

PRITI MERCANTILE COMPANY LIMITED

Regd. Office : B-10, VIP Colony, Civil Lines, Rampur - 244901 (U.P.)

NOTICE OF EXTRA-ORDINARY GENERAL MEETING

Notice is hereby given to the members that an Extra Ordinary General Meeting of the Members of PRITI MERCANTILE COMPANY LIMITED will be held on Thursday 27th February, 2014 at 10:30 A.M. at the Registered Office of the Company at B-10, VIP Colony, Civil Lines, Rampur-244901 (Uttar Pradesh), to transact the following business :

Special Business:

Item No.1:

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

"RESOLVED THAT in accordance with the provisions of Section 81 (1A) and all other applicable provisions, if any, of the Companies Act, 1956, including any statutory modification(s) or re-enactment thereof, for the time being in force and the applicable provisions of the Companies Act, 2013, the provisions of the Memorandum and Articles of Association of the Company, Chapter VII and other relevant regulations of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 [SEBI (ICDR) Regulations], listing agreement entered into with the Stock Exchange, Mumbai and U. P. Stock Exchange and any other applicable law/rules/regulations and subject to the consent/approval of any other authorities/institutions, and subject to such conditions and modifications as may be imposed upon and accepted by the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred by the Board), the consent of the Company be and is hereby accorded to the Board to create, offer, issue and allot an aggregate of 500000 (Five Lacs only) warrants of the Company having a face value of Rs. 5/- (Rupees Five only) each at a price of Rs. 500/- (Rupees Five Hundred only) per warrant including premium of Rs. 495/- (Rupees Four Hundred Ninety Five only), on preferential basis to two of the promoters of the Company namely RRP Management Services Pvt. Ltd. & Prabhat Management Services Pvt. Ltd. as detailed in the Explanatory Statement forming part of this Notice, with a right to subscribe to equal number of equity shares, on conversion within a period of 18 months, of nominal value of Rs. 5/- (Rupees Five only) each fully paid up at a price of Rs. 500/- (Rupees Five Hundred only) including premium of Rs. 495/- (Rupees Four Hundred Ninety Five only), which price is calculated in accordance with the Regulations for Preferential Issue issued by SEBI so that the total number of equity shares to be issued by the Company upon conversion of the warrants does not exceed 500000 (Five Lacs only) equity shares, on such terms and conditions as may be decided and deemed appropriate by the Board of Directors of the Company (hereinafter referred to as the "Board", which shall be deemed to include any duly authorized committee thereof), at the time of issue or allotment, subject to the overall regulations governing such issue."

"RESOLVED FURTHER THAT the 'relevant date' in relation to the issue of equity shares in accordance with the SEBI (ICDR) Regulations, would be 28.01.2014, being the date 30 days' prior to the date of passing of this Resolution."

"RESOLVED FURTHER THAT the issue of Warrants as above, shall be subject to the following terms and conditions:

1. 500000 Warrants, and the resultant equity shares on conversion, being allotted to a Promoters shall be locked in for a period of 3 (three) years from the date of their allotment.
2. The equity shares already held by the proposed allottees shall be under lock-in from the Relevant Date, i.e. 28.01.2014 upto a period of six months from the date of allotment of Warrants."

"RESOLVED FURTHER THAT the issue of Warrants as above, shall be subject to the following terms and conditions:

- A. Each Warrant shall be convertible into one equity share of Rs. 5/- each, of the Company.
- B. The Warrants shall be convertible (at the sole option of the Warrant holder(s) at any time within a period of 18 months from the date of allotment of warrants.
- C. The allottees of Warrants shall, on or before the date of allotment, pay an amount atleast equivalent to 25% of the total consideration per Warrant.
- D. The Warrants shall not carry any voting / dividend rights.
- E. The Warrant holders shall, on or before the date of allotment of resultant equity shares on conversion, pay the balance 75% of the consideration towards the subscription to each warrant.
- F. The amount referred to in (C) above shall be forfeited, if the 'option to acquire shares is not exercised by the Warrant holders.
- G. The number of Warrants and the price per warrant shall be appropriately adjusted. subject to the Companies Act, 1956 and SEBI Regulations, for corporate actions such as bonus issue, rights issue, stock split, merger, de-merger, transfer of undertaking, sale of a division or any such capital or corporate re-structuring.
- H. The resultant equity shares to be allotted on conversion, being allotted to Promoters shall be locked in for a period of 3 (three) years from the date of their allotment.
- I. The equity shares already held by the proposed allottees shall be under lock-in from the Relevant Date, i.e. 28.01.2014, upto a period of six months from the date of allotment of Warrants.
- J. The Warrants convertible into equity shares at a later date shall be made fully paid-up at the time of allotment of equity shares."

"RESOLVED FURTHER THAT the Company shall ensure that whilst any warrant remain exercisable, it will at all times keep available and reserved such part of its authorized but un-issued share capital as would enable all outstanding warrants to be satisfied in full."

"RESOLVED FURTHER THAT the Board, be and is hereby, authorized in its entire discretion to decide to proceed with the issue of the warrants and resultant equity shares on conversion, including the size and relative components of the same, and for the purpose of giving effect to this issue of warrants and equity shares, the Board, be and is hereby, authorized on behalf of the Company to do all such acts, deeds, matters and things as it may at its discretion deem necessary or desirable for such purpose, including without limitation, appointment of consultants, solicitors, merchant bankers, or any other agency / agencies as may be required, and entering into arrangements for listing, trading, depository services and such other arrangements and agreements, as may be necessary, and also to seek listing of the equity shares representing the same in any Recognized Stock Exchange(s) in India with power on behalf of the Company to settle any question(s), difficulties or doubts that may arise in regard to this issue, and in complying with any Regulation(s), as it may in its absolute discretion deem fit, without being required to seek any further clarification, consent or approval of the Members of the Company or otherwise to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of the Resolution."

"**RESOLVED FURTHER THAT** the resultant equity shares on conversion of the aforesaid warrants shall be subject to the Memorandum and Articles of Association of the Company, and shall rank pari-passu with the existing equity shares of the Company in all respects including as to dividend."

"**RESOLVED FURTHER THAT** the Board, be and is hereby, authorized to delegate all or any of the powers herein conferred to any Committee of Director(s) or Officer(s) of the Company to give effect to this Resolution."

Item No.2:

To consider and if thought fit, to pass, the following resolution as an Ordinary Resolution:

"**RESOLVED THAT** pursuant to Section 94 and other applicable provisions, if any, including any amendment / substitution thereof, of the Companies Act, 1956, the Authorized Share Capital of the Company, be and is hereby, increased from Rs. 15,00,00,000/- (Rupees Fifteen Crores only) divided into 3,00,00,000 (Three Crores) Equity Shares of Rs. 5/- each to Rs. 25,00,00,000/- (Rupees Twenty Five Crores only) divided into 5,00,00,000 (Five Crores) Equity Shares of Rs. 5/- each by the creation of 2,00,00,000 (Two crores) Equity Shares of Rs 5/- each, ranking pari-passu with the existing Equity Shares of the Company.

"**RESOLVED FURTHER THAT** pursuant to the provisions of Section 16 and other applicable provisions, if any, including any amendment / substitution thereof, of the Companies Act, 1956 and subject to the consent of the members in the general meeting, the existing Clause V of the Memorandum of Association of the Company be substituted by the following:

V. *'The Authorised Share Capital of the Company is Rs. 25,00,00,000/- (Rupees Twenty Five Crores) divided into 5,00,00,000 (Five Crores) Equity Shares of Rs. 5/- (Rupees Five) each.'*

"**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things which are necessary / incidental in this connection."

Item No. 3:

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

"**RESOLVED THAT** pursuant to Article 58 of the Article of Association of the Company and recommendation of Board of Directors and subject to the guidelines issued by Securities & Exchange Board of India and subject to such consents and approvals as may be required from appropriate authorities, the consent of the members of the Company be and is hereby accorded for issuance of 2,14,02,720 Equity Shares of Rs.5/- (Rupees Five) each as fully paid-up Bonus Shares by capitalization of Rs.10,70,13,600/- (Rupees Ten Crores Seventy Lacs Thirteen Thousand Six Hundred) out of General Reserves / Securities Premium Account to the Equity Shareholders in the proportion of 8 (Eight) Equity Share for every 10 (Ten) Equity Shares held, to those Equity Shareholders whose names shall appear in the Register of Members/beneficial owners on the record date to be fixed by Board of Directors of the Company and that the new Equity Shares shall rank pari-passu with the existing Equity Shares of the Company."

RESOLVED FURTHER THAT the Bonus Shares so allotted shall always be subject to the terms and conditions contained in the Memorandum and Articles of Association of the Company;

RESOLVED FURTHER THAT no letter of allotment shall be issued in respect of the Bonus Shares and in the case of Members who hold Shares or opt to receive the Shares in dematerialized form, the Bonus Shares shall be credited to the respective beneficiary accounts of the Members with their respective Depository Participants and in the case of Members who hold Equity Shares in certificate form, the share certificates in respect of the Bonus Shares shall be despatched, within such time as prescribed by law and the relevant authorities;

RESOLVED FURTHER THAT the issue and allotment of the Bonus Shares to Non-Resident Members, Foreign Institutional Investors (FIIs) & other foreign investors, be subject to the approval of the Reserve Bank of India, as may be necessary;

RESOLVED FURTHER THAT the Board be and is hereby authorized to take necessary steps for listing of such shares on the Stock Exchanges where the securities of the Company are listed as per the provisions of the Listing Agreements with the concerned Stock Exchanges and other applicable guidelines, rules and regulations.

RESOLVED FURTHER THAT consent be and is hereby granted to the Board to issue, wherever necessary, coupons or fractional certificates, or where coupons or fractional certificates are not issued, to provide for payment of the equivalent of the value in cash, as per discretion of the Board.

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things and to give such directions as may be necessary or expedient, and to settle any question, difficulty or doubt that may arise in this regard as the Board in its absolute discretion may deem necessary or desirable and its decision shall be final and binding."

By Order of the Board of Directors
For Priti Mercantile Company Limited

New Delhi
03 February 2014

Raman Kumar
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. The Proxies to be effective should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting. Proxy Form is attached.
2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Extra-Ordinary General/Meeting is annexed hereto.
3. The Company representatives are requested to attend the Meeting along with documentary proof of authorization.
4. All documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company during the office hours on all working days between 11.00 a.m and 1.00 p.m up to Date of Meeting.
5. Members holding shares in physical form are requested to advise about any change of address/Bank account details to the Company or its Registrar.

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

Item No.1:

The objects of the issue:

Priti Mercantile Company Limited intends to reduce the cost of high debt. Therefore, in view of the above, it is proposed to raise capital.

Intention of the Promoters to subscribe to the offer:

As mentioned hereinabove, the Company proposes to make a preferential allotment of 500000 convertible warrants of Rs. 5/- each at a price of Rs. 500/- per warrant for cash (including premium of Rs. 495/-) to RRP Management Services Pvt. Ltd. & Prabhat Management Services Pvt. Ltd., two of the promoters of the Company, who have indicated to subscribe for the said convertible warrants equity shares of the Company.

Shareholding pattern pre and post preferential allotment of Equity Shares:

#	Category of the Shareholders	Pre-issue Shareholding	% to Total Pre-issued Capital	Shareholding Post Conversion of Warrants	% to Total Post Conversion Capital
1	Promoters Group				
	RRP Management Services Pvt. Ltd.	1729500	6.465	1979500	7.263
	Prabhat Management Services Pvt. Ltd.	1667000	6.231	1917000	7.034
	Rekha Modi	480000	1.794	480000	1.761
	Gouri Shanker Modi	122700	0.459	122700	0.451
	Raj Kumar Modi	90000	0.336	90000	0.330
	Puspa Devi Modi	90000	0.336	90000	0.330
	Raj Kumar Modi HUF	30000	0.112	30000	0.110
	Sub-total	4209200	15.733	4709200	17.279
2	Institutional Investors	0	0	0	0
3	Private Corporate Bodies/Clearing Members/House	13992724	52.303	13992724	51.343
4	Indian Public	8551476	31.964	8551476	31.378
5	NRIs/ HUF	0	0	0	0
	Sub-total	22544200	84.267	22544200	82.721
	TOTAL	26753400	100.000	27253400	100.000

Proposed time limit within which the allotment shall be complete:

Allotment of warrants is proposed to be made within 15 days' from the date of passing of this resolution by the shareholders through the Extra-ordinary General Meeting, subject to obtaining of in-principle approval of the Stock Exchanges, where the equity shares of the Company are listed, in terms of the Listing Agreement. Further, where the allotment is pending on account of pendency of any approval, if required, from any regulatory authority / Central Government, the allotment would be completed within 15 days from the date of such approval.

Lock-in Period:

In terms of SEBI (ICDR) Regulations, 2009, the said Warrants and the resultant equity shares on conversion of Warrants proposed to be issued on preferential basis shall be subject to lock-in period as per SEBI (ICDR) Regulations, 2009.

Identity of the proposed allottees and percentage of post issue capital that may be held and Change in control, if any, consequent to preferential issue:

Name of the Proposed Allottee	Pre Allotment		Post -Allotment (After conversion of Warrants into Equity Shares)#	
	No. of Shares held	% of shareholding	No. of Shares held	% of share holding
RRP Management Services Pvt. Ltd.*	1729500	6.465	1979500	7.263
Prabhat Management Services Pvt. Ltd.*	1667000	6.231	1917000	7.034

The above percentage is based on the assumption of full subscription of the warrants and the subsequent allotment of equity shares on conversion of warrants into Equity Shares.

* RRP Management Services Pvt. Ltd. & Prabhat Management Services Pvt. Ltd. are Promoter Group Company controlled by Mr. R. K. Modi/PAC

There will not be any change in control of the Company on account of the proposed preferential allotment. However, there will be corresponding changes in the shareholding pattern/voting rights consequent to conversion of warrants issued on preferential allotment basis.

Undertakings:

The Company do hereby undertake that:

1. it shall re-compute the price of the said Warrants in terms of the provisions of SEBI (ICDR) Regulations where it is required to do so; and
2. if the amount payable on account of the re-computation of price of the said Warrants is not paid within the time stipulated in SEBI (ICDR) Regulations, the said Warrants shall continue to be locked-in till the time such amount is paid by the allottee/s.

Issue price and relevant date:

The issue price of Rs. 500/- (Rupees Five Hundred only) per warrant convertible into equal number of equity share has been calculated in accordance with the SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009 and for the purpose of the above guidelines the Relevant Date is 28.01.2014.

In terms of SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009, the price per warrant are determined as follows:

- a. Average of the weekly high and low of the closing prices of the equity shares of the Company quoted on the BSE Ltd., during the six months preceding the Relevant Date.

OR

- b. Average of the weekly high and low of the closing prices of the equity shares of the Company quoted on the BSE Ltd., during the two weeks preceding the Relevant Date:

The Company is proposing to make a preferential allotment at Rs. 500/- per warrant, which is higher of the amount mentioned at (a) and (b) above.

Auditors' Certificate:

A copy of the certificate of the Company's Statutory Auditors as per SEBI (ICDR) Regulations shall be placed before the Shareholders at this Extra-ordinary General Meeting.

Shareholders Consent:

Shareholders Consent is sought pursuant to Section 81 (1 A) of the Companies Act, 1956 and in terms of the listing agreement with Stock Exchanges, and SEBI (ICDR) Regulations, to the issue of the abovementioned Warrants, as set out in the Resolution.

Accordingly, the Directors recommend passing of the Special Resolution as set out in Item no. 1 of the Notice submitted to the Meeting.

None of the Directors, Key Managerial Personnel (KMP) of the Company and the relative of Directors and KMP is in any way concerned or interested in the above referred Resolution.

Item No. 2:

The present Authorised Share Capital of Company is Rs. 15,00,00,000/- (Rupees Fifteen Crores only) and the Paid-up & Subscribed Capital is Rs. 13,37,67,000/- (Rupees Thirteen Crores Thirty Seven Lacs Sixty Seven Thousand only) as on date. Now, in order to accommodate any further issuance of equity shares in future, it is proposed to increase the Authorised Share Capital of the Company by Rs. 10,00,00,000/- (Rupees Ten Crores only) thereby raising the Authorised Capital to Rs. 25,00,00,000/- (Rupees Twenty Five Crores only).

The Company is also required to alter its Memorandum of Association by altering the existing Clause V to enable to accommodate the increase in Authorised Share Capital of the Company.

Accordingly, your Directors recommend passing of this resolution as an Ordinary Resolution as set out in item No. 2 of the Notice submitted to this meeting.

None of the Directors, Key Managerial Personnel (KMP) of the Company and the relative of Directors and KMP is in any way concerned or interested in the above referred Resolution.

Item No. 3:

The proposal for issuance of bonus shares is made to provide liquidity to the equity shares by increasing the available number of equity shares in the market and also to reward the members by allotting bonus shares. By issuance of equity shares by way of bonus, the paid-up equity share capital of the Company will be increased from Rs. 13,37,67,000/- (Rupees Thirteen Crores Thirty Seven Lacs Sixty Seven Thousand only) to 24,07,80,600/- (Rupees Twenty Four Crores Seven Lacs Eighty Thousand Six Hundred only).

The Proposal for issuance of bonus shares is beneficial to the members of the Company as well as to the Company. Therefore, the board recommends passing of the resolution as an Ordinary Resolution.

None of the Directors, Key Managerial Personnel (KMP) of the Company and the relative of Directors and KMP is in any way concerned or interested in the above referred Resolution.

By Order of the Board of Directors
For Priti Mercantile Company Limited

New Delhi
03 February 2014

Raman Kumar
Company Secretary

PRITI MERCANTILE COMPANY LIMITED

Regd.Office : B-10, VIP Colony, Civil Lines, Rampur - 244901 (U.P.)

EXTRAORDINARY GENERAL MEETING, 27th February, 2014.

ATTENDANCE SLIP

Name and Address of the Member : _____

Folio No./DPID Client Id No. : _____

I certify that I am a registered Shareholder/Proxy of the Company and hold _____ Equity Shares.
(Please indicate whether Shareholder/Proxy)

I hereby record my presence at the Extraordinary General Meeting of the Company to be held at B-10, VIP Colony, Civil Lines, Rampur-244901(U.P.) on Thursday 27th February, 2014 at 10:30 A.M.

SIGNATURE OF THE MEMBER/PROXY _____

NO. OF SHARES HELD _____

Note: Shareholder/Proxy holder must bring the Admission Slip to the meeting and handover at the venue duly signed.

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PRITI MERCANTILE COMPANY LIMITED

Regd.Office : B-10, VIP Colony, Civil Lines, Rampur - 244901 (U.P.)

PROXY FORM

I / We _____ of _____ being a member/members of **Priti Mercantile Company Limited** hereby appoint _____ of _____ or failing him/her _____ of _____ as my/our proxy to attend and vote for me/us on my/our behalf at the Extraordinary General Meeting of the Company to be held on Thursday 27th February, 2014 at 10:30 A.M. and/ or at any adjournment thereof.

Signed this _____ day of _____ 2014.

FOLIO NO./DPID CLIENT ID NO. _____

SIGNATURE



Note: The Proxy must be deposited at the Regd. Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company.

BOOK - POST

If undelivered, please return to :

PRITI MERCANTILE COMPANY LIMITED

15/76, 2nd Floor, Old Rajendra Nagar
New Delhi-110060