

THE WAY  
FORWARD 

ANNUAL REPORT  
2015-16



**BOARD OF DIRECTORS**

Mr. Harjeet Singh Arora – Managing Director

Mr. R.K. Singhania

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. Mohan Singh

**STATUTORY 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](mailto:admin@skylinerta.com)

**CHIEF FINANCIAL OFFICER**

Mr. Sunil Kumar

**SECRETARIAL AUDITORS**

M/s Rajeev Bhambri & Associates

Company Secretaries

SCO No 9, Jandu Tower, Miller Ganj,

Ludhiana

**BANKERS**

HDFC Bank Limited

Oriental Bank of Commerce Limited

ICICI Bank Limited

Canara Bank Limited

Axis Bank Limited

Yes Bank Limited

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# Services



# Vision, Mission, Corporate Philosophy >

## Vision >

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

## Mission >

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

## 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

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India's economic growth will continue to be driven by private consumption, which will benefit from higher real incomes. With the revival of sentiment and pickup in industrial activity, a recovery of private investment is expected to further strengthen growth.

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## Dear Shareholders,

It gives me great pleasure to present your Company's Annual Report and to share with you its performance for the year 2015-16.

Economic conditions continue to improve but at a sluggish pace and global growth is expected to remain modest in 2015-16, at 3.2 percent, before picking up to 3.5 percent in 2016-17. In late 2014-15, growth in the United States fell to 1.4 percent and Japan recorded lower than expected growth. In 2015-16, Brazil, Russia, and some countries in Latin America and in the Middle East experienced severe macroeconomic conditions. For the year 2015-16, real GDP at constant (2011-12) prices grew 7.6 percent, up from 7.2 percent a year ago. Further, according to World Economic outlook released by the IMF, India's GDP growth is expected to attain upto 7.6 percent in 2016-17.

The growth was largely led by the financial, real estate and professional services industry, followed by the manufacturing industry which registered growth rate of 10.3 percent and 9.3 percent respectively in 2015-16. India's economic growth will continue to be driven by private consumption, which will benefit from higher real incomes. With the revival of sentiment and pickup in industrial activity, a recovery of private investment is expected to further strengthen growth.

There are considerable downside risks to the global economy which include moderate slowdown in China, weak outlook for exporters of non-oil commodities, and several pressures related to political, geopolitical, or natural developments: Brexit, refugee inflows and El Nino (climate cycle in the Pacific Ocean with a global impact on weather patterns) induced drought.

At the industry level in which your Company primarily operates, the equity markets went

through a rough phase in 2015-16 with a 10 percent decline in trading volumes compared to 2014-15. Muted global growth, declining commodity prices, the first rate hike by the US Federal Reserve (in almost a decade) and overall weak global sentiment affected the domestic capital markets. However, the aggregate market turnover was impacted largely by the declining activity in the largest segment – options. This was partly due to increase in minimum option contract size from November 1<sup>st</sup>, 2015 which reduced the activity of intraday traders in the options market.

For 2015-16, the Company's topline (Consolidated) decreased by 9.59 percent to ₹1036.21 million as compared to ₹ 1146.09 million in the previous year. The net worth (Consolidated) of the Company has increased by 2.12 percent to ₹ 1708.60 million as compared to ₹1673.06 million in the previous year. The Net Profit after Tax (Consolidated) decreased by 62.10 percent to ₹ 35.55 million as compared to ₹93.79 million in the previous year.

In their short span of 2-3 years, discount brokerage houses have made their presence felt in the industry. Few discount brokerage houses have also decided to start offering margin funding services to their clients to deepen their client relationships. With increase in client base of discount brokerage houses and other players entering the online broking segment, online volume for the brokerage houses (as a percent age of overall retail volume) rose to 30 percent from 27 percent in 2014-15. However, the retail investors seem to have returned to the capital markets indirectly as seen by the robust inflows into the equity schemes of mutual funds during the last 9-10 months.

We are continuously investing in our technology platform to ensure a superior experience for our customers right from seamless trade execution, to investing in various instruments and viewing account statements. We have successfully leveraged technology to deliver cutting edge products for mobile trading and algorithmic trading where volumes are increasing substantially. Further, we are investing in other products and services complementary to our

existing services which has started showing results. Some significant developments being distribution of loans to retail clients through an associate company, mutual fund assets under management crossing ₹1000 million and Portfolio Management Services assets under management crossing ₹ 570 million showing a significant rise over previous year. All the investment in technology and products would help in improving the overall financial performance of the Company in the years to come.

On behalf of the Board, I place on record my sincere appreciation and gratitude to our directors, customers, bankers, sub-brokers, authorized persons and our shareholders for their continued support and confidence they have reposed in the Company. I record my special appreciation of the continuous efforts of my hardworking colleagues who have displayed unswerving commitment to their work.



Mr. Harjeet Singh Arora  
Managing Director

# Management Team



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

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

## 2 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.

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

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

## 4 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.

## 5 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.

## 6 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.

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

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

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



# Milestones

## > 1985

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

## > 1990

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

## > 1994

- Master Capital Services Ltd. acquired membership of NSE

## > 1995

- Master Trust Ltd. came out with an IPO

## > 1997

- Became RBI approved Full Fledged Money Changers

## > 1999

- Launched Depository Services as a Depository participant of NSDL

## > 2001

- Launched Depository Services as a Depository participant of CDSL

## > 2002

- Entered into insurance business as advisor for Life & General Insurance

## > 2004

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

## > 2005

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

## > 2007

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

## > 2008

- Introduced Currency Derivatives trading through MCX-SX & NSE

**> 2009**

- ♦ Established an Arbitrage Desk
- ♦ Implemented Master Swift
- ♦ Established CRM

**> 2010**

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

**> 2011**

- ♦ 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**

- ♦ 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**

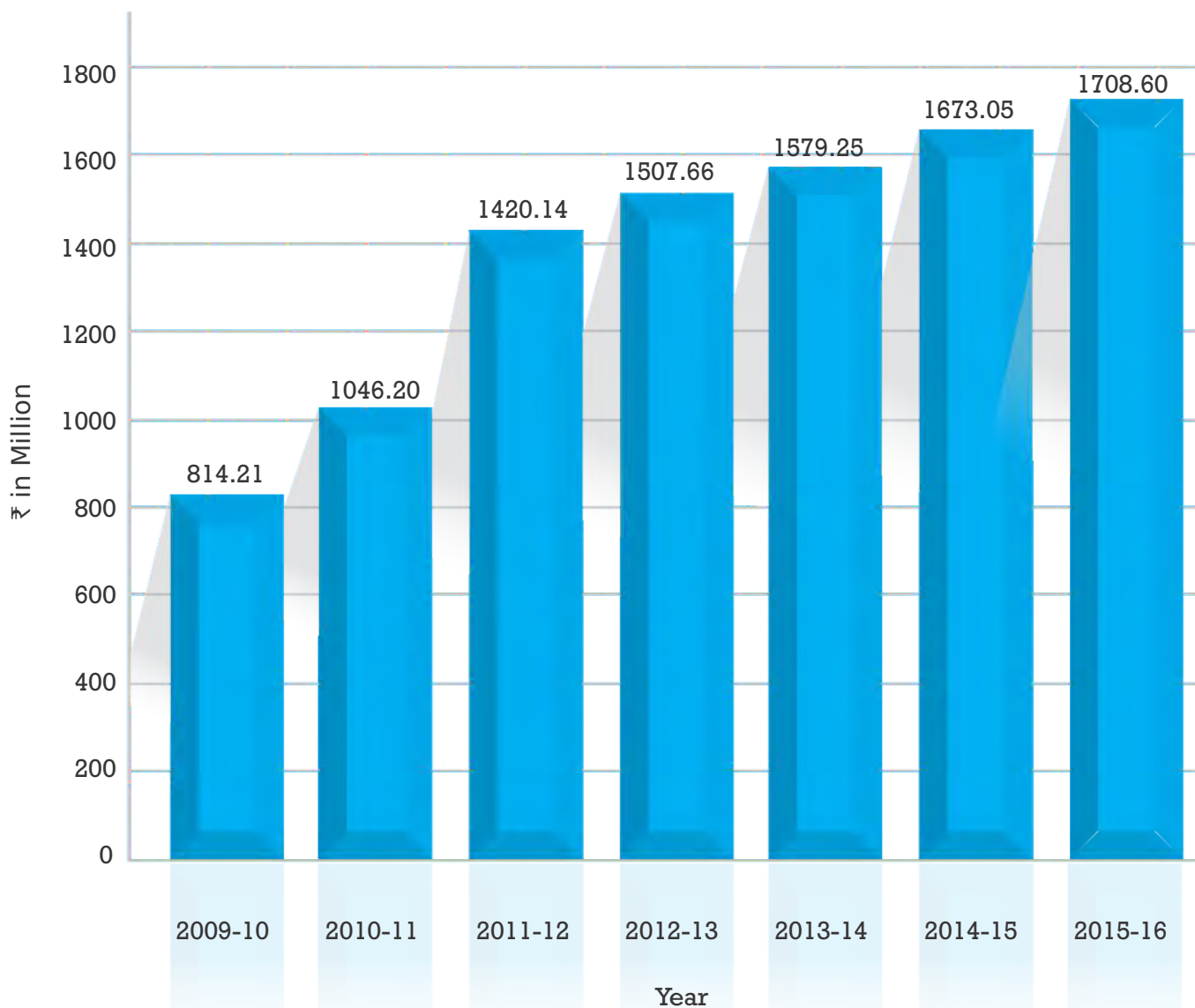
- ♦ Launched dedicated support desk for automated trading clients
- ♦ Launched discount brokerage model "**MyValueTrade**"
- ♦ Received award for Best Account Growth Rate from NSDL

**> 2014**

- ♦ Launched mobile trading app "**Master Mobile**"
- ♦ Started distribution of loans to retail clients
- ♦ Mutual Fund assets cross ₹100 Crores
- ♦ MyValueTrade - the discount broking vertical daily turnover peaks at ₹100 Crores
- ♦ Portfolio Management Services assets cross ₹30 Crores, a rise of over 266.38%
- ♦ Client numbers on ATS platform posts a rise of 50%

**> 2015**

- ♦ Portfolio Management Services assets cross ₹57 Crores as on March 2016, a rise of 90% year on year
- ♦ Mutual Fund assets cross ₹125 Crores, with an increase of 25% year on year
- ♦ User base for discount broking vertical platform increases over 250% year on year
- ♦ Turnover on mobile trading platform increases 600% year on year



# Points of Presence



	States	Mastertrust Presence
1	Andhra Pradesh	34
2	Assam	2
2	Bihar	23
3	Chandigarh	51
4	Chhattisgarh	4
5	Delhi	93
6	Gujarat	34
7	Haryana	57
8	Himachal Pradesh	11
9	Jammu And Kashmir	12
10	Jharkhand	4
11	Karnataka	5
12	Madhya Pradesh	20
13	Maharashtra	65
14	Orissa	12
15	Punjab	72
16	Rajasthan	21
16	Tamil Nadu	2
17	Uttar Pradesh	66
18	Uttarakhand	8
19	West Bengal	49
	<b>Total</b>	<b>645</b>

**Total Points of Presence = 645**

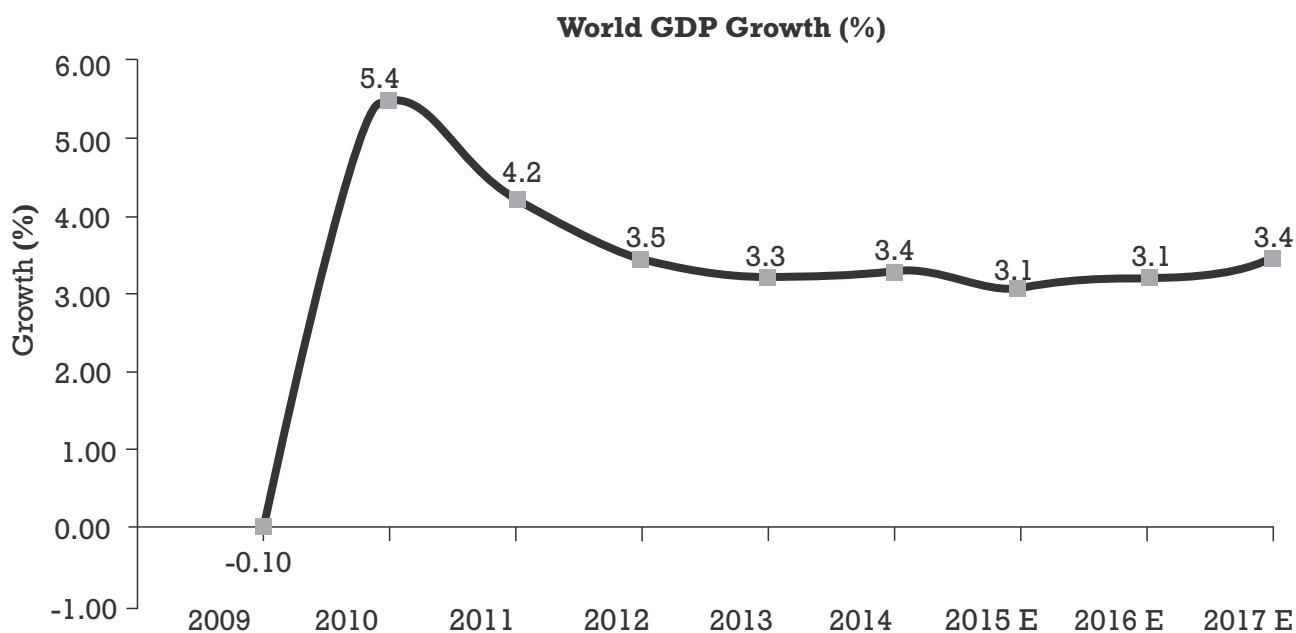
# Management Discussion and Analysis



# Management Discussion and Analysis

## GLOBAL ECONOMY

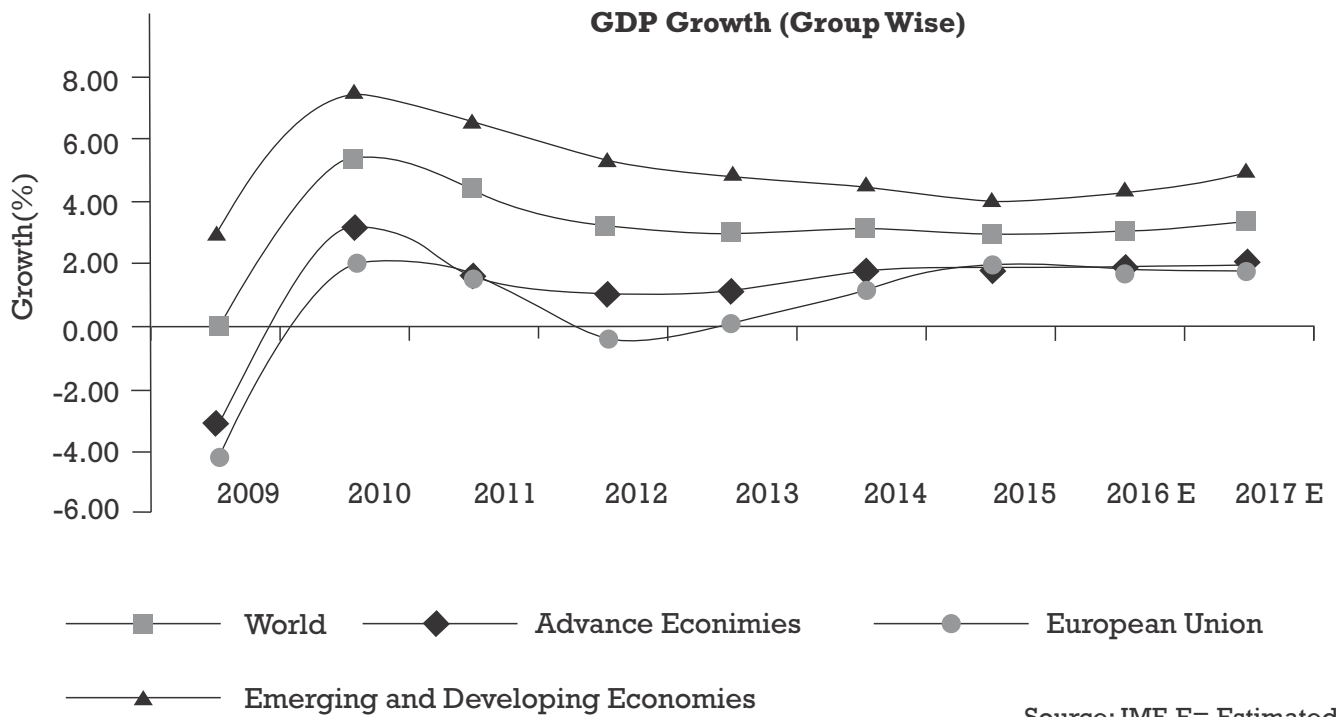
IMF reported that in 2015 global output grew by 3.1 percent, with 1.9 percent growth for advanced economies and 4.0 percent growth for emerging market and developing economies. Growth in most advanced economies remained low while prospects remained diverse across emerging market and developing economies. IMF reported that as a result of the outcome of the U.K. vote, the global outlook for 2016-17 has worsened. IMF has projected Global growth to remain modest in 2016, at 3.1 percent, before picking up to 3.4 percent in 2017. This vote reflects the expected macroeconomic consequences of a sizable increase in uncertainty, including on the political front. Global recovery is expected to continue at a slow pace. In late 2015, growth in the United States fell at a seasonally adjusted annual rate due to weak domestic demand and exports. Employment growth was strong, labor force participation rebounded, and the unemployment rate continued its downward trend in March. Lower than expected growth in Japan was mainly caused by a sharp drop in private consumption in during the fourth quarter. Global industrial production remained subdued, due to weak investment worldwide, particularly in energy and mining, as well as the deceleration of China's manufacturing activity. During the first quarter of 2016, better than expected euro area growth counterbalanced weaker U.S. growth.



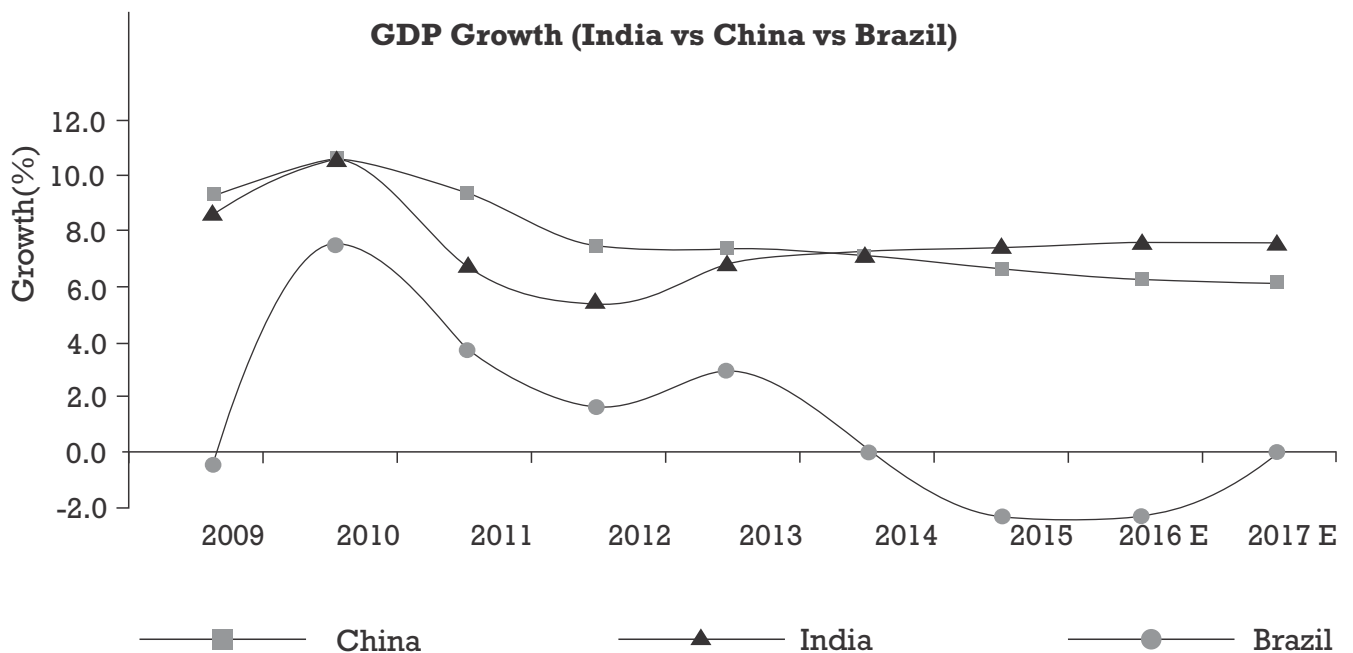
Source: IMF, E= Estimated

## EMERGING ECONOMIES

Oil-importing emerging market economies are benefiting from terms-of-trade gains but in some instances are facing tighter financing conditions and weakness in external demand. In 2015-16, Brazil, Russia, and some countries in Latin America and in the Middle East experienced severe macroeconomic conditions. Growth in these countries have been estimated to rise although will remain weak or negative. As compared with the previously forecasted growth, owing to resilient domestic demand and robust growth in the services sector, growth in China was slightly stronger. The downturn in Brazil was deeper than expected and the recession in Russia in 2015 was in line with expectations. Spillovers from Russia, impact of lower oil prices on net oil-exporting countries, adversely affected conditions in most other Commonwealth of Independent States (CIS) economies. During the first quarter of 2016-17, growth in output was better than expected in emerging market and developing economies.

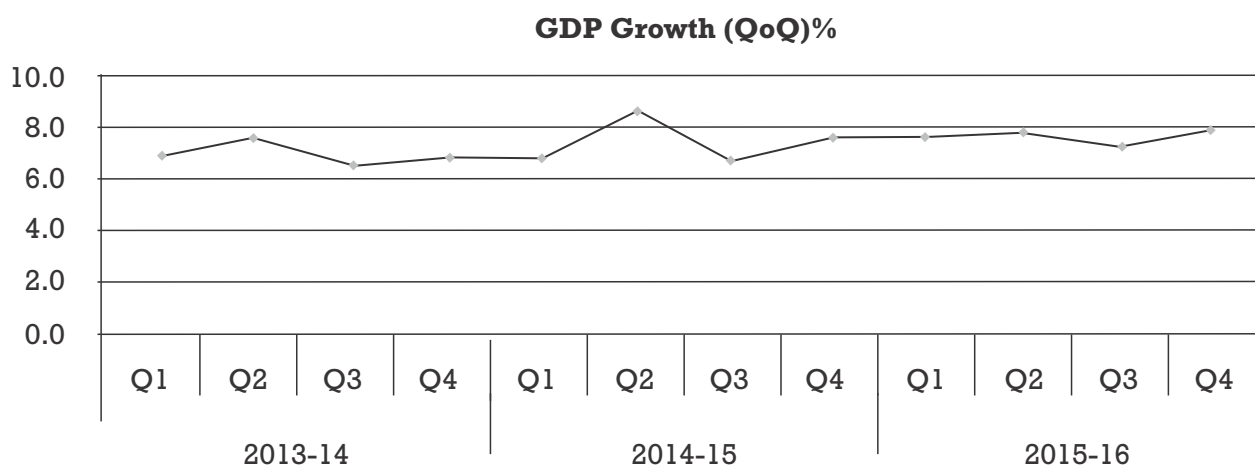


Growth in China is expected to slow to 6.6 percent in 2016 and 6.2 percent in 2017. In China, the near-term outlook has improved due to recent policy support. Benchmark lending rates were cut five times in 2015, fiscal policy turned expansionary in the second half of the year, infrastructure spending picked up, and credit growth accelerated. The rebalancing process from investment to consumption supported by high income growth, a robust labor market, and structural reforms, is expected to continue and boost services sector growth. Brazil's economy is projected to contract by a further 3.3 percent in 2016 (following a contraction of 3.8 percent in 2015), as the recession takes its toll on employment and real incomes and domestic uncertainties continue to constrain the government's ability to formulate and execute policies. India's economic growth is expected to be at 7.4 percent in 2016 and 2017.



## THE INDIAN GROWTH STORY

India continues to remain a bright spot at a time when global growth is facing increasing downside risks, as per the World Economic outlook released by the IMF. Indian economy is projected to attain upto 7.6 percent in 2016-17, ahead of China. For the year 2015-16, real GDP at constant (2011-12) prices grew 7.6 percent, up from 7.2 percent a year ago. During 2015-16, GDP grew 7.5 percent in the first quarter, 7.6 percent in the second quarter, 7.2 percent in the third quarter, and 7.9 percent in the fourth quarter; as against 6.7 percent in Q1, 8.4 percent in Q2, 6.6 percent in Q3, and 7.5 percent in Q4 of 2014-15.



Source: MOSPI

## FINANCIAL, REAL ESTATE AND PROFESSIONAL SERVICES SECTOR OUTPERFORMED OTHER SECTORS

The Indian growth story has been led by services-sector growth. Real GVA at basic constant (2011-12) prices in 2015-16, showed a growth rate of 7.2 percent. The growth was largely led by the financial, real estate and professional services industry, followed by the manufacturing industry which registered growth rate of 10.3 percent and 9.3 percent respectively in 2015-16.

## OUTLOOK

In 2016, global growth has been forecasted to be 3.1 percent, and 3.4 percent in 2017. Growth is projected to continue in the United States at a moderate pace, supported by strengthening balance sheets, no further fiscal drag in 2016, and an improving housing market. Among advanced economies, growth is projected to increase marginally, due to the projected decline in growth in Japan due to the planned consumption tax increase. The modest acceleration of growth in advanced economies reflects support from lower energy prices and accommodative monetary policies. In emerging market and developing economies, growth is projected to increase only modestly relative to 2015. A variety of factors explain the growth projections: weakness in oil-exporting countries; a moderate slowdown in China and a still-weak outlook for exporters of non-oil commodities. Besides these factors, in both the United States and Europe, there are several pressures related to political, geopolitical, or natural developments: Brexit, refugee inflows and El Nino (climate cycle in the Pacific Ocean with a global impact on weather patterns) induced drought is worsening poverty and displacement in a range of emerging markets and low-income developing countries. India's economic growth will continue to be driven by private consumption, which will benefit from higher real incomes. With the revival of sentiment and pickup in industrial activity, a recovery of private investment is expected to further strengthen growth.



## INDIAN FINANCIAL SECTOR HIGHLIGHTS

- On balance of payments basis (i.e., excluding valuation effects), the foreign exchange reserves increased by US\$ 17.9 billion during 2015-16 as compared to an increase of US\$ 61.4 billion during 2014-15. Current Account Deficit (CAD) narrowed to 1.1 percent of GDP in 2015-16 from 1.3 percent in 2014-15 on the back of contraction in the trade deficit. Net FDI inflows during 2015-16 (US\$ 36.0 billion) rose sharply by 15.3 percent over the level in 2014-15.
- Association of Mutual Funds in India (AMFI) reported that average assets managed by the mutual fund industry have grown to ₹13.55 trillion in March 2016. During the fiscal year 2015-16 equity funds had inflows of ₹ 67,611 crore, taking total inflows as on 31<sup>st</sup> March 2016 to ₹134,180 crore.
- India is the fifteenth largest insurance market in the world in terms of premium volume and has the potential to grow exponentially in the coming years. During April 2015 to February 2016 period, the life insurance industry recorded a new premium income of ₹1.072 trillion, indicating a growth rate of 18.3 percent.
- Investment corpus in India's pension sector is expected to cross US\$ 1 trillion by 2025 following the passage of the Pension Fund Regulatory and Development Authority (PFRDA) Act 2013. The Union Budget 2016-17 has allowed foreign investment in the insurance and pension sectors in the automatic route up to 49 percent subject to the extant guidelines on Indian management and control to be verified by the regulators.
- RBI granted 'in principle' approval to 10 small finance banks and 11 payments banks to improve financial inclusion. The setting up of 11 new payments banks can potentially free up ₹ 1,400,000 crore per annum to fund the infrastructure sector, as per a study by the State Bank of India.
- The Prime Minister of India has launched the Micro Unit Development and Refinance Agency (MUDRA) to fund and promote Microfinance Institutions (MFIs) which would in turn provide loans to small and vulnerable sections of the business community. Under Pradhan Mantri Jan Dhan Yojna (as of February 24<sup>th</sup>, 2016), 210 million accounts have been opened and 174.6 million RuPay debit cards have been issued. Government of India aims to extend insurance, pension and credit facilities to those excluded from these benefits under the PMJDY. The Union Cabinet Minister has also approved the Pradhan Mantri Suraksha Bima Yojana which will provide affordable personal accident and life cover to a vast population.

## INDIAN FINANCIAL MARKETS

Indian equity markets observed a good phase in FY2015, but in most of FY2016 the equity markets went through a rough phase with a 9 percent decline in trading volumes compared to FY2015. Muted global growth, declining commodity prices, the first rate hike by the US Federal Reserve (in almost a decade) and overall weak global sentiment affected the domestic capital markets. During 2015-16, the primary securities market recorded a total number of issues of 108, from which ₹ 58,167 crore were raised as compared to ₹19,203 crore raised through 88 issues during 2014-15. For the year 2015-16, the S&P BSE Sensex ended 9 percent lower at 25341.86 levels, while the Nifty50 closed 12.4 percent lower at 7738.40 compared to their respective closing figures as on March 31<sup>st</sup>, 2015; however Mid Cap index has outperformed its larger peers. During March 2016, the benchmark indices rallied with blue-chip indices, broadbased indices and sectoral indices (except S&P BSE Healthcare and Nifty Pharma) all registering gains during the month.

## INDIAN BROKERAGE INDUSTRY

- At the industry level, Equity Average Daily Volumes (ADV) declined by 10 percent YoY during FY 2016 to ₹3.01 trillion. The aggregate market turnover was impacted largely by the declining activity in the largest segment – options. This was partly due to increase in minimum option contract size from November 1<sup>st</sup>, 2015 which reduced the activity of intraday traders in the options market. The industry Option volumes were further exacerbated by gradual withdraw liquidity enhancement incentives by

exchanges on select products. Though, ADV moderated in the cash segment as well, the decline in this was relatively lower. Turnover in the futures segment remained almost flat during FY2016 over FY2015. Consequently, the volume share in the overall market shifted away from the options segment with Cash:Futures:Options volume proportions adjusting to 7:17:76 during FY2016 from 6:15:79 in FY2015.

- ♦ Retail investors seem to have returned to the capital markets indirectly as seen by the robust inflows into the equity schemes of Mutual Funds during the last 9-10 months. Further, many brokers have reported 40-60 percent increase in activity levels of the clients. However, for retail brokers the activity levels remain much lower than what was observed in the heydays of FY 2008 or FY 2011. As per the data obtained from the exchanges, 32-34 percent of overall volumes currently originate from internet / mobiles / tablet platforms. This particular phenomenon is expected to have a lasting impact on the manner in which the industry evolves with much of the incremental client addition for larger brokers being 'online clients'.
- ♦ The commodity broking activity levels continue to remain at muted levels, even though it is more than 30 months since the CTT (Commodity Transaction Tax) was imposed and the NSEL crisis occurred. While the imposition of the CTT has kept most jobbers and arbitrageurs away, the occurrence of the NSEL crisis seems to have impacted investor confidence adversely, thereby, forcing most players to approach the commodity markets cautiously.
- ♦ In their short span of 2-3 years, discount brokerage houses have made their presence felt in the industry. Few discount brokerage houses have also decided to start offering margin funding services to their clients to deepen their client relationships. With increase in client base of discount brokerage houses and other players entering the online broking segment, online volume for the brokerage houses (as a percent age of overall retail volume) rose to 30 percent from 27 percent in FY 2015.

## OUTLOOK

India is today one of the most vibrant global economies, on the back of robust financial sector. Several measures have been outlined in the Union Budget 2016-17 that aim at reviving and accelerating investment which, inter alia, include fiscal consolidation with emphasis on expenditure reforms and continuation of fiscal reforms with rationalization of tax structure. The merger of Forward Markets Commission (FMC) with Securities and Exchange Board of India (SEBI) helped convergence of regulations in the commodities and equity derivatives markets, in line with this SEBI plans to gradually introduce more commodity products and allow more participants in the commodity derivatives market in India.

The domestic equity markets participation during FY2016 was mainly driven by the return of the retail investors as poor performance of traditional asset classes (such as gold and real estate) made most investors over-dependent on the equity markets. With activity levels fostered not just by improved domestic market outlook but also by easing of inching up along with a host of other tools that facilitated ease of use, the markets saw a retail investor coming back.

During FY 2015, the total revenues of the brokers improved substantially mainly driven by surge in broking revenues and revenues from other lines of businesses which include interest income, depository income and wealth management fees, However ICRA estimates that the broking revenues for the industry has declined slightly by ~7-8 percent in FY 2016 compared to FY 2015 on the back of lower volumes and also pricing pressures across the segments. Further a rise in cost structures as many players had resumed hiring and expansion plans is expected to keep the overall profitability matrices of brokerage houses under pressure for FY 2016.

# **Directors Report**



# Directors Report

**To  
The Members,**

The Directors of Master Trust Limited (MTL) have great pleasure in presenting the Annual Report of the company with audited statements of accounts for the financial period ended 31<sup>st</sup> March, 2016 along with report of the Statutory Auditors thereon.

## 1. Financial summary

The summary of financial results of the Company for the period ended 31<sup>st</sup> March, 2016 is as under:

### Financial Results

(₹ in million)

Particulars	For the Year Ended			
	March 31 <sup>st</sup> 2016	March 31 <sup>st</sup> 2015	March 31 <sup>st</sup> 2016	March 31 <sup>st</sup> 2015
	Consolidated		Standalone	
Gross Income	1036.21	1146.09	105.57	167.21
Profit Before Depreciation, Interest & Tax	210.49	326.52	40.49	149.25
Less: Depreciation	18.18	44.61	0.95	1.54
Interest	139.35	184.73	37.08	107.25
Profit Before Tax	52.96	97.18	2.46	40.46
Provision for Tax	17.08	2.79	1.98	3.81
Profit after tax but before minority interest and share in associate Companies	35.88	94.39	0.48	36.65
Less: Share of Minority Interest	0.33	0.60	-	-
Net Profit	35.55	93.79	0.48	36.65
Add: Profit brought forward from earlier years	1002.75	915.61	103.73	73.72
Profit available for appropriation	1038.30	1009.40	104.21	110.37
Less: Appropriations				
- Proposed Dividend	-	-	-	-
- Tax on Dividend	-	-	-	-
- Transfer to Statutory Reserve	(0.32)	6.65	(0.32)	6.64
- Transfer to General Reserve	-	-	-	-
Closing Balance	1038.62	1002.75	104.53	103.73

## 2. Performance Highlights

On a consolidated basis, the Company's gross income decreased by 9.59 % to ₹1036.21 million as compared to ₹1146.09 million in the previous year. The Net worth of the Company has increased by 2.12% to ₹1708.60 million as compared to ₹1673.05 million in the previous year. The Net Profit after tax decreased to ₹35.55 million as compared to ₹93.79 million in the previous year. The basic and diluted earning per share for the current year decreased to ₹3.27 per share as compared to ₹8.62 per share in the previous year.

## 3. Dividend

Keeping in view the present economic situations, the board recommends retaining the earnings in the Company; hence, the Board has not recommended any dividend on the equity share capital of the Company.

#### 4. Outlook

"India is today one of the most vibrant global economies, on the back of robust financial sector. Several measures have been outlined in the Union Budget 2016-17 that aim at reviving and accelerating investment which, inter alia, include fiscal consolidation with emphasis on expenditure reforms and continuation of fiscal reforms with rationalization of tax structure. The merger of Forward Markets Commission (FMC) with Securities and Exchange Board of India (SEBI) helped convergence of regulations in the commodities and equity derivatives markets, in line with this SEBI plans to gradually introduce more commodity products and allow more participants in the commodity derivatives market in India.

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During FY2015, the total revenues of the brokers improved substantially mainly driven by surge in broking revenues and revenues from other lines of businesses which include interest income, depository income and wealth management fees, However ICRA estimates that the broking revenues for the industry has declined slightly by ~7-8% in FY2016 compared to FY2015 on the back of lower volumes and also pricing pressures across the segments. Further a rise in cost structures as many players had resumed hiring and expansion plans following a benign FY2015 is expected to keep the overall profitability matrices of brokerage houses under pressure for FY2016."

#### 5. Reserves

During the period under review there was a net transfer of ₹ 0.32 million to Statutory Reserve.

#### 6. Management Discussion and Analysis

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

#### 7. Adequacy of Internal Control

The Company has a proper and adequate system of internal control, to ensure that all assets are safeguarded, properly utilized and protected against loss from un-authorized use or disposition and those transactions are authorized and recorded by the concerned departments properly and reported to the Audit Committee/Board correctly.

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

#### 8. Audit Committee

The Audit Committee of the Board of Directors of the Company consists of 3 Non-Executive Independent Directors viz. Mr. Ashwani Kumar, Mr. Sudhir Kumar and Mr. Anil Kumar Malhotra. All the Members of Audit Committee are financially literate and have accounting knowledge to interpret and understand the financial statements. No recommendation of the Audit Committee has been rejected by the Board of Directors of the Company during the period under review.

#### 9. Human Resource Development

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

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

Pursuant to the provisions of Section 152 of the Companies Act, 2013 and in accordance with Article 103 of the Articles of Association of the Company, Mr. Harjeet Singh Arora and Mr. R. K. Singhania, 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

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

#### **Statement on Declaration by Independent Directors Under Section 149(6)**

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

#### **11. Fixed Deposits**

The Company has not accepted any public deposits within the meaning of Section 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.

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

There are no material changes and commitments, affecting the financial position of the Company which have occurred between the end of the financial year of the i.e. March 31<sup>st</sup>, 2016 and the date of the directors' report i.e. August 13<sup>th</sup>, 2016.

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

As per an Ex-Parte Ad- Interim Order by SEBI (WTM/RKA/ISD/162/2014) dated 19<sup>th</sup> December, 2014 in the matter of First Financial Services Limited, amongst others, Master Trust Limited was restrained from accessing the securities market and buying, selling or dealing in securities, either directly or indirectly, in any manner, till further directions. The Order is being contested by the Company.

However, no significant or material orders have been passed by the regulators or courts or tribunals during the period under review which may impact the going concern status and company's operations in future.

#### **14. Corporate Governance**

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

The Report on Corporate Governance as stipulated under Part C of Schedule V of the SEBI (LODR) Regulations, 2015 forms part of the Annual Report.

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

#### **15. Directors' Responsibility Statement**

Pursuant to the provisions of Section 134 of the Companies Act 2013, the Directors confirm that

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

## 16. Listing / De-listing of Shares

The Shares of your Company are presently listed on The Bombay Stock Exchange Limited, Mumbai (BSE) and the Annual Listing Fees for the year 2016-17 has already been paid to it.

## 17. Auditors

### Statutory Auditors

The Statutory Auditors, namely, M/s. Manjeet Singh & Co., Chartered Accountants, Firm Registration No. 011831N, Ludhiana, hold office until the conclusion of 32nd Annual General Meeting (AGM) subject to annual ratification by the members at the respective AGMs.

The Auditor has furnished a certificate to the effect that their ratification, if made, at the ensuing AGM, will be within the limits prescribed under Section 141 of the Companies Act, 2013 and that they are not beneficially holding any security or interest in the Company as defined under Companies Act, 2013. The Board on recommendation of the Audit Committee recommends the ratification of M/s. Manjeet Singh & Co. as Statutory Auditors for the Financial Year 2016-17 by the members at the AGM.

Members are requested to consider the ratification of their re-appointment and authorize the Board of Directors to fix their remuneration for the year 2016-17.

### Secretarial Auditors

M/s. Rajeev Bhambri & Associates, Ludhiana were appointed as the Secretarial Auditors for conducting the audit of the Secretarial Compliances of the Company. The Secretarial Audit for the year 2015-16 which, inter alia, includes audit of compliance with the Companies Act, 2013, and the Rules made under the Act, Listing Agreement and Regulations and Guidelines prescribed by the Securities and Exchange Board of India has been completed by M/s. Rajeev Bhambri & Associates, Ludhiana. The Secretarial Audit Report given by M/s. Rajeev Bhambri & Associates, Ludhiana is a part of this Annual Report.

## 18. Auditors' Report

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

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

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

- ♦ Master Infrastructure And Real Estate Developers Limited (Subsidiary)
- ♦ Master Capital Services Limited (Subsidiary)
- ♦ Master Insurance Brokers Limited (Step down Subsidiary)
- ♦ Master Commodity Services Limited (Step down Subsidiary)
- ♦ Master Portfolio Services Limited (Step down Subsidiary)

- ♦ H.A. Shares & Stock Brokers Ltd. (Subsidiary)

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

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

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

### a. MASTER CAPITAL SERVICES LIMITED (MCSL)

In the current year of operations FY 2015-16, MCSL's revenue during the year under review decreased to ₹ 778.83 million from ₹ 867.79 million in the previous year FY 2014-15 registering a decrease of 1.25%. MCSL's net profit, during the current year, decreased to ₹ 27.96 million from ₹ 46.26 million.

### b. MASTER COMMODITY SERVICES LIMITED (MCOML)

In the current year of operations FY 2015-16, MCOML posted significant increase in revenues. MCOML's revenue during the year under review increased to ₹ 134.94 million from ₹ 127.88 million in the previous year FY 2014-15 registering an increase of 5.53%. MCOML's net profit, during the current year, decreased to ₹ 6.70 million from ₹ 14.36 million.

### c. MASTER INFRASTRUCTURE AND REAL ESTATE DEVELOPERS LIMITED (MIREL)

In the current year of operations FY 2015-16, MIREL's revenue during the year under review decreased to ₹ 3.86 million from ₹ 4.57 million in the previous year FY 2014-15 mainly due to a sluggish demand in the real estate sector. MIREL's net profit, during the current year, decreased to ₹ 0.09 million from ₹ 0.92 million.

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

HASSBL's revenue during the year under review decreased to ₹ 18.98 million from ₹ 42.27 million in the previous year FY 2014-15. HASSBL company's net profit, during the current year also decreased to ₹ 0.68 million from ₹ 1.24 million.

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

In the current year of operations FY 2015-16, MIBL posted significant increase in revenues. Your company's revenue during the year under review increased to ₹ 8.78 million from ₹ 8.36 million in the previous year FY 2014-15 registering an increase of 4.90%. MIBL company's net profit during the current year, decreased to ₹ 0.32 million from ₹ 0.68 million.

### f. MASTER PORTFOLIO SERVICES LIMITED (MPSL)

In the current year of operations FY 2015-16, MPSL posted significant increase in revenues. MPSL's revenue during the year under review increased to ₹ 8.81 million from ₹ 7.61 million in the previous year FY 2014-15 registering an increase of 15.76%. MPSL's net profit, during the current year, increased to ₹ 0.22 million from ₹ 0.16 million registering an increase by 37.5%.

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

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

During the period under review, no employee of the Company received salary in excess of the limits as prescribed under the Act. Accordingly, no particulars of employees are being given pursuant to Section 134 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended.

The details pertaining to the ratio of the remuneration of each director to the median employee's



remuneration and other prescribed details as required under section 197(12) of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment And Remuneration of Managerial Personnel) Rules, 2014 as amended are annexed herewith and form part of the Directors' Report.

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

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

## **23. Extract of the annual return**

The extract of the annual return in Form No. MGT-9 annexed herewith forms part of the Board's report.

## **24. Number of meetings of the Board of Directors**

Regular meetings of the Board are held to discuss and decide on various business policies, strategies and other businesses. Due to business exigencies, certain business decisions are taken by the Board through circulation from time to time.

The Board met (7) times during the FY 2015-16 viz. on 30.05.2015, 14.08.2015, 04.11.2015, 14.11.2015, 20.01.2016, 13.02.2016 and 15.03.2016. The separate meeting of the Independent Directors of the Company was also held on 14.08.2015 other than the Board Meetings mentioned.

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

Pursuant to Section 186(11) of the Companies Act, 2013 the investment and lending activities of a Non Banking Financial Company in the ordinary course of its business are exempted.

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

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

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

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

Pursuant to the provisions of Section 177 (9) & (10) of the Companies Act, 2013 and Schedule V of SEBI(LODR) Regulations, 2015, a Vigil Mechanism/Whistle Blower Policy for Directors and employees to report genuine concerns has been established. A copy of the Vigil Mechanism/Whistle Blower as approved by the board may be accessed at <http://mastertrust.co.in/invester.aspx>.

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

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

## **29. Familiarization programme for Independent Director**

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

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

The Policy on dealing with related party transactions and the Policy for determining material subsidiaries as approved by the Board of Directors may be accessed on the Company's website at <http://mastertrust.co.in/invester.aspx>.

### 31. Insider Trading Regulations

Based on the requirements under SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information ("Code of Fair Disclosure") and the Code of Conduct to regulate, monitor and report trading by employees and other connected persons ("Code of Conduct") as approved by the Board on 14.05.2015 are in force by the Company. The objective of this Code is to protect the interest of shareholders at large, to prevent misuse of any price sensitive information and to prevent any insider trading activity by dealing in shares of the Company by its Directors, Designated employees and Specified Persons. The Company also adopts the concept of Trading Window Closure, to prevent its Directors, Designated employees and Specified Persons from trading in the securities of the Company at the time when there is unpublished price sensitive information.

### 32. Nomination and Remuneration Policy

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

### 33. Risk Management

The Board of Directors of your Company has constituted a risk management policy which seeks to identify risks inherent in business operations of the Company and provides guidelines to define, measure, report, control and mitigate the identified risks. The objective of Risk Management is to create and protect shareholder value by minimizing threats or losses, and identifying and maximizing opportunities. An enterprise-wide risk management framework is applied so that effective management of risks is an integral part of every employee's job.

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

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

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

### 34. Board Evaluation

The Board of Directors of your Company recognises and accepts that Boards are accountable to the public to ensure that they are operating in an effective manner. Care is taken to avoid that the Board does not fall into the “same old way of doing things”. Therefore, one of the few ways to identify and address the problem is for the Board to conduct a self-evaluation.

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

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

### 35. Prevention of Sexual Harassment at Workplace

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

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

### 36 Acknowledgment

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

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

**For and on behalf of the Board of Directors**

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

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

Place : Ludhiana  
Date : 13.08.2016

## POLICY FOR DIRECTOR'S APPOINTMENT AND CRITERIA FOR DETERMINING INDEPENDENCE OF A DIRECTOR

### BACKGROUND

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

### BRIEF OVERVIEW UNDER COMPANIES ACT 2013

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

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

### NOMINATION AND REMUNERATION POLICY

This Nomination and Remuneration Policy is being formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Clause 49 of the Listing Agreement, as amended from time to time. This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Nomination and Remuneration Committee (NRC or the Committee) and has been approved by the Board of Directors in its meeting held on 30<sup>th</sup> day of May 2014.

#### Definitions

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

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

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

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

#### Objective

- ♦ The objective of the policy is to ensure that:
- ♦ the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;

- ♦ relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- ♦ remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

### Role of the Committee

The role of the NRC will be the following:

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

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

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

## TERM / TENURE

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

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

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

### b) Independent Director:

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

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

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

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

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

## EVALUATION

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

## REMOVAL

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

## RETIREMENT

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

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

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

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

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

- a) The Non-Executive / Independent Directors may receive sitting fees and such other remuneration as permissible under the provisions of Companies Act, 2013. The amount of sitting fees shall be such as may be recommended by the Nomination and Remuneration Committee and approved by

the Board of Directors.

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

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

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

#### **IMPLEMENTATION**

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

**FORM NO. MGT 9**  
**EXTRACT OF ANNUAL RETURN**  
**as on financial year ended on 31.03.2016**

**Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014**

**I. REGISTRATION & OTHER DETAILS**

i	CIN	L65991PB1985PLC006414
ii	Registration Date	20/08/1985
iii	Name of the Company	Master Trust Limited
iv	Category/Sub-category of the Company	Public Company/Company Limited by Shares
v	Address of the Registered office & contact details	Master Chambers, 19, Feroze Gandhi Market, Ludhiana - 141001
vi	Whether listed company	LISTED
vii	Name, Address & contact details of the Registrar & Transfer Agent, if any	Skyline Financial Services P.Ltd., D-153/A, First Floor, Okhla Industrial Area, Phase- I, New Delhi. Phone - 011-26812682/83/84, Email - admin@skylinerta.com

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the company shall be stated.

Sr No.	Name & Description of main products/services	NIC Code of the Product /Service	% to total turnover of the company
1	Interest on Loans and Advances	6492	98.05

**III. PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES**

Sr No.	Name & Address of the Company	CIN/GLN	HOLDING/SUBSIDIARY/ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	Master Capital Services Limited	U67190MH1994PLC147882	Subsidiary Company	100	2(87)
2	Master Infrastructure and Real Estate Developers Limited	U24111PB1991PLC011630	Subsidiary Company	100	2(87)
3	H.A. Shares & Stock Brokers Limited	U74899DL1993PLC054498	Subsidiary Company	51.08	2(87)
4	Master Insurance Brokers Limited	U17219PB1995PLC017006	Step Down Subsidiary	100*	2(87)
5	Master Portfolio Services Limited	U67120PB1994PLC015331	Step Down Subsidiary	100*	2(87)
6	Master Commodity Services Limited	U67120PB1991PLC011574	Step Down Subsidiary	100*	2(87)



Note : Master Insurance Brokers Limited (MIBL), Master Portfolio Services Limited (MPSL) and Master Commodity Services Limited (MCOML) are the subsidiaries of Master Capital Services Limited. Since, Master Capital Services Limited is a subsidiary of the Company, therefore, MIBL, MPSL and MCOML are being reported as subsidiaries of the Company.

#### IV. SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

##### i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	5659392	1535320	7194712	66.15	5659392	1535320	7194712	66.15	0.00
b) Central Govt. or State Govt.	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corporates	593958	0	593958	5.46	593958	0	593958	5.46	0.00
d) Bank/FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any other	0	0	0	0.00	0	0	0	0.00	0.00
<b>SUBTOTAL:(A) (1)</b>	<b>6253350</b>	<b>1535320</b>	<b>7788670</b>	<b>71.61</b>	<b>6253350</b>	<b>1535320</b>	<b>7788670</b>	<b>71.61</b>	<b>0.00</b>
<b>(2) Foreign</b>									
a) NRI- Individuals	0	0	0	0	0	0	0	0.00	0.00
b) Other Individuals	0	0	0	0	0	0	0	0.00	0.00
c) Bodies Corp.	0	0	0	0	0	0	0	0.00	0.00
d) Banks/FI	0	0	0	0	0	0	0	0.00	0.00
e) Any other	0	0	0	0	0	0	0	0.00	0.00
<b>SUBTOTAL (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Shareholding of Promoter (A)= (A)(1)+(A)(2)</b>	<b>6253350</b>	<b>1535320</b>	<b>7788670</b>	<b>71.61</b>	<b>6253350</b>	<b>1535320</b>	<b>7788670</b>	<b>71.61</b>	<b>0.00</b>
<b>B. PUBLIC SHAREHOLDING</b>									
<b>(1) Institutions</b>									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks/FI	0	0	0	0	0	0	0	0	0
c) Central govt	0	0	0	0	0	0	0	0	0
d) State Govt.	0	0	0	0	0	0	0	0	0
e) Venture Capital Fund	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIS	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
<b>SUBTOTAL (B)(1):</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>(2) Non Institutions</b>									
a) Bodies corporates									
I) Indian	2034043	26100	2060143	18.94	2024040	26100	2050140	18.85	(0.09)
ii) Overseas	0	0	0	0	0	0	0	0.00	0.00
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹1 lakhs	460949	217225	678174	6.24	483267	215925	699192	6.43	0.19
ii) Individuals shareholders holding nominal share capital in excess of ₹1 lakhs	196396	14400	210796	1.94	201155	14400	215555	1.98	0.04
c) Others (specify)									
HUF	67111	0	67111	0.62	73173	0	73173	0.67	0.06
Non Resident Indians	25067	1000	26067	0.24	26067	1000	27067	0.25	0.01
Clearing Members	45369	0	45369	0.42	22803	0	22803	0.21	(0.21)
<b>SUBTOTAL (B)(2):</b>	<b>2829205</b>	<b>258725</b>	<b>3087930</b>	<b>28.39</b>	<b>2830505</b>	<b>257425</b>	<b>3087930</b>	<b>28.39</b>	<b>0.00</b>
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>2829205</b>	<b>258725</b>	<b>3087930</b>	<b>28.39</b>	<b>2830505</b>	<b>257425</b>	<b>3087930</b>	<b>28.39</b>	<b>0.00</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Grand Total (A+B+C)</b>	<b>9082285</b>	<b>1794045</b>	<b>10876600</b>	<b>100.00</b>	<b>9083855</b>	<b>1792745</b>	<b>10876600</b>	<b>100.00</b>	<b>0.00</b>

## ii) Shareholding of Promoters

Sr. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	Harjeet Singh Arora	1586848	14.59	0	1586848	14.59	0	0
2	Harneesh kaur Arora	1215010	11.17	0	1215010	11.17	0	0
3	R.K. Singhania	2580357	23.72	0	2580357	23.72	0	0
4	Palka Arora	250000	2.30	0	250000	2.30	0	0
5	Jashanjyot Arora	545000	5.01	0	545000	5.01	0	0
6	Parveen Singhania	815500	7.50	0	815500	7.50	0	0
7	Puneet Singhania	101997	0.94	0	101997	0.94	0	0
8	Prime Industries Ltd.	593958	5.46	0	593958	5.46	0	0
9	Chirag Singhania	100000	0.92	0	100000	0.92	0	0
	<b>Total</b>	<b>7788670</b>	<b>71.61</b>	<b>0</b>	<b>7788670</b>	<b>71.61</b>	<b>0</b>	<b>0</b>

## iii) Change in Promoters' Shareholding (Specify if there is no Change)

Sr. No.		Share holding at the beginning of the Year		Date	Increase/ (Decrease)	Reason	Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company				No. of shares	% of total shares of the company
1	Harjeet Singh Arora	1586848	14.59	01.04.2015	No Change		1586848	14.59
		1586848	14.59	31.03.2016			1586848	14.59
2	Harneesh Kaur Arora	1215010	11.17	01.04.2015	No Change		1215010	11.17
		1215010	11.17	31.03.2016			1215010	11.17
3	R.K. Singhania	2580357	23.72	01.04.2015	No Change		2580357	23.72
		2580357	23.72	31.03.2016			2580357	23.72
4	Palka Arora	250000	2.30	01.04.2015	No Change		250000	5.01
		250000	2.30	31.03.2016			250000	5.01
5	Jashanjyot Arora	545000	5.01	01.04.2015	No Change		545000	11.17
		545000	5.01	31.03.2016			545000	11.17
6	Parveen Singhania	815500	7.50	01.04.2015	No Change		815500	7.50
		815500	7.50	31.03.2016			815500	7.50
7	Puneet Singhania	101997	0.94	01.04.2015	No Change		101997	0.94
		101997	0.94	31.03.2016			101997	0.94
8	Prime Industries Ltd.	593958	5.46	01.04.2015	No Change		593958	5.46
		593958	5.46	31.03.2016			593958	5.46
9	Chirag Singhania	100000	0.92	01.04.2015	No Change		100000	0.92
		100000	0.92	31.03.2016			100000	0.92

## iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sr. No.		Share holding at the beginning of the Year		Date	Increase/ (Decrease)	Reason	Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company				No. of shares	% of total shares of the company
1	Vidya Portfolio Management Services Limited				No Change			
		700000	6.44	01.04.2015			700000	6.44
		700000	6.44	31.03.2016			700000	6.44
2	Gala Finance & Investments Limited				No Change			
		695486	6.39	01.04.2015			695486	6.39
		695486	6.39	31.03.2016			695486	6.39
3	Convexity Solutions & Advisors Private Limited				No Change			
		525000	4.83	01.04.2015			525000	4.83
		525000	4.83	31.03.2016			525000	4.83

4	Poonam Sharma	100000	0.92	01.04.2015	No Change	100000	0.92	
		100000	0.92	31.03.2016		100000	0.92	
5	DR Sharma(Dhani Ram)	24051	0.22	01.04.2015	4759	Purchase	24051	0.22
				04.09.2015			28810	0.26
		28810	0.26	31.03.2016			28810	0.26
6	Paul Joseph Ferraria	20200	0.19	01.04.2015	No Change	20200	0.19	
		20200	0.19	31.03.2016		20200	0.19	
7	Devika Singhania	19000	0.17	01.04.2015	No Change	19000	0.17	
		19000	0.17	31.03.2016		19000	0.17	
8	Keval Khanna HUF	18890	0.17	01.04.2015	No Change	18890	0.17	
		18890	0.17	31.03.2016		18890	0.17	
9	Shivam International Limited	16300	0.15	01.04.2015	No Change	16300	0.15	
		16300	0.15	31.03.2016		16300	0.15	
10	Nomita Khanna	16146	0.15	01.04.2015	No Change	16146	0.15	
		16146	0.15	31.03.2016		16146	0.15	

Note : The detail of Master Capital Services Limited and LSE Securities Limited with respect to their Shareholdings, Transfers, etc. during the Financial Year have not been given since the same pertain to the transactions executed by Master Capital Services Limited and LSE Securities Limited on the behalf of its clients only.

#### v) Shareholding of Directors and Key Managerial Personnel

Sr. No.		Share holding at the beginning of the Year		Date	Increase/ (Decrease)	Reason	Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company				No. of shares	% of total shares of the company
1	Harjeet Singh Arora	1586848	14.59	01.04.2015	No Change		1586848	14.59
		1586848	14.59	31.03.2016			1586848	14.59
2	Harneesh Kaur Arora	1215010	11.17	01.04.2015	No Change		1215010	11.17
		1215010	11.17	31.03.2016			1215010	11.17
3	R.K. Singhania	2580357	23.72	01.04.2015	No Change		2580357	23.72
		2580357	23.72	31.03.2016			2580357	23.72
4	Ashwani Kumar	0	0.00	01.04.2015	No Change		0	0.00
		0	0.00	31.03.2016			0	0.00
5	Anil K. Malhotra	0	0.00	01.04.2015	No Change		0	0.00
		0	0.00	31.03.2016			0	0.00
6	Anil Bhatia	0	0.00	01.04.2015	No Change		0	0.00
		0	0.00	31.03.2016			0	0.00
7	Pavan Chhabra	0	0.00	01.04.2015	No Change		0	0.00
		0	0.00	31.03.2016			0	0.00
8	G.S. Chawla	0	0.00	01.04.2015	No Change		0	0.00
		0	0.00	31.03.2016			0	0.00
9	Sudhir Kumar	0	0.00	01.04.2015	No Change		0	0.00
		0	0.00	31.03.2016			0	0.00
10	Mohan Singh	0	0.00	01.04.2015	No Change		0	0.00
		0	0.00	31.03.2016			0	0.00
11	Sunil Kumar	0	0.00	01.04.2015	No Change		0	0.00
		0	0.00	31.03.2016			0	0.00

**V. INDEBTEDNESS**

(₹ in Millions)

<b>Indebtedness of the Company including interest outstanding/accrued but not due for payment</b>				
	<b>Secured Loans excluding deposits</b>	<b>Unsecured Loans</b>	<b>Deposits</b>	<b>Total Indebtednes</b>
<b>Indebtness at the beginning of the financial year</b>				
i) Principal Amount	30.01	631.76	0.00	661.77
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	0.00	0.00	0.00	0.00
<b>Total (i+ii+iii)</b>	30.01	631.76	0.00	661.77
<b>Change in Indebtedness during the financial year</b>				
Additions	0.00	0.00	0.00	0.00
Reduction	(23.71)	(129.38)	0.00	(153.09)
<b>Net Change</b>			0.00	(153.09)
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	6.30	502.38	0.00	508.68
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	0.00	0.00	0.00	0.00
<b>Total (i+ii+iii)</b>	6.30	502.38	0.00	508.68

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. Remuneration to Managing Director, Whole time director and/or Manager:**

(₹ in Millions)

<b>Sr. No.</b>	<b>Particulars of Remuneration</b>	<b>Name of the MD/WTD/Manager</b>	<b>Total Amount</b>
		<b>Harjeet Singh Arora</b>	
1	<b>Gross salary</b>		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax, 1961	2.40	2.40
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	0.03	0.03
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-
	<b>Total (i+ii+iii)</b>	-	-
2	Stock option	-	-
3	Sweat Equity	-	-
4	Commission	-	-
	as % of profit	-	-
	others (specify)	-	-
5	Others, please specify	-	-
	<b>Total (A)</b>	2.43	2.43
	<b>Ceiling as per the Act</b>	4.20	4.20*

**B. Remuneration to other directors:**

(₹ in Millions)

<b>Sr. No.</b>	<b>Particulars of Remuneration</b>	<b>Name of the Directors</b>	<b>Total Amount</b>
1	<b>Independent Directors</b>		
	(a) Fee for attending board committee meetings	None of the Independent Directors have been paid any sitting fees, commission, etc.	N. A.
	(b) Commission		
	(c) Others, please specify		
	<b>Total (1)</b>	NIL	NIL
2	<b>Other Non Executive Directors</b>		
	(a) Fee for attending board committee meetings	None of the Non-Executive Directors have been paid any sitting fees, commission, etc.	N. A.
	(b) Commission		
	(c) Others, please specify		
	<b>Total (2)</b>	NIL	NIL
	<b>Total (B)=(1+2)</b>	NIL	NIL
	<b>Total Managerial Remuneration</b>	2.43	2.43
	<b>Overall Cieling as per the Act</b>	4.20	4.20*

\*Maximum remuneration payable as per Schedule V based on the effective capital of the company.

**C. Remuneration to key managerial personnel other than MD/Manager/WTD**

(₹ in Millions)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		Gross Salary			
		CEO	Company Secretary	CFO	Total
		NA	Mohan Singh	Sunil Kumar	
1	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	-	0.53	0.56	1.09
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-
2	Stock option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	as % of profit	-	-	-	-
	others (specify)	-	-	-	-
5	Others, please specify	-	-	-	-
	<b>Total</b>	-	<b>0.53</b>	<b>0.56</b>	<b>1.09</b>

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES**

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority (RD/NCLT/Court)	Appeal made if any (give details)
<b>A. COMPANY</b>					
Penalty	N.A.	NIL	NIL	NIL	NIL
Punishment	N.A.	NIL	NIL	NIL	NIL
Compounding	N.A.	NIL	NIL	NIL	NIL
<b>B. DIRECTORS</b>					
Penalty	N.A.	NIL	NIL	NIL	NIL
Punishment	N.A.	NIL	NIL	NIL	NIL
Compounding	N.A.	NIL	NIL	NIL	NIL
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	N.A.	NIL	NIL	NIL	NIL
Punishment	N.A.	NIL	NIL	NIL	NIL
Compounding	N.A.	NIL	NIL	NIL	NIL

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

- a) The ratio of the remuneration of the Managing Director to the median remuneration of the employees of the company for the financial year was 7.95:1. No other Director of the Company is being paid any remuneration.
- b) The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year.

Sr. No.	Name of Director /KMP and Designation	% increase in Remuneration in the Financial Year 2015-16
1.	Mr. Harjeet Singh Arora	NIL
2.	Mr. Mohan Singh	10.24%
3.	Mr. Sunil Kumar	5%

- c) There was a increase of 10.68% in the median remuneration of employees in the financial year 2015-16 vis-a vis financial year 2014-15.
- d) The Company had 18 permanent employees on the rolls of the Company.
- e) Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2015-16 was 5.70% whereas the increase in the managerial remuneration for the same financial year was 5.08%.
- f) Affirmed that the remuneration is as per the remuneration policy of the company.

## CEO/CFO Certificate

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

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

**For Master Trust Limited**

**For Master Trust Limited**

**Sunil Kumar**

Chief Financial Officer

**Harjeet S. Arora**

Managing Director

DIN - 00063176

Place: Ludhiana

Date : 30.05.2016

## 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.

**For Master Trust Limited**

**Harjeet S. Arora**

Managing Director

DIN - 00063176

Place: Ludhiana

Date : 30.05.2016

# Practising Company Secretary's Certificate

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

To

The Members of

### **Master Trust Limited**

We have examined the compliance of conditions of Corporate Governance by MASTER TRUST LIMITED ('the Company'), for the year ended on 31<sup>st</sup> March, 2016, as stipulated in Clause 49 of the Listing Agreement and Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the said Company with the BSE Limited.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the provisions as specified in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the said Company with the BSE Limited.

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

**For Rajeev Bhambri & Associates**

Company Secretary

FRN 011831N

**Rajeev Bhambri**

Prop.

(CP No. 9491)

Place : Ludhiana

Date : 30.05.2016

# Secretarial Audit Report

FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> March, 2016

**[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]**

To,  
**The Members,  
Master Trust Limited,  
SCO 19, Master Chambers,  
Feroze Gandhi Market,  
Ludhiana - 141001.  
(CIN:L65991PB1985PLC006414)**

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2016 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2016, to the extent applicable and according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) SEBI (Prohibition of Insider Trading) Regulations, 1992 and SEBI (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and amendments from time to time
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents)



Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

vi) We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with laws relating to, inter alia:

- All labour laws;
- Securities and Exchange Board of India (Stock Brokers and Sub-Brokers) Rules, 1992

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

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

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

**We further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. No changes in the composition of the Board of Directors took place during the period under review. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

We further report that during the audit period the Company has following specific events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc. as detailed below:-

As per an Ex-Parte Ad- Interim Order by SEBI in the matter of First Financial Services Limited, Company amongst others, has been restrained from accessing the securities market and buying, selling or dealing in securities, either directly or indirectly, in any manner, till further directions. The Order has affected one of its activity i.e. trading/investment in securities till further directions. The Order is being contested by the Company.

**Rajeev Bhambri & Associates**

Company Secretary in whole time practice

C.P.No. 9491

Place : Ludhiana

Dated : 30.05.2016

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

## Annexure A

To,

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

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

- (i) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
- (ii) We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
- (iii) Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
- (iv) The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
- (v) The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**Rajeev Bhambri & Associates**

Company Secretary in whole time practice

C.P.No. 9491

Place: Ludhiana

Dated: 30.05.2016

# Report on Corporate Governance

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

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

## 1. Company's Philosophy

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

## 2. Board of Directors

### A. Composition:

The present strength of the Board consists of 9 Directors who are professionals and are drawn from diverse fields. The majority of the Directors of the Board are Non- Executive Directors. The day to day Management of the Company is conducted by the Managing Director of the company subject to the supervision and control of the Board of Directors.

- ♦ Five Non-Executive Independent Directors, drawn from amongst persons with experience in business, finance, technology and management.
- ♦ Three Non-Executive Directors with considerable experience in their field representing the Company.

**B.** The names of Directors and their attendance at each Board Meeting /Last Annual General Meeting and number of Directorship/Committee Chairmanship/Committee membership in other companies as on 31.03.2016 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	7	9	1	2
Mr. R. K. Singhanian (DIN: 00077540)	Non Executive Director	Present	7	6	-	-
Mrs. Harneesh Kaur Arora (DIN: 00089451)	Non Executive Director	Present	6	3	-	-
Mr. G.S. Chawla (DIN: 00087449)	Non Executive Director	Present	7	4	-	1
Mr. Pavan Kumar Chhabra (DIN:000104957)	Independent Non Executive Director	Absent	1	5	1	1
Mr. Ashwani Kumar (DIN: 00030307)	Independent Non Executive Director	Present	7	7	1	1
Mr. Anil Kumar Malhotra (DIN: 00455951)	Independent Non Executive Director	Absent	7	1	-	-
Mr. Anil Kumar Bhatia (DIN: 00254117)	Independent Non Executive Director	Absent	5	-	-	-
Mr. Sudhir Kumar (DIN: 00305360)	Independent Non Executive Director	Absent	7	2	-	1

- Note :**
1. Mrs. Harneesh Kaur Arora, Non-Executive Director is the spouse of Mr. Harjeet Singh Arora, Managing Director. None of the other Directors are related to each other.
  2. For the purpose of SEBI (LODR) Regulations, 2015, the Committees considered are only the Audit Committee and the Shareholders/ Investors Grievance Committee of Public Limited Companies.
  3. Directorships of only public limited companies have been considered.

C. During the year 2015-16, seven (7) Board Meetings were held viz. on 30.05.2015, 14.08.2015, 4.11.2015, 14.11.2015, 20.01.2016, 13.02.2016 and 15.03.2016. The necessary quorum was present for all the meetings.

### 3. Audit Committee

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

To ensure the composition & independence of the Committee as per the Companies Act, 2013, the Audit Committee consists of 3 Non-Executive Independent Directors viz. Mr. Ashwani Kumar, Mr. Sudhir Kumar and Mr. Anil Kumar Malhotra. All the Members of Audit Committee are financially literate and have accounting knowledge to interpret and understand the financial statements. Mr. Ashwani Kumar is the Chairman of the Audit Committee.

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

During the year 2015-16, 4 (Four) Audit Committee were held viz. on 30.05.2015, 14.08.2015, 14.11.2015 & 13.02.2016.

### 4. Nomination & Remuneration Committee

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

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

### 5. Director's Remuneration

#### Managing Director

The Company paid remuneration to the Managing Director as recommended by the Remuneration Committee and as approved by the members of the Company. Detail of remuneration paid to the Managing Director during the Financial Year 2015-16 is given below :-

(₹ in Millions p.a.)

Name of Director	Designation	Salary	Perquisites	Total
Mr. Harjeet Singh Arora	Managing Director	2.40	0.03	2.43
Total		2.40	0.03	2.43

#### Non-Executive Directors

Non Executive Directors do not have any pecuniary relationship or transactions with the Company. Non Executive Directors have not been paid any remuneration during the financial year.

#### Shares held by the Non- Executive Directors

Details of Equity Shares of the Company held by the Non-Executive Directors as on 31<sup>st</sup> March 2016.

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

## 6. Stakeholders Relationship Committee

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

Mr. Mohan Singh, Company Secretary is the Compliance Officer of the Committee. The Committee meets as and when required, to deal with the investor related matters etc. The terms of reference of the Stakeholders Relationship Committee are in accordance with the SEBI (LODR) Regulations, 2015 as amended from time to time.

During the year, no stakeholders complaints were received. There were no outstanding investor complaints as on 31<sup>st</sup> March 2016.

## 7. Code of Conduct

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

## 8. Risk Management

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

## 9. General Body Meetings

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

Financial Year	Meeting	Date & Venue	Time	Whether Special Resolutions passed	Summary of Special Resolutions passed
2015	Annual General Meeting	29.09.2015 Master Chambers, SCO - 19, Ground Floor, Feroze Gandhi Market, Ludhiana	11:00 A.M.	Yes	1. Approval of Related Party Transactions. 2. To give guarantees or provides securities in excess of the limits prescribed under Section 186(3) of Companies Act, 2013.
2014	Annual General Meeting	26.09.2014 Master Chambers, SCO - 19, Ground Floor, Feroze Gandhi Market, Ludhiana	10:30 A.M.	Yes	1. Appointment of Mr. Anil Bhatia, Mr. Anil K. Malhotra, Mr. Ashwani Kumar and Mr. Pavan Kumar Chhabra as Independent Directors. 2. Prior approval to related party transactions.
2013	Annual General Meeting	30.09.2013 Master Chambers, SCO - 19, Ground Floor, Feroze Gandhi Market, Ludhiana	10:00 A.M.	Yes	1. Re-appointment of Mr. Harjeet Singh Arora as Managing Director of the Company for a period of three years w.e.f. 27 <sup>th</sup> 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. 27 <sup>th</sup> November, 2013.

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

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

## 10. Disclosures

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

- ♦ As per an Ex-Parte Ad- Interim Order by SEBI (WTM/RKA/ISD/162/2014) dated 19<sup>th</sup> December, 2014 in the matter of First Financial Services Limited, amongst others, Master Trust Limited was restrained from accessing the securities market and buying, selling or dealing in securities, either directly or indirectly, in any manner, till further directions. The Order is being contested by the Company.
- ♦ 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 31<sup>st</sup> March, 2016. All related party transactions are negotiated on an arms' length basis, and are intended to further the Company's interests.
- ♦ No treatment different from accounting standards prescribed by the Institute of Chartered Accountants of India, has been followed while preparing the financial statements. The Guidelines on Accounting Standards issued under the Companies (Accounting Standards) Rules, 2006 have been followed in preparation of the financial statements of the company.
- ♦ The Company has complied with the mandatory requirements of SEBI(LODR) Regulations, 2015 and has not followed the non mandatory requirements.
- ♦ The Policy on dealing with related party transactions and the Policy for determining material subsidiaries as approved by the Board of Directors may be accessed on the Company's website at <http://mastertrust.co.in/invester.aspx>.
- ♦ The Board of Directors periodically reviewed the compliance of all applicable laws and steps taken by the Company to rectify instances of non-compliance, if any. The Company is in compliance with all mandatory requirements of listing regulations. The Company has submitted quarterly compliance report on Corporate Governance with Stock Exchanges, in accordance with the requirements of Regulation 27(2)(a) of the SEBI(LODR) Regulations, 2015.

Corporate Governance Report for the whole of financial year is given in table below:

<b>I. Disclosure on website in terms of Listing Regulations:</b>	
<b>Item</b>	<b>Compliance status (Yes / No / NA)</b>
Details of business	Yes
Terms and conditions of appointment of independent directors	Yes
Composition of various committees of board of directors	Yes
Code of conduct of board of directors and senior management personnel	Yes
Details of establishment of vigil mechanism/ Whistle Blower policy	Yes
Criteria of making payments to non-executive directors	Yes
Policy on dealing with related party transactions	Yes
Policy for determining 'material' subsidiaries	Yes
Details of familiarization programmes imparted to independent directors	Yes
Contact information of the designated officials of the listed entity who are responsible for assisting and handling investor grievances	Yes
Email address for grievance redressal and other relevant details	Yes
Financial results	Yes
Shareholding pattern	Yes
Details of agreements entered into with the media companies and/or their associates	NA
New name and the old name of the listed entity	NA

<b>II. Annual Affirmations:</b>		
<b>Item</b>	<b>Regulation Number</b>	<b>Compliance status (Yes / No / NA)</b>
Independent director(s) have been appointed in terms of specified criteria of 'independence' and/or eligibility'	16(1)(b) & 25(6)	Yes
Board composition	17(1)	Yes
Meeting of Board of directors	17(2)	Yes
Review of Compliance Reports	17(3)	Yes
Plans for orderly succession for appointments	17(4)	Yes
Code of Conduct	17(5)	Yes
Fees/compensation	17(6)	Yes
Minimum Information	17(7)	Yes
Compliance Certificate	17(8)	Yes
Risk Assessment & Management	17(9)	Yes
Performance Evaluation of Independent Directors	17(10)	Yes
Composition of Audit Committee	18(1)	Yes
Meeting of Audit Committee	18(2)	Yes
Composition of nomination & remuneration committee	19(1) & (2)	Yes
Composition of Stakeholder Relationship Committee	20(1) & (2)	Yes
Composition and role of risk management committee	21(1),(2),(3),(4)	NA
Vigil Mechanism	22	Yes
Policy for related party Transaction	23(1),(5),(6),(7) & (8)	Yes
Prior or Omnibus approval of Audit Committee for all related party transactions	23(2), (3)	Yes
Approval for material related party transactions	23(4)	Yes
Composition of Board of Directors of unlisted material Subsidiary	24(1)	Yes
Other Corporate Governance requirements with respect to subsidiary of listed entity	24(2),(3),(4),(5) & (6)	Yes
Maximum Directorship & Tenure	25(1) & (2)	Yes
Meeting of independent directors	25(3) & (4)	Yes
Familiarization of independent directors	25(7)	Yes
Memberships in Committees	26(1)	Yes
Affirmation with compliance to code of conduct from members of Board of Directors and Senior management personnel	26(3)	Yes
Disclosure of Shareholding by Non- Executive Directors	26(4)	Yes
Policy with respect to Obligations of directors and senior management	26(2) & 26(5)	Yes

### 11. Whistle Blower policy

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

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

### 12. Means of Communication

The Company communicates with the shareholders at large through its Annual Report, publication of financial results and by filing of various reports and returns with the statutory bodies like Stock Exchange and Registrar of Companies. The quarterly results are published in Desh Sewak and Financial Express/Financial World and are displayed on the website of the Company at <http://mastertrust.co.in/invester.aspx>.

### 13. Audit Qualifications

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

### 14. General Information for Shareholders

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

**b. Annual General Meeting :**

The 31<sup>st</sup> Annual General Meeting of Master Trust Limited will be held on Friday, the 30<sup>th</sup> day of September 2016, at 11:00 A. M. at Master Chambers, SCO - 19, Ground Floor, Feroze Gandhi Market, Ludhiana, Punjab - 141002

**c. Date of Book Closure** : 25<sup>th</sup> September, 2016 - 29<sup>th</sup> September, 2016 (both days inclusive)

**d. Financial Year (Tentative)** : 1<sup>st</sup> April, 2016 to 31<sup>st</sup> March, 2017

Tentative calendar of events for the Financial Year 2016-17 is

First Quarterly Results	: On or Before 14 <sup>th</sup> August, 2016
Second Quarterly Results	: On or Before 14 <sup>th</sup> November, 2016
Third Quarterly Results	: On or Before 14 <sup>th</sup> February, 2017
Audited Results for the year 2015-16	: On or Before 30 <sup>th</sup> May, 2017

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

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

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

The Bombay Stock Exchange Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai. The listing fees has been paid to the said Stock Exchange for the year 2016-17.

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

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

**h. Stock Market Data:**

The monthly high, low and closing price of Equity Shares etc. of Master Trust Limited at The Bombay Stock Exchange Limited and BSE Sensex during the financial year 2015-16 is given below:

Month	Master Trust Limited			BSE SENSEX		
	High Price	Low Price	Close Price	High Price	Low Price	Close Price
Apr-15	45.00	26.25	38.00	29,094.61	26,897.54	27,011.31
May-15	43.00	35.70	39.85	28,071.16	26,423.99	27,828.44
Jun-15	40.95	32.10	35.60	27,968.75	26,307.07	27,780.83
Jul-15	36.90	29.00	32.15	28,578.33	27,416.39	28,114.56
Aug-15	33.60	30.70	30.70	28,417.59	25,298.42	26,283.09
Sep-15	32.20	30.60	30.60	26,471.82	24,833.54	26,154.83
Oct-15	31.70	26.40	29.50	27,618.14	26,168.71	26,656.83
Nov-15	35.55	26.75	33.25	26,824.30	25,451.42	26,145.67
Dec-15	34.90	27.80	33.30	26,256.42	24,867.73	26,117.54
Jan-16	39.10	31.65	36.95	26,197.27	23,839.76	24,870.69
Feb-16	41.00	32.05	40.00	25,002.32	22,494.61	23,002.00
Mar-16	44.00	40.00	40.40	25,479.62	23,133.18	25,341.86



**i. Registrar and Share Transfer Agent**

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

Skyline Financial Services (P) Ltd.,

D-153/A, First Floor, Okhla Industrial Area, Phase-I, New Delhi

Ph: 011-26812682/83/84, Fax: 011-26812681, Email: admin@skylinerta.com

**j. Share Transfer System**

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

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

The 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.

**k. Distribution of Shareholding Pattern of the Company as on 31.03.2016:**

Sr. No.	Category	No. of Shares	% of Shares
1.	Promoters	77,88,670	71.61%
2.	Bodies Corporate	20,72,943	19.06%
3.	Other Indian Public	9,87,920	9.08%
4.	NRI	27,067	0.25%
5.	FII's	-	-
	<b>Total</b>	<b>1,08,76,600</b>	<b>100.00%</b>

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

Category	No. of Shares					
	Physical	% age	Demat	% age	Total	% age
Promoters	15,35,320	14.12	62,53,350	57.49	77,88,670	71.61
Non-Promoters	2,57,425	2.37	28,30,505	26.02	30,87,930	28.39
Total	17,92,745	16.48	90,83,855	83.52	1,08,76,600	100.00

**m.** During the financial year ended on 31<sup>st</sup> March, 2016, the Company has not issued any GDRs / ADRs.

**n. Address for Correspondence:**

Regd. Office : Master Chambers, 3rd Floor, SCO 19, Feroze Gandhi Market,  
Ludhiana-141001

Tele.No. : 0161-2410557-58, 3911525

Fax No. : 0161-2402963

Designated E-mail : secretarial@mastertrust.co.in

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

1. Chandigarh
2. Delhi
- 3.1 Mumbai - Fort
- 3.2 Mumbai - Vashi

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

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

# Independent Auditor's Report

To  
The Members Of  
**Master Trust Limited**

## **Report on the Financial Statements**

We have audited the accompanying standalone financial statements of **Master Trust Limited ('the Company')**, which comprise the Balance Sheet as at 31<sup>st</sup> March, 2016, 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 Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## **Auditor's Responsibility**

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

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

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

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

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2016 and its profit and its cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure B'.
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 20 to the financial statements.
    - (ii) The Company did not have any outstanding long-term contracts including derivative contracts as at 31<sup>st</sup> March, 2016 for which there were any material foreseeable losses: and
    - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

**Manjeet Singh**  
Prop.  
(Membership No. 088759)

Place : Ludhiana  
Date : 30.05.2016

# Annexure A To The Independent Auditor's Report

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

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

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues applicable to it were in arrears as at 31 March, 2016 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise and value added tax which have not been deposited on account of any dispute.

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

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

**Manjeet Singh**  
Prop.  
(Membership No. 088759)

Place : Ludhiana  
Date : 30.05.2016

# Annexure B To The Independent Auditor's Report

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

We have audited the internal financial controls over financial reporting of Master Trust Ltd ('the Company') as of 31<sup>st</sup> March, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

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

### **Auditor's Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

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

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

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that

receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

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

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2016 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

**Manjeet Singh**  
Prop.  
(Membership No. 088759)

Place : Ludhiana  
Date : 30.05.2016

# Balance Sheet





**Master Trust Ltd.****Balance Sheet as at 31<sup>st</sup> March, 2016****(₹ In Millions)**

<b>Particulars</b>	<b>Note</b>	<b>As at 31<sup>st</sup> March, 2016</b>	<b>As at 31<sup>st</sup> March, 2015</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	109.22	109.22
Reserves and surplus	4	640.13	639.65
		<b>749.35</b>	<b>748.87</b>
<b>Current liabilities</b>			
Short-term borrowings	5	508.67	661.77
Other current liabilities	6	111.77	110.04
Short-term provisions	7	2.10	1.97
		<b>622.54</b>	<b>773.78</b>
<b>TOTAL</b>		<b>1371.89</b>	<b>1522.65</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets - Tangible	8	3.53	4.38
Non-current investments	9	196.59	206.35
Deferred tax assets (net)	10	0.61	0.41
Long-term loans and advances	11	24.57	31.77
		<b>225.30</b>	<b>242.91</b>
<b>Current assets</b>			
Inventories	12	57.72	87.08
Cash and cash equivalents	13	20.09	25.57
Short-term loans and advances	14	1067.76	1166.15
Other current assets	15	1.02	0.94
		<b>1146.59</b>	<b>1279.74</b>
<b>TOTAL</b>		<b>1371.89</b>	<b>1522.65</b>
Significant Accounting Policies	2		
The accompanying notes are an integral part of the financial statements			

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 No. 088759

**Sunil Kumar**  
Chief Financial Officer

**Mohan Singh**  
Company Secretary

Place : Ludhiana  
Date : 30.05.2016

## Master Trust Ltd.

<b>Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2016</b>		(₹ In Millions)	
Particulars	Note	For the Year Ended 31 <sup>st</sup> March, 2016	For the Year Ended 31 <sup>st</sup> March, 2015
<b>INCOME</b>			
<b>Revenue from operations and other income</b>	16	105.57	167.21
<b>EXPENSES</b>			
Employee benefits expense	17	8.23	6.91
Finance costs	18	37.09	107.27
Depreciation	8	0.95	1.54
Other expenses	19	56.84	11.03
<b>Total Expenses</b>		<b>103.11</b>	<b>126.75</b>
<b>Profit before tax</b>		<b>2.46</b>	<b>40.46</b>
<b>Tax expense:</b>			
Current tax expense for current year		1.90	3.71
Deferred tax		(0.20)	(0.01)
Current tax expense relating to prior years		0.28	0.11
<b>Profit for the year</b>		<b>0.48</b>	<b>36.65</b>
Earnings per equity share of face value ₹10 each Basic and Diluted ( in ₹)		0.04	3.37
Weighted average number of shares outstanding		10,876,600	10,876,600
Significant Accounting Policies	2		
The accompanying notes are an integral part of the financial statements			

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 No. 088759

**Sunil Kumar**  
Chief Financial Officer

**Mohan Singh**  
Company Secretary

Place : Ludhiana  
Date : 30.05.2016

## Master Trust Ltd.

Cash Flow Statement for the year ended 31 <sup>st</sup> March, 2016		(₹ In Millions)		
Particulars	For the Year Ended 31 <sup>st</sup> March, 2016		For the Year Ended 31 <sup>st</sup> March, 2015	
<b>A. Cash flow from operating activities</b>		2.46		40.46
Net Profit before tax and extraordinary items				
<i>Adjustments for:</i>				
Depreciation and amortisation	0.95		1.54	
Provision for Gratuity	0.24		0.35	
Loss on sale of fixed assets	-		0.16	
Profit on sale of Investment	(54.23)		(18.82)	
Provision for Non Performing Assets	10.02		5.38	
		(43.02)		(11.39)
Operating profit before working capital changes		(40.56)		29.07
<i>Changes in working capital:</i>				
<i>Adjustments for (increase) / decrease in operating assets:</i>				
Inventories	29.36		(28.20)	
Short-term loans and advances	88.37		233.18	
Long-term loans and advances	7.20		(9.42)	
Other current assets	(0.08)		(0.29)	
<i>Adjustments for increase/(decrease) in operating liabilities:</i>				
Other current liabilities	1.73		(11.89)	
Short-term borrowings	(153.10)		(242.08)	
		(26.52)		(58.70)
Operating profit before extraordinary items		(67.08)		(29.63)
Cash flow from extraordinary items		-		-
Cash generated from operations		(67.08)		(29.63)
Net income tax (paid)		(2.29)		(3.58)
<b>Net cash flow (used in) operating activities (A)</b>		<b>(69.37)</b>		<b>(33.21)</b>
<b>B. Cash flow from investing activities</b>				
Purchase of fixed assets		(0.10)		(0.13)
Sale of fixed assets		-		0.25
Sale of Investment		63.99		43.91
<b>Net cash flow from investing activities (B)</b>		<b>63.89</b>		<b>44.03</b>
<b>C. Cash flow from financing activities</b>				
Dividends paid		-		(10.88)
<b>Net cash flow (used in) financing activities(C)</b>		<b>-</b>		<b>(10.88)</b>
Net (decrease) in Cash and cash equivalents (A+B+C)		<b>(5.48)</b>		<b>(0.06)</b>
Cash and cash equivalents at the beginning of the year		<b>25.57</b>		<b>25.63</b>
Cash and cash equivalents at the end of the year		<b>20.09</b>		<b>25.57</b>

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 No. 088759

**Sunil Kumar**  
Chief Financial Officer

**Mohan Singh**  
Company Secretary

Place : Ludhiana  
Date : 30.05.2016

## Notes forming part of financial statements for the year ended 31<sup>st</sup> March, 2016

### 1. Corporate Information

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

The company is mainly in the business of lending, sales/purchases of Securities and lands.

### 2. Significant Accounting Policies

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

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the Accounting Standards notified under section 133 of the Companies Act, 2013 ('the Act'), read with Rule 7 of the Companies (Accounts) Rules, 2014 and the provisions of the RBI as applicable to a NBFC. The financial statements have been prepared on an accrual basis and under the historical cost convention except interest on loans which have been classified as non-performing assets and are accounted for on realization basis.

#### b. Use of Estimates

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

#### c. Fixed Assets

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

#### d. Depreciation and Amortisation

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

#### e. Impairment of Assets

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

#### f. Investments

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

**g. Inventories**

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

**h. Revenue Recognition**

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

**i. Employee Benefits**

- (I) Under the Provident Fund plan, the Company contributes to a government administered provident fund on behalf of its employees and has no further obligation beyond making its contribution.
- (II) Leave encashment is payable to eligible employee, who have earned leaves, during the employment and/or on separation as per the company policy.
- (III) The company has provided the provision for the gratuity and charges to revenue.

**j. Borrowing Costs**

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

**k. Taxes on income**

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

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

**l. Prudential Norms**

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

**m. Earning per share**

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

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

**n. Provisions and contingencies**

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

## Notes forming part of the financial statements

### Note 3 Share Capital

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2016		As at 31 <sup>st</sup> March, 2015	
	Number of shares	Amount	Number of shares	Amount
<b>Authorised</b> Equity shares of ₹10 each	11,000,000	110.00	11,000,000	110.00
<b>Issued</b> Equity shares of ₹10 each	10,975,400	109.75	10,975,400	109.75
<b>Subscribed and fully paid up</b> Equity shares of ₹10 each	10,876,600	108.76	10,876,600	108.76
<b>Forfeited Shares</b>	-	0.46	-	0.46
<b>Total</b>	<b>10,876,600</b>	<b>109.22</b>	<b>10,876,600</b>	<b>109.22</b>

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

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

Name of the shareholder	As at 31 <sup>st</sup> March, 2016		As at 31 <sup>st</sup> March, 2015	
	Number of shares held	% of holding	Number of shares held	% of holding
Harjeet Singh Arora	1,586,848	14.59	1,586,848	14.59
Harneesh Kaur Arora	1,215,010	11.17	1,215,010	11.17
Rajinder Kumar Singhania	2,580,357	23.72	2,580,357	23.72
Jashanjyot Arora	545,000	5.01	545,000	5.01
Parveen Singhania	815,500	7.50	815,500	7.50
Gala Finance & Investment Limited	695,486	6.39	695,486	6.39
Vidya Portfolio Management (P) Ltd.	700,000	6.44	700,000	6.44
Prime Industries Ltd	593,958	5.46	593,958	5.46

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

Particulars	As at 31 <sup>st</sup> March, 2016		As at 31 <sup>st</sup> March, 2015	
	Number of shares		Number of shares	
Equity Shares at the beginning of the year	10,876,600		10,876,600	
Equity Shares at the end of the year	<b>10,876,600</b>		<b>10,876,600</b>	

**Note 4 Reserves and Surplus**

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
<b>Capital Reserve</b> As per last Balance Sheet	48.24	48.24
<b>Securities Premium Account</b> As per last Balance Sheet	448.38	448.38
<b>General Reserve</b> As per last Balance Sheet	10.00	10.00
<b>Statutory Reserve (Under Section 45IC of RBI Act, 1934)</b> As per last Balance Sheet	26.83	19.51
Add: Transferred from Profit and Loss Account	0.10	7.32
Closing balance	26.93	26.83
<b>Reserve for Standard Assets</b> As per Last balance Sheet	2.47	3.15
Add: Transferred from Profit and Loss Account	(0.42)	(0.68)
Closing Balance	2.05	2.47
<b>Profit and Loss Account</b> As per last Balance Sheet	103.73	73.72
Add: Transferred from Statement of Profit and Loss	0.48	36.65
	104.21	110.37
Less: Appropriations		
Reserve for Standard Assets	(0.42)	(0.68)
Statutory Reserve	0.10	7.32
Closing balance	104.53	103.73
<b>Total</b>	<b>640.13</b>	<b>639.65</b>

**Note 5 Short-term borrowings**

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
<b>Loans repayable on demand</b> From banks Secured	6.30	10.37
From Others Secured	-	19.64
	<b>6.30</b>	<b>30.01</b>
<b>Loans and advances from related parties</b> Unsecured	244.45	331.06
<b>Other loans and advances</b> Unsecured	257.92	300.70
<b>Total</b>	<b>508.67</b>	<b>661.77</b>

5.1 Loans from banks are secured against pledging of FDRs

5.2 Loans from other banks are secured against units of Mutual Fund

**Note 6 Other current liabilities**

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
Unpaid dividends	1.33	1.33
Statutory dues	2.23	7.18
Others	108.21	101.53
<b>Total</b>	<b>111.77</b>	<b>110.04</b>

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

**Note 7 Short-term provisions**

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
Provision for gratuity	2.10	1.86
Provision for tax	-	0.11
<b>Total</b>	<b>2.10</b>	<b>1.97</b>

**Note 8 Fixed assets****Tangible Assets**

(₹ in Millions)

Particulars	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	As at 1 <sup>st</sup> April, 2015	Additions	Disposals/ Transfer	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015	Depreciation expense for the year	Eliminated on disposal of assets	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
Buildings	1.80	-	-	1.80	0.38	0.03	-	0.41	1.39	1.42
Furniture and Fixtures	1.88	-	-	1.88	1.60	0.04	-	1.64	0.24	0.28
Office equipment	3.62	0.06	-	3.68	2.87	0.36	-	3.23	0.45	0.75
Computer	1.55	0.04	-	1.59	1.51	0.02	-	1.53	0.06	0.04
Vehicles	4.30	-	-	4.30	2.41	0.50	-	2.91	1.39	1.89
<b>Total</b>	<b>13.15</b>	<b>0.10</b>	<b>-</b>	<b>13.25</b>	<b>8.77</b>	<b>0.95</b>	<b>-</b>	<b>9.72</b>	<b>3.53</b>	<b>4.38</b>
Previous year	13.88	0.13	0.86	13.15	7.68	1.54	0.45	8.77	4.38	6.20

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

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2016			As at 31 <sup>st</sup> March, 2015		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
<b>Investments (At cost):</b>						
<b>Investment in equity instruments of subsidiaries</b>						
59,00,000 (As at 31 <sup>st</sup> March, 2015: 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 31 <sup>st</sup> March, 2015: 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 31 <sup>st</sup> March, 2015: 12500) shares of ₹100 each fully paid up in H A Share & Stock Brokers Ltd.	-	10.00	10.00	-	10.00	10.00
	-	<b>160.50</b>	<b>160.50</b>	-	<b>160.50</b>	<b>160.50</b>
<b>of associates</b>						
5,69,800 (As at 31 <sup>st</sup> March, 2015: 5,69,800) shares of ₹10 each fully paid up in Prime Industries Ltd.	5.70	-	5.70	5.70	-	5.70
<b>of other entities</b>						
1,468 (As at 31 <sup>st</sup> March, 2015: 1,468) shares of ₹10 each fully paid up in Trident Ltd.	0.01	-	0.01	0.01	-	0.01
5,000 (As at 31 <sup>st</sup> March, 2015: 5,000) shares of ₹10 each fully paid up in RRB Securities Ltd.	-	0.50	0.50	-	0.50	0.50
11,030 (As at 31 <sup>st</sup> March, 2015: 11,030) shares of ₹10 each fully paid up in Coal India Ltd.	2.67	-	2.67	2.67	-	2.67
1,781 (As at 31 <sup>st</sup> March, 2015: 1,781) shares of ₹10 each fully paid up in Power Grid Corporation of India Ltd.	0.15	-	0.15	0.15	-	0.15
	<b>2.83</b>	<b>0.50</b>	<b>3.33</b>	<b>2.83</b>	<b>0.50</b>	<b>3.33</b>
<b>Investment in property</b>						
	-	20.92	20.92	-	27.28	27.28
<b>Investment in debentures or bonds of subsidiaries</b>						
652 (As at 31 <sup>st</sup> March, 2015: 992) Deep Discount Bonds of ₹10,000 each fully paid up in Master Capital Services Ltd.	-	6.63	6.63	-	10.03	10.03
<b>Total</b>	<b>8.53</b>	<b>188.55</b>	<b>197.08</b>	<b>8.53</b>	<b>198.31</b>	<b>206.84</b>
Less: Provision for diminution in value of investments	-	0.49	0.49	-	0.49	0.49
<b>Total</b>			<b>196.59</b>			<b>206.35</b>
Aggregate amount of quoted investments	8.53			8.53		
Aggregate market value of listed and quoted investments	4.04			5.15		
Aggregate amount of unquoted investments		188.06			197.82	

**Note 10 Deferred Tax Assets (Net)**

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
<b>Deferred Tax Asset</b> On account of Gratuity	0.65	0.57
<b>Deferred Tax Liability</b> On account of Depreciation	(0.04)	(0.16)
<b>Net Deferred Tax Asset</b>	<b>0.61</b>	<b>0.41</b>



**Note 11 Long-term loans and advances**

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
<b>Security deposits</b> Unsecured, considered good	0.23	0.28
Advance income tax	24.34	31.49
<b>Total</b>	<b>24.57</b>	<b>31.77</b>

**Note 12 Inventories**

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
<b>Stock-in-trade</b> Acquired for trading	57.72	87.08
<b>Total</b>	<b>57.72</b>	<b>87.08</b>

**Note 13 Cash and cash equivalents**

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
Cash In Hand	0.42	0.42
Balances with banks In current accounts	0.49	5.99
In deposit accounts *	17.85	17.83
In earmarked accounts - Unpaid dividend accounts	1.33	1.33
<b>Total</b>	<b>20.09</b>	<b>25.57</b>

\* Deposit are pledged against overdraft facility

**Note 14 Short-term loans and advances**

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
Loans and advances to related parties Unsecured, considered good	8.86	72.35
Prepaid expenses - Unsecured, considered good	0.04	0.03
Loans and advances to others	1,085.59	1,110.48
Less: Provision for Non Performing Assets	(26.73)	(16.71)
	1,058.86	1,093.77
<b>Total</b>	<b>1,067.76</b>	<b>1,166.15</b>

**Note 15 Other current assets**

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
Others	1.02	0.94
<b>Total</b>	<b>1.02</b>	<b>0.94</b>

**Note 16 Revenue from operations and other income**

(₹ in Millions)

Particulars	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
<b>Interest</b>		
Interest on Loans and Advances	50.51	118.75
Interest on Fixed Deposits	1.68	1.59
	52.19	120.34
<b>Other Financial Services</b>		
Profit/(Loss) from dealing in securities	(4.52)	(1.83)
Dividend Income	3.35	29.47
Profit on Sale of Land	0.17	5.05
Profit on Sale of long - term investments	54.06	13.77
Others	0.32	0.41
	53.38	46.87
<b>Total</b>	<b>105.57</b>	<b>167.21</b>

**Note 17 Employee benefits expense**

(₹ in Millions)

Particulars	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
Salaries and wages *	7.92	6.59
Contributions to provident funds	0.08	0.05
Staff welfare expenses	0.23	0.27
<b>Total</b>	<b>8.23</b>	<b>6.91</b>

\* Includes Gratuity amounting to ₹0.24 million (As at 31<sup>st</sup> March, 2015 : ₹0.35 million)**Note 18 Finance Costs**

(₹ in Millions)

Particulars	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
Interest expenses	37.08	107.25
Bank Charges	0.01	0.02
<b>Total</b>	<b>37.09</b>	<b>107.27</b>

**Note 19 Other expenses**

(₹ in Millions)

Particulars	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
Printing & Stationery	0.12	0.18
Postage, Telegram & Telephone	0.30	0.32
Rent	0.55	0.52
Fees & Taxes	0.46	0.24
Directors Travelling	0.05	0.07
Legal & Professional Charges	1.83	0.20
Travelling & Conveyance	0.04	0.07
Payments to auditors		
As auditors - statutory audit	0.12	0.12
For taxation matters	0.01	0.01
Office Maintenance	0.49	0.52
General Expenses	0.27	1.78
Loss on Sale of Fixed Assets	-	0.16
Advertisement Expenses	0.16	0.12
Provision for Non Performing Assets	10.02	5.38
Bad Debts	42.42	1.34
<b>Total</b>	<b>56.84</b>	<b>11.03</b>

## Note 20 Contingent liabilities

- (a) The Company has given Corporate Guarantee to Banks for securing the sanctioned Bank Guarantees limits of ₹720.00 Million out of which availed ₹293.88 Million (As at 31<sup>st</sup> March, 2015: ₹ 720.00 Million out of which availed ₹345.00 Million) on behalf of Master Capital Services Limited a wholly owned subsidiary company and ₹210.00 Million out of which availed ₹135.25 Million (As at 31<sup>st</sup> March, 2015: ₹350.00 Million out of which availed ₹105.25 Million) on behalf of Master Commodity Services Limited a subsidiary company.
- (b) As per an Ex-Parte Ad- Interim Order number WTM/RKA/ISD/162/2014 dated 19<sup>th</sup> December, 2014 by SEBI in the matter of First Financial Services Limited, Master Trust Limited amongst others, has been restrained from accessing the securities market and buying, selling or dealing in securities, either directly or indirectly, in any manner, till further directions. The Order has affected one of its activity i.e. trading/investment in securities till further directions.
- The order is being contested by the company and is sub-judice. However, no significant or material orders have been passed by the regulators or courts or tribunals during the year. In the view of the management and as per the legal advice, no liability is likely to arise. Even, the amount of liability, if any, is indeterminate. Accordingly, no liability has been provided for.
- (c) The Company has other small litigations which have arisen in ordinary course of business with the clients. The Company has reviewed the impact of all such litigations on Financial Position. In view of the management and the legal advice sought, no provision is required to be made in case of litigation against/by the company. Therefore, provision for the same has not been provided in books of accounts.

## Note 21

The Punjab State Industrial Development Corporation Limited (PSIDC) had contributed ₹8.85 Million in 8,85,000 equity shares in the capital of Prime Industries Limited @ ₹10/- per share, as Direct Equity Participation in 1993. The Company as an associate promoter of Prime Industries Limited, pledged 5,69,300 shares (As at 31<sup>st</sup> March, 2015: 5,69,300 shares) of Prime Industries Limited of ₹10/- each amounting to ₹5.69 Million (As at 31<sup>st</sup> March, 2015: ₹5.69 Million) to PSIDC. The Company had also subscribed to the undertaking for buy back of the shares subscribed by PSIDC as referred above. The Government of Punjab had notified one time settlement scheme (OTS) vide notification number 15/03/09-AS-6/400 Dated 2<sup>nd</sup> March, 2009. A sum of ₹25.38 Million (As at 31<sup>st</sup> March, 2015 ₹25.10 Million) shown as loans and advances recoverable in cash and/or kind has already been paid as per the amount demanded by the PSIDC in this respect. The matter now has been settled vide Hon'ble Punjab & Haryana High Court's Order dated 19.05.2015 with no further liability against the said shares. However, as the Company vide SEBI's Order dated 19.12.2014 has been restrained to buy, sell or otherwise deal in Equity Shares therefore the Company had applied to SEBI to allow release of 5,69,300 shares pledged to PSIDC and also allow for transfer of 8,85,000 shares purchased by the Company under the buyback undertaking. Therefore, the shares so pledged shall be released to the Company by PSIDC on the adjudication of the matter by SEBI.

## Note 22

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 23

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

**Note 24 Related Party Disclosures**

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

<b>Subsidiaries</b>	<b>Associates/Enterprises owned or significantly influenced by the key Management Persons or their Relatives</b>	<b>Key Management Personnel and their Relatives</b>
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. Prime Agro Farms Pvt Ltd. Big Build Real Estate Pvt Ltd. Amni Real Estate Pvt Ltd. Matria Estate Developers Pvt Ltd. MTL Capital Consultants Pvt 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. Pavan Chhabra Mrs. Harneesh Kaur Arora Mr. Ashwani Kumar Mr. Anil Kumar Bhatiya Mr. Sudhir Kumar Mrs. Parveen Singhania Mr. Puneet Singhania Mr. Chirag Singhania Mrs. Palka A Chopra Mr. Jashanjyot Singh Mrs. Harinder Kaur Minocha Mrs. Priyanka Thukral Mrs. Rohila Singhania Mrs. Isha Singhania Mr. Maninder Singh Mr. D S Minocha

**Transactions with related parties**

(₹ in Millions)

<b>Transactions with related parties</b>	<b>Subsidiaries</b>	<b>Associates/Enterprises owned or significantly influenced by the key Management Persons or their Relatives</b>	<b>Key Management Personnel and their Relatives</b>	<b>Total</b>
Purchases	-	-	-	-
	-	(17.10)	-	(17.10)
Sale	57.46	-	-	57.46
	(25.74)	(22.08)	-	(47.82)
Brokerage Paid	-	-	-	-
	1.91	-	-	(1.91)
Interest Paid	10.20	0.05	1.60	11.85
	(69.97)	-	2.13	(67.84)
Interest Received	0.24	5.29	-	5.53
	(5.34)	(5.29)	-	(10.63)
Rent Paid	-	-	0.01	0.01
	-	-	(0.01)	(0.01)
Loan & Advances Given	1.62	7.23	-	8.85
	-	(72.35)	-	(72.35)
Loan & Advances Taken	200.05	0.83	43.57	244.45
	(248.09)	(0.78)	(82.18)	(331.05)
Remuneration	-	-	2.75	2.75
	-	-	(2.72)	(2.72)
Corporate Guarantees given	930.00	-	-	930.00
	(1,070.00)	-	-	(1,070.00)
Balance outstanding at the end of the year Receivable	1.62	7.23	-	8.85
	-	(72.35)	-	(72.35)
Payable	200.05	0.83	43.57	244.45
	(248.09)	(0.78)	(82.18)	(331.05)

**Note 25**

As required in terms of paragraph 13 of Non-Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015

(₹ in Millions)

Particulars	Amount outstanding	Amount overdue
<b>Liabilities side :</b>		
<b>(1) Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid:</b>		
(a) Debentures : Secured	NIL	NIL
: Unsecured (other than falling within the meaning of public deposits*)	NIL	NIL
(b) Deferred Credits	NIL	NIL
(c) Term Loans	NIL	NIL
(d) Inter-corporate loans and borrowing	502.37	NIL
(e) Commercial Paper	NIL	NIL
(f) Other Loans	NIL	NIL
Bank overdraft (secured against Fixed Deposits)	6.30	NIL
* Please see Note 1 below		
<b>Assets side :</b>		
<b>Amount outstanding</b>		
<b>(2) Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :</b>		
(a) Secured	51.89	
(b) Unsecured	1015.83	
<b>(3) Break up of Leased Assets and stock on hire and other assets counting towards AFC activities</b>		
(i) Lease assets including lease rentals under sundry debtors :		
(a) Financial lease	NIL	
(b) Operating lease	NIL	
(ii) Stock on hire including hire charges under sundry debtors:		
(a) Assets on hire	NIL	
(b) Repossessed Assets	NIL	
(iii) Other loans counting towards AFC activities:		
(a) Loans where assets have been repossessed	NIL	
(b) Loans other than (a) above	NIL	
<b>(4) Break-up of Investments :</b>		
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		
2. Unquoted		
(i) Shares		
(a) Equity	NIL	
(b) Preference	NIL	
(ii) Debentures and Bonds		
(iii) Units of mutual funds		
(iv) Government Securities		
(v) Others		
Long Term investments :		
1. Quoted		
(i) Shares		
(a) Equity	8.53	
(b) Preference	NIL	
(ii) Debentures and Bonds		
(iii) Units of mutual funds		
(iv) Government Securities		
(v) Others		
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		
Investment in Property	20.92	
<b>Total</b>	<b>196.59</b>	

(5) Borrower group-wise classification of assets financed as in (2) and (3) above : Please see Note 2 below <b>Category</b>	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties **			
(a) Subsidiaries	NIL	NIL	NIL
(b) Companies in the same group	NIL	7.23	7.23
(c) Other related parties	NIL	NIL	NIL
2. Other than related parties	51.89	1006.97	1058.86
<b>Total</b>	<b>51.89</b>	<b>1014.20</b>	<b>1066.09</b>
(6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted): Please see note 3 below <b>Category</b>	Market Value/Break up or fair value or NAV		Book Value (Net of Provisions)
1. Related Parties **			
(a) Subsidiaries	1057.05		167.13
(b) Companies in the same group	0.50		5.70
(c) Other related parties	-		-
2. Other than related parties	24.48		23.77
<b>Total</b>	<b>1082.03</b>		<b>196.60</b>
** As per Accounting Standard of ICAI (Please see Note 3)			
(7) Other information <b>Particulars</b>	<b>Amount</b>		
(i) Gross Non-Performing Assets			
(a) Related parties	NIL		
(b) Other than related parties	267.33		
(ii) Net Non-Performing Assets			
(a) Related parties	NIL		
(b) Other than related parties	240.60		
(iii) Assets acquired in satisfaction of debt	NIL		
<b>Notes:</b>			
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-Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015.			
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.			

**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 No. 088759

**Sunil Kumar**  
Chief Financial Officer

**Mohan Singh**  
Company Secretary

Place : Ludhiana  
Date : 30.05.2016

# **Consolidated Balance Sheet**



# Consolidated Independent Auditor's Report

To  
The Members Of  
**Master Trust Ltd**

## **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of **Master Trust Limited ('the Company')** and its subsidiaries (the Company and its subsidiaries constitute "the Group") which comprise the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2016, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

## **Management's Responsibility for the Consolidated Financial Statements**

The Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## **Auditor's Responsibility**

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

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

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

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



## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31<sup>st</sup> March, 2016, and its consolidated profit and its consolidated cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors of the company as on 31 March, 2016 taken on record by the Board of Directors of the company, none of the directors of the company and its subsidiary companies is disqualified as on 31 March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - (i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 22 to the consolidated financial statements.
  - (ii) The Group did not have any outstanding long-term contracts including derivative contracts as at 31<sup>st</sup> March, 2016 for which there were any material foreseeable losses: and
  - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company and its subsidiary companies.

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

**Manjeet Singh**  
Prop.  
(Membership No. 088759)

Place : Ludhiana  
Date : 30.05.2016

# Annexure A To The Independent Auditor's Report

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31<sup>st</sup> March, 2016, we have audited the internal financial controls over financial reporting of Master Trust Limited ("the Holding Company") and its subsidiary companies which are companies incorporated in India, as of that date.

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

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

### **Auditors' Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

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

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the

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

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

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

### **Opinion**

In our opinion, the Holding Company and its subsidiaries companies have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2016 based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

**Manjeet Singh**  
Prop.  
(Membership No. 088759)

Place : Ludhiana  
Date : 30.05.2016

## Master Trust Ltd.

Consolidated Balance Sheet as at 31<sup>st</sup> March, 2016

(₹ In Millions)

Particulars	Note	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2	109.22	109.22
Reserves and surplus	3	1599.38	1563.83
		1708.60	1673.05
<b>Minority Interest</b>	4	10.90	10.57
<b>Non-current liabilities</b>			
Long-term borrowings	5	458.25	428.36
Deferred tax liabilities (net)	6	1.84	4.66
		460.09	433.02
<b>Current liabilities</b>			
Trade payables	7	1385.76	801.52
Short-term borrowings	8	391.21	963.68
Other current liabilities	9	301.24	279.06
Short-term provisions	10	20.38	18.76
		2098.59	2063.02
<b>TOTAL</b>		<b>4278.18</b>	<b>4179.66</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets - Tangible	11	100.27	113.92
Non-current investments	12	225.19	181.99
Long-term loans and advances	13	87.89	125.97
		413.35	421.88
<b>Current assets</b>			
Inventories	14	158.94	337.04
Trade receivables	15	868.12	1006.71
Cash and cash equivalents	16	1743.34	1200.50
Short-term loans and advances	17	1094.43	1213.53
		3864.83	3757.78
<b>TOTAL</b>		<b>4278.18</b>	<b>4179.66</b>
Significant Accounting Policies The accompanying notes are an integral part of the financial statements	1		

As per our Report of even date

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

**Manjeet Singh**  
Prop.  
Membership No. 088759

Place : Ludhiana  
Date : 30.05.2016

For and on behalf of the Board

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

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

**Sunil Kumar**  
Chief Financial Officer

**Mohan Singh**  
Company Secretary

## Master Trust Ltd.

<b>Consolidated Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2016</b>			
			(₹ In Millions)
Particulars	Note	For the Year Ended 31 <sup>st</sup> March, 2016	For the Year Ended 31 <sup>st</sup> March, 2015
<b>Income</b>			
<b>Revenue from operations and other income</b>	<b>18</b>	<b>1036.21</b>	<b>1146.09</b>
<b>Expenses</b>			
Employee benefits expense	19	173.56	193.46
Finance costs	20	144.62	191.11
Depreciation	11	18.18	44.61
Other expenses	21	646.89	619.73
<b>Total Expenses</b>		<b>983.25</b>	<b>1048.91</b>
<b>Profit before tax</b>		<b>52.96</b>	<b>97.18</b>
<b>Tax expense:</b>			
Current tax expense for current year		20.23	8.83
Deferred tax		(2.83)	(6.33)
Current tax expense relating to prior years		(0.32)	0.29
Profit for the year before adjustment for Minority Interest		35.88	94.39
Less Share of profit transferred to Minority Interest		0.33	0.60
<b>Profit for the year after adjustment for Minority Interest</b>		<b>35.55</b>	<b>93.79</b>
Earnings per equity share of face value ₹ 10 each Basic and Diluted ( in ₹)		3.27	8.62
Weighted average number of shares outstanding		10,876,600	10,876,600
Significant Accounting Policies The accompanying notes are an integral part of the financial statements	1		

As per our Report of even date

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

**Manjeet Singh**  
Prop.  
Membership No. 088759

Place : Ludhiana  
Date : 30.05.2016

**For and on behalf of the Board**

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

**Sunil Kumar**  
Chief Financial Officer

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

**Mohan Singh**  
Company Secretary

## Master Trust Ltd.

Consolidated Cash Flow Statement for the year ended 31<sup>st</sup> March, 2016

(₹ in Millions)

Particulars	For the Year Ended 31 <sup>st</sup> March, 2016		For the Year Ended 31 <sup>st</sup> March, 2015	
<b>A. Cash flow from operating activities</b>				
Net Profit before tax and extraordinary items		52.96		97.18
<i>Adjustments for:</i>				
Depreciation and amortisation	18.18		44.61	
Short-term provisions	2.47		1.12	
Loss/ (Profit) on sale of fixed assets	(0.03)		0.57	
Profit on sale of Investment	(54.23)		(18.82)	
Provision for Non Performing Assets	10.02		5.38	
		(23.59)		32.86
Operating profit before working capital changes		<b>29.37</b>		<b>130.04</b>
<i>Changes in working capital:</i>				
Adjustments for (increase)/decrease in operating assets:				
Inventories	178.10		(29.30)	
Trade receivables	138.59		(57.98)	
Short-term loans and advances	109.08		291.09	
Long-term loans and advances	38.08		(20.31)	
<i>Adjustments for increase/(decrease) in operating liabilities:</i>				
Trade payables	584.24		(334.40)	
Other current liabilities	22.18		(180.01)	
Short-term borrowings	(572.47)		125.54	
Long-term borrowings	29.89		12.73	
		527.69		(192.64)
Operating profit before extraordinary items		557.06		(62.60)
Cash flow from extraordinary items		-		-
Cash generated from / (used in) operations		557.06		(62.60)
Net income tax (paid)		(20.75)		(14.20)
<b>Net cash flow from/ (used in) operating activities (A)</b>		<b>536.31</b>		<b>(76.80)</b>
<b>B. Cash flow from investing activities</b>				
Purchase of fixed assets		(5.24)		(26.07)
Sale of fixed assets		0.74		1.53
Purchase of Investment		(50.00)		(0.26)
Sale of Investment		61.03		319.67
<b>Net cash flow from investing activities (B)</b>		<b>6.53</b>		<b>294.87</b>
<b>C. Cash flow from financing activities</b>				
Change in Minority Interest		-		(0.82)
Dividends paid		-		(10.88)
<b>Net cash flow (used in) financing activities (C)</b>		<b>-</b>		<b>(11.07)</b>
<b>Net increase in Cash and cash equivalents (A+B+C)</b>		<b>542.84</b>		<b>206.37</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>1200.50</b>		<b>994.13</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>1743.34</b>		<b>1200.50</b>

As per our Report of even date

**For Manjeet Singh & Co.**Chartered Accountants  
FRN 011831N**Manjeet Singh**Prop.  
Membership No. 088759Place : Ludhiana  
Date : 30.05.2016**For and on behalf of the Board****R.K. Singhania**  
Director  
DIN - 00077540**Harjeet Singh Arora**  
Managing Director  
DIN - 00063176**Sunil Kumar**  
Chief Financial Officer**Mohan Singh**  
Company Secretary

## Notes forming part of consolidated financial statements for the year ended 31<sup>st</sup> March, 2016

### 1 Significant Accounting Policies

#### A Basis of Preparation of Consolidated Financial Statements

- (a) The Consolidated Financial Statements have been prepared in accordance with Accounting Standard - 21 issued by the Institute of Chartered Accountants of India and generally accepted accounting principles in India.
- (b) The Consolidated Financial Statements of Master Trust Limited for the year ended 31<sup>st</sup> March, 2016 and its following subsidiaries:

Subsidiaries	Accounting Year Ended Date	Proportion of Ownerships Interest as at 31 <sup>st</sup> March, 2016
Master Capital Services Ltd.	31 <sup>st</sup> March, 2016	100%
Master Infrastructure and Real Estate Developers Ltd.	31 <sup>st</sup> March, 2016	100%
Master Commodity Services Ltd.*	31 <sup>st</sup> March, 2016	100%
Master Insurance Brokers Ltd.*	31 <sup>st</sup> March, 2016	100%
Master Portfolio Services Ltd.*	31 <sup>st</sup> March, 2016	100%
H.A. Share & Stock Brokers Ltd.	31 <sup>st</sup> March, 2016	51%

\*Master Insurance Brokers Limited (MIBL), Master Portfolio Services Limited (MPSL) and Master Commodity Services Limited (MCOML) are the subsidiaries of Master Capital Services Limited. Since, Master Capital Services Limited is a subsidiary of the Company, therefore, MIBL, MPSL and MCOML are being reported as subsidiaries of the Company.

All the subsidiaries are incorporated in India.

- (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 financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared on accrual basis under the historical cost convention.

#### B Use of Estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

#### C Fixed Assets

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

#### D Depreciation and Amortisation

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

**E Impairment of Assets**

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

**F Investments**

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

**G Inventories**

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

**H Revenue Recognition**

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

**I Employee Benefits**

- (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-Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015.

**M Provisions and contingencies**

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



## Notes forming part of the financial statements

### Note 2 Share Capital

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2016		As at 31 <sup>st</sup> March, 2015	
	Number of shares	Amount	Number of shares	Amount
<b>Authorised</b> Equity shares of ₹10 each	11,000,000	110.00	11,000,000	110.00
<b>Issued</b> Equity shares of ₹10 each	10,975,400	109.75	10,975,400	109.75
<b>Subscribed and fully paid up</b> Equity shares of ₹10 each	10,876,600	108.76	10,876,600	108.76
<b>Forfeited Shares</b>	-	0.46	-	0.46
<b>Total</b>	<b>10,876,600</b>	<b>109.22</b>	<b>10,876,600</b>	<b>109.22</b>

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

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

Name of the shareholder	As at 31 <sup>st</sup> March, 2016		As at 31 <sup>st</sup> March, 2015	
	Number of shares held	% of holding	Number of shares held	% of holding
Harjeet Singh Arora	1,586,848	14.59	1,586,848	14.59
Harneesh Kaur Arora	1,215,010	11.17	1,215,010	11.17
Rajinder Kumar Singhania	2,580,357	23.72	2,580,357	23.72
Jashanjyot Arora	545,000	5.01	545,000	5.01
Parveen Singhania	815,500	7.50	815,500	7.50
Gala Finance & Investment Limited	695,486	6.39	695,486	6.39
Vidya Portfolio Management (P) Ltd.	700,000	6.44	700,000	6.44
Prime Industries Ltd	593,958	5.46	593,958	5.46

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

Particulars	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
	Number of shares	Number of shares
Equity Shares at the beginning of the year	10,876,600	10,876,600
<b>Equity Shares at the end of the year</b>	<b>10,876,600</b>	<b>10,876,600</b>

### Note 3 Reserves and surplus

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
<b>Capital Reserve</b>		
As per last Balance Sheet	49.41	49.40
Add : On purchase of shares of subsidiary	-	0.01
	49.41	49.41
<b>Securities Premium Account</b>		
As per last Balance Sheet	460.38	460.38

<b>General Reserve</b> As per last Balance Sheet	21.98	21.98
<b>Statutory Reserve (Under Section 45IC of RBI Act, 1934)</b> As per last Balance Sheet	26.84	19.51
Add: Transferred from Profit and Loss Account	0.10	7.33
Closing balance	26.94	26.84
<b>Reserve for Standard Assets</b> As per Last balance Sheet	2.47	3.15
Add: Transferred from Profit and Loss Account	(0.42)	(0.68)
Closing Balance	2.05	2.47
<b>Profit and Loss Account</b> As per last Balance Sheet	1002.75	915.61
Add: Transferred from Statement of Profit and Loss	35.55	93.79
	1038.30	1009.40
Less: Appropriations Reserve for Standard Asset	(0.42)	(0.68)
Statutory Reserve	0.10	7.33
Closing balance	1038.62	1002.75
<b>Total</b>	<b>1599.38</b>	<b>1563.83</b>

**Note 4 Minority Interest**

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
Share Capital	8.51	8.51
Share of accumulated profit upto previous year	2.06	1.46
Profit for the year transferred from Statement of Profit & Loss	0.33	0.60
<b>Total</b>	<b>10.90</b>	<b>10.57</b>

**Note 5 Long-term borrowings**

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
<b>Deep Discount Bonds</b> Unsecured	19.64	19.64
Interest on Deep Discount Bond Accrued But not due.	437.18	406.67
	456.82	426.31
<b>Term Loans</b> From Banks - Secured	1.43	2.05
<b>Total</b>	<b>458.25</b>	<b>428.36</b>

5.1	Nature of Security and terms of repayment for Long Term secured borrowings :	
	<b>Nature of Security</b>	<b>Terms of Repayment</b>
	Term Loan amounting to ₹ 1.43 million (31 <sup>st</sup> March, 2015 : ₹ 2.05 million) is secured hypothecation of Cars	Repayable in equal monthly instalments.
5.2	Installments falling due in respect of all the above loans upto 31 <sup>st</sup> March, 2017 have been grouped under " Current maturities of long term debt" (Refer Note 9)	

**Note 6 Deferred Tax Liability (Net)**

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
<b>Deferred Tax Liability</b> On account of Depreciation	8.36	10.29
<b>Deferred Tax Asset</b> On account of Gratuity	(6.52)	(5.63)
<b>Net Deferred Tax Liability</b>	<b>1.84</b>	<b>4.66</b>

**Note 7 Trade Payables**

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
Trade payables	1385.76	801.52
<b>Total</b>	<b>1385.76</b>	<b>801.52</b>

**Note 8 Short-Term Borrowings**

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
<b>Loans repayable on demand</b>		
From banks		
Secured	23.44	525.08
<b>From other parties</b>		
Secured	40.00	62.64
	63.44	587.72
<b>Loans and advances from related parties</b>		
Unsecured	69.85	75.26
<b>Other loans and advances</b>		
Unsecured	257.92	300.70
<b>Total</b>	<b>391.21</b>	<b>963.68</b>

8.1 Loans from banks are secured against pledging of FDRs.

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

**Note 9 Other current liabilities**

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
Current maturities of long-term debt (Refer Note 5)	1.38	1.80
Unpaid dividends	1.33	1.33
Statutory dues	10.49	13.31
Others	288.04	262.62
<b>Total</b>	<b>301.24</b>	<b>279.06</b>

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

**Note 10 Short-term provisions**

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
Provision for gratuity	20.36	17.89
Provision for tax	0.02	0.87
<b>Total</b>	<b>20.38</b>	<b>18.76</b>

**Note 11 Fixed Assets****Tangible Assets**

(₹ in Millions)

Particulars	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	As at 1st April, 2015	Additions	Disposals/Transfer	As at 31 <sup>st</sup> March, 2016	As at 1st April, 2015	Depreciation expense for the year	Eliminated on disposal of assets	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
Buildings	57.93	0.69	-	58.62	9.22	0.63	-	9.85	48.77	48.71
Furniture and Fixtures	23.11	0.12	-	23.23	13.96	1.65	-	15.61	7.62	9.15
Office equipment	33.15	0.76	-	33.91	24.61	3.06	-	27.67	6.24	8.54
Computer	136.32	3.14	-	139.46	101.04	9.97	-	111.01	28.45	35.28
Vehicles	25.79	0.53	1.12	25.20	13.55	2.87	0.41	16.01	9.19	12.24
<b>Total</b>	<b>276.30</b>	<b>5.24</b>	<b>1.12</b>	<b>280.42</b>	<b>162.38</b>	<b>18.18</b>	<b>0.41</b>	<b>180.15</b>	<b>100.27</b>	<b>113.92</b>
Previous year	255.39	26.07	5.16	276.30	120.83	44.61	3.06	162.38	113.92	134.56

**Note 12 Non-current investments | Long Term Investments**

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2016			As at 31 <sup>st</sup> March, 2015		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
<b>Investments (At cost):</b>						
<b>Investment in equity instruments of associates</b>						
19,97,800 (As at 31 <sup>st</sup> March, 2015: 19,97,800) shares of ₹10 each fully paid up in Prime Industries Ltd.	8.63	-	8.63	8.63	-	8.63
4 (As at 31 <sup>st</sup> March, 2015: 4) shares of ₹300 each fully paid up in Master Projects Private Ltd.	-	1.05	1.05	-	1.05	1.05
	<b>8.63</b>	<b>1.05</b>	<b>9.68</b>	<b>8.63</b>	<b>1.05</b>	<b>9.68</b>
<b>of other entities</b>						
1,468 (As at 31 <sup>st</sup> March, 2015: 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 31 <sup>st</sup> March, 2015: 6,25,000) shares of ₹10 each fully paid up in Vardhman Polytext Ltd.	21.29	-	21.29	21.29	-	21.29
5,000 (As at 31 <sup>st</sup> March, 2015: 5,000) shares of ₹10 each fully paid up in RRB Securities Ltd.	-	0.50	0.50	-	0.50	0.50
11,030 (As at 31 <sup>st</sup> March, 2015: 11,030) shares of ₹10 each fully paid up in Coal India Ltd.	2.67	-	2.67	2.67	-	2.67
1,781 (As at 31 <sup>st</sup> March, 2015: 1,781) shares of ₹10 each fully paid up in Power Grid Corporation of India Ltd.	0.15	-	0.15	0.15	-	0.15
8,250 (As at 31 <sup>st</sup> March, 2015: 8,250) shares of ₹10 each fully paid up in Raghuvanshi Mills Ltd	0.09	-	0.09	0.09	-	0.09
125 (As at 31 <sup>st</sup> March, 2015: 125) shares of ₹10 each fully paid up in Varun Shipping Ltd	0.01	-	0.01	0.01	-	0.01
1,392 (As at 31 <sup>st</sup> March, 2015: 1,392) shares of ₹10 each fully paid up in MOIL Ltd	0.52	-	0.52	0.52	-	0.52
70,694 (As at 31 <sup>st</sup> March, 2015: 70,694) shares of ₹10 each fully paid up in Bombay Stock Exchange Ltd	-	3.86	3.86	-	3.86	3.86
56 (As at 31 <sup>st</sup> March, 2015: 56) shares of ₹ 10 each fully paid up in Tata Power Ltd and 100 (As at 31 <sup>st</sup> March, 2015: 100) shares of ₹1 each fully paid up in Ludhiana Stock Exchange Ltd	0.01	-	0.01	0.01	-	0.01
12,870 (As at 31 <sup>st</sup> March, 2015: 12,870) shares of ₹ 10 each fully paid up in NCC Ltd	0.25	-	0.25	0.25	-	0.25
36,037 (As at 31 <sup>st</sup> March, 2015: 36,037) shares of ₹1 each fully paid up in Delhi Stock Exchange Ltd	-	1.30	1.30	-	1.30	1.30
	<b>25.00</b>	<b>5.66</b>	<b>30.66</b>	<b>25.00</b>	<b>5.66</b>	<b>30.66</b>
<b>Investment in property</b>	-	84.60	84.60	-	90.95	90.95
<b>Investment in partnership firms</b>	-	0.03	0.03	-	0.48	0.48
<b>Mutual Funds</b>						
50,00,000 (As at 31 <sup>st</sup> March, 2015: 50,00,000) units of ICICI Mutual Fund of ₹10 each	50.71	-	50.71	50.71	-	50.71
10,00,000 (As at 31 <sup>st</sup> March, 2015: NIL) units of Reliance Mutual Fund of ₹10 each	10.00	-	10.00	-	-	-
25,00,000 (As at 31 <sup>st</sup> March 2015: NIL) units of Birla Sun Life Fund of ₹10 each	25.00	-	25.00	-	-	-
14,77352.19 (As at 31 <sup>st</sup> March, 2015: NIL) units of IDFC Mutual Fund of ₹10 each	15.00	-	15.00	-	-	-
	100.71	-	100.71	50.71	-	50.71
<b>Total</b>	<b>134.34</b>	<b>91.34</b>	<b>225.68</b>	<b>84.34</b>	<b>98.14</b>	<b>182.48</b>
Less: Provision for diminution in value of investments	-	0.49	0.49	-	0.49	0.49
<b>Total</b>			<b>225.19</b>			<b>181.99</b>
Aggregate amount of quoted investments	134.34			84.34		
Aggregate market value of listed and quoted investments	130.99			89.93		
Aggregate amount of unquoted investments		90.85			97.65	

**Note 13 Long-term loans and advances**

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
<b>Security deposits</b>		
Unsecured, considered good	25.47	40.99
Advance income tax	62.42	84.98
<b>Total</b>	<b>87.89</b>	<b>125.97</b>

**Note 14 Inventories**

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
<b>Stock-in-trade</b>		
Acquired for trading	158.94	337.04
<b>Total</b>	<b>158.94</b>	<b>337.04</b>

**Note 15 Trade Receivables**

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
Trade receivables outstanding for a period exceeding six months from the date they were due for payment Unsecured, considered good	47.09	55.91
Trade receivables outstanding for a period less than six months from the date they were due for payment Unsecured, considered good	821.03	950.80
<b>Total</b>	<b>868.12</b>	<b>1006.71</b>

**Note 16 Cash and Cash Equivalents**

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
Cash in hand	3.08	2.08
Balances with banks		
In current accounts	49.03	71.73
Cheques in hand (Net)	156.24	42.50
In deposit accounts *	1533.66	1082.86
In earmarked accounts		
- Unpaid dividend accounts	1.33	1.33
<b>Total</b>	<b>1743.34</b>	<b>1200.50</b>

\* Deposit are pledged against overdraft facility

**Note 17 Short-term loans and advances**

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
Loans and advances to related parties		
Unsecured, considered good	7.23	32.36
Prepaid expenses - Unsecured, considered good	10.36	7.55
Loans and advances to others	1017.69	1064.17
Less: Provision for NPA	(26.73)	(16.71)
	990.96	1047.46
Others	85.88	126.16
<b>Total</b>	<b>1094.43</b>	<b>1213.53</b>

**Note 18 Revenue from operations and other income**

(₹ in Millions)

Particulars	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
<b>Interest</b>		
Interest on Loans and Advances	55.40	113.43
Interest on Fixed Deposits	104.04	104.86
	159.44	218.29
<b>Other Financial Services</b>		
Brokerage and other operating income	799.07	691.32
Profit on Sale of long-term investments	54.06	15.96
Dividend Income	3.98	63.91
DP Income	11.20	12.53
Profit on Sale of Land	0.38	4.83
Others	8.08	139.25
	876.77	927.80
<b>Total</b>	<b>1036.21</b>	<b>1146.09</b>

**Note 19 Employee benefits expense**

(₹ in Millions)

Particulars	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
Salaries and wages *	167.69	187.42
Contributions to provident funds	1.70	1.08
Staff welfare expenses	4.17	4.96
<b>Total</b>	<b>173.56</b>	<b>193.46</b>

\* Includes Gratuity amounting to ₹ 3.37 million( As at 31<sup>st</sup> March, 2015 : ₹3.13 million)

**Note 20 Finance costs**

(₹ in Millions)

Particulars	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
Interest expenses	139.35	184.73
Bank Charges	5.27	6.38
<b>Total</b>	<b>144.62</b>	<b>191.11</b>

**Note 21 Other expenses**

(₹ in Millions)

Particulars	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
Printing & Stationery	4.18	4.55
Postage, Telegram & Telephone	28.63	24.19
Rent	17.12	16.28
Fees & Taxes	5.81	5.42
Directors Travelling	0.05	0.07
Demat/ Remat Charges	3.90	3.86
Legal & Professional Charges	12.88	13.73
Travelling & Conveyance	8.24	9.72
Payments to auditors		
As auditors - statutory audit	0.77	0.41
For taxation matters	0.11	0.11
Office Maintenance	39.43	43.73
General Expenses	38.05	43.03
Advertisement Expenses	0.16	0.12
Sub Brokerage	278.73	300.46
Turnover Charges	113.78	107.33
VSAT Charges	4.13	3.70
Provision for Non Performing Assets	10.02	5.38
Loss/ (Profit) on Sale of Fixed Assets	(0.03)	0.57
Bad Debts	80.93	37.07
<b>Total</b>	<b>646.89</b>	<b>619.73</b>

**Note 22 Contingent Liabilities**

- (a) Master Capital Services Ltd has given/availed a Bank Guarantee amounting to ₹127.50 Millions (As at 31<sup>st</sup> March, 2015: ₹117.50 Millions) in favour of National Securities Clearing Corporation Ltd., ₹130.00 Millions (As at 31<sup>st</sup> March, 2015: ₹197.50 Millions) in favour of Stock Holding Corporation of India Ltd. and ₹36.38 Millions (As at 31<sup>st</sup> March, 2015: ₹30.00 Millions) in favour of The Bombay Stock Exchange.

Master Commodity Services Ltd has given/availed a Bank Guarantee amounting to ₹113.75 Millions (As at 31<sup>st</sup> March, 2015: ₹93.75 Millions) in favour of Multi Commodity Exchange of India Ltd. and ₹21.50 Millions (As at 31<sup>st</sup> March, 2015: ₹11.50 Millions) in favour of National Commodity & Derivatives Exchange Ltd.

Master Infrastructure and Real Estate Developers Ltd. has given/availed Bank Guarantee of ₹0.05 Million (As at 31<sup>st</sup> March, 2015: ₹0.05 Million) in favour of Greater Ludhiana Area Development Authority.

- (b) As per an Ex-Parte Ad- Interim Order number WTM/RKA/ISD/162/2014 dated 19 December, 2014 by SEBI in the matter of First Financial Services Limited, amongst others, Master Trust Limited, its subsidiary Master Commodity Services Limited, and their Directors/relative of Directors namely Mr. Harjeet Singh Arora, Mr. R. K. Singhania, Mrs. Harneesh Kaur Arora, Mr. Jashanjyot Singh and Mr. Puneet Singhania, have been restrained from accessing the securities market and buying, selling or dealing in securities, either directly or indirectly, in any manner, till further directions.

The order is being contested by the company and is sub - judice. However, no significant or material orders have been passed by the regulators or courts or tribunals during the year. In the view of the management

and as per the legal advice, no liability is likely to arise. Even, the amount of liability, if any, is indeterminate. Accordingly, no liability has been provided for.

- (c) An Arbitration Panel at Patna has passed an Arbitration Award against Master Capital Services Limited, a wholly owned subsidiary of Master Trust Limited, for alleged unauthorised trading on behalf of a client for an amount of ₹ 3.47 crore plus 15% per month.

The Arbitration Award is being contested by the Company at various forums/courts and is sub-judice. In view of the management and the legal advice sought, no liability is likely to arise. Therefore, provision for contingent liability for the same has not been provided in books of accounts.

- (d) The Company has other small litigations which have arisen in ordinary course of business with the clients. The Company has reviewed the impact of all such litigations on Financial Position. In view of the management and the legal advice sought, no provision is required to be made in case of litigation against/by the company. Therefore, provision for the same has not been provided in books of accounts.

### Note 23

The Punjab State Industrial Development Corporation Limited (PSIDC) had contributed ₹8.85 Million in 8,85,000 equity shares in the capital of Prime Industries Limited @ ₹10/- per share, as Direct Equity Participation in 1993. The Company as an associate promoter of Prime Industries Limited, pledged 5,69,300 shares (As at 31<sup>st</sup> March, 2015: 5,69,300 shares) of Prime Industries Limited of ₹10/- each amounting to ₹5.69 Million (As at 31<sup>st</sup> March, 2015: ₹5.69 Million) to PSIDC. The Company had also subscribed to the undertaking for buy back of the shares subscribed by PSIDC as referred above. The Government of Punjab had notified one time settlement scheme (OTS) vide notification number 15/03/09-AS-6/400 Dated 2<sup>nd</sup> March, 2009. A sum of ₹25.38 Million (As at 31<sup>st</sup> March, 2015: ₹25.10 Million) shown as loans and advances recoverable in cash and/or kind has already been paid as per the amount demanded by the PSIDC in this respect. The matter now has been settled vide Hon'ble Punjab & Haryana High Court's Order dated 19.05.2015 with no further liability against the said shares. However, as the Company vide SEBI's Order dated 19.12.2014 has been restrained to buy, sell or otherwise deal in Equity Shares therefore the Company had applied to SEBI to allow release of 5,69,300 shares pledged to PSIDC and also allow for transfer of 8,85,000 shares purchased by the Company under the buyback undertaking. Therefore, the shares so pledged shall be released to the Company by PSIDC on the adjudication of the matter by SEBI.

### Note 24

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

### Note 25 Segment Reporting

(a) Information about business Segments

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
<b>A) Segment Revenue</b>		
1) Total Segment Revenue		
a) Brokerage & Allied	910.58	930.11
b) Interest	52.19	120.34
c) Others	73.44	95.64
<b>Total</b>	<b>1036.21</b>	<b>1146.09</b>
2) Inter Segment Revenue	-	-
3) External Revenue (1-2)		
a) Brokerage & Allied	910.58	930.11
b) Interest	52.19	120.34
c) Others	73.44	95.64
<b>Total</b>	<b>1036.21</b>	<b>1146.09</b>
<b>B) Results</b>		
1) Segment Results:		
a) Brokerage & Allied	49.83	53.85
b) Interest	(49.94)	6.62
c) Others	54.07	38.27
<b>Total</b>	<b>53.96</b>	<b>98.74</b>

2) Unallocated Expenses	1.00	1.56
3) Operating Profit	52.96	97.18
4) Provision	17.08	2.79
5) Minority Interest	0.33	0.60
6) Net Profit	35.55	93.79
<b>Other Information</b>		
1) Segment Assets		
a) Brokerage & Allied	2879.58	2714.94
b) Interest	626.80	734.18
c) Others	715.32	691.68
<b>Total</b>	<b>4221.70</b>	<b>4140.80</b>
2) Unallocated Corporate Assets	56.48	38.86
3) Total Assets	4278.18	4179.66
4) Segment Liabilities		
a) Brokerage & Allied	1955.58	1794.65
b) Interest	518.22	672.34
c) Others	81.71	23.06
<b>Total</b>	<b>2555.51</b>	<b>2490.05</b>
5) Unallocated Liabilities	1.33	1.33
6) Deferred Tax Liabilities	1.84	4.66
7) Total Liabilities	2558.68	2496.04
8) Minority Interest	10.90	10.57
9) Share Holder's Fund	1708.60	1673.05

## (b) Information about Geographical Segments

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

**Note 26**

Master Capital Services Ltd had issued 4000 Deep Discount Bonds (DDB) in the previous years, outstanding Face Value at the end of the year amounting to ₹32.61 Millions {As at 31<sup>st</sup> March, 2015: ₹ 32.61 Millions), to augment the working capital and other requirements. Interest expense is accounted for on mercantile basis. However, as per the provisions of Income Tax Act, the tax will be deducted at source at the time of maturity/redemption.

**Note 27 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. Prime Agro Farms Pvt Ltd. Big Build Real Estate Pvt Ltd. Amni Real Estate Pvt Ltd. Matria Estate Developers Pvt Ltd. MTL Capital Consultants Pvt Ltd. Sanawar Investments PHDA Financial Services (P) Ltd. Saintco India (P) Ltd. Singhanian Properties. Partnership Firms	Mr.Harjeet Singh Arora Mr.RK Singhanian Mr.G S Chawla Mr.Pavan Chhabra Mrs.Harneesh Kaur Arora Mr.Ashwani Kumar Mr.Anil Kumar Bhatiya Mr.Sudhir Kumar Mrs.Parveen Singhanian Mr.Puneet Singhanian Mr.Chirag Singhanian Mrs.Palka A Chopra Mr.Jashanjyot Singh Mrs.Harinder Kaur Minocha Mrs.Priyanka Thukral Mrs.Rohila Singhanian Mrs.Isha Singhanian Mr.Maninder Singh Mr.D S Minocha



**Transactions with related parties**

(₹ in Millions)

<b>Transactions with related parties</b>	<b>Associates/Enterprises owned or significantly influenced by the key Management Persons or their Relatives</b>	<b>Key Management Personnel and their Relatives</b>	<b>Total</b>
Purchases	-	-	-
	(17.10)	-	<b>(17.10)</b>
Sale	-	-	-
	(31.41)	-	<b>(31.41)</b>
Brokerage Received	0.03	0.01	<b>0.04</b>
	(0.80)	(0.06)	<b>(0.86)</b>
Interest Paid	0.05	1.60	<b>1.65</b>
	-	(2.13)	<b>(2.13)</b>
Interest Received	5.29	-	<b>5.29</b>
	(5.29)	-	<b>(5.29)</b>
Rent Paid	0.14	0.38	<b>0.52</b>
	(0.14)	(0.38)	<b>(0.52)</b>
Loan & Advances Given	7.23	-	<b>7.23</b>
	(72.35)	-	<b>(72.35)</b>
Loan & Advances Taken	0.83	69.03	<b>69.86</b>
	(0.78)	(82.18)	<b>(82.96)</b>
Remuneration	-	11.28	<b>11.28</b>
	-	(9.16)	<b>(9.16)</b>
Balance outstanding at the end of the year Receivable	8.31	-	<b>8.31</b>
	(74.06)	-	<b>(74.06)</b>
Payable	0.83	43.57	<b>44.40</b>
	(0.82)	(114.53)	<b>(115.35)</b>

**Note 28**

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 No. 088759**Sunil Kumar**  
Chief Financial Officer**Mohan Singh**  
Company SecretaryPlace : Ludhiana  
Date : 30.05.2016

# Form AOC-1

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

## Part "A": Subsidiaries

(₹ in Millions)

Sr. No.	Name of the Subsidiary Company	Master Infrastructure and Real Estate Developers Ltd.	H.A. Share & Stock Brokers Ltd.	Master Capital Services Ltd.	Master Commodity Services Ltd.*	Master Portfolio Services Ltd.*	Master Insurance Brokers Ltd.*
1	Reporting period	1 <sup>st</sup> April, 2015 to 31 <sup>st</sup> March, 2016	1 <sup>st</sup> April, 2015 to 31 <sup>st</sup> March, 2016	1 <sup>st</sup> April, 2015 to 31 <sup>st</sup> March, 2016	1 <sup>st</sup> April, 2015 to 31 <sup>st</sup> March, 2016	1 <sup>st</sup> April, 2015 to 31 <sup>st</sup> March, 2016	1 <sup>st</sup> April, 2015 to 31 <sup>st</sup> March, 2016
2	Reporting currency	Indian Rupees ₹	Indian Rupees ₹	Indian Rupees ₹	Indian Rupees ₹	Indian Rupees ₹	Indian Rupees ₹
3	Share Capital	2.00	2.45	59.00	5.50	8.10	5.00
4	Reserves & Surplus	89.03	19.84	786.12	196.59	13.31	4.35
5	Total Assets	337.72	26.12	2,910.43	389.60	22.79	10.36
6	Total Liabilities	246.68	3.83	2,065.31	187.52	1.38	1.02
7	Investments	146.12	-	170.65	-	-	-
8	Turnover	3.86	18.98	778.83	134.94	8.81	8.78
9	Profit before taxation	0.01	0.35	42.50	6.82	0.33	0.48
10	Provision for taxation	0.11	(0.33)	14.53	0.12	0.10	0.16
11	Profit after taxation	(0.10)	0.69	27.96	6.69	0.22	0.32
12	Proposed Dividend	-	-	-	-	-	-
13	% of shareholding	100%	51%	100%	100%	100%	100%

1. Names of subsidiaries which are yet to commence operations: None

2. Names of subsidiaries which have been liquidated or sold during the year: None

\*Master Insurance Brokers Limited (MIBL), Master Portfolio Services Limited (MPSL) and Master Commodity Services Limited (MCOML) are the subsidiaries of Master Capital Services Limited. Since, Master Capital Services Limited is a subsidiary of the Company, therefore, MIBL, MPSL and MCOML are being reported as subsidiaries of the Company.

## Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures\*

\*There were no Associates and Joint Ventures during the financial year 2015 - 2016.

**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 No. 088759

**Sunil Kumar**  
Chief Financial Officer

**Mohan Singh**  
Company Secretary

Place : Ludhiana  
Date : 30.05.2016



## 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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