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Potential

Investments **a**nd

Finance **L**imited

ANNUAL REPORT
2015-2016

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NOTICE

NOTICE is hereby given that the 34th Annual General Meeting of the Potential Investments and Finance Limited will be held on Thursday, the 27th day of August, 2016 at 3:30 P.M. at IMA-East Delhi, Building, 35-X, Institutional Area, Karkardooma, Delhi-110092 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year March 31, 2016 and the Reports of Board of Directors and Auditors thereon.
2. To appoint a Director in place of Ms. Ruta Jindal (DIN: 01366744) who retires by rotation and being eligible, offers herself for re-appointment.
3. "To ratify the appointment of Auditors of the Company and their remuneration fixed at thirty third Annual General Meeting of the Company held on 29th September, 2015 and in this regard to consider and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the first proviso to Section 139(1) of the Companies Act, 2013, read with the first proviso to Rule 3(7) of the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, the appointment of M/s. VAPS & Company, Chartered Accountants (Firm Registration No. 03612N) as the auditors of the Company to hold office from the conclusion of 33rd Annual General Meeting until the conclusion of 37th Annual General Meeting of the Company, on such remuneration as may be decided by the Board of Directors, made at the thirty third Annual General Meeting of the Company held on 29th September, 2015, be and is hereby ratified."

SPECIAL BUSINESS

4. **To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution for appointment of Sh. Rajiv Kohli as an Independent Director of the company:**

"RESOLVED THAT pursuant to provisions of Sections 149, 150, 152 and other applicable provisions of the Companies Act, 2013 ("the Act") and Companies (Appointment & Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act and Regulation 16(b) of the SEBI (Listing Obligations and Disclosure Requirement) Regulations 2015, Sh. Rajiv Kohli (DIN: 01994387), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 22nd December, 2015, in terms of Section 161 of the Companies Act, 2013 and whose terms of office expires at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director be and is hereby appointed as an Independent Non-Executive Director of the Company to hold office for a term upto 23rd December, 2020."

5. **To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution for appointment of Sh. Saket Agarwal as an Executive Director of the Company:**

"RESOLVED THAT pursuant to provisions of Sections 150, 152, 196, 197 and other applicable provisions of the Companies Act, 2013 ("the Act") and Companies (Appointment & Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule V to the Act and the Rules made thereunder, as amended from time to time, Sh. Saket Agarwal (DIN:00203084), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 28th May, 2016, in terms of Section 161 of the Companies Act, 2013 and whose terms of office expires at the Annual General Meeting and in respect of whom the Company has

received a notice in writing from a member proposing his candidature for the office of Director be and is hereby approves the appointment and terms of remuneration of Sh. Saket Agarwal (DIN:00203084) as the Executive Director of the Company, upon the terms and conditions set out in the Explanatory Statement annexed to the Notice convening this meeting, including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year, with liberty to the Directors to alter and vary the terms and conditions of the said appointment in such manner as may be agreed to between the Directors and Sh. Saket Agarwal.

RESOLVED FURTHER that the Board of Directors of the Company (which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) and Company Secretary be and is hereby severally authorised to take all such steps as may be necessary, proper and expedient to give effect to this Resolution.”

- 6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution for appointment of Ms. Surbhi Arora Non-Executive Director of the Company:**

“**RESOLVED THAT** Ms. Surbhi Arora (DIN: 07571516), who was appointed an Additional Director of the Company with effect from 20th July 2016 by the Board of Directors and who holds office upto the date of this Annual General Meeting of the Company under Section 161(1) of the Companies Act, 2013 (the Act) but who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act from a Member proposing her candidature for the office of Director, be and is hereby appointed as a Non-Executive Director of the Company.”

- 7. To consider, and if thought fit, to pass the following resolution with or without modification as an Special Resolution for keeping Registers, Copies of Returns, etc, at Corporate Office of the Company at Ghaziabad (i.e. at a place other than Registered Office):-**

“**RESOLVED THAT** pursuant to provisions of Section 94 and 128 of the Companies Act, 2013 (“the Act”) and all other applicable provisions of the Act and relevant Rules applicable, if any, consent of the members of the Company be and is hereby accorded to keep the Register of Members and other registers/ records to be maintained under Section 88(1) of the Act and copies of the Annual Returns filed under Section 92 of the Act and Books of Accounts at the Corporate Office of the Company situated at Shop No. 29, Sudesh Square, Plot No. 92, Prakash Industrial Estate, Sahibabad, Ghaziabad 201005 or at the office of Registrar and Share Transfer Agent at Delhi (i.e. place other than Registered Office where the Registers, returns and other documents are proposed to be kept);

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors or Company Secretary be and are hereby severally authorised to intimate to the Registrar of Companies and to do all such acts, deeds and things which are necessary for the purpose of giving effect to this Resolution.”

- 8. 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** in supersession of Resolution No. 5 passed at the Annual General Meeting of the Company held on 28th September, 2015 and pursuant to provisions of Section 180 (1) (c) of the Companies Act, 2013, and rules made thereunder, as amended from time to time, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the “Board”, which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by

this Resolution) 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 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. 200 crores (Rupees Two hundred crores only).

RESOLVED FURTHER that the Board be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this Resolution."

9. 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 in supersession of Resolution No. 6 passed at the Annual General Meeting of the Company held on 28th September, 2015 and 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 (hereinafter referred to as the "Board", which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) 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. 200 crores (Rupees Two hundred crores only).

RESOLVED FURTHER that the Board be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this Resolution."

TO TAKE NOTE OF RESOLUTION PASSED THROUGH POSTAL BALLOT (VOTING HELD FROM 28.07.2016 TO 26.08.2016).

10. Approval for Change of name of the Company from "Potential Investments and Finance Limited" to "Best Steel Logistics Limited" and consequent alteration to Memorandum of Association & Articles of Association of the Company.

To consider, and if thought fit, to give assent/dissent to the following **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 4, 13, 14 and 15 and other applicable provisions, if any, of the Companies Act, 2013, read Companies (Incorporation) Rules, 2014 and any other applicable provisions or rules of Companies Act, 2013, thereto (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and subject to approval of Central Government or other regulatory authorities as may be necessary consent of the members be and is hereby accorded to the Board of Directors of the Company for changing the name of the Company from "Potential Investments and Finance Limited" to "Best Steel Logistics Limited" as made available by Registrar of Companies, Delhi.

RESOLVED FURTHER THAT upon receipt of fresh certificate of Incorporation consequent upon change of name the old name, i.e. "Potential Investments and Finance Limited", be substituted with the new name, i.e. "Best Steel Logistics Limited" and Clause I of the Memorandum of Association of the Company be substituted by the following clause:

I. The Name of the Company is Best Steel Logistics Limited

RESOLVED FURTHER THAT Clause 2(h) of Articles of Association of the Company be substituted by the new name "Best Steel Logistics Limited".

2(h) The "Company" shall mean Best Steel Logistics Limited

RESOLVED FURTHER THAT subject to the above, the name of the Company wherever appears in the Memorandum of Association and Articles of Association of the Company be substituted by the new name "Best Steel Logistics Limited".

RESOLVED FURTHER THAT the any of the Directors and/ or Company Secretary of the Company be and are hereby severally authorised to do and perform or cause to be done and performed all such acts, deeds, matters and things, as may be required or deemed necessary or incidental thereto including signing and filing all the e-forms and other documents with any statutory authorities and to settle and finalise all issues that may arise in this regard and the Board of Directors is also authorized to delegate all or any of the powers or authorities herein conferred to any Directors or other officials of the Company, without further reference to the shareholders of the Company."

11. To alter Main Object Clause of Memorandum of Association of the Company

To consider, and if thought fit, to give assent/dissent to the following **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 4, 13 and all other applicable provisions, if any, of the Companies Act, 2013 and Companies (Incorporation) Rules, 2014 (including any statutory modification or amendment or re-enactment thereof for the time being in force and as may be enacted from time to time) and subject to the necessary registrations, approvals, consents, permissions and sanctions, if any, by the Registrar of Companies, NCT of Delhi and Haryana, and / or any other appropriate authority and subject to such terms, conditions, amendments or modifications as may be required or suggested by any such appropriate authority(ies), which the Board of Directors (hereinafter referred to as "the Board", which includes any of duly constituted Committee of one or more Directors) is authorised to accept, as it may deem fit, the approval of the Company be and is hereby accorded for effecting the following modifications and amendments in the existing Memorandum of Association of the Company:-

- A. Part A of the Objects Clause (Clause III) shall now be titled as 'The Objects to be pursued by the Company on its Incorporation'.
- B. Part B of the Objects Clause (Clause III) shall now be titled as 'Matters which are necessary for furtherance of the Objects specified in Part A'
- C. Part A of the Objects Clause (Clause III) altered, amended and re-numbered accordingly :
 - 1. To carry on the business of providing Logistics Services, material management, transportation, warehousing distribution and marketing of goods and to provide storage and protection of goods against rain, fire and other natural or manmade calamities and all ancillary services for these purposes or as independent undertaking, to purchase, take in exchange, charter, hire or otherwise, acquire and to own, work, manage ships, boats of all types and descriptions, aircraft, motor and other vehicles and employ the same in the conveyance of people and goods to any part of the world.
 - 2. To carry on in India and elsewhere the trade or business or manufacturing, prospecting, raising, operating, buying, selling, importing, exporting, purchasing otherwise dealing in iron

and steel of all qualities, grades, types and kinds as iron mongers, iron masters, steel makers and steel converters and/or all products made of Iron and Steel, Iron-ore and other alloys including zinc or/ and colour quoted steel, coils, sheets, pipes and tubes.

RESOLVED FURTHER THAT the Board of Directors and/ or Company Secretary of the Company be and are hereby severally authorised to do all such acts, deeds and things on behalf of the Company, as may be necessary, desirables or expedient to give effect to the above resolution.”

12. To give loan/ guarantee or provide security under Section 186 of Companies Act, 2013.

To consider, and if thought fit, to give assent/dissent to the following **Special Resolution**:

“RESOLVED THAT in continuation to earlier resolution passed by the members of the Company in General Meeting dated 27.11.2014 and pursuant to the provisions of Section 186 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 and such other provisions as may be applicable, including any statutory modification or re-enactment thereof for the time being in force, consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the “Board”, which term shall be deemed to include, unless the context otherwise requires, any committee of the Board or any officer(s) authorised by the Board to exercise the powers conferred on the Board under this resolution) to make loan(s) and/or give any guarantee(s)/provide any security(ies) in connection with loan(s) made and / or acquire by way of subscription, purchase or otherwise, the securities of any other body corporate as they may in their absolute discretion deem beneficial and in the interest of the Company in excess of 60% of the paid up Share Capital, Free Reserves and Securities Premium of the Company or 100% of Free Reserves and Securities Premium of the Company whichever is more, as prescribed under Section 186 of the Companies Act, 2013 from time to time, in one or more tranches, upto i) maximum amount of Rs. 200 Crores (Rupees Two hundred crores only), if the investments/ acquisitions, loans, guarantee, securities to be provided along with Company’s existing loans or guarantee/ security or investments/ acquisitions are in excess of the limits prescribed under Section 186 aforesaid or ii) the maximum limits so prescribed under Section 186 (as may be amended from time to time), whichever is higher.

RESOLVED FURTHER THAT the Board and/or Company Secretary or any Committee thereof and/or Director and / or any Officer(s) of the Company as may be authorised by the Board or any Committee thereof as per the applicable provisions of the Companies Act, 2013 be and are hereby severally authorised to take from time to time all decisions and steps in respect of the above loans, guarantees and investments/ acquisitions including the timing, amount and other terms and conditions of such loans, guarantees and investments/ acquisitions and varying the same through transfer, sale, disinvestments or otherwise either in part or in full as it may deem appropriate, and to do and perform all such acts, deeds, matters and things, as may be necessary or expedient in this regard and to exercise all the rights and powers which would vest in the Company in pursuance of such loans, guarantees and investments/ acquisitions.”

By the Order of the Board
Potential Investments and finance Limited
Sd/-
Saket Agarwal
Director

Place: Delhi
Date: 20.07.2016

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 on August 22, 2016.
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 12 is annexed hereto.
4. Details as required in sub-regulation (3) Regulation 36 SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015, 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. Bigshare 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. Bigshare 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. Bigshare Services Private Limited.
11. Electronic copy of Notice of 34th Annual General Meeting of the Company inter alia indicating the process and manner of electronic voting ('e-voting') along with attendance slip, proxy form and Road map is being sent to all the members whose email Ids registered with the Company, Depository Participant (s) for communication purposes unless any member has requested for hard copy of the same. For members who have not registered their e-mail address, physical copies of the Notice of the 34th Annual General Meeting of the Company inter-alia indicating the process and manner of e-voting along with attendance slip, proxy form and Road map is being sent in the permitted mode.
12. Members may also note that the Notice of 34th Annual General Meeting, attendance slip, proxy form, Road map, Ballot Paper and Annual Report for 2016 will also be available on the Company's website www.potentialindia.net for their download. The physical copies of the aforesaid document will also be available at the Company's Registered Office at New Delhi for inspection

during normal business hours on working days. For any communication, the shareholders may also send requests to the Company's email Id: info@potentialindia.net.

13. Voting through electronic means:

- I. In compliance with Regulation 44 of SEBI (Listing Obligations and Disclosure Requirement) Regulations 2015 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 and Secretarial Standards on General Meeting (SS2) issued by the Institute of Companies Secretaries of India, the Company is pleased to provide its members facility to exercise their right to vote on Resolutions proposed to be considered at the 34th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of AGM ("remote voting") will be provided by National Securities Depository Limited (NSDL).
- II. That the facility for voting, through Ballot Paper shall also be made available at the AGM and the Members attending the meeting who have not 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 AGM may also attend the meeting but shall not be entitled to cast their vote again.
- IV. The voting period commences on 23rd August, 2016 (9:00 AM IST) and ends on 26th August, 2016 (5:00 PM IST). During this period, members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 19th August, 2016, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the resolution is cast by the member, the member shall not be allowed to change it subsequently.
- V. A person who is not a member on a cut-off date should treat this Notice for information purpose only.
- VI. The process & manner for e-voting are as under:
 - A. Member whose email Ids are registered with the Company/Depository Participant(s) will receive an email from NSDL informing them of their User Id and Password. Once the member receives the email, he or she will need to go through following steps to complete the e-voting process:
 - a. Open e-mail and open PDF file viz; "remote e-Voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for e-voting. Please note that the password is an initial password.
 - b. Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
 - c. Click on Shareholder - Login
 - d. Put user ID and password as initial password noted in step (i) above. Click Login.
 - e. The Password change menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - f. Home page of e-Voting opens. Click on e-Voting: Active Voting Cycles.
 - g. Select "EVEN" of Potential Investments and Finance Limited
 - h. Now you are ready for e-Voting as Cast Vote page opens
 - i. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
 - j. Upon confirmation, the message "Vote cast successfully" will be displayed
 - k. Once you have voted on the resolution, you will not be allowed to modify your vote

- I. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail fcsdeepaklath@gmail.com with a copy marked to evoting@nsdl.co.in.
- B. In case of Member receive physical copy of the Notice of AGM (for members whose email Ids are not registered with Company/Depository Participant(s) or requesting physical copy):
 - a. The initial password is provided as below/at the bottom of the Attendance Slip of the AGM Notice
 - b. Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above to cast vote.
- VII. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and remote e-voting user manual for Members available at the Download section of www.evoting.nsdl.com or call on toll free no. 1800-222-990 or contact Mr. Amit Vishal, Senior Manager, National Securities Depository Limited, Trade World, 'A' wing, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel Mumbai-400013 at the designated Email Ids evoting@nsdl.co.in or AmitV@nsdl.co.in or at +91-2499 4600 who will also address the grievances connected with the voting by electronic means. Members may also write to the Company Secretary at email Id: info@potentialindia.net.
- VIII. If you are already registered with NSDL for e-voting then you can use your existing user ID and password/PIN for casting your vote.
- IX. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the 'Forgot Password' option available on the site to reset the password.
- X. The voting right of the members shall be proportion to their shares of the paid up equity share Capital of the Company as on the cut-off date of 19th August, 2016.
- XI. 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.
- XII. Any person who become becomes a member of the Company after dispatch of the Notice of the meeting and holding as on the cut-off date i.e. 19th August, 2016 may obtain the user ID and password by mailing at ID evoting@nsdl.co.in or info@potentialindia.net.
- XIII. Sh. Deepak Kumar Lath, Practicing Company Secretary, Proprietor of Lath Deepak & Associates, has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- XIV. The Chairman shall, at the AGM, 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.
- XV. 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.
- XVI. The Results along with the Scrutinizer's Report shall be placed on the Company's website www.potentialindia.net and on the website of NSDL immediately after declaration of results

by the Chairman or a person authorized. The result shall also be immediately forwarded to the BSE Limited, Mumbai.

14. 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.
15. 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.

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

**Sd/-
Saket Agarwal
Director**

**Place: Delhi
Date: 20.07.2016**

DETAILS OF DIRECTORS PROPOSED TO BE APPOINTED AT THE AGM SCHEDULED TO BE HELD ON 27TH AUGUST, 2016 AS REQUIRED UNDER REGULATION 36 OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 IS GIVEN BELOW:

Name of Director	Ms. Ruta Jindal	Mr. Rajeev Kohli	Mr. Saket Agarwal	Ms. Surbhi Arora
Date of Appointment on the Board	30.03.2015	22.12.2015	28.05.2016	20.07.2016
Expertise in specific functional areas	Ms. Ruta Jindal having experience of more than 6 years Management field.	Mr. Kohli is in the line of business of trading of pipes and steel. He is having extensive experience of more than 10 years.	Mr. Saket Agarwal is in the business of Steel & Pipes for more than 15 years. This varied experience over such long period has resulted into a wide and deep understanding of the levers of business. This enables him to drive operational excellence across the breadth of responsibilities.	Ms Arora, is having more than 3 years of experience in legal sector.
Qualification	Commerce Graduate	Commerce Graduate	Commerce Graduate	LL.B & Commerce Graduate from CCS University, and a qualified Company Secretary
No. of Equity shares held in the Company as on 31.03.2016	Nil	Nil	38,00,000	Nil
Directorship in other Companies	Nil	<ul style="list-style-type: none"> Amulya Leasing and Finance Limited Apollo Pipes Limited 	Keshwana Ispat Private Limited	Nil
Membership/Chairmanship of Committee(s) of other Companies	Nil	<u>Amulya Leasing & Finance Ltd</u> <ul style="list-style-type: none"> Stakeholders and Grievance Committee – Chairman Remuneration Committee – Member Audit Committee – Member 	Nil	Nil
Category	Non-Executive Director	Independent Director	Executive Director	Non-Executive Director
Relationship with other Directors	Nil	Nil	Nil	Nil

EXPLANATORY STATEMENT

(Pursuant to Section 102 of Companies Act, 2013)

ITEM No. 4

The Board on the recommendation of the Nomination and Remuneration Committee appointed Sh. Rajeev Kohli as an Additional Director of the Company with effect from 22nd December, 2015 in accordance with the provisions of Section 149, 152, 160 and 161 of the Companies Act, 2013 and Articles 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 Sh. Rajeev Kohli candidature for appointment as an Independent 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 Sh. Rajeev Kohli on the Board is desirable and would be beneficial to the company and hence recommend resolution No.4 for adoption.

None of the Directors or Key Managerial Personnel or relatives of Directors and KMP except Mr. Rajeev Kohli, are in any way concerned or interested, financially or otherwise, in the resolution at Item No. 4 of accompanying notice.

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

ITEM No. 5

Sh. Saket Agarwal was appointed as an Additional Director of the Company with effect from 28th May, 2016 by the Board of Directors under Section 161 of the Act and Articles of Association of the Company. In terms of Section 161(1) of the Act, Mr. Agarwal holds office only upto the date of the forthcoming AGM but is eligible for appointment as a Director. A notice under Section 160(1) of the Act has been received from a Member signifying its intention to propose Mr. Agarwal's appointment as a Director.

The principal terms and conditions of Mr. Agarwal's appointment as Executive Director (hereinafter referred to as 'Mr. Agarwal' or the 'Executive Director') are as follows:

1. Nature of duties:

- a. The Executive Director shall devote his whole time and attention to the business of the Company and carry out such duties, as may be entrusted to him by the Board from time to time and separately communicated to him and exercise such powers as may be assigned to him, subject to superintendence, control and directions of the Board in connection with and in the best interests of the business of the Company and the business of any one or more of its associated companies and/or subsidiaries, including performing duties as assigned by the Board from time to time by serving on the boards of such associated companies and/or subsidiaries or any other executive body or any committee of such a company, if any.
- b. The Executive Director undertakes to employ the best of the skill and ability to make his utmost endeavours to promote the interests and welfare of the Company and to conform to and comply with the directions and regulations of the Company and all such orders and directions as may be given to him from time to time by the Board.

2. a. Remuneration: The Executive Director shall be entitled to remuneration as agreed between the Management and Mr. Saket Agarwal, with annual increments which will be effective 1st April each year, will be decided by the Board and will be merit-based and take into account the Company's performance; incentive remuneration and/or commission based on certain performance criteria to be laid down by the Board;

benefits, perquisites and allowances, as may be determined by the Board from time to time.

b. Minimum Remuneration: Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of the Executive Director, the Company has no profits or its profits are inadequate, the Company will pay to the Executive Director remuneration by way of Salary, Benefits, Perquisites and Allowances, and Incentive Remuneration as specified above.

3. The personnel policies of the Company and the related Rules which are applicable to other employees of the Company will also be applicable to the Executive Director, unless specifically provided otherwise.
4. The terms and conditions of the appointment of the Executive Director may be altered and varied from time to time by the Board as it may, in its discretion deem fit, irrespective of the limits stipulated under Schedule V to the Act or any amendments made hereafter in this regard, in such manner as may be agreed to between the Board and the Executive Director, subject to such approvals as may be required.
5. The terms and conditions of the appointment of the Executive Director also include clauses pertaining to adherence with the Potential Code of Conduct, intellectual property, non-competition, conflict of interest with the Company and maintenance of confidentiality.

The Directors are of the view that the appointment of Mr. Agarwal as Executive Director will be beneficial to the operations of the Company and the remuneration payable to him is commensurate with his abilities and experience and accordingly commend the Resolutions at Item Nos. 5 of the accompanying Notice for approval by the Members of the Company.

In compliance with the provisions of Sections 196, 197 and other applicable provisions of the Act, read with Schedule V to the Act, the terms of remuneration specified above are now being placed before the Members for their approval.

Other than Mr. Saket Agarwal, none of the Directors and Key Managerial Personnel of the Company or their respective relatives are concerned or interested in the Resolutions at Item Nos.5 of the accompanying Notice.

ITEM No. 6

Ms. Surbhi Arora was appointed as an Additional Director w.e.f. July 20, 2016 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. Surbhi Arora 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. Surbhi Arora on the Board is desirable and would be beneficial to the company and hence recommend resolution No.6 for adoption.

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

The Board recommends resolutions under Item No. 6 to be passed as an ordinary resolution.

ITEM No. 7

The Registered Office of the Company is situated at L-506, Agrasen Apartments, Plot No. 66, I.P Extension, Delhi-110092.

In terms of the provisions of Sec. 94(1) of the Companies Act 2013, Registers and copies of the returns as aforesaid may also be kept at any other place in India other than at the Registered Office of the Company, in which more than one-tenth of the total number of members entered in the Register of Members reside, if approved by a Special Resolution by the members of the Company.

The Board recommends to keep the registers maintained under Section 88(1) of the Companies Act, 2013 ("the Act") [i.e. Register of Members etc.] and copies of the annual returns filed under Section 92 of the Act including Annexures thereto and Books of Accounts at the Corporate Office at Ghaziabad or at office of Registrar and Share Transfer Agent at Delhi. The Board therefore recommends the resolution as set out at Item No.7 for approval of the members as Special Resolution.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise in the said Resolution.

ITEM No. 8

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 fresh approval of the Members by resolution having no.8 has been proposed.

The Company has aggressive growth plans and in order to meet the financial requirements and future projects as also for meeting other corporate requirements, borrowing limits previously sanctioned by the Members are proposed to be increased to Rs. 200 crores.

The Board commends the Resolutions at Item No. 8 of the accompanying Notice for approval by the Members of the Company by a special resolution.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives are concerned or interested in the Resolutions at Item No. 8 of the accompanying Notice.

ITEM No. 9

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. 200 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.

The proposed borrowings of the Company may, if necessary, be secured by way of mortgages, charges and hypothecations on the Company's movable/immovable properties, present and future, in favour of the financial institutions/banks/insurance companies/other investing agencies/trustees for the holders of debentures/bonds/other instruments. As the documents to be executed by, with, or in favour of, the lender/parties may contain the power to take over the management and concern of the Company in certain events, it is necessary for the Members to pass a resolution for creation of mortgages, charges and hypothecation to secure such borrowings.

The Board commends the Resolutions at Item No. 9 of the accompanying Notice for approval by the Members of the Company by a special resolution.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives are concerned or interested in the Resolutions at Item No. 9 of the accompanying Notice.

RESOLUTION PASSING THROUGH POSTAL BALLOT

Item No. 10

Owing to the change in Object Clause of the Company it is advisable to change the name of the Company, as old name is not in line with the revised objectives of the Company.

Your Board, at their meeting held on 12th May, 2016 recommends changing the name of the Company.

Further, the name approval letter pertaining to the availability of the "Best Logistics Steel Limited" has been duly obtained by the Company from the office of Registrar of Companies, Delhi.

By virtue of the above change in the Name Clause of the Company, it is required to alter its Memorandum of Association of the Company.

In terms of provisions of Companies Act, 2013, consent of the members of the company is required to change the name of the Company.

None of the Directors, Promoters and Key Managerial Persons (KMPs) of the Company and their relatives are in anyway, concerned or interested, financially or otherwise in the proposed Resolution.

Your Directors recommend the passing of the Resolution in Item No. 10 of the Notice as a Special Resolution.

Item No. 11

The existing Memorandum of Association ("MOA") of the Company was framed in terms of the provisions of the Companies Act 1956 and in pursuance of the objectives of the Company. The provisions of the new Companies Act, 2013, require for stating of the Objects Clause of MOA in a manner prescribed in the new Act.

In terms of Section 4(1)(c) of the Companies Act, 2013, the MOA of a Company shall state the objects for which the Company is proposed to be incorporated and any matter considered necessary in furtherance thereof. As such, the requirements of separately indicating the "Main Objects", "Incidental or Ancillary Objects" and "Other Objects" under the erstwhile Companies Act has changed. Accordingly and in view of the requirements, the Objects Clause is proposed to be amended as under:

The Objects Clause will now have 2 parts viz. Part A - 'The Objects to be pursued by the Company on its incorporation' and Part B 'Matters which are necessary for furtherance of the Objects specified in Part A'.

The existing Part B of the Objects Clause of MOA has been altered by deletion/amending of existing Objects and inserting new object.

The Memorandum of Association of the Company, proposed to be amended as stated above, is being uploaded on the Company's website for perusal by the Shareholders. A copy of the existing and proposed Memorandum of Association would be available for inspection by the members at the registered office of the company on all working days (Monday to Friday) between 2.00 P.M. to 4.00 P.M. excluding Saturday up to 26th August, 2016 (i.e. last date for receiving Postal Ballot Forms by Scrutinizer).

Further, as per the terms of the provisions of the Companies Act, 2013 ("Act"), the Memorandum of Association ("MOA") of a company must state the objects for which it has been incorporated and the matters that are considered necessary in furtherance thereof. At present the Objects Clause of the MOA of the Company does not specifically provide either carrying out or providing logistics business. Further, it is also required to streamline and align the existing clauses of MOA of the Company as per the provisions of the Act.

The alteration of MOA requires the approval of the Shareholders by means of a Special Resolution pursuant to Section 13 of the Act and accordingly the approval of the Shareholders is being sought through Postal Ballot. The Board of Directors in its meeting held on July 20, 2016 has accorded its approval for alteration of MOA.

None of the Directors, Promoters and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise in the resolution(s). You are requested to communicate your assent or dissent for the aforesaid resolution(s), in accordance with the instructions set out herein.

Your Directors recommend the passing of the Resolution in Item No. 11 of the Notice as a Special Resolution

Item No. 12

As per Section 186 of the Companies Act, 2013, a Company that proposes to give loan(s), and/or guarantee(s) or provide any security(ies) in connection with loan(s) made and / or acquire by way of subscription, purchase or otherwise, the securities of any other body corporate in excess of 60% of the paid up Share Capital and Free Reserves and Securities Premium of the Company or 100% of Free Reserves and Securities Premium of the Company whichever is more, is required to obtain the approval of the shareholders. In view of the above, shareholders of the Company, General Meeting through Postal Ballot dated 27th November 2014 have already approved the resolution under Section 186 of the Companies Act, 2013 to make loan(s) and/or give any guarantee(s)/provide any security(ies) in connection with loan(s) made to and / or make investments in the securities of any other body corporate upto Rs. 25 Crores (Rupees Twenty Five crores only) in excess of the prescribed limit or maximum limit prescribed under Section 186, whichever is higher.

However as per Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management & Administration) Rules, 2014 and SS-2 issued by ICSI as per Section 118(10) of the Companies Act, 2013, a Company giving loans or extending guarantee or providing security in excess of the limits as specified under sub-section (3) of section 186 has to obtain approval of shareholders' by passing resolution by way of postal ballot. Therefore, the Board proposed to pass the resolution by postal ballot to make loan(s) and/or give any guarantee(s)/provide any security(ies) in connection with loan(s) made and/or acquire by way of subscription, purchase or otherwise, the securities of any other body corporate as they may in their absolute discretion deem beneficial and in the interest of the Company in excess of 60% of the paid up Share Capital, Free Reserves and Securities Premium of the Company or 100% of Free Reserves and Securities

Premium of the Company whichever is more, as prescribed under Section 186 of the Companies Act, 2013 from time to time, in one or more tranches, upto i) maximum amount of Rs. 200 Crores (Rupees Two Hundred crores only), if the investments/ acquisitions, loans, guarantee, securities to be provided along with Company's existing loans or guarantee/ security are in excess of the limits prescribed under Section 186 aforesaid or ii) the maximum limits so prescribed under Section 186 (as may be amended from time to time), whichever is higher.

None of the Directors or Key Managerial Personnel of the Company or their relatives are in anyway concerned or interested in this Resolution except that the Directors of the Company may be deemed to be concerned or interested in the resolution to the extent of their shareholding in the company.

Your Directors recommend the passing of the Resolution in Item No. 12 of the Notice as a Special Resolution

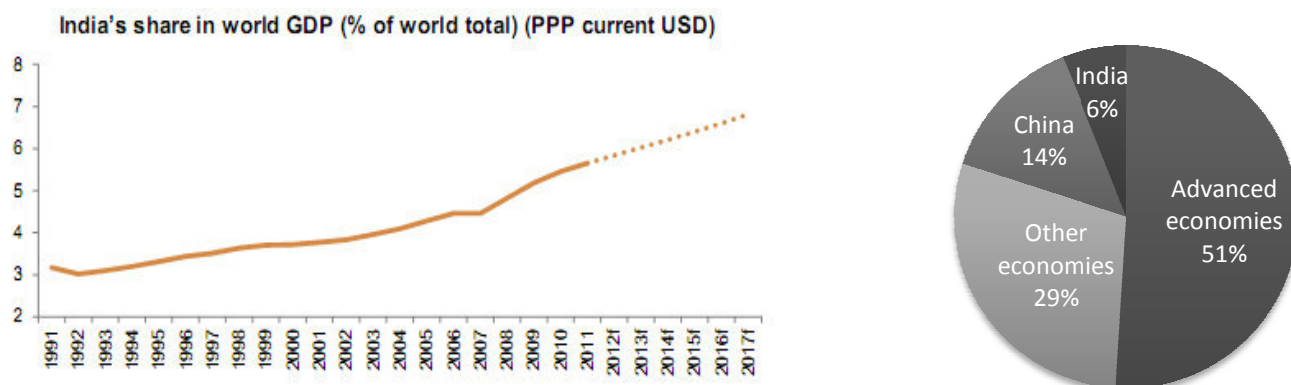
By the Order of the Board
Potential Investments and finance Limited
Sd/-
Saket Agarwal
Director

Delhi, 20th July, 2016
CIN: L74900DL1983PLC014972
Registered Office: L-506, Agrasen Apartments,
Plot No. 66, I.P. Extension,
Delhi-110092
Email: info@potentialindia.net
Website: www.potentialindia.net

Management Discussion and Analysis Report

Overview of Indian Economy:

India, the world's largest democracy in terms of population (1,326 million people) had a GDP on a purchasing power parity basis of approximately INR 58 trillion in June 2011. 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.



(Source: "Fact Book" from Department of Economic Affairs, Ministry of Finance, Government of India, June 2015)

The Indian economy's performance in FY 2014-15 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.

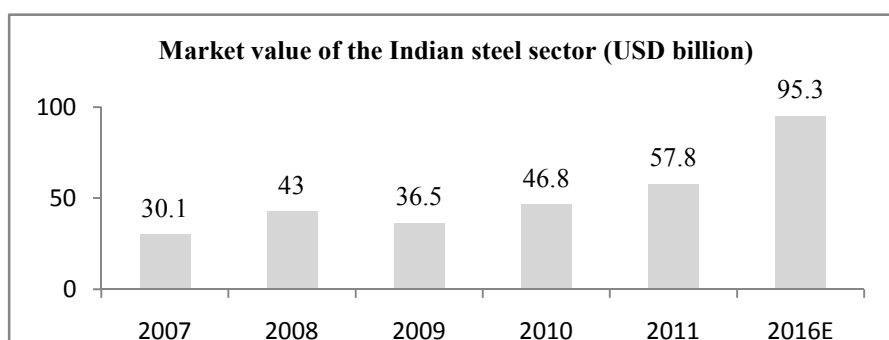
Growth slowed down due to multiple factors. One of the reasons was the persistence of inflation at a much higher level than the threshold for two successive years. Persistent and high inflation necessitated continued tightening of monetary policy. Even after reducing inflation in recent time, widening 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.

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 Rashtriya Ispat 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 31st March, 2016.

Financial Results

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

(₹ in Lakhs)

Particulars	F.Y 2015-16	F.Y 2014-15
Operative & Other Income	1669.07	6018.25
Depreciation	0.39	0.88
Profit/loss before tax	3.24	9.33
Profit after tax	(0.85)	26.51

Dividend

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

Overview

The Financial year 2015-16 was marked by structural excess steel capacity globally, falling demand and steep drop in prices. Indian steel industry, in-spite of growth in demand faced severe stress and falling in margins caused by surge in steel imports at predatory prices. In these challenging conditions, the Company's profitability was also impacted.

The Company's Networth was Rs. 316.06 lakhs as on 31st March, 2016 as compared to Rs. 316.91 lakhs as on 31st March, 2015.

Management's Discussion and Analysis Report

The detailed report on the Management's Discussion and Analysis Report 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, 2016.

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

During the financial year 15-16 the Public Announcement is made for open offer for acquisition of 4,810,000 equity shares by Mr. Saket Agarwal ("Acquirer") in accordance with Regulation 3(1) and 4 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

Further, Mr. Saket Agarwal was entered into Share Purchase Agreement with the Promoters of the Company dated 21.01.2016 to acquire 3097900 equity shares of Promoters (total holding of Promoter/Promoter group) aggregating 16.75% of the total holding, on 31.03.2016 the total holding of Mr. Saket Agarwal is 3800,000 Equity shares comprising 20.54% of total paid up capital of the Company..

Directors Responsibility Statement

Pursuant to the Section 134 of the Companies Act, 2013, your 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) Such accounting policies and have been applied 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 as at March 31, 2016 and of the Company profits or loss for the year ended on that date.
- c) Proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) The annual financial statements have been prepared on a going concern basis.
- e) The internal financial controls were laid down to be followed and such internal financial controls were adequate and were operating effectively.
- f) Proper systems were devised 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

No qualification, reservation or adverse remarks were made during the financial 2015-16.

Corporate Governance

Your Company has complied with the requirement of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 and Clause 49 of the erstwhile Listing Agreement regarding Corporate Governance. A report on the Corporate Governance practices, the Auditor's Certificate on compliance of mandatory requirements thereof are given as annexure to this part.

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.

The policy on dealing with Related Party Transactions as approved by the Board is uploaded on the Company's website <http://www.potentialindia.net/investorsinfo/RPTPolicy>. The Policy intends to ensure that proper, reporting, approval, disclosure process are in place for all transactions between the Company and Related Parties. This policy specifically deals with review and approval of Related Party Transaction keeping in mind the Potential or actual conflicts of interest that may arise because of entering into these transactions. All Related Party Transactions are placed before the Audit committee for review and approval. Prior Omnibus approval for Related Party Transactions which are of repetitive nature and/or entered in the course of Business and are at Arm's length. All Related Party Transactions which are subjected to Independent review by a reputed accounting firm to establish compliance with the requirement of Related Party Transaction under the Companies Act, 2013 and Regulation 23 of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 and Clause 49 of the erstwhile Listing Agreement.

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. Some significant features of Internal controls over financial reporting:

- 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.
- De-risking the Company's assets/resource and protecting them from any loss.
- 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.
- Ensuring the integrity of the accounting system; proper and authorized recording and reporting of all transactions.
- Preparation and monitoring of annual budgets for all operating and service functions.
- Ensuring liability of all financial and operational 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.

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, Ms. Ruta Jindal (DIN: 01366744), retire by rotation at the forthcoming Annual General Meeting and being eligible, offers herself for re-appointment.

Mr. Rajeev Kohli (DIN: 01994387) who was appointed as an additional director of the Company in the category of Independent director by the Board of Directors with effect from 22nd December, 2015, in terms of Section 161 of the Companies Act, 2013 and in terms of Articles of Association of the Company, holds office until the date of ensuing Annual General Meeting. Your Company has received a notice in writing from a member of your Company, signifying his intention to propose the name of Mr. Rajeev Kohli for appointment as a Director of your Company.

The Proposals regarding the appointment/re-appointment of the aforesaid Directors are placed for your approval

During the Financial year 2015-16, Mr. Achal Kapoor, has resigned from the post of Company Secretary & Compliance officer of the Company and Mr. Chetan Malik was appointed as a Company secretary of the Company.

Policy on directors Appointment and Remuneration

Matching the needs of the Company and enhancing the competencies of the Board are the basis for the Nomination and Remuneration Committee to select a candidate for appointment to the Board.

The current policy is to have a balance mix of executive and non-executive Independent Directors to maintain the Independence of the Board, and separate its function of governance and management. As at 31.03.2016, the Board of Directors comprises of 4 Directors of which 3 are non-executive including 1 women Director. The number of Independent Directors is 2, which is one half of the total numbers of Directors.

The Policy of the Company on Directors appointment including criteria for determining qualifications, positive attributes, independence of Directors and other matters as required under Section 173 of Companies Act 2013. The remuneration paid to the Directors is in accordance with the remuneration policy of the Company.

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 of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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

The Board carried out an annual performance of its own performance, the Independent Directors individually as well as the evaluation of the working of various Committees of the Board. The performance evaluation was carried out the Nomination and Remuneration Committee. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors. Details of the same are given in the Report of Corporate Governance annexed hereto.

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.

DISCLOSURES

Number of Meetings of the Board of Directors

During the year 10 Board meeting were convened and held the details of which are given under Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act 2013 and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Audit Committee

The Audit Committee comprises three Directors, of which two are Non-Executive and Independent Directors. Mr. Bharat Bhushan Sahny is the Chairman of the Committee. The members possess the adequate knowledge of Accounts, Audit and Finance, etc. The Composition the Committee meets the requirement as per Section 177 of the Companies Act 2013 and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Clause 49 of the erstwhile Listing Agreement.

There are no recommendations of the Audit Committee which have not been accepted by the Board.

Details of establishment of Vigil Mechanism for Directors and Employees

The Company has a vigil mechanism named to deal with instance of fraud and mismanagement, if any. Details of the same are in Corporate Governance Report.

Auditors and Auditor's Report

A. Statutory Auditors: At the Company's 33rd Annual General Meeting (AGM) held on 28th September, 2015 M/s VAPS & Co., Chartered Accountants, Auditors of the Company, were appointed as the Company's Statutory Auditors from the conclusion of the 33rd AGM till the conclusion of the 37th AGM. In terms of Section 139 of the Companies Act, 2013, the appointment of the statutory auditors to hold office from the conclusion of the 33rd AGM until the conclusion of the 37th AGM, is placed before your ratification.

The Auditor's Report to the shareholders for the period under review does not contain any qualification.

No frauds have been reported by the Auditors under Section 143(12) of the Companies Act, 2013 requiring disclosure in the Board's Report.

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 Company has appointed M/s Anjali Yadav & Associates, Company Secretaries, to conduct Secretarial Audit for Financial Year 2015-16. The Secretarial Audit Report for the Financial Year ended on 31st March, 2016 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

Details of Loans, Guarantees and Investments covered under provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

Share Capital

There was no change in the Company's share capital during the period under review. The Company's paid up equity Share capital remained at Rs. 37,000,000 comprising 1,85,00,000 equity shares of Rs. 2/- each.

Extract of the Annual Return

In accordance with the provisions of Section 134 (3)(a) of the Companies Act, 2013, the extract of the Annual Return in Form no. MGT-9 is annexed hereto as **Annexure-"A"** and forms part of the this 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 2015-16.

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 2015-16 to the Investor Education and Protection Fund.

Appreciation

Yours Directors take this opportunity to express their appreciation for the co-operation received from the customers, vendors, bankers, stock exchanges, depositories, auditors, legal advisors, consultants business associates, state government and local bodies during the period under review. The Directors also wish to place on record their appreciation of the devoted and dedicated services rendered by the employees of the Company.

By the Order of the Board
Potential Investments and finance Limited
Sd/-
Saket Agarwal
Director

Place: Delhi
Date: 20.07.2016

ANNEXURE –‘A’**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				

XVII. 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 01.04.2015				No. of shares held at the end of the year As on 31.03.2016				% of Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A) Shareholding of Promoter and Promoter Group									
(1) Indian									
Individuals/ HUF	3097900	-	3097900	16.75	3097900	-	3097900	16.75	-
Central Government/ State Government(s)	-	-	-	-	-	-	-	-	-
Bodies Corporate	-	-	-	-	-	-	-	-	-
Financial Institutions/ Banks	-	-	-	-	-	-	-	-	-
Any Others(Specify)	-	-	-	-	-	-	-	-	-
									-
Sub Total(A)(1)	3097900	-	3097900	16.75	3097900	-	3097900	16.75	-
									-
(2) Foreign									-
Individuals (Non-Residents Individuals/ Foreign Individuals)	-	-	-		-	-	-	-	-
Bodies Corporate	-	-	-		-	-	-	-	-
Institutions	-	-	-		-	-	-	-	-
Any Others(Specify)	-	-	-		-	-	-	-	-
Sub Total(A)(2)	-	-	-		-	-	-	-	-
Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	3097900	-	3097900	16.75	3097900	-	3097900	16.75	-
									-
(B) Public shareholding									-

(1) Institutions									-
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)	-	-	-	-	-	-	-	-	-
Sub-Total (B)(1)	-	-	-	-	-	-	-	-	-
Non-institutions									
Bodies Corporate	13061	2500	15561	0.08	9077702	2500	9080202	49.08	49.00
Individuals									-
Individuals- Individual shareholders holding nominal share capital up to Rs 2 lakh	31988	407750	439738	2.38	312127	507500	819627	4.43	2.05
ii. Individual shareholders holding nominal share capital in excess of Rs. 2 lakh.	13577550	169250	13746800	74.31	5480271	22000	5502271	23.78	(50.53)
Any Other (specify)									-
HUF	1200000	-	1200000	6.49	-	-	-	-	(6.49)
Clearing Members/House	1	-	1	0.00	-	-	-	-	-
									-
Sub-Total (B)(2)	14822600	579500	15402100	83.25	14870100	532000	15402100	83.25	-
									-
Total Public Shareholding (B)= (B)(1)+(B)(2)	14822600	579500	15402100	83.25	14870100	532000	15402100	83.25	-
									-
TOTAL (A)+(B)	17920500	579500	18500000	100.00	17968000	532000	18500000	100.00	-

									-
Shares held by Custodians and against which Depository Receipts have been issued									-
Promoter and Promoter Group	-	-	-		-	-	-	-	-
Public	-	-	-		-	-	-	-	-
Sub-Total (C)	-	-	-		-	-	-	-	-
									-
GRAND TOTAL (A)+(B)+(C)	17920500	579500	18500000	100.00	17968000	532000	18500000	100.00	

ii) Shareholding of Promoters

S. No.	Shareholder's Name	Shareholding at the beginning of the year as on 01.04.2015			Shareholding at the end of the year As on 31.03.2016			% 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	40000	0.22	-	40000	0.22	-	-
2	Vijay Kumar	32900	0.18	-	32900	0.18	-	-
3	Kanav Gupta	1500000	8.11	-	1500000	8.11	-	-
4	Saurabh Jindal	1525000	8.24	-	1525000	8.24	-	-
Total		3097900	16.75	-	3097900	16.75	-	-

iii) Change in Promoter's Shareholding

S. No.	Shareholder's Name	Shareholding at the beginning of the year As on 01.04.2015		Shareholding at the end of the year As on 31.03.2016		% 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	40000	0.22	40000	0.22	-
2	Vijay Kumar	32900	0.18	32900	0.18	-
3	Kanav Gupta	1500000	8.11	1500000	8.11	-
4	Saurabh Jindal	1525000	8.24	1525000	8.24	-
Total		3097900	16.75	3097900	16.75	-

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 01.04.2015		Shareholding at the end of the year As on 31.03.2016	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1	Integrated Master Securities P. Ltd [*]	-	-	7100000	38.38
2	Share India Securities Limited [*]	-	-	1840671	9.95
3	Sonia Jyoti [*]	-	-	1800000	9.73
4	Sangeeta Pareekh [*]	-	-	1100403	5.95
5	Vikash Gupta [*]	-	-	1000000	5.41
6	Gurmeet Singh [*]	500000	2.70	500000	2.70
7	Sanjay Jain [*]	-	-	106000	0.57
8	Hardik Manoj Shah [*]	-	-	105000	0.57
9	Vaishali Yatin Shah [*]	-	-	105000	0.57
10	Uma Gupta [*]	-	-	100000	0.54
11	Neelam Aggarwal [#]	600000	3.24	-	-
12	Rekha Aggarwal [#]	600000	3.24	-	-
13	Suman Aggarwal [#]	600000	3.24	-	-
14	Shashank Agarwal [#]	600000	3.24	-	-
15	Shalabh Agarwal [#]	600000	3.24	-	-
16	Gopal Das Bansal [#]	600000	3.24	-	-
17	Shashank Goyal [#]	600000	3.24	-	-
18	Angad Singh [#]	500000	2.70	-	-
19	Aabha Garg [#]	300000	1.62	-	-

Ceased to be in the list of top ten shareholders as on 31.03.2016.

*The same is reflected above as these shareholders are in the list of top ten shareholders as on 31.03.2016.

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

S. No.		Shareholding at the beginning of the year As on 01.04.2015		Shareholding at the end of the year As on 31.03.2016	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
A	Key Managerial Personnel				
1	Manoj Gupta	40000	0.22	40000	0.22
2	Lalit Kumar	-	-	-	-
3	Achal Kapoor [*]	-	-	-	-
4	Chetan Malik [#]	-	-	-	-

Note: *Mr. Achal Kapoor resigned as a Secretary of the Company on 30.06.2015

Mr. Chetan Malik appointed as Company Secretary on 01.07.2015

V. INDEBTEDNESS

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

	Secured Loans excluding	Deposits Unsecured
Indebtedness at the beginning of the financial year		
i) Principal Amount	42,933,610	74,761,290
ii) Interest due but not paid	-	-
iii) Interest accrued but not due	-	-
Total (i+ii+iii)	42,933,610	74,761,290
Change in Indebtedness during the financial year		
Addition	47,044,626	51,200,000
Reduction	42,933,610	16,714,433
Net Change	47,044,626	109,246,857
Indebtedness at the end of the financial year		
i) Principal Amount as on 31.03.2016	47,044,626	109,246,857
ii) Interest due but not paid	-	-
iii) Interest accrued but not due as on 31.03.2016	-	-
Total (i+ii+iii)	47,044,626	109,246,857

XVIII. 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	
	Total (A)	4.80
	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	Rajeev Kohli [#]
1	Fees for attending the Board/committee meetings	0.15	0.40	0.05
2	Commission	-	-	-
3	Others	-	-	-
Total (B) (1)		0.15	0.40	0.05

* Resigned from the post of Director on 22.12.2015

[#] Appointed as Additional Director on 22.12.2015

2. Other Non-executive Directors

(Figures in Lacs)

S. No.	Particulars of Remuneration	Ruta Jindal*
1	Fees for attending the Board/committee meetings	0.25
2	Commission	-
-	Others	-
Total (B) (2)		0.25

Total (B)= (B)(1) + (B)(2) =0.85 Lakhs

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	Mr. Chetan Malik [#] Company Secretary	Total
1	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961.	0.30	1.20	1.08	2.58
	(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				
	Total (A)	0.30	1.20	1.08	2.58
	Ceiling as per the Act	-	-	-	

Note: * Mr. Achal Kapoor, resigned as Company Secretary w.e.f 30.06.2015

[#] Mr. Chetan Malik, appointed as Company Secretary w.e.f. 01.07.2015

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)
A. Company					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. Directors					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. Other officers in default					
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
Sd/-
Saket Agarwal
Director**

**Place: Delhi
Date: 20.07.2016**

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 31ST MARCH, 2016**

To,
The Members,
Potential Investments and Finance Limited
L-506, Agrasen Apartments, Plot No. 66,
I.P Extension Delhi-110092

I, Anjali Yadav, Proprietor of Anjali Yadav & Associates, Company Secretaries 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 (CIN: L74900DL1983PLC014972) (hereinafter called “the Company”). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the POTENTIAL INVESTMENTS AND FINANCE LIMITED (CIN: L74900DL1983PLC014972) 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 during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (as amended) ('the Act') and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956(as amended) 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; ***Not applicable for the period under review.***
- (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(as amended):-
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009(as amended);
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; ***Not applicable for the period under review.***
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; ***Not applicable for the period 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;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009(as amended):- ***Not applicable for the period under review.***
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - ***Not applicable for the period under review.***

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

- (i) Secretarial Standards issued by the Council of The Institute of Company Secretaries of India;
- (ii) The New Listing Agreements entered into by the Company with **BSE LIMITED** read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015.[Applicable from 1st December, 2015]

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

I 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 notices were 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 decisions were carried through while the dissenting member's views, if any, were captured and recorded as part of the minutes.

I 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.

I further report that during the audit period under review, Mr. Saket Agarwal ("Acquirer") has made open offer for acquisition of 4,810,000 (Forty Eight Lakhs and Ten Thousand) Equity Shares constituting 26.00% of the present issued subscribed and paid-up equity share capital of the Company

at the Price/Consideration of Rs. 14.00/- (Rupees Fourteen Only) for each Equity Share of the Company for which Public Announcement was made on 21st January, 2016 and Detailed Public Statement on 29th January, 2016 respectively in compliance with the Regulation 3(1) and Regulation 4 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and subsequent amendments thereto ("SEBI (SAST) Regulations").

For **Anjali Yadav & Associates**

Practising Company Secretary

Sd/-

Anjali Yadav

Proprietor

FCS No.: 6628

C P No.: 7257

Place: New Delhi

Date: 20.07.2016

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

To,
The Members,
Potential Investments and Finance Limited
L-506, Agrasen Apartments, Plot No. 66,
I.P Extension Delhi-110092

My report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I 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. I believe that the process and practices, I followed provide a reasonable basis of my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedure on test check basis.
6. 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 Anjali Yadav & Associates
Practising Company Secretary
Sd/-
Anjali Yadav
Proprietor
FCS No.: 6628
C P No.: 7257

Place: New Delhi
Date:20.07.2016

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 2015-16, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2015-16 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

(Figures in Lacs)

	Name of Director /KMP and Designation	Remuneration of Director/ KMP for Financial Year 2014-15	% increase in Remuneration in the Financial Year 2014-15	Ratio of Remuneration of each Director/ to median remuneration of employees	Comparison of the Remuneration of the KMP against the performance of the Company
1	Mr. Manoj Gupta Managing Director	4.80	Nil	-	Profit before Tax is Rs. 3.24 lakhs in FY 2015-16 as compared to Rs. 9.33 Lakhs in FY 2014-15.
2	Mr. Lalit Kumar Chief Financial Officer	1.20	Nil	-	Profit before Tax is Rs. 3.24 lakhs in FY 2015-16 as compared to Rs. 9.33 Lakhs in FY 2014-15.
3	Mr. Achal Kapoor* Company Secretary	0.30	Nil	-	Profit before Tax is Rs. 3.24 lakhs in FY 2015-16 as compared to Rs. 9.33 Lakhs in FY 2014-15.
4	Mr. Chetan Malik# Company Secretary	1.08	Nil	-	Profit before Tax is Rs. 3.24 lakhs in FY 2015-16 as compared to Rs. 9.33 Lakhs in FY 2014-15.

*Mr. Achal Kapoor resigned as a Company Secretary on 30.06.2015

Mr. Chetan Malik appointed as a Company Secretary of the Company on 01.07.2015.

- 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, 2016;
- v. Relationship between average increase in remuneration and company performance: - The Profit before Tax for the Financial Year March 31, 2016 decreased by 65.17% 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 2015-16 (₹ in Lacs)	7.38
Revenue (₹ in Lacs)	1752.20
Remuneration of KMPs (as % of revenue)	0.42%
Profit before tax(PBT) (₹ in Lacs)	3.24
Remuneration of KMP (as % of PBT)	2.27%

- 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 Nil.

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

(Rs. in Lacs)

	Mr. Manoj Gupta, Managing Director	Mr. Lalit Kumar, Chief financial Officer	Mr. Achal Kapoor, Company Secretary*	Mr. Chetan Malik, Company Secretary#
Remuneration in financial year 2015-16 (₹)	4.80	1.20	0.30	1.08
Revenue (₹)	1752.20			
Remuneration as % of revenue	0.27	0.14	0.01	0.06
Profit before tax (PBT) (₹)	3.25			
Remuneration (as % of PBT)	1.47%	0.73%	0.09%	0.33%

*Mr. Achal Kapoor resigned as a Company Secretary on 30.06.2015

Mr. Chetan Malik appointed as a Company Secretary of the Company on 01.07.2015.

- 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, 2016 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 performance.
(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.

Your Company has confirms the compliance of Corporate Governance under Clause 49 of the Listing Agreement and as contained in Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosures Requirement) Regulation, 2015 as amended, the details of which are given below:

2. Board of Directors

Appointment & Tenure:

The Directors of the Company (except Nominee Director) are appointed by the shareholders at General Meetings. All Executive Director are subject to retirement by rotation and at every Annual General Meeting, 1/3rd of such members are liable to retire by rotation, if eligible, generally offers themselves for re-election in accordance with the provisions of Section 152 of the Companies Act, 2013 and that of the Articles of Association of the Company.

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, 2016, 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.

All Independent Directors meet the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and Regulation (1)(b) of SEBI (LODR) Regulations.

No Director is related to any other Director on the Board in terms of the definition of "relative" as defined in Section 2(77) of the Companies Act 2013. None of the Director on the Board are Independent Directors of more than seven listed Companies and none of the whole time Directors are Independent Directors of any Listed Company.

None of the Directors is a Member of more than 10 Committees and Chairman of more than 5 Committees (as specified in Regulation 26 of SEBI (LODR) Regulations) across all the companies in which he/she is a Director. The necessary disclosures regarding committee positions in other public companies have been made by the Directors.

The information stipulated under Part A of schedule II of SEBI (LODR) Regulations is being made available to the Board.

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 30th 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.
- **Mr. Rajeev Kohli** (Appointed w.e.f 22nd December, 2015) Non-Executive Director, having more than 10 years of experience in trading in Steel and Pipes.

Directors' Induction, Familiarization and Training:

The Company believes that the Board be continuously empowered with the knowledge of the latest developments in the Company's business and external environment affecting the industry as a whole. The details of familiarization programmes imparted to Independent Director is disclosed on the Company's Website www.potentialindia.net

Board functions, procedure and Meetings:

The Board of Directors oversees the overall functioning of the Company. The Board provides and evaluates the strategic decision of the Company, management policies and ensures that the long term interest of the stakeholders are being served.

The Board has constituted 4 standing committees, namely Audit Committee, stakeholders Relationship committee, Nomination and Remuneration Committee, Share Allotment and Share Transfer Committee.

Meeting of Board of Directors:

During the Financial Year 2015-16, 10 (Ten) Meetings of the Board of the Directors of the Company were held i.e. on 15th May, 2015, 30th May, 2015, 30th June, 2015, 1st July, 2015, 13th August, 2015, 2nd September, 2015, 14th November, 2015, 22nd December, 2015, 21st January, 2016 and 12th February, 2016. 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, 2016 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	10	Yes	40000	1	1
Bharat Bhushan Sahny	NE& ID	8	Yes	-	1	1
S. T Gerela*	NE& ID	3	Yes	-	3	3
Ruta Jindal	NE	5	Yes	-	0	0
Rajeev Kohli#	NE & AD	1	No	-	2	1

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 22.12.2015.

#Appointed as an Additional Director w.e.f 22.12.2015.

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 www.potentialindia.net.com under the head 'Investor Relations'. 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.

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.

3. Audit Committee:

The Audit Committee comprises of three Non- executive Directors. Mr. Bharat Bhushan Sahny is the Chairman of the Audit Committee. The members possess the Accounts, Finance, Audit, etc. The composition meets the requirement as per Section 177 of the Companies Act, 2013 and Regulation 18(1) of SEBI (LODR Regulations).

The Broad terms of references of Audit Committee are:

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 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 30th May, 2015, 13th August, 2015, 14th November, 2015 and 12th February, 2016.

The composition of the Audit Committee as on March 31, 2016 and the meetings attended by its members are as under:

Name of Director	Status	No. of meetings attended
Mr. Bharat Bhushan Sahny	Chairman	4/4
Mr. Rajeev Kohli*	Member	0/1
Mr. Manoj Gupta	Member	4/4

*Included on the Committee on 22nd December, 2015.

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 Regulation 19 and Part D of Schedule II of SEBI (LODR Regulations).

The terms of references of the Committee inter-alia, include the following:

1. formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
2. formulation of criteria for evaluation of performance of independent directors and the board of directors;
3. devising a policy on diversity of board of directors;
4. identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.
5. whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

The composition of the Remuneration Committee as on March 31, 2016 is as under:

Name of Director	Status	No. of meetings attended
Mr. Rajeev Kohli*	Chairman	0/1
Mr. Bharat Bhushan Sahny	Member	1/1
Ms. Ruta Jindal	Member	1/1

*Included on the committee on 22.12.2015

5. Stakeholders Relationship Committee

The Stakeholders' Relationship Committee's constitution and terms of references are in compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 20 and Part D of Schedule VI of SEBI (LODR Regulations).

Terms of references are as follows:

1. To review the reports submitted by the Registrars and Share Transfer Agent of the Company at half yearly intervals.
2. To periodically interact with the Registrar and Transfer Agent to ascertain and look into the quality of Company's shareholders/Investors grievances redressal system.
3. To follow up on the implementation of suggestions for improvement.
4. To periodically report to the Board about the serious concern.
5. To consider and resolve the grievances of the security holders of the company.

The composition of the Committee and details of the meeting attended by the Members as on March 31, 2016 is as under:

Name of Director	Status	No. of meetings attended
Mr. Bharat Bhushan Sahny	Chairman	2/2
Mr. Rajeev Kohli*	Member	1/2
Ms. Ruta Jindal	Member	2/2

*Included on the Committee on 22.12.2015.

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.

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, 2016 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
2014-15	A-3, NDSE, Part 1, New Delhi-110049	28.09.2015	11:00 A.M
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

- **Postal Ballot:** During the year the Company has not conducted any postal Ballot, pursuant to Section 110 of the Companies Act, 2013

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 and Regulation 23 of SEBI (LODR Regulations) during the financial year 2015-16, 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.

The Board approved policy for related party transactions is available on the Company's website www.potentialindia.net.

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 SEBI (LODR Regulations) 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 SEBI (LODR Regulations) 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 SEBI (LODR Regulations) 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 : 27th August, 2016 at 3.30 P.M.

Venue : IMA-East Delhi, Building, 35-X, institutional Area, Karkardooma, Delhi-110092

Book Closure : 22nd August, 2016

Period	Board Meetings
Results for Quarter ended June 30, 2016	Within 45 days of the end of Quarter
Results for Quarter ended September 30, 2016	Within 45 days of the end of Quarter
Results for Quarter ended December 31, 2016	Within 45 days of the end of Quarter
Results for quarter ended March 31, 2017	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

BSE Limited

(Scrip Code: 538566)

The Listing Fees of the Stock Exchange has been paid by the Company for the financial years 2016-17 and 2015-16.

ISIN Code for the Company's Equity Shares

INE919P01029

Corporate Identity Number (CIN)

L74900DL1983PLC014972

Distribution Schedule as at March 31, 2016

No. of Equity shares held	No. of Shareholders	% to Total	No. of Shares	% of Total
Up to 500	813	81.63	316073	1.73
501-1000	52	5.22	47825	0.26
1001-2000	48	4.82	86961	0.47
2001-3000	10	1.00	26424	0.14
3001-4000	4	0.40	15100	0.08
4001-5000	8	0.80	38593	0.21
5001-10000	15	1.51	127668	0.69
10001 and above	46	4.62	17841356	96.44
G. TOTAL	996	100.00	18500000	100.00

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	9070702	49.03	49.03
Indian Public	6330943	34.22	34.22
NRIs/OBCs	455	0.00	0.00
Total	18500000	100	100

Market Price Data:

Month & Year	Stock price at BSE (In ₹Per Share)		
	High	Low	Traded Quantity
April, 2015	69.10	35.50	4,59,606
May, 2015	63.55	49.00	12,40,791
June, 2015	61.95	40.55	17,60,709
July, 2015	54.80	32.50	20,43,487
August, 2015	43.20	26.85	15,52,275
September, 2015	39.00	17.55	16,85,236
October, 2015	23.00	9.05	14,53,730
November, 2015	9.97	8.55	70,604
December, 2015	11.73	9.00	54,79,985
January, 2016	13.21	11.00	78,00,950
February, 2016	14.97	12.95	14,13,757
March, 2016	14.45	13.60	9,15,217

Registrar and Share Transfer Agent (as on 31st March, 2016)

M/s Skyline Financial Services Private Limited

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

Phase-I, New Delhi-110020

Tel: +91 11 74732681/64732688

Email Id: info@skylinerta.com

- The Company has change the Registrar and Share Transfer Agent and same is under process with CDSL and NSDL.

Detail of New Registrar and Share Transfer Agent is as follows:

M/s Bigshare Services Private Limited

E-2, Ansa Industrial Estate, Saki Vihar Road,

Andheri (E), Sakinaka, Mumbai,

Maharashtra 400072

Tel: +91-22-2847 5207

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, 2016, 97.12% of the Company's total Equity Shares representing 17968000 Shares were held in dematerialized form and 532000 shares representing 2.88% 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, 2016

Warrants and other convertible instruments

There were no warrants outstanding for conversion as on March 31, 2016

Investors Correspondence

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

Investor cell

Potential Investments and Finance Limited

L-506, Agrasen Apartments, I.P. Extension, Plot No. 66, Delhi-110092

CIN: L74900DL1983PLC014972

Phone: +91-11-6401829

Mail Id: info@potentialindia.net

By the Order of the Board
Potential Investments and finance Limited
Sd/-

Place: Delhi
Date: 20.07.2016

Saket Agarwal
Director

DECLARATION OF CODE OF CONDUCT

As provided under Clause 49 of the Listing Agreement with Stock Exchanges and Regulation 26(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015, the Board Members and Senior Managerial Personnel have confirmed compliance with the Code of Conduct for the year ended 31.03.2016.

By the Order of the Board
Potential Investments and finance Limited
Sd/-

Place: Delhi
Date: 20.07.2016

Saket Agarwal
Director

Auditors' Certificate

To the Members of
Potential Investments and Finance Limited

1. We have examined the compliance of conditions of Corporate Governance by the Potential Investments and Finance Limited ("the Company") for the year ended March 31, 2016, as stipulated in:
 - Clause 49 (excluding Clause 49(VII)(E)) of the Listing Agreement of the Company with the stock exchange(s) for the period from April 1, 2015 to November 30, 2015.
 - Clause 49 Clause 49(VII)(E) of the Listing Agreement of the Company with the stock exchange(s) for the period from April 1, 2015 to September 1, 2015.
 - Regulation 23(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations) for the period from September 2, 2015 to March 31, 2016 and
 - Regulation 17 to 27 (excluding regulation 23(4) and clause (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of the Listing Regulations for the period from December 1, 2015 to March 31, 2016.
2. 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.
3. We have examined the relevant records of the Company in accordance with Generally Accepted Auditing Standards in India, to the extent relevant, and as per the guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India.
4. In our opinion and to the best of our information and according to the explanations given to us and representations made by the Directors and Management, we certify that the Company has complied with the conditions of corporate governance as stipulated in Clause 49 of Listing Agreement and regulation 17 to 27 and Clause (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of the Listing regulations for the respective periods of applicability as specified under paragraph 1 above, during the year ended March 31, 2016.
5. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

Sd/-
(Vipin Aggarwal)
Partner
M. No. 082498
Place: New Delhi
Date: 20.07.2016

Independent Auditors' Report

To

The Members,

Potential Investments and Finance Limited

L-506, Agrasen Apartments,

Plot No. 66, I.P. Extension

New Delhi-110092

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, 2016, and the Statement of Profit and Loss and Cash Flow Statement for the year then 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, financial performance and cash flows 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 31st March 2016.
- 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, the Statement of Profit and Loss, and Cash Flow Statement 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 31st March, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2016, 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. 003612N

Sd/-

(Vipin Aggarwal)

Partner

M.N. 082498

Place: New Delhi

Dated: 28.05.2016

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.
 - c) According to the information given to us, the title deeds of all the immovable properties are held in the name of the company.
2. The inventories have been physically verified during the period by the management at reasonable intervals. 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. 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.372.55 Lacs and the year end balance of loan given to Company was Rs.372.55Lacs.
4. In our opinion and according to the information and explanations given to us the company has not granted any loans, investments, guarantees, and security and the provisions of Section 185 and 186 of the Companies Act, 2013 have been complied with.
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 court or any other Tribunal against the company.
6. The company has maintained books of account relating to materials, labour and other items of cost 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 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 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, are NIL.
8. 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.

9. In our opinion, the moneys raised by term loans have been applied for the purpose for which they were raised.
10. 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.
11. According to the information given to us and based upon our audit procedures, the managerial remuneration has been paid in accordance with the provisions of Section 197 read with Schedule V of the Companies Act, 2013.
12. The company is not a Nidhi Company and hence, the company is not governed by Nidhi Rules, 2014.
13. In our opinion, the transactions with the related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
14. The company has not made any preferential allotment or private allotment of shares or fully or partly paid convertible debentures during the year under review.
15. On the basis of information provided to us, the company has not entered into any non-cash transactions with directors or parties connected with him under Section 192 of the Companies Act, 2013.
16. The company is not required to get registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For VAPS & Co.

Chartered Accountants,

Firm Regn. No. 003612N

Sd/-

(Vipin Aggarwal)

Partner

M.N. 082498

Place: New Delhi

Dated: 28.05.2015

POTENTIAL INVESTMENTS & FINANCE LIMITED L-506, AGRASEN APARTMENTS, PLOT NO. 66, I.P. EXTENSION, DELHI-110092 CIN : L74900DL1983PLC014972			
BALANCE SHEET AS AT 31ST MARCH, 2016		(Figures in Rs.)	
Particulars	Note No.	As at 31.03.2016	As at 31.03.2015
I. EQUITY AND LIABILITY			
(1) Shareholder's Fund			
(a) Share Capital	2	37,000,000	37,000,000
(b) Reserves and Surplus	3	(5,393,300)	(5,308,105)
		31,606,700	31,691,895
(2) Non-Current Liability			
(a) Long Term Borrowing	4	109,246,857	74,761,290
(3) Current Liability			
(a) Short-term Borrowing	5	47,044,626	42,933,610
(b) Trade Payables	6	-	55,929,834
(c) Other Current Liabilities	7	653,223	1,407,396
		47,697,849	100,270,840
TOTAL		188,551,406	206,724,025
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	8	150,219,490	88,922
(ii) Intangible Assets	9	-	202,270
(b) Non-Current Investments		3,600	3,993
(c) Deferred Tax Assets			
	10	150,223,090	295,184
(2) Current Assets			
(a) Inventories	11	-	-
(b) Trade Receivables	12	21,150,448	161,693,388
(c) Cash and Bank Balance	13	134,940	105,360
(d) Short-term Loans and Advances		17,042,928	44,630,093
		38,328,316	206,428,841
TOTAL		188,551,025	206,724,025
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 Sd/- (Vipin Aggarwal) Partner Membership No. 082498 Place: New Delhi Date: 28.05.2016			
Sd/- (Manoj Gupta) Managing Director			
Sd/- (Ruta Jindal) Director			
Sd/- (Chetan Malik) Company Secretary			
Sd/- (Lalit Kumar) Chief Financial Officer			

POTENTIAL INVESTMENTS & FINANCE LIMITED L-506, AGRASEN APARTMENTS, PLOT NO. 66, I.P. EXTENSION, DELHI-110092 CIN : L74900DL1983PLC014972			
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016			
Particulars	Note No.	As at 31.03.2016	As At 31.03.2015
I. REVENUES			
(a) Revenue from Operations	14	166,907,729	601,825,289
(b) Other Income	15	8,312,584	7,428,895
Total Revenue (a) + (b)		175,220,313	609,254,184
II. EXPENSES			
Cost of Material Sold	16	160,245,555	541,249,112
Change in Inventories	17	-	5,229,235
Employee Benefit Expenses	18	1,089,748	1,246,305
Finance Cost	19	9,899,069	12,682,425
Depreciation and Amortization	8	39,431	88,172
Other Expenses	20	3,621,602	47,825,853
Total Expenses		174,895,405	608,321,103
Profit Before Tax		324,908	933,081
Tax Expenses:			
(a) Current Tax		119,545	277,833
(b) Deferred Tax		393	(3,993)
(c) Income Tax adjustment for earlier years		290,165	(596,710)
(d) MAT Credit entitlement		-	(1,395,293)
Profit/Loss for the year		(85,195)	2,651,244
Earning per Equity Share of Rs. 2/- each:			
Basic		0.00	0.14
Diluted		0.00	0.14
Notes form an integral part of these financial statements.			
<p>As per our Separate Report of even date.</p> <p style="text-align: right;">FOR AND ON BEHALF OF THE BOARD</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 30%;"> <p>For VAPS & Co. Firm Reg. No. 003612N Chartered Accountants Sd/- (Vipin Aggarwal) Partner Membership No. 082498 Place: New Delhi Date: 28.05.2016</p> </div> <div style="width: 30%;"> <p>Sd/- (Manoj Gupta) Managing Director</p> </div> <div style="width: 30%;"> <p>Sd/- (Ruta Jindal) Director</p> </div> <div style="width: 30%;"> <p>Sd/- (Chetan Malik) Company Secretary</p> </div> </div> <div style="text-align: center; margin-top: 20px;"> <p>Sd/- (Lalit Kumar) Chief Financial Officer</p> </div>			

Note 1: Significant Accounting Policies

1.1 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
L-506, AGRASEN APARTMENTS, PLOT NO. 66, I.P. EXTENSION, DELHI-110092
CIN : L74900DL1983PLC014972

Notes on Financial Statement for the year ended 31st March, 2016 (Figures in ₹)

Note 2 - SHARE CAPITAL:

	As at 31st March, 2016	As at 31st March, 2015
A. Authorized, Issued, Subscribed and Paid-up Share Capital		
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
	<u>40,000,000</u>	<u>40,000,000</u>
Issued Subscribed and Paid up:		
1,85,00,000 Equity Shares of Rs. 2/- each fully paid	37,000,000	37,000,000
	<u>37,000,000</u>	<u>37,000,000</u>
Total	<u>37,000,000</u>	<u>37,000,000</u>

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

Name of Shareholder	As at 31.03.2016		As at 31.03.2015	
	Number of Shares held	% of holding	Number of Shares held	% of holding
Kanav Gupta	1,500,000	8.11	1,500,000	8.11
Saurabh Jindal	1,525,000	8.24	1,525,000	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 3 – Reserves and Surplus

	As at 31st March, 2016	As at 31st March, 2015
(a) Surplus:		
Opening Balance	(5,308,106)	(7,616,740)
Add: Net Profit for the year	(85,195)	2,651,244
Less: Scrap Value of Fixed Assets	-	(342,609)
	<u>(5,393,300)</u>	<u>(5,308,106)</u>
Closing Balance	<u>(5,393,300)</u>	<u>(5,308,106)</u>

Note 4 - Long Term Borrowing

	As at 31st March, 2016	As at 31st March, 2015
Unsecured (Interest Free)		
Loan From Directors	8,870,032	1,266,032
Loan From Corporate Bodies	51,200,000	-
Loan and Advances from Related Parties	49,176,825	73,495,258
	<u>109,246,857</u>	<u>74,761,290</u>

Note 5- Short Term Borrowing

	As at 31st March, 2016	As at 31st March, 2015
Secured : Working Capital Loans repayable on demand		
From Bank	-	42,933,610
From Bank - OD	47,044,626	-
Total	<u>47,044,626</u>	<u>42,933,610</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 6- Trade Payables

	As at 31st March, 2016	As at 31st March, 2015
Payable to Micro, Small and Medium enterprises	-	-
Payable to Other Entities		55,929,834
Total	<u>-</u>	<u>55,929,834</u>

Note 7- Other Current Liabilities

	As at 31st March, 2016	As at 31st March, 2015
(a) Statutory dues Payables	5,23,032	1,168,536
(b) Other Payables	130,191	238,860
Total	<u>653,223</u>	<u>1,407,396</u>

Note 9- Non- Current Investments

	As at 31st March, 2015	As at 31st March, 2014
Quoted		
Investments in Birla Eric	-	202,270
3000 Equity Shares of Rs. 10 each		
(Market Value as on 31.03.2015 (Rs 52.85/share) Rs. 1,585,550/-)		
Total	<u>-</u>	<u>202,270</u>

Note 10- Inventories

	As at 31st March, 2016	As at 31st March, 2015
(a) Stock in Trade	-	-
Total	-	-
Details of Stock in Trade:		
Iron – Steel Products	-	-

For Mode of Valuation, refer Annexure I

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

Note 11- Trade Receivables

	As at 31st March, 2016	As at 31st March, 2015
Outstanding for a period exceeding six months (from the due date)		
Unsecured, Considered Good	15,847,630	38,122,260
Outstanding for a period less than six months (from the due date)		
Unsecured, Considered Good	5,302,818	123,571,128
Total	21,150,448	161,693,388

Note 11- Cash and Bank Balances

	As at 31st March, 2016	As at 31st March, 2015
(i) Cash and Cash Equivalents :		
a. Balance with Banks	5,107	42,344
b. Cash on hand	129,833	63,016
Total	134,940	105,360

Note 13- Short term Loans and Advances

	As at 31st March, 2016	As at 31st March, 2015
(a) Security Deposits		
Unsecured, Considered Good	-	540,000
(b) Other Loans and Advances		
Unsecured, Considered Good	16,003, 597	42,629, 932
(c) Income Tax Refund	28,951	258,630
(d) Prepaid Expenses	-	84,071
(e) MAT credit Entitlement	9,82,724	1,117,460
Total	17,015,272	44,630,093

Note 14- Revenue from Operations

	As at 31st March, 2016	As at 31st March, 2015
Sale of Products:		
i) Traded Goods	166,907,729	601,825,289
Total	166,907,729	601,825,289
Detail of Sale of Products:		
Traded Goods		
Iron-Steel Products	166,907,729	601,825,289

Note 15 - Other Incomes

	As at 31st March, 2016	As at 31st March, 2015
Interest Income	289,509	1,226,816
Misc Income	460,152	229,965
Rent Received – Building	3,000,000	-
Dividend Income	3,000	46,250
Commission Received	4,623,707	-
Income from Derivatives Business	-	61,971
Profit on Sale of Shares	63,724	5863,893
Total	8,312,584	7,428,895

Note 16- Cost of Material Sold

	As at 31st March, 2016	As at 31st March, 2015
Opening Stock:		
(a) Traded Goods	-	-
Purchase of Trading Goods	160,245,555	541,249,112
Closing Stock:		
(a) Traded Goods	-	-
	<u>160,245,555</u>	<u>541,249,112</u>
Details of Purchases of Stock in Trade:		
Iron-Steel	<u>160,245,555</u>	<u>541,249,112</u>

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

	As at 31st March, 2016	As at 31st March, 2015
Opening Stock:		
(b) Traded Goods	-	5,229,235
Closing Stock:		
(b) Traded Goods	-	-
Changes in Inventories	<u>-</u>	<u>5,229,235</u>

Note 18-Employees Benefit Expenses

	As at 31st March, 2016	As at 31st March, 2015
Salaries, Wages, Bonus, etc	1,089,748	1,246,305
Employee Welfare Expenses	-	-
Total	<u>1,089,748</u>	<u>1,246,305</u>

Note 19- Finance Cost

	As at 31st March, 2016	As at 31st March, 2015
Interest to Others	7,052,739	12,016,043
Bank Charges	234,704	406,030
Interest to Bank	2,611,626	260,352
Total	<u>9,899,069</u>	<u>12,682,425</u>

Note 20- Other Expenses

	As at 31st March, 2016	As at 31st March, 2015
Electricity Expenses	-	122,236
Import Expenses	295,462	12,962,173
Commission Expenses	-	356,076
Custom Duty	1,870,788	29,599,982
Rent, Rates & Taxes	1,569,587	1,569,587
Legal & Professional Charges	258,179	209,970
Loading and Unloading	82,215	368,000
Repair and maintenance- Computer	1,200	48,175
Additional Sales Tax Demand	-	-
Miscellaneous Expenses	459,035	425,144
Auditors' Remunerations (a)	114,500	112,360
Other Expenses	457,290	2,052,149
Total	3,621,602	47,825,853

(a) Details of payment to Auditors:

Audit Fee	114,500	112,360
Tax Audit Fee	-	-
Other Matters	-	-
Total	114,500	112,360

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 31st March, 2016	As at 31st March, 2015
Expenses		
Managerial Remuneration	480,000	480,000
Interest on Loans	5,905,907	10,600,842
Purchase of Goods	-	-
Sale of Goods	-	-

Note 22-Expenditure in Foreign Currency:

NIL

NIL

Note 23-Value of Import:

8,222,061

153,181,784

Note 24-Earnings in Foreign Currency

NIL

NIL

Note 25 – Contingent Liabilities and Commitments

NIL

NIL

Note 26 - As at 31-03-2016 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 I.

As per our Separate Report of even date.

FOR AND ON BEHALF OF THE BOARD

For VAPS & Co.

Firm Reg. No. 003612N

Chartered Accountants

Sd/-

(Vipin Aggarwal)

Partner

Membership No. 082498

Place: New Delhi

Date: 28.05.2016

Sd/-

(Manoj Gupta)

Managing Director

Sd/-

(Ruta Jindal)

Director

Sd/-

(Chetan Malik)

Company Secretary

Sd/-

(Lalit Kumar)

Chief Financial Officer

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 31.03.2016	WDV as on 31.03.2015
<u>Tangible Assets</u>										
Land	-	150,170,000	-	150,170,000	-	-	-	-	150,170,000	-
Vehicles	52,534	-	-	52,534	15,367	28,796	-	44,163	8,371	37,167
Computer	134,865	-	-	134,865	83,110	10,636	-	93,746	41,119	51,755
TOTAL	187,399	150,170,000	-	150,357,399	98,478	39,431	-	137,909	150,219,490	88,922
(Previous Year)	617,000	153,049	582,650	187,399	250,346	88,172	240,041	98,478	88,922	366,654

Corporate Information

(As at 20.07.2016)

Executive Director

Mr. Saket Agarwal (DIN: 00203084)

Directors

Ms. Ruta Jindal (DIN: 01366744)
Mr. Rajeev Kohli (DIN: 01994387)
Mr. Bharat Bhushan Sahny (DIN: 00014334)
Ms. Surbhi Arora (DIN: 075171516)

Company Secretary & Compliance Officer

Ms. Surbhi Arora

Registered & Corporate Office

L-506, Agrasen Apartment, Plot No. 66
I.P. Extension, Delhi-110092
Tel.: +91 120 6401829

Unit

Khasra No. 527 to 530 and 569, Village Bisnoli,
Dujana Road, Tehsil Dadri, G.B. Nagar (U.P)

Registrar & Transfer Agent

Bigshare Services Private Limited
E-2, Ansa Industrial estate, Sakinaka
Mumbai Maharashtra
Phase-I, New Delhi-400072
Tel.: +91 22 28475207

Statutory Auditors

VAPS & Company
C-42, South Extension, Part-II
New Delhi-110049
Ph: +91 11 41645051
Fax: +91 11 41644896

Secretarial Auditor

Anjali Yadav & Associates
102 & 104,
18/12, Jain Bhawan, W.E.A
Pusa Lane, Karol Bagh
New Delhi-110005
Phone: +91 1128750495

Bankers

Punjab National Bank, Mohan Nagar,
Ghaziabad, Uttar Pradesh

YES Bank Limited, D-12, South Ex,
Part-II, Delhi-110049

POTENTIAL INVESTMENTS AND FINANCE LIMITED

Registered Office: L-506, Agrasen Apartments, Plot No. 66, I P Extension, Delhi-110092

CIN: L74900DL1983PLC014972

Website: www.potentialindia.net

E-Mail: info@potentialindia.net

Tel: 0120-6401829

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 34th Annual General Meeting of M/s Potential Investments and Finance Limited to be held on Saturday, 27th August 2016 at 3:30 P.M. at IMA-East Delhi, Building, 35-X, Institutional Area, Karkardooma, Delhi-110092.

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 2015-2016 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 2015-2016 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
L-506, Agrasen Apartments,
Plot No. 66, I.P Extension
Delhi-110092

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 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: L-506, Agrasen Apartments, Plot No. 66, I P Extension, Delhi-110092

CIN: L74900DL1983PLC014972

Website: www.potentialindia.net

E-Mail: info@potentialindia.net

Tel: 0120-6401829

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:
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 27th August, 2016 at 3:30 P.M. at IMA-East Delhi, Building, 35-X, Institutional Area, Karkardooma, Delhi-110092 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, 2016.		
2. Appointment of Ms. Ruta Jindal (DIN: 01366744), Director who liable to retires by rotation.		
3. Re-appointment of M/s VAPS & Co., Chartered Accountants, New Delhi, as the Statutory Auditors of the Company.		
Special Business		
4. To appoint Mr. Rajeev Kohli(DIN: 01994387) as Director of the Company – Ordinary Resolution		
5. To appoint Mr. Saket Agarwal (DIN: 00203084) as Executive Director of the Company – Ordinary Resolution		
6. To appoint Ms. Surbhi Arora (DIN: 07571516) as Non- Executive Director of the Company – Ordinary Resolution		
7.Keeping of Registers and Records, Books of Accounts, Returns at the Corporate Office of the Company (i.e. place other than Registered Office)- Special Resolution		
8. To approve the borrowing limit of the company under section 180(1)(c) of the Act- Special Resolution		
9. 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		
10. To Change the name of the Company from Potential Investments and Finance Limited to Best Steel Logistics Limited – Special Resolution		
11. To alter the Object Clause of Memorandum of Association of the Company – Special Resolution		
12. To give loan/guarantee or provide security under Section 186 of the Companies Act 2013 – Special Resolution		

Signed this.....day of 2016.

Signature of Shareholder.....

Affix
One rupee
revenue
Stam

Signature of Proxy holder(s)

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: L-506, Agrasen Apartments, Plot No. 66, I.P. Extension, Delhi-110092

BALLOT PAPER

(For the Annual General Meeting of the Members dated Saturday, 27th August, 2016 at IMA-East Delhi, Building, 35-X, Institutional Area, Karkardooma, Delhi-110092)

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, 2016.			
2.	Appointment of Ms. Ruta Jindal (DIN: 01366744), Director who liable to retires by rotation.			
3.	Re-appointment of M/s VAPS & Co., Chartered Accountants, New Delhi, as the Statutory Auditors of the Company.			
4.	To appoint Mr. Rajeev Kohli(DIN: 01994387) as Director of the Company – Ordinary Resolution			
5.	To appoint Mr. Saket Agarwal (DIN: 00203084) as Executive Director of the Company – Ordinary Resolution			
6.	To appoint Ms. Surbhi Arora (DIN: 07571516) as Non- Executive Director of the Company – Ordinary Resolution			
7.	Keeping of Registers and Records, Books of Accounts, Returns at the Corporate Office of the Company (i.e. place other than Registered Office)- Special Resolution			
8.	To approve the borrowing limit of the company under section 180(1)(c) of the Act- Special Resolution			
9.	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			
10.	To Change the name of the Company from Potential Investments and Finance Limited to Best Steel Logistics Limited – Special Resolution			
11.	To alter the Object Clause of Memorandum of Association of the Company – Special Resolution			
12.	To give loan/guarantee or provide security under Section 186 of the Companies Act 2013 – Special Resolution			

Place: New Delhi
Date: 20th July, 216

(Signature of the Shareholder)

Route Map for the Venue of AGM

