

ANNUAL REPORT 2013-14



BOARD OF DIRECTORS

Mr. Harjeet Singh Arora – Managing Director

Mr. R.K. Singhanian

Mr. Pavan Chhabra

Mr. G.S. Chawla

Mrs. H.K. Arora

Mr. Anil Kumar Bhatia

Mr. Sudhir Kumar

Mr. Ashwani Kumar

Mr. Anil Kumar Malhotra

COMPANY SECRETARY

Mr. Rajiv Kumar Aggarwal

AUDITORS

M/s Manjeet Singh & Co.,
Chartered Accountants,
1761, Phase-II, Urban Estate
Dugri, Ludhiana

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

BANKERS

HDFC Bank Limited
Oriental Bank of Commerce Ltd.
ICICI Bank Ltd.
Canara Bank Ltd.
Axis Bank Ltd.

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Our Services





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



*Mr. Harjeet Singh Arora
Managing Director*

Dear Shareholders,

It gives me immense pleasure to write to you at the closure of another financial year which was one of the most challenging year for the country as a whole. The economy was under a lot of pressure with record weakening of rupee, declining GDP, rising inflation, increasing current account and fiscal deficit and political instability. On the macro level, Indian economy has faced all possible challenges in this last one year. With a decade low GDP growth rate of 4.7%, highest all time inflation numbers, INR touching its lowest levels of 69.4975 (in Aug'13) and amidst the political instability, the economy has seen it all. The slowdown has been broad based with each and every sector slowing and contributing to the slowdown in growth. Growth slowdown has led to significant negative output gap for more than a year now.

Since the beginning of the calendar year 2014, the global economic activity has strengthened a bit and the Indian central bank has been doing its homework right as a result the Indian growth has picked up a tad. FY 2013-14 had degrowth in various sectors with both the manufacturing and mining sectors shrinking in 2013-14 with a fall in output. Lackluster infrastructure activity dampened construction growth as well. The manufacturing sector contracted (-) 0.2% in 2013-14 against 1.1% in 2012-13. Mining and quarrying declined (-) 1.9% against (-) 2.2% in 2012-13.

Whereas, the financial services sector still managed to grow by 11.2 % as against 10.9% last year. India's fiscal deficit stands at 4.5% today, a target that the government was able to achieve. Still, a large fiscal deficit is a problem because it exacerbates inflation and impedes monetary policy transmission. While recent efforts to tackle the deficit have paid off, it remains a continuing concern. The existing deficit levels leave no space for new government to increase spending on areas like social security, infrastructure, employment and education.

On a consolidated basis Company's top line declined only marginally by about 6% and touched INR 908.45 mn, while profit after tax decreased by about 16% to ₹ 84.74 mn. Importantly, your Company was able to increase volumes in the broking segment across most of the exchanges. Now with a new majority government in place, we expect a clearer reforms direction and atmosphere of development, we expect equity asset class to out-perform the other asset classes in the country auguring well for the business of your Company.

The capital markets segment of the financial services sector in which your Company operates has been under a lot of stress in the past 4 to 5 years, facing a lot of challenges like hyper - competition, increased compliance costs, increasing wages and equity not being the preferred asset class. The Indian financial

market scaled to new highs in March 2014, the benchmark indices BSE Sensex and NSE increased to about 6 % and continued their upward journey in April 2014, even broader based mid-cap indices displayed a significant uptick in Q4 FY14. Large equity inflows into India in recent months provided a boost to the rally but primary capital markets continue to remain subdued. Despite all this, financial year 2013-14 was yet another difficult year for the domestic brokerage industry even though the trading volumes picked-up in the latter half of the year on account of strong FII activity and successful big-ticket divestments. The retail equity participation was at multi-year lows for a large part of FY14. Equity Average Daily Volumes (ADV) rose by 22% to INR 511 trillion in FY14 buoyed by the continued rise in volumes of option trading, which accounted for 78% of the overall market volumes in FY14 (76% in FY13). The proportion of cash volumes to overall traded equity volumes continued to decline to 6.5% as compared to 7.8% in FY13. On the other hand, futures volumes rose by 19% in FY14 while options volumes displayed a strong growth of 25% over the same period. Commodities broking which had been one of the brighter spots in the otherwise lackluster performance of the Indian brokerage industry over the last 2-3 years saw FY14 ending as one of the most disappointing years for commodities broking on account of the imposition of the Commodities Transaction Tax (CTT) which took away a large chunk of jobber / arbitrageur volumes from the market and impacted liquidity. Also scams like NSEL played a spoil sport in already depressed customer sentiments leading to a lot of HNI's, corporates and retail investors exiting commodity exchanges as well as leading to lower volumes in the whole segment. Accordingly the ADV declined to ₹ 102 trillion in FY14 compared to ₹ 170 trillion in FY13 representing a decline of 40% on a Y-o-Y basis. Regulatory changes also impeded the growth of the currencies broking segment where volumes declined sharply by 50% in FY14 compared to FY13. Further the broking industry continues to steadily consolidate, the stronger players have to strengthen their position with correct business mix to combat the structural changes and diversify revenue streams.

I am pleased to share that your Company has been growing at a rapid pace in Southern India under both B2B and B2C model and soon we expect to reach more than 250 authorized persons in that region. We will keep on exploring new areas and our growth via B2B model which will make us achieve maximum penetration across all major states in the country. We expect retail business to play a major role in growth of broking industry in next 2-3 years. As diversification and innovation is key to success, your Company has aggressively expanded distribution of wealth

management & structured products including mutual funds, insurance etc. Your Company has also made efforts to strengthen the advisory desk and I am pleased to announce that we have done and will be doing a lot investor knowledge seminars in this year across all regions. Your Company launched various drives / contests in the last fiscal to increase the acquisition of clients in an otherwise dull business environment which turned out to be very successful. Your Company has taken a lot of steps to efficiently use each and every resource and consolidate several areas for better branch wise ROE and efficient customer service. In last two years, your Company had successfully launched algorithmic trading products for the retail segment which has now been seeing a lot of traction. We believe that this segment will provide substantial contribution to our top line in years to come. In a bid to improve service levels and client acquisition in algorithmic trading, we have set up a dedicated desk for our algorithmic trading and technology driven clients. This will reduce TAT of their queries and will keep the client always engaged resulting in an enhanced customer experience.

On the economic front, with the narrowing of the fiscal deficit as well as the replenishment of foreign exchange reserves, adjustment of the INR exchange rate and more importantly setting in motion the disinflationary impulses, the risks of near term macro instability have decreased. The current account deficit contracted and investment project approvals are accelerating. India's growth though among the highest in the world has slowed in the last two years. IMF estimates a modest pick up to 5.4% in 2014-15, which will be helped majorly by a better global growth, improved export competitiveness, new and stable government and a confidence boost from the recent budget and policy actions.

Although we have a new majority government headed by Mr. Narendra Modi, still much more efforts in building business confidence, removing structural impediments and creating fiscal space to support investments will be needed to secure growth going forward and the Modi government will have to "walk the talk" to make India shine again. As we enter into a possible new growth phase of the Indian market after years of slowdown, I continue to look forward to the support of committed and hardworking employees and also support from shareholders. I would like to thank all our investors, business partners, members of the board and staff members who have helped us to reach where we are now.



Harjeet Singh Arora

Managing Director

Management Team



Mr. Harjeet Singh Arora
(F.C.A)

As a founder entrepreneur he has been instrumental in making Master Trust Group one of the leading financial service players in India. He laid the foundation of the group in 1985, under the name Arora Financials(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 Finance, Capital Market and 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 29 years.



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

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. Pavan Chhabra
(F.C.A)

He is having a rich experience of more than 25 years in Primary and Secondary Capital Market, Institutional Broking Business and other Merchant Banking Activities.



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)

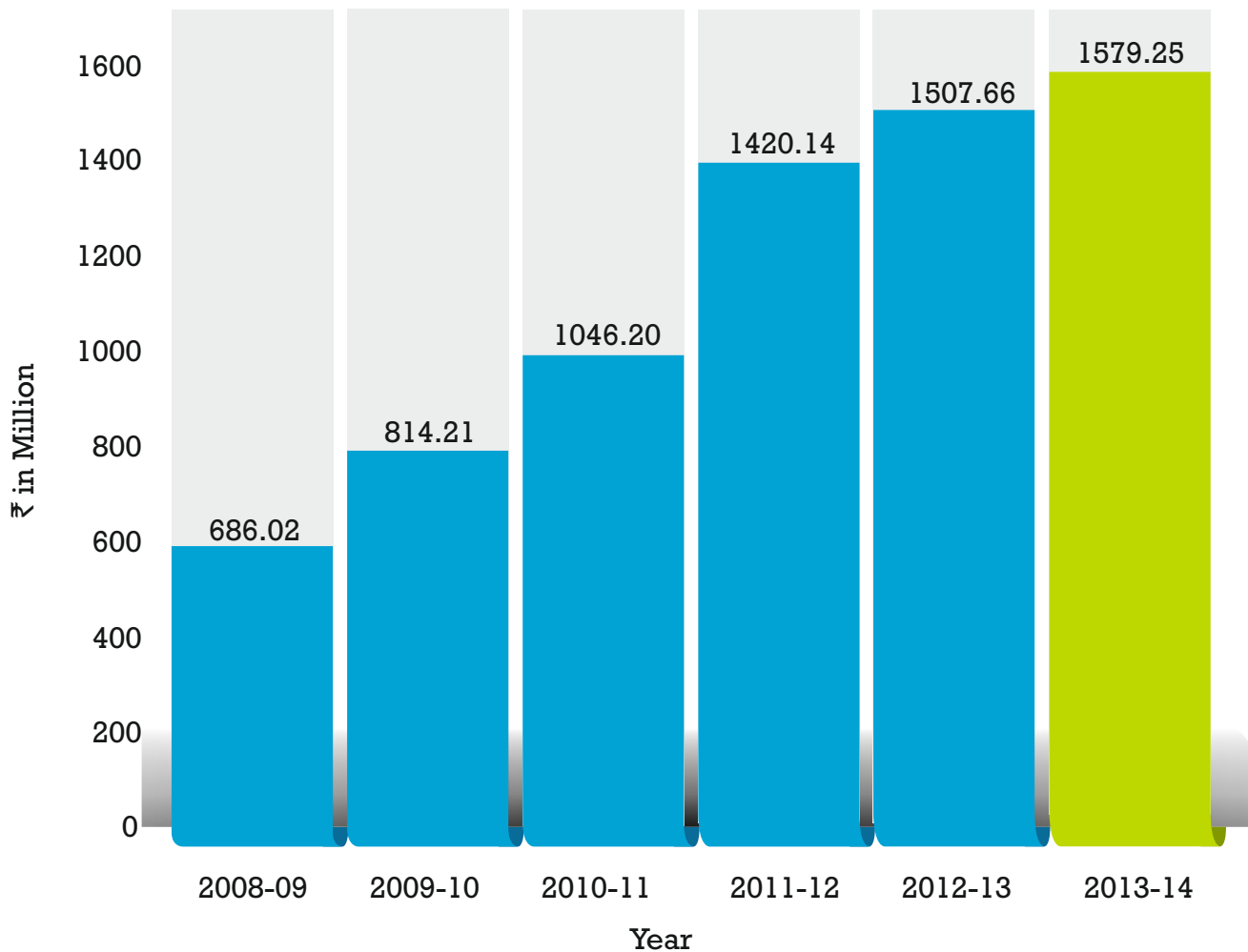
He is overseeing the arbitrage business and is also making marketing initiatives on all India level. He is also in-charge of human resource management and brand building activities of the company. Prior to joining the group he has worked with Pricewaterhouse Coopers India in statutory audit and Grant Thornton in corporate advisory on various assignments.

*Whole Time Director of Master Capital Services Ltd.(Subsidiary)

Milestones

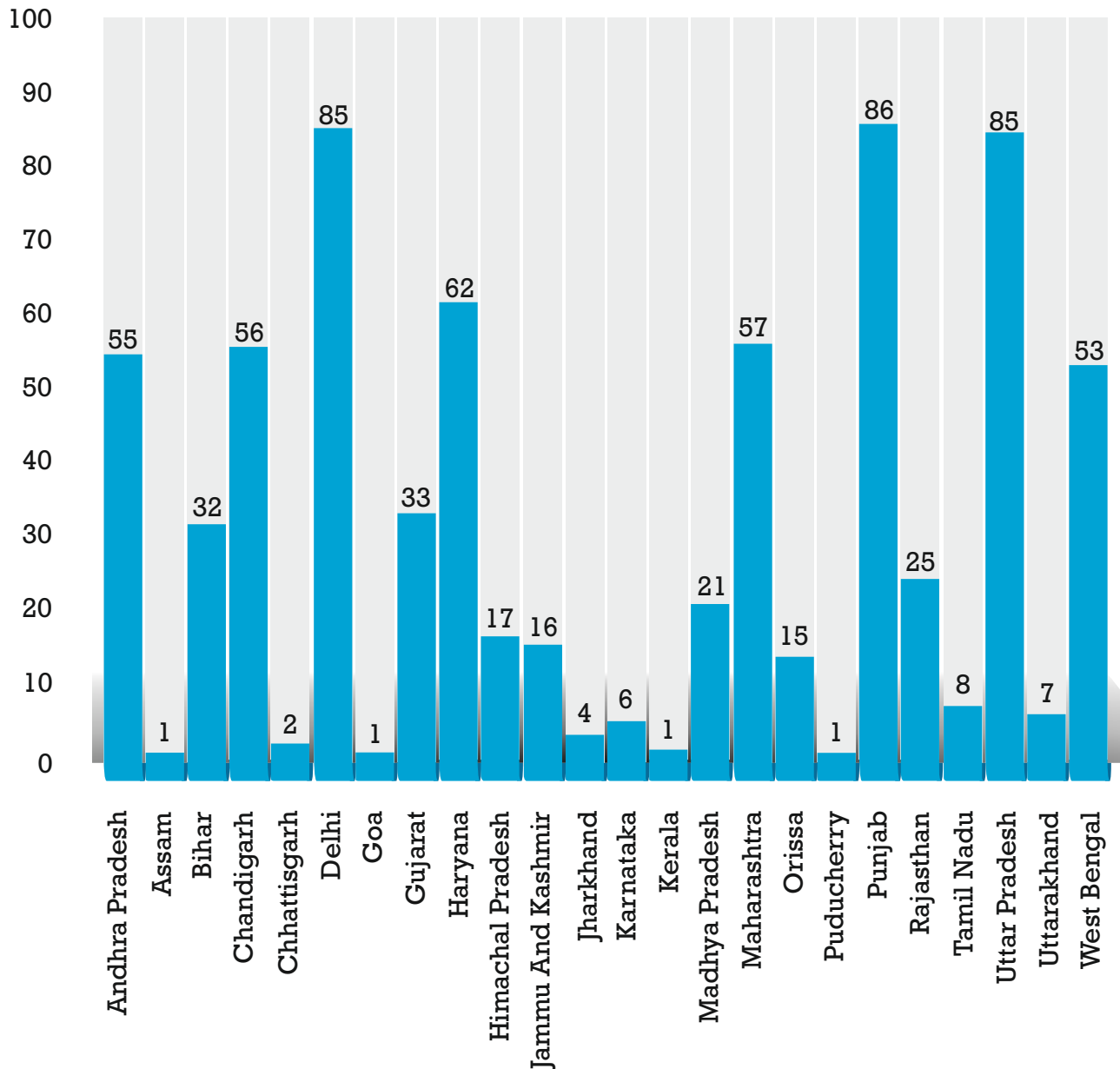
1985	<ul style="list-style-type: none"> Company was incorporated by the name of Arora Financial Consultants Limited
1990	<ul style="list-style-type: none"> Acquired status of SEBI accredited Category-I Merchant Bankers under the name Master Trust Limited
1994	<ul style="list-style-type: none"> Master Capital Services Ltd. acquired membership of NSE
1995	<ul style="list-style-type: none"> Master Trust Ltd. came out with an IPO
1997	<ul style="list-style-type: none"> Became RBI approved Full Fledged Money Changers
1999	<ul style="list-style-type: none"> Launched Depository Services as a Depository participant of NSDL
2001	<ul style="list-style-type: none"> Launched Depository Services as a Depository participant of CDSL
2002	<ul style="list-style-type: none"> Entered into insurance business as advisor for Life & General Insurance
2004	<ul style="list-style-type: none"> Became member of NCDEX and MCX Became Insurance Broker under the name of M/S Master Insurance Brokers
2005	<ul style="list-style-type: none"> Acquired the membership of Bombay Stock Exchange Limited Commenced Internet Trading
2007	<ul style="list-style-type: none"> Set up regional offices at Baroda, Kolkata, Hyderabad, Allahabad, Hissar, Bhubaneswar & Ahmedabad
2008	<ul style="list-style-type: none"> Introduced Currency Derivatives trading through MCX-SX & NSE
2009	<ul style="list-style-type: none"> Established an Arbitrage Desk Implemented Master Swift Established CRM
2010	<ul style="list-style-type: none"> Trading turnover peaks US\$1 billion/day of group companies Rebranding exercise of retail services
2011	<ul style="list-style-type: none"> Launched its flagship PMS product named Master Quant 10 Started algorithmic trading solutions to its trading clients named Master Pulse/ Master Trader Opened branches in Jaipur and Mumbai
2012	<ul style="list-style-type: none"> Launched Integrated Amibroker and Metatrader charting platform for clients Declared 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 both equity as well as derivatives segment Activated SLBM segment on NSE as a new asset class for our esteemed customers
2013	<ul style="list-style-type: none"> Launched dedicated support desk for automated trading clients Launched discount brokerage model My Value Trade Received award for Best Account Growth Rate from NSDL

Networkh



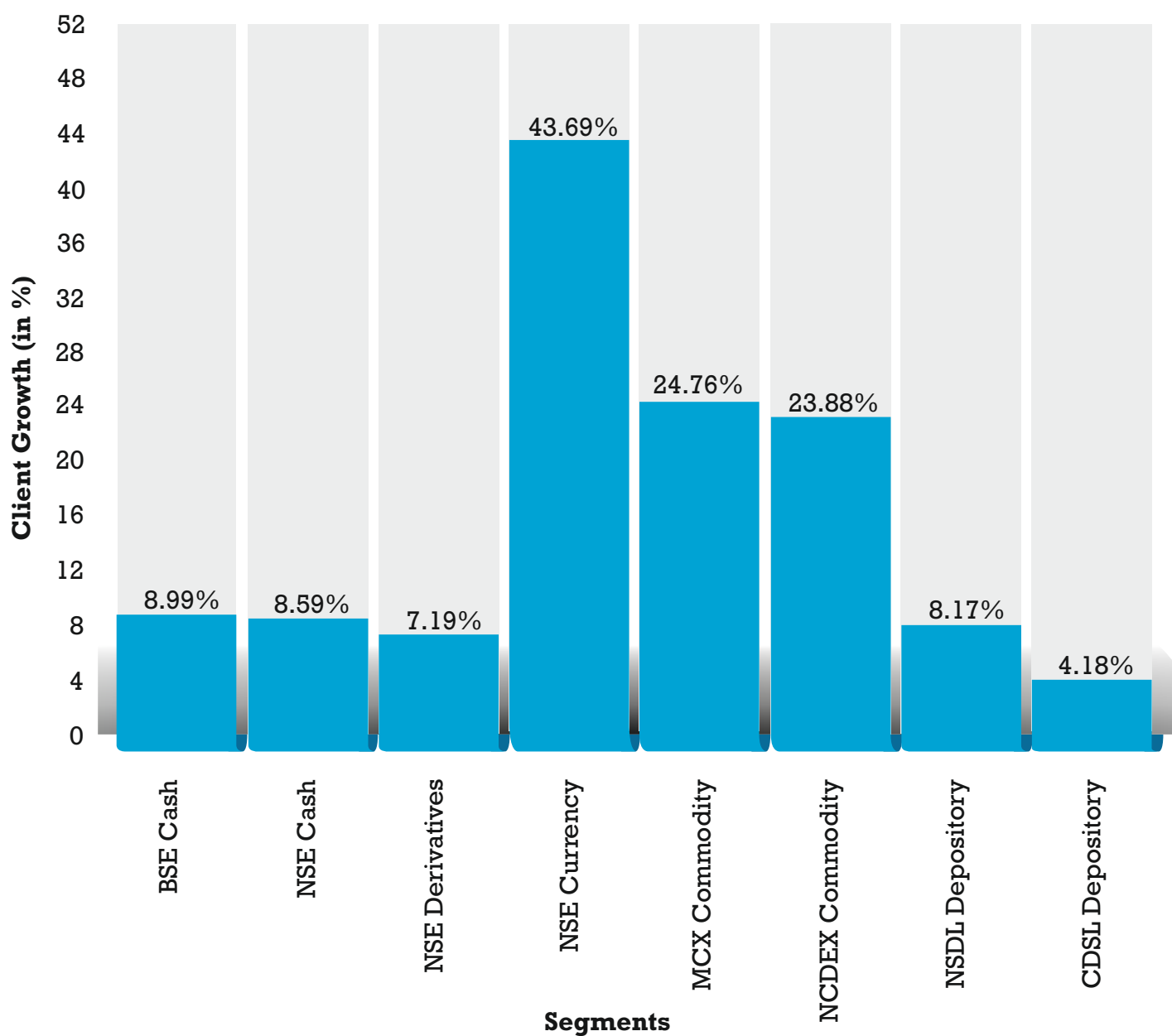
Corrigendum: It is to bring to your kind attention that due to some printing mistake in the Annual Report for the year 2012-13, wrong figures for Networkh of the company for the last five years were mentioned, we deeply regret the mistake.

Points of Presence



Total Points of Presence = 729

Client Growth

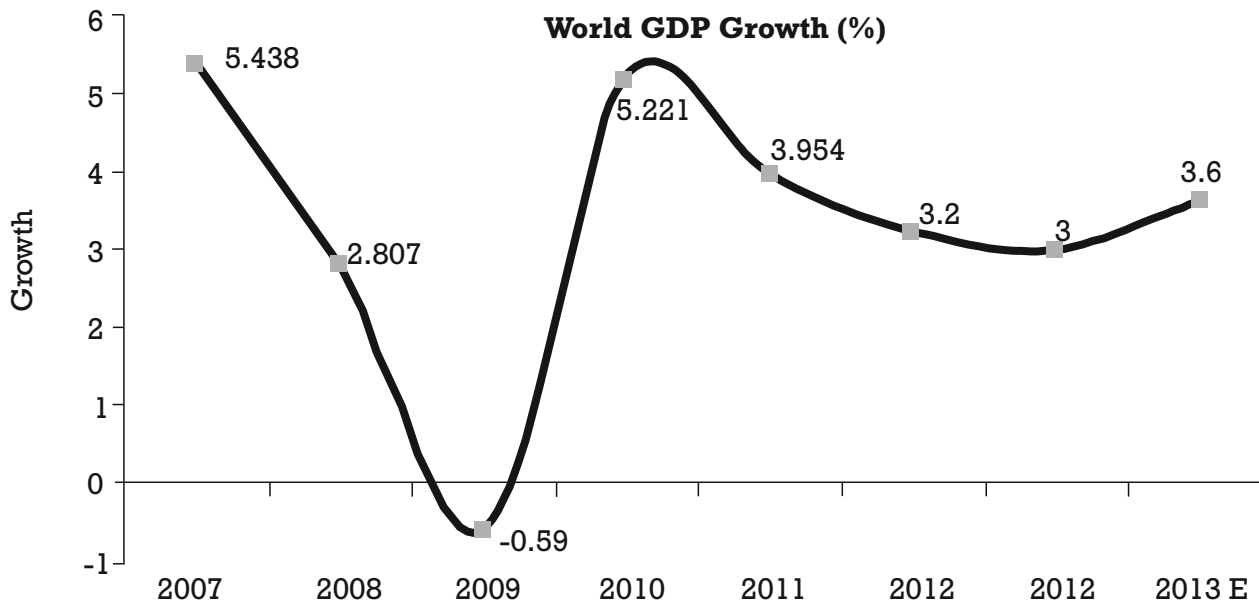


Management Discussion and Analysis

Management Discussion and Analysis

RISING GLOBAL ECONOMY

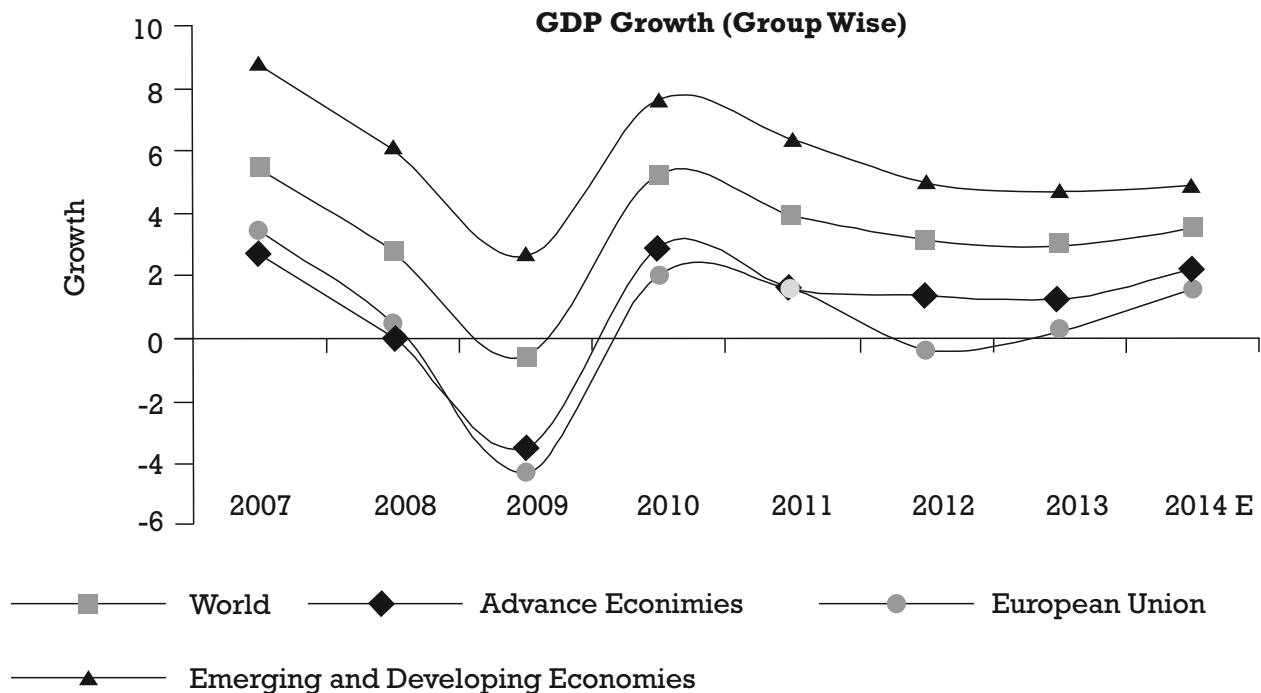
Economic conditions improved modestly in FY 2013-14. IMF has projected Global growth to be slightly higher in 2014, at around 3.7 % and rising to 3.9% in 2015. A major impulse to global growth has come from the United States, whose economy grew at 3¼ % in the second half of 2013—stronger than expected in the October 2013. Some of the upside surprise was due to strong export growth and temporary increases in inventory demand. Support also came from accommodative monetary conditions as well as from a real estate sector that is recovering after a long slump, higher household wealth and easier bank lending conditions. In the euro area, growth has turned positive. In Germany, supportive monetary conditions, robust labor market conditions, and improving confidence have underpinned a pickup in domestic demand, reflected mainly in higher consumption and a tentative revival in investment but also in housing. Across the euro area, a strong reduction in the pace of fiscal tightening from about 1 percent of GDP in 2013 to ¼ % of GDP is expected to help lift growth.



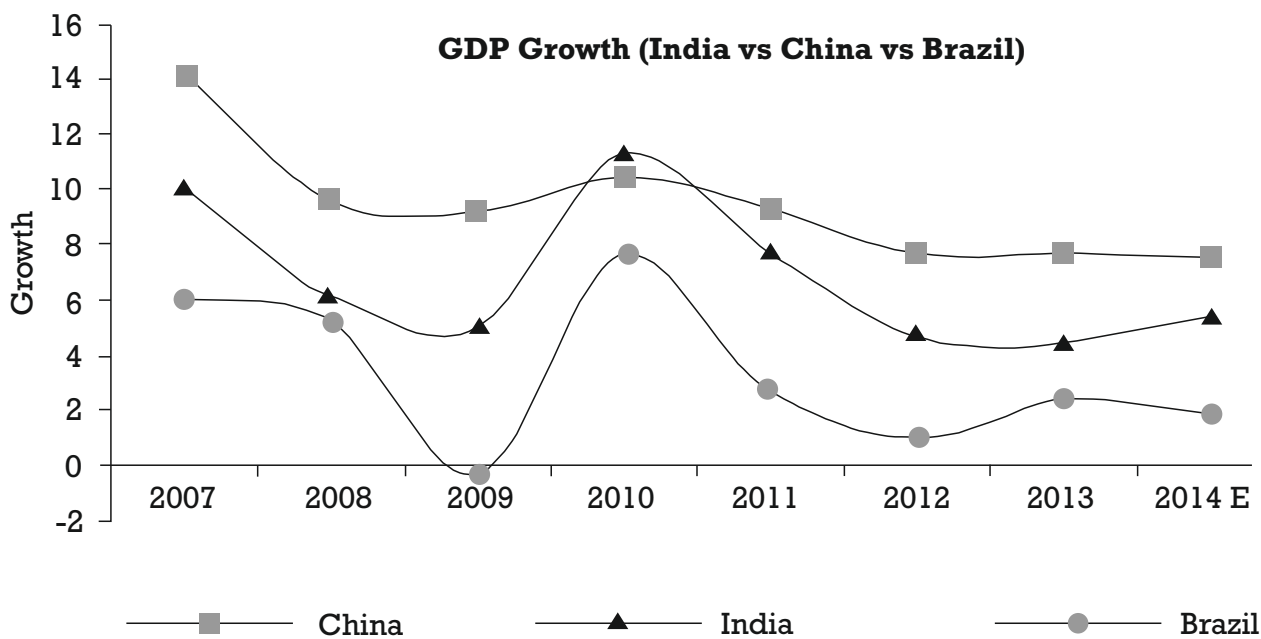
Source: IMF, E= Estimated

EMERGING ECONOMIES STILL LEADING THE GROWTH

In emerging market and developing economies, growth picked up slightly in the second half of 2013. The weaker cyclical momentum in comparison with that in the advanced economies reflects the opposite effects of two forces on growth. On one hand, export growth increased, lifted by stronger activity in advanced economies and by currency depreciation. Fiscal policies are projected to be broadly neutral. On the other hand, investment weakness continued, and external funding and domestic financial conditions increasingly tightened. Supply-side and other structural constraints on investment and potential output (for example, infrastructure bottlenecks) are issues in some economies. These offsetting forces are expected to remain in effect through much of 2014. Overall, however, emerging market and developing economies continue to contribute more than two-thirds of global growth, and their growth is projected to increase from 4.7 % in 2013 to 4.9 % in 2014 and 5.3 % in 2015.

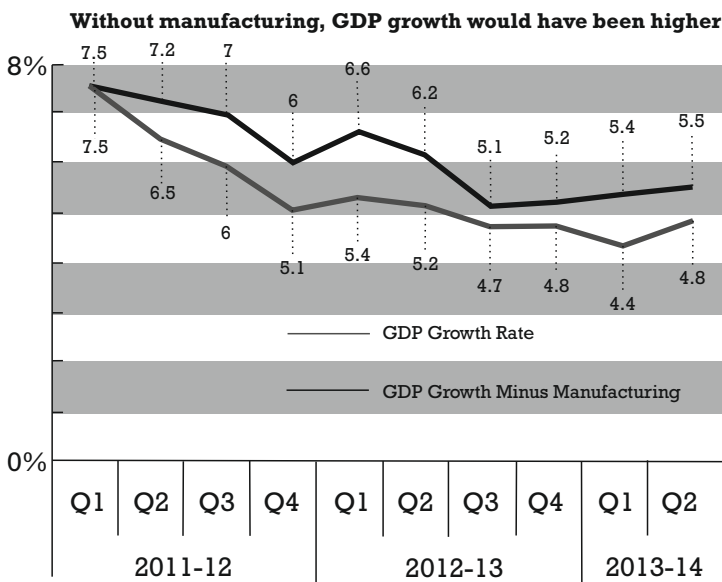


China growth is projected to remain broadly unchanged at about 7 % in 2014–15 on the assumption that the authorities gradually rein in rapid credit growth and make progress in implementing their reform blueprint so as to put the economy on a more balanced and sustainable growth path. For India, real GDP growth (at market price) is projected to strengthen to 5.4% in fiscal year 2014, assuming that government efforts to revive investment growth succeed and export growth strengthens after the recent rupee depreciation. Elsewhere in emerging and developing Asia, growth is expected to remain at 5.3 % in 2014 because of tighter domestic and external financial conditions before rising to 5.7 % in 2015, helped by stronger external demand and weaker currencies. Activity in Brazil remains subdued. Demand is supported by the recent depreciation of the real and still buoyant wage and consumption growth, but private investment continues to be weak, partly reflection low business confidence.

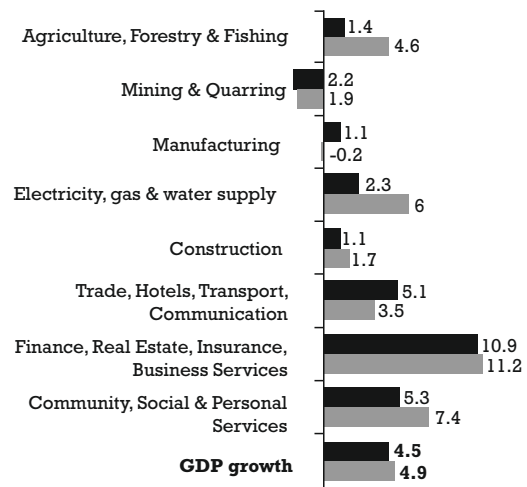


THE INDIAN GROWTH STORY

The growth in GDP during 2013-14 is estimated at 4.7 % as compared to the growth rate of 4.5 % in 2012-13. Growth in India picked up after a favorable monsoon season and higher export growth and is expected to firm further on stronger structural policies supporting investment. According to World Bank the pace of economic activity in 2013-14 was hampered by a weak out turn during the fi`t quarter. In addition, two consecutive months (July-August) of negative business sentiment and higher interest rates curb the potential for recovery in the second quarter of 2013-14 even after manufacturing output rebounded in July. India's growth potential remains high but its macroeconomic vulnerabilities -- high headline inflation, an elevated current account deficit, and rising pressure on fiscal balances from the depreciation of the rupee - could impact the speed of economic recovery.



GDP growth of different sectors. Manufacturing is way down in the list



Source: Ministry of Statistics & Programme Implementation

SERVICE SECTOR GROWTH IS STILL OUTPERFORMING DESPITE SECTBACK IN MANUFACTURING

During FY 2014–15, the service sector is projected to grow at a healthy 5.6 %. The services sector, including finance, insurance, real estate and business services sectors are likely to grow 11.2 % this year compared with 10.9 % in 2012-13. Manufacturing output is seen declining 0.2 % in 2013/2014 compared with 1.1 % growth the previous year, dragging down the overall economy.

Outlook

Downside risks to growth have increased marginally since January 2014 taking into account the continued weak performance of industry and increase in risks to agriculture from the El Nino phenomenon. But, still a moderate recovery is likely to set in 2014-15 which is likely to be supported by investment activity picking up due to part resolution of stalled projects and improved business and consumer confidence. The rural demand base is likely to shore up demand following record agricultural output. In addition, external demand is expected to improve further during 2014-15 stemming from encouraging prospects for global growth.

INDIAN FINANCIAL SECTOR HIGHLIGHTS

- FIIs have made a cumulative net investment of ₹ 7.08 trillion (US\$ 117.77 billion) in shares since 1992. During FY 14, foreign institutional investors (FIIs) invested a net amount of nearly Rs 80,000 crore (US\$ 13.31 billion) in India's equity market and the total number of FIIs registered in the country was 1,710. (SEBI) India's foreign exchange (forex) reserves stood at US\$ 303.6 billion as on March 2014, The value of foreign currency assets (FCA) - the biggest component of the forex reserves - stood at US\$ 276.4 billion (RBI)
- India's asset management companies (AMCs) have witnessed a growth of 17.65 % in their average assets under management (AUM) as on March 2014 stood at ₹ 8.25 lakh crore as against ₹ 7.01 lakh Cr. as at the end of March 2013 (AMFI)
- Life Insurance Council, the industry body of life insurers in India, projects a compound annual growth rate (CAGR) of 12–15 % over the next few years for the segment, with India's insurable population projected to touch 750 million by FY2020. The life insurance premium market expanded at a CAGR of 16.6 per cent from US\$ 11.5 billion to US\$ 53.3 billion during FY 03–FY 13. The non-life insurance premium market also grew at a CAGR of 15.4 %, from US\$ 3.1 billion in FY 03 to US\$ 13.1 billion in FY13. (IBEF)
- Mergers and acquisitions (M&A) activity between India and the European Union is poised to grow in FY 2014–15. The IT and business process outsourcing (BPO) industry are expected to lead the way in scouting for acquisitions in Europe. Private equity (PE) firms invested US\$ 2.27 billion in the period of January–March 2014, a 93 % increase from the investments (US\$ 1.18 billion) made during the same quarter of 2013. There were five investments of US\$ 100 million or more in the quarter against one in the corresponding period of 2013 (IBEF)
- Banking is the heart of India's financial services sector. The banking industry has undergone numerous changes over the past few years to be at par with international banking norms and standards. Banks and housing finance companies (HFCs) together enjoyed a 20 % growth in home loans in FY14. Home loans disbursed by banks and HFCs collectively grew by ₹ 1.60 trillion (US\$ 26.59 billion) in FY 14 to ₹ 9.60 trillion (US\$ 159.67 billion) by March-end 2014. Strong growth in agriculture and services sectors as well as the personal loans segment has helped push bank credit growth during the period April–November, 2013 to 7.2 %, compared to 6.6 % during the same period of 2012. During FY06-13, credit off-take expanded at a CAGR of 22.8 % to US\$ 991 billion. Deposits have grown at a CAGR of 21.2 % during FY06-13; in FY13 total deposits stood at US\$ 1,274.3 billion and is expected to grow to US\$ 1452.7 billion in FY 2014. It is further expected that bank credit will grow at a compound annual growth rate (CAGR) of 17 % in the medium term leading to better credit penetration. The survey for 2012–13 showed growth of credit extended by Indian banks' branches operating overseas to have increased by 31.7 % to ₹ 585,570 crore (US\$ 98.18 billion).
- With a lower CAD and build-up of foreign exchange reserves, the downward pressure on the currency and the volatility in the Indian rupee began to subside. The rupee has also moved in a narrow range of ₹ 60.10 to ₹ 62.99 per US dollar since end-November 2013 (up to March 28,

- 2014). In fact, during this period the rupee fared better than most of other emerging market currencies. With higher reserves and lower imports, the import cover as at end-December 2013 improved to 7.3 months from 6.6 months as at end-September 2013.
- India attracted FDI equity inflows of US\$ 24299 million for F.Y ending March 2014. The cumulative amount of FDI equity inflows from April 2000 to March 2014 stood at US\$ 217,581 million as compared to US\$ 193,282 million of previous year, according to the data released by the Department of Industrial Policy and Promotion (DIPP).

INDIAN FINANCIAL MARKETS

Driven by expectations from a new majority government and a multitude of positives, including lower trade deficit numbers, lower inflation, an enthusiastic response to the telecom auction, incentives to certain sectors in the interim budget and a lower reported CAD, the benchmark indices scaled newer highs in March 2014 with the BSE Sensex and NSE recording increases of about 6% and continued their upward march in April 2014. Even broader based mid-cap indices displayed a significant uptick in Q4FY14. From a 52-week low of 17,448.71 on 28 August 2013, the Sensex has risen 4,937.56 points or 28.29%. Large equity inflows into India in recent months provided a boost to the rally. However, primary capital markets continue to remain subdued but are likely to pick up.

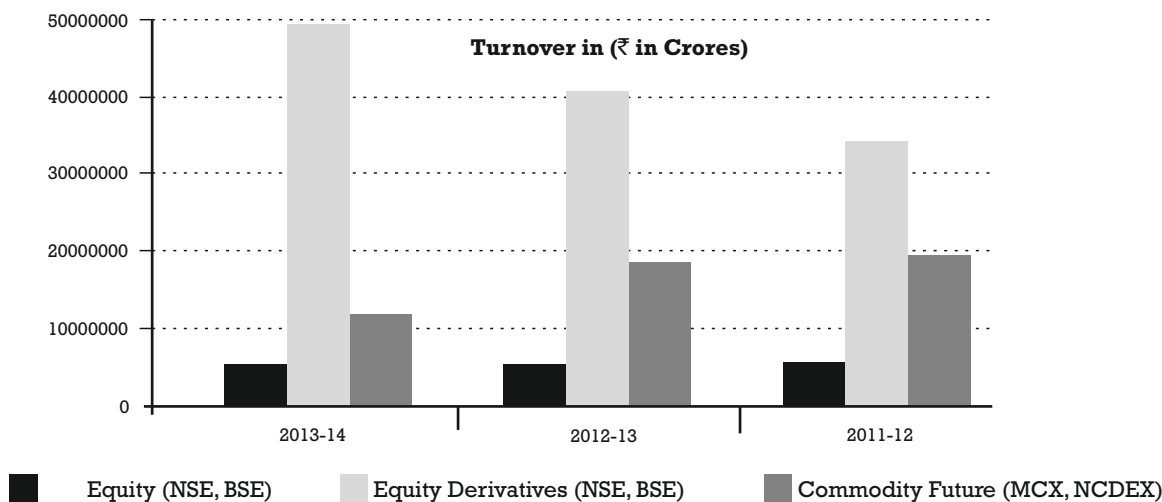
FII's made net investments of nearly ₹ 80000 Cr.(US\$13.31 billion) in the equity market in FY 2014, contrary to this Domestic Institutions were net sellers INR 21223 Cr.in FY 14..

INDIAN BROKERAGE INDUSTRY

Financial year FY14, was yet another difficult year for the domestic brokerage industry despite the pick-up in trading volumes in the latter half of the year on account of strong FII activity and successful big-ticket divestments but, the retail equity participation was at multi-year lows for a large part of FY14. The rupee volatility, current account deficit, fiscal deficit, persistent inflation along with perceived delays in policy formulation together contributed to erosion in investor confidence in the Indian capital market for a major part of the year.

Equity Average Daily Volumes (ADV) rose by ~22% to ₹ 511 trillion in FY14 buoyed by the continued rise in volumes of option trading, which accounted for ~78% of the overall market volumes in FY14 (~76% in FY13). Despite the modest rise of 2% in FY14 after the last few years of steady decline, the proportion of cash volumes to overall traded equity volumes continued to decline to 6.5% as compared to 7.8% in FY13. On the other hand, futures volumes rose by ~19% in FY14 while options volumes displayed a strong growth of 25% over the same period. A broad based investor segment could ensure that the dominant share of options volumes to total equity volumes continues over the medium term.

Commodities broking has been one of the brighter spots in the otherwise lackluster performance of the Indian brokerage industry over the last 2-3 years. However FY14 ended as one of the most disappointing years for commodities broking on account of the imposition of the Commodities Transaction Tax (CTT) which took away a large chunk of jobber / arbitrageur volumes from the market and impacted liquidity. Accordingly the ADV declined to ₹ 102 trillion in FY14 compared to ₹ 170 trillion in FY13 representing a decline of 40% on a Y-o-Y basis. Regulatory changes also impeded the growth of the currencies broking segment where volumes sharply declined by ~50% in FY14 when compared to FY13 and we estimate that the currencies broking revenue pool may have dipped below ₹ 1 bn.



Source: NSE, BSE, MCX and NCDEX

OUTLOOK

The broking industry continues to steadily consolidate as some of the weaker players exit the business and the stronger players strengthen their position. For the larger standalone brokers, improved retail participation may buy more time to find the correct business mix to combat the structural changes in the industry and diversify even beyond the capital market business borders and for the smaller brokers, unless there is a rapid increase in retail participation, they will continue to face significantly higher pressures compared to their larger and more diversified peers. However, Brokers are largely unanimous in their view that a stable government and subsequent policy action may go a long way in bringing back investor confidence and thus improving the investment climate.

Directors Report

Directors Report

**To
The Members,**

Your Company's Directors are pleased to present the 29th Annual Report along with Audited Accounts of your Company for the financial year ended March 31, 2014.

1. Financial Results

(₹ in million)

Particulars	For the Year Ended			
	March 31 2014	March 31 2013	March 31 2014	March 31 2013
	Consolidated		Standalone	
Gross Income	908.45	975.62	153.74	126.95
Profit Before Depreciation, Interest & Tax	253.83	293.70	129.36	113.34
Less: Depreciation	11.68	10.90	0.71	0.74
Interest	143.00	172.45	102.55	86.03
Profit Before Tax	99.15	110.35	26.10	26.57
Provision for tax	14.41	10.01	4.26	1.86
Profit after tax but before minority interest and share in associate Companies	84.74	100.34	21.84	24.71
Less: Share of Minority Interest	0.70	0.09	-	-
Net Profit	84.04	100.25	21.84	24.71
Add: Profit brought forward from earlier years	853.42	772.70	71.13	63.09
Profit available for appropriation	937.46	872.95	92.97	87.80
Less: Appropriations				
- Proposed Dividend	10.88	10.88	10.88	10.88
- Tax on Dividend	1.85	1.85	0.85	0.85
- Transfer to Statutory Reserve	4.37	4.94	4.37	4.94
- Transfer to General Reserve	1.60	1.86	-	-
- Other	3.15	-	3.15	-
Closing Balance	915.61	853.42	73.72	71.13

2. Operational review

Given the constraints caused by slowdown of economy and the challenging year, the Company performed reasonably well. On a consolidated basis, the Company's gross income showed a decline of 6.87 % to reach ₹ 908.50 mn as compared to ₹ 975.62 mn in the previous year. The Net worth of the Company has increased by 4.74 % to ₹ 1579.20 mn as compared to ₹ 1507.66 mn in the previous year. The Profit before tax declined by 10.10 % to ₹ 99.20 mn as compared to ₹ 110.35 mn in the previous year.

The Net Profit after tax declined by 15.51 % to ₹ 84.70 mn as compared to ₹ 100.25 mn in the previous year. The basic and diluted earning per share for the current year declined by 44.10 % to ₹ 7.72 per share as compared to ₹ 13.81 per share in the previous year.

3. Dividend

Your Directors are pleased to recommend a dividend of ₹ 1/- (10%) on Equity share of ₹ 10 each for the year ended 31st March, 2014.

4. Outlook

The outlook for Indian economy is positive with the narrowing of the fiscal deficit as well as the replenishment of foreign exchange reserves, adjustment of the INR exchange rate and more importantly setting in motion the disinflationary impulses, the risks of near term macro instability have decreased. The current account deficit contracted and investment project approvals are accelerating. IMF estimates a modest pick up in GDP growth to 5.4% in 2014-15, which will be helped majorly by a better global growth, improved export competitiveness, new and stable government and a confidence boost from the recent budget and policy actions. As an industry, the broking industry continues to steadily consolidate as some of the weaker players exit the business and the stronger players strengthen their position. A strong government at the center is expected to usher in a string of reforms which should augur well for the capital markets as well as the broking industry. The retail participation is expected to improve substantially over the next few years as a stable government and subsequent policy action may go a long way in bringing back investor confidence and thus improving the investment climate.

5. Management Discussion and Analysis

The Management Discussion and Analysis Report for the year under review as required under Clause 49 of the Listing Agreement, is given as a separate statement forming part of the Annual Report.

6. Risks and Concerns

Your Company, being in the business of financing, has to manage various risks. These risks include credit risk, liquidity risk, interest rate risk and operational risk. The Risk Management Committee reviews and monitors these risks at periodic intervals.

The Company manages credit risk through stringent credit norms established through several years of experience in this line of business and continues to follow the time tested practice of personally assessing every borrower, before committing to a credit exposure. This process ensures that the expertise in lending operations acquired by the Company over decades is put to best use and acts to mitigate credit risks. Liquidity risk and interest rate risk arising out of maturity mismatch of assets and liabilities are managed through regular monitoring of the maturity profiles. The Company also measures the interest rate risk by the duration gap method. Operational risks arising from inadequate internal processes, people and systems or from external events are adequately addressed by the internal control systems and are continuously reviewed and monitored by a dedicated team of people. Process improvements and quality control are on-going activities and are built into the employee's training modules, as well.

The Company is making all efforts to cope up with the challenges through continuous process improvements, rationalization of costs, training the workforce on the continued basis, improving efficiencies and creating a strong client oriented approach

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.

8. 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.

9. Directors

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. Gurmeet Singh Chawla, Mrs. Harneesh Kaur 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 Chhabra
- 2) Mr. Anil Kr. Malhotra
- 3) Mr. Anil Kr. Bhatia
- 4) Mr. Ashwani Kumar
- 5) Mr. Sudhir Kumar

The period of office of the aforementioned directors was liable to determination by retirement of directors by rotation under erstwhile Companies Act, 1956. In terms of sections 149 (10) and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, the aforesaid directors except Mr. Sudhir Kumar, being eligible and offering themselves for appointment, are proposed to be appointed as Independent Directors for a term of Five (5) consecutive years commencing from conclusion of the ensuing AGM.

Brief profile of the proposed appointees together with other disclosures are part of the Annexure to the Notice of the 29th Annual General Meeting.

Mr. Sanjay Sood, Executive Director has resigned from the post of Executive Director from the Company w.e.f. 01.04.2014 which has been accepted by the Board of Directors.

10. Fixed Deposits

The Company has not accepted any public deposits within the meaning of Section 58A of the Companies Act, 2013 and 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.

11. 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 Clause 49 of the Listing Agreement forms part of the Annual Report.

The requisite Certificate from the Auditors of the Company confirming compliance with the conditions of Corporate Governance as stipulated under the aforesaid Clause 49 is attached to this Report.

12. Directors' Responsibility Statement

In pursuance to the provisions of Section 217 (2AA) of the Companies Act, 1956, we, the Directors confirm that:

- i) In the preparation of the annual accounts, the applicable accounting standards have been

followed along with proper explanations and there are no material departures from the same.

- ii) Appropriate accounting policies have been selected and applied consistently, and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profit or loss of your Company for that period.
- iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) The annual accounts have been prepared on a going concern basis.

13. 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 2014-15 has already been paid to it.

14. Audit Committee

To ensure the composition & independence of the Committee as per the Companies Act, 2013, the Audit Committee has been re-constituted 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 has been re-confirmed to be the Chairman of the Audit Committee.

15. Auditor

The retiring Statutory Auditor, namely, M/s. Manjeet Singh & Co., Chartered Accountants, Firm Registration No. 011831N, Ludhiana, hold office until the conclusion of forthcoming Annual General Meeting (AGM) and being eligible, seek their re-appointment. The Auditor have furnished a certificate to the effect that their re-appointment, 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. The Board on recommendation of the Audit Committee recommends the re-appointment of M/s. Manjeet Singh & Co. as Statutory Auditors for the next three (3) Financial Years i.e. 2014-15, 2015-16 & 2016-17 subject to annual ratification by the members at the AGM.

Members are requested to consider their re-appointment and authorize the Board of Directors to fix their remuneration for the year 2014-15.

16. Auditor's Report

The Auditors' Report on the Accounts of the Company for the period under review is self – explanatory and no comments are required.

17. Subsidiaries Companies

During the Financial year 2013-14, your Company has invested its funds (Rs. 100 Lacs) to purchase 12,500 Equity shares of H.A. Shares & Stock Brokers Ltd. making it as a Subsidiary Company. The promoters of H.A. Shares & Stock Brokers Ltd. is related to Managing Director of your Company.

Pursuant to the provision of Section 212(8) of the Companies Act, 1956 & General Circular No. 2/2011 dated February 8, 2011 read together with General Circular No. 3/2011 dated February 21, 2011 issued by Ministry of Corporate Affairs, Government of India had granted general exemption from not attaching the Annual Reports of the Subsidiary Companies, subject to fulfilment of certain conditions by the Holding Company. Accordingly, after complying with the said Circular, the Company has presented in its Annual Report, the Consolidated Financial Statements of the Company and all its Subsidiaries duly

audited by its Statutory Auditors. The names of the Subsidiaries are as follows:-

- 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 Consolidated Financial Statements have been prepared in strict compliance with the applicable Accounting Standards and, where applicable, the Listing Agreement as prescribed by SEBI. Further, as directed by the MCA General Circulars, the financial data of the subsidiaries has been furnished under "Summary of Financial Information of Subsidiary Company (ies)" and form part of this Annual Report. The annual accounts of the subsidiary (ies) and related detailed information will be kept at the Head Office/Registered Office of the Company and that of the subsidiary company (ies) and will be available to the investors of the Company and its subsidiary company (ies) to seek any such information at any point of time.

18. Particulars of Employees.

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 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

19. 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 217(1) (e) of the Act read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is not applicable because there are no any manufacturing activities in the Holding Company and/or its subsidiaries.

20. Vigil Mechanism

Pursuant to the provisions of Section 177 (9) & (10) of the Companies Act, 2013, a Vigil Mechanism for directors and employees to report genuine concerns has been established.

21. 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 companies.

For and on behalf of the Board of Directors

Sd/-	Sd/-
(Harjeet Singh Arora)	(R.K.Singhania)
Managing Director	Director
DIN - 00063176	DIN - 00077540

Place : Ludhiana

Date : 30.05.2014

Report on Corporate Governance

In compliance with Clause 49 of the Listing Agreement executed with the Stock Exchange(s), 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 Clause 49 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 as on 31st March, 2014

- The strength of the Board consists of 10 Directors who are professionals and are drawn from diverse fields. The majority of the Directors of the Board are Independent 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.
- The Company has a Managing Director, Five Independent Directors drawn from amongst persons with experience in business, finance, technology and management and four 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 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	6	19#	1	1
Mr. R. K. Singhania (DIN: 00077540)	Non Executive Director	Present	6	13	-	-
Mr. Pavan Kumar Chhabra (DIN:000104957)	Independent Non Executive Director	Absent	3	8	-	-
Mr. Sanjay Sood (resigned w.e.f 1.04.2014)	Executive Director	Present	3	2	-	-
Mr. G.S. Chawla (DIN: 00087449)	Non Executive Director	Present	3	5	-	-
Mrs. Harneesh Kaur Arora (DIN: 00089451)	Non Executive Director	Present	4	5	-	-
Mr. Anil Kumar Bhatia (DIN: 00254117)	Independent Non Executive Director	Absent	3	-	-	-
Mr. Sudhir Kumar (DIN: 00305360)	Independent Non Executive Director	Absent	4	-	5	4
Mr. Ashwani Kumar (DIN: 00030307)	Independent Non Executive Director	Present	4	7	-	-
Mr. Anil Kumar Malhotra (DIN: 00455951)	Independent Non Executive Director	Present	3	6	-	-

* For the purpose of Clause 49, the Committees considered are Audit Committee and Shareholders/ Investors Grievance Committee of Public Limited Companies.

Includes 8 Private Limited Companies

C) During the year 2013-14, Six(6) Board Meetings were held viz. on 06.05.2013, 30.05.2013, 14.08.2013, 13.11.2013, 20.11.2013 & 14.02.2014. The necessary quorum was present for all the meetings.

3. Audit Committee

To ensure the composition & independence of the Committee as per the Companies Act, 2013, the Audit Committee is re-constituted 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 re-confirmed to be the Chairman of the Audit Committee.

The Audit Committee meetings are held at the Registered Office of the Company and the Statutory Auditor, the Company Secretary and the 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 clause 49 of the Listing Agreement. The Company Secretary of the Company acts as the secretary of the Committee.

During the year 2013-14, 4 (Four) Audit Committee were held viz. on 29.05.2013, 13.08.2013, 12.11.2013 & 13.02.2014. The attendance of members of the Audit Committee during the financial year 2013-2014 is given below: -

Name of the Member	No. of Meetings Attended
Mr.Ashwani Kumar	3
Mr.Sudhir Kumar	4
Mr.Anil Kumar Malhotra	3

4. Director's Remuneration

Managing Director

The Company paid the remuneration to the Managing Director and Executive Director, recommended by the Remuneration Committee and as approved by the members of the Company in the 28th Annual General Meeting. Detail of remuneration paid to the Managing Director and Executive Director during the Financial Year 2013-14 is given below:

(in ₹ p.a.)

Name of Director	Designation	Salary	Perquisites	Total
Mr. Harjeet Singh Arora	Managing Director	24,00,000	32,280	24,32,280
Mr. Sanjay Sood	Executive Director	9,00,000	38,000	9,38,000
Total		33,00,000	70,280	33,70,280

Non-Executive Directors

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 2014.

Name of the Director	Category	No. of Equity Shares held
Mr. R.K. Singhania	Non Executive Director	25,80,357
Mr. Pavan Chhabra	Independent Non Executive Director	Nil
Mr. G.S. Chawla	Non Executive Director	Nil
Mrs. Harneesh Kaur Arora	Non Executive Director	11,25,010
Mr. Anil Kumar Bhatia	Independent Non Executive Director	Nil
Mr. Sudhir Kumar	Independent Non Executive Director	Nil
Mr. Ashwani Kumar	Independent Non Executive Director	Nil
Mr. Anil Kumar Malhotra	Independent Non Executive Director	Nil

5. Stakeholders Relationship Committee

In order to comply with the provisions of Section 178 of the Companies Act, 2013, the nomenclature of Shareholders'/ Investors' Grievance committee was changed to "Stakeholders Relationship Committee" with a revised role which also includes to consider and resolve the grievances of all securityholders of the Company. Mr. R. K. Singhania, Mrs. Harneesh Kaur Arora and Mr. G.S. Chawla, Director(s) of the Company are Members of the Committee duly constituted by the Board and Mr. R.K. Singhania is the Chairman of the Committee.

The 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 Listing Agreement of Stock Exchange as amended from time to time.

During the year, 22 stakeholders queries/ requests were received, all of which were redressed/ replied to the satisfaction of the investors. There were no outstanding investor complaints as on 31st March 2014.

6. Nomination & Remuneration Committee

In order to comply with the provisions of Section 178 of the Companies Act, 2013, the nomenclature of Remuneration Committee was changed to "Nomination & Remuneration Committee". The 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. The Remuneration paid to Mr. Harjeet Singh Arora, Managing Director and to Mr. Sanjay Sood, Executive Director, during the financial year 2013-14 was as per the applicable provisions and Schedule XIII of the Companies Act, 1956.

The revised role of the Nomination & Remuneration Committee is to look into the entire gamut of remuneration package for the Executive Director(s), Independent Directors and Senior Management of the Company and revise their remuneration suitably within the limits prescribed under the Companies Act, 2013 wherever applicable. The Committee met two (2) times during the year held on 14.08.2013 & 30.05.2014.

Name of the Member	No. of Meetings Attended
Mr.R.K.Singhania	2
Mr.Sudhir Kumar	2
Mr.Pavan Chhabra	1

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.

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 Special Resolutions passed at the Annual General Meeting(s) / Extra Ordinary General Meeting(s).

Financial Year	Meeting	Date	Time	Special Resolution passed:
2013	Annual General Meeting	30.09.2013	10:00 A.M.	1. Re-appointment of Mr. Harjeet Singh Arora as Managing Director of the Company for a period of three years w.e.f. 27th November, 2013. 2. Re-appointment of Mr. Sanjay Sood as Whole Time Director of the Company for a period of three years w.e.f. 27th November, 2013.
2012	Annual General Meeting	29.09.2012	10:30 A.M.	Nil
2011	Annual General Meeting	30.09.2010	11:30 A.M.	Nil

No special resolution was passed by postal ballot during the financial year 2013-14.

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.

- There has been no instance of the non-compliance by the Company on any matter related to capital market during the last three years.
- 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 March 31, 2014. The details of the Related Party transactions are placed periodically before and reviewed by the Company's Audit Committee.
- 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 Clause 49 of the Listing Agreement and has not followed the non mandatory requirements.

11. 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 Exchanges and Registrar of Companies. The quarterly results are published in Desh Sewak and Financial Express / Financial World and are displayed on the website of the Company www.mastertrust.co.in.

12. Audit Qualifications

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

13. General Information for Shareholders.

i. Corporate Identification No. (CIN): L65991PB1985PLC006414

ii. Annual General Meeting :

The 29th Annual General Meeting of Master Trust Limited will be held on Friday, the 26th day of September 2014, at 10:30 A.M. at Master Chambers, Ground Floor, SCO 19, Feroze Gandhi Market, Ludhiana – 141 001 (Pb).

iii. Date of Book Closure : 22.09.2014 to 26.09.2014 (both days inclusive)

iv. Record Date : 26.09.2014

v. Financial Year (Tentative) : 1st April, 2014 to 31st March, 2015

Tentative calendar of events for the Financial Year 2014-15 is

First Quarterly Results	:	On or Before 14th August, 2014
Second Quarterly Results	:	On or Before 14th November, 2014
Third Quarterly Results	:	On or Before 14th February, 2015
Audited Results for the year 2013-14	:	On or Before 30th May, 2015

vi. Information regarding dividend payment date

Subject to the approval of the members, the dividend @10% on Equity Share of Rs. 10 each for the year ended 31st March 2014 recommended by the Board will be paid on or before 26th October 2014.

vii. 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 2014-15.

viii. Stock Code/ ISIN No.

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

ix. 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 2013-14 is given below:

Month	Master Trust Limited			BSE SENSEX		
	High Price	Low Price	Close Price	High Price	Low Price	Close Price
Apr-13	45.10	34.10	40.00	19622.68	18144.22	19504.18
May-13	39.95	38.00	38.00	20443.62	19451.26	19760.30
Jun-13	36.15	29.60	29.60	19860.19	18467.16	19395.81
Jul-13	29.00	23.00	23.00	20351.06	19126.82	19345.70
Aug-13	24.00	24.00	24.00	19569.20	17448.71	18619.72
Sep-13	25.00	24.80	25.00	20739.69	18166.17	19379.77
Oct-13	26.00	20.65	24.80	21205.44	19264.72	21164.52
Nov-13	23.60	20.35	21.40	21321.53	20137.67	20791.93
Dec-13	25.65	22.35	25.65	21483.74	20568.70	21170.63
Jan-14	29.85	24.80	27.35	21409.66	20343.78	20513.85
Feb-14	28.60	21.00	21.20	21140.51	19963.12	21120.12
Mar-14	25.70	22.00	24.10	22467.21	20920.98	22386.27

x. 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. Now 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

xi. 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 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 allied matters.

xii. Distribution of Shareholding Pattern of the Company as on 31.03.2014

Sr. No.	Category	No. of Shares	% of Shares
1.	Promoters	72,48,670	66.64%
2.	Bodies Corporate	26,97,013	24.80%
3.	Other Indian Public	9,04,730	8.32%
4.	NRI	26,187	0.24%
5.	FII's	-	-
Total		1,08,76,600	100.00%

xiii. Break-up of Equity /Dematerialization of Shares

Category	No. of Shares					
	Physical	% age	Demat	% age	Total	% age
Promoters	15,35,320	14.11	57,13,350	52.53	72,48,670	66.64
Non-Promoters	2,66,025	2.45	33,61,905	30.91	36,27,930	33.36
Total	18,01,345	16.56	90,75,255	83.44	1,08,76,600	100.00

xiv. During the financial year ended on 31st March, 2014, the Company has not issued any GDRs / ADRs.

xv. 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

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

1. Chandigarh
2. Delhi
- 3.1 Mumbai - Fort
- 3.2 Mumbai - Vashi
4. Kolkatta
5. Indore
6. Jaipur
7. Lucknow
8. Hyderabad
9. Ahmedabad
10. Bhubaneswar

xvii. Compliance Officer: Mr. Rajiv Kumar Agrawal, Company Secretary.

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

CEO Certificate

Pursuant to Clause 49 (V) of the Listing Agreement of the Stock Exchanges, we hereby certify that:

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

For Master Trust Limited

Sd/-

(Harjeet S. Arora)
Managing Director
DIN - 00063176

Place: Ludhiana
Date : 30.05.2014

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.

or Master Trust Limited

Sd/-

(Harjeet S. Arora)
Managing Director
DIN - 00063176

Place: Ludhiana
Date : 30.05.2014

Auditor's Certificate

Auditor's Certificate on compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreement

To

The Members of

Master Trust Limited

We have examined the compliance of conditions of Corporate Governance by **Master Trust Limited** for the year ended March 31, 2014 as stipulated in Clause 49 of the Listing Agreement of the said company with the Stock Exchange(s) in India.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated under Clause 49 in above mentioned Listing Agreement.

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

For Manjeet Singh & Co.

Chartered Accountants

FRN 011831N

Sd/-

(Manjeet Singh)

Prop.

Membership No. 088759

Place : Ludhiana

Date : 30.05.2014

Independent Auditor's Report

To

The Members of
Master Trust Ltd

Report on the Financial Statements

We have audited the accompanying financial statements of **Master Trust Ltd.**, which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and the 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 Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, 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.

Opinion

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

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- 1. As required by the Companies (Auditor's Report) Order, 2003 ("CARO" / "the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 2. As required by Section 227(3) of the Act, we report that:
 - (a) We have 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 Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs)
 - (e) On the basis of the written representations received from the directors taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For Manjeet Singh & Co.
Chartered Accountants
FRN 011831N

(Manjeet Singh)
Prop
Membership No. 088759

Place : Ludhiana
Date : 30.05.2014

Annexure To The Auditor's Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

1. a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) As explained to us, the management has physically verified these fixed assets during the year and no serious discrepancies have been noticed. In our opinion, the frequency of verification of fixed assets is reasonable. To the best of our knowledge, no material discrepancy have been noticed on verification.
- c) No substantial part of the fixed assets have been disposed off during the year.
2. a) The inventory, which are held in dematerialized/ physical form, has been verified during the year by the management and in our opinion the frequency of verification is reasonable.
- b) In our opinion and according to the information and explanations given to us, the procedures of verification of inventory followed by the company are reasonable and adequate commensurate with the size of company and the nature of its business.
- c) The company is maintaining proper record of inventory. The discrepancies noticed on verification between the physical inventory and book records were not material and the same have been properly dealt with the books of account.
3. In respect of loans, secured or unsecured, granted or taken by the Company to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
 - a) The Company has granted loans to fifteen parties aggregating to ₹ 86.19 mn and maximum balance outstanding during the year was ₹ 463.96 mn. The company has taken loans from six parties aggregating to ₹ 318.08 mn. and maximum balance outstanding during the year was ₹ 1249.70 mn. All these loans are payable/ receivable on demand.
 - b) In our opinion and according to the information and explanations given to us, the rate of interest, wherever applicable and other terms and conditions are prima facie not prejudicial to the interest of the Company.
 - c) In respect of loans granted by the Company to the parties, the interest and loans are repayable on demand.
 - d) In respect of loans granted by the Company, these are repayable on demand and therefore the question of overdue amounts does not arise.
 - e) In case of loan taken by the company secured and unsecured, according to information and explanation given to us the rate of interest wherever applicable and other terms & condition prima facie not prejudicial to the interest of the Company.
 - f) In respect of loans taken by the Company, these are repayable on demand and therefore the question of overdue amounts does not arise.
4. In our opinion and according to the information and explanation given to us during the course of audit, there are adequate internal control procedures commensurate with the size of company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods. Further on the basis of our examination of books and records of the company and according to information and

explanations given to us, we have neither come across nor have been informed of any instance of major weaknesses in the aforesaid internal control procedures.

5. a) Based upon the audit procedures applied by us and according to the information and explanations given to us, we are of the opinion that the transactions required to be entered into the register maintained under section 301 of the Act, have been so entered.
b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Act and aggregating during the year to ₹ 0.50 mn or more in respect of each party have been made at prices which are reasonable having regard to market prices for such transactions, prevailing at the relevant time, where such market prices are available.
6. According to the information and explanations given to us, the Company has not accepted deposits from the public during the period covered by our audit report. According to the information and explanation given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal in this regard in the case of the Company.
7. In our opinion, the company has an adequate system of internal audit which is commensurate with the size and nature of its business.
8. The Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, for any of the services rendered by the Company. Accordingly paragraph 4(viii) of the Order is not applicable to it.
9. (a) According to the information and explanations provided to us, the Company has generally been regular in depositing with appropriate authorities undisputed statutory dues including provident fund, service tax, income tax, cess and other material statutory dues applicable to it and there are no dues payable in respect of Employees' State Insurance, Investor Education and Protection Fund, Excise duty, Custom Duty and Sales Tax.
(b) There were no undisputed amounts payable in respect of income-tax, sales tax, service tax, wealth tax, custom duty, excise duty, cess and other material statutory dues in arrears as at March 31, 2014 for a period of more than six months from the date they became payable.
(c) According to the information and explanations given to us, there are no dues of income tax, sales tax, service tax, wealth tax, custom duty, excise duty and cess which have not been deposited on account of any dispute.
10. The Company does not have accumulated losses. The Company has not incurred cash losses during the year covered by our audit and in the immediately preceding financial year. Therefore, the provisions of paragraph 4 (x) of the Order are not applicable to the Company.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks or financial institutions and debenture holders.
12. In our opinion and according to the information and explanations given to us, adequate documents and records have been maintained by the Company in respect of loans and advances granted on the basis of security by way of pledge of shares and other securities.
13. The Company does not fall within the category of Chit Fund/ Nidhi/ Mutual Benefit Fund/ Society therefore, the provisions of paragraph 4 (xiii) of the Order are not applicable to the Company.
14. The Company is dealing or trading in shares, securities, debentures and other investments and maintaining proper records of transactions and contracts and also timely entries have been made

therein. Shares, securities, debentures and other securities have been held by the Company in its own name except to the extent of the exemption, if any, granted under section 49 of the Act.

15. The company has given the corporate guarantees of ₹1020.00 mn for the facilities of bank guarantees taken by the subsidiaries from banks or financial institutions, the terms and conditions whereof, in our opinion are prima facie not prejudicial to the interest of the company.
16. In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained other than temporary deployment pending application.
17. In our opinion and according to the information and explanations given to us, and on overall examination of the Balance Sheet of the Company, we report that funds raised by the Company on short term basis have not been used during the year for long term investments.
18. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures during the year. Therefore, the provisions of paragraph 4 (xix) of the Order are not applicable to the Company.
20. During the year, the Company has not raised any money by way of a public issue. Accordingly, the provisions of paragraph 4(xx) are not applicable to it.
21. In our opinion and according to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the year.

For **Manjeet Singh & Co.**
Chartered Accountants
FRN 011831N

(Manjeet Singh)
Prop
Membership No. 088759

Place : Ludhiana
Date : 30.05.2014

Balance Sheet

Master Trust Ltd.**Balance Sheet as at 31st March, 2014****(₹ In Millions)**

Particulars	Note	As at 31st March, 2014	As at 31st March, 2013
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	1	109.22	109.22
Reserves and surplus	2	603.00	592.89
		712.22	702.11
Current liabilities			
Short-term borrowings	3	903.85	525.73
Other current liabilities	4	121.93	117.52
Short-term provisions	5	14.39	15.73
		1040.17	658.98
TOTAL		1752.39	1361.09
ASSETS			
Non-current assets			
Fixed assets - Tangible	6	6.20	6.83
Non-current investments	7	231.44	260.46
Deferred tax assets (net)	8	0.41	1.57
Long-term loans and advances	9	24.47	16.68
		262.52	285.54
Current assets			
Inventories	10	58.88	17.45
Trade receivables	11	-	8.92
Cash and cash equivalents	12	25.63	28.97
Short-term loans and advances	13	1404.71	1019.80
Other current assets	14	0.65	0.41
		1489.87	1075.55
TOTAL		1752.39	1361.09
"Significant Accounting Policies Notes on Financial Statements"	1 to 26		

As per our Report of even date

For Manjeet Singh & Co.

Chartered Accountants

FRN 011831N

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

Director

DIN - 00077540

Harjeet Singh Arora

Managing Director

DIN - 00063176

Manjeet Singh

Prop.

Membership Number 088759

Sunil Kumar

Sr. Manager Accounts

Rajiv Kumar Agrawal

Company Secretary

Place : Ludhiana

Date : 30.05.2014

Master Trust Ltd.

Statement of Profit and Loss for the year ended 31st March, 2014		(₹ In Millions)	
Particulars	Note	For the Year Ended 31st March, 2014	For the Year Ended 31st March, 2013
INCOME			
Revenue from operations	15	149.41	122.70
Other income	16	4.33	4.25
Total Revenue		153.74	126.95
EXPENSES			
Employee benefits expense	17	10.33	10.55
Finance costs	18	102.55	86.03
Depreciation	6	0.71	0.74
Other expenses	19	14.05	3.06
Total Expenses		127.64	100.38
Profit before tax		26.10	26.57
Tax expense:			
Current tax expense for current year		2.62	1.65
Deferred tax		1.16	(0.11)
Current tax expense relating to prior years		0.48	0.32
Profit for the year		21.84	24.71
Earnings per equity share of face value ₹10 each Basic and Diluted (in ₹)		2.01	2.27
Weighted average number of shares outstanding		10,876,600	10,876,600
"Significant Accounting Policies Notes on Financial Statements"	1 to 26		

As per our Report of even date

For Manjeet Singh & Co.
Chartered Accountants
FRN 011831N

For and on behalf of the Board

R.K. Singhania
Director
DIN - 00077540

Harjeet Singh Arora
Managing Director
DIN - 00063176

Manjeet Singh
Prop.
Membership Number 088759

Sunil Kumar
Sr. Manager Accounts

Rajiv Kumar Agrawal
Company Secretary

Place : Ludhiana
Date : 30.05.2014

Master Trust Ltd.

Cash Flow Statement for the year ended 31st March, 2014		(₹ In Millions)	
Particulars	For the year ended 31 st March, 2014	For the year ended 31 st March, 2013	
A. Cash flow from operating activities		26.10	26.57
Net Profit before tax and extraordinary items			
Adjustments for:			
Depreciation and amortisation	0.71	0.74	
Provision for Gratuity	(0.06)	0.74	
Loss on sale of fixed assets	-	0.13	
Provision for Non Performing Assets	7.0	(0.20)	
	7.65		1.41
Operating profit before working capital changes	33.75		27.98
Changes in working capital:			
Adjustments for (increase) / decrease in operating assets:			
Inventories	(41.43)	19.96	
Trade receivables	8.92	(3.87)	
Short-term loans and advances	(391.92)	(95.85)	
Long-term loans and advances	(10.04)	(7.15)	
Other current assets	(0.24)	(0.11)	
Adjustments for increase/(decrease) in operating liabilities:			
Other current liabilities	4.42	108.26	
Short-term borrowings	378.12	(25.32)	
Long-term borrowings	-	(0.48)	
	(52.17)		(4.56)
Operating profit before extraordinary items	(18.42)		23.42
Cash flow from extraordinary items	-		-
Cash generated from operations	(18.42)		23.42
Net income tax (paid)	(2.97)		(0.90)
Net cash flow from/ (used in) operating activities (A)	(21.39)		22.52
B. Cash flow from investing activities			
Purchase of fixed assets	(0.08)		(0.15)
Sale of fixed assets	-		0.07
Purchase of Investment	(15.23)		(16.68)
Sale of Investment	44.24		9.71
Net cash flow from/ (used in) investing activities (B)	28.93		(7.05)
C. Cash flow from financing activities			
Dividends paid	(10.88)		(10.88)
Net cash flow (used in) financing activities (C)	(10.88)		(10.88)
Net increase/(decrease) in Cash and cash equivalents (A+B+C)	(3.34)		4.59
Cash and cash equivalents at the beginning of the year	28.97		24.38
Cash and cash equivalents at the end of the year	25.63		28.97

As per our Report of even date

For Manjeet Singh & Co.

Chartered Accountants

FRN 011831N

For and on behalf of the Board**R.K. Singhania**Director
DIN - 00077540**Harjeet Singh Arora**Managing Director
DIN - 00063176**Manjeet Singh**Prop.
Membership Number 088759**Sunil Kumar**
Sr. Manager Accounts**Rajiv Kumar Agrawal**
Company SecretaryPlace : Ludhiana
Date : 30.05.2014

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) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. 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 has been provided on the straight-line method as per the rates prescribed in Schedule XIV to the Companies Act, 1956.

Particulars	Schedule XIV Rates (SLM)
Building	1.63%
Furniture & Fixture	6.33%
Office equipment	4.75%
Computer	16.21%
Vehicle	9.50%

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. Encashed traveller cheques and

traveller cheques sold but not settled are valued at inter bank rate.

H Revenue Recognition

The Company follows the mercantile system of accounting and recognized Profit & Loss Account 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. Income from Forex Business comprises of traveller cheques commissions and margins on foreign exchange transactions in the normal course of business as Full Fledged Money Changers. The income arising from buying and selling of foreign currencies and traveller cheques has been considered on the basis of margins achieved, since inclusion on their gross value would not be meaningful and potentially misleading for use as an indicator of the level of the Company's business.

I Employee Benefits

- (a) Under the Provident Fund plan, the Company contributes to a government administered provident fund on behalf of its employees and has no further obligation beyond making its contribution.
- (b) Leave encashment is payable to eligible employee, who have earned leaves, during the employment and/or on separation as per the company policy.
- (c) 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-Banking Financial (Non Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

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.

Master Trust Ltd.

Notes forming part of the financial statements

Note 1 Share Capital

(₹ in Millions)

Particulars	As at 31 st March, 2014		As at 31 st March, 2013	
	Number of shares	Amount	Number of shares	Amount
Authorised Equity shares of ₹10 each	11,000,000	110.00	11,000,000	110.00
Issued Equity shares of ₹10 each	10,975,400	109.75	10,975,400	109.75
Subscribed and fully paid up Equity shares of ₹10 each	10,876,600	108.76	10,876,600	108.76
Forfeited Shares	-	0.46	-	0.46
Total	10,876,600	109.22	10,876,600	109.22

1.1 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.

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

Name of the shareholder	As at 31 st March, 2014		As at 31 st March, 2013	
	Number of shares held	% of holding	Number of shares held	% of holding
Harjeet Singh Arora	1,406,848	12.93	1,406,848	12.93
Harneesh Kaur Arora	1,125,010	10.34	1,125,010	10.34
Rajinder Kumar Singhania	2,580,357	23.72	2,580,357	23.72
Jashanjyot Arora	545,000	5.01	280,000	2.57
Parveen Singhania	545,500	5.02	280,500	2.58
Master Capital Services Limited	886,481	8.15	487,921	4.49
Gala Finance & Investment Limited	866,956	7.97	341,206	3.14
Shiv Narayan Investment Pvt. Ltd.	-	-	775,000	7.13
Vidya Portfolio Management (P) Ltd.	700,000	6.44	700,000	6.44
Prime Industries Ltd	593,958	5.46	593,958	5.46

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

Name of the shareholder	As at 31 st March, 2014	As at 31 st March, 2013
	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

Note 2 Reserves and Surplus

(₹ in Millions)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
Capital Reserve		
As per last Balance Sheet	48.24	48.24
Securities Premium Account		
As per last Balance Sheet	448.38	448.38
General Reserve		
As per last Balance Sheet	10.00	10.00
Statutory Reserve (Under Section 45IC of RBI Act, 1934)		
As per last Balance Sheet	15.14	10.20
Add: Transferred from Statement of Profit and Loss	4.37	4.94
Closing balance	19.51	15.14
Reserve for Standard Assets		
As per Last balance Sheet	-	-
Add: Transferred from Statement of Profit and Loss	3.15	-
Closing Balance	3.15	-
Profit and Loss Account		
As per last Balance Sheet	71.13	63.09
Add: Transferred from Statement of Profit and Loss	21.84	24.71
	92.97	87.80
Less: Appropriations		
Proposed Dividends on Equity Shares (₹1 per equity share)	10.88	10.88
Reserve for Standard Assets	3.15	-
Tax on dividend	0.85	0.85
Statutory Reserve	4.37	4.94
Closing balance	73.72	71.13
Total	603.00	592.89

Note 3 Short-term borrowings

(₹ in Millions)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
Loans repayable on demand		
From banks		
Secured	8.54	9.46
Loans and advances from related parties		
Unsecured	371.82	233.67
Other loans and advances		
Unsecured	523.49	282.60
Total	903.85	525.73

3.1 Loans from banks are secured against pledging of FDRs

Note 4 Other current liabilities

(₹ in Millions)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
Current maturities of long-term debt	-	0.48
Unpaid dividends	0.99	0.73
Statutory dues	9.06	7.95
Others	111.88	108.36
Total	121.93	117.52

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

Note 5 Short-term provisions

(₹ in Millions)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
Provision for gratuity	2.29	2.35
Provision for tax	0.37	1.65
Provision for proposed equity dividend	10.88	10.88
Provision for tax on proposed dividends	0.85	0.85
Total	14.39	15.73

Note 6 Fixed assets**Tangible Assets**

(₹ in Millions)

Particulars	GROSS BLOCK			ACCUMULATED DEPRECIATION			NET BLOCK			
	Balance as at 1st April, 2013	Additions	Disposals/ Transfer	Balance as at 31st March, 2014	Balance as at 1st April, 2013	Depreciation expense for the year	Eliminated on disposal of assets	Balance as at 31st March, 2014	Balance as at 31st March, 2014	Balance as at 31st March, 2013
Buildings	1.80	-	-	1.80	0.32	0.03	-	0.35	1.45	1.48
Furniture and Fixtures	1.88	-	-	1.88	1.54	0.02	-	1.56	0.32	0.34
Office equipment	3.44	0.08	-	3.52	1.86	0.17	-	2.03	1.49	1.58
Computer	1.52	-	-	1.52	1.41	0.05	-	1.46	0.06	0.11
Vehicles	5.16	-	-	5.16	1.84	0.44	-	2.28	2.88	3.32
Total	13.80	0.08	-	13.88	6.97	0.71	-	7.68	6.20	6.83
Previous year	14.37	0.15	0.72	13.80	6.75	0.74	0.52	6.97	6.83	7.62

Note 7 Non-current investments | Long Term Investments

(₹ in Millions)

Particulars	As at 31 st March, 2014			As at 31 st March, 2013		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Investments (At cost):	-	-	-	-	-	-
Investment in equity instruments of subsidiaries						
59,00,000 (As at 31st March, 2013: 59,00,000) shares of ₹10 each fully paid up in Master Capital Services Ltd.	-	61.00	61.00	-	61.00	61.00
2,00,000 (As at 31st March, 2013: 2,00,000) shares of ₹10 each fully paid up in Master Infrastructure & Real Estate Developers Ltd.	-	89.50	89.50	-	89.50	89.50
12,500 (As at 31st March, 2013: Nil) shares of ₹100 each fully paid up in H A Share & Stock Brokers Ltd.	-	10.00	10.00	-	-	-
	-	160.50	160.50	-	150.50	150.50
of associates						
5,69,800 (As at 31st March, 2013: 15,69,800) shares of ₹10 each fully paid up in Prime Industries Ltd.	5.70	-	5.70	15.70	-	15.70
of other entities						
1,468 (As at 31st March, 2013: 1,468) shares of ₹10 each fully paid up in Trident Ltd.	0.01	-	0.01	0.01	-	0.01
NIL (As at 31st March, 2013: 6,25,000) shares of ₹10 each fully paid up in Vardhman Polytext Ltd.	-	-	-	24.71	-	24.71
5,000 (As at 31st March, 2013: 5,000) shares of ₹10 each fully paid up in RRB Securities Ltd.	-	0.50	0.50	-	0.50	0.50
NIL (As at 31st March, 2013: 500) shares of ₹10 each fully paid up in ICICI Bank Ltd.	-	-	-	0.45	-	0.45
11,030 (As at 31st March, 2013: 11,030) shares of ₹10 each fully paid up in Coal India Ltd.	2.67	-	2.67	2.67	-	2.67
NIL (As at 31st March, 2013: 2,500) shares of ₹10 each fully paid up in Apar Industries Ltd.	-	-	-	0.61	-	0.61
NIL (As at 31st March, 2013: 750) shares of ₹10 each fully paid up in TRF Ltd.	-	-	-	0.52	-	0.52
1,781 (As at 31st March, 2013: 1,781) shares of ₹10 each fully paid up in Power Grid Corporation of India Ltd.	0.15	-	0.15	0.15	-	0.15
NIL (As at 31st March, 2013: 7,500) shares of ₹10 each fully paid up in Development Credit Bank Ltd.	-	-	-	0.43	-	0.43
NIL (As at 31st March, 2013: 4,200) shares of ₹10 each fully paid up in Karnataka Bank Ltd.	-	-	-	0.61	-	0.61
NIL (As at 31st March, 2013: 250) shares of ₹10 each fully paid up in State Bank of India	-	-	-	0.65	-	0.65
NIL (As at 31st March, 2013: 1,000) shares of ₹10 each fully paid up in Venky's (India) Ltd.	-	-	-	0.55	-	0.55
87,136 (As at 31st March, 2013: 72,136) shares of ₹10 each fully paid up in SML Isuzu Ltd.	21.10	-	21.10	16.01	-	16.01
NIL (As at 31st March, 2013: 85,000) shares of ₹10 each fully paid up in First Financial Services Ltd.	-	-	-	4.45	-	4.45
100 (As at 31st March, 2013: 100) shares of ₹10 each fully paid up in Convexity Solutions and Advisors P Ltd	-	0.01	0.01	-	0.01	0.01
NIL (As at 31st March, 2013: 2,200) shares of ₹5 each fully paid up in Wockhardt Ltd.	-	-	-	0.75	-	0.75
NIL (As at 31st March, 2013: 1,250) shares of ₹2 each fully paid up in HDFC Bank Ltd.	-	-	-	0.51	-	0.51
	23.93	0.51	24.44	53.08	0.51	53.59
Investment property	-	31.22	31.22	-	31.09	31.09
Investment in debentures or bonds of subsidiaries						
992 (As at 31st March, 2013: 992) Deep Discount Bonds of ₹10,000 each fully paid up in Master Capital Services Ltd.	-	10.03	10.03	-	10.03	10.03
Other non-current investments						
Government Securities						
6.75% 2006 Government Securities	-	0.02	0.02	-	0.02	0.02
6.75% 2007 Government Securities	-	0.02	0.02	-	0.02	0.02
	-	0.04	0.04	-	0.04	0.04
Total	29.63	202.30	231.93	68.78	192.17	260.95
Less: Provision for diminution in value of investments	-	0.49	0.49	-	0.49	0.49
Total	-	-	231.44	-	-	260.46
Aggregate amount of quoted investments	29.63	-	-	68.78	-	-
Aggregate market value of listed and quoted investments	34.01	-	-	111.32	-	-
Aggregate amount of unquoted investments	-	201.81	-	-	191.68	-

Note 8 Deferred Tax Assets (Net)

(₹ in Millions)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
Deferred Tax Asset		
On account of Gratuity	0.71	0.73
On account of Non Performing Assets	-	1.33
	0.71	2.06
Deferred Tax Liability		
On account of Depreciation	0.30	0.49
Net Deferred Tax Asset	0.41	1.57

Note 9 Long-term loans and advances

(₹ in Millions)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
Security deposits		
Unsecured, considered good	0.27	0.27
Advance income tax	24.20	16.41
Total	24.47	16.68

Note 10 Inventories

(₹ in Millions)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
Stock-in-trade (acquired for trading)		
Securities	50.95	8.25
Land	7.93	7.83
Foreign Currency	-	1.37
Total	58.88	17.45

Note 11 Trade receivables

(₹ in Millions)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
Trade receivables outstanding for a period exceeding six months from the date they were due for payment Unsecured, considered good	-	-
Trade receivables outstanding for a period less than six months from the date they were due for payment Unsecured, considered good	-	8.92
Total	-	8.92

Note 12 Cash and cash equivalents

(₹ in Millions)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
Cash In Hand	0.47	0.47
Balances with banks		
In current accounts	1.70	6.15
In deposit accounts *	22.47	21.62
In earmarked accounts		
- Unpaid dividend accounts	0.99	0.73
Total	25.63	28.97

* Deposit are pledged against overdraft facility

Note 13 Short-term loans and advances

(₹ in Millions)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
Loans and advances to related parties Unsecured, considered good	86.19	131.11
Prepaid expenses - Unsecured, considered good	0.02	0.05
Loans and advances to others	1,329.83	892.96
Less: Provision for Non Performing Assets	(11.33)	(4.32)
	1,318.50	888.64
Total	1,404.71	1,019.80

Note 14 Other current assets

(₹ in Millions)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
Others	0.65	0.41
Total	0.65	0.41

Note 15 Revenue from operations

(₹ in Millions)

Particulars	For the year ended 31 st March, 2014	For the year ended 31 st March, 2013
Interest		
Interest on Loans and Advances	140.40	99.77
Interest on Fixed Deposits	1.88	1.95
	142.28	101.72
Other Financial Services		
Income from Forex Business	4.22	3.33
Profit/(Loss) from dealing in securities	(20.71)	(9.35)
Dividend Income	23.33	20.99
Profit on Sale of Land	-	5.53
Others	0.29	0.48
	7.13	20.98
Total	149.41	122.70

Note 16 Other income

(₹ in Millions)

Particulars	For the year ended 31 st March, 2014	For the year ended 31 st March, 2013
Net gain on sale of: long-term investments	4.33	4.11
Other non-operating income Miscellaneous income	-	0.14
	-	0.14
Total	4.33	4.25

Note 17 Employee benefits expense

(₹ in Millions)

Particulars	For the year ended 31 st March, 2014	For the year ended 31 st March, 2013
Salaries and wages *	10.01	10.24
Contributions to provident funds	0.10	0.11
Staff welfare expenses	0.22	0.20
Total	10.33	10.55

* Includes Gratuity amounting to ₹0.09 Mn (Year ended March 31st, 2013 : ₹0.74 Mn)

Note 18 Finance Costs

(₹ in Millions)

Particulars	For the year ended 31 st March, 2014	For the year ended 31 st March, 2013
Interest expenses	102.51	85.99
Bank Charges	0.04	0.04
Total	102.55	86.03

Note 19 Other expenses

(₹ in Millions)

Particulars	For the year ended 31 st March, 2014	For the year ended 31 st March, 2013
Printing & Stationery	0.13	0.12
Postage, Telegram & Telephone	0.29	0.31
Rent	0.50	0.47
Fees & Taxes	0.13	0.11
Directors Travelling	0.13	0.49
Legal & Professional Charges	0.01	0.11
Travelling & Conveyance	0.11	0.12
Payments to auditors		
As auditors - statutory audit	0.12	0.09
For taxation matters	0.01	0.01
Office Maintenance	0.59	0.46
General Expenses	0.24	0.74
Loss on Sale of Fixed Assets	-	0.13
Advertisement Expenses	0.14	0.10
Provision for Non Performing Assets	7.00	(0.20)
Bad Debts	4.65	-
Total	14.05	3.06

Note 20 Contingent liabilities

(a) "The Punjab State Industrial Development Corporation Limited (PSIDC) had contributed ₹8.85 mn in the equity share capital of Prime Industries Ltd @ ₹10/- per share, as Direct Equity Participation in 1993. The Company as an associate promoter of Prime Industries Ltd. ,pledged 569300 shares (Previous year 569300 shares) of Prime Industries Ltd of ₹10/- each amounting to ₹5.69 mn (Previous Year ₹5.69 mn) to PSIDC along with irrevocable power of attorney. The Company has also subscribed to the undertaking for buy back of the shares subscribed by PSIDC as referred above. As per the terms of undertaking for buy back of the shares, the promoters are to buy the said shares at the face value along with interest applicable to terms financing before the expiring of seven years from the date of commencement of commercial production i.e.4th April, 1994. As per the term of the above referred undertaking, in case the promoters/associates do not buy back the shares subscribed by PSIDC, then the PSIDC is entitled to sell the shares subscribed by it and also recovers the loss if any by sale of the above referred shares pledged to the PSIDC. The PSIDC had announced OTS Policy for equity disinvestment. The promoters / associates have applied for buy back of shares under OTS policy, subject to their rights under the law to adjudicate upon the amount due under the buy back agreement However the government of Punjab has amended the one time settlement scheme whereby the profit making companies are not eligible for the OTS scheme as per industrial policy 2003. The PSIDC vide letter dated 29th April, 2009 has illegally withdrawn the OTS in case of Prime Industries Limited and the matter is sub judice before Honorable Punjab & Haryana High Court. The Government of Punjab has Further notified a new one time settlement scheme (OTS) vide notification number 15/03/09-AS-6/400 Dated 2nd March, 2009. The promoters/associates being eligible even under the new OTS policy also, have apply for buy back of shares. The request of promoters/associates has not been accepted by PSIDC and the matter is sub judice before Honorable Punjab & Haryana High Court, a sum of ₹25.10 mn (previous year ₹25.10 mn) shown as loans and advances to others has been paid as per the amount demanded by the PSIDC in this respect. However PSIDC has filled a case for further recovery of ₹35.13 mn before Honorable Debts Recovery Tribunal."

(b) The Company has given Corporate Guarantee to Banks for securing the Bank Guarantees limits of ₹620.00 mn (As at 31st March, 2013: ₹ 620.00 mn) on behalf of Master Capital Services Ltd. a wholly owned subsidiary company and ₹400.00 mn (As at 31st March, 2013: ₹500.00mn) on behalf of Master Commodity Services Ltd a subsidiary company.

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

The Ministry of Corporates Affairs, Government of India, vide General Circular No 2 and 3 dated 8th February, 2011 and 21st February 2011 respectively has granted a general exemption from compliance with section 212 of the Companies Act, 1956, subject to fulfillment of conditions stipulated in the circular. The Company has satisfied the conditions stipulated in the circular and hence is entitled to the exemption. Necessary information relating to the subsidiaries has been included in the Consolidated Financial Statements.

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 Ltd. Master Infrastructure & Real Estate Developers Ltd. Master Insurance Brokers Ltd Master Commodity Services Ltd Master Portfolio Services Ltd. H.A. Share & Stock Brokers Ltd.	Prime Industries Ltd. Master Share & Stock Brokers Ltd. H.K Arora Real Estate Service Ltd Sanawar Investments PHDA Financial Services (P) Ltd. Saintco India (P) Ltd. Singhania Properties. Partnership Firms	Mr. Harjeet Singh Arora Mr. R.K Singhania Mr. G S Chawla Mr. Sanjay Sood 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

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	5.10	0.48	-	5.58
	(2.95)	-	-	(2.95)
Sale	40.79	14.40	-	55.19
	(8.52)	-	-	(8.52)
Brokerage Paid	0.07	-	-	0.07
	(0.07)	-	-	(0.07)
Interest Paid	63.46	-	2.62	66.08
	(45.77)	-	(1.47)	(47.24)
Interest Received	1.29	15.26	-	16.55
	(4.97)	(4.11)	-	(9.08)
Rent Paid	-	-	0.01	0.01
	-	-	(0.01)	(0.01)
Loan & Advances Given	32.02	54.17	-	86.19
	(130.98)	(0.13)	-	(131.11)
Loan & Advances Taken	269.79	3.90	48.29	321.98
	(212.56)	-	(1.98)	(214.54)
Remuneration	-	-	3.63	3.63
	-	-	(3.37)	(3.37)
Corporate Guarantees given	1,020.00	-	-	1,020.00
	(1,120.00)	-	-	(1,120.00)
Balance outstanding at the end of the year	32.02	54.17	-	86.19
	(130.98)	(0.13)	-	(131.11)
Receivable	288.59	3.91	79.32	371.82
	(230.84)	-	(2.82)	(233.66)
Payable				

Note 25

The Company's domestic subsidiary Master Capital Services Limited has declared dividend of ₹ 5.90 mn (Previous Year ₹ 5.90 mn) is receivable by the Company in respect of which dividend distribution tax would be paid by the subsidiary. In terms of provision of sub section 1A of section 115 O of the Income Tax Act, 1961 dividend distribution tax is payable by the company on the amount being excess of dividend proposed by the company over the dividend receivable by the company from its subsidiary.

Note 26

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

For Manjeet Singh & Co.
Chartered Accountants
FRN 011831N

For and on behalf of the Board

R.K. Singhania
Director
DIN - 00077540

Harjeet Singh Arora
Managing Director
DIN - 00063176

Manjeet Singh
Prop.
Membership Number 088759

Sunil Kumar
Sr. Manager Accounts

Rajiv Kumar Agrawal
Company Secretary

Place : Ludhiana
Date : 30.05.2014

SCHEDULE TO THE BALANCE SHEET OF A NON-DEPOSIT TAKING NON-BANKING FINANCIAL COMPANY

(₹ in Millions)

As required in terms of paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007

Particulars	Amount outstanding	Amount overdue
Liabilities side :		
(1) Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid:		
(a) Debentures : Secured	NIL	NIL
Unsecured	NIL	NIL
(other than falling within the meaning of public deposits*)		
(b) Deferred Credits	NIL	NIL
(c) Term Loans	NIL	NIL
(d) Inter-corporate loans and borrowing	895.31	NIL
(e) Commercial Paper	NIL	NIL
(f) Other Loans		
Bank overdraft (secured against Fixed Deposits)	8.54	NIL
* Please see Note 1 below		
Assets side :		
(2) Break-up of Loans and Advances including bills receivables		
(a) Secured		73.89
(b) Unsecured		1330.80
(3) Break up of Leased Assets and stock on hire and other assets counting towards AFC activities		
(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
(4) Break-up of Investments :		
Current Investments :		
1. Quoted		
(i) Shares		
(a) Equity		NIL
(b) Preference		NIL
(ii) Debentures and Bonds		
(iii) Units of mutual funds		
(iv) Government Securities		
(v) Others (please specify)		
2. Unquoted		
(i) Shares		
(a) Equity		NIL
(b) Preference		NIL
(ii) Debentures and Bonds		
(iii) Units of mutual funds		
(iv) Government Securities		
(v) Others (please specify)		
Long Term investments :		
1. Quoted :		
(i) Shares :		
(a) Equity		29.64
(b) Preference		NIL
(ii) Debentures and Bonds		
(iii) Units of mutual funds		
(iv) Government Securities		
(v) Others (please specify)		
2. Unquoted :		
(i) Shares :		
(a) Equity		160.51
(b) Preference		NIL
(ii) Debentures and Bonds		
(iii) Units of mutual funds		
(iv) Government Securities		
(v) Others (please specify)		
Investment in Property		
TOTAL		231.44

(₹ in Millions)

(5) Borrower group-wise classification of assets financed as in (2) and (3) above :			
	Secured	Unsecured	Total
Please see Note 2 below			
Category			
1. Related Parties **			
(a) Subsidiaries	NIL	32.02	32.02
(b) Companies in the same group	NIL	54.17	54.17
(c) Other related parties	NIL	NIL	NIL
2. Other than related parties	73.89	1244.61	1318.50
Total	73.89	1330.80	1404.69
(6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):			
		Market Value/ Break up or fair	Book Value (Net of Provisions)
Please see note 3 below			
Category			
1. Related Parties **			
(a) Subsidiaries		957.63	170.53
(b) Companies in the same group		1.23	5.70
(c) Other related parties		-	-
2. Other than related parties		64.05	55.21
Total		1022.91	231.44
** As per Accounting Standard of ICAI (Please see Note 3)			
(7) Other information			
Particulars Amount			
(i) Gross Non-Performing Assets			
(a) Related parties			NIL
(b) Other than related parties			11.33
(ii) Net Non-Performing Assets			
(a) Related parties			NIL
(b) Other than related parties			NIL
(iii) Assets acquired in satisfaction of debt			NIL
Notes:			
1. As defined in paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.			
2. Provisioning norms shall be applicable as prescribed in Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007			
3. 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 (4) above.			

**DISCLOSURE IN BALANCE SHEET REQUIRED AS PER RESERVE BANK OF INDIA
NOTIFICATION NO. DNBS. 200/CGM(PK)-2008 DATED 1ST AUGUST, 2008)**

Capital to Risk Assets Ratio (CRAR)

Particulars	As at 31st March 2014	As at 31st March 2013
CRAR (%)	24.84	28.06
CRAR – Tier I Capital (%)	24.84	28.06
CRAR – Tier II Capital (%)	0	0

Exposure to Real Estate Sector

Category	2013-14	2012-13
i) Direct Exposure	39.15	38.93
ii) Indirect Exposure	102.52	220.48

Asset Liability Management

Maturity pattern of certain items of Assets and Liabilities (Based on RBI Guidelines)

	1 day to 30/31 days (One month)	Over One months to 2 months	Over 2 months upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities									
Borrowings from Banks/ Financial Institutions and Others	-	-	-	21.74	882.11	-	-	-	903.85
Assets									
Advances and Investments	35.86	66.17	56.45	199.74	641.26	405.23	-	231.44	1636.15

Consolidated Balance Sheet

Consolidated Independent Auditor's Report

To
The Board of Directors of
Master Trust Ltd

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **Master Trust Ltd.** (the "Company"), and its subsidiaries, which comprise the Consolidated Balance Sheet as at March 31, 2014, 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 Management is responsible for the preparation of these consolidated financial statements 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. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 control relevant to the Company's preparation and presentation 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 the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the separate audit reports on individual audited financial statements of the company and its subsidiaries the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2014;
- b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
- c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For **Manjeet Singh & Co.**
Chartered Accountants
FRN 011831N

(Manjeet Singh)
Prop

Membership No. 088759

Place : Ludhiana
Date : 30.05.2014

Master Trust Ltd.

Consolidated Balance Sheet as at 31st March, 2014		(₹ In Millions)	
Particulars	Note	As at 31 st March, 2014	As at 31 st March, 2013
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	1	109.22	109.22
Reserves and surplus	2	1470.03	1398.44
		1579.25	1507.66
Minority Interest	3	10.81	0.77
Non-current liabilities			
Long-term borrowings	4	415.63	381.37
Deferred tax liabilities (net)	5	10.74	8.86
		426.37	390.23
Current liabilities			
Trade payables	6	1135.92	1246.45
Short-term borrowings	7	838.14	319.21
Other current liabilities	8	459.07	456.69
Short-term provisions	9	29.88	30.16
		2463.01	2052.51
TOTAL		4479.44	3951.17
ASSETS			
Non-current assets			
Fixed assets - Tangible	10	134.56	126.04
Non-current investments	11	482.58	450.18
Long-term loans and advances	12	101.70	76.73
		718.84	652.95
Current assets			
Inventories	13	307.74	146.23
Trade receivables	14	948.73	1244.15
Cash and cash equivalents	15	994.13	825.55
Short-term loans and advances	16	1510.00	1082.29
		3760.60	3298.22
TOTAL		4479.44	3951.17
"Significant Accounting Policies Notes on Financial Statements"	1 to 26		

As per our Report of even date

For Manjeet Singh & Co.
Chartered Accountants
FRN 011831N

For and on behalf of the Board

R.K. Singhania
Director
DIN - 00077540

Harjeet Singh Arora
Managing Director
DIN - 00063176

Manjeet Singh
Prop.
Membership Number 088759

Sunil Kumar
Sr. Manager Accounts

Rajiv Kumar Agrawal
Company Secretary

Place : Ludhiana
Date : 30.05.2014

Master Trust Ltd.

Consolidated Statement of Profit and Loss for the year ended 31st March, 2014			
			(₹ In Millions)
Particulars	Note	For the year ended 31 st March, 2014	For the year ended 31 st March, 2013
Income			
Revenue from operations	17	869.25	926.46
Other income	18	39.20	49.16
Total Revenue		908.45	975.62
Expenses			
Employee benefits expense	19	165.21	172.98
Finance costs	20	143.00	172.45
Depreciation	10	11.68	10.90
Other expenses	21	489.41	508.94
Total Expenses		809.30	865.27
Profit before tax		99.15	110.35
Tax expense:			
Current tax expense for current year		12.30	9.30
Deferred tax		0.73	(0.13)
Current tax expense relating to prior years		1.38	0.84
Profit for the year before adjustment for Minority Interest		84.74	100.34
Less Pre Acquisition Profit		0.26	0.00
Less Share of profit transferred to Minority Interest		0.44	0.09
Profit for the year after adjustment for Minority Interest		84.04	100.25
Earnings per equity share of face value ₹ 10 each Basic and Diluted (in ₹)		7.73	9.23
Weighted average number of shares outstanding		10,876,600	10,876,600
“Significant Accounting Policies Notes on Financial Statements”	1 to 26		

As per our Report of even date

For Manjeet Singh & Co.

Chartered Accountants

FRN 011831N

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

Director

DIN - 00077540

Harjeet Singh Arora

Managing Director

DIN - 00063176

Manjeet Singh

Prop.

Membership Number 088759

Sunil Kumar

Sr. Manager Accounts

Rajiv Kumar Agrawal

Company Secretary

Place : Ludhiana

Date : 30.05.2014

Master Trust Ltd.

Consolidated Cash Flow Statement for the year ended 31st March, 2014

(₹ in Millions)

Particulars	For the year ended 31 st March, 2014		For the year ended 31 st March, 2013	
A. Cash flow from operating activities				
Net Profit before tax and extraordinary items		99.15		110.35
Adjustments for:				
Depreciation and amortisation	11.68		10.90	
Miscellaneous Expenditure	-		0.01	
Short-term provisions	2.23		0.56	
Loss/ (Profit) on sale of fixed assets	-		0.14	
Provision for Non Performing Assets	7.00		(0.20)	
		20.91		11.41
Operating profit before working capital changes		120.06		121.76
Changes in working capital:				
Adjustments for (increase)/decrease in operating assets:				
Inventories	(161.51)		49.46	
Trade receivables	295.42		26.53	
Short-term loans and advances	(434.71)		17.51	
Long-term loans and advances	(29.30)		(7.50)	
Adjustments for increase/(decrease) in operating liabilities:				
Trade payables	(110.53)		(72.49)	
Other current liabilities	2.38		61.28	
Short-term borrowings	518.93		(342.23)	
Long-term borrowings	34.26		59.74	
		114.94		(207.70)
Operating profit before extraordinary items		235.00		(85.94)
Cash flow from extraordinary items		-		-
Cash generated from operations		235.00		(85.94)
Net income tax (paid)		(12.53)		(20.68)
Net cash flow from/ (used in) operating activities (A)		222.47		(106.62)
B. Cash flow from investing activities				
Purchase of fixed assets		(20.20)		(9.95)
Sale of fixed assets		-		0.08
Purchase of Investment		(90.04)		(233.79)
Sale of Investment		57.64		2.12
Net cash flow from/ (used in) investing activities (B)		(52.60)		(241.54)
C. Cash flow from financing activities				
Change in Minority Interest		9.59		-
Dividends paid		(10.88)		(10.88)
Net cash flow from/ (used in) financing activities (C)		(1.29)		(10.88)
Net(decrease) in Cash and cash equivalents (A+B+C)		168.58		(359.04)
Cash and cash equivalents at the beginning of the year		825.55		1184.59
Cash and cash equivalents at the end of the year		994.13		825.55

As per our Report of even date

For Manjeet Singh & Co.

Chartered Accountants

FRN 011831N

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

Director

DIN - 00077540

Harjeet Singh Arora

Managing Director

DIN - 00063176

Manjeet Singh

Prop.

Membership Number 088759

Sunil Kumar

Sr. Manager Accounts

Rajiv Kumar Agrawal

Company Secretary

Place : Ludhiana

Date : 30.05.2014

SIGNIFICANT ACCOUNTING POLICIES

A Basis of Preparation of Consolidated Financial Statements

- (a) The Consolidated Financial Statements have been prepared in accordance with Accounting Standard AS-21 issued by the Institute of Chartered Accountants of India and generally accepted accounting principles in India.
- (b) The Consolidated Financial Statements of Master Trust Limited for the year ended 31st March, 2014 and its following subsidiaries:

Subsidiaries	Accounting Year Ended Date	Proportion of Ownerships Interest as at 31st March, 2014
- Master Capital Services Ltd.	31st March, 2014	100%
- Master Infrastructure and Real Estate Developers Ltd.	31st March, 2014	100%
- Master Commodity Services Ltd.	31st March, 2014	100%
- Master Insurance Brokers Ltd.	31st March, 2014	90%
- Master Portfolio Services Ltd.	31st March, 2014	100%
- H.A. Share & Stock Brokers Ltd.	31st March, 2014	51%

All the subsidiaries are incorporated in India.

- (c) 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.
- (d) The Company has disclosed only such policies and notes from the individual financial statements, which fairly cover the required disclosures.
- (e) The parent's portion of the proposed dividend amounting to ₹ 5.90 mn (previous year ₹ 5.90 mn) has been reduced from the dividend proposed by subsidiary company, as a result of which the profit carried to the consolidated balance sheet stand increased to that extent.
- (f) 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 notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. 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 has been provided on the straight-line method as per the rates prescribed in Schedule XIV to the Companies Act, 1956.

Particulars	Schedule XIV Rates (SLM)
Building	1.63%
Furniture & Fixture	6.33%
Office equipment	4.75%
Computer	16.21%
Vehicle	9.50%

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. Encashed traveller cheques and traveller cheques sold but not settled are valued at inter bank rate.

H Revenue Recognition

The Company follows the mercantile system of accounting and recognized Profit & Loss Account 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. Income from Forex Business comprises of traveller cheques commissions and margins on foreign exchange transactions in the normal course of business as Full Fledged Money Changers. The income arising from buying and selling of foreign currencies and traveller cheques has been considered on the basis of margins achieved, since inclusion on their gross value would not be meaningful and potentially misleading for use as an indicator of the level of the Company's business.

I Employee Benefits

- (a) Under the Provident Fund plan, the Company contributes to a government administered provident fund on behalf of its employees and has no further obligation beyond making its contribution.
- (b) Leave encashment is payable to eligible employee, who have earned leaves, during the employment and/or on separation as per the company policy.
- (c) 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 assets 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-Banking Financial (Non Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

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.

Master Trust Ltd.

Notes forming part of the financial statements

Note 1 Share Capital

(₹ in Millions)

Particulars	As at 31 st March, 2014		As at 31 st March, 2013	
	Number of shares	Amount	Number of shares	Amount
Authorised Equity shares of ₹10 each	11,000,000	110.00	11,000,000	110.00
Issued Equity shares of ₹10 each	10,975,400	109.75	10,975,400	109.75
Subscribed and fully paid up Equity shares of ₹10 each	10,876,600	108.76	10,876,600	108.76
Forfeited Shares	-	0.46	-	0.46
Total	10,876,600	109.22	10,876,600	109.22

1.1 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.

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

Name of the shareholder	As at 31 st March, 2014		As at 31 st March, 2013	
	Number of shares held	% of holding	Number of shares held	% of holding
Harjeet Singh Arora	1,406,848	12.93	1,406,848	12.93
Harneesh Kaur Arora	1,125,010	10.34	1,125,010	10.34
Rajinder Kumar Singhania	2,580,357	23.72	2,580,357	23.72
Jashanjyot Arora	545,000	5.01	280,000	2.57
Parveen Singhania	545,500	5.02	280,500	2.58
Master Capital Services Limited	886,481	8.15	487,921	4.49
Gala Finance & Investment Limited	866,956	7.97	341,206	3.14
Shiv Narayan Investment Pvt. Ltd.	-	-	775,000	7.13
Vidya Portfolio Management (P) Ltd.	700,000	6.44	700,000	6.44
Prime Industries Ltd	593,958	5.46	593,958	5.46

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

Name of the shareholder	As at 31 st March, 2014	As at 31 st March, 2013
	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

Note 2 Reserves and surplus

(₹ in Millions)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
Capital Reserve		
As per last Balance Sheet	49.13	49.13
Add : On purchase of shares of subsidiary	0.27	-
	49.40	49.13
Securities Premium Account		
As per last Balance Sheet	460.38	460.38
General Reserve		
As per last Balance Sheet	20.37	18.51
Add: Transferred from Statement of Profit and Loss	1.61	1.86
Closing Balance	21.98	20.37
Statutory Reserve (Under Section 45IC of RBI Act, 1934)		
As per last Balance Sheet	15.14	10.20
Add: Transferred from Statement of Profit and Loss	4.37	4.94
Closing balance	19.51	15.14
Reserve for Standard Assets		
As per Last balance Sheet	-	-
Add: Transferred from Statement of Profit and Loss	3.15	-
Closing Balance	3.15	-
Profit and Loss Account		
As per last Balance Sheet	853.42	772.70
Add: Transferred from Statement of Profit and Loss	84.04	100.25
	937.46	872.95
Less: Appropriations		
Proposed Dividends on Equity Shares (₹1 per equity share)	10.88	10.88
Tax on dividend	1.85	1.85
Reserve for Standard Asset	3.15	-
Statutory Reserve	4.37	4.94
General Reserve	1.60	1.86
Closing balance	915.61	853.42
Total	1470.03	1398.44

Note 3 Minority Interest

(₹ in Millions)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
Share Capital	9.01	0.50
Share of accumulated profit upto previous year	1.35	0.18
Profit for the year transferred from Statement of Profit & Loss	0.45	0.09
Total	10.81	0.77

Note 4 Long-term borrowings

(₹ in Millions)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
Deep Discount Bonds		
Unsecured	23.28	26.28
Interest on Deep Discount Bond Accrued But not due.	391.36	344.09
	414.64	370.37
Term Loans		
From Banks - Secured	0.99	1.95
Others		
Unsecured	-	9.05
Total	415.63	381.37

4.1	Nature of Security and terms of repayment for Long Term secured borrowings :	
	Nature of Security	Terms of Repayment
	4.1.1 Term Loan amounting to ₹ 0.99 (31st March, 2013 : ₹ 1.95) is secured against hypothecation of Cars	Repayable in equal monthly instalments.
4.2	Installments falling due in respect of all the above loans upto 31st March, 2014 have been grouped under " Current maturities of long term debt" (Refer Note 8)	

Note 5 Deferred Tax Liability (Net)

(₹ in Millions)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
Deferred Tax Liability On account of Depreciation	14.84	14.32
Deferred Tax Asset On account of Gratuity	4.10	4.12
On account of Non Performing Assets	-	1.34
	4.10	5.46
Net Deferred Tax Liability	10.74	8.86

Note 6 Trade Payables

(₹ in Millions)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
Trade payables	1135.92	1246.45
Total	1135.92	1246.45

Note 7 Short-Term Borrowings

(₹ in Millions)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
Loans repayable on demand From banks Secured	191.43	21.28
From other parties Secured	40.00	-
Unsecured	-	10.00
	231.43	31.28
Loans and advances from related parties Unsecured	83.22	2.82
Other loans and advances Unsecured	523.49	285.11
Total	838.14	319.21

7.1 Loans from banks are secured against pledging of FDRs.

Note 8 Other current liabilities

(₹ in Millions)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
Current maturities of long-term debt (Refer Note 4)	2.00	2.98
Unpaid dividends	0.99	0.73
Statutory dues	13.54	15.87
Others	442.54	437.11
Total	459.07	456.69

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 st March, 2014	As at 31 st March, 2013
Provision for gratuity	16.77	15.72
Provision for tax	0.38	1.71
Provision for proposed equity dividend	10.88	10.88
Provision for tax on proposed dividends	1.85	1.85
Total	29.88	30.16

Note 10 Fixed Assets**Tangible Assets**

(₹ in Millions)

Particulars	GROSS BLOCK				ACCUMULATED DEPRECIATION					NET BLOCK		
	Balance as at 1st April 2013	Addition on account of consolidation of H. A. Share & Stock Brokers Ltd	Additions/ Transfer	Disposals/ Transfer	Balance as at 31st March, 2014	Balance as at 1st April 2013	Addition on account of consolidation of H. A. Share & Stock Brokers Ltd	Depreciation expense for the year	Eliminated on disposal of assets	Balance as at 31st March 2014	Balance as at 31st March 2014	Balance as at 31st March 2013
Buildings	34.10	7.20	-	-	41.30	2.54	0.48	0.68	-	3.70	37.60	31.56
Furniture and Fixtures	19.85	1.81	-	-	21.66	6.92	0.42	0.67	-	8.01	13.65	12.93
Office equipment	25.67	1.99	2.89	-	30.55	6.46	0.35	1.30	-	8.11	22.44	19.21
Computer	125.12	2.53	4.93	-	132.58	82.68	1.43	6.92	-	91.03	41.55	42.44
Vehicles	27.77	-	1.53	-	29.30	7.87	-	2.11	-	9.98	19.32	19.90
Total	232.51	13.53	9.35	-	255.39	106.47	2.68	11.68	-	120.83	134.56	126.04
Previous year	223.30	-	9.95	0.74	232.51	96.09	-	10.90	0.52	106.47	126.04	127.21

Note 11 Non-current investments | Long Term Investments

(₹ in Millions)

Particulars	As at 31 st March, 2014			As at 31 st March, 2013		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Investments (At cost):						
Investment in equity instruments of associates						
19,97,800 (As at 31st March, 2013: 19,97,800) shares of ₹10 each fully paid up in Prime Industries Ltd.	18.22	-	18.22	26.33	-	26.33
4 (As at 31st March, 2013: 4) shares of ₹300 each fully paid up in Master Projects Private Ltd.	-	1.05	1.05	-	1.05	1.05
	18.22	1.05	19.27	26.33	1.05	27.38
of other entities						
1,468 (As at 31st March, 2013: 1,468) shares of ₹10 each fully paid up in Trident Ltd.	0.01	-	0.01	0.01	-	0.01
6,25,000 (As at 31st March, 2013: 6,25,000) shares of ₹10 each fully paid up in Vardhman Polytext Ltd.	21.29	-	21.29	24.71	-	24.71
5,000 (As at 31st March, 2013: 5,000) shares of ₹10 each fully paid up in RRB Securities Ltd.	-	0.50	0.50	-	0.50	0.50
NIL (As at 31st March, 2013: 500) shares of ₹10 each fully paid up in ICICI Bank Ltd.	-	-	-	0.45	-	0.45
11,030 (As at 31st March, 2013: 11,030) shares of ₹10 each fully paid up in Coal India Ltd.	2.67	-	2.67	2.67	-	2.67
NIL (As at 31st March, 2013: 2,500) shares of ₹10 each fully paid up in Apar Industries Ltd.	-	-	-	0.61	-	0.61
NIL (As at 31st March, 2013: 750) shares of ₹10 each fully paid up in TRF Ltd.	-	-	-	0.52	-	0.52
1,781 (As at 31st March, 2013: 1,781) shares of ₹10 each fully paid up in Power Grid Corporation of India Ltd.	0.15	-	0.15	0.15	-	0.15
NIL (As at 31st March, 2013: 7,500) shares of ₹10 each fully paid up in Development Credit Bank Ltd.	-	-	-	0.43	-	0.43
NIL (As at 31st March, 2013: 4,200) shares of ₹10 each fully paid up in Karnataka Bank Ltd.	-	-	-	0.61	-	0.61
NIL (As at 31st March, 2013: 250) shares of ₹10 each fully paid up in State Bank of India	-	-	-	0.65	-	0.65
NIL (As at 31st March, 2013: 1,000) shares of ₹10 each fully paid up in Venky's (India) Ltd.	-	-	-	0.55	-	0.55
87,136 (As at 31st March, 2013: 72,136) shares of ₹10 each fully paid up in SML Isuzu Ltd.	21.10	-	21.10	23.13	-	23.13
NIL (As at 31st March, 2013: 3,25,000) shares of ₹10 each fully paid up in First Financial Services Ltd.	-	-	-	34.18	-	34.18
NIL (As at 31st March, 2013: 2200) shares of ₹5 each fully paid up in Wockhardt Ltd.	-	-	-	0.75	-	0.75
NIL (As at 31st March, 2013: 1,250) shares of ₹2 each fully paid up in HDFC Bank Ltd.	-	-	-	0.51	-	0.51
8,250 (As at 31st March, 2013: 8,250) shares of ₹10 each fully paid up in Raghuvanshi Mills Ltd	0.09	-	0.09	0.09	-	0.09
125 (As at 31st March, 2013: 125) shares of ₹10 each fully paid up in Varun Shipping Ltd	0.01	-	0.01	0.01	-	0.01
1,392 (As at 31st March, 2013: 1,392) shares of ₹10 each fully paid up in MOIL Ltd	0.52	-	0.52	0.52	-	0.52
2,00,000 (As at 31st March, 2013: 2,00,000) shares of ₹10 each fully paid up in Prabhav Industries Ltd	7.00	-	7.00	7.00	-	7.00
5,438 (As at 31st March, 2013: 5,438) shares of ₹10 each fully paid up in Bombay Stock Exchange Ltd	-	3.86	3.86	-	3.86	3.86
36,037 (As at 31st March, 2013: 36,037) shares of ₹1 each fully paid up in Delhi Stock Exchange Ltd	-	1.30	1.30	-	1.30	1.30
300 (As at 31st March, 2013: 200) shares of ₹10 each fully paid up in Convexity Solutions and Advisors P Ltd and 100 (As at 31st March, 2013: 100) shares of ₹1 each fully paid up in Ludhiana Stock Exchange Ltd	-	0.01	0.01	-	0.01	0.01
	52.84	5.67	58.51	97.55	5.67	103.22
Investment property						
Investment in partnership firms						
Other non-current investments						
Government Securities						
6.75% 2006 Government Securities	-	0.02	0.02	-	0.02	0.02
6.75% 2007 Government Securities	-	0.02	0.02	-	0.02	0.02
	-	0.04	0.04	-	0.04	0.04
Mutual Funds						
50,00,000 (As at 31st March, 2013: 50,00,000) units of Tata Mutual Fund of '10 each	50.00	-	50.00	55.44	-	55.44
50,00,000 (As at 31st March, 2013: 50,00,000) units of Reliance Mutual Fund of '10 each	50.00	-	50.00	105.23	-	105.23
10000000 (As at 31st March 2013 NIL) units of Axis Mutual Fund of Rs 10 each	100.00	-	100.00	-	-	-
10000000 (As at 31st March, 2013: 5000000) units of ICICI Mutual Fund of '10 each	100.71	-	100.71	50.00	-	50.00
	300.71	-	300.71	210.67	-	210.67
Total	371.77	111.30	483.07	334.55	116.12	450.67
Less: Provision for diminution in value of investments	-	0.49	0.49	-	0.49	0.49
Total	-	-	482.58	-	-	450.18
Aggregate amount of quoted investments	371.77	-	-	334.55	-	-
Aggregate market value of listed and quoted investments	292.19	-	-	397.11	-	-
Aggregate amount of unquoted investments	-	110.81	-	-	115.63	-

Note 12 Long-term loans and advances

(₹ in Millions)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
Security deposits		
Unsecured, considered good	33.17	32.05
Advance income tax	68.53	44.68
Total	101.70	76.73

Note 13 Inventories

(₹ in Millions)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
Stock-in-trade (acquired for trading)		
Securities	200.13	39.13
Land	107.61	105.73
Foreign Currency	-	1.37
Total	307.74	146.23

Note 14 Trade Receivables

(₹ in Millions)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
Trade receivables outstanding for a period exceeding six months from the date they were due for payment Unsecured, considered good	14.19	13.78
Trade receivables outstanding for a period less than six months from the date they were due for payment Unsecured, considered good	934.54	1230.37
Total	948.73	1244.15

Note 15 Cash and Cash Equivalents

(₹ in Millions)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
Cash in hand	1.91	2.28
Balances with banks		
In current accounts	30.66	52.60
In deposit accounts *	960.57	769.94
In earmarked accounts		
- Unpaid dividend accounts	0.99	0.73
Total	994.13	825.55

* Deposit are pledged against overdraft facility

Note 16 Short-term loans and advances

(₹ in Millions)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
Loans and advances to related parties Unsecured, considered good	54.18	0.13
Prepaid expenses - Unsecured, considered good	8.00	8.58
Loans and advances to others	1281.42	990.21
Less: Provision for NPA	(11.33)	(4.32)
	1270.09	985.89
Others	177.73	87.69
Total	1510.00	1082.29

Note 17 Revenue from operations

(₹ in Millions)

Particulars	For the year ended 31 st March, 2014	For the year ended 31 st March, 2013
Interest		
Interest on Loans and Advances	142.95	95.39
Interest on Fixed Deposits	68.46	87.51
	211.41	182.90
Other Financial Services		
Income from Forex Business	4.22	3.33
Brokerage/Profit/(Loss) from dealing in securities	511.97	563.01
Dividend Income	48.01	66.05
DP Income	11.85	15.67
Profit on Sale of Land	1.32	10.06
Others	80.47	85.44
	657.84	743.56
Total	869.25	926.46

Note 18 Other Income

(₹ in Millions)

Particulars	For the year ended 31 st March, 2014	For the year ended 31 st March, 2013
Net gain on sale of: long-term investments	33.47	43.03
Other non-operating income		
Share of profit from partnership firms	0.63	0.53
Miscellaneous income	5.10	5.60
	5.73	6.13
Total	39.20	49.16

Note 19 Employee benefits expense

(₹ in Millions)

Particulars	For the year ended 31 st March, 2014	For the year ended 31 st March, 2013
Salaries and wages *	160.50	168.64
Contributions to provident funds	0.22	0.18
Staff welfare expenses	4.49	4.16
Total	165.21	172.98

* Includes Gratuity amounting to ₹ 1.05 (Year ended March 31st, 2013 : ₹0.56)

Note 20 Finance costs

(₹ in Millions)

Particulars	For the year ended 31 st March, 2014	For the year ended 31 st March, 2013
Interest expenses	136.90	164.90
Bank Charges	6.10	7.55
Total	143.00	172.45

Note 21 Other expenses

(₹ in Millions)

Particulars	For the year ended 31 st March, 2014	For the year ended 31 st March, 2013
Printing & Stationery	5.34	5.60
Postage, Telegram & Telephone	24.49	23.39
Rent	18.06	20.46
Fees & Taxes	2.30	2.00
Directors Travelling	0.13	0.49
Demat/ Remat Charges	2.64	1.68
Legal & Professional Charges	6.07	15.46
Travelling & Conveyance	10.33	8.81
Payments to auditors		
As auditors - statutory audit	0.41	0.31
For taxation matters	0.11	0.08
Office Maintenance	40.34	36.27
General Expenses	41.27	59.30
Advertisement Expenses	0.13	0.10
Sub Brokerage	204.70	222.26
Turnover Charges	96.32	108.07
VSAT Charges	6.55	10.91
Provision for Non Performing Assets	7.00	(0.20)
Loss/ (Profit) on Sale of Fixed Assets	-	0.14
Bad Debts	23.22	(6.19)
Total	489.41	508.94

Note 22 Contingent Liabilities

- (a) "The Punjab State Industrial Development Corporation Limited (PSIDC) had contributed ₹8.85 mn in the equity share capital of Prime Industries Ltd @ ₹10/- per share, as Direct Equity Participation in 1993. The Company as an associate promoter of Prime Industries Ltd. , pledged 569300 shares (Previous year 569300 shares) of Prime Industries Ltd of ₹10/- each amounting to ₹5.69 mn (Previous Year ₹5.69 mn) to PSIDC along with irrevocable power of attorney. The Company has also subscribed to the undertaking for buy back of the shares subscribed by PSIDC as referred above. As per the terms of undertaking for buy back of the shares, the promoters are to buy the said shares at the face value along with interest applicable to terms financing before the expiring of seven years from the date of commencement of commercial production i.e. 4th April, 1994. As per the term of the above referred undertaking, in case the promoters/associates do not buy back the shares subscribed by PSIDC, then the PSIDC is entitled to sell the shares subscribed by it and also recovers the loss if any by sale of the above referred shares pledged to the PSIDC. The PSIDC had announced OTS Policy for equity disinvestment. The promoters / associates have applied for buy back of shares under OTS policy, subject to their rights under the law to adjudicate upon the amount due under the buy back agreement. However the government of Punjab has amended the one time settlement scheme whereby the profit making companies are not eligible for the OTS scheme as per industrial policy 2003. The PSIDC vide letter dated 29th April, 2009 has illegally withdrawn the OTS in case of Prime Industries Limited and the matter is sub judice before Honorable Punjab & Haryana High Court. The Government of Punjab has Further notified a new one time settlement scheme (OTS) vide notification number 15/03/09-AS-6/400 Dated 2nd March, 2009. The promoters/associates being eligible even under the new OTS policy also, have apply for buy back of shares. The request of promoters/associates has not been accepted by PSIDC and the matter is sub judice before Honorable Punjab & Haryana High Court, a sum of ₹25.10 mn (previous year ₹25.10 mn) shown as loans and advances recoverable in cash and/or kind has been paid as per the amount demanded by the PSIDC in this respect. However PSIDC has filled a case for further recovery of ₹35.13 mn before Honorable Debts Recovery Tribunal."
- (b) The Company has given Corporate Guarantee to Banks for securing the Bank Guarantees limits of ₹620.00 mn (As at 31st March, 2013: ₹620.00 mn) on behalf of Master Capital Services Ltd. a wholly owned subsidiary company and ₹400.00 mn (As at 31st March, 2013: ₹500.00mn) on behalf of Master Commodity Services Ltd a subsidiary company.
- © Bank Guarantee of ₹0.05 mn (previous year ₹0.05 mn) given in favor of Greater Ludhiana Area Development Authority.

Note 23

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 24. Segment Reporting

(₹ in Millions)

(a) Information about business Segments

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
A) Segment Revenue		
1) Total Segment Revenue		
a) Brokerage & Allied	749.81	846.55
b) Forex Business	4.22	3.33
c) Interest	142.28	101.72
d) Others	12.14	24.02
Total	908.45	975.62
2) Inter Segment Revenue	-	-
External Revenue (1-2)		
a) Brokerage & Allied	749.81	846.55
b) Forex Business	4.22	3.33
c) Interest	142.28	101.72
d) Others	12.14	24.02
Total	908.45	975.62
B) Results		
1) Segment Results:		
a) Brokerage & Allied	71.17	82.90
b) Forex Business	1.45	0.35
c) Interest	18.05	12.09
d) Others	9.11	15.65
Total	99.78	110.99
2) Unallocated Expenses	0.63	0.64
3) Operating Profit	99.15	110.35
4) Provision	14.41	10.01
5) Minority Interest	0.70	0.09
6) Net Profit	84.04	100.25
Other Information		
1) Segment Assets		
a) Brokerage & Allied	2751.81	2518.37
b) Forex Business	1.98	2.80
c) Interest	1037.17	665.78
d) Others	656.25	738.56
Total	4447.21	3925.51
2) Unallocated Corporate Assets	32.23	25.66
3) Total Assets	4479.44	3951.17
4) Segment Liabilities		
a) Brokerage & Allied	1887.19	1704.33
b) Forex Business	0.71	0.97
c) Interest	916.57	542.63
d) Others	61.46	173.13
Total	2865.93	2421.06
5) Unallocated Liabilities	12.71	12.82
6) Deferred Tax Liabilities	10.74	8.86
7) Total Liabilities	2889.38	2442.74
8) Minority Interest	10.81	0.77
9) Share Holder's Fund	1579.25	1507.66

(b) Information about Geographical Segments

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

Note 25 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 Ltd. Master Share & Stock Brokers Ltd. H.K Arora Real Estate Service Ltd Sanawar Investments PHDA Financial Services (P) Ltd. Saintco India (P) Ltd. Singhania Properties. Partnership Firms	Mr. Harjeet Singh Arora Mr. R.K Singhania Mr. G S Chawla Mr. Sanjay Sood 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

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	2.28	-	2.28
	-	-	-
Sale	14.40	-	14.40
	-	-	-
Brokerage Received	18.36	0.06	18.42
	(28.72)	(0.04)	(28.76)
Interest Paid	-	2.62	2.62
	-	(1.47)	(1.47)
Interest Received	15.26	-	15.26
	(4.11)	-	(4.11)
Rent Paid	0.09	0.37	0.46
	(0.10)	(0.38)	(0.48)
Loan & Advances Given	54.17	-	54.17
	(0.13)	-	(0.13)
Loan & Advances Taken	3.90	48.29	52.19
	-	(1.98)	(1.98)
Remuneration	-	8.01	8.01
	-	(7.75)	(7.75)
Balance outstanding at the end of the year Receivable	62.55	-	62.55
	(19.28)	(1.03)	(20.31)
Payable	19.06	79.82	98.88
	(13.34)	(10.34)	(23.68)

Note 26

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

FINANCIAL INFORMATION OF SUBSIDIARY COMPANIES**Statement Pursuant To Section 212(8) of The Companies Act, 1956**

Particulars	Master Capital Services Ltd	Master Insurance Brokers Limited	Master Infrastructure and Real Estate Developers Limited	Master Commodity Services Limited	Master Portfolio Services Limited	H.A. Share & Brokers Limited
Share Capital	59.00	5.00	2.00	5.50	8.10	2.45
Reserves & Surplus	711.88	3.35	88.59	175.53	12.93	17.92
Total Assets *	2,459.86	8.93	297.54	443.20	22.18	42.97
Total Liabilities	2,005.42	0.58	238.86	262.17	1.15	22.60
Details of Investments						
Shares (Excluding subsidiaries)	15.73	-	31.91	-	-	-
Mutual Funds	300.71	-	-	-	-	-
Others	-	-	77.12	-	-	-
Turnover & Other Income	616.49	6.26	11.85	202.47	4.27	8.52
Profit before tax	39.89	1.04	0.68	36.14	0.29	0.92
Provision for taxation	7.67	0.33	-	1.91	0.09	0.16
Profit after tax	32.22	0.71	0.68	34.23	0.20	0.76
Proposed Dividend	5.90	-	-	-	-	-

* Total Assets excludes Investments (other than Investment in Subsidiaries)

Forward Looking Statement

In this annual report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make/contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in assumptions.

The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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