



*2018* **ANNUAL  
REPORT**

## **BOARD OF DIRECTORS**

Mr. Harjeet Singh Arora – Managing Director

Mr. R.K. Singhania                      Mr. Anil Kumar Bhatia

Mrs. H.K. Arora                         Mr. Sudhir Kumar

Mr. Pavan Chhabra                    Mr. Ashwani Kumar

Mr. G.S. Chawla                        Mr. Anil Kumar Malhotra

## **COMPANY SECRETARY**

Mr. Mohan Singh

## **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-I, New Delhi  
Ph: 011-26812682/83/84, Fax: 011-26812681  
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

# CONTENTS

04  
SERVICES

06  
OUR APPROACH

06  
MANAGING  
DIRECTOR'S SPEECH

08  
MANAGEMENT TEAM

10  
MILESTONES

12  
NET WORTH

13  
POINT OF PRESENCE

14  
MANAGEMENT  
DISCUSSION

19  
DIRECTORS' REPORT

34 Policy Of Directors' Appointment  
31 CEO/CFO Certificate  
32 Practicing Company Secretary's  
Certificate

33  
SECRETARIAL  
AUDIT REPORT

35 Report on Corporate Governance

43  
AUDITORS' REPORT

46 Annexure A to the Independent  
Auditors' Report  
58 Annexure B to the Independent  
Auditors' Report

50  
BALANCE SHEET

66 Consolidated Auditors' Report  
67 Independent Auditors' Report  
Consolidated Financial Statements  
71 Consolidated Balance Sheet  
87 Form AOC-1

# SERVICES



Equity Trading



Wealth Management



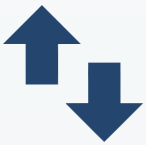
Currency Trading



Commodity Trading



Portfolio Management



Derivatives



Depository



Insurance



Merchant Banking Services



Algo Trading Systems

# OUR APPROACH



## **Mission**

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



## **Vision**

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



## **Corporate Philosophy**

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

# MANAGING DIRECTOR'S SPEECH



## Harjeet Singh Arora

Our asset-based businesses, comprising of Portfolio Management Services, have crossed Rs. 2950.63 million as of March 31, 2018 making it a huge YoY growth of 186.56%.

### Dear Shareholders,

I am very happy to present to you, your company's annual report and to share its performance for the FY 2017-18.

After growing for over 7% for three consecutive years till FY 2016-17, the Indian economy grew by 6.7 % in FY 2017-18, though a slight slowdown but it is still relatively high when compared to other major economies of the world. This growth has been achieved on the back of lower inflation, improved current account balance and notable reduction in the fiscal deficit to the GDP ratio which makes it even more creditable. In addition to the introduction of the GST, the year also witnessed significant steps being undertaken towards resolution of problems associated with non-performing assets of the banks, further liberalization of FDI etc., thus, strengthening the momentum of reforms.

Indian equity markets have witnessed a very eventful year. India's leading equity benchmark index- Nifty 50 touched fresh record levels in FY 2017-18. Indian equities were on a roll for most part of the year aided by strong domestic liquidity and favorable macro-economic conditions. The rally got a little off-rail in February when the investors were perturbed by the re-introduction of long term capital gains tax. Also, a sharp rise in global bond yields was a key factor for the recent volatility. Fiscal deficit targets raised concerns and the Punjab National Bank scam weighed on the markets' mind. Even after all these hurdles, the NIFTY 50 was among those across the world that posted double digit gains in FY18, outperforming various European indices

and posting a gain of 10.25% with equity average daily volumes (ADV) up by 74% YoY to Rs 7.04 trillion. The current FY was also a record year for IPOs with over ₹ 80,000 Crores raised, the highest in three decades.

There are a lot of uncertainties as we go into FY19. Global crude prices have been inching up and there is a concern that the US Fed may raise rates aggressively. All these factors wouldn't have mattered if the valuations were already not so rich. Having said that, at the ground level economic recovery is on its way, earnings growth is picking up for the companies and all the clean-up reforms will start bearing fruits soon, thus the Indian growth story is here to stay. Being an election year, I would suggest our investors to be a little cautious.

Now coming to your Company's performance for FY2017-18, your **Company's top line (consolidated) increased by 41.92 % to ₹1570.5 million as compared to ₹1106.6 million in the previous year.** The **net worth (consolidated)** of the Company has **increased by 4.95% to ₹1854.20 million as compared to ₹1766.8 million in the previous year.** **Net Profit after Tax (consolidated) increased by 72.90 % to ₹100.8 million as compared to ₹58.3 million in the previous year.** Our wealth management business acted as a strong force behind the company's performance this year and so did our core businesses. This year on an overall level, was a good year as far as Company's performance is concerned.

Our asset-based businesses, comprising of Portfolio Management Services, have crossed ₹2950.63 million as of March 31, 2018 making it a huge YoY growth of 186.56%. A large part of this growth can be credited to our continuous efforts of scaling the business operations by consistently adding in new clients . **Our flagship Portfolio Management Services (PMS) has delivered a CAGR of 35.28% (since inception) beating the benchmark (BSE Midcap) which gave a return of 16.12% and has consistently outperformed the benchmark across market cycles over the last seven years.** Your company has been focusing on wealth management business over the past couple of years and our PMS has helped in keeping us focused on this track and has helped with the momentum by consistent asset under management growth, better performance year after year and has been able to attract newer customers.

The coming year is expected to be speckled by political anxiety on the domestic front due to various state elections in 2018 and general elections in 2019. Apart from this, the Indian economy will continue to remain jittery due to rising global oil prices and fears of interest rate rise in the US. However, India has strong fundamentals and it remains to be seen how it helps to withstand external pressures. I, with my ever so motivated, talented and trained team, look forward to facing the next year with never failing perseverance and resilience and assure you of bringing out newer and more innovative investment solutions.

**On the behalf of our Board I would like to thank all the directors, customers, bankers, sub-brokers, authorized persons and our shareholders for their continued support and confidence that they have reposed in the Company.** I also record my special appreciation to each and every staff member for their efforts and hard work in the service of your Company.



Mr. Harjeet Singh Arora  
(Managing Director)



# MANAGEMENT TEAM



**Mr. Harjeet Singh Arora (F.C.A, F.C.S)**

As a founder entrepreneur he has been instrumental in making Master Trust Group one of the leading financial service plays in India. He laid the foundation of the group in 1985, under the name Arora Financial Consultants (P) Ltd. He has handled more than 150 Public issues and has been involved in many merchant banking and investment banking mandates of top corporates of India. He has over 35 years of experience in Corporate Financial Advisory Services

**Mr. R.K. Singhania (F.C.A)**

He is another co-promoter of the group. He has over 10 years of experience as Director (Finance) with a top corporate before joining the group. He is having more than 35 years of experience in Corporate Strategy, Tax Planning, Financial Engineering and M&A space.



**Mr. Harinder Singh\* (B.com, I.C.W.A (Inter))**

He has been monitoring the Secondary Market Operations of the group for more than 25 years.

**Mr. G.S. Chawla (B.E., M.B.A., D.B.F)**

He has worked with Public Financial Institutions and Coporates for more than 20 years. He also has 15 years rich experience of Capital Market, Finance, Merchant Banking, Research, IT and other related activities of the group.







**Mr. Pavan Chhabra (F.C.A)**

He has worked with Public Financial Institutions and Corporates for more than 20 years. He also has 15 years rich experience of Capital Market, Finance, Merchant Banking, Research, IT and other related activities of the group.

**Mr. Puneet Singhania\* (M.B.A., C.F.A)**

He is involved in new initiatives in the group and assists other Directors in Corporate Strategy. Prior to joining the group he was working with ING investment Management in India in their equity fund management department.



**Mr. Jashan Arora\* (A.C.A)**

He is overseeing marketing initiatives and also involved in the online discount broking model. Prior to joining the group he was working with Price water house Coopers and Grant Thornton in statutory audit and corporate advisory respectively.

# MILESTONES

1985

Company was incorporated by the name of Arora Financial Consultants (P) Limited

1990

Acquired status of SEBI accredited Category-I Merchant Bankers under the name Master Trust Limited

1994

Master Capital Services Ltd. acquired membership of NSE

1995

Master Trust Ltd. came out with an IPO

1999

Launched Depository Services as a Depository participant of NSDL

2001

Launched Depository Services as a Depository participant of CDSL

2002

Entered into insurance business as advisor for Life & General Insurance

2004

- Became member of NCDEX and MCX
- Became Insurance Broker under the name of M/S Master Insurance Brokers Limited

2005

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

2007

Set up regional offices at Baroda, Kolkata, Hyderabad, Allahabad, Hissar, Bhubaneshwar & 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 SLBM 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 ₹100 Crores
- Client numbers on ATS platform posts 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

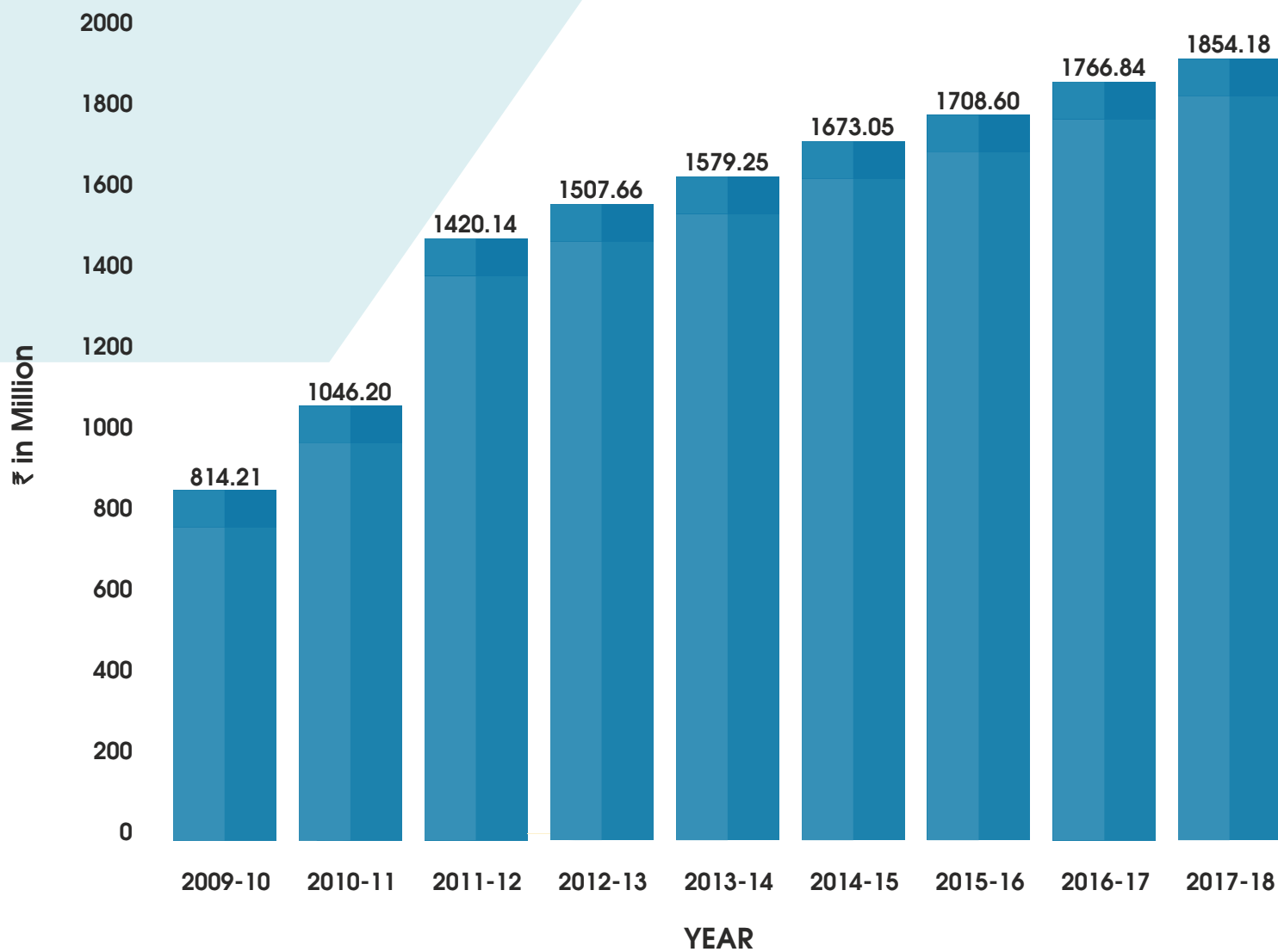
2016

- 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<sup>st</sup> March 2017.
- Mutual Fund assets under management grew by 26% YoY as on 31<sup>st</sup> 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

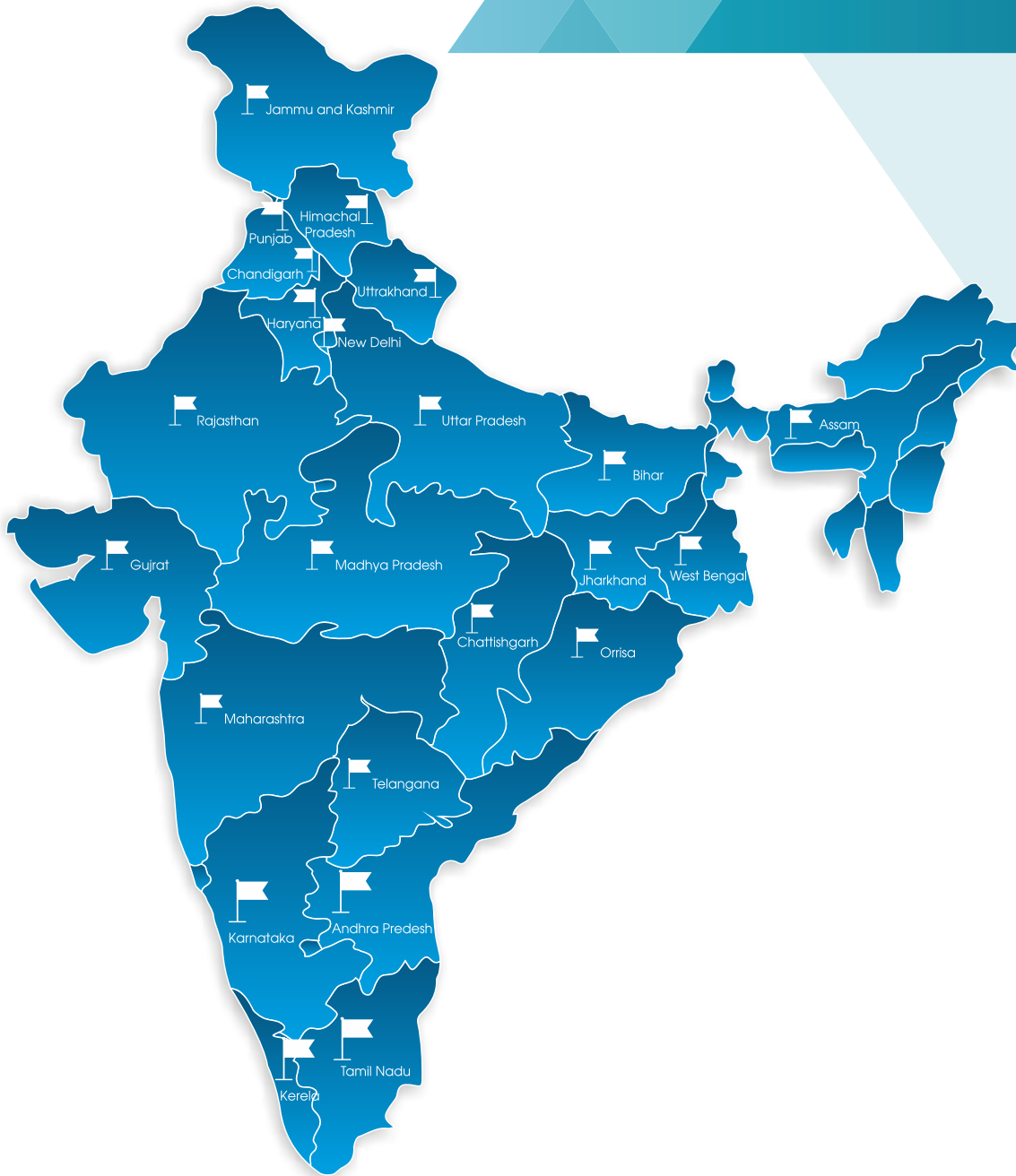
2017

- 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

# NET WORTH



# POINTS OF PRESENCE



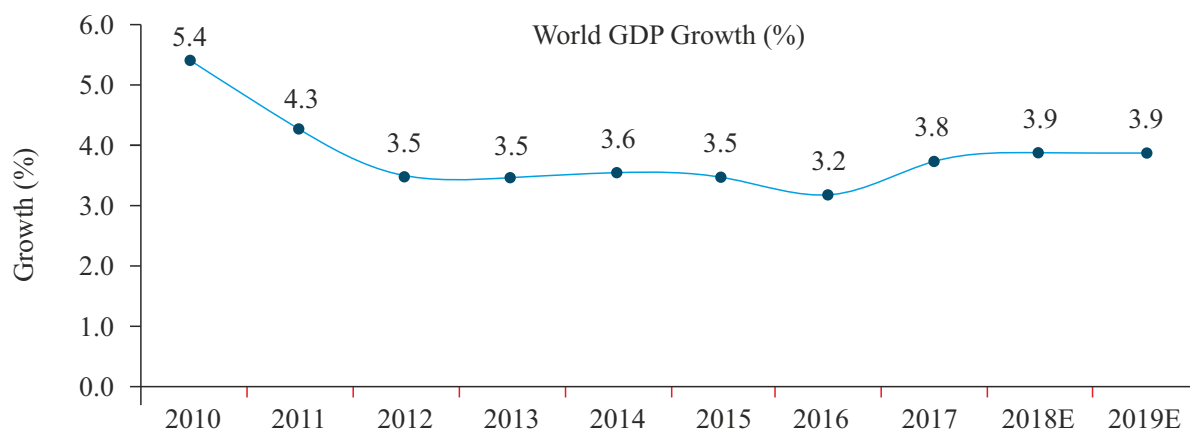
Andhra Pradesh	11
Assam	01
Bihar	18
Chandigarh	42
Chhattisgarh	02
Delhi	86
Gujarat	43
Haryana	82
Himachal Pradesh	14
Jammu & Kashmir	13
Jharkhand	05
Karnataka	03
Kerala	00
Madhya Pradesh	10
Maharashtra	81
Orissa	10
Punjab	82
Rajasthan	30
Tamil Nadu	02
Telangana	16
Uttar Pradesh	54
Uttarakhand	08
West Bengal	99
<b>Grand Total</b>	<b>662</b>

# Management Discussion and Analysis

# Management Discussion and Analysis

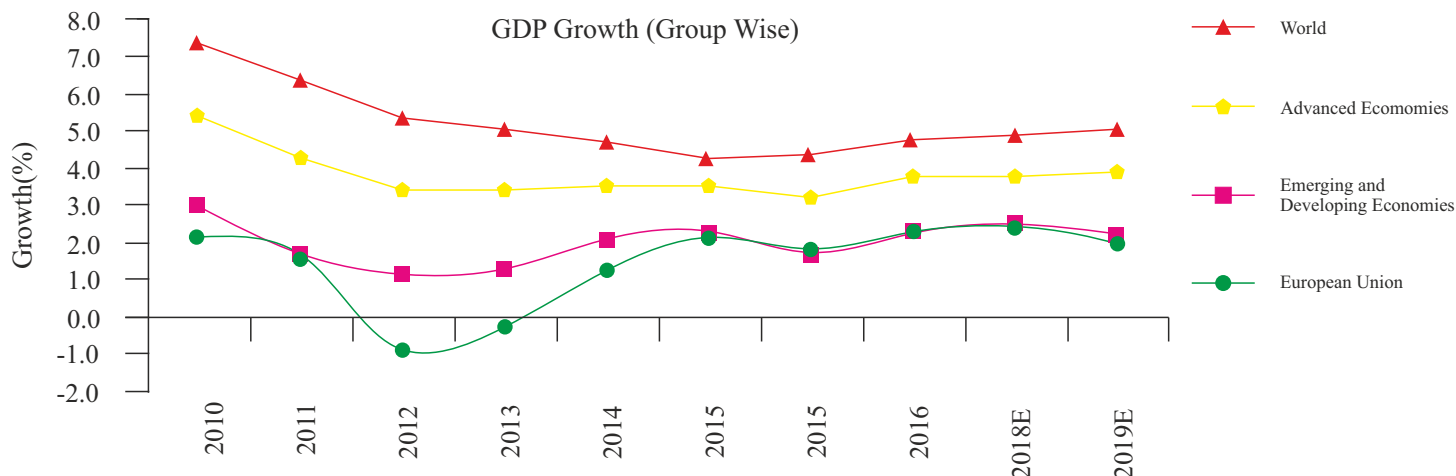
## Global Economy

As per the April 2018 World Economic Outlook by International Monetary Fund (IMF), global output grew by 3.8 percent in 2017, with 2.3 percent growth for advanced economies and 4.8 percent growth for emerging market and developing economies. Increased investment spending in advanced economies and an end to the investment decline in some commodity exporting emerging market and developing economies were major growth drivers responsible for the uptick in global GDP growth and manufacturing activity. Despite the recent volatility in equity markets and increases in bond yields following signs of firming inflation in advanced economies, financial conditions remained supportive. Among advanced economies, large exporters, such as Germany, Japan, the United Kingdom and the United States, contributed strongly to the recovery in exports, while the recovery in imports was broad based, except in the United Kingdom.



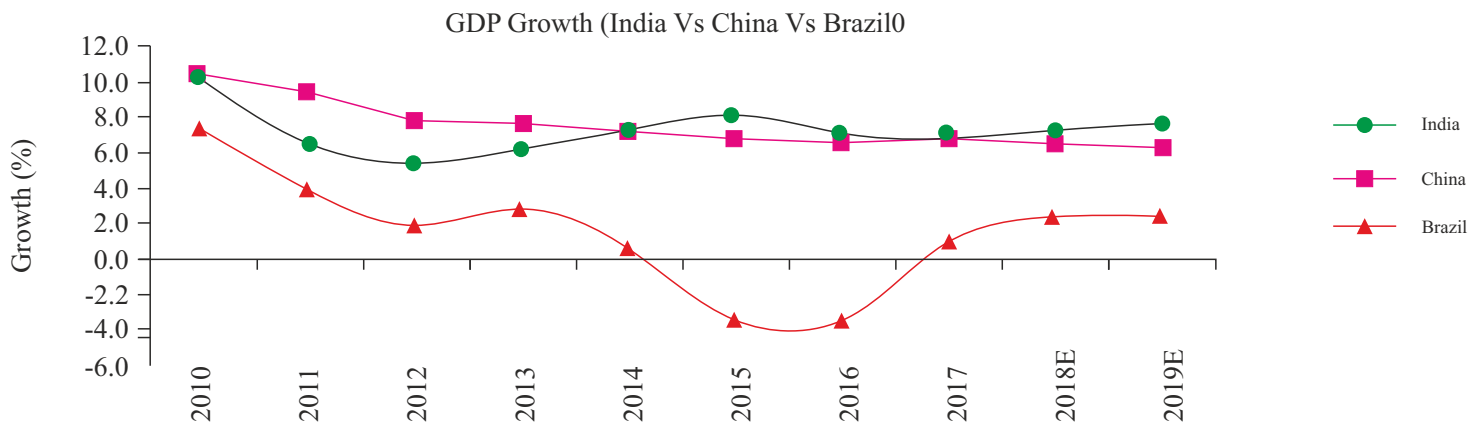
## Emerging Economies

Economic performance across emerging markets and developing economies have remained mixed. Growth in China and India remained strong supported by resurgent net exports and strong private consumption, while investment growth slowed. An end to fixed investment contractions in commodity-exporting countries that were severely affected by the commodity price downturn during 2015–16 (notably Brazil and Russia, but also Angola, Ecuador, and Nigeria) instead played an important role in their growth pickup in 2017. Higher fixed investment growth (2.3 percentage points above its 2016 level) also supported the growth performance of other emerging market and developing economies, alongside stronger private consumption. Geopolitical factors held back growth in parts of the Middle East and Turkey. While stronger oil prices are helping a recovery in domestic demand in oil exporters, including Saudi Arabia, the fiscal adjustment that is still needed is projected to weigh on growth prospects.



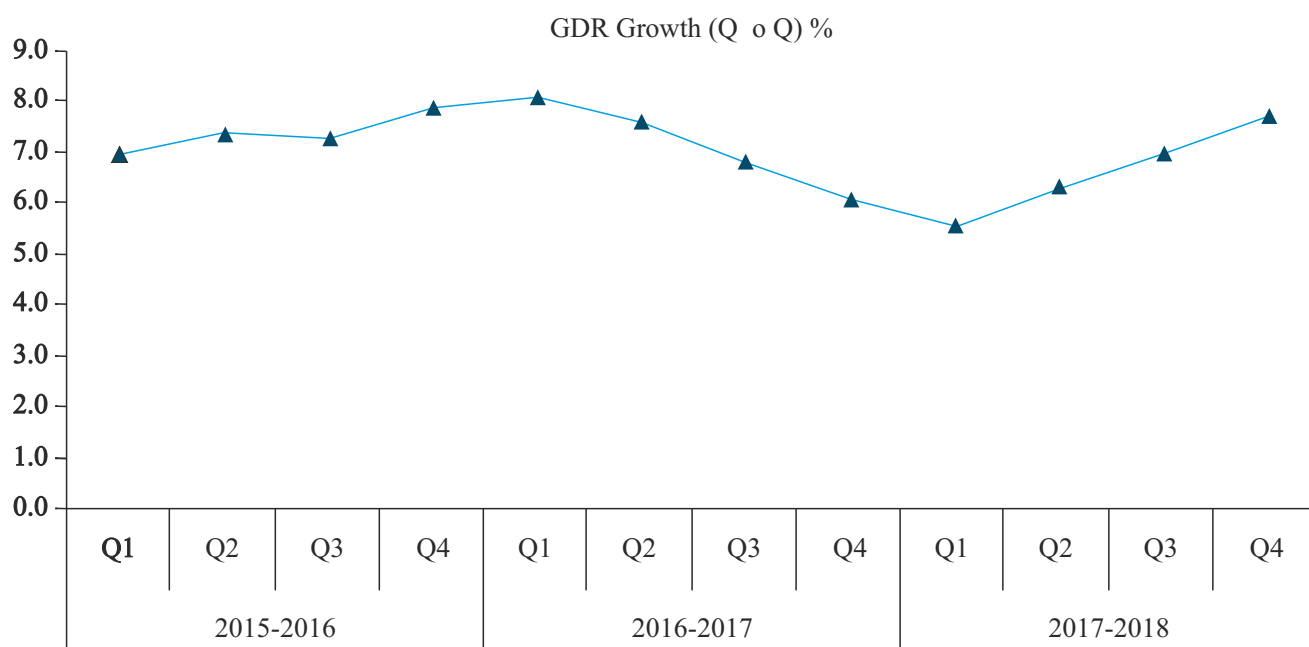


As per the April 2018 World Economic Outlook by IMF, growth in China is projected at 6.6 percent in 2018 and 6.4 percent in 2019, which reflects the anticipation of continued policy support in the form of strong credit growth and reliance on public investment to achieve growth targets. Over the medium term, the economy is projected to continue rebalancing away from investment toward private consumption and from industry to services, but nonfinancial debt is expected to continue rising as a share of GDP, and the accumulation of vulnerabilities clouds the medium-term outlook. Growth forecast of India for 2018 is 7.4 percent and 7.8 percent in 2019, primarily because of the strong investments and private consumption. Medium-term growth prospects are favorable, with growth forecast to rise to about 8 percent over the medium term due to the implementation of key reforms, loosening of supply-side bottlenecks, and appropriate fiscal and monetary policies. Following a deep recession in 2015–16, Brazil's economy returned to growth in 2017 (1.0 percent) and is expected to improve to 2.3 percent in 2018 and 2.5 percent in 2019, buoyed by stronger private consumption and investment. Medium-term growth is set to moderate to 2.2 percent, weighed down by population aging and stagnant productivity.



### The Indian Growth Story

Indian economy is projected to grow at 7.4 percent and 7.8 in 2018 and 2019, respectively, ahead of China. As per the data released by Ministry of Statistics and Programme Implementation, the growth rate of GDP at constant (2011-12) prices is estimated at 6.7 percent for the year 2017-18, as against 7.1 percent in 2016-17. During 2017-18, GDP grew 5.6 percent in the first quarter, 6.3 percent in the second quarter, 7.0 percent in the third quarter, and 7.7 per cent in the fourth quarter; as against 8.1 percent in Q1, 7.6 percent in Q2, 6.8 percent in Q3, and 6.1 percent in Q4 of 2016-17. In Q1 of 2017-18, GDP growth hit its 3-year low due to destocking by manufacturers ahead of rollout of Goods and Services Tax (GST), and the lingering impact of demonetization. In Q3 of 2017-18, there was improvement in GDP growth driven by the recovery in growth of manufacturing, construction, and services sector.



Source: Ministry of Statistics and Programme Implementation (MOSPI)

## Public Administration, Defence and Other Services Sector Outperformed other Sectors

The Indian growth story has been led by Public Administration, Defence and Other Services sector growth. GVA at basic constant (2011-12) prices in 2017-18, showed a growth rate of 6.5 percent. In 2017-18, the substantial growth by Public Administration, Defence and Other Services sector (10.0 percent), was followed by the trade, hotels, transport, communication and services related to broadcasting (8.0 percent) and electricity, gas, water supply & other utility services (7.2 percent).

### Outlook

Global growth has been forecasted to be 3.9 percent in both 2018 and 2019, with a long-awaited cyclical recovery in manufacturing and trade under way. Global growth is projected to soften beyond the next couple of years. Advanced economies are projected to grow at 2.5 percent in 2018 and 2.2 percent in 2019, reflecting stronger prospects for the euro area and Japan and especially the projected domestic and spillover effects of expansionary fiscal policy in the United States. Once their output gaps close, growth is projected to decline to 1.5 percent over the medium term, held back by aging populations and lackluster productivity. US growth will slow below potential as the expansionary impact of recent fiscal policy changes goes into reverse. Growth in emerging market and developing economies is expected to increase further, from 4.8 percent in 2017 to 4.9 percent in 2018 and 5.1 percent in 2019. Although the high growth rate reflects primarily continued strong economic performance in emerging Asia, the projected pickup in growth reflects improved prospects for commodity exporters after three years of very weak economic activity. Beyond 2019, growth in emerging market and developing economies is projected to stabilize at about 5 percent over the medium term. This reflects some modest further strengthening in economic growth in commodity exporters, though to rates much more modest than over the past two decades; a steady decline in China's growth rate to a level that is still well above the emerging market and developing economy average; a gradual increase in India's growth rate as structural reforms raise potential output; and continued strong growth in other commodity importers. Recent import restrictions announced by the United States, announced retaliatory actions by China and potential retaliation by other countries raise concerns and threaten to damage global and domestic activity and sentiment. Climate change, geopolitical tensions, and cyber security breaches pose additional threats to the subdued medium-term global outlook.

## 2017-2018 - Indian Financial Sector Highlights

- On balance of payments basis (i.e., excluding valuation effects), the foreign exchange reserves increased by US\$ 43.6 billion during 2017-18 as compared to an increase of US\$ 21.6 billion during 2016-17. Current Account Deficit (CAD) increased to 1.9 per cent of GDP in 2017-18 from 0.6 per cent in 2016-17 on the back of a widening of the trade deficit. Net FDI inflows during 2017-18 (US\$ 30.3 billion) moderated marginally from (US\$ 35.6 billion) in 2016-17.
- Association of Mutual Funds in India (AMFI) reported that average assets managed by the mutual fund industry have grown to Rs.23.05 trillion in March 2018. During the fiscal year 2017-18 equity funds had inflows of Rs.156753 crore, taking total inflows as on 31st March 2018 to Rs.271797 crore. The MF industry mopped up close to Rs.67,190 crore in FY 2017-18 as against Rs.43,921 crore in FY 2016-17 through SIPs, a massive growth of 53%. The average ticket size of SIP has grown from Rs.3,200 in March 2017 to Rs.3,375 in March 2018.
- The insurance industry is expected to reach USD280 billion by 2020. The domestic life insurance industry registered 10.99 per cent y-o-y growth for new business premium in 2017-18, generating a revenue of Rs 1.94 trillion (US\$ 30.1 billion). Gross direct premiums for non-life insurance industry increased by 17.54 per cent y-o-y in FY18. Enrolments under the Pradhan Mantri Suraksha Bima Yojana (PMSBY) reached 130.41 million in 2017-18. In Union Budget 2018, the government announced National Health Protection Scheme will be launched under Ayushman Bharat to provide coverage of up to Rs 500,000 to more than 100 million vulnerable families. Further, allocation to Pradhan Mantri Fasal Bima Yojana is also increased to Rs13,000cr in 2018-19 as against Rs9,000cr in 2017-18.
- Investment corpus in India's pension sector is expected to cross US\$ 1 trillion by 2025. The Assets Under Management ('AUM') of all the Pension Funds combined, i.e. corporate and retail sector, grew from Rs 7,017.70 Crs as on March 31, 2017 to Rs 11,965.80 Cr as on March 31, 2018, registering a growth of approximately 69 per cent. The overall subscriber base of corporate sector grew by nearly 38 per cent, with approximately 1000 new corporates joining the National Pension System ('NPS') architecture. The retail sector grew by 58 per cent, with 691578 subscribers as on March 31, 2018, in comparison to 437088 subscribers as on March 31, 2017. The Pension Fund Regulatory and Development Authority (PFRDA) allowed partial withdrawal under the National Pension System for purchase of residential premises, treatment of critical illness, higher education and marriage of children.
- Pradhan Mantri MUDRA Yojana (PMMY) is a scheme launched by the Hon'ble Prime Minister on April 8, 2015 for providing loans upto 10 lakh to the non-corporate, non-farm small/micro enterprises. These loans are classified as MUDRA loans under PMMY. In Financial Year 2017-2018, No. of PMMY Loans Sanctioned – 48130593 and Amount Disbursed Rs 246437.40 Crore as against Sanctioned-39701047 and Amount Disbursed Rs 175312.13 Crore in 2016-2017.

## Indian Financial Markets

- Indian Equity Markets hit an all-time high earlier in January 2018 and from there on a series of events including Union Budget, rate hike fears in the US, trade wars and President Trump's twitter account and an annual sell off in March have resulted in a significant correction especially in midcaps.

- During 2017-18, the primary securities market recorded a total number of issues of 228, from which Rs.110140 crore were raised as compared to Rs.61848 crore raised through 133 issues during 2016-17. The Nifty reported a growth of approximately 10.25% in FY 2018 to close at 10113.70 after increasing 18.55% YoY in FY2017 while the S&P BSE Sensex rose 11.30% YoY in FY2018 to close at 32968.68 levels. The year saw the S&P BSE Small-cap index surging 17.74 per cent and the S&P BSE Midcap index rising 13.24 per cent. This growth was supported by the liquidity in the capital markets, due to increased domestic money flow into Indian equities. During 2017-18, the Small and Medium Enterprises (SME) market recorded a total number of issues of 156, from which Rs. 2361 crore were raised as compared to Rs.1105 crore raised through 79 issues during 2016-17. The Foreign portfolio investments into companies are experiencing a rapid increase, as the net investment, have grown from Rs 48,411 crore in FY 17 to Rs 145067 crore in FY 18. The asset under management by Portfolio manager was a good year FY2018, as the total assets under management (AUM) for the sector experienced a 20% growth in both discretionary and advisory services and 19% in non-discretionary segment.

### Indian Broking Industry

- At the industry level, Equity turnover at the exchanges increased to Rs. 1,733 trillion in FY2018 from Rs. 1,004 trillion in FY2017, registering a growth of 73%. The Average daily turnover (ADTO) increased to Rs. 7.04 trillion from Rs. 4.05 trillion during the same period, registering a staggering growth of 74%. The markets, which remained on an upward trajectory until January 2018, witnessed a decline in February 2018 precipitated by a combination of domestic concerns and weak global cues, and continued to remain volatile in March 2018. The total Cash turnover reported a healthy growth in FY2018, with a total traded volume of Rs. 83 trillion (Rs. 61 trillion in FY2017) registering a YoY growth of 37%. The cash segment ADTO increased to Rs. 0.34 trillion from Rs. 0.32 trillion in the same period. FII saw net inflow in equity Rs 25635 Crore, during FY18 as compare to Rs 55703 Crore in FY17. The domestic institutional investors (DIIs) investing a net Rs1.1 trillion in equities, setting a record. This was powered by strong investments in mutual funds' equity schemes.
- The derivatives or futures and options (F&O) segment, which witnessed a 76% growth in ADTO in line with the trend in FY2017 (36% in FY2017). The total turnover for the derivatives segment increased to Rs. 1649.88 trillion in FY2018 (ADTO of 6.71 trillion) from Rs 944 trillion (ADTO of 3.81 trillion) in FY2016, registering a growth of 76%. The options growth rate remained healthy in FY2018, registering a year-on-year (YoY) growth of 85%, as against 33% and 39% for the futures and cash segments respectively. The options segment remains the most active in the derivatives market accounting for 86% of the derivatives turnover in FY2018 (84% in FY 2017), with index options accounting for 82% of the derivatives turnover (77% in FY2017).
- Currency Derivative trading volumes increased to Rs. 96 trillion (ADTO of Rs. 0.40 trillion) in FY2018 from Rs. 83 trillion in FY2017 (ADTO of Rs. 0.34 trillion), registering a growth of 15.06%.
- Exchange Traded Funds in India have witnessed a net inflow of Rs 23,123 crore during FY18. Investors remained bearish on gold exchange-traded funds (ETFs) as they pulled out Rs 835 crore from the instrument in 2017-18, making it the fifth consecutive financial year of outflow where as net inflow of Rs 23958 crore in other ETFs in FY18.
- The commodity market in India has grown slowly with newer options (agricultural as well as non-agricultural commodities) becoming increasingly available to customers. To increase participation in the commodity markets and to enhance liquidity and depth to the markets, SEBI has recognized the need to allow institutional participation in commodities. In this regard, SEBI allowed alternative investment funds (AIF) and FPI to invest in commodities in July and September 2017 respectively, and released a consultation paper regarding participation of mutual funds in the segment for public comments in December 2017. The Reserve Bank of India (RBI) allowed banks to participate in commodity broking through their subsidiaries. Another development in the commodities market has been the introduction of commodity options, with the launch of gold options in October 2017.

### Outlook

Indian financial services sector is set to dominate the Indian economy over the next few decades. Banking, capital markets, insurance and asset management are all set to significantly grow in the next few years. The Government has recently implemented multiple structural reforms, such as demonetization, GST and the Benami Transaction Act, to enable a low-cash and transparent economy. These reforms resulted in a structural change in the household saving pattern with higher inclination on investment in financial assets. The Indian economy is back on the growth path and demonetization of credit, financialisation of assets and privatisation of the economy will together lead to a compounding effect, which in turn is expected to double India's GDP in 2025. Financial services will continue to be a standout performer in this golden age of compounding, private financial services even more so. The domestic capital markets remains stable to positive for FY2019 because of increasing financialisation of savings and strong DII segment. Large players in fund management industry are exploring investment opportunities and even setting up their business presence in India.



## Directors' Report

# Directors' Report

To  
The Members,

The Directors of Master Trust Limited (MTL) have great pleasure in presenting the Annual Report of the company with audited statements of accounts for the financial period ended 31st March, 2018 along with report of the Statutory Auditors thereon.

## 1. Financial Summary

The summary of financial results of the Company for the period ended 31st March, 2018 is as under:

### Financial Results

(₹ In Millions)

Particulars	For the Year Ended			
	March 31 <sup>st</sup> 2018	March 31 <sup>st</sup> 2017	March 31 <sup>st</sup> 2018	March 31 <sup>st</sup> 2017
	Consolidated		Standalone	
Gross Income	1570.51	1106.57	185.97	45.54
Profit Before Depreciation, Interest & Tax	347.90	257.27	46.63	30.63
Less : Depreciation	28.08	19.11	0.68	0.84
Interest	189.72	150.40	28.04	22.70
Profit Before Tax	130.10	87.76	17.91	7.09
Provision for Tax	29.33	29.45	(0.34)	1.17
Profit after tax but before minority interest and share in associate companies	100.77	58.31	18.25	5.92
Less: Share of Minority Interest	0.34	0.06	-	-
Net Profit	100.43	58.25	18.25	5.92
Add: Profit brought forward from earlier years	1096.36	1038.62	109.94	104.53
Profit available for appropriation	1196.79	1096.87	128.19	110.45
Less: Appropriations				
- Proposed Dividend	10.88	-	10.88	-
- Tax on Dividend	2.21	-	0.23	-
- Transfer to Statutory Reserve	3.76	0.51	3.33	0.51
- Transfer to General Reserve	-	-	-	-
Closing Balance	1179.94	1096.36	113.75	109.94

## 2. Performance Highlights

On a consolidated basis, the Company's gross income increased by 41.92% to ₹1570.51 million as compared to ₹1106.57 million in the previous year. The Consolidated Net worth of the Company has increased by 4.94% to ₹1854.18 million as compared to ₹1766.84 million in the previous year. The Net Profit after tax also increased to ₹100.43 million as compared to ₹58.25 million in the previous year. Consequently, the basic and diluted earning per share for the current year increased to ₹9.23 per share as compared to ₹5.36 per share in the previous year.

**3. Dividend**

The Board of Directors has recommended a dividend of ₹1.00 per equity share on fully paid up Equity Shares in its Board Meeting held on 30th May 2018. The dividend shall be paid tentatively by October, 2018, subject to the approval by shareholders.

**4. Outlook**

Indian financial services sector is set to dominate the Indian economy over the next few decades. Banking, capital markets, insurance and asset management are all set to significantly grow in the next few years. The Government has recently implemented multiple structural reforms, such as demonetization, GST and the Benami Transaction Act, to enable a low-cash and transparent economy. These reforms resulted in a structural change in the household saving pattern with higher inclination on investment in financial assets. The Indian economy is back on the growth path and demonetization of credit, financialisation of assets and privatisation of the economy will together lead to a compounding effect, which in turn is expected to double India's GDP in 2025. Financial services will continue to be a standout performer in this golden age of compounding, private financial services even more so. The domestic capital markets remains stable to positive for FY2019 because of increasing financialisation of savings and strong DII segment. Large players in fund management industry are exploring investment opportunities and even setting up their business presence in India.

**5. Reserves**

During the period under review there was a net transfer of ₹3.76 million to Statutory Reserves.

**6. Management Discussion and Analysis**

The Management Discussion and Analysis Report for the year under review as required under Regulation 34(2) of SEBI (LODR) Regulations, 2015 is given as a separate statement forming part of the Annual Report.

**7. Adequacy of Internal Control**

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.

**8. 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. Sudhir Kumar and Mr. Anil Kumar Malhotra. 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.

**9. 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.

**10. Directors/Key Management Personnel (KMPs)**

Pursuant to the provisions of Section 152 of the Companies Act, 2013 and in accordance with Article 103 of the Articles of Association of the Company, Mr. Harjeet Singh Arora and Mr. Rajinder Kumar Singhanian, Directors of the Company retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment. Notice convening the Annual General Meeting includes the proposal for their re-appointment as the Director.

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

- 1) Mr. Pavan Kumar Chhabra
- 2) Mr. Anil Kumar Malhotra
- 3) Mr. Anil Bhatia
- 4) Mr. Ashwani Kumar
- 5) Mr. Sudhir Kumar

During the period under review, there was no change in the Board of Directors or the KMPs of the Company. In terms of the provisions of Section 203 of Companies Act, 2013, Mr. Harjeet Singh Arora, Managing Director, Mr. Mohan Singh, Company Secretary and Mr. Sunil Kumar, CFO are the KMPs of the Company.



**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.

**11. Fixed Deposits**

The Company has not accepted any public deposits 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.

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

There are no material changes and commitments, affecting the financial position of the Company which have occurred between the end of the financial year of the Company i.e. March 31st, 2018 and the date of the directors' report i.e. 14th August, 2018.

**13. Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future**

As per an Ex-Parte Ad- Interim Order number WTM/RKA/ISD/162/2014 dated 19 December, 2014 by SEBI in the matter of First Financial Services Limited, Master Trust Limited amongst others, was restrained from accessing the securities market and buying, selling or dealing in securities, either directly or indirectly, in any manner, till further directions. The Order had affected one of its activity i.e. trading/investment in securities till further directions.

The SEBI had further issued confirmatory Ad-interim order WTM/RKA/ISD/113/2016 dated 25 August 2016 confirming the aforesaid Ex-Parte Ad-Interim Order and had given interim/additional reliefs to the entities.

Subsequent to the interim orders, an investigation was carried out to look into the role of debarred entities in price manipulation the FFSL. Upon completion of investigation, violation of provisions of SEBI Act, 1992 (SEBI Act) and SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (PFUTP Regulations) are not observed in respect of our company against which directions were issued vide the interim orders. As per the order number WTM/SR/SEBI/efd-DRA3/ 71/09/2017 dated SEPTEMBER 06, 2017 by SEBI the directions issued earlier vide interim orders need not be continued and hence revoked with immediate effect.

**14. 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 as stipulated under Part C of Schedule V of the SEBI (LODR) Regulations, 2015 forms part of the Annual Report.

The requisite Certificate confirming compliance with the conditions of Corporate Governance as stipulated under PART E of the SEBI (LODR) Regulations, 2015 is attached to this Report.

**15. Directors' Responsibility Statement**

Pursuant to the provisions of Section 134 of the Companies Act 2013, the Directors 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) The Directors had prepared the annual accounts on a going concern basis; and
- e) 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.

**16. Listing / De-listing of Shares**

The Shares of your Company are presently listed on The Bombay Stock Exchange Limited, Mumbai (BSE) and the Annual Listing Fees for the year 2018-19 has already been paid to it.



**17. Auditors****Statutory Auditors**

M/s C. S. Arora & Associates, Chartered Accountants, were appointed as the Statutory Auditors of the Company in the AGM held on 29.09.2017 for a period of 5 years subject to annual ratification at respective AGMs.

The Auditor has furnished a certificate to the effect that their ratification, if made, at the ensuing AGM, will be within the limits prescribed under Section 141 of the Companies Act, 2013 and that they are not beneficially holding any security or interest in the Company as defined under Companies Act, 2013. Since, the Ministry of Corporate Affairs has done away with the requirement of annual ratification of Statutory Auditors at each Annual General Meeting, their term is being ratified for the rest of the tenure of 4 years and no resolution for annual ratification shall be placed hereafter. The Board on recommendation of the Audit Committee recommends the ratification of M/s C. S. Arora & Associates, as Statutory Auditors by the members at the AGM.

Members are requested to consider the ratification of their appointment and authorize the Board of Directors to fix their remuneration.

**Secretarial Auditors**

M/s. Rajeev Bhambri & Associates, Ludhiana were appointed as the Secretarial Auditors for conducting the audit of the Secretarial Compliances of the Company. The Secretarial Audit for the year 2017-18 which, inter alia, includes audit of compliance with the Companies Act, 2013, and the Rules made under the Act, Listing Agreement and Regulations and Guidelines prescribed by the Securities and Exchange Board of India has been completed by M/s. Rajeev Bhambri & Associates, Ludhiana. The Secretarial Audit Report given by M/s. Rajeev Bhambri & Associates, Ludhiana is a part of this Annual Report.

**18. Auditors' Reports**

No qualification, reservation or adverse remark or disclaimer has been made by the Statutory Auditors or the Secretarial Auditors in their reports. The Auditors' Report on the Accounts and the Secretarial Compliances of the Company for the period under review are self-explanatory and no comments are required.

**19. Details of Subsidiary/Joint Ventures/Associate Companies**

The Company has the following six(6) subsidiary companies :

- Master Infrastructure And Real Estate Developers Limited (Subsidiary)
- Master Capital Services Limited (Subsidiary)
- Master Insurance Brokers Limited (Step down Subsidiary)
- Master Commodity Services Limited (Step down Subsidiary)
- Master Portfolio Services Limited (Step down Subsidiary)
- H.A.Shares & Stock Brokers Ltd.(Subsidiary)

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

**20. 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:

**a) MASTER CAPITAL SERVICES LIMITED (MCSL)**

In the current year of operations FY 2017-18, MCSL's revenue during the year under review increased to ₹1171.25 million from ₹893.65 million in the previous year FY 2016-17 registering an increase of 31.10 %. MCSL's net profit, during the current year, increased to ₹70.38 million from ₹ 27.51 million.

**b) MASTER COMMODITY SERVICES LIMITED (MCOMSL)**

In the current year of operations FY 2017-18, MCOMSL posted decrease in revenues. MCOMSL's revenue during the year under review decreased to ₹87.63 million from ₹115.44 million in the previous year FY 2016-17 registering a decrease of 24.09%. MCOMSL accounted for a net profit of ₹3.66 million, during the current year as compared to a net loss of ₹0.31 million in previous year

**c) MASTER INFRASTRUCTURE AND REAL ESTATE DEVELOPERS LIMITED (MIREDL)**

In the current year of operations FY 2017-18, MIREDL's revenue during the year under review reduced to ₹1.66 million from ₹34.08 million in the previous year FY 2016-17. MIREDL's net profit, during the current year, decreased to ₹0.48 million from ₹23.79 million.

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

HASSBL's revenue during the year under review increased to ₹76.55 million from ₹15.58 million in the previous year FY 2016-17. HASSBL company's net profit, during the current year also increased to ₹0.71 million from ₹0.11 million.

**e). MASTER INSURANCE BROKERS LTD (MIBL)**

In the current year of operations FY 2017-18, MIBL posted significant increase in revenues. Your company's revenue during the year under review increased to ₹17.09 million from ₹12.81 million in the previous year FY 2016-17 registering an increase of 33.41%. MIBL's net profit during the current year increased to ₹1.63 million from ₹0.93 million.

**f) MASTER PORTFOLIO SERVICES LIMITED (MPSL)**

In the current year of operations FY 2017-18, MPSL posted significant increase in revenues. MPSL's revenue during the year under review increased to ₹72.68 million from ₹16.25 million in the previous year FY 2016-17 registering an increase of 347.20%. MPSL's net profit, during the current year, increased to ₹5.66 million from ₹0.36 million registering an increase by 1476.09%.

Pursuant to the provisions of Section 129 (3) of the Companies Act, 2013, 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 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 is also available on the website of your Company at <http://mastertrust.co.in/investor.aspx>.

**21. Remuneration to Directors/Employees and related analysis**

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.

The details pertaining to the ratio of the remuneration of each director to the median employee's remuneration and other prescribed details 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 as amended are annexed herewith and form part of the Directors' Report.

The statement on the top ten employees in terms of remuneration drawn shall be made available to any shareholder on a specific request made by him in writing before the date of such Annual General Meeting and such particulars shall be made available by the company within three days from the date of receipt of such request from shareholders:

**22. Conservation of energy, technology absorption, foreign exchange earnings and outgo**

Information with respect to Conservation of energy, technology absorption, foreign exchange earnings and outgo pursuant to Section 134 of the Companies Act, 2013 read with Rule 8(3) of the is not applicable because there are no manufacturing activities in the Company and/or its subsidiaries.

**23. Extract of the annual return**

The extract of the annual return in Form No. MGT - 9 forms part of the Board's report and can be accessed at <http://mastertrust.co.in/investor.aspx>.

**24. 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. Due to business exigencies, certain business decisions are taken by the Board through circulation from time to time.

The Board met (5) times during the FY 2017-18 viz. on 30.05.2017, 03.08.2017, 14.08.2017, 14.11.2017 and 14.02.2018.

The separate meeting of the Independent Directors of the Company was also held on 03.08.2017 other than the Board Meetings mentioned.

**25. Particulars of loans, guarantees or investments under section 186**

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.

**26. Particulars of contracts or arrangements with related parties**

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. Since all related party transactions entered into by the Company were in the ordinary course of business and were on an arm's length basis, form AOC-2 is not applicable to the Company.

Your Directors, however, draw attention of the members to Note 24 to the financial statement which sets out related party disclosures.

### 27. **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, a Vigil Mechanism/Whistle Blower Policy for Directors and employees to report genuine concerns has been established. A copy of the Vigil Mechanism/Whistle Blower as approved by the board may be accessed at <http://mastertrust.co.in/invester.aspx>.

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

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

### 29. **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 <http://mastertrust.co.in/invester.aspx>.

### 30. **Policy on dealing with related party transactions and the policy for determining 'material' subsidiaries**

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/invester.aspx>.

### 31. **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 employees and other connected persons ("Code of Conduct") as approved by the Board on 14.05.2015 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 its Directors, Designated employees and Specified Persons from trading in the securities of the Company at the time when there is unpublished price sensitive information.

### 32. **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 the Directors' Report.

### 33. **Risk Management**

The Board of Directors of your Company has constituted a 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.

**34. Board Evaluation**

The Board of Directors of your Company recognises and accepts that Boards are 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 alongwith 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.

**35. 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.

No complaints were pending at the beginning of the year and no such complaints were filed during the year.

**36. Acknowledgment**

Your Directors are pleased to place on record their appreciation and express their gratitude to the Company's Bankers, Clients, Advisors and Business Associates for their continued and valuable co- operation and support to the Company from time to time.

Your Directors also wish to express their gratitude to investors for the faith that they continue to repose in the Company. Your Directors would also like to place on record their appreciation for committed services rendered by the employees at all levels of your Company and its subsidiary.

*For and on behalf of the Board of Directors*

Sd/-  
**(R.K. Singhanian)**  
Managing Director  
DIN- 00077540

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

Place : Ludhiana  
Date : 14.08.2018

# 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 2014

{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

{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.

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 Clause 49 of 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":

- Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole- time Director;
- Company Secretary;
- Chief Financial Officer; and
- 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.
- 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.

**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:** The Managing Director/Whole Time Director and other 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.

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

**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.

## Term and Tenure

At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Listing agreement.

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

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.

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.

### 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.

## Evaluation

- 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:

## Removal

- 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.

## Retirement

### 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.



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

- 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.
- 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 14.69:1 .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.

Sl. NO	Name of Director /KMP and Designation	% increase in Remuneration in the Financial Year 2017-18
1	Mr. Harjeet Singh Arora	100.01%
2	Mr. Mohan Singh	9.15%
3	Mr. Sunil Kumar	10.00%

- c) There was an increase of 0.79% in the median remuneration of employees in the financial year 2017-18 vis-a vis financial year 2016-17.
- d) The Company had 16 permanent employees on the rolls of the Company.
- e) Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2017-18 was 13.33% whereas the increase in the managerial remuneration for the same financial year was 100.01%.
- f) Affirmed that the remuneration is as per the remuneration policy of the company.

## 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.

Place : Ludhiana  
Date : 14.08.2018

**For Master Trust Limited**  
Sd/-  
Sunil Kumar  
Chief Financial Officer

**For Master Trust Limited**  
Sd/-  
Harjeet S. Arora  
Managing Director DIN - 00063176

## Certificate of Compliance of the Code of Conduct of the Company

This is to state that the Company had duly adopted a Code of Conduct. After adoption of the Code of Conduct, the same was circulated to all the Board Members and Senior Management Personnel for compliance. It is affirmed that all the Board Members and Senior Management Personnel have complied with the Code of Conduct and have a confirmation in this regard.

Place : Ludhiana  
Date : 14.08.2018

**For Master Trust Limited**  
Sd/-  
Harjeet S. Arora  
Managing Director DIN - 00063176

# Practising Company Secretary's Certificate

## Practising 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**

We have examined the compliance of conditions of Corporate Governance by MASTER TRUST LIMITED ('the Company'), for the year ended on 31st March, 2018, 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations, 2015.

We 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.

Place : Ludhiana  
Date : 14.08.2018

For **Rajeev Bhambri & Associates**  
Company Secretaries  
Sd/-  
**(Rajeev Bhambri)**  
Proprietor  
CP No. 9491

# Secretarial Audit Report

For The Financial Year Ended 31<sup>st</sup> March, 2018

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration 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, 2018 ('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, 2018, to the extent applicable and according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (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. No changes in the composition of the Board of Directors took place during the period under review. 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 following specific events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc. as detailed below:-

As per an Ex-Parte Ad- Interim Order number WTM/RKA/ISD/162/2014 dated 19 December, 2014 by SEBI in the matter of First Financial Services Limited, Master Trust Limited amongst others, was restrained from accessing the securities market and buying, selling or dealing in securities, either directly or indirectly, in any manner, till further directions. The Order had affected one of its activity i.e. trading/investment in securities till further directions.

The SEBI had further issued confirmatory Ad-interim order WTM/RKA/ISD/113/2016 dated 25 August 2016 confirming the aforesaid Ex-Parte Ad-Interim Order and had given interim/additional reliefs to the entities.

Subsequent to the interim orders, an investigation was carried out to look into the role of debarred entities in price manipulation the FFSL. Upon completion of investigation, violation of provisions of SEBI Act, 1992 (SEBI Act) and SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (PFUTP Regulations) are not observed in respect of our company against which directions were issued vide the interim orders. As per the order number WTM/SR/SEBI/EFD-DRA3/ 71/09/2017 dated SEPTEMBER 06, 2017 by SEBI the directions issued earlier vide interim orders need not be continued and hence revoked with immediate effect.

Sd/-

**Rajeev Bhambri & Associates**

Company Secretary in whole time practice

C.P. No. 9491 Place : Ludhiana

Dated : 30.05.2018

**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**

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.**

- (i) 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.
- (ii) We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
- (iii) Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
- (iv) 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.
- (v) 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.

Sd/-  
**Rajeev Bhambri & Associates**  
Company Secretary in whole time practice  
C.P.No. 9491  
Place: Ludhiana  
Dated: 30.05.2018

# 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. Company's Philosophy

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.

## 2. Board of Directors

### A. Composition:

The present strength of the Board consists of 9 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.

- Five 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 attendance at each Board Meeting /Last Annual General Meeting and number of Directorship/Committee Chairmanship/Committee membership in other companies as on 31.03.2018 is given below :

Name of the Director & DIN	Category	Attendance at the last AGM	No. of Board meetings attended	No. of Directorships and Committee Membership / Chairmanship in other Companies		
				Directorship	Committee Chairmanship	Committee membership
Mr. Harjeet Singh Arora (DIN: 00063176)	Managing Director	Present	3	9	1	2
Mr. R. K. Singhanian (DIN: 00077540)	Non Executive Director	Present	4	6	0	0
Mrs. Harneesh Kaur Arora (DIN: 00089451)	Non Executive Director	Present	3	3	0	0
Mr. G.S. Chawla (DIN: 00087449)	Non Executive Director	Absent	5	4	0	1
Mr. Pavan Kumar Chhabra (DIN:000104957)	Independent Non Executive Director	Absent	1	5	1	1
Mr. Ashwani Kumar (DIN: 00030307)	Independent Non Executive Director	Present	4	4	1	1
Mr. Anil Kumar Malhotra (DIN: 00455951)	Independent Non Executive Director	Absent	5	1	0	0
Mr. Anil Kumar Bhatia (DIN: 00254117)	Independent Non Executive Director	Absent	5	0	0	0
Mr. Sudhir Kumar (DIN: 00305360)	Independent Non Executive Director	Absent	4	2	0	1

### Note :

1. Mrs. Harneesh Kaur Arora, Non-Executive Director is the spouse of Mr. Harjeet Singh Arora, Managing Director. None of the other Directors are related to each other.
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.
3. Directorships of only public limited companies have been considered.



C. During the year 2017-18, Five (5) Board Meetings were held viz. on 30.05.2017, 03.08.2017, 14.08.2017, 14.11.2017 and 14.02.2018. The necessary quorum was present for all the meetings.

### 3. Audit Committee

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. Sudhir Kumar and Mr. Anil Kumar Malhotra. All the Members of Audit Committee are financially literate and have accounting knowledge to interpret and understand the financial statements. Mr. Ashwani Kumar is the Chairman of the Audit Committee.

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.

During the year 2017-18, Five (5) Audit Committee were held viz. on 30.05.2017, 03.08.2017, 14.08.2017, 14.11.2017 and 14.02.2018.

### 4. Nomination & Remuneration Committee

The terms of reference 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.

In terms of the provisions of Section 178 of the Companies Act, 2013, the Nomination & Remuneration Committee is constituted of three Non-Executive Directors viz. Mr. R. K. Singhania, Mr. Pavan Chhabra & Mr. Sudhir Kumar, who are free from any business or other relationships. Mr. R. K. Singhania is the Chairman of the Committee.

### 5. Director's Remuneration

#### Managing Director

The Company paid remuneration to the Managing Director as recommended by the Remuneration Committee and as approved by the members of the Company. Detail of remuneration paid to the Managing Director during the Financial Year 2017-18 is given below:-

(₹ in Millions p.a.)

Name of Director	Designation	Salary	Perquisites	Total
Mr. Harjeet Singh Arora	Managing Director	4.80	0.02	4.82
Total		4.80	0.02	4.82

#### 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 2018.

Name of the Director	Category	No. of Equity Shares held
Mr. R.K. Singhania	Non Executive Director	25,80,357
Mrs. Harneesh Kaur Arora	Non Executive Director	12,15,010
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 Malhotra	Independent Non Executive Director	Nil
Mr. Anil Kumar Bhatia	Independent Non Executive Director	Nil
Mr. Sudhir Kumar	Independent Non Executive Director	Nil

### 6. Stakeholders Relationship Committee

In terms of the provisions of Section 178 of the Companies Act, 2013, Mr. R. K. Singhania, Mrs. Harneesh Kaur Arora and Mr. G.S. Chawla, Directors of the Company are Members of the Committee duly constituted by the Board and Mr. R.K.Singhania is the Chairman of the Committee.

Mr. Mohan Singh, Company Secretary is the Compliance Officer of the Committee. The Committee meets as and when required, 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 stakeholders complaints were received. There were no outstanding investor complaints as on 31st March 2018.

## 7. 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).

## 8. 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.

## 9. 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
2017	Annual General Meeting	29.09.2017 Hotel Silver Stone situated at D - Block, SCO 14-15, Dugri Road, Model Town Extension, Model Town, Ludhiana, Punjab-141002	11.00 A.M.	NO	NIL
2016	Annual General Meeting	30.09.2016 Master Chambers, SCO - 19, Ground Floor, Feroze Gandhi Market, Ludhiana	11.00 A.M.	YES	1. Approval of Related Party Transactions. 2. Re-appointment of Mr. Harjeet Singh Arora as the Managing Director of the Company.
2015	Annual General Meeting	29.09.2017 Hotel Silver Stone situated at D - Block, SCO 14-15, Dugri Road, Model Town Extension, Model Town, Ludhiana, Punjab-141002	11.00 A.M.	YES	1. Approval of Related Party Transactions. 2. To give guarantees or provides securities in excess of the limits prescribed under Section 186(3) of Companies Act, 2013.

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

During the period under review, no resolutions were passed by way of postal ballot. The Company has not proposed any special resolution to be conducted through postal ballot.

## 10. 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.

- As per an Ex-Parte Ad- Interim Order number WTM/RKA/ISD/162/2014 dated 19 December, 2014 by SEBI in the matter of First Financial Services Limited, Master Trust Limited amongst others, was restrained from accessing the securities market and buying, selling or dealing in securities, either directly or indirectly, in any manner, till further directions. The Order had affected one of its activity i.e. trading/investment in securities till further directions.

The SEBI had further issued confirmatory Ad-interim order WTM/RKA/ISD/113/2016 dated 25 August 2016 confirming the aforesaid Ex-Parte Ad-Interim Order and had given interim/additional reliefs to the entities.

Subsequent to the interim orders, an investigation was carried out to look into the role of debarred entities in price manipulation the FFSL. Upon completion of investigation, violation of provisions of SEBI Act, 1992 (SEBI Act) and SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (PFUTP Regulations) are not observed in respect of our company against which directions were issued vide the interim orders. As per the order number WTM/SR/SEBI/EFD-DRA3/ 71/09/2017 dated SEPTEMBER 06, 2017 by SEBI the directions issued earlier vide interim orders need not be continued and hence revoked with immediate effect.

- Related Parties and transactions with them as required under Accounting Standard 18 (AS-18) are furnished under Note No. 24 of the Notes to the Accounts attached with the Financial Statements for the year ended 31st March, 2018. 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 :

<b>I. Disclosure on website in terms of Listing Regulations:</b>	
<b>Item</b>	<b>Compliance status (Yes / No / NA)</b>
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	YES
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
Email address for grievance redressal and other relevant details	YES
Financial results	YES
Shareholding pattern	
Details of agreements entered into with the media companies and/or their associates	YES
New name and the old name of the listed entity	YES

<b>II. Annual Affirmations:</b>		
<b>Item</b>	<b>Regulation Number</b>	<b>Compliance status (Yes / No / N A)</b>
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)	Yes
Meeting of Board of directors	17(2)	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
Composition of Audit Committee	18(1)	Yes
Meeting of Audit Committee	18(2)	Yes
Composition of nomination & remuneration committee	19(1) & (2)	Yes
Composition of Stakeholder Relationship Committee	20(1) & (2)	Yes
Composition and role of risk management committee	21(1),(2),(3),(4)	NA
Vigil Mechanism	22	Yes
Policy for related party Transaction	23(1),(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)	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
Maximum Directorship & Tenure	25(1) & (2)	Yes
Meeting of independent directors	25(3) & (4)	Yes
Familiarization of independent directors	25(7)	Yes
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

### 11. 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 <http://mastertrust.co.in/invester.aspx>

### 12. 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 Dosh Sewak and Financial Express/Financial World and are displayed on the website of the Company at <http://mastertrust.co.in/invester.aspx>.

### 13. Audit Qualifications

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

**14. General Information for Shareholders**

a. Corporate Identification No.(CIN): L65991PB1985PLC006414

**b. Annual General Meeting :**

The 33rd Annual General Meeting of Master Trust Limited will be held on Saturday, the 29th day of September 2018, at 11:00 A. M. at Hotel Silver Stone, D - Block, SCO 14 -15, Dugri Road, Model Town Extension, Model Town, Ludhiana, Punjab - 14100.

c. **Date of Book Closure** : 25th September, 2018 - 29th September, 2018 (both days inclusive)

d. **Financial Year (Tentative)** : 1st April, 2018 to 31st March, 2019

Tentative calendar of events for the Financial Year 2018-19 is

First Quarterly Results : On or Before 14th August, 2018  
 Second Quarterly Results : On or Before 14th November, 2018  
 Third Quarterly Results : On or Before 14th February, 2019  
 Audited Results for the year 2018-19 : On or Before 30th May, 2019

**e. Information regarding dividend payment date:**

The Board of Directors of the Company has recommended a dividend of Re. 1 per equity share on fully paid up shares for the Current Year. Dividend, if declared, shall be paid within five working days from the date of the Annual General Meeting. Dividend shall be remitted electronically i.e. through NECS/NEFT etc., wherever bank details of shareholders are available with the Company, and in other cases, through physical warrants, payable at par.

**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 fees has been paid to the said Stock Exchange for the year 2018-19.

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

The Bombay Stock Exchange Ltd. : 511768  
 Demat International Security Identification Number (ISIN) : INE677D01011

**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 2017-18 is given below:

Month	Master Trust Limited			BSE SENSEX		
	High Price	Low Price	Close Price	High Price	Low Price	Close Price
Apr-17	37.2	27.05	32	30184.22	29241.48	29918.4
May-17	33.3	27.2	28.55	31255.28	29804.12	31145.8
Jun-17	42.3	27.05	41.05	31522.87	30680.66	30921.61
Jul-17	49.4	38.5	40	32672.66	31017.11	32514.94
Aug-17	42	34.15	36	32686.48	31128.02	31730.49
Sep-17	62.8	34.45	59	32524.11	31081.83	31283.72
Oct-17	80.9	60.3	68.5	33340.17	31440.48	33213.13
Nov-17	68.95	61.2	68.75	33865.95	32683.59	33149.35
Dec-17	70	59.1	60.3	34137.97	32565.16	34056.83
Jan-18	114.45	57.3	110.65	36443.98	33703.37	35965.02
Feb-18	110.95	95.1	95.1	36256.83	33482.81	34184.04
Mar-18	94.75	90	90	34278.63	32483.84	32968.68

**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](mailto: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 shareholders are requested to send all shares in physical form for transfer as well demat/remat requests to the Registered Office of the Company and/or to the Registrar & Share Transfer Agent of the Company i.e Skyline Financial Services (P) Limited.

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.

**k. Distribution of Shareholding Pattern of the Company as on 31.03.2018:**

Sr. No.	Category	No. of Shares	% of Shares
1.	Promoters	8139670	71.62
2.	Bodies Corporate	1870682	18.95
3.	Other Indian Public	840566	9.18
4.	NRI	25682	0.25
5.	FII's	0	0
	<b>Total</b>	<b>1,08,76,600</b>	<b>100.00%</b>

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

Category	No. of Shares					
	Physical	% age	Demat	% age	Total	% age
Promoters	0	0	8139670	74.84	81,39,670	74.84
Non-Promoters	187125	1.72	2549805	23.44	27,36,930	25.16
Total	187125	1.72	10689475	98.28	1,08,76,600	100.00

m . During the financial year ended on 31st March, 2018, 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](mailto:secretarial@mastertrust.co.in)

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

1. Chandigarh
2. Delhi
3. Mumbai - Fort
4. Mumbai - Vashi

**p. Compliance Officer : Mr. Mohan Singh, Company Secretary**

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



## Auditor's Report



# Independent Auditors' Report

To  
The Members of  
Master Trust Limited

## Report on the Financial Statements

We have audited the accompanying standalone financial statements of **Master Trust Limited ('the Company')**, which comprise the Balance Sheet as at 31 March, 2018, 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 standalone 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, 2018 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 standalone 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, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2018 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 20 to the financial statements.
  - (ii) The Company did not have any outstanding long-term contracts including derivative contracts as at 31 March, 2018 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.

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

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

**Place : Ludhiana**  
**Date : 30 May, 2018**

## 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.
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, 2018 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**  
**Partner**  
Membership No.: 090835

**Place : Ludhiana**  
**Date : 30 May, 2018**

## 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 Trust Ltd ('the Company') as of 31 March, 2018 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 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, 2018 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

**Place : Ludhiana**  
**Date : 30 May, 2018**

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

# Balance Sheet



## Master Trust Limited

Balance Sheet as at 31<sup>st</sup> March, 2018

(₹ In Millions)

Particulars	Note	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	109.22	109.22
Reserves and surplus	4	653.19	646.05
		762.41	755.27
<b>Current liabilities</b>			
Short-term borrowings	5	356.31	257.55
Other current liabilities	6	55.74	107.09
Short-term provisions	7	15.00	2.58
		427.05	367.22
<b>TOTAL</b>		<b>1,189.46</b>	<b>1,122.49</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets - Tangible	8	2.25	2.83
Non-current investments	9	320.60	185.07
Deferred tax assets (net)	10	1.11	0.86
Long-term loans and advances	11	6.32	6.44
		330.28	195.20
<b>Current assets</b>			
Inventories	12	39.75	42.85
Cash and cash equivalents	13	24.33	27.05
Short-term loans and advances	14	794.47	856.79
Other current assets	15	0.63	0.60
		859.18	927.29
<b>TOTAL</b>		<b>1,189.46</b>	<b>1,122.49</b>
Significant Accounting Policies	2		
The accompanying notes are an integral part of the financial statements			

As per our Report of even date

For and on behalf of the Board

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

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

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

**Chanchal Singh**  
Partner  
Membership Number 090835

**Sunil Kumar**  
Chief Financial Officer

**Mohan Singh**  
Company Secretary

Ludhiana, 30 May, 2018

## Master Trust Limited

Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2018

(₹ In Millions)

Particulars	Note	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
<b>INCOME</b>			
Revenue from operations and other income	16	185.97	45.54
<b>Total Revenue</b>		<b>185.97</b>	<b>45.54</b>
<b>EXPENSES</b>			
Employee benefits expense	17	11.43	8.74
Finance costs	18	28.07	22.73
Depreciation	8	0.68	0.84
Other expenses	19	127.88	6.14
<b>Total Expenses</b>		<b>168.06</b>	<b>38.45</b>
<b>Profit before tax</b>		<b>17.91</b>	<b>7.09</b>
<b>Tax expense:</b>			
Current tax expense for current year		-	1.50
Deferred tax		(0.25)	(0.24)
Current tax expense relating to prior years		(0.09)	(0.09)
<b>Profit after tax</b>		<b>18.25</b>	<b>5.92</b>
Earnings per equity share of face value ₹10 each			
Basic and Diluted ( in ₹)	23	1.68	0.54
Significant Accounting Policies	2		
The accompanying notes are an integral part of the financial statements			

As per our Report of even date

For and on behalf of the Board

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

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

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

**Chanchal Singh**  
Partner  
Membership Number 090835

**Sunil Kumar**  
Chief Financial Officer

**Mohan Singh**  
Company Secretary

Ludhiana, 30 May, 2018

## Master Trust Limited

Cash Flow Statement for the year ended 31 <sup>st</sup> March, 2018		(₹ In Millions)	
Particulars	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017	
<b>A. Cash flow from operating activities</b>		17.91	7.09
Net Profit before tax and extraordinary items			
<i>Adjustments for:</i>			
Depreciation and amortisation	0.68	0.84	
Provision for Gratuity	1.31	0.48	
Profit on sale of Investment	(108.29)	(4.53)	
Provision for Non Performing Assets	(18.52)	0.82	
	(124.82)		(2.39)
Operating profit before working capital changes	(106.91)		4.70
<i>Changes in working capital:</i>			
Adjustments for (increase) / decrease in operating assets:			
Inventories	5.42	14.87	
Short-term loans and advances	80.84	210.15	
Long-term loans and advances	0.12	18.13	
Other current assets	(0.03)	0.42	
<i>Adjustments for increase / (decrease) in operating liabilities:</i>			
Other current liabilities	(51.35)	(4.68)	
Short-term borrowings	98.76	(251.12)	
	133.76		(12.23)
Operating profit before extraordinary items	26.85		(7.53)
Cash flow from extraordinary items	-		-
Cash generated from operations	26.85		(7.53)
Net income tax (paid)/ Refund	0.09		(1.42)
<b>Net cash flow from/ (used in) operating activities (A)</b>	<b>26.94</b>		<b>(8.95)</b>
<b>B. Cash flow from investing activities</b>			
Purchase of fixed assets	(0.10)		(0.14)
Purchase of Investment	(147.80)		(6.00)
Sale of Investment	118.24		22.05
<b>Net cash flow from/(used in) investing activities (B)</b>	<b>(29.66)</b>		<b>15.91</b>
<b>C. Cash flow from financing activities</b>			
Dividends paid	-		-
<b>Net cash flow (used in) financing activities (C)</b>	<b>-</b>		<b>-</b>
Net (decrease)/increase in Cash and cash equivalents (A+B+C)	<b>(2.72)</b>		<b>6.96</b>
Cash and cash equivalents at the beginning of the year	<b>27.05</b>		<b>20.09</b>
Cash and cash equivalents at the end of the year	<b>24.33</b>		<b>27.05</b>

As per our Report of even date

For and on behalf of the Board

For C.S.Arora &amp; Associates

Chartered Accountants  
FRN 015130N

Chanchal Singh

Partner  
Membership Number 090835

R. K. Singhania

Director  
DIN-00077540Sunil Kumar  
Chief Financial Officer

Harjeet Singh Arora

Managing Director  
DIN-00063176Mohan Singh  
Company Secretary

Ludhiana, 30 May, 2018

## Notes forming part of financial statements for the year ended 31<sup>st</sup> March, 2018

### 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. Basis of Preparation of Financial Statements

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 Companies (Accounting Standards) Amendment Rules, 2016 and the provisions of the RBI as applicable to a NBFC. The financial statements have been prepared on an accrual basis and under the historical cost convention except interest on loans which have been classified as non-performing assets and are accounted for on realization basis.

#### b. Use of Estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make judgements, estimates and assumptions considered in the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

#### c. 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.

#### d. 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.

#### e. Impairment of Assets

The company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of cash generating unit which the asset belongs to, is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Statement of Profit & Loss Account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to maximum of depreciable historical cost.

#### f. Investments

Investments which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. Current investments are carried in the financial statement at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments. On disposal of an

investment, the difference between the carrying amount and net disposal proceeds are charged or credited to statement of profit and loss.

**g. Inventories**

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

**h. Revenue Recognition**

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.

**i. Employee Benefits**

- (I) 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.
- (II) Leave encashment is payable to eligible employee, who have earned leaves, during the employment and/or on separation as per the company policy.
- (III) The company has provided the provision for the gratuity and charges to revenue.

**j. Borrowing Costs**

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.

**k. 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 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.

**l. Prudential Norms:**

For identifying Non Performing Assets (NPA) relating to financing activities, the Company follows Non-Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015.

**m. Earning per share**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Partly paid equity shares are treated as fraction of an equity share to the extent that they were entitled to participate in dividends related to a fully paid equity share during the reporting year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

**n. Provisions and contingencies**

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.

## Notes forming part of the financial statements

## Note 3 Share capital

(₹ In Millions)

Particulars	As at 31 <sup>st</sup> March, 2018		As at 31 <sup>st</sup> March, 2017	
	Number of shares	Amount	Number of shares	Amount
<b>Authorised</b> Equity shares of ₹10 each	11,000,000	110.00	11,000,000	110.00
<b>Issued</b> Equity shares of ₹10 each	10,975,400	109.75	10,975,400	109.75
<b>Subscribed and fully paid up</b> Equity shares of ₹10 each	10,876,600	108.76	10,876,600	108.76
<b>Forfeited Shares</b>	-	0.46	-	0.46
<b>Total</b>	<b>10,876,600</b>	<b>109.22</b>	<b>10,876,600</b>	<b>109.22</b>

3.1 The Company has only one class of equity shares having a par value of ₹10 per share. Each shareholder is eligible for one vote per share.

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

Name of the shareholder	As at 31 <sup>st</sup> March, 2018		As at 31 <sup>st</sup> March, 2017	
	Number of shares held	% of holding	Number of shares held	% of holding
Harjeet Singh Arora	1,586,848	14.59	1,586,848	14.59
Harneesh Kaur Arora	1,215,010	11.17	1,215,010	11.17
Rajinder Kumar Singhania	2,580,357	23.72	2,580,357	23.72
Jashanjyot Singh Arora	720,000	6.62	545,000	5.01
Parveen Singhania	990,500	9.11	815,500	7.50
Gala Finance & Investment Limited	645,999	5.94	695,486	6.39
Prime Industries Limited	593,958	5.46	593,958	5.46
Convexity Solutions and Advisors (P) Ltd	875,000	8.04	925,000	8.51

3.3 The reconciliation of the number of shares outstanding is set out below

Particulars	As at 31 <sup>st</sup> March, 2018		As at 31 <sup>st</sup> March, 2017	
	Number of shares		Number of shares	
Equity Shares at the beginning of the year	10,876,600		10,876,600	
Equity Shares at the end of the year	<b>10,876,600</b>		<b>10,876,600</b>	

3.4 Proposed dividend

Particulars	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
Face value	₹10 each	-
Dividend per share	₹1 each	-
Amount of dividend (including tax on dividend)	₹11.11 Mn	-

**Note 4 Reserves and surplus****(₹ In Millions)**

Particulars	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
<b>Capital Reserve</b>		
As per last Balance Sheet	48.24	48.24
<b>Securities Premium Account</b>		
As per last Balance Sheet	448.38	448.38
<b>General Reserve</b>		
As per last Balance Sheet	10.00	10.00
<b>Statutory Reserve (Under Section 45IC of RBI Act, 1934)</b>		
As per last Balance Sheet	28.11	26.93
Add: Transferred from Profit and Loss Account	3.65	1.18
Closing balance	31.76	28.11
<b>Reserve for Standard Assets</b>		
As per Last balance Sheet	1.38	2.05
Add: Transferred from/(to) Profit and Loss Account	(0.32)	(0.67)
Closing Balance	1.06	1.38
<b>Profit and Loss Account</b>		
As per last Balance Sheet	109.94	104.53
Add: Transferred from Statement of Profit and Loss	18.25	5.92
	128.19	110.45
Less: Appropriations		
Proposed Dividends on Equity Shares (₹1 per equity share)	10.88	-
Tax on dividend	0.23	-
Reserve for Standard Assets	(0.32)	(0.67)
Statutory Reserve	3.65	1.18
Closing balance	113.75	109.94
<b>Total</b>	<b>653.19</b>	<b>646.05</b>

**Note 5 Short-term borrowings****(₹ In Millions)**

Particulars	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
Loans repayable on demand		
From banks		
Secured	0.08	0.31
Loans and advances from related parties		
Unsecured	193.17	159.82
Other loans and advances		
Unsecured	163.06	97.42
<b>Total</b>	<b>356.31</b>	<b>257.55</b>

5.1 Loans from banks are secured against pledging of FDRs

**Note 6 Other current liabilities****(₹ In Millions)**

Particulars	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
Unclaimed dividends	1.07	1.32
Statutory dues	3.12	2.54
Others	51.55	103.23
<b>Total</b>	<b>55.74</b>	<b>107.09</b>

6.1 Unclaimed dividends do not include any amounts, due and outstanding, to be credited to Investor Education and Protection Fund.



## Note 7 Short-term provisions

(₹ In Millions)

Particulars	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
Provision for gratuity	3.89	2.58
Provision for proposed equity dividend	10.88	-
Provision for tax on proposed dividends	0.23	-
<b>Total</b>	<b>15.00</b>	<b>2.58</b>

## Note 8 Fixed assets

(₹ In Millions)

## Tangible Assets

(₹ in Millions)

Particulars	GROSS BLOCK			ACCUMULATED DEPRECIATION			NET BLOCK			
	As at 1 <sup>st</sup> April, 2017	Additions	Disposals/ Transfer	As at 31 <sup>st</sup> March, 2018	As at 1 <sup>st</sup> April, 2017	Depreciation expense for the year	Eliminated on disposal of assets	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017	
Buildings	1.80	-	-	1.80	0.44	0.03	-	0.47	1.33	1.36
Furniture and Fixtures	1.88	-	-	1.88	1.68	0.08	-	1.76	0.12	0.20
Office equipment	3.74	0.07	-	3.81	3.48	0.04	-	3.52	0.29	0.26
Computer	1.67	0.03	-	1.70	1.57	0.05	-	1.62	0.08	0.10
Vehicles	4.30	-	-	4.30	3.39	0.48	-	3.87	0.43	0.91
<b>Total</b>	<b>13.39</b>	<b>0.10</b>	<b>-</b>	<b>13.49</b>	<b>10.56</b>	<b>0.68</b>	<b>-</b>	<b>11.24</b>	<b>2.25</b>	<b>2.83</b>
Previous year	13.25	0.14	-	13.39	9.72	0.84	-	10.56	2.83	3.53

## Note 9 Non-current investments | Long Term Investments

(₹ In Millions)

Particulars	As at 31 <sup>st</sup> March, 2018			As at 31 <sup>st</sup> March, 2017		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
<b>Investments (At cost):</b>						
<b>Investment in equity instruments of subsidiaries</b>						
59,00,000 (As at 31 March, 2017: 59,00,000) shares of ₹10 each fully paid up in Master Capital Services Limited	-	61.00	61.00	-	61.00	61.00
2,00,000 (As at 31 March, 2017: 2,00,000) shares of ₹10 each fully paid up in Master Infrastructure & Real Estate Developers Limited	-	89.50	89.50	-	89.50	89.50
12,500 (As at 31 March, 2017:12,500) shares of 100 each fully paid up in H A Share & Stock Brokers Limited	-	10.00	10.00	-	10.00	10.00
	-	160.50	160.50	-	160.50	160.50
<b>of associates</b>						
54,800 (As at 31 March, 2017: 5,69,800) shares of ₹10 each fully paid up in Prime Industries Limited	0.54	-	0.54	5.70	-	5.70
4 (As at 31 March, 2017: Nil) shares of ₹5000 each partly paid in Master Projects Private Ltd. of other entities	-	1.40	1.40	-	-	-
5,000 (As at 31 March, 2017: 5,000) shares of ₹10 each fully paid up in RRB Securities Limited	-	0.50	0.50	-	0.50	0.50
23,600 (As at 31 March 2017:23,600) Sahres Of ₹10 each fully paid up in R R Financial Consultants Ltd.	0.01	-	0.01	0.01	-	0.01
41,684 (As at 31 March 2017:41,684) Sahres Of ₹10 each fully paid up in Sainik Finance Ltd.	0.12	-	0.12	0.12	-	0.12
17,500 (As at 31 March 2017:17,500) Shares Of ₹10 each fully paid up in PTC India Financial Services Ltd.	0.97	-	0.97	0.97	-	0.97
	1.10	0.50	1.60	1.10	0.50	1.60
<b>Investment in property</b>	-	3.91	3.91	-	6.23	6.23
<b>Investment in debentures or bonds of subsidiaries</b>						
938 (As at 31 March, 2017:692) Deep Discount Bonds of ₹10,000 each fully paid up in Master Capital Services Limited	-	153.14	153.14	-	11.53	11.53
<b>Total</b>	<b>1.64</b>	<b>319.45</b>	<b>321.09</b>	<b>6.80</b>	<b>178.76</b>	<b>185.56</b>
Less: Provision for diminution in value of investments	-	0.49	0.49	-	0.49	0.49
<b>Total</b>			<b>320.60</b>			<b>185.07</b>
Aggregate amount of quoted investments	1.64			6.80		
Aggregate market value of listed and quoted investments	2.25			4.59		
Aggregate amount of unquoted investments		318.96			178.27	

## Note 10 Deferred Tax Assets (Net)

(₹ In Millions)

Particulars	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
<b>Deferred Tax Asset</b>		
On account of Gratuity	1.00	0.80
<b>Deferred Tax Assets</b>		
On account of Depreciation	0.11	0.06
<b>Net Deferred Tax Asset</b>	<b>1.11</b>	<b>0.86</b>

**Note 11 Long-term loans and advances****(₹ In Millions)**

Particulars	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
Security deposits Unsecured, considered good	0.23	0.23
Advance income tax	6.09	6.21
<b>Total</b>	<b>6.32</b>	<b>6.44</b>

**Note 12 Inventories****(₹ In Millions)**

Particulars	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
<b>Stock-in-trade</b> Acquired for trading	39.75	42.85
<b>Total</b>	<b>39.75</b>	<b>42.85</b>

**Note 13 Cash and cash equivalents****(₹ In Millions)**

Particulars	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
Cash In hand	0.02	0.02
Balances with banks In current accounts	0.93	0.47
In deposit accounts *	22.31	25.24
In earmarked accounts - Unpaid dividend accounts	1.07	1.32
<b>Total</b>	<b>24.33</b>	<b>27.05</b>

\* Deposit are pledged against overdraft facility.

**Note 14 Short-term loans and advances****(₹ In Millions)**

Particulars	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
Loans and advances to related parties Unsecured, considered good	118.84	71.43
Prepaid expenses - Unsecured, considered good	0.02	0.03
Loans and advances to others	684.64	812.88
Less: Provision for Non Performing Assets	(9.03)	(27.55)
	675.61	785.33
<b>Total</b>	<b>794.47</b>	<b>856.79</b>

**Note 15 Other current assets****(₹ In Millions)**

Particulars	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
Others	0.63	0.60
<b>Total</b>	<b>0.63</b>	<b>0.60</b>

**Note 16 Revenue from operations and other income****(₹ In Millions)**

Particulars	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
<b>Interest</b>		
Interest on Loans and Advances	57.79	52.44
Interest on Fixed Deposits	1.62	1.97
	59.41	54.41
<b>Other Financial Services</b>		
(Loss) from dealing in securities	123.31	(12.57)
Dividend Income	0.21	0.47
Profit on Sale of Land	2.78	3.13
Others	0.26	0.10
	126.56	(8.87)
<b>Total</b>	<b>185.97</b>	<b>45.54</b>

**Note 17 Employee benefits expense****(₹ In Millions)**

Particulars	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
Salaries and wages *	11.02	8.42
Contributions to provident funds	0.06	0.07
Staff welfare expenses	0.35	0.25
<b>Total</b>	<b>11.43</b>	<b>8.74</b>

\* Includes Gratuity amounting to ₹1.31 Million( As at March 31st, 2017 :₹0.47 Million)

**Note 18 Finance cost****(₹ In Millions)**

Particulars	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
Interest expenses	28.04	22.70
Bank Charges	0.03	0.03
<b>Total</b>	<b>28.07</b>	<b>22.73</b>

**Note 19 Other expenses****(₹ In Millions)**

Particulars	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
Printing & Stationery	0.10	0.12
Postage, Telegram & Telephone	0.13	0.28
Rent	0.16	0.58
Fees & Taxes	0.44	0.44
Directors Travelling	0.28	0.27
Legal & Professional Charges	0.15	0.75
Travelling & Conveyance	0.12	0.12
Payments to auditors		
As auditors - statutory audit	0.04	0.12
For Tax Audit	0.01	0.01
Office Maintenance	0.41	0.49
General Expenses	0.44	1.55
Advertisement Expenses	0.08	0.21
Provison for Non Performing Assets	(18.52)	0.82
Bad Debts	144.04	0.38
<b>Total</b>	<b>127.88</b>	<b>6.14</b>

**Note 20 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 ₹2.50 Million (As at 31 March, 2017: ₹ 720.00 Million out of which availed ₹185.00 Million) on behalf of Master Capital Services Limited a wholly owned subsidiary company and ₹200.00 Million out of which availed ₹7.00 Million (As at 31 March, 2017: ₹210.00 Million out of which availed ₹67.00 Million) on behalf of Master Commodity Services Limited a subsidiary company.
- b. "As per an Ex-Parte Ad- Interim Order number WTM/RKA/ISD/162/2014 dated 19 December, 2014 by SEBI in the matter of First Financial Services Limited, Master Trust Limited amongst others, was restrained from accessing the securities market and buying, selling or dealing in securities, either directly or indirectly, in any manner, till further directions. The Order had affected one of its activity i.e. trading/investment in securities till further directions. The SEBI had further issued confirmatory Ad-interim order WTM/RKA/ISD/113/2016 dated 25 August 2016 confirming the aforesaid Ex-Parte Ad-Interim Order and had given interim/additional reliefs to the entities. Subsequent to the interim orders, an investigation was carried out to look into the role of debarred entities in price manipulation the FFSL. Upon completion of investigation, violation of provisions of SEBI Act, 1992 (SEBI Act) and SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (PFUTP Regulations) are not observed in respect of our company against which directions were issued vide the interim orders. As per the order number WTM/SR/SEBI/efd-DRA3/71/09/2017 dated SEPTEMBER 06, 2017 by SEBI the directions issued earlier vide interim orders need not be continued and hence revoked with immediate effect."
- c. 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 21**

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 22**

As per Accounting Standard (AS) 17 on "Segment Reporting", segment information has been provided under the Notes to Consolidated Financial Statements.

**Note 23****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 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
A) Basic		
(i) Net Profit attributable to shareholders (₹ In Millions)	18.25	5.92
(ii) Adjusted weighted average equity shares	10,876,600	10,876,600
Basic EPS (₹)	1.68	0.54
B) Diluted		
(i) Net Profit attributable to shareholders (₹ In Millions)	18.25	5.92
(ii) Adjusted weighted average equity shares	10,876,600	10,876,600
Diluted EPS (₹)	1.68	0.54

**Note 24 Related Party Disclosures**

As required by AS-18, Related Party Disclosures, are given below:

Subsidiaries	Associates/Enterprises owned or significantly influenced by the key Management Persons or their Relatives	Key Management Personnel and their Relatives
Master Capital Services Limited Master Infrastructure & Real Estate Developers Limited Master Insurance Brokers Limited Master Commodity Services Limited Master Portfolio Services Limited H.A. Share & Stock Brokers Limited	Prime Industries Limited Master Share & Stock Brokers Limited H.K Arora Real Estate Service Ltd. Prime Agro Farms Pvt Limited Big Build Real Estate Pvt Limited Amni Real Estate Pvt Limited Matria Estate Developers Pvt Ltd. Gold Touch Agri Pvt.Ltd. MTL Capital Consultants Pvt Ltd. Sanawar Investments PHDA Financial Services (P) Ltd. Sainco India (P) Limited Singhanian Properties. Partnership Firms	Mr. Harjeet Singh Arora Mr. R K Singhanian Mr. G S Chawla Mr. Pavan Chhabra Mrs. Harneesh Kaur Arora Mr. Ashwani Kumar Mr. Anil Kumar Bhatiya Mr. Sudhir Kumar Mrs. Parveen Singhanian Mr. Puneet Singhanian Mr. Chirag Singhanian Mrs. Palka A Chopra Mr. Jashanjyot Singh Mrs. Harinder Kaur Minocha Mrs. Priyanka Thukral Mrs. Rohila Singhanian Mrs. Isha Singhanian Mr. Maninder singh Mr. D S Minocha

**Transactions with related parties****(₹ In Millions)**

Transactions with related parties	Subsidiaries	Associates/Enterprises owned or significantly influenced by the key Management Persons or their Relatives	Key Management Personnel and their Relatives	Total
Purchases	34.07	113.73	-	<b>147.80</b>
	(7.50)	-	-	<b>(7.50)</b>
Sale	117.60	-	1.75	<b>119.35</b>
	-	-	-	<b>-</b>
Brokerage Paid	4.03	-	-	<b>4.03</b>
	(0.03)	-	-	<b>(0.03)</b>
Interest Paid	3.42	7.86	1.87	<b>13.15</b>
	(10.51)	(0.39)	(2.30)	<b>(13.20)</b>
Interest Received	2.24	1.25	1.05	<b>4.54</b>
	(3.02)	(2.22)	-	<b>(5.24)</b>
Rent Paid	-	-	0.01	<b>0.01</b>
	-	-	(0.01)	<b>(0.01)</b>
Loan & Advances Given	99.09	12.02	7.73	<b>118.84</b>
	-	(71.43)	-	<b>(71.43)</b>
Loan & Advances Taken	146.01	11.93	35.22	<b>193.16</b>
	(132.25)	(2.31)	(25.26)	<b>(159.82)</b>
Remuneration	-	-	4.26	<b>4.26</b>
	-	-	(2.75)	<b>(2.75)</b>
Corporate Guarantees given	700.00	-	-	<b>700.00</b>
	(930.00)	-	-	<b>(930.00)</b>
Balance outstanding at the end of the year Receivable	99.09	12.02	7.73	<b>118.84</b>
	-	(71.43)	-	<b>(71.43)</b>
Payable	146.01	11.93	35.22	<b>193.16</b>
	(132.25)	(2.31)	(25.26)	<b>(159.82)</b>

Note: Amount in bracket denotes previous year figures.

**Note 25**

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

Particulars	Amount Outstanding	Amount Overdue
<b>Liabilities side :</b>		
<b>(1) Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid:</b>		
(a) Debentures : Secured	NIL	NIL
: Unsecured (other than falling within the meaning of public deposits*)	NIL	NIL
(b) Deferred Credits	NIL	NIL
(c) Term Loans	NIL	NIL
(d) Inter-corporate loans and borrowing	356.23	NIL
(e) Commercial Paper	NIL	NIL
(f) Public Deposits *	NIL	NIL
(g) Other Loans		
Bank overdraft (secured against Fixed Deposits)	0.08	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>(3) Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :</b>		
(a) Secured	54.74	
(b) Unsecured	739.71	
<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 1.64 (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 161.91 (b) Preference NIL (ii) Debentures and Bonds 153.14 (iii) Units of mutual funds NIL (iv) Government Securities NIL (v) Others Investment in Property 3.91			
<b>TOTAL</b>	<b>320.60</b>		
<b>(6) Borrower group-wise classification of assets financed as in (3) and (4) above :</b> Please see Note 2 below <b>Category</b> 1. Related Parties ** (a) Subsidiaries (b) Companies in the same group (c) Other related parties 2. Other than related parties	<b>Amount net of provisions</b>		
	<b>Secured</b>	<b>Unsecured</b>	<b>Total</b>
	NIL	99.09	99.09
	NIL	12.02	12.02
	NIL	7.73	7.73
	54.74	620.87	675.61
<b>Total</b>	<b>54.74</b>	<b>739.71</b>	<b>794.45</b>
<b>(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):</b>  Please see note 3 below <b>Category</b> 1. Related Parties ** (a) Subsidiaries (b) Companies in the same group (c) Other related parties 2. Other than related parties	<b>Market Value/Break up or fair value or NAV</b>		<b>Book Value (Net of Provisions)</b>
		1273.78	313.64
		0.11	1.94
		-	-
		2.25	1.11
<b>Total</b>		<b>1276.14</b>	<b>316.69</b>
<b>** As per Accounting Standard of ICAI (Please see Note 3)</b>			
<b>(8) Other information</b>			<b>Amount</b>
<b>Particulars</b>			
(i) Gross Non-Performing Assets			
(a) Related parties			NIL
(b) Other than related parties			90.31
(ii) Net Non-Performing Assets			
(a) Related parties			NIL
(b) Other than related parties			81.28
(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.
- All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in (5) above.



**Note 26**

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

**For and on behalf of the Board****For C.S.Arora & Associates**

Chartered Accountants  
FRN 015130N

**R. K. Singhania**

Director  
DIN-00077540

**Harjeet Singh Arora**

Managing Director  
DIN-00063176

**Chanchal Singh**

Partner  
Membership Number 090835

**Sunil Kumar**

Chief Financial Officer

**Mohan Singh**

Company Secretary

Ludhiana, 30 May, 2018

## Consolidated Auditors' Report

# Independent Auditors' Report On Consolidated Financial Statements

To  
The Members of  
Master Trust Limited

## Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **Master Trust Limited ('the Company')** and its subsidiaries (the Company and its subsidiaries constitute "the Group") which comprise the Consolidated Balance Sheet as at 31 March, 2018, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

## Management's Responsibility for the Consolidated Financial Statements

The Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group 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. The 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; the 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 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 consolidated financial statements based on our audit. While conducting the 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 thereunder.

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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

## Opinion

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 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 Group as at 31 March, 2018, and its consolidated profit and its consolidated cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. 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 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.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid consolidated 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 of the company as on 31 March, 2018 taken on record by the Board of Directors of the company, none of the directors of the company and its subsidiary companies is disqualified as on 31 March, 2018 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 A'.
- (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 consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 22 to the consolidated financial statements.
  - (ii) The Group did not have any outstanding long-term contracts including derivative contracts as at 31 March, 2018 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 and its subsidiary companies.

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

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

**Place : Ludhiana**  
**Date : 30 May, 2018**

## Annexure A 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”)

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2018, 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.

#### Auditors' 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, 2018 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

**Place : Ludhiana**  
**Date : 30 May, 2018**

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

# Consolidated Balance Sheet



## Master Trust Limited

Consolidated Balance Sheet as at 31<sup>st</sup> March, 2018

(₹ In Millions)

Particulars	Note	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2	109.22	109.22
Reserves and surplus	3	1744.96	1657.62
		1854.18	1766.84
<b>Minority Interest</b>	4	11.31	10.96
<b>Non-current liabilities</b>			
Long-term borrowings	5	463.97	599.22
		463.97	599.22
<b>Current liabilities</b>			
Trade payables	6	-	-
– Total outstanding dues of micro enterprises and small enterprises		-	-
– Total outstanding dues of creditors other than micro enterprises and small enterprises		2132.12	1988.01
Short-term borrowings	7	221.56	145.39
Other current liabilities	8	206.31	115.36
Short-term provisions	9	24.81	17.09
		2584.80	2265.85
<b>TOTAL</b>		<b>4914.26</b>	<b>4642.87</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets - Tangible	10	82.11	89.80
Non-current investments	11	207.01	248.26
Deferred Tax Assets (net)	12	2.67	0.02
Long-term loans and advances	13	59.85	78.59
		351.64	416.67
<b>Current assets</b>			
Inventories	14	215.28	137.79
Trade receivables	15	1143.04	861.58
Cash and cash equivalents	16	2327.18	2280.48
Short-term loans and advances	17	877.12	946.35
		4562.62	4226.20
<b>TOTAL</b>		<b>4914.26</b>	<b>4642.87</b>
Significant Accounting Policies	1		
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**  
Partner  
Membership Number 090835

Ludhiana, 30 May, 2018

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

**Mohan Singh**  
Company Secretary

# Master Trust Limited

## Consolidated Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2018 (₹ In Millions)

Particulars	Note	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
<b>Income</b>			
Revenue from operations and other income	18	1570.51	1106.57
<b>Total Revenue</b>		<b>1570.51</b>	<b>1106.57</b>
<b>Expenses</b>			
Employee benefits expense	19	285.04	205.19
Finance costs	20	191.22	154.04
Depreciation	10	28.08	19.11
Other expenses	21	936.07	640.47
<b>Total Expenses</b>		<b>1440.41</b>	<b>1018.81</b>
<b>Profit before tax</b>		<b>130.10</b>	<b>87.76</b>
<b>Tax expense:</b>			
Current tax expense for current year		32.93	22.42
Deferred tax		(2.64)	(1.86)
Current tax expense relating to prior years		(0.96)	8.89
Profit for the year before adjustment for Minority Interest		100.77	58.31
Less Pre Acquisition Profit		-	-
Less Share of profit transferred to Minority Interest		0.34	0.06
<b>Profit after tax and adjustment for Minority Interest</b>		<b>100.43</b>	<b>58.25</b>
Earnings per equity share of face value ₹10 each			
Basic and Diluted ( in ₹)	23	9.23	5.36
Significant Accounting Policies The accompanying notes are an integral part of the financial statements	1		

As per our Report of even date

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

Chartered Accountants  
FRN 015130N

**Chanchal Singh**

Partner  
Membership Number 090835

Ludhiana, 30 May,2018

**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

**Mohan Singh**  
Company Secretary

## Master Trust Limited

Consolidated Cash Flow Statement for the year ended 31 <sup>st</sup> March, 2018		(₹in Millions)		
Particulars	For the year ended 31 <sup>st</sup> March, 2018		For the year ended 31 <sup>st</sup> March, 2017	
<b>A. Cash flow from operating activities</b>				
Net Profit before tax and extraordinary items		130.10		87.76
<i>Adjustments for:</i>				
Depreciation and amortisation	28.08		19.11	
Short-term provisions	(5.22)		(3.42)	
Loss/ (Profit) on sale of fixed assets	0.01		-	
Profit on sale of Investment	(49.37)		(52.16)	
Provision for Non Performing Assets	(18.52)		0.82	
		(45.02)		(35.65)
Operating profit before working capital changes		85.08		52.11
<i>Changes in working capital:</i>				
Adjustments for (increase) / decrease in operating assets:				
Inventories	(77.49)		21.15	
Trade receivables	(281.46)		6.54	
Short-term loans and advances	87.75		146.91	
Long-term loans and advances	18.74		9.30	
<i>Adjustments for increase / (decrease) in operating liabilities:</i>				
Trade payables	144.11		602.25	
Other current liabilities	90.95		(185.88)	
Short-term borrowings	76.17		(245.82)	
Long-term borrowings	(135.25)	(76.48)	140.97	495.42
Operating profit before extraordinary items		8.60		547.53
Cash flow from extraordinary items		-		-
Cash generated from/(used in) operations		8.60		547.53
Net income tax (paid)		(32.12)		(31.19)
<b>Net cash flow from/ (used in) operating activities (A)</b>		<b>(23.52)</b>		<b>516.34</b>
<b>B. Cash flow from investing activities</b>				
Purchase of fixed assets		(21.24)		(8.72)
Sale of fixed assets		0.84		0.08
Purchase of Investment		(20.00)		(61.22)
Sale of Investment		110.62		90.66
<b>Net cash flow from investing activities (B)</b>		<b>70.22</b>		<b>20.80</b>
<b>C. Cash flow from financing activities</b>				
Change in Minority Interest		-		-
Dividends paid		-		-
<b>Net cash flow (used in) financing activities (C)</b>		<b>-</b>		<b>-</b>
<b>Net increase in Cash and cash equivalents (A+B+C)</b>		<b>46.70</b>		<b>537.14</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>2280.48</b>		<b>1743.34</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>2327.18</b>		<b>2280.48</b>

As per our Report of even date

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

Chanchal Singh  
Partner  
Membership Number 090835  
Ludhiana, 30 May,2018

For and on behalf of the Board

R. K. Singhania      Harjeet Singh Arora  
Director                      Managing Director  
DIN-00077540              DIN-00063176

Sunil Kumar                      Mohan Singh  
Chief Financial Officer      Company Secretary

## Notes forming part of consolidated financial statements for the year ended 31<sup>st</sup> March, 2018

### 1 Significant Accounting Policies

#### a. Basis of Preparation of Consolidated Financial Statements

- (i) The Consolidated Financial Statements have been prepared in accordance with Accounting Standard-21 issued by the Institute of Chartered Accountants of India and generally accepted accounting principles in India.
- (ii) The Consolidated Financial Statements of Master Trust Limited for the year ended 31 March, 2018 and its following subsidiaries:

Subsidiaries	Accounting Year Ended Date	Proportion of Ownerships Interest as at 31 March, 2018
-Master Capital Services Limited	31 March, 2018	100%
-Master Infrastructure and Real Estate Developers Limited	31 March, 2018	100%
-Master Commodity Services Limited *	31 March, 2018	100%
-Master Insurance Brokers Limited *	31 March, 2018	100%
-Master Portfolio Services Limited *	31 March, 2018	100%
-H.A. Share & Stock Brokers Limited	31 March, 2018	51%

\*Master Insurance Brokers Limited (MIBL), 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, MIBL, MPSL and MCOML are being reported as subsidiaries of the Company. All the subsidiaries are incorporated in India.

- (iii) The financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating intra-group balances and intra-group transactions.
- (iv) The Company has disclosed only such policies and notes from the individual financial statements, which fairly cover the required disclosures.
- (v) The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared on accrual basis under the historical cost convention.
- #### b. Use of Estimates
- The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.
- #### c. 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.
- #### d. 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.

e. **Impairment of Assets**

The company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of cash generating unit which the asset belongs to, is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Statement of Profit & Loss Account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to maximum of depreciable historical cost.

f. **Investments**

Current investments are carried at lower of cost and fair value. Long Term investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary.

g. **Inventories**

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

h. **Revenue Recognition**

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.

i. **Employee Benefits**

- (i) 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.
- (ii) Leave encashment is payable to eligible employee, who have earned leaves, during the employment and/or on separation as per the company policy.
- (iii) 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.

j. **Borrowing Costs**

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.

k. **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 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.

l. **Prudential Norms:**

For identifying Non Performing Assets (NPA) relating to financing activities, the Company follows Non-Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015.

m. **Provisions and contingencies**

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.

## Note 2 Share capital

(₹ In Millions)

Particulars	As at 31 <sup>st</sup> March, 2018		As at 31 <sup>st</sup> March, 2017	
	Number of shares	Amount	Number of shares	Amount
<b>Authorised</b> Equity shares of ₹10 each	11,000,000	110.00	11,000,000	110.00
<b>Issued</b> Equity shares of ₹10 each	10,975,400	109.75	10,975,400	109.75
<b>Subscribed and fully paid up</b> Equity shares of ₹ 10 each	10,876,600	108.76	10,876,600	108.76
<b>Forfeited Shares</b>	-	0.46	-	0.46
<b>Total</b>	<b>10,876,600</b>	<b>109.22</b>	<b>10,876,600</b>	<b>109.22</b>

2.1 The Company has only one class of equity shares having a par value of ₹10 per share. Each shareholder is eligible for one vote per share.

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

Name of the shareholder	As at 31 <sup>st</sup> March, 2018		As at 31 <sup>st</sup> March, 2017	
	Number of shares held	% of holding	Number of shares held	% of holding
Harjeet Singh Arora	1,586,848	14.59	1,586,848	14.59
Harneesh Kaur Arora	1,215,010	11.17	1,215,010	11.17
Rajinder Kumar Singhanian	2,580,357	23.72	2,580,357	23.72
Jashanjyot Singh Arora	720,000	6.62	545,000	5.01
Parveen Singhanian	990,500	9.11	815,500	7.50
Gala Finance & Investment Limited	645,999	5.94	695,486	6.39
Prime Industries Limited	593,958	5.46	593,958	5.46
Convexity Solutions and Advisors Pvt Ltd	875,000	8.04	925,000	8.51

2.3 The reconciliation of the number of shares outstanding is set out below

Particulars	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
	Number of shares	Number of shares
Equity Shares at the beginning of the year	10,876,600	10,876,600
Equity Shares at the end of the year	10,876,600	10,876,600

2.4 Proposed dividend

Particulars	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
Face value	₹10 each	-
Dividend per share	₹1 each	-
Amount of dividend (including tax on dividend)	₹13.09 Mn	-

## Note 3 Reserves and surplus

(₹ In Millions)

Particulars	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
<b>Capital Reserve</b> As per last Balance Sheet	49.41	49.41
<b>Securities Premium Account</b> As per last Balance Sheet	460.38	460.38
<b>General Reserve</b> As per last Balance Sheet	21.97	21.97
<b>Statutory Reserve (Under Section 45IC of RBI Act, 1934)</b> As per last Balance Sheet	28.12	26.94
Add: Transferred from Profit and Loss Account	3.65	1.18
Closing balance	31.77	28.12
<b>Reserve for Standard Assets</b> As per last Balance Sheet	1.38	2.05
Add: Transferred from/(to) Profit and Loss Account	0.11	(0.67)
Closing balance	1.49	1.38
<b>Profit and Loss Account</b> As per last Balance Sheet	1096.36	1038.62
Add: Transferred from Statement of Profit and Loss	100.43	58.25
	1196.79	1096.87
Less: Appropriations		
Proposed Dividends on Equity Shares (Rs.1 per equity share)	10.88	-
Tax on dividend	2.21	-
Reserve for Standard Asset	0.11	(0.67)
Statutory Reserve	3.65	1.18
Closing balance	1179.94	1096.36
<b>Total</b>	<b>1744.96</b>	<b>1657.62</b>

## Note 4 Minority Interest

(₹ In Millions)

Particulars	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
Share Capital	8.51	8.51
Share of accumulated profit upto previous year	2.45	2.39
Profit for the year transferred from Statement of Profit & Loss	0.35	0.06
<b>Total</b>	<b>11.31</b>	<b>10.96</b>

## Note 5 Long-term borrowings

(₹ In Millions)

Particulars	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
<b>Deep Discount Bonds</b>		
Unsecured	15.93	21.84
Interest on Deep Discount Bond accrued but not due	443.19	574.87
	459.12	596.71
<b>Term Loans</b>		
From Banks - Secured	4.85	2.51
<b>Total</b>	<b>463.97</b>	<b>599.22</b>



## 5.1 Nature of Security and terms of repayment for Long Term secured borrowings :

Nature of Security	Terms of Repayment
Term Loan amounting to ₹4.85 Million (31 March, 2017 : ₹2.51 Million) is secured against hypothecation of Cars	Repayable in equal monthly instalments.
5.2 Installments falling due in respect of all the above loans upto 31 March, 2018 have been grouped under "Current maturities of long term debt" (Refer Note 9)	

## Note 6 Trade payables

(₹ In Millions)

Particulars	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
Trade payables		
– Total outstanding dues of micro enterprises and small enterprises	-	-
– Total outstanding dues of creditors other than micro enterprises and small enterprises	2132.12	1988.01
<b>Total</b>	<b>2132.12</b>	<b>1988.01</b>

## Note 7 Short-term borrowings

(₹ In Millions)

Particulars	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
<b>Loans repayable on demand</b>		
<b>From banks</b>		
Secured	0.43	0.33
<b>From other parties</b>		
Secured	0.27	-
	0.70	0.33
<b>Loans and advances from related parties</b>		
Unsecured	57.80	47.64
<b>Other loans and advances</b>		
Unsecured	163.06	97.42
<b>Total</b>	<b>221.56</b>	<b>145.39</b>

7.1 Loans from banks are secured against pledging of FDRs.

7.2 Loans from others are secured against units of Mutual Fund.

## Note 8 Other current liabilities

(₹ In Millions)

Particulars	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
Current maturities of long-term debt (Refer Note 5)	1.72	1.51
Unclaimed dividends	1.07	1.32
Statutory dues	16.62	9.97
Others	186.90	102.56
<b>Total</b>	<b>206.31</b>	<b>115.36</b>

8.1 Unclaimed dividends do not include any amounts, due and outstanding, to be credited to Investor Education and Protection Fund.

## Note 9 Short-term provisions

(₹ In Millions)

Particulars	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
Provision for gratuity	11.72	16.94
Provision for tax	-	0.15
Provision for proposed equity dividend	10.88	-
Provision for tax on proposed dividends	2.21	-
<b>Total</b>	<b>24.81</b>	<b>17.09</b>

## Note 10 Fixed assets

## Tangible Assets

Particulars	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	As at 1 <sup>st</sup> April, 2017	Additions	Disposals/ Transfer	As at 31 <sup>st</sup> March, 2018	As at 1 <sup>st</sup> April, 2017	Depreciation expense for the year	Eliminated on disposal of assets	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
Buildings	58.62	1.33	-	59.95	10.50	0.64	-	11.14	48.81	48.12
Furniture and Fixtures	23.36	0.43	-	23.79	17.25	1.71	-	18.96	4.83	6.11
Office equipment	34.99	1.44	-	36.43	30.10	1.84	-	31.94	4.49	4.89
Computer	142.82	11.62	-	154.44	121.97	20.37	-	142.34	12.10	20.85
Vehicles	28.97	6.42	2.84	32.55	19.14	3.52	1.99	20.67	11.88	9.83
<b>Total</b>	<b>288.76</b>	<b>21.24</b>	<b>2.84</b>	<b>307.16</b>	<b>198.96</b>	<b>28.08</b>	<b>1.99</b>	<b>225.05</b>	<b>82.11</b>	<b>89.80</b>
Previous year	280.42	8.72	0.38	288.76	180.15	19.11	0.30	198.96	89.80	100.27

## Note 11 Non-current investments | Long Term Investments

Particulars	As at 31 <sup>st</sup> March, 2018			As at 31 <sup>st</sup> March, 2017		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
<b>Investments (At cost):</b>						
<b>Investment in equity instruments of associates</b>						
54,800 (As at 31 March, 2017: 21,17,800) shares of ₹10 each fully paid up in Prime Industries Limited	0.54	-	0.54	8.76	-	8.76
4 (As at 31 March, 2017: 4) shares of ₹300 each fully paid up in Master Projects Private Limited	-	1.40	1.40	-	1.40	1.40
	0.54	1.40	1.94	8.76	1.40	10.16
<b>of other entities</b>						
5,000 (As at 31 March, 2017: 5,000) shares of ₹10 each fully paid up in RRB Securities Limited	-	0.50	0.50	-	0.50	0.50
8,250 (As at 31 March, 2017: 8,250) shares of ₹10 each fully paid up in Raghuvanshi Mills Limited	0.09	-	0.09	0.09	-	0.09
125 (As at 31 March, 2017: 125) shares of ₹10 each fully paid up in Varun Shipping Limited	0.01	-	0.01	0.01	-	0.01
1,392 (As at 31 March, 2017: 1,392) shares of ₹10 each fully paid up in MOIL Limited	0.52	-	0.52	0.52	-	0.52
56 (As at 31 March, 2017: 56) shares of ₹10 each fully paid up in Tata Power Limited and 100 (As at 31 March, 2016: 100) shares of ₹1 each fully paid up in Ludhiana Stock Exchange Limited	0.01	-	0.01	0.01	-	0.01
12,870 (As at 31 March, 2017: 12,870) shares of ₹10 each fully paid up in NCC Limited	0.25	-	0.25	0.25	-	0.25
36,037 (As at 31 March, 2017: 36,037) shares of ₹1 each fully paid up in Delhi Stock Exchange Limited	-	1.30	1.30	-	1.30	1.30
23600 (As at 31 March 2017: 23600) Shares Of ₹10 each fully paid up in R R Financial Consultants Ltd	0.01	-	0.01	0.01	-	0.01
41684 (As at 31 March 2017: 41684) Shares Of ₹10 each fully paid up in Sainik Finance Ltd.	0.12	-	0.12	0.12	-	0.12
17500 (As at 31 March 2017: 17500) Shares Of ₹10 each fully paid up in PTC India Financial Services Ltd.	0.96	-	0.96	0.96	-	0.96
	1.97	1.80	3.77	1.97	1.80	3.77
Investment in property	-	71.76	71.76	-	74.08	74.08
Investment in partnership firms	-	0.03	0.03	-	0.03	0.03
<b>Mutual Funds</b>						
NIL (As at 31 March, 2017: 50,00,000) units of ICICI Mutual Fund of ₹10 each	-	-	-	50.71	-	50.71
50,00,000 (As at 31 March, 2017: 30,00,000) units of Reliance Mutual Fund of ₹10 each	50.00	-	50.00	30.00	-	30.00
25,00,000 (As at 31 March, 2017: 25,00,000) units of Birla Sun Life Fund of ₹10 each	25.00	-	25.00	25.00	-	25.00
14,77,352 (As at 31 March, 2017: 14,77,352) units of IDFC Mutual Fund of ₹10.15 each	15.00	-	15.00	15.00	-	15.00
20,00,000 (As at 31 March, 2017: 20,00,000) units of HDFC Mutual Fund of ₹10 each	20.00	-	20.00	20.00	-	20.00
16,12,757 (As at 31 March, 2017: 16,12,757) units of L AND T Mutual Fund of ₹10 each	20.00	-	20.00	20.00	-	20.00
	130.00	-	130.00	160.71	-	160.71
<b>Total</b>	<b>132.51</b>	<b>74.99</b>	<b>207.50</b>	<b>171.44</b>	<b>77.31</b>	<b>248.75</b>
Less: Provision for diminution in value of investments	-	0.49	0.49	-	0.49	0.49
<b>Total</b>			<b>207.01</b>			<b>248.26</b>
Aggregate amount of quoted investments	132.51			171.44		
Aggregate market value of listed and quoted investments	171.83			130.99		
Aggregate amount of unquoted investments		74.50			76.82	

## Notes forming part of the financial statements

## Note 12 Deferred Tax Assets (Net)

(₹ In Millions)

Particulars	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
<b>Deferred Tax Asset</b> On account of Gratuity	3.42	6.18
<b>Deferred Tax Liability</b> On account of Depreciation	0.75	6.16
<b>Net Deferred Tax Liability</b>	<b>2.67</b>	<b>0.02</b>

## Note 13 Long-term loans and advances

(₹ In Millions)

Particulars	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
<b>Security deposits</b> Unsecured, considered good	40.24	44.00
Advance income tax	19.61	34.59
<b>Total</b>	<b>59.85</b>	<b>78.59</b>

## Note 14 Inventories

(₹ In Millions)

Particulars	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
<b>Stock-in-trade</b> Acquired for trading	215.28	137.79
<b>Total</b>	<b>215.28</b>	<b>137.79</b>

## Note 15 Trade receivables

(₹ In Millions)

Particulars	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
Trade receivables outstanding for a period exceeding six months from the date they were due for payment Unsecured, considered good	22.82	75.32
Trade receivables outstanding for a period for and less than six months from the date they were due for payment Unsecured, considered good	1120.22	786.26
<b>Total</b>	<b>1143.04</b>	<b>861.58</b>

## Note 16 Cash and cash equivalents

(₹ In Millions)

Particulars	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
Cash in hand	1.17	1.85
Balances with banks In current accounts	98.43	80.07
Cheques in hand (Net) In deposit accounts *	13.11	156.71
In earmarked accounts	2213.40	2040.53
- Unpaid dividend accounts	1.07	1.32
<b>Total</b>	<b>2327.18</b>	<b>2280.48</b>

\* Deposit are pledged against overdraft facility

## Notes forming part of the financial statements

## Note 17 Short-term loans and advances

(₹ In Millions)

Particulars	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
Loans and advances to related parties Unsecured, considered good	19.77	71.08
Prepaid expenses - Unsecured, considered good	6.34	8.39
Loans and advances to others Less: Provision for NPA	711.08 (9.03)	809.73 (27.55)
	702.05	782.18
Others	148.96	84.70
<b>Total</b>	<b>877.12</b>	<b>946.35</b>

## Note 18 Revenue from operations and other income

(₹ In Millions)

Particulars	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
<b>Interest</b>		
Interest on Loans and Advances	211.19	161.06
Interest on Fixed Deposits	157.13	132.45
	368.32	293.51
<b>Other Financial Services</b>		
Brokerage and other operating income	1097.61	740.52
Profit on Sale of long-term investments	49.37	47.63
Income from PMS	70.20	14.30
Dividend Income	0.88	0.88
DP Income	13.40	12.27
Profit/(Loss) on Sale of Land	(29.95)	(3.26)
Others	0.68	0.72
	1202.19	813.06
<b>Total</b>	<b>1570.51</b>	<b>1106.57</b>

## Note 19 Employee benefits expense

(₹ In Millions)

Particulars	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
Salaries and wages	278.31	198.77
Contributions to provident funds	2.01	1.71
Staff welfare expenses	4.72	4.71
<b>Total</b>	<b>285.04</b>	<b>205.19</b>

## Note 20 Finance costs

(₹ In Millions)

Particulars	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
Interest expenses	189.72	150.40
Bank Charges	1.50	3.64
<b>Total</b>	<b>191.22</b>	<b>154.04</b>

## Note 21 Other expenses

(₹ In Millions)

Particulars	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
Printing & Stationery	6.22	4.62
Postage, Telegram & Telephone	27.29	30.42
Rent	23.10	19.26
Fees & Taxes	7.37	6.48
Directors Travelling	0.28	0.27
Demat/ Remat Charges	5.85	5.65
Legal & Professional Charges	69.76	30.16
Travelling & Conveyance	10.46	8.19
Payments to auditors		
As auditors - statutory audit	0.86	0.69
For Tax Audit	0.26	0.20
Office Maintenance	24.48	20.66
General Expenses	28.82	19.54
Advertisement Expenses	0.08	0.21
Computer & Software Expenses	43.45	33.18
Sub Brokerage	351.70	299.04
Turnover Charges	158.04	131.80
VSAT Charges	3.84	3.54
Provision for Non Performing Assets	(18.52)	0.82
Loss/ (Profit) on Sale of Fixed Assets	0.01	-
Bad Debts	192.72	25.74
<b>Total</b>	<b>936.07</b>	<b>640.47</b>

## Note 22 Contingent liabilities

- a. Master Capital Services Limited has given/availed a Bank Guarantee amounting to ₹2.50 Millions (As at 31 March, 2017: ₹147.50 Millions) in favour of National Securities Clearing Corporation Limited and Nil (As at 31 March, 2017: ₹37.50 Millions) in favour of The Bombay Stock Exchange.  
Master Commodity Services Limited has given/availed a Bank Guarantee amounting to ₹3.75 Millions (As at 31 March, 2017: ₹63.75 Millions) in favour of Multi Commodity Exchange of India Limited, ₹3.25 Millions (As at 31 March, 2017: ₹13.25 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, 2017: ₹0.05 Million) in favour of Greater Ludhiana Area Development Authority.
- b. As per an Ex-Parte Ad- Interim Order number WTM/RKA/ISD/162/2014 dated 19 December, 2014 by SEBI in the matter of First Financial Services Limited, amongst others, Master Trust Limited, its subsidiary Master Commodity Services Limited, and their Directors/relative of Directors namely Mr. Harjeet Singh Arora, Mr. R. K. Singhania, Mrs. Harneesh Kaur Arora, Mr. Jashanjyot Singh and Mr. Puneet Singhania, have been restrained from accessing the securities market and buying, selling or dealing in securities, either directly or indirectly, in any manner, till further directions.  
The SEBI has further issued confirmatory Ad-interim order WTM/RKA/ISD/113/2016 dated 25 August 2016 confirming the aforesaid Ex-Parte Ad-Interim Order and has given interim/additional reliefs to the entities.  
Subsequent to the interim orders, an investigation was carried out to look into the role of debarred entities in price manipulation the FFSL. Upon completion of investigation, violation of provisions of SEBI Act, 1992 (SEBI Act) and SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (PFUTP Regulations) are not observed in respect of Master Trust Limited, its subsidiary Master Commodity Services Limited, and their Directors/relative of Directors namely Mr. Harjeet Singh Arora, Mr. R. K. Singhania, Mrs. Harneesh Kaur Arora, Mr. Jashanjyot Singh and Mr. Puneet Singhania against which directions were issued vide the interim orders. As per the order number WTM/SR/SEBI/efd-DRA3/ 71/09/2017 dated September 06, 2017 by SEBI the directions issued earlier vide interim orders need not be continued and hence revoked with immediate effect.
- c. An Arbitration Panel at Patna has passed an Arbitration Award against Master Capital Services Limited, a wholly owned subsidiary of Master Trust Limited, for alleged unauthorised trading on behalf of a client for an amount of ₹3.47 crore plus interest @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.
- d. 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 23 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 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
A) Basic		
(i) Net Profit attributable to shareholders (₹ In Millions)	100.43	58.25
(ii) Adjusted weighted average equity shares	10,876,600	10,876,600
Basic EPS (₹)	9.23	5.36
B) Diluted		
(i) Net Profit attributable to shareholders (₹ In Millions)	100.43	58.25
(ii) Adjusted weighted average equity shares	10,876,600	10,876,600
Diluted EPS (₹)	9.23	5.36

**Note 24**

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 25 Segment Reporting**

(a) Information about Business Segments

(₹ In Millions)

Particulars	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
<b>A) Segment Revenue</b>		
1) Total Segment Revenue		
(a) Segment – Broking	1191.3	981.5
(b) Segment – Interest	59.4	54.4
(c) Segment – Portfolio Management Services	70.2	16.3
(d) Segment – Insurance Broking	17.1	12.8
(e) Segment – New Issue	32.5	12.8
(f) Segment – Investment/Trading in Securities & others	200.0	28.8
<b>Total</b>	<b>1570.5</b>	<b>1106.6</b>
2) Inter Segment Revenue	-	-
3) External Revenue (1-2)		
(a) Segment – Broking	1191.3	981.5
(b) Segment – Interest	59.4	54.4
(c) Segment – Portfolio Management Services	70.2	16.3
(d) Segment – Insurance Broking	17.1	12.8
(e) Segment – New Issue	32.5	12.8
(f) Segment – Investment/Trading in Securities & others	200.0	28.8
<b>Total</b>	<b>1570.5</b>	<b>1106.6</b>
<b>B) Results</b>		
1) Segment Results:		
(a) Segment – Broking	69.0	44.4
(b) Segment – Interest	(108.0)	16.9
(c) Segment – Portfolio Management Services	7.0	0.5
(d) Segment – Insurance Broking	2.3	1.3
(e) Segment – New Issue	10.3	4.1
(f) Segment – Investment/Trading in Securities & others	150.2	21.5
<b>Total</b>	<b>130.8</b>	<b>88.7</b>
2) Unallocated Expenses	0.70	0.90
3) Operating Profit	130.1	87.8
4) Provision	29.33	29.5
5) Minority Interest	0.3	0.1
6) Net Profit	100.4	58.3
<b>Other Information</b>		
1) Segment Assets		
(a) Segment – Broking	3339.57	3298.71
(b) Segment – Interest	581.52	549.83
(c) Segment – Portfolio Management Services	51.51	23.50
(d) Segment – Insurance Broking	14.26	11.75
(e) Segment – New Issue	6.94	12.23
(f) Segment – Investment/Trading in Securities & others	906.40	734.78
<b>Total</b>	<b>4900.20</b>	<b>4630.80</b>
2) Unallocated Corporate Assets	11.39	12.07
3) Deferred Tax Assets	2.67	0.02
4) Total Assets	4914.26	4642.87
5) Segment Liabilities		
(a) Segment – Broking	2320.05	2356.92
(b) Segment – Interest	364.87	265.89
(c) Segment – Portfolio Management Services	24.08	1.73
(d) Segment – Insurance Broking	2.35	1.47
(e) Segment – New Issue	4.30	2.56
(f) Segment – Investment/Trading in Securities & others	320.94	235.18
<b>Total</b>	<b>3036.59</b>	<b>2863.75</b>
6) Unallocated Liabilities	12.18	1.32
7) Deferred Tax Liabilities	-	-
8) Total Liabilities	3048.77	2865.07
9) Minority Interest	11.31	10.96
10) Share Holder's Fund	1854.18	1766.84

(b) Information about Geographical Segments

The company caters mainly to the needs of Indian market so there are no reportable geographical segments.

**Note 26 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.

(₹ In Millions)

Particulars	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
A) Expenses recognised in the Statement of Profit and Loss:		
a) Current service cost	5.16	3.72
b) Interest cost on benefit obligation	2.17	1.63
c) expected return on plan assets	(0.90)	-
d) Net actuarial (gain)/loss recognised in the year	5.02	4.95
<b>Total included in 'Employee benefits expense'</b>	<b>11.45</b>	<b>10.30</b>
B) <b>Net liability recognised in the balance sheet:</b>		
a) Present value of defined benefit obligation	39.33	28.96
b) Fair value of plan assets	27.61	12.02
<b>Liability recognized in the balance sheet</b>	<b>11.72</b>	<b>16.94</b>
C) <b>Reconciliation of defined benefit obligation</b>		
a) Opening defined benefit obligation	28.96	20.36
b) Current service cost	5.16	3.72
c) Interest cost	2.17	1.63
d) Benefits paid	(1.98)	(1.70)
e) Actuarial (gain)/loss on obligation	5.02	4.95
<b>Present value of DBO at the end of the year</b>	<b>39.33</b>	<b>28.96</b>
D) <b>Changes in the fair value of plan assets as on 31/03/2018</b>		
<b>Particulars</b>		
Fair value of plan assets at beginning of year	12.02	-
Expected return on plan assets	0.99	-
Contributions	14.60	12.02
Benefits Paid	-	-
Actuarial gain/(loss) on Plan assets	-	-
<b>Fair value of plan assets at the end of year</b>	<b>27.61</b>	<b>12.02</b>
D) <b>Principal actuarial assumptions at the balance sheet date:</b>		
a) Discount rate	7.5%	8%
b) Expected rate of Future salary escalation	7%	7%

**Note 27**

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 ₹32.61 Millions {As at 31 March, 2017: ₹32.61 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 28 Related Party Disclosures**

As required by AS-18, Related Party Disclosures, are given below:

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 Limited Prime Agro Farms Pvt Limited Big Build Real Estate Pvt Limited Amni Real Estate Pvt Limited Matria Estate Developers Pvt Limited MTL Capital Consultants Pvt Limited Sanawar Investments PHDA Financial Services (P) Limited Sainco India (P) Limited Singhania Properties. Partnership Firms	Mr. Harjeet Singh Arora Mr. R. K. Singhania Mr. G. S. Chawla Mr. Pavan Chhabra Mrs. Harneesh Kaur Arora Mr. Ashwani Kumar Mr. Anil Kumar Bhatiya Mr. Sudhir Kumar Mrs. Parveen Singhania Mr. Puneet Singhania Mr. Chirag Singhania Mrs. Palka A Chopra Mr. Jashanjyot Singh Mrs. Harinder Kaur Minocha Mrs. Priyanka Thukral Mrs. Rohila Singhania Mrs. Isha Singhania Mr. Maninder singh Mr. D. S. Minocha



## 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	113.73	-	<b>113.73</b>
	(1.60)	-	<b>(1.60)</b>
Sale	-	2.10	<b>2.10</b>
	(53.60)	-	<b>(53.60)</b>
Brokerage Received	0.05	0.07	<b>0.12</b>
	(0.24)	(0.13)	<b>(0.37)</b>
Brokerage Paid	-	-	<b>-</b>
	(0.67)	-	<b>(0.67)</b>
Interest Paid	7.86	1.87	<b>9.73</b>
	(0.39)	(2.30)	<b>(2.69)</b>
Interest Received	1.25	1.05	<b>2.30</b>
	(2.22)	-	<b>(2.22)</b>
Rent Paid	2.42	0.42	<b>2.84</b>
	(0.14)	(0.38)	<b>(0.52)</b>
Loan & Advances Given	12.02	7.73	<b>19.75</b>
	(71.43)	-	<b>(71.43)</b>
Loan & Advances Taken	11.93	35.22	<b>47.15</b>
	(2.31)	(45.33)	<b>(47.64)</b>
Remuneration	-	19.03	<b>19.03</b>
	-	(13.74)	<b>(13.74)</b>
Balance outstanding at the end of the year	0.20	4.44	<b>4.64</b>
	(3.03)	-	<b>(3.03)</b>
Payable	0.08	12.43	<b>12.51</b>
	(0.11)	(2.55)	<b>(2.66)</b>

Note: Amount in bracket denotes previous year figures.

**Note 29**

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

**For and on behalf of the Board**

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

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

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

**Chanchal Singh**  
Partner  
Membership Number 090835

**Sunil Kumar**  
Chief Financial Officer

**Mohan Singh**  
Company Secretary

Ludhiana, 30 May,2018

**FORM AOC-1**

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

**Part “A”: Subsidiaries****(₹ In Millions)**

Sr. No.	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
1	Reporting period	1 <sup>st</sup> April, 2017 to 31 <sup>st</sup> March, 2018	1 <sup>st</sup> April, 2017 to 31 <sup>st</sup> March, 2018	1 <sup>st</sup> April, 2017 to 31 <sup>st</sup> March, 2018	1 April, 2017 to 31 March, 2018	1 <sup>st</sup> April, 2017 to 31 <sup>st</sup> March, 2018	1 <sup>st</sup> April, 2017 to 31 <sup>st</sup> March, 2018
2	Reporting currency	INR	INR	INR	INR	INR	INR
3	Share Capital	2.00	2.45	59.00	5.50	8.10	5.00
4	Reserves & Surplus	113.30	20.66	872.30	199.94	19.33	6.90
5	Total Assets	315.36	94.00	3,831.99	341.80	51.60	14.26
6	Total Liabilities	200.05	70.89	2,900.69	136.36	24.17	2.35
7	Investments	200.69	-	192.70	-	-	-
8	Turnover & Other Income	1.66	76.55	1,171.25	87.63	72.68	17.09
9	Profit before taxation	0.49	0.68	95.17	5.89	7.63	2.34
10	Provision for taxation	0.01	(0.02)	24.79	2.23	1.97	0.71
11	Profit after tax	0.48	0.70	70.38	3.66	5.66	1.63
12	Proposed Dividend	-	-	9.74	-	-	-
13	% of shareholding	100%	51%	100%	100%	100%	100%

- Names of subsidiaries which are yet to commence operations: None
- Names of subsidiaries which have been liquidated or sold during the year: None

\*Master Insurance Brokers Limited (MIBL), 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, MIBL, 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 2017 - 2018.

**For and on behalf of the Board**

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

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

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

**Chanchal Singh**  
Partner  
Membership Number 090835

**Sunil Kumar**  
Chief Financial Officer

**Mohan Singh**  
Company Secretary

Ludhiana, 30 May, 2018

**NEW DELHI**

1012, 10th Floor, Arunachal Building, 19,  
Barakhamba Road, New Delhi - 110001  
Ph: +91-11-42111000 | Fax: +91-11-42111040

**MUMBAI**

C-1, Jeevan Jyot, 18/20,  
Cawasjee Patel Street, Fort, Mumbai - 400001  
Ph: +91-22-22846051-52 | Fax: +91-22-22026067

**MUMBAI**

427, Arenja Corner, Sector-17,  
Vashi, New Mumbai - 400703  
Ph: +91-22-40675301 | Fax: +91-22-66733121

**LUDHIANA**

SCO 19, Master Chambers,  
Feroze Gandhi Market, Ludhiana - 140001  
Ph: +91-161-3911500 | Fax: +91-161-2402963

**CHANDIGARH**

SCO 22-23, Sector 9D  
Madhya Marg, Chandigarh - 160009  
Ph: +91-172-4848000 | Fax: +91-172-2745865



[helpdesk@mastertrust.co.in](mailto:helpdesk@mastertrust.co.in)



+91-120-622-3333



SMS MASTER to 56767



[www.mastertrust.co.in](http://www.mastertrust.co.in)