



**Potential Investments  
and Finance Limited**

**ANNUAL REPORT  
2014-2015**

# Contents



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# NOTICE

NOTICE is hereby given that the Annual General Meeting of the Company will be held on Monday, the 28<sup>th</sup> day of September, 2015 at 11.00 A.M. at A-3, NDSE, Part – I, New Delhi-110049 to transact the following business:

## **ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2015 and Profit & Loss Account for the period ended on that date together with the Reports of Board of Directors and Auditors thereon.
2. To re-appoint Mr. Manoj Gupta (DIN: 00076234) who is liable to retire by rotation and being eligible, offers himself for re-appointment.
3. To appoint auditors and fix their remuneration, and to pass, with or without modification the following resolution as an ordinary resolution.

“Resolved that pursuant to the provisions of Section 139 and other applicable provisions, if any, of the companies Act, 2013 and rules framed thereunder, as amended from time to time, M/s VAPS & Co., Chartered Accountants (Firm Registration No.003612N), be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of next AGM of the Company (subject to ratification of their appointment of their appointment at every AGM), at such remuneration plus service tax, out of pocket expenses and living expenses, etc, as may be mutually agreed between the Board of Directors of the Company and the Auditors.”

## **SPECIAL BUSINESS**

4. **To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution for Regularisation of Additional Director, Ms. Ruta Jindal:**

“**RESOLVED THAT** Ms. Ruta Jindal, who was appointed as an Additional Director with effect from March 30, 2015 on the Board of the Company in terms of Section 161 of the Companies Act, 2013 and Article of Association of the Company and who holds office up to the date of this Annual General Meeting, and in respect of whom a notice has been received from a member in writing, under Section 160 of the Companies Act, 2013 along with requisite deposit, proposing his candidature for the office of a Director, be and is hereby appointed as a director of the company.”

5. **To consider, and if thought fit, to pass the following resolution with or without modification as an Special Resolution for approving the Borrowing Limit:-**

“**RESOLVED THAT** pursuant to provisions of Section 180 (1) (c) of the Companies Act, 2013, the consent of the Company is hereby accorded to the Board of Directors of the Company to borrow any sum or sums of money from time to time, on such terms and conditions and with or without security as the Board of Directors may deem fit from banks, financial institutions or any other kind of lenders notwithstanding that the money or money to be borrowed together

with the money already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid up share capital of the Company and its free reserves, that is to say, reserves not so set aside for any specific purposes, provided however that the total amount so borrowed and remaining outstanding at any particular time shall not exceed Rs. 100 crores."

**6. To consider, and if thought fit, to pass the following resolution with or without modification as an Special Resolution for Mortgage the assets of the Company:**

**"RESOLVED THAT** pursuant to the provisions of section 180 (1) (a) and other provisions, if any, of the Companies Act 2013, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to mortgage or charge all or any part of immovable or movable properties of the company, where so ever situated, both present and future, and whole or part of the undertakings of the Company of any nature and kind whatsoever and/or creating a floating charge in all or any immovable properties of the company together with the powers to takeover the managements of the business and concern of the company, in certain events, to or in favour of banks, financial institutions any other lenders to secure the amount borrowed/to be borrowed by the Company from time to time for the due payment of the principal monies together with the interest and other charges payable by the company in respect of such borrowings, provided however that the total amount so borrowed and remaining outstanding at any particular time which will be secured by such charge/mortgage shall not exceed Rs. 100 crores."

**By Order of the Board  
For Potential Investments & Finance Limited**

**(Manoj Gupta)  
Managing Director**

**Place:** New Delhi

**Date:** 02.09.2015

**Notes:**

- 1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself. Such a proxy need not be a member of the Company. A person can act as a proxy on behalf of the member(s).**  
The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy form is enclosed. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.
2. As per the provision of Section 91 of the Companies Act, 2013. The Register of Members and Share Transfer Books will remain closed from September 14, 2015 to September 18, 2014 (both days inclusive).
3. The Explanatory statement to pursuant to Section 102(1) of the Companies Act, 2013 in respect of the Special Business listed on Item No. 4 to 6 is annexed hereto.
4. Brief resume of all Directors, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the BSE Limited, are provided in the Report on Corporate Governance forming part of the Annual Report.
5. Members are requested to bring their Attendance Slip along with their copy of Annual Report to the Meeting.

6. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID Numbers and those who hold shares in physical form are requested to write their Folio Number in the Attendance Slip for attending the Meeting.
7. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address immediately to the Company/Registrars and Transfer Agents, M/s. Skyline Financial Services Private Limited.
8. Shareholders who have not yet dematerialised their shares and wish to dematerialise the same are requested to apply for dematerialization through their Depository Participants.
9. The Securities and Exchange Board of India (SEBI) has made it mandatory the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company / Registrars and Transfer Agents, M/s. Skyline Financial Services Private Limited.
10. The Ministry of Corporate affairs has taken a "Green Initiative in the Corporate governance" by allowing paperless compliances by the Companies and has issued circulars stating that service of notice/ documents including Annual Report can be sent through e-mail to its members. To support this green initiative of Government in full measure, members who have not registered their e-mail addresses are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register their e-mail addresses with M/s. Skyline Financial Services Private Limited.
11. The Company is pleased to provide the facility to Members to exercise their right to vote by electronic means.
  - I. In compliance with provisions of Clause 35B of the Listing Agreement read with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management & Administration) Rules, 2014, as substituted by the Companies (Management and Administration) Rules, 2015, the Company is providing the shareholders facility to exercise their right to vote on Resolutions proposed to be considered at the forthcoming Annual General Meeting by electronic means and the business may be transacted through e-voting platform provided by Central Depository Services (India) Limited (CDSL).
  - II. That the facility for voting, through Ballot Paper shall also be made available at the Meeting & Members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting through Ballot Paper.
  - III. That the Members who have cast their vote by remote e-voting prior to the Meeting may also attend the meeting but shall not be entitled to cast their vote again.

**The process & manner for e-voting are as under:**

- a. The voting period begins on 25<sup>th</sup> September, 2015 (9:00 AM IST) and ends on 27<sup>th</sup> September, 2015 (5:00 PM IST). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 21<sup>st</sup> September, 2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- b. The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- c. Click on "Shareholders." Tab.
- d. Now Enter your User ID
  - For CDSL: 16 digits beneficiary ID,
  - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - Members holding shares in Physical Form should enter Folio Number registered with the Company.
- e. Next enter the Image Verification as displayed and Click on Login.

- f. If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- g. If you are a first time user follow the steps given below:

**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)
	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> </ul>
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.

- h. After entering these details appropriately, click on "SUBMIT" tab.
- i. Members holding shares in physical form will then directly reach 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 is to be also used by the demat holders 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.
- j. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- k. Click on the EVSN for **POTENTIAL INVESTMENTS AND FINANCE LIMITED** on which you choose to vote.
- l. 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 option NO implies that you dissent to the Resolution.
- m. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- n. 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.
- o. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- p. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- q. If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- r. Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporate.

- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - 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.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - 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.
- s. 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](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
12. The Voting Rights of the Members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date i.e. 21<sup>st</sup> September, 2015.
  13. A person whose name is recorded in the Register of Members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting in the Annual General Meeting through ballot paper.
  14. Mr. Vipin Aggarwal, Practicing Chartered Accountant (Membership No. 082498) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
  15. The Chairman shall, at the Annual General Meeting, at the end of discussion on the Resolutions on which voting is to be held, allow voting, with the assistance of Scrutinizer, by use of “ballot paper” or “polling paper” for all those Members who are present at the annual general meeting but have not cast their votes by availing the remote e-voting facility.
  16. The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and 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 shall make not later than three days of conclusion of the AGM, a consolidated Scrutinizer’s Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing who shall countersign the same and declare the result of voting forthwith.
  17. The Results along with the Scrutinizer’s Report shall be placed on the Company’s website [www.potentialindia.net](http://www.potentialindia.net) and on the website of CDSL immediately after declaration of results and communicated to the Stock Exchanges.
  18. All documents referred to in the Accompanying Notice and the Explanatory Statements shall be open for inspection at the Registered Office of the Company during normal business hour (9.00 AM to 5.00 PM) on all working days, upto and including the date of the Annual General Meeting of the Company.
  19. Corporate members are requested to send in advance, duly certified copy of the Board resolution /power of attorney authorising their representative to attend the Annual General Meeting.

**BRIEF RESUME OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING AS REQUIRED IN CLAUSE 49 OF THE LISTING AGREEMENT**

<b>Name of Director</b>	Mr. Ruta Jindal	Mr. Manoj Gupta
<b>Date of Birth</b>	29.06.1977	31.07.1965
<b>DIN</b>	01366744	00076234
<b>Nationality</b>	Indian	Indian
<b>Date of Appointment on the Board</b>	30.03.2015	14.07.2010
<b>Expertise in specific functional areas</b>	Management	Management and Trading
<b>Qualification</b>	Graduate	Graduate
<b>No. of Equity shares held in the Company</b>	Nil	40000
<b>Experience</b>	More than 5 years of experience in real estate business	25 years of experience in steel sector and in construction and real estate
<b>Directorship in other Companies</b>	Nil	Mahabir Metallex Limited
<b>Membership/Chairmanship of Committee(s) of other Companies</b>	Nil	<p><b><u>Mahabir Metallex Limited</u></b></p> <ul style="list-style-type: none"> <li>• Stakeholders and Grievance Committee – Member</li> <li>• Remuneration Committee – Member</li> </ul>

**By the Order of the Board  
Potential Investments and finance Limited**

Place: New Delhi  
Date: 02.09.2015

**Manoj Gupta  
Managing Director**



## **EXPLANATORY STATEMENT**

(Pursuant to Section 102 of Companies Act, 2013)

### **ITEM No. 4**

Ms. Ruta Jindal was appointed as an Additional Director w.e.f. March 30, 2015 in accordance with the provisions of Section 161 of the Companies Act, 2013 and Article of Association of the Company. Pursuant to Section 161 of the Companies Act, 2013 the above director holds office up to the date of the ensuing Annual General Meeting. In this regard the Company has received request in writing from a member of the company proposing Ms. Ruta Jindal candidature for appointment as Director of the Company in accordance with the provisions of Section 160 and all other applicable provisions of the Companies Act, 2013.

The Board feels that presence of Ms. Ruta Jindal on the Board is desirable and would be beneficial to the company and hence recommend resolution No.4 for adoption.

None of the Directors, except Ms. Ruta Jindal and Key Managerial Personnel of the Company or their relatives are in any way concerned or interested, financially or otherwise, in the said resolution.

The Board recommends resolutions under Item No. 4 to be passed as an ordinary resolution.

### **ITEM No. 5**

The Company requires borrowing funds from time to time to meet both its short term and long terms business objectives, from various external agencies like banks, financial institutions, bodies corporate, individuals or other kind of lenders. According to section 180 (1) (c) of the Companies Act, 2013, the total amount of such borrowings as well as the outstanding at any time cannot exceed the aggregate of paid up capital and free reserves of the Company, except with the consent of the members. The company felt that the said limit is not adequate and needs enhancement, accordingly the resolution having no.5 has been proposed to increase the limits of borrowing to Rs. 100 Crores.

It is recommended that the resolution be passed as special resolution. None of the directors is interested or concerned in the resolution.

### **ITEM No. 6**

This is related to the previous item. Through the proposed resolution it is sought to grant authority to the Board of Directors to secure the borrowings, if required, by creating charge/mortgage on the assets of the Company. The existing authority is derived from the earlier resolution. Since it is not practical to seek general meeting's approval every time a loan is sanctioned, it is proposed to obtain a blanket approval to secure the properties for the loans sanctioned within the limits of Rs. 100 Crores as stated in the previous item. Even though section 180 (1) (a) refers to sale, lease or disposal of the whole or substantially whole of the undertaking of the Company, creating mortgage or charge on the assets give a right to the lender to take possession of or own the said properties in certain events, such creation of charge/mortgage in way constitutes sale or disposal of the undertaking of the Company. Therefore a resolution under Section 180 (1) (a) is required for this purpose.

It is recommended that the resolution be passed as special resolution. None of the directors is interested or concerned in the resolution.

**By the Order of the Board  
Potential Investments and finance Limited**

**Place: New Delhi  
Date: 02.09.2015**

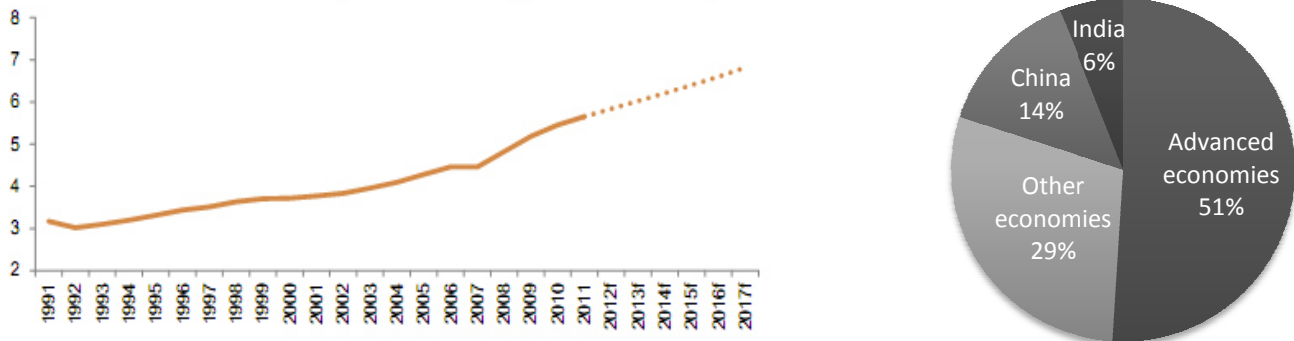
**Manoj Gupta  
Managing Director**

# Management Discussion and Analysis Report

## Overview of Indian Economy:

India, the world's largest democracy in terms of population (1,220 million people) had a GDP on a purchasing power parity basis of approximately INR 58 trillion in June 2013. This makes it the fourth largest economy in the world after the United States of America, European Union and China. The outlook for India's medium-term growth is positive due to a young population and corresponding low dependency ratio, healthy savings and investment rates, and increasing integration into the global economy.

India's share in world GDP (% of world total) (PPP current USD)



(Source: "Fact Book" from Department of Economic Affairs, Ministry of Finance, Government of India, June 2012)

The Indian economy's performance in FY 2013-14 and Q1 FY 2014-15 was marked by slowing growth and widening fiscal and current account gaps. The slowdown was partly rooted in external causes, while domestic causes like higher inflation, supply side constraints and policy inaction also put a drag on the economy. With GDP growth of 4.4% in Q1 FY14-15, the economy grew at its slowest quarterly pace in four years with mining, manufacturing and construction dragging growth down. Weakening of both domestic and external demand contributed further to the slowdown. Post 2008 crisis, Reserve Bank in response to the high inflation persisted with tightening till October 2011 and paused before easing in April 2012. The inflation has eased in last year though slowing growth, and widening twin deficits on the back of policy inaction along with global flight to safety amidst a deepening euro area crisis put pressures on the financial markets and the exchange rate during the year. As a result, Rupee has depreciated significantly in last one year further widening India's macro-economic problems.

The Indian economy was one of the fastest growing economies in the post-crisis period. During 2012-13, however, there was continuous deceleration of economic activity in each of the four quarters which pushed the expansion of the economy to below potential and the economic growth hit 4.4% in Q1 of FY 2013-14.

Growth slowed down due to multiple factors. One of the reasons was the persistence of inflation at a much higher level than the threshold for two successive years. Persistent and high inflation necessitated continued tightening of monetary policy. Even after reducing inflation in recent time, widening twin deficits has prevented RBI to pursue aggressive monetary easing. Recent research suggests that real interest (lending) rates explain only about one-third of GDP growth.

This suggests that non-monetary factors played a bigger role and accentuated the slowdown to beyond what was anticipated while tightening the monetary policy. Recession in the euro area and general uncertainty regarding the global economic climate chipped the external demand as well. Domestic policy uncertainties, governance and corruption issues amidst lack of political consensus on

reforms led to a sharp deterioration in investment climate. Structural constraints emerged in key investment drivers in the infrastructure space – telecom, roads and power – which increased the disinflationary costs. High inflation kept aggregate demand and business confidence subdued.

### India’s robust macro-economic performance

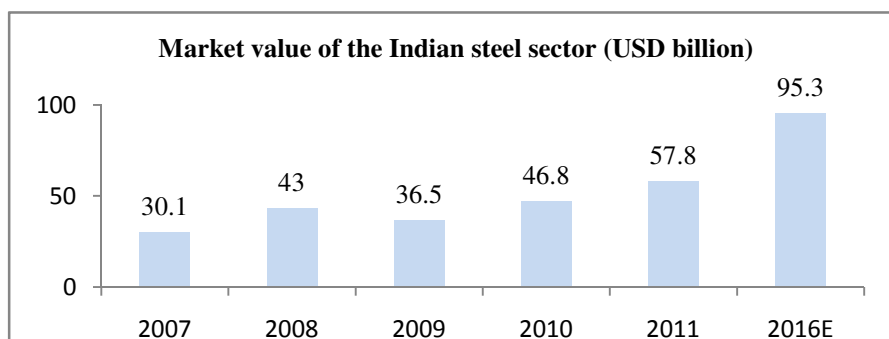
Key Parameters	2005-06	2011-12	Change
Real GDP (INR billion) <sup>1</sup>	32,542	52,220	60% higher
Real Per Capita GDP (INR) <sup>1</sup>	33,548	46,221	38% higher
Investment / GDP (%) <sup>2</sup>	35.8	37.6**	5% higher
Exports (US \$ bn) <sup>1</sup>	103	303	194% higher
General Government Gross Debt (% GDP) <sup>1</sup>	77.4	64.9**	16% lower
Workers’ Remittances (US \$ bn) <sup>2</sup>	28.0 <sup>+</sup>	63.7 <sup>++</sup>	127% higher
Gross International Reserves (US \$ bn) <sup>1</sup>	151 <sup>#</sup>	294 <sup>++</sup>	94% higher
Foreign Direct Investment inflow (US \$ bn)	9.1	46.8	414% higher
Foreign Direct Investment outflow (US \$ bn)	6.1	25.8**	323% higher

(Source: “Fact Book” from Department of Economic Affairs, Ministry of Finance, Government of India, April 2013)

<sup>1</sup> Reserve Bank of India Data (as on March 2012), <sup>2</sup> IMF WEO Database April 2012, \*\*For FY 2010-11, <sup>+</sup> For Calendar Year 2006, <sup>++</sup> For Calendar Year 2011, <sup>#</sup> as on 31 March 2006, <sup>##</sup> As on 30 March 2012

### Overview of Steel Industry:

India’s economic growth is contingent upon the growth of the Indian steel industry. Consumption of steel is taken to be an indicator of economic development. While steel continues to have a stronghold in traditional sectors such as construction, housing and ground transportation, special steels are increasingly used in engineering industries such as power generation, petrochemicals and fertilisers. India occupies a central position on the global steel map, with the establishment of new state-of-the-art steel mills, acquisition of global scale capacities by players, continuous modernisation and upgradation of older plants, improving energy efficiency and backward integration into global raw material sources.



India has become the world's fourth-largest producer of crude steel as against the eighth position in 2003. The country is slated to become the second-largest steel producer by 2015 as large public and private sector players strengthen steel production capacity in view of the rising demand.

The total market value of the steel sector in India stood at US\$ 57.8 billion in 2011 and is expected to touch US\$ 95.3 billion by 2016.

## **Production of Steel**

Total crude steel production rose at a CAGR of 10 per cent over FY09–12 to 73.8 MT; production in the first nine months of FY13 was 58.3 MT. Finished steel production stood at 73.4 MT in FY12, recording a CAGR of 10 per cent during FY09–12; analysts expect production figures to improve rapidly over the next five years with the Ministry of Steel forecasting production levels at 115.3 MT by FY17.

## **Consumption of Steel**

Steel consumption is expected to grow at an average rate of 6.8 per cent to reach 104 MT by 2017 driven by rising infrastructure development and growing demand for automotives. The infrastructure sector is India's largest steel consumer, accounting for 63 per cent of total consumption in FY11. Attracted by the growth potential of the Indian steel industry, several global steel players have been planning to enter the market. The Government of India (GOI) has allowed 100 per cent foreign direct investment (FDI) in the sector through automatic route in order to attract foreign investments.

## **Demand Supply Gap leading to rise in Imports:**

Steel industry is heavily dependent on raw material and bulk movement. For every tonne of steel produced about four tonnes of raw materials requires to be transported. Indian steel industry is facing difficulties and delays caused due to inadequate infrastructure for transportation and handling bulk materials. Most of the steel plant does not have proper connectivity through rail network to mines and ports. Bulk handling facility at majority of the ports, mines and steel plants are of low capacity causing delays in loading & unloading. In most cases, road networks connecting steel plants to mines and ports are congested leading to delays in supply and delivery of raw material and other items.

With steel's demand growth outpacing growth in domestic production over the last few years, import dependency has increased. Imports have decreased at a CAGR of 0.72 per cent over FY08–12. In FY12, total imports stood at about 6.8 MT. Total domestic demand for steel is estimated at 113.3 million tonnes by 2016-17.

## **Policy Support aiding growth in the Steel Sector:**

### **1. National Steel Policy 2012**

- In view of the sector's changed dynamics, globally as well as domestically, the Ministry of Steel has initiated the process of drafting a new National Steel Policy to replace the existing National Steel Policy of 2005
- The government has set up a committee headed by the Steel Secretary to monitor the formulation of the new National Steel Policy
- Four task forces have been constituted to study, analyse, consult and formulate draft policy documents on different aspects of the policy
- The current policy draft proposes allotment of captive iron ore mines to producers through open bidding and putting some mines in the general category.

### **2. R&D and Innovation**

- A new scheme, 'The scheme for the promotion of R&D in the iron and steel sector', has been approved with budgetary provision of USD24.6 million to initiate and implement the provisions of the scheme as per the 11th Five-Year Plan
- USD12.1 million had been spent under the scheme up to February 2013

- The development of technology for cold-rolled grain oriented (CRGO) steel sheets and other value-added products is also included under the policy purview and is allocated USD6.7 million.

### **3. Foreign Direct Investment**

- 100 per cent FDI through the automatic route is allowed in the Indian steel sector.

### **4. Rise in export duty**

- The government hiked the export duty on iron ore to 30 per cent ad valorem on all varieties of iron ore (except pellets) (w.e.f. 30th December 2011)
- Export duty on chrome ore and concentrates\*\* has been enhanced to 30 per cent ad valorem.

### **5. Reduction in custom duty on plants & equipments**

- The government has reduced the basic custom duty (w.e.f. 17th March 2012) on the plants and equipments required for initial set up or expansion of iron ore pellets plants and iron ore beneficiation plants from 7.5 per cent to 2.5 per cent

#### **Major Initiatives taken by the Ministry of Steel during the previous year:**

- Export duty on iron ore has been increased to 30 per cent ad valorem on all varieties of iron ore (except pellets), to preserve iron ore resources for domestic use
- As per the government's decision, the Government of India's 51 per cent shareholding in Eastern Investments Company Limited (EIL), under Bird Group of Companies, was transferred to Rashtriyaspat Nigam Limited (RINL)
- New Research and Development policy for the steel sector have been finalised/ adopted for implementation
- New techno-economic benchmarks have been evolved on international patterns to improve performance of steel PSUs; implementation is being monitored closely
- Under the Ministry, the Joint Plant Committee (JPC) studied 300 districts, 1,500 villages, 4,500 manufacturers and 8,000 retailers spread over India's 28 states and 7 union territories to assess steel demand in the rural areas and examine the potential to increase steel consumption levels
- The Ministry of Steel set up the Steel Innovation Council to promote innovative ideas in the steel sector
- The New National Steel Policy for the forthcoming years is under finalisation
- In April 2013, the Ministry of Steel signed a Letter of Intent (LoI) with the Tanzanian Government to strengthen cooperation in steel and mining activities

#### **Opportunities favorable for the Steel Industry:**

##### **1. Automotive**

- The automotive industry is forecasted to grow in size by USD122–159 billion by 2016
- With increasing capacity addition in the automotive industry, demand for steel from the sector is expected to be robust.

## **2. Capital Goods**

- The capital goods sector accounts for 11 per cent of steel consumption, and has the potential to increase in tonnage and market share
- Corporate India's capex is expected to grow and generate greater demand for steel.

## **3. Infrastructure**

- The government aims to increase infrastructure spending from 8.4 per cent of GDP in FY12 to 10.7 per cent by FY17
- Due to such a huge investment in infrastructure the demand for long steel products would increase in the years ahead.

## **4. Airports**

- More and more modern and private airports are expected to be set up
- Development of Tier-II city airports would sustain consumption growth
- Estimated steel consumption in airport building is likely to grow more than 20 per cent over next few years

## **5. Railways**

- The dedicated rail freight corridor (DRFC) network expansion would be enhanced in future
- Gauge conversion, setting up of new lines and electrification would drive steel demand.

## **6. Oil and Gas**

- The liquid fuel transportation pipeline network is likely to grow from the present 16,800 km to 22,000 km in 2014
- This would lead to an increase in demand of steel tubes and pipes, providing a lucrative opportunity to the steel industry.

## **7. Power**

- The government aims to add 71,000–1,07,500 MW (Mega Watt) of capacity during the 12th Five-Year Plan
- Both generation and transmission capacities would be enhanced, thereby raising steel demand from the sector.

## **8. Rural India**

- Rural India, accounting for 70 per cent of Indian population has low per capita steel consumption which provides huge scope for growth
- Policies like Bharat Nirman and Rajiv Gandhi AwaazYojna are driving growing demand for construction steel in rural India

## **Challenges**

### **1. Human Resources**

Availability of efficient manpower has been listed as the biggest hurdle in the development of Indian steel industry. Attracting and retaining the best engineers is a challenge task as employees find service sector a more lucrative opportunity for professional growth.

Employees do not wish to take up the challenges offered by manufacturing sector, opting for glamorous desk jobs instead.

## **2. Manufacturing & Mining**

Depleting resources and reserves of iron ore, steel etc. is one of the biggest challenges the industry is likely to face. Competition is increasing, resources are limited. It is an intense tug of war between the biggest steel giants for mining. Amidst all this chaos, small sized firms find it difficult to survive for a long period.

## **3. Technological Innovation**

There is a need for introducing eco-friendly technologies in the mining and production process. Only with the help of technologies like recycling of steel, production efficiency, etc. can they sustain for a longer period.

## **4. Government policies**

Government initiatives such as better infrastructure, stricter norms to bring demand at par with supply, etc. are needed for management of the industry

### **CAUTIONARY STATEMENT**

Statements made in this report describing the Company's objectives, projections, estimates, expectations, may be "forward looking statements". Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and incidental factors.

# Directors' Report

Dear Members,  
Potential Investments and Finance Limited

Your Directors have pleasure in presenting the Annual Report on the business and operations of the Company together with the Audited Financial Statements for the year ended 31<sup>st</sup> March, 2015.

## Financial Results

The summarized financial results of your Company are given in the table below:

(Figures in Rs.)

Particulars	F.Y 2014-15	F.Y 2013-14
1. Operative & Other Income	601,825,289.00	498,071,870.00
2. Depreciation	88,172.00	73,108.00
3. Profit/loss before tax	933,081.00	7,279,114.00
4. Profit after tax	2,651,243.00	5,257,424.00
5. Add previous year's balance	(7,616,740.00)	(12,874,164.00)
6. Balance carried to balance sheet	(5,308,106.00)	(7,616,740.00)

## Dividend

Keeping in view the performance we are unable to recommend dividend for the year under review.

## Overview

The improvement has been achieved by the Company during the financial year. The Company earned its income mainly from marketing and distribution of steel products. The Company continues to reducing cost of borrowings, finding new markets, etc. We extended our geographical reach to the end users.

## Management's Discussion and Analysis Report

Management's Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, is presented in a separate section forming part of the Annual Report.

## Deposits

Your Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014. Accordingly, there are no unclaimed or unpaid deposits lying with the Company for the year under review.

## Details of significant and Material Orders passed by the Regulators, Courts and Tribunal

No significant and material order has been passed by the Regulators, Courts and Tribunals impacting the going concern status and Company's operations in future.

## Change in the nature of business, if any

There was no Change in the nature of business of the Company during the Financial Year ended March 31, 2015. The Board at their meeting held on 15.10.2014, approved the alteration of Main objects of Memorandum of Association of the Company and the alterations are in the nature of additions and consolidation of the current clauses and that the scope of the existing clauses remained as before.



**Material changes and commitments, if any, affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report**

There are no material changes and commitments, affecting the financial position of the Company occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report other than those disclosed in the financial statements.

The Board of Directors in its meeting held on October 15, 2015 approved the alteration in the Memorandum of Association of the Company (MOA) in respect of Main Objects and sub-division of nominal value of equity share from Rs. 10/- each to Rs. 2/- each, subject to the approval of the shareholders. The alterations were approved by the shareholders vide a special resolution passed through Postal Ballot on November 27, 2014.

**Directors Responsibility Statement**

Pursuant to the Section 134 (1) (c) of the Companies Act, 2013, the Directors to the best of their knowledge hereby state and confirm that:

- a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures.
- b) The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at end the of the financial year and of the profits of the Company for the period.
- c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) The annual accounts have been prepared on a going concern basis.
- e) The internal financial controls to be followed by the Company were laid down and such internal financial controls were adequate and were operating effectively; and
- f) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**Explanations or Comments by the Board on every Qualification, Reservation or Adverse Remark**

The Explanations for the observations mentioned in Secretarial Audit Report issued by the Rashi Sehgal & Associates, Practicing Company Secretaries, that the Company did not take the approval of Registrar of Companies (ROC) by filing Form INC 24 with respect to change of name of the Company from “**Potential Investments and Finance Limited**” to “**Mahabir Infraheights Limited**” - The Management decides to continue with the existing name only.

**Corporate Governance**

Your Company upholds the standards of governance and is compliant with the Corporate Governance provisions as stipulated in Clause 49 of the Listing Agreement in both letter and spirit during the period under review. Your Company lays strong emphasis on transparency, disclosure and independent supervision to increase various stakeholders’ value.

The Company has complied with the Corporate Governance as stipulated under Clause 49 of the Listing Agreement with Stock Exchanges. A separate section on Corporate Governance, along with certificate from Statutory Auditors confirming compliance with the requirements of Clause 49 of the Listing Agreement with the BSE Limited (BSE), are annexed as **Annexure “F”** and forming part of the Annual Report.

## **Particulars of Contracts and Arrangements with Related Parties**

Pursuant to the provisions of Section 134 of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014, the particulars of all contracts / arrangements / transactions entered into by the Company with related parties during the financial year are in the ordinary course of business and on arm's length basis. During the year, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the policy of the Company on related party transactions and materiality of related party transactions.

Your Directors draw attention of the members to Note 21 to the Financial Statement which sets out related party disclosures. The particulars of contracts and arrangements entered into by the company with related parties referred to in Section 188 in Form AOC-2 is attached herewith as **Annexure-B**.

## **Details in respect of adequacy of Internal Financial Controls with reference to the Financial Statements**

The Company has a robust and comprehensive Internal Financial Control System commensurate with the size, scale and complexity of its operations. The objective of these procedures is to ensure efficient use and protection of the Company's resources, accuracy in financial reporting and procedures. The system encompasses the major processes to ensure reliability of financial reporting, compliance with the policies, procedures, laws and regulations safeguarding assets and economical and efficient use of resources. The policies and procedures adopted by the company ensure the orderly and efficient conduct of its business and adherence to the company's policies, prevention and detection of frauds and errors, accuracy and completeness of the records and timely preparation of reliable financial information.

The scope and authority of the Internal Audit function is defined in the Internal Audit Manual. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee of the Board and to the Chairman and Managing Director.

The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and recommendations along with corrective actions thereon are presented to the Audit Committee of the Board.

## **Directors and Key Managerial Personnel**

In accordance with the provisions of Section 152 of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Manoj Gupta, retire by rotation at the ensuing Annual General Meeting and being eligible offer himself for reappointment.

The details of directors being recommended for appointment / re-appointment as required in clause 49 of the Listing Agreement are contained in the Notice convening the ensuing Annual General Meeting of the Company.

Appropriate resolution(s) seeking your approval to the appointment / re-appointment of Directors are also included in the Notice.

## **Declaration by Independent Director(s)**

All the Independent Directors have submitted their disclosures to the Board that they fulfill all the requirements as stipulated in Section 149 (6) of the Companies Act, 2013 so as to qualify themselves to be appointed as Independent Directors under the provisions of the Companies Act, 2013 and the relevant rules.

## Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of Listing Agreement, the Board has carried out an annual evaluation of its own performance, the Directors individually as well as the evaluation of the working of various Committees. The Independent Directors also carried out the evaluation of the Chairman and the Non-Independent Directors, the details of which covered in the Corporate Governance Report.

### Criteria for Evaluation of Directors

For the purpose of proper evaluation, the Directors of the Company have been divided in 3 (three) categories i.e. Independent, Non-Independent and Non-Executive and Executive.

The criteria for evaluation includes factors such as engagement, strategic planning and vision, team spirit and consensus building, effective leadership, domain knowledge, management qualities, team work abilities, result/achievements, understanding and awareness, motivation/ commitment/ diligence, integrity/ ethics/ value and openness/ receptivity.

### Number of Meetings of the Board of Directors

During the Financial year 2014-15, the Board of Directors of the Company met 9 times on 14<sup>th</sup> April, 2014, 5<sup>th</sup> June, 2014, 19<sup>th</sup> July, 2014, 13<sup>th</sup> August, 2014, 15<sup>th</sup> October, 2014, 12<sup>th</sup> November, 2014, 13<sup>th</sup> February, 2015 and 30<sup>th</sup> March, 2015.

During the Financial year 2014-15, meeting of the Audit Committee were held on 14<sup>th</sup> April, 2014, 13<sup>th</sup> August, 2014, 12<sup>th</sup> November, 2014 and 13<sup>th</sup> February, 2015. The details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under Companies Act, 2013.

### Audit Committee

The Audit Committee comprises three Directors, of which two are Non-Executive and Independent Directors. The Chairman of the Committee is a Non-Executive Independent Director.

Composition of the Audit Committee as on 31<sup>st</sup> March, 2015 is as under:

<u>Name of the Director</u>	<u>Category</u>
Mr. Srichand Tekchand Gerela (Chairman)	Non-Executive and Independent
Mr. Bharat Bhushan Sahny	Non-Executive and Independent
Mr. Manoj Gupta	Managing Director

### Nomination and Remuneration Committee

In adherence of Section 178(1) of the Companies Act, 2013, the Board of Directors of the Company in its Meeting held on March 30, 2015, re-constitute the Committee, consisting of 3 Directors of which majority are Independent Directors.

<u>Name of the Director</u>	<u>Category</u>
Mr. Bharat Bhushan Sahny (Chairman)	Non-Executive and Independent
Mr. Srichand Tekchand Gerela	Non-Executive and Independent
Ms. Ruta Jindal	Non-Executive Director

## **Details of establishment of Vigil Mechanism for Directors and Employees**

In Compliance with the provision of Section 177(9) of the Companies Act, 2013 and Clause 49 of the listing Agreement, the Company has framed a vigil mechanism/Whistle Blower Policy to deal with the ethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy, if any.

In staying true to our values of Strength, Performance and Passion and in line with our vision of being one of the most respected companies in India, the Company is committed to the high standards of Corporate Governance and stakeholder responsibility.

The Policy ensures that strict confidentiality is maintained whilst dealing with concerns and also that no discrimination will be meted out to any person for a genuinely raised concern. The Vigil Mechanism is adopted by the Board of Directors on their meeting held on August 13, 2015.

## **Auditors and Auditor's Report**

**A. Statutory Auditors:** M/s VAPS & Co., Chartered Accountants, Auditors of the Company, retire at the conclusion of the forthcoming Annual General Meeting and they have offered themselves for re-appointment. The certificate to the effect that if appointed would be within the prescribed limit under Section 141 of the Companies Act, 2013 has been obtained from them.

The observations of Statutory Auditors in their reports on financials are self-explanatory and therefore, do not call for any further comments under Section 134 of the Companies Act, 2013.

**B. Secretarial Auditors:** Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Board had appointed M/s Rashi Sehgal & Associates, Company Secretaries, to conduct Secretarial Audit for Financial Year 2014-15. The Secretarial Audit Report for the Financial Year ended on 31<sup>st</sup> March, 2015 is annexed herewith marked as **Annexure "C"** to this Report. The Secretarial Audit Report is self-explanatory and therefore, do not call for any further comments.

## **Particulars of Loans, Guarantees or Investments under Section 186 of the Companies Act, 2013**

The company has given Loans / given any guarantee or provide any security in connection with a loan to any other body corporate under Section 186 of the Companies Act, 2013 during the Financial Year 2014-15, which are given under respective head and the same is furnished in the notes to the Financial Statement.

## **Share Capital**

The paid up equity share capital as on 31<sup>st</sup> March, 2015 was Rs. 37,000,000. The company has not issued shares with differential voting rights nor granted stock options nor sweat equity or bonus shares.

## **Extract of the Annual Return**

The details forming part of the extract of the Annual Return in Form no. MGT-9 as required under Section 92 of the Companies Act, 2013 is annexed hereto as **Annexure-"A"** and forms part of the Director's Report.

## **Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo**

Information pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgo as required under Section 134 (3) (m) of Companies Act, 2013 read with the Rule 8 (3) of the Companies (Accounts) Rules, 2014, is annexed hereto as **Annexure "E"**, forming part of this Report.

## **Particulars of Employees and related disclosures**

Details pursuant to Section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 form part of this Annual Report and annexed herewith as **Annexure "D"**.

## **Disclosure as per Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013**

The Company has zero tolerance for sexual harassment at workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed there under. No complaint has been received for sexual harassment of women at work place by the Company during the financial year 2014-15.

## **Transfer to Investor Education and Protection Fund**

Pursuant to the provisions of Section 125 (2) (c) of the Companies Act, 2013, the Company is not required to transfer any amount, during the financial year 2014-15 to the Investor Education and Protection Fund.

## **Acknowledgements**

The Board places on record its appreciation for the continued co-operation and support extended to the Company by customers, vendors, bankers, rating agencies, stock exchanges, depositories, auditors, legal advisors, consultants business associates, state government, local bodies and all the employees with whose help, co operation and hard work the Company is able to achieve the results.

The Board deeply acknowledges the trust and confidence placed by the customers of the Company and all its shareholders.

**By the Order of the Board  
Potential Investments and finance Limited**

**Place: New Delhi  
Date: 02.09.2015**

**Manoj Gupta  
Managing Director**

**Form No. MGT-9  
EXTRACT OF ANNUAL RETURN**

As on the financial year ended on March 31, 2015

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS**

1	CIN	L74900DL1983PLC014972
2	Registration Date	12.01.1983
3	Name of the Company	Potential Investments and Finance Limited
4	Category/Sub-Category of the Company	Public Company/Limited by Shares
5	Address of the Registered office and contact details	A-3, NDSE, Part-1, New Delhi-110049
6	Whether listed Company	Yes
7	Name, Address and Contact details of Registrar and Transfer Agent	M/s Skyline Financial Services Private Limited D-153 A, 1st Floor, Okhla Industrial Area, Phase-I, New Delhi-110020 Tel: +91 11 64732681/64732688 Fax: +91-11 26812682

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

S. No.	Name and description of main products/services	NIC Code of the Product/service	% of total turnover of the Company
1.	Trading in M. S. Billets, M.S Pipes & Tubes, M.S. Sheet, Pre-Painted Steel Coils, TMT Bar, Rolls, Pre-painted & Tubes	24311	100%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

S. No	Name & Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of Shares held	Applicable Section
	Nil				

#### IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### i) Category-wise Shareholding

Category of Shareholder	No. of shares held at the beginning of the year As on 01.04.2014				No. of shares held at the end of the year As on 31.03.2015				% of Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(A) Shareholding of Promoter and Promoter Group</b>									
<b>(1) Indian</b>									
Individuals/ HUF	619580	-	619580	16.75	3097900	-	3097900	16.75	-
Central Government/ State Government(s)	-	-	-	-	-	-	-	-	-
Bodies Corporate	-	-	-	-	-	-	-	-	-
Financial Institutions/ Banks	-	-	-	-	-	-	-	-	-
Any Others(Specify)	-	-	-	-	-	-	-	-	-
									-
<b>Sub Total(A)(1)</b>	<b>619580</b>	<b>-</b>	<b>619580</b>	<b>16.75</b>	<b>3097900</b>	<b>-</b>	<b>3097900</b>	<b>16.75</b>	<b>-</b>
									-
<b>(2) Foreign</b>									-
Individuals (Non-Residents Individuals/ Foreign Individuals)	-	-	-	-	-	-	-	-	-
Bodies Corporate	-	-	-	-	-	-	-	-	-
Institutions	-	-	-	-	-	-	-	-	-
Any Others(Specify)	-	-	-	-	-	-	-	-	-
<b>Sub Total(A)(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
									-
<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>	<b>619580</b>	<b>-</b>	<b>619580</b>	<b>16.75</b>	<b>3097900</b>	<b>-</b>	<b>3097900</b>	<b>16.75</b>	<b>-</b>
									-
<b>(B) Public shareholding</b>									-
<b>(1) Institutions</b>									-
Mutual Funds/ UTI	-	-	-	-	-	-	-	-	-
Financial Institutions/ Banks	-	-	-	-	-	-	-	-	-

Central Government/ State Government(s)	-	-	-	-	-	-	-	-	-
Venture Capital Funds	-	-	-	-	-	-	-	-	-
Insurance Companies	-	-	-	-	-	-	-	-	-
Foreign Institutional Investors	-	-	-	-	-	-	-	-	-
Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
Any Other (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-Total (B)(1)</b>	-	-	-	-	-	-	-	-	-
<b>Non-institutions</b>									
Bodies Corporate	-	500	500	0.01	13061	2500	15561	0.08	0.07
Individuals									-
Individuals- Individual shareholders holding nominal share capital up to Rs 1 lakh	14010	144900	158910	4.29	31988	407750	439738	2.38	(1.92)
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	2645000	36010	2681010	72.46	13577550	169250	13746800	74.31	1.85
Any Other (specify)									-
HUF	240000	-	240000	6.49	1200000	-	1200000	6.49	-
Clearing Members/House	-	-	-	-	1	-	1	0.00	0.00
									-
<b>Sub-Total (B)(2)</b>	<b>2899010</b>	<b>181410</b>	<b>3080420</b>	<b>83.25</b>	<b>14822600</b>	<b>579500</b>	<b>15402100</b>	<b>83.25</b>	-
									-
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>2899010</b>	<b>181410</b>	<b>3080420</b>	<b>83.25</b>	<b>14822600</b>	<b>579500</b>	<b>15402100</b>	<b>83.25</b>	-
									-
<b>TOTAL (A)+(B)</b>	<b>3518590</b>	<b>181410</b>	<b>3700000</b>	<b>100.00</b>	<b>17920500</b>	<b>579500</b>	<b>18500000</b>	<b>100.00</b>	-
									-
Shares held by Custodians and against which Depository Receipts have been issued									-



Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
Public	-	-	-	-	-	-	-	-	-
<b>Sub-Total (C)</b>	-	-	-	-	-	-	-	-	-
									-
<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>3518590</b>	<b>181410</b>	<b>3700000</b>	<b>100.00</b>	<b>17920500</b>	<b>579500</b>	<b>18500000</b>	<b>100.00</b>	

ii) Shareholding of Promoters

S. No.	Shareholder's Name	Shareholding at the beginning of the year as on 01.04.2014			Shareholding at the end of the year As on 31.03.2015			% of Change in share holding during the year
		No. of shares	% of total shares of the Company	% of shares pledged/encumbered of total shares	No. of shares	% of total shares of the Company	% of shares pledged/encumbered of total shares	
1	Manoj Gupta	8000	0.22	-	40000	0.22	-	-
2	Vijay Kumar	6580	0.18	-	32900	0.18	-	-
3	Kanav Gupta	300000	8.11	-	1500000	8.11	-	-
4	Saurabh Jindal	305000	8.24	-	1525000	8.24	-	-
	<b>Total</b>	<b>619580</b>	<b>16.75</b>	<b>-</b>		<b>16.75</b>	<b>-</b>	<b>-</b>

iii) Change in Promoter's Shareholding

S. No.	Shareholder's Name	Shareholding at the beginning of the year As on 01.04.2014		Shareholding at the end of the year As on 31.03.2015		% of Change in share holding during the year
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company	
1	Manoj Gupta	8000	0.22	40000	0.22	-
2	Vijay Kumar	6580	0.18	32900	0.18	-
3	Kanav Gupta	300000	8.11	1500000	8.11	-
4	Saurabh Jindal	305000	8.24	1525000	8.24	-
	<b>Total</b>	<b>619580</b>	<b>16.75</b>	<b>3097900</b>	<b>16.75</b>	<b>-</b>

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

S. No.	For each of the Top ten Shareholders	Shareholding at the beginning of the year As on 01.04.2014		Shareholding at the end of the year As on 31.03.2015	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1	Neelam Aggarwal	120000	3.24	600000	3.24
2	Rekha Aggarwal	120000	3.24	600000	3.24
3	Suman Aggarwal	120000	3.24	600000	3.24
4	Shashank Agarwal	120000	3.24	600000	3.24
5	Shalabh Agarwal	120000	3.24	600000	3.24
6	Gopal Das Bansal	120000	3.24	600000	3.24
7	Shashank Goyal	120000	3.24	600000	3.24
8	Angad Singh	100000	2.70	500000	2.70
9	Gurmeet Singh	100000	2.70	500000	2.70
10	Aabha Garg	60000	1.62	300000	1.62

v) Shareholding of Directors and Key managerial Personnel (KMPs)

S. No.		Shareholding at the beginning of the year As on 01.04.2014		Shareholding at the end of the year As on 31.03.2015	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
<b>A</b>	<b>Directors</b>				
1	Vijay Kumar*	6580	0.18	32900	0.18
<b>B</b>	<b>Key Managerial Personnel</b>				
1	Manoj Gupta	8000	0.22	40000	0.22
2	Lalit Kumar	-	-	-	-
3	Achal Kapoor	-	-	-	-

**Note:** \*Mr. Vijay Kumar resigned from the Directorship on 30.03.2015

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding	Deposits Unsecured	Loans Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	-	15,375,032	14,500,000	875,032
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>-</b>	<b>15,375,032</b>	<b>14,500,000</b>	<b>875,032</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	42,933,610	73,495,258	22,755,576	93,673,292
Reduction	-	14,109,000	-	14,109,000
Net Change	42,933,610	59,386,258	22,755,576	79,564,292
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount as on 31.03.2015	42,933,610	74,761,290	37,255,576	80,439,324
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due as on 31.03.2015	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>42,933,610</b>	<b>74,761,290</b>	<b>37,255,576</b>	<b>80,439,324</b>

## V. DETAILS OF REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

		(Figures in Lacs)
S. No.	Particulars of Remuneration	Mr. Manoj Gupta Managing Director
1	Gross Salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961.	4.80
	(b) Value of perquisites u/s17(2) Income-tax Act,1961	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-
2	Stock Option	-
3	Sweat Equity	-
4	Commission	
	- as % of profit	-
	others, specify	
5	Others, please specify	
	<b>Total (A)</b>	<b>4.80</b>
	Ceiling as per the Act	

The remuneration is within the limits prescribed under the Companies Act, 2013

## B. Remuneration to other directors:

### 1. Independent Directors

(Figures in Lacs)

S. No.	Particulars of Remuneration	Srichand Teckchand Gerela	Bharat Bhushan Sahny
1	Fees for attending the Board/ committee meetings	0.20	0.30
2	Commission	-	-
3	Others	-	-
<b>Total (B) (1)</b>		<b>0.20</b>	<b>0.30</b>

### 2. Other Non-executive Directors

(Figures in Lacs)

S. No.	Particulars of Remuneration	Vijay Kumar*	Ruta Jindal*
1	Fees for attending the Board/committee meetings	0.30	-
2	Commission	-	-
-	Others	-	-
<b>Total (B) (2)</b>		<b>0.30</b>	<b>-</b>

(\* ) Note: Mr. Vijay Kumar resigned from the directorship of the Company on 30.03.2015 and Ms. Ruta Jindal joined the Company on 30.03.2015.

Total (B)= (B)(1) + (B)(2) =0.80

### Remuneration to Key Managerial Personnel other than MD/ Manager/WTD

(Figures in Lacs)

S. No.	Particulars of Remuneration	Mr. Achal Kapoor@ Company Secretary	Mr. Lalit Kumar# Chief financial officer	Total
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961.	0.50	0.40	0.90
	(b) Value of perquisites u/s17(2) Income-tax Act,1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	- as % of profit	-	-	-
	others, specify			
5	Others, please specify			
	<b>Total (A)</b>	<b>0.50</b>	<b>0.40</b>	<b>0.90</b>
	Ceiling as per the Act	-	-	-

Note: \* Mr. Achal Kapoor, appointed as Company Secretary w.e.f 05.06.2014

# Mr. Lalit Kumar, appointed as CFO w.e.f. 01.02.2015

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees Imposed	Authority [RD /NCLT/COURT]	Appeal made, if any (give details)
<b>A. Company</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>B. Directors</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. Other officers in default</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

**Form No. AOC-2**

**(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)**

**Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.**

**1. Details of contracts or arrangements or transactions not at arm's length basis-**

***None: During the Reporting Period, all the transactions not at arm's length basis.***

- |  |                |
|--|----------------|
| a. Name(s) of the related party and nature of relationship   | Not Applicable |
| b. Nature of contracts/arrangements/transactions   | Not Applicable |
| c. Duration of the contracts / arrangements/transactions   | Not Applicable |
| d. Salient terms of the contracts or arrangements or transactions including the value, if any                        | Not Applicable |
| e. Justification for entering into such contracts or arrangements or transactions                                    | Not Applicable |
| f. Date(s) of approval by the Board  | Not Applicable |
| g. Amount paid as advances, if any   | Not Applicable |
| h. Date on which the special resolution was passed in general meeting as required under first proviso to section 188 | Not Applicable |

**2. Details of material contracts or arrangement or transactions at arm's length basis**

***None: During the Reporting Period, there was no material\* Contracts or Arrangement.***

(\*As defined under Clause 49 of the Listing Agreement, "Material Related Party Transaction" means a transaction with a related party if the transaction / transactions to be entered individually or taken together with previous transactions during a financial year exceeds 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.)

- |   |                |
|---|----------------|
| a. Name(s) of the related party and nature of relationship                                    | Not Applicable |
| b. Nature of contracts/arrangements/transactions  | Not Applicable |
| c. Duration of the contracts / arrangements/transactions                                      | Not Applicable |
| d. Salient terms of the contracts or arrangements or transactions including the value, if any | Not Applicable |
| e. Date(s) of approval by the Board, if any   | Not Applicable |
| f. Amount paid as advances, if any  | Not Applicable |

**By the Order of the Board  
Potential Investments and finance Limited**

**Place: New Delhi**

**Date: 02.09.2015**

**Manoj Gupta  
Managing Director**

**Form No. MR-3**

**[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]**

**SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2015**

To,  
The Members,  
Potential Investments and Finance Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Potential Investments and Finance Limited** (hereinafter called "**the Company**"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

**Management's Responsibility for Secretarial Compliances**

The Company's Management is responsible for preparation and maintenance of secretarial records and for devising proper systems to ensure compliance with the provisions of applicable laws and regulations.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.

We believe that audit evidence and information obtained from the Company's Management is adequate and appropriate for us to provide a basis for our opinion.

**Opinion**

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives for the financial year ended on 31<sup>st</sup> March, 2015 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 : **Not Applicable to the Company as the Company has not granted any options to its employees during the financial year under review;**
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008: **Not Applicable as the Company has not issued any debt securities during the year under review;**
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client : **Not Applicable as the Company is not registered as Registrar to an Issue and Share Transfer Agents during the year under review;**
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 : **Not Applicable as the Company has not delisted its equity shares from any Stock Exchange during the year under review;** and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998: **Not Applicable as the Company has not bought back any of its securities during the financial year under review;**

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with DSE Limited and BSE Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

1. Compliance with respect to change of name of the Company:

The Company has filed Form INC 1 for approval of name of the Company and subsequently passed the special resolution with respect to change of name of the Company from “**Potential Investments and Finance Limited**” to “**Mahabir Infraheights Limited**” through postal ballot and e-voting in the Extra Ordinary Meeting held on 27.11.2014. The observations in this regard are given below:

- i. The Company did not take the approval of Registrar of Companies (ROC) by filing Form INC 24 with respect to change of name of the Company from “**Potential Investments and Finance Limited**” to “**Mahabir Infraheights Limited**”.



ii. **We further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

**We further report that** there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

This is to further observe that the Company took in-principal approval from Bombay Stock Exchange for getting its securities listing on BSE as on July 27, 2014.

**For Rashi Sehgal & Associates**  
**Company Secretaries**

**Rashi Sehgal**  
**Proprietor**  
**ACS No.: 25736**  
**C P No.: 9477**

**Place: New Delhi**  
**Date: 02.09.2015**

This Report is to be read with our letter of even date which is annexed as **Annexure I** and forms an integral part of this report.

To,  
The Members,  
Potential Investments and Finance Limited,  
A-3, NDSE, Part I,  
New Delhi-110049

Our Report of even date is to be read along with this letter.

Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the Secretarial records. The verification was done on test check basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis of our opinion.

We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

Where ever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.

The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test check basis.

The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For Rashi Sehgal & Associates**  
**Company Secretaries**

**Rashi Sehgal**  
**Proprietor**  
**ACS No.: 25736**  
**C P No.: 9477**

**Place: New Delhi**  
**Date: 02.09.2015**

## **ANNEXURE – D**

### **A. Details pursuant to the provisions of section 197 (12) of the companies act, 2013 read with rule 5(1) of the companies (appointment and remuneration of managerial personnel) rules, 2014**

- i. The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the Financial Year 2014-15, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2014-15 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

(Figures in Lacs)

	<b>Name of Director /KMP and Designation</b>	<b>Remuneration of Director/ KMP for Financial Year 2014-15</b>	<b>% increase in Remuneration in the Financial Year 2014-15</b>	<b>Ratio of Remuneration of each Director/ to median remuneration of employees</b>	<b>Comparison of the Remuneration of the KMP against the performance of the Company</b>
1	Mr. Manoj Gupta Managing Director	4.80	Nil	-	Profit before Tax decreased by 87.18% and Profit after tax decreased by 49.57% in Financial Year 2014-15.
2	Mr. Lalit Kumar Chief Financial Officer	0.40	Nil	-	Profit before Tax decreased by 87.18% and Profit after tax decreased by 49.57% in Financial Year 2014-15.
3	Mr. Achal Kapoor Company Secretary	0.50	Nil	-	Profit before Tax decreased by 87.18% and Profit after tax decreased by 49.57% in Financial Year 2014-15.

- ii. The median remuneration of employees of the Company during Financial year was Nil, as there is no increment in the remuneration of the employees in previous year and also not in No. employees of the Company.
- iii. In the Financial Year, there was no increase in the median remuneration of employees;
- iv. There was 3 permanent employees on the rolls of the Company as on March 31, 2015;
- v. Relationship between average increase in remuneration and company performance: - The Profit before Tax for the Financial Year March 31, 2015 decreased by 87.18% whereas the median remuneration was Nil.

- vi. Comparison of remuneration of the Key Managerial Personnel against the performance of the Company: -

Aggregate remuneration of the key managerial personnel (KMPs) in financial year 2014-15 (₹ in Lacs)	5.70
Revenue (₹ in Lacs)	6092.54
Remuneration of KMPs (as % of revenue)	0.09%
Profit before tax(PBT) (₹ in Lacs)	9.33
Remuneration of KMP (as % of PBT)	0.61%

- vii. Variations in the market capitalization of the Company, Price Earnings Ratio as at the closing date of the current financial year and previous year and percentage increase or decrease in market quotations of the shares of the Company in comparison to the rate at which the company came out with the last public offer:
- viii. Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer: N.A.
- ix. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

The average annual increase: Nil.

Increase in the managerial remuneration for the year was 71.43%.

- x. **Comparison of each remuneration of the key managerial personnel against the performance of the Company:**

	(₹ in Lacs)		
	<b>Mr. Manoj Gupta, Managing Director</b>	<b>Mr. Lalit Kumar, Chief financial Officer (w.e.f. February 13, 2015)</b>	<b>Mr. Achal Kapoor, Company Secretary (w.e.f. June 5, 2014)</b>
Remuneration in financial year 2014-15 (₹)	4.80	0.40	0.60
Revenue (₹)	6092.54		
Remuneration as % of revenue	0.078	0.006	0.009
Profit before tax (PBT) (₹)	9.33		
Remuneration (as % of PBT)	51.44	4.28	6.43

- xi. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year: None
- xii. The Company affirms that the remuneration paid during the financial year ended March 31, 2015 is as per remuneration policy of the Company.

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, there is no such employee drawing remuneration in excess of the limits set out in the said rules and are required to be disclosed.

**Disclosure pursuant to Section 134 (3) (m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 (Chapter IX) for Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo:**

The particulars as prescribed under Rule 8(3) of the Companies (Accounts) Rules, 2014 are as follows:

**I. Conservation of Energy:** The particulars in respect of conservation of energy in the prescribed form are not applicable to the Company hence it is not being furnished.

**II. Technology Absorption, Adaption And Innovation**

The relevant information in prescribed form is given below:

**1. Research & Development (R&D)**

(a)	Specific areas in which R & D Carried	Constant efforts are being made to improve the quality of Company's product based on the market research and feedback received from the customers and dealers.
(b)	Benefits Derived as a result of the above R & D	Product Quality is improved.
(c)	Future plan of Action	R & D is ongoing process and continuous improvements will be done in the so as to improve yield productivity and quality of the finished product.
(d)	Expenditure on R & D	NIL

**2. Technology Adoption, Adaption and innovation.**

The Company has not imported any Technology since inception

**III. Foreign Exchange Earnings And Outgo**

I.	Foreign Exchange earnings	Rs. Nil (Previous Year Nil)
II.	Foreign exchange outgo	Rs. Nil (Previous Year Nil)
	- Capital goods	Rs. Nil (Previous Year Nil)
	- Consumable stores	Rs. Nil (Previous Year Nil)

## **1. Corporate Governance Report**

Company's philosophy on Corporate Governance is to achieve the highest levels of transparency, accountability in all its interactions with its stakeholders including shareholders, employees, lenders and the Government. We believe that Corporate Governance is a voluntary and self discipline code which means not only ensuring compliance with regulatory requirements but by also being responsive to our stakeholders needs. Focus of the Company has always been to ensure continuing value creation for each of its stakeholders and above all to achieve business excellence with the goal of long-term sustainable development.

In accordance with the Clause 49 of the Listing Agreement with BSE Limited and some of the best practices followed on Corporate Governance, the report containing the details of Corporate Governance systems and processes at Potential Investments and Finance Limited is as follows:

## **2. Board of Directors**

### **Composition and Category of Directors**

The Board of Directors of the Company has an optimum combination of Executive and Non-Executive Directors with one women director and not less than 50 (Fifty) % of the Board of Directors comprising Non-Executive Directors. The Chairman of the Board is an Executive Director with half of the Board comprising of Independent Directors.

As on March 31, 2015, your Company's Board has strength of Four (4) Directors comprising Two (2) are independent. The composition of the Board of Directors is in conformity with the Corporate Governance Code.

As required under Section 149 of the Companies Act, 2013 Ms. Ruta Jindal has been appointed as Women Director on the Board.

None of the Directors is a Member of more than 10 Committees and Chairman of more than 5 Committees (as specified in Clause 49) across all the companies in which he/she is a Director.

### **Directors' Profile:**

The Board of Directors is composed of highly renowned professionals drawn from diverse fields, who bring with them a wide range of skill and experience to the Board, which enhance the quality of the Board's decision making process. The brief profile of the Company's Board of Directors is as under:

- **Mr. Manoj Gupta** is the Promoter and Managing Director of our Company. Mr. Gupta is a commerce graduate and is in the business since last 25 years. He was looking after the family business under the name "Mahabir Steel & Rolling Mills", a partnership firm. This firm was engaged in the business of manufacturing Steel Strips and Steel pipe at Mohan Nagar. Mr. Gupta was looking after the entire affairs of the business as CEO. After doing the business successfully, this firm closed the business in 2012 due to overcapacity in HR Coil and steel strips.
- **Mr. S T Gerela**, Master in Arts, a graduate in law and C.A.I.I.B, has been associated with various regulatory authorities like SEBI, RBI, BSE, among others. He has rich experience of capital markets, banking, regulatory affairs management, administration and investor relations. He has been a member of various committees, study groups; delegates constituted by government/semi-government authorities and authored several articles, research papers, books on capital market/economic affairs.

- **Mr. Bharat Bhushan Sahny** is the Independent Non Executive Director of our Company. Shri Sahny had graduated from Sri Ram College of Commerce, Delhi, B.Com (Hons) In 1963. He Joined Stock Broking business in 1962. He held the position of Director on the Board of Delhi Stock Exchange for 27 years, He also held the position of Vice President and President in “DSE” and was instrumental in getting online Trading started in “Delhi Stock Exchange”. During his tenure as “President” of Delhi Stock Exchange, the daily turnover touched record time high Rs.1000 crore. He also Hold the position of Chairman of “Investors Awareness Committee” for many years. He also Promoted Investment culture in North India by having Seminars at multiple places.
- **Mrs. Ruta Jindal**, (Appointed from 30<sup>th</sup> March, 2015) Non - Executive Director of our Company. She is having more than 5 years experience in the real estate business. She held the position of Director in various real estate companies.

**Directors’ Induction, Familiarization and Training:**

As per Clause 49 of the Listing Agreement the Company has entered into with BSE Limited (BSE), the Company shall provide suitable training to Independent Director to familiarize them with the Company, their role, nature of the industry in which the Company operates, business model of the Company etc. The details of such training imparted are also required to be disclosed in the Annual Report.

The Company acknowledges the importance of continuous education and training of the Directors to enable effective discharge of their responsibility. The Company has been organizing visits of the Directors to its plants at various locations in the country from time to time with a view to enable them to familiarize with the nature of industry, operations, processes and to interact with the management personnel and staff. Directors are regularly briefed about the Industry’s specific issues to enable them to understand the business environment in which the company operates. To enhance their skills and knowledge the Directors are regularly updated on the changes in the policies, laws and regulations, developments in the business environment etc.

Efforts are also made to familiarize the Directors about their roles, rights, responsibility in the Company, its business model and the environment in which the Company operates.

**Board functions, procedure and Meetings:**

The Board plays a pivotal role in ensuring that holistic governance measures are undertaken. Its style of functioning is democratic. The Board members always have had complete freedom to express their opinions and decisions are taken after a consensus is reached following detailed discussions. They are also free to bring any matter up for discussion at the Board Meetings with the permission of the Chairman.

In accordance with the provisions of Clause 49 of the Listing Agreement, the Board meets at least once in every quarter to review the quarterly results and other items of agenda as required under Annexure 1A of Clause 49 of Listing Agreement, and if necessary, additional meetings are held. It has always been the Company’s policy and practice that apart from matters requiring the Board’s approval by law, all major decisions including quarterly/yearly results of the Company and its divisions, financial restructuring, capital expenditure proposals, sale and acquisition of material nature of assets, mortgage and guarantee, among others, are regularly placed before the Board. This is in addition to information with regard to detailed analysis of operations, major litigations, feedback reports and minutes of all committee meetings.

**Meeting of Board of Directors:**

During the Financial Year 2014-15, 9 (Nine) Meetings of the Board of the Directors of the Company were held i.e. on 14<sup>th</sup> April, 2014, 5<sup>th</sup> June, 2014, 19<sup>th</sup> July, 2014, 13<sup>th</sup> August, 2014, 15<sup>th</sup> October, 2014, 12<sup>th</sup> November, 2014, 13<sup>th</sup> February, 2015 and 30<sup>th</sup> March, 2015. The maximum time gap between any two consecutive meetings was not more than one hundred and twenty days.

All the agenda items are backed by necessary supporting information and documents to enable the Board to take informed decisions. The Managing Director makes presentation on the quarterly and annual operating & financial performance. Post meetings, important decisions taken by the Board are communicated to the concerned officials and departments.

The Composition and category of the Directors on Board, their relationship with other Directors, their attendance at the Board Meetings during the year and at the last Annual General Meeting, and also number of Directorships and Committee Memberships/ Chairmanships in other companies and number of shares held by them as at March 31, 2015 are as follows:

Name of the Director	Category	No. of Board Meetings attended	Attendance in Last AGM	No. of shares held	No. of other Directorships@	Details of other Board Committee /Membership#
Manoj Gupta	MD	9	Yes	40000	1	1
Vijay Kumar*	NE	9	Yes	32900	5	-
Bharat Bhushan Sahny	NE& ID	6	Yes	-	2	1
S. T Gerela	NE& ID	5	Yes	-	3	
Ruta Jindal**	NE & AD	-	No	-	0	0

MD=Managing Director, NE= Non-Executive Director, ID= Independent Director, AD= Additional Director  
# only covers membership/chairmanship of Audit Committee Stakeholders' relationship committee of other Indian public limited companies excluding Potential Investments and Finance Ltd.

@ Excludes Directorship held in Private Limited Companies, Foreign Companies and Section 8 Companies.

\* Resigned from the directorship w.e.f 30.03.2015.

\*\*Appointed as Woman Director w.e.f 30.03.2015.

All the independent Directors fulfill the minimum age criteria i.e. 21 years as specified by the Clause 49 of the Listing Agreement. No Director is related to any to any other Director on the Board in terms of the definition of 'relative' given under the Companies Act, 2013.



## **Code of Conduct:**

The Board of Directors has laid down a Code of Conduct for all Board members and all employees in management grade of the Company. The Code of Conduct is posted on the website of the Company. All Board members and senior management personnel have confirmed compliance with the Code. A declaration signed by the Managing Director is attached and forms part of the Annual Report of the Company.

In line with the amended Clause 49 of the Listing Agreement, the Company has adopted a Code of Conduct for its Directors and Senior Executives. The same has also been placed on the Company's website [www.potentialindia.net.com](http://www.potentialindia.net.com) under the head 'Investor Relations'.

## **Code of Conduct of Independent Directors:**

As per the provisions of Section 149(8) of the Companies Act, 2013 the Company and Independent Directors shall abide by the provisions specified in Schedule IV. Further, Schedule IV lays down a code for Independent Directors of the Company. Pursuant to the said provisions of the Companies Act, 2013, the Company has drafted for Independent Directors of the Company and the same has also been placed on the website of the Company i.e. [www.potentialindia.net.in](http://www.potentialindia.net.in).

### **3. Audit Committee:**

The role and terms of reference of the Committee are in conformity with the provisions Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement with Stock Exchanges. The Committee acts as a link between the Statutory and Internal Auditors and the Board of Directors.

#### **Role of Audit Committee**

The role of the Audit Committee shall include the following:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
  - b. Changes, if any, in accounting policies and practices and reasons for the same.
  - c. Major accounting entries involving estimates based on the exercise of judgment by management
  - d. Significant adjustments made in the financial statements arising out of audit findings
  - e. Compliance with listing and other legal requirements relating to financial statements
  - f. Disclosure of any related party transactions
  - g. Qualifications in the draft audit report
5. Reviewing the management, the quarterly financial statements before submission to the Board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report

- submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Discussion with internal auditors of any significant findings and follow up there on;
  8. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
  9. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
  10. Approval or any subsequent modification of transactions of the company with related parties;
  11. Scrutiny of inter-corporate loans and investments;
  12. Valuation of undertakings or assets of the company, wherever it is necessary;
  13. Evaluation of internal financial controls and risk management systems;
  14. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
  15. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
  16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
  17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
  18. To review the functioning of the Whistle Blower mechanism;
  19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
  20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee comprises three Directors, of which two are Non-Executive and Independent Directors. The Chairman of the committee is a Non-Executive Independent Director. All the Members of the committee have good financial and accounting knowledge. Auditors and Chief Financial Officer (CFO) are invitees to the meetings and Company Secretary acts as secretary of the committee. The minutes of the Audit Committee Meetings are placed before the subsequent Board Meeting.

During the year, 4 (four) meetings of the Audit Committee of the Company was held on 14<sup>th</sup> April, 2014, 13<sup>th</sup> August, 2014, 12<sup>th</sup> November, 2014 and 13<sup>th</sup> February, 2015.

The composition of the Audit Committee as on March 31, 2015 and the meetings attended by its members are as under:

Name of Director	Status	No. of meetings held
Mr. Srichand Tekchand Gerela	Chairman	4
Mr. Bharat Bhushan Sahny	Member	4
Mr. Manoj Gupta	Member	4

#### 4. Nomination and Remuneration Committee:

The Nomination and Remuneration Committee shall act in accordance with the prescribed provisions of Section 178 of the Companies Act, 2013, and shall be responsible for:

- i. Formulate the criteria for determining qualifications, positive attributes and independence of a directors and the Board;

- Formulate of criteria for evaluation of Independent Directors and the Board;
- ii. Devising a policy on Board diversity;
  - iii. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down recommend to the Board their appointment and removal and carry out evaluation of every director's performance.
  - iv. The Board has constituted a Nomination and Remuneration Committee to evaluate the performance and remuneration of Directors

The composition of the Remuneration Committee as on March 31, 2015 is as under:

Name of Director	Status
Mr. Srichand Tekchand Gerela	Chairman
Mr. Bharat Bhushan Sahny	Member
Mr. Vijay Kumar	Member

#### Remuneration to the Directors:

During the year ended March 31, 2015 Mr. Manoj Gupta, Managing Director was paid a salary of Rs. 4.80 lakhs and no other benefits, no payment was made to any other Director(s).

#### 5. Stakeholders Relationship Committee

In compliance with the provisions of Section 178 of the Companies Act, 2013 and the Listing Agreement, the Board has renamed the existing "Share Transfer and Shareholders' / Investors' Grievance Committee as the "Stakeholders' Relationship Committee".

Stakeholders' Relationship Committee inter alia approves transfer & transmission of shares, issue of duplicate / re-materialized shares and consolidation & splitting of certificates, redressal of complaints from investors etc. Stakeholders' Relationship Committee has been empowered to deal with and dispose of the instruments of transfer of shares in the Company including power to reject transfer of shares in terms of the provisions of the Companies Act, 2013, Securities Contract (Regulations) Act, Listing Agreement and the Company's Articles of Association and take necessary actions as may be required for the purpose and shall consider and resolve the grievances of shareholders of the Company including complaints related to non-receipt of balance sheet and non-receipt of declared dividends.

The composition of the Stakeholders Relationship Committee as on March 31, 2015 is as under:

Name of Director	Status
Mr. Bharat Bhushan Sahny	Chairman
Mr. Srichand Tekchand Gerela	Member
Mr. Vijay Kumar	Member

In view of the SEBI Circular No. CIR/OIAE/2/2011 dated June 3, 2011, the Company has obtained a user id and password for processing the investor complaints in a centralized web-based SEBI Complaints Redress System 'SCORES'. This enables the investors' online viewing of the actions taken by the Company on the complaints and its current status by logging on the SEBI's website i.e. [www.sebi.gov.in](http://www.sebi.gov.in).

Details of shareholders' complaints received and replied to their satisfaction: the Company has adequate systems and procedures to handle the investors' grievances and the same are being resolved on priority basis.

During the year no investor's complaints was received. By March 31, 2015 no investor complaint was pending.

## 6. Independent Directors' Meeting:

During the year 1 (one) meeting of the Independent Directors was held on August 13, 2015 inter-alia, to discuss:

- Evaluation of the performance of Non-Independent Directors and the Board of Directors, as a whole.
- Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

## 7. Details of last three general meetings

- **General Meetings:** The details of Annual General Meeting held in last three years are as under:

Year	Venue	Date	Time
2013-14	143, Jagriti Enclave, Delhi-110092	15.09.2014	11:30 A.M
2012-13	143, Jagriti Enclave, Delhi-110092	30.09.2013	11:30 A.M
2011-12	143, Jagriti Enclave, Delhi-110092	28.09.2012	11:30 A.M

- **Postal Ballot:** During the year the Company has conducted postal Ballot, pursuant to Section 110 of the Companies Act, 2013

Item No.	Description (Nature of Resolution)	Date of Notice	Date of Dispatch of Postal Ballot Forms to Members	Last date for receiving the Postal Ballot forms including e-voting	Date of passing resolution
1	Change of name of the Company from "Potential Investments and Finance Limited" to "Mahabir Infraheights Limited".	15.10.2014	22.10.2014	26.11.2014	27.11.2014
2	Change in the Object clause of Memorandum of Association of the Company by replacing it with new clause	15.10.2014	22.10.2014	26.11.2014	27.11.2014
3	Alteration of Articles of Association of the Company by adoption of new set of Articles of Association (as prescribed under the Table-F of the Companies Act, 2013) of the Company in the place of and exclusion of the existing Articles of Association.	15.10.2014	22.10.2014	26.11.2014	27.11.2014
4	Sub division of equity shares of the Company from each shares of Rs. 10/- each to 5 shares of Rs. 2/- each, with effect from record date.	15.10.2014	22.10.2014	26.11.2014	27.11.2014
5	Alteration in Memorandum of Association of the Company pursuant to sub division of shares.	15.10.2014	22.10.2014	26.11.2014	27.11.2014
6	Giving Loans/ Guarantees or providing securities for and on behalf of any body corporate and/or making investments in any body Corporate upto 25 Crores.	15.10.2014	22.10.2014	26.11.2014	27.11.2014

## **8. Disclosures**

### **a. Management discussion and analysis**

The detailed report on 'Management Discussion and Analysis' is given separately in the annual report.

### **b. Disclosure on materially significant related party transactions**

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and Clause 49 of the Listing Agreement during the financial year were in the ordinary course of business and on arms length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013. There were no materially significant transactions with the related parties during the financial year which were in conflict with the interest of the Company. Suitable disclosure as required by the Accounting Standards (AS-18) has been made in the Note no.21 to the Financial Statements.

### **c. Disclosure on accounting treatment**

In the preparation of the financial statements, the Company has followed the Accounting Standards referred to in Section 133 of the Companies Act, 2013. The significant accounting policies which are consistently applied have been set out in the Notes to the Financial Statements.

### **d. Detail of non-compliance, penalties and strictures imposed on the Company by the Stock Exchanges, SEBI or any Statutory Authority on any matters related to Capital Markets**

The Company has complied with all the requirements of the Listing Agreement with the Stock Exchanges as well as regulations and guidelines of SEBI. No penalties or strictures were imposed by SEBI, Stock Exchanges or any statutory authority on matters relating to Capital Markets during the last three years.

### **e. Risk Management**

The Company has laid down a comprehensive Risk Assessment and Minimization Procedure which was presented to the Audit Committee and reviewed by the Board from time to time. These procedures are reviewed to ensure that executive management controls risk through means of a properly defined framework.

### **f. Vigil Mechanism / Whistle Blower policy**

In compliance with provisions of Section 177 (9) of the Companies Act, 2013 and Clause 49 of the Listing Agreement the company has framed a Vigil Mechanism / Whistle Blower Policy and the same has also been placed on the website of the Company. None of the employees of the Company has been denied access to the Audit Committee.

### **g. Details of compliance with mandatory requirements and adoption of non-mandatory requirements**

The Company has complied with all the applicable mandatory requirements. Compliance status about Non-mandatory requirements of listing agreement is appearing separately elsewhere.

## **9. Prevention of Insider Trading**

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company's by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Company Secretary is responsible for implementation of the Code.

All Board of Directors and the designated employees have confirmed compliance with the Code.

#### 10. CEO & CFO Certification

The Managing Director and Chief Financial Officer of the Company have issued necessary certificate pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges and the same is attached and forms part of the Annual report.

#### 11. Compliance Certificate of the Auditors

Certificate from the Company's Statutory Auditors M/s VAPS & Co. confirming compliance with conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges is attached and forms part of the Annual Report.

#### 12. Means of Communication

The quarterly, half yearly and the annual financial results are published in English and vernacular newspapers and are also furnished to the Stock Exchanges, with whom the Company has listing arrangements to enable them to put them on their website. The Company has its own website i.e. www.potentialindia.net wherein all relevant information is available.

#### 13. General Shareholders' Information

Annual general meeting

**Date and time** : 28<sup>th</sup> September, 2015 at 11.00 A.M.

**Venue** : A-3, NDSE, Part-I, New Delhi-110049

**Book Closure** : 14<sup>th</sup> September, 2015 to 18<sup>th</sup> September, 2015

Period	Board Meetings
Results for Quarter ended June 30, 2015	Within 45 days of the end of Quarter
Results for Quarter ended September 30, 2015	Within 45 days of the end of Quarter
Results for Quarter ended December 31, 2015	Within 45 days of the end of Quarter
Results for quarter ended March 31, 2016	Within 60 days of the end of Financial Year

#### Listing of Shares:

The Equity Shares of the Company is listed with the following Stock Exchanges

1. BSE Limited (Scrip Code: 538566)
2. Delhi Stock Exchange Limited

The Listing Fees of the Stock Exchange has been paid by the Company for the financial years 2015-16 and 2014-15.

**ISIN Code for the Company's Equity Shares** INE919P01029

**Corporate Identity Number (CIN)** L74900DL1983PLC014972

### Distribution Schedule as at March 31, 2015

No. of Equity shares held	No. of Shareholders	% to Total	No. of Shares	% of Total
Up to 500	731	83.26	305197	1.65
501-1000	34	3.87	33362	0.18
1001-2000	38	4.33	69865	0.38
2001-3000	2	0.23	4986	0.03
3001-4000	4	0.46	15466	0.08
4001-5000	1	0.11	5000	0.03
5001-10000	4	0.46	21424	0.12
10001 and above	64	7.29	18044700	97.54
<b>G. TOTAL</b>	<b>878</b>	<b>100.00</b>	<b>18500000</b>	<b>100.00</b>

*Note: From 1<sup>st</sup> January, 2015 and onwards each equity share of the nominal value of Rs. 10/- each fully paid subdivided into 5 equity shares of Rs. 2/- each fully paid up.*

Category	No. of shares held	% of total voting rights	% of total holding
Indian Promoters	3097900	16.75	16.75
Foreign Institutional Investors(FII)	-	-	-
Mutual Funds	-	-	-
Bodies Corporate	15561	0.08	0.08
Indian Public	15386539	83.17	83.17
NRIs/OBCs	-	-	-
<b>Total</b>	<b>18500000</b>	<b>100</b>	<b>100</b>

### Market Price Data:

Month & Year	Stock price at BSE (In `Per Share)		
	High	Low	Traded Quantity
July, 2014	194	189	51
August, 2014	310	184.5	214
September, 2014	405	279.8	1267
October, 2014	370	345	10232
November, 2014	410.45	268	6901
December, 2014	440	75.05	4245
January, 2015	84.8	50.8	3655
February, 2015	55.5	46.65	3123
March, 2015	54.45	44.05	2444

*Note: From 1<sup>st</sup> January, 2015 and onwards each equity share of the nominal value of Rs. 10/- each fully paid subdivided into 5 equity shares of Rs. 2/- each fully paid up.*

### Registrar and Share Transfer Agent

M/s Skyline Financial Services Private Limited  
D-153 A, 1<sup>st</sup> Floor, Okhla Industrial Area,  
Phase-I, New Delhi-110020  
Tel: +91 11 74732681/64732688  
Email Id: [info@skylinerta.com](mailto:info@skylinerta.com)

### **Share Transfer System**

Share transfer and related operations for Potential Investments and Finance Limited are conducted by M/s Skyline Financial Services Limited, which is registered with the SEBI as Category I Registrar.

Share transfer is normally affected within stipulated period, provided all the required documents are submitted.

### **Dividend history for the last 5 years**

No dividend declared in 5 years

### **Dematerialization of Shares**

The Company's shares are compulsorily traded in dematerialized form and are available for trading on both the Depositories in India – National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL).

As on March 31, 2015, 96.87% of the Company's total Equity Shares representing 17920500 Shares were held in dematerialized form and 579500 shares representing 3.13% of paid-up share capital were held in physical form.

### **Reconciliation of Share Capital Audit**

As stipulated by Securities and Exchange Board of India (SEBI), a Practicing Company Secretaries carries out the Reconciliation of Share Capital Audit to reconcile the total admitted Capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit carries out every quarter and the report thereon is submitted to Stock Exchanges and is also placed before the Board of Directors.

### **Outstanding ADRs/ GDRs/ Warrants or any Convertible instruments**

GDRs/ ADRs: There were no outstanding GDRs/ ADRs, as on March 31, 2015

### **Warrants and other convertible instruments**

There were no warrants outstanding for conversion as on March 31, 2015

### **Investors Correspondence**

Investor's correspondence can be made on Regd. Office of the Company as given under:

Investor cell

Potential Investments and Finance Limited

A-3, NDSE, Part-1, new Delhi-110049

CIN: L74900DL1983PLC014972

Phone: +91-11-41070148

Mail Id: [info@potentialindia.net](mailto:info@potentialindia.net)

**By the Order of the Board  
Potential Investments and finance Limited**

**Place: New Delhi**

**Date: 02.09.2015**

**Manoj Gupta  
Managing Director**



## **DECLARATION OF CODE OF CONDUCT**

This is to confirm that the Board of Directors of the Company has laid down a Code of Conduct for its members and Senior Management Personnel of the Company. The same has also been posted on the Company's website. It is further confirmed that all the Directors and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the Financial Year ended March 31, 2015 as envisaged in Clause 49 of the Listing Agreement with the Stock Exchanges.

**By the Order of the Board  
Potential Investments and finance Limited**

**Place: New Delhi  
Date: 02.09.2015**

**Manoj Gupta  
Managing Director**

# CEO/CFO Certification

The Board of Directors  
Potential Investments and Finance Limited  
A-3, NDSE, Part -1  
New Delhi-110049

We Manoj Gupta, Managing Director and Lalit Kumar, Chief Financial Officer of Potential Investments and Finance Limited certify that:

- a) We have reviewed the Financial Statements and the Cash Flow Statement for the Year ended March 31, 2015 and that to the best of our knowledge and belief:
  - I. the statements do not contain materially untrue statement, or omit any material fact or contain statements that might misleading;
  - II. the statements present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) We accept the responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and Audit Committee:
  - I. Significant changes, if any, in the internal controls over financial reporting during the year;
  - II. Significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - III. instances of significant fraud of which have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**By the Order of the Board  
Potential Investments and finance Limited**

**Place: New Delhi  
Date: 02.09.2015**

**Manoj Gupta  
Managing Director**

# Auditors' Certificate

To the Members of the Potential Investments and Finance Limited

We have examined the compliance of conditions of Corporate Governance by the Potential Investments and Finance Limited for the year ended March 31, 2015, as stipulated in Clause 49 of the Listing Agreement(s) of the said Company with the stock exchange(s).

The Compliance of Conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of corporate governance as stipulated in the above mentioned Listing Agreement(s).

We further state such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For VAPS & CO.**  
**Chartered Accountants**  
**Firm Regn. No. 003612N**

**(Vipin Aggarwal)**  
**Partner**  
**M. No. 082498**  
**Place: New Delhi**  
**Date: 02.09.2015**

# Independent Auditors' Report

To

**The Members,**

**Potential Investments and Finance Limited**

A-3, NDSE, Part-I

New Delhi-110049

1. We have audited the accompanying financial statements of M/s Potential Investments and Finance Limited which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year ended, and a summary of significant accounting policies and other explanatory information.

## **2. Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters in Section 134(5) of the Companies Act, 2013("the act") with respect to preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the Accounting Principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rule, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting the frauds and other irregularities, selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent, and design, implementation and maintenance of internal financial control that were operating effectively for ensuring the accuracy and completeness of accounting records, relevant to the preparation and fair presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## **3. Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidences we have obtained are sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

## **OPINION**

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

- i) In the case of the Balance Sheet, of the **State of affairs** of the Company as at 31<sup>st</sup> March 2015.
- ii) In the case of the Profit & Loss Statement, of the **Profit** of the Company for the year ended on that date.
- iii) In the case of the Cash Flow Statement, of the **Cash Flows** for the year ended on that date.

#### **4. Report on Other Legal and Regulatory Requirements**

As required by section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- c) The Balance Sheet and the Statement of Profit and Loss dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of written representations received from the directors as on 31 March, 2015, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2015, from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the other matters included in the Auditor's Report and to our best of our information and according to the explanations given to us :
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts.
  - iii. There has been no amount required to be transferred, to the Investor Education and Protection Fund by the Company.

**For VAPS & Co.**

*Chartered Accountants,*  
Firm Regn. No. 003612 N

**(Vipin Aggarwal)**  
**Partner**  
**M.N. 082498**

**Place:** New Delhi  
**Dated:** 30.05.2015

## Annexure to the Independent Auditors' Report

### Re: Potential Investments and Finance Limited

Referred to in paragraph 3 and 4 of our report of even date

1.
  - a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - b) A substantial portion of the fixed assets has been physically verified by the management during the period and in our opinion the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such physical verification.
2.
  - a) The inventories have been physically verified during the period by the management. In our opinion, the frequency of verification is reasonable.
  - b) The procedures of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c) In our opinion and according to the information and explanations given to us, the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.
3.
  - a) The company has granted unsecured loan to six parties of the register maintained under section 189 of the companies Act, 2013. The Maximum amount involved during the year was Rs.372.55Lacs and the yearend balance of loan given to Company was Rs.372.55Lacs.
  - b) The company is regular in receipt of the principal amounts as stipulated and has been regular in the receipt of interest.
  - c) There is no overdue amount of loans granted to companies, firms and other parties covered in the register maintained under section 189 of the companies act, 2013.
4. In our opinion and according to the information and explanations given to us there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal controls system.
5. In our opinion and according to the information and explanations given to us, the company has not accepted any deposits within the meaning of provisions of sections of 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under .  
  
In our opinion and according to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any other Tribunal against the company.
6. We have broadly reviewed the books of account relating to materials, labor and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 148 (1) of the Companies Act, 2013 we are of

the opinion that prima facie the prescribed accounts and record have been made and maintained. We have not made however a detailed examination of the record with a view to determine whether they are accurate or complete.

7. (a) According to the records of the company, the company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Service Tax, Value Added Tax , Cess and other material statutory dues applicable to it.
  - (b) According to the information and explanations given to us, no undisputed amount payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty, Service Tax, Value Added Tax, Cess etc. were outstanding as at 31st March, 2015 for a period of more than six months from the date they became payable.
  - (c) According to the information and explanation given to us and records of the company examined by us, the particulars dues of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Excise Duty, Service Tax, Value Added Tax, Cess which have not been deposited on account of any dispute: Nil
  - (d) According to the information and explanation given to us and records of the company examined by us, the company is not required to transfer amount to investor education and protection fund in accordance with the relevant provisions of the Companies Act,1956(1 of 1956) and rules made there under to such fund within time.
8. The company has accumulated losses of Rs. 53,08,105/- as at 31<sup>st</sup> March 2015 and has not incurred cash losses during the financial period covered by our audit .
  9. In our opinion and according to the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
  10. The company has not given any guarantee for loans taken by others from bank or financial institutions.
  11. In our opinion, the term loans have been applied for the purpose for which they were raised.
  12. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

**For VAPS & Co.**

*Chartered Accountants,*  
Firm Regn. No. 003612N

**(Vipin Aggarwal)**  
**Partner**  
**M.N. 082498**

**Place:** New Delhi  
**Dated:** 30.05.2015

**POTENTIAL INVESTMENTS & FINANCE LIMITED**

A-3, NDSE, Part-I, New Delhi-110049

CIN : L74900DL1983PLC014972

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2015**

(Figures in Rs.)

Particulars	Note No.	As at 31.03.2015	As at 31.03.2014
<b>I. EQUITY AND LIABILITY</b>			
<b>(1) Shareholder's Fund</b>			
(a) Share Capital	2	37,000,000	37,000,000
(b) Reserves and Surplus	3	(5,308,106)	(7,616,740)
		<b>31,691,894</b>	<b>29,383,260</b>
<b>(2) Non-Current Liability</b>			
(a) Long Term Borrowing	4	<b>74,761,290</b>	<b>15,000,000</b>
<b>(3) Current Liability</b>			
(a) Short-term Borrowing	5	42,933,610	375,032
(b) Trade Payables	6	55,929,834	55,845,632
(c) Other Current Liabilities	7	1,407,396	2,152,696
		<b>100,270,841</b>	<b>58,373,360</b>
<b>TOTAL</b>		<b>206,724,025</b>	<b>102,756,620</b>
<b>II. ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets		88,922	366,654
(ii) Intangible Assets	8		
(b) Non-Current Investments		202,270	5,666,842
(c) Deferred Tax Assets	9	3,993	-
		<b>295,184</b>	<b>60,334,967</b>
<b>(2) Current Assets</b>			
(a) Inventories	10	-	5,229,235
(b) Trade Receivables	11	161,693,388	74,644,269
(c) Cash and Bank Balance	12	105,360	1,377,212
(d) Short-term Loans and Advances	13	44,630,093	15,472,408
		<b>206,428,841</b>	<b>96,723,124</b>
<b>TOTAL</b>		<b>206,724,025</b>	<b>102,756,620</b>

Notes form an integral part of these financial statements.

As per our Separate Report of even date

FOR AND ON BEHALF OF THE BOARD

**For VAPS & Co.**

Firm Reg. No. 003612N

Chartered Accountants

**(Vipin Aggarwal)**

Partner

Membership No. 082498

Place: New Delhi

Date: 30.05.2015

**(Manoj Gupta)**

Managing Director

**(Ruta Jindal)**

Director

**(Achal Kapoor)**

Company Secretary

**(Lalit Kumar)**

Chief Financial Officer



**POTENTIAL INVESTMENTS & FINANCE LIMITED**

A-3, NDSE, Part-I, New Delhi-110049

CIN : L74900DL1983PLC014972

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015**

Particulars	Note No.	As at 31.03.2015	As At 31.03.2014
<b>I. REVENUES</b>			
(a) Revenue from Operations	14	601,825,289	498,071,870
(b) Other Income	15	7,428,895	1,137,485
Total Revenue (a) + (b)		<b>609,254,184</b>	<b>499,209,355</b>
<b>II. EXPENSES</b>			
Cost of Material Sold	16	541,249,112	489,301,097
Change in Inventories	17	5,229,235	(5,229,235)
Employee Benefit Expenses	18	1,246,305	609,500
Finance Cost	19	12,682,425	52,591
Depreciation and Amortization	8	88,172	73,108
Other Expenses	19	47,825,853	7,123,180
Total Expenses		<b>608,321,103</b>	<b>491,930,240</b>
Profit Before Tax		933,081	7,279,114
Tax Expenses:			
(a) Current Tax		277,833	2,021,690
(b) Deferred Tax		(3,993)	-
(c) Income Tax adjustment for earlier years		(596,710)	-
(d) MAT Credit entitlement		(1,395,293)	-
Profit/Loss for the year		<b>2,651,243</b>	<b>5,257,424</b>
Earning per Equity Share of Rs. 2/- each:			
Basic		0.72	1.42
Diluted		0.72	1.42
Notes form an integral part of these financial statements.			

As per our Separate Report of even date.

FOR AND ON BEHALF OF THE BOARD

**For VAPS & Co.**

Firm Reg. No. 003612N

Chartered Accountants

**(Vipin Aggarwal)**

Partner

Membership No. 082498

Place: New Delhi

Date: 30.05.2015

**(Manoj Gupta)**

Managing Director

**(Ruta Jindal)**

Director

**(Achal Kapoor)**

Company Secretary

**(Lalit Kumar)**

Chief Financial Officer

## **Note 1: Significant Accounting Policies**

### **2.1 Basis of Preparation of Financial Statement**

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and relevant provisions of the Companies Act, 2013 (“the 2013 Act”) / Companies Act, 1956 (“the 1956 Act”), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

### **1.2 Operating Cycle**

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

### **1.3 Fixed Assets**

Fixed Assets are stated at cost net of duty credit availed less accumulated depreciation and impairments, if any. The cost includes cost of acquisition/construction, installation and preoperative expenditure including trial run expenses (net of revenue) and borrowing costs incurred during pre-operation period. Expenses incurred on capital assets are carried forward as capital work in progress at cost till the same are ready for use.

Pre-operative expenses, including interest on borrowings for the capital goods, where applicable incurred till the capital goods are ready for commercial production, are treated as part of the cost of capital goods and capitalized.

Machinery spares which are specific to particular item of fixed assets and whose use is irregular are capitalized as part of the cost of machinery.

### **1.4 Impairment of Assets**

The Company recognizes all the losses as per Accounting Standard-28 due to the impairment of assets in the year of review of the physical condition of the Assets and is measured by the amount by which, the carrying amount of the Asset exceeds the Fair Value of the Asset.

### **1.5 Depreciation**

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

Vehicle - 8 Years

Computer – 3 Years

### **1.6 Inventories Valuation**

Inventories are valued at the lower of cost (First in First Out –FIFO method ) and the net realizable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty.

## 1.7 Foreign Exchange Transactions

Foreign currency transactions are recorded at the rate of exchange prevailing on the date of transaction. All exchange differences are dealt within statement of profit and loss account. Current assets and current liabilities in foreign currency outstanding at the year's end are translated at the rate of exchange prevailing at the close of the year and resultant gains/losses are recognized in the statement of profit and loss account of the year except in cases where they are covered by forward foreign exchange contracts in which cases these are translated at the contracted rates of exchange and the resultant gains/losses recognized in statement of profit and loss account over the life of the contract.

## 1.8 Retirement Benefits

The Company did not provide for any employee benefits as per AS-15.

## 1.9 Borrowing Cost

Borrowing costs include interest; amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset up to the date of capitalisation of such asset are added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

## 1.10 Taxes on Income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

**Minimum Alternate Tax (MAT)** paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

**Deferred tax** is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realized. However, if there is unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their reliability.

### **1.11 Revenue Recognition**

Sale of goods is recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales include excise duty but net of sales tax, value added tax and Freight outward.

Revenue from services is recognized when the services are complete.

### **1.12 Other Income**

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

### **1.13 Investments**

Long-term investments (excluding investment properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments includes acquisition charges such as brokerage, fees and duties. Investment properties are carried individually at cost.

### **1.14 Misc. Expenditure**

Misc. expenditure represents ancillary cost incurred in connection with the incorporation and share issue expenses. It has been decided to write off these expenses over the period of five years but no amount has been written off during the year.

### **1.15 Provision and Contingencies**

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

### **1.16 Earnings per Share**

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

**POTENTIAL INVESTMENTS & FINANCE LIMITED**

A-3, NDSE, Part-I, New Delhi-110049

CIN : L74900DL1983PLC014972

**Notes on Financial Statement for the year ended 31<sup>st</sup> March, 2015 (Figures in `)**

**Note 2 - SHARE CAPITAL:**

	<b>As at 31<sup>st</sup> March, 2015</b>	<b>As at 31<sup>st</sup> March, 2014</b>
<b>A. Authorized, Issued, Subscribed and Paid-up Share Capital</b>		
Authorized:		
200,00,000 (Previous year 40,00,000 of Rs. 10/- each) Equity Shares of Rs. 2 each	40,000,000	40,000,000
	<hr/>	<hr/>
	40,000,000	40,000,000
	<hr/>	<hr/>
Issued Subscribed and Paid up:		
1,85,00,000 (Previous year 37,00,000 of Rs. 10/- each) Equity Shares of Rs. 2/- each fully paid	37,000,000	37,000,000
	<hr/>	<hr/>
Total	37,000,000	37,000,000
	<hr/>	<hr/>

**B. Detail of Shareholder holding more than 5% of shares of the Company:**

Name of Shareholder	As at 31.03.2015		As at 31.03.2014	
	Number of Shares held	% of holding	Number of Shares held	% of holding
Kanav Gupta	1,500,000	8.11	300,000	8.11
Saurabh Jindal	1,525,000	8.24	305,000	8.24

The Company has only one class of equity shares having a par value of Rs. 2 per Share. Each Shareholder is eligible for one vote per share. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion of their shareholding.

**Note 2 – Reserves and Surplus**

	<b>As at 31<sup>st</sup> March, 2015</b>	<b>As at 31<sup>st</sup> March, 2014</b>
(a) Surplus:		
Opening Balance	(7,616,740)	(12,874,164)
Add: Net Profit for the year	2,651,243	5,257,424
Less: Scrap Value of Fixed Assets	(342,609)	-
	<hr/>	<hr/>
Closing Balance	(5,308,106)	(7,616,740)
	<hr/>	<hr/>

**Note 3 - Long Term Borrowing**

	<b>As at 31<sup>st</sup> March, 2015</b>	<b>As at 31<sup>st</sup> March, 2014</b>
Unsecured ( Interest Free)		
Loan From Directors	1,266,032	8,000,000
Loan From Corporate Bodies	-	7,000,000
Loan and Advances from Related Parties	73,495,258	-
	<hr/>	<hr/>
	74,761,290	15,000,000
	<hr/>	<hr/>

**Note 4- Short Term Borrowing**

	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
Secured : Working Capital Loans repayable on demand		
From Bank of India	42,933,610	-
Unsecured:		
From Directors	-	375,032
Total	<u>42,933,610</u>	<u>375,032</u>

The Working Capital facilities from banks are secured by first charge on all current asset of the company including all stocks of raw materials, WIP, finished goods ,tools, dies, etc and all Books debts ,receivables etc and further secured by equitable mortgage on Residential Landed property situated at Plot No 3,Block A, South Extension, Part-I, New Delhi.

**Note 5- Trade Payables**

	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
Payable to Micro, Small and Medium enterpri	-	-
Payable to Other Entities	55,929,834	55,845,632
Total	<u>55,929,834</u>	<u>55,845,632</u>

**Note 6- Other Current Liabilities**

	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
(a) Statutory dues Payables	1,168,536	29,882
(b) Other Payables	238,860	2,122,814
Total	<u>1,407,396</u>	<u>2,152,696</u>

**Note 8- Non- Current Investments**

	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
Quoted		
Investment in Strides Acrolab Ltd 15000 Equity Shares of Rs. 10 Each (Market Value as on 31.03.2014 (Rs 387.25/share) Rs 5808750/- )	-	5,666,842
Investments in Birla Eric 3000 Equity Shares of Rs. 10 each (Market Value as on 31.03.2015 (Rs 52.85/share) Rs. 1,585,550/-)	202,270	-
Total	<u>202,270</u>	<u>5,666,842</u>

**Note 9- Inventories**

	<b>As at 31<sup>st</sup> March, 2015</b>	<b>As at 31<sup>st</sup> March, 2014</b>
(a) Stock in Trade	-	5,229,235
Total	<u>-</u>	<u>5,229,235</u>
Details of Stock in Trade:		
Iron – Steel Products	-	<u>5,229,235</u>

For Mode of Valuation, refer Annexure I

\*\*Inventories has been taken as valued and certified by the management of the Company.

**Note 10- Trade Receivables**

	<b>As at 31<sup>st</sup> March, 2015</b>	<b>As at 31<sup>st</sup> March, 2014</b>
Outstanding for a period exceeding six months (from the due date)		
Unsecured, Considered Good	38,122,260	15,847,630
Outstanding for a period less than six months (from the due date)		
Unsecured, Considered Good	<u>123,571,128</u>	<u>58,796,639</u>
Total	<u>161,693,388</u>	<u>74,644,269</u>

**Note 11- Cash and Bank Balances**

	<b>As at 31<sup>st</sup> March, 2015</b>	<b>As at 31<sup>st</sup> March, 2014</b>
(i) Cash and Cash Equivalents :		
a. Balance with Banks	42,344	761,227
b. Cash on hand	<u>63,016</u>	<u>615,984</u>
Total	<u>105,360</u>	<u>1,377,212</u>

**Note 13- Short term Loans and Advances**

	<b>As at 31<sup>st</sup> March, 2015</b>	<b>As at 31<sup>st</sup> March, 2014</b>
(a) Security Deposits		
Unsecured, Considered Good	540,000	1,00,000
(b) Other Loans and Advances		
Unsecured, Considered Good	42,629,932	15,341,656
(c) Income Tax Refund	258,630	30,752
(d) Prepaid Expenses	84,071	-
(e) MAT credit Entitlement	<u>1,117,460</u>	<u>-</u>
Total	<u>44,630,093</u>	<u>15,472,408</u>

**Note 14- Revenue from Operations**

	<b>As at 31<sup>st</sup> March, 2014</b>	<b>As at 31<sup>st</sup> March, 2013</b>
Sale of Products:		
i) Traded Goods	<u>601,825,289</u>	<u>498,071,870</u>
Total	<u>601,825,289</u>	<u>498,071,870</u>
Detail of Sale of Products:		
Traded Goods		
Iron-Steel Products	<u>601,825,289</u>	<u>498,071,870</u>

**Note 15 - Other Incomes**

	<b>As at 31<sup>st</sup> March, 2015</b>	<b>As at 31<sup>st</sup> March, 2014</b>
Interest Income	1,26,816	38,075
Misc Income	229,965	3,492
Dividend Income	46,250	-
Income from Derivatives Business	61,971	449,018
Profit on Sale of Shares	863,893	646,900
Total	<u>7,428,895</u>	<u>1,137,485</u>

**Note 16- Cost of Material Sold**

	<b>As at 31<sup>st</sup> March, 2015</b>	<b>As at 31<sup>st</sup> March, 2014</b>
Opening Stock:		
(a) Traded Goods	-	-
Purchase of Trading Goods	541,249,112	489,301,097
Closing Stock:		
(a) Traded Goods	<u>-</u>	<u>-</u>
	541,249,112	489,301,097
Details of Purchases of Stock in Trade:		
Iron-Steel	<u>541,249,112</u>	<u>489,301,097</u>

**Note 17- Changes in Inventories of Finished Goods,  
Work-in-progress and Stock-in-trade**

	<b>As at 31<sup>st</sup> March, 2015</b>	<b>As at 31<sup>st</sup> March, 2014</b>
Opening Stock:		
(b) Traded Goods	5,229,235	
Closing Stock:		
(b) Traded Goods	<u>-</u>	5,229,235
Changes in Inventories	5,229,235	<u>(5,229,235)</u>

**Note 18-Employees Benefit Expenses**

	<b>As at 31<sup>st</sup> March, 2015</b>	<b>As at 31<sup>st</sup> March, 2014</b>
Salaries, Wages, Bonus, etc	1,246,305	571,000
Employee Welfare Expenses	-	38,500
Total	<u>1,246,305</u>	<u>609,500</u>

**Note 19- Finance Cost**

	<b>As at 31<sup>st</sup> March, 2015</b>	<b>As at 31<sup>st</sup> March, 2014</b>
Interest to Others	12,016,043	3,157
Bank Charges	406,030	49,434
Interest to Bank	260,352	-
Total	<u>12,682,425</u>	<u>52,591</u>



**Note 20- Other Expenses**

	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
Electricity Expenses	122,236	
Import Expenses	12,962,173	-
Commission Expenses	356,076	-
Custom Duty	29,599,982	-
Rent, Rates & Taxes	1,569,587	189,058
Legal & Professional Charges	209,970	86,690
Loading and Unloading	368,000	285,596
Repair and maintenance- Computer	48,175	-
Additional Sales Tax Demand	-	538,554
Miscellaneous Expenses	425,144	394,136
Auditors' Remunerations (a)	112,360.00	112,360
Other Expenses	2,052,149	5,516,786
<b>Total</b>	<b>47,825,853</b>	<b>7,123,180</b>
 (a) Details of payment to Auditors:		
Audit Fee	112,360	112,360
Tax Audit Fee	-	-
Other Matters	-	-
<b>Total</b>	<b>112,360</b>	<b>112,360</b>

**Note 21- Related Party transaction****(a) List of Related Parties:**

- (i) Key Managerial Personnel:  
Mr. Manoj Gupta
- (ii) Relatives of Key Managerial Personnel :  
M/s Gran Overseas Limited  
M/s Friend Land Developers  
M/s SVP Builders India Ltd

**(b) Transactions Carried out with Related Parties referred to in (a) above :**

Nature of Transactions	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
<b>Expenses</b>		
Managerial Remuneration	480,000	280,000
Interest on Loans	10,600,842	-
Purchase of Goods	-	-
Sale of Goods	-	-

<b>Note 22-Expenditure in Foreign Currency:</b>	NIL	NIL
<b>Note 23-Value of Import:</b>	153,181,784	NIL
<b>Note 24-Earnings in Foreign Currency</b>	NIL	NIL
<b>Note 25 – Contingent Liabilities and Commitments</b>	NIL	NIL

**Note 26** - As at 31-3-2015 based on the information provided by the company had no outstanding dues to Micro, Small and Medium enterprises undertakings(previous year Nil)

**Note 27**- Significant accounting policies and practices adopted by the Company are disclosed in the statement annexed to these financial statements as Annexure

As per our Separate Report of even date.

FOR AND ON BEHALF OF THE BOARD

**For VAPS & Co.**

Firm Reg. No. 003612N

Chartered Accountants

**(Vipin Aggarwal)**

Partner

Membership No. 082498

Place: New Delhi

Date: 30.05.2015

**(Manoj Gupta)**

Managing Director

**(Ruta Jindal)**

Director

**(Achal Kapoor)**

Company Secretary

**(Lalit Kumar)**

Chief Financial Officer

## POTENTIAL INVESTMENTS & FINANCE LIMITED

A-3, NDSE, Part-I, New Delhi-110049

CIN : L74900DL1983PLC014972

### SUMMARY OF VARIOUS ACCOUNTS

	As on 31.03.2015	As on 31.03.2014
<b>Unsecured Loans from Director</b>		
Manoj Gupta	-	375,032
G.R. Bathla Publications Pvt. Ltd	-	-
	-	375,032
<b>Loan and Advances from Related Party</b>		
Friend Land Developers	13,420,274	-
SVP Builders India Ltd (LOAN A/C)	60,074,984	-
	<b>73,495,258</b>	-
<b>List of Trade Payables :</b>		
Akhil Amit Steel Corporation	-	2,078,109
Ambica Steels	-	576,061
APL Apollo Tubes Limited	15,880,723	5,128,963
Adhunik Industries Ltd	772,167	
Bharat Steel	10,079,902	
Barsana Industries	-	4,627,288
Goverdhan Industries Pvt. Ltd.	-	446,475
Gupta Steel Udyog	-	3,451,793
Krishna Steel Rolling Mills	-	721,961
Kuber Ispat	-	4,107,536
Mascot (India) Tools And Forgings (P) Ltd.	9,832,276	-
N.S.P. FORGINGS PVT. LTD.	280,652	-
Navyug Iron Pvt. Ltd.	-	3,091,038
Pawan Kumar Chetan Kumar	2,749,311	2,323,978
Raj Ratan Smelter Limited	-	1,394,260
Rathi Industries	-	795,492
Spark Electrodes Pvt Ltd	458,463	458,463
Supreme Alloys Limited	4,333,755	20,855,690
Gran Overseas Ltd	1,338,844	1,338,844
Shree Shanker Tala Bhandar Pvt. Ltd.	6,209,669	4,449,681
Shri Bajrang Pawan and Ispat Ltd	2,219,789	-
Shri Lakshmi Steel Suppliers	98,650	-
VIKRANT IRON PVT. LTD.	1,675,633	-
Total	55,929,834	55,845,632

**Other Current Liabilities****(a) Statutory Dues :**

TDS Payable	1,112,770	19,076
Vat Payable	581	-
Service Tax Payable	55,185	10,806
<b>Total</b>	<b>1,168,536</b>	<b>29,882</b>

**(b) Other Payables :**

VAPS & Company	102,360	101,124
Provision for Income Tax	-	2,021,690
Director Remuneration Payable	37,500	-
Expenses Payable	50,000	-
Salary Payable	49,000	-
Manoj Gupta	-	-
Sapna Agrawal W/O Vipin Agrawal	-	-

<b>Total</b>	<b>238,860</b>	<b>2,122,814</b>
<b>Grand Total</b>	<b>1,407,396</b>	<b>2,152,696</b>

**Cash & Cash Equivalents**

Cash in Hand	63,016	615,984
Punjab National Bank Noida (Goa)	-	-
Punjab National Bank (16447)	10,316	150,969
OBC GZB. A/c 4595	4,879	5,446
OBC GZB. A/c 4274	5,107	5,107
Bank Of India Ghaziabad	17,596	-
Yes Bank Rdc Ghaziabad	4,446	-
PNB Mohan Nagar-17392	-	599,705
	105,360	1,377,212

**Short Term Loans & Advances****(a) Security Deposits**

SAIL	-	100,000
Securities Refundable for Container	540,000	-
	<b>540,000</b>	<b>100,000</b>

**(b) Other Advances**

D M Minerals & Resources	12,500,000	12,500,000
Mars Mines & Minerals	2,000,000	2,000,000
GALE Garments & Exports Pvt. Ltd.	12,800,000	-
Krishna Steel Rolling Mills(Loan)	2,637,466	-
Lata Singh	5,200,000	-
Moti Sale Corporation (Loan)	2,118,110	-
Add Duty (Import)	5,372,209	-
Input Tax Credit	2,147	279,856
Other Receivables	-	561,800

<b>Total</b>	<b>42,629,932</b>	<b>15,341,656</b>
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**(c) Income Tax Refund**

TDS Deducted	126,473	3,808
TCS Receivable	132,157	26,944
	<u>258,630</u>	<u>30,752</u>

**Sales**

Central Sale	43,898,932	-
Central Sale 4%	11,513,168	-
Consignment Sale	144,777,890	-
Sale-E1 & -C	19,502,000	-
Up Sale-4%	382,133,300	-
	<u>601,825,289</u>	-

**Purchases**

Central Purchase	7,275,465	-
Purchase-E1 & C	34,105,662	-
Purchase Import	153,181,784	-
Up Purchase-4%	345,154,507	-
Freight Inward	1,619,733	-
Cutting Charges	5,524	-
Less Rebate and Discount	(93,563)	-
	<u>541,249,112</u>	-

**Interest Income**

Interest from Shri Paras Ram Holding Pvt Ltd	937,352	-
Interest Income	289,464	-
	<u>1,226,816</u>	-

**Profit and Loss on F&O**

Profit (Jobbing) On Bel Shares	70,178	-
Profit / Loss On F&O(Shri Paras Ram Holding P Ltd)	(8,208)	-
	<u>61,971</u>	-

**Profit and Loss on Shares**

Profit/Loss On Sale Of Aksh Opt	(77,939)	-
Profit On Sale Colgate Shares	146,573	-
Profit On Sale Of Bel Shares	1,796,388	-
Profit On Sale Of Himaachl fut	74,633	-
Profit On Sale Of KRPL Shares	1,067,502	-
Profit On Sale Of strides Shares	1,309,044	-
Profit On Sale On Sale Of Alok Tex Shares	(76,749)	-
Profit On Sale Of United Spirit	1,624,440	-
Total	<u>5,863,893</u>	-

**Misc. Expenses**

Consignment Expenses	187,694	-
Godown rent Sahibabad	6,000	-
Out of Pocket Expenses	10,039	-
Short & excess	2,234	-
Rounded Off	(40)	-
STT Charges	219,218	-
	<b>425,144</b>	-

**Salary, Wages And Bonus**

Director Sitting Fees	105,000	-
Director Remuneration	480,000	-
Salary to Staff	644,000	-
Staff Welfare	17,305	-
	<b>1,246,305</b>	-

**Import Expenses**

CHA Expenses	1,101,871	-
Ground Rent	279,247	-
Shipping Line Charges	11,581,055	-
	<b>12,962,173</b>	-

**Interest**

Interest to Shri Paras Ram Holding Pvt Ltd	96,390	-
Interest(Unsecured Loan)	1,304,660	-
Interest on Loan (Unsecured)	10,605,842	-
Interest (Service Tax)	3,905	-
Interest (TDS)	5,206	-
Interest (Sales Tax)	40	-
	<b>12,016,043</b>	-

**Other Expenses**

Travelling & Conveyance Expenses	9,150	16,250
Printing & Stationery	55,578	29,620
Postage & telephone	1,881	-
Insurance	8,832	-
Income Tax Demand	-	2,000
Office Rent Sahibabad	3,500	-
Vehicle Repair Maintenance	3,670	-
Office Maintenance Expenses	32,742	-
Job work	29,632	24,356
Service Tax on Freight	73,703	-
Entry Tax on Purchases	886,756	1,429,401
Advertisement	95,336	60,233
Freight & cartage	851,369	1,721,764
Rebate and Discounts	-	2,233,162
	<b>2,052,149</b>	<b>5,516,786</b>



**Note : 8 Fixed Assets & Depreciation**

Particulars	Gross Block				Depreciation				Net Block	
	Value at the beginning	Addition during the year	Deduction during the year	Value at the end	Value at the beginning	Addition during the year	Deduction during the year	Value at the end	WDV as on 31.03.2015	WDV as on 31.03.2014
<b><u>Tangible Assets</u></b>										
Vehicles	555,000	52,534	555,000	52,534	214,161	15,367	214,161	15,367	37,167	340,839
Computer	62,000	100,515	27,650	134,865	36,185	72,805	25,880	83,110	51,755	25,815
<b>TOTAL</b>	<b>617,000</b>	<b>153,049</b>	<b>582,650</b>	<b>187,399</b>	<b>250,346</b>	<b>88,172</b>	<b>240,041</b>	<b>98,478</b>	<b>88,922</b>	<b>366,654</b>
<b>(Previous Year)</b>	<b>582,650</b>	<b>34,350</b>	<b>-</b>	<b>617,000</b>	<b>177,239</b>	<b>73,108</b>	<b>-</b>	<b>250,346</b>	<b>543,892</b>	<b>405,412</b>



## BOOK POST

If undelivered please return to:

**POTENTIAL INVESTMENTS AND FINANCE LIMITED**

A-3, NDSE, Part-I New Delhi-110049

**Website:** [www.potentialindia.com](http://www.potentialindia.com)

**Email Id:** [info@potentialindia.com](mailto:info@potentialindia.com)

**Phone:** +91 11 41070148

# POTENTIAL INVESTMENTS AND FINANCE LIMITED

Registered Office: A-3, NDSE, Part-I, New Delhi-110049

CIN: L74900DL1983PLC014972

Website: [www.potentialindia.net](http://www.potentialindia.net)

Email: [info@potentialindia.net](mailto:info@potentialindia.net)

Tel: +91-11 41070148

## ATTENDENCE SLIP

(To be handed over at the entrance of the Meeting Hall)

DP ID & Client ID/ Folio No.	
No. of shares held	

I/We hereby record my/our presence at the Annual General Meeting of M/s Potential Investments and Finance Limited to be held on Monday, 28<sup>th</sup> September 2015 at 11.00 A.M. at A-3, NDSE, Part-I, New Delhi-110049.

\_\_\_\_\_  
Member's Folio/DP ID-Client-ID

\_\_\_\_\_  
Member's/ Proxy's name in Block Letters

\_\_\_\_\_  
Member's/Proxy's Signature

### Note:

1. Please complete the Folio/ DP ID-Client ID No. and name, sign this attendance Slip and hand it over at the Attendance Verification Counter at the entrance of the meeting hall.
2. Electronic copy of the Annual Report for 2014-2015 and Notice of the Annual General Meeting (AGM) along with Attendance Slip and Proxy Form is being sent to all the members whose email address is registered with the Company/Depository participant unless any member has requested for a hard copy of the same. Members receiving electronic copy and attending the AGM can print copy of this Attendance Slip.
3. Physical copy of the Annual Report for 2014-2015 and the Notice of the Annual General Meeting along with Attendance Slip and Proxy form is sent in the permitted mode(s) to all members whose email is not registered or have requested for a hard copy.

To  
The Company Secretary,  
Potential Investments and Finance Limited  
A-3, NDSE, Part-I  
New Delhi-110049

I agree to receive all documents / notices from the Company in electronics mode. Please register my email id in your records for sending for sending communication through e-mail. The required details are as under.

Folio No: (For Physical Shares) :  
DP ID :  
Client ID :  
PAN No :  
Name of 1st Registered Holder :  
Registered address of Shareholder :  
Email Id :  
Contact No :

Date:

Signature of First Holder

***Important Communication to Shareholders***

- **Green Initiative:** The Ministry of Corporate Affairs has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to send e-mail at [info@potentialindia.net](mailto:info@potentialindia.net) to update their e-mail address.
- **Demat Your Shares:** Members are requested to convert their physical holding to demat form through any of the nearest depository participant (DPs) to avoid hassles involved with physical shares such as possibility of loss, mutilation, and to ensure safe and speedy transaction in securities.
- **Register Your National Electronic Clearing Services (NECS) Mandate:** RBI has initiated NECS for credit of Dividend directly to the Bank Account of shareholders. Members holding shares in electronic mode are requested to register their latest Bank Account details (Core Banking Solutions enabled account number, 9 digit MICR and 11 digit IFS Code details) with their Depository Participant. Members holding shares in physical form are requested to register their latest Bank Account details (Core Banking Solutions enabled account number, 9 digit MICR and 11 digit IFS Code details) to the Company’s R & T Agent.

# POTENTIAL INVESTMENTS AND FINANCE LIMITED

Registered Office: A-3, NDSE, Part-I, New Delhi-110049

CIN: L74900DL1983PLC014972

Website: [www.potentialindia.net](http://www.potentialindia.net)

Email: [info@potentialindia.com](mailto:info@potentialindia.com) Tel: +91-11 41070148

## PROXY FORM

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014

Name of the Member(s)	
Registered Address	
E-mail Id	
Folio No/Client Id:	DP Id:

I/We being the member(s) of ..... Shares of the above named Company hereby appoint:

- (1) Name: ....., Email Id..... Signature..... or falling him;
- (2) Name: ....., Email Id..... Signature..... or falling him;
- (3) Name: ....., Email Id..... Signature..... or falling him;

as my/our proxy to attend and vote (on a poll) for me/ us and on my/our behalf at the Annual General Meeting of the Members of Potential Investments and Finance Limited to be held on 28<sup>th</sup> September, 2015 at 11.00 A.M. at A-3, NDSE, Part-I, New Delhi-110049 and at any adjournment thereof in respect of such resolutions as are indicated below:

Description or Resolution	For *	Against*
1. Adoption of Audited Financial Statement, Report of the Board of Directors and Auditors for the year ended March 31, 2015.		
2. Re-appointment of Mr. Manoj Gupta (DIN: 00076234), Director who liable to retires by rotation.		
3. Appointment of M/s VAPS & Co., Chartered Accountants, New Delhi, as the Statutory Auditors of the Company.		
<b>Special Business</b>		
4. To appoint Ms. Ruta Jindal (DIN: 01366744) as Director of the Company - Ordinary Resolution		
5. To approve the borrowing limit of the company under section 180(1)(c) of the Act- Special Resolution		
6. To approve for creation of charge or mortgage on the assets of the Company under Section 180 (1) ( a ) of the Companies Act, 2013 - Special Resolution		

Signed this.....day of ..... 2015.

Signature of Shareholder.....

Signature of Proxy holder(s) .....

Affix  
One rupee  
revenue  
Stamp

**Note:** This form of Proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.

\*1. Please put 'x' in the appropriate column against the respective resolutions. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.

2. Please complete all details including details of member(s) in above box before submission.

**Form No. MGT-12****Polling Paper**

[Pursuant to Section 109(5) of the Companies Act, 2013 and Rule 21(1) ( c ) of the Companies (Management and Administration) Rules, 2014]

Name of the Company: Potential Investments and Finance Limited  
(CIN: L74900DL1983PLC014972)

Registered Office: A-3, NDSE, Part-I, New Delhi-110049

**BALLOT PAPER**

(For the Annual General Meeting of the Members dated Monday, 28<sup>th</sup> September, 2015 at A-3, NDSE, Part-I, New Delhi 110049)

S. No.	Particulars	Details
1	Name of the First Named Shareholder (In block letters)	
2	Postal Address	
3	Registered Folio No/Client Id No.* (Applicable to investors holding shares in demat form)	
4	Class of Shares	

I hereby exercise my vote in respect of Ordinary/Special Resolution enumerated below by recording my assent or dissent to the said resolution in the following manner:

S. No.	Item No.	No. of shares held by me	I assent to the resolution	I dissent from the resolution
1.	Adoption of Audited Financial Statement, Report of the Board of Directors and Auditors for the year ended March 31, 2015.			
2.	Re-appointment of Mr. Manoj Gupta (DIN: 00076234), Director who liable to retires by rotation.			
3.	Appointment of M/s VAPS & Co., Chartered Accountants, New Delhi, as the Statutory Auditors of the Company.			
4.	<b>Ordinary Business</b> To appoint Ms. Ruta Jindal (DIN: 01366744) as Director of the Company - <b>Ordinary Resolution</b>			
5.	To approve the borrowing limit of the company under section 180(1)(c) of the Act 2013- <b>Special Resolution</b>			
6.	To approve for creation of charge or mortgage on the assets of the Company under Section 180 (1) ( a ) of the Companies Act, 2013 - <b>Special Resolution</b>			

Place: New Delhi  
Date: 28<sup>th</sup> September, 2015

\_\_\_\_\_  
(Signature of the Shareholder)