

POTENTIAL INVESTMENTS AND FINANCE LIMITED

**ANNUAL REPORT
2013-2014**

BOARD OF DIRECTORS

Chairman

Mr. Vijay Kumar

Managing Director

Mr. Manoj Gupta

Directors

Mr. Bharat Bhushan Sahny

Mr. Vijay Kumar

Mr. Srichand Tekchand Gerela

Mr. Manoj Gupta

Auditors

M/s VAPS & Co.

Chartered Accountants

C-42, South Extension, Part-II,

New Delhi-110049

e-mail:vapscompany@gmail.com

Ph: (91) 11- 41645051

Fax: (91) 11- 41644896

Bankers to the Company

Punjab National Bank

Mohan Nagar

Ghaziabad, Uttar Pradesh, India

Registrar and Share Transfer Agent to the Company

Skyline Financial Services Private Limited

D-153 A, 1st Floor, Okhla Industrial Area,

Phase - I, New Delhi - 110 020

Tel. : +91 11 64732681 / 64732688

Fax : +91 11 26812682

Compliance Office of the Company

Mr. Lalit Kumar

143, Jagriti Enclave,

Delhi - 110092, India

Tel: 011-22166977

Email: lalit@potentialindia.net

Company Secretary

Mr. Achal Kapoor

143, Jagriti Enclave,

Delhi - 110092, India

Tel: 011-22166977

Email: achal.kapoor@potentialindia.net

Registered Office

143, Jagriti Enclave,

Delhi- 110092

Contact Details

Ph. 011- 22166977

Website: www.potentialindia.net

E-mail: lalit@potentialindia.net

CORPORATE GOVERNANCE REPORT

A. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company is committed to good corporate governance. The Company respects the right of its shareholders to information on the performance of the Company and it is its endeavor to maximize the long-term value of the shareholders of the Company.

B. BOARD OF DIRECTORS

The Company is an optimum mix of Executive and independent Directors who have in depth knowledge of market conditions and have expertise in their respective fields. The composition of the Board confirms with the requirement of Clause 49 of the Listing Agreement. . The present composition of Directors is as follows:

- | | |
|--|-------|
| a. Independent non-executive Directors | Three |
| b. Executive Director | One |
| c. Total | Four |

C. MEETINGS OF THE BOARD OF DIRECTORS

The Board of Directors met 8 times during the financial year 2013-14. The attendance of Directors in the Board meetings was as under:

S. No.	Name of Director	Attendance Particulars		
		No. of Board meetings held during their tenures	No. of Board meetings attended	Attendance at the last AGM
1	Bharat Bhushan Sahny	1	0	N.A.
2	Manoj Gupta	8	8	Present
3	Vijay Kumar	8	7	Present
4	Srichand Tekchand Gerela	1	0	N.A.
5	Pawan Kumar	7	7	Present

D. AUDIT COMMITTEE

The Audit Committee was formed in the meeting of Board of Directors held on 28th February, 2014. The Audit Committee discharges such duties and functions generally indicated in Clause 49 of the Listing Agreement with the Stock Exchanges and such other functions as may be specifically delegated to the Audit Committee by the Board from time to time. Since committee got formed last financial year only, the audit committee has not met during the financial year. The name of the Directors who are members of the audit committee are given below:

Name	Designation	Status
Mr. Srichand Tekchand Gerela	Non Executive Independent Director	Chairman
Mr. Bharat Bhushan Sahny	Non Executive Independent Director	Member
Mr. Manoj Gupta	Managing Director	Member

All members of the Audit Committee are financially literate.

E. SHAREHOLDERS/INVESTORS' GRIEVANCE COMMITTEE

Our Company has constituted a shareholder / investors grievance committee ("Shareholders / Investors Grievance Committee") to redress the complaints of the shareholders. The Shareholders/Investors Grievance Committee was constituted vide resolution passed at the meeting of the Board of Directors held February 28, 2014.

The Investor Grievances Committee comprises the following Directors:

Name	Designation	Status
Mr. Bharat Bhushan Sahny	Non Executive Independent Director	Chairman

Mr. Srichand Tekchand Gerela	Non Executive Independent Director	Member
Mr. Vijay Kumar	Non Executive Director	Member

F. NOMINATION AND REMUNERATION COMMITTEE

Our Company has constituted a Nomination and Remuneration Committee. The constitution of the Nomination and Remuneration committee was approved at a Meeting of the Board of Directors held on April 14, 2014. The said committee is comprised as under:

Name	Designation	Status
Mr. Bharat Bhushan Sahny	Non Executive Independent Director	Chairman
Mr. Srichand Tekchand Gerela	Non Executive Independent Director	Member
Mr. Vijay Kumar	Non Executive Director	Member

G. GENERAL BODY MEETINGS

The details of last three Annual General Meetings are given below:

YEAR	LOCATION	DATE	DAY	TIME
2013	143, Jagriti Enclave, Delhi- 110092	30.09.2013	Monday	11.30 A.M
2012	143, Jagriti Enclave, Delhi- 110092	28.09.2012	Friday	11.30 A.M
2011	143, Jagriti Enclave, Delhi- 110092	29.09.2011	Thursday	11.00 A.M

EGM of the Company was held on December 30, 2013 at 11:00 AM to issue the shares on preferential basis .

H. DISCLOSURES

- The Company has taken the approval from the shareholders for the preferential issue of 350,000 shares of Rs. 10/- each aggregating Rs. 35,00,000/- in the EGM dated December 30, 2013 and allotted the shares in the Board Meeting dated January 13, 2014.
- The Company has not entered into any transaction of material nature with promoters, directors or the management or their relatives etc. that may have any potential conflict with the interest of the Company except few transactions mentioned in schedules.
- The Company has complied with the requirement of the Stock Exchanges, SEBI and other statutory authorities on all matters related to capital market during the year. There were no penalties imposed nor any strictures passed on the Company by any statutory authority relating to above. Our Company is in the process of obtaining consent order for defaults under Takeover Regulations, 2011. Our Company had made suo-moto consent application for delay in filing of disclosures required under regulation 6 & 8 of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 for a period from 1997 to 2011 and Regulation 30 of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011 for the years 2012 and 2013.

I. CODE OF CONDUCT

The Board of Directors has adopted the Code of Conduct for Directors and Senior Management. The said Code has been communicated to the Directors and the members of the Senior Management.

J. MEANS OF COMMUNICATION

The quarterly results are published in the newspapers and are not being sent to each household of shareholders. The results are usually published in Pioneer (in Hindi) and Pioneer (in English).

K. GENERAL SHAREHOLDERS INFORMATION

Date, Time and Venue of AGM	15 th September, 2014, 11.30 AM at 143, Jagriti Enclave, Delhi- 110092
Financial Calendar	1 st April to 31 st March every year

Adoption of quarterly results	6 th week of month
For the quarter ended	
30 th June 2013	14 th August 2013
30 th September 2013	14 th November 2013
31 st December 2013	12 th February 2014
31 st March 2014	14 th April 2014
Date of Book Closure	9 th September, 2014 to 15 th September, 2014 (both days inclusive)
ISIN number of NSDL/CDSL	INE919P01011
Address for Correspondence	143, Jagriti Enclave, Delhi- 110092
Registrar and Share Transfer Agent	Skyline Financial Services Private Limited D-153 A, 1st Floor, Okhla Industrial Area, Phase - I, New Delhi - 110 020 Tel. : +91 11 64732681 / 64732688 Fax : +91 11 26812682
Registered Office (Company)	143, Jagriti Enclave, Delhi- 110092
Stock Code	
Delhi Stock Exchange	4041, POTENTIAL

A Committee of Directors has been constituted to approve the transfer, transmission, dematerialization & re-materialization of shares, issue of duplicate share certificates and allied matters. The Company's Registrars and Share Transfer Agent M/s Skyline Financial Services Private Limited have adequate infrastructure to process share transfer and dematerialization/rematerialization of shares.

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

The shares of the Company are listed at Delhi Stock Exchange. The Company has paid the listing fee of the Stock Exchanges. The company has also applied to the Bombay Stock Exchange for listing of shares on the Bombay Stock Exchange.

There are no outstanding ADRs/ GDRs/ Warrants or any convertible Debentures as on 31st March, 2014.

SHAREHOLDING PATTERN AS ON 31st MARCH, 2014

Category	No. of Shares	% of Shareholding
Promoters & Promoter Group	6,19,580	16.75%
Public	30,80,420	83.25%
Total	37,00,000	100.00

The shares of the company are in dematerialized form and held with the Registrar & share Transfer Agent M/s Skyline Financial Services P. Ltd. The details of dematerialization of shares of the Company are as follows:

Category	No. of Shares	No. of shares held in dematerialized Form	% of Shareholding
Promoters & Promoter Group	6,19,580	619580	100.00%
Public	30,80,420	2899010	94.11%
Total	37,00,000	3518590	95.09%

DISTRIBUTION OF SHAREHOLDING AS ON 31st MARCH, 2014

Shareholding of value in Rupees.	No. of Shareholders	% to Total Shareholders	No. of Shares	% of Total Shares
1-5000	736	89.98	79500	2.15
5001-10000	7	0.86	6600	0.18
10001-20000	8	0.98	13000	0.35
20001-30000	10	1.22	30000	0.81
30001-40000	3	0.37	11300	0.31

40001-50000	2	0.24	9010	0.24
50001-100000	3	0.37	24580	0.66
100001 and above	49	5.99	3526010	95.30
G. TOTAL	818	100.00	3700000	100.00

DECLARATION

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management personnel have confirmed compliance with the Code of Conduct and Ethics for the year ended March 31, 2014.

Place: New Delhi
Date: 14.04.2014

By Order of the Board
For Potential Investments and Finance Limited

Sd/-

(Manoj Gupta)
Managing Director

Sd/-

(Vijay Kumar)
Director