

# INDEPENDENT AUDITORS' REPORT

To  
The Members of  
Master Capital Services Limited

## Report on the Financial Statements

We have audited the accompanying standalone financial statements of **Master Capital Services Limited ('the Company')**, which comprise the Balance Sheet as at 31 March, 2017 the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the 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 and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

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

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

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

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

## Opinion

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 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, 2017 and its profit and its cash flows for the year ended on that date.

## 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 Section 143(11) of the Act, 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, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on 31 March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2017 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 controls over financial reporting 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 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 17(d) to the financial statements.
    - (ii) The Company did not have any outstanding long-term contracts including derivative contracts as at 31 March, 2017 for which there were any material foreseeable losses: and
    - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
    - (iv) The Company has provided requisite disclosures in its financial statement as to holding as well as dealing in Specified bank notes during the period from 8 November, 2016 to 30 December, 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with books of accounts maintained by the Company. Refer Note 24 to the financial statements.

Ludhiana, 29<sup>th</sup> May, 2017

**For Manjeet Singh & Co.**  
Chartered Accountants  
FRN 11831N  
Chartered  
Accountants  
M. No. 088759  
**Manjeet Singh**  
Prop.  
(Membership No. 088759)

## ANNEXURE A TO THE INDEPENDENT AUDITORS' 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 through registered sale deeds except in one case in which title of the office is held through Builder Agreement/documents duly transferred in the name of the company in the records of builder and New Delhi Municipal Council only.
2. As there is no inventories, the provisions of clause 3 (ii) of the Order are not applicable to the Company and hence not commented upon.
3. The Company has granted loan to two parties covered in the register maintained under section 189 of the Companies Act, 2013.
  - a) The terms and conditions of the grant of above said loan are not prejudicial to the company's interest;
  - b) In the case of the above said loan granted to the party covered in the register maintained under section 189 of the Act, the terms of arrangements do not stipulate any repayment schedule and loans are repayable on demand. Accordingly, paragraph 3(iii)(b) and 3(iii)(c) of the Order is not applicable to the Company.
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 186 of the Act, with respect to loans, investments, guarantees and security as applicable.
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, 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, 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, 2017 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, 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 not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

Ludhiana, 29th May, 2017

**For Manjeet Singh & Co.**  
Chartered Accountants  
FRN 011831N  
  
**Manjeet Singh**  
Prop.  
(Membership No. 088759)

## ANNEXURE B TO THE INDEPENDENT AUDITORS' 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 Capital Services Ltd ('the Company') as of 31 March, 2017 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.

#### **Auditors' 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 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 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, 2017 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 Manjeet Singh & Co.  
Chartered Accountants  
ERN 011831N

  
Manjeet Singh  
Prop.  
(Membership No. 088759)

Ludhiana, 29th May, 2017

## BALANCE SHEET AS AT 31st March 2017

## PARTICULARS

## Equity &amp; Liabilities

## Shareholders' Funds

(a) Share Capital

(b) Reserves &amp; Surplus

## Non-Current Liabilities

(a) Long Term Borrowings

(b) Deferred Tax Liabilities(Net)

## CURRENT LIABILITIES

a) Short Term Borrowings

b) Trade Payables

c) Other Current Liabilities

d) Short Term Provisions

## Total

## Assets

## Non-Current Assets

## Fixed Assets

Tangible Assets

Non-current Investments

Long Term loans &amp; advances

## Current Assets

a) Inventories

b) Trade Receivables

c) Cash &amp; Cash Equivalents

d) Short Term Loans &amp; Advances

## Total

Note

AS AT 31.03.2017

AS AT 31.03.2016

1

2

3

19

4

5

6

7

8

9

10

59000000

813634942

872634942

627193465

887010

628080475

945560

1841924483

66396561

11987146

1921253750

3421969167

57489453

226788587

66407238

0

849447133

2016261226

205575531

3071283890

3421969167

59000000

786120408

845120408

524702439

2466403

527168843

76695285

1225193356

221415095

14837051

1538140787

2910430038

66345009

170646353

48987174

0

850407515

1518815604

255228383

2624451503

2910430038

Significant Accounting Policies &amp; Notes on Financial Statements 1 to 30

As per our Report of even date

For Manjeet Singh &amp; Co.

Chartered Accountants

FRN 011831N

Manjeet Singh

Prop.

M.no. 088759

Place: Ludhiana

Date: 29.05.2017



*(Singh)*  
Sukhbir Singh  
GM-Finance

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

*(Harjeet Singh Arora)*  
Harjeet Singh Arora  
Director  
DIN-00063176

For and on behalf of the Board

**MASTER CAPITAL SERVICES LTD**

**Statement of Profit and Loss for the year ended 31st March 2017**

PARTICULARS	For the year ended 31st March, 2017	For the year ended 31st March, 2016
<b>CONTINUING OPERATIONS</b>		
<b>Incomes</b>		
Revenue from Operations	11 765296798	666788318
Other Incomes	12 128351399	112039907
	<b>893648197</b>	<b>778828225</b>
<b>Expenses</b>		
Employee Benefit Expenses	13 145322594	117978235
Administrative & Other Expenses	14 549266142	485591072
Finance Costs	15 144391609	117647884
Depreciation	7 16927169	15113459
<b>Total</b>	<b>855907514</b>	<b>736330650</b>
<b>Profit before Tax</b>	<b>37740683</b>	<b>42497576</b>
Provision for Taxation		
- Current Year	11250000	15800000
-Deferred Tax	(1579393)	(2016676)
-Current tax expense relating to prior years	555543	751058
<b>Profit for the Year</b>	<b>27514533</b>	<b>27963194</b>
EPS(Basic & Diluted)	21 <b>4.66</b>	<b>4.74</b>
Weighted average number of shares outstanding	5,900,000	5,900,000

Significant Accounting Policies & Notes on Financial Statements 1 to 30

As per our Report of even date

For Manjeet Singh & Co.

Chartered Accountants

Firm No. 011831N

Manjeet Singh

Prop.

M.no. 088759

Place: Ludhiana

Date: 29.05.2017



Sukhbir Singh  
GM-Finance

R.K. Singhania  
Director

DIN-00077540

Harjeet Singh Arora  
Director

DIN-00063176

For and on behalf of the Board



**MASTER CAPITAL SERVICES LIMITED**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st March,2017**

	For the year ended 31st March, 2017	For the year ended 31st March, 2016
<b>A. CASH FROM OPERATING ACTIVITIES</b>		
	(in Lacs)	(in Lacs)
<b>Net Profit before Tax &amp; other extraordinary items</b>	<b>377.41</b>	<b>424.98</b>
Adjustment for		
Interest Paid	1419.68	1137.38
Depreciation	169.27	151.13
Adjustment for Excess Less/Provisions	(5.56)	(7.51)
Profit on Sale of investment	(77.93)	-
Profit on Sale of Fixed asset	(1.44)	-
Interest/Dividend	(1383.96)	(1076.91)
<b>Operating Profit before working capital changes</b>	<b>497.47</b>	<b>629.07</b>
Adjustments for increase / (decrease) in operating assets:		
Trade & Other receivables	9.60	1207.41
Inventories	0.00	1500.00
Short-term loans and advances	496.53	486.43
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	6167.31	5419.85
Other current liabilities	(1550.19)	(249.30)
Short-term borrowings	(757.50)	(4640.31)
Long-term borrowings	1024.91	845.82
Short-term provisions	(28.50)	3.64
<b>Cash Generated from Operations</b>	<b>5859.65</b>	<b>5202.62</b>
Direct Tax Paid	(112.50)	(158.00)
<b>Net Cash from/(used in) Operating Activities</b>	<b>5747.15</b>	<b>5044.62</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(81.48)	(44.11)
Sale of Fixed Assets	2.21	1.88
Interest & Dividend Received	1383.96	1076.91
Purchase/Sale of Investment(Net)	(483.49)	(500.00)
<b>Net Cash from/(used in) Investing Activities</b>	<b>821.19</b>	<b>534.68</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest Paid	(1419.68)	(1137.38)
On account of Loans	(174.20)	260.20
<b>Net Cash from/(used in) Financing Activities</b>	<b>(1593.89)</b>	<b>(877.18)</b>
<b>NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>4974.46</b>	<b>4702.11</b>
Cash & Cash Equivalents as at 01.04.2016 (Opening Balance)	15188.15	10486.04
<b>Cash &amp; Cash Equivalents as at 31.03.2017 (Closing Balance)</b>	<b>20162.61</b>	<b>15188.15</b>

As per our report of even date  
For **Manjeet Singh & Co.**  
Chartered Accountants  
(F/no.011831N)  
**(Manjeet Singh)**  
Prop.  
M. No-088759  
Place : Ludhiana  
Date: 29.03.2017



*(Singh)*  
**Sukhbir Singh**  
GM-Finance

For and on behalf of the Board

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

*(Harjeet S.Arora)*  
**(Harjeet S.Arora)**  
Managing Director  
DIN-00063176

**Significant Accounting Policies**

1. The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the Accounting Standards notified under section 133 of the Companies Act, 2013 ('the Act'), read with Rule 7 of the Companies (Accounts) Rules, 2014 and the provisions of the SEBI as applicable to a Stock Broking Company. The financial statements have been prepared on an accrual basis and under the historical cost convention.

**2. Fixed Assets**

Fixed assets are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

**3. Depreciation and Amortisation**

Depreciation on fixed assets is provided on the straight line method using the rates arrived at based on useful life of the assets prescribed under Schedule II of the Companies Act, 2013 which is also as per the useful life of the assets estimated by the management

**4. Investments**

Long term investments are valued at cost unless there is a decline in value other than Temporary. Current Investments are stated at lower of Cost or fair value.

**5. Stock in Trade:**

Closing stock has been valued at cost or net realisable value which ever is less.

**6. Revenue Recognition:**

The company follows the mercantile system of accounting and recognize profit or loss on that basis except income from DP operations which is net of unrealized amount of Demat accounts having NIL holding at the end of year and are being accounted for on receipt basis.

**7. Employee benefits:**

Defined Contribution Plans.

a) Under the Provident Fund plan, the Company contributes to a government administered provident fund on behalf of its employees and has no further obligation beyond making its contribution.

b) Leave encashment is payable to eligible employees, who have earned leaves, during the employment and/or on separation as per the Company's policy.

(c) Defined Benefit Plans (Gratuity):

The Company has a defined benefit Gratuity plan covering all its employees. Gratuity is covered under a scheme of Life Insurance Corporation of India (LIC). Provision for gratuity, which is defined benefit plan, is made on the basis of an actuarial valuation, as per AS-15 issued by ICAI, carried out by an independent actuary at the balance sheet date, using the projected unit credit method.

**8. Impairment of Assets**

The company is making an assessment whether any indication exists that an asset has been impaired at the end of the year. If any such indication exists, an impairment loss i.e. the amount by which the carrying amount of an asset exceeds its recoverable amount is provided in the books of accounts.

**9. Provisions, Contingent Liabilities & Contingent Assets**

Contingent liabilities, if material, are disclosed by way of notes, contingent assets are not recognized or disclosed in the financial statements, A provision is recognized when an enterprise has a present obligation as a result of past event(s) and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation(s), in respect of which a reliable estimate can be made for the amount of obligation.

**10. Borrowing Cost**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

**11. Taxes on Income**

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

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date.

Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of the other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance Sheet date for their realisability.

**12. Provisions And Contingencies**

Contingent liabilities, if material, are disclosed by way of notes, contingent assets are not recognized or disclosed in the financial statement, A Provision is recognized when an enterprise has a present obligation as a result of past event(s) and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation(s), in respect of which a reliable estimate can be made for the amount of obligation.

PARTICULARS	AS AT 31.03.2017	AS AT 31.03.2016
<b>Note 1</b>		
<b>SHARE CAPITAL</b>		
Authorized		
6100000 Equity Shares of Rs.10/- each fully paid up	61000000	61000000
Issued, Subscribed & Paid Up		
5900000 Equity Shares of Rs. 10/- each	59000000 59000000	59000000 59000000

**The details of shareholders holding more than 5% shares:**

Name of the shareholder	AS AT 31.03.2017		AS AT 31.03.2016	
	Number of shares held	% of holding	Number of shares held	% of holding
Master Trust Limited	5900000	100	5900000	100

**The reconciliation of the number of shares and amount outstanding is set out below :**

Particulars	AS AT 31.03.2017		AS AT 31.03.2016	
	Number of shares		Number of shares	
Equity Shares at the beginning of the year		5900000		5900000
Equity Shares at the end of the year		5900000		5900000

<b>Note 2</b>		
<b>RESERVES &amp; SURPLUS</b>		
General Reserves		
As per last Balance Sheet	11973635	11973635
Transferred During the Year		
Closing balance	11973635	11973635
Securities Premium	12000000	12000000
Capital Reserve	2000000	2000000
Balance in Profit & Loss Account		
As per Last Balance Sheet	760146773	732183580
Transferred during the Year	27514533	27963194
Closing balance	787661307	760146773
<b>Total</b>	<b>813634942</b>	<b>786120408</b>

MASTER CAPITAL SERVICES LTD		AS AT 31.03.2017	AS AT 31.03.2016
<b>Note 3</b>			
<b>Long Term Borrowings</b>			
<b>Secured</b>			
Term Loans		370806	853785
From Banks		2123394	0
From Others			
Nature of Security and terms of repayment for Long Term secured borrowings :			
Nature of Security		Terms of Repayment	
Term Loan is secured against hypothecation of Cars		Repayable in Equal monthly instalments	
Installments falling due in respect of all the above loans upto 31 st March, 2018 have been grouped under " Current maturities "			
<b>Unsecured</b>			
Deep Discount Bonds		32610000	32610000
Interest on DDB accrued but not due		592089264	491238655
<b>Total</b>		<b>627193465</b>	<b>524702439</b>
<b>CURRENT LIABILITIES</b>			
<b>Note 4</b>			
<b>Short Term Borrowings</b>			
<b>From Banks/Finanical Institutions (Secured)</b>			
Overdraft Facility(Against FD)		9496	14793536
Overdraft Facility(Against Units)		0	40000000
Amounts Due To Related Parties		936064	21901749
		<b>945560</b>	<b>76695285</b>
<b>Note 5</b>			
<b>Other Current Liabilities</b>			
Current Maturities of Long Term Debt		857820	576464
Other Liabilities		58708560	214262176
Other Liabilities(Statutory Dues)		6830181	6576456
		<b>66396561</b>	<b>221415095</b>
<b>Note 6</b>			
<b>Short term Provisions</b>			
Provision for employee benefit (gratuity) (See Note 27)		11987146	14837051
<b>Total</b>		<b>11987146</b>	<b>14837051</b>

**MASTER CAPITAL SERVICES LIMITED**

**Note 7**

Fixed Assets (Tangible Assets)	GROSS BLOCK				DEPRECIATION				WRITTEN DOWN VALUE	
	AS AT 01.04.2016	ADDITIONS DURING THE YEAR	SALES /DISCARDED	AS AT 31/03/2017	AS AT 01.04.2016	WRITTEN BACK	FOR THE YEAR	AS AT 31/03/2017	AS AT 31/03/2017	AS AT 31.03.2016
PARTICULARS										
LAND & BUILDING	32297939	0	0	32297939	8550793	0	441667	8992460	23305479	23747146
FURNITURE & FIXTURE	17584967	130063	0	17715030	12600229	0	1229651	13829880	3885150	4984738
OFFICE EQUIPMENT	22866924	763422		23630346	19930652	0	1404578	21335230	2295116	2936272
COMPUTER	131989698	3137332	26000	135101030	103341184	18663	11238320	114560840	20540189	28648514
VEHICLES	16439789	4117401	353608	20203582	11661716	284341	2177874	13555249	6648333	14778074
ELECTRIC EQUIP/FITT.	4548693	0	0	4548693	3298426		435080	3733507	815186	1250266
<b>G. TOTAL</b>	<b>225728009</b>	<b>8148218</b>	<b>379608</b>	<b>233496619</b>	<b>159383000</b>	<b>303004</b>	<b>16927169</b>	<b>176007166</b>	<b>57489453</b>	<b>76345009</b>
	<b>221735201</b>	<b>4411435</b>	<b>418627</b>	<b>225728009</b>	<b>144498243</b>	<b>228702</b>	<b>15113459</b>	<b>159383000</b>	<b>66345009</b>	<b>77236958</b>

MASTER CAPITAL SERVICES LTD	AS AT 31.03.2017	AS AT 31.03.2016
<b>Note 8</b>		
<b>Non Current Investments</b>		
<b>(Quoted)</b>		
8250(8250) Equity shares of Rs.10/- each of Raghuvanshi Mills Ltd.	90750	90750
125(125) Equity shares of Rs.10/- each of Varun Shipping Ltd.	2250	2250
1392(1392) Equity Shares of Rs.10/- each of MOIL	522000	522000
1145000 (1145000) Equity Shares of Rs. 10/- each of Prime Industries Limited	2320500	2320500
56 (56) Equity Shares of Rs. 10/- each of Tata Power Limited	3360	3360
12870 (12870) Equity Shares of Rs. 10/- each of NCCLimited	257400	257400
<b>(Unquoted)</b>		
<b>Investments In Subsidiaries</b>		
810007(810007) Equity Shares of Rs. 10/- each of Master Portfolio Services Ltd	20100070	20100070
550007(550007) Equity Shares of Rs. 10/- each of Master Commodity Services Limited	34904570	34904570
500000(499970) Equity Shares of Rs. 10/- each of Master Insurance Brokers Limited	5524300	5523805
<b>Investments in Others</b>		
20347(70694) Equity Shares of Rs.10/- each of Bombay Stock Exchange Ltd	-	3858261
36037(36037) Equity Shares Of Rs.1/- each of Delhi Stock Exchange Ltd.	1295287	1295287
100(100) Fully paid up equity shares of Rs.1/- of Ludhiana Stock Exchange Ltd	100	100
1057500 (1057500) Equity Shares of Rs. 10/- each of Master Projects Private Limited )	1057500	1057500
<b>Investments in Mutual Funds</b>		
<b>Quoted</b>		
5000000(5000000) units of Rs.10 each of ICICI Mutual Fund	50710500	50710500
3000000(1000000) units of Rs.10 each of Reliance Mutual Fund	30000000	10000000
2500000(2500000) units of Rs.10 each of Birla Sunlife Mutual Fund	25000000	25000000
2000000(2500000) units of Rs.10 each of HDFC Mutual Fund	20000000	-
1612756.74(nil) units of Rs.10 each of L AND T Mutual Fund	20000000	-
1477352.191(1477352.19) units of Rs.10 each of IDFC Corporate Bond Market Value of Quoted Investment Rs. 18.73 Cr( 10.30 Cr)	15000000	15000000
<b>Total</b>	<b>226788587</b>	<b>170646353</b>

**MASTER CAPITAL SERVICES LTD**

	AS AT 31.03.2017	AS AT 31.03.2016
<b>Note 9</b>		
<b>Long Term Loans &amp; Advances</b>		
Security Deposits(Unsecured , Considered Good)	40682296	22148881
Advance Income Tax/ TDS refundable (Net of Provision for Tax)	25724941	26838293
	<b>66407238</b>	<b>48987174</b>
<b>Note 10</b>		
<b>CURRENT ASSETS</b>		
a) Inventories (Securities)	0	0
b) Trade Recievables (Unsecured Considered good)		
Over six months old	72039773	41552004
Others	777407360	808855511
	<b>849447133</b>	<b>850407515</b>
c) Cash &Cash Equivalentents		
i) Cash in hand	1385837	1396852
ii) With Schedule Banks in		
- Current Account	65279472	42968627
-Cheques In Hand	147884762	90713426
- Fixed Deposit pledged against overdraft facility and Bank Guarantee	1801711155	1383736698
	<b>2016261226</b>	<b>1518815604</b>
d) Short Term Loans and Advances		
Advances recoverable in cash or in kind or for value to be received	84268129	86810190
Prepaid Expenses	7911451	9123782
	113395952	159294411
Amt due from Holding Company & Subsidiaries for Business Operations	<b>205575531</b>	<b>255228383</b>
<b>Total</b>	<b>3071283890</b>	<b>2624451503</b>

<b>MASTER CAPITAL SERVICES LTD</b>	<b>For the year ended 31st March, 2017</b>	<b>For the year ended 31st March, 2016</b>
<b>Note 11</b>		
<b>Revenue From Operations</b>		
Income from Brokerage, Sale/Purchase of Securities	613039612	547463474
Interest	137992306	107067635
DP Income	12271660	11198962
Professional Income	1589565	434850
Dividend Income	403655	623397
	<b>765296798</b>	<b>666788318</b>
<b>Note 12</b>		
<b>Other Income</b>		
Profit on Sale of Investments(Long Term Net)	7792939	0
Other Income	120558460	112039907
	<b>128351399</b>	<b>112039907</b>
<b>Note 13</b>		
<b>Employee Benefit Expenses</b>		
Salaries and other Allowances	140089919	113444963
Contribution to Provident Funds	1517870	1539583
Staff Welfare Expenses	3714805	2993689
	<b>145322594</b>	<b>117978235</b>

<b>MASTER CAPITAL SERVICES LTD</b>	<b>For the year ended 31st March, 2017</b>	<b>For the year ended 31st March, 2016</b>
<b>Note 14</b>		
<b>ADMINISTRATIVE EXPENSES</b>		
Printing & Stationery	3621776	3249106
Legal & Professional Charges	27466051	21158937
Payments to auditors		
As auditors - statutory audit	450000	450000
For taxation matters	150000	150000
Fees & Taxes	5335153	5002549
Rent	16565287	14789913
Office Maintenance	14508740	13817527
Traveling & Conveyance	6911331	7185520
Demat / Remat charges	5653687	3905800
Computer & Software Expenses	33180714	21091891
Loss on Sale of Fixed Assets		
VAT Charges	2205234	2510845
Sub Brokerage	260315609	226072147
General Expenses	13174040	25740180
Bad Debts w/off	23957978	26056983
Telephone,Postage & Server Hosting	29223252	26985170
Turnover Tax/Transaction charges	106547290	87424503
	<b>549266142</b>	<b>485591072</b>
<b>Note 15</b>		
<b>Finance Costs</b>		
Interest	141968464	113737752
Bank Charges	2423144	3910132
	<b>144391609</b>	<b>117647884</b>



	Holding/Fellow Subsidiaries/Subsidiaries	Associates/Enterprises owned or significantly influenced by Key Management Persons or their Relatives.	Key Management Personnel	Relative of Key Managerial Persons		
	16 Master Trust Ltd Master Infrastructures & Real Estate Ltd Master Commodity Services Ltd Master Insurance Brokers Ltd Master Portfolio Service Ltd H.A. Shares & Stock Brokers	Prime Industries Ltd Master Shares & Stock Brokers Ltd Harjeet Singh Arora HUF H K Arora Real Estate Services Ltd Pawan Capital Services Ltd H. Arora & Co R. K. Singhania HUF Santco India Pvt. Ltd Partnership Firms PHDA Financial Services Private Limited Vision Investments Hindola investments P Ltd Subal Securities Pvt Ltd MTL capital consultants pvt ltd	Mr. Harjeet Singh Arora Mr. R.K. Singhania Mr. G.S. Chawla Mr Pawan Chhabra Mr. Harinder Singh Mr.Jashanjyot Singh Mr.Puneet Singhania	Mrs. Harnesh Kaur Arora Mrs. Palka Arora Mrs. Charu Chhabra Mrs. Guneet Chawla Mr. Maninder Singh Mr. Chirag Singhania Mrs. Rohila Singhania Mrs. Parveen Singhania		
Brokerage	2168504 (2016613)		244679 (26669)	119648 (7184)	13951 (12)	2546782 (2050478)
Interest Received	10505970 (10010550)	-	-	-	-	10505970 (10010550)
Interest Paid	4340868 (1728623)	-	-	-	-	4340868 (1728623)
Professional Charges	5600000 (4600000)					5600000 (4600000)
Remuneration	-	-	4739904 (4185904)	-	-	4739904 (4185904)
Rent Received	645750 (615000)	38250				
Commision Received	995950					995950
Rent Paid	900000 (900000)		84600 (84600)	108000 (108000)	108000 (108000)	1200600 (1200600)
Corporate Guarantee given by others	720000000 (720000000)	-	-	-	-	720000000 (720000000)
Balance outstanding at the end of the year						
Receivable / Loans	113395952 (159294411)		(1082059)	1251 (342)	(2)	113397203 (160376814)
Payable	1251064		106404	198116	2349638.00	3905222 0

#### 17. Contingent Liabilities

- (a) Bank Guarantee of Rs 1475 Lacs (Previous year RS.1275 lacs) in favour of National Securities Clearing Corporation Ltd. as its Clearing Member for exposure with Capital/Currency market segment.
- (b) Bank Guarantee of Rs.0 lacs (Previous year Rs.1300 lacs) in favour of Stock Holding Corporation of India Ltd. for its exposure as Trading Member with Derivative Segment of National Stock Exchange of India Ltd.
- (c) Bank Guarantee of Rs.375 lacs (previous year Rs.363.75 Lacs) in favour of The Bombay Stock Exchange as a Clearing Member for exposure with capital market segment.
- (d) (i) An Arbitration Panel at Patna has passed an Arbitration Award against us for alleged unauthorised trading on behalf of a client for an amount of Rupees 3.47 crore plus 15% per month. The Arbitration Award is being contested by the Company at various forums / courts and is sub-judice. In view of the management and the legal advice sought, no liability is likely to arise. Therefore, provision for contingent liability for the same has not been provided in books of accounts

18 The Company has a procedure of receiving FDRs from its clients as margins. Such Fixed Deposits are in the name of the Company and are kept with the principle Stock Exchange as margin money. The Interest earned/accrued on such FDRs is credited by the issuing bank directly to the account of the concerned clients, as such the interest on such FDRs has not been accrued to the Company's account

19 Deferred Tax Liability as on 31-03-2017 is as follows:

#### Timing difference on account of

#### Deferred Tax Liabilities on 31-03-2017 is as follows

	Current Year	Previous Year
On account of Depreciation		
- Opening	7280284	9006704
- During the year	-2430324	-1726420
- Closing	4849961	7280284

#### Deferred Tax Assets on 31-03-2017 is as follows:

	Current Year	Previous Year
On account of Gratuity		
- Opening	4813881	4523625
- During the year	-850931	290256
- Closing	3962950	4813881
<b>Net Deferred Tax Liability</b>	<b>887010</b>	<b>2466403</b>

#### 20. Amortization

Intangible Assets are stated at cost less accumulated amount of amortization./impairment loss. Intangible Assets (computer software) are amortized on straight line method over their estimated useful life. In accordance with the Accounting Standard - 26 "Intangible Assets" issued by the Institute of Chartered Accountants of India, the amortization period and the amortization method is reviewed at each period end.

21 Calculation of basic and diluted earning per share as per accounting standard (earning per share) issued by the Institute of Chartered Accountants of India.

	Current Year	Previous Year
Net Profit in Rupees	27514533	27963194
Number of equity shares Outstanding during the year (Nos.)	5900000	5900000
Nominal Value per share in (Rs.)	10.00	10.00
Basic and diluted earning per share	4.66	4.74

22. In the opinion of Board of Directors, Current assets, Loans & Advances have the value at which they are stated, if realized in ordinary course of business.

23. The Company had issued 4000 Deep Discount Bonds (DDB) in the previous years, outstanding Face Value at the end of the year amounting to Rs326.1 Lacs (As at 31st March, 2016: Rs. 326.1 Lacs), to augment the working capital and other requirements. Interest 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.

#### 24. Disclosure Regarding Specified bank Notes

	SBN'S	Other denomination notes	Total
<b>Closing Cash In hand as on 08 Nov,2016</b>	<b>4385500</b>	<b>* 2516263</b>	<b>6901763</b>
(+) Withdrawal From Bank accounts	0	1525861	<b>1525861</b>
(+) Permitted receipts	0	35695	<b>35695</b>
(-) Permitted Payments	0	** 1479736	<b>1479736</b>
(-) Deposited In Bank Account	4385500	0	<b>4385500</b>
<b>Closing Cash In Hand as on 30 Dec,2016</b>	<b>0</b>	<b>2598083</b>	<b>2598083</b>

\* Includes imprest paid to employees through a/c payee cheque.

\*\* permitted payment includes payment made by employees out of their imprest.

25. Details of Guarantees & Loans covered under the provisions of Section 186 of Act, are given in the notes 10, 17 (a), (b), (c) & 16 to the Financial Statement.

26. The company is engaged in share & stock broking and allied activities and there are no separate reportable segments as per Accounting standard -17 on "Segment reporting".

**27. Gratuity(post employment benefit plan)**

The company operates a defined plans viz gratuity for its employees. Under the gratuity plan ,every employee who has completed atleast five years of service gets a gratuity on departure @ 15 days of last drawn salary for each completed year of service .The scheme is funded with an insurance company in the form of qualifying insurance policy

	For the year ended 31st march,2017	For the year ended 31st march,2016
Current service cost	2619886.00	1442610.00
Interest cost on benefit obligation	1186964.00	1157829.00
expected return on plan assets	0.00	
Net actuarial(gain)/loss recognised in the year.	4801789.00	-1467358.00
<b>Total</b>	<b>8608639.00</b>	<b>1133081.00</b>

Current service cost
Interest cost on benefit obligation
expected return on plan assets
Net actuarial(gain)/loss recognised in the year.
<b>Total</b>

**Balance Sheet**

Present value of defined benefit obligation	22023529.00	14837051.00
Fair value of plan assets	10011078.00	0.00
Plan liability	12012451.00	14837051.00

**Changes In the present value of the defined benefit obligation are as follows**

Opening defined benefit obligation	14837051.00	14472863.00
current service cost	2619886.00	1442610.00
Interest cost	1186964.00	1157829.00
Benefits paid	1422161.00	768893.00
Actuarial (gain)losses on obligation	4801789.00	-1467358.00
Closing defined benefit obligation	22023529.00	14837051.00

**The principal assumptions used in determining gratuity obligation for the company's plan are shown below**

Discount rate	8.00	8.00
Expected rate of Future salary esclation	7.00	5.00

28. Income from Brokerage, Sale/Purchase of securities include Brokerage of Rs 607989458.(Previous Year Rs. 531795699.), and Profit/(Loss) on Trading of Securities Rs.5050154 (previous Year 15667775.). Certain common expenses for use of common facilities/services have been shared/recovered by the Associate according to usage of Services.

29. Disclosures relating to amount unpaid at the year end and together with Interest required under Micro, Small and Medium Enterprise Development Act 2006 have been given to the extent company has received the information from supplier's regarding the status under such Act.

30. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

**As per our Report of even date**

For Manjeet Singh &Co.  
Chartered Accountants  
F/N/ 011831N

(Manjeet Singh)  
Prop.  
M.no. 088759  
Place: Ludhiana  
Dated: 29.05/2017

For and On Behalf of Board

  
**Sukhbir Singh**  
GM-Finance

  
(R.K. Singhania)  
Director  
DIN-00077540

  
(Harjeet Singh Arora)  
Managing Director  
DIN-00063176