

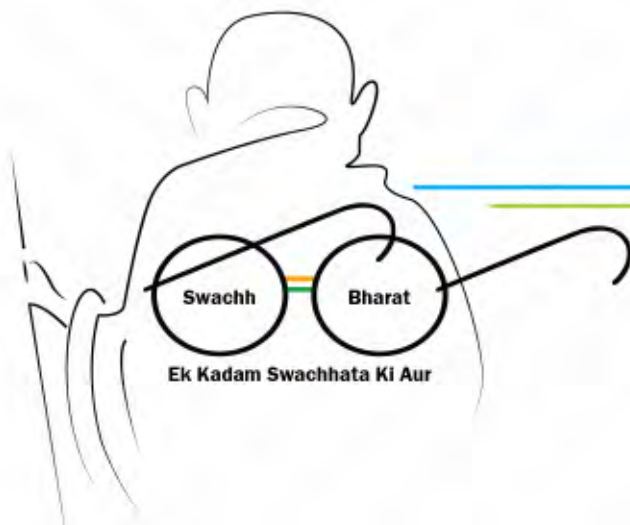


**FORM A**  
**Format of covering letter of the annual audit report to be filed with the Stock Exchange**

<b>1</b>	<b>Name of the company</b>	Master Trust Limited
<b>2</b>	<b>Annual financial statements for the year ended</b>	31 <sup>st</sup> March, 2015
<b>3</b>	<b>Type of Audit observation</b>	Un-Qualified
<b>4</b>	<b>Frequency of observation</b>	Not Applicable
<b>5</b>	<b>To be signed by-</b>  ➤ <del>CEO</del> /Managing Director  ➤ CFO  ➤ Auditor of the company  ➤ Audit Committee Chairman	 Sunil Kumar  Ashwani



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# Annual Report 2014-15

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**BOARD OF DIRECTORS**

Mr. Harjeet Singh Arora – Managing Director  
Mr. R.K. Singhanian  
Mr. Pavan Chhabra  
Mr. G.S. Chawla  
Mrs. H.K. Arora  
Mr. Anil Kumar Bhatia  
Mr. Sudhir Kumar  
Mr. Ashwani Kumar  
Mr. Anil Kumar Malhotra

**COMPANY SECRETARY**

Mr. 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**

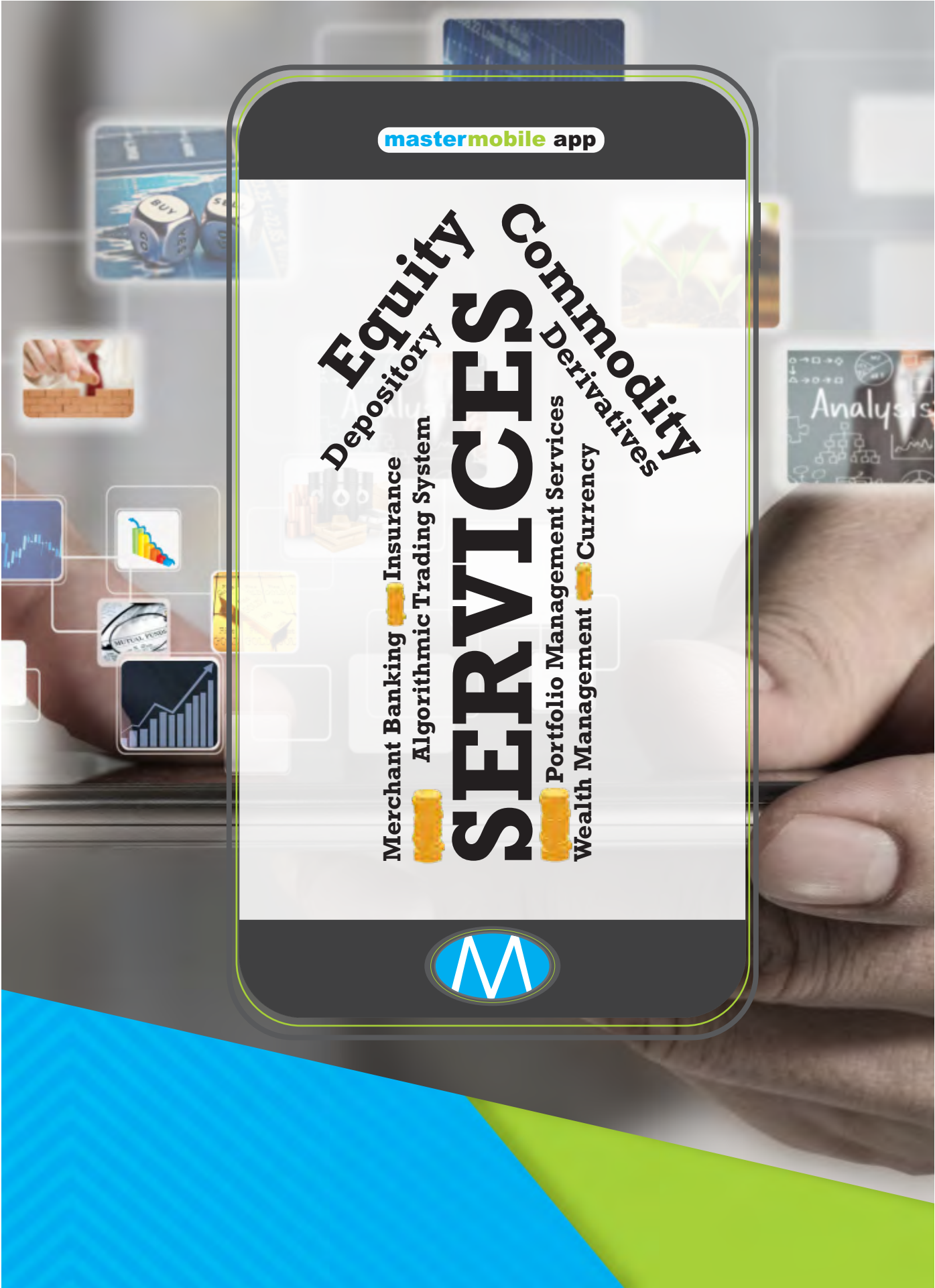
HDFC Bank Limited  
Oriental Bank of Commerce Limited  
ICICI Bank Limited  
Canara Bank Limited  
Axis Bank Limited  
Yes Bank Limited





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## Mission

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

## Vision

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

## Corporate Philosophy

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

# Managing Director's Speech

**Mr. Harjeet Singh Arora**  
Managing Director



## Dear Shareholders,

It gives me great pleasure to present your Company's Annual Report and to share with you its performance for the year 2014-15.

Economic conditions improved modestly and global growth is expected to be slightly higher in 2015 at around 3.5% as compared to 3.4% in 2014. There is significant rebound in advanced economies, supported by the decline in oil prices, with the United States playing the most important role. Further, India's GDP growth is expected to strengthen from 7.2% last year to 7.4% this year primarily benefited from recent policy reforms, a consequent pickup in investment and lower oil prices. At this level it is estimated to be on par with China and had surpassed \$2 trillion in 2014-15.

The growth story has been led by services-sector growth which is now in double digits at around 10.6% as compared to 9.1% in previous year, mainly due to growth acceleration in financial, real estate, and professional services at 13.7%

this year. However, there are still considerable downside risks related to the upcoming move towards monetary policy normalisation in the US, ongoing uncertainties in the euro area, potential spillovers from geopolitical conflicts and persistent vulnerabilities in emerging economies.

At the industry level in which your Company primarily operates, the equity markets trading volumes have shown an uptrend this year, the average daily volumes in equities grew by 26% in FY15 as compared to previous year. However, the total exchange traded volumes declined in commodity segment by around 38% and in currency segment around 25% year-on-year. The major drivers to the growth in business was the buoyancy in the capital markets due to the new government and improved sentiment which manifest itself in the financial performance as well. For FY 2014-15, on a consolidated basis, the Company's topline increased by 26.16% to ₹1146.09 million as compared to ₹908.45 million

in the previous year. The net worth of the Company has increased by 5.94% to ₹1673.05 million as compared to ₹1579.25 million in the previous year. The Net Profit after tax increased by 11.60% to ₹93.79 million as compared to ₹84.04 million in the previous year. The improved results were not only due to the healthy improvement in broking business but also our strong thrust on asset lite model in which we saw a growth of 25% in the number of authorized persons in the capital markets business despite hyper competition, increased compliance costs and increasing manpower costs. At the Company level, the equity cash segment volume grew by 60% and the brokerage income grew by 90%, in the equity derivatives segment volumes grew by 67% however the broking revenues grew by only 19% due to increase in low yield options turnover. The impact of the Commodities Transaction Tax (CTT) was clearly visible in the commodity broking business with both volume and revenues decreasing by 25% and 35% respectively.

The retail investors seem to have returned to the capital markets indirectly as seen by the robust inflows into the equity schemes of mutual funds during the last 9-10 months. Further, many brokers have reported 40-60% increase in activity levels of the clients. As per the data obtained from the exchanges, 32-34% of overall volumes currently originate from internet / mobiles / tablet platforms. This particular phenomenon is expected to have a lasting impact on the manner in which the industry evolves with much of the incremental client addition for financial services firms being on-line clients especially with falling smartphone prices, improving connectivity with 3G and 4G services, an ever increasing mobile penetration augurs well for improved penetration at lower cost for a retail financial services company like us.

We are continuously investing in our technology platform to ensure a superior experience for our

customers right from seamless trade execution, to investing in various instruments and viewing account statements. We have successfully leveraged technology to deliver cutting edge products for mobile trading and algorithmic trading where volumes are increasing substantially. Further, we are investing in other products and services complementary to our existing services which has started showing results. Some significant developments being distribution of loans to retail clients through an associate company, mutual fund assets under management crossing ₹1000 million and Portfolio Management Services assets under management crossing ₹320 million showing a significant rise over previous year. All the investment in technology and products would help in improving the overall financial performance of the Company in the years to come.

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



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 players 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. Singhanian (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 Corporates for more than 20 years. He also has 15 years rich experience of Capital Market, Finance, Merchant Banking, Research, IT and other related activities of the group.


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

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


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

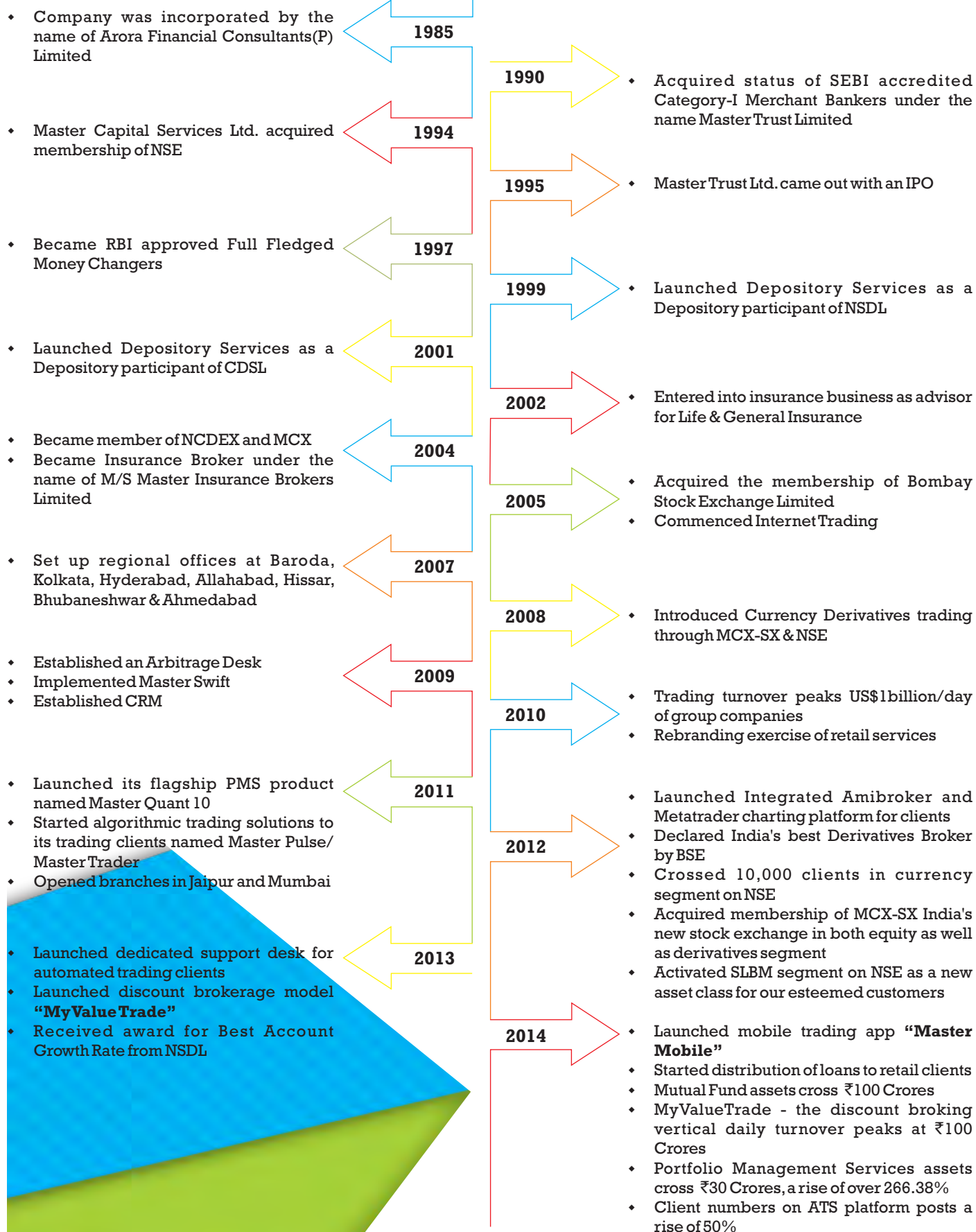
He is involved in new initiatives in the group and assists other Directors in Corporate Strategy. Prior to joining the group he was working with ING investment Management in India in their equity fund management department.


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

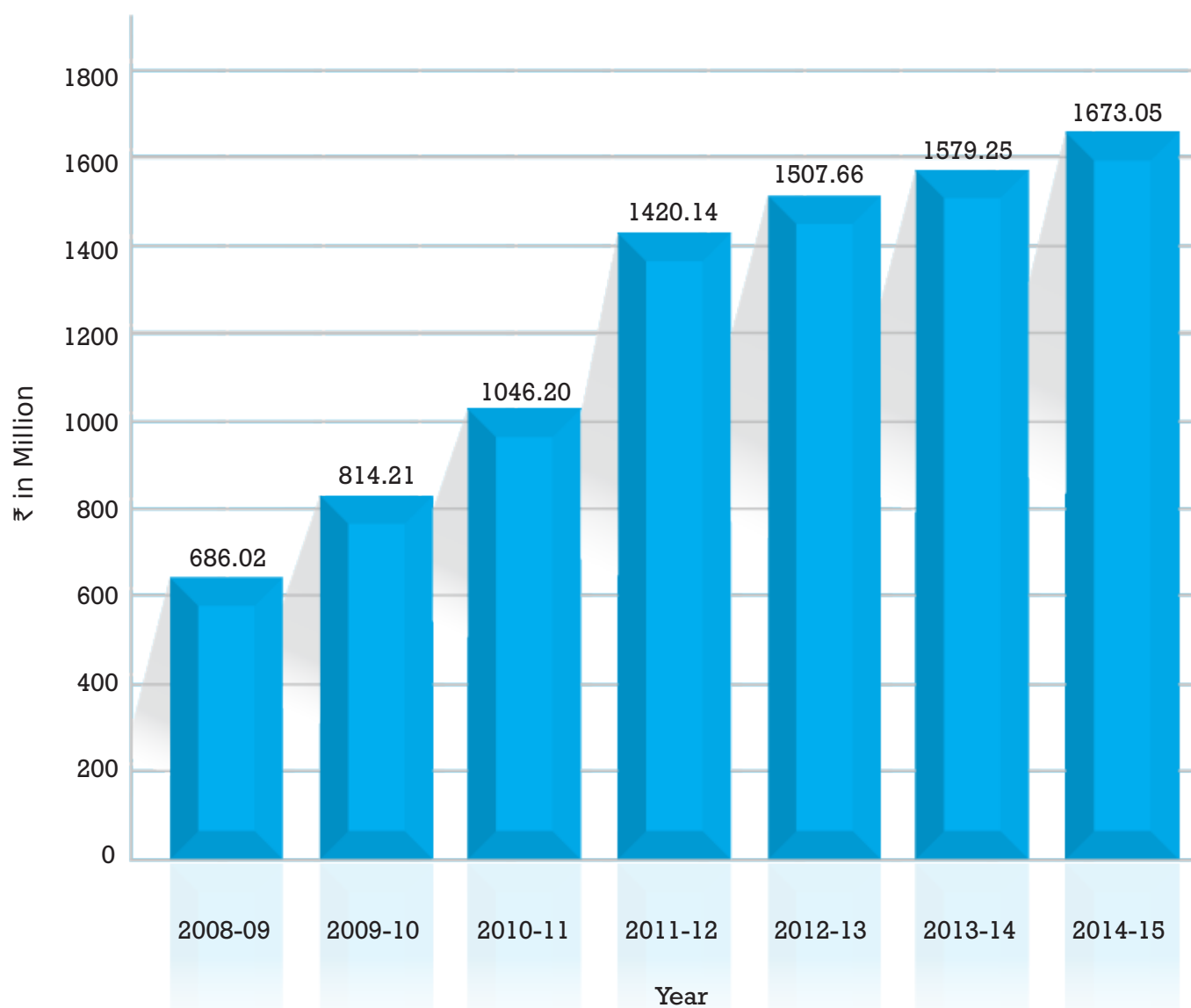
He is overseeing marketing initiatives and also involved in the online discount broking model. Prior to joining the group he was working with Pricewaterhouse Coopers and Grant Thornton in statutory audit and corporate advisory respectively.

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

# Milestones

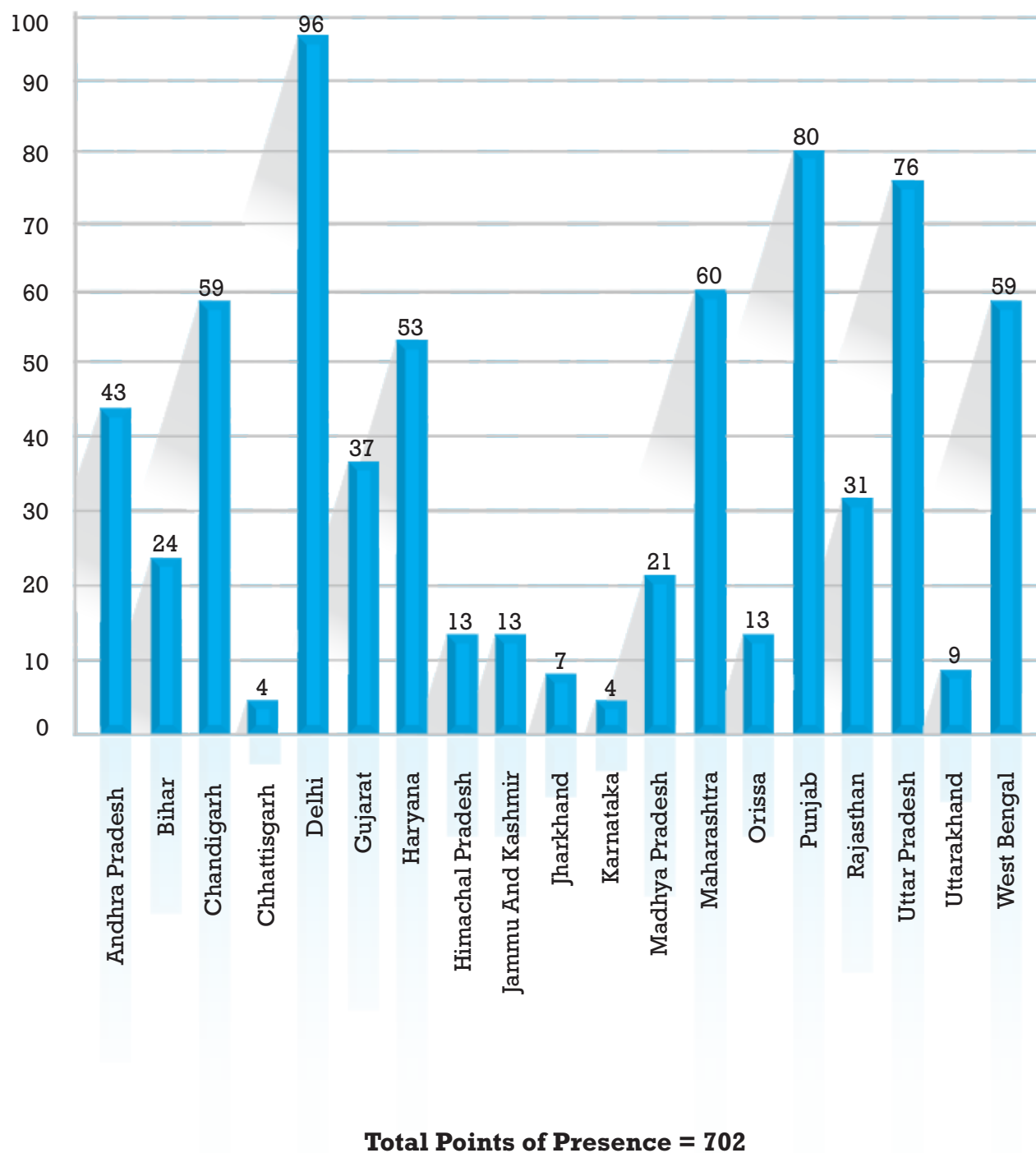


# Networth





# Points of Presence





# **Management Discussion and Analysis**

# Management Discussion and Analysis

## GLOBAL ECONOMY

Economic conditions improved modestly and global growth in 2014 was 3.4 %. IMF has projected global growth to be slightly higher in 2015, at around 3.5 % and rising to 3.8 % in 2016. The increase in growth in 2015 will be driven by a rebound in advanced economies, supported by the decline in oil prices, with the United States playing the most important role. Growth in the United States was stronger than expected, averaging about 4 % annualized in the last three quarters of 2014. The main engine of growth has benefited from steady job creation, income growth, improved consumer confidence as unemployment rate declined in United States. The euro area continued to recover during the past year, but private investment remained weak, with Ireland, Spain, and Germany being notable exceptions.



Source: IMF, E= Estimated

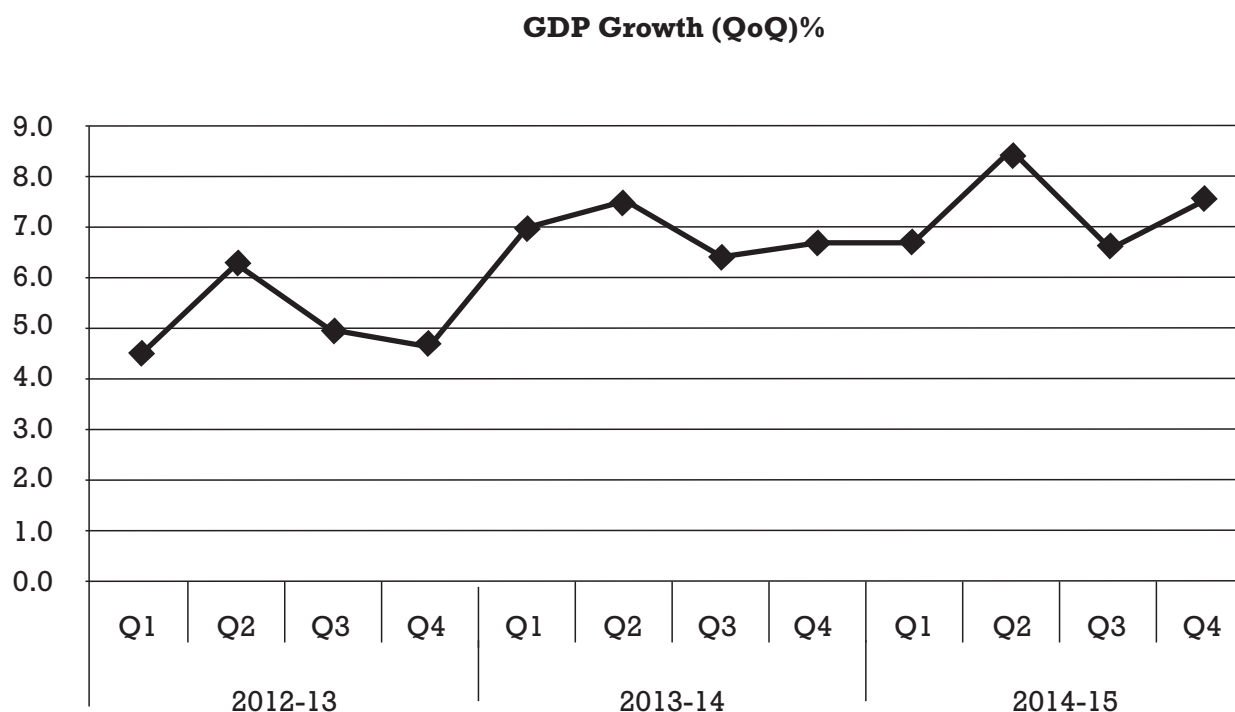
## EMERGING ECONOMIES

In emerging markets, in contrast, growth is projected to decline in 2015 - for the fifth year in a row. A variety of factors explain this decline, sharp downward revisions to growth for oil exporters, a slowdown in China that reflects a move toward a more sustainable pattern of growth that is less reliant on investment and a continued weakening of the outlook for Latin America resulting from a softening of other commodity prices.

A pickup in emerging markets is assumed to drive the global growth rebound in 2016, primarily reflecting a partial waning of setbacks to domestic demand and production (including from geopolitical tensions) in a number of economies, including Brazil and Russia. Despite the slowdown, emerging market and developing economies still accounted for three-fourths of global growth and their growth is projected to 4.3 % in 2015 and 4.7 % in 2016.

## THE INDIAN GROWTH STORY

The growth of the Indian economy is projected to accelerate to 7.4% in the current fiscal. At this level it is estimated to be on par with China, currently the fastest growing economy in the world. It is also the first time that the economy is projected to be bigger than \$2 trillion; India's GDP is estimated to be \$2.1 trillion in FY 2014-15. With the first three quarters' economic growth numbers at 6.7%, 8.4% and 6.6% respectively. In the fourth quarter, India's GDP advanced 7.5 % supported by a strong expansion in manufacturing and services sectors.



Source: MOSPI

## SERVICE SECTOR GROWTH IS STILL OUTPERFORMING DESPITE SETBACK IN MANUFACTURING

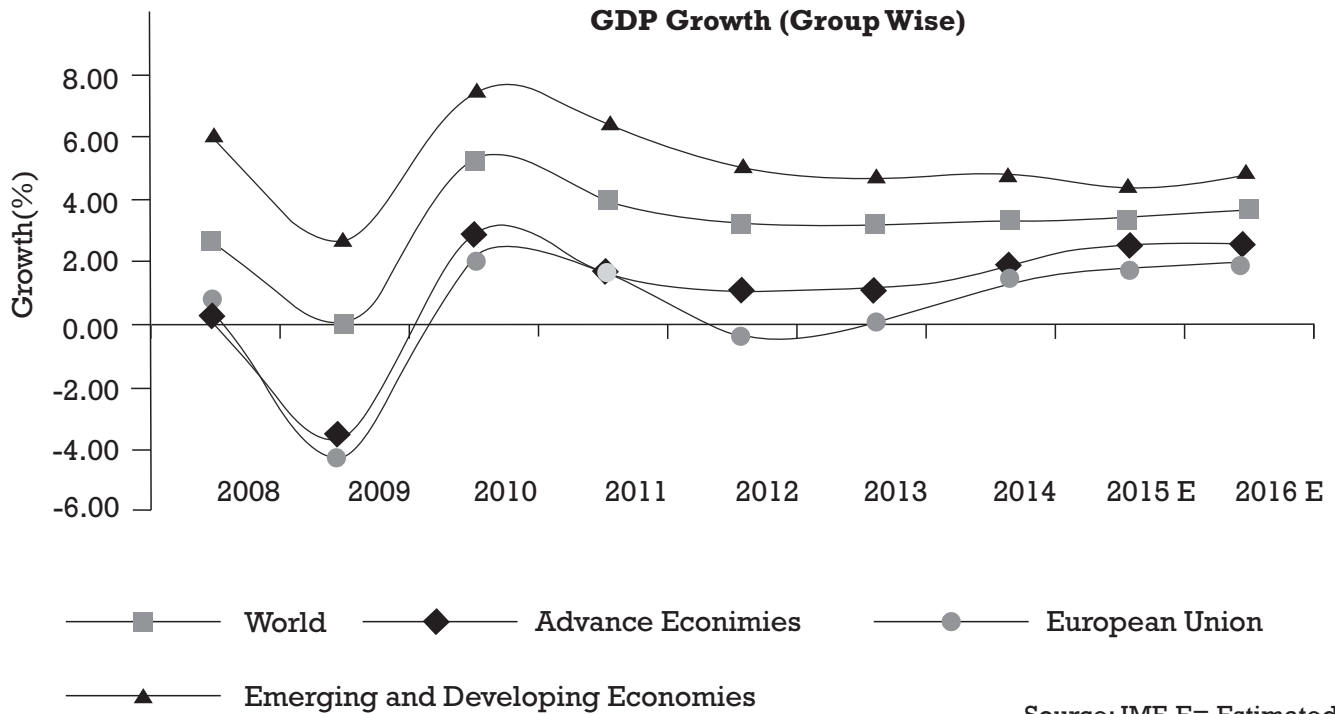
The Indian growth story has been led by services-sector growth which is now in double digits. As per Advance Estimates (AE) during FY 2014–15, the service sector is projected to grow at 10.6 % as compared to 9.1% in previous year, this is mainly due to growth acceleration in financial, real estate, and professional services to 13.7 % from 7.9 %.

## OUTLOOK

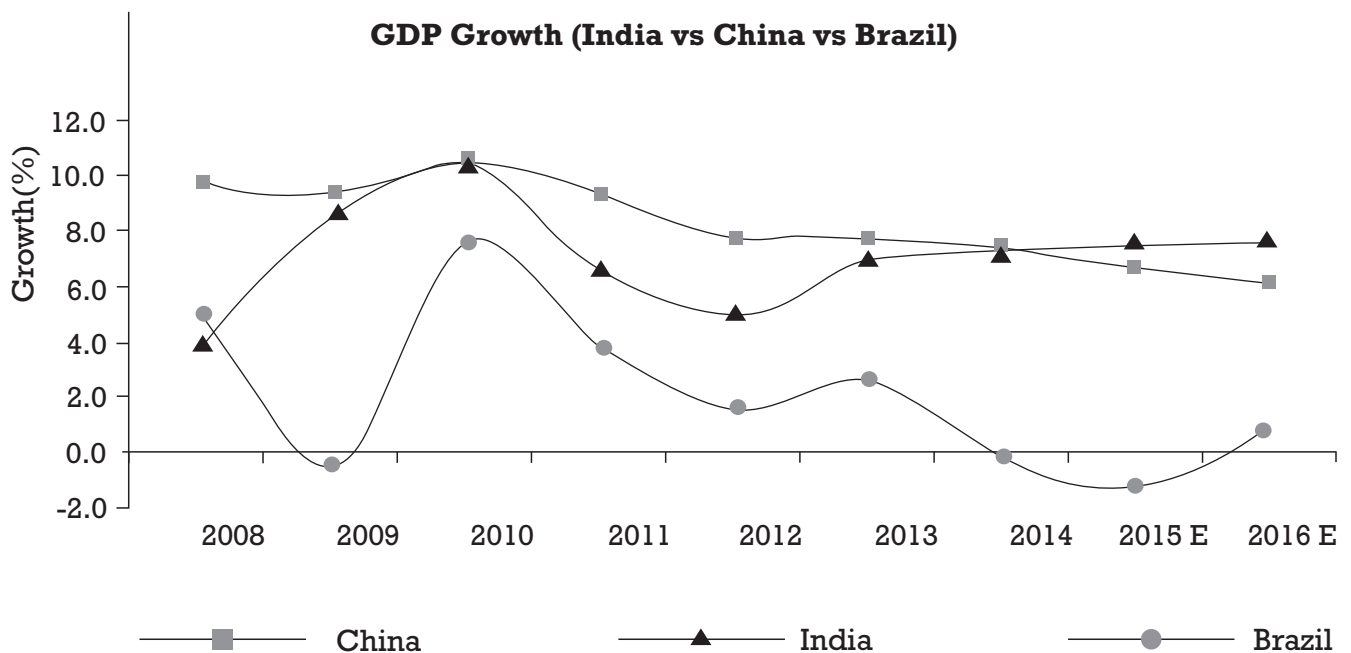
In 2016, global growth is forecast to improve to 3.8 % but there are still considerable downside risks to the baseline forecast related to the upcoming move towards monetary policy normalisation in the US, ongoing uncertainties in the euro area, potential spillovers from geopolitical conflicts and persistent vulnerabilities in emerging economies.

India's economic growth is projected to surpass that of China's, with the GDP expected to zoom by 7.7 % in 2016, according to a UN report leading India to help accelerate economic growth in South Asia.





Growth in China is expected to decline to 6.8 % in 2015 and 6.3 % in 2016. These projections have been revised downward by  $\frac{1}{4}$  and  $\frac{1}{2}$  percentage point, respectively, as previous excesses in real estate, credit, and investment continue to unwind. The Chinese authorities are now expected to put greater weight on reducing vulnerabilities from recent rapid credit and investment growth, and hence the forecast assumes less of a policy response to the underlying moderation. Brazil's economy is projected to contract by 1 % this year. India's growth is expected to strengthen from 7.2 % last year to 7.4 % this year and next. Growth will benefit from recent policy reforms, a consequent pickup in investment, and lower oil prices.



## INDIAN FINANCIAL SECTOR HIGHLIGHTS

- FIIs have invested a net of US\$ 43.5 billion so far in 2014-15— expected to be their highest investment in any fiscal year. Of this, a huge amount—US\$ 26.3 billion—was invested in debt and it is their record investment in the asset class, while equities absorbed US\$ 17.2 billion.
- On balance of payments basis (i.e., excluding valuation effects), the foreign exchange reserves increased by US\$ 61.4 billion during 2014-15 as compared to an increase of US\$ 15.5 billion during 2013-14.
- Assets of the mutual fund industry have hit an all-time high of about ₹11.00 trillion (US\$ 173.75 billion) as on 31st March 2015. During the fiscal year 2014-15 equity funds had inflows of ₹ 0.71 trillion (US\$ 11.40 billion), taking total inflows as on 31st March 2015 to ₹ 3.45 trillion (US\$ 55.38 billion).
- India's life insurance sector is the biggest in the world with about 36 crore policies, which are expected to increase at a compounded annual growth rate (CAGR) of 12-15 % over the next five years. The insurance industry is planning to hike penetration levels to 5 % by 2020, and could top the US\$ 1 trillion mark in the next seven years. The total market size of India's insurance sector is projected to touch US\$ 350-400 billion by 2020.
- The Indian banking sector is fragmented, with 46 commercial banks jostling for business with dozens of foreign banks as well as rural and co-operative lenders. State banks control 80 % of the market, leaving relatively small shares for private rivals. At the end of February 2015, 13.7 crore accounts had been opened under Pradhanmantri Jan Dhan Yojna (PMJDY) and 12.2 crore RuPay debit cards were issued. These new accounts have mobilised deposits of ₹12,694 crore (US\$ 2.01 billion). Standard & Poor's estimates that credit growth in India's banking sector would improve to 12-13 % in FY16 from less than 10% in the second half of CY14.
- In a major boost for the infrastructure sector, as well as for banks financing long gestation projects, the RBI has extended its flexible refinancing and repayment option for long-term infrastructure projects to existing ones where the total exposure of lenders is more than ₹500 crore (US\$ 78.98 million).
- India attracted foreign direct investment worth \$34.9 billion between April 2014 and March 2015. This quantum was up 61.7% from the previous fiscal year. (Source RBI).
- India received the maximum FDI from Mauritius at US\$ 7.66 billion, followed by Singapore (US\$ 5.26 billion), the Netherlands (US\$ 3.13 billion), Japan (US\$ 1.61 billion) and the US (US\$ 1.58 billion) during April-January 2014-15 period. Healthy inflow of foreign investments into the country helped India's balance of payments (BoP) situation and stabilised the value of rupee.

## INDIAN FINANCIAL MARKETS

After going through a rough phase in the last couple of years, the Indian equity markets rebounded in FY15. Muted global growth, ample liquidity, comparatively limited opportunities in other emerging markets along with a renewed optimism in the Indian economy post the formation of a stable government brought large quantum of foreign money into the Indian Capital Markets. Other factors such as declining oil prices, lower inflation and the Government's inclination towards adhering to fiscal discipline improved the domestic macro economic outlook resulting in a renewed interest by investors in the domestic markets. Not only did the benchmark indices scaled newer highs with BSE Sensex and Nifty closing at 27957 and 8491 respectively as on 31 March 2015 with corresponding growth rates of 24.8% and 26.6 %, year on year, along with this even broader based mid-cap indices displayed a significant uptick during FY15.

## INDIAN BROKERAGE INDUSTRY

- At the industry level, Equity Average Daily Volumes (ADV) rose by 14% YoY during 9MFY15 to ₹ 2.36 trillion. While this may be considered as moderate, what is important to note is the strong uptick in cash volume ADV which increased by more than 55% YoY to ₹ 0.21 trillion in 9MFY15. Equity derivative ADV rose by 11% in 9MFY15 to ₹ 2.15 trillion when compared with 9MFY14. Also, important to note is that

equity options volumes, which have otherwise been driving the equity ADV growth in the past, ebbed in 9MFY15. Options ADV has remained nearly flat at ₹ 1.65 trillion in 9MFY15 when compared to ₹ 1.60 trillion for 9MFY14. Consequently, during 9MFY15, 53% YoY growth in total cash volumes and 48% YoY growth in total equity futures volumes have contributed to the robust growth in the overall market volumes.

- Retail investors seem to have returned to the capital markets indirectly as seen by the robust inflows into the equity schemes of Mutual Funds during the last 9-10 months. Further, many brokers have reported 40-60% increase in activity levels of the clients. However, for retail brokers the activity levels remain much lower than what was observed in the heydays of FY08 or FY11. As per the data obtained from the exchanges, 32-34% of overall volumes currently originate from internet / mobiles / tablet platforms. This particular phenomenon is expected to have a lasting impact on the manner in which the industry evolves with much of the incremental client addition for larger brokers being 'online clients'.
- The commodity broking activity levels continue to remain at muted levels, even though it is more than 18 months since the CTT (Commodity Transaction Tax) was imposed and the NSEL crisis occurred. While the imposition of the CTT has kept most jobbers and arbitrageurs away, the occurrence of the NSEL crisis seems to have impacted investor confidence adversely, thereby, forcing most players to approach the commodity markets cautiously.

## OUTLOOK

India is today one of the most vibrant global economies, on the back of robust financial sector. Several measures have been outlined in the Union Budget 2014-15 that aim at reviving and accelerating investment which, inter alia, include fiscal consolidation with emphasis on expenditure reforms and continuation of fiscal reforms with rationalization of tax structure; fillip to industry and infrastructure, fiscal incentives and concrete measures for transport, power, and other urban and rural infrastructure; measures for promotion of foreign direct investment (FDI) in selected sectors and, steps to augment low cost long-term foreign borrowings by Indian companies. All this will bring a slew of opportunities across sectors and in such a scenario; equities can provide investors good returns. Global liquidity inflows will continue to remain strong as investors prefer growth. With China and most commodity-driven economies slowing, India will be a preferred choice for global investors and this will attract a lot of FDI (foreign direct investment) and FII money over the coming years. Consequently, the equity broking business is likely to show considerable growth over the next few years.



# Directors Report



# Directors Report

## To The Members,

The Directors of Master Trust Limited (MTL) have great pleasure in presenting the Annual Report of the company with audited statements of accounts for the financial period ended 31<sup>st</sup> March, 2015 along with report of the Statutory Auditors thereon.

### 1. Financial summary

The summary of financial results of the Company for the period ended 31<sup>st</sup> March, 2015 is as under:

#### Financial Results

(₹ in million)

Particulars	For the Year Ended			
	March 31 <sup>st</sup> 2015	March 31 <sup>st</sup> 2014	March 31 <sup>st</sup> 2015	March 31 <sup>st</sup> 2014
	Consolidated		Standalone	
Gross Income	1146.09	908.45	167.21	153.74
Profit Before Depreciation, Interest & Tax	326.52	247.73	149.25	129.32
Less: Depreciation	44.61	11.68	1.54	0.71
Interest	184.73	136.90	107.25	102.51
Profit Before Tax	97.18	99.15	40.46	26.10
Provision for Tax	2.79	14.41	3.81	4.26
Profit after tax but before minority interest and share in associate Companies	94.39	84.74	36.65	21.84
Less: Share of Minority Interest	0.60	0.70	-	-
Net Profit	93.79	84.04	36.65	21.84
Add: Profit brought forward from earlier years	915.61	853.42	73.72	71.13
Profit available for appropriation	1009.40	937.46	110.37	92.97
Less: Appropriations				
- Proposed Dividend	-	10.88	-	10.88
- Tax on Dividend	-	1.85	-	0.85
- Transfer to Statutory Reserve	6.65	7.52	6.65	7.52
- Transfer to General Reserve	-	1.60		
Closing Balance	1002.75	915.61	103.72	73.72

### 2. Performance Highlights

On a consolidated basis, the Company's gross income increased by 26.16 % to ₹1146.09 million as compared to ₹ 908.45 million in the previous year. The Net worth of the Company has increased by 5.94 % to ₹ 1673.05 million as compared to ₹ 1579.25 million in the previous year. The Net Profit after tax increased by 11.60 % to ₹ 93.79 million as compared to ₹ 84.04 million in the previous year. The basic and diluted earning per share for the current year increased by 11.51% to ₹ 8.62 per share as compared to ₹ 7.73 per share in the previous year.

### 3. Dividend

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

#### 4. Outlook

India is today one of the most vibrant global economies, on the back of robust financial sector. Several measures have been outlined in the Union Budget 2014-15 that aim at reviving and accelerating investment which, inter alia, include fiscal consolidation with emphasis on expenditure reforms and continuation of fiscal reforms with rationalization of tax structure; fillip to industry and infrastructure; fiscal incentives and concrete measures for transport, power, and other urban and rural infrastructure; measures for promotion of foreign direct investment (FDI) in selected sectors and, steps to augment low cost long-term foreign borrowings by Indian companies. All this will bring a slew of opportunities across sectors and in such a scenario; equities can provide investors good returns. Global liquidity inflows will continue to remain strong as investors prefer growth. With China and most commodity-driven economies slowing, India will be a preferred choice for global investors and this will attract a lot of FDI (foreign direct investment) and FII money over the coming years. Consequently, the equity broking business is likely to show considerable growth over the next few years.

#### 5. Reserves

During the period under review there was a net transfer of ₹ 6.65 million to Statutory Reserve.

#### 6. Management Discussion and Analysis

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

#### 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 of the Company. The Board, however, appointed Mr. Mohan Singh as the Company Secretary of the Company w.e.f 14.11.2014 in place of Mr. Rajiv Kumar Aggarwal who resigned from the services of the Company. The Board appointed Mr. Sunil Kumar as the Chief Financial Officer(CFO) of the Company w.e.f 22.09.2014. 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 Act and Clause 49 of the Listing Agreement with the Stock Exchange.

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

The Company has not accepted any public deposits within the meaning of Section 58A of the Companies Act, 2013 and Section 73 of the Companies Act, 2013 and the Rules made there under and as such, no amount on account of principal or interest on Public Deposits was outstanding on the date of the Balance Sheet.

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

There are no material changes and commitments, affecting the financial position of the Company which have occurred between the end of the financial year of the Company i.e. 31<sup>st</sup> March, 2015 and the date of the directors' report i.e. 14<sup>th</sup> August, 2015.

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

As per an Ex-Parte Ad- Interim Order by SEBI (WTM/RKA/ISD/162/2014) in the matter of First Financial Services Limited, amongst others, Master Trust Limited 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 is being contested by the Company and is sub-judice. In 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. Though the Order has affected one of Company's activity i.e. Trading/investment in securities, it however does not affect the going concern, the Company being an NBFC and having its core business of financing.

#### **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 Clause 49 of the Listing Agreement forms part of the Annual Report.

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

#### **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 2015-16 has already been paid to it.

## 17. Auditors

### Statutory Auditors

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

The Auditor has furnished a certificate to the effect that their re-appointment, if made, at the ensuing AGM, will be within the limits prescribed under Section 141 of the Companies Act, 2013 and that they are not beneficially holding any security or interest in the Company as defined under Companies Act, 2013. The Board on recommendation of the Audit Committee recommends the ratification of M/s. Manjeet Singh & Co. as Statutory Auditors for the Financial Year 2015-16 by the members at the AGM.

Members are requested to consider the ratification of their re-appointment and authorize the Board of Directors to fix their remuneration for the year 2015-16.

### Secretarial Auditors

M/s. Rajeev Bhambri & Associates, Ludhiana were appointed as the Secretarial Auditor for conducting the audit of the Secretarial Compliances of the Company. The Secretarial Audit for the year 2014-15 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 and Foreign Exchange Management Act, 1999 has been completed by M/s. Rajeev Bhambri & Associates, Ludhiana. The Secretarial Audit Report given by M/s. Rajeev Bhambri & Associates, Ludhiana is a part of this Annual Report.

## 18. Auditors' Report

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

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

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

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

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

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

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



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

In the current year of operations FY 2014-15, MCSL posted significant increase in revenues. Master Capital Services Limited's revenue during the year under review increased to ₹ 867.79 million from ₹ 616.51 million in the previous year FY 2013-14 registering an increase of 40.75 %. Master Capital Services Limited's net profit, during the current year, increased to ₹46.26 million from ₹32.24 million registering a increase of 43.47 %.

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

In the current year of operations FY 2014-15, MCOML posted significant decrease in revenues. MCOML's revenue during the year under review decreased to ₹ 127.65 million from ₹ 202.47 million in the previous year FY 2013-14 registering a decrease of 36.95%. MCOML's net profit, during the current year, decreased to ₹ 14.36 million from ₹ 34.23 million registering a decrease of 58.05 %.

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

In the current year of operations FY 2014-15, MIREL posted a decrease in revenues. MIREL's revenue during the year under review decreased to ₹4.57 million from ₹11.85 million in the previous year FY 2013-14 registering a decrease of 61.43% mainly due to a sluggish demand in the real estate sector. MIREL's net profit, during the current year, decreased to ₹0.55 million from ₹0.68 million registering a decrease of 19.12%.

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

In the current year of operations FY 2014-15, HASSBL posted exponential growth in revenues. HASSBL's revenue during the year under review increased to ₹ 42.27 million from ₹ 8.52 million in the previous year FY 2013-14 registering an increase of 396.12%. HASSBL company's net profit, during the current year also increased to ₹ 1.24 million from ₹ 0.76 million registering an increase of 63.15%.

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

In the current year of operations FY 2014-15, MIBL posted significant increase in revenues. Your company's revenue during the year under review increased to ₹ 8.36 million from ₹ 6.26 million in the previous year FY 2013-14 registering an increase of 33.54%. MIBL company's net profit during the current year, decreased to ₹ 0.68 million from ₹ 0.71 million registering a decrease of 4.47%.

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

In the current year of operations FY 2014-15, MPSL posted significant increase in revenues. MPSL's revenue during the year under review increased to ₹ 7.61 million from ₹ 4.27 million in the previous year FY 2013-14 registering an increase of 78.22%. MPSL's net profit, during the current year, decreased to ₹ 0.16 million from ₹ 0.20 million registering a decrease by 20%.

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

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

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

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 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 Companies (Accounts) Rules, 2014 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 2014-15 viz. on 02.04.2014, 30.05.2014, 14.08.2014, 22.09.2014, 14.11.2014 and 14.02.2015.

**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 25 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 Clause 49(II) of the Listing Agreement, 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/investor.aspx>.

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

The provisions of Section 135 of Companies Act, 2013 are not applicable on the Company. However, the Company recognising its responsibility towards the society has contributed an amount of ₹1.5 million to M/s. Sri Aurobindo Socio Economic & Management Research Institute, A registered charitable trust working in the field of education.

**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/investor.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/investor.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 first 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. The Policy provides for protection against sexual harassment of women at workplace and for prevention and redressal of such complaints. No complaints were pending at the beginning of the year and no such complaints were filed during the year.

### **36 Acknowledgment**

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

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

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

**(Harjeet Singh Arora)**  
Managing Director  
DIN :00063176

Place : Ludhiana  
Date : 14.08.2015



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

### BACKGROUND

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

### BRIEF OVERVIEW UNDER COMPANIES ACT 2013

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

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

### NOMINATION AND REMUNERATION POLICY

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

#### Definitions

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

**“Key Managerial Personnel” means:**

- 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

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

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

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

### b) Independent Director:

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

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

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

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

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

## EVALUATION

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

## REMOVAL

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

## RETIREMENT

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

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

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

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

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

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

the Board of Directors.

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

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

- a) The remuneration to Key Managerial Personnel and Senior Management shall consist of fixed pay and incentive pay, in compliance with the provisions of the Companies Act, 2013 and in accordance with the Company's HR Policy.
- b) The Compensation Committee of the Company, constituted for the purpose of administering the Employee Stock Option/ Purchase Schemes, shall determine the stock options and other share based payments to be made to Key Managerial Personnel and Senior Management.
- c) The Fixed pay shall include monthly remuneration, employer's contribution to Provident Fund, contribution to pension fund, pension schemes, etc. as decided from time 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 31.03.2015****Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration ) Rules, 2014****I. REGISTRATION & OTHER DETAILS**

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

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

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

Sr No.	Name & Description of main products/services	NIC Code of the Product /Service	% to total turnover of the company
1	Interest on Loans and Advances	6492	77.39
2	Dividend Income	64990	19.21

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

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



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

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

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

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	5659392	1535320	7194712	66.15	5659392	1535320	7194712	66.15	0
b) Central Govt. or State Govt.	0	0	0	0.00	0	0	0	0.00	0
c) Bodies Corporates	593958	0	593958	5.46	593958	0	593958	5.46	0
d) Bank/FI	0	0	0	0.00	0	0	0	0.00	0
e) Any other	0	0	0	0.00	0	0	0	0.00	0
<b>SUB TOTAL: (A) (1)</b>	<b>6253350</b>	<b>1535320</b>	<b>7788670</b>	<b>71.60</b>	<b>6253350</b>	<b>1535320</b>	<b>7788670</b>	<b>71.60</b>	<b>0</b>
<b>(2) Foreign</b>									
a) NRI- Individuals	0	0	0	0	0	0	0	0	0
b) Other Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks/FI	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0
<b>SUB TOTAL: (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Shareholding of Promoter (A)= (A)(1)+(A)(2)</b>	<b>6253350</b>	<b>1535320</b>	<b>7788670</b>	<b>71.60</b>	<b>6253350</b>	<b>1535320</b>	<b>7788670</b>	<b>71.60</b>	<b>0</b>
<b>B. PUBLIC SHAREHOLDING</b>									
<b>(1) Institutions</b>									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks/FI	0	0	0	0	0	0	0	0	0
c) Central govt	0	0	0	0	0	0	0	0	0
d) State Govt.	0	0	0	0	0	0	0	0	0
e) Venture Capital Fund	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIS	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
Non Resident Indians	25067	1000	26067	0.24	25067	1000	26067	0.24	0
<b>SUB TOTAL (B)(1):</b>	<b>25067</b>	<b>1000</b>	<b>26067</b>	<b>0.24</b>	<b>25067</b>	<b>1000</b>	<b>26067</b>	<b>0.24</b>	<b>0</b>
<b>(2) Non Institutions</b>									
a) Bodies corporates	2087522	26100	2113622	19.43	2034043	26100	2060143	18.94	-0.49
i) Indian	0	0	0	0	0	0	0	0	0
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹1 lakhs	476634	218425	695059	6.39	494120	217225	711345	6.54	0.15
ii) Individuals shareholders holding nominal share capital in excess of ₹1 lakhs	230336	14400	244736	2.25	230336	14400	244736	2.25	0
c) Others (specify)	0	0	0	0	0	0	0	0	0
Clearing Members	8446	0	8446	0.08	45369	0	45369	0.42	0.34
<b>SUB TOTAL (B)(2):</b>	<b>2802938</b>	<b>258925</b>	<b>3061863</b>	<b>28.15</b>	<b>2804138</b>	<b>257725</b>	<b>3061863</b>	<b>28.15</b>	<b>0</b>
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>2828005</b>	<b>259925</b>	<b>3087930</b>	<b>28.39</b>	<b>2829205</b>	<b>258725</b>	<b>3087930</b>	<b>28.39</b>	<b>0</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Grand Total (A+B+C)</b>	<b>9081355</b>	<b>0</b>	<b>10876600</b>	<b>100.00</b>	<b>9082555</b>	<b>1794045</b>	<b>10876600</b>	<b>100.00</b>	<b>0</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	1406848	12.93	0	1586848	14.59	0	1.65
2	Harneesh kaur Arora	1125010	10.34	0	1215010	11.17	0	0.83
3	R.K. Singhania	2580357	23.72	0	2580357	23.72	0	0.00
4	Palka Arora	250000	2.30	0	250000	2.30	0	0.00
5	Jashanjyot Arora	545000	5.01	0	545000	5.01	0	0.00
6	Parveen Singhania	545500	5.02	0	815500	7.50	0	2.48
7	Puneet Singhania	101997	0.94	0	101997	0.94	0	0.00
8	Prime Industries Ltd.	593958	5.46	0	593958	5.46	0	0.00
9	Chirag Singhania	100000	0.92	0	100000	0.92	0	0.00
	<b>Total</b>	<b>7248670</b>	<b>66.64</b>	<b>0</b>	<b>7788670</b>	<b>71.61</b>	<b>0</b>	<b>4.96</b>

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

Sr. No.		Share holding at the beginning of the Year		Date	Increase/ (Decrease)	Reason	Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company				No. of shares	% of total shares of the company
1	Harjeet Singh Arora	1406848	12.93	01.04.2014			1406848	12.93
				10.06.2014	180000	Transfer	1586848	14.59
		1586848	14.59	31.03.2015			1586848	14.59
2	Harneesh Kaur Arora	1125010	10.34	01.04.2014			1125010	10.34
				10.06.2014	90000	Transfer	1215010	11.17
		1215010	11.17	31.03.2015			1215010	11.17
3	Parveen Singhania	545500	5.02	01.04.2014			545500	5.02
				10.06.2014	269500	Transfer	815000	7.49
				18.06.2014	500	Transfer	815500	7.50
		815500	7.50	31.03.2015			815500	7.50

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

Sr. No.		Share holding at the beginning of the Year		Date	Increase/ (Decrease)	Reason	Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company				No. of shares	% of total shares of the company
1	Vidya Portfolio Management Services Limited							
		700000	6.44	01.04.2014	0	Nil movement	700000	6.44
		700000	6.44	31.03.2015			700000	6.44
2	Gala Finance & Investments Limited	866956	7.97	01.04.2014			866956	7.97
				10.04.2014	(171470)	Transfer	695486	6.39
		695486	6.39	31.03.2015			695486	6.39
3	Convexity Solutions & Advisors Private Limited	0	0.00	01.04.2014			0	0.00
				09.04.2014	525000	Transfer	525000	4.83
		525000	4.83	31.03.2015			525000	4.83
4	Poonam Sharma	100000	0.92	01.04.2014	0	Nil movement	100000	0.92
		100000	0.92	31.03.2015			100000	0.92
5	DR Sharma(Dhani Ram)	659	0.01	01.04.2014			659	0.01
				10.06.2014	20740	Transfer	21399	0.20
				18.06.2014	2802	Transfer	24201	0.22
				21.06.2014	(100)	Transfer	24101	0.22
				24.06.2014	(100)	Transfer	24001	0.22
				18.07.2014	(50)	Transfer	23951	0.22
				28.08.2014	100	Transfer	24051	0.22
		24051	0.22	31.03.2014			24051	0.22

6	Paul Joseph Ferraria	20200	0.19	01.04.2014	0	Nil movement	20200	0.19
		20200	0.19	31.03.2015			20200	0.19
7	Devika Singhania	19000	0.17	01.04.2014	0	Nil movement	19000	0.17
		19000	0.17	31.03.2015			19000	0.17
8	Keval Khanna HUF	18890	0.17	01.04.2014	0	Nil movement	18890	0.17
		18890	0.17	31.03.2015			18890	0.17
9	Shivam International Limited	16300	0.15	01.04.2014	0	Nil movement	16300	0.15
		16300	0.15	31.03.2015			16300	0.15
10	Sunil Kumar Agarwal	0	0	01.04.2014	15050	Transfer	0	0
				24.07.2014			15050	0.14
		15050	0.14	31.03.2015			15050	0.14

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

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

Sr. No.		Share holding at the beginning of the Year		Date	Increase/ (Decrease)	Reason	Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company				No. of shares	% of total shares of the company
1	Harjeet Singh Arora	1406848	12.93	01.04.2014			1406848	12.93
				10.06.2014	180000	Transfer	1586848	14.59
		1586848	14.59	31.03.2015			1586848	14.59
2	Harneesh Kaur Arora	1125010	10.34	01.04.2014			1125010	10.34
				10.06.2014	90000	Transfer	1215010	11.17
		1215010	11.17	31.03.2015			1215010	11.17

## V. INDEBTEDNESS

(₹ in Millions)

Indebtedness of the Company including interest outstanding/accrued but not due for payment				
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	8.54	895.31	0	903.85
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
<b>Total (i+ii+iii)</b>	<b>8.54</b>	<b>895.31</b>	<b>0</b>	<b>903.85</b>
<b>Change in Indebtedness during the financial year</b>				
Additions	21.47	0	0	21.47
Reduction	0	(263.55)	0	(263.55)
<b>Net Change</b>	<b>21.47</b>	<b>(263.55)</b>	<b>0</b>	<b>(242.08)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	30.01	631.76	0	661.77
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
<b>Total (i+ii+iii)</b>	<b>30.01</b>	<b>631.76</b>	<b>0</b>	<b>661.77</b>

## 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	Total Amount
		<b>Harjeet Singh Arora</b>	
1	<b>Gross salary</b>		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax, 1961	2.40	2.40
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	0.03	0.03
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-

	<b>Total (i+ii+iii)</b>	-	-
2	Stock option	-	-
3	Sweat Equity	-	-
4	Commission	-	-
	as % of profit	-	-
	others (specify)	-	-
5	Others, please specify	-	-
	<b>Total (A)</b>	2.43	2.43
	<b>Ceiling as per the Act</b>	1.95	1.95

**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>	2.82	2.82

**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	-	0.18	0.53	0.72
	(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>0.18</b>	<b>0.53</b>	<b>0.72</b>

Note: Mr. Mohan Singh was appointed as Company Secretary of the company with effect from 14<sup>th</sup> November, 2014.**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 10.89:1. 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	Remuneration of Director/ KMP for financial year 2014-15 (in ₹ millions)	% increase in Remuneration in the Financial Year 2014-15	Comparison of the Remuneration of the KMP against the performance of the Company
1.	Mr. Harjeet Singh Arora	2.43	Nil	During the FY 2014-15, the PAT of the Company increased by 67.74% vis-a vis the 9.87%, being the highest increase in the remuneration of one of the KMPs of the Company.
2.	Mr. Mohan Singh	0.18	N.A.	
3.	Mr. Sunil Kumar	0.53	9.87%	

- c) There was a decrease of 12.91% in the median remuneration of employees in the financial year 2014-15 vis-a vis FY 2013-14 due to cost optimisation measures of the company.
- d) The Company had 18 permanent employees on the rolls of the Company.
- e) Relationship between average increase in remuneration and company performance:- The Profit after Tax for the financial year ended 31<sup>st</sup> March, 2015 increased by 67.74% whereas there was a decrease of 12.91% in the median remuneration of the employees of the Company.

### Explanation :

The average increase in remuneration is not based on Company's performance alone, but also takes into consideration other factors like the average increases being given by peer companies and overall budgetary impact within the Company. The % increase which was given in FY 2014- 15 was at similar levels as the rest of the industry. However, the decrease was mainly accounted as a result of no new fresh hirings after resignations as a part of company's cost optimisation measures.

- f) Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2014-15 was 5.07% whereas the increase in the managerial remuneration for the same financial year was 4.94%.
- g) None of the Directors are paid any variable component in the remuneration.
- h) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year - Not applicable.
- i) Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer:

Sr. No.	Description		
1	<b>Variation in Market Capitalisation</b>		
	Market Cap at 31 <sup>st</sup> March, 2015	Rs. 283.88 million	
	Market Cap at 31 <sup>st</sup> March, 2014	Rs. 262.13 million	
	Variation in Market cap in FY 2015	8.30%	
2	<b>Price-to-Earnings Ratio</b>	<b>Standalone</b>	<b>Consolidated</b>
	PE as at 31 <sup>st</sup> March, 2015 (Mkt Price/EPS)	7.74	3.03
	PE as at 31 <sup>st</sup> March, 2014 (Mkt Price/EPS)	11.99	3.12
	Variation in PE in FY 2015 (%)	(35.41)	(2.88)
3	<b>% Increase/Decrease from last Public Offer</b>		
	IPO Price per Share (April, 1995)	Rs. 50	
	Market Price as at 31 <sup>st</sup> March, 2015	Rs. 26.10	
	% decrease from last IPO	(47.80)	

- j) Affirmed that the remuneration is as per the remuneration policy of the company.

Note: Mr. Mohan Singh was appointed as Company Secretary of the company with effect from 14<sup>th</sup> November, 2014.



## CEO Certificate

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

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

**For Master Trust Limited**

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

Place: Ludhiana  
Date : 30.05.2015

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

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

**For Master Trust Limited**

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

Place: Ludhiana  
Date : 30.05.2015

# Practicing Company Secretary's Certificate

## Practising Company Secretary's Certificate on compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreement

To

The Members of

### **MasterTrust Limited**

We have examined the compliance of conditions of Corporate Governance by **MasterTrust Limited** for the year ended 31<sup>st</sup> March, 2015 as stipulated in Clause 49 of the Listing Agreement of the said company with the Stock Exchange(s) in India.

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

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

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

**For Rajeev Bhambri & Associates**

Company Secretary

FRN 011831N

**Rajeev Bhambri**

Prop.

(CP No. 9491)

Place : Ludhiana

Date : 30.05.2015

# Secretarial Audit Report

**FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> March, 2015**

**[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,  
Master Chambers, 19, 3rd Floor,  
Feroze Gandhi Market, Ludhiana-141001,  
Punjab (India)  
(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 our 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, 2015 ('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, 2015 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) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
  - (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 notified on 28 October 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 all labour & industrial laws, The Competition Act, 2012, all environmental laws.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India (Not notified hence not applicable to the Company during the audit period).
- (ii) The Listing Agreement entered into by the Company with Stock Exchange.

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. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. 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 read with SEBI Order no. WTM/RKA/ ISD/ 162 /2014 dated 19.12.2014, against the Company, amongst others as detailed in note no 22(c) of the standalone balance sheet of the Annual Report.

#### **Rajeev Bhambri & Associates**

Company Secretary in whole time practice

C.P. No. 9491

Place : Ludhiana

Dated : 30.05.2015

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: 30.05.2015



# Report on Corporate Governance

In compliance with Clause 49 of the Listing Agreement executed with the Stock Exchange, the Company hereby lays out several corporate governance related requirements, which listed companies are required to adopt and follow.

While most of the practices laid out in Clause 49 require mandatory compliance, others are recommendatory in nature, this Report sets out to define the governance practice followed by the Company.

## 1. Company's Philosophy

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

## 2. Board of Directors

### A. Composition:

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 31.03.2015 is given below :

Name of the Director & DIN	Category	Attendance at the last AGM	No. of Board meetings attended	No. of Directorships and Committee Membership / Chairmanship in other Companies		
				Directorship	Committee Chairmanship	Committee membership
Mr. Harjeet Singh Arora (DIN: 00063176)	Managing Director	Present	6	16	-	-
Mr. R. K. Singhania (DIN: 00077540)	Non Executive Director	Present	6	12	-	-
Mr. Pavan Kumar Chhabra (DIN: 000104957)	Independent Non Executive Director	Absent	1	7	-	-
Mr. G.S. Chawla (DIN: 00087449)	Non Executive Director	Present	4	5	-	-
Mrs. Harneesh Kaur Arora (DIN: 00089451)	Non Executive Director	Present	4	5	-	-
Mr. Anil Kumar Bhatia (DIN: 00254117)	Independent Non Executive Director	Absent	2	-	-	-
Mr. Sudhir Kumar (DIN: 00305360)	Independent Non Executive Director	Absent	6	2	-	-
Mr. Ashwani Kumar (DIN: 00030307)	Independent Non Executive Director	Present	3	7	5	4
Mr. Anil Kumar Malhotra (DIN: 00455951)	Independent Non Executive Director	Absent	5	6	-	-

- 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 Clause 49, the Committees considered are only the Audit Committee and Shareholders/ Investors Grievance Committee of Public Limited Companies.
  3. Directorships of Directors include private companies also.

C. During the year 2014-15, six (6) Board Meetings were held viz. on 02.04.2014, 30.05.2014, 14.08.2014, 22.09.2014, 14.11.2014 and 14.02.2015. 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 Corporate Governance Clause 49(III) of the Listing Agreement.

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 clause 49 of the Listing Agreement. The Company Secretary of the Company acts as the secretary of the Committee.

During the year 2014-15, 5 (Five) Audit Committee were held viz. on 30.05.2014, 14.08.2014, 22.09.2014, 14.11.2014 & 14.02.2015

### 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 Corporate Governance Clause 49(IV) of the Listing Agreement.

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. Singhanian, Mr. Pavan Chhabra & Mr. Sudhir Kumar, who are free from any business or other relationships.

### 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 2014-15 is given below :-

(₹ in Millions p.a.)

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

#### Non-Executive Directors

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

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

Details of Equity Shares of the Company held by the Non-Executive Directors as on 31<sup>st</sup> March 2015.

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

## 6. Stakeholders Relationship Committee

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

Mr. Mohan Singh, Company Secretary is the Compliance Officer of the Committee. The Committee meets as and when required, to deal with the investor related matters etc.

The terms of reference of the Stakeholders Relationship Committee are in accordance with the Listing Agreement of Stock Exchange as amended from time to time.

During the year, no stakeholders complaints were received. There were no outstanding investor complaints as on 31<sup>st</sup> March, 2015.

## 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 are given below:

Financial Year	Location	Date	Time
2014	Master Chambers, SCO - 19, Ground Floor, Feroze Gandhi Market, Ludhiana	26.09.2014	10:30 A.M.
2013	Master Chambers, SCO - 19, Ground Floor, Feroze Gandhi Market, Ludhiana	30.09.2013	10:00 A.M.
2012	Master Chambers, SCO - 19, Ground Floor, Feroze Gandhi Market, Ludhiana	29.09.2012	10:30 A.M.

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

Financial Year	Meeting	Date	Time	Special Resolution passed:
2014	Annual General Meeting	26.09.2014	10:30 A.M.	1. Appointment of Mr. Anil Bhatia, Mr. Anil K. Malhotra, Mr. Ashwani Kumar and Mr. Pavan Kumar Chhabra as Independent Directors. 2. Prior approval to related party transactions.
2013	Annual General Meeting	30.09.2013	10:00 A.M.	1. Re-appointment of Mr. Harjeet Singh Arora as Managing Director of the Company for a period of three years w.e.f. 27 <sup>th</sup> November, 2013. 2. Re-appointment of Mr. Sanjay Sood as Whole Time Director of the Company for a period of three years w.e.f. 27 <sup>th</sup> November, 2013.
2012	Annual General Meeting	29.09.2012	10:30 A.M.	Nil

During the year, the members of the Company have approved four Special Resolutions through postal ballot effective 10.02.2015 as per the following voting pattern:

	Promoter/ Public	No. of shares held (1)	No. of votes polled (2)	% of Votes Polled on outstanding shares (3) = [(2)/(1)]*100	No. of Votes- In favour (4)	No. of Votes - Against (5)	% of Votes Polled in favour on votes polled (6) = [(4)/(2)]*100	% of Votes Polled again st on votes polled (7) = [(5)/(2)]*100
<b>Special Resolution 1</b>	<b>Approve creation of charge on the total assets of the Company to secure its borrowings under Section 180(1)(a) of the Companies Act, 2013.</b>							
	Promoter and Promoter Group	7788670	5140332	66.00	5140332	0	100.00	0.00
	Public - Institutional holders	26067	0	0.00	0	0	0.00	0.00
	Public - Others	3061863	883370	28.85	883370	0	100.00	0.00
	Total	10876600	6023702	55.38	6023702	0	100.00	0.00
<b>Special Resolution 2</b>	<b>Authorise the Board of Directors to borrow in excess of the paid-up capital and free reserves of the Company under Section 180(1)(c) of the Companies Act, 2013.</b>							
	Promoter and Promoter Group	7788670	5140332	66.00	5140332	0	100.00	0.00
	Public - Institutional holders	26067	0	0.00	0	0	0.00	0.00
	Public - Others	3061863	883370	28.85	883270	100	99.99	0.01
	Total	10876600	6023702	55.38	6023602	100	100.00	0.00
<b>Special Resolution 3</b>	<b>Alteration of the Objects Clause of the Memorandum of Association of the Company.</b>							
	Promoter and Promoter Group	7788670	5140332	66.00	5140332	0	100.00	0.00
	Public - Institutional holders	26067	0	0.00	0	0	0.00	0.00
	Public - Others	3061863	883370	28.85	883370	0	100.00	0.00
	Total	10876600	6023702	55.38	6023702	0	100.00	0.00
<b>Special Resolution 4</b>	<b>Alteration of the Articles of Association of the Company, by adopting new set of Articles of Association containing regulations conforming to the Companies Act, 2013.</b>							
	Promoter and Promoter Group	7788670	5140332	66.00	5140332	0	100.00	0.00
	Public - Institutional holders	26067	0	0.00	0	0	0.00	0.00
	Public - Others	3061863	883370	28.85	883270	0	100.00	0.00
	Total	10876600	6023702	55.38	6023602	0	100.00	0.00

The Board had appointed Mr. Rajeev Bhambri, Practicing Company Secretary, Ludhiana as a Scrutinizer to conduct the postal ballot voting process in a fair and transparent manner. All the resolutions were passed with required majority for passing them as a special resolution.

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.

- 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 vide an Order passed by SEBI in the matter of First Financial Services Limited on 19.12.2014.
- Related Parties and transactions with them as required under Accounting Standard 18 (AS-18) are furnished under Note No. 25 of the Notes to the Accounts attached with the Financial Statements for the year ended 31<sup>st</sup> March, 2015. 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 Clause 49 of the Listing Agreement and has not followed the non mandatory requirements.

## 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 30<sup>th</sup> Annual General Meeting of Master Trust Limited will be held on Tuesday, the 29<sup>th</sup> day of September 2015, at 11:00 A. M. at Hotel Silver Stone, D - Block, SCO 14 -15, Dugri Road, Near Libra Bus Service, Model Town Extension, Model Town, Ludhiana, Punjab - 141002

**c. Date of Book Closure :** 25<sup>th</sup> September, 2015 - 29<sup>th</sup> September, 2015 (both days inclusive)

**d. Financial Year (Tentative) :** 1<sup>st</sup> April, 2015 to 31<sup>st</sup> March, 2016

Tentative calendar of events for the Financial Year 2015-16 is

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



**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 2015-16.

**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 2014-15 is given below:

Month	Master Trust Limited			BSE SENSEX		
	High Price	Low Price	Close Price	High Price	Low Price	Close Price
Apr-14	27.10	23.25	26.90	22,939.31	22,197.51	22,417.80
May-14	31.60	26.00	30.85	25,375.63	22,277.04	24,217.34
Jun-14	50.25	28.50	39.90	25,725.12	24,270.20	25,413.78
Jul-14	56.00	37.95	51.50	26,300.17	24,892.00	25,894.97
Aug-14	52.00	40.10	47.20	26,674.38	25,232.82	26,638.11
Sep-14	46.95	40.60	41.50	27,354.99	26,220.49	26,630.51
Oct-14	41.50	36.15	37.50	27,894.32	25,910.77	27,865.83
Nov-14	41.30	35.60	38.50	28,822.37	27,739.56	28,693.99
Dec-14	48.25	40.00	42.75	28,809.64	26,469.42	27,499.42
Jan-15	44.00	36.00	40.80	29,844.16	26,776.12	29,182.95
Feb-15	46.00	38.00	42.90	29,560.32	28,044.49	29,361.50
Mar-15	45.00	26.10	26.10	30,024.74	27,248.45	27,957.49

**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 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 31.03.2015**

Sr. No.	Category	No. of Shares	% of Shares
1.	Promoters	77,88,670	71.61%
2.	Bodies Corporate	20,60,143	18.94%
3.	Other Indian Public	10,01,720	9.21%
4.	NRI	26,067	0.24%
5.	FIIIs	-	-
	<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	19.71	62,53,350	80.29	77,88,670	71.61
Non-Promoters	2,58,725	8.38	28,29,205	91.62	30,87,930	28.39
Total	17,94,045	16.49	90,82,555	83.51	1,08,76,600	100.00

**m.** During the financial year ended on 31<sup>st</sup> March, 2015, the Company has not issued any GDRs / ADRs.

**n. Address for Correspondence:**

Regd. Office : Master Chambers, 3rd Floor, SCO 19, Feroze Gandhi Market,  
Ludhiana-141001  
Tele.No. : 0161-2410557-58, 3911525  
Fax No. : 0161-2402963  
Designated E-mail : secretarial@mastertrust.co.in

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

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

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

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

# Independent Auditor's Report

To  
The Members Of  
**Master Trust Ltd**

## **Report on the Financial Statements**

We have audited the accompanying standalone financial statements of **Master Trust Ltd ('the Company')**, which comprise the Balance Sheet as at 31<sup>st</sup> March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation 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 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 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, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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<sup>st</sup>, 2015 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, 2015 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) 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 22 to the financial statements.
    - (ii) The Company did not have any outstanding long-term contracts including derivative contracts as at 31<sup>st</sup> March, 2015 for which there were any material foreseeable losses: and
    - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

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

Place : Ludhiana  
Date : 30.05.2015

# Annexure To The Independent Auditor's Report

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

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
(b) Fixed assets have been physically verified by the management during the year at reasonable intervals and no material discrepancies were identified on such verification.
2. (a) The inventory, which are held in dematerialized/ physical form, has been verified during the year by the management and in our opinion the frequency of verification is reasonable.  
(b) In our opinion and according to the information and explanations given to us, the procedures of verification of inventory followed by the company are reasonable and adequate commensurate with the size of company and the nature of its business.  
(c) The company is maintaining proper record of inventory. The discrepancies noticed on verification between the physical inventory and book records were not material and the same have been properly dealt with the books of account.
3. The Company has granted unsecured loans to fourteen parties covered in the register maintained under section 189 of the Act.  
(a) 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)(a) of the Order is not applicable to the Company in respect of the principal amount.  
(b) There are no overdue amounts of more than ₹ 0.10 Million 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 during the course of audit, there are adequate internal control procedures commensurate with the size of company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. Further on the basis of our examination of books and records of the company and according to information and explanations given to us, we have neither come across nor have been informed of any instance of major weaknesses in the aforesaid internal control procedures.
5. According to the information and explanations given to us, the Company has not accepted deposits from the public during the period covered by our audit report. According to the information and explanation given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal in this regard in the case of the Company.
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, wealth 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<sup>st</sup> March, 2015 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, wealth tax, custom duty, excise duty and cess which have not been deposited on account of any dispute.
  - (c) There were no amounts which were required to be transferred to the investor education and protection fund by the Company in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made there under.
8. The company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
  9. 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 dues to financial institutions, banks or debenture holders during the year.
  10. The company has given the corporate guarantees of ₹1070.00 Million for the facilities of bank guarantees taken by the subsidiaries from banks or financial institutions, the terms and conditions whereof, in our opinion are prima facie not prejudicial to the interest of the company
  11. The Company did not have any term loans outstanding during the year.
  12. According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.

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

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

Place : Ludhiana  
Date : 30.05.2015



## Balance Sheet

# Master Trust Ltd.

## Balance Sheet as at 31<sup>st</sup> March, 2015

(₹ In Millions)

Particulars	Note	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	4	109.22	109.22
Reserves and surplus	5	639.65	603.00
		748.87	712.22
<b>Current liabilities</b>			
Short-term borrowings	6	661.77	903.85
Other current liabilities	7	110.04	121.93
Short-term provisions	8	1.97	14.39
		773.78	1040.17
<b>TOTAL</b>		<b>1522.65</b>	<b>1752.39</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets - Tangible	9	4.38	6.20
Non-current investments	10	206.35	231.44
Deferred tax assets (net)	11	0.41	0.41
Long-term loans and advances	12	31.77	24.47
		242.91	262.52
<b>Current assets</b>			
Inventories	13	87.08	58.88
Cash and cash equivalents	14	25.57	25.63
Short-term loans and advances	15	1166.15	1404.71
Other current assets	16	0.94	0.65
		1279.74	1489.87
<b>TOTAL</b>		<b>1522.65</b>	<b>1752.39</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 &amp; Co.

Chartered Accountants

Firm Registration Number 011831N

For and on behalf of the Board

R.K. Singhanian

Director

DIN - 00077540

Harjeet Singh Arora

Managing Director

DIN - 00063176

Manjeet Singh

Prop.

Membership Number 088759

Sunil Kumar

Chief Financial Officer

Mohan Singh

Company Secretary

Place : Ludhiana

Date : 30.05.2015

## Master Trust Ltd.

Statement of Profit and Loss for the year ended 31 <sup>st</sup> March, 2015				(₹ In Millions)
Particulars	Note	For the Year Ended 31 <sup>st</sup> March, 2015	For the Year Ended 31 <sup>st</sup> March, 2014	
<b>INCOME</b>				
Revenue from operations	17	153.44	149.41	
Other income	18	13.77	4.33	
<b>Total Revenue</b>		<b>167.21</b>	<b>153.74</b>	
<b>EXPENSES</b>				
Employee benefits expense	19	6.91	10.33	
Finance costs	20	107.27	102.55	
Depreciation	9	1.54	0.71	
Other expenses	21	11.03	14.05	
<b>Total Expenses</b>		<b>126.75</b>	<b>127.64</b>	
<b>Profit before tax</b>		<b>40.46</b>	<b>26.10</b>	
<b>Tax expense:</b>				
Current tax expense for current year		3.71	2.62	
Deferred tax		(0.01)	1.16	
Current tax expense relating to prior years		0.11	0.48	
<b>Profit for the year</b>		<b>36.65</b>	<b>21.84</b>	
Earnings per equity share of face value ₹10 each Basic and Diluted ( in ₹)		3.37	2.01	
Weighted average number of shares outstanding		10,876,600	10,876,600	
Significant Accounting Policies	2			
The accompanying notes are an integral part of the financial statements				

As per our Report of even date

**For Manjeet Singh & Co.**  
Chartered Accountants  
Firm Registration Number 011831N

**For and on behalf of the Board**

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

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

**Manjeet Singh**  
Prop.  
Membership Number 088759

**Sunil Kumar**  
Chief Financial Officer

**Mohan Singh**  
Company Secretary

Place : Ludhiana  
Date : 30.05.2015

## Master Trust Ltd.

Cash Flow Statement for the year ended 31 <sup>st</sup> March, 2015				(₹ In Millions)
Particulars	For the Year Ended 31 <sup>st</sup> March, 2015		For the Year Ended 31 <sup>st</sup> March, 2014	
<b>A. Cash flow from operating activities</b>		40.46		26.10
Net Profit before tax and extraordinary items				
<i>Adjustments for:</i>				
Depreciation and amortisation	1.54		0.71	
Provision for Gratuity	0.35		(0.06)	
Loss on sale of fixed assets	0.16		-	
Provision for Non Performing Assets	5.38		7.0	
		7.43		7.65
Operating profit before working capital changes		47.89		33.75
<i>Changes in working capital:</i>				
<i>Adjustments for (increase) / decrease in operating assets:</i>				
Inventories	(28.20)		(41.43)	
Trade receivables	-		8.92	
Short-term loans and advances	233.18		(391.92)	
Long-term loans and advances	(9.42)		(10.04)	
Other current assets	(0.29)		(0.24)	
<i>Adjustments for increase/(decrease) in operating liabilities:</i>				
Other current liabilities	(11.89)		4.42	
Short-term borrowings	(242.08)		378.12	
		(58.70)		(52.17)
Operating profit before extraordinary items		(10.81)		(18.42)
Cash flow from extraordinary items		-		-
Cash generated from operations		(10.81)		(18.42)
Net income tax (paid)		(3.58)		(2.97)
<b>Net cash flow (used in) operating activities (A)</b>		<b>(14.39)</b>		<b>(21.39)</b>
<b>B. Cash flow from investing activities</b>				
Purchase of fixed assets		(0.13)		(0.08)
Sale of fixed assets		0.25		-
Purchase of Investment		-		(15.23)
Sale of Investment		25.09		44.24
<b>Net cash flow from investing activities (B)</b>		<b>25.21</b>		<b>28.93</b>
<b>C. Cash flow from financing activities</b>				
Dividends paid		(10.88)		(10.88)
<b>Net cash flow (used in) financing activities(C)</b>		<b>(10.88)</b>		<b>(10.88)</b>
Net (decrease) in Cash and cash equivalents (A+B+C)		<b>(0.06)</b>		<b>(3.34)</b>
Cash and cash equivalents at the beginning of the year		<b>25.63</b>		<b>28.97</b>
Cash and cash equivalents at the end of the year		<b>25.57</b>		<b>25.63</b>

As per our Report of even date

**For Manjeet Singh & Co.**  
Chartered Accountants  
Firm Registration Number 011831N

**For and on behalf of the Board**

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

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

**Manjeet Singh**  
Prop.  
Membership Number 088759

**Sunil Kumar**  
Chief Financial Officer

**Mohan Singh**  
Company Secretary

Place : Ludhiana  
Date : 30.05.2015



## Notes forming part of financial statements for the year ended 31<sup>st</sup> March, 2015

### 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 (also refer note 3).

#### 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.

**3. Change of Estimates**

In accordance with the requirements of Schedule II to the Companies Act, 2013, the Company has re-assessed the useful lives and residual values of its fixed assets and an amount of ₹ 0.91 Million has been charged to the statement of profit and loss for the year ended 31<sup>st</sup> March, 2015 representing the additional depreciation on the carrying value of the assets as at 1<sup>st</sup> April, 2014 due to change in useful life of asset.

## Notes forming part of the financial statements

### Note 4 Share Capital

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2015		As at 31 <sup>st</sup> March, 2014	
	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>

4.1 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.

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

Name of the shareholder	As at 31 <sup>st</sup> March, 2015		As at 31 <sup>st</sup> March, 2014	
	Number of shares held	% of holding	Number of shares held	% of holding
Harjeet Singh Arora	1,586,848	14.59	1,406,848	12.93
Harneesh Kaur Arora	1,215,010	11.17	1,125,010	10.34
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	545,500	5.02
Gala Finance & Investment Limited	695,486	6.39	866,956	7.97
Vidya Portfolio Management (P) Ltd.	700,000	6.44	700,000	6.44
Prime Industries Ltd	593,958	5.46	593,958	5.46

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

Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
	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 5 Reserves and Surplus**

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
<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	19.51	15.14
Add: Transferred from Statement of Profit and Loss	7.32	4.37
Closing balance	26.83	19.51
<b>Reserve for Standard Assets</b>		
As per Last balance Sheet	3.15	-
Add: Transferred from Statement of Profit and Loss	(0.68)	3.15
Closing Balance	2.47	3.15
<b>Profit and Loss Account</b>		
As per last Balance Sheet	73.72	71.13
Add: Transferred from Statement of Profit and Loss	36.65	21.84
	110.37	92.97
Less: Appropriations		
Proposed Dividends on Equity Shares (₹1 per equity share)	-	10.88
Reserve for Standard Assets	(0.68)	3.15
Tax on dividend	-	0.85
Statutory Reserve	7.32	4.37
Closing balance	103.73	73.72
<b>Total</b>	<b>639.65</b>	<b>603.00</b>

**Note 6 Short-term borrowings**

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
<b>Loans repayable on demand</b>		
From banks		
Secured	10.37	8.54
From Others		
Secured	19.64	-
	<b>30.01</b>	<b>8.54</b>
<b>Loans and advances from related parties</b>		
Unsecured	331.06	371.82
<b>Other loans and advances</b>		
Unsecured	300.70	523.49
<b>Total</b>	<b>661.77</b>	<b>903.85</b>

6.1 Loans from banks are secured against pledging of FDRs

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

**Note 7 Other current liabilities**

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
Unpaid dividends	1.33	0.99
Statutory dues	7.18	9.06
Others	101.53	111.88
<b>Total</b>	<b>110.04</b>	<b>121.93</b>

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

**Note 8 Short-term provisions**

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
Provision for gratuity	1.86	2.29
Provision for tax	0.11	0.37
Provision for proposed equity dividend	-	10.88
Provision for tax on proposed dividends	-	0.85
<b>Total</b>	<b>1.97</b>	<b>14.39</b>

**Note 9 Fixed assets****Tangible Assets**

(₹ in Millions)

Particulars	GROSS BLOCK			ACCUMULATED DEPRECIATION				NET BLOCK		
	Balance as at 1 <sup>st</sup> April, 2014	Additions	Disposals/ Transfer	Balance as at 31 <sup>st</sup> March, 2015	Balance as at 1 <sup>st</sup> April, 2014	Depreciation expense for the year	Eliminated on disposal of assets	Balance as at 31 <sup>st</sup> March, 2015	Balance as at 31 <sup>st</sup> March, 2015	Balance as at 31 <sup>st</sup> March, 2014
Buildings	1.80	-	-	1.80	0.35	0.03	-	0.38	1.42	1.45
Furniture and Fixtures	1.88	-	-	1.88	1.56	0.04	-	1.60	0.28	0.32
Office equipment	3.52	0.10	-	3.62	2.03	0.84	-	2.87	0.75	1.49
Computer	1.52	0.03	-	1.55	1.46	0.05	-	1.51	0.04	0.06
Vehicles	5.16	-	0.86	4.30	2.28	0.58	0.45	2.41	1.89	2.88
<b>Total</b>	<b>13.88</b>	<b>0.13</b>	<b>0.86</b>	<b>13.15</b>	<b>7.68</b>	<b>1.54</b>	<b>0.45</b>	<b>8.77</b>	<b>4.38</b>	<b>6.20</b>
Previous year	13.80	0.08	0.00	13.88	6.97	0.71	0.00	7.68	6.20	6.83

**Note 10 Non-current investments | Long Term Investments**

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2015			As at 31 <sup>st</sup> March, 2014		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
<b>Investments (At cost):</b>						
<b>Investment in equity instruments of subsidiaries</b>						
59,00,000 (As at 31 <sup>st</sup> March, 2014: 59,00,000) shares of ₹10 each fully paid up in Master Capital Services Ltd.	-	61.00	61.00	-	61.00	61.00
2,00,000 (As at 31 <sup>st</sup> March, 2014: 2,00,000) shares of ₹10 each fully paid up in Master Infrastructure & Real Estate Developers Ltd.	-	89.50	89.50	-	89.50	89.50
12,500 (As at 31 <sup>st</sup> March, 2014: 12,500) shares of ₹100 each fully paid up in H A Share & Stock Brokers Ltd.	-	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 <sup>st</sup> March, 2014: 15,69,800) shares of ₹10 each fully paid up in Prime Industries Ltd.	5.70	-	5.70	5.70	-	5.70
<b>of other entities</b>						
1,468 (As at 31 <sup>st</sup> March, 2014: 1,468) shares of ₹10 each fully paid up in Trident Ltd.	0.01	-	0.01	0.01	-	0.01
5,000 (As at 31 <sup>st</sup> March, 2014: 5,000) shares of ₹10 each fully paid up in RRB Securities Ltd.	-	0.50	0.50	-	0.50	0.50
11,030 (As at 31 <sup>st</sup> March, 2014: 11,030) shares of ₹10 each fully paid up in Coal India Ltd.	2.67	-	2.67	2.67	-	2.67
1,781 (As at 31 <sup>st</sup> March, 2014: 1,781) shares of ₹10 each fully paid up in Power Grid Corporation of India Ltd.	0.15	-	0.15	0.15	-	0.15
NIL (As at 31 <sup>st</sup> March, 2014: 87,136) shares of ₹10 each fully paid up in SML Isuzu Ltd.	-	-	-	21.10	-	21.10
NIL (As at 31 <sup>st</sup> March, 2014: 100) shares of ₹10 each fully paid up in Convexity Solutions and Advisors P Ltd	-	-	-	-	0.01	0.01
	2.83	0.50	3.33	23.93	0.51	24.44
<b>Investment property</b>						
<b>Investment in debentures or bonds of subsidiaries</b>						
992 (As at 31 <sup>st</sup> March, 2014: 992) Deep Discount Bonds of ₹10,000 each fully paid up in Master Capital Services Ltd.	-	10.03	10.03	-	10.03	10.03
<b>Other non-current investments</b>						
<b>Government Securities</b>						
6.75% 2006 Government Securities	-	-	-	-	0.02	0.02
6.75% 2007 Government Securities	-	-	-	-	0.02	0.02
	-	-	-	-	0.04	0.04
<b>Total</b>	<b>8.53</b>	<b>198.31</b>	<b>206.84</b>	<b>29.63</b>	<b>202.30</b>	<b>231.93</b>
Less: Provision for diminution in value of investments	-	0.49	0.49	-	0.49	0.49
<b>Total</b>			<b>206.35</b>			<b>231.44</b>
Aggregate amount of quoted investments	8.53			29.63		
Aggregate market value of listed and quoted investments	5.15			34.01		
Aggregate amount of unquoted investments		197.82			201.81	



**Note 11 Deferred Tax Assets (Net)**

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
<b>Deferred Tax Asset</b> On account of Gratuity	0.57	0.71
<b>Deferred Tax Liability</b> On account of Depreciation	(0.16)	(0.30)
<b>Net Deferred Tax Asset</b>	<b>0.41</b>	<b>0.41</b>

**Note 12 Long-term loans and advances**

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
<b>Security deposits</b> Unsecured, considered good	0.28	0.27
Advance income tax	31.49	24.20
<b>Total</b>	<b>31.77</b>	<b>24.47</b>

**Note 13 Inventories**

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
<b>Stock-in-trade (acquired for trading)</b> Securities Land	79.16 7.92	50.95 7.93
<b>Total</b>	<b>87.08</b>	<b>58.88</b>

**Note 14 Cash and cash equivalents**

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
Cash In Hand	0.42	0.47
Balances with banks In current accounts In deposit accounts * In earmarked accounts - Unpaid dividend accounts	5.99 17.83 1.33	1.70 22.47 0.99
<b>Total</b>	<b>25.57</b>	<b>25.63</b>

\* Deposit are pledged against overdraft facility

**Note 15 Short-term loans and advances**

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
Loans and advances to related parties Unsecured, considered good	72.35	86.19
Prepaid expenses - Unsecured, considered good	0.03	0.02
Loans and advances to others Less: Provision for Non Performing Assets	1,110.48 (16.71)	1,329.83 (11.33)
	1,093.77	1,318.50
<b>Total</b>	<b>1,166.15</b>	<b>1,404.71</b>

**Note 16 Other current assets**

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
Others	0.94	0.65
<b>Total</b>	<b>0.94</b>	<b>0.65</b>

**Note 17 Revenue from operations**

(₹ in Millions)

Particulars	For the year ended 31 <sup>st</sup> March, 2015	For the year ended 31 <sup>st</sup> March, 2014
<b>Interest</b>		
Interest on Loans and Advances	118.75	140.40
Interest on Fixed Deposits	1.59	1.88
	120.34	142.28
<b>Other Financial Services</b>		
Income from Forex Business	-	4.22
Profit/(Loss) from dealing in securities	(1.83)	(20.71)
Dividend Income	29.47	23.33
Profit on Sale of Land	5.05	-
Others	0.41	0.29
	33.10	7.13
<b>Total</b>	<b>153.44</b>	<b>149.41</b>

**Note 18 Other income**

(₹ in Millions)

Particulars	For the year ended 31 <sup>st</sup> March, 2015	For the year ended 31 <sup>st</sup> March, 2014
<b>Net gain on sale of:</b> long-term investments	13.77	4.33
<b>Total</b>	<b>13.77</b>	<b>4.33</b>

**Note 19 Employee benefits expense**

(₹ in Millions)

Particulars	For the year ended 31 <sup>st</sup> March, 2015	For the year ended 31 <sup>st</sup> March, 2014
Salaries and wages *	6.59	10.01
Contributions to provident funds	0.05	0.10
Staff welfare expenses	0.27	0.22
<b>Total</b>	<b>6.91</b>	<b>10.33</b>

\* Includes Gratuity amounting to ₹0.35 (Year ended March 31<sup>st</sup>, 2014 : ₹0.09)**Note 20 Finance Costs**

(₹ in Millions)

Particulars	For the year ended 31 <sup>st</sup> March, 2015	For the year ended 31 <sup>st</sup> March, 2014
Interest expenses	107.25	102.51
Bank Charges	0.02	0.04
<b>Total</b>	<b>107.27</b>	<b>102.55</b>

**Note 21 Other expenses**

(₹ in Millions)

Particulars	For the year ended 31 <sup>st</sup> March, 2015	For the year ended 31 <sup>st</sup> March, 2014
Printing & Stationery	0.18	0.13
Postage, Telegram & Telephone	0.32	0.29
Rent	0.52	0.50
Fees & Taxes	0.24	0.13
Directors Travelling	0.07	0.13
Legal & Professional Charges	0.20	0.01
Travelling & Conveyance	0.07	0.11
Payments to auditors		
As auditors - statutory audit	0.12	0.12
For taxation matters	0.01	0.01
Office Maintenance	0.52	0.59
General Expenses	1.78	0.24
Loss on Sale of Fixed Assets	0.16	-
Advertisement Expenses	0.12	0.14
Provision for Non Performing Assets	5.38	7.00
Bad Debts	1.34	4.65
<b>Total</b>	<b>11.03</b>	<b>14.05</b>

**Note 22 Contingent liabilities**

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

Rejection of the PSIDC was challenged by the promoters/associates In the High Court of Punjab and Haryana at Chandigarh in Civil Writ Petition No. 6436 of 2011 and The Hon'ble High Court has decided the case in favour of promoters/associates vide order dated 10<sup>th</sup> October, 2014 and has held that the rejection order dated 3<sup>rd</sup> December, 2010 issued by PSIDC is quashed and the Company is entitled to the benefit of new OTS Policy-2009 and if the amount paid already in excess, the amount held in excess is directed to be repaid with interest @ 12 % p.a.

However consequent to correspondence and discussions between the PSIDC and the promoters/associates of Prime Industries Ltd, in order to avoid long drawn litigation the promoters/associates have agreed that they will not claim the refund of excess amount paid already with interest @ 12 % p.a as per the order of the Honorable Punjab & Haryana High Court and the Board of Directors of PSIDC in its meeting held on 10<sup>th</sup> February, 2015 has decided that the amount already paid shall be treated as full and final payment of the dues. Further, the parties have arrived upon a Mutual Settlement before the Honorable Punjab & Haryana High Court vide its Order dated 19<sup>th</sup> May, 2015.

As per the terms of Mutual Settlement, the promoters of Prime Industries Ltd including Master Trust Ltd stand absolved of all their liabilities/obligations under the direct subscription agreement dated 14<sup>th</sup> September, 1993 and undertaking for buy back of shares dated 14 September, 1993 in respect of direct subscription of equity shares of Prime Industries Ltd. As per the terms of the mutual settlement, PSIDC has agreed to withdraw its OA No. 164/2009 filed before Debts Recovery Tribunal, Chandigarh. The shares pledged with PSIDC have also been agreed to be released and the shares subscribed by PSIDC shall be transferred as per the terms of the settlement/compromise as per the order of the Honorable Punjab & Haryana High Court.

- (b) The Company has given Corporate Guarantee to Banks for securing the Bank Guarantees limits of ₹720.00 Million (As at 31<sup>st</sup> March, 2014: ₹ 620.00 Million) on behalf of Master Capital Services Ltd. a wholly owned subsidiary company and ₹350.00 Million (As at 31<sup>st</sup> March, 2014: ₹ 400.00 Million) on behalf of Master Commodity Services Ltd a subsidiary company.
- (c) As per an Ex-Parte Ad- Interim Order number WTM/RKA/ISD/162/2014 dated 19<sup>th</sup> December, 2014 by SEBI in the matter of First Financial Services Limited, Master Trust Limited amongst others, has been restrained from accessing the securities market and buying, selling or dealing in securities, either directly or indirectly, in any manner, till further directions. The Order has affected one of its activity i.e. trading/investment in securities till further directions.

The order is being contested by the company and is sub-judice. 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.

### Note 23

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

### Note 24

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

### Note 25 Related Party Disclosures

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

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

**Transactions with related parties**

(₹ in Millions)

Transactions with related parties	Subsidiaries	Associates/Enterprises owned or significantly influenced by the key Management Persons or their Relatives	Key Management Personnel and their Relatives	Total
Purchases	- (5.10)	17.10 (0.48)	-	17.10 (5.58)
Sale	25.74 (40.79)	22.08 (14.40)	-	47.82 (55.19)
Brokerage Paid	1.91 (0.07)	-	-	1.91 (0.07)
Interest Paid	69.97 (63.46)	-	2.13 (2.62)	72.10 (66.08)
Interest Received	5.34 (1.29)	5.29 (15.26)	-	10.63 (16.55)
Rent Paid	- -	-	0.01 (0.01)	0.01 (0.01)
Loan & Advances Given	- (32.02)	72.35 (54.17)	-	72.35 (86.19)
Loan & Advances Taken	248.09 (269.79)	0.78 (3.90)	82.18 (48.29)	331.05 (321.98)
Remuneration	- -	-	2.72 (3.63)	2.72 (3.63)
Corporate Guarantees given	1,070.00 (1,020.00)	-	-	1,070.00 (1,020.00)
Balance outstanding at the end of the year	-	72.35	-	72.35
Receivable	( 32.02)	(54.17)	-	(86.19)
Payable	248.09 (288.59)	0.78 (3.91)	82.18 (79.32)	331.05 (371.82)

**Note 26**

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

(₹ in Millions)

Particulars	Amount outstanding	Amount overdue
<b>Liabilities side :</b>		
<b>(1) Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid:</b>		
(a) Debentures : Secured	NIL	NIL
: Unsecured (other than falling within the meaning of public deposits*)	NIL	NIL
(b) Deferred Credits	NIL	NIL
(c) Term Loans	NIL	NIL
(d) Inter-corporate loans and borrowing	651.40	NIL
(e) Commercial Paper	NIL	NIL
(f) Other Loans		
Bank overdraft (secured against Fixed Deposits)	10.37	NIL
* Please see Note 1 below		
<b>Assets side :</b>		
<b>(2) Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :</b>	<b>Amount outstanding</b>	
(a) Secured	21.74	
(b) Unsecured	1144.38	
<b>(3) Break up of Leased Assets and stock on hire and other assets counting towards AFC activities</b>		
(i) Lease assets including lease rentals under sundry debtors :		
(a) Financial lease	NIL	
(b) Operating lease	NIL	
(ii) Stock on hire including hire charges under sundry debtors:		
(a) Assets on hire	NIL	
(b) Repossessed Assets	NIL	
(iii) Other loans counting towards AFC activities:		
(a) Loans where assets have been repossessed	NIL	

(b) Loans other than (a) above	NIL		
<b>(4) Break-up of Investments :</b>			
Current Investments :			
1. Quoted			
(i) Shares			
(a) Equity	NIL		
(b) Preference	NIL		
(ii) Debentures and Bonds	NIL		
(iii) Units of mutual funds	NIL		
(iv) Government Securities	NIL		
(v) Others (please specify)	NIL		
2. Unquoted			
(i) Shares			
(a) Equity	NIL		
(b) Preference	NIL		
(ii) Debentures and Bonds	NIL		
(iii) Units of mutual funds	NIL		
(iv) Government Securities	NIL		
(v) Others (please specify)	NIL		
Long Term investments :			
1. Quoted			
(i) Shares			
(a) Equity	8.53		
(b) Preference	NIL		
(ii) Debentures and Bonds	NIL		
(iii) Units of mutual funds	NIL		
(iv) Government Securities	NIL		
(v) Others (please specify)	NIL		
2. Unquoted			
(i) Shares			
(a) Equity	160.51		
(b) Preference	NIL		
(ii) Debentures and Bonds	10.03		
(iii) Units of mutual funds	NIL		
(iv) Government Securities	NIL		
(v) Others (please specify)	NIL		
Investment in Property	27.28		
<b>TOTAL</b>	<b>206.35</b>		
<b>(5) Borrower group-wise classification of assets financed as in (2) and (3) above :</b>			
	Secured	Unsecured	Total
Please see Note 2 below			
Category			
1. Related Parties **			
(a) Subsidiaries	NIL	NIL	NIL
(b) Companies in the same group	NIL	72.35	72.35
(c) Other related parties	NIL	NIL	NIL
2. Other than related parties	21.74	1072.03	1093.77
<b>Total</b>	<b>21.74</b>	<b>1144.38</b>	<b>1166.12</b>
<b>(6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):</b>	Market Value/Break up or fair value or NAV	Book Value (Net of Provisions)	
Please see note 3 below			
Category			
1. Related Parties **			
(a) Subsidiaries		1053.62	170.53
(b) Companies in the same group		0.85	5.70
(c) Other related parties		-	-
2. Other than related parties		31.58	30.12
<b>Total</b>		1086.05	206.35
** As per Accounting Standard of ICAI (Please see Note 3)			
<b>(7) Other information</b>			
Particulars Amount			
(i) Gross Non-Performing Assets			
(a) Related parties			NIL
(b) Other than related parties			16.71
(ii) Net Non-Performing Assets			
(a) Related parties			NIL
(b) Other than related parties			NIL
(iii) Assets acquired in satisfaction of debt			NIL
<b>Notes:</b>			
1. As defined in paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.			
2. Provisioning norms shall be applicable as prescribed in Non-Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies			



Prudential Norms (Reserve Bank) Directions, 2015.

3. All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in (4) above.

## Note 27

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

Firm Registration Number 011831N

### For and on behalf of the Board

**R.K. Singhania**

Director

DIN - 00077540

**Harjeet Singh Arora**

Managing Director

DIN - 00063176

**Manjeet Singh**

Prop.

Membership Number 088759

**Sunil Kumar**  
Chief Financial Officer

**Mohan Singh**  
Company Secretary

Place : Ludhiana

Date : 30.05.2015

A grayscale photograph of financial documents, a calculator, and a pen. The documents feature line graphs with handwritten annotations and a table with financial data. The calculator is a silver electronic device with black buttons, showing 'OFF', 'CE', 'ON/C', and large '0' and '1' buttons. A silver pen with a black grip lies across the documents. The background consists of overlapping papers with a chevron pattern.

# Consolidated Balance Sheet

# Consolidated Independent Auditor's Report

To  
The Members Of  
**Master Trust Ltd**

## Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **Master Trust Ltd ('the Company')** and its subsidiaries (the Company and its subsidiaries constitute "the Group") which comprise the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2015, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

## Management's Responsibility for the Consolidated Financial Statements

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

## Auditor's Responsibility

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

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

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

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

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31<sup>st</sup> March, 2015, 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 the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of Section 143(11) of the Act, based on the comments in the auditors' reports of the company and subsidiary companies, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
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 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<sup>st</sup> March, 2015 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<sup>st</sup> March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) 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 23 to the consolidated financial statements.
    - (ii) The Group did not have any outstanding long-term contracts including derivative contracts as at 31<sup>st</sup> March, 2015 for which there were any material foreseeable losses: and
    - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company and its subsidiary companies.

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

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

Place : Ludhiana  
Date : 30.05.2015

# Annexure To The Independent Auditor's Report

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

1. (a) The Company and its subsidiary companies, where applicable have maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
 (b) Fixed assets have been physically verified by the management of the respective entities during the year at reasonable intervals and no material discrepancies were identified on such verification.
2. (a) The inventory, which are held in dematerialized/ physical form, has been verified during the year by the management of the respective entities, where applicable and in our opinion the frequency of verification is reasonable.  
 (b) In our opinion and according to the information and explanations given to us, the procedures of verification of inventory followed by the company and its subsidiary companies are reasonable and adequate commensurate with the size of company and the nature of its business.  
 (c) The company and its subsidiary companies are maintaining proper record of inventory. The discrepancies noticed on verification between the physical inventory and book records were not material and the same have been properly dealt with the books of account.
3. The Company and its subsidiary companies have granted unsecured loans to twelve parties covered in the register maintained under section 189 of the Act.  
 (a) 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)(a) of the Order is not applicable to the Company and its subsidiary companies in respect of the principal amount.  
 (b) There are no overdue amounts of more than ₹ 0.10 Million 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 during the course of audit, there are adequate internal control procedures commensurate with the size of company and its subsidiary companies and the nature of its business with regard to purchase of inventory and fixed assets where applicable and for the sale of goods and services. Further on the basis of our examination of books and records of the company and its subsidiary companies and according to information and explanations given to us, we have neither come across nor have been informed of any instance of major weaknesses in the aforesaid internal control procedures.
5. According to the information and explanations given to us, the Company and its subsidiary companies have not accepted deposits from the public during the period covered by our audit report. According to the information and explanation given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal in this regard in the case of the Company and its subsidiary companies.
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 and its subsidiary companies.

7. (a) According to the information and explanations given to us and on the basis of our examination of the record of the Company and its subsidiary companies, the Company and its subsidiary companies have generally been regular in depositing with appropriate authorities undisputed statutory dues including 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.

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<sup>st</sup> March, 2015 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, wealth tax, custom duty, excise duty and cess which have not been deposited on account of any dispute.
- (c) There were no amounts which were required to be transferred to the investor education and protection fund by the Company in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made there under.
8. The company and its subsidiary companies does not have any accumulated losses at the end of the financial year and have not incurred cash losses in the financial year and in the immediately preceding financial year.
9. Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company and its subsidiary companies have not defaulted in repayment of dues to financial institutions, banks or debenture holders during the year.
10. The company has given the corporate guarantees of ₹1070.00 Million for the facilities of bank guarantees taken by the subsidiaries from banks or financial institutions, the terms and conditions whereof, in our opinion are prima facie not prejudicial to the interest of the company.
11. In our opinion and according to the information and explanations given to us the term loans have been applied by the companies and its subsidiary companies during the year, where applicable for the purpose for which they were obtained.
12. According to the information and explanations given to us, no material fraud on or by the Company and its subsidiary companies have been noticed or reported during the course of our audit.

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

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

Place : Ludhiana  
Date : 30.05.2015



## Master Trust Ltd.

Consolidated Balance Sheet as at 31<sup>st</sup> March, 2015

(₹ In Millions)

Particulars	Note	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2	109.22	109.22
Reserves and surplus	3	1563.83	1470.03
		1673.05	1579.25
<b>Minority Interest</b>	4	10.57	10.81
<b>Non-current liabilities</b>			
Long-term borrowings	5	428.36	415.63
Deferred tax liabilities (net)	6	4.66	10.74
		433.02	426.37
<b>Current liabilities</b>			
Trade payables	7	801.52	1135.92
Short-term borrowings	8	963.68	838.14
Other current liabilities	9	279.06	459.07
Short-term provisions	10	18.76	29.88
		2063.02	2463.01
<b>TOTAL</b>		<b>4179.66</b>	<b>4479.44</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets - Tangible	11	113.92	134.56
Non-current investments	12	181.99	482.58
Long-term loans and advances	13	125.97	101.70
		421.88	718.84
<b>Current assets</b>			
Inventories	14	337.04	307.74
Trade receivables	15	1006.71	948.73
Cash and cash equivalents	16	1200.50	994.13
Short-term loans and advances	17	1213.53	1510.00
		3757.78	3760.60
<b>TOTAL</b>		<b>4179.66</b>	<b>4479.44</b>
Significant Accounting Policies The accompanying notes are an integral part of the financial statements	1		

As per our Report of even date

For Manjeet Singh &amp; Co.

Chartered Accountants

Firm Registration Number 011831N

For and on behalf of the Board

R.K. Singhania

Director

DIN - 00077540

Harjeet Singh Arora

Managing Director

DIN - 00063176

Manjeet Singh

Prop.

Membership Number 088759

Sunil Kumar  
Chief Financial OfficerMohan Singh  
Company Secretary

Place : Ludhiana

Date : 30.05.2015

## Master Trust Ltd.

Consolidated Statement of Profit and Loss for the year ended 31 <sup>st</sup> March, 2015				(₹ In Millions)
Particulars	Note	For the Year Ended 31 <sup>st</sup> March, 2015	For the Year Ended 31 <sup>st</sup> March, 2014	
<b>Income</b>				
Revenue from operations	18	1126.66	869.25	
Other income	19	19.43	39.20	
<b>Total Revenue</b>		<b>1146.09</b>	<b>908.45</b>	
<b>Expenses</b>				
Employee benefits expense	20	193.46	165.21	
Finance costs	21	191.11	143.00	
Depreciation	11	44.61	11.68	
Other expenses	22	619.73	489.41	
<b>Total Expenses</b>		<b>1048.91</b>	<b>809.30</b>	
<b>Profit before tax</b>		<b>97.18</b>	<b>99.15</b>	
<b>Tax expense:</b>				
Current tax expense for current year		8.83	12.30	
Deferred tax		(6.33)	0.73	
Current tax expense relating to prior years		0.29	1.38	
Profit for the year before adjustment for Minority Interest		94.39	84.74	
Less Pre Acquisition Profit		0.00	0.26	
Less Share of profit transferred to Minority Interest		0.60	0.44	
<b>Profit for the year after adjustment for Minority Interest</b>		<b>93.79</b>	<b>84.04</b>	
Earnings per equity share of face value ₹ 10 each Basic and Diluted ( in ₹)		8.62	7.73	
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

Firm Registration Number 011831N

**Manjeet Singh**

Prop.

Membership Number 088759

Place : Ludhiana

Date : 30.05.2015

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

Director

DIN - 00077540

**Harjeet Singh Arora**

Managing Director

DIN - 00063176

**Sunil Kumar**

Chief Financial Officer

**Mohan Singh**

Company Secretary

## Master Trust Ltd.

Consolidated Cash Flow Statement for the year ended 31 <sup>st</sup> March, 2015				(₹ in Millions)
Particulars	For the Year Ended 31 <sup>st</sup> March, 2015		For the Year Ended 31 <sup>st</sup> March, 2014	
<b>A. Cash flow from operating activities</b>				
Net Profit before tax and extraordinary items		97.18		99.15
Adjustments for:				
Depreciation and amortisation	44.61		11.68	
Short-term provisions	1.12		2.23	
Loss/ (Profit) on sale of fixed assets	0.57		-	
Provision for Non Performing Assets	5.38		7.00	
		51.68		20.91
Operating profit before working capital changes		<b>148.86</b>		<b>120.06</b>
Changes in working capital:				
Adjustments for (increase)/decrease in operating assets:				
Inventories	(29.30)		(161.51)	
Trade receivables	(57.98)		295.42	
Short-term loans and advances	291.09		(434.71)	
Long-term loans and advances	(20.31)		(29.30)	
Adjustments for increase/(decrease) in operating liabilities:				
Trade payables	(334.40)		(110.53)	
Other current liabilities	(180.01)		2.38	
Short-term borrowings	125.54		518.93	
Long-term borrowings	12.73		34.26	
		(192.64)		114.94
Operating profit before extraordinary items		(43.78)		235.00
Cash flow from extraordinary items		-		-
Cash generated from operations		(43.78)		235.00
Net income tax (paid)		(14.20)		(12.53)
<b>Net cash flow from/ (used in) operating activities (A)</b>		<b>(57.98)</b>		<b>222.47</b>
<b>B. Cash flow from investing activities</b>				
Purchase of fixed assets		(26.07)		(20.20)
Sale of fixed assets		1.53		-
Purchase of Investment		(0.26)		(90.04)
Sale of Investment		300.85		57.64
<b>Net cash flow from/ (used in) investing activities (B)</b>		<b>276.05</b>		<b>(52.60)</b>
<b>C. Cash flow from financing activities</b>				
Change in Minority Interest		(0.82)		9.59
Dividends paid		(10.88)		(10.88)
<b>Net cash flow (used in) financing activities (C)</b>		<b>(11.07)</b>		<b>(1.29)</b>
<b>Net increase in Cash and cash equivalents (A+B+C)</b>		<b>206.37</b>		<b>168.58</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>994.13</b>		<b>825.55</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>1200.50</b>		<b>994.13</b>

As per our Report of even date

**For Manjeet Singh & Co.**

Chartered Accountants

Firm Registration Number 011831N

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

Director

DIN - 00077540

**Harjeet Singh Arora**

Managing Director

DIN - 00063176

**Manjeet Singh**

Prop.

Membership Number 088759

**Sunil Kumar**

Chief Financial Officer

**Mohan Singh**

Company Secretary

Place : Ludhiana

Date : 30.05.2015

## Notes forming part of consolidated financial statements for the year ended 31<sup>st</sup> March, 2015

### 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, 2015 and its following subsidiaries:

Subsidiaries	Accounting Year Ended Date	Proportion of Ownerships Interest as at 31 <sup>st</sup> March, 2015
Master Capital Services Ltd.	31 <sup>st</sup> March, 2015	100%
Master Infrastructure and Real Estate Developers Ltd.	31 <sup>st</sup> March, 2015	100%
Master Commodity Services Ltd.*	31 <sup>st</sup> March, 2015	100%
Master Insurance Brokers Ltd.*	31 <sup>st</sup> March, 2015	100%
Master Portfolio Services Ltd.*	31 <sup>st</sup> March, 2015	100%
H.A.Share & Stock Brokers Ltd.	31 <sup>st</sup> March, 2015	51%

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

All the subsidiaries are incorporated in India.

- (c) The financial statements of the Company and its subsidiaries have been combined on a line- by- line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating intra-group balances and intra-group transactions.
- (d) The Company has disclosed only such policies and notes from the individual financial statements, which fairly cover the required disclosures.
- (e) The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared on accrual basis under the historical cost convention.

#### B Use of Estimates

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

#### C Fixed Assets

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

#### D Depreciation and Amortisation

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

#### E Impairment of Assets

The company assesses at each balance sheet date whether there is any indication that an asset may be

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

#### **F Investments**

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

#### **G Inventories**

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

#### **H Revenue Recognition**

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

#### **I Employee Benefits**

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

#### **J Borrowing Costs**

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

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

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

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

#### **L Prudential Norms**

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

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

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

## Notes forming part of the financial statements

### Note 2 Share Capital

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2015		As at 31 <sup>st</sup> March, 2014	
	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, 2015		As at 31 <sup>st</sup> March, 2014	
	Number of shares held	% of holding	Number of shares held	% of holding
Harjeet Singh Arora	1,586,848	14.59	1,406,848	12.93
Harneesh Kaur Arora	1,215,010	11.17	1,125,010	10.34
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	545,500	5.02
Gala Finance & Investment Limited	695,486	6.39	866,956	7.97
Vidya Portfolio Management (P) Ltd.	700,000	6.44	700,000	6.44
Prime Industries Ltd	593,958	5.46	593,958	5.46

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

Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
	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, 2015	As at 31 <sup>st</sup> March, 2014
<b>Capital Reserve</b>		
As per last Balance Sheet	49.40	49.13
Add : On purchase of shares of subsidiary	0.01	0.27
	49.41	49.40
<b>Securities Premium Account</b>		
As per last Balance Sheet	460.38	460.38



<b>General Reserve</b>		
As per last Balance Sheet	21.98	20.37
Add: Transferred from Statement of Profit and Loss	-	1.61
Closing Balance	21.98	21.98
<b>Statutory Reserve (Under Section 45IC of RBI Act, 1934)</b>		
As per last Balance Sheet	19.51	15.14
Add: Transferred from Statement of Profit and Loss	7.33	4.37
Closing balance	26.84	19.51
<b>Reserve for Standard Assets</b>		
As per Last balance Sheet	3.15	-
Add: Transferred from Statement of Profit and Loss	(0.68)	3.15
Closing Balance	2.47	3.15
<b>Profit and Loss Account</b>		
As per last Balance Sheet	915.61	853.42
Add: Transferred from Statement of Profit and Loss	93.79	84.04
	1009.40	937.46
Less: Appropriations		
Proposed Dividends on Equity Shares (₹1 per equity share)	-	10.88
Tax on dividend	-	1.85
Reserve for Standard Asset	(0.68)	3.15
Statutory Reserve	7.33	4.37
General Reserve	-	1.60
Closing balance	1002.75	915.61
<b>Total</b>	<b>1563.83</b>	<b>1470.03</b>

**Note 4 Minority Interest**

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
Share Capital	8.51	9.01
Share of accumulated profit upto previous year	1.46	1.35
Profit for the year transferred from Statement of Profit & Loss	0.60	0.45
<b>Total</b>	<b>10.57</b>	<b>10.81</b>

**Note 5 Long-term borrowings**

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
<b>Deep Discount Bonds</b>		
Unsecured	19.64	23.28
Interest on Deep Discount Bond Accrued But not due.	406.67	391.36
	426.31	414.64
<b>Term Loans</b>		
From Banks - Secured	2.05	0.99
<b>Total</b>	<b>428.36</b>	<b>415.63</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 ₹ 2.05 (31 <sup>st</sup> March, 2014 : ₹ 0.99) is secured hypothecation of Cars	Repayable in equal monthly instalments.
5.2	Installments falling due in respect of all the above loans upto 31 <sup>st</sup> March, 2016 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, 2015	As at 31 <sup>st</sup> March, 2014
<b>Deferred Tax Liability</b>		
On account of Depreciation	10.29	14.84
<b>Deferred Tax Asset</b>		
On account of Gratuity	5.63	4.10
<b>Net Deferred Tax Liability</b>	<b>4.66</b>	<b>10.74</b>

**Note 7 Trade Payables**

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
Trade payables	801.52	1135.92
<b>Total</b>	<b>801.52</b>	<b>1135.92</b>

**Note 8 Short-Term Borrowings**

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
<b>Loans repayable on demand</b>		
From banks		
Secured	525.08	191.43
<b>From other parties</b>		
Secured	62.64	40.00
	587.72	231.43
<b>Loans and advances from related parties</b>		
Unsecured	75.26	83.22
<b>Other loans and advances</b>		
Unsecured	300.70	523.49
<b>Total</b>	<b>963.68</b>	<b>838.14</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, 2015	As at 31 <sup>st</sup> March, 2014
Current maturities of long-term debt (Refer Note 5 )	1.80	2.00
Unpaid dividends	1.33	0.99
Statutory dues	13.31	13.54
Others	262.62	442.54
<b>Total</b>	<b>279.06</b>	<b>459.07</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, 2015	As at 31 <sup>st</sup> March, 2014
Provision for gratuity	17.89	16.77
Provision for tax	0.87	0.38
Provision for proposed equity dividend	-	10.88
Provision for tax on proposed dividends	-	1.85
<b>Total</b>	<b>18.76</b>	<b>29.88</b>

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

(₹ in Millions)

Particulars	GROSS BLOCK				ACCUMULATED DEPRECIATION			NET BLOCK		
	Balance as at 1 <sup>st</sup> April, 2014	Additions/ Transfer	Disposals/ Transfer	Balance as at 31 <sup>st</sup> March, 2015	Balance as at 1 <sup>st</sup> April, 2014	Depreciation expense for the year	Eliminated on disposal of assets	Balance as at 31 <sup>st</sup> March, 2015	Balance as at 31 <sup>st</sup> March, 2015	Balance as at 31 <sup>st</sup> March, 2014
Buildings	41.30	16.63	-	57.93	3.70	5.52	-	9.22	48.71	37.60
Furniture and Fixtures	21.66	1.45	-	23.11	8.01	5.95	-	13.96	9.15	13.65
Office equipment	30.55	2.60	-	33.15	8.11	16.50	-	24.61	8.54	22.44
Computer	132.58	3.74	-	136.32	91.03	10.01	-	101.04	35.28	41.55
Vehicles	29.30	1.65	5.16	25.79	9.98	6.63	3.06	13.55	12.24	19.32
<b>Total</b>	<b>255.39</b>	<b>26.07</b>	<b>5.16</b>	<b>276.30</b>	<b>120.83</b>	<b>44.61</b>	<b>3.06</b>	<b>162.38</b>	<b>113.92</b>	<b>134.56</b>
Previous year	246.04	9.35	-	255.39	109.05	11.68	-	120.83	134.56	136.89

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

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2015			As at 31 <sup>st</sup> March, 2014		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
<b>Investments (At cost):</b>						
<b>Investment in equity instruments of associates</b>						
19,97,800 (As at 31 <sup>st</sup> March, 2014: 19,97,800) shares of ₹10 each fully paid up in Prime Industries Ltd.	8.63	-	8.63	18.22	-	18.22
4 (As at 31 <sup>st</sup> March, 2014: 4) shares of ₹300 each fully paid up in Master Projects Private Ltd.	-	1.05	1.05	-	1.05	1.05
	<b>8.63</b>	<b>1.05</b>	<b>9.68</b>	<b>18.22</b>	<b>1.05</b>	<b>19.27</b>
<b>of other entities</b>						
1,468 (As at 31 <sup>st</sup> March, 2014: 1,468) shares of ₹10 each fully paid up in Trident Ltd.	0.01	-	0.01	0.01	-	0.01
6,25,000 (As at 31 <sup>st</sup> March, 2014: 6,25,000) shares of ₹10 each fully paid up in Vardhman Polytext Ltd.	21.29	-	21.29	21.29	-	21.29
5,000 (As at 31 <sup>st</sup> March, 2014: 5,000) shares of ₹10 each fully paid up in RRB Securities Ltd.	-	0.50	0.50	-	0.50	0.50
11,030 (As at 31 <sup>st</sup> March, 2014: 11,030) shares of ₹10 each fully paid up in Coal India Ltd.	2.67	-	2.67	2.67	-	2.67
1,781 (As at 31 <sup>st</sup> March, 2014: 1,781) shares of ₹10 each fully paid up in Power Grid Corporation of India Ltd.	0.15	-	0.15	0.15	-	0.15
NIL (As at 31 <sup>st</sup> March, 2014: 87136) shares of ₹10 each fully paid up in SML Isuzu Ltd.	-	-	-	21.10	-	21.10
8,250 (As at 31 <sup>st</sup> March, 2014: 8,250) shares of ₹10 each fully paid up in Raghuvanshi Mills Ltd	0.09	-	0.09	0.09	-	0.09
125 (As at 31 <sup>st</sup> March, 2014: 125) shares of ₹10 each fully paid up in Varun Shipping Ltd	0.01	-	0.01	0.01	-	0.01
1,392 (As at 31 <sup>st</sup> March, 2014: 1,392) shares of ₹10 each fully paid up in MOIL Ltd	0.52	-	0.52	0.52	-	0.52
NIL (As at 31 <sup>st</sup> March, 2014: 2,00,000) shares of ₹10 each fully paid up in Prabhav Industries Ltd	-	-	-	7.00	-	7.00
5,438 (As at 31 <sup>st</sup> March, 2014: 5,438) shares of ₹10 each fully paid up in Bombay Stock Exchange Ltd	-	3.86	3.86	-	3.86	3.86
56 (As at 31 <sup>st</sup> March, 2014: Nil) shares of ₹10 each fully paid up in Tata Power Ltd and 100 (As at 31 <sup>st</sup> March, 2014: 100) shares of ₹1 each fully paid up in Ludhiana Stock Exchange Ltd	0.01	-	0.01	-	-	-
12,870 (As at 31 <sup>st</sup> March, 2014: Nil) shares of ₹10 each fully paid up in NCC Ltd	0.25	-	0.25	-	-	-
36,037 (As at 31 <sup>st</sup> March, 2014: 36,037) shares of ₹1 each fully paid up in Delhi Stock Exchange Ltd	-	1.30	1.30	-	1.30	1.30
NIL (As at 31 <sup>st</sup> March, 2014: 300) shares of ₹10 each fully paid up in Convexity Solutions and Advisors P Ltd	-	-	-	-	0.01	0.01
	<b>25.00</b>	<b>5.66</b>	<b>30.66</b>	<b>52.84</b>	<b>5.67</b>	<b>58.51</b>
<b>Investment property</b>						
<b>Investment in partnership firms</b>						
	-	90.95	90.95	-	101.82	101.82
	-	0.48	0.48	-	2.72	2.72
<b>Other non-current investments</b>						
<b>Government Securities</b>						
6.75% 2006 Government Securities	-	-	-	-	0.02	0.02
6.75% 2007 Government Securities	-	-	-	-	0.02	0.02
	-	-	-	-	0.04	0.04
<b>Mutual Funds</b>						
NIL (As at 31 <sup>st</sup> March, 2014: 50,00,000) units of Tata Mutual Fund of ₹10 each	-	-	-	50.00	-	50.00
NIL (As at 31 <sup>st</sup> March, 2014: 50,00,000) units of Reliance Mutual Fund of ₹10 each	-	-	-	50.00	-	50.00
NIL (As at 31 <sup>st</sup> March, 2014: 1,00,00,000) units of Axis Mutual Fund of ₹10 each	-	-	-	100.00	-	100.00
50,00,000 (As at 31 <sup>st</sup> March, 2014: 1,00,00,000) units of ICICI Mutual Fund of ₹10 each	50.71	-	50.71	100.71	-	100.71
	<b>50.71</b>	<b>-</b>	<b>50.71</b>	<b>300.71</b>	<b>-</b>	<b>300.71</b>
<b>Total</b>	<b>84.34</b>	<b>98.14</b>	<b>182.48</b>	<b>371.77</b>	<b>111.30</b>	<b>483.07</b>
Less: Provision for diminution in value of investments	-	0.49	0.49	-	0.49	0.49
<b>Total</b>			<b>181.99</b>			<b>482.58</b>
Aggregate amount of quoted investments	84.34			371.77		
Aggregate market value of listed and quoted investments	89.93			292.19		
Aggregate amount of unquoted investments		97.65			110.81	

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

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
<b>Security deposits</b>		
Unsecured, considered good	40.99	33.17
Advance income tax	84.98	68.53
<b>Total</b>	<b>125.97</b>	<b>101.70</b>

**Note 14 Inventories**

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
<b>Stock-in-trade (acquired for trading)</b>		
Securities	232.76	200.13
Land	104.28	107.61
<b>Total</b>	<b>337.04</b>	<b>307.74</b>

**Note 15 Trade Receivables**

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
Trade receivables outstanding for a period exceeding six months from the date they were due for payment Unsecured, considered good	55.91	14.19
Trade receivables outstanding for a period less than six months from the date they were due for payment Unsecured, considered good	950.80	934.54
<b>Total</b>	<b>1006.71</b>	<b>948.73</b>

**Note 16 Cash and Cash Equivalents**

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
Cash in hand	2.08	1.91
Balances with banks		
In current accounts	71.73	30.66
Cheques in hand (Net)	42.50	-
In deposit accounts *	1082.86	960.57
In earmarked accounts		
- Unpaid dividend accounts	1.33	0.99
<b>Total</b>	<b>1200.50</b>	<b>994.13</b>

\* Deposit are pledged against overdraft facility

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

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
Loans and advances to related parties Unsecured, considered good	32.36	54.18
Prepaid expenses - Unsecured, considered good	7.55	8.00
Loans and advances to others	1064.17	1281.42
Less: Provision for NPA	(16.71)	(11.33)
	1047.46	1270.09
Others	126.16	177.73
<b>Total</b>	<b>1213.53</b>	<b>1510.00</b>

**Note 18 Revenue from operations**

(₹ in Millions)

Particulars	For the year ended 31 <sup>st</sup> March, 2015	For the year ended 31 <sup>st</sup> March, 2014
<b>Interest</b>		
Interest on Loans and Advances	113.43	142.95
Interest on Fixed Deposits	104.86	68.46
	218.29	211.41
<b>Other Financial Services</b>		
Income from Forex Business	-	4.22
Brokerage/Profit/(Loss) from dealing in securities	691.32	511.97
Dividend Income	63.91	48.01
DP Income	12.53	11.85
Profit on Sale of Land	4.83	1.32
Others	135.78	80.47
	908.37	657.84
<b>Total</b>	<b>1126.66</b>	<b>869.25</b>

**Note 19 Other Income**

(₹ in Millions)

Particulars	For the year ended 31 <sup>st</sup> March, 2015	For the year ended 31 <sup>st</sup> March, 2014
<b>Net gain on sale of:</b> long-term investments	15.96	33.47
<b>Other non-operating income</b>		
Share of profit from partnership firms	1.12	0.63
Miscellaneous income	2.35	5.10
	3.47	5.73
<b>Total</b>	<b>19.43</b>	<b>39.20</b>

**Note 20 Employee benefits expense**

(₹ in Millions)

Particulars	For the year ended 31 <sup>st</sup> March, 2015	For the year ended 31 <sup>st</sup> March, 2014
Salaries and wages *	187.42	160.50
Contributions to provident funds	1.08	0.22
Staff welfare expenses	4.96	4.49
<b>Total</b>	<b>193.46</b>	<b>165.21</b>

\* Includes Gratuity amounting to ₹ 3.13 (Year ended March 31<sup>st</sup>, 2014 : ₹1.05)**Note 21 Finance costs**

(₹ in Millions)

Particulars	For the year ended 31 <sup>st</sup> March, 2015	For the year ended 31 <sup>st</sup> March, 2014
Interest expenses	184.73	136.90
Bank Charges	6.38	6.10
<b>Total</b>	<b>191.11</b>	<b>143.00</b>

**Note 22 Other expenses**

(₹ in Millions)

Particulars	For the year ended 31 <sup>st</sup> March, 2015	For the year ended 31 <sup>st</sup> March, 2014
Printing & Stationery	4.55	5.34
Postage, Telegram & Telephone	24.19	24.49
Rent	16.28	18.06
Fees & Taxes	5.42	2.30
Directors Travelling	0.07	0.13
Demat/ Remat Charges	3.86	2.64
Legal & Professional Charges	13.73	6.07
Travelling & Conveyance	9.72	10.33
Payments to auditors		
As auditors - statutory audit	0.41	0.41
For taxation matters	0.11	0.11
Office Maintenance	43.73	40.34
General Expenses	43.03	41.27
Advertisement Expenses	0.12	0.13
Sub Brokerage	300.46	204.70
Turnover Charges	107.33	96.32
VSAT Charges	3.70	6.55
Provision for Non Performing Assets	5.38	7.00
Loss/ (Profit) on Sale of Fixed Assets	0.57	-
Bad Debts	37.07	23.22
<b>Total</b>	<b>619.73</b>	<b>489.41</b>

**Note 23 Contingent Liabilities**

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

Rejection of the PSIDC was challenged by the promoters/associates In the High Court of Punjab and Haryana at Chandigarh in Civil Writ Petition No. 6436 of 2011 and The Hon'ble High Court has decided the case in favour of promoters/associates vide order dated 10<sup>th</sup> October, 2014 and has held that the rejection order dated 3<sup>rd</sup> December, 2010 issued by PSIDC is quashed and the Company is entitled to the benefit of new OTS Policy-2009 and if the amount paid already in excess, the amount held in excess is directed to be repaid with interest @ 12 % p.a.

However consequent to correspondence and discussions between the PSIDC and the promoters/associates of Prime Industries Ltd, in order to avoid long drawn litigation the promoters/associates have agreed that they will not claim the refund of excess amount paid already with interest @ 12 % p.a as per the order of the Honorable Punjab & Haryana High Court and the Board of Directors of PSIDC in its meeting held on 10<sup>th</sup> February, 2015 has decided that the amount already paid shall be treated as full and final payment of the dues. Further, the parties have arrived upon a Mutual Settlement before the Honorable Punjab & Haryana High Court vide its Order dated 19<sup>th</sup> May, 2015.

As per the terms of Mutual Settlement, the promoters of Prime Industries Ltd including Master Trust Ltd stand absolved of all their liabilities/obligations under the direct subscription agreement dated 14<sup>th</sup> September, 1993 and undertaking for buy back of shares dated 14<sup>th</sup> September, 1993 in respect of direct subscription of equity shares of Prime Industries Ltd. As per the terms of the mutual settlement, PSIDC has agreed to withdraw its OA No. 164/2009 filed before Debts Recovery Tribunal, Chandigarh. The shares pledged with PSIDC have also been agreed to be released and the shares subscribed by PSIDC shall be transferred as per the terms of the settlement/compromise as per the order of the Honorable Punjab & Haryana High Court.

- (b) Master Capital Services Ltd has given a Bank Guarantee amounting to ₹117.50 Millions (As at 31<sup>st</sup> March, 2014: ₹87.50 Millions) in favour of National Securities Clearing Corporation Ltd., ₹197.50 Millions (As at 31<sup>st</sup> March, 2014: ₹170.00 Millions) in favour of Stock Holding Corporation of India Ltd. and ₹30.00 Millions (As at 31<sup>st</sup> March, 2014: ₹31.00 Millions) in favour of The Bombay Stock Exchange.

Master Commodity Services Ltd has given a Bank Guarantee amounting to ₹93.75 Millions (As at 31<sup>st</sup>



March, 2014: ₹113.75 Millions) in favour of Multi Commodity Exchange of India Ltd. and ₹11.50 Millions (As at 31<sup>st</sup> March, 2014: ₹26.50 Millions) in favour of National Commodity & Derivatives Exchange Ltd.

Master Infrastructure and Real Estate Developers Ltd. has given Bank Guarantee of ₹0.05 Million (As at 31<sup>st</sup> March, 2014: ₹0.05 Million) in favour of Greater Ludhiana Area Development Authority.

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

The order is being contested by the company and is sub - judice. 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.

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

The Arbitration Award is being contested by the Company 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.

- (e) The Company has other small litigations with the clients, which have arisen in ordinary course of business. 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 24

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

## Note 25 Segment Reporting

- (a) Information about business Segments

(₹ in Millions)

Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
<b>A) Segment Revenue</b>		
1) Total Segment Revenue		
a) Brokerage & Allied	930.11	749.81
b) Forex Business	0.00	4.22
c) Interest	120.34	142.28
d) Others	95.64	12.14
<b>Total</b>	<b>1146.09</b>	<b>908.45</b>
2) Inter Segment Revenue	-	-
3) External Revenue (1-2)		
a) Brokerage & Allied	930.11	749.81
b) Forex Business	-	4.22
c) Interest	120.34	142.28
d) Others	95.64	12.14
<b>Total</b>	<b>1146.09</b>	<b>908.45</b>
<b>B) Results</b>		
1) Segment Results:		
a) Brokerage & Allied	53.85	71.17
b) Forex Business	-	1.45
c) Interest	6.62	18.05

d) Others	38.27	9.11
<b>Total</b>	<b>98.74</b>	<b>99.78</b>
2) Unallocated Expenses	1.56	0.63
3) Operating Profit	97.18	99.15
4) Provision	2.79	14.41
5) Minority Interest	0.60	0.70
6) Net Profit	93.79	84.04
<b>Other Information</b>		
1) Segment Assets		
a) Brokerage & Allied	2714.94	2751.81
b) Forex Business	-	1.98
c) Interest	734.18	1037.17
d) Others	691.68	656.25
<b>Total</b>	<b>4140.80</b>	<b>4447.21</b>
2) Unallocated Corporate Assets	38.86	32.23
3) Total Assets	4179.66	4479.44
4) Segment Liabilities		
a) Brokerage & Allied	1794.65	1887.19
b) Forex Business	-	0.71
c) Interest	672.34	916.57
d) Others	23.06	61.46
<b>Total</b>	<b>2490.05</b>	<b>2865.93</b>
5) Unallocated Liabilities	1.33	12.71
6) Deferred Tax Liabilities	4.66	10.74
7) Total Liabilities	2496.04	2889.38
8) Minority Interest	10.57	10.81
9) Share Holder's Fund	1673.05	1579.25

## (b) Information about Geographical Segments

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

**Note 26**

Master Capital Services Ltd had issued 4000 Deep Discount Bonds (DDB) in the previous years, outstanding Face Value at the end of the year amounting to ₹32.61 Millions (As at 31<sup>st</sup> March, 2014: ₹ 40.00 Millions), to augment the working capital and other requirements. Interest is accounted for on mercantile basis. However, as per the provisions of Income Tax Act, the tax will be deducted at source at the time of maturity/redemption. During the year the Company had redeemed 739 DDB's, However no TDS was deducted on the same as per expected compliance of Section 201(1) of Income Tax Act 1961, by the Bond Holders.

**Note 27 Related Party Disclosures**

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

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

**Transactions with related parties**

(₹ in Millions)

Transactions with related parties	Associates/Enterprises owned or significantly influenced by the key Management Persons or their Relatives	Key Management Personnel and their Relatives	Total
Purchases	17.10	-	17.10
	(2.28)	-	(2.28)
Sale	31.41	-	31.41
	(14.40)	-	(14.40)
Brokerage Received	0.80	0.06	0.86
	( 18.36)	(0.06)	(18.42)
Interest Paid	-	2.13	2.13
	-	(2.62)	(2.62)
Interest Received	5.29	-	5.29
	(15.26)	-	(15.26)
Rent Paid	0.14	0.38	0.52
	( 0.09)	(0.37)	(0.46)
Loan & Advances Given	72.35	-	72.35
	(54.17)	-	(54.17)
Loan & Advances Taken	0.78	82.18	82.96
	(3.90)	(48.29)	(52.19)
Remuneration	-	7.35	7.35
	-	(8.01)	(8.01)
Balance outstanding at the end of the year Receivable	74.06	-	74.06
	(62.55)	-	(62.55)
Payable	0.82	114.53	115.35
	(19.06)	(79.82)	(98.88)

**Note 28**

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

**For Manjeet Singh & Co.**

Chartered Accountants

Firm Registration Number 011831N

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

Director

DIN - 00077540

**Harjeet Singh Arora**

Managing Director

DIN - 00063176

**Manjeet Singh**

Prop.

Membership Number 088759

**Sunil Kumar**

Chief Financial Officer

**Mohan Singh**

Company Secretary

Place : Ludhiana

Date : 30.05.2015

# 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 for the subsidiary concerned, if different from the holding company's reporting period	1 <sup>st</sup> April, 2014 to 31 <sup>st</sup> March, 2015	1 <sup>st</sup> April, 2014 to 31 <sup>st</sup> March, 2015	1 <sup>st</sup> April, 2014 to 31 <sup>st</sup> March, 2015	1 <sup>st</sup> April, 2014 to 31 <sup>st</sup> March, 2015	1 <sup>st</sup> April, 2014 to 31 <sup>st</sup> March, 2015	1 <sup>st</sup> April, 2014 to 31 <sup>st</sup> March, 2015
2	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Indian Rupees ₹	Indian Rupees ₹	Indian Rupees ₹	Indian Rupees ₹	Indian Rupees ₹	Indian Rupees ₹
3	Share Capital	2.00	2.45	59.00	5.50	8.10	5.00
4	Reserves & Surplus	89.13	19.16	758.16	189.89	13.09	4.03
5	Total Assets	296.88	34.74	2746.51	344.81	21.79	9.90
6	Total Liabilities	205.75	13.13	1929.35	149.42	0.60	0.87
7	Investments	89.11	-	120.65	-	-	-
8	Turnover	4.57	42.27	867.79	127.65	7.61	8.36
9	Profit before taxation	0.92	1.74	44.08	14.65	0.23	0.99
10	Provision for taxation	0.38	0.50	(2.19)	0.29	0.07	0.31
11	Profit after taxation	0.54	1.24	46.26	14.36	0.16	0.68
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 2014 - 2015.

**For Manjeet Singh & Co.**

Chartered Accountants

Firm Registration Number 011831N

**Manjeet Singh**

Prop.

Membership Number 088759

Place : Ludhiana

Date : 30.05.2015

**For and on behalf of the Board**

**R.K. Singhania**

Director

DIN - 00077540

**Harjeet Singh Arora**

Managing Director

DIN - 00063176

**Sunil Kumar**

Chief Financial Officer

**Mohan Singh**

Company Secretary

**MASTER TRUST LIMITED**  
(CIN: L65991PB1985PLC006414)

Regd. Office: SCO 19, Master Chambers, Feroze Gandhi Market, Ludhiana-141001, Punjab  
E-mail id: secretarial@mastertrust.co.in, website: www.mastertrust.co.in, Phone: 0161-3911500

**NOTICE**

NOTICE is hereby given that the 30<sup>th</sup> Annual General Meeting of Members of the Company will be held on Tuesday, 29<sup>th</sup> day of September 2015, at 11.00 A.M. at Hotel Silver Stone, D - Block, SCO 14 -15, Dugri Road, Near Libra Bus Service, Model Town Extension, Model Town, Ludhiana, Punjab - 141002 to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2015 and the Profit and Loss Account ended as on that date together with the reports of the Directors' and the Auditors' thereon.
2. To appoint a Director in place of Mr. G.S. Chawla (DIN: 00087449), who retires by rotation and being eligible, seeks re-appointment.
3. To appoint a Director in place of Mrs. Harneesh Kaur Arora (DIN: 00089451), who retires by rotation and being eligible, seeks re-appointment.
4. To ratify the tenure of Statutory Auditors of the Company for the FY 2015-16 & to fix their remuneration.

**SPECIAL BUSINESS**

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 188 and any other applicable provisions of the Companies Act, 2013 and of the Rules made thereunder (including any statutory modifications, or re-enactment thereof for the time being in force), the approval of the members of the Company be and is hereby given to the Board of Directors of the Company to enter into contracts and/or agreements with Related Parties (as per details mentioned in the Statement annexed to the notice) for availing and/or rendering of any services.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to determine the actual sums to be involved in the proposed transactions and the terms & conditions related thereto and all other matters arising out of or incidental to the proposed transactions and to do all acts, deeds, matters and things that may be necessary, proper or expedient thereto for the purpose of giving effect to this resolution."

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 186 (3) and any other applicable provisions, if any, of the Companies Act, 2013, ('the Act') and the Rules made thereunder including any statutory modification or re-enactment thereof for the time being in force, the Board of Directors of the Company be and is hereby authorized to give any guarantee(s)/ provide any security(ies) in connection with loan(s) made, in their absolute discretion deemed beneficial and in the interest of the Company, in excess of 60% of the paid up share capital, free reserves and securities premium account of the Company or 100% of free reserves and securities premium account of the Company, whichever is more, as prescribed under section 186 of the Companies Act, 2013 from time to time up to a maximum amount of Rs. 5.00 billion (Rupees five billion only) in excess of the limits prescribed under Section 186 of the Act.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, any director or Company Secretary be and are hereby severally authorized to take from time to time, all decisions and such steps as may be necessary for giving guarantees or providing securities and to execute such documents, deeds, writings, papers and/or agreements as may be required and do all such acts, deeds, matters and things, as it may, in its absolute discretion, deem fit, necessary or appropriate.

By Order of the Board  
**For Master Trust Limited**

Place : Ludhiana  
Date : 14.08.2015

Regd. Office: SCO 19, Master Chambers,  
Feroze Gandhi Market, Ludhiana-141001, Punjab

(Mohan Singh)  
Company Secretary



## NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND THE MEETING AND THAT THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

**The proxy form, in order to be effective, must be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.**

2. The relative Explanatory Statement, pursuant to Section 102 of the Companies Act, 2013, in respect of Special Businesses under items 5 and 6 to be transacted at the Meeting, is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from, September 25, 2015 to September 29, 2015 (both days inclusive).
4. Since the Company's shares are in compulsory demat trading, to ensure better services and elimination of risk of holding shares in physical form, we request our shareholders holding shares in physical form to dematerialize their shares at the earliest.
5. Members holding shares in dematerialized form are requested to notify change in address/bank account, if any, to their respective Depository Participants (DPs). Members must quote their Folio Number/ De-mat Account No. (Client Id) in all correspondence with the Company and/or R&T Agent. The Company, in case of dematerialized shares, will not entertain any direct request from such members for change of address, transportation of names, deletion of name of deceased joint holder and change in the bank account details.
6. Any queries regarding the Annual Accounts or otherwise must be sent to Registered Office of the Company at least 10 days before the date of the meeting
7. Relevant documents referred to in the accompanying Notice are open for inspection by the Members at the Registered Office of the Company on all working days during office hours upto the date of the Annual General Meeting.
8. Nomination facility is available to the members in respect of shares held by them. Members holding Shares in physical form may obtain the nomination forms from the Company's Registrar and Share Transfer Agent. Members holding Shares in electronic form may obtain the nomination form from their respective Depository Participants.
9. Electronic copy of the notice along with the Annual Report is being sent to all members whose E-mail IDs are registered with the Company/ Depository Participant(s) for communication purposes unless any member has requested for hard copy of the same. For members who have not been registered their email address, physical copies of the Annual Report are being sent to them.
10. Pursuant to Section 205A read with Section 205C of the Companies Act, 1956, the dividend amounts which remain unpaid/unclaimed for a period of seven years, are required to be transferred to the Investors Education & Protection Fund of the Central Government. Accordingly, Unclaimed final dividend for the Financial Year 2009-10 which remain unpaid/unclaimed for a period of seven years will be transferred to the IEPF, pursuant to the provisions of Section 205A of Companies Act, 1956 (or Section 124 of Companies Act, 2013 once notified.). It may be noted that any person claiming to be entitled to the amount of dividend may apply to the concerned authority constituted by Central Government in this regard. Members who have not claimed their dividend for the financial year 2009-10 and 2013-14 are requested to make their claim to the Company immediately.
11. **Voting through electronic means:**
  - A) Pursuant to the provisions of Section 108 of the Companies Act, 2013 and the amended Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide its members the facility to exercise their right to vote at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services Limited (CDSL).



- B) A member may exercise his vote at any general meeting by electronic means and Company may pass any resolution by electronic voting system in accordance with the Rule 20 of the Companies (Management and Administration) Rules, 2014.
- C) During the e-voting period, members of the Company, holding shares either in physical form or dematerialized form, as on the cut-off date for the purpose of E-voting i.e. 23rd September, 2015, may cast their vote electronically.
- D) **The e-voting period commences at 9:30 a.m. on Saturday, 26th September, 2015 and ends at 5:00 p.m. on Monday, 28th September, 2015. The e-voting module shall be disabled by CDSL for voting thereafter.**
- E) **Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.**
- F) Voting rights shall be reckoned on the paid-up value of shares registered in the name of the members as on the cut-off date for the purpose of E-voting i.e. Wednesday, 23rd September, 2015.
- G) The Board of Directors at its meeting held on 14.08.2015 has appointed Mr. Rajeev Bhambri, Practicing Company Secretary (M. No. FCS 4327) as the scrutinizer to scrutinize the e-voting process (including the Ballot forms received from members not having access to E-voting process) in a fair and transparent manner.

**H) Instructions for e-voting:**

- The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com) during the voting period
- Click on "Shareholders" tab.
- Now Enter your User ID
  - For CDSL: 16 digits beneficiary ID,
  - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - Members holding shares in Physical Form should enter Folio Number registered with the Company.
- Next enter the Image Verification as displayed and Click on Login.
- If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- If you are a first time user follow the steps given below:

	<b>For Members holding shares in Demat Form and Physical Form</b>
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
DOB	<p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account in dd/mm/yyyy format.</p>
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio</p> <ul style="list-style-type: none"> <li>Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the No. of shares in the Dividend Bank details field.</li> </ul>

- After entering these details appropriately, click on "SUBMIT" tab.
- Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (i) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (j) Click on the EVSN – 150824052 for Master Trust Limited.
- (k) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (l) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (m) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (n) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (o) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (p) If Demat account holder has forgotten the same password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (q) **Note for Institutional Shareholders**
  - Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporate.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details they have to create compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (r) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- (s) Any person, who acquires shares of the Company and becomes a Member of the Company after dispatch of the Notice and holds shares as on the cut-off date i.e. 23rd September, 2015 may follow the same instructions as mentioned above for e-Voting.

## 12. Members who do not have access to e-voting facility

In terms of Clause 35B of the Listing Agreement, those members who do not have access to the E-voting Facility may send duly completed Ballot Form (enclosed with the Notice) so as to reach the Scrutinizer appointed by the Board of Directors of the Company, Mr. Rajeev Bhambri, Practicing Company Secretary (M. No. FCS 4327) at SCO No. 9, Jandu Tower, Miller Ganj, Ludhiana, Punjab – 141 003 not later than 28th September, 2015 (5.00 p.m. IST).

Ballot Form received after this date will be treated as invalid.

**A Member can opt for only one mode of voting i.e. either through e-voting or by Ballot. If a Member casts votes by both modes, then voting done through e-voting shall prevail and Ballot shall be treated as invalid.**

- 13. Members are requested to carefully read the instructions and in case of any queries, you may refer to the Q & A on e-Voting for Members and User Manual for Shareholders to cast their votes available in the Help section of [www.evotingindia.com](http://www.evotingindia.com).

14. Since the Company is required to provide facility to the members to exercise their right to vote by electronic means, shareholders of the Company, holding shares either in physical form or in dematerialized form and not casting their vote electronically or through enclosed Ballot Form, may cast their vote at the Annual General Meeting.
15. The Scrutinizer, appointed by the Board of Directors to scrutinize the e-voting process in a fair and transparent manner, shall within a period of not exceeding three (3) working days from the conclusion of the e-Voting period unlock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Consolidated Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
16. The Results shall be declared on the Annual General Meeting of the Company. The Results declared along with the Consolidated Scrutinizer's Report shall be placed on the Company's website [www.mastertrust.co.in](http://www.mastertrust.co.in) and on the website of CDSL immediately after passing of the resolutions at the Annual General Meeting of the Company on 29th September, 2015 and communicated to the BSE Limited.
17. Pursuant to Rule 18 of the Companies (Management and Administration) Rules, 2014, your Company is allowed to send the Notice of General Meetings through electronic mode to their Members. The Members are requested to support this initiative of paperless compliance by registering/updating their e-mail addresses with the Depository Participant (in case of shares held in dematerialised form) or with Registrar & Transfer Agent- Skyline Financial Services (P) Ltd, New Delhi by sending an E-mail to [admin@skylinerta.com](mailto:admin@skylinerta.com) or with the Company at [secretarial@mastertrust.co.in](mailto:secretarial@mastertrust.co.in) (in case of shares held in physical form).
18. The Notice & Annual Report of the Company circulated to the members, will also be made available on the Company's website at [www.mastertrust.co.in](http://www.mastertrust.co.in)
19. Information required to be provided under the Listing Agreement entered into with the Stock Exchanges, regarding the Directors who are proposed to be appointed/ re-appointed is as below:-

Name of the Director	Gurmeet Singh Chawla	Harneesh Kaur Arora
Age (years)	55 years	56 years
Qualification	B.E., M.B.A & D.B.F.	M.A.
Expertise	Wide experience of more than 18 years working in the field of Capital Market, Finance, Merchant Banking, Research, IT & other related activities.	Mrs. Harneesh Kaur Arora is a postgraduate in Arts and has over 30 years of experience in investment and securities market.
Directorship held in other Companies	1.Master Commodity Services Limited 2.Master Insurance Brokers Limited 3.Master Portfolio Services Limited 4.KAG Investment and Advisors Private Limited	1.HK Arora Real Estate Services Limited 2.Master Share and Stock Brokers Limited 3.Eminent Buildwell Private Limited 4.Saintco India Private Limited 5.H.A.Share and Stock Brokers Limited
Chairmanships / Memberships of Committees of other public companies	Nil	Nil
Shares held in the Company	Nil	11,25,010 shares (10.34%)
Relationship with other Director(s)	Not related to any other Director	Spouse of Mr. Harjeet Singh Arora

## EXPLANATORY STATEMENT TO THE NOTICE

As required by Section 102 of the Companies Act, 2013 the following Explanatory Statement sets out the material facts relating to the businesses under Item No.5 and 6 accompanying the Notice dated 14.08.2015.

### Item No. 5

Section 188 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Second Amendment Rules, 2014 dated 14.08.14 requires the approval of the members by way of a prior Special resolution for specified transactions beyond threshold limits with Related Parties.

Further, SEBI vide its Circular No. CIR/CFD/POLICY CELL/7/2014 dated 15.09.2014 prescribes that all material related party transactions to require approval of the shareholders through special resolution. SEBI vide its aforesaid circular defines a transaction with a related party to be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the company.

Your Company from time to time renders and avails various services which may include credit facilities from/to such Related Parties. Since, the transaction value for such services may exceed the prescribed threshold limits as prescribed under Sec 188 of the Act and the Rules made thereunder, therefore, as a matter of abundant precaution, the proposal is being put before the members of the Company for their approval.

The disclosures required to be provided under the provisions of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Second Amendment Rules, 2014 are given herein below for perusal of the members.

Sr. No.	Name of the related party	Name of the director or key managerial personnel who is related, if any	Nature of relationship
<b>Subsidiaries/Wholly Owned Subsidiaries</b>			
1	Master Capital Services Limited	None of the Directors or Key managerial personnel is related except to the extent of their directorship in the wholly owned subsidiary company.	Wholly Owned Subsidiary of the Company.
2	Master Commodity Services Limited	None of the Directors or Key managerial personnel is related except to the extent of their directorship in the wholly owned subsidiary company (step down).	Wholly Owned Subsidiary of the Company. (Step Down)
3	Master Portfolio Services Limited	None of the Directors or Key managerial personnel is related except to the extent of their directorship in the wholly owned subsidiary company (step down).	Wholly Owned Subsidiary of the Company (Step Down).
4	Master Insurance Brokers Limited	Mr. Harjeet Singh Arora and Mr. Rajinder Kumar Singhania and their relatives hold shares in the Subsidiary Company. None of the other Directors or Key managerial personnel is related except to the extent of their directorship in the Subsidiary company.	Subsidiary of the Company (Step Down).
5	Master Infrastructure and Real Estate Developers Limited	None of the Directors or Key managerial personnel is related except to the extent of their directorship in the wholly owned subsidiary company.	Wholly Owned Subsidiary of the Company.
6	Prime Industries Limited	Mr. Harjeet Singh Arora, Mrs. Harneesh Kaur Arora and Mr. Rajinder Kumar Singhania hold shares in Prime Industries Limited. None of the Directors or Key managerial personnel is related except to the extent of their directorship in the wholly owned subsidiary company.	Directors of the Company are Directors and Shareholders in Prime Industries Ltd.
7	H. A. Shares & Stock Brokers Limited	Except Mr. Harjeet Singh Arora being the Director and Mrs. Harneesh Kaur Arora, being the Director of Shareholder, none of the other Directors or Key managerial personnel is related to the Subsidiary Company.	Subsidiary of the Company.
8	Bigbuild Real Estate Private Limited	Mr. Harjeet Singh Arora and Mr. Rajinder Kumar Singhania are directors and shareholders in Bigbuild Real Estate Private Ltd. None of the other Directors or Key managerial personnel is related.	Directors of the Company are Directors and Shareholders in Bigbuild Real Estate Private Ltd.

9	Prime Agro Farms Private Limited	Mr. Harjeet Singh Arora and Mr. Rajinder Kumar Singhanian are directors and shareholders in Prime Agro Farms Private Limited None of the other Directors or Key managerial personnel is related.	Directors of the Company are Directors and Shareholders in Prime Agro Farms Private Limited
10	Master Share & Stock Brokers Limited	Mr. Harjeet Singh Arora and Mrs. Harneesh Kaur Arora are directors and shareholders in Master Share & Stock Brokers Ltd. Mr. Rajinder Kumar Singhanian is also a Director in Master Share & Stock Brokers Ltd. None of the other Directors or Key managerial personnel is related.	Directors of the Company are Directors and Shareholders in Master Share & Stock Brokers Ltd
	Nature, material terms, monetary value and particulars of the contract or arrangement	As may be decided by the Board of Directors at relevant time.	
	Any other information relevant or important for the members to take a decision on the proposed resolution	Nil	

#### Item No. 6

Prior to April 1, 2014, the Company had been giving guarantees to and providing securities in connection with loans to various persons and bodies corporate from time to time in compliance with the applicable provisions of the Companies Act, 1956 (the "Old Act").

Section 186 of the Companies Act, 2013 (the "Act") read with the Companies (Meetings of Board and its Powers) Rules, 2014 (the "Rules") (as amended) has been brought into force with effect from April 1, 2014 and consequently, the corresponding Section 372A of the Old Act in relation to inter corporate loans and investments has been repealed. Section 186(2) of the Act provides that no company is permitted to, directly or indirectly, (a) give any loan to any person or other body corporate; (b) give any guarantee or provide security in connection with a loan to any other body corporate or person; and (c) acquire by way of subscription, purchase or otherwise, the securities of any other body corporate, exceeding sixty percent of its paid-up share capital, free reserves and securities premium account or one hundred per cent of its free reserves and securities premium account, whichever is more. Section 186(3) of the Act read with Rule 13 of the Rules provides that where the aggregate of the loans and investments so far made and the amount for which guarantees or securities so far provided to or in all other bodies corporate alongwith the investment, loan, guarantee or security proposed to be made or given by the Board of Directors (the "Board") of a company exceed the limits specified under Section 186(2) of the Act, no investment or loan is permitted to be made or given or guarantee/ security permitted to be provided unless previously authorised by a Special Resolution. The Company however is exempt from the provisions of Section 186(3) of the Companies Act, 2013 by virtue of Section 186(11) of the Companies Act, 2013 in respect of its investment and lending activities being an NBFC. The Company nonetheless has to provide corporate guarantees or securities in respect of lendings in favour of other Body Corporates.

As per the latest audited balance sheet of the Company as at March 31, 2015, sixty per cent of the paid-up share capital, free reserves and securities premium account is equal to Rs. 402.80 millions while one hundred per cent of its free reserves and securities premium account is equal to Rs. 562.11 millions. Therefore, the maximum limit available to the Company under Section 186(2) of the Act for providing guarantees/securities (as the case may be) is Rs. 562.11 millions. The aggregate of guarantees or securities proposed to be made or given or provided by the Company may exceed the limits for the Company as specified under Section 186(2) of the Act from time to time.

In view of the above, approval of Shareholders is sought for giving guarantees or providing securities (as specified in the Special Resolution) in excess of the limits specified under Section 186(2) of the Act.

In light of the above, the Directors of the Company commend the resolution for approval of Shareholders by way of Special Resolution.

None of the Directors or Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the Special Resolution except to the extent of their directorships and shareholding in the bodies corporate in which investments may be made or loans/ guarantees may be given or securities may be provided pursuant to this Special Resolution.

By Order of the Board  
For Master Trust Limited

Place : Ludhiana  
Date : 14.08.2015

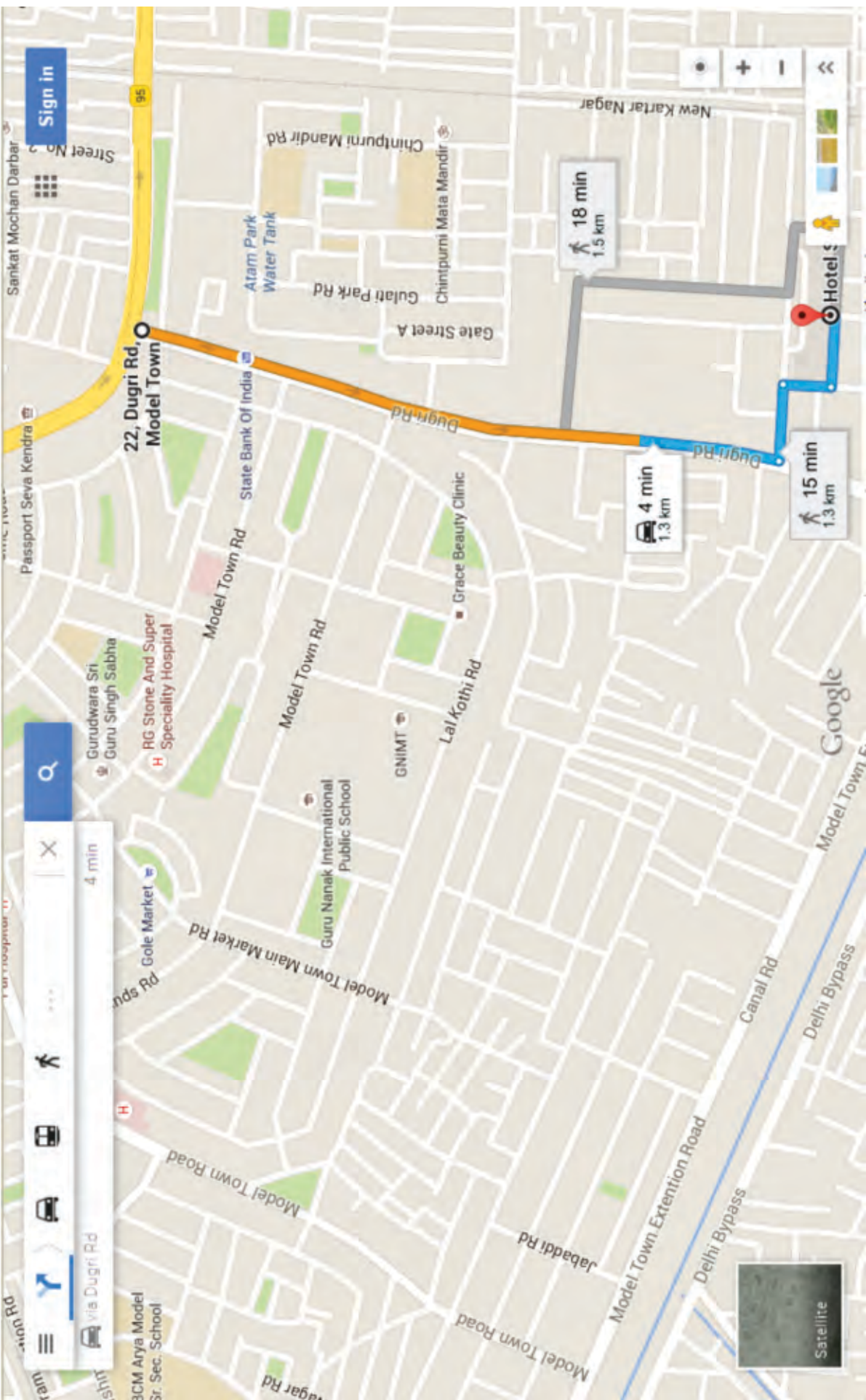
Regd. Office: SCO 19, Master Chambers,  
Feroze Gandhi Market, Ludhiana-141001, Punjab

(Mohan Singh)  
Company Secretary





Route map for reaching Hotel Silverstone from Bus Stand Road, Ludhiana





**MASTER TRUST LIMITED**  
**Regd. Office: Master Chamber, SCO-19, Feroze Gandhi Market, Ludhiana**  
**CIN: L65991PB1985PLC006414**

**Proxy form**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies  
(Management and Administration) Rules, 2014]

Name of the member (s) :		E-mail Id :	
Registered address :		Folio No/ Client Id :	
		DP ID :	

I/We, being the member (s) of ..... shares of Master Trust Limited, hereby appoint

1. Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
E-mail Id: \_\_\_\_\_  
Signature: \_\_\_\_\_ , or failing him
  
2. Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
E-mail Id: \_\_\_\_\_  
Signature: \_\_\_\_\_ , or failing him
  
3. Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
E-mail Id: \_\_\_\_\_  
Signature: \_\_\_\_\_ , or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 30th Annual General Meeting/ Extraordinary general meeting of the company, to be held on the 29th day of September, 2015 at 11.00 a.m. at Hotel Silver Stone, D - Block, SCO 14 - 15, Dugri Road, Near Libra Bus Service, Model Town Extension, Model Town, Ludhiana, Punjab - 141002 and at any adjournment thereof in respect of such resolutions as are indicated below:

Item No.	Description	I / We assent to the resolution (For)	I / We dissent to the resolution (Against)
1	Adoption of the audited Balance Sheet and Profit & Loss Account for the year ended March 31, 2015 and the reports of the Board of Directors and Auditors thereon.		
2	Appointment of Mr. G. S. Chawla (DIN: 00087449), who retires by rotation and being eligible, seeks re-appointment.		
3	Appointment of Mrs. Harneesh Kaur Arora (DIN: 00089451), who retires by rotation and being eligible, seeks re-appointment.		
4	To ratify the appointment of Statutory Auditors of the Company for the FY 2015-16.		
5	Approval of Related Party Transactions.		
6	To give guarantees or provides securities in excess of the limits prescribed under Section 186(3) of Companies Act, 2013.		

Signed this \_\_\_\_\_ day of \_\_\_\_ 20 \_\_\_\_

Signature of shareholder

Signature of Proxy holder(s)



**Note:**

- 1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.**
- 2. A Proxy need not be a member of the Company.**
- 3. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.**
4. Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.
5. In the case of jointholders, the signature of any one holder will be sufficient, but names of all the jointholders should be stated.
6. The member has the option of indicating the manner in which the vote be cast. This is only optional. If the member leaves the 'For' or 'Against' column blank against any or all the resolutions, the Proxy will be entitled to vote in the manner as he/she thinks appropriate.

**MASTER TRUST LIMITED**

**Regd. Office: Master Chamber, SCO-19, Feroze Gandhi Market, Ludhiana**

**CIN: L65991PB1985PLC006414**

**ATTENDANCE SLIP**

(Please complete and hand it over at the entrance of the meeting hall.)  
(Only Members or their Proxies are entitled to be present at the Meeting)

Folio No. : \_\_\_\_\_

Client ID/DP ID\* : \_\_\_\_\_

Name of Shareholder/  
Joint Shareholder/Proxy \_\_\_\_\_

Address \_\_\_\_\_  
\_\_\_\_\_

No. of Shares held \_\_\_\_\_

I/We hereby record my/our presence at the 30th Annual General Meeting held on Tuesday, 29th day of September 2015, at 11.00 A.M. at Hotel Silver Stone, D - Block, SCO 14 -15, Dugri Road, Near Libra Bus Service, Model Town Extension, Model Town, Ludhiana, Punjab - 141002.

SIGNATURE OF THE MEMBER(S)/PROXY(S) PRESENT

\_\_\_\_\_

\*Applicable to investors holding shares in electronic form only





**MASTER TRUST LIMITED****Registered office: Master Chambers, 19, 3rd Floor, Feroze Gandhi Market, Ludhiana, Punjab - 141001.****[CIN No: L65991PB1985PLC006414] [E-Mail: secretarial@mastertrust.co.in]****[Website: www.mastertrust.co.in] [Tel Nos: 0161-3911500]****BALLOT FORM**

(To be returned to Scrutinizer appointed by Master Trust Limited)

1. Name(s) of Member(s) : \_\_\_\_\_  
(including joint-holders, if any)

2. Registered Folio No. / : \_\_\_\_\_  
DPID No. / Client ID No.\* \_\_\_\_\_

(\*Applicable to Members holding  
shares in dematerialised form)

3. I/We hereby exercise my/our vote in respect of the Ordinary Resolution(s) / Special Resolution(s) as specified in the Notice dated 14.08.2015 to be passed through Ballot for the business stated in the said Notice by conveying my/our assent or dissent to the said resolution in the relevant box below:

Item No.	Description	Type of resolution (Ordinary/Special)	I / We assent to the resolution (For)	I / We dissent to the resolution (Against)
1	Adoption of the audited Balance Sheet and Profit & Loss Account for the year ended March 31, 2015 and the reports of the Board of Directors and Auditors thereon.	Ordinary		
2	Appointment of Mr. G. S. Chawla (DIN: 00087449), who retires by rotation and being eligible, seeks re-appointment.	Ordinary		
3	Appointment of Mrs. Harneesh Kaur Arora (DIN: 00089451), who retires by rotation and being eligible, seeks re-appointment.	Ordinary		
4	To ratify the appointment of Statutory Auditors of the Company for the FY 2015-16.	Ordinary		
5	Approval of Related Party Transactions.	Special		
6	To give guarantees or provides securities in excess of the limits prescribed under Section 186(3) of Companies Act, 2013.	Special		

Place : \_\_\_\_\_

Date : \_\_\_\_\_

\_\_\_\_\_  
Signature of Member / Beneficial Owner

E-Mail \_\_\_\_\_

Tel.No. \_\_\_\_\_









## **Forward Looking Statement**

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

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

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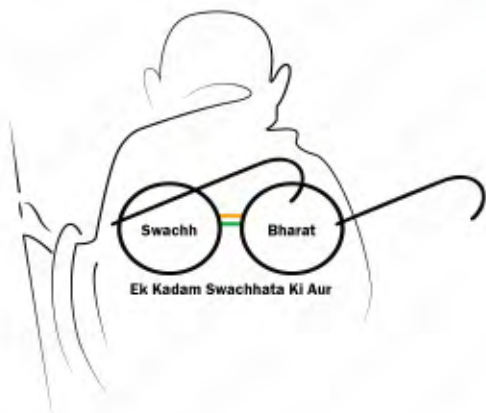
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