,39,377.31
c. Guarantees & Other Commitments	2,40,000.00	25,02,761.00
4. In EEFC Accounts	7,04,533.18	8,952.38
5. Unclaimed dividend accounts	62,293.00	38,476.00
<b>B. Cash on hand</b>	10,78,16,874.90	14,84,61,785.77
<b>Total</b>	<b>44,77,36,649.80</b>	<b>47,92,15,195.33</b>

## Note 16: SHORT TERM LOANS & ADVANCES

Particulars	As at 31 March 2013 Amount ( In Rs.)	As at 31 March 2012 Amount ( In Rs.)
<b>A. Secured, Considered Good</b>		
Claims Recoverable	4,00,000.00	4,00,000.00
<b>B. Unsecured, Considered Good</b>		
1. Advances to Other Parties (Net)	7,04,28,387.20	9,20,74,263.73
2. Security Deposits	2,09,54,353.74	2,03,98,129.74
3. Loans and advances to employees	22,43,876.34	33,53,587.14
4. Staff Imprest	12,20,111.48	14,76,380.00



5. Prepaid expenses	79,77,560.33	49,89,450.50
6. Balances with government authorities		
a. CENVAT credit receivable	1,46,518.00	85,55,726.00
b. Advance Tax	7,25,00,000.00	6,75,00,000.00
c. Tax Deducted at Source	41,76,818.96	52,86,030.23
d. Others	0.00	16,96,196.00
<b>Total</b>	<b>18,00,47,626.05</b>	<b>20,57,29,763.34</b>

**Disclosure pursuant to Note No. R (iv) of Part I of Schedule VI to the Companies Act, 1956**

Loans and advances due by directors or other officers of the company or any of them either severally or jointly with any other person or amount due by firms or private companies respectively in which any director is a partner or a director or a member are stated below:

Particulars	As at 31 March 2013 Amount ( In Rs.)	As at 31 March 2012 Amount ( In Rs.)
Directors	Nil	Nil
Other officers of the Company	Nil	Nil
Firm in which director is a partner	Nil	Nil
Private Company in which director is a member	Nil	Nil
	<b>NIL</b>	<b>NIL</b>

**Note 17: OTHER CURRENT ASSETS**

Particulars	As at 31 March 2013 Amount ( In Rs.)	As at 31 March 2012 Amount ( In Rs.)
Interest Accrued but not due on FDR's	24,10,352.00	1,02,922.00
Insurance Claim Recoverable	17,89,605.00	17,78,682.00
<b>Total</b>	<b>41,99,957.00</b>	<b>18,81,604.00</b>

**OTHER NOTES**

**A: Disclosure pursuant to Note no. 6(U) of Part I of Schedule VI to the Companies Act, 1956**

The amount of dividends proposed to be distributed to equity & preference shareholders for the period and the related amount per share along with arrears of fixed cumulative dividends on preference shares

Particulars	Total (In Rs.)	Per share (Rs.)
Dividends to be distributed to equity shareholders	15,42,000/-	1.50

Dividends to be distributed to preference shareholders	NIL	NA
Arrears of fixed cumulative dividends on preference shares	NIL	NA

**B: Disclosure pursuant to Note no. 6(V) of Part I of Schedule VI to the Companies Act, 1956**

Investment of utilised amounts collected on issue of securities for specific purposes where whole or part of the amount has not been used for that purpose

Not Applicable

**C: Disclosure pursuant to Note no. 6(W) of Part I of Schedule VI to the Companies Act, 1956**

In the opinion of the Board, all assets other than fixed assets and non-current investments have a realisable value in the ordinary course of business which is not less than the amount at which it is stated.

**Note 18: REVENUE FROM OPERATIONS**

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
	Amount ( In Rs.)	Amount ( In Rs.)
<b>Sale of Services</b>		
Foreign Exchange	14,68,68,07,031.82	13,99,74,51,548.95
Service Charges on Forex	72,79,040.51	66,56,796.37
Charges Received from Western Union	50,54,69,549.99	44,08,72,349.98
Forex Gain on Remittances from Western Union	50,40,25,663.04	44,92,60,517.98
Sales of Air Tickets	32,33,24,654.00	26,60,54,443.00
Sales of Hotel Bookings & Packages	3,35,97,793.00	3,33,90,050.76
<b>Total - Sale of services</b>	<b>16,06,05,03,732.36</b>	<b>15,19,36,85,707.04</b>
<b>Other Operating Revenues</b>		
Rewards & Incentives	4,89,09,275.25	4,14,55,448.71
Miscellaneous Receipts- Travel	30,29,018.12	7,11,037.45
Revenue from Haj Project	0.00	1,10,25,849.00
Credit Card Encashment	32,91,000.63	31,28,287.27
<b>Total - Other operating revenues</b>	<b>5,52,29,294.00</b>	<b>5,63,20,622.43</b>

<b>Total Revenue From Operations</b>	<b>16,11,57,33,026.36</b>	<b>15,25,00,06,329.47</b>

**Note 19: OTHER INCOME**

<b>Particulars</b>	<b>For the year ended 31 March 2013 Amount ( In Rs.)</b>	<b>For the year ended 31 March 2012 Amount ( In Rs.)</b>
<b>A. Interest Income</b>		
1. Interest on Bank Deposits	93,37,198.70	99,68,365.74
2. Interest on Loans & Advances	5,73,385.79	48,10,314.54
3. Interest on Income Tax Refund	92,309.00	8,63,441.00
<b>B. Other non-operating income (net of expenses directly attributable to such income)</b>		
1. Rental Income	1,78,500.00	0.00
2. Profit on sale of Fixed Assets	10,42,541.00	0.00
3. Exchange Rate Variations on Forex Transactions	8,63,905.27	8,03,061.79
4. Railway Booking	27,506.01	1,31,273.41
5. Franchisee Fees	2,68,078.00	16,44,385.00
6. Miscellaneous Income	2,06,18,464.36	1,36,36,656.28
<b>Total</b>	<b>3,30,01,888.13</b>	<b>3,18,57,497.76</b>

**Note 20: Purchase of Foreign Exchange and Services**

<b>Particulars</b>	<b>For the year ended 31 March 2013 Amount ( In Rs.)</b>	<b>For the year ended 31 March 2012 Amount ( In Rs.)</b>
Foreign Exchange	14,46,02,48,131.63	13,75,57,19,514.00
Air Tickets	30,74,13,244.82	25,26,39,890.29
Hotel Bookings & Packages	2,91,53,002.78	2,92,70,804.26
<b>Total</b>	<b>14,79,68,14,379.23</b>	<b>14,03,76,30,208.55</b>

**Note 21: Changes in Inventories of Stock in Trade**

Particulars	For the year ended 31 March 2013 Amount ( In Rs.)	For the year ended 31 March 2012 Amount ( In Rs.)
Closing Stock of Foreign Exchange	2,93,03,508.58	1,99,98,735.40
Opening Stock of Foreign Exchange	1,99,98,735.40	2,44,92,276.81
<b>NET DECREASE</b>	<b>(93,04,773.18 )</b>	<b>44,93,541.41</b>

**Note 22: COMMISSION AND INCENTIVES PAID TO AGENTS**

Particulars	For the year ended 31 March 2013 Amount ( In Rs.)	For the year ended 31 March 2012 Amount ( In Rs.)
Western Union Agents	43,66,20,054.55	37,05,68,977.60
Forex Agents and others	2,14,73,251.42	1,74,14,039.50
Incentive to WU Agents	30,92,457.00	17,39,190.00
<b>Total</b>	<b>46,11,85,762.97</b>	<b>38,97,22,207.10</b>

**Note 23: OFFICE & ADMINISTRATIVE EXPENSES**

Particulars	For the year ended 31 March 2013 Amount ( In Rs.)	For the year ended 31 March 2012 Amount ( In Rs.)
Cash Lost in Transit	0.00	10,253.00
Communication Expenses	1,04,27,919.00	1,24,33,894.38
Computer Expenses	1,81,00,909.60	1,56,35,717.96
Conference Expenses	78,41,505.00	24,66,688.00
Conveyance Expenses	91,66,186.10	89,97,889.50
Generator Running Expenses	8,80,520.00	8,42,053.00
Insurance	34,69,667.17	38,15,255.50
Legal, Professional & Consultancy Charges	65,02,036.00	89,59,834.00
Loss on fixed assets sold/scrapped/written off	6,54,715.08	4,03,399.19
Office Maintenances	1,26,31,142.91	1,10,86,829.41
Payments to auditors (Refer Note (i) below)	13,46,829.00	12,69,203.00
Postage & Telegram	21,74,524.51	31,72,715.84
Power and Water Expenses	70,62,799.30	59,98,756.39

Printing and stationery	4,62,89,141.50	4,30,94,505.42
Rates and taxes	9,71,509.06	19,06,786.80
Rent	4,49,61,556.00	4,39,45,093.00
Repairs and maintenance - Buildings	1,60,52,428.00	42,64,744.00
Security Services	7,02,807.00	17,92,841.00
Travelling Expenses	1,97,10,883.72	1,90,14,620.23
Vehicle Running & Maintenance	21,69,135.00	24,19,322.00
<b>Total</b>	<b>21,11,16,213.95</b>	<b>19,15,30,401.62</b>

**NOTE (i)**

<b>Payments to the auditor as</b>	<b>For the year ended 31 March 2013 Amount ( In Rs.)</b>	<b>For the year ended 31 March 2012 Amount ( In Rs.)</b>
Statutory Audit Fees	1,25,000.00	1,25,000.00
Tax Audit Fees	40,000.00	40,000.00
Concurrent & Internal Audit Fees	11,81,829.00	11,04,203.00
<b>Total</b>	<b>13,46,829.00</b>	<b>12,69,203.00</b>

**Note 24: EMPLOYEE BENEFIT EXPENSES**

<b>Particulars</b>	<b>For the year ended 31 March 2013 Amount ( In Rs.)</b>	<b>For the year ended 31 March 2012 Amount ( In Rs.)</b>
Salaries & Allowances	22,50,81,910.00	20,49,45,694.00
Bonus & Incentives	97,66,112.00	87,98,660.00
Leave Encashment	47,82,357.00	43,10,363.00
<b>Contributions to:</b>		
(i) Provident Fund	1,19,97,051.00	1,14,98,887.00
(ii) ESI	20,30,196.00	18,68,600.13
Gratuity	45,49,755.00	5,35,303.00
Staff Recruitment Expenses	2,89,648.00	2,46,532.00
Staff welfare expenses	78,50,512.00	81,69,447.15
<b>Total</b>	<b>26,63,47,541.00</b>	<b>24,03,73,486.28</b>

## Note 25: FINANCE COSTS

Particulars	For the year ended 31 March 2013 Amount ( In Rs.)	For the year ended 31 March 2012 Amount ( In Rs.)
<b>Interest Expenses:</b>		
Interest on Demand Loans	2,62,61,554.08	2,61,46,832.27
Interest on Term Loans	12,13,405.00	16,09,686.00
Interest on Car Loans	10,78,172.94	4,97,350.43
<b>Other Finance Expenses:</b>		
Bank Charges	35,62,371.51	54,69,291.32
Credit Card Charges	14,10,359.23	13,01,033.84
<b>Total</b>	<b>3,35,25,862.76</b>	<b>3,50,24,193.86</b>

## Note 26: SALES PROMOTION EXPENSES

Particulars	For the year ended 31 March 2013 Amount ( In Rs.)	For the year ended 31 March 2012 Amount ( In Rs.)
Advertisement & Publicity	7,33,23,870.59	8,53,41,520.16
Business Promotion	3,62,37,421.20	3,16,95,482.00
<b>Total</b>	<b>10,95,61,291.79</b>	<b>11,70,37,002.16</b>

## Note 27: OTHER EXPENSES

Particulars	For the year ended 31 March 2013 Amount ( In Rs.)	For the year ended 31 March 2012 Amount ( In Rs.)
Brokerage	57,000.00	56,730.00
Call Centre Charges	4,88,025.00	7,51,896.00
Diwali Expenses	16,18,945.00	35,62,919.00
Donations	8,26,052.00	2,94,920.09
Fees & Subscriptions	6,92,734.91	4,86,819.54
Guest House Expenses	18,37,479.60	15,94,102.00
Hospitality	22,969.00	16,814.00
Inaguration Expenses	1,680.00	2,172.00
News Paper & Periodicals	40,701.00	44,368.00
<b>TOTAL</b>	<b>55,85,586.51</b>	<b>68,10,740.63</b>



**Note 28. DIRECTOR'S REMUNERATION**

During the year the company paid an amount of Rs. 2,40,00,000.00 (Previous Yr Rs. 2,40,00,000.00) to Whole Time Directors as remuneration the details of which are given as below:

Name of Director	Designation	Amount ( In Rs.)
Mr. Sat Paul Bansal	Managing Director	1,80,00,000/-
Mr. Rajneesh Bansal	Director	60,00,000/-
<b>Total</b>		<b>2,40,00,000/-</b>

Computation of Net Profit in accordance with Section 349 of the Companies Act, 1956:

Particulars	For the year ended 31 March 2013 Amount ( In Rs.)	For the year ended 31 March 2012 Amount ( In Rs.)
Profit Before Tax	25,56,32,625.83	24,06,52,312.62
Add: Managerial Remuneration	2,40,00,000.00	2,40,00,000.00
Profit (Loss) on Sale of Fixed Assets	(3,87,826.00)	4,03,399.19
<b>Net Profit for the Year</b>	<b>27,92,44,799.83</b>	<b>26,50,55,711.81</b>

**Note 29. Contingent Liability not provided for**

Particulars	As at 31 March 2013 (Rs. Lakhs)	As at 31 March 2012 (Rs. Lakhs)
Claims against company not acknowledged as Debt	142.64	136.66
Bank Guarantees	79.89	79.89
Service Tax Demand Notice pending Appeal with CESTAT (excl. Interest)	NIL	670.84
Corporate Guarantee in Respect of JV in Malaysia	1090.00	900.00
<b>TOTAL</b>	<b>1312.53</b>	<b>1786.55</b>

**Note 30. Gross Remittances & Earnings in Foreign Exchange**

Particulars	As at 31 March 2013 (Rs. Lakhs)	As at 31 March 2012 (Rs. Lakhs)
Gross Inward Remittance from Western Union Money Transfer Service	1,269,486.38	1,074,221.03
Rewards and Incentives	169.53	161.72
<b>TOTAL</b>	<b>12,69,655.91</b>	<b>1,074,382.75</b>

**Note 31. Earnings per Share**  
(As per Accounting Standard 20 issued by ICAI)

Particulars	As at 31 March 2013 (Rs. Lakhs)	As at 31 March 2012 (Rs. Lakhs)
Net Profit for the Year (Rs.)	1711.67	1580.11
Number of Equity Shares (Nos.)	1028000	1028000
Basic & Diluted EPS (Rs per Share)	166.51	153.71

**Note 32. Related Party Disclosures**  
(As per Accounting Standard 18 issued by ICAI)

**A. List of Related Parties**

Name of Related Party	Relationship
Sh. Sat Paul Bansal	Key Management Personnel
Sh. Sandeep Bansal	Key Management Personnel
Sh. Rajneesh Bansal	Key Management Personnel
Smt. Sarita Rani Bansal	Key Management Personnel
Smt. Nita Bansal	Relative of Key Management Personnel
Smt. Saloni Bansal	Relative of Key Management Personnel
Hardik Bansal	Relative of Key Management Personnel
Sonali Bansal	Relative of Key Management Personnel
Paul Overseas Pvt. Ltd.	Associate Company
Paul E-Commerce Pvt. Ltd.	Associate Company
Divya Broadcasting Network Pvt. Ltd.	Associate Company
Paul Distributors	Associate Company
Paul Fincap Pvt. Ltd.	Associate Company
Paul Excursions Pvt. Ltd.	Associate Company
Horizon Remitt SDN BHD, Malaysia	Joint Venture

**B. Related Party Transactions in Ordinary Course of Business**

Nature of Transaction	Key Management Personnel	Relative of Key Management Personnel	Associate Company/ Firm	Total
Managerial Remuneration	240.00	0.00	0.00	240.00
Rent for Premises	74.88	0.00	19.20	94.08
Rent Received	0.00	0.00	1.79	1.79
Interest Paid	18.77	0.00	0.00	18.77
Bal. o/s of interest bearing Loans Received	0.00	0.00	0.00	0.00

There are no other transactions with related parties which are not in ordinary course of business or not at arm's length.

**Note 33. Joint Venture Details**

*(As per Accounting Standard 27 issued by ICAI)*

The company had entered into a Joint Venture (JV) with Weizmann Forex Ltd. for acquiring 49.99% stake in a Company in Malaysia. The interest was acquired by direct acquisition of shares of M/s Horizon Remit SDN BHD (formally M/s Prabhu Remit SDN BHD). The Other Details pursuant to Accounting Standard (AS) 27 Financial Reporting of Interests in Joint Ventures are as follows:

Particulars	As at 31 March 2013 (Rs. Lakhs)	As at 31 March 2012 (Rs. Lakhs)
Interest in JV (%)	49.99	49.99
Value of Capitalised Investment in JV	542.25	413.88
Proportional Interest in		
- Assets	206.86	193.95
- Liabilities	126.08	95.33
Share of Income from JV	-167.42	-171.20
Expenditure Incurred	2.12	10.04

**Note 34. Deferred Tax**

*(As per Accounting Standard 22 issued by ICAI)*

Deferred Tax Assets on Account of Timing Differences	As at 01.04.2012	Arising During the Year	As at 31.03.2013
Depreciation	57,172.00	2,85,021.00	3,42,193.00
<b>Net Deferred Tax Liability</b>	57,172.00	2,85,021.00	3,42,193.00

Provision for Current Tax Includes Provision for Wealth Tax Rs. 83,600/-, Provision for Dividend Distribution Tax 250,151/- and Provision for Income Tax Rs. 846,03,257.40/-.

**Note 35. Employee Benefits**

Particulars of Defined Contribution Plan	As at 31 March 2013 (Rs. Lakhs)	As at 31 March 2012 (Rs. Lakhs)
Contribution to Provident Fund & ESI during the financial year	140.27	133.67

**Note 36. Segment Reporting**

As per Accounting Standard (AS) 17 on Segment Reporting, segment Information is provided below:

(Amount in Lakh Rupees)

Particulars	Forex	MoneyTransfer	Travel	Other	Total
Segment Revenues	147130,61,666	10584,04,488	3602,19,543	70,46,324	161387,32,021
Inte-Segment Revenues	73,00,635	18,25,159	(91,25,794)		0.00
<b>Total(A)</b>	<b>147203,62,301</b>	<b>10602,29,647</b>	<b>3510,93,750</b>	<b>70,46,324</b>	<b>161387,32,021</b>
Segment Expenses	144724,16,610	4402,00,537	3518,56,709	0.00	152644,73,855
Allocated Expenses	1606,47,437	4344,55,134	0.00	0.00	5951,02,571
<b>Total(B)</b>	<b>146330,64,047</b>	<b>8746,55,670</b>	<b>3518,56,709</b>	<b>0.00</b>	<b>158595,76,426</b>
<b>Segment Results (A-B)</b>	<b>872,98,254</b>	<b>1855,73,977</b>	<b>(7,62,959)</b>	<b>70,46,324</b>	<b>2791,55,595</b>
Unallocated Corporate Expenses	0.00	0.00	0.00	0.00	0.00
<b>Operating Profit</b>	<b>872,98,254</b>	<b>1855,73,977</b>	<b>(7,62,959)</b>	<b>70,46,324</b>	<b>2791,55,595</b>
Interest Expense					335,25,863
Interest Income					(100,02,893)
Income Tax					844,65,423
<b>Profit from Ordinary Activities</b>					<b>1711,67,203</b>
<b>Other Information</b>					
Segment Assets	2873,60,267	1440,879,499	176,22,938		1745,862,704
Segment Liabilities	1724,28,907	7317,41,874	183,85,897		9225,56,678

Unallocated Assets					542,25,217
Unallocated Liabilities					6982,79,449
Capital Expenditure	8,98,466	145,80,855	0.00	0.00	154,79,322

## Note 37. Other Notes

1. Cash & Cash Equivalents in the cash flow statement comprise cash in hand and at bank.
2. Traveling Expenses in Office & Administrative Expenses includes Rs.21,97,580.00 (Previous Yr Rs. 25,00,958.00) towards foreign travel.
3. As per information available to the company there are no outstanding dues owed to Small Scale undertakings as on 31.03.2013.
4. Balance under Sundry Debtors, Sundry Creditors, Loans & Advances is subject to confirmation and reconciliation.
5. Additional information pursuant to Schedule VI part II of the Companies Act. 1956 is either NIL or NOT APPLICABLE.
6. In the opinion of the Statutory Auditors, there are adequate systems for concurrent audit and internal control commensurate with the size of the company and the nature of its business. The company is complying with AML/KYC/CFT Guidelines issued by Reserve Bank of India and is also maintaining all records/ registers as required to be maintained under various rules and regulations to the extent applicable on the company.
7. Notes 1 to 37 form integral part of Accounts for the year ending 31<sup>st</sup> March 2013.

**PLACE: CHANDIGARH**  
**DATED: 28.05.2013**

**For & on Behalf of Board of Directors**

**SD/-**  
**SAT PAUL BANSAL**  
Chairman cum  
Managing Director

**SD/-**  
**RAJNEESH BANSAL**  
Exec. Director

**SD/-**  
**HARDAM SINGH**  
Company Secretary

**AUDITOR'S REPORT:**  
**As per our Separate Report of the**  
**Even Date**

**For Jain & Associates**  
**CHARTERED ACCOUNTANTS**  
**(FRN – 01361N)**

**SD/-**  
**CA. NEERAJ JAIN**  
Partner  
**(M. No. 089477)**