

**Twenty Eighth Annual Report
for the Year Ended 31st March, 2012**



PAUL MERCHANTS LTD.

<http://www.paulmerchants.net>

YEAR 2011-2012 – AT A GLANCE

INTERNATIONAL MONEY TRANSFER ACTIVITIES

Gross Remittances – Rs 10,742 Crores

Business Growth 29%

MONEY EXCHANGE ACTIVITIES

Gross Turnover – 1400 Crores

Business Growth 24%

**INCOME FROM TOURS & TRAVELS ACTIVITIES
AND OTHER INCOME**

Gross Income – 38.76 Crores

Business Growth 32.50%

OVERALL PERFORMANCE

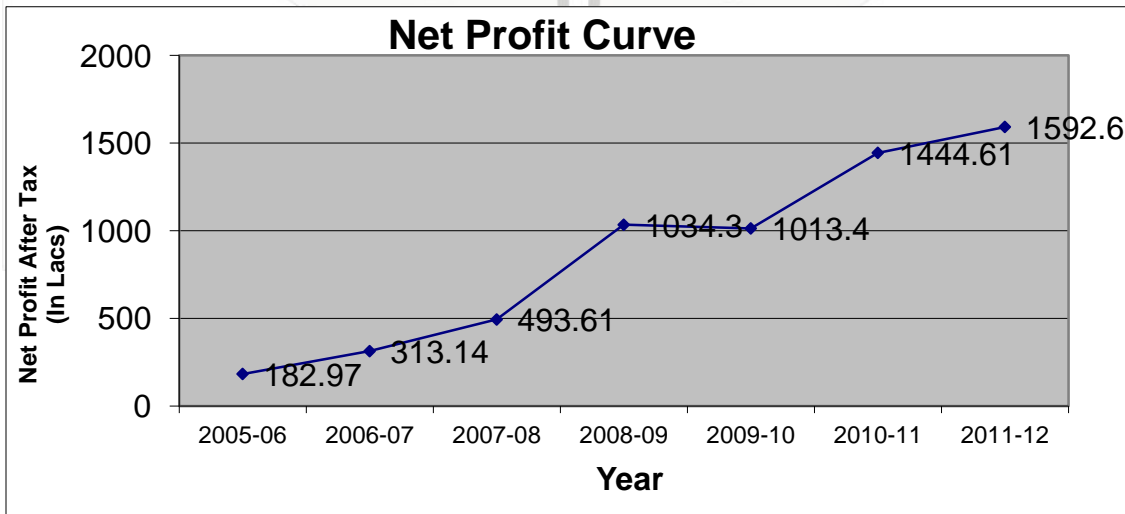
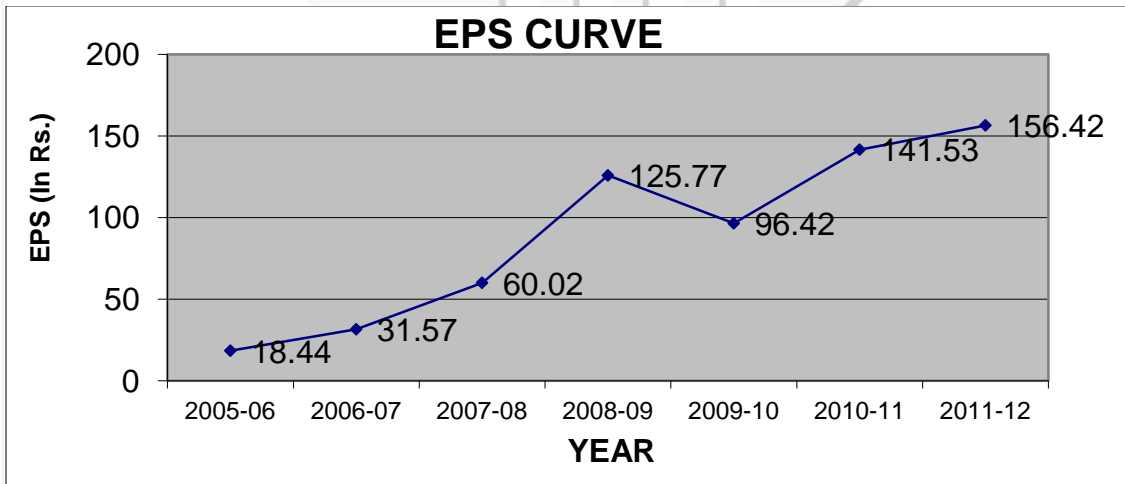
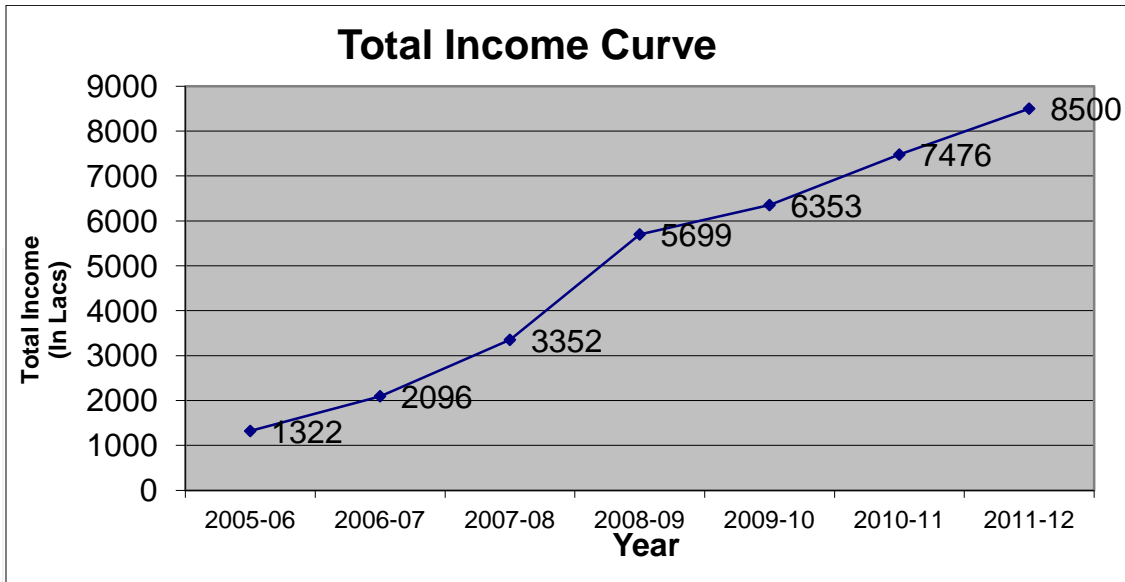
Gross Revenues– 1528 Crores

Growth –23.50 %

Net Profit Before Tax – 24.07 Crores

Net Profit After Tax – Rs 16.08 Crores

- * WON APAC Agent of the Year – 2011 AWARD FROM WESTERN UNION, THE HIGHEST HONOUR FOR A PRINCIPAL AGENT OF WESTERN UNION**
- * WON BUSINESS CHAMPION 2011 AWARD FROM WESTERN UNION**
- * WON LOCATION CHAMPION AWARD FROM WESTERN UNION**
- * BECAME TOP PRIMARY AGENT FOR WESTERN UNION IN WHOLE OF ASIA PACIFIC REGION CONSITING OF 44 COUNTRIES**
- * CONTINUED TO BE THE TOP SELLER OF AMERICAN EXPRESS TRAVEL CHEQUES**



NOTICE

NOTICE is hereby given that 28th Annual General Meeting of the shareholders of M/s Paul Merchants Limited will be held on Saturday, the 29th day of September, 2012 at 11.00 A.M. at the Registered Office of the Company situated at Private No. FF-1, FF-1A, FF-1B, and FF-1C, 1st 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 31st March 2012 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. Ram Krishan Gupta, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Sh. Vigyan Arora, 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 Mrs. Sarita Rani Bansal, who was appointed as an additional Director of the Company by the Board of Directors and who holds office upto the date of the ensuing Annual General Meeting under Section 260 of the Companies Act, 1956 and in respect of whom the Company has, under Section 257 of the said Act, received notice in writing proposing his candidature for the

office of the Director, be and is hereby appointed as Director of the Company, liable to retire by rotation.

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

“Resolved that Mr. Dilbag Singh Sidhu, who was appointed as an additional Director of the Company by the Board of Directors and who holds office upto the date of the ensuing Annual General Meeting under Section 260 of the Companies Act, 1956 and in respect of whom the Company has, under Section 257 of the said Act, received notice in writing proposing his candidature for the office of the Director, be and is hereby appointed as Director of the Company, liable to retire by rotation.

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

“Resolved that Mr. Karunasagar, who was appointed as an additional Director of the Company by the Board of Directors and who holds office upto the date of the ensuing Annual General Meeting under Section 260 of the Companies Act, 1956 and in respect of whom the Company has, under Section 257 of the said Act, received notice in writing proposing his candidature for the office of the Director, be and is hereby appointed as Director of the Company, liable to retire by rotation.

9. 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 30.09.2010 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 @ 5% of the Net Profits of the Company earned during a Financial Year, with a liberty to the Board of Directors of the Company to alter and vary the terms and conditions and/or remuneration 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 Mr. Sat Paul Bansal, Chairman cum Managing Director of the Company, who is presently being paid salary @ Rs. 15.00 lacs per month will continue to be paid the on-account salary of Rs. 15.00 lacs per month during the term of his appointment.

RESOLVED FURTHER THAT in case on finalization of the Net Profits of the Company for any Financial Year, the amount of 5% of the Net Profits is calculated to be higher or lower than the amount of salary already paid to Mr. Sat Paul Bansal, the differential of plus or minus as the case may be shall be adjusted at the time of finalization of Net Profits of the Company.

RESOLVED FURTHER THAT notwithstanding anything contained hereinabove, where, during the term of employment of the Chairman cum Managing Director, in the event 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 Chairman cum Managing Director including Salary, Perquisites and any other Allowances, shall be governed 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 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 17, 2012

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. 6,7 and 8 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 24th September, 2012 till 29th September, 2012 (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 the company.
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.

13. 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.
14. 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 Saturdays, between 11.00 a.m. and 1.00 p.m. up to the date of the Meeting.
15. 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.
16. 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.
17. 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

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form (refer page 203 of the Annual Report) and register the same with
M/s Alankit Assignments Ltd, New Delhi.

Place: Chandigarh
Date: August 17, 2012

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

SD/-
HARDAM SINGH
(COMPANY SECRETARY)



ANNEXURE TO THE NOTICE**EXPLANATORY STATEMENT PURSUANT TO PROVISIONS OF SECTION 173 (2) OF THE COMPANIES ACT, 1956****ITEM NO. 6**

Mrs. Sarita Rani Bansal was appointed as an additional Director of the Company by the Board of Directors. In terms of Section 260 of the Companies Act, 1956 Mrs. Sarita Rani Bansal holds office upto the date of the ensuing Annual General Meeting. Notice under Section 257 of the said Act has been received from a member of the Company proposing Mrs. Sarita Rani Bansal as a candidate for the office of the Director, liable to retire by rotation.

The Board of Directors is of the view that the services of Mrs. Sarita Rani Bansal will be of immense value to the Company as an Director. Your directors therefore, recommend her appointment as Director of the Company.

Mr. Sat Paul Bansal, Mr. Rajneesh Bansal and Mr. Sandeep Bansal, Directors of the Company are interested or concerned in the resolution.

ITEM NO. 7

Mr. Dilbag Singh Sidhu was appointed as an additional Director of the Company by the Board of Directors. In terms of Section 260 of the Companies Act, 1956 Mr. Dilbag Singh Sidhu holds office upto the date of the ensuing Annual General Meeting. Notice under Section 257 of the said Act has been received from a member of the Company proposing Mr. Dilbag Singh Sidhu as a candidate for the office of the Director, liable to retire by rotation.

The Board of Directors is of the view that the services of Mr. Dilbag Singh Sidhu will be of immense value to the Company as an Independent Director. Your directors therefore, recommend his appointment as Director of the Company.

None of the Directors of the Company except Mr. Dilbag Singh Sidhu are interested or concerned in the resolution.

ITEM NO. 8

Mr. Karunasagar was appointed as an additional Director of the Company by the Board of Directors. In terms of Section 260 of the Companies Act, 1956 Mr. Karunasagar holds office upto the date of the ensuing Annual General Meeting. Notice under Section 257 of the said Act has been received from a member of

the Company proposing Mr. Karunasagar as a candidate for the office of the Director, liable to retire by rotation.

The Board of Directors is of the view that the services of Mr. Karunasagar will be of immense value to the Company as an Independent Director. Your directors therefore, recommend his appointment as Director of the Company.

None of the Directors of the Company except Mr. Karunasagar are interested or concerned in the resolution.

ITEM NO. 9

The Board of Directors of the Company had, subject to the Provisions of Section 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-designed the remuneration of Mr. Sat Paul Bansal, the Chairman cum Managing Director of the Company w.e.f. 01-04-2012.

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 and therefore your Directors recommend the Resolutions set out at Item no. 9 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 17, 2012

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)

Name Of Director	Mrs. Sarita Rani Bansal
Date of Appointment:	31.01.2012
Date of Birth	08.01.1948
Designation	Non-Executive Non-Independent Director

Expertise in Specific Functional Area

Mrs. Sarita Rani Bansal is around 64 years of age and a Graduate in Arts, and has been associated with Paul Merchants Limited for over 15 years and served as a Director of the Company from year 1992 to 2007. While working with the Company as Director, demonstrated leadership skills, tact and initiative in conjunction with the Company's goal & objectives. As a Director, lent inputs in Human Resource management and administration of the business activities. She is very active in Social World and supports many NGO's involved in upliftment of the poor and education of economically weaker children.

Qualification:	Graduate in Arts
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List of other Directorships:	Nil
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Chairman/Member of the Committee of the Directors of Paul Merchants Ltd:	Nil
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Chairman/Member of the Committee of the Directors Of other Companies	Nil
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Shareholding in the Company	: Holding 144500 Equity Shares as on 31.03.2012
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(2)

Name Of Director	Mr. Karunasagar
Date of Appointment	26.02.2012
Date of Birth	20.11.1951
Designation	Independent Director

Expertise in Specific Functional Area

Mr. Karunasagar is a Finance Professional and has been associated with the Reserve Bank of India. He retired as Chief General Manager of Reserve Bank of India, Mumbai. He is around 60 years of age and is M.A, CAIIB and PGDBM.

Qualification	M.A, CAIIB and PGDBM
List of other Directorships:	Nil
Chairman/Member of the Committee of the Directors of Paul Merchants Ltd:	Member of Audit Committee
Chairman/Member of the Committee of the Directors Of other Companies	Nil
Shareholding in the Company (3)	: Holding NIL Equity Shares as on 31.03.2012
Name Of Director	Mr. Dilbag Singh Sidhu
Date of Appointment	26.02.2012
Date of Birth	15.04.1946
Designation	Independent Director
Expertise in Specific Functional Area	
Mr. Dilbag Singh Sidhu is a Law graduate and has been associated with the Income Tax Department and retired as Chief Commissioner from the Income Tax Department of India. He is around 65 years of age and is M.A, LLB.	
Qualification	M.A, LLB.
List of other Directorships:	Nil
Chairman/Member of the Committee of the Directors of Paul Merchants Ltd:	Member of Audit Committee
Chairman/Member of the Committee of the Directors Of other Companies	Nil
Shareholding in the Company	: Holding NIL Equity Shares as on 31.03.2012

(4)

Name Of Director	Mr. Ram K Gupta
Date of Appointment	01.04.2010
Date of Birth	24.04.1939
Designation	Independent Director

Expertise in Specific Functional Area

Mr Ram K Gupta is a Finance Professional and has been associated with the Country's no. 1 Banking Group for four decades. And retired as MD and CEO of State Bank of Patiala in 1999. For Four Years, he was Chairman of Modi Rubber Ltd. He is around 70 years of age and is a Graduate in Commerce besides being Fellow Member of Institute of Costs & Work Accountants of India. He joined Paul Merchants Ltd as Independent Director w.e.f. 01.04.2010. He is liable to retire by rotation in the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

Qualification	B.Com, FICWA.
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List of other Directorships:

M/s SAB Industries Ltd., SCO 49-50, Sector 26, Chandigarh
M/s Industrial Cables Ltd., Sector 8, Chandigarh
M/s Kool Breweries Ltd., Industrial Area- II, Okhla, New Delhi

Chairman/Member of the Committee of the Directors of Paul Merchants Ltd:	Member of Audit Committee
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Chairman/Member of the Committee of the Directors Of other Companies

Membership of Audit Committee in the following Companies:

M/s SAB Industries Ltd., SCO 49-50, Sector 26, Chandigarh
M/s Kool Breweries Ltd., Industrial Area- II, Okhla, New Delhi
M/s Industrial Cables Ltd., Sector 8, Chandigarh

Shareholding in the Company	: Holding NIL Equity Shares as on 31.03.2012
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(5)

Name Of Director	Vigyan Arora
Date of Appointment	01.04.2010
Date of Birth	19.11.1969
Designation	Independent Director

Expertise in Specific Functional Area

Mr. Vigyan Arora is a Finance, Taxation and Accounts professional and is having more than 18 years experience in this field. He is a renowned name in professional arena and commands great regard among corporate clients. He joined Paul Merchants Ltd as Independent Director w.e.f. 01.04.2010. He is liable to retire by rotation in the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

Qualification

B.Sc. , FCA.

List of other Directorships:

M/s PAN PLAST PVT. LTD., SCO – 808 FIRST FLOOR, NAC, MANIMAJRA, CHANDIGARH – 160101

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

Member of Audit Committee, Nomination Committee and Shareholders'/ Investors' Grievances Committee.

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

NIL

Shareholding in the Company

: Holding NIL Equity Shares as on 31.03.2012

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting before you their 28th Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2012.

FINANCIAL RESULTS :-

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

PARTICULARS	CURRENT YEAR 2011-2012 (Rs. In Lacs)	PREVIOUS YEAR 2010-2011 (Rs. In Lacs)
Gross Income	152818.64	123742.53
Profit after depreciation but before Tax & other & Provisions	2406.52	2170.29
Provision for Taxes	798.50	715.40
Profit after Tax & Provisions	1608.01	1454.89

DIRECTORS :-

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

Mrs. Sarita Rani Bansal, Mr. Dilbag Singh Sidhu and Mr. Karunasagar have been appointed as Additional directors during the year. The Company has received separate notices under section 257 of the Companies Act for their appointment at the ensuing Annual General Meeting. The Board recommends their appointment as regular directors of the Company.

Mr. Khizer Ahmed, Director has resigned from the Board with effect from 26.02.2012. Your Directors place their appreciation for the valuable services rendered by Mr. Khizer Ahmed during his tenure as independent Director and member of Audit Committee of the Board.

Appointment of Additional Directors and re-appointment of Directors in the ensuing Annual General Meeting has been reviewed by the Nomination Committee.

DIVIDEND :-

Your Directors at their meeting held on 31.03.2012, had declared an interim Dividend @ Re. 1.50/- (15%) per equity share of Rs. 10/- each for the financial year ended 31st March, 2012. Your Directors have decided to treat the interim dividend as final dividend and the same is submitted for approval of the members.

CORPORATE GOVERNANCE :-

Report on Corporate Governance in terms of Clause 49 (VI) (ii) of the Listing Agreement is annexed and form 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

AUDITORS :-

The Statutory Auditors M/S Jain & associates, Chartered Accountants, Chandigarh, retire at the ensuing Annual General Meeting and have confirmed their eligibility & willingness to accept the office, if re-appointed. Your Directors recommend their reappointment.

AUDITORS' REPORT:-

The Auditors' reports being self-explanatory require no comments from the Directors.

DIRECTORS' RESPONSIBILITY STATEMENT:-

- a) that in the preparation of the annual accounts for the financial year ending 31st March, 2012, 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 31st March, 2012 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.

PARTICULARS OF EMPLOYEES: -

The Company has no employee of the category specified in Section 217 (2A) of the Companies Act, 1956.

DISCLOSURE OF PARTICULARS U/S 217(i)(e) :-

- i. Conservation of Energy : Nil
- ii. Technology Absorption : Nil
- iii. Foreign Exchange Earning: Rs. 10743 Crores
- iv. Foreign Exchange Outgo : Rs. 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 requested the Stock Exchange to send Invoice relating Listing Fee for the current year and on receipt of the Invoice, the same will be paid immediately.

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

PAUL MERCHANTS LTD.

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

For & On Behalf of the Board

For & On Behalf of the Board

Sd/-
(SAT PAUL BANSAL)
CHAIRMAN CUM MANAGING DIRECTOR

Sd/-
(RAJNEESH BANSAL)
DIRECTOR

PLACE : CHANDIGARH

Date: August 17, 2012



MANAGEMENT DISCUSSION & ANALYSIS REPORT**a. Industry Structure and Developments and Segment wise performance****WESTERN UNION MONEY TRANSFER DIVISION**

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 31.45% 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.

As per an estimate, more than 215 million people (about 3% of the world's population) live outside their countries of birth. International migration – the movement of people across international boundaries has enormous implications for growth & welfare in both origin and destination countries. International migration boosts world incomes. By allowing workers to move to places where their productivity can be best used, migration results in an increase in aggregate output and income. Remittances generally reduce the level and severity of poverty and frequently lead to higher human capital accumulation, higher health and education expenditures, better access to information and communication technologies, greater financial access, reduction of child labor and help households to be better prepared for adverse shocks such as droughts, earthquakes, loss of income and cyclones. Diasporas can be an important source of trade, capital, technology, and knowledge for origin countries. The top migrant destination country is United States followed by the Russian Federation, Germany, Saudi Arabia, and Canada. In recent times, a surge of migrant flows to Spain, Italy, and the United Kingdom, mainly from Eastern Europe as well as Latin America and North Africa has been noticed. The six Gulf Cooperation Council countries (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates) have also seen a significant increase in migrant flows in the past few years, mostly from South Asia and East Asia. However, new migration flows in all regions have weakened in recent times because of the global financial crisis. The top recipients of officially recorded remittances in 2011 were India (\$58 billion), China (\$57 billion), Mexico (\$24 billion), and the Philippines (\$23 billion). Other large recipients included Pakistan, Bangladesh, Nigeria, Vietnam, Egypt and Lebanon.

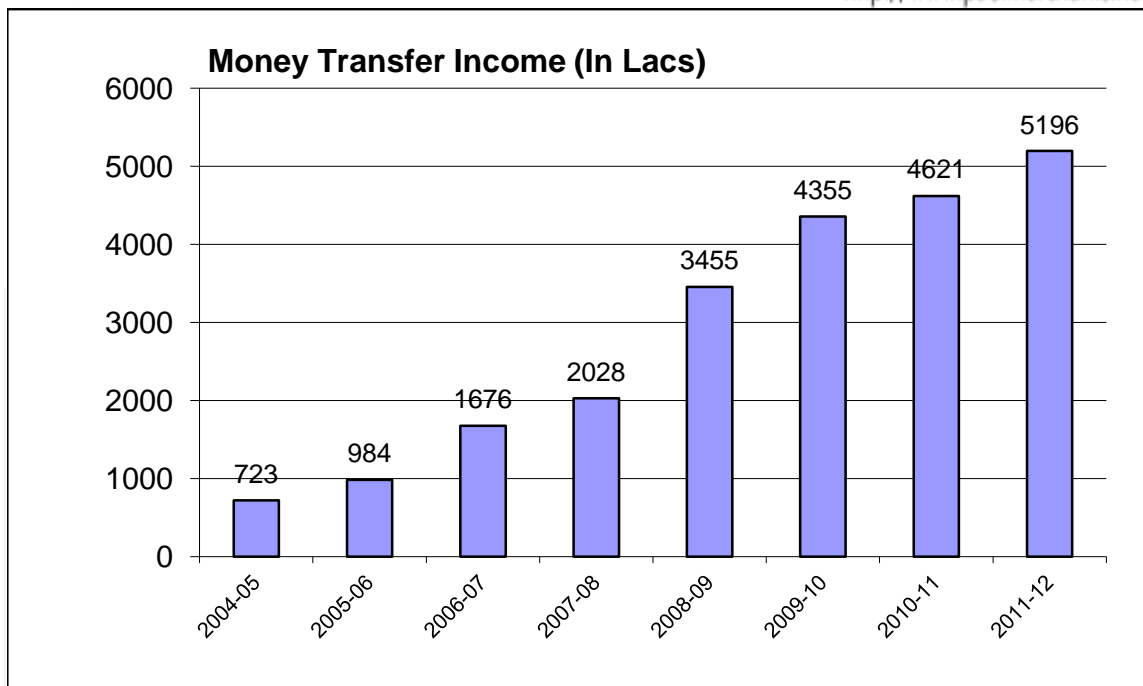
PML continued to excel in its flagship Division and remained ahead of its peers by a big margin. PML continued its position as a leader in International Inward Money Transfer Services and as a testimonial to this position, Western Union conferred its highest honor “APAC Agent of the Year -2011” on PML in a glittering ceremony held at Bali (Indonesia). The Award was presented by Mr.

Hikmet Ersek, President, Chief Executive Officer and Director of Western Union. In the same ceremony PML was bestowed with coveted awards like BUSINESS CHAMPION 2011 and LOCATION ACTIVATION CHAMPION. This part, the Company set a new benchmark in terms of number of transactions processed in a single calendar month. In the month of August, 2011, PML processed a total of 5,30,801 WUMT transactions which is an all time record by any Principal Agent of Western Union world over. This part, PML breached 5 lac mark 6 times in the year under review. Recognizing this achievement, Mr. Anil Kapoor, the then Managing Director – South & South East Asia of Western Union presented a Memento to PML. These awards show ample light on passion and dedication, PML has shown in taking this business segment to next levels. On the date of presentation of this report, PML has 717 own offices and more than 21000 Franchisee Locations across the country, which are fully geared up to provide quality service to the customers. PML continues to grow from strength to strength and is making a strong presence felt through aggressive and productive network expansion in all states of the country. UP continues to be #1 state for WU in India for inward remittances, closely followed by Tamil Nadu and Punjab. For PML, Punjab is #1 contributor for business volumes, closely followed by UP and Tamil Nadu. During the year, PML added over 3000 locations in its already vast network and another more than 1500 locations are in the pipeline, to be added till the month of October. Middle East continues to be the strongest corridor for inward remittances to India. Within Middle East, Saudi Arabia continues to grow as a very major corridor. Emerging corridors within Middle East are Qatar and Bahrain. Outside of Middle East strongly emerging corridors are Australia, France & Italy.

Strategic Tie ups for extending its reach to most potential areas has been the hall mark of PML's success journey in this segment. During the year under review, PML Tied up with Punjab Grameena Bank for offering WUMTs through over 600 of their branches in Punjab, Tied up with Aryavrat Grameena Bank for offering WUMTs through over 600 of their branches in Uttar Pradesh subject to approval by RBI. Further, Tied up with Basix for offering WUMTs through their over 2000 franchisee outlets in Punjab, Maharashtra, Assam, Tripura, Meghalaya and Orissa and Tied up with Adarsh Credit Cooperative Society to offer WUMTs through their 350+ owned branches

The Gross Income of the Company from this segment grew to Rs. 89.01 crores in the year under review as compared to last year figure of Rs. 75.47 crores registering a growth of 18%. Net income grew to Rs. 51.96 crores in the year under review as compared to last year figure of Rs. 46.21 crores registering a growth of 12%.

The Gross Inward Remittances increased to Rs. 10742 crores as compared to last year figure of Rs. 8356 crores registering a growth of 29%.



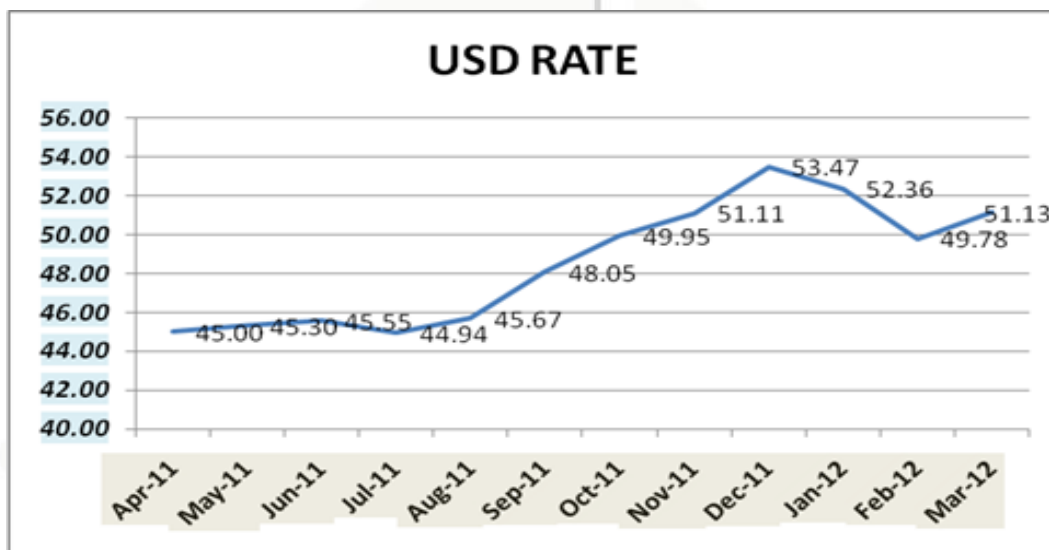
Despite the current global economic weakness, remittance flows are expected to continue growing, with global remittances expected to exceed \$593 billion by 2014, of which \$441 billion will flow to developing countries. PML is positively hopeful for the above figures to shoot upwards in the coming years as the global economy is showing remarkable signs of recovery and in the past too, this segment has shown the tendency of surpassing all crude estimates because of its unique nature.

FOREX DIVISION

The year gone by has been a tough year for global Forex Markets. It was not a kind year which could predict trends or directions. The Traders generally depend on fundamental data to dictate directions in the forex market, but the uncertainty in Europe and other parts of the Globe coupled with floundering global economic recovery were a recipe for daily bouts of volatility that had not been witnessed since past few years. Choppy markets made setting risk parameters a new art form. Patience and risk management were the watchwords for the year. The year began with a calm optimism that the worst times were behind and that circumstances would improve on all fronts. Hope quickly transformed into fear as both man-made and natural disasters took their toll. In March, a devastating earthquake, followed by an equally devastating tsunami, rocked Japan, stalling their energy grid and export industry in neutral for months on end. Oil, like most commodities, benefited from the dilution of the Dollar. Prices continued their upward swing into Half way mark of 2011, but soon began a long decline when the global economic recovery faltered. China and other emerging economies began ratcheting back their respective growth engines, reflecting the weakening

demand from the West. Headline measures of inflation in major advanced economies continued to soften in March 2012. Amongst the BRICS, while headline inflation moderated in Brazil and Russia in March, it edged up in China.

As India integrates into a seamless world, it cannot remain impervious to developments abroad. The unfolding of the Euro zone crisis and uncertainty surrounding the global economy have impacted the Indian economy causing drop in growth, higher current account deficit and declining capital inflows. Export growth has slowed in the third quarter of fiscal 2011-12, while imports remained high, partly because of continued high international oil prices. At the same time, foreign institutional investment flows have declined, straining the capital account and the rupee exchange rate. In the current fiscal 2011-12, on month-to-month basis the rupee depreciated by 12.4 per cent from 44.97 per US dollar in March 2011 to 51.13 per US dollar in March 2012.

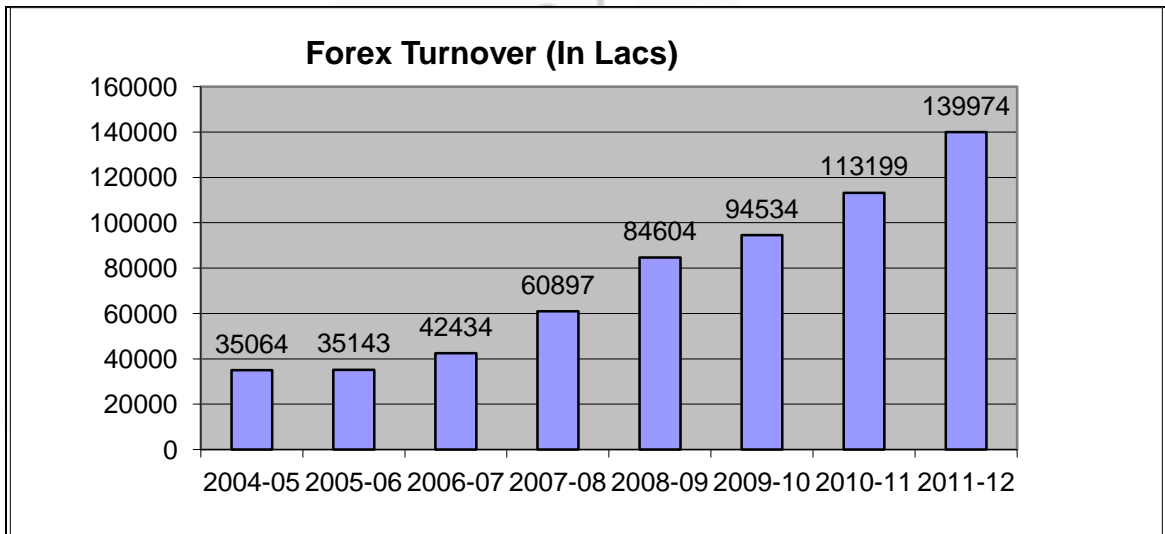


Widening trade deficit, high inflation and eurozone debt issues have been attributed to the fall in rupee value against the dollar. Rupee reached a peak of 43.94 on July 27, 2011, and lowest at 54.23 per US dollar on December 15, 2011 indicating a depreciation of 19 per cent. During fiscal 2011-12, forex reserves reached all time high level of US \$ 322.2 billion at end August 2011. However, it declined to US \$ 292.8 billion at end January 2012 indicating a fall of US \$ 12.0 billion from US \$ 304.8 billion at end-March, 2011. The decline in reserves is partly due to intervention by the Reserve Bank of India to stem the slide of Rupee against US dollar.

The currency market was under pressure during August-December 2011 due to a slowdown in capital inflows reflecting global uncertainty. However, conditions eased in the last quarter reflecting a pick up in capital inflows as well as the impact of policy measures undertaken to improve dollar supply and contain speculation.

Company's Forex division continued to register noteworthy growth in the current fiscal. A Big chunk of revenue in this segment has been generated by Currency business. The Company has been able to increase its market share in outbound Tourism remittances, which is the result of a number of initiatives. Despite sluggish period for overseas education wherein traffic to Australia and U.K was very negligible ,the company was able to maintain it's previous year's levels of outward remittance. Further, the Company successfully handled the voluminous activity of distribution of Saudi Riyal to Haj Pilgrims in association with IndusInd Bank during the year 2011 for the Second time in row. During this activity, the Company distributed currency to the tune of approx. Rs. 367.50 crores.

The total turnover from this division increased to Rs. 1399.74 crores as compared to last year figure of Rs. 1131.99 crores registering a growth of 24%.



The incremental figure in itself, though does not sound phenomenal but considering the fact that half of the year was a period of consolidation only, whatever growth has occurred, has occurred only in a short span of time. As the industry has gained momentum now, next year hopefully will be more rewarding year because this segment is being focused by the Company as an engine of growth for the overall growth of the Company.

TRAVEL DIVISION

After a difficult period that recast much of the Travel & Tourism (T&T) industry's landscape, the sector is slowly recovering from the economic downturn. Despite its recent difficulties, the T&T sector is widely recognized as a critical sector worldwide and one that provides significant potential for economic growth and

development. A growing national T&T sector contributes to employment, raises national income, and can improve a country's balance of payments. The Indian tourism industry showed a tremendous growth of 8.9 percent which is almost double as what was expected to be around 4-5 percent in 2011 by the United Nations World Trade Organization (UNWTO). India also did well as compared to the other Asian countries as more than 6.29 million tourists visited India in the past year.

The changing lifestyles, rising income levels and opening up of international laws have thrown enormous opportunities for growth of Tours & Travel Industry. The Indian cityscape has undergone a significant change with gigantic high-rise residential complexes equipped with state-of-the-art facilities, a robust infrastructure network and retail centers that cater to global lifestyle needs. The catalyst for this transformation is the 360 degree change in the lifestyle choices made by the modern Indian consumer. In totality, these signs of prosperity mark India's sustained economic growth over the past decade.

India's travel, tourism and hospitality industry is one of the fastest growing service industries in the country thanks to a burgeoning middle class, increasing purchasing power, a rising inflow of foreign tourists, and successful government campaigns promoting 'Incredible India'. In 2011 alone, travel and tourism contributed to 6.4% of the GDP, and is forecast to rise by 7.3% in 2012. In terms of employment, travel and tourism directly supported 24,975,000 jobs (5% of employment) in 2011, and is expected to rise by 3% in 2012. Foreign Exchange Earnings (FEE) from tourism in 2011 were \$16,564 million with a growth of 16.7% over 2010.

During the year, PML made big strides in the growth & expansion of this business segment. Company successfully launched its two much awaited and ambitious travel portals www.pmlholidays.com on B2B platform and www.travelyatra.in on B2C platform. With this launch, Company's online presence have become 24*7. Direct tie ups with various airlines, national & International vendors have been enhanced to reduce intermediaries so that cost effective solutions can be extended to consumer. Company made its participation in various domestic and international travel meets/events & PHD Chamber of Commerce to explore new vistas in this phenomenal industry.

During the year under review, the Company achieved Turnover in this Division of Rs. 29.94 crores registering a growth over past year by 17.50%.

During the period under review, International and domestic markets saw ticketing and hotel bookings moving online in a big way on both B2B and B2C platforms making it must for big players to ensure online presence. Airlines moving fast towards zero commission and transaction fee model which might reduce profitability in future but will ensure more transparent dealings. IATA planned for weekly payments from fortnightly payments which will be road end for many

small players, consolidation by and growth of big players, less credit flotation, more cash transaction but will require better service and client handling. Margins showed dipping trend due to increasing competition in ticketing. Market saw maturing clients with shift to individual travel from group travel, requests for new destinations, online search & buy, etc.

Company got Appreciation by PHD Chamber of Commerce for participation as technical expert at Heritage conclave Chaired by Honorable Minister of tourism, Mr. Subodh Kant Sahai for participation. Became member with various expert committees i.e. Chandigarh, Punjab, Entertainment and Tourism committees with PHD, Familiarization trips by DMC's, airlines, hotels in recognition of outstanding contribution, etc. During the year, the Company appointed more than 300 sub agents who will be offering services through Company's newly launched Portal.

The growth is expected to increase steadily in the year to come. The coming months of 2012 are going to be very busy for various Travel Agencies in India as more and more international tourists will be coming in to see the colorful India. Looking ahead, it is obvious that we have entered a period of political and economic uncertainty. Nevertheless, we are optimistic for further solid growth in 2012. This positive outlook is based on solid underlying demand factors in mature markets together with rising incomes and higher demand in emerging markets. Amid the economic uncertainty in Europe and the USA, Asia continues to be one of the key drivers of the world economy. The outlook for Asian travel next year is also very positive.

Opportunities & Threats

OPPORTUNITIES

While the global economic climate remains volatile with major concerns that the sovereign debt crisis in Europe may bring with it a global wave of severe socio-economic changes, the Indian services sector remains confident and buoyant. In contrast to the continuing uncertainty in Europe and the USA, Asia is still booming in economic terms. China, South Korea, South-East Asia and India have all grown well this year. Salaries are gradually rising in such countries and as people have greater disposable income, their desire and ability to travel abroad increase. Indeed, Asia Pacific is now home to more wealthy people than all of Europe. These positive developments are expected to give a boost to all three business divisions of the Company.

THREATS

The outlook for the Global economy in coming year is clear, but it isn't pretty: recession in Europe, anaemic growth at best in the United States and a sharp slowdown in China and in most emerging-market economies. Asian economies are exposed to China. Latin America is exposed to lower commodity prices (as

both China and the advanced economies slow). Central and Eastern Europe are exposed to the Eurozone. And turmoil in the Middle East is causing serious economic risks – both there and elsewhere – as geopolitical risk remains high and thus high oil prices will constrain global growth. All these global factors have tendency to effect operations of the Company because all business divisions of the Company are effected by Global developments. This apart, rising competition and shrinking margins is another factors which contributes to the risk profile of the Company.

c) OUTLOOK

Stepping into the year 2012-13, the Company hopes to multiply its revenues by adding new products and services to its kitty. Talks are going on to launch commercial payments both inward & outward through Western Union business Solutions and also Domestic money transfer is in the pipeline. The Travel Portals launched in this year are also expected to make remarkable contribution to the commercials of the Company. Company is in process of further expanding its Forex operations through own offices and franchisee Network as per Regulatory framework. The company hopes to take its growth wheel at the higher pedestal in the year to come.

d) Risks and Concern

Falling Rupee value, rising food inflation, lukewarm GDP growth and falling employment levels globally are some of the risks which can badly effect Inward Remittances. Forex Division and Travel Division of the Company. The global recession is likely to affect the hospitality and travel industry just as much – if not more – than any other sector, as both consumers and businesses may feel hesitant to spend money on travel and lodging. Cyber security has been a big concern for a number of sectors and the Company is taking steps from time to time for augment its IT security. Collective stimulus and liquidity injections by major central banks, decelerating growth in emerging-market economies, speculative moves in selected commodities and persistent Europe-centred financial stress currently dominate investor sentiment in foreign exchange markets

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. 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 experienced Chartered Accountant. 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. 1528 crores, an increase of 23.5% over 2010-11. Profit before tax (PBT) was Rs. 24.07 Crores and Profit after tax was Rs. 16.08 crores. The Company effected 55,84,240 Western Union transactions as against 46,00,550 last year, an increase of 21%. The total operating income of the Company is Rs. 81.82 crores as compared to last year figure of Rs. 70.72 crores.

g) Developments on Human Resources & Industrial Relations Front

During the year under review, the Company took number of initiatives on Human Resources Development front to infuse further motivation in the human capital of the Company. During the process of entering a transaction with the Company, a customer comes into contact with our people at each stage of the transaction. All the employees can be at their best only if they love what they do and feel a sense of belonging. To instill this, the company has put in place initiatives like people get incentives and promotion who are identified as outstanding performers. Further, people are identified who are having leadership potential and road map for their career growth is given to them so that they go an extra yard to achieve the pinnacle of their career. We strongly believe that people are our biggest assets. Unlike products and processes, skills and abilities cannot be easily replicated by competitors and this quality will remain unique to every organization.

The Company has very smooth and cordial relationships with its Human Resources and there has not been any strikes, lock outs, agitations etc. The Company believes that the Human Resources is one of key elements to achieve the objectives and strategies of the Company. A fair & equitable work environment is provided to the employee. All are having equal opportunities to grow with the Organizations people are made to believe that growth of Organization is in fact the growth of each Individual. Therefore, People are the pivotal force to accelerate the growth. The Company has always been mindful and very conscious of the fact safety, work environment and health aspects of people are given highest importance.

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 2012. The Board consists of One Managing Director, One non-Executive non-independent Director, Two Executive Directors 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 2011-2012 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 31.03.2012 is given below:

1. Mr. Sat Paul Bansal - Executive Chairman cum Managing Director
2. Mr. Sandeep Bansal - Non-Executive Director
3. Mr. Rajneesh Bansal - 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 16 Board meetings were held during the period from 1st April, 2011 to March 31, 2012 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	Karunasa gar	Vigyan Arora	Dilbag Singh Sidhu
CATEGORY	Executive	Executive	Non Executive	Non Executive	Independe nt & Non- Executive	Independe nt & Non- Executive	Independe nt & Non- Executive	Independe nt & Non- Executive
Board Meetings attended during the year	15	15	16	2	4	0	5	1
Attendance at the AGM held on 30.09.2011	YES	YES	YES	NO	YES	NO	YES	NO
No. of other Boards in which Member or chairperson	6	6	10	6	5	0	1	0
No. of other Board Committees in which Member or Chairperson	NIL	NIL	NIL	NIL	2	0	0	0

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 31.03.2012.

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 16 Board meetings were held during the period from 1st April, 2011 to March 31, 2012 on the following dates:

01.04.2011, 09.04.2011, 30.04.2011, 10.05.2011, 08.06.2011, 11.07.2011, 30.07.2011, 31.07.2011, 01.08.2011, 02.09.2011, 07.10.2011, 31.10.2011, 31.01.2012, 26.02.2012, 03.03.2012, 31.03.2012

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 2011-12

6 meetings of the Audit Committee have been held during the year 2011-12 on the following dates:

30.04.2011, 30.07.2011, 02.09.2011, 31.10.2011, 31.01.2011, 31.03.2012

The attendance at the Audit Committee Meetings during the period from 01.04.2011 till 31.03.2012 is given below:

Name	Title	No. of Meetings held	No. of Meetings attended
Mr. Ram K Gupta	Independent Director and Chairman of Committee	6	4
Mr. Sat Paul Bansal	Chairman cum Managing Director	6	6
Mr. Rajneesh Bansal	Executive Director	6	5
Mr. Sandeep Bansal	Director	6	6
Mr. Vigyan Arora	Independent Director	6	5
Mr. Khizer Ahmed	Independent Director	6	3
Mrs. Sarita Rani Bansal	Director	6	1
Mr. Dilbag Singh	Independent	6	1

Sidhu	Director		
Mr. Karunasagar	Independent Director	6	0

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 and Mr Rajneesh Bansal, Executive Directors as other Members. The Company Secretary Mr. Hardam Singh, is the Compliance Officer of the Company. The Compliance Officer can be contacted at:

During the year, 5 meetings of the Shareholders'/Investors' Grievance Committee were held on:

08.07.2011, 16.11.2011, 20.12.2011, 31.03.2012, 20.03.2012

The attendance at the Shareholders'/Investors' Grievance Committee Meetings during the period from 01.04.2011 till 31.03.2012 is given below:

Name	Title	No. of Meetings held	No. of Meetings attended
Mr. Vigyan Arora	Independent Director, Chairman	5	5
Mr. Sandeep Bansal	Director, Member	5	4
Mr. Rajneesh Bansal	Executive Director, Member	5	5

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Fax – 0172-5041713

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, 13 meetings of Executive Committee were held on:

01.07.2011, 01.08.2011, 17.08.2011, 05.09.2011, 25.09.2011, 07.10.2011, 28.10.2011, 04.11.2011, 05.12.2011, 05.01.2012, 01.02.2012, 28.02.2012, 03.03.2012

6. NOMINATION COMMITTEE

During the year a Committee of the Board to be known as Nomination Committee of the Board of Directors has been constituted 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 31.01.2012 and 26.02.2012.

7. GENERAL BODY MEETINGS

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

YEAR	2009	2010	2011
Type of Meeting	AGM	AGM	AGM
Date	30.09.2009	30.09.2010	30.09.2011
Venue	A 25/37, Middle Circle, Cannaught Place, New Delhi	F 46, Malhotra Building, 1 st Floor, Cannaught Place, New Delhi – 110001	FF-1, FF-1A, FF-1B and FF-1C, 1 st 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 2009:

- a. Increase in remuneration and Re-appointment of Chairman cum Managing Director
- b. Increase in remuneration of Whole Time Director
- c. Increase in remuneration and Re-appointment of Whole Time Director
- d. Increase in remuneration and Re-appointment of Whole Time Director

Year 2010:

- a. Appointment of Statutory Auditors to fill the vacancy caused by resignation
- b. Approval for the remuneration of Chairman cum Managing Director
- c. Approval for the remuneration of Whole Time Director
- d. Approval for remuneration and Re-appointment of Whole Time Director
- e. Appointment of Independent Directors as regular Directors of the Company (3 no.s)

Year 2011:

- a. Increase in remuneration of Whole Time 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. Remuneration Committee

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 but at the moment are not posted on Web site of the Company.

4. Audit Qualifications

There are no Audit qualifications on the Financial Statements of the Company for the year 2011-12.

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

Presently, there is no policy framed for evaluating non-executive Directors

7. 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.

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

During the year Mrs. Sarita Rani Bansal, Mr. Karunasagar and Mr. Dilbag Singh Sidhu have been appointed as Independent Directors and Mr. Khizer Ahmed resigned from the post of independent directorship in the Company.

Mr. Ram Krishan Gupta and Mr. Vigyan Arora, Directors of the Company retire by rotation in the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

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 who has been appointed as Non-Executive Director of the Company 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

(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, 2012. 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.

10. GENERAL SHAREHOLDER INFORMATION

AGM : Date, time	Saturday, the 29 th day of September, 2012 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 st , 2011 to March 31 st , 2012
Date of Book closure	24.09.2012 to 29.09.2012
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, mandates etc. are processed by the Registrar within 15 days.</p>
Dematerialization of shares and liquidity	Liquidity 67.71% of the shareholding of the Company have been dematerialized as on 31.03.2012 and there is sufficient liquidity in the stock.
Outstanding	The Company has not issued any GDRs/ADRs/Warrants

GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity	or any convertible instruments
Plant Locations	The Company is in service Industry and has own offices in 717 Cities as on 17.08.2012.
Address for correspondence	The Company Secretary, PML House, SCO 829-830, Sector 22-A, Chandigarh – 160022 Ph. 0172-5025090, Fax 0172-5041713 email: cs@paulmerchants.net

(a) Distribution of Shareholding (No. of Shares) as on March 31, 2012 is as under :-

No. of Shares	No. of Shareholders	% of Shareholders	Total No. of Shares	% of Holding
1 – 500	109	57.67	32001	3.11293
501 – 1000	16	8.46	13952	1.35719
1001 – 2000	17	8.99	24453	2.37869
2001 – 3000	10	5.29	29500	2.86964
3001 – 4000	12	6.35	44700	4.34824
4001 – 5000	9	4.76	43400	4.22178
5001 – 10000	8	4.23	62286	6.05894
10001 & above	8	4.23	777708	75.65252

(b) Shareholding Pattern as on 31st March, 2012:-

Category	No. of Shares held
Promoters	696094
Institutional Investors	0
Mutual Funds & UTI	0
Banks, Financial Institutions and Insurance Companies	0
FII's	0
Others	0
Private Corporate Bodies	0
Indian Public	331906
NRIs/OCBs	0
Trust	0

(11) REMUNERATION OF DIRECTORS**(1) 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.
- (b) Remuneration paid to the past/present executive directors of the company during 2011-2012 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 141500 (13.76%) equity shares in the Company.

(2) 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. 2,18,500/- has been paid to Non Executive Independent Directors as their sitting fee for the year 2011-12.

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.

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. 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, 2012.

Place: CHANDIGARH
Date: 17.08.2012

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, 2012, 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 17, 2012
Place : Chandigarh

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

Auditor's Report

To the Members of Paul Merchants Ltd.:

We have audited the attached Balance Sheet of **M/s Paul Merchants Ltd.** as at 31st March, 2012 and the Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan & perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditors Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said order.
2. Further to our comments in the Annexure referred to above 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 purposes of our audit;
 - b) In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of the books;
 - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
 - d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Sub section 3(C) of Section 211 of the Companies Act, 1956 to the extent applicable.
 - e) According to the information & explanation given to us and on the basis of representations made by all the Directors of the company, we report that none of the Directors of the company are disqualified as on 31st March 2012 from being appointed as Director under section 274(1)(g) of the Companies Act, 1956.

- f) In our opinion and to the best of our information and according to the explanation given to us the said Balance Sheet and the Profit & Loss Account read together with the notes thereon gives the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :-
- i) insofar as it relates to the Balance Sheet of the state affairs of the company as at 31st March, 2012.
 - ii) insofar as it relates to the Profit & Loss Account, of the Profit of the company for the year ended on that date.
 - iii) insofar as it relates to Cash Flow Statement, of the Cash Flows for the year ended on that date.

Place: Chandigarh
Date : 17.08.2012

For Jain & Associates
Chartered Accountants

Sd/-
(CA. Neeraj Jain)
Partner
(M. No. 089477)

Annexure: Re. Paul Merchants Ltd.

Referred to in paragraph 1 of Our Report of even date

1. (i) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(ii) These fixed assets have been physically verified by the management during the year and there is a regular program of verification which in our opinion is reasonable having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such verification;
(iii) No substantial part of fixed assets has been disposed off during the year and according to the information and explanation given to us, we are of the opinion that it has not affected the going concern status of the company;
2. (i) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
(ii) 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;
(iii) The company is maintaining proper records of inventory. No material discrepancies were noticed on verification between the physical stocks and the book records as per the physical verification statement received from the management.
3. According to the information and explanations given to us, the company has not granted or taken any loans, secured or unsecured to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956.
4. In our opinion and according to information and explanation given to us, there are adequate internal control procedure commensurate with the size of the company and the nature of its business with regard to purchase of inventories, fixed assets and sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control.
5. According to information and explanation given to us, there are no such contracts or arrangements that need to be entered into a register in pursuance of section 301 of the Act.
6. According to information and explanation given to us the company has not accepted any deposits from the public during the year.

7. In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
8. In our opinion and according to information and explanation given to us, the company is not required to maintain cost records as specified u/s 209(1)(d) of the Companies Act, 1956.
9.
 - (i) The company is regular in depositing with appropriate authorities undisputed statutory dues towards Provident fund, Income Tax, Wealth Tax and Service Tax. According to information and explanation given to us Sales Tax, Customs duty and excise duty, cess or any other material statutory dues are not applicable to the company.
 - (ii) According to information and explanation given to us, no undisputed amount payable in respect of Provident fund, Income Tax, Wealth Tax, Sales Tax, Service Tax, Customs duty, Excise Duty and cess were in arrears, as at 31st March, 2012 for a period of more than six months from the date they became payable.
 - (iii) According to information and explanation given to us, there are no dues of Provident fund, Income Tax, Wealth Tax, Sales Tax, Service Tax, Customs duty, Excise Duty and cess which have not been deposited on account of any dispute.
10. In our opinion, the company has no accumulated losses as on 31.3.2012. Moreover the company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
11. In our opinion and according to information and explanation given to us, the company has not defaulted in repayment of its dues to any financial institution or bank or debenture holders;
12. According to information and explanation given to us the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures or other securities during the year under audit.
13. In our opinion, the company is not a chit fund or *nidhi* mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Company (Auditor's Report) Order, 2003 (as amended) are not applicable to the company.
14. In our opinion, the proper records have been maintained of the transactions dealing and trading in shares, securities and other investments. The company has held shares in its own name to the extent possible.
15. According to information and explanation given to us the company has not given any guarantees for loans taken by others from banks or financial institutions.

16. In our opinion, the term loans have been applied for the purpose for which they were raised.
17. According to the information and explanation given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets except permanent working capital.
18. According to information and explanation given to us, the company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
19. According to information and explanation given to us no Debentures were issued by the company.
20. The Company has not raised any monies by way of public issues during the year.
21. According to information and explanation given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

**For Jain & Associates
Chartered Accountants**

Place: Chandigarh

Date: 17.08.2012

**Sd/-
(CA. Neeraj Jain)
Partner
(M. No. 089477)**

PAUL MERCHANTS LIMITED

BALANCE SHEET AS AT 31st MARCH, 2012

Amount in Rupees

PARTICULARS	Note	CURRENT YEAR as on 31.03.2012	PREVIOUS YEAR as on 31.03.2011
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
Shri Laxmi Ji		1.25	1.25
Share Capital	1	1,02,80,000.00	1,02,80,000.00
Reserve & Surplus	2	68,91,99,255.16	53,27,30,225.54
(2) Non-Current Liabilities			
Long Term Borrowings	3	1,32,38,943.18	1,31,11,149.76
Other Long Term Liabilities	4	7,86,03,116.00	10,23,46,246.00
Deferred Tax Liabilities (Net)	5	57,172.00	7,35,040.00
(3) Current Liabilities			
Short Term Borrowings	6	14,30,71,368.76	14,79,03,374.72
Trade Payables	7	30,68,56,373.68	16,96,80,324.07
Other Current Liabilities	8	5,32,34,986.11	4,68,89,343.21
Short Term Provisions	9	8,05,28,294.32	7,14,26,983.32
TOTAL		1,37,50,69,510.46	1,09,51,02,687.87
II. ASSETS			
(1) Non-Current Assets			
Fixed Assets			
Tangible Assets	10	16,99,55,599.93	17,14,65,842.14
Non-Current Investments	11	4,13,88,436.79	2,78,36,811.65
Other Non-Current Assets	12	2,14,40,837.58	71,33,900.00
(2) Current Assets			
Inventories	13	2,04,38,651.98	2,49,32,193.39
Trade Receivables	14	43,51,87,197.56	21,35,73,620.71
Cash and Cash Equivalents	15	47,90,47,419.28	47,02,27,026.11
Short Term Loans and Advances	16	20,57,29,763.34	17,71,41,707.52
Other Current Assets	17	18,81,604.00	27,91,586.35
TOTAL		1,37,50,69,510.46	1,09,51,02,687.87
Significant Accounting Policies & Notes of Financial Statements		1-36	
PLACE: CHANDIGARH			
DATED: 17.08.2012			
For & on Behalf of Board of Directors		AUDITOR'S REPORT:	
		As per our Separate Report of the Even Date	
SAT PAUL BANSAL Chairman cum Managing Director	RAJNEESH BANSAL Executive Director	For Jain & Associates CHARTERED ACCOUNTANTS	
HARDAM SINGH Company Secretary		CA. NEERAJ JAIN Partner (M. No. 089477)	

PAUL MERCHANTS LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDING 31st MARCH, 2012

Amount in Rupees

PARTICULARS	Note	CURRENT YEAR ending 31.03.2012	PREVIOUS YEAR ending 31.03.2011
I. REVENUE			
Revenue from Operations	18	15,25,00,06,329.47	12,35,73,00,564.04
Other Income	19	3,18,57,497.76	1,69,53,123.75
TOTAL REVENUE		15,28,18,63,827.23	12,37,42,53,687.79
II. EXPENSES			
Purchase of Foreign Exchange and Services	20	14,03,76,30,208.55	11,32,54,83,580.53
Changes in Inventories of Stock in Trade	21	44,93,541.41	1,02,24,621.83
Commission & Incentive Paid To WU Agents	22	38,97,22,207.10	31,43,98,445.96
Office & Administrative Expenses	23	19,15,30,401.62	14,65,24,294.43
Employee Benefit Expenses	24	24,03,73,486.28	23,17,90,188.26
Finance Costs	25	3,50,24,193.86	3,00,22,462.99
Sales Promotion Expenses	26	11,70,37,002.16	7,59,65,690.00
Other Expenses	27	68,10,740.63	43,04,592.19
Depreciation		1,85,89,733.00	1,85,11,026.00
TOTAL EXPENSES		15,04,12,11,514.61	12,15,72,24,902.19
III. PROFIT BEFORE EXCEPTIONAL & EXTRAORDINARY ITEMS & TAX (I - II)		24,06,52,312.62	21,70,28,785.60
IV. EXCEPTIONAL ITEMS		0.00	0.00
V. PROFIT BEFORE EXTRAORDINARY ITEMS AND TAX (III - IV)		24,06,52,312.62	21,70,28,785.60
VI. EXTRAORDINARY ITEMS		0.00	0.00
VII. PROFIT BEFORE TAX (V - VI)		24,06,52,312.62	21,70,28,785.60
VIII. TAX EXPENSE			
(1) Current Tax		8,05,28,294.32	7,20,59,484.00
(2) Deferred Tax		-6,77,868.00	-5,19,769.00
IX. PROFIT (LOSS) AFTER TAX (VII - VIII)		16,08,01,886.30	14,54,89,070.60
X. EARNING PER EQUITY SHARE (BASIC & DILUTED)		156.42	141.53
Significant Accounting Policies & Notes of Financial Statements	1-36		

PLACE: CHANDIGARH

DATED: 17.08.2012

For & on Behalf of Board of Directors

SAT PAUL BANSAL
Chairman cum
Managing Director

RAJNEESH BANSAL
Executive Director

HARDAM SINGH
Company Secretary

AUDITOR'S REPORT:

As per our Separate Report of the Even Date

For Jain & Associates
CHARTERED ACCOUNTANTS

CA. NEERAJ JAIN
Partner
(M. No. 089477)

PAUL MERCHANTS LTD
CASH FLOW STATEMENT AS ON 31st MARCH 2012

Amount (in Rupees)

PARTICULARS	CURRENT YEAR 31.03.2012	PREVIOUS YEAR 31.03.2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Tax and Extraordinary items	240,652,313	217,028,786
Adjustment for:		
Depreciation	18,589,733	18,511,026
Profit/Loss on Sale of Fixed Assets/Investments	403,399	1,220,532
Finance Cost	35,024,194	31,656,672
Interest Income	(9,968,366)	(3,131,814)
Dividend Received	(2,481)	(4,446)
Profit before working Capital Changes	284,698,792	265,280,756
Adjustment for :		
Net changes in operating Assets & Liabilities		
Trade receivable	(221,613,577)	(9,240,930)
Inventory	4,493,541	10,278,279
Current Assets and Loans & Advances	(41,985,011)	(37,817,918)
Long Term Loans & Advances	-	-
Other Current Assets		
Other Non Current Assets		
Trade Payables	137,176,050	7,625,613
Liabilities & Provisions	(8,296,176)	80,125,356
Other Long Term Liabilities		
Short Term Provisions		
Long Term Provisions	-	-
Cash generated from operations	(130,225,173)	50,970,400
Income Taxes Paid	(83,069,000)	(72,059,484)
Cash generated from operation before extraordinary items	71,404,619	244,191,672
Dividend Received	2,481	4,446
Net Cash flow from operating activities	71,407,100	244,196,118
B. CASH FLOW FROM LENDING AND INVESTING ACTIVITIES		
Fixed Deposited with Banks	(34,263,786)	(95,197,313)
Interest Received on Fixed Deposits	9,968,366	3,131,814
Sale of Fixed Assets	867,113	8,681,895
Purchase of Fixed Assets	(18,350,002)	(52,456,155)
Increase/Decrease in Non Current Investments	(13,551,625)	(27,208,999)
Net cash used in lending and investing activities	(55,329,935)	(163,048,758)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Share Capital	-	-
Dividend Paid	(1,542,000)	(1,028,000)
Tax on Dividend Paid	(250,151)	(170,738)
Borrowings (Net of Repayments)		
Long Term Borrowings	127,793	(82,853,058)
Short Term Borrowings	(4,832,006)	98,130,824
Finance Cost	(35,024,194)	(31,656,672)
	(41,520,557)	(17,577,644)

Net cash flow after financing activities	(25,443,392)	63,569,716
year	366,346,098	302,776,383
Cash and Cash equivalents at the end of the year	340,902,706	366,346,098

Place : Chandigarh.
Dated : 17/08/2012

For & on behalf of Board of Directors

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 2012. 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.

For Jain & Associates
CHARTERED ACCOUNTANTS

Place: Chandigarh
Dated: 17/08/2012

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 2012		As at 31 March 2011	
	Number	Amount (In Rs.)	Number	Amount (In Rs.)
<u>Authorised</u>				
Equity Shares of Rs. 10 each	20,00,000	2,00,00,000.00	20,00,000	2,00,00,000.00
<u>Issued, Subscribed & fully Paid up</u>				
Equity Shares of Rs. 10 each fully paid	10,28,000	1,02,80,000.00	10,28,000	1,02,80,000.00
Total	10,28,000	1,02,80,000.00	10,28,000	1,02,80,000.00

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

Particulars	Equity Shares			
	As at 31 March 2012		As at 31 March 2011	
	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
Shares outstanding at the end of the year	1028000	1,02,80,000.00	10,28,000.00	1,02,80,000.00

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 2012		As at 31 March 2011	
	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

Note 2: RESERVES AND SURPLUS

Particulars	As at 31 March 2012	As at 31 March 2011
	Amount (In Rs.)	Amount (In Rs.)
A. Securities Premium Account		
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
Closing Balance	50,40,000.00	50,40,000.00
B. General Reserve		
Opening Balance	52,76,90,225.54	38,32,29,154.94
(+) Current Year Transfer	15,64,69,029.62	14,44,61,070.60
(-) Written Back in Current Year	0.00	0.00
Closing Balance	68,41,59,255.16	52,76,90,225.54
C. Surplus		
Opening balance	0.00	0.00
(+) Net Profit For the current year	16,08,01886.30	14,54,89,070.60
(-) Tax Provisions for earlier years	27,90,856.68	0.00
(-) Dividends	15,42,000.00	10,28,000.00
(-) Transfer to General Reserves	15,64,69,029.62	14,44,61,070.60
Closing Balance	0.00	0.00
Total	68,91,99,255.16	53,27,30,225.54

Note 3: LONG TERM BORROWINGS

Particulars	As at 31 March 2012 Amount (In Rs.)	As at 31 March 2011 Amount (In Rs.)
SECURED		
A. Term loans		
1. From Banks		
a. Term Loan from ICICI Bank <i>(Secured by Mortgage of Guest House Building at Delhi and personal guarantee of Directors)</i>	89,53,689.00	1,27,25,468.00
b. Car Loans from Banks <i>(Secured by Hypothecation of Cars)</i>	42,85,254.18	3,53,413.74
2. From other parties		
a. Car Loans from Magma Sharchi Finance Ltd. <i>(Secured by Hypothecation of Car)</i>	0.00	32,268.02
Total	1,32,38,943.18	1,31,11,149.76
Total	1,32,38,943.18	1,31,11,149.76

Note 4: OTHER LONG TERM LIABILITIES

Particulars	As at 31 March 2012 Amount (In Rs.)	As at 31 March 2011 Amount (In Rs.)
Advance from Western Union	7,35,45,616.00	9,73,98,246.00
Security deposits received from WU	25,57,500.00	22,48,000.00
Security deposits received from Agents	25,00,000.00	27,00,000.00
Total	7,86,03,116.00	10,23,46,246.00

Note 5: DEFFERED TAX LIABILITIES

Particulars	As at 31 March 2012 Amount (In Rs.)	As at 31 March 2011 Amount (In Rs.)
Opening Balances	7,35,040.00	12,54,809.00
less: Deffered Tax Liabilty written Back	6,77,868.00	5,19,769.00
Total	57,172.00	7,35,040.00

Note 6: SHORT TERM BORROWINGS

Particulars	As at 31 March 2012 Amount (In Rs.)	As at 31 March 2011 Amount (In Rs.)
A. SECURED		
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)	10,95,87,348.56	5,13,07,427.81
(ii) Temporary Over Draft Facility (TOD)	-1,12,061.20	0.00
(iii) Drop Line Over Draft Facility (DOD)	-55,714.85	2,63,77,027.56
Secured by Hypothication of Fixed deposits with Respective Banks		
(iv) Over Draft Facility (OD)	3,36,51,796.25	6,93,86,922.35
b. FROM OTHER PARTIES	0.00	0.00
B. UNSECURED		
(a) Loans and advances from related parties		
(i) Deposits from Directors Relatives	0.00	8,31,997.00
Total	14,30,71,368.76	14,79,03,374.72

Note 7: TRADE PAYABLES

Particulars	As at 31 March 2012 Amount (In Rs.)	As at 31 March 2011 Amount (In Rs.)
Sundry Creditors - Forex	38,79,018.06	16,98,899.82
Western Union Sub-Agents	29,22,04,093.67	15,19,88,193.73
Sundry Creditors - Travel	1,07,73,261.95	1,59,93,230.52
Total	30,68,56,373.68	16,96,80,324.07

Note 8: OTHER CURRENT LIABILITIES

Particulars	As at 31 March 2012 Amount (In Rs.)	As at 31 March 2011 Amount (In Rs.)
Current maturities of long-term debt	64,00,197.58	50,28,905.00
Expenses Payable	3,67,38,196.28	3,33,47,613.99
Unclaimed dividends	38,599.00	28,053.00
Advance From Customer	19,62,208.99	11,19,489.23
Other payables		
(i) PF Payable	18,36,480.00	16,55,612.00
(ii) ESI Payable	2,12,449.00	2,45,278.00
(iii) Service Tax Payable	0.00	752.55
(iv) TDS Payable	45,64,763.77	44,35,639.44
(v) Dividend Payable	15,42,000.00	10,28,000.00
Total	5,32,34,986.11	4,68,89,343.21

Note 9: SHORT TERMS PROVISIONS

Particulars	As at 31 March 2012 Amount (In Rs.)	As at 31 March 2011 Amount (In Rs.)
Provision for Taxes	8,02,09,143.32	7,13,67,499.32
Provision for Dividend Distribution Tax	2,50,151.00	-
Provision for Wealth Tax	69,000.00	59,484.00
Total	8,05,28,294.32	7,14,26,983.32

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 2011	Additions	Disposals	Balance as at 31 March 2012	Balance as at 1 April 2011	Depreciation charge for the year	On disposals	Balance as at 31 March 2012	Balance as at 1 April 2011	Balance as at 31 March 2012
Tangible Assets										
Land	5,87,16,816.00	24,02,750.00	0.00	6,11,19,566.00	0.00	0.00	0.00	0.00	5,87,16,816.00	6,11,19,566.00
Buildings	5,62,63,329.00	0.00	0.00	5,62,63,329.00	33,64,567.00	25,59,784.00	0.00	59,24,351.00	5,28,98,762.00	5,03,38,978.00
Computers & Pheriparals	3,55,85,313.89	19,70,115.58	2,38,845.00	3,73,16,584.47	2,07,04,282.13	63,39,951.00	1,88,387.00	2,68,55,846.13	1,48,81,031.76	1,04,60,738.34
Furniture and Fixtures	4,34,86,530.52	24,52,436.70	9,90,599.99	4,49,48,367.23	1,51,99,696.43	52,85,054.00	3,21,182.79	2,01,63,567.64	2,82,86,834.09	2,47,84,799.59
Motor Vehicles	1,58,18,145.00	89,13,948.00	7,57,933.00	2,39,74,160.00	87,70,432.00	29,00,656.00	3,84,539.00	1,12,86,549.00	70,47,713.00	1,26,87,611.00
Machinery & Equipments	1,54,44,480.05	26,10,752.00	2,60,409.00	1,77,94,823.05	58,09,783.05	15,04,288.00	83,155.00	72,30,916.05	96,34,697.00	1,05,63,907.00
Total Current Year	22,53,14,614.46	1,83,50,002.28	22,47,786.99	24,14,16,829.75	5,38,48,760.61	1,85,89,733.00	9,77,263.79	7,14,61,229.82	17,14,65,842.14	16,99,55,599.93
Total Previous Year	18,51,13,085.20	5,24,56,155.26	1,22,54,626.00	22,53,14,614.46	3,76,89,935.61	1,85,11,026.00	23,52,199.00	5,38,48,770.61	14,74,23,149.59	17,14,65,842.14

Note 11: NON CURRENT INVESTMENTS

Particulars	As at 31 March 2012 Amount (In Rs.)	As at 31 March 2011 Amount (In Rs.)
Other Investments (unquoted, fully paid up, at cost) 49.99% JV Investment in Horizon Remit SDN BHD, Malaysia	4,13,88,436.79	2,78,36,811.65
Total	4,13,88,436.79	2,78,36,811.65

Note 12: OTHER NON CURRENT ASSETS

Particulars	As at 31 March 2012 Amount (In Rs.)	As at 31 March 2011 Amount (In Rs.)
Advance against Investment Properties	2,14,40,837.58	71,33,900.00
Total	2,14,40,837.58	71,33,900.00

Note 13: INVENTORIES

Particulars	As at 31 March 2012	As at 31 March 2011
	Amount (In Rs.)	Amount (In Rs.)
Stock of Foreign Currency at Cost	1,99,98,735.40	2,44,92,276.81
Stock Of Shares at Cost	4,39,916.58	4,39,916.58
Total	2,04,38,651.98	2,49,32,193.39

Note 14: TRADE RECEIVABLES

Particulars	As at 31 March 2012 Amount (In Rs.)	As at 31 March 2011 Amount (In Rs.)
A. Trade receivables outstanding for a period less than six months		
1. Unsecured, considered good	42,71,32,383.08	20,25,67,449.24
Less: Provision for doubtful debts	0.00	0.00
	42,71,32,383.08	20,25,67,449.24
B. Trade receivables outstanding for a period exceeding six months		
1. Unsecured, considered good	80,54,814.48	1,10,06,171.47
Less: Provision for doubtful debts	0.00	0.00
	80,54,814.48	1,10,06,171.47
Total	43,51,87,197.56	21,35,73,620.71

Trade Receivable stated above include debts due by:

Particulars	As at 31 March 2012 Amount (In Rs.)	As at 31 March 2011 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 2012 Amount (In Rs.)	As at 31 March 2011 Amount (In Rs.)
A. Balances with Banks		
1. In Current Accounts	19,23,93,491.92	19,74,88,207.39
2. In Term Deposit Accounts with more than 12 months maturity	25,87,768.90	24,53,405.00
3. In earmarked Term Deposit Accounts		
a. Security against borrowings	12,85,14,806.00	9,61,12,991.00
b. Margin money	45,39,377.31	39,19,768.44

c. Unclaimed dividend accounts	38,476.00	28,040.00
d. Guarantees & Other Commitments	25,02,761.00	13,94,763.00
4. In EEFC Accounts	8,952.38	0.00
B. Cash on hand	14,84,61,785.77	16,88,29,851.28
Total	47,90,47,419.28	47,02,27,026.11

Note 16: SHORT TERM LOANS & ADVANCES

Particulars	As at 31 March 2012 Amount (In Rs.)	As at 31 March 2011 Amount (In Rs.)
A. Secured, Considered Good		
Claims Recoverable	4,00,000.00	0.00
B. Unsecured, Considered Good		
1. Advances to Other Parties (Net)	9,20,74,263.73	5,20,47,623.98
2. Security Deposits	2,03,98,129.74	2,21,51,176.74
3. Loans and advances to employees	33,53,587.14	19,70,332.00
4. Staff Imprest	14,76,380.00	2,63,731.80
5. Prepaid expenses	49,89,450.50	1,29,14,695.00
6. Balances with government authorities		
a. CENVAT credit receivable	85,55,726.00	1,38,98,743.59
b. Advance Tax	6,75,00,000.00	5,75,00,000.00
c. Tax Deducted at Source	52,86,030.23	29,42,935.41
d. Others	16,96,196.00	1,34,52,469.00
Total	20,57,29,763.34	17,71,41,707.52

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 2012 Amount (In Rs.)	As at 31 March 2011 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 17: OTHER CURRENT ASSETS

Particulars	As at 31 March 2012 Amount (In Rs.)	As at 31 March 2011 Amount (In Rs.)
Interest Accrued but not due on FDR's	1,02,922.00	15,44,274.35
Insurance Claim Recoverable	17,78,682.00	12,47,312.00
Total	18,81,604.00	27,91,586.35

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	15,42,000.00	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 2012 Amount (In Rs.)	For the year ended 31 March 2011 Amount (In Rs.)
Sale of Services		
Foreign Exchange	13,99,74,51,548.95	11,31,99,31,793.19
Service Charges on Forex	66,56,796.37	69,87,783.36
Charges Received from Western Union	44,08,72,349.98	37,70,00,108.54
Forex Gain on Remittances from Western Union	44,92,60,517.98	37,77,07,584.64
Sales of Air Tickets	26,60,54,443.00	22,02,76,171.00
Sales of Hotel Bookings & Packages	3,33,90,050.76	3,44,66,402.74
Total - Sale of services	15,19,36,85,707.04	12,33,63,69,843.47
Other Operating Revenues		
Rewards & Incentives	4,14,55,448.71	60,90,044.42
Miscellaneous Receipts- Travel	7,11,037.45	9,29,566.89
Revenue from Haj Project	1,10,25,849.00	1,07,81,628.00
Credit Card Encashment	31,28,287.27	31,29,481.26
Total - Other operating revenues	5,63,20,622.43	2,09,30,720.57
Total Revenue From Operations	15,25,00,06,329.47	12,35,73,00,564.04

Note 19: OTHER INCOME

Particulars	For the year ended 31 March 2012 Amount (In Rs.)	For the year ended 31 March 2011 Amount (In Rs.)
A. Interest Income		
1. Interest on Bank Deposits	99,68,365.74	13,11,978.00
2. Interest on Loans & Advances	48,10,314.54	1,85,627.35
3. Interest on Income Tax Refund	8,63,441.00	0.00
B. Dividend Income	2,480.70	4,445.62
C. Other non-operating income (net of expenses directly attributable to such income)		
1. Prior Period Items	0.00	73,63,635.00
2. Exchange Rate Variations on Forex Transactions	8,03,061.79	5,57,047.40
3. Railway Booking	1,31,273.41	2,61,007.89
4. Franchisee Fees	16,44,385.00	0.00
5. Miscellaneous Income	1,36,34,175.58	72,69,382.49
Total	3,18,57,497.76	1,69,53,123.75

Note 20: Purchase of Foreign Exchange and Services

Particulars	For the year ended 31 March 2012 Amount (In Rs.)	For the year ended 31 March 2011 Amount (In Rs.)
Foreign Exchange	13,75,57,19,514.00	11,08,73,04,810.63
Air Tickets	25,26,39,890.29	20,79,91,569.44
Hotel Bookings & Packages	2,92,70,804.26	3,01,87,200.46
Total	14,03,76,30,208.55	11,32,54,83,580.53

Note 21: Changes in Inventories of Stock in Trade

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
	Amount (In Rs.)	Amount (In Rs.)
Closing Stock of Foreign Exchange	1,99,98,735.40	2,44,92,276.81
Opening Stock of Foreign Exchange	2,44,92,276.81	3,47,16,898.64
NET DECREASE	44,93,541.41	1,02,24,621.83

Note 22: COMMISSION AND INCENTIVES PAID TO AGENTS

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
	Amount (In Rs.)	Amount (In Rs.)
Western Union Agents	37,05,68,977.60	29,25,61,253.63
Forex Agents and others	1,74,14,039.50	2,07,97,165.33
Incentive to WU Agents	17,39,190.00	10,40,027.00
Total	38,97,22,207.10	31,43,98,445.96

Note 23: OFFICE & ADMINISTRATIVE EXPENSES

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
	Amount (In Rs.)	Amount (In Rs.)
Cash Lost in Transit	10,253.00	3,21,865.00
Communication Expenses	1,24,33,894.38	1,55,14,517.10
Computer Expenses	1,56,35,717.96	48,91,445.27
Conference Expenses	24,66,688.00	10,73,598.00
Conveyance Expenses	89,97,889.50	69,72,650.64
Generator Running Expenses	8,42,053.00	8,91,546.00
Insurance	38,15,255.50	58,46,346.00
Legal, Professional & Consultancy Charges	89,59,834.00	45,46,159.00
Loss on fixed assets sold/scrapped/written off	4,03,399.19	12,20,532.00
Office Maintenances	1,10,86,829.41	1,22,55,796.50
Payments to auditors (Refer Note (i) below)	12,69,203.00	11,81,198.00

Postage & Telegram	31,72,715.84	26,43,978.49
Power and Water Expenses	59,98,756.39	56,81,965.98
Printing and stationery	4,30,94,505.42	1,40,81,265.24
Rates and taxes	19,06,786.80	16,57,917.44
Rent	4,39,45,093.00	4,21,39,102.01
Repairs and maintenance - Buildings	42,64,744.00	49,51,508.81
Security Services	17,92,841.00	18,99,098.00
Travelling Expenses	1,90,14,620.23	1,65,57,951.95
Vehicle Running & Maintenance	24,19,322.00	21,95,853.00
Total	19,15,30,401.62	14,65,24,294.43

NOTE (i)

Payments to the auditor as	For the year ended 31 March 2012 Amount (In Rs.)	For the year ended 31 March 2011 Amount (In Rs.)
Statutory Audit Fees	1,25,000.00	1,25,000.00
Tax Audit Fees	40,000.00	40,000.00
Concurrent & Internal Audit Fees	11,04,203.00	10,16,198.00
Total	12,69,203.00	11,81,198.00

Note 24: EMPLOYEE BENEFIT EXPENSES

Particulars	For the year ended 31 March 2012 Amount (In Rs.)	For the year ended 31 March 2011 Amount (In Rs.)
Salaries & Allowances	20,49,45,694.00	19,86,46,996.90
Bonus & Incentives	87,98,660.00	64,68,187.00
Leave Encashment	43,10,363.00	39,65,181.00
Contributions to:		
(i) Provident Fund	1,14,98,887.00	1,12,39,922.00
(ii) ESI	18,68,600.13	20,57,909.00
Gratuity	5,35,303.00	21,55,480.00
Staff Recruitment Expenses	2,46,532.00	2,32,450.00
Staff welfare expenses	81,69,447.15	70,24,062.36
Total	24,03,73,486.28	23,17,90,188.26

Note 25: FINANCE COSTS

Particulars	For the year ended 31 March 2012 Amount (In Rs.)	For the year ended 31 March 2011 Amount (In Rs.)
Interest Expenses:		
Interest on Demand Loans	2,61,46,832.27	1,99,76,122.56
Interest on Term Loans	16,09,686.00	50,88,570.89
Interest on Car Loans	4,97,350.43	3,13,531.99
Other Finance Expenses:		
Bank Charges	54,69,291.32	32,88,075.12
Credit Card Charges	13,01,033.84	13,56,162.43
Total	3,50,24,193.86	3,00,22,462.99

Note 26: SALES PROMOTION EXPENSES

Particulars	For the year ended 31 March 2012 Amount (In Rs.)	For the year ended 31 March 2011 Amount (In Rs.)
Advertisement & Publicity	8,53,41,520.16	5,83,64,068.00
Business Promotion	3,16,95,482.00	1,76,01,622.00
Total	11,70,37,002.16	7,59,65,690.00

Note 27: OTHER EXPENSES

Particulars	For the year ended 31 March 2012 Amount (In Rs.)	For the year ended 31 March 2011 Amount (In Rs.)
Brokerage	56,730.00	1,05,975.00
Call Centre Charges	7,51,896.00	11,05,340.79
Diwali Expenses	35,62,919.00	7,68,244.00
Donations	2,94,920.09	3,80,573.00
Fees & Subscriptions	4,86,819.54	3,78,414.40
Guest House Expenses	15,94,102.00	13,20,211.00
Hospitality	16,814.00	21,236.00
Inaguration Expenses	2,172.00	1,44,922.00
News Paper & Periodicals	44,368.00	79,676.00
TOTAL	68,10,740.63	43,04,592.19

Note 28. DIRECTOR'S REMUNERATION

During the year the company paid an amount of Rs. 2,40,00,000.00 (Previous Yr Rs. 2,42,00,000.00) 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	180,00,000/-
Mr. Rajneesh Bansal	Director	60,00,000/-
Total		240,00,000/-

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

Particulars	For the year ended 31 March 2012 Amount (In Rs.)	For the year ended 31 March 2011 Amount (In Rs.)
Profit Before Tax	24,06,52,312.62	21,70,28,785.60
Add:		
Managerial Remuneration	240,00,000.00	242,00,000.00
Loss on Sale of Fixed Assets	403399.19	12,20,532.00
Net Profit for the Year	26,50,55,711.81	24,24,49,317.60

Note 29. Contingent Liability not provided for

Particulars	As at 31 March 2012 (Rs. Lakhs)	As at 31 March 2011 (Rs. Lakhs)
Claims against company not acknowledged as Debt	136.66	145.10
Bank Guarantees	79.89	122.02
Service Tax Demand Notice pending Appeal with CESTAT (excl. Interest)	670.84	670.84
Corporate Guarantee in Respect of JV in Malaysia	900.00	900.00
TOTAL	1786.55	1837.96

Note 30. Gross Remittances & Earnings in Foreign Exchange

Particulars	As at 31 March 2012 (Rs. Lakhs)	As at 31 March 2011 (Rs. Lakhs)
Gross Inward Remittance from Western Union Money Transfer Service	1,074,221.03	835,648.23
Rewards and Incentives	161.72	5.80
TOTAL	1,074,382.75	835,654.03

Note 31. Earnings per Share

(As per Accounting Standard 20 issued by ICAI)

Particulars	As at 31 March 2012 (Rs. Lakhs)	As at 31 March 2011 (Rs. Lakhs)
Net Profit for the Year (Rs.)	1580.11	1454.89
Number of Equity Shares (Nos.)	1028000	1028000
Basic & Diluted EPS (Rs per Share)	153.71	141.53

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 Fincaps 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	0.00	0.00	240.00
Rent for Premises	49.75	16.25	19.20	85.20
Interest Paid	0.00	1.47	0.00	1.47
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 2012 (Rs. Lakhs)	As at 31 March 2011 (Rs. Lakhs)
Interest in JV (%)	49.99	49.99
Value of Capitalised Investment in JV	413.88	278.37
Proportional Interest in		
- Assets	193.95	163.02
- Liabilities	95.33	53.58
Share of Income from JV	-171.20	-87.51
Expenditure Incurred	10.04	7.17

Note 33. Deferred Tax*(As per Accounting Standard 22 issued by ICAI)*

Deferred Tax Assets on Account of Timing Differences	As at 01.04.2011	Arising During the Year	As at 31.03.2012
Depreciation	735,040.00	(6,77,868.00)	57,172.00
Net Deferred Tax Liability	735,040.00	(6,77,868.00)	57,172.00

Provision for Current Tax Includes Provision for Wealth Tax Rs. 69,000/-, Provision for Dividend Distribution Tax Rs. 250,151/- and Provision for Income Tax Rs. 830,00,000/-.

Note 34. Employee Benefits

Particulars of Defined Contribution Plan	As at 31 March 2012 (Rs. Lakhs)	As at 31 March 2011 (Rs. Lakhs)
Contribution to Provident Fund & ESI during the financial year	133.67	132.98

Note 35. Segment Reporting

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

(Amount in Lakh Rupees)

Particulars	Forex	Money Transfer	Travel	Other	Total
Segment Revenues	140276.96	9315.88	3017.99	51.37	152662.21
Inter-Segment Revenues	28.93	7.23	(36.16)	0	0
Total (A)	140305.89	9323.11	2981.82	51.37	152662.21
Segment Expenses	137776.27	3730.60	2952.24	0	144459.11
Allocated Expenses	1538.92	4063.83	0	0	5602.75
Total (B)	139315.19	7794.43	2952.24	0	150061.87
Segment Results (A-B)	990.70	1528.68	29.58	51.37	2600.34
Unallocated Corporate Expenses	0	0	0	0	0
Operating Profit	990.70	1528.68	29.58	51.37	2600.34
Interest Expense					350.24
Interest Income					(156.42)
Income Tax					826.41
Profit from Ordinary Activities					1580.11
Other Information					
Segment Assets	2631.32	10621.04	84.43	0	13336.81
Segment Liabilities	1643.37	5057.10	54.85	0	6755.33
Unallocated Assets				0	413.88
Unallocated Liabilities				0	5415.25
Capital Expenditure	23.27	159.28	0.93	0	183.50

Note 36. 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 25,00,958.00 (Previous Yr Rs. 13,48,624.00) towards foreign travel.
3. Cash Lost in Transit which are charged to Profit & Loss Account are cash shortages during the year at two branches as per following details:

Branch Name	Amount (Rs.)
Bhiwandi (Maharashtra)	10,000.00
Kumbakonam (Tamil Nadu)	253.00
Total	10,253.00

4. As per information available to the company there are no outstanding dues owed to Small Scale undertakings as on 31.03.2012.
5. Balance under Sundry Debtors, Sundry Creditors, Loans & Advances are subject to confirmation and reconciliation.
6. Additional information pursuant to Schedule VI part II of the Companies Act. 1956 is either NIL or NOT APPLICABLE.
7. 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.
8. Notes 1 to 36 form integral part of Accounts for the year ending 31st March 2012.

PLACE: CHANDIGARH
DATED: 17.08.2012

For & on Behalf of Board of Directors

Sd/-

SAT PAUL BANSAL **RAJNEESH BANSAL**
Chairman cum Exec. Director
Managing Director

Sd/-

HARDAM SINGH
Company Secretary

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

For Jain & Associates
CHARTERED ACCOUNTANTS

Sd/-

CA. NEERAJ JAIN
Partner
(M. No. 089477)