

**ANNUAL REPORT**  
**2016-17**

Be ahead in the  
**FINANCIAL RACE**



## BOARD OF **DIRECTORS**

### **Mr. Harjeet Singh Arora – Managing Director**

Mr. R.K. Singhania

Mr. Anil Kumar Bhatia

Mr. Pavan Chhabra

Mr. Sudhir Kumar

Mr. G.S. Chawla

Mr. Ashwani Kumar

Mrs. H.K. Arora

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

## 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

# ANNUAL REPORT 2016-17

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



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

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

# Managing Director's Speech



Mr. Harjeet Singh Arora  
**MANAGING DIRECTOR**

Dear Shareholders,

**It gives me great pleasure to present your Company's Annual Report and to share with you its performance for the year 2016-17.**

In the year gone by, we continued to be amazed by the incredible depth, resilience and determination showed by the Indian economy. Like the global economy, it was another VUCA (volatile, uncertain, complex and ambiguous) year in India where volatility abounded, impacted by events like Brexit and election results across the globe as well as domestic ones like Demonetisation, surgical strikes at the border and uncertainty around GST and other reforms. **Despite all of this, the economy still grew at a healthy 7.1%, one of the fastest across the world on account of implementation of key reforms, loosening of supply-side bottlenecks with the implementation of the goods and services tax,** appropriate fiscal and monetary policies, declining inflation and rising levels of foreign investment.

Although, the demonetization did temporarily impact consumption and other macroeconomic parameters but it will have long-term benefits. Also, the shift towards a cashless economy, will improve the financing of the economy and availability of loans and should promote tax compliance. This has also led to a huge inflow into the capital markets through mutual funds investments majorly in Equity Schemes. However it should also be noted that rising NPAs in public sector banks have heightened financial sector risks, which poses a key downside risk for India.

**Indian equity markets had a good phase in FY2017 with equity average daily volumes (ADV) up by 35.27% YoY in FY17 to Rs 4.07 trillion.** Several stocks and indices, including the Nifty, and the small-cap and mid-cap index, climbed to record highs in 2016-17. The Nifty rose 18.55% YoY in FY2017 to close at 9173.75 after declining 8.86% YoY in FY2016 while the S&P BSE Sensex rose 16.88% YoY in FY2017 to close at 29620.50 levels. A strong inflow collectively by the foreign portfolio investors and domestic mutual funds during the fiscal led the rally in the equity market. Indian securities market showcased an overall positive scenario during March 2017. **For FY2016-17, your Company's topline (Consolidated) increased by 6.79 % to Rs.**

1106.6 million as compared to Rs. 1036.29 million in the previous year. The net worth (Consolidated) of the Company has increased by 3.41 % to Rs. 1766.8 million as compared to Rs. 1708.6 million in the previous year. Net Profit after Tax (Consolidated) increased by 62.4 % to Rs. 58.3 million as compared to Rs. 35.9 million in the previous year. Our purpose led transformation towards wealth management is the driving force behind the quality of our future earnings. Wealth Management presents immense growth opportunities, driven by rising disposable income, shift from bank savings towards other financial instruments.

Our asset based businesses, comprising of Portfolio Management Services have crossed Rs.1029.6 million, as on March 31, 2017 marking a monumental growth of 80% (YoY) .Driven by an upward trend in revenue, assets under management and improving profitability, reflecting our continuous efforts of scaling business operations, has helped us gain market share in the financial services sector. Our flagship Portfolio Management Services (PMS), SEBI registered Discretionary Portfolio Management Strategy started in Oct 2011, and has consistently outperformed its benchmark across market cycles over a five year period. Since Inception, PMS has delivered a CAGR return of 42.54% vs 16.60% (BSE MidCap) an out performance of 26% every year. **Our PMS business augurs well for the Company's sustained growth in the years ahead, as justified by its growing assets under management and consistent out performance of its benchmark.** Over the next two years, we will continue to acquire more clients. With an increasing number of Indian retail investors looking forward for investment products, we see the opportunity space expanding rapidly and will continue to invest in the business to gain market share.

**Our growth story has been recognized by various industry bodies, which has stimulated us to move forward with more confidence. We have been awarded with MCX excellence award for 'Regional Broker of the Year' North region, for year 2016-17, also nominated in Automatic Portfolio Analysis report by Skoch BSE Awards 2017 – one of the prestigious awards of the domain.**

Within Master trust we are well-gearred to take advantage of the opportunity. Our learning and development activities are specially targeted to build the future leaders in the organization. Our retail businesses are starting to gain traction and our franchise businesses have also built significant size and scale. Both our wealth management and asset management businesses are expected to continue their strong performance next year.

On behalf of the Board, I would like to express my gratitude to our directors, employees, customers, bankers, sub-brokers, authorized persons and our shareholders for their continued support and confidence they have reposed in the Company. I also record my special appreciation to each employee for their hard work in the service of our Company.



Mr. Harjeet Singh Arora  
MANAGING DIRECTOR

# Management Team



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

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

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

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



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

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

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

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



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

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

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

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



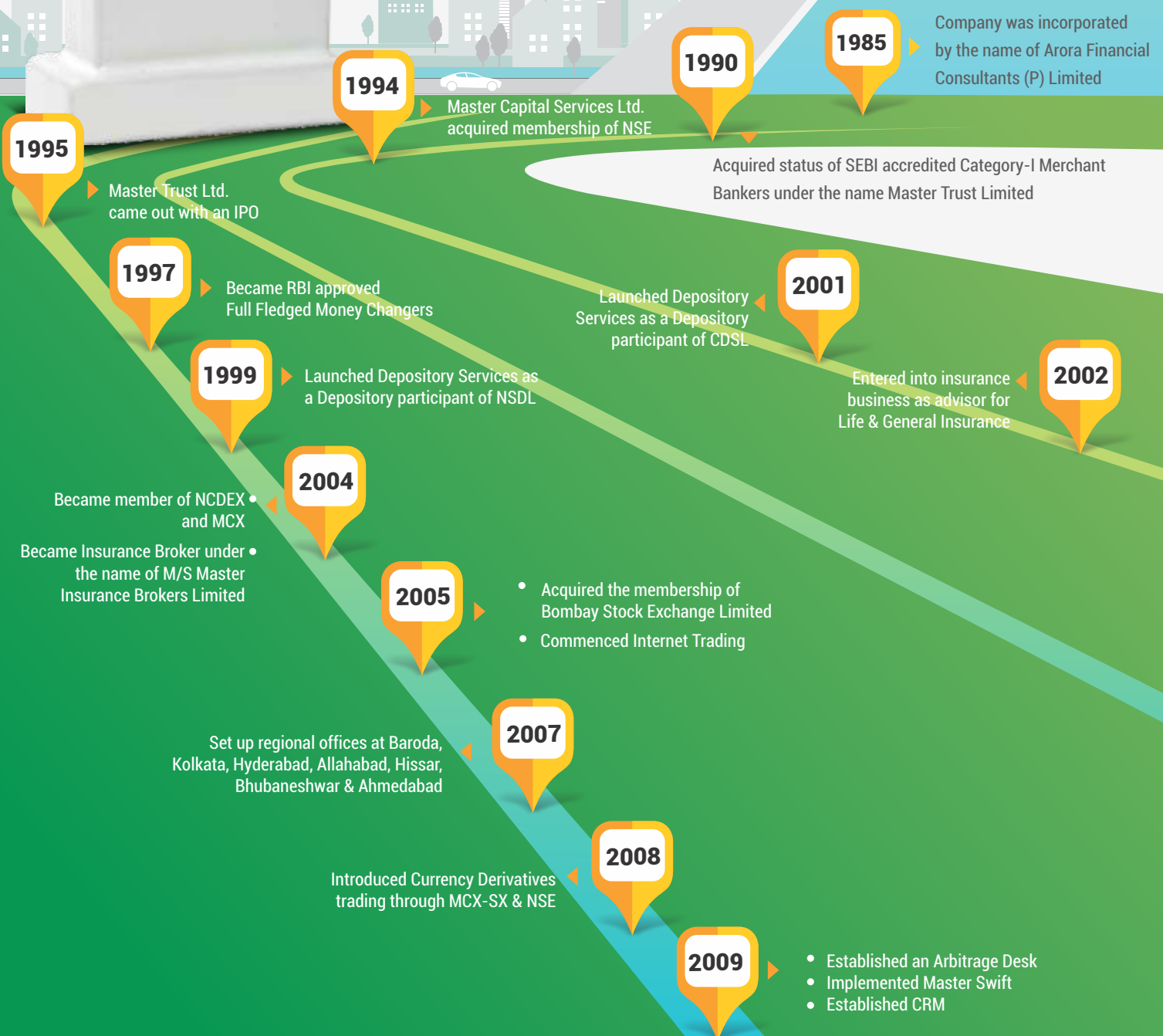
**Mr. Jashan Arora\* (A.C.A) :**

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



**MILESTONES**

**1985  
to  
2016**



## MILESTONES

# 1985 to 2016

**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

**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

**2016**

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

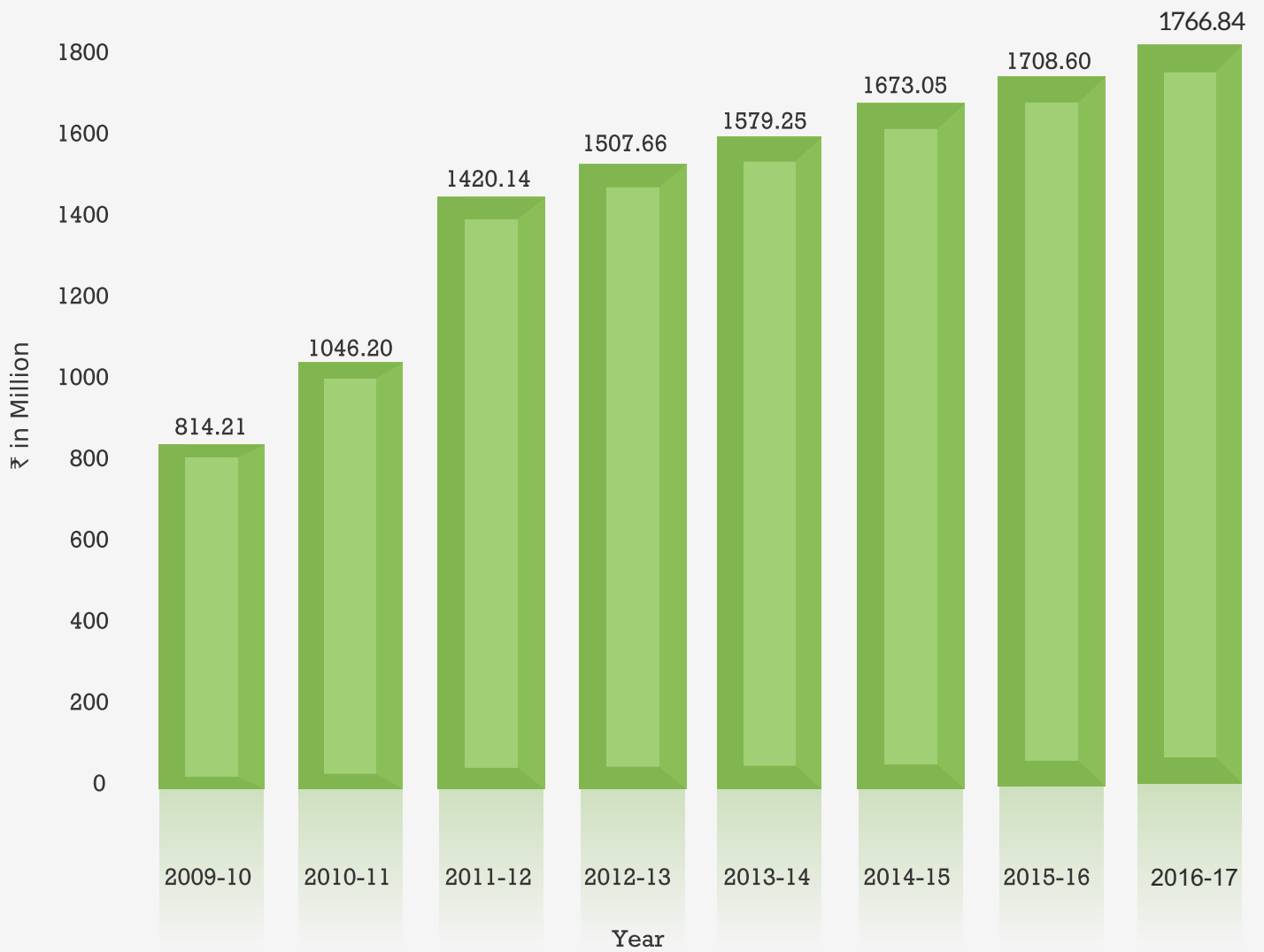
**2011**

- 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

**2010**

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

# Networth



# Points of Presence

## ANNUAL REPORT 2016-17



<b>States</b>	Andhra Pradesh	Assam	Bihar	Chandigarh	Chhattisgarh	Delhi	Gujarat	Haryana	Himachal Pradesh
<b>Master trust Presence</b>	27	3	19	44	2	93	38	71	12
<b>States</b>	Jammu And Kashmir	Jharkhand	Kerala	Karnataka	Madhya Pradesh	Maharashtra	Orissa	Punjab	
<b>Master trust Presence</b>	11	4		5	12	76	12	77	
<b>States</b>	Rajasthan	Tamil Nadu	Telangana	Uttar Pradesh	Uttarakhand	West Bengal	<b>Total Points of Presence</b>		
<b>Master trust Presence</b>	26	2	2	57	8	48	649		

# Management Discussion and Analysis



# Management Discussion and Analysis

## GLOBAL ECONOMY

As per the July 2017 World Economic Outlook by International Monetary Fund (IMF), global output grew by 3.2 percent in 2016, with 1.7 percent growth for advanced economies and 4.3 percent growth for emerging market and developing economies. Global economic activity picked up in the fourth quarter of 2016, especially in advanced economies, with cyclical recovery in investment which resulted in improvements in manufacturing and trade, and the momentum is expected to persist. A number of factors contributed to the stronger global momentum: a gradual global recovery in investment, supported by infrastructure and real estate investment in China, reduced drag from adjustment to lower commodity prices, strong net exports in Japan, robust domestic demand in euro area countries, such as Germany and Spain, and end of an inventory cycle and solid consumption growth in United States. Growth also remained solid in the United Kingdom, where spending proved resilient in the aftermath of the June 2016 referendum in favor of leaving the European Union (Brexit).

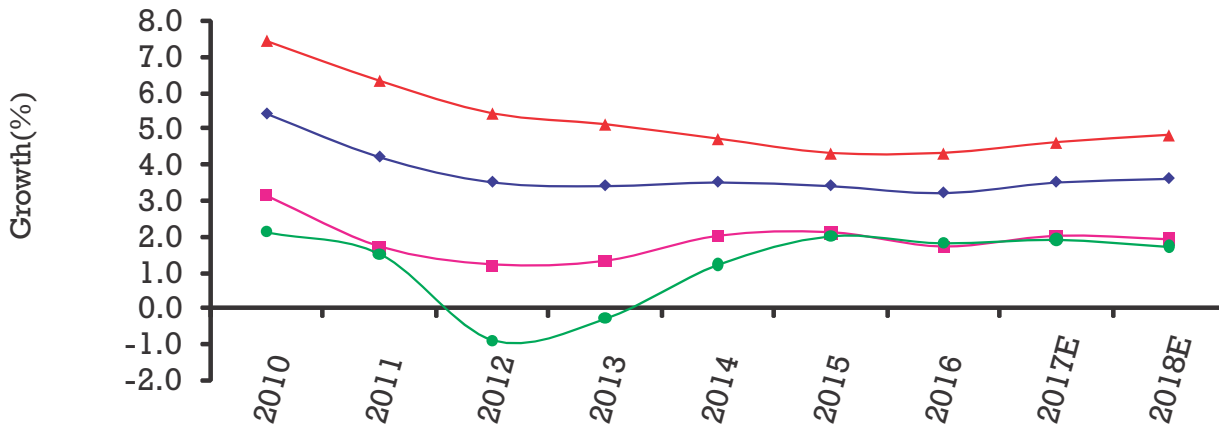


Source: IMF, E=Estimated

## EMERGING ECONOMIES

Economic performance across emerging market and developing economies has remained mixed. Whereas China's growth remained strong, reflecting continued policy support, activity slowed in India because of the impact of the currency initiative and as well as in Brazil which has been mired in a deep recession. Activity remained weak in fuel and nonfuel commodity exporters more generally, while geopolitical factors held back growth in parts of the Middle East and Turkey.

### GDP Growth (Group Wise)

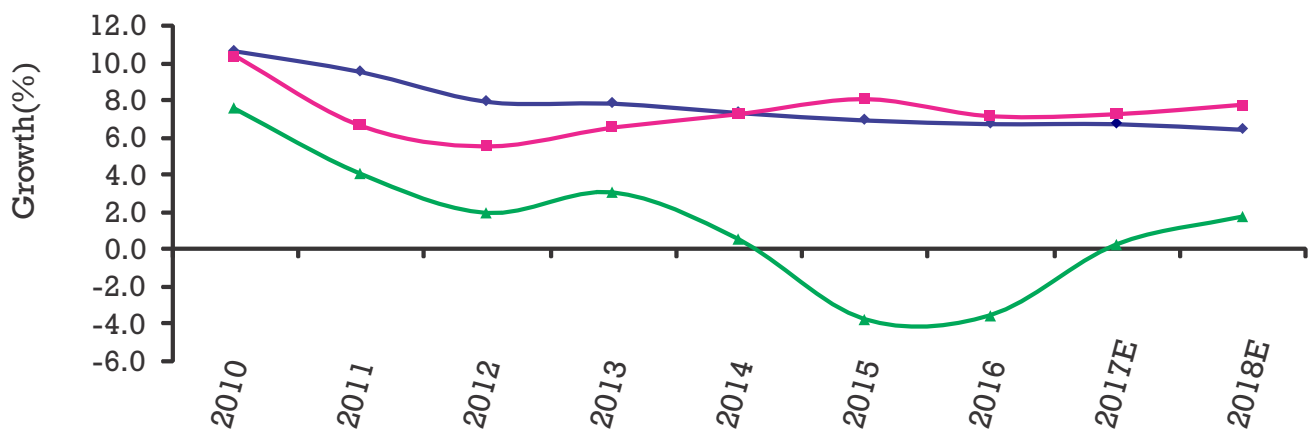


Source: IMF, E=Estimated



Growth in China is projected at 6.7 percent in 2017 and 6.4 percent in 2018, which reflects the anticipation of continued policy support in the form of strong credit growth and reliance on public investment to achieve growth targets. Whereas, the growth forecast of India for 2017 was trimmed by 0.4 percentage point to 7.2 percent, primarily because of the temporary negative consumption shock induced by cash shortages and payment disruptions from the recent currency exchange initiative. Medium-term growth prospects are favorable, with growth forecast to rise to about 8 percent over the medium term due to the implementation of key reforms, loosening of supply-side bottlenecks, and appropriate fiscal and monetary policies. In Brazil, the pace of contraction has diminished, but investment and output had yet to bottom out at the end of 2016, while fiscal crises in some states continue to deepen. Inflation has continued to surprise on the downside, allowing for prospects of faster monetary easing. Growth is projected to recover gradually and remain moderate.

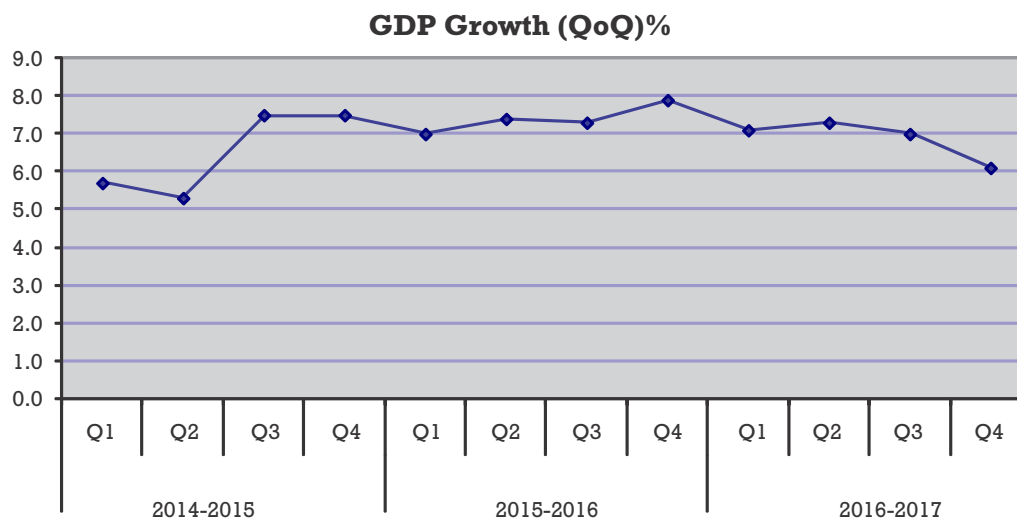
### GDP Growth (India vs China vs Brazil)



Source: IMF, E=Estimated

## THE INDIAN GROWTH STORY

Indian economy is projected to grow at 7.7 percent in 2018, ahead of China. As per the data released by Ministry of Statistics and Programme Implementation, GDP at constant (2011-12) prices grew by 7.1 percent for the year 2016-17, as against 8.0 percent in 2015-16. During 2016-17, GDP grew 7.1 percent in the first quarter, 7.3 percent in the second quarter, 7.0 percent in the third quarter, and 6.1 per cent in the fourth quarter; as against 7.0 percent in Q1, 7.4 percent in Q2, 7.3 percent in Q3, and 7.9 percent in Q4 of 2014-15. GDP growth for the January-March period dragged down to 6.1 percent, due to a slowdown in consumer spending and a drop in investment, following the demonetization program started in November of 2016.



Source: Ministry of Statistics and Programme Implementation (MOSPI)

## PUBLIC ADMINISTRATION, DEFENCE AND OTHER SERVICES SECTOR OUTPERFORMED OTHER SECTORS

The Indian growth story has been led by Public Administration, Defence and Other Services sector growth. GVA at basic constant (2011-12) prices in 2016-17, showed a growth rate of 11.3 percent. The substantial growth by Public Administration, Defence and Other Services sector in 2016-17, was followed by the manufacturing industry growth rate of 7.9 percent and 7.8 percent growth rate by trade, hotels, transport, communication and services related to broadcasting.

## OUTLOOK

Global growth has been forecasted to be 3.5 percent in 2017 and 3.6 percent in 2018, with a long-awaited cyclical recovery in manufacturing and trade under way. In advanced economies, the pickup is primarily driven by higher projected growth in the United States, reflecting the assumed fiscal policy easing and an uptick in confidence. The outlook has also improved for Europe and Japan fueled by cyclical recovery in global manufacturing and trade in the second half of 2016. The outlook for several large economies, especially Latin America and the Middle East, looks weak as result from continued adjustment to the decline in their terms of trade in recent years, oil production cuts, and idiosyncratic factors. While growth is projected to remain strong in China reflecting stronger-than-expected policy support, as well as for Russia, where activity appears to have bottomed out and higher oil prices bolster the recovery. A faster-than-expected pace of interest rate hikes in the United States could tighten financial conditions elsewhere and a sharp dollar appreciation, with adverse repercussions for emerging market economies. Other factors such as mounting vulnerabilities in China's financial system associated with fast credit growth and continued balance sheet weaknesses in other emerging market economies could strain emerging market economies.



## INDIAN FINANCIAL SECTOR HIGHLIGHTS

- On balance of payments basis (i.e., excluding valuation effects), the foreign exchange reserves increased by US\$ 21.6 billion to US\$ 367.93 billion during 2016-17 as compared to US\$.355.59 billion during 2015-16. Current Account Deficit (CAD) narrowed to 0.7 percent of GDP in 2016-17 from 1.1 percent in 2015-16 on the back of contraction in the trade deficit. Net FDI inflows during 2016-17 (US\$ 35.6 billion) moderated marginally from (US\$ 36.0 billion) in 2015-16.
- Association of Mutual Funds in India (AMFI) reported that average assets managed by the mutual fund industry have grown to Rs.18.58 trillion in March 2017. During the fiscal year 2016-17 equity funds had inflows of Rs.60,270 crore, taking total inflows as on 31st March 2016 to Rs.343,049 crore. The MF industry had added about 6.26 lacs SIP accounts each month on an average during the FY 2016-17, with an average SIP size of about Rs 3,200 per SIP account. During FY 16-17, a total amount of Rs 43,921 crore was collected through SIP.
- India's life insurance sector is the biggest in the world with about 360 million policies which are expected to increase between 12-15% over the next five years. During the 1st half of financial year 2016-17, Life Insurance industry reported a 20 per cent growth in overall Annual Premium Equivalent (APE). The insurance industry is expected to reach USD280 billion by 2020. In Union Budget 2017-18, the government introduced an insurance pension scheme that gives an assured return of 8 per cent for senior citizens through LIC to concentrate on social security.
- 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.
- RBI kicked off an era of differentiated banking by allowing SFBs (small finance banks) and PBs (payments banks) to start services. A total of 21 entities were given in-principle nod, including 11 for payments banks. Out of these 11 Payment bank list, 3 firms have already dropped out. In April 2016, India's 1st small finance bank- Capital Small Finance Bank was launched with its 10 branches spread over Punjab, India. In November 2016, RBI granted approval for issuing a license to Utkarsh Micro Finance Pvt. Ltd., permitting it to setup small finance bank.
- 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. In Financial Year 2016-2017, No. of PMMY Loans Sanctioned – 39701047 and Amount Disbursed Rs 175312.13 Cr.. Under Pradhan Mantri Jan Dhan Yojna (as of Nov 09, 2016), 25.51 Cr. accounts have been opened and 19.44 Cr. RuPay debit cards have been issued.

## INDIAN FINANCIAL MARKETS

- Indian equity markets had a good phase in FY 2016-17. Several stocks and indices, including the Nifty, and the small-cap and mid-cap index, climbed to record highs in 2016-17. The markets rallied capturing many hurdles such as muted earnings growth, demonetization, US presidential elections and Brexit with the support of strong fund flows and optimistic view of India's future under the Modi government
- During 2016-17, the primary securities market recorded a total number of issues of 133, from which Rs.61,848 crore were raised as compared to Rs.58,166 Cr. raised through 108 issues during 2015-16. The Nifty rose 18.55% YoY in FY2017 to close at 9173.75 after declining 8.86% YoY in FY2016 while the S&P BSE Sensex rose 16.88% YoY in FY2017 to close at 29620.50 levels. Small-and mid-cap indices recorded their second-best performance in seven years during financial year 2016-17 (FY17). The year saw the S&P BSE Small-cap index surging 36.9 per cent and the S&P BSE Midcap index rising 32.7 per cent. A strong inflow collectively by the foreign portfolio investors and domestic mutual funds during the fiscal led the rally in the equity market.

## INDIAN BROKERAGE INDUSTRY

- ♦ At the industry level, equity average daily volumes (ADV) were up by 35.27% YoY in FY 2016-17 to Rs 4.07 trillion. Cash Market ADV which increased by more than 22% to Rs 25000 Cr. in FY 2016-17. Within Cash, delivery volume increased more than 33% to Rs 8000 Cr. in FY 2016-17. In equity derivatives, future volume increased by 24.73% YoY to Rs 63000 Cr. while option volumes rose by 38.68% YoY to Rs.319000 Cr.. In the cash market participants, retail was up 38.54% and Institutions was up 13.63% YoY. FIIs net inflows were Rs 56000 Cr. trillion, during FY 2016-17, factors like implementation of the Good and Services Tax, relative economic growth and correction in the US dollar index lured foreign investor towards India. DIIs saw net inflows were Rs.29000 Cr. for the 2nd consecutive year, largely led by the renewed interest in equity mutual funds.
- ♦ Equity ETFs in India witnessed significant growth in FY 16-17, total Assets under Management (AUM) of equity ETFs in India has almost tripled to Rs. 0.43 trillion, as on March 2017 as against Rs. 0.15 trillion as on March 2016. Trading volume of ETFs in India has also grown significantly. ADV of equity ETFs has grown annually by 32%. The retail interest in ETFs has been increasing, with the number of investors trading in ETFs increasing by 82% in FY 16-17 over the previous financial year.
- ♦ Primary market seeing higher IPO activity since last two years and IPO typically being a point of entry for new investors into direct equities, the incremental de-mat accounts created during FY17 and FY16 has higher than previous years .
- ♦ Indian commodity future volume depends on liquidity and depth in the market. The commodity market in India has grown slowly with newer options (agricultural as well as non-agricultural commodities) becoming increasingly available to customers. SEBI took adequate steps to revive the market by allowing Category-III alternative investment funds, mutual funds and banks to participate in commodity derivative products.

### Outlook:

Resurrection in consumption demand, growth led by policy reforms, move towards digitization and implementation of GST could contribute to sustainable growth over medium term in India. Global factors including commodity price movements, economic policies of the new government in the US and monetary policy stance of global central banks could have a bearing on capital flows to emerging markets like India. A likely rise in inflation pressure in the US from wage rise and expansion in the economy should elicit future interest rate hike actions by the US Federal Reserve in 2017. Global growth rate is likely to improve, led by the US and other emerging economies in 2017 which could benefit the Indian export oriented sectors. That said, India's lower linkage to global economies makes the domestic macro factors and fiscal trends the key catalysts to determine growth. Improving fiscal situation, inflation rate, exports growth, rising FDI flows point towards fundamental stability in the economy which augurs well for long term equity investing.

# **Directors Report**



# Directors Report

**To  
The Members,**

The Directors of Master Trust Limited (MTL) have great pleasure in presenting the Annual Report of the company with audited statements of accounts for the financial period ended 31st March, 2017 along with report of the Statutory Auditors thereon.

## 1. Financial summary

The summary of financial results of the Company for the period ended 31st March, 2017 is as under:

### Financial Results

(₹ in million)

Particulars	For the Year Ended			
	March 31st 2017	March 31st 2016	March 31st 2017	March 31st 2016
	Consolidated		Standalone	
Gross Income	1106.57	1036.21	45.54	105.57
Profit Before Depreciation, Interest & Tax	257.27	210.49	30.63	40.49
Less : Depreciation	19.11	18.18	0.84	0.95
Interest	150.40	139.35	22.70	37.08
Profit Before Tax	87.76	52.96	7.09	2.46
Provision for Tax	29.45	17.08	1.17	1.98
Profit after tax but before minority interest and share in associate companies	58.31	35.88	5.92	0.48
Less: Share of Minority Interest	0.06	0.33		-
Net Profit	58.25	35.55	5.92	0.48
Add: Profit brought forward from earlier years	1038.62	1002.75	104.53	103.73
Profit available for appropriation	1096.87	1038.30	110.45	104.21
Less: Appropriations				
- Proposed Dividend	-	-	-	-
- Tax on Dividend	-	-	-	-
- Transfer to Statutory Reserve	0.51	(0.32)	0.51	(0.32)
- Transfer to General Reserve	-	-	-	-
Closing Balance	1096.36	1038.62	109.94	104.53

## 2. Performance Highlights

On a consolidated basis, the Company's gross income increased by 6.79% to ₹1106.57 million as compared to ₹1036.21 million in the previous year. The Net worth of the Company has increased by 3.41% to ₹1766.84 million as compared to ₹1708.60 million in the previous year. The Net Profit after tax also increased to ₹58.25 million as compared to ₹35.55 million in the previous year. Consequently, the basic and diluted earning per share for the current year increased to ₹5.36 per share as compared to ₹3.27 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**

Resurrection in consumption demand, growth led by policy reforms, move towards digitization and implementation of GST could contribute to sustainable growth over medium term in India. Global factors including commodity price movements, economic policies of the new government in the US and monetary policy stance of global central banks could have a bearing on capital flows to emerging markets like India. A likely rise in inflation pressure in the US from wage rise and expansion in the economy should elicit future interest rate hike actions by the US Federal Reserve in 2017. Global growth rate is likely to improve, led by the US and other emerging economies in 2017 which could benefit the Indian export oriented sectors. That said, India's lower linkage to global economies makes the domestic macro factors and fiscal trends the key catalysts to determine growth. Improving fiscal situation, inflation rate, exports growth, rising FDI flows point towards fundamental stability in the economy which augurs well for long term equity investing.

#### 5. **Reserves**

During the period under review there was a net transfer of ₹0.51 million to Statutory Reserves.

#### 6. **Management Discussion and Analysis**

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

#### 7. **Adequacy of Internal Control**

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

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

#### 8. **Audit Committee**

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

#### 9. **Human Resource Development**

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

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

Pursuant to the provisions of Section 152 of the Companies Act, 2013 and in accordance with Article 103 of the Articles of Association of the Company, Mrs Harneesh Kaur Arora and Mr. G. S. Chawla, 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 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 31st, 2017 and the date of the directors' report i.e. August 3rd, 2017.

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

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

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

is sub- judice. 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.

#### **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 2017-18 has already been paid to it.

#### **17. Auditors**

##### **Statutory Auditors**

M/s Manjeet Singh & Co., Chartered Accountants, the Statutory Auditor of the Company had completed the period of 10 years as on 01.04.2014, the applicable date of the Companies Act, 2013. As per the Companies Act, 2013, the Companies whose Statutory Auditors had completed 10 years in a Company were given a transition period of 3 years to change the Auditors.

Accordingly, the transition period of 3 years for the current Statutory Auditor, M/s Manjeet Singh & Co., has been completed in the FY 2016-17. Consequently, the Board of Directors in its meeting held on 03.08.2017 has appointed M/s C. S. Arora & Associates, Chartered Accountants, as the Statutory Auditors of the Company for a term of 5 years from the conclusion of the ensuing 32nd AGM of the Company.

M/s C. S. Arora & Associates, Chartered Accountants has furnished a certificate to the effect that their appointment, if made, at the ensuing AGM, will be within the limits prescribed under Section 141 of the Companies Act, 2013 and that they are not beneficially holding any security or interest in the Company as defined under Companies Act, 2013. The Board on recommendation of the Audit Committee recommends the appointment of M/s C. S. Arora & Associates, Chartered Accountants as Statutory Auditors from Financial Year 2017-18 onwards.

Members are requested to consider their re-appointment and authorize the Board of Directors to fix their remuneration for the year 2017-18.

### **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 2016-17 which, inter alia, includes audit of compliance with the Companies Act, 2013, and the Rules made under the Act, Listing Agreement and Regulations and Guidelines prescribed by the Securities and Exchange Board of India has been completed by M/s. Rajeev Bhambri & Associates, Ludhiana. The Secretarial Audit Report given by M/s. Rajeev Bhambri & Associates, Ludhiana is a part of this Annual Report.

### **18. Auditors' Reports**

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

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

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

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

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

### **20. Performance and financial position of each of the subsidiaries, associates and joint venture companies included in the consolidated financial statement** The summary of performance of the subsidiaries of the Company is provided below:

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

In the current year of operations FY 2016-17, MCSL's revenue during the year under review increased to ₹893.65 million from ₹778.83 million in the previous year FY 2015-16 registering an increase of 14.74%. However, MCSL's net profit, during the current year, decreased to ₹27.51 million from ₹27.96 million.

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

In the current year of operations FY 2016-17, MCOML posted decrease in revenues. MCOML's revenue during the year under review decreased to ₹115.44 million from `



134.94 million in the previous year FY 2015-16 registering a decrease of 14.46%. MCOML accounted for a net loss of Rs. 0.31 million, during the current year from a net profit of ₹ 6.69 million.

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

In the current year of operations FY 2016-17, MIREL's revenue during the year under review increased to ₹43.22 million from ₹3.86 million in the previous year FY 2015-16. MIREL's net profit, during the current year, increased to ₹23.79 million from ₹(0.10) million.

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

HASSBL's revenue during the year under review decreased to ₹15.58 million from ₹18.98 million in the previous year FY 2015-16. HASSBL company's net profit, during the current year also decreased to ₹0.11 million from ₹0.69 million.

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

In the current year of operations FY 2016-17, MIBL posted significant increase in revenues. Your company's revenue during the year under review increased to ₹12.81 million from ₹8.78 million in the previous year FY 2015-16 registering an increase of 45.93%. MIBL company's net profit during the current year increased to ₹0.93 million from ₹0.32 million.

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

In the current year of operations FY 2016-17, MPSL posted significant increase in revenues. MPSL's revenue during the year under review increased to ₹16.25 million from ₹8.81 million in the previous year FY 2015-16 registering an increase of 84.47%. MPSL's net profit, during the current year, increased to ₹0.36 million from ₹0.22 million registering an increase by 60.33%.

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 (6) times during the FY 2016-17 viz. on 30.05.2016, 13.08.2016, 09.09.2016, 17.10.2016, 15.11.2016 and 14.02.2017. The separate meeting of the Independent Directors of the Company was also held on 13.08.2016 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 28 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.

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

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

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

Place : Ludhiana  
Date : 03.08.2017

## 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

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

#### Definitions

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

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

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

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

#### Objective

- The objective of the policy is to ensure that:
- the level and composition of remuneration is reasonable and sufficient to attract, retain and

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

### Role of the Committee

The role of the NRC will be the following:

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

## 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

- 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 31.03.2017

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management &amp; 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 - <a href="mailto:admin@skylinerta.com">admin@skylinerta.com</a>

**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	96.38

**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>									
(1) Indian									
a) Individual/HUF	5659392	1535320	7194712	66.15	5660392	1535320	7195712	66.16	0.01
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>SUB TOTAL: (A) (1)</b>	<b>6253350</b>	<b>1535320</b>	<b>7788670</b>	<b>71.61</b>	<b>6254350</b>	<b>1535320</b>	<b>7789670</b>	<b>71.62</b>	<b>0.01</b>
(2) Foreign									
a) NRI- Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks/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>SUB TOTAL (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</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>6254350</b>	<b>1535320</b>	<b>7789670</b>	<b>71.62</b>	<b>0.01</b>
<b>B. PUBLIC SHAREHOLDING</b>									
(1) Institutions									
a) Mutual Funds	0	0	0	0.00	0	0	0	0.00	0.00
b) Banks/FI	0	0	0	0.00	0	0	0	0.00	0.00
c) Central govt	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt.	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Fund	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g) FIIS	0	0	0	0.00	0	0	0	0.00	0.00
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
<b>SUB TOTAL (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>
(2) Non Institutions									
a) Bodies corporates									
i) Indian	2024040	26100	2050140	18.85	1490807	26100	1516907	13.95	(4.90)
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lakhs	483267	215925	699192	6.43	482747	209325	692072	6.36	(0.07)
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs	201155	14400	215555	1.98	223605	14400	238005	2.19	0.21
c) Others (specify)									
HUF	73173	0	73173	0.67	66689	2200	68889	0.63	(0.04)
Non Resident Indians	26067	1000	27067	0.25	25979	1000	26979	0.25	0.00
Clearing Members	22803	0	22803	0.21	544078	0	544078	5.00	4.79
<b>SUB TOTAL (B)(2):</b>	<b>2830505</b>	<b>257425</b>	<b>3087930</b>	<b>28.39</b>	<b>2833905</b>	<b>253025</b>	<b>3086930</b>	<b>28.38</b>	<b>(0.01)</b>
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>2830505</b>	<b>257425</b>	<b>3087930</b>	<b>28.39</b>	<b>2833905</b>	<b>253025</b>	<b>3086930</b>	<b>28.38</b>	<b>(0.01)</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</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>9083855</b>	<b>1792745</b>	<b>10876600</b>	<b>100.00</b>	<b>9088255</b>	<b>1788345</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	55000	0.51	0	(0.41)
10	Rohilla Singhania	0	0.00	0	46000	0.42	0	0.42
	Total	7788670	71.61	0	7789670	71.62	0	0.01

**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		
1	Harjeet Singh Arora	1586848	14.59	01.04.2016	No Change	1586848	14.59	
		1586848	14.59			31.03.2017	1586848	14.59
2	Harneesh Kaur Arora	1215010	11.17	01.04.2016	No Change	1215010	11.17	
		1215010	11.17			31.03.2017	1215010	11.17
3	R.K. Singhania	2580357	23.72	01.04.2016	No Change	2580357	23.72	
		2580357	23.72			31.03.2017	2580357	23.72
4	Palka Arora	250000	2.30	01.04.2016	No Change	250000	5.01	
		250000	2.30			31.03.2017	250000	5.01
5	Jashanjyot Arora	545000	5.01	01.04.2016	No Change	545000	11.17	
		545000	5.01			31.03.2017	545000	11.17
6	Parveen Singhania	815500	7.50	01.04.2016	No Change	815500	7.50	
		815500	7.50			31.03.2017	815500	7.50
7	Puneet Singhania	101997	0.94	01.04.2016	No Change	101997	0.94	
		101997	0.94			31.03.2017	101997	0.94
8	Prime Industries Ltd.	593958	5.46	01.04.2016	No Change	593958	5.46	
		593958	5.46			31.03.2017	593958	5.46
9	Chirag Singhania	100000	0.92	01.04.2016		100000	0.92	
		45000	0.41	03.05.2016	Decrease	Transfer	55000	0.51
		55000	0.51	31.03.2017			55000	0.51
10	Rohilla Singhania	0	0	01.04.2016			0	0
		45000	0.41	03.05.2016	Increase	Transfer	45000	0.41
		1000	0.01	10.10.2016	Increase	Transfer	46000	0.42
		46000	0.42	31.03.2017			46000	0.42

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

Sl. 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	
1	<b>Vidya Portfolio Management Services Limited</b>						
		700000	6.44	01.04.2016		700000	6.44
		0	0.00	28.02.2017	-700000	Sale	0
2	<b>Gala Finance &amp; Investments Ltd</b>						
		695486	6.39	01.04.2016	No Change	695486	6.39
		695486	6.39	31.03.2017		695486	6.39

3	<b>Convexity Solutions &amp; Advisors Private Ltd</b>							
		525000	4.83	01.04.2016			525000	4.83
				28.02.2017	700000	Purchase	1225000	11.26
				8.03.2017	-300000	Sale	925000	8.50
		925000	8.50	31.03.2017			925000	8.50
4	<b>Poonam Sharma</b>							
		100000	0.92	01.04.2016	No Change		100000	0.92
		100000	0.92	31.03.2017			100000	0.92
5	<b>DR Sharma(Dhani Ram)</b>							
		28810	0.26	01.04.2016			28810	0.26
				30.06.2016	3634	Purchase	32444	0.30
				03.10.2016	990	Purchase	33434	0.31
		33434	0.31	31.03.2017			33434	0.31
6	<b>Paul Joseph Ferraria</b>							
		20200	0.19	01.04.2016	No Change		20200	0.19
		20200	0.19	31.03.2017			20200	0.19
7	<b>Devika Singhania</b>							
		19000	0.17	01.04.2016	No Change		19000	0.17
		19000	0.17	31.03.2017			19000	0.17
8	<b>Keval Khanna HUF</b>							
		18890	0.17	01.04.2016	No Change		18890	0.17
		18890	0.17	31.03.2017			18890	0.17
9	<b>Shivam International Limited</b>							
		16300	0.15	01.04.2016	No Change		18890	0.17
		16300	0.15	31.03.2017			18890	0.17
10	<b>Nomita Khanna</b>							
		16146	0.15	01.04.2016	No Change		16146	0.15
		16146	0.15	31.03.2017			16146	0.15
11	<b>Samriddhi Mega Structures Limited</b>							
		0	0.00	01.04.2016			0	0.00
				8.03.2017	300000	Purchase	300000	2.76
		300000	2.76	31.03.2017			300000	2.76
12	<b>Sonu</b>							
		0	0.00	01.04.2016			0	0.00
				22.12.2016	12809	Purchase	12809	0.12
				27.12.2016	6619	Purchase	19428	0.18
		19428	0.18	31.03.2017			19428	0.18

**Note :**

1. 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.
2. The above list comprises Top 10 shareholders as on 01-04-2016 and as on 31-03-2017.

### 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	01.04.2016	No Change		1586848	14.59
		1586848	14.59	31.03.2017			1586848	14.59
2	Harneesh Kaur Arora	1215010	11.17	01.04.2016	No Change		1215010	11.17
		1215010	11.17	31.03.2017			1215010	11.17
3	R.K. Singhania	2580357	23.72	01.04.2016	No Change		2580357	23.72
		2580357	23.72	31.03.2017			2580357	23.72
4	Ashwani Kumar	0	0.00	01.04.2016	No Change		0	0.00
		0	0.00	31.03.2017			0	0.00
5	Anil K. Malhotra	0	0.00	01.04.2016	No Change		0	0.00
		0	0.00	31.03.2017			0	0.00
6	Anil Bhatia	0	0.00	01.04.2016	No Change		0	0.00
		0	0.00	31.03.2017			0	0.00
7	Pavan Chhabra	0	0.00	01.04.2016	No Change		0	0.00
		0	0.00	31.03.2017			0	0.00
8	G.S. Chawla	0	0.00	01.04.2016	No Change		0	0.00
		0	0.00	31.03.2017			0	0.00
9	Sudhir Kumar	0	0.00	01.04.2016	No Change		0	0.00
		0	0.00	31.03.2017			0	0.00
10	Mohan Singh	0	0.00	01.04.2016	No Change		0	0.00
		0	0.00	31.03.2017			0	0.00
11	Sunil Kumar	0	0.00	01.04.2016	No Change		0	0.00
		0	0.00	31.03.2017			0	0.00

(₹ in Millions)

### V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment				
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtednes
<b>Indebtness at the beginning of the financial year</b>				
i) Principal Amount	6.30	502.37	0.00	508.67
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	502.37	0.00	508.67
<b>Change in Indebtedness during the financial year</b>				
Additions	0.00	0.00	0.00	0.00
Reduction	(5.99)	(245.13)	0.00	(251.12)
<b>Net Change</b>			0.00	(251.12)
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	0.31	257.24	0.00	257.55
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>	0.31	257.24	0.00	257.55

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

Sr. No.	Particulars of Remuneration	Name of the MD/WTD/Manager	
		Harjeet Singh Arora	
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)

Sr. No.	Particulars of Remuneration	Name of the Directors	Total Amount
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 Ceiling as per the Act</b>	4.20	4.20*

\*Maximum remuneration payable as per Schedule V based on the effective capital of the company prevailing as on the date of board approval i.e. 13.08.2016.

**C. Remuneration to key managerial personnel other than MD/Manager/WTD** (₹ in Millions)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
	<b>Gross Salary</b>	<b>NA</b>	<b>Mohan Singh</b>	<b>Sunil Kumar</b>	
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 7.41:1. 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	9.07%
3.	Mr. Sunil Kumar	17.68%

- c) There was an increase of 6.63% in the median remuneration of employees in the financial year 2016-17 vis-a vis financial year 2015-16.
- d) The Company had 16 permanent employees on the rolls of the Company.
- e) Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2016-17 was 7.46% whereas the increase in the managerial remuneration for the same financial year was 8.92%.
- 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**

Place: Ludhiana  
Date : 30.05.2017

**Sunil Kumar**  
Chief Financial Officer

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

# Certificate Of Compliance Of The Code Of Conduct Of The Company

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

**For Master Trust Limited**

Place: Ludhiana  
Date : 30.05.2017

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

# Practicing Company Secretary's Certificate

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

To

The Members of

### **Master Trust Limited**

We have examined the compliance of conditions of Corporate Governance by MASTER TRUST LIMITED ('the Company'), for the year ended on 31st March, 2017, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as "SEBI Listing Regulations, 2015").

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations, 2015.

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

For **Rajeev Bhambri & Associates**  
Company Secretaries

**(Rajeev Bhambri)**  
Proprietor  
CP No. 9491

Place : Ludhiana

Date : 03.08.2017

# Secretarial Audit Report

FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> March, 2017

**[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, 2017 ('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, 2017, 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 number WTM/RKA/ISD/162/2014 dated 19 December, 2014 by SEBI in the matter of First Financial Services Limited, amongst others, Master Trust Limited, its subsidiary Master Commodity Services Limited, and their Directors/relative of Directors namely Mr. Harjeet Singh Arora, Mr. R. K. Singhania, Mrs. Harneesh Kaur Arora, Mr. Jashanjyot Singh and Mr. Puneet Singhania, have been restrained from accessing the securities market and buying, selling or dealing in securities, either directly or indirectly, in any manner, till further directions.

The SEBI has further issued confirmatory Ad-interim order WTM/RKA/ISD/113/2016 dated 25 August 2016 confirming the aforesaid Ex-Parte Ad-Interim Order and has given interim/additional reliefs to the entities. The order is being contested by the company and is sub- judice. 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.

**Rajeev Bhambri & Associates**

Company Secretary in whole time practice

C.P.No. 9491

Place : Ludhiana

Dated : 30.05.2017

**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: 30.05.2017

# 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 31.03.2017 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	4	9	1	2
Mr. R. K. Singhanian (DIN: 00077540)	Non Executive Director	Present	6	6	0	0
Mrs. Harneesh Kaur Arora (DIN: 00089451)	Non Executive Director	Present	3	3	0	0
Mr. G.S. Chawla (DIN: 00087449)	Non Executive Director	Absent	3	4	0	1
Mr. Pavan Kumar Chhabra (DIN:000104957)	Independent Non Executive Director	Absent	1	5	1	1
Mr. Ashwani Kumar (DIN: 00030307)	Independent Non Executive Director	Present	2	7	1	1
Mr. Anil Kumar Malhotra (DIN: 00455951)	Independent Non Executive Director	Absent	3	1	0	0
Mr. Anil Kumar Bhatia (DIN: 00254117)	Independent Non Executive Director	Absent	3	0	0	0
Mr. Sudhir Kumar (DIN: 00305360)	Independent Non Executive Director	Absent	6	2	0	1

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

C. During the year 2016-17, six (6) Board Meetings were held viz. on 30.05.2016, 13.08.2016, 09.09.2016, 17.10.2016, 15.11.2016 and 14.02.2017. 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 30.05.2016, 13.08.2016, 15.11.2016 and 14.02.2017.

### 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 2016-17 is given below :-

(₹ in Millions p.a.)

Name of Director	Designation	Salary	Perquisites	Total
Mr. Harjeet Singh Arora	Managing Director	2.40	0.04	2.44
Total		2.40	0.04	2.44

#### Non-Executive Directors

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

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

Details of Equity Shares of the Company held by the Non-Executive Directors as on 31st March 2017.

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. Singhanian, 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.Singhanian is the Chairman of the Committee.

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

During the year, no stakeholders complaints were received. There were no outstanding investor complaints as on 31st March 2017.

## 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
2016	Annual General Meeting	30.09.2016 Master Chambers, SCO - 19, Ground Floor, Feroze Gandhi Market, Ludhiana	11:00 A.M.	Yes	1. Approval of Related Party Transactions. 2. Re-appointment of Mr. Harjeet Singh Arora as the Managing Director of the Company.
2015	Annual General Meeting	29.09.2015 Hotel Silverstone, D- Block, SCO 14-15, Dugri Road, Model Town Ext. 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.

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

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



## 10. Disclosures

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

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

The SEBI has further issued confirmatory Ad-interim order WTM/RKA/ISD/113/2016 dated 25 August 2016 confirming the aforesaid Ex-Parte Ad-Interim Order and has given interim/additional reliefs to the entities. The order is being contested by the company and is sub- judice. 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.

- Related Parties and transactions with them as required under Accounting Standard 18 (AS-18) are furnished under Note No. 28 of the Notes to the Accounts attached with the Financial Statements for the year ended 31st March, 2017. 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 32nd Annual General Meeting of Master Trust Limited will be held on Friday, the 29th day of September 2017, at 11:00 A. M. at Hotel Silver Stone, D - Block, SCO 14 -15, Dugri Road, Model Town Extension, Model Town, Ludhiana, Punjab - 14100.

c. **Date of Book Closure** : 25th September, 2017 - 29th September, 2017  
(both days inclusive)

d. **Financial Year (Tentative)** : 1st April, 2017 to 31st March, 2018

Tentative calendar of events for the Financial Year 2017-18 is

First Quarterly Results : On or Before 14th August, 2017

Second Quarterly Results : On or Before 14th November, 2017

Third Quarterly Results : On or Before 14th February, 2018

Audited Results for the year 2017-18 : On or Before 30th May, 2018

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 2017-18.

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 2016-17 is given below:

Month	Master Trust Limited			BSE SENSEX		
	High Price	Low Price	Close Price	High Price	Low Price	Close Price
Apr-16	40.00	29.45	35.40	26100.54	24523.20	25606.62
May-16	38.90	35.30	38.00	26837.20	25057.93	26667.96
Jun-16	37.90	32.60	35.00	27105.41	25911.33	26999.72
Jul-16	37.50	36.00	37.25	28240.20	27034.14	28051.86
Aug-16	37.50	26.10	27.40	28532.25	27627.97	28452.17
Sep-16	34.00	25.25	33.85	29077.28	27716.78	27865.96
Oct-16	35.40	25.05	26.50	28477.65	27488.30	27930.21
Nov-16	32.30	23.30	24.45	28029.80	25717.93	26652.81
Dec-16	24.00	22.35	23.45	26803.76	25753.74	26626.46
Jan-17	27.30	22.30	23.05	27980.39	26447.06	27655.96
Feb-17	26.25	22.00	24.10	29065.31	27590.10	28743.32
Mar-17	31.30	24.00	28.80	29824.62	28716.21	29620.50

**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 31.03.2017:**

Sr. No.	Category	No. of Shares	% of Shares
1.	Promoters	77,89,670	71.62
2.	Bodies Corporate	20,60,985	18.95
3.	Other Indian Public	9,98,966	9.18
4.	NRI	26,979	0.25
5.	FII's	0	0
	<b>Total</b>	<b>1,08,76,600</b>	<b>100.00%</b>

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

Category	No. of Shares					
	Physical	% age	Demat	% age	Total	% age
Promoters	15,35,320	14.12	62,54,350	57.50	77,89,670	71.62
Non-Promoters	2,53,025	2.33	28,33,905	26.06	30,86,930	28.38
Total	17,88,345	16.45	90,88,255	83.56	1,08,76,600	100.00

**m** During the financial year ended on 31st March, 2017, 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. Mumbai - Fort
4. Mumbai - Vashi

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

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

# **Auditors Report**



## INDEPENDENT AUDITORS' REPORT

**To  
The Members of  
Master Trust Limited**

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

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

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

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

### **Auditor's Responsibility**

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

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

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

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

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017 and its profit and its cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ( "the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on 31 March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure B'.
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 20 to the financial statements.
    - (ii) The Company did not have any outstanding long-term contracts including derivative contracts as at 31 March, 2017 for which there were any material foreseeable losses: and
    - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
    - (iv) The Company has provided requisite disclosures in the standalone financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated November 8, 2016 of the Ministry of Finance, during the period from November 8, 2016 to December 30, 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management - Refer Note 21 to the financial statements.

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

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

Place : Ludhiana  
Date : 30 May, 2017

## ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

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

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

According to the information and explanations given to us , no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues applicable to it were in arrears as at 31 March, 2017 for a period of more than six months from the date they became payable.

  - b) According to the information and explanations given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise and value added tax which have not been deposited on account of any dispute.
8. Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank, government or dues to the debenture holders.
9. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.



10. According to the information and explanations given to us, no material fraud by the Company or any fraud on the company by its officers or employees has been noticed or reported during the course of our audit.
11. According to the information and explanations given to us and based on our examination of the records of the company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
12. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly paragraph 3(xii) of the Order is not applicable.
13. According to the information and explanations given to us and based on our examination of the records of the company, transactions with the related parties are in compliance with Section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
14. According to the information and explanations given to us and based on our examination of the records of the company, the company has not made any preferential allotment or private placement of share or fully or partly convertible debentures during the year.
15. According to the information and explanations given to us and based on our examination of the records of the company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
16. According to the information and explanations given to us and based on our examination of the records of the company, the company is 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 May, 2017

## ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

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

We have audited the internal financial controls over financial reporting of Master Trust Ltd ('the Company') as of 31 March, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

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

#### Auditors' Responsibility

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

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

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

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

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

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

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

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2017 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

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

Place : Ludhiana  
Date : 30 May, 2017



# Balance Sheet



**Master Trust Ltd.****Balance Sheet as at 31<sup>st</sup> March, 2017****(₹ In Millions)**

<b>Particulars</b>	<b>Note</b>	<b>As at 31<sup>st</sup> March, 2017</b>	<b>As at 31<sup>st</sup> March, 2016</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	109.22	109.22
Reserves and surplus	4	646.05	640.13
		<b>755.27</b>	<b>749.35</b>
<b>Current liabilities</b>			
Short-term borrowings	5	257.55	508.67
Other current liabilities	6	107.09	111.77
Short-term provisions	7	2.58	2.10
		<b>367.22</b>	<b>622.54</b>
<b>TOTAL</b>		<b>1,122.49</b>	<b>1371.89</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets - Tangible	8	2.83	3.53
Non-current investments	9	185.07	196.59
Deferred tax assets (net)	10	0.86	0.61
Long-term loans and advances	11	6.44	24.57
		<b>195.20</b>	<b>225.30</b>
<b>Current assets</b>			
Inventories	12	42.85	57.72
Cash and cash equivalents	13	27.05	20.09
Short-term loans and advances	14	856.79	1067.76
Other current assets	15	0.60	1.02
		<b>927.29</b>	<b>1146.59</b>
<b>TOTAL</b>		<b>1122.49</b>	<b>1371.89</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 : 30.05.2017

**Master Trust Ltd.****Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2017**

(₹ In Millions)

Particulars	Note	For the Year Ended 31 <sup>st</sup> March, 2017	For the Year Ended 31 <sup>st</sup> March, 2016
<b>INCOME</b>			
<b>Revenue from operations and other income</b>	<b>16</b>	<b>45.54</b>	<b>105.57</b>
<b>EXPENSES</b>			
Employee benefits expense	17	8.74	8.23
Finance costs	18	22.73	37.09
Depreciation	8	0.84	0.95
Other expenses	19	6.14	56.84
<b>Total Expenses</b>		<b>38.45</b>	<b>103.11</b>
<b>Profit before tax</b>		<b>7.09</b>	<b>2.46</b>
<b>Tax expense:</b>			
Current tax expense for current year		1.50	1.90
Deferred tax		(0.24)	(0.20)
Current tax expense relating to prior years		(0.09)	0.28
<b>Profit for the year</b>		<b>5.92</b>	<b>0.48</b>
Earnings per equity share of face value ₹10 each Basic and Diluted ( in ₹)		0.50	0.04
Weighted average number of shares outstanding		10,876,600	10,876,600
Significant Accounting Policies	<b>2</b>		
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 : 30.05.2017

**Master Trust Ltd.****Cash Flow Statement for the year ended 31<sup>st</sup> March, 2017**

(₹ In Millions)

Particulars	For the Year Ended 31 <sup>st</sup> March, 2017		For the Year Ended 31 <sup>st</sup> March, 2016	
<b>A. Cash flow from operating activities</b>		7.09		2.46
Net Profit before tax and extraordinary items				
<i>Adjustments for:</i>				
Depreciation and amortisation	0.84		0.95	
Provision for Gratuity	0.48		0.24	
Profit on sale of Investment	(4.53)		(54.23)	
Provision for Non Performing Assets	0.82		10.02	
		(2.39)		(43.02)
Operating profit before working capital changes		4.70		(40.56)
<i>Changes in working capital:</i>				
<i>Adjustments for (increase) / decrease in operating assets:</i>				
Inventories	14.87		29.36	
Short-term loans and advances	210.15		88.37	
Long-term loans and advances	18.13		7.20	
Other current assets	0.42		(0.08)	
<i>Adjustments for increase/(decrease) in operating liabilities:</i>				
Other current liabilities	(4.68)		1.73	
Short-term borrowings	(251.12)		(153.10)	
		(12.23)		(26.52)
Operating profit before extraordinary items		(7.53)		(67.08)
Cash flow from extraordinary items		-		-
Cash generated from operations		(7.53)		(67.08)
Net income tax (paid)		(1.42)		(2.29)
<b>Net cash flow (used in) operating activities (A)</b>		<b>(8.95)</b>		<b>(69.37)</b>
<b>B. Cash flow from investing activities</b>				
Purchase of fixed assets		(0.14)		(0.10)
Purchase of Investments		(6.00)		-
Sale of Investment		22.05		63.99
<b>Net cash flow from investing activities (B)</b>		<b>15.91</b>		<b>63.89</b>
<b>C. Cash flow from financing activities</b>				
Dividends paid		-		-
<b>Net cash flow (used in) financing activities(C)</b>		<b>-</b>		<b>-</b>
Net (decrease) in Cash and cash equivalents (A+B+C)		<b>6.96</b>		<b>(5.48)</b>
Cash and cash equivalents at the beginning of the year		<b>20.09</b>		<b>25.57</b>
Cash and cash equivalents at the end of the year		<b>27.05</b>		<b>20.09</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 SecretaryPlace : Ludhiana  
Date : 30.05.2017



## Notes forming part of financial statements for the year ended 31<sup>st</sup> March, 2017

### 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, 2017		As at 31 <sup>st</sup> March, 2016	
	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, 2017		As at 31 <sup>st</sup> March, 2016	
	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
Prime Industries Ltd	593,958	5.46	593,958	5.46
Convexity Solutions and Advisors Private Limited	925,000	8.51	525,000	4.82

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

Particulars	As at 31 <sup>st</sup> March, 2017		As at 31 <sup>st</sup> March, 2016	
	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, 2017	As at 31 <sup>st</sup> March, 2016
<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	26.93	26.83
Add: Transferred from Profit and Loss Account	1.18	0.10
Closing balance	28.11	26.93
<b>Reserve for Standard Assets</b> As per Last balance Sheet	2.05	2.47
Add: Transferred from / (to) Profit and Loss Account	(0.67)	(0.42)
Closing Balance	1.38	2.05
<b>Profit and Loss Account</b> As per last Balance Sheet	104.53	103.73
Add: Transferred from Statement of Profit and Loss	5.92	0.48
	110.45	104.21
Less: Appropriations		
Reserve for Standard Assets	(0.67)	(0.42)
Statutory Reserve	1.18	0.10
Closing balance	109.94	104.53
<b>Total</b>	<b>646.05</b>	<b>640.13</b>

**Note 5 Short-term borrowings**

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
<b>Loans repayable on demand</b> From banks Secured	0.31	6.30
<b>Loans and advances from related parties</b> Unsecured	159.82	244.45
<b>Other loans and advances</b> Unsecured	97.42	257.92
<b>Total</b>	<b>257.55</b>	<b>508.67</b>

5.1 Loans from banks are secured against pledging of FDRs

**Note 6 Other current liabilities**

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
Unpaid dividends	1.32	1.33
Statutory dues	2.54	2.23
Others	103.23	108.21
<b>Total</b>	<b>107.09</b>	<b>111.77</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, 2017	As at 31 <sup>st</sup> March, 2016
Provision for gratuity	2.58	2.10
<b>Total</b>	<b>2.58</b>	<b>2.10</b>

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

(₹ in Millions)

Particulars	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	As at 1 <sup>st</sup> April, 2016	Additions	Disposals/ Transfer	As at 31 <sup>st</sup> March, 2017	As at 1 <sup>st</sup> April, 2016	Depreciation expense for the year	Eliminated on disposal of assets	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
Buildings	1.80	-	-	1.80	0.41	0.03	-	0.44	1.36	1.39
Furniture and Fixtures	1.88	-	-	1.88	1.64	0.04	-	1.68	0.20	0.24
Office equipment	3.68	0.06	-	3.74	3.23	0.25	-	3.48	0.26	0.45
Computer	1.59	0.08	-	1.67	1.53	0.04	-	1.57	0.10	0.06
Vehicles	4.30	-	-	4.30	2.91	0.48	-	3.39	0.91	1.39
<b>Total</b>	<b>13.25</b>	<b>0.14</b>	<b>-</b>	<b>13.39</b>	<b>9.72</b>	<b>0.84</b>	<b>-</b>	<b>10.56</b>	<b>2.83</b>	<b>3.53</b>
Previous year	13.15	0.10	-	13.25	8.77	0.95	-	9.72	3.53	4.38

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

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2017			As at 31 <sup>st</sup> March, 2016		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
<b>Investments (At cost):</b>						
<b>Investment in equity instruments of subsidiaries</b>						
59,00,000 (As at 31 March, 2016: 59,00,000) shares of ₹10 each fully paid up in Master Capital Services Limited	-	61.00	61.00	-	61.00	61.00
2,00,000 (As at 31 March, 2016: 2,00,000) shares of ₹10 each fully paid up in Master Infrastructure & Real Estate Developers Limited	-	89.50	89.50	-	89.50	89.50
12,500 (As at 31 March, 2016: 12,500) shares of 100 each fully paid up in H A Share & Stock Brokers Limited	-	10.00	10.00	-	10.00	10.00
	-	160.50	160.50	-	160.50	160.50
<b>of associates</b>						
5,69,800 (As at 31 March, 2016: 5,69,800) shares of ₹10 each fully paid up in Prime Industries Limited of other entities	5.70	-	5.70	5.70	-	5.70
NIL (As at 31 March, 2016: 1,468) shares of ₹10 each fully paid up in Trident Limited	-	-	-	0.01	-	0.01
5,000 (As at 31 March, 2016: 5,000) shares of ₹10 each fully paid up in RRB Securities Limited	-	0.50	0.50	-	0.50	0.50
NIL (As at 31 March, 2016: 11,030) shares of ₹10 each fully paid up in Coal India Limited	-	-	-	2.67	-	2.67
NIL (As at 31 March, 2016: 1,781) shares of ₹10 each fully paid up in Power Grid Corporation of India Limited	-	-	-	0.15	-	0.15
23,600 (As at 31 March 2016: Nil) Sahres Of ₹10 each fully paid up in R R Financial Consultants Ltd.	0.01	-	0.01	-	-	-
41,684 (As at 31 March 2016: Nil) Sahres Of ₹10 each fully paid up in Sainik Finance Ltd.	0.12	-	0.12	-	-	-
17,500 (As at 31 March 2016: Nil) Shares Of ₹10 each fully paid up in PTC India Financial Services Ltd.	0.97	-	0.97	-	-	-
	1.10	0.50	1.60	2.83	0.50	3.33
<b>Investment in property</b>	-	6.23	6.23	-	20.92	20.92
<b>Investment in debentures or bonds of subsidiaries</b>						
692 (As at 31 March, 2016: 692) Deep Discount Bonds of ₹10,000 each fully paid up in Master Capital Services Limited	-	11.53	11.53	-	6.63	6.63
	-	-	-	-	-	-
<b>Total</b>	<b>6.80</b>	<b>178.76</b>	<b>185.56</b>	<b>8.53</b>	<b>188.55</b>	<b>197.08</b>
Less: Provision for diminution in value of investments	-	0.49	0.49	-	0.49	0.49
<b>Total</b>			<b>185.07</b>			<b>196.59</b>
Aggregate amount of quoted investments	6.80			8.53		
Aggregate market value of listed and quoted investments	4.59			4.04		
Aggregate amount of unquoted investments		178.27			188.06	

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

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
<b>Deferred Tax Asset</b>		
On account of Gratuity	0.80	0.65
<b>Deferred Tax Liability</b>		
On account of Depreciation	0.06	(0.04)
<b>Net Deferred Tax Asset</b>	<b>0.86</b>	<b>0.61</b>

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

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
<b>Security deposits</b>		
Unsecured, considered good	0.23	0.23
Advance income tax	6.21	24.34
<b>Total</b>	<b>6.44</b>	<b>24.57</b>

**Note 12 Inventories**

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
<b>Stock-in-trade</b>		
Acquired for trading	42.85	57.72
<b>Total</b>	<b>42.85</b>	<b>57.72</b>

**Note 13 Cash and cash equivalents**

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
Cash In Hand	0.02	0.42
Balances with banks		
In current accounts	0.47	0.49
In deposit accounts *	25.24	17.85
In earmarked accounts		
- Unpaid dividend accounts	1.32	1.33
<b>Total</b>	<b>27.05</b>	<b>20.09</b>

\* Deposit are pledged against overdraft facility

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

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
Loans and advances to related parties		
Unsecured, considered good	71.43	8.86
Prepaid expenses - Unsecured, considered good	0.03	0.04
Loans and advances to others	812.88	1,085.59
Less: Provision for Non Performing Assets	(27.55)	(26.73)
	785.33	1,058.86
<b>Total</b>	<b>856.79</b>	<b>1,067.76</b>

**Note 15 Other current assets**

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
Others	0.60	1.02
<b>Total</b>	<b>0.60</b>	<b>1.02</b>

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

(₹ in Millions)

Particulars	For the year ended 31 <sup>st</sup> March, 2017	For the year ended 31 <sup>st</sup> March, 2016
<b>Interest</b>		
Interest on Loans and Advances	52.44	50.51
Interest on Fixed Deposits	1.97	1.68
	54.41	52.19
<b>Other Financial Services</b>		
(Loss) from dealing in securities	(12.57)	(4.52)
Dividend Income	0.47	3.35
Profit on Sale of Land	3.13	0.17
Profit on Sale of other long - term investments	-	54.06
Others	0.10	0.32
	(8.87)	53.38
<b>Total</b>	<b>45.54</b>	<b>105.57</b>

**Note 17 Employee benefits expense**

(₹ in Millions)

Particulars	For the year ended 31 <sup>st</sup> March, 2017	For the year ended 31 <sup>st</sup> March, 2016
Salaries and wages *	8.42	7.92
Contributions to provident funds	0.07	0.08
Staff welfare expenses	0.25	0.23
<b>Total</b>	<b>8.74</b>	<b>8.23</b>

\* Includes Gratuity amounting to ₹0.47 Million( As at March 31st, 2016 : ₹0.24 Million)

**Note 18 Finance Costs**

(₹ in Millions)

Particulars	For the year ended 31 <sup>st</sup> March, 2017	For the year ended 31 <sup>st</sup> March, 2016
Interest expenses	22.70	37.08
Bank Charges	0.03	0.01
<b>Total</b>	<b>22.73</b>	<b>37.09</b>

**Note 19 Other expenses**

(₹ in Millions)

Particulars	For the year ended 31 <sup>st</sup> March, 2017	For the year ended 31 <sup>st</sup> March, 2016
Printing & Stationery	0.12	0.12
Postage, Telegram & Telephone	0.28	0.30
Rent	0.58	0.55
Fees & Taxes	0.44	0.46
Directors Travelling	0.27	0.05
Legal & Professional Charges	0.75	1.83
Travelling & Conveyance	0.12	0.04
Payments to auditors		
As auditors - statutory audit	0.12	0.12
For taxation matters	0.01	0.01
Office Maintenance	0.49	0.49
General Expenses	1.55	0.27
Advertisement Expenses	0.21	0.16
Provision for Non Performing Assets	0.82	10.02
Bad Debts	0.38	42.42
<b>Total</b>	<b>6.14</b>	<b>56.84</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 ₹185.00 Million (As at 31 March, 2016: ₹ 720.00 Million out of which availed ₹293.88 Million) on behalf of Master Capital Services Limited a wholly owned subsidiary company and ₹210.00 Million out of which availed ₹67.00 Million (As at 31 March, 2016: ₹210.00 Million out of which availed ₹135.25 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 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 SEBI has further issued confirmatory Ad-interim order WTM/RKA/ISD/113/2016 dated 25 August 2016 confirming the aforesaid Ex-Parte Ad-Interim Order and has given interim/additional reliefs to the entities. The order is being contested by the company and is sub- judice. 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 SPECIFIED BANK NOTES DISCLOSURE (SBNs)**

(₹)

In accordance with the MCA notification G.S.R.308(E) dated March 30, 2017 details of Specified Bank Notes (SBN) and Other Denomination Notes (ODN) held and transacted during the period from November 8, 2016 to December 30, 2016 is given below:

<b>Particulars</b>	<b>SBNs</b>	<b>ODNs</b>	<b>Total</b>
Closing cash in hand as on November 8, 2016	3,300,000	113,054	3,413,054
(+) Permitted receipts	-	* 579,800	579,800
(-) Permitted payments	-	22,394	22,394
(-) Amounts deposited in Banks	3,300,000	-	3,300,000
Closing cash on hand as in December 30, 2016	-	670,460	670,460

\* Amount Withdrawn from various Banks.

**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:

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

**Transactions with related parties**

(₹ in Millions)

Transactions with related parties	Subsidiaries	Associates/Enterprises owned or significantly influenced by the key Management Persons or their Relatives	Key Management Personnel and their Relatives	Total
Purchases	7.50	-	-	7.50
	-	-	-	-
Sale	-	-	-	-
	(57.46)	(22.08)	-	(79.54)
Brokerage Paid	0.03	-	-	0.03
	(1.91)	-	-	(1.91)
Interest Paid	10.51	0.39	2.30	13.20
	(10.20)	(0.05)	(1.60)	(11.85)
Interest Received	3.02	2.22	-	5.24
	(0.24)	(5.29)	-	(5.53)
Rent Paid	-	-	0.01	0.01
	-	-	(0.01)	(0.01)
Loan & Advances Given	-	71.43	-	71.43
	(1.62)	(7.23)	-	(8.85)
Loan & Advances Taken	132.25	2.31	25.26	159.82
	(200.05)	(0.83)	(43.57)	(244.45)
Remuneration	-	-	2.75	2.75
	-	-	(2.75)	(2.75)
Corporate Guarantees given	930.00	-	-	930.00
	(930.00)	-	-	(930.00)
Balance outstanding at the end of the year Receivable	-	71.43	-	71.43
	(1.62)	(7.23)	-	(8.85)
Payable	132.25	2.31	25.26	159.82
	(200.05)	(0.83)	(43.57)	(244.45)

**Note 25**

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

(₹ 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	NIL	NIL
(e) Commercial Paper	257.24	NIL
(f) Public Deposits*	NIL	NIL
(g) Other Loans	NIL	NIL
Bank overdraft (secured against Fixed Deposits)	0.31	NIL
* Please see Note 1 below		
<b>(2) Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid) :</b>		
(a) In the form of Unsecured debentures		
(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security		
(c) Other public deposits		
* Please see Note 1 below		
<b>Assets side :</b>		
<b>(3) Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :</b>		
(a) Secured	17.16	
(b) Unsecured	839.60	
<b>(4) Break up of Leased Assets and stock on hire and other assets counting towards AFC activities</b>		
(i) Lease assets including lease rentals under sundry debtors :		
(a) Financial lease	NIL	
(b) Operating lease	NIL	
(ii) Stock on hire including hire charges under sundry debtors:		
(a) Assets on hire	NIL	
(b) Repossessed Assets	NIL	
(iii) Other loans counting towards AFC activities:		
(a) Loans where assets have been repossessed	NIL	
(b) Loans other than (a) above	NIL	
<b>(5) Break-up of Investments :</b>		
Current Investments :		
1. Quoted		
(i) Shares		
(a) Equity	NIL	
(b) Preference	NIL	
(ii) Debentures and Bonds		
(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	6.80	
(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		
	6.23	
<b>Total</b>	<b>185.07</b>	

(6) Borrower group-wise classification of assets financed as in (3) and (4) above : Please see Note 2 below <b>Category</b>	<b>Amount net of provisions</b>		
	<b>Secured</b>	<b>Unsecured</b>	<b>Total</b>
1. Related Parties **			
(a) Subsidiaries	NIL	NIL	NIL
(b) Companies in the same group	NIL	71.43	71.43
(c) Other related parties	NIL	NIL	NIL
2. Other than related parties	17.16	768.17	785.33
<b>Total</b>	<b>17.16</b>	<b>839.60</b>	<b>856.76</b>
(7) 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>	<b>Market Value/Break up or fair value or NAV</b>		<b>Book Value (Net of Provisions)</b>
1. Related Parties **			
(a) Subsidiaries	1138.57		172.03
(b) Companies in the same group	0.43		5.70
(c) Other related parties	-		-
2. Other than related parties	4.60		1.11
<b>Total</b>	<b>1143.60</b>		<b>178.84</b>
** As per Accounting Standard of ICAI (Please see Note 3)			
(8) Other information	<b>Amount</b>		
<b>Particulars</b>			
(i) Gross Non-Performing Assets			
(a) Related parties	NIL		
(b) Other than related parties	263.70		
(ii) Net Non-Performing Assets			
(a) Related parties	NIL		
(b) Other than related parties	236.15		
(iii) Assets acquired in satisfaction of debt	NIL		
<b>Notes:</b>			
1. As defined in paragraph 3(xv) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions 2016.			
2. Provisioning norms shall be applicable as prescribed in Non-Banking Financial Company Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016.			
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 (5) 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 : 30.05.2017



# **Consolidated Auditor Report 2016-2017**



## INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

**To  
The Members of  
Master Trust Limited**

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

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

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

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

### **Auditor's Responsibility**

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

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

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

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

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid

consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March, 2017, 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, 2017 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, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'.
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - (i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 22 to the consolidated financial statements.
    - (ii) The Group did not have any outstanding long-term contracts including derivative contracts as at 31 March, 2017 for which there were any material foreseeable losses: and
    - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company and its subsidiary companies.
    - (iv) The Company has provided requisite disclosures in the consolidated financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated November 8, 2016 of the Ministry of Finance, during the period from November 8, 2016 to December 30, 2016 of the Group entities as applicable. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by those entities for the purpose of preparation of the consolidated financial statements and as produced to us by the management of the respective Group entities - Refer Note 24 to the financial statements.

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

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

Place : Ludhiana  
Date : 30 May, 2017

## **ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT**

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting of Master Trust Limited ("the Holding Company") and its subsidiary companies which are companies incorporated in India, as of that date.

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

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

#### **Auditors' Responsibility**

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

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

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

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

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



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

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

**Opinion**

In our opinion, the Holding Company and its subsidiaries companies have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2017 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 May, 2017



# **Consolidated Balance Sheet**



**Master Trust Ltd.****Consolidated Balance Sheet as at 31<sup>st</sup> March, 2017**

(₹ In Millions)

Particulars	Note	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2	109.22	109.22
Reserves and surplus	3	1657.62	1599.38
		1766.84	1708.60
<b>Minority Interest</b>	4	10.96	10.90
<b>Non-current liabilities</b>			
Long-term borrowings	5	599.22	458.25
Deferred tax liabilities (net)	6	-	1.84
		599.22	460.09
<b>Current liabilities</b>			
Trade payables	7	1988.01	1385.76
Short-term borrowings	8	145.39	391.21
Other current liabilities	9	115.36	301.24
Short-term provisions	10	17.09	20.38
		2265.85	2098.59
<b>TOTAL</b>		<b>4642.87</b>	<b>4278.18</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets - Tangible	11	89.80	100.27
Non-current investments	12	247.91	225.19
Deferred Tax Assets (net)	13	0.02	-
Long-term loans and advances	14	78.59	87.89
		416.32	413.35
<b>Current assets</b>			
Inventories	15	137.79	158.94
Trade receivables	16	861.58	868.12
Cash and cash equivalents	17	2280.48	1743.34
Short-term loans and advances	18	946.70	1094.43
		4226.55	3864.83
<b>TOTAL</b>		<b>4642.87</b>	<b>4278.18</b>
Significant Accounting Policies	1		
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 : 30.05.2017

**Master Trust Ltd.**

<b>Consolidated Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2017</b>		<b>(₹ In Millions)</b>	
<b>Particulars</b>	<b>Note</b>	<b>For the Year Ended 31<sup>st</sup> March, 2017</b>	<b>For the Year Ended 31<sup>st</sup> March, 2016</b>
<b>Income</b>			
<b>Revenue from operations and other income</b>	<b>19</b>	<b>1106.57</b>	<b>1036.21</b>
<b>Expenses</b>			
Employee benefits expense	20	205.19	173.56
Finance costs	21	154.04	144.62
Depreciation	11	19.11	18.18
Other expenses	22	640.47	646.89
<b>Total Expenses</b>		<b>1018.81</b>	<b>983.25</b>
<b>Profit before tax</b>		<b>87.76</b>	<b>52.96</b>
<b>Tax expense:</b>			
Current tax expense for current year		22.42	20.23
Deferred tax		(1.86)	(2.83)
Current tax expense relating to prior years		8.89	(0.32)
Profit for the year before adjustment for Minority Interest		58.31	35.88
Less Share of profit transferred to Minority Interest		0.06	0.33
<b>Profit for the year after adjustment for Minority Interest</b>		<b>58.25</b>	<b>35.55</b>
Earnings per equity share of face value ₹ 10 each Basic and Diluted ( in ₹)		5.36	3.27
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 : 30.05.2017

**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, 2017**

(₹ in Millions)

Particulars	For the Year Ended 31 <sup>st</sup> March, 2017		For the Year Ended 31 <sup>st</sup> March, 2016	
<b>A. Cash flow from operating activities</b>				
Net Profit before tax and extraordinary items		87.76		52.96
<i>Adjustments for:</i>				
Depreciation and amortisation	19.11		18.18	
Short-term provisions	(3.42)		2.47	
Loss/ (Profit) on sale of fixed assets	-		(0.03)	
Profit on sale of Investment	(52.16)		(54.23)	
Provision for Non Performing Assets	0.82		10.02	
		(35.65)		(23.59)
Operating profit before working capital changes		<b>52.11</b>		<b>29.37</b>
<i>Changes in working capital:</i>				
Adjustments for (increase)/decrease in operating assets:				
Inventories	21.15		178.10	
Trade receivables	6.54		138.59	
Short-term loans and advances	146.91		109.08	
Long-term loans and advances	9.30		38.08	
<i>Adjustments for increase/(decrease) in operating liabilities:</i>				
Trade payables	602.25		584.24	
Other current liabilities	(185.88)		22.18	
Short-term borrowings	(245.82)		(572.47)	
Long-term borrowings	140.97		29.89	
		495.42		527.69
Operating profit before extraordinary items		547.53		557.06
Cash flow from extraordinary items		-		-
Cash generated from / (used in) operations		547.53		557.06
Net income tax (paid)		(31.19)		(20.75)
<b>Net cash flow from/ (used in) operating activities (A)</b>		<b>516.34</b>		<b>536.31</b>
<b>B. Cash flow from investing activities</b>				
Purchase of fixed assets		(8.72)		(5.24)
Sale of fixed assets		0.08		0.74
Purchase of Investment		(61.22)		(50.00)
Sale of Investment		90.66		61.03
<b>Net cash flow from investing activities (B)</b>		<b>20.80</b>		<b>6.53</b>
<b>C. Cash flow from financing activities</b>				
Dividends paid		-		-
<b>Net cash flow (used in) financing activities (C)</b>		<b>-</b>		<b>-</b>
<b>Net increase in Cash and cash equivalents (A+B+C)</b>		<b>537.14</b>		<b>542.84</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>1743.34</b>		<b>1200.50</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>2280.48</b>		<b>1743.34</b>

As per our Report of even date

**For Manjeet Singh & Co.**Chartered Accountants  
FRN 011831N**Manjeet Singh**Prop.  
Membership No. 088759Place : Ludhiana  
Date : 30.05.2017**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, 2017

### 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, 2017 and its following subsidiaries:

Subsidiaries	Accounting Year Ended Date	Proportion of Ownerships Interest as at 31 <sup>st</sup> March, 2017
Master Capital Services Ltd.	31 <sup>st</sup> March, 2017	100%
Master Infrastructure and Real Estate Developers Ltd.	31 <sup>st</sup> March, 2017	100%
Master Commodity Services Ltd.*	31 <sup>st</sup> March, 2017	100%
Master Insurance Brokers Ltd.*	31 <sup>st</sup> March, 2017	100%
Master Portfolio Services Ltd.*	31 <sup>st</sup> March, 2017	100%
H.A. Share & Stock Brokers Ltd.	31 <sup>st</sup> March, 2017	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 a defined benefit Gratuity plan covering all its employees. Gratuity is covered under a scheme of Life Insurance Corporation of India (LIC). Provision for gratuity, which is defined benefit plan, is made on the basis of an actuarial valuation, as per AS-15 issued by ICAI, carried out by an independent actuary at the balance sheet date, using the projected unit credit method.

#### **J Borrowing Costs**

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

#### **K Taxes on income**

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

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

#### **L Prudential Norms**

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

#### **M Provisions and contingencies**

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



## Notes forming part of the financial statements

### Note 2 Share Capital

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2017		As at 31 <sup>st</sup> March, 2016	
	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, 2017		As at 31 <sup>st</sup> March, 2016	
	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
Prime Industries Ltd	593,958	5.46	593,958	5.46
Convexity Solutions and Advisors Private Limited	925,000	8.51	525,000	4.82

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

Particulars	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
	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, 2017	As at 31 <sup>st</sup> March, 2016
<b>Capital Reserve</b> As per last Balance Sheet	49.41	49.41
<b>Securities Premium Account</b> As per last Balance Sheet	460.38	460.38

<b>General Reserve</b>		
As per last Balance Sheet	21.97	21.98
<b>Statutory Reserve (Under Section 45IC of RBI Act, 1934)</b>		
As per last Balance Sheet	26.94	26.84
Add: Transferred from Profit and Loss Account	1.18	0.10
Closing balance	28.12	26.94
<b>Reserve for Standard Assets</b>		
As per Last balance Sheet	2.05	2.47
Add: Transferred from / (to) Profit and Loss Account	(0.67)	(0.42)
Closing Balance	1.38	2.05
<b>Profit and Loss Account</b>		
As per last Balance Sheet	1038.62	1002.75
Add: Transferred from Statement of Profit and Loss	58.25	35.55
	1096.87	1038.30
Less: Appropriations		
Reserve for Standard Asset	(0.67)	(0.42)
Statutory Reserve	1.18	0.10
Closing balance	1096.36	1038.62
<b>Total</b>	<b>1657.62</b>	<b>1599.38</b>

**Note 4 Minority Interest**

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
Share Capital	8.51	8.51
Share of accumulated profit upto previous year	2.39	2.06
Profit for the year transferred from Statement of Profit & Loss	0.06	0.33
<b>Total</b>	<b>10.96</b>	<b>10.90</b>

**Note 5 Long-term borrowings**

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
<b>Deep Discount Bonds</b>		
Unsecured	21.84	19.64
Interest on Deep Discount Bond accrued but not due.	574.87	437.18
	596.71	456.82
<b>Term Loans</b>		
From Banks - Secured	2.51	1.43
<b>Total</b>	<b>599.22</b>	<b>458.25</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 ₹ 2.51 million (31 <sup>st</sup> March, 2016 : ₹ 1.43 million) is secured against hypothecation of Cars	Repayable in equal monthly instalments.
5.2	Installments falling due in respect of all the above loans upto 31 <sup>st</sup> March, 2018 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, 2017	As at 31 <sup>st</sup> March, 2016
<b>Deferred Tax Liability</b>		
On account of Depreciation	-	8.36
<b>Deferred Tax Asset</b>		
On account of Gratuity	-	6.52
<b>Net Deferred Tax Liability</b>	<b>-</b>	<b>1.84</b>

**Note 7 Trade Payables**

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
Trade payables	1988.01	1385.76
<b>Total</b>	<b>1988.01</b>	<b>1385.76</b>

**Note 8 Short-Term Borrowings**

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
<b>Loans repayable on demand</b>		
<b>From banks</b>		
Secured	0.33	23.44
<b>From other parties</b>		
Secured	-	40.00
	0.33	63.44
<b>Loans and advances from related parties</b>		
Unsecured	47.64	69.85
<b>Other loans and advances</b>		
Unsecured	97.42	257.92
<b>Total</b>	<b>145.39</b>	<b>391.21</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, 2017	As at 31 <sup>st</sup> March, 2016
Current maturities of long-term debt (Refer Note 5)	1.51	1.38
Unpaid dividends	1.32	1.33
Statutory dues	9.97	10.49
Others	102.56	288.04
<b>Total</b>	<b>115.36</b>	<b>301.24</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, 2017	As at 31 <sup>st</sup> March, 2016
Provision for gratuity	16.94	20.36
Provision for tax	0.15	0.02
<b>Total</b>	<b>17.09</b>	<b>20.38</b>

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

(₹ in Millions)

Particulars	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	As at 1st April, 2016	Additions	Disposals/ Transfer	As at 31 <sup>st</sup> March, 2017	As at 1st April, 2016	Depreciation expense for the year	Eliminated on disposal of assets	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
Buildings	58.62	-	-	58.62	9.85	0.63	-	10.48	48.14	48.77
Furniture and Fixtures	23.23	0.13	-	23.36	15.61	1.65	-	17.26	6.10	7.62
Office equipment	33.91	1.08	-	34.99	27.67	2.43	-	30.10	4.89	6.24
Computer	139.46	3.39	0.03	142.82	111.01	10.98	0.02	121.97	20.85	28.45
Vehicles	25.20	4.12	0.35	28.97	16.01	3.42	0.28	19.15	9.82	9.19
<b>Total</b>	<b>280.42</b>	<b>8.72</b>	<b>0.38</b>	<b>288.76</b>	<b>180.15</b>	<b>19.11</b>	<b>0.30</b>	<b>198.96</b>	<b>89.80</b>	<b>100.27</b>
Previous year	276.30	5.24	1.12	280.42	162.38	18.18	0.41	180.15	100.27	113.92

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

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2017			As at 31 <sup>st</sup> March, 2016		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
<b>Investments (At cost):</b>						
<b>Investment in equity instruments of associates</b>						
21,17,800 (As at 31 March, 2016: 19,97,800) shares of ₹10 each fully paid up in Prime Industries Limited	8.76	-	8.76	8.63	-	8.63
4 (As at 31 March, 2016: 4) shares of ₹300 each fully paid up in Master Projects Private Limited	-	1.05	1.05	-	1.05	1.05
	8.76	1.05	9.81	8.63	1.05	9.68
<b>of other entities</b>						
Nil (As at 31 March, 2016: 1,468) shares of ₹10 each fully paid up in Trident Limited	-	-	-	0.01	-	0.01
Nil (As at 31 March, 2016: 6,25,000) shares of ₹10 each fully paid up in Vardhman Polytext Limited	-	-	-	21.29	-	21.29
5,000 (As at 31 March, 2016: 5,000) shares of ₹10 each fully paid up in RRB Securities Limited	-	0.50	0.50	-	0.50	0.50
Nil (As at 31 March, 2016: 11,030) shares of ₹10 each fully paid up in Coal India Limited	-	-	-	2.67	-	2.67
Nil (As at 31 March, 2016: 1,781) shares of ₹10 each fully paid up in Power Grid Corporation of India Limited	-	-	-	0.15	-	0.15
8,250 (As at 31 March, 2016: 8,250) shares of ₹10 each fully paid up in Raghuvanshi Mills Limited	0.09	-	0.09	0.09	-	0.09
125 (As at 31 March, 2016: 125) shares of ₹10 each fully paid up in Varun Shipping Limited	0.01	-	0.01	0.01	-	0.01
1,392 (As at 31 March, 2016: 1,392) shares of ₹10 each fully paid up in MOIL Limited	0.52	-	0.52	0.52	-	0.52
Nil (As at 31 March, 2016: 5,438) shares of ₹10 each fully paid up in Bombay Stock Exchange Limited	-	-	-	-	3.86	3.86
56 (As at 31 March, 2016: 56) shares of ₹10 each fully paid up in Tata Power Limited and 100 (As at 31 March, 2016: 100) shares of ₹1 each fully paid up in Ludhiana Stock Exchange Limited	0.01	-	0.01	0.01	-	0.01
12,870 (As at 31 March, 2016: 12,870) shares of ₹10 each fully paid up in NCC Limited	0.25	-	0.25	0.25	-	0.25
36,037 (As at 31 March, 2016: 36,037) shares of ₹1 each fully paid up in Delhi Stock Exchange Limited	-	1.30	1.30	-	1.30	1.30
23,600 (As at 31 March 2016: Nil) Shares of ₹10 each fully paid up in R R Financial Consultants Ltd.	0.01	-	0.01	-	-	-
41,684 (As at 31 March 2016 : Nil) Shares of ₹10 each fully paid up in Sainik Finance Ltd.	0.12	-	0.12	-	-	-
17,500 (As at 31 March 2016: Nil) Shares of ₹10 each fully paid up in PTC India Financial Services Ltd.	0.96	-	0.96	-	-	-
	1.97	1.80	3.77	25.00	5.66	30.66
<b>Investment in property</b>	-	74.08	74.08	-	84.60	84.60
<b>Investment in partnership firms</b>	-	0.03	0.03	-	0.03	0.03
<b>Mutual Funds</b>						
50,00,000 (As at 31 March, 2016: 50,00,000) units of ICICI Mutual Fund of ₹10 each	50.71	-	50.71	50.71	-	50.71
30,00,000 (As at 31 March, 2016: 10,00,000) units of Reliance Mutual Fund of ₹10 each	30.00	-	30.00	10.00	-	10.00
25,00,000 (As at 31 March, 2016: 25,00,000) units of Birla Sun Life Fund of ₹10 each	25.00	-	25.00	25.00	-	25.00
14,77,352 (As at 31 March, 2016: 14,77,352) units of IDFC Mutual Fund of ₹10.15 each	15.00	-	15.00	15.00	-	15.00
20,00,000 (As at 31 March, 2016: Nil) units of HDFC Mutual Fund of ₹10 each	20.00	-	20.00	-	-	-
16,12,757 (As at 31 March, 2016: Nil) units of L AND T Mutual Fund of ₹10 each	20.00	-	20.00	-	-	-
	160.71	-	160.71	100.71	-	100.71
<b>Total</b>	<b>171.44</b>	<b>76.96</b>	<b>248.40</b>	<b>134.34</b>	<b>91.34</b>	<b>225.68</b>
Less: Provision for diminution in value of investments	-	0.49	0.49	-	0.49	0.49
<b>Total</b>			<b>247.91</b>			<b>225.19</b>
Aggregate amount of quoted investments	171.44			134.34		
Aggregate market value of listed and quoted investments	130.99			130.99		
Aggregate amount of unquoted investments		76.47			90.85	

**Note 13 Deferred Tax Assets (Net)**

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
<b>Deferred Tax Asset</b>		
On account of Gratuity	6.18	-
<b>Deferred Tax Liability</b>		
On account of Depreciation	6.16	-
<b>Net Deferred Tax Liability</b>	<b>0.02</b>	<b>-</b>

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

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
<b>Security deposits</b>		
Unsecured, considered good	44.00	25.47
Advance income tax	34.59	62.42
<b>Total</b>	<b>78.59</b>	<b>87.89</b>

**Note 15 Inventories**

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
<b>Stock-in-trade</b>		
Acquired for trading	137.79	158.94
<b>Total</b>	<b>137.79</b>	<b>158.94</b>

**Note 16 Trade Receivables**

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
Trade receivables outstanding for a period exceeding six months from the date they were due for payment Unsecured, considered good	75.32	47.09
Trade receivables outstanding for a period for and less than six months from the date they were due for payment Unsecured, considered good	786.26	821.03
<b>Total</b>	<b>861.58</b>	<b>868.12</b>

**Note 17 Cash and Cash Equivalents**

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
Cash in hand	1.85	3.08
Balances with banks		
In current accounts	80.07	49.03
Cheques in hand (Net)	156.71	156.24
In deposit accounts *	2040.53	1533.66
In earmarked accounts		
- Unpaid dividend accounts	1.32	1.33
<b>Total</b>	<b>2280.48</b>	<b>1743.34</b>

\* Deposit are pledged against overdraft facility

**Note 18 Short-term loans and advances**

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
Loans and advances to related parties Unsecured, considered good	71.43	7.23
Prepaid expenses - Unsecured, considered good	8.39	10.36
Loans and advances to others	809.73	1017.69
Less: Provision for NPA	(27.55)	(26.73)
	782.18	990.96
Others	84.70	85.88
<b>Total</b>	<b>946.70</b>	<b>1094.43</b>

**Note 19 Revenue from operations and other income**

(₹ in Millions)

Particulars	For the year ended 31 <sup>st</sup> March, 2017	For the year ended 31 <sup>st</sup> March, 2016
<b>Interest</b>		
Interest on Loans and Advances	62.43	55.40
Interest on Fixed Deposits	132.45	104.04
	194.88	159.44
<b>Other Financial Services</b>		
Brokerage and other operating income	839.15	799.07
Profit on Sale of long-term investments	47.63	54.06
Dividend Income	0.88	3.98
DP Income	12.27	11.20
Profit / (Loss) on Sale of Land	(3.26)	0.38
Others	15.02	8.08
	911.69	876.77
<b>Total</b>	<b>1106.57</b>	<b>1036.21</b>

**Note 20 Employee benefits expense**

(₹ in Millions)

Particulars	For the year ended 31 <sup>st</sup> March, 2017	For the year ended 31 <sup>st</sup> March, 2016
Salaries and wages	198.77	167.69
Contributions to provident funds	1.71	1.70
Staff welfare expenses	4.71	4.17
<b>Total</b>	<b>205.19</b>	<b>173.56</b>

**Note 21 Finance costs**

(₹ in Millions)

Particulars	For the year ended 31 <sup>st</sup> March, 2017	For the year ended 31 <sup>st</sup> March, 2016
Interest expenses	150.40	139.35
Bank Charges	3.64	5.27
<b>Total</b>	<b>154.04</b>	<b>144.62</b>

**Note 22 Other expenses**

(₹ in Millions)

Particulars	For the year ended 31 <sup>st</sup> March, 2017	For the year ended 31 <sup>st</sup> March, 2016
Printing & Stationery	4.62	4.18
Postage, Telegram & Telephone	30.42	28.63
Rent	19.26	17.12
Fees & Taxes	6.48	5.81
Directors Travelling	0.27	0.05
Demat/ Remat Charges	5.65	3.90
Legal & Professional Charges	30.16	12.88
Travelling & Conveyance	8.19	8.24
Payments to auditors		
As auditors - statutory audit	0.69	0.77
For taxation matters	0.20	0.11
Office Maintenance	20.66	39.43
General Expenses	19.54	38.05
Advertisement Expenses	0.21	0.16
Computer & Software Expenses	33.18	
Sub Brokerage	299.04	278.73
Turnover Charges	131.80	113.78
VSAT Charges	3.54	4.13
Provision for Non Performing Assets	0.82	10.02
Loss/ (Profit) on Sale of Fixed Assets	-	(0.03)
Bad Debts	25.74	80.93
<b>Total</b>	<b>640.47</b>	<b>646.89</b>

**Note 23 Contingent Liabilities**

(a) Master Capital Services Limited has given/availed a Bank Guarantee amounting to ₹147.50 Millions (As at 31 March, 2016: ₹127.50 Millions) in favour of National Securities Clearing Corporation Limited, ₹ Nil (As at 31 March, 2016: ₹130.00 Millions) in favour of Stock Holding Corporation of India Limited and ₹37.50 Millions (As at 31 March, 2016: ₹36.38 Millions) in favour of The Bombay Stock Exchange.

Master Commodity Services Limited has given/availed a Bank Guarantee amounting to ₹63.75 Millions (As at 31 March, 2016: ₹93.75 Millions) in favour of Multi Commodity Exchange of India Limited, ₹13.25 Millions (As at 31 March, 2016: ₹11.50 Millions) in favour of National Commodity & Derivatives Exchange Limited and ₹ Nil in (As at 31 March, 2016: ₹.60 Millions) favour of ACE Derivative & Commodity Exchange Ltd.

Master Infrastructure and Real Estate Developers Limited has given/availed Bank Guarantee of ₹0.05 Million (As at 31 March, 2016: ₹0.05 Million) in favour of Greater Ludhiana Area Development Authority.

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

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

entities. The order is being contested by the company and is sub-judice. 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 interest @15% per month.

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

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

## Note 24 SPECIFIED BANK NOTES DISCLOSURE (SBNs)

(₹)

In accordance with the MCA notification G.S.R.308(E) dated March 30, 2017 details of Specified Bank Notes (SBN) and Other Denomination Notes (ODN) held and transacted during the period from November 8, 2016 to December 30, 2016 is given below:

Particulars	SBNs	ODNs	Total
Closing cash in hand as on November 8, 2016	1,05,30,500	30,29,828	1,35,60,328
(+) Permitted receipts	-	* 29,39,356	29,39,356
(-) Permitted payments	-	17,49,801	17,49,801
(-) Amounts deposited in Banks	1,05,30,500	-	1,05,30,500
Closing cash on hand as in December 30, 2016	-	42,19,383	42,19,383

\* Amount Withdrawn from various Banks.

## Note 25

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 26 Segment Reporting

(a) Information about business Segments

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
<b>A) Segment Revenue</b>		
1) Total Segment Revenue		
a) Brokerage & Allied	1007.04	910.58
b) Interest	54.41	52.19
c) Others	45.12	73.44
<b>Total</b>	<b>1106.57</b>	<b>1036.21</b>
2) Inter Segment Revenue	-	-
3) External Revenue (1-2)		
a) Brokerage & Allied	1007.04	910.58
b) Interest	54.41	52.19
c) Others	45.12	73.44
<b>Total</b>	<b>1106.57</b>	<b>1036.21</b>
<b>B) Results</b>		
1) Segment Results:		
a) Brokerage & Allied	49.74	49.83
b) Interest	16.83	(49.94)
c) Others	22.06	54.07
<b>Total</b>	<b>88.63</b>	<b>53.96</b>

2) Unallocated Expenses	0.87	1.00
3) Operating Profit	87.76	52.96
4) Provision	29.45	17.08
5) Minority Interest	0.06	0.33
6) Net Profit	58.25	35.55
<b>Other Information</b>		
1) Segment Assets		
a) Brokerage & Allied	3310.46	2879.58
b) Interest	549.83	626.80
c) Others	770.51	715.32
<b>Total</b>	<b>4630.80</b>	<b>4221.70</b>
2) Unallocated Corporate Assets	12.07	56.48
3) Deferred Tax Assets	0.02	-
4) Total Assets	4642.87	4278.18
5) Segment Liabilities		
a) Brokerage & Allied	2358.39	1955.58
b) Interest	265.89	518.22
c) Others	239.47	81.71
<b>Total</b>	<b>2863.75</b>	<b>2555.51</b>
6) Unallocated Liabilities	1.32	1.33
7) Deferred Tax Liabilities	-	1.84
8) Total Liabilities	2865.07	2558.68
9) Minority Interest	10.96	10.90
10) Share Holder's Fund	1766.84	1708.60

## (b) Information about Geographical Segments

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

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

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

Particulars	As at 31 March, 2017	As at 31 March, 2016
<b>A) Expenses recognised in the Statement of Profit and Loss:</b>		
a) Current service cost	3.72	1.94
b) Interest cost on benefit obligation	1.63	1.44
c) Net actuarial (gain)/loss recognised in the year	4.95	(0.01)
<b>Total included in 'Employee benefits expense'</b>	<b>10.30</b>	<b>3.37</b>
<b>B) Net liability recognised in the balance sheet:</b>		
a) Present value of defined benefit obligation	28.96	20.36
b) Fair value of plan assets	12.02	-
Liability recognized in the balance sheet	16.94	20.36
<b>C) Reconciliation of defined benefit obligation</b>		
a) Opening defined benefit obligation	20.36	18.04
b) Current service cost	3.72	1.94
c) Interest cost	1.63	1.44
d) Benefits paid	(1.70)	(1.05)
e) Actuarial (gain)/loss on obligation	4.95	(0.01)
<b>Present value of DBO at the end of the year</b>	<b>28.96</b>	<b>20.36</b>
<b>D) Principal actuarial assumptions at the balance sheet date:</b>		
a) Discount rate	8%	8%
b) Expected rate of Future salary escalation	7%	5%



**Note 28**

Master Capital Services Limited had issued 4000 Deep Discount Bonds (DDB) in the previous years, outstanding Face Value at the end of the year amounting to ₹32.61 Millions {As at 31 March, 2016: ₹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 29 Related Party Disclosures**

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

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

**Transactions with related parties**

(₹ in Millions)

Transactions with related parties	Associates/Enterprises owned or significantly influenced by the key Management Persons or their Relatives	Key Management Personnel and their Relatives	Total
Purchases	1.60	-	1.60
	-	-	-
Sale	53.60	-	53.60
	-	-	-
Brokerage Received	0.24	0.13	0.37
	(0.03)	(0.01)	(0.04)
Brokerage Paid	0.67	-	0.67
	-	-	-
Interest Paid	0.39	2.30	2.69
	0.05	(1.60)	(1.55)
Interest Received	2.22	-	2.22
	(5.29)	-	(5.29)
Rent Paid	0.14	0.38	0.52
	(0.14)	(0.38)	(0.52)
Loan & Advances Given	71.43	-	71.43
	(7.23)	-	(7.23)
Loan & Advances Taken	2.31	45.33	47.64
	(0.83)	(69.02)	(69.85)
Remuneration	-	13.74	13.74
	-	(11.28)	(11.28)
Balance outstanding at the end of the year	71.43	-	71.43
	(8.31)	-	(8.31)
Payable	2.31	45.33	47.64
	(0.83)	(43.57)	(44.40)

### Note 30

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

**Manjeet Singh**

Prop.  
Membership No. 088759

Place : Ludhiana  
Date : 30.05.2017

**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

# 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, 2016 to 31 <sup>st</sup> March, 2017	1 <sup>st</sup> April, 2016 to 31 <sup>st</sup> March, 2017	1 <sup>st</sup> April, 2016 to 31 <sup>st</sup> March, 2017	1 <sup>st</sup> April, 2016 to 31 <sup>st</sup> March, 2017	1 <sup>st</sup> April, 2016 to 31 <sup>st</sup> March, 2017	1 <sup>st</sup> April, 2016 to 31 <sup>st</sup> March, 2017
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	112.82	19.96	813.63	196.28	13.67	5.28
5	Total Assets	250.25	24.71	3,421.97	382.24	23.50	11.75
6	Total Liabilities	135.43	2.31	2,549.33	180.45	1.73	1.47
7	Investments	85.07	-	226.79	0.12	-	-
8	Turnover	43.22	15.58	893.65	115.44	16.25	12.81
9	Profit before taxation	29.75	0.66	37.74	10.67	0.52	1.33
10	Provision for taxation	5.96	0.55	10.23	1.09	0.17	0.40
11	Profit after taxation	23.79	0.11	27.51	(0.31)	0.36	0.93
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 2016 - 2017.

**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 : 30.05.2017



# 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



ANNUAL REPORT  
2016-17



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