

# ANNUAL REPORT

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Growth and Business

2019-2020

# BOARD OF DIRECTORS

## MR. HARJEET SINGH ARORA

(MANAGING DIRECTOR)

- **Mr. Rajinder Kumar Singhania**  
*Non-Executive Non-Independent Director*
- **Mrs. Harneesh Kaur Arora**  
*Non-Executive Non-Independent Director*
- **Mr. Gurmeet Singh Chawla**  
*Non-Executive Non-Independent Director*
- **Mr. Ashwani Kumar**  
*Non-Executive Independent Director*
- **Mr. Pavan Kumar Chhabra**  
*Non-Executive Independent Director*
- **Mr. Anil Kumar Bhatia**  
*Non-Executive Independent Director*
- **Mr. Rajiv Kalra (w.e.f 30.06.2020)**  
*Non-Executive Independent Director*

## COMPANY SECRETARY

Mr. Vikas Gupta

## STATUTORY AUDITORS

M/s C.S. Arora & Associates Chartered Accountants  
10. Jandu Complex, Millerganj,  
G. T. Road, Ludhiana - 141003

## REGISTRAR AND SHARE TRANSFER AGENT

Skyline Financial Services (P) Ltd.  
D-153/A, First Floor, Okhla Industrial Area, Phase-1, New Delhi  
Ph: 011-26812682/83/84, Fax: 01126812681  
Email: admin@skylinerta.com

## CHIEF FINANCIAL OFFICER

Mr. Sunil Kumar

## SECRETARIAL AUDITORS

M/s Rajeev Bhambri & Associates  
Company Secretaries  
SCO No 9. Jandu Tower.  
Miller Ganj, Ludhiana

## BANKERS

HDFC Bank Limited  
Oriental Bank of Commerce Limited  
ICICI Bank Limited  
Canara Bank Limited  
Axis Bank Limited  
Yes Bank Limited

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# SERVICES



# OUR APPROACH

## VISION

To be a well diversified financial shop for wealth creation and be an ideal service provider in our domain of business.

To always earn the right to be our clients' first choice through personal & social wealth maximization.

## MISSION

## CORPORATE PHILOSOPHY

Becoming an expert at anything takes a strong will, unyielding determination and pure ability.



# MANAGING DIRECTOR'S SPEECH

MR. HARJEET SINGH ARORA

## Dear Shareholders,

I am very happy to present to you, your company's annual report and to share its performance for the FY 2019–20. I hope all of you and your families are keeping safe and well.

India's GDP growth in FY20 continued on a downward trajectory which had begun in Q1FY19. The GDP growth for FY20 plummeted to 4.2%, as against the 6.1% in FY19. During FY20, before the breakout of COVID-19, the macro-economic environment had been challenging with lower GDP growth rates, liquidity crunch, and peaking unemployment rate. This was reflected in sluggish demand and weakening consumer sentiment. The outbreak has presented fresh challenges for the Indian economy. However, the Government has initiated various measures to boost the economy including direct benefit transfer, increased allocations to key sectors like infrastructure, agriculture, MSMEs etc. The reduction in corporate tax rate is a big boost to the industry; it makes India much more competitive globally and should accelerate investments in the economy. Reserve Bank of India has cut repo rates to support the aggregate demand and private investment as well as ease liquidity given the COVID-19 situation. Government's measures to boost the Indian economy and the growing appeal by our Indian PM regarding the self-reliant India or **Aatamnirbhar Bharat** signal the Government's strong commitment to arrest and reverse the slowdown.

Most global equity markets that were hitting fresh highs in January 2020 touched their 52-week lows in March. Indian equity market indices rose to record highs in January 2020 backed by supportive monetary policies, diminished trade tensions and nascent signs of stabilization of global economy. However, the rally hit a major roadblock on the news of coronavirus outbreak across the globe. The BSE Sensex plunged nearly 23.8 per cent during in the financial year 2020, while the Nifty50 on the National Stock Exchange crashed by 26.03 per cent during the same period. It was a dismal year for midcap and small cap stocks, BSE Midcap and Small cap indices saw a fall of 31.72% and 36.06% respectively in FY20. The Average daily turnover (ADTO) increased to Rs. 14.35 Trillion from Rs. 9.93 Trillion during the same period, registering a growth of 43.9%.

Now coming to your Company's performance for FY2019-20, your Company's top line (consolidated) increased by 1.04 % to Rs 1358.62 million as compared to Rs 1344.58 million in the previous year. The net worth (consolidated) of the Company has increased by 3.66% to Rs 2142.29 Million as compared to Rs 2066.72 million in the previous year. Net Profit after Tax (consolidated) before adjustment for Minority Interest decreased to Rs 123.10 million as compared to Rs 167.41 million in the previous year.

**mastertrust celebrated yet another milestone this year as it completed 35 glorious years in the industry.** The organization has witnessed a steep growth in business during its successful tenure, wherein it has grown its top line 10 per cent YoY as compared to last five years. During the lockdown period, the firm has clocked in an average daily turnover of Rs 27500 Crores and has seen an increase of 5 per cent in average daily traders on trading platforms. Since the commencement, **mastertrust** as a conglomerate and a family has consistently grown and accomplished various milestones along the way. The leadership has fortified the business with numerous initiatives and innovations, and have been immensely committed to create an impeccable customer experience with its customer centric approach.

This year, **mastertrust** has focused on enhancing its product basket by introducing a completely paperless, eKYC, Trading and Demat account opening facility for all the stakeholders. With the launch of eKYC, the company aims to fasten the KYC process and make it a hassle-free experience. We also came out with our refreshed **mastermobile** trading app with advanced native technology and AI. We have also re-launched our fully modernized and state of the art website [www.mastertrust.co.in](http://www.mastertrust.co.in). The company has also been initiating a lot of brand building exercises and making sure that customers feel completely in sync with our new product offerings.

As we continue to progress with time, we ensure that every element of **mastertrust** abides by company's core values. On behalf of the board, I would like to take this opportunity to thank all the directors, customers, bankers, authorized persons and our shareholders for their continued support and confidence that they have always shared for the company. I would also like to thank my entire team of staff members without their hard work and efforts we would not have seen this company reach the levels that it has achieved in the past 35 years and especially in these testing Covid- 19 times, when the company has had to move to work from home set ups and there has been a huge learning curve for all teams and people involved. I want to specifically show my gratitude to my teams who have been able to rise to this challenge and are making our company more technologically savvy and in with the most modern-day platforms and I hope to garner all your support for the next level of growth that we want the company to achieve. We as an organization hope to bring out more advanced product offerings which will further enhance **mastertrust's** strength of being one stop to help our customers with all their financial needs.



**MR. HARJEET SINGH ARORA**  
MANAGING DIRECTOR

# MANAGEMENT TEAM

## MR. HARJEET SINGH ARORA (F.C.A, F.C.S)

He founded the Master Trust group in 1985 under the name of Arora Financial Consultants Private Ltd and has over 40 years of experience in corporate finance, capital markets and financial advisory services. A Chartered Accountant and a Company Secretary by qualification, his vision of bringing all financial services under one roof is what has made the group achieve so much in the last 35 years. As avid cricket fan, he also enjoys yoga in his free time.



## MR. R.K. SINGHANIA (F.C.A)

He is the co-founder of the group having over 40 years of rich experience in finance, M&A and taxation. A Chartered Accountant by qualification, he is a calculated risk-taker with deep industry knowledge and heads the Corporate Strategy, Finance and Risk verticals of the Group. He is an avid reader and loves to watch movies to unwind.

## MR. HARINDER SINGH (B.COM, I.C.W.A (INTER))

He heads the secondary market operations for the group. He has spent over 30 years with organization embracing the core values of integrity, growth, and innovation and has ensured streamlined processes and increased performance for the business. He believes mindfulness in the workplace is key to success- a tenet he lives out through his interest in yoga, meditation, nature traits and reading.







### **MR. G.S. CHAWLA (B.E., M.B.A., D.B.F)**

An engineer and an MBA, he has over 30 years of experience in capital markets & corporate finance and runs the Portfolio Management and Merchant Banking verticals for the Group. His expertise includes general business management and IT systems and solutions. An angel investor, he is a philanthropist and is attached to a lot of NGOs.

### **MR. PAVAN CHHABRA (F.C.A)**

He is a veteran in the investment Banking and Institutional Broking business. A qualified Chartered Accountant, he has over 32 years of rich experience in financial markets. His eye for detail comes from his interests in delving deep into data and forensic audit. His other interests lie in traveling and in his coffee tasting sessions.



### **MR. PUNEET SINGHANIA (M.B.A., C.F.A)**

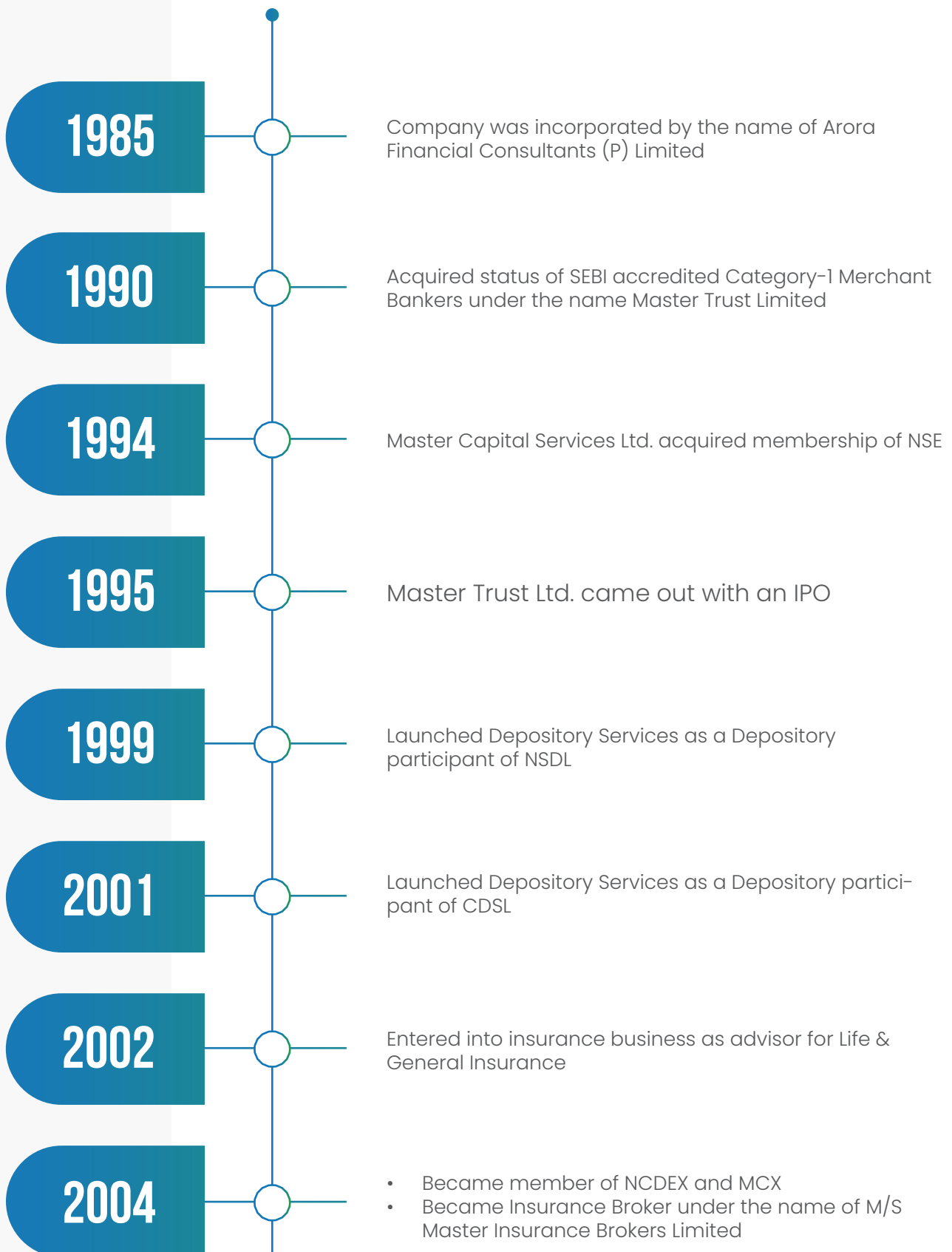
He is a seasoned MBA and CFA charter holder looking after the strategic initiative of the Group. He has prior experience in equity research and in proprietary trading desk. He brings abundant energy and dedication to work. He is a foodie, loves Italian food and history buff.

### **MR. JASHAN ARORA (F.C.A)**

He is involved in key decision making for the organization. He takes care of the Sales vertical and was instrumental in developing prop desk for the Group. Nothing satisfies him more than meeting new people, developing relationships and solving problems. In addition to being a positioning Chartered Accountant, he is also a bundle of energy, an avid football fan, his team loves him as he does the proxy workout for them too.



# MILESTONES



2005

- Acquired the membership of Bombay Stock Exchange Limited
- Commenced Internet Trading

2007

- Set up regional offices at Baroda, Kolkata, Hyderabad, Allahabad, Hissar, Bhubaneswar & Ahmedabad

2010

- Trading turnover peaks US\$1billion/day of group companies
- Re-branding exercise of retail services

2011

- Launched its flagship PMS product named Master Quant 10
- Started algorithmic trading solution - Master Trader
- Opened branches in Jaipur and Mumbai

2012

- Launched Integrated Amibroker and Metatrader charting platform for clients
- Declared as India's best Derivatives Broker by BSE
- Crossed 10,000 clients in currency segment on NSE
- Acquired membership of MCX-SX India's new stock exchange in equity & derivatives segment
- Activated SLB segment on NSE as a new asset class

2013

- Launched dedicated support desk for automated trading clients
- Launched discount brokerage model - My Value Trade
- Received award for Best Account Growth Rate from NSDL

2014

- Launched mobile trading app "Master Mobile"
- Started distribution of loans to retail clients
- Mutual Funds assets cross 100 Crores
- My Value Trade - the discount broking vertical daily turnover peaks to 7100 Crores
- Client numbers on ATS platform post a rise of 50%

2015

- Portfolio Management Services assets cross 57 Crores as on March 2016, a rise of 90% YoY
- User base for discount broking vertical platform increases over 250% YoY
- Turnover on mobile trading platform increases 600% YOY



2016

- Master Commodity Services Limited awarded Regional Broker of the year 2016/2017
- Our flagship Portfolio Management Services assets under management rise by 81% YOY as on 31 March 2017
- Mutual Fund assets under management grew by 26% YOY as on 31 March 2017
- Master Capital Services Limited received Order-Of-Merit award in Skoch BSE Awards 2017 for innovation in automated portfolio analysis using artificial intelligence.
- Unique clients traded on mobile application increased by over 57% YOY

2017

- Started Private Wealth Management vertical
- PMS AUM crossed 300 crores
- Mutual Funds AUM crossed 375 crores
- NSDL accredited us with the 2nd highest number of accounts opened award

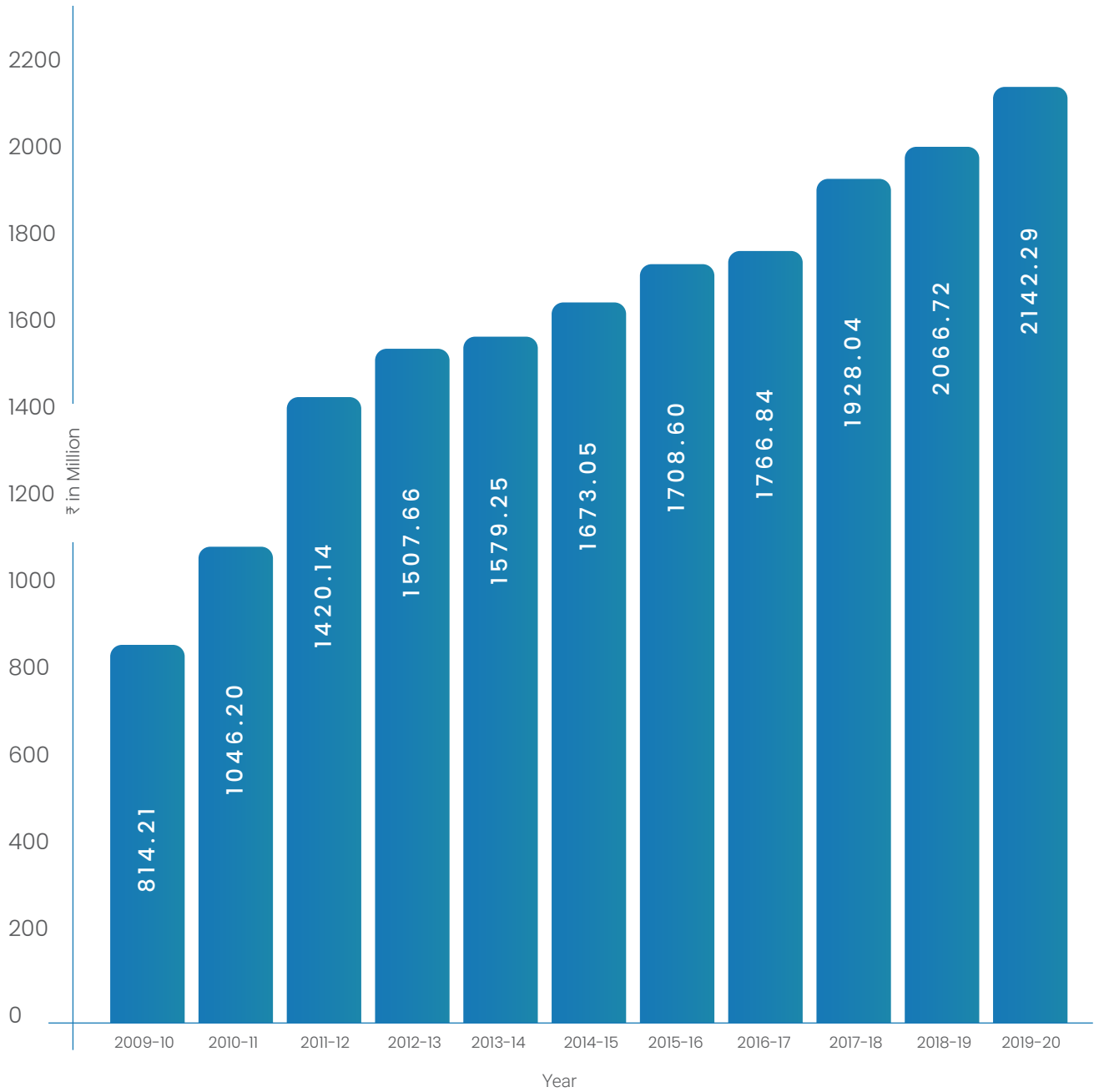
2018

- Launched in-house AIF- Master Trust iRage Absolute Return Fund in August 2018
- MF AUM – 421 Cr
- PMS asset under management - 218.004

2019

- Came up with the new re-vamped website [www.mastertrust.co.in](http://www.mastertrust.co.in)
- Introduced state of the art trading App mastermobile
- Introduced paperless eKYC Account Opening

# NET WORTH



# POINT OF PRESENCE



## TOTAL POINTS OF PRESENCE : 642

11 Jammu & Kashmir  
14 Himachal Pradesh  
82 Punjab  
24 Rajasthan  
43 Chandigarh  
70 Haryana

87 Delhi  
47 Gujarat  
22 Maharashtra  
02 Karnataka  
10 Madhya Pradesh  
06 Uttarakhand

13 Bihar  
55 Uttar Pradesh  
02 Assam  
03 Jharkhand  
22 West Bengal  
09 Odisha

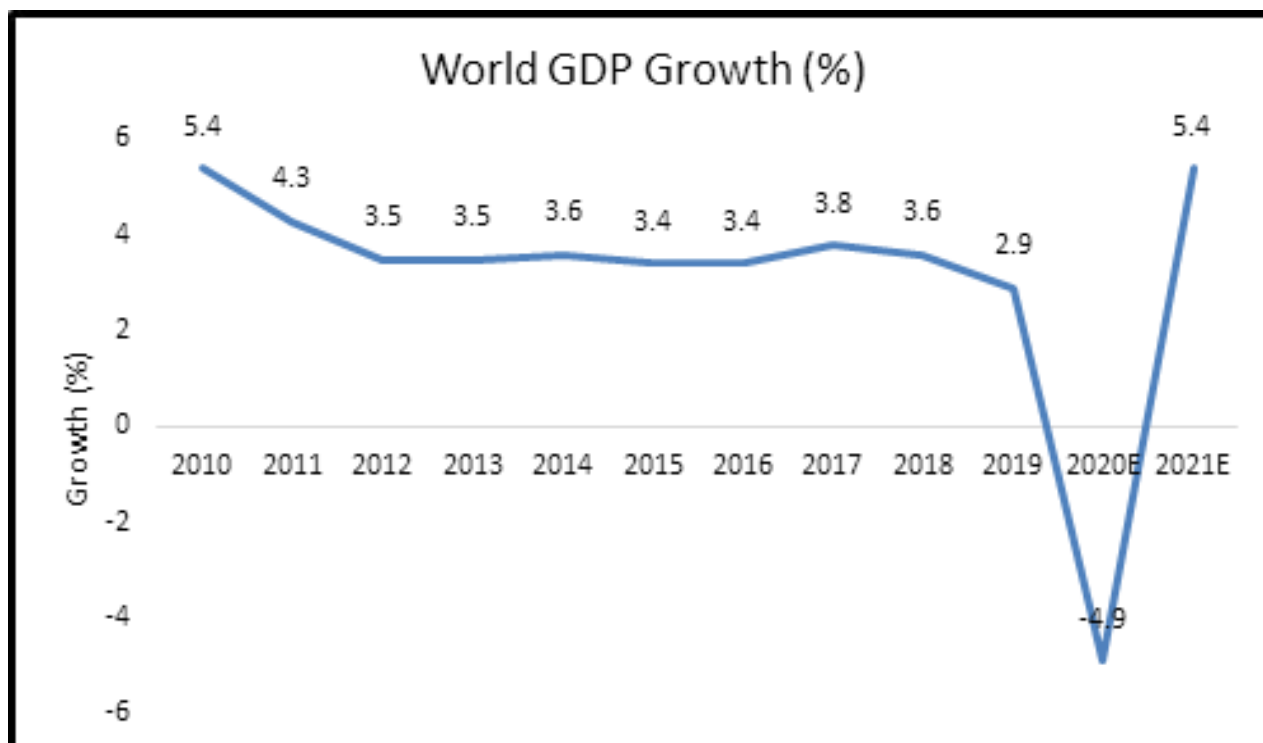
02 Chhattisgarh  
02 Andhra Pradesh  
02 Tamil Nadu  
14 Telangana

# MANAGEMENT DISCUSSION & ANALYSIS

## GLOBAL ECONOMY

The COVID-19 pandemic has had a more negative impact on activity in the first half of 2020 than anticipated, and the recovery is projected to be more gradual than previously forecast. In 2021 global growth is projected at 5.4 percent. Overall, this would leave 2021 GDP some 6½ percentage points lower than in the pre-COVID-19 projections of January 2020. The adverse impact on low-income households is particularly acute, imperiling the significant progress made in reducing extreme poverty in the world since the 1990s.

Strong multilateral cooperation remains essential on multiple fronts. Liquidity assistance is urgently needed for countries confronting health crises and external funding shortfalls, including through debt relief and financing through the global financial safety net. Beyond the pandemic, policymakers must cooperate to resolve trade and technology tensions that endanger an eventual recovery from the COVID-19 crisis. Furthermore, building on the record drop in greenhouse gas emissions during the pandemic, policymakers should both implement their climate change mitigation commitments and work together to scale up equitably designed carbon taxation or equivalent schemes. The global community must act now to avoid a repeat of this catastrophe by building global stockpiles of essential supplies and protective equipment, funding research and supporting public health systems, and putting in place effective modalities for delivering relief to the neediest.

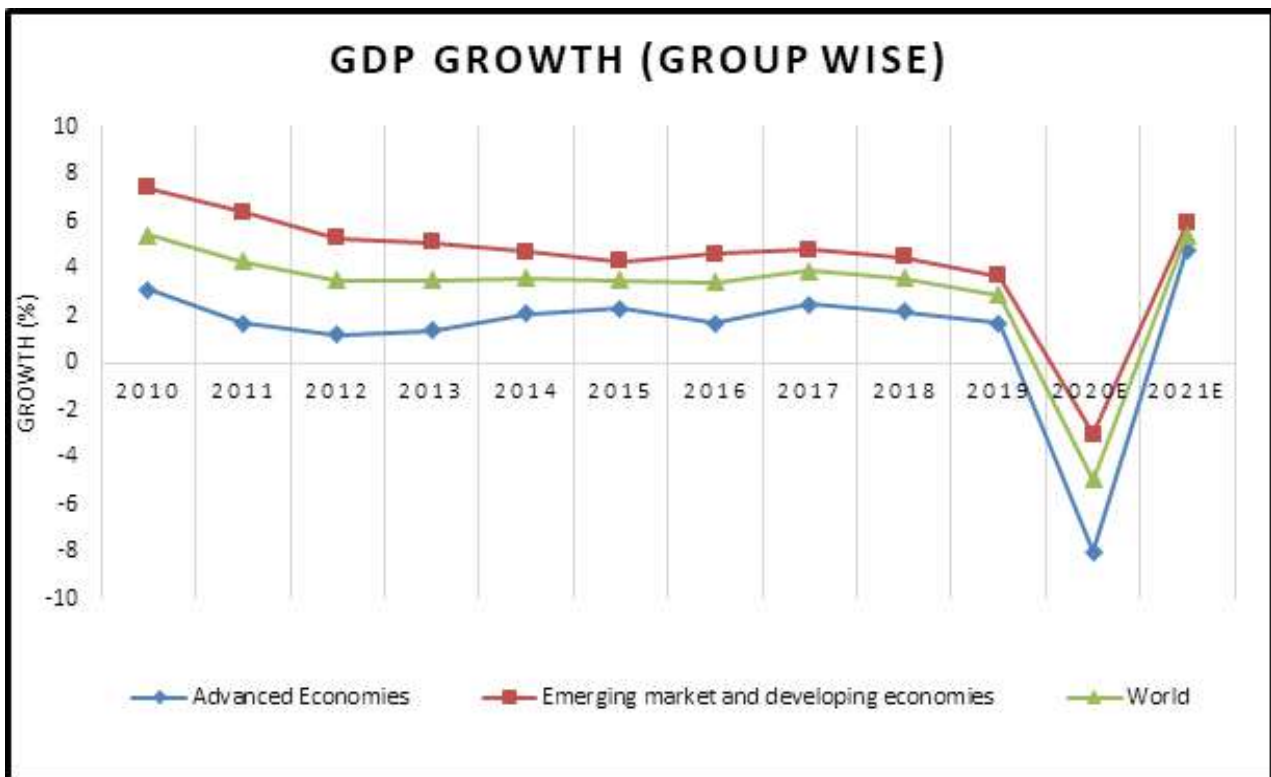


Source: IMF, E=Estimated

## EMERGING ECONOMICS

Among emerging market and developing economies, the hit to activity from domestic disruptions is projected closer to the downside scenario envisaged in April, more than offsetting the improvement in financial market sentiment. The downgrade also reflects larger spillovers from weaker external demand. The downward revision to growth prospects for emerging market and developing economies over 2020–21 (2.8 percentage points) exceeds the revision for advanced economies (1.8 percentage points). Excluding China, the downward revision for emerging market and developing economies over 2020–21 is 3.6 percentage points.

Overall, growth in the group of emerging market and developing economies is forecast at -3.0 percent in FY21, 2 percentage points below the April 2020 WEO forecast. Growth among low-income developing countries is projected at -1.0 percent in FY21, some 1.4 percentage points below the April 2020 WEO forecast, although with differences across individual countries. Excluding a few large frontier economies, the remaining group of low-income developing countries is projected to contract by -2.2 percent in FY21.



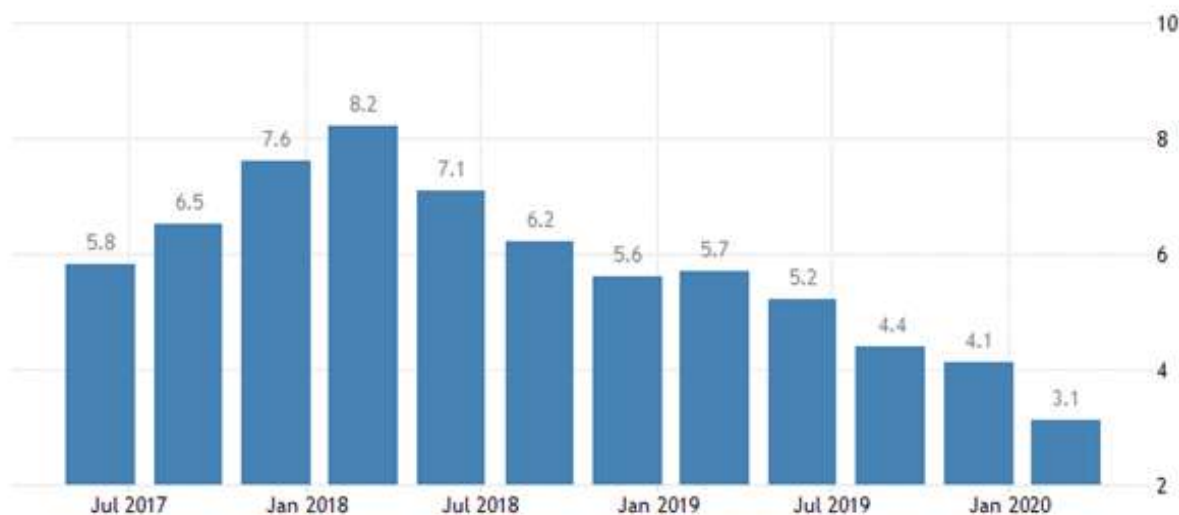
Source: IMF, E=Estimated

For the first time, all regions are projected to experience negative growth in FY21. There are, however, substantial differences across individual economies, reflecting the evolution of the pandemic and the effectiveness of containment strategies; variation in economic structure (for example, dependence on severely affected sectors, such as tourism and oil); reliance on external financial flows, including remittances; and pre-crisis growth trends. In China, where the recovery from the sharp contraction in the first quarter is underway, growth is projected at 1.0 percent in FY21, supported in part by policy stimulus. India's economy is projected to contract by 4.5 percent following a longer period of lockdown and slower recovery than anticipated in April. In Latin America, where most countries are still struggling to contain infections, the two largest economies, Brazil and Mexico, are projected to contract by 9.1 and 10.5 percent, respectively, in 2020. The disruptions due to the pandemic, as well as significantly lower disposable income for oil exporters after the dramatic fuel price decline, imply sharp recessions in Russia (-6.6 percent), Saudi Arabia (-6.8 percent), and Nigeria (-5.4 percent), while South Africa's performance (-8.0 percent) will be severely affected by the health crisis.



## THE INDIAN GROWTH STORY

The Indian economy expanded 3.1 percent year-on-year in the fourth quarter of FY20, beating market forecasts of a 2.1 percent rise. Still, it is the slowest GDP growth as the country imposed a nationwide lockdown from March 24th aiming to contain the spread of the coronavirus. On the expenditure side, faster declines were seen for gross fixed capital formation (-6.5% vs -5.2% in Q4FY20) and exports (-8.5% vs -6.1%) while imports fell at a slower pace (-7% vs -12.4%). Also, both private spending (2.7% vs 6.6%) and inventories (0.5% vs 1.1%) slowed sharply. On the production side, output fell for manufacturing (-1.4% vs -0.8%), the third straight quarter of contraction and construction (-2.2% vs 0%) and slowed for trade, hotels and transportation (2.6% vs 4.3%), finance and real estate (2.4% vs 3.3%) and public administration and defense (10.1% vs 10.9%).



## OUTLOOK

For the first time, all regions are projected to experience negative growth in FY21. In China, where the recovery from the sharp contraction in the first quarter is underway, growth is projected at 1.0%, supported in part by policy stimulus.

IMF is projecting a synchronized deep downturn in 2020 for both advanced economies [-8%] and emerging market and developing economies [-3%; -5% if excluding China], and over 95% of countries are projected to have negative per capita income growth in FY21. The cumulative hit to GDP growth over 2020-21 for emerging market and developing economies, excluding China, is expected to exceed that in advanced economies.

IMF noted that in emerging market economies, the average fiscal response to the pandemic is now estimated at 5% of GDP, sizable but less than in advanced economies. Yet fiscal deficits are projected to widen sharply to 10.5% of GDP on average in 2020, more than double the level last year.

On the upside, better news on vaccines and treatments, and additional policy support can lead to a quicker resumption of economic activity. On the downside, further waves of infections can reverse increased mobility and spending and rapidly tighten financial conditions, triggering debt distress.

## INDIAN FINANCIAL SECTOR HIGHLIGHTS

- On balance of payments basis (i.e., excluding valuation effects), the foreign exchange reserves increased by US\$ 59.5 billion during 2019-20 as compared to an decrease of US\$ 3.3 billion during 2018-19. The Current Account Deficit (CAD) narrowed to 0.9 per cent of GDP in 2019-20 from 2.1 per cent in 2018-19 on the back of the trade deficit which shrank to US\$ 157.5 billion in 2019-20 from US\$ 180.3 billion in 2018-19. Net FDI inflows at US\$ 43.0 billion in 2019-20 were higher than US\$ 30.7 billion in 2018-19.

- Association of Mutual Funds in India (AMFI) reported that average assets managed by the mutual fund industry have grown to Rs.24.71 trillion in March 2020 as from Rs 24.5 trillion in March 2019. As a result of turbulence caused by Covid-19 epidemic in global as well in Indian economy, we experienced a redemption pressure in the month of March 2020 by net outflow of INR 2.13 trillion across all segments. The outflow has pulled down the AUM of the industry to INR 24.71 trillion in March-end from INR 27.23 trillion in February-end. SIP contribution to the industry surged to Rs 100,084 crore in 2019-20, from Rs 92,693 crore in the preceding fiscal up 8 per cent from the preceding fiscal. The industry, on an average, added 9.95 lakh SIP accounts each month during the last financial year, with an average ticket size of Rs 2,750. Investors pumped Rs 81,600 crore into equity-oriented mutual fund (MF) schemes in 2019-20, registering a decline of 27 per cent from Rs 1.12 lakh crore inflows in the preceding fiscal.
- The insurance industry in India has been growing at a steady pace over the past decade and both in the life and non-life segment. . Gross premium collected by life insurance companies in India increased from Rs 2.56 trillion (US\$ 39.7 billion) in FY12 to Rs 7.31 trillion (US\$ 94.7 billion) in FY20. During FY12-FY20, premium from new business of life insurance companies in India increased at a 15% CAGR to reach Rs 2.13 trillion (US\$ 37 billion) in FY20. In life insurance segment, private players had a market share of 31.3 per cent in new business in FY20. Gross direct premiums of non-life insurers in India reached US\$ 27.09 billion in FY20 from US\$ 24.3 billion in FY19. Motor insurance accounted for 36.6% of non-life insurance premiums earned followed by 27.3% share by health insurance in FY20. As per Union Budget 2019-20, 100% foreign direct investment (FDI) was permitted for insurance intermediaries. The current uncertainty around the global pandemic notwithstanding, there is a significant growth potential for insurance with the overall penetration being on the lower side 3.7% when compared with developed countries. Pradhan Mantri Jan ArogyaYojna (PMJAY), the world's largest social health scheme, is expected to provide coverage to around 50 crore people. Over 53.8 million farmers were benefitted under Pradhan MantriFasalBimaYojana (PMFBY) in FY20. As per Union Budget 2019-20 Pradhan Mantri Jan ArogyaYojna (PMJAY) Fund of Rs 6,400 crore (US\$ 887 million) has been allocated for 2020-21.
- The Assets Under Management ('AUM') of combined National Pension Scheme (NPS) and Atal Pension Yojana (APY) touched Rs 4.17 lakh crore with a subscriber base of 3.45 crore as of March 31, 2020. During the FY20, a total of 5.4 lakh new subscribers and 1,617 new corporate entities from non-government sector got enrolled in NPS.
- Micro Units Development and Refinance Agency Bank is a public sector financial institution in India. It provides loans at low rates to micro-finance institutions and non-banking financial institutions which then provide credit to MSMEs. These loans are classified as MUDRA loans under PMMY. Under the aegis of PMMY, MUDRA has created three products namely 'Shishu', 'Kishore' and 'Tarun' to signify the stage of growth / development and funding needs of the beneficiary micro unit / entrepreneur and also provide a reference point for the next phase of graduation / growth. In Financial Year 2019-2020, number of PMMY loans sanctioned was 62237981 and amount disbursed was Rs 337465.13 Crore as against sanctioned Rs 329684.63 crore.

## INDIAN FINANCIAL SERVICES INDUSTRY

- Indian equity market indices rose to record highs in January 2020 backed by the corporate tax rate cut, hopes of earnings recovery and easing US-China trade deal. The rally hit a major roadblock on the news of coronavirus outbreak across the globe
- During 2019-20, the primary securities market recorded a total number of issues of 109, from which Rs. 91366 crore were raised as compared to Rs. 54914 crore raised through 158 issues during 2018-19. The BSE Sensex plunged nearly 23.8 per cent during in the financial year 2020, while the Nifty50 on the National Stock Exchange crashed by 26.03 per cent during same period. Both indices registered the highest yearly loss in FY20 in percentage terms since March-ending financial year 2008-09 (the period of the global financial crisis when the Sensex was down 38 percent and the Nifty 36 percent. It was a dismal year for midcap and small cap stocks, BSE Midcap and Small cap indices saw a fall of 31.72% and 36.06%, respectively in FY20. During 2019-20, the Small and Medium Enterprises (SME) market recorded a total

number of issues of 46, from which Rs. 495 crore were raised as compared to Rs. 1844 crore raised through 110 issues during 2018-19. Foreign portfolio investors (FPIs) negative net investment of (Rs.-29058 )crore in FY20 as compared to negative net investment of ( Rs. -38931 ) crore in FY 19 to Global and domestic causes alike have prompted the flows of funds in 2019-20 from the markets and both the equity and debt segments have witnessed outflow.

## INDIAN BROKING INDUSTRY

- At the industry level, equity turnover at the exchanges increased to Rs. 3,544 trillion in FY2020 from Rs. 2,463 trillion in FY2019, registering a growth of 43.19%. The Average daily turnover (ADTO) increased to Rs. 14.35 trillion from Rs. 9.93 trillion during the same period, registering a staggering growth of 43.9%. The total cash turnover reported growth in FY2020, with a total traded volume of Rs. 96 trillion (Rs.87 trillion in FY2019) registering a YoY growth of 10.72%. The cash segment ADTO increased to Rs. 0.39 trillion from Rs. 0.35 trillion in the same period. Foreign portfolio investors (FPIs) rushed to sell out their holdings in Indian companies during the quarter ended March 2020 following the risk aversion after concerns rose over global economic growth following the spread of the coronavirus pandemic. The assets of the FPIs in India, as reported by the custodians, at the end of March 2020 was Rs 24,90,223 crore, out of which the notional value of offshore derivative instruments (including ODIs on derivatives) was Rs 48,006 crore (or 1.9 % of total assets of FPIs). Domestic institutional investors (DIIs), however, have remained strong buyers thus far and have partially compensated for FII outflows in the market.
- The derivatives or futures and options (F&O) segment, which witnessed a 46% growth in ADTO in FY2020 as compared to growth of 43% in FY2019. The total turnover for the derivatives segment increased to Rs. 3447.95 trillion in FY2020 (ADTO of 13.95 trillion) from Rs2376.02 trillion (ADTO of 9.58 trillion) in FY2019, registering a growth of 45.11%. The options (ADTO) growth rate remained healthy in FY2020, registering a year-on-year (YoY) growth of 50.33%, as against (-0.28%) and 11.17% for the futures and cash segments respectively. The options segment remains the most active in the derivatives market accounting for 94% of the derivatives turnover in FY2020 (91% in FY 2019), with index options accounting for 90% of the derivatives turnover (86% in FY2019).
- Currency Derivative trading volumes increased to Rs. 163.82 trillion (ADTO of Rs. 0.67 trillion) in FY2020 from Rs. 159.17 trillion in FY2019 (ADTO of Rs. 0.66 trillion), registering a growth of 2.92%. Exchange Traded Funds in India have witnessed a net inflow of Rs. 61,423 crore during FY20. Investors remained bullish on gold exchange-traded funds (ETFs) as they pulled in Rs 1614 crore from the instrument in 2019-20, after sixth consecutive financial year of outflow whereas there was a net inflow of Rs 59809 crore in other ETFs in FY20.
- India's commodity market the total turnover for the derivatives future segment increased to Rs. 89.33 trillion in FY2020 from Rs 71.96 trillion in FY2019, registering a growth of 24.12%. The Multi Commodity Exchange (MCX) achieved a record market share of 94.01% in FY20. The Future segment ADTO of MCX increased to Rs. 0.32 trillion in FY20 from Rs. 0.25 trillion in FY19 growth of 26.42%. To help broaden the commodity derivatives market, regulator Sebi's board approved allowing mutual funds and portfolio managers to trade in this segment.

## OUTLOOK

Global economy as well as Indian economy is experiencing a sharp downturn and market crisis due to outbreak of unprecedented infectious disease COVID-19 resulted vanishing the momentum of global growth. The economic challenges and uncertainty will remain high until we come up with effective treatment of coronavirus. The outlook of the broking industry to a great extent is driven by economic condition of country, which is staring at the possibility of low growth due to the outbreak of Covid-19 epidemic. In addition to the pricing pressures and contracting yields, the enhanced monitoring and reporting requirement would also require investment and upgradation of processes, systems and infrastructure and thus would also result in pressure on profitability levels of broking entities. Distribution of financial products would help offset the impact on profitability to some extent. Investors sentiment will remain somber in the second half of 2020. In this slowdown the Investors need to adopt a smart investment

approach and spot opportunity in the current slowdown to create wealth. Corona is not the end of world and as prudent industries will eventually survive and prosper in long run.

## 2019–20

### INDIAN FINANCIAL SECTOR HIGHLIGHTS

- On balance of payments basis (i.e., excluding valuation effects), the foreign exchange reserves increased by US\$ 59.5 billion during 2019–20 as compared to a decrease of US\$ 3.3 billion during 2018–19. The Current Account Deficit (CAD) narrowed to 0.9 per cent of GDP in 2019–20 from 2.1 per cent in 2018–19 on the back of the trade deficit which shrank to US\$ 157.5 billion in 2019–20 from US\$ 180.3 billion in 2018–19. Net FDI inflows at US\$ 43.0 billion in 2019–20 were higher than US\$ 30.7 billion in 2018–19.
- Association of Mutual Funds in India (AMFI) reported that average assets managed by the mutual fund industry have grown to Rs.24.71 trillion in March 2020 as from Rs 24.5 trillion in March 2019. As a result of turbulence caused by Covid-19 epidemic in global as well in Indian economy, we experienced a redemption pressure in the month of March 2020 by net outflow of INR 2.13 trillion across all segments. The outflow has pulled down the AUM of the industry to INR 24.71 trillion in March-end from INR 27.23 trillion in February-end. SIP contribution to the industry surged to Rs 100,084 crore in 2019–20, from Rs 92,693 crore in the preceding fiscal up 8 per cent from the preceding fiscal. The industry, on an average, added 9.95 lakh SIP accounts each month during the last financial year, with an average ticket size of Rs 2,750. Investors pumped Rs 81,600 crore into equity-oriented mutual fund (MF) schemes in 2019–20, registering a decline of 27 per cent from Rs 1.12 lakh crore inflows in the preceding fiscal.
- The insurance industry in India has been growing at a steady pace over the past decade and both in the life and non-life segment. Gross premium collected by life insurance companies in India increased from Rs 2.56 trillion (US\$ 39.7 billion) in FY12 to Rs 7.31 trillion (US\$ 94.7 billion) in FY20. During FY12–FY20, premium from new business of life insurance companies in India increased at a 15% CAGR to reach Rs 2.13 trillion (US\$ 37 billion) in FY20. In life insurance segment, private players had a market share of 31.3 per cent in new business in FY20. Gross direct premiums of non-life insurers in India reached US\$ 27.09 billion in FY20 from US\$ 24.3 billion in FY19. Motor insurance accounted for 36.6% of non-life insurance premiums earned followed by 27.3% share by health insurance in FY20. As per Union Budget 2019–20, 100% foreign direct investment (FDI) was permitted for insurance intermediaries. The current uncertainty around the global pandemic notwithstanding, there is a significant growth potential for insurance with the overall penetration being on the lower side 3.7% when compared with developed countries. Pradhan Mantri Jan Arogya Yojna (PMJAY), the world's largest social health scheme, is expected to provide coverage to around 50 crore people. Over 53.8 million farmers were benefitted under Pradhan Mantri Fasal Bima Yojana (PMFBY) in FY20. As per Union Budget 2019–20 Pradhan Mantri Jan Arogya Yojna (PMJAY) Fund of Rs 6,400 crore (US\$ 887 million) has been allocated for 2020–21.
- The Assets Under Management of combined National Pension Scheme (NPS) and Atal Pension Yojana (APY) touched Rs 4.17 lakh crore with a subscriber base of 3.45 crore as of March 31, 2020. During the FY20, a total of 5.4 lakh new subscribers and 1,617 new corporate entities from non-government sector got enrolled in NPS.
- Micro Units Development and Refinance Agency Bank is a public sector financial institution in India. It provides loans at low rates to micro-finance institutions and non-banking financial institutions which then provide credit to MSMEs. These loans are classified as MUDRA loans under PMMY. Under the aegis of PMMY, MUDRA has created three products namely 'Shishu', 'Kishore' and 'Tarun' to signify the stage of growth / development and funding needs of the beneficiary micro unit / entrepreneur and also provide a reference point for the next phase of graduation / growth. In Financial Year 2019–2020, number of PMMY loans sanctioned was 62237981 and amount disbursed was Rs 337465.13 Crore as against sanctioned Rs 329684.63 crore.

## INDIAN FINANCIAL SERVICES INDUSTRY

- Indian equity market indices rose to record highs in January 2020 backed by the corporate tax rate cut, hopes of earnings recovery and easing US-China trade deal. The rally hit a major roadblock on the news of coronavirus outbreak across the globe
- During 2019-20, the primary securities market recorded a total number of issues of 109, from which Rs 91366 Crore were raised as compared to Rs 54914 Crore raised through 158 issues during 2018-19. The BSE Sensex plunged nearly 23.8 per cent during in the financial year 2020, while the Nifty 50 on the National Stock Exchange crashed by 26.03 per cent during same period. Both indices registered the highest yearly loss in FY20 in percentage terms since March-ending financial year 2008-09 (the period of the global financial crisis when the Sensex was down 38 percent and the Nifty 36 percent). It was a dismal year for midcap and small cap stocks, BSE Midcap and Small cap indices saw a fall of 31.72% and 36.06% respectively in FY20. During 2019-20, the Small and Medium Enterprises (SME) market recorded a total number of issues of 46, from which Rs 495 Crore were raised as compared to Rs 1844 Crore raised through 110 issues during 2018-19. Foreign portfolio investors (FPIs) negative net investment of Rs 29058 crore in FY20 as compared to negative net investment of Rs -38931 crore in FY19 to Global and domestic causes alike have prompted the flows of funds in 2019-20 from the markets and both the equity and debt segments have witnessed outflow.

## INDIAN BROKING INDUSTRY

- At the industry level, equity turnover at the exchanges increased to Rs 3544 Trillion in FY20 from Rs 2463 Trillion in FY19, registering a growth of 43.19%. The Average daily turnover (ADTO) increased to Rs 14.35 Trillion from Rs 9.93 Trillion during the same period, registering a staggering growth of 43.9%. The total cash turnover reported growth in FY20, with a total traded volume of Rs 96 Trillion (Rs.87 trillion in FY19) registering a YoY growth of 10.72%. The cash segment ADTO increased to Rs 0.39 Trillion from Rs 0.35 Trillion in the same period. Foreign portfolio investors (FPIs) rushed to sell out their holdings in Indian companies during the quarter ended March 2020 following the risk aversion after concerns rose over global economic growth following the spread of the coronavirus pandemic. The assets of the FPIs in India, as reported by the custodians, at the end of March 2020 was Rs 24,90,223 crore, out of which the notional value of offshore derivative instruments (including ODIs on derivatives) was Rs 48,006 crore (or 1.9 % of total assets of FPIs). Domestic institutional investors (DIIs), however, have remained strong buyers thus far and have partially compensated for FII outflows in the market.
- The derivatives or futures and options (F&O) segment, which witnessed a 46% growth in ADTO in FY2020 as compared to growth of 43% in FY19. The total turnover for the derivatives segment increased to Rs 3447.95 Trillion in FY20 (ADTO of 13.95 trillion) from Rs 2376.02 Trillion (ADTO of 9.58 trillion) in FY19, registering a growth of 45.11%. The options (ADTO) growth rate remained healthy in FY20, registering a year-on-year (YoY) growth of 50.33%, as against (-0.28%) and 11.17% for the futures and cash segments respectively. The options segment remains the most active in the derivatives market accounting for 94% of the derivatives turnover in FY20 (91% in FY19), with index options accounting for 90% of the derivatives turnover (86% in FY19).
- Currency Derivative trading volumes increased to Rs 163.82 Trillion (ADTO of Rs 0.67 Trillion) in FY20 from Rs 159.17 Trillion in FY19 (ADTO of Rs 0.66 Trillion), registering a growth of 2.92%. Exchange Traded Funds in India have witnessed a net inflow of Rs 61,423 Crore during FY20. Investors remained bullish on gold exchange-traded funds (ETFs) as they pulled in Rs 1614 Crore from the instrument in 2019-20, after sixth consecutive financial year of outflow whereas there was a net inflow of Rs 59809 crore in other ETFs in FY20.
- India's commodity market the total turnover for the derivatives future segment increased to Rs 89.33 Trillion in FY20 from Rs 71.96 Trillion in FY19, registering a growth of 24.12%. The Multi Commodity Exchange (MCX) achieved a record market share of 94.01% in FY20. The Future segment ADTO of MCX increased to Rs 0.32 Trillion in FY20 from Rs 0.25 Trillion in FY19 growth of 26.42%. To help broaden the commodity derivatives market, regulator Sebi board approved

allowing mutual funds and portfolio managers to trade in this segment.

## Outlook

Global economy as well as Indian economy is experiencing a sharp downturn and market crisis due to outbreak of unprecedented infectious disease COVID-19 resulted vanishing the momentum of global growth. The economic challenges and uncertainty will remain high until we come up with effective treatment of coronavirus. The outlook of the broking industry to a great extent is driven by economic condition of country, which is staring at the possibility of low growth due to the outbreak of Covid-19 epidemic. In addition to the pricing pressures and contracting yields, the enhanced monitoring and reporting requirement would also require investment and up-gradation of processes, systems and infrastructure and thus would also result in pressure on profitability levels of broking entities. Distribution of financial products would help offset the impact on profitability to some extent. Investors sentiment will remain somber in the second half of 2020. In this slowdown the Investors need to adopt a smart investment approach and spot opportunity in the current slowdown to create wealth. Corona is not the end of world and as prudent industries will eventually survive and prosper in long run.

**DIRECTOR'S  
REPORT**

**2019-2020**

## DIRECTORS' REPORT

### Dear Members,

The Board of Directors of your Company "Master Trust Limited" (MTL) are pleased to present their thirty fifth Annual Report of the company along with the annual audited consolidated and standalone financial statement for the financial year ended 31st March, 2020.

### 1. Financial Highlights

The summary of the consolidated and standalone financial results of the Company for the financial year ended 31st March, 2020 and the previous financial year ended 31st March, 2019 is given below:

(₹ In Millions)

Particulars	For the Year Ended			
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	Consolidated		Standalone	
<b>Gross Income</b>	<b>1358.62</b>	<b>1344.58</b>	<b>76.99</b>	<b>82.98</b>
Profit Before Depreciation, finance cost & Tax	328.31	342.36	62.85	69.81
Less: Depreciation	16.03	14.76	0.17	0.35
Finance Cost	177.90	132.29	53.30	48.54
<b>Profit Before Tax</b>	<b>134.38</b>	<b>195.31</b>	<b>9.39</b>	<b>20.92</b>
Less: Provision for Tax (Tax Expenses)	11.28	27.93	1.33	2.43
<b>Profit for the year (A)</b>	<b>123.10</b>	<b>167.41</b>	<b>8.06</b>	<b>18.49</b>
Profit for the year attributable to:				
- Owners of the Company (i)	123.09	166.25	8.06	18.49
- Non-controlling interests (ii)	0.01	1.16	-	-
<b>Other comprehensive income ('OCI') (B)</b>	<b>(47.53)</b>	<b>(27.57)</b>	<b>53.99</b>	<b>106.28</b>
<b>Total Comprehensive income/Profit for the year (A+B)=(C)</b>	<b>75.57</b>	<b>139.84</b>	<b>62.05</b>	<b>124.77</b>
<b>Balance of Profit brought forward from previous year (D)</b>	<b>1342.32</b>	<b>1179.94</b>	<b>127.93</b>	<b>113.32</b>
<b>Profit Available for Appropriations (A(i)+D)</b>	<b>1465.41</b>	<b>1346.19</b>	<b>135.99</b>	<b>131.81</b>
<b>Appropriations</b>				
Transfer to Statutory Reserve	(2.09)	(3.71)	(1.85)	(3.71)
<b>Balance Profit carried forward to balance sheet (Retained Earning)</b>	<b>1463.36</b>	<b>1342.32</b>	<b>134.18</b>	<b>127.93</b>

### 2. Performance Highlights

The Company's consolidated gross revenue from operations for FY 2019-20 was Rs. 1358.62 million compared to Rs. 1344.58 million in the previous year, increased by 1.04% over the previous year. The Company earned a consolidated net profit after tax of Rs. 123.10 million, decreased by 26.47% as against a net profit after tax of Rs. 167.41 million in the previous year.

The Company's standalone gross revenue for FY 2019-20 was Rs. 76.99 million, decreased by 7.22% over the previous year's revenue of Rs. 82.98 million. The Company earned a net profit after tax of Rs. 8.06 million, decreased by 56.41%, as against a net profit after tax of Rs. 18.49 million in the previous year.

The consolidated basic and diluted earnings per share for the current year decreased to Rs. 5.66 per share as compared to Rs. 7.64 per share in the previous year

### 3. Dividend

The Board of Directors has not recommended a dividend for the financial year ended 31.03.2020.



#### 4. Outlook

For the first time, all regions are projected to experience negative growth in FY21. In China, where the recovery from the sharp contraction in the first quarter is underway, growth is projected at 1.0%, supported in part by policy stimulus.

IMF is projecting a synchronized deep downturn in 2020 for both advanced economies [-8%] and emerging market and developing economies [-3%; -5% if excluding China], and over 95% of countries are projected to have negative per capita income growth in FY21. The cumulative hit to GDP growth over 2020-21 for emerging market and developing economies, excluding China, is expected to exceed that in advanced economies.

IMF noted that in emerging market economies, the average fiscal response to the pandemic is now estimated at 5% of GDP, sizable but less than in advanced economies. Yet fiscal deficits are projected to widen sharply to 10.5% of GDP on average in 2020, more than double the level last year.

On the upside, better news on vaccines and treatments, and additional policy support can lead to a quicker resumption of economic activity. On the downside, further waves of infections can reverse increased mobility and spending and rapidly tighten financial conditions, triggering debt distress.

#### 5. Reserves

During the period under review there was a net transfer of Rs. 2.00 million to Statutory Reserves.

#### 6. Management Discussion and Analysis Report

The Management Discussion and Analysis Report for the year under review as required under Regulation 34 of SEBI (LODR) Regulations, 2015 is given as a separate statement forming part of the Annual Report.

#### 7. Human Resource Development

The Company has a team of able and experienced professionals and is always following the policy of creating a healthy environment and work culture resulting into harmonious inter-personnel relations. The relations at all levels of the Company have remained very cordial throughout the year.

#### 8. Board Committee

Details of all the following Committees constituted by the Board along with their composition, terms of reference and meeting held during the year are provided in the Report on Corporate Governance which forms part of this Report:

##### (i) Audit Committee

The Audit Committee of the Board of Directors of the Company consists of 3 Non- Executive Independent Directors viz. Mr. Ashwani Kumar, Mr. Anil Kumar Bhatia and Mr. Pawan Kumar Chhabra. All the Members of Audit Committee are financially literate and have accounting knowledge to interpret and understand the financial statements.

No recommendation of the Audit Committee has been rejected by the Board of Directors of the Company during the period under review.

Mr. Anil Kumar Bhatia is the Chairman of the Committee.

##### (ii) Nomination & Remuneration Committee

The Nomination & Remuneration Committee of the Board of Directors of the Company consists of 3 Non-Executive Directors viz. Mr. Rajinder Kumar Singhania, Mr. Pawan Chhabra & Mr. Anil Kumar Bhatia, out of which 2 Directors are Independent Director, who are free from any business or other relationships

Mr. Anil Kumar Bhatia is the Chairman of the Committee.

##### (iii) Stakeholders Relationship Committee

The Stakeholders Relationship Committee of the Board of Directors of the Company consists of 3 Non-Executive Directors viz. Mr. Rajinder Kumar Singhania, Mrs. Harneesh Kaur Arora and Mr. Anil

Kumar Bhatia.

Mr. Rajinder Kumar Singhania is the Chairman of the Committee.

## 9. Board of Directors/Key Management Personnel (KMPs)

### (A) Board of Directors

#### (i) Retirement by Rotation

In accordance with the provisions of Section 152 of the Companies Act, 2013 and in accordance with the Articles of Association of the Company, Mr. Rajinder Kumar Singhania, Director of the Company, retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible offer himself for re-appointment. Notice convening the Annual General Meeting includes the proposal for his re-appointment as the Director.

#### (ii) Board of Directors

As on the date of this report, the Company's Board consists of the following Directors:-

Managing Director	Mr. Harjeet Singh Arora
Non-Executive Directors	Mrs. Harneesh Kaur Arora Mr. Rajinder Kumar Singhania Mr. Gurmeet Singh Chawla
Independent Directors	Mr. Anil Bhatia Mr. Ashwani Kumar Mr. Pavan Kumar Chhabra

During the period under review, Mr. Sudhir Kumar and Mr. Anil Kumar Malhotra resigned from the directorship of the company w.e.f. 14.11.2019 and 14.02.2020 respectively due to personal reasons.

### (B) KMP's

There is no change in the KMPs during the year under review and in terms of the provisions of Section 203 of Companies Act, 2013, Mr. Harjeet Singh Arora, Managing Director, Mr. Vikas Gupta, Company Secretary and Mr. Sunil Kumar, CFO are the KMPs of the Company.

## 10. Statement on Declaration by Independent Directors under Section 149(6)

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

### Familiarization Programme for Independent Director

The Board Members are provided with necessary documents/brochures, reports and internal policies to enable them to familiarize with the Company's procedures and practices. The details of such familiarization programmes for Independent Directors are posted on the website of the Company and can be accessed at <https://www.mastertrust.co.in/invester.aspx>.

## 11. Number of meetings of the Board of Directors

Regular meetings of the Board are held to discuss and decide on various business policies, strategies and other businesses. During the year seven (7) meetings of Board of Directors were held viz. on 08.04.2019, 30.05.2019, 08.07.2019, 14.08.2019, 13.09.2019, 13.12.2019 and 14.02.2020.

The separate meeting of the Independent Directors of the Company was also held on 14.02.2020 other than the Board Meetings mentioned.

## 12. Board Evaluation

The Board of Directors of your Company recognizes and accepts that Board is accountable to the public to ensure that they are operating in an effective manner. Care is taken to avoid that the Board does not fall into the "same old way of doing things". Therefore, one of the few ways to identify and

address the problem is for the Board to conduct a self-evaluation.

The Nomination and Remuneration Committee of the Company has approved the Annual Evaluation Plan for the Board, Committees and Individual Directors. The Board including its committees and members shall evaluate itself once a year, whether there are apparent major problems or not. Each member of the Board shall complete a form which comprises of objective questions on certain parameters such as their own roles and responsibilities in the Company, Strategic Leadership, Accountability, Board Processes and Board Performance. The responses shall be discussed among members of Board, Committees and at Individual level. The exercise shall be led by the Chairman along with a Senior Independent Director of the Company.

The results of the Evaluation shall be shared with the Board, Chairman of respective Committees and individual Director based on the outcome of the Evaluation, the Board and Committees shall agree on the action plan to improve on the identified parameter. The evaluation in terms of the plan has been completed during the period under review.

### **13. Deposits**

During the year under review, the Company has neither invited nor accepted any deposits from the public within the meaning of Section 73 of the Companies Act, 2013 and the Rules made there under and as such, no amount on account of principal or interest on Public Deposits was outstanding on the date of the Balance Sheet.

### **14. Material Changes and Commitments affecting the financial position Of the Company**

There have been no material changes and commitments, affecting the financial position of the Company which have occurred between the end of the financial year of the Company i.e. March 31st, 2020 to which the financial statements relate and the date of this Report.

### **15. Significant and Material Orders passed by the Regulators or Courts or Tribunals Impacting the Going Concern Status and Company's Operations in Future**

There is no any Significant and Material Orders passed by the Regulators or Courts or Tribunals that Impacting the Going Concern Status and Company's Operations in Future for the year ended 31.03.2020.

### **16. Report on Corporate Governance**

The Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirements set out by SEBI. The Company has also implemented several best Corporate Governance practices as prevalent globally.

The Report on Corporate Governance for the financial year ended March 31, 2020 as stipulated under Part C of Schedule V of the SEBI (LODR) Regulations, 2015 forms part of the Annual Report.

The requisite Certificate from the Auditors of the Company confirming the compliance with the regulations of Corporate Governance as stipulated under PART E of the SEBI (LODR) Regulations, 2015 forms part of this Report.

### **17. Directors' Responsibility Statement**

Pursuant to the provisions of Section 134 of the Companies Act 2013 with respect to Directors' Responsibility Statement, the Directors hereby confirm that:

- a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- d) Internal financial controls to be followed by the Company had been laid down and such internal financial controls are adequate and are operating effectively;
- e) The Directors had prepared the annual accounts on a going concern basis; and
- f) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## 18. Listing / De-listing of Shares

The Shares of your Company are presently listed on the Bombay Stock Exchange Limited (BSE), Mumbai (and the Annual Listing Fees for the year 2020-2021 has already been paid to it.

## 19. Splits/Sub-division of Shares

During the year, the Company has Sub – Divided each equity share of the Company of face value of Rs. 10/- (Rupees Ten only) fully paid up in to 2 equity shares of face value of Rs. 5 (Rupees Five only) each fully paid up.

The Company has taken the approval of the Members of the Company through Postal Ballot passed on 12.08.2019 under section 61(1)(d) of the Companies Act, 2013 for sub-division of existing each equity share of face value of Rs.10/- fully paid up into two equity shares of face value of Rs.5/- each fully paid up.

## 20. Share Capital

The paid-up Equity Share Capital as on March 31, 2020 was Rs. 1087.66 Lakhs. During the year under review, the Company has not issued any shares. The Company has not issued shares with differential voting rights.

## 21. Audit and Auditors

### I. Statutory Auditors and Auditors Report

In terms of Section 139 of the Act, M/s C. S. Arora & Associates, Chartered Accountants, were appointed as statutory auditors of the Company for a period of five (5) years in the AGM held on 29.09.2017 from the conclusion of the Thirty Second Annual General Meeting until the conclusion of the Thirty Seventh Annual General Meeting to be held for the year 2021-22.

The Audit Report of M/s C. S. Arora & Associates on the Financial Statements of the Company for FY 2019-20 is a part of the Annual Report. There are No qualifications, reservations or adverse remarks or disclaimers made by the Statutory Auditors in their Audit Report for the financial year 2019-20. The Statutory Auditors have not reported any incident of fraud to the Audit Committee of the Company during the financial year 2019-2020. The Auditors' Report on the Accounts of the Company for the period under review is self – explanatory and no comments are required.

### II. Secretarial Auditors

Pursuant to the requirements of Section 204 of the Act read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 24A of the Listing Regulations, the Company had appointed M/s. Rajeev Bhambri & Associates, Company Secretaries in Practice, Ludhiana, for conducting Secretarial Audit for the year 2019-2020. The Secretarial Audit Report for the financial year ended March 31, 2020 is part of this Annual Report. There are no qualifications, reservations, adverse remarks or disclaimers made by Secretarial Auditors, in their Audit Report.

Pursuant to circular No. CIR/CFD/CMD1/27/2019 dated February 8, 2019, issued by Securities and Exchange Board of India (SEBI), the company has obtained Annual Secretarial Compliance Report, from Practising Company Secretaries on compliance of all applicable SEBI Regulations and circulars / guidelines issued there under and the copy of the same has submitted with the Stock Exchanges within the prescribed due date.

### III. Internal Auditors

Mr. Amit Sharma-Assistant Manager, of the Company was appointed by the Board of Directors

as Internal Auditor of the Company to assist in internal audit with the audit processes and internal audit reviews for the Company for FY 2019-20.

#### **IV. Cost Auditors and Maintenance of Cost Records**

The Company is NBFC Company and not required to maintain cost records as specified by the Central Government as per Section 148(1) of the Companies Act, 2013 and Rule 3 of the Companies (Cost Records and Audit) Rules, 2014.

#### **22. Corporate Social Responsibility (CSR)**

The provisions of Section 135 of Companies Act, 2013 are not applicable on the Company.

#### **23. Financial Control Systems and its Adequacy**

The Board has adopted accounting policies which are in line with Section 133 of the Act rules made there under. The Company has a proper and adequate system of internal control, to ensure that all assets are safeguarded, properly utilized and protected against loss from un-authorized use or disposition and those transactions are authorized and recorded by the concerned departments properly and reported to the Audit Committee/Board correctly.

The Company has also in place adequate internal financial controls with reference to financial statements. Such controls are tested from time to time and no reportable material weakness in the design or operation has been observed so far.

#### **24. Details of Subsidiary/Joint Ventures/Associate Companies**

The Company has the following six (6) subsidiary/Step-down Subsidiary companies as on 31.03.2020:

- 1) Master Infrastructure and Real Estate Developers Limited (Subsidiary)
- 2) Master Capital Services Limited (Subsidiary)
- 3) Master Insurance Brokers Limited (Subsidiary)
- 4) H. A. Shares & Stock Brokers Limited (Subsidiary)
- 5) Master Commodity Services Limited (Step down Subsidiary)
- 6) Master Portfolio Services Limited (Step down Subsidiary)

The Company however does not have any Joint Venture or Associate Company.

#### **25. Performance and financial position of each of the subsidiaries, associates and joint venture companies included in the consolidated financial statement.**

The summary of performance of the subsidiaries of the Company is provided below:

##### **i. MASTER CAPITAL SERVICES LIMITED (MCSL)**

In the current year of operations FY 2019-20, MCSL posted increase in total revenues. MCSL's total revenue during the year under review increased by 7.26% to Rs. 1092.97 million from Rs. 1018.96 million in the previous year FY 2018-19.

MCSL's net profit, during the current year, decreased by 14.58% to Rs. 37.10 million from Rs. 43.43 million in previous year.

##### **ii. MASTER COMMODITY SERVICES LIMITED (MCOMSL)**

In the current year of operations FY 2019-20, MCOMSL's total revenue during the year under review decreased by 2.18% to Rs. 93.10 million from Rs. 95.17 million in the previous year FY 2018-19.

MCOMSL net profit, during the current year, decreased by 24.92% to Rs. 6.96 million as compared to Rs. 9.27 million in previous year.

##### **iii. MASTER INFRASTRUCTURE AND REAL ESTATE DEVELOPERS LIMITED (MIREDL)**

MIREDL's total revenue during the year under review decreased by 5.88% to Rs. 95.94 million from

Rs. 101.90 million in the previous year FY 2018-19.

MIREDL's net profit, during the current year also decreased by 52.99% to Rs. 14.74 million from Rs. 31.36 million in previous year.

#### **iv. H.A. SHARES & STOCK BROKERS LTD (HASSBL)**

In the current year of operations FY 2019-20, HASSBL's total revenue during the year under review decreased to Rs. 7.10 from Rs. 14.10 million in the previous year FY 2018-19.

HASSBL net profit, during the current year also decreased to Rs. 0.025 million from Rs. 2.36 million in previous year.

#### **v. MASTER INSURANCE BROKERS LTD (MIBL)**

In the current year of operations FY 2019-20, MIBL posted increase in total revenues. MIBL's total revenue during the year under review increased by 63.51% to Rs. 26.08 million from Rs. 15.95 million in the previous year FY 2018-19.

MIBL's net profit during the current year also increased to Rs. 8.62 million from Rs. 2.59 million, registering an increase by 232.82%.

#### **vi. MASTER PORTFOLIO SERVICES LIMITED (MPSL)**

In the current year of operations FY 2019-20, MPSL's revenue during the year under review decreased by 29.40% to Rs. 39.09 million from Rs. 55.37 million in the previous year FY 2018-19.

MPSL's net profit, during the current year, decreased by 96.55% to Rs. 0.051 million from Rs. 1.48 million in previous year.

Pursuant to the provisions of Section 129 (3) of the Companies Act, 2013 and rules made there under, a statement containing salient features of financial statements of subsidiaries in Form AOC 1 is attached to the Accounts. The separate audited financial statements in respect of each of the subsidiary companies and step down subsidiary shall be kept open for inspection at the Registered Office of the Company during working hours for a period of 21 days before the date of the Annual General Meeting. Your Company will also make available these documents upon request by any Member of the Company interested in obtaining the same. The separate audited financial statements in respect of each of the subsidiary companies are also available on the website of your Company at <https://www.mastertrust.co.in/investor.aspx>.

### **26. Particulars of Employees and Related Information**

During the period under review, no employee of the Company received salary in excess of the limits as prescribed under the Act.

Accordingly, no particulars of employees are being given pursuant to Section 134 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended.

In accordance with the provisions of Section 197(12) of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement containing the disclosures pertaining to remuneration and other details as required under the Act and the above Rules, form part of this Boards' Report.

As per the provisions of Section 136(1) of the Act, the reports and accounts are being sent to the Members of the Company excluding the information regarding employee remuneration as required pursuant to Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The same is available for inspection by Members at the Registered Office of the Company on all working days except up to the date of the Thirty Fourth Annual General Meeting. Any Member interested in obtaining such information may write to the Company Secretary and the same will be furnished on such request and such particulars shall be made available by the company within three days from the date of receipt of such request from shareholders.

### **27. Particulars of Loans, Guarantees or Investments**

Pursuant to Section 186(11) of the Companies Act, 2013 the investment and lending activities of a Non Banking Financial Company in the ordinary course of its business are exempted. Particulars, if any, of investments made, loans and guarantees given and securities provided are given in the notes to the standalone financial statements.

## **28. Related Party Transactions (Particulars of Contracts or Arrangements with Related Parties)**

All Related Party Transactions that were entered into during the financial year were on arm's length basis, in the ordinary course of business and were in compliance with the applicable provisions of the Act and the Listing Regulations, majority of which were with wholly owned subsidiaries of the Company. All related party transactions as required under AS-18 are reported in Notes to the Standalone Financial Statements and Notes to the Consolidated Financial Statements of the Company.

Pursuant to Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014, there are no related party transactions that are required to be reported under Section 188(1) of the Act and no material Related Party Transactions were entered into during the financial year by the Company.

Therefore, the disclosure of Related Party Transactions as required under Section 134(3)(h) of the Act in Form AOC-2 is not applicable to the Company.

The Company has a policy on Related Party Transactions in place which is in line with the Act and the Listing Regulations and the same is also available on the Company's website at <https://www.mastertrust.co.in/investor.aspx>.

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

The Company being engaged in the financial services activities, its operations are not energy intensive nor does it require adoption of specific technology and hence information in terms of Section 134(3)(m) of the Act read with the Companies (Accounts) Rules, 2014 is not applicable to the Company. Nevertheless, the Company is vigilant on the need for conservation of energy.

During the financial year ended 31.03.2020, there is no Foreign Exchange Earnings and Outgo.

## **30. Annual Return**

Pursuant to the requirements under Section 92(3) and Section 134(3) of the Act read with Rule 12 of the Companies (Management and Administration) Rules, 2014, an extract of Annual Return in prescribed Form MGT-9 is uploaded on the website of the Company can be accessed at <https://www.mastertrust.co.in/investor.aspx>.

## **31. Vigil Mechanism/Whistle Blower Policy**

Pursuant to the provisions of Section 177 (9) & (10) of the Companies Act, 2013 and Schedule V of SEBI (LODR) Regulations, 2015, The Company has established a vigil mechanism to provide appropriate avenues to the directors and employees to bring to the attention of the Management, their genuine concerns about behavior of employees. Details of Vigil Mechanism/Whistle Blower are included in the report on Corporate Governance.

During the financial year 2019-20, no cases under this mechanism were reported to the Company and/or to any of its subsidiaries/associate.

A copy of the Vigil Mechanism/Whistle Blower as approved by the board may be accessed at <https://www.mastertrust.co.in/investor.aspx>.

## **32. Policy on Material Subsidiaries**

The Policy for determining material subsidiaries as approved by the Board of Directors can be accessed on the Company's website at <https://www.mastertrust.co.in/investor.aspx>.

## **33. Insider Trading Regulations**

Based on the requirements under SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information ("Code of Fair Disclosure") and the Code of Conduct to regulate, monitor and

report trading by insiders for designated persons and their immediate relatives ("Code of Conduct") as approved by the Board are in force by the Company. The objective of this Code is to protect the interest of shareholders at large, to prevent misuse of any price sensitive information and to prevent any insider trading activity by dealing in shares of the Company by its Directors, Designated employees and Specified Persons. The Company also adopts the concept of Trading Window Closure, to prevent it for designated persons and their immediate relatives from trading in the securities of the Company (Insider Trading) at the time when there is unpublished price sensitive information.

### **34. Nomination and Remuneration Policy**

The Company's Nomination and Remuneration Policy formulated by the Nomination and Remuneration Committee deals with the appointment and remuneration of Directors and KMPs of the Company. The policy also covers the criteria for determining qualifications, positive attributes, independence of a Director and KMP. In terms of Section 134(3) (e) of Companies Act, 2013 the Nomination and Remuneration Policy of the Company is annexed herewith and forms part of this Annual Report.

### **35. Risk Management**

The Board of Directors of your Company has formulated the risk management policy which seeks to identify risks inherent in business operations of the Company and provides guidelines to define, measure, report, control and mitigate the identified risks.

The objective of Risk Management is to create and protect shareholder value by minimizing threats or losses, and identifying and maximizing opportunities. An enterprise-wide risk management framework is applied so that effective management of risks is an integral part of every employee's job.

The Board's role under the policy is to ensure framing, implementing and monitoring risk management plan, having in place systems for risk management as part of internal controls. It is the duty of Independent Directors to bring unbiased angle to the Board's deliberations on making risk management systems more robust. On the other hand, Audit Committee's role is Evaluate the risk management systems.

As a financial intermediary, the Company is exposed to risks that are particular to its lending business and the environment within which it operates. Company's goal in risk management is to ensure that it understands measures and monitors the various risks that arise and that the organization adheres strictly to the policies and procedures which are established to address these risks. The Company is primarily exposed to credit risk, market risk, liquidity risk, operational risk and legal risk.

The Company has a structured and standardized credit approval process, which includes a well-established procedure of comprehensive credit appraisal. In addition, the Company attempts to mitigate operational risk by maintaining a comprehensive system of internal controls, establishing systems and procedures to monitor transactions, maintaining key back-up procedures and undertaking regular contingency planning. As regards legal risk, the Company seeks to minimize legal risk by using stringent legal documentation, employing procedures designed to ensure that transactions are properly authorized and consulting internal and external legal advisor. The Company also conducts a comprehensive analysis of our loan portfolio on a periodic basis. The analysis considers both qualitative and quantitative criteria including, among others, the account conduct, future prospects, repayment history and financial performance. This comprehensive analysis includes an account by account analysis of the entire loan portfolio, and an allowance is made for any probable loss on each account. In estimating the allowance, we consider the net realizable value on a present value basis by discounting the future cash flows over the expected period of recovery. Further, we also consider past history of loan losses and value of underlying collateral.

### **36. Prevention of Sexual Harassment at Workplace**

The Company has Zero tolerance towards any action on the part of any employee which may fall under the ambit of 'Sexual Harassment' at workplace, and is fully committed to uphold and maintain



the dignity of every women working in the Company.

During the year under review, no complaints were received from any of the employees and no complaints were pending at the beginning of the year.

### **37. Managing Director (MD) and Chief Financial Officer (CFO) Certificate**

In terms of the Listing Regulations, the certificate, as prescribed in Part B of Schedule II of the said Regulations, has been obtained from the Chief Financial Officer and Managing Director of the Company, for the financial year 2019-20 with regard to the financial statements and other matters. The said certificate forms part of this Annual Report.

### **38. Dividend Distribution Policy**

Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') is not applicable on the Company.

### **39. Secretarial Standards of ICSI**

The Directors have devised proper systems and processes for complying with the requirements of applicable Secretarial Standards issued by the Institute of Company Secretaries of India ('ICSI') and that such systems were adequate and operating effectively

### **40. Emergence of Covid-19**

Towards the end of the financial year, the World Health Organization (WHO) declared Covid-19 a pandemic and the outbreak, which infected millions, has resulted in deaths of a significant number of people globally. Covid-19 is seen having an unprecedented impact on people and economies worldwide.

The Company is taking all necessary measures in terms of mitigating the impact of the challenges being faced in the business. The Company is working towards being resilient in order to sail through the current situation.

### **41. Fixed Deposits**

The Company has not accepted any deposits from the public during the year under review. No amount on account of principal or interest on deposits from the public was outstanding as on March 31, 2020.

### **42. Reporting of Frauds by Auditors**

During the year under review, the Statutory Auditors, Cost Auditors and Secretarial Auditors have not reported any instances of frauds committed in the Company by its Officers or Employees, to the Audit Committee under Section 143(12) of the Act, details of which needs to be mentioned in this Report.

### **43. Annual Evaluation of Board Performance and Performance of its Committees and of Directors:**

Pursuant to the applicable provisions of the Act, Listing Regulations and Governance Guidelines, the Board has carried out an annual evaluation of its own performance, performance of the Directors as well as the evaluation of the working of its Committees.

The NRC has defined the evaluation criteria, procedure and time schedule for the Performance Evaluation process for the Board, its Committees and Directors.

The performance of the Board and individual Directors was evaluated by the Board after seeking inputs from all the Directors. The performance of the Committees was evaluated by the Board after seeking inputs from the Committee Members.

The criteria for performance evaluation of the Board included aspects such as Board composition and structure, effectiveness of Board processes, contribution in the long term strategic planning, etc. The criteria for performance evaluation of the Committees included aspects such as structure and composition of Committees, effectiveness of Committee meetings, etc.

The above criteria for evaluation were based on the Guidance Note issued by Securities and

Exchange Board of India ('SEBI'). In a separate Meeting, the independent Directors evaluated the performance of Non-Independent Directors and performance of the Board as a whole. They also evaluated the performance of the Managing Director taking into account the views of Non-Executive Directors. The NRC reviewed the performance of the Board, its Committees and of the Directors.

The same was discussed in the Board Meeting that followed the Meeting of the independent Directors and NRC, at which the feedback received from the Directors on the performance of the Board and its Committees was also discussed.

Significant highlights, learning and action points with respect to the evaluation were discussed by the Board.

#### **44. Acknowledgment**

The Directors place on record the gratitude for the guidance and support extended by BSE Limited, National Securities Depository Limited, Central Depository Services (India) Limited, Association of Investment Bankers of India, Bombay Stock Exchange Brokers Forum (BBF) and Association of Mutual Funds of India and other Forum and Associations.

The Directors also place on record their sincere appreciation and express their gratitude for the continued support extended by the bankers, Clients, Advisors, Business Associates etc., for their continued and valuable co-operation and support to the Company from time to time and the trust reposed by them in the Master Trust Group.

Your Directors also wish to express their gratitude to investors for the faith that they continue to repose in the Company.

Recognizing the challenging work environment, the Directors also place on record, their appreciation for the dedication and commitment displayed by the employees of the Company and its subsidiaries across all levels.

#### **For and on behalf of the Board Director**

**R. K. Singhania**  
Director  
DIN-00077540

**Harjeet Singh Arora**  
Managing Director  
DIN-00063176

Place : Ludhiana

Date : 28.08.2020

## Policy for Director's Appointment and Criteria for determining Independence of a Director

### Background

Master Trust Limited (hereinafter referred as the 'Company') practices a corporate culture that is based on the tenets of trusteeship, empowerment, accountability, control and ethical practices with transparency at its core for creation of maximum value for the stakeholders.

### Brief Overview under Companies Act, 2013

{Section 178 & Companies [Meetings of Board and its Powers] Rules 2014}

- Constitution of the Nomination and Remuneration Committee consisting of three or more non-executive directors out of which not less than one-half shall be independent directors.
- The Nomination and Remuneration Committee shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.
- The Nomination and Remuneration Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and senior management personnel i.e. employees at one level below the Board including functional heads.

### Nomination and Remuneration Policy

This Nomination and Remuneration Policy is being formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and the Listing Agreement, as amended from time to time. This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Nomination and Remuneration Committee (NRC or the Committee) and has been approved by the Board of Directors in its meeting held on 30th day of May 2014.

### Definitions

**"Remuneration"** means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961;

**"Key Managerial Personnel" means":**

- i) Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-time Director;
- ii) Company Secretary;
- iii) Chief Financial Officer; and
- iv) Such other officer as may be prescribed.

"Senior Managerial Personnel" means the personnel of the company who are members of its core management team excluding Board of Directors Normally, this would comprise all members of management of rank equivalent to General Manager and above, including all functional heads.

### Objective

The objective of the policy is to ensure that:

- The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

- Remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

### **Role of the Committee**

The role of the NRC will be the following:

- To formulate criteria for determining qualifications, positive attributes and independence of a Director.
- To formulate criteria for evaluation of Independent Directors and the Board.
- To identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down in this policy.
- To carry out evaluation of Director's performance.
- To recommend to the Board the appointment and removal of Directors, KMP and Senior Management.
- To devise a policy on Board diversity, composition and size.
- Succession planning for replacing Key Executives and overseeing their orientation and successful alignment with the philosophy of the Company.
- To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.
- To perform such other functions as may be necessary or appropriate for the performance of its duties.

### **APPOINTMENT AND REMOVAL OF DIRECTOR, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT**

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend his / her appointment, as per Company's Interview and Selection procedure.
- b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has authority to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the position.
- c) The Company shall not appoint or continue the employment of any person as the M.D or Whole-time Director or a manager who has attained the age of seventy years Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution.

### **Term and Tenure**

#### **a) Managing Director/Whole-time Director:**

The Company shall appoint or re-appoint any person as its Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

**Rotation:** Non-Executive Directors of the Company shall be liable to retire by rotation subject to the employment agreement, if any signed between the company and such Directors of the Company at the time of appointment.

#### **b) Independent Director:**

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms of upto maximum of 5 years each, but such Independent Director shall be eligible for appointment after expiry of three

years of ceasing to become an Independent Director.

Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

**Rotation:** An Independent Director shall not be liable to retire by rotation pursuant to the provisions of sub-sections (6) and (7) of section 152 of the Companies Act, 2013.

#### **EVALUATION**

The Committee shall carry out evaluation of performance of Director, KMP and Senior Management Personnel yearly.

#### **REMOVAL**

The Committee may recommend with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the Companies Act, 2013, rules and regulations.

#### **RETIREMENT**

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

## **POLICY FOR REMUNERATION TO DIRECTORS / KMP / SENIOR MANAGEMENT PERSONNEL**

### **1. Remuneration to Managing Director / Whole-time Directors:**

- a) The Remuneration / Commission etc. to be paid to Managing Director / Whole-time Directors, etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force and the approvals obtained from the Members of the Company.
- b) The Nomination and Remuneration Committee shall make such recommendations to the Board of Directors, as it may consider appropriate with regard to remuneration to Managing Director / Whole-time Directors.

### **2. Remuneration to Non-Executive/Independent Directors:**

- a) The Non-Executive / Independent Directors may receive sitting fees and such other remuneration as permissible under the provisions of Companies Act, 2013. The amount of sitting fees shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.
- b) All the remuneration of the Non-Executive / Independent Directors (excluding remuneration for attending meetings as prescribed under Section 197 (5) of the Companies Act, 2013) shall be subject to ceiling/limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force. The amount of such remuneration shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors or shareholders, as the case may be.
- c) An Independent Director shall not be eligible to get Stock Options and also shall not be eligible to participate in any share based payment schemes of the Company.
- d) Any remuneration paid to Non-Executive / Independent Directors for services rendered which are of professional in nature shall not be considered as part of the remuneration for the purposes of clause (b) above if the following conditions are satisfied:
  - i) The Services are rendered by such Director in his capacity as the professional; and
  - ii) In the opinion of the Committee, the director possesses the requisite qualification for the practice of that profession.

### **3) Remuneration to Key Managerial Personnel and Senior Management:**

- a) The remuneration to Key Managerial Personnel and Senior Management shall consist of fixed pay and incentive pay, in compliance with the provisions of the Companies Act, 2013 and in accordance with the Company's HR Policy.
- b) The Compensation Committee of the Company, constituted for the purpose of administering the Employee Stock Option/ Purchase Schemes, shall determine the stock options and other share based payments to be made to Key Managerial Personnel and Senior Management.
- c) The Fixed pay shall include monthly remuneration, employer's contribution to Provident Fund, contribution to pension fund, pension schemes, etc. as decided from to time.
- d) The Incentive pay shall be decided based on the balance between performance of the Company and performance of the Key Managerial Personnel and Senior Management, to be decided annually.

### **IMPLEMENTATION**

- The Committee may issue guidelines, procedures, formats, reporting mechanism and manuals in supplement and for better implementation of this policy as considered appropriate.
- The Committee may Delegate any of its powers to one or more of its members.

**DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

- a) The ratio of the remuneration of the Managing Director to the median remuneration of the employees of the company for the financial year was 12.84:1. No other Director of the Company is being paid any remuneration.
- b) The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year.

<b>S. No.</b>	<b>Name of Director /KMP and Designation</b>	<b>% increase in Remuneration in the Financial Year 2019-20</b>
1	Mr. Harjeet Singh Arora (Managing Director)	No Change
2	Mr. Sunil Kumar (CFO)	No Change
3	Mr. Vikas Gupta (Company Secretary)	No Change

- c) There was an increase of 4.07% in the median remuneration of employees in the financial year 2019-20 vis-a vis financial year 2018-19.
- d) The Company had 14 permanent employees on the rolls of the Company.
- e) Average percentage increase made in the salaries of employees other than the managerial personnel in financial year 2019-20 was 0.14%. Whereas the increase in the managerial remuneration for the same financial year was nil.
- f) Affirmed that the remuneration is as per the remuneration policy of the company.

**Certificate of Compliance of the Code of Conduct of the Company**

I, Harjeet Singh Arora, Managing Director of "Master Trust Limited" hereby declare that all the members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct, as applicable to them, for the year ended March 31, 2020.

Place: Ludhiana  
Date: 28.08.2020

Sd/-  
**(Harjeet Singh Arora)**  
Managing Director  
DIN- 00063176

## CEO/CFO Certificate

Pursuant to regulation 17 (8) of SEBI (LODR) regulations, 2015, we hereby certify that:

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

**For and on behalf of the Board of Master Trust Limited**

Sd/-  
**(Sunil Kumar)**  
 Chief Financial Officer

Sd/-  
**(Harjeet Singh Arora)**  
 Managing Director  
 DIN- 00063176

Place : Ludhiana  
 Date : 28.08.2020



## Practicing Company Secretary's Certificate

Practicing Company Secretary's Certificate on compliance with the conditions of Corporate Governance under Schedule V of the SEBI (LODR) regulations, 2015.

To  
The Members of  
**Master Trust Limited**

I have examined the compliance of conditions of Corporate Governance by MASTER TRUST LIMITED ('the Company'), for the year ended on 31st March, 2020, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of sub regulation (2) of regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as "SEBI Listing Regulations, 2015").

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

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI (LODR) regulations, 2015 for the year ended on March 31, 2020.

I further state that this certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **Rajeev Bhambri & Associates**  
Practicing Company Secretaries

Sd/-  
**(Rajeev Bhambri)**  
Proprietor  
CP No. 9491

Place: Ludhiana  
Date: 27.08.2020

## CERTIFICATE OF NON DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI  
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

To  
The Members of  
**Master Trust Limited**

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of "Master Trust Limited" having CIN L65991PB1985PLC006414 and having registered office at Master Chambers, SCO 19, Feroze Gandhi Market, Ludhiana-141001 (PB) (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in Co.
1	HARJEET SINGH ARORA	00063176	30/12/1998
2	RAJINDER KUMAR SINGHANIA	00077540	01/04/1992
3	GURMEET SINGH CHAWLA	00087449	01/02/2020
4	HARNEESH KAUR ARORA	00089451	27/11/1998
5	PAVAN KUMAR CHHABRA	00104957	05/01/1994
6	ASHWANI KUMAR	00030307	31/12/2005
7	ANIL BHATIA	00254117	30/09/2006

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Rajeev Bhambri & Associates**  
Practicing Company Secretaries

Sd/-  
**(Rajeev Bhambri)**  
Proprietor  
CP No. 9491

Place: Ludhiana

Date: 27.08.2020

## SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2020

[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,  
**Master Trust Limited,**  
 SCO 19, Master Chambers,  
 Feroze Gandhi Market,  
 Ludhiana - 141001.

(CIN: L65991PB1985PLC006414)

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

Based on our verification of the Company's 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, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2020 ('Audit Period') 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:

We 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, 2020, to the extent applicable and according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) SEBI (Prohibition of Insider Trading) Regulations, 1992 and SEBI (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and amendments from time to time
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (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; and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- vi) We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with laws relating to, inter alia:
- All labour laws;
  - Securities and Exchange Board of India (Stock Brokers and Sub-Brokers) Rules, 1992

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India to the extent of its applicability.
- (ii) The Listing Agreement entered into by the Company with the BSE Limited read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

### **We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors took place during the period under review were carried out in compliance with the provisions of the act. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously or by the majority as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

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

We further report that during the audit period the Company has no specific events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

The Company is governed by Non Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016 with respect to acceptance of deposits. Accordingly, the amount of Rs.58.02 million which appears in Note 15 of the Consolidated Financial Statements under the head 'Loans and Advances from Related Parties' are exempted under Direction 3(xv) of Non Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016 prescribing the definition of 'public deposit' under the said Directions.

### **Rajeev Bhambri & Associates**

Company Secretary in whole time practice

C.P. No. 9491

Place: Ludhiana

Dated: 27.08.2020

**Note: This report is to be read with our letter of even date which is annexed as 'ANNEXURE A' and forms an integral part of this report.**

## 'ANNEXURE A'

[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,  
**Master Trust Limited,**  
SCO 19, Master Chambers,  
Feroze Gandhi Market,  
Ludhiana - 141001.

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

1. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
2. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company as we have relied upon the Audit done by Statutory Auditors as required under Companies Act, 2013.
3. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
4. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
5. 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.

### **Rajeev Bhambri & Associates**

Company Secretary in whole time practice

C.P. No. 9491

Place: Ludhiana

Dated: 27.08.2020

## Report on Corporate Governance

In compliance with Part C of Schedule V of the SEBI (LODR) Regulations, 2015 the Company hereby lays out several corporate governance related requirements, which listed companies are required to adopt and follow.

While most of the practices laid out in Part C of Schedule V of the SEBI (LODR) Regulations, 2015 require mandatory compliance, others are recommendatory in nature, this Report sets out to define the governance practice followed by the Company.

### 1. CORPORATE GOVERNANCE

Corporate Governance is about promoting the fairness, transparency, accountability, commitment to values, ethical business conduct and about considering all stakeholders' interests while conducting the business. It represents the value framework, principles, rules, practices by which a company conducts its business activities. Corporate Governance essentially involves balancing the interests of many stakeholders in a company which include its shareholders, management, customers, suppliers, financiers, government and the community.

### 2. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

In order to ensure sustainable returns to all stakeholders of the business, it is imperative, especially for large organizations, to adopt and follow certain policies, procedures and processes, which together constitute a "Code of Corporate Governance." It is important that such a Code is institutionalized, to ensure transparency, consistency and uniformity of decision making processes and actions. Master Trust Limited has always believed in such a "Sound" Code of Corporate Governance, as a tool for highest standards of management and business integrity.

### 3. BOARD OF DIRECTORS

#### A. Composition:

The present strength of the Board consists of 7 Directors who are professionals and are drawn from diverse fields. The majority of the Directors of the Board are Non- Executive Directors. The day to day Management of the Company is conducted by the Managing Director of the company subject to the supervision and control of the Board of Directors.

Three Non-Executive Independent Directors, drawn from amongst persons with experience in business, finance, technology and management.

Three Non-Executive Directors with considerable experience in their field representing the Company.

#### B. The names of Directors and their Directorship / Committee Chairmanship / Committee membership in other public limited companies as on 31.03.2020.

The composition and categories of Directors as on March 31, 2020 as also the number of Directorships/Chairpersonships and Committee positions held by them in other public limited companies and the names of the listed entities where they hold Directorship and the category of such Directorship are given below:

Name of the Director & DIN	Category of Directorship in the Company	No. of Directorships held in Other public Ltd. Companies*	No of Directorship in other listed entities **	No. of Board Committees' memberships held in Other Listed Co. **	No of post of Chairperson in other Listed Co.**
Mr. Harjeet Singh Arora (DIN: 00063176)	Managing Director	7	2	2	1
Mr. R. K. Singhanian (DIN: 00077540)	Non Executive Director	6	2	1	1
Mrs. Harneesh Kaur Arora (DIN: 00089451)	Non Executive Director	6	1	1	0
Mr. G.S. Chawla (DIN: 00087449)	Non Executive Director	4	1	0	0

Mr. Pavan Kumar Chhabra (DIN:000104957)	Independent Non Executive Director	5	1	1	0
Mr. Ashwani Kumar (DIN: 00030307)	Independent Non Executive Director	1	2	2	1
Mr. Anil Kumar Bhatia (DIN: 00254117)	Independent Non Executive Director	0	1	2	1

\*Excludes Directorships/Chairpersonships in Associations, Private Limited Companies, Foreign Companies, Government Bodies, Companies registered under Section 8 of the Act and Alternate Directorships.

\*\* Represents Chairpersonships/Memberships of Audit and Stakeholders Relationship Committees in all public limited companies as required under Regulation 26(1)(b) of the Listing Regulations.

**Note:**

- 1) Mrs. Harneesh Kaur Arora, Non-Executive Director is the spouse of Mr. Harjeet Singh Arora, Managing Director.
- 2) For the purpose of SEBI (LODR) Regulations, 2015, the Committees considered are only the Audit Committee and the Shareholders/ Investors Grievance Committee of Public Limited Companies.

Details of Directorship held by the Directors in other Companies:

Sr. No.	Name	Directorships/controlling Shareholding in other Companies*
1	Mr. Harjeet Singh Arora	PRIME INDUSTRIES LIMITED MASTER CAPITAL SERVICES LIMITED MASTER INSURANCE BROKERS LIMITED MASTER PROJECTS LTD MASTER INFRASTRUCTURE AND REAL ESTATE DEVELOPERS LIMITED MASTER COMMODITY SERVICES LIMITED MASTER PORTFOLIO SERVICES LIMITED MASTER SHARE AND STOCK BROKERS LIMITED
2	Mr. Rajinder Kumar Singhania	PRIME INDUSTRIES LIMITED MASTER CAPITAL SERVICES LIMITED MASTER INSURANCE BROKERS LIMITED MASTER PROJECTS LTD MASTER INFRASTRUCTURE AND REAL ESTATEDVELOPERS LIMITED MASTER COMMODITY SERVICES LIMITED MASTER PORTFOLIO SERVICES LIMITED
3	Mr. Pavan Chhabra	MASTER CAPITAL SERVICES LIMITED MASTER INSURANCE BROKERS LIMITED MASTER INFRASTRUCTURE AND REAL ESTATEDVELOPERS LIMITED MASTER COMMODITY SERVICES LIMITED PAAWAN CAPITAL SERVICES LIMITED
4	Mr. Gurmeet Singh Chawla	MASTER CAPITAL SERVICES LIMITED MASTER INSURANCE BROKERS LIMITED MASTER COMMODITY SERVICES LIMITED MASTER PORTFOLIO SERVICES LIMITED
5	Mrs. Harneesh Kaur Arora	EMINENT BUILDWELL PRIVATE LIMITED H.K. ARORA REAL ESTATE SERVICES PRIVATE LIMITED ARORA FINANCIAL SERVICES PRIVATE LIMITED MASTER SHARE & STOCK BROKERS LIMITED SAINTCO INDIA PRIVATE LIMITED H.A. SHARES & STOCK BROKERS LIMITED
6	Mr. Ashwani Kumar	PRIME INDUSTRIES LIMITED DANDM COMPONENTS LIMITED
7	Mr. Anil Kumar Bhatia	Nil

\* Excludes Directorships in Associations, Private Limited Companies, Foreign Companies, Government Bodies, Companies registered under Section 8 of the Act and Alternate Directorships.

### C. Board Meeting

During the year seven (7) meetings of Board of Directors were held viz. on 08.04.2019, 30.05.2019, 08.07.2019, 14.08.2019, 13.09.2019, 13.12.2019 and 14.02.2020. The necessary quorum was present for all the meetings.

#### Attendance of Directors in Board Meeting:

Name of the Director & DIN Category	Category of Directorship	No. of Meeting Eligible to Attend	No. of Board Meetings Attended	Attendance at the last AGM
Mr. Harjeet Singh Arora (DIN: 00063176)	Managing Director	7	7	Present
Mr. R. K. Singhania (DIN: 00077540)	Non Executive Director	7	7	Present
Mrs. Harneesh Kaur Arora (DIN: 00089451)	Non Executive Director	7	6	Absent
Mr. G.S. Chawla (DIN: 00087449)	Non Executive Director	7	5	Absent
Mr. Pavan Kumar Chhabra (DIN:000104957)	Independent Non Executive Director	7	3	Absent
Mr. Ashwani Kumar (DIN: 00030307)	Independent Non Executive Director	7	1	Absent
Mr. Anil Kumar Bhatia (DIN: 00254117)	Independent Non Executive Director	7	3	Absent
Mr. Sudhir Kumar* (DIN: 00305360) Up to 14.11.2019	Independent Non Executive Director	5	3	Present
Mr. Anil Kumar Malhotra* (DIN: 00455951) Up to 14.02.2020	Independent Non Executive Director	6	4	Absent

\*Mr. Sudhir Kumar and Mr. Anil Kumar Malhotra resigned from the directorship of the company w.e.f. 14.11.2019 and 14.02.2020 respectively due to personal reasons.

### D. Declaration of Independence of Board:

Based on the confirmation/disclosures received from the Directors and on evaluation of the relationships disclosed, all the Non-Executive Independent Directors are independent in terms of the Provisions of section 149(6) of Companies Act, 2013 and Regulation of SEBI (LODR) Regulation, 2015.

### E. Separate Meeting of Independent Directors

Separate meeting of the Independent Directors of the Company was held on 14th February, 2020 without the presence of the Non-Executive Directors, the Managing Director and the management team of the Company. The meeting was attended by all the Independent Directors. The matters considered and discussed thereat, inter alia, included those prescribed under Schedule IV to the Act and Regulation 25 of SEBI (LODR) Regulation, 2015.

### F. Familiarization Program for Independent Directors

The Company has in place the familiarization program for the Independent Directors appointed from time to time. The program aims to familiarize the Independent Directors with various aspects of the Company including the nature of the financial services industry, operations and performance of the Company's subsidiaries; developments within group companies; roles, rights, responsibilities of Independent Directors; and other relevant information required by Independent Directors to discharge their functions.

The Managing Directors and business heads of the Company and its subsidiaries make business presentations at the Board meetings to update the Independent Directors with the strategy, functions, operations and performance of the Company and its subsidiaries.

The Company's Policy of conducting the familiarization program and details of such familiarization programme imparted to independent is placed on the website viz., [www.mastertrust.co.in](http://www.mastertrust.co.in).

### G. Code of Conduct

The Company has adopted the Code of Conduct ("Code") which applies to all the Board members and the Senior Management Personnel. It is the responsibility of all the Board



members and Senior Management Personnel to familiarize themselves with the Code and comply with its provisions. The Code has been circulated to all the members of the Board and Senior Management Personnel and they have confirmed compliance with the Code. The Code of Conduct has framed and formulated by the Company for members of the Board and Senior Management Personnel and placed on the website viz., [www.mastertrust.co.in](http://www.mastertrust.co.in).

The declaration signed by the Managing Director to this effect forms part of this Report.

#### 4. COMMITTEES OF THE BOARD

The Board has constituted the following Committees to take informed decisions in the best interests of the Company. These Committees monitor the activities falling within their terms of reference. Specific terms of reference have been laid out for each of these Committees and reviewed annually:

- Audit Committee.
- Nomination and Remuneration Committee.
- Stakeholders' Relationship Committee.

#### 5. AUDIT COMMITTEE

##### Composition

The terms of reference of the Audit Committee are, as contained in section 177(4) of the Companies Act, 2013, and also as contained in SEBI (LODR) Regulations, 2015.

To ensure the composition & independence of the Committee as per the Companies Act, 2013, the Audit Committee consists of 3 Non-Executive Independent Directors viz. Mr. Ashwani Kumar, Mr. Pavan Kumar Chhabra and Mr. Anil Kumar Bhatia. All the Members of Audit Committee are financially literate and have accounting knowledge to interpret and understand the financial statements. Mr. Anil Kumar Bhatia is the Chairman of the Audit Committee. The Committee reconstituted with said members in board meeting held on 14.02.2020.

The Audit Committee meetings are held at the Registered Office of the Company and Statutory Auditor, Company Secretary and Head of Accounts Department are permanent invitees to the meetings. The terms of reference of the Audit Committee are specified on the pattern as contained in Section 177 of the Companies Act, 2013 and also in the SEBI (LODR) Regulations, 2015. The Company Secretary of the Company acts as the secretary of the Committee.

##### Meetings and Attendance

The Audit Committee met four (5) times during the financial year 2019-20 on 30.05.2019, 14.08.2019, 13.09.2019, 13.12.2019 and 14.02.2020. The required quorum was present for all the Audit Committee meetings. The gap between two meetings did not exceed 120 days.

The attendance at the Meetings was as under:

Name of the Member	Position	No. of Meetings Eligible to Attend	No. of Meetings attended
Mr. Anil Kumar Bhatia	Chairman**	2	2
Mr. Ashwani Kumar	Member	5	1
Mr. Sudhir Kumar*	Member	3	2
Mr. Anil Kumar Malhotra*	Member	5	5
Mr. Pavan Kumar Chhabra	Member	0	0

\*Mr. Sudhir Kumar and Mr. Anil Kumar Malhotra resigned from the directorship of the company and from the membership of the Committee w.e.f. 14.11.2019 and 14.02.2020 respectively due to personal reasons.

\*\* Mr. Anil Kumar Bhatia elected as the chairman of the Committee pursuant to reconstitution of the Committee in Board Meeting held on 14.02.2020.

#### 6. NOMINATION & REMUNERATION COMMITTEE

##### Composition and Meeting

The Nomination and Remuneration Committee ("the NRC") is constituted in accordance with Section 178 of the Act and applicable rules thereto and in accordance with Regulation 19 of the Listing Regulations. The members of the NRC consists of three (3) Non-executive Directors viz. Mr. Rajinder Kumar Singhania, Mr. Pavan Kumar Chhabra & Mr. Anil Kumar Bhatia and of which two (2) are independent directors who are free from any business or other relationships. The Committee is chaired by Mr. Anil Kumar Bhatia, an Independent Director. The Committee reconstituted with said members in board meeting held on 13.12.2019.

The terms of reference includes Scope and Functions of the Nomination & Remuneration Committee are, as contained in section 178 of the Companies Act, 2013 and also as contained in SEBI (LODR) Regulations, 2015.

The Committee meets 3 (Three) time during the financial year 2019-2020 on 08.04.2019, 13.09.2019 and 14.02.2020.

**The attendance at the Meetings was as under:**

Name of the Member	Position	No. of Meetings Eligible to Attend	No. of Meetings attended
Mr. R. K. Singhania	Chairman	3	3
Mr. Anil Kumar Bhatia	Member	1	1
Mr. Pavan Kumar Chhabra	Member	1	0
Mr. Sudhir Kumar*	Member	2	2

\*Mr. Sudhir Kumar resigned from the directorship of the company and from the membership of the Committee w.e.f. 14.11.2019 due to personal reasons.

## 7. STAKEHOLDERS RELATIONSHIP COMMITTEE

### Composition

The Stakeholders' Relationship Committee (SRC) constituted in accordance with Section 178 of the Companies Act, 2013 and applicable rules thereto and Regulation 20 of the Listing Regulations comprises three Non-executive Director. The Committee is chaired by Mr. Rajinder Kumar Singhania and other Members are Mrs. Harneesh Kaur Arora and Mr. Anil Kumar Bhatia. The Chairman of the Committee was present at the last Annual General Meeting. The Company Secretary of the Company acts as the Secretary to the Committee.

### Meetings and Attendance

The Committee meets one time during the financial year 2019-2020, to deal with the investor related matters etc. The terms of reference of the Stakeholders Relationship Committee are in accordance with the SEBI (LODR) Regulations, 2015 as amended from time to time. During the year, no stakeholder's complaints were received. There were no outstanding investor complaints as on 31st March 2020.

The Committee meets one time during the financial year 2019-2020 on 14.02.2020.

## 8. Director's Remuneration

### Managing Director

The Company paid remuneration to the Managing Director as recommended by the Nomination and Remuneration Committee and as approved by the members of the Company. Detail of remuneration paid to the Managing Director during the Financial Year 2019-2020 is given below:-

Name of Director	Designation	Salary	Perquisites	Total
Mr. Harjeet Singh Arora	Managing Director	4.80	0.00	4.84
<b>Total</b>		<b>4.80</b>	<b>0.00</b>	<b>4.84</b>

### Non-Executive Directors

Non Executive Directors do not have any pecuniary relationship or transactions with the Company.

Non Executive Directors have not been paid any remuneration during the financial year.

### Shares held by the Non- Executive Directors

Details of Equity Shares of the Company held by the Non-Executive Directors as on 31st March 2020.

Name of the Director	Category	No. of Equity Shares held
Mr. R.K. Singhania	Non Executive Director	51,60,714
Mrs. Harneesh Kaur Arora	Non Executive Director	24,30,020
Mr. G.S. Chawla	Non Executive Director	Nil
Mr. Pavan Chhabra	Independent Non Executive Director	Nil
Mr. Ashwani Kumar	Independent Non Executive Director	Nil
Mr. Anil Kumar Bhatia	Independent Non Executive Director	Nil

### 9. Code of Conduct

The Board has laid down a Code of Conduct for all Board Members and Senior Management of the Company. All Board Members and Senior Management Personnel have affirmed compliance with the applicable Code of Conduct. The Declaration signed by the Managing Director of the Company to this effect is enclosed and form part of this report. The Code has been posted on the Company's website [www.mastertrust.co.in](http://www.mastertrust.co.in).

### 10. Risk Management

The Company has established an effective risk assessment and minimization procedures, which are reviewed by the Board periodically. There is a structure in place to identify and mitigate various risks faced by the Company from time to time. New risks are identified and after their assessment their controls are designed, put in place with specific responsibility of the concerned person for its timely achievement.

### 11. General Body Meetings

The details of last three Annual General Meetings and the Special Resolutions passed there at are given below:

Financial Year	Meeting	Date & Venue	Time	Whether Special Resolutions passed	Summary of Special Resolutions passed
2018-2019	Annual General Meeting	30.09.2019 1st Floor, Building of Ludhiana Stock & Capital Ltd. (formerly Ludhiana Stock Exchange Ltd.) Feroze Gandhi Market, Ludhiana – 141001, Punjab	11.00 A.M.	Yes	Re-Appointment of Mr. Anil Kumar Bhatia, Mr. Ashwani Kumar, Mr. Pavan Kumar Chhabra, Mr. Sudhir Kumar and Mr. Anil Kumar Malhotra as an independent directors for second term of five consecutive years.
2017-2018	Annual General Meeting	29.09.2018 Hotel Silver Stone, D-Block, SCO 14-15, Dugri Road Model Town Extension, Model Town, Punjab -141002.	11.00 A.M.	No	NIL
2016-2017	Annual General Meeting	29.09.2017 Hotel Silver Stone, D-Block, SCO 14-15, Dugri Road Model Town Extension, Model Town, Punjab -141002.	11.00 A.M.	No	NIL

All the resolutions were passed with required majority for passing them as a special resolution.

During the period under review, the Company has not proposed/passed any special resolution to be conducted through postal ballot.

## 12. Disclosures

During the year, there was no significant transaction with the Directors, management, their relatives etc. that have any potential conflict with the interest of the Company at large.

- Related Parties and transactions with them as required under Accounting Standard 18 (AS-18) are furnished under Note No. 31 of the Notes to the Accounts attached with the Financial Statements for the year ended 31st March, 2020. All related party transactions are negotiated on an arms' length basis, and are intended to further the Company's interests.
- No treatment different from accounting standards prescribed by the Institute of Chartered Accountants of India, has been followed while preparing the financial statements. The Guidelines on Accounting Standards issued under the Companies (Accounting Standards) Rules, 2006 have been followed in preparation of the financial statements of the company.
- The Company has complied with the mandatory requirements of SEBI(LODR) Regulations, 2015 and has not followed the non mandatory requirements.
- The Policy on dealing with related party transactions and the Policy for determining material subsidiaries as approved by the Board of Directors may be accessed on the Company's website at <http://mastertrust.co.in/investor.aspx>.
- The Board of Directors periodically reviewed the compliance of all applicable laws and steps taken by the Company to rectify instances of non-compliance, if any. The Company is in compliance with all mandatory requirements of listing regulations. The Company has submitted quarterly compliance report on Corporate Governance with Stock Exchanges, in accordance with the requirements of Regulation 27(2)(a) of the SEBI(LODR) Regulations, 2015
- Corporate Governance Report for the whole of financial year is given in table below :

### I. Disclosure on website in terms of Listing Regulations:

Item	Compliance Status (Yes / No / NA)
Details of business	Yes
Terms and conditions of appointment of independent directors	Yes
Composition of various committees of board of directors	Yes
Code of conduct of board of directors and senior management personnel	Yes
Details of establishment of vigil mechanism/ Whistle Blower policy	Yes
Criteria of making payments to non-executive directors	NA
Policy on dealing with related party transactions	Yes
Policy for determining 'material' subsidiaries	Yes
Details of familiarization programmes imparted to independent directors	Yes
Contact information of the designated officials of the listed entity who are responsible for assisting and handling investor grievances	Yes
E-mail address for grievance redressal and other relevant details	Yes
Financial results	Yes
Shareholding pattern	Yes

Details of agreements entered into with the media companies and/or their associates	NA
Schedule of analyst or institutional investor meet and presentations made by the listed entity to analysts or institutional investors simultaneously with submission to stock exchange	NA
New name and the old name of the listed entity	NA
Advertisements as per regulation 47 (1)	Yes
Credit rating or revision in credit rating obtained	NA
Separate audited financial statements of each subsidiary of the listed entity in respect of a relevant financial year	Yes
Whether company has provided information under separate section on its website as per Regulation 46(2)	Yes
Materiality Policy as per Regulation 30	Yes
Dividend Distribution policy as per Regulation 43A (as applicable)	NA
It is certified that these contents on the website of the listed entity are correct	Yes

## II. Annual Affirmations:

Item	Regulation Number	Compliance status (Yes / No / NA)
Independent director(s) have been appointed in terms of specified criteria of 'independence' and/or 'eligibility'	16(1)(b) & 25(6)	Yes
Board composition	17(1), 17(1A) & 17(1B)	Yes
Meeting of Board of directors	17(2)	Yes
Quorum of Board meeting	17(2A)	Yes
Review of Compliance Reports	17(3)	Yes
Plans for orderly succession for appointments	17(4)	Yes
Code of Conduct	17(5)	Yes
Fees/compensation	17(6)	Yes
Minimum Information	17(7)	Yes
Compliance Certificate	17(8)	Yes
Risk Assessment & Management	17(9)	Yes
Performance Evaluation of Independent Directors	17(10)	Yes
Recommendation of Board	17(11)	Yes
Maximum number of Directorships	17A	Yes
Composition of Audit Committee	18(1)	Yes
Meeting of Audit Committee	18(2)	Yes
Composition of nomination & remuneration committee	19(1) & (2)	Yes
Quorum of Nomination and Remuneration Committee meeting	19(2A)	Yes

Meeting of Nomination and Remuneration Committee	19(3A)	Yes
Composition of Stakeholder Relationship Committee	20(1), 20(2) & 20(2A)	Yes
Meeting of Stakeholders Relationship Committee	20(3A)	Yes
Composition and role of risk management committee	21(1),(2),(3),(4)	NA
Meeting of Risk Management Committee	21(3A)	NA
Vigil Mechanism	22	Yes
Policy for related party Transaction	23(1),(1A),(5),(6),(7) & (8)	Yes
Prior or Omnibus approval of Audit Committee for all related party transactions	23(2), (3)	Yes
Approval for material related party transactions	23(4)	NA
Disclosure of related party transactions on consolidated basis	23(9)	Yes
Composition of Board of Directors of unlisted material Subsidiary	24(1)	Yes
Other Corporate Governance requirements with respect to subsidiary of listed entity	24(2),(3),(4),(5) & (6)	Yes
Annual Secretarial Compliance Report	24(A)	Yes
Alternate Director to Independent Director	25(1)	NA
Maximum Tenure	25(2)	Yes
Meeting of independent directors	25(3) & (4)	Yes
Familiarization of independent directors	25(7)	Yes
Declaration from Independent Director	25(8) & (9)	Yes
D & O Insurance for Independent Directors	25(10)	NA
Memberships in Committees	26(1)	Yes
Affirmation with compliance to code of conduct from members of Board of Directors and Senior management personnel	26(3)	Yes
Disclosure of Shareholding by Non-Executive Directors	26(4)	Yes
Policy with respect to Obligations of directors and senior management	26(2) & 26(5)	Yes

### 13. Whistle Blower policy

The Company has a Vigil mechanism/Whistle blower policy under which the employees are free to report violations of applicable laws and regulations and the Code of Conduct of the Company.

All disclosures should be addressed to the Chairman of the Audit Committee of the Company. The Chairman of the Audit Committee discuss the disclosure with Members of the Audit Committee and if deemed fit, forward the disclosure to an Investigator for investigation. During the year under review, no employee was denied access to the Audit Committee. A copy of the Vigil mechanism/Whistle blower policy as approved by the board may be accessed at <https://www.mastertrust.co.in/investor.aspx>

### 14. Means of Communication

The Company communicates with the shareholders at large through its Annual Report, publication of financial results and by filing of various reports and returns with the statutory bodies like Stock Exchange and Registrar of Companies. The quarterly results are published in Desh Sewak and

Financial Express and are displayed on the website of the Company at <https://www.mastertrust.co.in/invester.aspx>

## 15. Audit Qualifications

The Audit qualifications pertaining to the financial results are self – explanatory and require no comments.

## 16. General Information for Shareholders

**a. Corporate Identification No.(CIN)** : L65991PB1985PLC006414

### b. Annual General Meeting :

The 35th Annual General Meeting of Master Trust Limited will be held on Tuesday the 29th day of September 2020, at 11:00 A. M. at the Registered Office of the Company at Master Chambers, SCO 19, Feroze Gandhi Market, Ludhiana-141001 (PB)

**c. Date of Book Closure** : 24th September, 2020 - 29th September, 2020 (both days inclusive)

**d. Financial Year(Tentative)** : 1st April, 2020 to 31st March,2021

Tentative calendar of events for the Financial Year 2020-21are

First Quarterly Results : On or Before 15th September, 2020.\*

Second Quarterly Results : On or Before 14th November, 2020.

Third Quarterly Results : On or Before 14th February, 2021.

Audited Results for theyear2020-21 : On or Before 30th May, 2021.

\* Due Date Extended by the SEBI for the declaration of June Quarter Result.

e. Information regarding dividend payment date:

The Board of Directors of the Company has not recommended a dividend for the Current Year.

f. Listing: The securities of the Company are listed on the following Stock Exchange:

The Bombay Stock Exchange Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai. The listing fee has been paid to the said Stock Exchange for the year 2020-2021.

### g. Stock Code/ ISIN No.:

The Bombay Stock Exchange Ltd. : **MASTERTR | 511768**

Demat International Security Identification Number (ISIN) : INE677D01029

### h. Stock Market Data:

The monthly high, low and closing price of Equity Shares etc. of Master Trust Limited at The Bombay Stock Exchange Limited and BSE Sensex during the financial year 2019-20 is given below:

Month	Master Trust Limited			BSE SENSEX		
	High Price	Low Price	Close Price	High Price	Low Price	Close Price
Apr-19	35.80	30.00	34.95	39,487.45	38,460.25	39,031.55
May-19	38.25	30.30	33.40	40,124.96	36,956.10	39,714.20
Jun-19	35.70	31.00	35.70	40,312.07	38,870.96	39,394.64
Jul-19	35.00	22.60	23.75	40,032.41	37,128.26	37,481.12
Aug-19	27.55	13.50	13.50	37,807.55	36,102.35	37,332.79
Sep-19	22.05	13.00	20.50	39,441.12	35,987.80	38,667.33
Oct-19	21.95	18.55	21.00	40,392.22	37,415.83	40,129.05
Nov-19	21.90	14.45	15.00	41,163.79	40,014.23	40,793.81
Dec-19	18.84	11.60	17.06	41,809.96	40,135.37	41,253.74
Jan-20	18.25	15.45	16.10	42,273.87	40,476.55	40,723.49
Feb-20	17.40	15.30	16.30	41,709.30	38,219.97	38,297.29
Mar-20	15.75	11.05	13.10	39,083.17	25,638.90	29,468.49

**i. Registrar and Share Transfer Agent**

Pursuant to the circular issued by the Securities & Exchange Board of India, the Company has assigned the physical share transfer work to M/s Skyline Financial Services Ltd. The work related to Share Transfer Registry in terms of both physical and electronic mode is being dealt at single point with :

Skyline Financial Services (P) Ltd.,  
D-153/A, First Floor, Okhla Industrial Area, Phase-I, New Delhi  
Ph: 011-26812682/83/84, Fax: 011-26812681, Email: admin@skylinerta.com

**j. Share Transfer System**

The Shares of the Company are traded in the compulsory demat mode for all investors. Shares sent for transfer in physical form are registered within a fortnight (If in order and complete in all respect) and then returned the same to the respective shareholders duly transferred in their names.

Your Company has appointed a SEBI registered Registrar & Transfer Agent viz Skyline Financial Services (P) Ltd. for looking after both physical and electronic share transfer work of the company.

The Company has constituted a Share Transfer Committee of its Directors. The Share Transfer Committee meets once in month to consider transfer/transmission/demat/remat cases and other allied matters.

As per SEBI (LODR) 2015, w.e.f 01.04.2019 except in case of transmission or transposition of securities requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form with depository.

k. Distribution of Shareholding Pattern of the Company as on 31.03.2020:

L. Sr. No.	Category	No. of Shares	% of Shares
1	Promoters	16279340	74.84 %
2	Bodies Corporate	3431391	15.77 %
3	Other Indian Public	1887479	8.68 %
4	NRI	52164	0.24 %
5	IEPF	102826	0.47 %
	<b>Total</b>	<b>21753200</b>	<b>100.00 %</b>

**m. Break-up of Equity /Dematerialization of Shares**

Category	No. of Shares					
	Physical	% age	Demat	% age	Total	% age
Promoters	0	0	16279340	74.84 %	16279340	74.84 %
Non-Promoters	364850	1.67 %	5109010	23.49 %	5473860	25.16 %
Total	364850	1.67 %	21388350	98.33 %	21753200	100.00 %

m. During the financial year ended on 31st March, 2020, the Company has not issued any GDRs/ADRs.

**n. Address for Correspondence:**

Regd. Office : Master Chambers, 3rd Floor, SCO 19, Feroze Gandhi Market, Ludhiana-141001  
Tele. No. : 0161-2410557-58, 3911525  
Fax No. : 0161-2402963  
Designated E-mail : secretarial@mastertrust.co.in



**o. the company is also having office(s) in the following cities:**

Chandigarh	Ahmadabad
Delhi	Lucknow
Mumbai –Fort	Kolkata
Mumbai-Vashi	Hyderabad
Jaipur	Noida
Mohali	Indore

**p. Compliance Officer: Mr. Vikas Gupta, Company Secretary.**

- q. Credit ratings and revisions - N.A.
- r. Details of utilization of funds raised through preferential allotment or QIP - N.A.
- s. Recommendations of committee not accepted by board, which is mandatory - N.A.

Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participant(s).

**STANDALONE**

**AUDITOR'S REPORT  
2019-2020**





**C.S.ARORA & ASSOCIATES**  
CHARTERED ACCOUNTANTS

3/1012, Street NO. 7  
Camp Road Distt. Muktsar, Malout-152104  
Mobile.098159-00077

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## INDEPENDENT AUDITOR'S REPORT

To

**The Members of  
Master Trust Limited**

### Report on the Standalone Financial Statements

#### Opinion

We have audited the accompanying standalone financial statements of **Master Trust Limited** ("the Company") which comprises the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including other comprehensive income), the statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its profit, total comprehensive income, the changes in equity and cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the year ended 31st March 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and informing our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matter
<b>Transition to Ind AS accounting framework</b> (as described in note 33 of the Ind AS financial statements)	
<p>The company has adopted Ind AS from 1st April 2019 with an effective date of 1st April 2018 for such transition. For periods up to and including the year ended on 31st March 2019, the Company had prepared and presented its financial statements in accordance with the erstwhile generally accepted accounting principles in India (Indian GAAP). To give effect of the transition to Ind AS, these financial statements for the year ended on 31st March 2020, together with the comparative financial information for the previous year ended on 31st March 2019 and the transition date Balance Sheet as at 1st April 2018 have been prepared under Ind AS.</p> <p>The transition has involved significant change in the Company's policies and processes for financial reporting, including generation of supportable information and applying estimates to inter alia determine impact of Ind AS on accounting and disclosure requirements prescribed under extant Reserve Bank of India(RBI) directions.</p> <p>In view of the complexity involved, Ind AS transition and the preparation of financial statements subsequent to the transition date have been areas of key focus in our audit.</p>	<ul style="list-style-type: none"> <li>• Read the Ind AS impact assessment performed by the Management and the resultant changes made to the accounting policies considering the requirements of the new framework.</li> <li>• Evaluated the exemption and exception allowed by Ind AS and applied by the Management in applying the first time adoption principles of Ind AS 101 in respect of fair valuation of assets and liabilities existing as on the transition date.</li> <li>• Tested the accounting adjustments posted as on the transition date and in respect of the previous year to convert the financial information reported under erstwhile Indian GAAP to Ind AS.</li> <li>• Tested the disclosures prescribed under Ind AS.</li> </ul>

### Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's board of directors is responsible for the preparation of the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. Since the other information has not been made available to us, we shall not be able to comment on this aspect.

### Responsibilities of Management and those charged with governance for the standalone financial statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Rules, 2016, as amended from time to time, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and

prudent; and design, implementation and maintenance of adequate internal financial controls- that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are also responsible for overseeing the company's financial reporting process.

### **Auditor's Responsibilities for the Audit of standalone financial statement**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has internal financial controls with reference to Financial Statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the year ended 31st March 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. 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 it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including statement of other comprehensive income, the statement of changes in equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.
  - e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the Internal Financial Control with reference to Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197 (16) of the Act, as amended, In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197(16) of the Act.
  - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the 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 – Refer Note 30 to the financial statements;
    - ii) The Company did not have any long-term contracts including derivative contracts as at 31 March, 2020 for which there were any material foreseeable losses.
    - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **C.S.Arora & Associates**  
Chartered Accountants  
FRN: 015130N

**Chanchal Singh**  
Proprietor  
Membership No.: 090835

Place : Ludhiana  
Date : 30 June, 2020



**C.S.ARORA & ASSOCIATES**  
CHARTERED ACCOUNTANTS

3/1012, Street NO. 7  
Camp Road Distt. Muktsar, Malout-152104  
Mobile.098159-00077

## ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section 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) Fixed assets have been physically verified by the management during the year at reasonable intervals and no material discrepancies were identified on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
2. The inventory, which are held in dematerialized/ physical form, has been verified at reasonable intervals by the management and no material discrepancies were identified on such verification.
3. The Company has granted unsecured loans to the parties covered in the register maintained under section 189 of the Act.
  - a) In our opinion, the rate of interest and other terms and conditions on which the loans had been granted to the parties covered in the register maintained under section 189 of the Act were not prima facie, prejudicial to the interest of the Company.
  - b) In the case of the loan granted to the parties covered in the register maintained under section 189 of the Act, the borrowers have been regular in the payment of the interest as stipulated. The terms of arrangements do not stipulate any repayment schedule and loans are repayable on demand. Accordingly, paragraph 3(iii)(b) of the Order is not applicable to the Company in respect of the principal amount.
  - c) There are no overdue amounts in respect of the loans granted to the parties covered in the register maintained under section 189 of the Act.
4. In our opinion and according to the information and explanation given to us, the Company has complied with the provisions of Section 185 read with section 186 and section 186 of the Act, with respect to loans and investments made.
5. The company has not accepted any deposits from the public.
6. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.
7. a) According to the information and explanations given to us and on the basis of our examination of the record of the Company, the Company has generally been regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, Goods and Service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues applicable to it.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, Goods and Service tax, duty of customs, duty of excise, value added tax, cess and any other

statutory dues applicable to it were in arrears as at 31 March, 2020 for a period of more than six months from the date they became payable.

- b) According to the information and explanations given to us, there are no dues of income tax, sales tax, service tax, Goods and Service tax, duty of customs, duty of excise and value added tax which have not been deposited on account of any dispute.
8. Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank, government or dues to the debenture holders.
  9. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.
  10. According to the information and explanations given to us, no material fraud by the Company or any fraud on the company by its officers or employees has been noticed or reported during the course of our audit.
  11. According to the information and explanations given to us and based on our examination of the records of the company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
  12. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly paragraph 3(xii) of the Order is not applicable.
  13. According to the information and explanations given to us and based on our examination of the records of the company, transactions with the related parties are in compliance with Section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
  14. According to the information and explanations given to us and based on our examination of the records of the company, the company has not made any preferential allotment or private placement of share or fully or partly convertible debentures during the year.
  15. According to the information and explanations given to us and based on our examination of the records of the company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
  16. According to the information and explanations given to us and based on our examination of the records of the company, the company is required and duly registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **C.S.Arora & Associates**  
Chartered Accountants  
FRN: 015130N

**Chanchal Singh**  
Proprietor

Membership No.: 090835

Place : Ludhiana  
Date : 30 June, 2020





**C.S.ARORA & ASSOCIATES**  
CHARTERED ACCOUNTANTS

3/1012, Street NO. 7  
Camp Road Distt. Muktsar, Malout-152104  
Mobile.098159-00077

## ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Master Trust Ltd ('the Company') as of 31 March, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A

company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2020 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **C.S.Arora & Associates**  
Chartered Accountants  
FRN: 015130N

**Chanchal Singh**  
Proprietor  
Membership No.: 090835

Place : Ludhiana  
Date : 30 June, 2020

**STANDALONE**

**BALANCE SHEET**  
**2019-2020**



**MASTER TRUST LIMITED**

Balance Sheet as at 31st March, 2020

(₹ In Millions)

Particulars	Note No.	As at 31st March, 2020	As at 31st March, 2019	As at 1st April, 2018
<b>I ASSETS</b>				
<b>Financial Assets</b>				
a) Cash and cash equivalents	3	23.17	23.07	23.26
b) Bank balances other than above	4	0.80	1.12	1.07
c) Loans and Advances	5	745.99	880.89	803.48
d) Investments	6	1,712.75	1,642.98	1,487.21
e) Other financial assets	7	1.20	0.45	0.51
<b>Total financial assets</b>		<b>2,483.91</b>	<b>2,548.51</b>	<b>2,315.53</b>
<b>Non Financial Assets</b>				
a) Inventories	8	49.48	87.95	39.75
b) Property, Plant and Equipment	9	1.65	1.90	2.25
c) Investment Property	10	12.70	3.91	3.91
d) Other non-financial assets	11	10.61	8.81	6.45
<b>Total non financial assets</b>		<b>74.44</b>	<b>102.57</b>	<b>52.36</b>
<b>Total</b>		<b>2,558.35</b>	<b>2,651.08</b>	<b>2,367.89</b>
<b>II LIABILITIES AND EQUITY</b>				
<b>Liabilities</b>				
<b>Financial Liabilities</b>				
a) Payables				
(i) Trade Payables				
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-	-
b) Borrowings	12	312.19	368.53	356.31
c) Other financial liabilities	13	79.47	163.39	1.07
<b>Total financial liabilities</b>		<b>391.66</b>	<b>531.92</b>	<b>357.38</b>
<b>Non Financial liabilities</b>				
a) Provisions	14	97.17	126.02	136.64
b) Deferred tax liabilities	15	222.75	204.78	168.03
c) Other non-financial liabilities	16	8.78	12.42	54.67
<b>Total non financial liabilities</b>		<b>328.70</b>	<b>343.22</b>	<b>359.34</b>
<b>Equity</b>				
a) Equity share capital	17	109.22	109.22	109.22
b) Other equity	18	1,728.77	1,666.72	1,541.95
<b>Total equity</b>		<b>1,837.99</b>	<b>1,775.94</b>	<b>1,651.17</b>
<b>Total</b>		<b>2,558.35</b>	<b>2,651.08</b>	<b>2,367.89</b>

The accompanying notes are an integral part of the financial statements

As per our Report of even date

**For C.S.Arora & Associates**Chartered Accountants  
FRN 015130N**For and on behalf of the Board****Chanchal Singh**

Proprietor

Membership Number 090835

Ludhiana, 30 June, 2020

**R. K. Singhania**Director  
DIN-00077540**Harjeet Singh Arora**Managing Director  
DIN-00063176**Sunil Kumar**  
Chief Financial Officer**Vikas Gupta**  
Company Secretary

Statement of Profit and Loss for the year ended 31st March, 2020

(₹ In Millions)

Particulars	Note No.	For the Year Ended 31st March, 2020	For the Year Ended 31st March, 2019
<b>Revenue from operations</b>			
Interest Income	19	55.76	60.39
Dividend Income	20	0.69	9.91
Sale of Products	21	20.06	12.37
Rental Income	22	0.32	0.30
Other Income	23	0.16	0.01
<b>Total Revenue</b>		<b>76.99</b>	<b>82.98</b>
<b>EXPENSES:</b>			
Employee benefits expense	24	10.85	10.76
Finance Costs	25	53.30	48.54
Depreciation and amortization expense	7	0.17	0.35
Other expenses	26	3.28	2.41
<b>Total Expenses</b>		<b>67.60</b>	<b>62.06</b>
<b>Profit before exceptional Items and Tax</b>		<b>9.39</b>	<b>20.92</b>
Exceptional Items		-	-
<b>Profit before tax</b>		<b>9.39</b>	<b>20.92</b>
<b>Tax Expenses</b>			
- Current tax expense for current year		1.33	2.40
- Deferred tax		(0.04)	0.03
- Current tax expense relating to prior years		0.04	-
<b>Profit for the year</b>		<b>8.06</b>	<b>18.49</b>
<b>Other Comprehensive Income/(Loss)</b>			
(A) (i) Items that will not be reclassified to profit or loss		56.92	101.95
(ii) Income tax relating to items that will not be reclassified to profit or loss		(11.84)	(21.20)
<b>Subtotal(A)</b>		<b>45.08</b>	<b>80.75</b>
(B) (i) Items that will be reclassified to profit or loss		15.08	41.04
(ii) Income tax relating to items that will be reclassified to profit or loss		(6.17)	(15.51)
<b>Subtotal(B)</b>		<b>8.91</b>	<b>25.53</b>
<b>Other Comprehensive Income (A+B)</b>		<b>53.99</b>	<b>106.28</b>
<b>Total Comprehensive Income for the year</b>		<b>62.05</b>	<b>124.77</b>
<b>Earnings per equity share (face value Rs. 5 each)</b>			
- Basic		0.37	0.85
- Diluted		0.37	0.85
Weighted average number of shares outstanding		21,753,200	21,753,200
The accompanying notes are an integral part of the financial statements			

As per our Report of even date

**For C.S.Arora & Associates**

Chartered Accountants

FRN 015130N

**Chanchal Singh**

Proprietor

Membership Number 090835

Ludhiana, 30 June, 2020

**For and on behalf of the Board****R. K. Singhania Harjeet Singh Arora**Director Managing Director  
DIN-00077540 DIN-00063176**Sunil Kumar**

Chief Financial Officer

**Vikas Gupta**

Company Secretary

**MASTER TRUST LIMITED**

Cash Flow Statement for the year ended 31 March, 2020

(₹ In Millions)

Particulars	For the year ended 31st March, 2020		For the year ended 31st March, 2019	
<b>A. Cash flow from operating activities</b>				
Net Profit before tax and extraordinary items		9.39		20.92
<i>Adjustments for:</i>				
Depreciation and amortisation	0.17		0.35	
Provision for Gratuity	0.41		0.41	
Profit on sale of Fixed Asset	(0.16)		-	
Profit on sale of Investment	(60.45)		(1.33)	
Provision for Non Performing Assets	-		0.42	
		(60.03)		(0.15)
Operating profit/(loss) before working capital changes		(50.64)		20.77
<i>Changes in working capital:</i>				
<i>Adjustments for (increase) / decrease in operating assets:</i>				
Inventories	38.47		(48.20)	
Loans and Advances	134.90		(77.41)	
Other Non Financial Asset	(1.80)		(2.36)	
Other Financial Asset	(0.75)		0.06	
Bank balances other than Cash and cash equivalent	0.32		(0.05)	
<i>Adjustments for increase / (decrease) in operating liabilities:</i>				
Other Financial liabilities	(83.92)		162.32	
Other Non Financial liabilities	(3.64)		(42.25)	
Borrowings	(56.34)		12.22	
		27.24		4.33
Operating profit/(loss) before extraordinary items		(23.40)		25.10
Cash flow from extraordinary items		-		-
Cash generated from operations		(23.40)		25.10
Net income tax (paid)/ Refund		(1.36)		(2.40)
<b>Net cash flow from/ (used in) operating activities (A)</b>		<b>(24.76)</b>		<b>22.70</b>
<b>B. Cash flow from investing activities</b>				
Purchase of fixed assets		-		-
Sale of fixed assets		0.23		-
Purchase of Investment		(76.00)		(29.13)
Purchase of Investment Property		(8.78)		-
Sale of Investment		109.41		17.34
<b>Net cash flow from/(used in) investing activities (B)</b>		<b>24.86</b>		<b>(11.79)</b>
<b>C. Cash flow from financing activities</b>				
Dividends paid		-		(11.10)
<b>Net cash flow (used in) financing activities (C)</b>		<b>-</b>		<b>(11.10)</b>
Net Increase/ (decrease) in Cash and cash equivalents (A+B+C)		<b>0.10</b>		<b>(0.19)</b>
Cash and cash equivalents at the beginning of the year		<b>23.07</b>		<b>23.26</b>
Cash and cash equivalents at the end of the year		<b>23.17</b>		<b>23.07</b>

As per our Report of even date

**For C.S.Arora & Associates**Chartered Accountants  
FRN 015130N**Chanchal Singh**

Proprietor

Membership Number 090835

Ludhiana, 30 June, 2020

**For and on behalf of the Board****R. K. Singhania**Director  
DIN-00077540**Harjeet Singh Arora**Managing Director  
DIN-00063176**Sunil Kumar**  
Chief Financial Officer**Vikas Gupta**  
Company Secretary

**MASTER TRUST LIMITED**

Statement of Changes in Equity For the year ended 31st March, 2020

**A. Equity Share Capital**

(₹ In Millions)

Particulars	Amount
Balance as at 1 April 2018	109.22
Changes in Equity Share Capital during the year	-
Balance as at 31 March 2019	109.22
Changes in Equity Share Capital during the year	-
Balance as at 31 March 2020	109.22

**B. Other Equity**

(₹ In Millions)

Particulars	Reserves & Surplus							Items of other comprehensive income	Total
	Statutory reserves as per Section 45-IC of the RBI Act, 1934	Capital Reserve	Securities Premium	Reserve for Standard Assets	General Reserve	Retained Earning	Debt/Equity instruments through OCI		
<b>Balance as at 1 April 2018</b>	31.76	48.24	448.38	1.49	10.00	113.32	888.76	1,541.95	
Profit/(loss) for the year	-	-	-	-	-	18.49	-	18.49	
Other Comprehensive Income / (loss)	-	-	-	-	-	-	106.28	106.28	
<b>Total</b>	<b>31.76</b>	<b>48.24</b>	<b>448.38</b>	<b>1.49</b>	<b>10.00</b>	<b>131.81</b>	<b>995.04</b>	<b>1,666.72</b>	
Transfers to Statutory reserves	3.71	-	-	-	-	(3.71)	-	-	
Transfers to Standard Assets	-	-	-	0.17	-	(0.17)	-	-	
<b>Balance as at 31 March 2019</b>	<b>35.47</b>	<b>48.24</b>	<b>448.38</b>	<b>1.66</b>	<b>10.00</b>	<b>127.93</b>	<b>995.04</b>	<b>1,666.72</b>	
<b>Balance as at 1 April 2019</b>	<b>35.47</b>	<b>48.24</b>	<b>448.38</b>	<b>1.66</b>	<b>10.00</b>	<b>127.93</b>	<b>995.04</b>	<b>1,666.72</b>	
Profit/(loss) for the year	-	-	-	-	-	8.06	-	8.06	
Other Comprehensive Income / (loss)	-	-	-	-	-	-	53.99	53.99	
<b>Total</b>	<b>35.47</b>	<b>48.24</b>	<b>448.38</b>	<b>1.66</b>	<b>10.00</b>	<b>135.99</b>	<b>1,049.03</b>	<b>1,728.77</b>	
Transfers to Statutory reserves	1.85	-	-	-	-	(1.85)	-	-	
Transfers to Standard Assets	-	-	-	(0.04)	-	0.04	-	-	
<b>Balance as at 31 March 2020</b>	<b>37.32</b>	<b>48.24</b>	<b>448.38</b>	<b>1.62</b>	<b>10.00</b>	<b>134.18</b>	<b>1,049.03</b>	<b>1,728.77</b>	

As per our Report of even date

**For C.S.Arora & Associates**Chartered Accountants  
FRN 015130N**Chanchal Singh**

Proprietor

Membership Number 090835

Ludhiana, 30 June, 2020

**For and on behalf of the Board****R. K. Singhania**Director  
DIN-00077540**Sunil Kumar**  
Chief Financial Officer**Harjeet Singh Arora**Managing Director  
DIN-00063176**Vikas Gupta**  
Company Secretary

## Notes forming part of financial statements for the year ended 31 March, 2020

### 1 Corporate Information

"Master Trust Limited ('the Company') is a public limited company domiciled in India and incorporated under the provision of the Companies Act, 1956. The Company was registered as a non-deposit accepting Non Banking Financial Company ('NBFC-ND') with the Reserve Bank of India ('RBI'). Its shares are listed on Bombay Stock Exchange (BSE) in India. The company is mainly in the business of lending, sales/purchases of Securities and lands."

### 2 Significant Accounting Policies

#### a. Statement of compliance

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Section 133 of the 2013 Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the 2013 Act.

"The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below."

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

#### b. First-time adoption of Ind AS

##### "Overall principle:

The Company has prepared the opening balance sheet as per Ind AS as of 1st April 2018 ("the transition date") by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from Previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to certain exceptions and certain optional exemptions availed by the Company as mentioned below:

##### "Deemed cost for property, plant and equipment and intangible assets -

The Company has elected to measure property, plant and equipment, and intangible assets at its Previous GAAP carrying amount and use that Previous GAAP carrying amount as its deemed cost at the date of transition to Ind AS."

#### c. Revenue Recognition

##### "Recognition of interest income on loans'

The Company follows the mercantile system of accounting and recognized Profit/Loss on that basis. Interest income is recognized on the time proportionate basis starting from the date of disbursement of loan. In case of Non Performing Assets, interest income is recognized on receipt basis, as per NBFC Prudential norms."

##### "Rental Income :

Income from operating leases is recognised in the Statement of profit and loss as per contractual rentals unless another systematic basis is more representative of the time pattern in which benefit derived from the leased asset is diminished."



**"Fee and commission income:**

Fee based income are recognised when they become measurable and when it is probable to expect their ultimate collection. Commission and brokerage income earned for the services rendered are recognised as and when they are due."

**"Dividend and interest income on investments:**

- Dividends are recognised in Statement of profit and loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

- Interest income from investments is recognised when it is certain that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable."

**d. Property, Plant and Equipments (PPE)**

"PPE are stated at cost of acquisition (including incidental expenses), less accumulated depreciation and accumulated impairment loss, if any.

Depreciation on PPE is provided on straight-line basis in accordance with the useful lives specified in Schedule II to the Companies Act, 2013 on a pro-rata basis.

The estimated useful lives used for computation of depreciation are as follows:"

Buildings	60 years
Furniture and Fixtures	10 years
Office Equipments	5 years
Computer	3 years
Vehicles	8 years

Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the statement of profit and loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the statement of profit and loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

**e. Inventories**

Inventories are valued at the lower of cost and the net realisable value.

**f. Investments in subsidiaries and associates**

Investments in subsidiaries and associate are measured at fair value, if any.

**g. Financial instruments****Recognition and initial measurement**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss. The company subsequently measures all financial investments at fair value through other comprehensive income.

**Financial assets**

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place. All recognised financial assets are subsequently measured in their entirety at either

amortised cost or fair value, depending on the classification of the financial assets.

- Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL."

- Investments in equity instruments measured at fair value through other comprehensive income (FVTOCI)

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the reserve for equity instruments through other comprehensive income. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments."

"A financial asset is held for trading if it has been acquired principally for the purpose of selling it in the near term.

Dividends on these investments in equity instruments are recognised in profit or loss when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably"

- Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received."

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

"On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts."

**Financial liabilities**

"All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL."

"A financial liability is classified as held for trading if:

- a. it has been incurred principally for the purpose of repurchasing it in the near term; or
- b. on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- c. it is a derivative that is not designated and effective as a hedging instrument."

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the statement of profit and loss.

- Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item."

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

- Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss."

#### **h. Employee benefits**

Short-term and other long-term employee benefits

"A liability is recognised for benefits accruing to employees in respect of wages and salaries in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date."

#### **Contribution to provident fund and ESIC -**

Company's contribution paid/payable during the year to provident fund and ESIC is recognised in the Statement of profit and loss.

#### **Gratuity -**

The Company's liability towards gratuity scheme is determined by independent actuaries, using the projected unit credit method. The present value of the defined benefit obligation is

determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. Past services are recognised at the earlier of the plan amendment/curtailment and recognition of related restructuring costs/termination benefits.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of profit and loss.

"Remeasurement gains/losses -

Remeasurement of defined benefit plans, comprising of actuarial gains / losses, return on plan assets excluding interest income are recognised immediately in the balance sheet with corresponding debit or credit to Other Comprehensive Income (OCI). Remeasurements are not reclassified to Statement of profit and loss in the subsequent period."

#### **i. Finance costs**

Finance costs include interest expense on respective financial instruments measured at Amortised cost. Financial instruments include bank term loans, loan to related parties and loan to others. Finance costs are charged to the Statement of profit and loss.

#### **j. Taxation - Current and deferred tax:**

Income tax expense represents the sum of the tax currently payable and deferred tax.

##### **Current tax :**

Current tax comprises amount of tax payable in respect of the taxable income or loss for the year determined in accordance with Income Tax Act, 1961 and any adjustment to the tax payable or receivable in respect of previous years. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

##### **Deferred tax :**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

#### **k. Provisions and contingent liabilities**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursements will be received and amount of the receivable can be measured reliably.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

#### **I. Leases :**

##### **Where the Company is the lessee -**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of profit and loss.

##### **Where the Company is the lessor -**

"Lease income is recognised in the Statement of profit and loss as per contractual rental unless another systematic basis is more representative of the time pattern in which the benefit derived from the leased asset is diminished."

#### **m. Cash and cash equivalents:**

Cash and cash equivalents in the balance sheet comprise cash on hand, cheques and drafts on hand, balance with banks in current accounts and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of change in value.

#### **n. Earnings Per Share :**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, sub-division of shares etc. that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders is divided by the weighted average number of equity shares outstanding during the period, considered for deriving basic earnings per share and weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

#### **o. Significant accounting judgements, estimates and assumptions**

"In the application of the Company's accounting policies, which are described as stated above, the Directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods."

"-Key sources of uncertainty

In the application of the Company accounting policies, the management of the Company is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects

both current and future periods.

The following are the areas of estimation uncertainty and critical judgements that the management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:"

a. Useful lives of depreciable tangible assets

Management reviews the useful lives of depreciable/amortisable assets at each reporting date.

b. Fair Value measurements and valuation processes

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. The board of directors of the Company approves the fair values determined by the Chief Financial Officer of the Company including determining the appropriate valuation techniques and inputs for fair value measurements.

c. Contingent Liability

In ordinary course of business, the Company faces claims by various parties. The Company annually assesses such claims and monitors the legal environment on an ongoing basis, with the assistance of external legal counsel, wherever necessary. The Company records a liability for any claims where a potential loss probable and capable of being estimated and discloses such matters in its financial statements, if material. For potential losses that are considered possible, but not probable, the Company provides disclosures in the financial statements but does not record a liability in its financial statements unless the loss becomes probable."

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### NOTE 3 - CASH AND CASH EQUIVALENT

(₹ In Millions)

Particulars	As at 31st March, 2020	As at 31st March, 2019	As at 1st April, 2018
Cash on hand	0.02	0.02	0.02
Balances with banks			
-In current accounts	0.49	0.74	0.93
-In deposit accounts	22.66	22.31	22.31
<b>Total</b>	<b>23.17</b>	<b>23.07</b>	<b>23.26</b>

### NOTE 4 - BANK BALANCES OTHER THAN ABOVE

(₹ In Millions)

Particulars	As at 31st March, 2020	As at 31st March, 2019	As at 1st April, 2018
Balances with banks			
'In earmarked accounts			
'- Unpaid dividend accounts	0.80	1.12	1.07
<b>Total</b>	<b>0.80</b>	<b>1.12</b>	<b>1.07</b>

### NOTE 5 - LOANS AND ADVANCES

(₹ In Millions)

Particulars	As at 31st March, 2020	As at 31st March, 2019	As at 1st April, 2018
Loans and advances to related parties	8.61	125.59	118.84
Loans and advances to others	737.38	755.30	684.64
<b>Total</b>	<b>745.99</b>	<b>880.89</b>	<b>803.48</b>

**NOTE 6 – Investments**

(₹ In Millions)

Investments	As at 31st March, 2020					As at 31st March, 2019					As at 1st April, 2018						
	Amortised Cost	At Fair value			Total	Amortised Cost	At Fair value			Total	Amortised Cost	At Fair value			Total		
		Through OCI	Through Profit or Loss	Sub Total			Others (at cost)	Through OCI	Through Profit or Loss			Sub Total	Others (at cost)	Through OCI		Through Profit or Loss	Sub Total
<b>Equity Instruments</b>																	
<b>(a) Subsidiaries</b>																	
59,00,000 (As at 31 March, 2019; 59,00,000, As at 1 April, 2018; 59,00,000) shares of ₹10 each fully paid up in Master Capital Services Ltd.	-	1,175.70	-	1,175.70	-	1,152.64	-	1,152.64	-	1,152.64	-	1,104.87	-	1,104.87	-	1,104.87	-
2,00,000 (As at 31 March, 2019; 2,00,000, As at 1 April, 2018; 2,00,000) shares of ₹10 each fully paid up in Master Infrastructure & Real Estate Developers Ltd.	-	236.77	-	236.77	-	205.78	-	205.78	-	205.78	-	151.51	-	151.51	-	151.51	-
12,500 (As at 31 March, 2019; 12,500, As at 1 April, 2018; 12,500) shares of ₹100 each fully paid up in H A Share & Stock Brokers Ltd.	-	13.02	-	13.02	-	13.01	-	13.01	-	13.01	-	11.80	-	11.80	-	11.80	-
75,00,000 (As at 31 March, 2019; Nil, As at 1 April, 2018; Nil) shares of ₹10 each fully paid up in Master Insurance Brokers Ltd.	-	23.11	-	23.11	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>(b) Associates</b>																	
1,09,600 (As at 31 March, 2019; 54,800, As at 1 April, 2018; 54,800 shares of ₹10 each), shares of ₹5 each fully paid up in Prime Industries Ltd.	-	0.08	-	0.08	-	0.06	-	0.06	-	0.06	-	0.07	-	0.07	-	0.07	-
4 (As at 31 March, 2019; 4 shares of ₹5000 each fully paid, As at 1 April, 2018; 4 shares of ₹5000 each, partly paid) shares of ₹5000 each fully paid in Maistet Projects Private Ltd.	-	-	-	-	1.41	-	-	-	1.42	-	-	-	-	-	1.40	-	1.40
<b>(c) Others</b>																	
Nil (As at 31 March, 2019; Nil, As at 1 April, 2018; 5,000) shares of ₹10 each fully paid up in RRB Securities Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.50
23600 (As at 31 March, 2019; 23600, As at 1 April, 2018; 23600) Shares Of ₹ 10 each fully paid up in RR Financial Consultants Ltd.	-	0.14	-	0.14	-	0.29	-	0.29	-	0.29	-	0.39	-	0.39	-	0.39	-
26328 (As at 31 March 2019; 30747, As at 1 April, 2018; 41684) Shares Of ₹ 10 each fully paid up in Sainik Finance Ltd.	-	0.66	-	0.66	-	0.46	-	0.46	-	0.46	-	1.37	-	1.37	-	1.37	-
17500 (As at 31 March 2019; 17500, As at 1 April, 2018; 17500) Shares Of ₹10 each fully paid up in PTC India Financial Services Ltd.	-	0.14	-	0.14	-	0.28	-	0.28	-	0.28	-	0.42	-	0.42	-	0.42	-
16630 (As at 31 March, 2019; 20000, As at 1 April, 2018; Nil) Shares Of ₹2 each fully paid up in BSE Ltd.	-	4.94	-	4.94	-	12.22	-	12.22	-	12.22	-	-	-	-	-	-	-
<b>Compulsory Convertible Cumulative Preference Shares</b>																	
60 (As at 31 March 2019; 60, As at 1 April, 2018; Nil) Shares Of ₹10 each fully paid up in Quantinsti Quantitative Learning Private Ltd.	-	-	-	-	2.57	-	-	-	2.57	-	-	-	-	-	-	-	-
<b>Investment in Mutual Funds</b>																	
1477352 (As at 31 March 2019; Nil, As at 1 April, 2018; Nil) units of IDFC Mutual Fund Corp Bond FD	-	20.63	-	20.63	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Debtures or bonds of subsidiaries</b>																	
718 (As at 31st March, 2019; 928, As at 1 April, 2018; 938) Deep Discount Bonds of ₹10,000 each fully paid up in Master Capital Services Ltd.	-	233.58	-	233.58	-	254.25	-	254.25	-	254.25	-	215.38	-	215.38	-	215.38	-
TOTAL-GROSS (A)	-	1,708.77	-	1,708.77	3.98	1,638.99	-	1,638.99	3.99	1,642.98	-	1,486.31	-	1,486.31	1.40	1,487.71	-
i) Investments outside India	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
i) Investments in India	-	1,708.77	-	1,708.77	3.98	1,638.99	-	1,638.99	3.99	1,642.98	-	1,486.31	-	1,486.31	1.40	1,487.71	-
TOTAL-GROSS (B)	-	1,708.77	-	1,708.77	3.98	1,638.99	-	1,638.99	3.99	1,642.98	-	1,486.31	-	1,486.31	1.40	1,487.71	-
Less: Allowance for Impairment loss (c)	-	-	-	-	-	-	-	-	-	-	-	0.50	-	0.50	-	0.50	-
Total-Net D (A-C)	-	1,708.77	-	1,708.77	3.98	1,638.99	-	1,638.99	3.99	1,642.98	-	1,485.81	-	1,485.81	1.40	1,487.21	-

**NOTE 7 - OTHER FINANCIAL ASSETS**

(₹ In Millions)

Particulars	As at 31st March, 2020	As at 31st March, 2019	As at 1st April, 2018
Security deposits	0.23	0.24	0.22
Others	0.97	0.21	0.29
<b>Total</b>	<b>1.20</b>	<b>0.45</b>	<b>0.51</b>

**NOTE 8 - INVENTORIES**

(₹ In Millions)

Particulars	As at 31st March, 2020	As at 31st March, 2019	As at 1st April, 2018
Acquired For Trading	49.48	87.95	39.75
<b>Total</b>	<b>49.48</b>	<b>87.95</b>	<b>39.75</b>

**NOTE 9 - Property, Plant and Equipment**

(₹ In Millions)

Particulars	Buildings	Furniture and Fixtures	Office Equipments	Computer	Vehicles	Total
<b>GROSS CARRYING AMOUNT</b>						
Balance as at 1 April 2018	1.80	1.88	3.82	1.70	4.30	13.50
Additions during the year	-	-	-	-	-	-
Disposals / deductions during the year	-	-	-	-	-	-
Balance as at 31 March 2019	1.80	1.88	3.82	1.70	4.30	13.50
Balance as at 1 April 2019	1.80	1.88	3.82	1.70	4.30	13.50
Additions during the year	-	-	-	-	-	-
Disposals / deductions during the year	-	-	-	-	1.53	1.53
Balance as at 31 March 2020	1.80	1.88	3.82	1.70	2.77	11.97
<b>ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES</b>						
Balance as at 1 April 2018	0.46	1.76	3.52	1.63	3.88	11.25
Additions during the year	0.03	0.04	0.05	0.04	0.19	0.35
Disposals / deductions during the year	-	-	-	-	-	-
Balance as at 31 March 2019	0.49	1.80	3.57	1.67	4.07	11.60
Balance as at 1 April 2019	0.49	1.80	3.57	1.67	4.07	11.60
Additions during the year	0.03	0.04	0.05	0.01	0.04	0.17
Disposals / deductions during the year	-	-	-	-	1.45	1.45
Balance as at 31 March 2020	0.52	1.84	3.62	1.68	2.66	10.32
<b>NET CARRYING AMOUNT</b>						
As at 1 April 2018	1.34	0.12	0.30	0.07	0.42	2.25
As at 31 March 2019	1.31	0.08	0.25	0.03	0.23	1.90
As at 31 March 2020	1.28	0.04	0.20	0.02	0.11	1.65



**NOTE 10 - INVESTMENT PROPERTY****(₹ In Millions)**

Particulars	As at 31st March, 2020	As at 31st March, 2019	As at 1st April, 2018
Investment in Property	12.70	3.91	3.91
<b>Total</b>	<b>12.70</b>	<b>3.91</b>	<b>3.91</b>

**NOTE 11 - OTHER NON FINANCIAL ASSETS****(₹ In Millions)**

Particulars	As at 31st March, 2020	As at 31st March, 2019	As at 1st April, 2018
Advance income tax (net of provision for tax)	10.28	8.49	6.09
Others	0.33	0.32	0.36
<b>Total</b>	<b>10.61</b>	<b>8.81</b>	<b>6.45</b>

**NOTE 12 - BORROWINGS****(₹ In Millions)**

Particulars	As at 31st March, 2020	As at 31st March, 2019	As at 1st April, 2018
<b>Loans repayable on demand</b>			
From banks			
Secured	17.26	15.04	0.08
<b>Loans and advances from related parties</b>			
Unsecured	214.53	221.64	193.17
<b>Other loans and advances</b>			
Unsecured	80.40	131.85	163.06
<b>Total</b>	<b>312.19</b>	<b>368.53</b>	<b>356.31</b>

**NOTE 13 - OTHER FINANCIAL LIABILITIES****(₹ In Millions)**

Particulars	As at 31st March, 2020	As at 31st March, 2019	As at 1st April, 2018
Unclaimed dividends	0.80	1.12	1.07
Cheque Issued	78.67	162.27	-
<b>Total</b>	<b>79.47</b>	<b>163.39</b>	<b>1.07</b>

**NOTE 14 - PROVISIONS****(₹ In Millions)**

Particulars	As at 31st March, 2020	As at 31st March, 2019	As at 1st April, 2018
Provision for gratuity	3.93	3.96	3.89
Provision for proposed equity dividend	-	-	10.87
Provision for tax on proposed dividends	-	-	0.23
Provision for Non Performing Assets	93.24	122.06	121.65
<b>Total</b>	<b>97.17</b>	<b>126.02</b>	<b>136.64</b>

## NOTE 15 - DEFERRED TAX LIABILITIES

(₹ In Millions)

Particulars	As at 31st March, 2020		As at 31st March, 2019		As at 1st April, 2018	
<b>Deferred tax Assets</b>						
Related to fixed assets	0.11		0.08		0.11	
Brought Forward Losses	35.89		37.64		44.71	
Provision for doubtful debts/advances	23.47		30.72		30.62	
	59.47		68.44		75.44	
<b>Deferred tax Liabilities</b>						
Investment in Equity/Debt/Mutual Fund	282.03		273.14		243.47	
Others	0.19		0.08		-	
	282.22		273.22		243.47	
<b>Total</b>	<b>222.75</b>		<b>204.78</b>		<b>168.03</b>	

## NOTE 16 - OTHER NON FINANCIAL LIABILITIES

(₹ In Millions)

Particulars	As at 31st March, 2020		As at 31st March, 2019		As at 1st April, 2018	
Statutory dues	1.53		5.60		3.12	
Others	7.25		6.82		51.55	
<b>Total</b>	<b>8.78</b>		<b>12.42</b>		<b>54.67</b>	

## NOTE 17 - EQUITY SHARE CAPITAL

(₹ In Millions)

Particulars	As at 31st March, 2020		As at 31st March, 2019		As at 1st April, 2018	
	Number	Amount (Rs.)	Number	Amount (Rs.)	Number	Amount (Rs.)
<b>Authorised</b>						
Equity shares of Rs.5/- each (Previous Year Rs.10/- each) (Par value)	22,000,000	110.00	11,000,000	110.00	11,000,000	110.00
	<b>22,000,000</b>	<b>110.00</b>	<b>11,000,000</b>	<b>110.00</b>	<b>11,000,000</b>	<b>110.00</b>
<b>Issued</b>						
Equity shares of Rs.5/- each (Previous Year Rs.10/- each) (Par value)	21,950,800	109.75	10,975,400	109.75	10,975,400	109.75
	<b>21,950,800</b>	<b>109.75</b>	<b>10,975,400</b>	<b>109.75</b>	<b>10,975,400</b>	<b>109.75</b>
<b>Subscribed and fully paid up</b>						
Equity shares of Rs.5/- each (Previous Year Rs.10/- each) (Par value)	21,753,200	108.76	10,876,600	108.76	10,876,600	108.76
Forfeited Shares	-	0.46	-	0.46	-	0.46
	<b>21,753,200</b>	<b>109.22</b>	<b>10,876,600</b>	<b>109.22</b>	<b>10,876,600</b>	<b>109.22</b>

## (a) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:

Particulars	Share Capital		Share Capital		Share Capital	
	As at 31st March, 2020		As at 31st March, 2019		As at 1st April, 2018	
	No. of Shares	% of holding	No. of Shares	% of holding	No. of Shares	% of holding
i) Issued, Subscribed and paid up equity shares						
Outstanding at the beginning of the year	21,753,200	108.76	10,876,600	108.76	10,876,600	108.76
Additions: Shares issued during the year	-	-	-	-	-	-
Outstanding at the end of the period	21,753,200	108.76	10,876,600	108.76	10,876,600	108.76

## (b) Terms/rights attached to equity shares

The company has one class of shares referred to as Equity Shares having a par value of Rs. 5/- each (Rs.10/- each as at 31st March 2019 and 1st April 2018). Each holder of equity shares is entitled to one vote per share.

## (c) Shares held by holding company or ultimate holding company or subsidiaries or associates of the holding company or the ultimate holding company.

There is no holding or ultimate holding company of the Company.

## (d) The details of shareholder holding more than 5 percent shares.

Particulars	Equity Share Capital		Equity Share Capital		Equity Share Capital	
	As at 31st March, 2020		As at 31st March, 2019		As at 1st April, 2018	
	No. of Shares	% of holding	No. of Shares	% of holding	No. of Shares	% of holding
Harjeet Singh Arora	3,173,696	14.59	1,586,848	14.59	1,586,848	14.59
Harneesh Kaur Arora	2,430,020	11.17	1,215,010	11.17	1,215,010	11.17
Rajinder Kumar Singhania	5,160,714	23.72	2,580,357	23.72	2,580,357	23.72
Jashanjyot Singh Arora	1,440,000	6.62	720,000	6.62	720,000	6.62
Parveen Singhania	1,981,000	9.11	990,500	9.11	990,500	9.11
Gala Finance & Investment Ltd	-	-	645,999	5.94	645,999	5.94
Prime Industries Ltd	1,187,916	5.46	593,958	5.46	593,958	5.46
Convexity Solutions and Advisors Private Ltd	100	-	874,900	8.04	874,900	8.04
G S Auto Leasing Ltd	3,162,865	14.54	-	-	-	-

## e) Company has split face value of equity share from Rs. 10/- each to Rs. 5/- per share as approved by the shareholders of the Company through postal ballot on 12 August 2019 and result declared on 13 August 2019.

**NOTE 18 - OTHER EQUITY**

Particulars	As at 31st March, 2020	As at 31st March, 2019	As at 1st April, 2018
Statutory reserves as per Section 45-IC of the RBI Act, 1934	37.32	35.47	31.76
Capital Reserve	48.24	48.24	48.24
Securities Premium	448.38	448.38	448.38
Reserve for Standard Assets	1.62	1.66	1.49
General Reserve	10.00	10.00	10.00
Retained Earning	134.18	127.93	113.32
Debt/Equity instruments through OCI	1,049.03	995.04	888.76
<b>Total</b>	<b>1,728.77</b>	<b>1,666.72</b>	<b>1,541.95</b>

**B. Other Equity**

Particulars	Reserves & Surplus						Items of other comprehensive income	Total
	Statutory reserves as per Section 45-IC of the RBI Act, 1934	Capital Reserve	Securities Premium	Reserve for Standard Assets	General Reserve	Retained Earning	Debt/ Equity instruments through OCI	
<b>Balance as at 1 April 2018</b>	31.76	48.24	448.38	1.49	10.00	113.32	888.76	1,541.95
Profit/(loss) for the year	-	-	-	-	-	18.49	-	18.49
Other Comprehensive Income / (loss)	-	-	-	-	-	-	106.28	106.28
<b>Total</b>	31.76	48.24	448.38	1.49	10.00	131.81	995.04	1,666.72
Transfers to Statutory reserves	3.71	-	-	-	-	(3.71)	-	-
Transfers to Standard Assets	-	-	-	0.17	-	(0.17)	-	-
<b>Balance as at 31 March 2019</b>	35.47	48.24	448.38	1.66	10.00	127.93	995.04	1,666.72
<b>Balance as at 1 April 2019</b>	35.47	48.24	448.38	1.66	10.00	127.93	995.04	1,666.72
Profit/(loss) for the year	-	-	-	-	-	8.06	-	8.06
Other Comprehensive Income / (loss)	-	-	-	-	-	-	53.99	53.99
<b>Total</b>	35.47	48.24	448.38	1.66	10.00	135.99	1,049.03	1,728.77
Transfers to Statutory reserves	1.85	-	-	-	-	(1.85)	-	-
Transfers to Standard Assets	-	-	-	(0.04)	-	0.04	-	-
<b>Balance as at 31 March 2020</b>	37.32	48.24	448.38	1.62	10.00	134.18	1,049.03	1,728.77

**NOTE 19 - INTEREST INCOME**

(₹ In Millions)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
<b>Interest</b>		
Interest on Loans and Advances	54.39	58.86
Interest on Fixed Deposits	1.37	1.53
<b>Total</b>	<b>55.76</b>	<b>60.39</b>

**NOTE 20 - DIVIDEND INCOME**

(₹ In Millions)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Dividend Income	0.69	9.91
<b>Total</b>	<b>0.69</b>	<b>9.91</b>

**NOTE 21 - SALE OF PRODUCTS**

(₹ In Millions)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Profit from dealing in securities/Land	20.06	12.37
<b>Total</b>	<b>20.06</b>	<b>12.37</b>

**NOTE 22 - RENTAL INCOME****(₹ In Millions)**

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Rent Income	0.32	0.30
<b>Total</b>		

**NOTE 23 - OTHER INCOME****(₹ In Millions)**

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Other Income	0.16	0.01
<b>Total</b>	<b>0.16</b>	<b>0.01</b>

**NOTE 24 - EMPLOYEE BENEFITS EXPENSE****(₹ In Millions)**

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Salaries and wages	10.66	10.51
Contribution to provident and other funds	0.08	0.07
Staff welfare expenses	0.11	0.18
<b>Total</b>	<b>10.85</b>	<b>10.76</b>

\* Includes Gratuity amounting to ₹0.41 Mn (Year ended March 31st, 2019 : ₹0.41 Mn)

**NOTE 25 - FINANCE COSTS****(₹ In Millions)**

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Interest expense	53.29	48.52
Bank charges	0.01	0.02
<b>Total</b>	<b>53.30</b>	<b>48.54</b>

**NOTE 26 - OTHER EXPENSES****(₹ In Millions)**

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Printing & Stationery	0.06	0.10
Postage, Telegram & Telephone	0.10	0.14
Rent	0.01	0.01
Fees & Taxes	0.81	0.44
Directors Travelling	0.01	0.02
Legal & Professional Charges	0.16	0.24
Travelling & Conveyance	0.08	0.16
Payments to auditors		
As auditors - statutory audit	0.05	0.04
For Tax Audit	0.01	0.01
Office Maintenance	0.46	0.49
General Expenses	0.16	0.29
Advertisement Expenses	0.06	0.05
Bad Debt	1.31	-
Provison for Non Performing Assets	-	0.42
<b>Total</b>	<b>3.28</b>	<b>2.41</b>

**Note 27 Computation of Earnings Per Share (EPS)**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to the equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources(if any). For the purpose of calculating the diluted earnings per share, the net profit or loss for the period attributable to the equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
<b>A) Basic</b>		
(i) Net Profit attributable to shareholders (₹ In Millions)	8.06	18.49
(ii) Adjusted weighted average equity shares	21,753,200	21,753,200
Basic EPS (₹)	0.37	0.85
<b>B) Diluted</b>		
(i) Net Profit attributable to shareholders (₹ In Millions)	8.06	18.49
(ii) Adjusted weighted average equity shares	21,753,200	21,753,200
Diluted EPS (₹)	0.37	0.85

**Note 28**

Disclosures, relating to amounts unpaid as at the year end together with interest required under the Micro, Small and Medium Enterprises Development Act, 2006 have been given to the extent company has received intimation from "Suppliers" regarding their status under the said Act.

**Note 29 Disclosure as per Indian Accounting Standard (Ind AS) 108 "Operating Segments"****a) Operating Segments**

Management currently identifies the Company's two service lines as its Operating Segments as follows:-

- (i) Segment – Interest
- (ii) Segment– Investment/Trading in Securities & others

**b) Segment Revenue & Expenses**

Revenue & Expenses directly attributable to the segment is considered as "Segment Revenue & "Segment Expenses"

**c) Segment Assets & Liabilities**

Segment Assets & Liabilities include the respective directly identifiable to each of the segments.

These Operating Segments are monitored by the Company's chief operating decision maker and strategic decisions are made on the basis of segment Operating Results. Segment performance is evaluated based on the profit of each segment.

The following tables present Revenue and Profit Information and certain Assets and Liabilities information regarding the Company's reportable segments for the years ended March 31, 2020 and March 31, 2019.

(₹ In Millions)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
<b>1. Segment Revenue</b>		
(net sale/income from each segment should be disclosed under this head)		
(a) Segment – Interest	55.76	60.39
(b) Segment– Investment/Trading in Securities & others	21.23	22.59
<b>Total</b>	76.99	82.98
<b>Less: Inter Segment Revenue</b>	-	-
<b>Net sales/Income From Operations</b>	76.99	82.98
<b>2. Segment Results (Profit)(+)/ Loss (-) before tax from Each segment)</b>		
(a) Segment – Interest	2.74	7.60

(b) Segment- Investment/Trading in Securities & others	6.83	13.70
<b>Total</b>	<b>9.57</b>	<b>21.30</b>
Less: (i) Other Un-allocable Expenditure net off	0.18	0.38
(ii) Un-allocable income	-	-
<b>Total Profit Before Tax</b>	<b>9.39</b>	<b>20.92</b>
<b>3. Capital Employed</b>		
1) Segment Assets		
(a) Segment - Interest	699.79	500.57
(b) Segment- Investment/Trading in Securities & others	1844.29	2137.39
<b>Total</b>	<b>2544.08</b>	<b>2637.96</b>
2) Unallocated Corporate Assets	14.27	13.12
3) Deferred Tax Assets	-	-
4) Total Assets	2558.35	2651.08
5) Segment Liabilities		
(a) Segment - Interest	431.81	421.65
(b) Segment- Investment/Trading in Securities & others	65.00	247.59
<b>Total</b>	<b>496.81</b>	<b>669.24</b>
6) Unallocated Liabilities	0.80	1.12
7) Deferred Tax Liabilities	222.75	204.78
8) Total Liabilities	720.36	875.14
9) Share Holder's Fund	1837.99	1775.94

**Note 30 Contingent liabilities**

- a. The Company has given Corporate Guarantee to Banks for securing the sanctioned Bank Guarantees limits of ₹500.00 Million out of which availed ₹452.00 Million (As at 31 March, 2019: ₹500.00 Million out of which availed ₹492.50 Million) on behalf of Master Capital Services Limited a wholly owned subsidiary company and ₹200.00 Million out of which availed ₹0.75 Million (As at 31 March, 2019: ₹200.00 Million out of which availed ₹97.00 Million) on behalf of Master Commodity Services Limited a subsidiary company.
- b. The Company has other small litigations which have arisen in ordinary course of business with the clients. The Company has reviewed the impact of all such litigations on Financial Position. In view of the management and the legal advice sought, no provision is required to be made in case of litigation against/by the company. Therefore, provision for the same has not been provided in books of accounts.

**Note 31 Related Party Transactions**

(₹ In Millions)

Subsidiaries	Associates/Enterprises owned or significantly influenced by the key Management Persons or their Relatives	Key Management Personnel and their Relatives
<b>Subsidiaries:-</b> Master Capital Services Limited Master Infrastructure & Real Estate Developers Ltd. Master Insurance Brokers Limited H.A. Share & Stock Brokers Limited	Prime Industries Limited Master Share & Stock Brokers Limited H.K Arora Real Estate Service Private Limited Big Build Real Estate Private Limited Amni Real Estate Private Limited Matria Estate Developers Private Limited	<b>KMP</b> Mr. Harjeet Singh Arora Mr. R K Singhania
<b>Step down subsidiaries:-</b> Master Commodity Services Limited Master Portfolio Services Limited	Gold Touch Agri Private Limited Master Trust Wealth Private Limited Sanawar Investments Saintco India Private Limited Singhania Properties Eminent Buildwell Private Limited Master Projects Private Limited Sanawar Agri Private Limited Arora Financial Services Private Limited BlueCircle Investments Crescent Investments R.K.Singhania HUF Harjeet Singh Arora HUF Puneet Singhania HUF Irage Mastertrust Investment Managers LLP	<b>Relatives of KMP</b> Mrs. Harneesh Kaur Arora Mrs. Parveen Singhania Mr. Puneet Singhania Mr. Chirag Singhania Mrs. Palka A Chopra Mr. Jashanjyot Singh Arora Mrs. Priyanka Thukral Mrs. Rohila Singhania Mrs. Isha Singhania

## Transactions with related parties

(₹ In Millions)

Particulars		Subsidiaries	Associates/ Enterprises owned or significantly influenced by the key Management Persons or their Relatives	Key Management Personnel and their Relatives	Total
Purchases	Year ended 31st March, 2020	109.80	-	-	109.80
	Year ended 31st March, 2019	12.40	3.26	-	15.66
Sale	Year ended 31st March, 2020	-	107.05	-	107.05
	Year ended 31st March, 2019	-	17.17	5.00	22.17
Brokerage Paid	Year ended 31st March, 2020	1.88	-	-	1.88
	Year ended 31st March, 2019	5.15	-	-	5.15
Interest Paid	Year ended 31st March, 2020	35.15	4.84	1.83	41.82
	Year ended 31st March, 2019	19.94	4.47	0.96	25.37
Interest Received	Year ended 31st March, 2020	18.80	0.47	2.29	21.56
	Year ended 31st March, 2019	14.68	0.54	1.73	16.95
Rent Paid / Other Charges	Year ended 31st March, 2020	-	0.01	0.01	0.02
	Year ended 31st March, 2019	-	0.01	0.01	0.02
Remuneration	Year ended 31st March, 2020	-	-	4.84	4.84
	Year ended 31st March, 2019	-	-	4.84	4.84
Loan & Advances Given	As at 31st March, 2020	3.70	4.91	-	8.61
	As at 31st March, 2019	102.70	3.84	19.05	125.59
	As at 1st April, 2018	99.09	12.02	7.73	118.84
Loan & Advances Taken	As at 31st March, 2020	166.77	17.82	29.95	214.54
	As at 31st March, 2019	166.95	20.70	33.98	221.63
	As at 1st April, 2018	146.01	11.93	35.22	193.16
Corporate Guarantees given	As at 31st March, 2020	700.00	-	-	700.00
	As at 31st March, 2019	700.00	-	-	700.00
	As at 1st April, 2018	700.00	-	-	700.00
Balance outstanding at the end of the year Receivable	As at 31st March, 2020	3.70	4.91	-	8.61
	As at 31st March, 2019	102.70	3.84	19.05	125.59
	As at 1st April, 2018	99.09	12.02	7.73	118.84
Payable	As at 31st March, 2020	166.77	17.82	29.95	214.54
	As at 31st March, 2019	166.95	20.70	33.98	221.63
	As at 1st April, 2018	146.01	11.93	35.22	193.16



**Note 32 Employee Benefits**

The Company provides for the gratuity, covering qualifying employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated period mentioned under The Payment of Gratuity Act, 1972.

Details of defined benefit plans as per actuarial valuation are as follows:

**Expense recognized in the statement of Profit and Loss:****(₹ In Millions)**

Period	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Interest cost	0.28	0.27
Current service cost	0.13	0.14
Past Service Cost	-	-
Expected return on plan asset	-	-
Expenses to be recognized in P&L	0.41	0.41

**Other comprehensive (income) / expenses (Remeasurement)****(₹ In Millions)**

Period	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Cumulative unrecognized actuarial (gain)/loss opening. B/F	(0.34)	-
Actuarial (gain)/loss - obligation	(0.43)	(0.34)
Actuarial (gain)/loss - plan assets	-	-
Total Actuarial (gain)/loss	(0.43)	(0.34)
Cumulative total actuarial (gain)/loss. C/F	(0.77)	(0.34)

**The amount to be recognized in the Balance Sheet:****(₹ In Millions)**

Period	As at 31st March, 2020	As at 31st March, 2019
Present value of the obligation at the end of the period	3.93	3.96
Fair value of plan assets at end of period	-	-
Net liability/(asset) recognized in Balance Sheet and related analysis	3.93	3.96
Funded Status - Surplus/ (Deficit)	(3.93)	(3.96)

**Table Showing Changes in Present Value of Obligations:****(₹ In Millions)**

Period	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Present value of the obligation at the beginning of the period	3.96	3.89
Interest cost	0.28	0.27
Current service cost	0.13	0.14
Past Service Cost	-	-
Benefits paid (if any)	-	-
Actuarial (gain)/loss	(0.43)	(0.34)
Present value of the obligation at the end of the period	3.94	3.96

Sensitivity Analysis: Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase rate. Effect of change in mortality rate is negligible. Please note that the sensitivity analysis presented below may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumption would occur in isolation of one another as some of the assumptions may be correlated. The results of sensitivity analysis are given below:

Period	As at 31st March, 2020
Defined Benefit Obligation (Base)	3.93 mn @ Salary Increase Rate : 5%, and discount rate :7%
Liability with x% increase in Discount Rate	3.83 mn ; x=1.00% [Change (3)% ]
Liability with x% decrease in Discount Rate	4.05 mn; x=1.00% [Change 3% ]
Liability with x% increase in Salary Growth Rate	4.05 mn; x=1.00% [Change 3% ]
Liability with x% decrease in Salary Growth Rate	3.83 mn; x=1.00% [Change (3)% ]
Liability with x% increase in Withdrawal Rate	3.95 mn; x=1.00% [Change 0% ]
Liability with x% decrease in Withdrawal Rate	3.92 mn; x=1.00% [Change 0% ]

#### Maturity Profile of Defined Benefit Obligation: Maturity analysis of benefit obligations.

01 Apr 2020 to 31 Mar 2021	2.53
01 Apr 2021 to 31 Mar 2022	0.05
01 Apr 2022 to 31 Mar 2023	0.05
01 Apr 2023 to 31 Mar 2024	0.31
01 Apr 2024 to 31 Mar 2025	0.03
01 Apr 2025 Onwards	0.96

#### Note 33 First Time Adoption of Ind AS

This note explains the principal adjustments made by the Company in restating its Previous GAAP financial statements, including the balance sheet as at 1 April 2018 and the financial statements as at and for the year ended 31 March 2019 to comply with Ind AS.

i) Comparative Balance sheet as at 1 April 2018 and 31 March 2019

(₹ In Millions)

Particulars	As at 31st March, 2019			As at 1st April, 2018		
	Previous GAAP	Adjustments	Ind AS	Previous GAAP	Adjustments	Ind AS
<b>I ASSETS</b>						
<b>Financial Assets</b>						
Cash and cash equivalent	23.07	-	23.07	23.26	-	23.26
Bank balances other than above	1.12	-	1.12	1.07	-	1.07
Loans and Advances	880.89	-	880.89	803.48	-	803.48
Investments	329.80	1,313.18	1,642.98	316.69	1,170.52	1,487.21
Other financial assets	0.24	0.21	0.45	0.23	0.28	0.51
<b>Total financial assets</b>	<b>1,235.12</b>	<b>1,313.39</b>	<b>2,548.51</b>	<b>1,144.73</b>	<b>1,170.80</b>	<b>2,315.53</b>
<b>Non-financial Assets</b>						
Inventories	87.95	-	87.95	39.75	-	39.75
Property, Plant and Equipment	1.90	-	1.90	2.25	-	2.25
Investment Property	3.91	-	3.91	3.91	-	3.91
Other non-financial assets	9.02	(0.21)	8.81	6.73	(0.28)	6.45
<b>Total non-financial assets</b>	<b>102.78</b>	<b>(0.21)</b>	<b>102.57</b>	<b>52.64</b>	<b>(0.28)</b>	<b>52.36</b>
<b>Total assets</b>	<b>1,337.90</b>	<b>1,313.18</b>	<b>2,651.08</b>	<b>1,197.37</b>	<b>1,170.52</b>	<b>2,367.89</b>
<b>II LIABILITIES AND EQUITY</b>						
<b>Financial liabilities</b>						
Borrowings	368.54	(0.01)	368.53	356.31	-	356.31
Other financial liabilities	1.12	162.27	163.39	1.07	-	1.07
<b>Total financial liabilities</b>	<b>369.66</b>	<b>162.26</b>	<b>531.92</b>	<b>357.38</b>	<b>-</b>	<b>357.38</b>
<b>Non Financial liabilities</b>						
Provisions	13.43	112.59	126.02	24.03	112.61	136.64
Deferred tax liabilities/(Assets)	(0.85)	205.63	204.78	(1.11)	169.14	168.03
Other non-financial liabilities	174.69	(162.27)	12.42	54.67	-	54.67
<b>Total non financial liabilities</b>	<b>187.27</b>	<b>155.95</b>	<b>343.22</b>	<b>77.59</b>	<b>281.75</b>	<b>359.34</b>

<b>Equity</b>						
Equity share capital	109.22	-	109.22	109.22	-	109.22
Other equity	671.75	994.97	1,666.72	653.18	888.77	1,541.95
<b>Total equity</b>	<b>780.97</b>	<b>994.97</b>	<b>1,775.94</b>	<b>762.40</b>	<b>888.77</b>	<b>1,651.17</b>
<b>Total Liabilities and Equity</b>	<b>1,337.90</b>	<b>1,313.18</b>	<b>2,651.08</b>	<b>1,197.37</b>	<b>1,170.52</b>	<b>2,367.89</b>

ii) Comparative Statement of profit and loss for the year ended 31 March 2019

(₹ In Millions)

Particulars	Previous GAAP	Adjustments	Ind AS
<b>Revenue from operations</b>			
(i) Interest Income	60.36	0.03	60.39
(ii) Dividend Income	9.91	-	9.91
(iii) Rental Income	12.38	(0.01)	12.37
(iv) Sale of Products	0.30	-	0.30
(v) Other Income	0.01	-	0.01
<b>Total Revenue</b>	<b>82.96</b>	<b>0.02</b>	<b>82.98</b>
<b>EXPENSES:</b>			
Employee benefits expense	10.43	0.33	10.76
Finance Costs	48.54	-	48.54
Depreciation and amortization expense	0.35	-	0.35
Other expenses	2.41	-	2.41
<b>Total Expenses</b>	<b>61.73</b>	<b>0.33</b>	<b>62.06</b>
<b>Profit before tax</b>	<b>21.23</b>	<b>(0.31)</b>	<b>20.92</b>
<b>Tax Expenses</b>			
- Current tax expense for current year	2.40	-	2.40
- Deferred tax	0.27	(0.24)	0.03
- Current tax expense relating to prior years	-	-	-
<b>Profit for the period / year</b>	<b>18.56</b>	<b>(0.07)</b>	<b>18.49</b>
<b>Other Comprehensive Income</b>			
(A) (i) Items that will not be reclassified to profit or loss	-	101.95	101.95
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	(21.20)	(21.20)
<b>Subtotal(A)</b>	-	80.75	80.75
(B) (i) Items that will be reclassified to profit or loss	-	41.04	41.04
(ii) Income tax relating to items that will be reclassified to profit or loss	-	(15.51)	(15.51)
<b>Subtotal(B)</b>	-	25.53	25.53
<b>Other Comprehensive Income (A+B)</b>	-	<b>106.28</b>	<b>106.28</b>
<b>Total Comprehensive Income for the year</b>	<b>18.56</b>	<b>106.21</b>	<b>124.77</b>

**Material adjustments on adoption of Ind AS are explained below:****1. Net gain on fair value changes**

Under Indian GAAP, investments in equity instruments, mutual funds and debt securities were classified as long term investments based on the intended holding period and realisability. Long term investments were carried at cost less provision for other than temporary diminution in the value of investments. Ind AS requires such investments to be measured at fair value.

Accordingly, the Company has designated such investments as FVTOCI investments in accordance with Ind AS. The difference between the instrument's fair value and carrying amount as per Indian GAAP has been recognized in Other Comprehensive Income. This has resulted in increase in Investments of Rs. 1313.17mn and Rs.1170.52mn as at 31st March 2019 and 1st April 2018 respectively.

**2. Amortisation of Financial Asset**

Under the previous GAAP, the loan given by the Company to its employees were carried at book value. However, under Ind AS, these loans are required to be measured initially at fair value on the date of transition and subsequently at amortized cost. Difference between the fair value and transaction value of such loan to employees has been recognised as prepaid employee benefit expense is amortised over the loan period on straight line basis. Notional interest income on such loans is recognised over the loan period using effective interest method.

### 3. Defined benefit obligation

Under Ind AS, remeasurements i.e actuarial gains and losses are to be recognized in 'Other comprehensive income' and are not to be reclassified to profit and loss in a subsequent period. Under the Indian GAAP, these remeasurements were forming part of the profit or loss.

### 4. Deferred tax

Under Indian GAAP, deferred tax was recognized for the temporary timing differences which focus on differences between taxable profits and accounting profits for the year. Ind AS requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. Further, the application of Ind AS has resulted in recognition of deferred tax on certain temporary differences which was not required under Indian GAAP.

### 5. Statement of cash flows

The transition from Indian GAAP to IND AS has not had a material impact on statement of cash flows.

#### Note 34

As required in terms of paragraph 18 of Non-Banking Financial Company Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016.

(₹ In Millions)

Particulars	Amount outstanding	Amount overdue
Liabilities side :		
<b>(1) Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid:</b>		
(a) Debentures : Secured	NIL	NIL
: Unsecured	NIL	NIL
(other than falling within the meaning of public deposits*)		
(b) Deferred Credits	NIL	NIL
(c) Term Loans	NIL	NIL
(d) Inter-corporate loans and borrowing	294.93	NIL
(e) Commercial Paper	NIL	NIL
(f) Public Deposits *	NIL	NIL
(g) Other Loans		
Bank overdraft (secured against Fixed Deposits)	17.26	NIL
* Please see Note 1 below		
<b>(2) Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid) :</b>		
(a) In the form of Unsecured debentures		
(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security		
(c) Other public deposits		
* Please see Note 1 below		
<b>Assets side :</b>	<b>Amount Outstanding</b>	
<b>(3) Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :</b>		
(a) Secured	13.49	
(b) Unsecured	639.26	
<b>(4) Break up of Leased Assets and stock on hire and other assets counting towards AFC activities</b>		
(i) Lease assets including lease rentals under sundry debtors :		
(a) Financial lease	NIL	
(b) Operating lease	NIL	
(ii) Stock on hire including hire charges under sundry debtors:		
(a) Assets on hire	NIL	

(b) Repossessed Assets		NIL	
(iii) Other loans counting towards AFC activities			
(a) Loans where assets have been repossessed		NIL	
(b) Loans other than (a) above		NIL	
<b>(5) Break-up of Investments :</b>			
Current Investments :			
1. Quoted			
(i) Shares			
(a) Equity		NIL	
(b) Preference		NIL	
(ii) Debentures and Bonds		NIL	
(iii) Units of mutual funds		NIL	
(iv) Government Securities		NIL	
(v) Others		NIL	
2. Unquoted			
(i) Shares			
(a) Equity		NIL	
(b) Preference		NIL	
(ii) Debentures and Bonds		NIL	
(iii) Units of mutual funds		NIL	
(iv) Government Securities		NIL	
(v) Others		NIL	
Long Term investments :			
1. Quoted :			
(i) Shares :			
(a) Equity		5.96	
(b) Preference		NIL	
(ii) Debentures and Bonds		NIL	
(iii) Units of mutual funds		NIL	
(iv) Government Securities		NIL	
(v) Others		NIL	
2. Unquoted :			
(i) Shares :			
(a) Equity		1450.01	
(b) Preference		2.57	
(ii) Debentures and Bonds		233.58	
(iii) Units of mutual funds		20.63	
(iv) Government Securities		NIL	
(v) Others			
Investment in Property		12.70	
<b>TOTAL</b>		<b>1725.45</b>	

## Amount net of provisions

(6) Borrower group-wise classification of assets financed as in (3) and (4) above :	Secured	Unsecured	Total
	Please see Note 2 below		
<b>Category</b>			
1. Related Parties			
(a) Subsidiaries	NIL	3.70	3.70
(b) Companies in the same group	NIL	4.91	4.91
(c) Other related parties	NIL	-	-
2. Other than related parties	13.49	630.65	644.14
<b>Total</b>	<b>13.49</b>	<b>639.26</b>	<b>652.75</b>

<b>(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):</b>	<b>Market Value/Break up or fair value or NAV</b>	<b>Book Value (Net of Provisions)</b>
Please see note 3 below		
<b>Category</b>		
1. Related Parties		
(a) Subsidiaries	1682.19	1682.19
(b) Companies in the same group	1.49	1.49
(c) Other related parties	-	-
2. Other than related parties	29.07	29.07
Total	1712.75	1712.75
<b>(8) Other information</b>		
<b>Particulars</b>		<b>Amount</b>
(i) Gross Non-Performing Assets		
(a) Related parties		NIL
(b) Other than related parties		93.24
(ii) Net Non-Performing Assets		
(a) Related parties		NIL
(b) Other than related parties		NIL
(iii) Assets acquired in satisfaction of debt		NIL

**Notes:**

- As defined in paragraph 3(xv) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions 2016.
- Provisioning norms shall be applicable as prescribed in Non-Banking Financial Company Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016.

**For C.S.Arora & Associates**

Chartered Accountants  
FRN 015130N

**Chanchal Singh**

Proprietor

Membership Number 090835

Ludhiana, 30 June,2020

**For and on behalf of the Board****R. K. Singhania**

Director  
DIN-00077540

**Harjeet Singh Arora**

Managing Director  
DIN-00063176

**Sunil Kumar**

Chief Financial Officer

**Vikas Gupta**

Company Secretary

**CONSOLIDATED**

**AUDITOR'S REPORT**  
**2019-2020**





**C.S.ARORA & ASSOCIATES**  
CHARTERED ACCOUNTANTS

3/1012, Street NO. 7  
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## INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To

**The Members of  
Master Trust Limited**

### Report on the audit of the Consolidated Financial Statements

#### Opinion

We have audited the accompanying consolidated financial statements of Master Trust Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated Balance Sheet as at March 31, 2020, and the consolidated statement of Profit and Loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated cash flows Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Company as at March 31, 2020, of consolidated profit, total comprehensive income, the consolidated changes in equity and its consolidated cash flows for the year then ended.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by ICAI, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Companies Act, 2013. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended 31st March 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Key audit matters	How our audit addressed the key audit matter
<b>Transition to Ind AS accounting framework</b> (as described in note 34 of the Ind AS financial statements)	
<p>The company has adopted Ind AS from 1st April 2019 with an effective date of 1st April 2018 for such transition. For periods up to and including the year ended on 31st March 2019, the Company had prepared and presented its financial statements in accordance with the erstwhile generally accepted accounting principles in India (Indian GAAP). To give effect of the transition to Ind AS, these financial statements for the year ended on 31st March 2020, together with the comparative financial information for the previous year ended on 31st March 2019 and the transition date Balance Sheet as at 1st April 2018 have been prepared under Ind AS.</p> <p>The transition has involved significant change in the Company's policies and processes for financial reporting, including generation of supportable information and applying estimates to inter alia determine impact of Ind AS on accounting and disclosure requirements prescribed under extant Reserve Bank of India(RBI) directions.</p> <p>In view of the complexity involved, Ind AS transition and the preparation of financial statements subsequent to the transition date have been areas of key focus in our audit.</p>	<ul style="list-style-type: none"> <li>• Read the Ind AS impact assessment performed by the Management and the resultant changes made to the accounting policies considering the requirements of the new framework.</li> <li>• Evaluated the exemption and exception allowed by Ind AS and applied by the Management in applying the first time adoption principles of Ind AS 101 in respect of fair valuation of assets and liabilities existing as on the transition date.</li> <li>• Tested the accounting adjustments posted as on the transition date and in respect of the previous year to convert the financial information reported under erstwhile Indian GAAP to Ind AS.</li> <li>• Tested the disclosures prescribed under Ind AS.</li> </ul>

**Information Other than the Consolidated Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. Since the other information has not been made available to us, we shall not be able to comment on this aspect.

**Responsibilities of Management and those charged with governance for the consolidated financial statements**

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Rules, 2016, as amended from time to time, and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of

adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance of the companies included in the Group are responsible for overseeing the financial reporting process of the Group and of its associates and jointly controlled entities.

### **Auditor's Responsibilities for the Audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has internal financial controls with reference to Financial Statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible

for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended 31st March 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Other Matters**

We did not audit the financial statements of six subsidiaries, whose financial statements reflect total assets of Rs.5,311.44 mn (before consolidation adjustments) as at 31st March, 2020, total revenues of Rs.1,370.10 mn (before consolidation adjustments) and net cash flows amounting to Rs.331.78 mn for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

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

As required by Section 143(3) of the Act, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements.
- b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, Consolidated statement of Changes in Equity, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.
- e. On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies none of the directors of the Group companies is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.

- f. With respect to the adequacy of Internal Financial Control with reference to Financial Statements of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure A.
- g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197 (16) of the Act, as amended, In our opinion and according to the information and explanations given to us and based on the reports of the statutory auditors of such subsidiary companies incorporated in India which were not audited by us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197(16) of the Act.
- h. With respect to the other matters to be included in the Auditor s Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - a. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and jointly controlled entities— Refer Note 30 to the consolidated financial statements.
  - b. The Group, did not have any material foreseeable losses as at 31st March, 2020 on long-term contracts including derivative contracts.
  - c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies.

For **C.S.Arora & Associates**  
Chartered Accountants  
FRN: 015130N

Place : Ludhiana  
Date : 30 June, 2020

**Chanchal Singh**  
Proprietor  
Membership No.: 090835



**C.S.ARORA & ASSOCIATES**  
CHARTERED ACCOUNTANTS

3/1012, Street NO. 7  
Camp Road Distt. Muktsar, Malout-152104  
Mobile.098159-00077

## ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2020, we have audited the internal financial controls over financial reporting of Master Trust Limited ("the Holding Company") and its subsidiary companies which are companies incorporated in India, as of that date.

#### Management's Responsibility for Internal Financial Controls

The Respective Board of Directors of the Holding Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the Group's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Group's internal financial controls system over financial reporting

#### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial

statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Group;(2)provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the Group; and (3)provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Group's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Holding Company and its subsidiaries companies have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2020 based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **C.S.Arora & Associates**  
Chartered Accountants  
FRN: 015130N

**Chanchal Singh**  
Proprietor  
Membership No.: 090835

Place : Ludhiana  
Date : 30 June, 2020

**CONSOLIDATED**

**BALANCE SHEET**  
**2019-2020**





**MASTER TRUST LIMITED**

Consolidated Balance Sheet as at 31st March, 2020

(₹ In Millions)

Particulars	Note No.	As at 31st March, 2020	As at 31st March, 2019	As at 1st April, 2018
<b>I ASSETS</b>				
<b>Financial Assets</b>				
a) Cash and cash equivalents	3	3,281.45	2,950.57	2,326.11
b) Bank balances other than above	4	0.80	1.12	1.07
c) Receivables	5	351.35	914.37	1,143.04
d) Loans and Advances	6	749.73	801.06	730.85
e) Investments	7	187.21	324.03	166.51
f) Other financial assets	8	551.32	242.93	184.47
<b>Total financial assets</b>		<b>5,121.86</b>	<b>5,234.08</b>	<b>4,552.05</b>
<b>Non-financial Assets</b>				
a) Inventories	9	194.56	269.14	215.28
b) Deferred tax assets	10	19.66	25.88	49.08
c) Property, Plant and Equipment	11	102.22	103.37	82.11
d) Investment Property	12	80.58	71.76	71.76
e) Other non financial assets	13	55.53	37.75	30.67
<b>Total non-financial assets</b>		<b>452.55</b>	<b>507.90</b>	<b>448.90</b>
<b>Total</b>		<b>5,574.41</b>	<b>5,741.98</b>	<b>5,000.95</b>
<b>II LIABILITIES AND EQUITY</b>				
<b>Liabilities</b>				
<b>Financial liabilities</b>				
a) Payable	14			
(i) Trade Payables				
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		1,969.59	2,500.89	2,132.12
b) Borrowings	15	1,035.84	690.92	578.43
c) Other financial liabilities	16	198.22	236.26	83.32
<b>Total financial liabilities</b>		<b>3,203.65</b>	<b>3,428.07</b>	<b>2,793.87</b>
<b>Non Financial liabilities</b>				
a) Provisions	17	107.89	132.71	146.46
b) Other non-financial liabilities	18	108.11	102.02	121.27
<b>Total Non Financial liabilities</b>		<b>216.00</b>	<b>234.73</b>	<b>267.73</b>
<b>Equity</b>				
a) Equity share capital	19	109.22	109.22	109.22
b) Other equity	20	2,033.07	1,957.50	1,818.82
<b>Equity attributable to owners of the Company</b>		<b>2,142.29</b>	<b>2,066.72</b>	<b>1,928.04</b>
<b>Non-controlling interests</b>		<b>12.47</b>	<b>12.46</b>	<b>11.31</b>
<b>Total Liabilities and Equity</b>		<b>5,574.41</b>	<b>5,741.98</b>	<b>5,000.95</b>

The accompanying notes are an integral part of the financial statements

As per our Report of even date

**For C.S.Arora & Associates**

Chartered Accountants

FRN 015130N

**Chanchal Singh**

Proprietor

Membership Number 090835

Ludhiana, 30 June, 2020

**For and on behalf of the Board**

**R. K. Singhanian**

Director

DIN-00077540

**Harjeet Singh Arora**

Managing Director

DIN-00063176

**Sunil Kumar**  
Chief Financial Officer

**Vikas Gupta**  
Company Secretary





## MASTER TRUST LIMITED

Consolidated Statement of Profit and Loss  
for the year ended 31 March, 2020

(₹ In Millions)

Particulars	Note No.	For the Year Ended 31st March, 2020	For the Year Ended 31st March, 2019
<b>Revenue from operations</b>			
Interest Income	21	333.59	331.19
Dividend Income	22	2.01	1.56
Sale of Products	23	146.73	175.53
Rental Income	24	0.32	0.48
Fees and commission Income	25	875.97	835.82
<b>Total Revenue</b>		<b>1,358.62</b>	<b>1,344.58</b>
<b>EXPENSES:</b>			
Employee benefits expense	26	373.18	335.82
Finance Costs	27	177.90	132.29
Depreciation and amortization expense	11	16.03	14.76
Other expenses	28	657.13	666.40
<b>Total Expenses</b>		<b>1,224.24</b>	<b>1,149.27</b>
<b>Profit before tax</b>		<b>134.38</b>	<b>195.31</b>
<b>Tax Expenses</b>			
- Current tax expense for current year		12.26	26.39
- Deferred tax		(1.34)	0.75
- Current tax expense relating to prior years		0.36	0.76
<b>Profit for the year before adjustment for Minority Interest</b>		<b>123.10</b>	<b>167.41</b>
<b>Other Comprehensive Income</b>			
(A) (i) Items that will not be reclassified to profit or loss		(8.51)	(16.42)
(ii) Income tax relating to items that will not be reclassified to profit or loss		1.42	1.78
<b>Subtotal(A)</b>		<b>(7.09)</b>	<b>(14.64)</b>
(B) (i) Items that will be reclassified to profit or loss		(31.46)	11.30
(ii) Income tax relating to items that will be reclassified to profit or loss		(8.97)	(24.23)
<b>Subtotal(B)</b>		<b>(40.43)</b>	<b>(12.93)</b>
<b>Other Comprehensive Income (A+B)</b>		<b>(47.52)</b>	<b>(27.57)</b>
<b>Total Comprehensive Income for the year</b>		<b>75.58</b>	<b>139.84</b>
<b>Profit for the year attributable to:</b>			
Owners of the Company		123.09	166.25
Non-controlling interests		0.01	1.16
		<b>123.10</b>	<b>167.41</b>
<b>Other Comprehensive Income for the year attributable to:</b>			
Owners of the Company		(47.52)	(27.57)
Non-controlling interests		-	-
		<b>(47.52)</b>	<b>(27.57)</b>
<b>Total Comprehensive Income for the year attributable to:</b>			
Owners of the Company		75.57	138.68
Non-controlling interests		0.01	1.16
		<b>75.58</b>	<b>139.84</b>
<b>Earnings per equity share (face value Rs. 5 each)</b>			
- Basic		5.66	7.64
- Diluted		5.66	7.64
Weighted average number of shares outstanding		21,753,200	21,753,200

The accompanying notes are an integral part of the financial statements

As per our Report of even date

**For C.S.Arora & Associates**

Chartered Accountants  
FRN 015130N

**Chanchal Singh**

Proprietor

Membership Number 090835

Ludhiana, 30 June, 2020

**For and on behalf of the Board**

**R. K. Singhania**

Director  
DIN-00077540

**Harjeet Singh Arora**

Managing Director  
DIN-00063176

**Sunil Kumar**  
Chief Financial Officer

**Vikas Gupta**  
Company Secretary



**MASTER TRUST LIMITED**

Consolidated Cash Flow Statement  
for the year ended 31 March, 2020

(₹ In Millions)

Particulars	For the year ended 31st March, 2020		For the year ended 31st March, 2019	
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES :</b>				
<b>Net Profit before tax</b>		<b>134.38</b>		<b>195.31</b>
Adjustment for:				
Depreciation/amortization	16.03		14.76	
Profit on sale of Fixed Asset	(0.16)		-	
Provision for Gratuity	4.34		(1.08)	
Profit on sale of Investment	(88.30)		(16.13)	
Provision for Non Performing Assets			0.41	
		(68.09)		(2.04)
<b>Operating profit before working capital changes</b>		<b>66.29</b>		<b>193.27</b>
Adjustments for (Increase)/decrease in operating assets				
Trade receivables	563.02		228.67	
Loans and advances	51.33		(70.31)	
Other financial assets	(308.39)		(58.56)	
Other Non financial assets	(17.78)		(7.08)	
Inventories	74.58		(53.86)	
Bank balances other than Cash and cash equivalent	0.32		(0.05)	
Total	363.08		38.81	
Adjustments for Increase/(decrease) in operating liabilities				
Trade payables	(531.30)		368.77	
Borrowings	287.33		112.49	
Other financial liabilities	(38.04)		152.82	
Other Non financial liabilities	6.09		(19.34)	
Total	(275.92)	87.16	614.74	653.55
<b>Cash generated from operations</b>		<b>153.45</b>		<b>846.82</b>
Income Tax Paid (Net)		(12.26)		(26.81)
<b>Net cash from Operating activities</b>		<b>141.19</b>		<b>820.01</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Purchase of fixed assets	(15.51)		(36.02)	
Sale of fixed assets	0.89		-	
Purchase of Investment	(80.50)		(162.61)	
Purchase of Investment Property	(8.82)		-	
Sale of Investment	293.63		16.17	
Net cash from/ (used) in Investing activities		<b>189.69</b>		<b>(182.46)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Dividends paid	-		(13.09)	
<b>Net cash from / (used) in financing activities</b>		<b>-</b>		<b>(13.09)</b>
<b>Net increase in cash and cash equivalents</b>		<b>330.88</b>		<b>624.46</b>
<b>Opening Balance Cash and cash equivalents</b>		<b>2,950.57</b>		<b>2,326.11</b>
<b>Closing Balance Cash and cash equivalents</b>		<b>3,281.45</b>		<b>2,950.57</b>

As per our Report of even date

**For C.S.Arora & Associates**  
Chartered Accountants  
FRN 015130N

**Chanchal Singh**  
Proprietor  
Membership Number 090835  
Ludhiana, 30 June,2020

**For and on behalf of the Board**

**R. K. Singhania**  
Director  
DIN-00077540

**Harjeet Singh Arora**  
Managing Director  
DIN-00063176

**Sunil Kumar**  
Chief Financial Officer

**Vikas Gupta**  
Company Secretary



## MASTER TRUST LIMITED

Consolidated Statement of Changes in Equity  
for the year ended 31st March, 2020

### A. Equity Share Capital

(₹ In Millions)

Particulars	Amount
<b>Issued, Subscribed and fully paid up:</b>	
Balance as at 1 April 2018	109.22
Changes during the year:	-
Balance as at 31 March 2019	109.22
Balance as at 1 April 2019	109.22
Changes during the year:	-
Balance as at 31 March 2020	109.22

### B. Other Equity

(₹ In Millions)

Particulars	Reserves & Surplus						Items of other comprehensive income	Total
	Statutory reserves as per Section 45-IC of the RBI Act, 1934	Capital Reserve	Securities Premium	Reserve for Standard Assets	General Reserve	Retained Earning		
<b>Balance as at 1 April 2018</b>	31.77	49.41	460.38	1.49	21.97	1,179.94	73.86	1,818.82
Profit/(loss) for the year	-	-	-	-	-	166.25	-	166.25
Other Comprehensive Income / (loss)	-	-	-	-	-	-	(27.57)	(27.57)
<b>Total</b>	<b>31.77</b>	<b>49.41</b>	<b>460.38</b>	<b>1.49</b>	<b>21.97</b>	<b>1,346.19</b>	<b>46.29</b>	<b>1,957.50</b>
Transfers to Statutory reserves	3.71	-	-	-	-	(3.71)	-	-
Transfers to Standard Assets	-	-	-	0.16	-	(0.16)	-	-
<b>Balance as at 31 March 2019</b>	<b>35.48</b>	<b>49.41</b>	<b>460.38</b>	<b>1.65</b>	<b>21.97</b>	<b>1,342.32</b>	<b>46.29</b>	<b>1,957.50</b>
<b>Balance as at 1 April 2019</b>	<b>35.48</b>	<b>49.41</b>	<b>460.38</b>	<b>1.65</b>	<b>21.97</b>	<b>1,342.32</b>	<b>46.29</b>	<b>1,957.50</b>
Profit/(loss) for the year	-	-	-	-	-	123.09	-	123.09
Other Comprehensive Income / (loss)	-	-	-	-	-	-	(47.52)	(47.52)
<b>Total</b>	<b>35.48</b>	<b>49.41</b>	<b>460.38</b>	<b>1.65</b>	<b>21.97</b>	<b>1,465.41</b>	<b>(1.23)</b>	<b>2,033.07</b>
Transfers to Statutory reserves	2.09	-	-	-	-	(2.09)	-	-
Transfers to Standard Assets	-	-	-	(0.04)	-	0.04	-	-
<b>Balance as at 31 March 2020</b>	<b>37.57</b>	<b>49.41</b>	<b>460.38</b>	<b>1.61</b>	<b>21.97</b>	<b>1,463.36</b>	<b>(1.23)</b>	<b>2,033.07</b>

As per our Report of even date

#### For C.S.Arora & Associates

Chartered Accountants  
FRN 015130N

#### Chanchal Singh

Proprietor

Membership Number 090835

Ludhiana, 30 June, 2020

For and on behalf of the Board

#### R. K. Singhania

Director  
DIN-00077540

**Sunil Kumar**  
Chief Financial Officer

#### Harjeet Singh Arora

Managing Director  
DIN-00063176

**Vikas Gupta**  
Company Secretary

## Notes forming part of financial statements for the year ended 31 March, 2019

### 1 Corporate Information -

"Master Trust Limited ('the Company') is a public limited company domiciled in India and incorporated under the provision of the Companies Act, 1956. The Company was registered as a non-deposit accepting Non Banking Financial Company ('NBFC-ND') with the Reserve Bank of India ('RBI'). Its shares are listed on Bombay Stock Exchange (BSE) in India. The company is mainly in the business of lending, sales/purchases of Securities and lands."

### 2 Significant Accounting Policies

#### a. Statement of compliance

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Section 133 of the 2013 Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the 2013 Act.

#### b. Basis of preparation and presentation

"The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below."

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

#### c. Basis of Consolidation

"The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company.

Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns."

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

"When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made,

including voting patterns at previous shareholders' meetings."

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit and loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

"When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra Group assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation."

#### **d. Investment in associates**

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Company's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised directly in equity as capital reserve in the period in which the investment is acquired.

After application of the equity method of accounting, the Company determines whether there is any objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the net investment in an associate or a joint venture and that event (or events) has an impact on the estimated future cash flows from the net investment that can be reliably estimated. If there exists such an objective evidence of impairment, then it is necessary to recognise impairment loss with respect to the Company's investment in an associate or a joint venture.

"When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with Ind AS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment.

Any reversal of that impairment loss is recognised in accordance with Ind AS 36 to the extent that the recoverable amount of the investment subsequently increases. The Company discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Company retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Company measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with Ind AS 109."

The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Company accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be

reclassified to profit or loss on the disposal of the related assets or liabilities, the Company reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

When a group entity transacts with an associate or a joint venture of the Company, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Company's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Company.

**e. Inventories**

Inventories are valued at the lower of cost and the net realisable value.

**f. Revenue Recognition**

**"Recognition of interest income on loans:**

The Company follows the mercantile system of accounting and recognized Profit/Loss on that basis. Interest income is recognized on the time proportionate basis starting from the date of disbursement of loan. In case of Non Performing Assets, interest income is recognized on receipt basis, as per NBFC Prudential norms."

**"Rental Income:**

Income from operating leases is recognised in the Statement of profit and loss as per contractual rentals unless another systematic basis is more representative of the time pattern in which benefit derived from the leased asset is diminished."

**"Fee and commission income :**

Fee based income are recognised when they become measurable and when it is probable to expect their ultimate collection. Commission and brokerage income earned for the services rendered are recognised as and when they are due."

**"Dividend and interest income on investments:**

Dividends are recognised in Statement of profit and loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

- Interest income from investments is recognised when it is certain that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable."

**g. Property, Plant and Equipments (PPE)**

"PPE are stated at cost of acquisition (including incidental expenses), less accumulated depreciation and accumulated impairment loss, if any.

Depreciation on PPE is provided on straight-line basis in accordance with the useful lives specified in Schedule II to the Companies Act, 2013 on a pro-rata basis.

The estimated useful lives used for computation of depreciation are as follows:"

Buildings	60 years
Furniture and Fixtures	10 years
Office Equipments	5 years
Computer	3 years
Vehicles	8 years

Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the statement of profit and loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset

and the resultant gains or losses are recognized in the statement of profit and loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

## **h. Financial instruments**

### **Recognition and initial measurement**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss. On initial recognition, a financial asset is classified as measured at FVOCI. The company subsequently measures all financial investments at fair value through other comprehensive income.

### **Financial assets**

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

#### - Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL."

#### - Investments in equity instruments measured at fair value through other comprehensive income (FVTOCI)

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the Reserve for equity instruments through other comprehensive income. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments."

#### - A financial asset is held for trading if it has been acquired principally for the purpose of selling it in the near term.

Dividends on these investments in equity instruments are recognised in profit or loss when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably"

#### - Derecognition of financial assets -

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when B64it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the

risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received."

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

"On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts."

### **Financial liabilities**

"All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL."

"A financial liability is classified as held for trading if:

- a. it has been incurred principally for the purpose of repurchasing it in the near term; or
- b. on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- c. it is a derivative that is not designated and effective as a hedging instrument."

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the statement of profit and loss.

-Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item."

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

-Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations



are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss."

#### **i. Employee benefits**

Short-term and other long-term employee benefits

"A liability is recognised for benefits accruing to employees in respect of wages and salaries, and annual leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date."

#### **Contribution to provident fund and ESIC -**

Company's contribution paid/payable during the year to provident fund and ESIC is recognised in the Statement of profit and loss.

#### **Gratuity -**

The Company's liability towards gratuity scheme is determined by independent actuaries, using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. Past services are recognised at the earlier of the plan amendment / curtailment and recognition of related restructuring costs/ termination benefits.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of profit and loss.

"Remeasurement gains/losses

-Remeasurement of defined benefit plans, comprising of actuarial gains / losses, return on plan assets excluding interest income are recognised immediately in the balance sheet with corresponding debit or credit to Other Comprehensive Income (OCI). Remeasurements are not reclassified to Statement of profit and loss in the subsequent period."

#### **j. Finance costs**

Finance costs include interest expense on respective financial instruments measured at Amortised cost. Financial instruments include bank term loans, loan to related parties and loan to others. Finance costs are charged to the Statement of profit and loss.

#### **k. Taxation - Current and deferred tax:**

Income tax expense represents the sum of the tax currently payable and deferred tax.

#### **Current tax :**

Current tax comprises amount of tax payable in respect of the taxable income or loss for the year determined in accordance with Income Tax Act, 1961 and any adjustment to the tax payable or receivable in respect of previous years. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

**Deferred tax :**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

**I. Provisions and contingent liabilities**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursements will be received and amount of the receivable can be measured reliably.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

**m. Leases :****Where the Company is the lessee -**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of profit and loss.

**Where the Company is the lessor -**

"Lease income is recognised in the Statement of profit and loss as per contractual rental unless another systematic basis is more representative of the time pattern in which the benefit derived from the leased asset is diminished."

**n. Cash and cash equivalents:**

Cash and cash equivalents in the balance sheet comprise cash on hand, cheques and drafts on hand, balance with banks in current accounts and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of change in value.

**o. Earnings Per Share :**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, sub-division of shares etc. that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders is divided by the weighted average number of equity shares outstanding during the period, considered for deriving basic earnings per share and weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

**p. Significant accounting judgements, estimates and assumptions**

"In the application of the Company's accounting policies, which are described as stated above, the Directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods."

**- Key sources of uncertainty**

In the application of the Company accounting policies, the management of the Company is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the areas of estimation uncertainty and critical judgements that the management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:"

**"a. Useful lives of depreciable tangible assets**

Management reviews the useful lives of depreciable/amortisable assets at each reporting date.

**b. Fair Value measurements and valuation processes**

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. The board of directors of the Company approves the fair values determined by the Chief Financial Officer of the Company including determining the appropriate valuation techniques and inputs for fair value measurements.

**c. Contingent Liability**

In ordinary course of business, the Company faces claims by various parties. The Company annually assesses such claims and monitors the legal environment on an ongoing basis, with the assistance of external legal counsel, wherever necessary. The Company records a liability for any claims where a potential loss probable and capable of being estimated and discloses such matters in its financial statements, if material. For potential losses that are considered possible, but not probable, the Company provides disclosures in the financial statements but does not record a liability in its financial statements unless the loss becomes probable."

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**NOTE 3 – CASH AND CASH EQUIVALENTS**

(₹ In Millions)

Particulars	As at 31st March, 2020	As at 31st March, 2019	As at 1st April, 2018
Cash on hand	0.83	1.38	1.17
Balances with banks			
- In current accounts	283.85	337.62	98.43
- In deposit accounts	2,996.77	2,611.57	2,213.40
- Cheques in hand	-	-	13.11
<b>Total</b>	<b>3,281.45</b>	<b>2,950.57</b>	<b>2,326.11</b>

**NOTE 4 – BANK BALANCES OTHER THAN ABOVE**

(₹ In Millions)

Particulars	As at 31st March, 2020	As at 31st March, 2019	As at 1st April, 2018
Balances with banks			
In earmarked accounts			
- Unpaid dividend accounts	0.80	1.12	1.07
<b>Total</b>	<b>0.80</b>	<b>1.12</b>	<b>1.07</b>

**NOTE 5 – RECEIVABLES**

(₹ In Millions)

Particulars	As at 31st March, 2020	As at 31st March, 2019	As at 1st April, 2018
Trade receivables outstanding for a period exceeding six months from the date they were due for payment Unsecured, considered good	20.26	60.04	22.82
Trade receivables outstanding for a period for and less than six months from the date they were due for payment Unsecured, considered good	331.09	854.33	1,120.22
<b>Total</b>	<b>351.35</b>	<b>914.37</b>	<b>1,143.04</b>

**NOTE 6 – LOANS AND ADVANCES**

(₹ In Millions)

Particulars	As at 31st March, 2020	As at 31st March, 2019	As at 1st April, 2018
Loans and advances to related parties	4.91	23.32	19.77
Loans and advances to others	744.82	777.74	711.08
<b>Total</b>	<b>749.73</b>	<b>801.06</b>	<b>730.85</b>

**NOTE 7 – Investments**

(₹ In Millions)

Investments	As at 31st March, 2020				As at 31st March, 2019				As at 1st April, 2018						
	Amortised Cost	At Fair value			Total	Amortised Cost	At Fair value			Total	Amortised Cost	At Fair value			Total
		Through OCI	Through Profit or Loss	Sub Total			Others (at cost)	Total	Through OCI			Through Profit or Loss	Sub Total	Others (at cost)	
<b>Equity instruments</b>															
<b>(a) subsidiaries</b>															
54,800 (As at 31 March, 2019: 54,800, 'As at 1st April, 2018: 54,800) shares of ₹10 each fully paid up in Prime Industries Ltd.	-	0.07	-	0.07	-	0.06	-	0.06	-	0.06	-	0.07	-	0.07	-
4 (As at 31 March, 2019: 4 shares of ₹5000, 'As at 1st April, 2018: 5000 each partly paid) shares of ₹5000 each fully paid in Maister Projects Private Ltd.	-	-	-	1.42	-	1.42	-	-	1.42	-	1.42	-	-	1.40	1.40
<b>(b) Others</b>															
Nil ('As at 31st March, 2019: Nil, 'As at 1st April, 2018: 5,000) shares of ₹10 each fully paid up in RRB Securities Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.50
Nil ('As at 31st March, 2019: 125, 'As at 1st April, 2018: 125) shares of ₹10 each fully paid up in Varun Shipping Limited	-	-	-	-	-	0.01	-	0.01	-	0.01	-	0.01	-	0.01	0.01
Nil ('As at 31 March, 2019: 2784, 1st April, 2018: 2784) shares of ₹10 each fully paid up in MOIL Limited	-	-	-	-	-	0.44	-	0.44	-	0.44	-	0.54	-	0.54	0.54
56 (As at 31 March, 2019: 56, 1st April, 2018: 56) shares of ₹10 each fully paid up in Tata Power Limited and 100 (As at 31 March, 2019: 100, 1st April, 2018: 100) shares of ₹1 each fully paid up in Ludhiana Stock Exchange Limited	-	0.40	-	0.40	-	0.40	-	0.40	-	0.40	-	0.32	-	0.32	0.32
12,870 (As at 31 March, 2019: 12,870, 1st April, 2018: 12,870) shares of ₹10 each fully paid up in NCC Limited	-	0.24	-	0.24	-	0.24	-	0.24	-	0.24	-	1.51	-	1.51	1.51
36,037 (As at 31 March, 2019: 36,037, 1st April, 2018: 36,037) shares of ₹1 each fully paid up in Delhi Stock Exchange Limited	-	0.95	-	0.95	-	0.95	-	0.95	-	0.95	-	0.95	-	0.95	0.95
23,600 (As at 31 March 2019: 23,600, 1st April, 2018: 23,600) Shares of ₹10 each fully paid up in R R Financial Consultants Ltd.	-	0.14	-	0.14	-	0.29	-	0.29	-	0.29	-	0.39	-	0.39	0.39
26,328 (As at 31 March 2019: 30,747 1st April, 2018: 41,684) Shares of ₹10 each fully paid up in Sainik Finance Ltd.	-	0.66	-	0.66	-	0.46	-	0.46	-	0.46	-	1.37	-	1.37	1.37
17,500 (As at 31 March 2019: 17,500, 1st April, 2018: 17,500) Shares of ₹10 each fully paid up in PTC India Financial Services Ltd.	-	0.14	-	0.14	-	0.28	-	0.28	-	0.28	-	0.42	-	0.42	0.42
8,500 (As at 31 March 2019: 8,500, 1st April, 2018: Nil) Shares of ₹10/- Each of LSC Securities Ltd.	-	0.24	-	0.24	-	0.24	-	0.24	-	0.24	-	-	-	-	-
1,6874 (As at 31 March 2019: 20,347, 1st April, 2018: 20,347) Shares of ₹2 each fully paid up in BSE Ltd.	-	5.01	-	5.01	-	5.01	-	5.01	-	5.01	-	15.39	-	15.39	15.39
Nil (As at 31 March 2019: 17,500, 1st April, 2018: Nil)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Units of ₹100/- each of Maister Trust (Rage Absolute Return Fund	-	-	-	-	-	18.17	-	18.17	-	18.17	-	-	-	-	-
315,000 (As at 31 March 2019: Nil, 1st April, 2018: Nil) 6% PR Shares of Zee Entertainment Ltd	-	9.14	-	9.14	-	-	-	-	-	-	-	-	-	-	-
<b>Compulsory Convertible Cumulative Preference Shares</b>															
60 (As at 31 March 2019: 60, 1st April, 2018: Nil) Shares of ₹10 each fully paid up in Quantinsti Quantitative Learning Private Ltd.	-	2.57	-	2.57	-	2.57	-	2.57	-	2.57	-	-	-	-	2.57

(₹ In Millions)

NOTE 7 – Investments

Investments	As at 31st March, 2020				As at 31st March, 2019				As at 1st April, 2018											
	Amortised Cost	At Fair value			Total	Amortised Cost	At Fair value			Total	Amortised Cost	At Fair value			Total					
		Through OCI	Through Profit or Loss	Sub Total			Others (at cost)	Total	Through OCI			Through Profit or Loss	Sub Total	Others (at cost)		Total	Through OCI	Through Profit or Loss	Sub Total	Others (at cost)
<b>Investment in partnership firms</b>																				
<b>Mutual Funds/Return Fund</b>																				
6583.082 (As at 31 March 2019:28527, 1st April, 2018:Nil) units of ₹1000 each of Nippon India Liquid Fund	-	0.06	-	0.06	-	0.06	-	0.06	-	0.06	-	0.07	-	0.07	-	0.07	-	0.07	-	0.03
4000000 (As at 31 March 2019:50000000, 1st April, 2018:50000000) units of ₹10 each of Nippon India Mutual Fund	-	50.00	-	50.00	-	50.00	-	50.00	-	50.00	-	130.10	-	130.10	-	130.10	-	130.10	-	-
Nil (As at 31 March 2019:25000000, 1st April, 2018:25000000) units of ₹10 each of Aditya Birla Sunlife Mutual Fund	-	45.97	-	45.97	-	45.97	-	45.97	-	45.97	-	58.75	-	58.75	-	58.75	-	58.75	-	54.15
1477352 (As at 31 March 2019:1477352, 1st April, 2018:1477352) units of ₹10 each of IDFC Mutual Fund Corp Bond FD	-	20.63	-	20.63	-	20.63	-	20.63	-	20.63	-	18.99	-	18.99	-	18.99	-	18.99	-	17.67
2000000 (As at 31 March 2019:20000000, 1st April, 2018:20000000) units of ₹10 each of HDFC Mutual Fund	-	24.74	-	24.74	-	24.74	-	24.74	-	24.74	-	22.96	-	22.96	-	22.96	-	22.96	-	21.57
16,12,757 (As at 31 March, 2019: 16,12,757, 1st April, 2018:16,12,757) units of ₹10 each of L AND T Mutual Fund	-	24.83	-	24.83	-	24.83	-	24.83	-	24.83	-	22.74	-	22.74	-	22.74	-	22.74	-	21.53
<b>TOTAL-GROSS (A)</b>	-	185.79	-	185.79	1.42	187.21	1.42	187.21	1.42	322.61	1.42	322.61	1.42	322.61	1.42	324.03	1.42	324.03	1.42	165.60
i) Investments outside India	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
i) Investments in India	-	185.79	-	185.79	1.42	187.21	1.42	187.21	1.42	322.61	1.42	322.61	1.42	322.61	1.42	324.03	1.42	324.03	1.42	165.60
<b>TOTAL-GROSS (B)</b>	-	185.79	-	185.79	1.42	187.21	1.42	187.21	1.42	322.61	1.42	322.61	1.42	322.61	1.42	324.03	1.42	324.03	1.42	165.60
Less: Allowance for Impairment loss (c)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.49
Total-Net D (A-C)	-	185.79	-	185.79	1.42	187.21	1.42	187.21	1.42	322.61	1.42	322.61	1.42	322.61	1.42	324.03	1.42	324.03	1.42	165.11

**NOTE 8 - OTHER FINANCIAL ASSETS**

(₹ In Millions)

Particulars	As at 31st March, 2020	As at 31st March, 2019	As at 1st April, 2018
Security deposits	64.89	38.01	40.61
Others	486.43	204.92	143.86
<b>Total</b>	<b>551.32</b>	<b>242.93</b>	<b>184.47</b>

**NOTE 9 - INVENTORIES**

(₹ In Millions)

Particulars	As at 31st March, 2020	As at 31st March, 2019	As at 1st April, 2018
Acquired For Trading	194.56	269.14	215.28
<b>Total</b>	<b>194.56</b>	<b>269.14</b>	<b>215.28</b>

**NOTE 10 - DEFERRED TAX ASSETS**

(₹ In Millions)

Particulars	As at 31st March, 2020	As at 31st March, 2019	As at 1st April, 2018
<b>Deferred tax Assets</b>			
Brought Forward Losses	35.89	37.64	44.70
On account of Gratuity	2.63	1.74	2.42
Provision for doubtful debts/advances	23.47	30.72	30.62
	61.99	70.10	77.74
<b>Deferred tax Liabilities</b>			
Investment in Equity/Debt/Mutual Fund	41.76	43.32	27.91
Others	0.57	0.90	0.75
	42.33	44.22	28.66
<b>Total</b>	<b>19.66</b>	<b>25.88</b>	<b>49.08</b>

**NOTE 11 - Property, Plant and Equipment**

(₹ In Millions)

Particulars	Buildings	Furniture and Fixtures	Office Equipments	Computer	Vehicles	Total
<b>GROSS CARRYING AMOUNT</b>						
Balance as at 1 April 2018	59.95	23.79	36.43	154.44	32.55	307.16
Additions during the year	10.98	4.74	2.3	9.01	8.99	36.02
Disposals / deductions during the year	-	-	-	-	-	-
Balance as at 31 March 2019	70.93	28.53	38.73	163.45	41.54	343.18
Balance as at 1 April 2019	70.93	28.53	38.73	163.45	41.54	343.18
Additions during the year	-	0.24	1.37	9.28	4.62	15.51
Disposals / deductions during the year	-	-	0.03	0.60	3.60	4.23
Balance as at 31 March 2020	70.93	28.77	40.07	172.13	42.56	354.46
<b>ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES</b>						
Balance as at 1 April 2018	11.14	18.96	31.94	142.34	20.67	225.05
Additions during the year	0.64	1.68	1.99	7.01	3.44	14.76
Disposals / deductions during the year	-	-	-	-	-	-
Balance as at 31 March 2019	11.78	20.64	33.93	149.35	24.11	239.81
Balance as at 1 April 2019	11.78	20.64	33.93	149.35	24.11	239.81
Additions during the year	0.63	1.52	1.41	8.55	3.92	16.03
Disposals / deductions during the year	-	-	0.03	0.05	3.52	3.60
Balance as at 31 March 2020	12.41	22.16	35.31	157.85	24.51	252.24
<b>NET CARRYING AMOUNT</b>						
As at 1 April 2018	48.81	4.83	4.49	12.1	11.88	82.11
As at 31 March 2019	59.15	7.89	4.8	14.1	17.43	103.37
As at 31 March 2020	58.52	6.61	4.76	14.28	18.05	102.22

**NOTE 12 - INVESTMENT PROPERTY**

(₹ In Millions)

Particulars	As at 31st March, 2020	As at 31st March, 2019	As at 1st April, 2018
Investment in Property	80.58	71.76	71.76
<b>Total</b>	<b>80.58</b>	<b>71.76</b>	<b>71.76</b>

**NOTE 13 - OTHER NON FINANCIAL ASSETS**

(₹ In Millions)

Particulars	As at 31st March, 2020	As at 31st March, 2019	As at 1st April, 2018
Advance income tax (net of provision for tax)	47.11	26.65	19.61
Prepaid expenses	6.78	8.15	6.34
Other	1.64	2.95	4.72
<b>Total</b>	<b>55.53</b>	<b>37.75</b>	<b>30.67</b>

**NOTE 14 - PAYABLES**

(₹ In Millions)

Particulars	As at 31st March, 2020	As at 31st March, 2019	As at 1st April, 2018
<b>Trade payables</b>			
- Total outstanding dues of micro enterprises and small enterprises	-	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	1,969.59	2,500.89	2,132.12
<b>Total</b>	<b>1,969.59</b>	<b>2,500.89</b>	<b>2,132.12</b>

**NOTE 15 - Borrowings**

(₹ In Millions)

Particulars	As at 31st March, 2020	As at 31st March, 2019	As at 1st April, 2018
<b>Deep Discount Bonds</b>			
Unsecured	15.14	15.17	15.93
Interest on Deep Discount Bond accrued but not due.	457.67	382.28	334.37
	472.81	397.45	350.30
<b>Term Loans</b>			
From Banks - Secured	9.24	10.96	6.57
<b>Loans repayable on demand</b>			
<b>From banks</b>			
Secured	413.70	85.32	0.43
<b>From other parties</b>			
Secured	-	-	0.27
	413.70	85.32	0.70
<b>Loans and advances from related parties</b>			
Unsecured	58.02	65.34	57.80
<b>Other loans and advances</b>			
Unsecured	82.07	131.85	163.06
<b>Total</b>	<b>1,035.84</b>	<b>690.92</b>	<b>578.43</b>



**NOTE 16 – OTHER FINANCIAL LIABILITIES**

(₹ In Millions)

Particulars	As at 31st March, 2020		As at 31st March, 2019		As at 1st April, 2018	
	Number	Amount (Rs.)	Number	Amount (Rs.)	Number	Amount (Rs.)
Unclaimed dividends		0.80		1.12		1.07
Cheque Issued Net		79.30		161.79		-
Others		118.12		73.35		82.25
<b>Total</b>		<b>198.22</b>		<b>236.26</b>		<b>83.32</b>

**NOTE 17 – PROVISIONS**

(₹ In Millions)

Particulars	As at 31st March, 2020		As at 31st March, 2019		As at 1st April, 2018	
	Number	Amount (Rs.)	Number	Amount (Rs.)	Number	Amount (Rs.)
Provision for gratuity		14.65		10.31		11.72
Provision for tax		-		0.34		-
Provision for proposed equity dividend		-		-		10.88
Provision for tax on proposed dividends		-		-		2.21
Provision for Non Performing Assets		93.24		122.06		121.65
<b>Total</b>		<b>107.89</b>		<b>132.71</b>		<b>146.46</b>

**NOTE 18 – OTHER NON FINANCIAL LIABILITIES**

(₹ In Millions)

Particulars	As at 31st March, 2020		As at 31st March, 2019		As at 1st April, 2018	
	Number	Amount (Rs.)	Number	Amount (Rs.)	Number	Amount (Rs.)
Statutory dues		15.51		19.87		16.62
Others		92.60		82.15		104.65
<b>Total</b>		<b>108.11</b>		<b>102.02</b>		<b>121.27</b>

**NOTE 19 – EQUITY SHARE CAPITAL**

(₹ In Millions)

Particulars	As at 31st March, 2020		As at 31st March, 2019		As at 1st April, 2018	
	Number	Amount (Rs.)	Number	Amount (Rs.)	Number	Amount (Rs.)
<b>Authorised</b>						
Equity shares of Rs.5/- each (Previous Year Rs.10/- each) (Par value)	22,000,000	110.00	11,000,000	110.00	11,000,000	110.00
	<b>22,000,000</b>	<b>110.00</b>	<b>11,000,000</b>	<b>110.00</b>	<b>11,000,000</b>	<b>110.00</b>
<b>Issued</b>						
Equity shares of Rs.5/- each (Previous Year Rs.10/- each) (Par value)	21,950,800	109.75	10,975,400	109.75	10,975,400	109.75
	<b>21,950,800</b>	<b>109.75</b>	<b>10,975,400</b>	<b>109.75</b>	<b>10,975,400</b>	<b>109.75</b>
<b>Subscribed and fully paid up</b>						
Equity shares of Rs.5/- each (Previous Year Rs.10/- each) (Par value)	21,753,200	108.76	10,876,600	108.76	10,876,600	108.76
Forfeited Shares	-	0.46	-	0.46	-	0.46
	<b>21,753,200</b>	<b>109.22</b>	<b>10,876,600</b>	<b>109.22</b>	<b>10,876,600</b>	<b>109.22</b>

**(a) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:**

Particulars	Share Capital		Share Capital		Share Capital	
	As at 31st March, 2020		As at 31st March, 2019		As at 1st April, 2018	
	Number	Amount (Rs.)	Number	Amount (Rs.)	Number	Amount (Rs.)
i) Issued, Subscribed and paid up equity shares						
Outstanding at the beginning of the year	21,753,200	217,532,000	10,876,600	108,766,000	10,876,600	108,766,000
Additions: Shares Split during the year	-	-	-	-	-	-
<b>Outstanding at the end of the period</b>	<b>21,753,200</b>	<b>108,766,000</b>	<b>10,876,600</b>	<b>108,766,000</b>	<b>10,876,600</b>	<b>108,766,000</b>

**(b) Terms/rights attached to equity shares**

The company has one class of shares referred to as Equity Shares having a par value of Rs. 5/- each (Rs.10/- each as at 31st March 2019 and 1st April 2018). Each holder of equity shares is entitled to one vote per share.

**(c) Shares held by holding company or ultimate holding company or subsidiaries or associates of the holding company or the ultimate holding company.**

There is no holding or ultimate holding company of the Company.

**(d) The details of shareholder holding more than 5 percent shares.**

Particulars	Equity Share Capital		Equity Share Capital		Equity Share Capital	
	As at 31st March, 2020		As at 31st March, 2019		As at 1st April, 2018	
	No. of Shares	% of holding	No. of Shares	% of holding	No. of Shares	% of holding
Harjeet Singh Arora	3,173,696	14.59	1,586,848	14.59	1,586,848	14.59
Harneesh Kaur Arora	2,430,020	11.17	1,215,010	11.17	1,215,010	11.17
Rajinder Kumar Singhania	5,160,714	23.72	2,580,357	23.72	2,580,357	23.72
Jashanjyot Singh Arora	1,440,000	6.62	720,000	6.62	720,000	6.62
Parveen Singhania	1,981,000	9.11	990,500	9.11	990,500	9.11
Gala Finance & Investment Ltd	-	-	645,999	5.94	645,999	5.94
Prime Industries Ltd	1,187,916	5.46	593,958	5.46	593,958	5.46
Convexity Solutions and Advisors Private Ltd	100	-	874,900	8.04	874,900	8.04
G S Auto Leasing Ltd	3,162,865	14.54	-	-	-	-

**e) Company has split face value of equity share from Rs. 10/- each to Rs. 5/- per share as approved by the shareholders of the Company through postal ballot on 12 August 2019 and result declared on 13 August 2019.**

**NOTE 20 – OTHER EQUITY**

(₹ In Millions)

Particulars	As at 31st March, 2020	As at 31st March, 2019	As at 1st April, 2018
Statutory reserves as per Section 45-IC of the RBI Act, 1934	37.57	35.48	31.77
Capital Reserve	49.41	49.41	49.41
Securities Premium	460.38	460.38	460.38
Reserve for Standard Assets	1.61	1.65	1.49
General Reserve	21.97	21.97	21.97
Retained Earning	1,463.37	1,342.32	1,179.94
Debt/Equity instruments through OCI	(1.24)	46.29	73.86
<b>Total</b>	<b>2,033.07</b>	<b>1,957.50</b>	<b>1,818.82</b>

**B. Other Equity**

(₹ In Millions)

Particulars	Reserves & Surplus						Items of other comprehensive income	Total
	Statutory reserves as per Section 45-IC of the RBI Act, 1934	Capital Reserve	Securities Premium	Reserve for Standard Assets	General Reserve	Retained Earning		
<b>Balance as at 1 April 2018</b>	31.77	49.41	460.38	1.49	21.97	1,179.94	73.86	1,818.82
Profit/(loss) for the year	-	-	-	-	-	166.25	-	166.25
Other Comprehensive Income / (loss)	-	-	-	-	-	-	(27.57)	(27.57)
<b>Total</b>	<b>31.77</b>	<b>49.41</b>	<b>460.38</b>	<b>1.49</b>	<b>21.97</b>	<b>1,346.19</b>	<b>46.29</b>	<b>1,957.50</b>
Transfers to Statutory reserves	3.71	-	-	-	-	(3.71)	-	-
Transfers to Standard Assets	-	-	-	0.16	-	(0.16)	-	-
<b>Balance as at 31 March 2019</b>	35.48	49.41	460.38	1.65	21.97	1,342.32	46.29	1,957.50
<b>Balance as at 1 April 2019</b>	35.48	49.41	460.38	1.65	21.97	1,342.32	46.29	1,957.50
Profit/(loss) for the year	-	-	-	-	-	123.09	-	123.09
Other Comprehensive Income / (loss)	-	-	-	-	-	-	(47.52)	(47.52)
<b>Total</b>	<b>35.48</b>	<b>49.41</b>	<b>460.38</b>	<b>1.65</b>	<b>21.97</b>	<b>1,465.41</b>	<b>(1.23)</b>	<b>2,033.07</b>
Transfers to Statutory reserves	2.09	-	-	-	-	(2.09)	-	-
Transfers to Standard Assets	-	-	-	(0.04)	-	0.04	-	-
<b>Balance as at 31 March 2020</b>	<b>37.57</b>	<b>49.41</b>	<b>460.38</b>	<b>1.61</b>	<b>21.97</b>	<b>1,463.36</b>	<b>(1.23)</b>	<b>2,033.07</b>

**NOTE 21 - INTEREST INCOME**

(₹ In Millions)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
<b>Interest</b>		
Interest on Loans and Advances	220.97	175.67
Interest on Fixed Deposits	112.62	155.52
<b>Total</b>	<b>333.59</b>	<b>331.19</b>

**NOTE 22 - DIVIDEND INCOME**

(₹ In Millions)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Dividend Income	2.01	1.56
<b>Total</b>	<b>2.01</b>	<b>1.56</b>

**NOTE 23 - SALE OF PRODUCTS**

(₹ In Millions)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Profit from dealing in securities/Land	146.73	175.53
<b>Total</b>	<b>146.73</b>	<b>175.53</b>

**NOTE 24- RENTAL INCOME**

(₹ In Millions)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Rent Income	0.32	0.48
<b>Total</b>	<b>0.32</b>	<b>0.48</b>

**NOTE 25 - Fees and commission Income**

(₹ In Millions)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Income from Brokerage	826.45	778.36
Income from PMS	34.49	47.15
DP Income	15.03	10.31
<b>Total</b>	<b>875.97</b>	<b>835.82</b>

**NOTE 26 - EMPLOYEE BENEFITS EXPENSES**

(₹ In Millions)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Salaries and wages	366.09	328.18
Contribution to provident and other funds	1.96	2.00
Staff welfare expenses	5.13	5.64
<b>Total</b>	<b>373.18</b>	<b>335.82</b>

**NOTE 27 - FINANCE COSTS**

(₹ In Millions)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Interest expense	174.67	129.60
Bank charges	3.23	2.69
<b>Total</b>	<b>177.90</b>	<b>132.29</b>

**NOTE 28 - OTHER EXPENSES**

(₹ In Millions)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Printing & Stationery	4.12	4.90
Postage, Telegram & Telephone	30.86	28.78
Rent	28.75	26.28
Fees & Taxes	7.83	7.18
Directors Travelling	0.01	0.02
Demat/ Remat Charges	6.26	5.53
Legal & Professional Charges	39.78	54.47
Travelling & Conveyance	10.97	11.78
Payments to auditors		
As auditors - statutory audit	0.60	0.94
For Tax Audit	0.15	0.29
Office Maintenance	20.97	29.63
General Expenses	24.68	22.92
Advertisement Expenses	0.06	0.05
Computer & Software Expenses	51.97	45.38
Sub Brokerage	250.04	277.51
Turnover Charges	171.05	156.80
VSAT Charges	3.33	3.48
Provison for Non Performing Assets	-	0.41
Bad Debts wittten off/(back)	5.70	(9.95)
<b>Total</b>	<b>657.13</b>	<b>666.40</b>

**Note 29 Computation of Earnings Per Share (EPS)**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to the equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources(if any). For the purpose of calculating the diluted earnings per share, the net profit or loss for the period attributable to the equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

(₹ In Millions)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
<b>A) Basic</b>		
(i) Net Profit attributable to shareholders	123.09	166.25
(ii) Adjusted weighted average equity shares	21,753,200	21,753,200
Basic EPS (₹)	5.66	7.64
<b>B) Diluted</b>		
(i) Net Profit attributable to shareholders	123.09	166.25
(ii) Adjusted weighted average equity shares	21,753,200	21,753,200
Diluted EPS (₹)	5.66	7.64

**Note 30 Contingent liabilities**

a) Master Capital Services Limited has given/availed a Bank Guarantee amounting to ₹2.50 Millions (As at 31 March, 2019: ₹2.50 Millions) in favour of NSE Clearing Ltd, ₹140.00 Millions (As at 31 March, 2019 : ₹260.00 Millions) in favour of SHCIL , ₹6.25 Millions(As at 31 March, 2019: Nil) in favour of Multi Commodity Exchange of India Limited, ₹3.25 Millions (As at 31 March, 2019: Nil) in favour of National Commodity & Derivatives Exchange Limited. and ₹Nil (As at 31 March, 2019: ₹200.00 Millions) in favour of IL&FS.

Master Commodity Services Limited has given/availed a Bank Guarantee amounting to ₹Nil (As at 31 March, 2019: ₹93.75 Millions) in favour of Multi Commodity Exchange of India Limited, ₹0.75 Millions (As at 31 March, 2019: ₹3.25 Millions) in favour of National Commodity & Derivatives Exchange Limited.

Master Infrastructure and Real Estate Developers Limited has given/availed Bank Guarantee of ₹0.05 Million (As at 31 March, 2019: ₹0.05 Million) in favour of Greater Ludhiana Area Development Authority.

b) The Group has other small litigations which have arisen in ordinary course of business with the clients. The Group has reviewed the impact of all such litigations on Financial Position. In view of the management and the legal advice sought, no provision is required to be made in case of litigation against/by the company. Therefore, provision for the same has not been provided in books of accounts.

**Note 31**

Disclosures, relating to amounts unpaid as at the year end together with interest required under the Micro, Small and Medium Enterprises Development Act, 2006 have been given to the extent company has received intimation from "Suppliers" regarding their status under the said Act.

**Note 32**

Master Capital Services Limited had issued 4000 Deep Discount Bonds (DDB) in the previous years, outstanding Face Value at the end of the year amounting to ₹27.37 Millions (As at 31 March, 2019: ₹30.70 Millions), to augment the working capital and other requirements. Interest expense is accounted for on mercantile basis. However, as per the provisions of Income Tax Act, the tax will be deducted at source at the time of maturity/redemption.

**Note 33 Disclosure as per Indian Accounting Standard (Ind AS) 108 "Operating Segments"**
**a) Operating Segments**

Management currently identifies the Group's five service lines as its Operating Segments as follows:-

- (i) Segment – Broking
- (ii) Segment – Interest
- (iii) Segment – Portfolio Management Services
- (iv) Segment – Insurance Broking
- (v) Segment – Investment/Trading in Securities & others

**b) Segment Revenue & Expenses**

Revenue & Expenses directly attributable to the segment is considered as "Segment Revenue & "Segment Expenses"

**c) Segment Assets & Liabilities**

Segment Assets & Liabilities include the respective directly identifiable to each of the segments.

These Operating Segments are monitored by the Group's chief operating decision maker and strategic decisions are made on the basis of segment Operating Results. Segment performance is evaluated based on the profit of each segment.

The following tables present Revenue and Profit Information and certain Assets and Liabilities information regarding the Group's reportable segments for the years ended March 31, 2020 and March 31, 2019.

**(a) Information about business Segments**
**(₹ In Millions)**

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
<b>A) Segment Revenue</b>		
1) Total Segment Revenue		
(a) Segment – Broking	1127.06	1066.01
(b) Segment – Interest	36.96	45.68
(c) Segment – Portfolio Management Services	34.53	52.44
(d) Segment – Insurance Broking	26.08	15.95
(e) Segment – Investment/Trading in Securities & others	133.99	164.50
<b>Total</b>	<b>1358.62</b>	<b>1344.58</b>
2) Inter Segment Revenue	-	-
3) External Revenue (1-2)		
(a) Segment – Broking	1127.06	1066.01
(b) Segment – Interest	36.96	45.68
(c) Segment – Portfolio Management Services	34.53	52.44
(d) Segment – Insurance Broking	26.08	15.95
(e) Segment – Investment/Trading in Securities & others	133.99	164.50
<b>Total</b>	<b>1358.62</b>	<b>1344.58</b>
<b>B) Results</b>		
1) Segment Results:		
(a) Segment – Broking	56.69	90.94
(b) Segment – Interest	19.16	4.27
(c) Segment – Portfolio Management Services	(4.49)	1.64
(d) Segment – Insurance Broking	12.24	3.57
(e) Segment – Investment/Trading in Securities & others	50.96	95.26
<b>Total</b>	<b>134.56</b>	<b>195.68</b>
2) Unallocated Expenses	0.18	0.37
3) Operating Profit	134.38	195.31
4) Provision	11.28	27.90
5) Minority Interest	0.01	1.16
6) Net Profit	123.09	166.25
<b>Other Information</b>		
1) Segment Assets		
(a) Segment – Broking	3963.03	3963.69
(b) Segment – Interest	699.79	500.56
(c) Segment – Portfolio Management Services	34.36	41.38
(d) Segment – Insurance Broking	25.42	16.75
(e) Segment – Investment/Trading in Securities & others	817.88	1181.45
<b>Total</b>	<b>5540.48</b>	<b>5703.83</b>
2) Unallocated Corporate Assets	14.27	12.27
3) Deferred Tax Assets	19.66	25.88
4) Total Assets	5574.41	5741.98
5) Segment Liabilities		
(a) Segment – Broking	2776.15	2746.13
(b) Segment – Interest	431.81	421.65

(c) Segment – Portfolio Management Services	5.47	12.52
(d) Segment – Insurance Broking	2.80	2.68
(e) Segment – Investment/Trading in Securities & others	202.62	478.70
<b>Total</b>	<b>3418.85</b>	<b>3661.68</b>
6) Unallocated Liabilities	0.80	1.12
7) Deferred Tax Liabilities	-	-
8) Total Liabilities	3419.65	3662.80
9) Minority Interest	12.47	12.46
10) Share Holder's Fund	2142.29	2066.72

## (b) Information about Geographical Segments

The company caters mainly to the needs of Indian market so there are no reportable geographical segments.

**Note 34 First Time Adoption of Ind AS**

This note explains the principal adjustments made by the Company in restating its Previous GAAP financial statements, including the balance sheet as at 1 April 2018 and the financial statements as at and for the year ended 31 March 2019 to comply with Ind AS.

## i) Comparative Balance sheet as at 1 April 2018 and 31 March 2019

(₹ In Millions)

Particulars	As at 31st March, 2019			As at 1st April, 2018		
	Previous GAAP	Adjustments	Ind AS	Previous GAAP	Adjustments	Ind AS
<b>I ASSETS</b>						
<b>Financial Assets</b>						
Cash and cash equivalents	2,950.57	-	2,950.57	2,326.11	-	2,326.11
Bank balances other than above	1.12	-	1.12	1.07	-	1.07
Trade Receivables	914.37	-	914.37	1,143.04	-	1,143.04
Loans and Advances	801.06	-	801.06	730.85	-	730.85
Investments 297.82	(26.21)	324.03	135.26	(31.25)	166.51	
Other financial assets	242.81	(0.12)	242.93	184.47	-	184.47
<b>Total financial assets</b>	<b>5,207.75</b>	<b>(26.33)</b>	<b>5,234.08</b>	<b>4,520.80</b>	<b>(31.25)</b>	<b>4,552.05</b>
<b>Non-financial Assets</b>						
Inventories	269.14	-	269.14	215.28	-	215.28
Deferred tax assets	1.68	(24.20)	25.88	2.67	(46.41)	49.08
Property, Plant and Equipment	103.37	-	103.37	82.11	-	82.11
Investment Property	71.76	-	71.76	71.76	-	71.76
Other Non financial assets	37.75	-	37.75	30.67	-	30.67
<b>Total non-financial assets</b>	<b>483.70</b>	<b>(24.20)</b>	<b>507.90</b>	<b>402.49</b>	<b>(46.41)</b>	<b>448.90</b>
<b>Total assets</b>	<b>5,691.45</b>	<b>(50.53)</b>	<b>5,741.98</b>	<b>4,923.29</b>	<b>(77.66)</b>	<b>5,000.95</b>
<b>II LIABILITIES AND EQUITY</b>						
<b>Financial liabilities</b>						
Payable	2,500.89	-	2,500.89	2,132.12	-	2,132.12
Borrowings	869.92	179.00	690.92	687.25	108.82	578.43
Other financial liabilities	236.26	-	236.26	83.32	-	83.32
<b>Total financial liabilities</b>	<b>3,607.07</b>	<b>179.00</b>	<b>3,428.07</b>	<b>2,902.69</b>	<b>108.82</b>	<b>2,793.87</b>
<b>Non Financial liabilities</b>						
Provisions	20.13	(112.58)	132.71	33.84	(112.62)	146.46
Other non-financial liabilities	102.02	-	102.02	121.27	-	121.27
<b>Total Non Financial liabilities</b>	<b>122.15</b>	<b>(112.58)</b>	<b>234.73</b>	<b>155.11</b>	<b>(112.62)</b>	<b>267.73</b>
<b>Equity</b>						
a) Equity share capital	109.22	-	109.22	109.22	-	109.22
b) Other equity 1,840.55	(116.95)	1,957.50	1,744.96	(73.86)	1,818.82	
Non-controlling interests	12.46	-	12.46	11.31	-	11.31
<b>Total equity</b>	<b>1,962.23</b>	<b>(116.95)</b>	<b>2,079.18</b>	<b>1,865.49</b>	<b>(73.86)</b>	<b>1,939.35</b>
<b>Total Liabilities and Equity</b>	<b>5,691.45</b>	<b>(116.95)</b>	<b>5,741.98</b>	<b>4,923.29</b>	<b>(73.86)</b>	<b>5,000.95</b>

ii) Comparative Statement of profit and loss for the year ended 31 March 2019

(₹ In Millions)

Particulars	Previous GAAP	Adjustments	Ind AS
<b>Revenue from operations</b>			
(i) Interest Income	331.17	0.02	331.19
(ii) Dividend Income	1.56	-	1.56
(iii) Sale of Products	175.00	0.53	175.53
(iv) Rental Income	0.48	-	0.48
(v) Fees and commission Income	835.82	-	835.82
(v) Other Income	-	-	-
<b>Total Revenue</b>	<b>1344.03</b>	<b>0.55</b>	<b>1344.58</b>
<b>EXPENSES:</b>			
Employee benefits expense	335.19	0.63	335.82
Finance Costs	202.90	(70.61)	132.29
Depreciation and amortization expense	14.76	-	14.76
Other expenses	666.40	-	666.40
<b>Total Expenses</b>	<b>1219.25</b>	<b>(69.98)</b>	<b>1149.27</b>
<b>Profit before tax</b>	<b>124.78</b>	<b>70.53</b>	<b>195.31</b>
<b>Tax Expenses</b>			
- Current tax expense for current year	26.39	-	26.39
- Deferred tax	0.99	(0.24)	0.75
- Current tax expense relating to prior years	0.76	-	0.76
<b>Profit for the period / year</b>	<b>96.64</b>	<b>70.77</b>	<b>167.41</b>
Other Comprehensive Income			
(A) (i) Items that will not be reclassified to profit or loss	-	(16.42)	(16.42)
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	1.78	1.78
<b>Subtotal(A)</b>	<b>-</b>	<b>(14.64)</b>	<b>(14.64)</b>
(B) (i) Items that will be reclassified to profit or loss	-	11.30	11.30
(ii) Income tax relating to items that will be reclassified to profit or loss	-	(24.23)	(24.23)
<b>Subtotal(B)</b>	<b>-</b>	<b>(12.93)</b>	<b>(12.93)</b>
<b>Other Comprehensive Income (A+B)</b>	<b>-</b>	<b>(27.57)</b>	<b>(27.57)</b>
<b>Total Comprehensive Income for the period/year</b>	<b>96.64</b>	<b>44.98</b>	<b>139.84</b>

**Material adjustments on adoption of Ind AS are explained below:**

**1. Net gain on fair value changes**

Under Indian GAAP, investments in equity instruments, mutual funds and debt securities were classified as long term investments based on the intended holding period and realisability. Long term investments were carried at cost less provision for other than temporary diminution in the value of investments. Ind AS requires such investments to be measured at fair value.

Accordingly, the Company has designated such investments as FVTOCI investments in accordance with Ind AS. The difference between the instrument's fair value and carrying amount as per Indian GAAP has been recognized in Other Comprehensive Income.

**2. Amortisation of Financial Asset**

Under the previous GAAP, the loan given by the Company to its employees were carried at book value. However, under Ind AS, these loans are required to be measured initially at fair value on the date of transition and subsequently at amortized cost. Difference between the fair value and transaction value of such loan to employees has been recognised as prepaid employee benefit expense is amortised over the loan period on straight line basis. Notional interest income on such loans is recognised over the loan period using effective interest method.

**3. Defined benefit obligation**

Under Ind AS, remeasurements i.e actuarial gains and losses are to be recognized in 'Other comprehensive income' and are not to be reclassified to profit and loss in a subsequent period. Under the Indian GAAP, these remeasurements were forming part of the profit or loss.

**4. Deferred tax**

Under Indian GAAP, deferred tax was recognized for the temporary timing differences which focus on differences between taxable profits and accounting profits for the period. Ind AS requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an



asset or liability in the balance sheet and its tax base. Further, the application of Ind AS has resulted in recognition of deferred tax on certain temporary differences which was not required under Indian .GAAP.

## 5. Statement of cash flows

The transition from Indian GAAP to IND AS has not had a material impact on statement of cash flows.

### Note 35 Related Party Transactions

(₹ In Millions)

Associates/Enterprises owned or significantly influenced by the key Management Persons or their Relatives	Key Management Personnel and their Relatives
Prime Industries Limited Master Share & Stock Brokers Limited H.K Arora Real Estate Service Private Limited Big Build Real Estate Private Limited Amni Real Estate Private Limited Matria Estate Developers Private Limited Gold Touch Agri Private Limited Master Trust Wealth Private Limited Sanawar Investments  Saintco India Private Limited Singhanian Properties Eminent Buildwell Private Limited Master Projects Private Limited Sanawar Agri Private Limited Arora Financial Services Private Limited Bluecircle Investments Crescent Investments KAG Investment and Advisors Private Limited Chandi Angel Investors Forum PHDA Financial Services Private Limited R. K. Singhanian HUF Harjeet Singh Arora HUF Harinder Singh HUF Puneet Singhanian HUF Irage Mastertrust Investment Managers LLP Vision Investments	<b>KMP</b> Mr. Harjeet Singh Arora Mr. R. K. Singhanian Mr. Gurmeet Singh Chawla Mr. Harinder Singh Mr. Puneet Singhanian Mr. Jashanjyot Singh Arora  <b>Relatives of KMP</b> Mrs. Harneesh Kaur Arora Mrs. Parveen Singhanian Mr. Chirag Singhanian Mrs. Palka A Chopra Mrs. Priyanka Thukral Mrs. Rohila Singhanian Mrs. Isha Singhanian Mr. Amandeep Singh Chawla Ms. Guneet Chawla Mr. Maninder Singh

### Transactions with related parties

(₹ In Millions)

Transactions with related parties	Associates/Enterprises owned or significantly influenced by the key Management Persons or their Relatives	Key Management Personnel and their Relatives	Total	
Purchases	Year ended 31st March, 2020	110.11	-	110.11
	Year ended 31st March, 2019	3.26	-	3.26
Sale	Year ended 31st March, 2020	107.05	-	107.05
	Year ended 31st March, 2019	46.62	5.00	51.62
Brokerage Received	Year ended 31st March, 2020	0.29	0.23	0.52
	Year ended 31st March, 2019	0.02	0.04	0.06
Brokerage Paid	Year ended 31st March, 2020	-	3.13	3.13
	Year ended 31st March, 2019	-	1.90	1.90
Interest Paid	Year ended 31st March, 2020	5.33	2.67	8.00
	Year ended 31st March, 2019	4.52	1.02	5.54
Interest Received	Year ended 31st March, 2020	0.47	2.29	2.76
	Year ended 31st March, 2019	9.90	1.73	11.63
Professional Charges	Year ended 31st March, 2020	0.60	-	0.60
	Year ended 31st March, 2019	0.60	-	0.60
Rent Paid / Other Charges	Year ended 31st March, 2020	2.71	1.75	4.46
	Year ended 31st March, 2019	2.08	1.45	3.53
Remuneration	Year ended 31st March, 2020	-	27.24	27.24
	Year ended 31st March, 2019	-	24.18	24.18

Loan & Advances Given	As at 31st March, 2020	4.91	-	4.91
	As at 31st March, 2019	3.84	19.05	22.89
	As at 1st April, 2018	12.02	7.73	19.75
Loan & Advances Taken	As at 31st March, 2020	17.82	29.95	47.77
	As at 31st March, 2019	20.70	33.98	54.68
	As at 1st April, 2018	11.93	35.22	47.15
Balance outstanding at the end of the year Payable	As at 31st March, 2020	17.97	51.23	69.20
	As at 31st March, 2019	0.01	12.18	12.19
	As at 1st April, 2018	0.08	12.43	12.51
Balance outstanding at the end of the year Receivable	As at 31st March, 2020	4.91	3.00	7.91
	As at 31st March, 2019	0.08	3.34	3.42
	As at 1st April, 2018	0.20	4.44	4.64

### Note 36 Employee Benefits

The Company provides for the gratuity, covering qualifying employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated period mentioned under The Payment of Gratuity Act, 1972.

Details of defined benefit plans as per actuarial valuation are as follows:

#### Expense recognized in the statement of Profit and Loss:

(₹ In Millions)

Period	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Interest cost	3.26	2.93
Current service cost	6.01	5.36
Past Service Cost	-	-
Expected return on plan asset	(3.17)	(1.79)
Expenses to be recognized in P&L	6.10	6.50

#### Other comprehensive (income) / expenses (Remeasurement)

(₹ In Millions)

Period	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Cumulative unrecognized actuarial (gain)/loss opening. B/F	(0.34)	-
Actuarial (gain)/loss - obligation	(0.43)	(0.34)
Actuarial (gain)/loss - plan assets	-	-
Total Actuarial (gain)/loss	(0.43)	(0.34)
Cumulative total actuarial (gain)/loss. C/F	(0.77)	(0.34)

#### The amount to be recognized in the Balance Sheet):

(₹ In Millions)

Period	As at 31st March, 2020	As at 31st March, 2019
Present value of the obligation at the end of the period	52.87	45.90
Fair value of plan assets at end of period	38.22	35.59
Net liability/(asset) recognized in Balance Sheet and related analysis	14.65	10.31
Funded Status - Surplus/ (Deficit)	(14.65)	(10.31)

**Table Showing Changes in Present Value of Obligations:**

(₹ In Millions)

Period	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Present value of the obligation at the beginning of the period	45.90	39.32
Interest cost	6.01	5.36
Current service cost	3.26	2.93
Past Service Cost	-	-
Benefits paid (if any)	(1.87)	(1.66)
Actuarial (gain)/loss	(0.43)	(0.05)
Present value of the obligation at the end of the period	52.87	45.90

As per our Report of even date

**For C.S.Arora & Associates**

Chartered Accountants  
FRN 015130N

**Chanchal Singh**

Proprietor

Membership Number 090835

Ludhiana, 30 June, 2020

**For and on behalf of the Board**

**R. K. Singhania**

Director  
DIN-00077540

**Sunil Kumar**  
Chief Financial Officer

**Harjeet Singh Arora**

Managing Director  
DIN-00063176

**Vikas Gupta**  
Company Secretary

## FORM AOC-1

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

### Part "A": Subsidiaries

(₹ In Millions)

Name of the Subsidiary Company	Master Infrastructure and Real Estate Developers Limited	H.A. Share & Stock Brokers Limited	Master Capital Services Limited	Master Commodity Services Limited	Master Portfolio Services Limited	Master Insurance Brokers Limited
Reporting period	1 April, 2019 to 31 March, 2020	1 April, 2019 to 31 March, 2020	1 April, 2019 to 31 March, 2020	1 April, 2019 to 31 March, 2020	1 April, 2019 to 31 March, 2020	1 April, 2019 to 31 March, 2020
Reporting currency	INR	INR	INR	INR	INR	INR
Share Capital	2.00	2.45	59.00	5.50	8.10	7.50
Reserves & Surplus	234.77	23.05	1,116.70	211.90	20.86	15.61
Total Assets	395.22	26.93	4,450.85	378.10	34.42	25.91
Total Liabilities	158.45	1.43	3,275.15	160.70	5.46	2.80
Investments	174.71	-	311.72	50.00	-	-
Turnover & Other Income	111.78	7.10	1,092.97	93.10	39.10	26.08
Profit before taxation	15.84	0.02	42.33	6.96	0.07	11.73
Provision for taxation	1.10	(0.01)	5.23	1.83	0.02	3.11
Profit after tax	14.74	0.03	37.10	5.13	0.05	8.62
Proposed Dividend	-	-	-	-	-	-
% of shareholding	100%	51%	100%	100%	100%	100%

1 Names of subsidiaries which are yet to commence operations: None

2 Names of subsidiaries which have been liquidated or sold during the year: None

Master Portfolio Services Limited (MPSL) and Master Commodity Services Limited (MCOML) are the subsidiaries of Master Capital Services Limited. Since, Master Capital Services Limited is a subsidiary of the Company, therefore, MPSL and MCOML are being reported as subsidiaries of the Company.

### Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures\*

\*There were no Associates and Joint Ventures during the financial year 2019 - 2020.

#### For C.S.Arora & Associates

Chartered Accountants  
FRN 015130N

#### Chanchal Singh

Proprietor

Membership Number 090835

Ludhiana, 30 June, 2020

#### For and on behalf of the Board

#### R. K. Singhania

Director  
DIN-00077540

**Sunil Kumar**  
Chief Financial Officer

#### Harjeet Singh Arora

Managing Director  
DIN-00063176

**Vikas Gupta**  
Company Secretary



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