



PAUL MERCHANTS

Paul Merchants Ltd.

An ISO 9001 : 2015 Certified Company CIN : L74900DL1984PLC018679
Corp. Office : PML House, SCO 829-830, Sector 22-A, Chandigarh-160022
Ph. 0172-5041740, 5041757, 5041792 Fax : 0172-5041713
Regd. Office : DSM 335, 336, 337, 3rd Floor, DLF Tower, 15, Shivaji Marg,
Najafgarh Road, New Delhi-110015 Ph. : 011-48702000
www.paulmerchants.net info@paulmerchants.net

Corporate Relations Department,
BSE Limited,
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai- 400001

PML/BSE/AGM/2019/300
Date: August 29, 2019

SUBJECT :- NOTICE OF THIRTY FIFTH (35TH) ANNUAL GENERAL MEETING

Ref: Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

SCRIP CODE: 539113

Dear Sir/ Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are submitting herewith the information as per the format prescribed in SEBI Circular CIR/CFD/CMD/4/2015 dated September 09, 2015 in respect of Notice of Thirty Fifth (35th) Annual General Meeting of the Company, which is scheduled to be held on Monday, the 30th day of September, 2019 at Forever Banquet, 20, Paschim Vihar Extension, Main Rohtak road, Opp. Metro Pillar No. 193, New Delhi - 110063 for the Financial Year 2018-19 as given below:-

- (a) **Date of Notice:** Notice of 35th Annual General Meeting dispatched/issued to shareholders on 28th August, 2019;
- (b) **Brief Details viz. agenda proposed to be taken up, resolution to be passed:**
- Agenda proposed to be taken up: As per Notice of the AGM attached;
 - Resolution to be passed: As per Notice of the AGM attached;
 - Manner of approval proposed: Remote E-voting and process of Ballot Paper at the venue of AGM;

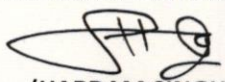
The said Notice is also available on the website of the Company at <http://www.paulmerchants.net/paulmerchants/wp-content/uploads/2019/08/NOTICE.pdf>

You are requested to take the same on your records.

Thanking You.

Yours faithfully,

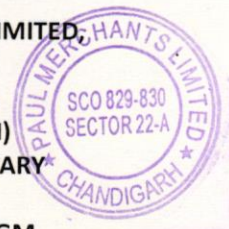
For PAUL MERCHANTS LIMITED,


(HARDAM SINGH)

COMPANY SECRETARY

FCS 5046

Enc: Notice of the 35th AGM



NOTICE

NOTICE is hereby given that 35th Annual General Meeting of the shareholders of M/s Paul Merchants Limited will be held on Monday, the 30th day of September, 2019 at 12.00 Noon at the Forever Banquet, 20, Paschim Vihar Extn., Metro Pillar No. 193, Opp. Ordinance Depot, New Delhi- 110063 to transact the following business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Standalone Financial Statements of the Company for the Financial Year ended March 31, 2019 and the Reports of the Board of Directors and Auditors thereon.
2. To receive, consider and adopt the Audited Consolidated Financial Statements of the Company for the Financial year ended March 31, 2019 and the Report of the Auditors thereon.
3. To appoint a Director in place of Smt Sarita Rani Bansal (DIN 00094504) who retires by rotation and being eligible, offers herself for reappointment.
4. To appoint a Director in place of Sh Sandeep Bansal (DIN 00094391) who retires by rotation and being eligible, offers himself for reappointment.

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to the provisions of Section 196, 197, 198, 203 and all other applicable Provisions, if any, of the Companies Act, 2013 ('Act') read with Schedule V to the said Act, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and all other applicable Rules made under the Act (including any Statutory modification(s) or re-enactment thereof for the time being in force), subject to the Articles of Association of the Company and subject to such other approvals and compliances as per the applicable provisions of the Act as may be necessary, the approval of the Members of the Company be and is hereby accorded for re-appointment of Mr. Sat Paul Bansal (DIN 00077499), who is aged 72 years, as Chairman Cum Managing Director of the Company, having substantial powers of management of the affairs of the Company, for a period of 5 (Five) years commencing from 01-04-2019 and ending with 31-03-2024 on the following terms and conditions and payment of remuneration for a period of three (3) years with effect from 01-04-2019:-

- a. **Salary:-** Rs.12,00,000/- (Rupees Twelve Lakhs Only) per month.
- b. **Commission:-** upto 2% of the Net Profits of the Company earned during any financial year based upon his performance as decided by the Nomination and Remuneration Committee of the Board.
- c. **Benefits:-** No other benefits, bonuses, stock options, pension, emoluments, allowances etc.
- d. **Service Contract period:-** 5 years i.e. from 01-04-2019 till 31-03-2024
- e. **Remuneration period :-** 3 years i.e. from 01-04-2019 till 31-03-2022
- f. **Notice Period:-** Three months.
- g. **Severance Fees:-** No severance fees is payable to him.

RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year, Mr. Sat Paul Bansal (DIN 00077499) will be paid the salary and perquisites as specified above subject to the provisions of Schedule V of the Companies Act, 2013.

RESOLVED FURTHER THAT with the payment of Remuneration as above to the Chairman Cum Managing Director, the remuneration of other Whole Time Directors of the Company shall remain



unaffected in spite of the fact that the remuneration payable to them may exceed the limits prescribed in Section 197 of the Companies Act, 2013 in any Financial Year.

RESOLVED FURTHER THAT Liberty and Authority be and is hereby given to the Board of Directors of the Company, which will be deemed to include any Committee of the Board constituted to exercise its powers, including powers conferred by this Resolution, to decide all questions arising out of this matter, to take all requisite steps to give effect to this resolution and to vary, alter and modify the terms and conditions governing the appointment and remuneration of the Chairman Cum Managing Director of the Company including allowing increase in Salary up to Rs. 20,00,000/- (Rupees Twenty Lakhs Only) per month, as may be agreed to by the Board of Directors or Board Committee and the Chairman Cum Managing Director Mr. Sat Paul Bansal (DIN 00077499) from time to time, subject to the provisions of all applicable Laws.”

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

“**RESOLVED THAT** in partial modification of the Special Resolution passed by the Shareholders of the Company in their Annual General Meeting held on 27-09-2018 and pursuant to the Provisions of Section 196, 197, 198 and all other applicable provisions, if any, of the Companies Act, 2013 (“the Act”), Schedule V to the said Act, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and all other applicable Rules made under the Act (including any Statutory modification(s) or re-enactment thereof for the time being in force), subject to the Articles of Association of the Company and subject to such other approvals and compliances as per the applicable provisions of the Act as may be necessary, the approval of the Members of the Company be and is hereby accorded for revision in the remuneration of Mr. Dharam Pal Sharma (DIN 07284332), Whole Time Director of the Company in a way that his remuneration shall be within the range of Rs. 8,50,000/- (Rupees Eight Lakhs Fifty Thousand Only) per annum to Rs. 15,00,000/- (Rupees Fifteen Lakhs Only) per annum w.e.f. 01.04.2019 for his remaining tenure and on the following other Terms and Conditions:-

- a. **Benefits:-** Performance Bonus within the above ceiling, as decided by Nomination and Remuneration Committee of the Board. No other benefits, bonuses, stock options, pension, emoluments, allowances etc. will be payable to him during the term.
- b. **Other Benefits:-** Leave Encashment within the above ceiling as per the Company's Policy and Gratuity as per Payment of Gratuity Act;
- c. **Service Contract period:-** From 09-11-2015 till 31-03-2020;
- d. **Notice Period:-** Two months;
- e. **Severance Fees:-** No severance fees is payable;
- f. **Fixed Component:** Fixed component is his salary;
- g. **Performance Linked Incentive:-** Performance Linked Incentive within the above ceiling, as decided by Nomination and Remuneration Committee of the Board;

RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year, Mr. Dharam Pal Sharma (DIN 07284332) will be paid the salary and perquisites as specified above subject to the provisions of Schedule V of the Companies Act, 2013.

RESOLVED FURTHER THAT with the payment of Remuneration as above to Mr. Dharam Pal Sharma (DIN 07284332), the remuneration of other Whole Time Directors of the Company shall remain unaffected in spite of the fact that the remuneration payable to them may exceed the limits prescribed in Section 197 of the Companies Act, 2013 in any Financial Year.

RESOLVED FURTHER THAT Liberty and Authority be and is hereby given to the Board of Directors of the Company, which will be deemed to include any Committee of the Board constituted to exercise its powers, including powers conferred by this Resolution, to decide all questions arising out of this

matter, to take all requisite steps to give effect to this resolution and to vary, alter and modify the terms and conditions governing the remuneration of Mr. Dharam Pal Sharma (DIN 07284332) including allowing annual increments in the remuneration within the ceiling defined in this Resolution, as may be agreed to by the Board of Directors or Board Committee and Mr. Dharam Pal Sharma (DIN 07284332), subject to the provisions of all applicable Laws.”

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”), the Companies (Appointment and Qualifications of Directors) Rules, 2014 and other applicable Rules made under the Act, read with Schedule IV to the Act and Regulation 17 and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), as amended from time to time, Mr. Dilbag Singh Sidhu (DIN 05210193), who is aged 73 years and who was appointed as an Independent Director at the 30th Annual General Meeting of the Company and who holds office up to the ensuing Annual General Meeting and who is eligible for re-appointment and who meets the criteria for independence as provided in Section 149(6) of the Act along with the rules framed thereunder and Regulation 16(1)(b) of SEBI Listing Regulations and who has submitted a declaration to that effect and in respect of whom the Company has received a Notice in writing from him under Section 160(1) of the Act proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second successive term commencing with the date on which the first term of Mr. Dilbag Singh Sidhu (DIN 05210193) ends and the term of Mr. Dilbag Singh Sidhu (DIN 05210193) be taken as beginning from 01-10-2019 and ending on 31-03-2024.”

RESOLVED FURTHER THAT continuation of appointment of Mr. Dilbag Singh Sidhu as an Independent Director of the Company, on attaining the age of 75 (Seventy Five) years on 15-04-2021 during the above term of re-appointment, be and is also hereby approved pursuant to Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

RESOLVED FURTHER THAT Liberty and Authority be and is hereby given to the Board of Directors of the Company, which will be deemed to include any Committee of the Board constituted to exercise its powers, including powers conferred by this Resolution, to decide all questions arising out of this matter, to take all requisite steps to give effect to this resolution and to decide the terms and conditions governing the appointment of Mr. Dilbag Singh Sidhu.”

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”), the Companies (Appointment and Qualifications of Directors) Rules, 2014 and other applicable Rules made under the Act, read with Schedule IV to the Act and Regulation 17 and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), as amended from time to time, Mr. Vigyan Prakash Arora (DIN 00806647), who was appointed as an Independent Director at the 30th Annual General Meeting of the Company and who holds office up to the ensuing Annual General Meeting and who is eligible for re-appointment and who meets the criteria for independence as provided in Section 149(6) of the Act along with the rules framed thereunder and Regulation 16(1)(b) of SEBI Listing Regulations and who has submitted a

declaration to that effect and in respect of whom the Company has received a Notice in writing from him under Section 160(1) of the Act proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second successive term commencing with the date on which the first term of Mr. Vigyan Prakash Arora (DIN 00806647) ends and the term of Mr. Vigyan Prakash Arora (DIN 00806647) be taken as beginning from 01-10-2019 and ending on 31-03-2024.”

RESOLVED FURTHER THAT Liberty and Authority be and is hereby given to the Board of Directors of the Company, which will be deemed to include any Committee of the Board constituted to exercise its powers, including powers conferred by this Resolution, to decide all questions arising out of this matter, to take all requisite steps to give effect to this resolution and to decide the terms and conditions governing the appointment of Mr. Vigyan Prakash Arora.”

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”), the Companies (Appointment and Qualifications of Directors) Rules, 2014 and other applicable Rules made under the Act, read with Schedule IV to the Act and Regulation 17 and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), as amended from time to time, Mr. Ajay Arora (DIN 00314161), who was appointed as an Independent Director at the 30th Annual General Meeting of the Company and who holds office up to the ensuing Annual General Meeting and who is eligible for re-appointment and who meets the criteria for independence as provided in Section 149(6) of the Act along with the rules framed thereunder and Regulation 16(1)(b) of SEBI Listing Regulations and who has submitted a declaration to that effect and in respect of whom the Company has received a Notice in writing from him under Section 160(1) of the Act proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second successive term commencing with the date on which the first term of Mr. Ajay Arora (DIN 00314161) ends and the term of Mr. Ajay Arora (DIN 00314161) be taken as beginning from 01-10-2019 and ending on 31-03-2024.”.

RESOLVED FURTHER THAT Liberty and Authority be and is hereby given to the Board of Directors of the Company, which will be deemed to include any Committee of the Board constituted to exercise its powers, including powers conferred by this Resolution, to decide all questions arising out of this matter, to take all requisite steps to give effect to this resolution and to decide the terms and conditions governing the appointment of Mr. Ajay Arora.”

Place: Chandigarh
Date: August 06, 2019

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

SD/-

HARDAM SINGH
(COMPANY SECRETARY)
Membership No. FCS-5046
12-D, Angel Apartments,
Zirakpur (Pb)-140603

NOTES:

- (1) The Explanatory Statement as required under Section 102 of the Companies Act, 2013, in respect of item Nos. 5 to 9 of the Notice convening the Meeting is annexed hereto.
- (2) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND TO VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A BLANK FORM OF PROXY IS ATTACHED HERewith AND, IF INTENDED TO BE USED, IT SHOULD BE RETURNED DULY COMPLETED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE SCHEDULED TIME OF THE COMMENCEMENT OF 35th ANNUAL GENERAL MEETING.
- (3) A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY IN NUMBER AND HOLDING IN THE AGGREGATE NOT MORE THAN 10% OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. HOWEVER, A MEMBER HOLDING MORE THAN 10% OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.
- (4) Every member entitled to vote at the meeting, or on any resolution to be moved there at, shall be entitled during the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, to inspect the proxies lodged, at any time during the business hours of the company, provided not less than three days notice in writing of the intention so to inspect is given to the company.
- (5) Route map and prominent land marks near the Venue of the Annual General Meeting is attached at the end of this Annual Report.
- (6) Members holding shares in physical form are requested to notify/send the following, if not provided earlier, to the Registrar & Transfer Agent (RTA) of the Company M/s Alankit Assignments Limited, 1E/13, Jhandewalan Extn. New Delhi- 110055 (INDIA) Ph No. : 011-42541959:-
 - a. their bank account details by way of a cancelled cheque, in order to receive payment of dividend, whenever declared, through electronic mode.
 - b. their self attested PAN
 - c. their email id, in case the same have not been sent earlier, for the purpose of receiving the communications including Annual Reports electronically
 - d. any change in their address/e-mail id/ECS mandate/ bank details
 - e. share certificate(s), held in multiple accounts in identical names or joint accounts in the same order of names, for consolidation of such shareholding into one account
 - f. Members holding shares in dematerialized form are requested to notify to their Depository Participant :-
 - i. their email id.
 - ii. all changes with respect to their address, email id, ECS mandate and bank details.
- (7) As per the Securities and Exchange Board of India Notification, the shareholders/ transferee of shares (including joint holders) holding shares in physical form are required to furnish a certified copy of their Income Tax Permanent Account Number (PAN) card to the Company / RTA while transacting in the securities market including transmission or any other corporate action. Accordingly, all the shareholders/ transferees of shares (on transmission) (including joint holders) in physical form are requested to furnish a certified copy of their PAN Card to the Company/ RTA while transacting in the securities market in relation to any corporate action. Attention of the members is also invited to note no. 8 below in this regard.
- (8) The shares of the Company are under compulsory Demat trading. Members holding shares in physical form are requested to convert their shares into dematerialized form in their own interest and convenience purpose. The attention of the members is also invited to SEBI Circular no. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated 20-04-2018, vide which SEBI has directed all the listed Companies to record the PAN and Bank account details of all their shareholders holding shares in physical mode through their RTA. Accordingly, your Company has initiated steps for registering the PAN details of all the shareholders (including joint holders, if any) and Bank Account details of the registered shareholders holding shares in physical form. Further, the attention of the members is

also invited to Gazette Notification dated 08-06-2018 by SEBI, vide which SEBI has mandated that transfer of Securities of the Company would be carried out in dematerialized form only and has further mandated that with effect from 01-04-2019, it should be ensured that shares which are lodged for transfer shall be in dematerialized form only. Necessary communications to this effect have already been sent by the RTA of the Company M/s Alankit Assignments Ltd. to all the Members of the Company. Members, holding shares in physical form are once again requested to convert their shares into dematerialized form soon to avoid any kind of inconvenience in future.

- (9) In accordance with Section 20 of the Companies Act, 2013, service of documents on members by a company is allowed through electronic mode. Accordingly, as a part of Green Initiative, soft copy of the Annual Report 2018-19 is being sent to all the members whose shareholding is in dematerialised format and whose email address (es) are registered with the Company/RTA/Depository Participant(s), unless any member has requested for a hard copy of the same. Further, in accordance with Regulation 36(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 136 of the Companies Act, 2013 including Rule 11 of the Companies (Accounts) Rules, 2014 the hard copy of Annual Report 2018-19 is being sent to all other members where Shareholding is held otherwise than by dematerialised format and who have not positively consented in writing for receiving the Financial Statements by electronic mode. Members, who have not yet registered their email address with the Company/RTA/Depository Participant, are requested to do the same at the earliest by submitting the duly filled in "e-Communication Registration Form" (available on Company's website [link http://www.paulmerchants.net/paulmerchants/wp-content/uploads/2016/02/Registration-of-Email-ID.pdf](http://www.paulmerchants.net/paulmerchants/wp-content/uploads/2016/02/Registration-of-Email-ID.pdf) to the Company/RTA. Members can also submit their form along with Attendance Slip at the Registration Counter at AGM. Members holding shares in dematerialized form are requested to register their email address with their Depository Participant only. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon receipt of request for the same, free of cost.

The Notice of 35th Annual General Meeting and the Annual Report 2018-19 will also be available on the Company's website www.paulmerchants.net for downloading by the members. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during business hours. (Adobe PDF can be downloaded at <https://get.adobe.com/reader>)

- (10) The Shareholders/Proxies are requested to produce at the Registration Counter(s), the attendance slip sent along with this Report, duly completed and signed, for admission to the meeting hall. However, in case of non-receipt of Notice of AGM, members are requested to write to the Company at its Registered Office for issuing the duplicate of the same or download the same from Company's website www.paulmerchants.net or can write to investor.redressal@paulmerchants.net
- (11) In case any Member has any query relating to the Annual Accounts he/she is requested to send the same to the Company at the Registered Office of the Company at least 7 days before the date of AGM so as to enable the management to keep the information ready for replying at the meeting.
- (12) Pursuant to provisions of Section 124 of the Companies Act, 2013, the amount of dividends remaining unclaimed and unpaid for a period of seven years from the date it is lying in the unpaid dividend account, is required to be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government. As on the date of this Annual Report, the Company has no unclaimed or unpaid dividend amount pertaining to dividends declared for the earlier financial years. Pursuant to the circular issued by the Ministry of Corporate Affairs (MCA) with respect to IEPF (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012 dated May 10, 2012, the information of unclaimed and unpaid Dividend, up to the date it remained unpaid/unclaimed was duly filed by the Company with the Ministry of Corporate Affairs (MCA). MCA had also uploaded details of the same on its website at www.iepf.gov.in.

- (13) As a measure of saving of paper, copies of Annual Report will not be distributed at the venue of the AGM. Members are, therefore, requested to bring their own copies of the Annual Report to the meeting along with required Identification Documents.
- (14) In terms of Section 152 of the Companies Act, 2013, Smt Sarita Rani Bansal (DIN 00094504) and Sh Sandeep Bansal (DIN 00094391), Directors, retire by rotation at the Meeting and being eligible, offer themselves for re-appointment and the Board of Directors of the Company recommends their re-appointment. Their brief resumes are annexed with the Notice of the AGM as **Annexure-6** and **Annexure-7** respectively. Brief Resumes of other Directors proposed to be appointed/re-appointed including the ones whose remuneration is proposed to be approved, nature of their expertise in specific functional areas, disclosure of relationships between directors inter-se, names of listed entities in which the person also holds the directorship and the membership of Committees of the board, shareholding as stipulated under Regulation 36 (3) of the SEBI (LODR) Regulations, 2015 and Secretarial Standards are also annexed with the Notice of the AGM.
- (15) The Directors seeking appointment/reappointment have furnished the declaration under Rule 14 of the Companies (Appointment and Qualification of Directors) Rules, 2014 read with Section 164(2) of the Companies Act, 2013 and other requisite declarations for their appointment / re-appointment. It may be noted that DIN of Sh. Sandeep Bansal (DIN 00094391), Director had been deactivated by the Ministry of Corporate Affairs w.e.f. 01.11.2017 due to the default committed by M/s Chandigarh Network Systems (P) Ltd, in filing the financial statements and annual returns with Registrar of Companies, which is not a group Company. Pursuant to the Writ Petition filed by Sh. Sandeep Bansal before the Hon'ble High Court of Punjab and Haryana, his disqualification as director has been stayed by the High Court vide its interim order dated 19-03-2019 and his DIN has also been activated.

All the documents referred to in the accompanying Notice and Explanatory Statement are open for inspection and such documents shall be available for inspection in physical or in electronic form on all working days between 11.00 am to 1.00 pm up to the date of AGM at the Registered Office of the company at New Delhi and copies thereof shall also be available for inspection in physical or electronic form at the Corporate Office of the Company at Chandigarh. The Statutory Registers like Register of Directors and Key Managerial Personnel & their Shareholding, the Register of Contracts & Arrangements in which Directors are interested and Register of Members as maintained by RTA shall be open for inspection at the meeting to any person having right to attend the AGM.

- (16) Members holding shares in physical form and desirous of making a nomination or cancellation/ variation in nomination already made in respect of their shareholding in the Company, as permitted under Section 72 of the Companies Act, 2013, are requested to submit to the RTA of the Company M/s Alankit Assignments Ltd the prescribed Form SH 13 for nomination and Form SH 14 for cancellation/ variation as the case may be. The Forms can be downloaded from Company's website www.paulmerchants.net under Investor Section. Members holding shares in demat mode may contact their respective Depository Participant for availing this facility.
- (17) Pursuant to the provisions of Section 91 of the Companies Act, 2013 and Regulation 42 of SEBI (LODR) Regulations, 2015, the Register of Members and Share Transfer Books of the Company will remain closed from 24-09-2019 to 30-09-2019 (both days inclusive) for the purpose of AGM. Further, the members who hold shares as on the Cut off date i.e. Monday, September 23, 2019 shall be entitled for voting (including remote e- voting) for the Annual General Meeting.
- (18) In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- (19) Members are advised to refer to the General Shareholders Information as provided in this Annual Report.
- (20) Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board resolution/ power of attorney authorizing their representative(s) to attend and vote on their behalf at the Meeting.

- (21) In terms of the provisions of Section 107 and 108 of the Companies Act, 2013, since the resolutions as set out in this Notice are being conducted through remote e-voting and by way of Ballot Papers at the venue of AGM, the said resolutions will not be decided on a show of hands at the Meeting.

(22) **E-VOTING:**

- a. In compliance with the provisions of Section 108 of the Companies Act, 2013 and the Rules framed thereunder and Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Company is providing facility for voting by electronic means to its members to enable them to cast their votes electronically through remote e-voting (i.e. the facility of casting votes by a member by using an electronic voting system from a place other than the venue of a general meeting) and for this purpose the Company has engaged the services of Central Depository Services (India) Limited (CDSL). This remote e-voting facility is available on all resolutions set forth in this Notice and as such the business of the AGM may be transacted through such voting.
- b. The Company shall also provide facility for voting through Ballot paper which shall be available at the meeting and members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right to vote at the meeting. Any member, who has cast his/ her/ its vote through remote e-voting, may attend Annual General Meeting but shall not be entitled to vote again at the AGM.
- c. The voting period begins on 09:00 a.m. (IST) on Friday, September 27, 2019 and ends on 05:00 p.m. (IST) on Sunday, September 29, 2019. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 23-09-2019 may cast their vote electronically. Remote e-voting shall not be allowed beyond the said date and time and the e-voting module shall be disabled by CDSL for voting thereafter.
- d. The members who have already cast their vote by remote e-voting, may also attend the meeting but shall not be entitled to cast their vote again.
- e. The Board of Directors have appointed Mr. Kanwaljit Singh Thanewal, Practicing Company Secretary (F 5901), SCO 64-65, Sector 17 A, Chandigarh as the Scrutinizer, for conducting the remote e-voting process and voting at the AGM in a fair and transparent manner.
- f. The cut-off date for the purpose of voting (including remote e-voting) and for attending the AGM is after closing hours of Monday, 23rd September, 2019.
- g. Members are requested to carefully read the instructions for remote e-voting before casting their vote.
- h. The remote e-voting facility will be available during the following period after which the evoting portal shall forthwith be blocked and shall not be available:

Commencement of remote e-voting	Friday, 09:00 a.m. (IST) on September 27, 2019
End of remote e-voting	Sunday, 05:00 p.m. (IST) on September 29, 2019
Cut Off date	Monday, 23 rd September, 2019

- i. The procedure and instructions for remote e-voting are as under:

In case of members receiving the Annual Report by email:

- (i) Log on to the e-voting website www.evotingindia.com

- (ii) Click on “Shareholders” tab.
- (iii) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID.
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (iv) Next enter the Image Verification Code as displayed and Click on Login.
- (v) If you are holding shares in Demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any Company, then your existing passwords is to be used.
- (vi) If you are a first time user, follow the steps given below.

Fill up the following details in the appropriate boxes:

	For Members holding shares in Demat Form and Physical Form
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. The sequence number shall be sent separately to the members. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iii).

- (vii) After entering these details appropriately, click on “SUBMIT” tab.
- (viii) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password can also be used for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on the Electronic Voting Sequence Number (EVSN) for the Company “Paul Merchants Limited” on which you choose to vote.
- (xi) On the voting page, you will see Resolution Description and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the resolution and NO implies that you dissent to the Resolution.
- (xii) Click on the “Resolutions File Link” if you wish to view the entire Resolutions.
- (xiii) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xiv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.

- (xvi) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forget Password & enter the details as prompted by the system.

Note for Non – Individual Shareholders and Custodians

- (xvii) Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- (xviii) A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- (xix) After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- (xx) The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- (xxi) A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

In case of members receiving the physical copy:

- (A) Please follow all steps listed above to cast vote.
- (B) The voting period begins on 09:00 a.m. (IST) on Friday, September 27, 2019 and ends on 05:00 p.m. (IST) on Sunday, September 29, 2019.
- (C) During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on close of the business hours on the cut-off date 23-09-2019 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

FOR Members Becoming Member Of The Company After The Dispatch Of Notice:-

Any person, who acquires shares of the Company and becomes member of the Company after the Dispatch of Notice and holds shares as of the cut-off date i.e. 23-09-2019, may obtain the login id and sequence number by sending a request to RTA of the Company M/s Alankit Assignments Ltd, 1E/13, Jhandewalan Extn. New Delhi- 110055 (INDIA) Ph No. : 011-42541959 or CDSL. However, if the said shareholder is already registered with CDSL for e-voting, then his existing user id and password can be used for casting the vote. If he has forgotten the password, he can reset his password by using "Forgot User Details/Password" option available on www.evotingindia.com.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com. You may also contact Mr. Hardam Singh, Company Secretary of the Company at investor.redressal@paulmerchants.net or at 0172-5041760 or Fax 0172-5041713 or at PML House, SCO 829-830, Sector 22-A, Chandigarh - 160022 .

- (xxii) The voting rights of shareholders shall be in proportion to the shares held by them in the paid up equity share capital of the Company as on the cut off date i.e. 23-09-2019
- (xxiii) Shareholders can also cast their vote using CDSL's mobile App 'CDSL m-Voting' available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile
- (xxiv) The scrutiniser shall, immediately after the conclusion of voting at the annual general meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the company and make, not later than 24 Hours from conclusion of the meeting, a consolidated scrutiniser's report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing who shall countersign the same and the Chairman or a person authorised by him in writing shall declare the results of the voting forthwith. The result of the e-voting shall be declared by the Chairman or any other person duly authorized by him in writing on Tuesday, October 1, 2019 at 2.00 PM at Corporate Office of the Company at SCO 829-830, Sector 22-A, Chandigarh – 160022.

- (xxv) The manner in which members have cast their votes, that is, affirming or negating the resolution, shall remain secret and not available to the Chairman, Scrutiniser or any other person till the votes are cast in the meeting.
- (xxvi) The Scrutinizer's decision on the validity of the vote shall be final and binding.
- (xxvii) The result declared along with the Scrutinizer's report shall be placed on the website of the Company (www.paulmerchants.net) and on the website of CDSL (www.cdslindia.com) immediately after the result is declared and shall simultaneously be forwarded to the BSE Limited, where the Company's shares are listed. The result of the voting, with details of the number of votes cast for and against the Resolution, invalid votes and whether the Resolution has been carried or not shall also be displayed on the Notice Board of the company at its Registered Office at New Delhi and its Corporate Office at Chandigarh.
- (xxviii) The resolutions will be deemed to be passed on the date of AGM subject to receipt of requisite number of votes in favour of the resolutions.

Place: Chandigarh
Date: August 6, 2019

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

SD/-
HARDAM SINGH
(COMPANY SECRETARY)
FCS-5046
12-D, Angel Apartments,
Zirakpur (Pb)-140603

EXPLANATORY STATEMENT PURSUANT TO PROVISIONS OF SECTION 102 OF THE COMPANIES ACT, 2013**ITEM NO. 5**

The present term of Sh. Sat Paul Bansal (DIN 00077499), Chairman cum Managing Director of the Company was valid upto 31.03.2019. The Board of Directors of the Company had, subject to the Provisions of Sections 196, 197, 198, 203 and all other applicable Provisions, if any, of the Companies Act, 2013 (Act) read with Schedule V of the said Act, re-appointed Mr. Sat Paul Bansal as the Chairman cum Managing Director of the Company for a period of 5 years w.e.f. 01-04-2019, subject to approval of the shareholders. The Board had fixed the remuneration of Sh. Sat Paul Bansal at current level only as set out in the Resolution at item no. 5 of the Notice w.e.f. 01-04-2019 and the said terms as set out in the Resolution may be treated as a written memorandum setting out the terms of re-appointment of Sh. Sat Paul Bansal under Section 190 of the Act

It has been provided in Section 196 of the Act that appointment of a person who has attained the age of seventy years may be made by passing a special resolution in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such person. Sh. Sat Paul Bansal is more than 70 years of age. The justification for his appointment as the Chairman cum Managing Director of the Company is that he is very active physically as well as mentally, in managing the affairs of the Company and keeps fully fit & healthy. He has valuable & matchless contribution towards the growth of the Company and has been guiding and supervising all the departments of the Company ever since becoming the Managing director of the Company. His continuance as Chairman cum Managing Director of the Company will be highly beneficial for the Company. Further, his appointment as well as Remuneration and the fact of his more than 70 years of age has been approved by the by Audit Committee, Nomination and Remuneration Committee of the Company and also by the Board. As such, his re-appointment as Chairman cum Managing Director of the Company and his remuneration as spelt out in the Resolution set out at item no. 5 of the Notice is justified. Further, the Statutory Auditors of the Company have issued their certificate that the proposed transaction shall be at Arm's Length. The said Certificate has been appended at the end of the Explanatory Statement to this Notice as **Annexure 1-C**. The detailed conditions have been provided in the Resolution itself.

As per the requirements of Section 197 of the Companies Act, 2013 and the provisions of Schedule V thereto, the appointment/re-appointment of the Managing Director/Whole Time Directors and their remuneration is to be made with approval of the Shareholders in the General Meeting and it is further provided that except with the approval of the company in general meeting by a special resolution, the remuneration payable to any one managing director; or whole-time director or manager shall not exceed five per cent of the net profits of the company and if there is more than one such director remuneration shall not exceed ten per cent of the net profits to all such directors and manager taken together. As the proposed remuneration of Sh. Sat Paul Bansal as Chairman cum Managing Director of the Company is likely to exceed 5% of the Net Profits and remuneration of all whole time directors, taken together is likely to exceed 10 % of the net profits of the Company, the matter requires approval of the Shareholders of the Company by way of Special Resolution.

It is further provided in Schedule V to the Act that the Special Resolution passed for payment of remuneration to a managerial person at the general meeting of the company, should be for a period not exceeding three years. As such, while the appointment of the Chairman cum Managing Director of the Company is proposed to be approved for a term of 5 years, his remuneration shall be valid for 3 years, as spelt out in the Resolution set out at item no. 5 of the Notice.

It has been further provided in Regulation 17 (6) (e) of SEBI LODR Regulations that the fees or compensation payable to executive directors who are promoters or members of the promoter group, shall be subject to the approval of the shareholders by special resolution in general meeting, if-

- (i) the annual remuneration payable to such executive director exceeds rupees 5 crore or 2.5 per cent of the net profits of the listed entity, whichever is higher; or
- (ii) where there is more than one such director, the aggregate annual remuneration to such directors exceeds 5 per cent of the net profits of the listed entity:

Provided that the approval of the shareholders under this provision shall be valid only till the expiry of the term of such director.

As the proposed remuneration of Sh. Sat Paul Bansal as Chairman cum Managing Director of the Company along with all Executive Directors, taken together is likely to exceed 5 % of the net profits of the Company, the matter requires approval of the Shareholders of the Company by way of Special Resolution.

Therefore, the re-appointment of Sh. Sat Paul Bansal as Chairman cum Managing Director of the Company and fixation of his salary is placed for approval of the Members of the Company at the ensuing Annual General Meeting. Therefore your Directors recommend the Resolution set out at Item no. 5 to be passed as Special Resolution.

The appointee Director Mr. Sat Paul Bansal may be treated as interested in this resolution, to the extent of his remuneration and other benefits arising out of this resolution. Further, Mr. Rajneesh Bansal, Mrs. Sarita Rani Bansal and Mr. Sandeep Bansal, Directors of the Company may also be treated as interested in this resolution as immediate relatives of Mr. Sat Paul Bansal and also as members of the same family. No other Director/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the Notice

As on date, Mr. Sat Paul Bansal, Chairman cum Managing Director of the Company holds Nil Equity Shares in the Company and does not hold any Stock Options

Further, as per Section 197 of the Act read over with Rule 6 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, some Parameters have been specified which are to be taken into account by the Shareholders while according their approval as given below:-

- (1) the Financial and operating performance of the company during the three preceding financial years.
- (2) the relationship between remuneration and performance.
- (3) the principle of proportionality of remuneration within the company, ideally by a rating methodology which compares the remuneration of directors to that of other directors on the board who receives remuneration and employees or executives of the company.
- (4) whether remuneration policy for directors differs from remuneration policy for other employees and if so, an explanation for the difference.
- (5) the securities held by the director, including options and details of the shares pledged as at the end of the preceding financial year.

As such your Directors have considered the above parameters in their meeting held on 06-08-2019 in relation to the re-appointment and remuneration of the Chairman cum Managing Director. The said proposal has also been approved by the Nomination and Remuneration Committee of the Board and by Audit Committee of the Board. The required information as per the abovesaid parameters is given below:-

(1) The Financial and operating performance of the company during the three preceding financial years.

On Standalone basis:-

PARTICULARS	FY 2016-17	FY 2017-18	FY 2018-19
Total Income	28,96,47,37,066	45,50,37,58,539	49,11,40,71,103
Earnings before Interest, Depreciation and Tax (from Continued operation)	14,28,48,780	24,90,91,212	17,65,08,096
Profit from Continued Operations before Tax	10,13,73,194	20,65,07,796	14,28,76,345

Profit from Discontinued Operations before Tax	23,26,53,483	2,59,75,475	-
Gain on Sale of Business Segment before Tax	-	2,55,66,50,931	-
Total Profit before Tax	33,40,26,677	2,78,91,34,202	14,28,76,345
Total Profit after Tax	12,70,11,118	2,13,08,89,806	15,05,13,276
Total Comprehensive Income	12,45,11,017	2,13,03,52,344	15,12,45,132

On Consolidated basis :-

PARTICULARS	FY 2016-17	FY 2017-18	FY 2018-19
Total Income	28,96,47,37,066	45,55,65,05,874	49,29,89,18,083
Earnings before Interest, Depreciation and Tax (from continued Operations)	14,40,42,320	26,19,39,555	28,23,00,742
Profit from Continued Operations before Tax	10,13,73,194	21,23,02,526	23,96,12,533
Profit from Discontinued Operations before Tax	23,26,53,483	2,59,75,475	-
Gain on Sale of Business Segment before Tax		2,55,66,50,931	-
Share in Profit of JV	11,93,540	8,37,009	9,01,480
Total Profit before Tax	33,52,20,217	2,79,57,65,940	24,05,14,013
Total Profit after Tax	12,82,04,659	2,13,58,94,706	22,07,95,442
Total Comprehensive Income	12,57,04,557	2,13,53,57,244	22,08,46,932

(2) The relationship between remuneration and performance:-

The proposed remuneration as set out in item no. 5 of the Notice, is fully justified by the performance of Mr. Sat Paul Bansal as he is in overall supervision and administration of all the affairs of the Company and for the proposed term, his remuneration is proposed to be approved on the existing level only without any hike. Further, the performance evaluation of the proposed appointee Mr. Sat Paul Bansal has been carried by Nomination and Remuneration Committee of the Board on 15-04-2019 and also by the Board of Directors on 14-05-2019. As such, the proposed remuneration to be paid to Mr. Sat Paul Bansal is fully justified. The payment of proposed Remuneration to the CMD has been approved by the Board, Nomination and Remuneration Committee of the Board and also by Audit Committee of the Board.

(3) The principle of proportionality of remuneration within the Company, ideally by a rating methodology which compares the remuneration of directors to that of other directors on the board who receives remuneration and employees or executives of the Company

The Principle of proportionality followed in the Company is that Whole Time Directors of the Company are paid monthly remuneration and in case of Managing Director and Executive Director of the Company, commission based upon the net profits of the company is also paid. The rationale behind paying the commission to Managing Director/Executive Director is that the amount of profit earned by the Company in any financial year is directly linked to their strategy formulation, conduct of business, policy decisions and general management of the affairs of the Company. Independent Directors on the Board are paid Sitting Fee for the Board/Committee Meetings and reimbursement of travelling expenses is also made to them for attending Board / Committee Meetings. The sitting fee of the Independent Directors is decided by the Board based upon the qualification and experience of the individual directors. Further, the employees of the Company are paid remuneration based upon their qualification, experience and personal traits and their performance in the Company. Some categories of the staff are also paid incentives and variable salary which is based upon their performance. The remuneration of the directors and senior management people of the company is approved by the Nomination and Remuneration Committee of the Board. As a lot of subjective criteria is involved in fixation of remuneration of the directors and employees of the Company, arithmetic

principle of proportionality of remuneration within the Company is difficult to be arrived at and for the same reason, any rating methodology is also difficult to be worked out.

(4) Whether remuneration policy for directors differs from remuneration policy for the employees and if so, an explanation for the difference.

As per the Nomination and Remuneration Policy of the Company, remuneration payable to the Whole Time Directors is based upon performance and is subject to the provisions of the Companies Act, 2013 and Articles of Association. The sitting fee payable to the independent directors is decided by the Board based upon the qualification and experience of the individual directors. The remuneration payable to Employees is based upon their knowledge, qualification, experience and performance. The reason for this differentiation is that remuneration to the Directors is governed by the provisions of the Companies Act, 2013 and Articles of Association of the Company and remuneration to the employees of the Company is based upon other factors as explained in the foregoing discussion and the same is also influenced by competitive factors.

(5) The securities held by the director, including options and details of the shares pledged as at the end of the preceding financial year.

As on 31-03-2019, Mr. Sat Paul Bansal, Chairman cum Managing Director of the Company held 201100 Equity Shares in the Company. As on the date of this report, he holds Nil shares in the Company. Further he does not hold any Stock Options. Further, he has not pledged any shares as at the end of the preceding financial year i.e. 2018-19. As on 31-03-2019 he was holding 201100 (19.56%) equity shares in the Company, which he has transferred to his wife (Immediate Relative) on family settlement basis on 24-05-2019, after making due compliances with applicable SEBI Regulations.

The information as required under para 1.2.5 of Secretarial Standard -2 is given under **Annexure 1-A** along with information pursuant to Regulation 36 (3) of the SEBI (LODR) Regulations, 2015, at the end of this Explanatory Statement and information required under Part II of Schedule V to the Companies Act, 2013 is given as **Annexure 1-B**.

ITEM NO. 6

Sh. Dharam Pal Sharma (DIN 07284332), Whole Time Director of the Company was appointed as such by Members of the Company in their Annual General Meeting held on 28-09-2016 and his Remuneration was revised in the Annual General Meeting of the Members of the Company held on 27-09-2018. The Board of Directors of the Company had, subject to the Provisions of Sections 196, 197, 198 and all other applicable Provisions, if any, of the Companies Act, 2013 read with Schedule V of the said Act, revised the remuneration of Sh. Dharam Pal Sharma (DIN 07284332), the Whole Time Director of the Company w.e.f. 01-04-2019 to be within the range of Rs. 8,50,000/- (Rupees Eight Lakhs Fifty Thousand Only) per annum to Rs. 15,00,000/- (Rupees Fifteen Lakhs Only) per annum w.e.f. 01.04.2019 for his remaining tenure and the said terms as set out in the Resolution may be treated as a written memorandum setting out the terms of re-appointment of Sh. Dharam Pal Sharma under Section 190 of the Act.

As per the requirements of the Companies Act, 2013 (Act) and the provisions of Schedule V thereto, the appointment/re-appointment of the Managing Director/Whole Time Directors and increase/change in their remuneration is to be made with the approval of the Shareholders in the General Meeting. The said revision in the remuneration of Sh. Dharam Pal Sharma (DIN 07284332), Whole Time Director w.e.f. 01-04-2019 is subject to approval of the Members of the Company.

Therefore, the remuneration of Sh. Dharam Pal Sharma (DIN 07284332), Whole Time Director of the Company is placed for approval of the Members of the Company at the ensuing Annual General Meeting. Therefore your Directors recommend the Resolution set out at Item no. 6 to be passed as Special Resolution.

The aforesaid Remuneration had been approved by the Board of Directors in their meeting held on 07-02-2019, subject to the approval of the Members of the Company by way of Special Resolution. The said remuneration has also been approved by Audit Committee and the Nomination and Remuneration Committee of the Board. Further, the Statutory Auditors of the Company have issued their certificate that the proposed transaction shall be at Arm's Length. The said Certificate has been appended at the end of the Explanatory Statement to this Notice as **Annexure 2-C**. The detailed conditions have been provided in the Resolution itself.

No Director/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 6 of the Notice except to the extent of their respective shareholding in the company. The concerned Director Sh. Dharam Pal Sharma may please be treated as interested in the resolution, to the extent of his remuneration and other benefits arising out of this resolution.

As on date, Sh. Dharam Pal Sharma holds Nil Equity Shares in the Company and does not hold any Stock Options

Further, as per Section 197 of the Act read over with Rule 6 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, some Parameters have been specified which are to be taken into account by the Shareholders while according their approval as given below:-

- (1) the Financial and operating performance of the company during the three preceding financial years.
- (2) the relationship between remuneration and performance.
- (3) the principle of proportionality of remuneration within the company, ideally by a rating methodology which compares the remuneration of directors to that of other directors on the board who receives remuneration and employees or executives of the company.
- (4) whether remuneration policy for directors differs from remuneration policy for other employees and if so, an explanation for the difference.
- (5) the securities held by the director, including options and details of the shares pledged as at the end of the preceding financial year.

As such your Directors have considered the above parameters in their meeting held on 06-08-2019 in relation to the remuneration of the Mr. Dharam Pal Sharma. The said proposal has also been approved by the Nomination and Remuneration Committee of the Board and by Audit Committee of the Board. The required information as per the abovesaid parameters is given below:-

(1) The Financial and operating performance of the company during the three preceding financial years.

On Standalone basis:-

PARTICULARS	FY 2016-17	FY 2017-18	FY 2018-19
Total Income	28,96,47,37,066	45,50,37,58,539	49,11,40,71,103
Earnings before Interest, Depreciation and Tax (from Continued operation)	14,28,48,780	24,90,91,212	17,65,08,096
Profit from Continued Operations before Tax	10,13,73,194	20,65,07,796	14,28,76,345
Profit from Discontinued Operations before Tax	23,26,53,483	2,59,75,475	-
Gain on Sale of Business Segment before Tax	-	2,55,66,50,931	-
Total Profit before Tax	33,40,26,677	2,78,91,34,202	14,28,76,345
Total Profit after Tax	12,70,11,118	2,13,08,89,806	15,05,13,276
Total Comprehensive Income	12,45,11,017	2,13,03,52,344	15,12,45,132

On Consolidated basis :-

PARTICULARS	FY 2016-17	FY 2017-18	FY 2018-19
Total Income	28,96,47,37,066	45,55,65,05,874	49,29,89,18,083
Earnings before Interest, Depreciation and Tax (from continued Operations)	14,40,42,320	26,19,39,555	28,23,00,742
Profit from Continued Operations before Tax	10,13,73,194	21,23,02,526	23,96,12,533
Profit from Discontinued Operations before Tax	23,26,53,483	2,59,75,475	-
Gain on Sale of Business Segment before Tax		2,55,66,50,931	-
Share in Profit of JV	11,93,540	8,37,009	9,01,480
Total Profit before Tax	33,52,20,217	2,79,57,65,940	24,05,14,013
Total Profit after Tax	12,82,04,659	2,13,58,94,706	22,07,95,442
Total Comprehensive Income	12,57,04,557	2,13,53,57,244	22,08,46,932

(2) The relationship between remuneration and performance:-

The proposed remuneration as set out in item no. 6 of the Notice, is also fully justified by the performance of Mr. Dharam Pal Sharma as he is playing an important role as the Whole Time Director and he has been designated as Designated Director in terms of RBI Guidelines, to take care of all compliances with Prevention of Money Laundering Act, KYC Norms, Anti Money Laundering Guidelines, RBI Act, Foreign Exchange Management Act, Payment & Settlements Act and Rules and Regulations prescribed thereunder. Further, the performance evaluation of the proposed appointee Mr. Dharam Pal Sharma has been carried by Nomination and Remuneration Committee of the Board on 23-01-2019 and 15-04-2019 and also by the Board of Directors on 14-05-2019. As such, the proposed remuneration to be paid to Mr. Dharam Pal Sharma is fully justified. The payment of proposed Remuneration to Mr. Dharam Pal Sharma has been approved by the Board, Nomination and Remuneration Committee of the Board and also by Audit Committee of the Board.

(3) The principle of proportionality of remuneration within the Company, ideally by a rating methodology which compares the remuneration of directors to that of other directors on the board who receives remuneration and employees or executives of the Company

The Principle of proportionality followed in the Company is that Whole Time Directors of the Company are paid monthly remuneration and in case of Managing Director and Executive Director of the Company, commission based upon the net profits of the company is also paid. The rationale behind paying the commission to Managing Director/Executive Director is that the amount of profit earned by the Company in any financial year is directly linked to their strategy formulation, conduct of business, policy decisions and general management of the affairs of the Company. Independent Directors on the Board are paid Sitting Fee for the Board/Committee Meetings and reimbursement of travelling expenses is also made to them for attending Board / Committee Meetings. The sitting fee of the Independent Directors is decided by the Board based upon the qualification and experience of the individual directors. Further, the employees of the Company are paid remuneration based upon their qualification, experience and personal traits and their performance in the Company. Some categories of the staff are also paid incentives and variable salary which is based upon their performance. The remuneration of the directors and senior management people of the company is reviewed/approved by the Nomination and Remuneration Committee of the Board. As a lot of subjective criteria is involved in fixation of remuneration of the directors and employees of the Company, arithmetic principle of proportionality of remuneration within the Company is difficult to be arrived at and for the same reason, any rating methodology is also difficult to be worked out.

(4) Whether remuneration policy for directors differs from remuneration policy for other employees and if so, an explanation for the difference.

As per the Nomination and Remuneration Policy of the Company, remuneration payable to the Whole Time Directors is based upon performance and is subject to the provisions of the Companies Act, 2013 and Articles of Association. The sitting fee payable to the independent directors is decided by the Board based upon the qualification and experience of the individual directors. The remuneration payable to Employees is based upon their knowledge, qualification, experience and performance. The reason for this differentiation is that remuneration to the Directors is governed by the provisions of the Companies Act, 2013 and Articles of Association of the Company and remuneration to the employees of the Company is based upon other factors as explained in the foregoing discussion and the same is also influenced by competitive factors.

(5) The securities held by the director, including options and details of the shares pledged as at the end of the preceding financial year.

Mr. Dharam Pal Sharma, Whole Time Director of the Company holds Nil Equity Shares in the Company and does not hold any Stock Options. Further, he has not pledged any shares as at the end of the preceding financial year i.e. 2018-19.

The information as required under para 1.2.5 of Secretarial Standard -2 is given under **Annexure 2-A** at the end of this Explanatory Statement along with information pursuant to Regulation 36 (3) of the SEBI (LODR) Regulations, 2015 and information required under Part II of Schedule V to the Companies Act, 2013 is given as **Annexure 2-B**.

ITEM NO. 7

Based on recommendation of Nomination and Remuneration Committee, the Board of Directors proposes the re-appointment of Mr. Dilbag Singh Sidhu (DIN 05210193) as an Independent Director, for a second term from October 1, 2019 to March 31, 2024, not liable to retire by rotation as explained in the Resolution set out at item no. 7. Mr. Dilbag Singh Sidhu was appointed as Independent Director at the 30th Annual General Meeting ("AGM") of the Company and holds office up to the ensuing Annual General Meeting. The Company has, in terms of Section 160(1) of the Companies Act, 2013 (Act) received in writing a notice from him, proposing his candidature for the office of Director. The Board, based on the performance evaluation and recommendation of Nomination and Remuneration Committee, considers that given his background, experience and contribution, the continued association of Mr. Dilbag Singh Sidhu would be beneficial to the Company and it is desirable to continue to avail his services as Independent Director.

In the opinion of the Board, he fulfills the conditions specified in the Companies Act and SEBI Listing Regulations for appointment as an Independent Director and is independent of the management of the Company. He is not disqualified from being appointed as Director in terms of Section 164 of the Companies Act, 2013, as amended from time to time.

As per Regulation 17 (1A) of the SEBI Listing Regulations, no listed entity shall appoint a person or continue the directorship of any person as a non-executive director who has attained the age of seventy five years unless a special resolution is passed to that effect, in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such a person. Mr. Dilbag Singh Sidhu will turn 75 years of age on 15-04-2021. The justification for his continuance as an Independent Director beyond 75 years of age is his vast knowledge, qualification and experience. He has educational qualification of M.A., LLB and he has been associated with the Income Tax Department for a long time and retired as Chief Commissioner from the Income Tax Department. He has been associated with the Company Paul Merchants Limited as an Independent Director since 26.02.2012. He has been playing an exceptional role as a Chairman of the Nomination and Remuneration Committee. His performance evaluation has been done by the Nomination and Remuneration Committee as well as by the Board. Keeping in view his vast experience, qualifications and knowledge, the Board is of the opinion that he will provide useful value addition to the decision making process of the Board and his re-appointment and continuance as an Independent Director is justified. In terms of Regulation 17 (1A) of

the SEBI Listing Regulations, his continuation as Non Executive Independent Director beyond 75 years of age, requires the approval of members by way of a special resolution

As per the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors, he is fully fit to continue as an Independent Director even beyond his age of 75 years. Further, Mr. Dilbag Singh Sidhu shall not be liable to retire by rotation as provided under Section 152(6) of the Companies Act, 2013. The Company has received following declarations from him in writing:-

- a. Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014, signifying his consent to act as Independent Director of the Company.
- b. A declaration that he meets the criteria of Independence as prescribed under Section 149(6) of the Companies Act, 2013 and under the Regulation 16 (1) (b) and 25 of the Listing Regulations
- c. A declaration in terms of Section 164 of the Companies Act, 2013 that he is not disqualified from being appointed as Director

As on date, Mr. Dilbag Singh Sidhu holds Nil Equity Shares in the Company and does not hold any Stock Options

A copy of the draft letter for re-appointment of Mr. Dilbag Singh Sidhu setting out the terms and conditions of re-appointment is available for inspection during the normal business hours on any working day except Sundays and Holidays and will also be kept open at the venue of the AGM till the conclusion of the AGM

As per the provisions of Section 149 (10) of the Act, an independent director shall hold office for a term up to five consecutive years on the Board of a company, but shall be eligible for reappointment on passing of a special resolution by the company and disclosure of such appointment in the Board's report. Further, as per the explanation provided under Section 149 (11), for the purposes of sub-sections (10) and (11), any tenure of an independent director on the date of commencement of the Act shall not be counted as a term under those sub-sections. Mr. Dilbag Singh Sidhu had been appointed on the Board on 26-02-2012 as an Independent Director and after the commencement of the Companies Act, 2013, was appointed for a term of 5 years by the Members of the Company in their 30th Annual General Meeting held on 26-09-2014 till the conclusion of 35th Annual General Meeting. As such, on the recommendation of the Nomination and Remuneration Committee, the Board of Directors had re-appointed him and recommended him to be re-appointed by the Shareholders by way of a Special Resolution in the ensuing Annual General Meeting, for a Second term upto 31-03-2024.

In compliance with the provisions of Section 149 of the Act read with Schedule IV to the Act and Regulation 17 (1A) of SEBI Listing Regulations and other applicable Regulations, the re-appointment of Mr. Dilbag Singh Sidhu as Independent Director is now being placed before the Members for their approval by way of Special Resolution.

Keeping in view his vast expertise and knowledge, it will be in the interest of the Company that Mr. Dilbag Singh Sidhu is appointed as an Independent Director of the Company by the Shareholders for a Second term up to 31-03-2024. The Board recommends the Special Resolution at Item No. 7 of this Notice for approval of the Members.

Except Mr. Dilbag Singh Sidhu, none of the Directors and Key Managerial Personnel of the Company and their respective relatives is, in any way, concerned or interested, in the Resolution set out at Item No. 7 of the Notice, except and to the extent of their shareholding in the Company. Mr. Dilbag Singh Sidhu should be treated as interested in this resolution to the extent of benefits arising out of this resolution.

The information as required under para 1.2.5 of Secretarial Standard -2 and Regulation 36(3) of the SEBI (LODR) Regulations, 2015 is given under **Annexure 3** at the end of this Explanatory Statement. This Explanatory Statement may also be regarded as an appropriate disclosure under the Listing Regulations.

ITEM NO. 8

Based on recommendation of Nomination and Remuneration Committee, the Board of Directors proposes the re-appointment of Mr. Vigyan Prakash Arora (DIN 00806647) as an Independent Director, for a second term from October 1, 2019 to March 31, 2024, not liable to retire by rotation as explained in the Resolution set out at item no. 7. Mr. Vigyan Prakash Arora was appointed as Independent Director at the 30th Annual General Meeting ("AGM") of the Company and holds office up to the ensuing Annual General Meeting. The Company has, in terms of Section 160(1) of the Act received in writing a notice from him, proposing his candidature for the office of Director. The Board, based on the performance evaluation and recommendation of Nomination and Remuneration Committee, considers that given his background, experience and contribution, the continued association of Mr. Vigyan Prakash Arora would be beneficial to the Company and it is desirable to continue to avail his services as Independent Director.

In the opinion of the Board, he fulfills the conditions specified in the Companies Act and SEBI Listing Regulations for appointment as an Independent Director and is independent of the management of the Company. He is not disqualified from being appointed as Director in terms of Section 164 of the Companies Act, 2013. Mr. Vigyan Prakash Arora is a Chartered Accountant by profession and is having a rich & varied experience of 21 years. He is 49 years of age and lives in Panchkula (Haryana). His expertise is in Finance, Accounts and Taxation. Further, Mr. Vigyan Prakash Arora shall not be liable to retire by rotation as provided under Section 152(6) of the Companies Act, 2013. The Company has received following declarations from him in writing:-

- a. Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014, signifying his consent to act as Independent Director of the Company.
- b. A declaration that he meets the criteria of Independence as prescribed under Section 149(6) of the Companies Act, 2013 and under the Regulation 16(1) (b) and 25 of the Listing Regulations
- c. A declaration in terms of Section 164 of the Companies Act, 2013 that he is not disqualified from being appointed as Director

As on date, Mr. Vigyan Prakash Arora holds Nil Equity Shares in the Company and does not hold any Stock Options.

A copy of the draft letter for re-appointment of Mr. Vigyan Prakash Arora setting out the terms and conditions of re-appointment is available for inspection during the normal business hours on any working day except Sundays and Holidays and will also be kept open at the venue of the AGM till the conclusion of the AGM

As per the provisions of Section 149 (10) of the Act, an independent director shall hold office for a term up to five consecutive years on the Board of a company, but shall be eligible for reappointment on passing of a special resolution by the company and disclosure of such appointment in the Board's report. Further, as per the explanation provided under Section 149 (11), for the purposes of sub-sections (10) and (11), any tenure of an independent director on the date of commencement of the Act shall not be counted as a term under those sub-sections. Mr. Vigyan Prakash Arora had been appointed on the Board on 01-04-2010 as an Independent Director and after the commencement of the Companies Act, 2013, was appointed for a term of 5 years by the Members of the Company in their 30th Annual General Meeting held on 26-09-2014 till the conclusion of 35th Annual General Meeting. As such, on the recommendation of the Nomination and Remuneration Committee, the Board of Directors had re-appointed him and recommended him to be re-appointed by the Shareholders by way of a Special Resolution in the ensuing Annual General Meeting, for a Second term upto 31-03-2024.

In compliance with the provisions of Section 149 read with Schedule IV to the Act and Regulation 17 of SEBI Listing Regulations and other applicable Regulations, the re-appointment of Mr. Vigyan Prakash Arora as Independent Director is now being placed before the Members for their approval by way of Special Resolution.

Keeping in view his vast expertise and knowledge, it will be in the interest of the Company that Mr. Vigyan Prakash Arora is appointed as Independent Director of the Company by the Shareholders for a Second term up to 31-03-2024.

The Board recommends the Special Resolution at Item No. 8 of this Notice for approval of the Members. Except Mr. Vigyan Prakash Arora, none of the Directors and Key Managerial Personnel of the Company and their respective relatives is, in any way, concerned or interested, in the Resolution set out at Item No. 8 of the Notice, except and to the extent of their shareholding in the Company. Mr. Vigyan Prakash Arora should be treated as interested in this resolution to the extent of benefits arising out of this resolution.

The information as required under para 1.2.5 of Secretarial Standard -2 and Regulation 36(3) of the SEBI (LODR) Regulations, 2015 is given under **Annexure 4** at the end of this Explanatory Statement. This Explanatory Statement may also be regarded as an appropriate disclosure under the Listing Regulations.

ITEM NO. 9

Based on recommendation of Nomination and Remuneration Committee, the Board of Directors proposes the re-appointment of Mr. Ajay Arora (DIN 00314161) as an Independent Director, for a second term from October 1, 2019 to March 31, 2024, not liable to retire by rotation as explained in the Resolution set out at item no. 9. Mr. Ajay Arora was appointed as Independent Director at the 30th Annual General Meeting ("AGM") of the Company and holds office up to the ensuing Annual General Meeting. The Company has, in terms of Section 160(1) of the Act received in writing a notice from him, proposing his candidature for the office of Director. The Board, based on the performance evaluation and recommendation of Nomination and Remuneration Committee, considers that given his background, experience and contribution, the continued association of Mr. Ajay Arora would be beneficial to the Company and it is desirable to continue to avail his services as Independent Director.

In the opinion of the Board, he fulfills the conditions specified in the Companies Act and SEBI Listing Regulations for appointment as an Independent Director and is independent of the management of the Company. He is not disqualified from being appointed as Director in terms of Section 164 of the Companies Act, 2013. Mr. Ajay Arora is a Company Secretary by profession and is also a Law Graduate. He is having a rich & varied experience of more than 24 years. He is 59 years of age and lives in Chandigarh. His expertise is in Corporate Affairs, Corporate Laws, Corporate restructuring, Corporate Governance, Financial matters. Further, Mr. Ajay Arora shall not be liable to retire by rotation as provided under Section 152(6) of the Companies Act, 2013. The Company has received following declarations from him in writing:-

- a. Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014, signifying his consent to act as Independent Director of the Company.
- b. A declaration that he meets the criteria of Independence as prescribed under Section 149(6) of the Companies Act, 2013 and under the Regulation 16(1) (b) and 25 of the Listing Regulations
- c. A declaration in terms of Section 164 of the Companies Act, 2013 that he is not disqualified from being appointed as Director

As on date, Mr. Ajay Arora holds Nil Equity Shares in the Company and does not hold any Stock Options. A copy of the draft letter for re-appointment of Mr. Ajay Arora setting out the terms and conditions of re-appointment is available for inspection during the normal business hours on any working day except Sundays and Holidays and will also be kept open at the venue of the AGM till the conclusion of the AGM. As per the provisions of Section 149 (10) of the Act, an independent director shall hold office for a term up to five consecutive years on the Board of a company, but shall be eligible for reappointment on passing of a special resolution by the company and disclosure of such appointment in the Board's report. Mr. Ajay Arora had been appointed on the Board on 27-05-2014 as an Independent Director and was appointed for a term of 5 years by the Members of the Company in their 30th Annual General Meeting held on 26-09-2014 till the conclusion of 35th Annual General Meeting. As such, on the recommendation of the Nomination and Remuneration Committee, the Board of Directors had re-appointed him and

recommended him to be re-appointed by the Shareholders by way of a Special Resolution in the ensuing Annual General Meeting, for a Second term upto 31-03-2024.

In compliance with the provisions of Section 149 read with Schedule IV to the Act and Regulation 17 of SEBI Listing Regulations and other applicable Regulations, the re-appointment of Mr. Ajay Arora as Independent Director is now being placed before the Members for their approval by way of Special Resolution.

Keeping in view his vast expertise and knowledge, it will be in the interest of the Company that Mr. Ajay Arora is appointed as Independent Director of the Company by the Shareholders for a Second term up to 31-03-2024.

The Board recommends the Special Resolution at Item No. 9 of this Notice for approval of the Members. Except Mr. Ajay Arora, none of the Directors and Key Managerial Personnel of the Company and their respective relatives is, in any way, concerned or interested, in the Resolution set out at Item No. 9 of the Notice, except and to the extent of their shareholding in the Company. Mr. Ajay Arora should be treated as interested in this resolution to the extent of benefits arising out of this resolution.

The information as required under para 1.2.5 of Secretarial Standard -2 and Regulation 36(3) of the SEBI (LODR) Regulations, 2015 is given under Annexure-5 at the end of this Explanatory Statement. This Explanatory Statement may also be regarded as an appropriate disclosure under the Listing Regulations.

Place: Chandigarh
Date: August 6, 2019

By order of the Board of Directors
For PAUL MERCHANTS LIMITED

SD/-
HARDAM SINGH
(COMPANY SECRETARY)
FCS – 5046
12-D, Angel Apartments,
Zirakpur (Pb)-140603

