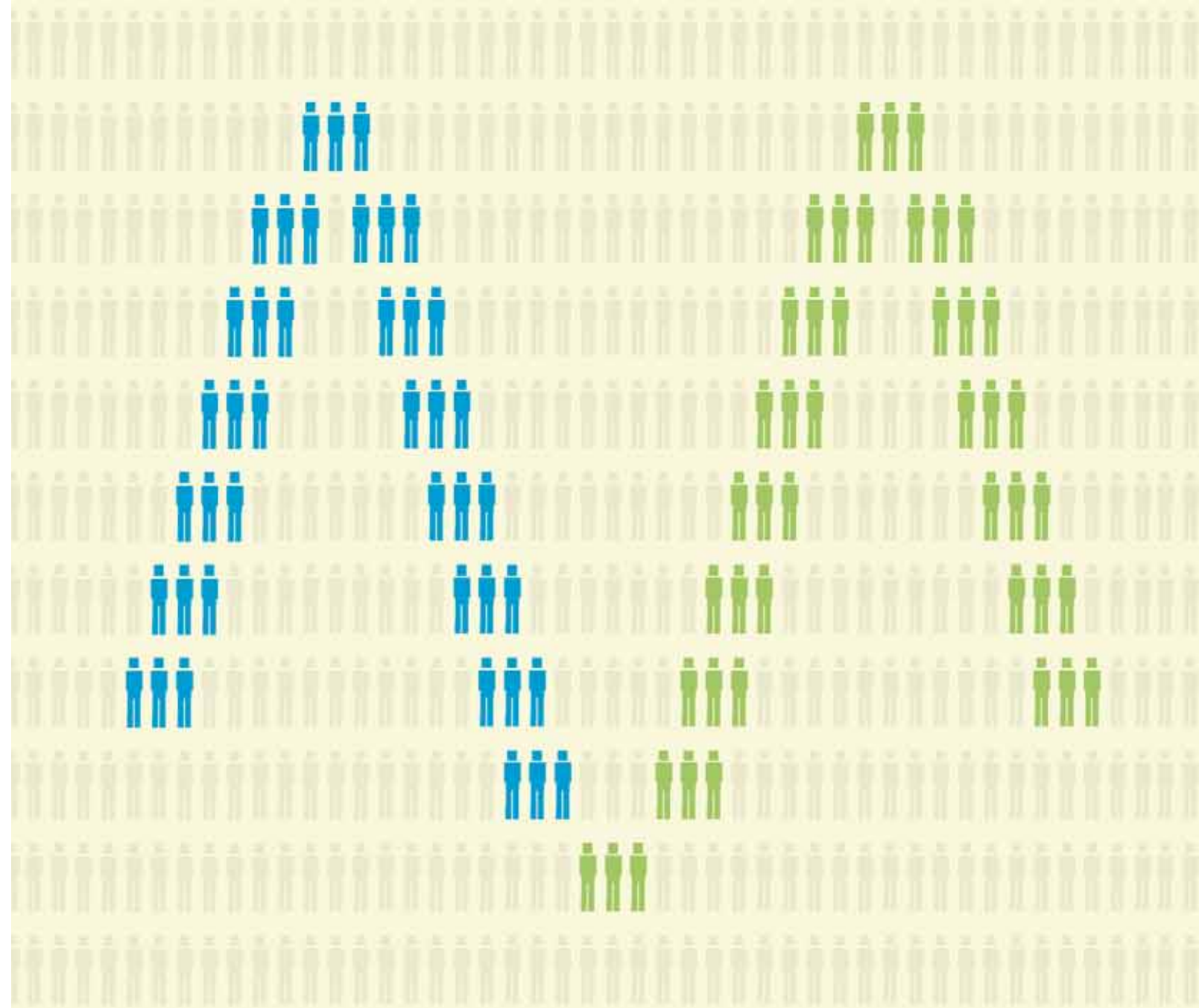
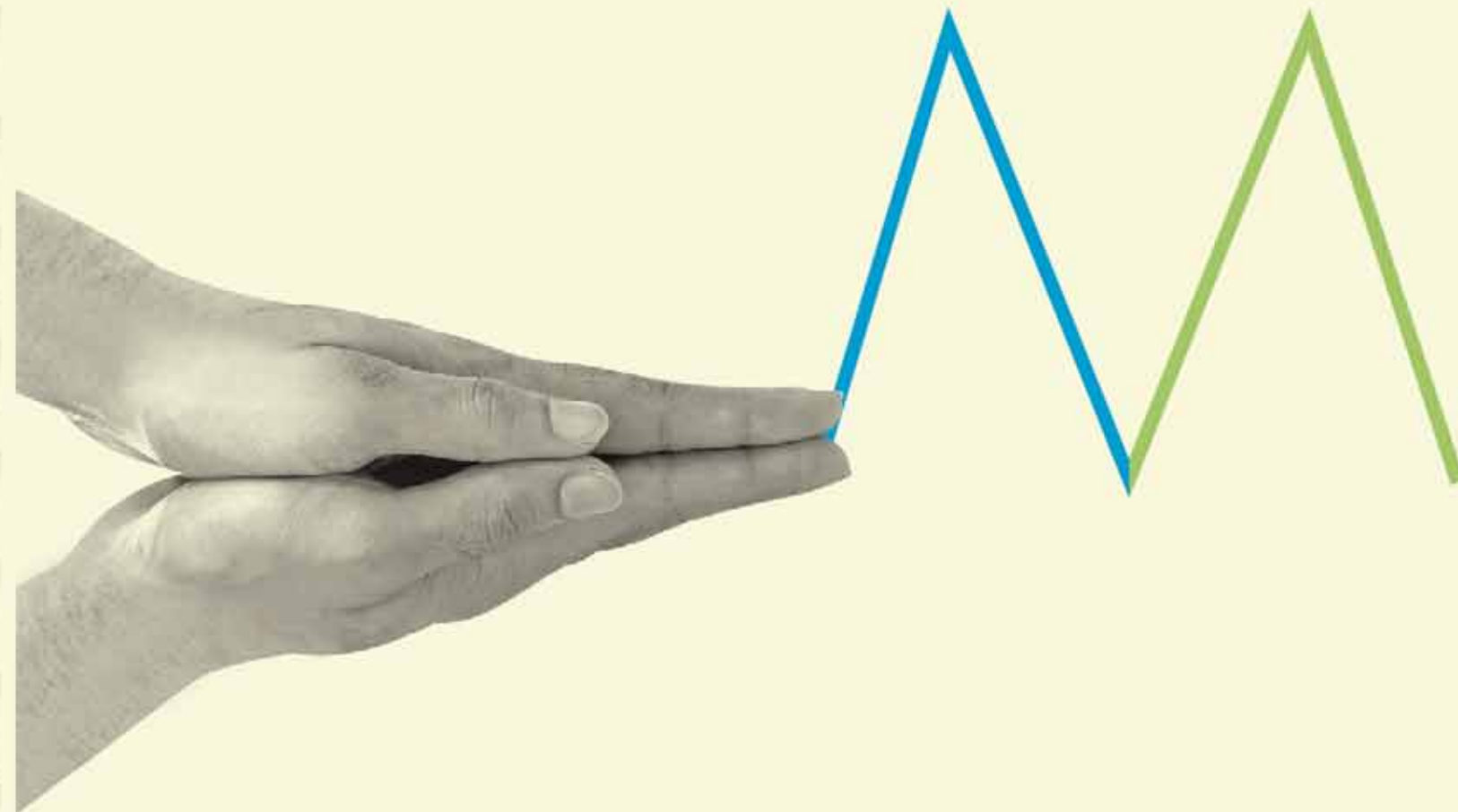


1,000,000 client accounts

As at 31st March 2008 we had over 1,000,000 clients within the Master Trust group



Mastering the art of building Trust!



Master Minds Trusted Hands



Master Trust Ltd

Annual Report 2007-08

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.

Corporate information

Board of Directors

Managing Director

Mr. Harjeet S. Arora

Directors

Mr. R. K. Singhania

Mr. Pavan Chhabra

Mr. Sanjay Sood, *Executive Director*

Mr. G. S. Chawla

Mr. B. B. Sharma

Mrs. Harneesh Kaur Arora

Mr. Anil Kumar Bhatia

Mr. Sudhir Kumar

Mr. Ashwani Kumar

Secretary

Mr. Divyesh Jani

Registered Office

Village Gobindgarh, Malout Road
Abohar (Punjab)

Head Office

Master Chambers
19, Feroze Gandhi Market
Ludhiana - 141 001

Mumbai Office

C-1 Jeevan Jyot Building
18/20, Cawasji Patel Street, Fort
Mumbai - 400 001.

Corporate Office

1001, 10th Floor, Arunachal Building
19, Barakhamba Road, New Delhi.

Chandigarh Office

SCO 22-23, Sector 9 D, Chandigarh.

Auditors

Manjeet Singh & Co.

Chartered Accountants

1761, Phase-II, Urban Estate
Dugri Road, Ludhiana.

Bankers

ING Vysya Bank Ltd.

HDFC Bank Ltd.

Bank of Baroda Ltd.

Oriental Bank of Commerce

Karnataka Bank Ltd.

UCO Bank Ltd.

Dena Bank Ltd.

Canara Bank Ltd.

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> Directors' Report [18](#) > Report on Corporate Governance [22](#) > Financial section [29](#)

One-stop financial services shop.

This was the vision with which we entered business in 1985.

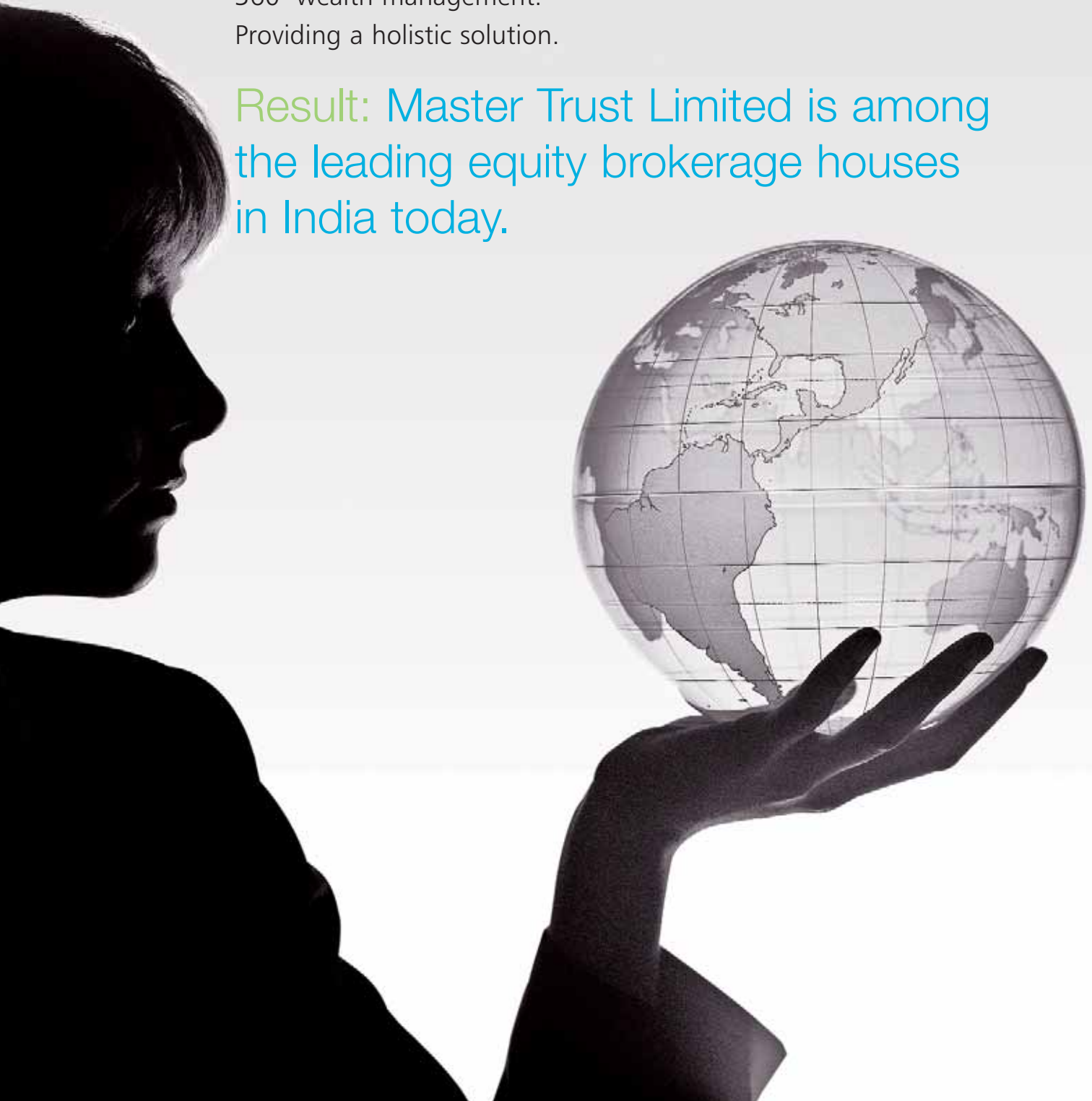
Today, we provide intermediation services across equity, debt, commodities, insurance, foreign exchange, merchant banking, IPO and mutual fund businesses.

Enhancing customer convenience.

360° wealth management.

Providing a holistic solution.

Result: Master Trust Limited is among the leading equity brokerage houses in India today.



Vision

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

Mission

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

Background

Master Trust Limited (MTL) was incorporated in 1985 as the flagship Company of the Ludhiana-based Master Trust Group.

Business

Our services comprise equity, commodity and insurance broking, depository participant services, foreign exchange, merchant banking, online trading, portfolio management, wealth management and IPO/ mutual fund distribution, etc.

Presence

- MTL has its corporate office in New Delhi
- It has a pan-India presence across 119 cities and 18 states
- It is listed on the Bombay Stock Exchange and the Calcutta Stock Exchange

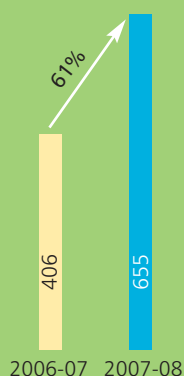
Values

To optimise wealth through:

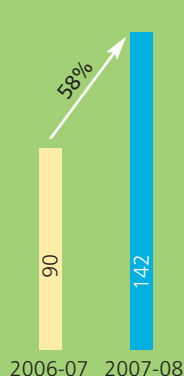
- Excellent service to clients
- Personal responsibility towards delivering value
- Teamwork
- Trust through integrity
- Diversity for growth and innovation

This is what we have to show in 2007-08

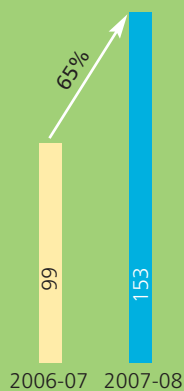
Revenue (Rs mn)



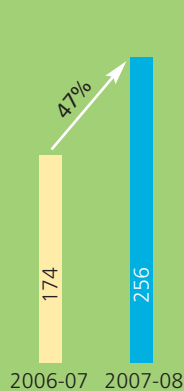
PAT (Rs mn)



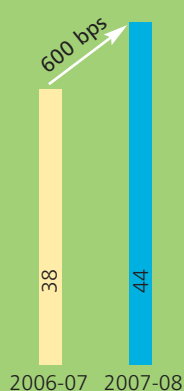
Cash profit (Rs mn)



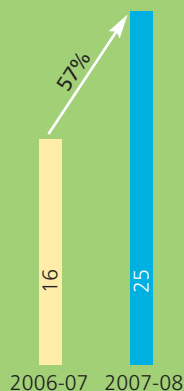
EBIDTA (Rs mn)



ROCE (%)



EPS (Rs)



This is how we grew our business in 2007-08

33,975 > 63,070

Increase in the number of registered clients for the NSECM segment from 2006-07 to 2007-08, a growth of 86%

17,647 > 43,899

Increase in the number of registered clients for the NSEFO segment witnessed 149% growth

27,533 > 57,901

Increase in the number of registered clients for the BSE* from 2006-07 to 2007-08, a growth of 103%

Rs 6,500 mn >

Rs 11,000 mn

Average increase in volume per day**, growth of 70%

1,00,000+

Number of demat accounts

90 > 119

Increase in the city coverage

18

Number of states covered

* through our associate Company MTL Share & Stock Brokers (MTLSSB)

** includes BSE turnover through our associate Company MTL Share & Stock Brokers

10 minutes with the MD

“Investment as a proportion of GDP went up by 930 bps, vindicating the country’s growing investment appetite.”

A conversation with Mr. Harjeet Singh Arora,
Managing Director, on the Company’s performance in
2007-08 and the road ahead

Were you happy with the Company’s performance in 2007-08?

I was pleased with the way we performed during the year under review. Our topline increased by 61% to Rs 655 mn, bottomline 58% to Rs 142 mn with a strong EBIDTA margin of 39 %. These numbers reflect our ability to maximise profitability during an industry rebound.

What initiatives contributed to this rebound?

We increased our customers, branches, cities of presence and daily trading volumes. The result was enhanced brand visibility in North and West India.



How will the equity meltdown in 2008 affect the business?

It would be naive to believe that the business will not be impacted in the short run. However, the medium-term outlook of the business remains optimistic for an important reason: India's gross domestic savings increased considerably over the last decade. Simultaneously, investment as a proportion of GDP also witnessed similar growth. Gross domestic investment exceeded the gross domestic savings since 2004, strengthening by more than 900 basis points in just four years. Notably, only 6% of household financial savings are invested in the country's capital markets. Consider this: only 3% families earned between Rs 2 and 5 lacs in 1995-96, which rose to 6% in 2001-02 and is projected to be 13% by 2010. Those earning over Rs 10 lacs formed 0.2% share of the population in 2001-02, a figure expected to improve to 1.7% by 2010. So the share of investment in the capital market is bound to increase with surging household incomes. This will translate into enhanced business profitability for us.

How did you respond to the meltdown?

We responded to the meltdown in the following ways:

- We continued with our planned branch expansion and client additions even when the markets declined from mid-February to March 2008. We expanded our presence in East and South India
- We consolidated our entire IT infrastructure to manage the growing volumes and transactions, ensuring a real-time response to clients
- We targeted high-volume clients to counter the volume declines due to small ticket investors staying away from the markets
- We enhanced our margin-funding business to shore up our brokerage and interest incomes

How does the Company expect to strengthen its business?

We expect to strengthen our business model through the

following initiatives:

- We will apply for credit rating from an approved credit-rating agency, float bonds and mobilise resources to strengthen our margin-funding business
- We will extend our portfolio to fee-based products like portfolio management, strengthen the existing insurance, mutual fund and IPO distribution businesses, strengthen investment banking and forex business
- We will increase our penetration in markets where we are firmly entrenched, besides venturing further into Tier-II and Tier-III cities. We will widen our branch network to newer geographies to capitalise on the market rebound including global presence in select centres with large NRI population
- The Company will offer currency derivatives trading apart from the current trading offerings

These initiatives should have attractive revenue, margin and profit implications over the foreseeable future.

MTL was one of the first brokers in the country to migrate to the latest trading architecture (TAPS) deployed by the NSE in November 2007, resulting in the following benefits:

- Better network lines with higher bandwidth
- Lower maintenance cost due to the use of standard and widely-used IP devices
- Better connectivity and uptime
- Transparent connectivity to the BCP site

In 2007, MTL emerged among the top three broking houses in India in terms of the fastest ramp-up in the number of terminals and branch office expansion during the year

(Source: DnB equity broking industry report 2008).

Our strengths

Presence

We enjoy a strong presence in North and West India where the equity culture is the strongest and we are one of the leading financial intermediaries across Punjab, Haryana, Jammu and Kashmir, Delhi NCR, Rajasthan, Uttar Pradesh, Gujarat and Himachal Pradesh.

Asset Lite model

The business of the Company is centred around a hub-and-spoke franchisee model where large branch/regional offices serve a larger number of customers by opening franchisees. Since opening of franchisees does not require much capital cost for the Company, it can be rolled out in high numbers at a fast pace with minimum capital.

Technology

We proactively invest in technology to address a growing transaction volume, increased transaction speed and near zero time-lag between trading and account update. A 100% redundancy enhances systemic safety.

Convenience

We provide one-stop financial services comprising equity broking, money changing, depository participation, insurance broking (life and general), commodity broking, merchant banking, margin funding, portfolio management, public issue distribution and wealth management with growing cross-sale opportunities.

Cost of operation

The operational cost of our franchisee model is low as a significant part of the client-acquisition costs, rentals, salaries, etc. are borne by the franchisee, resulting in a high operating leverage for the Company.

Liquidity

The Company has been maintaining relatively low debt level for the recent past. It has sufficient cash or cash equivalents to meet any unforeseen requirements. We recently concluded a preferential issue of Rs 549.4 mn, comprising 500,000 equity shares and 3.6 mn warrants, strengthening the Company's liquidity. The Company, at the end of the financial year 2007-08, had a cash and cash equivalent to a tune of Rs 790 mn.

➤ Asset Lite model

The business of the Company is centred around a hub-and-spoke franchisee model where large branch/regional offices serve a larger number of customers by opening franchisees. Since opening of franchisees does not require much capital cost for the Company, it can be rolled out in high numbers at a fast pace with minimum capital.

Intellectual capital ➤

The six senior-most managers are working with the Company for 15 years. The Company possesses over 350 employees with a rich industry experience.

Employee turnover ➤

Owing to the franchisee model, employee turnover is not a serious issue. The threat of high salaries resulting out of increasing competition is mitigated through this model, which is otherwise a common problem in today's branch-centric business model.

Distribution network ➤

Growing from a single business location in 1985, MTL's network is now spread across India, covering more than 119 locations across 18 states.

Research base ➤

The Company's research team comprises qualified MBAs from prominent business schools with analytical abilities in fundamental and technical investment research.

IT infrastructure ➤

The Company's trading services and surveillance platforms are based on the ODIN software from Financial Technologies Ltd. using different modes of connectivity (VSAT VPN, DSL VPN, PRI/ISDN/leased VPN, RF VPN, internet-based trading platform) and Oracle-based backoffice software. All the applications and software run on state-of-the-art enterprise-class servers from the likes of brands like Dell and IBM.

Compliances ➤

We provide uninterrupted trading facilities through memberships across all relevant stock and commodity exchanges, as well as comprehensive regulatory compliances. We have an immaculate track record with respect to compliances with various statutory provisions applying to our various business segments.

> Divisional review

Equity and derivatives broking

79%

of the Company's turnover in 2007-08

Depository participant services

4%

of the Company's turnover in 2007-08

Commodity derivatives broking

2%

of the Company's turnover in 2007-08

> Overview

- The division offers broker-assisted trade execution and self-directed internet trading
- The business is conducted through Master Capital Services Limited, a 100% subsidiary
- It is a corporate member of the NSE, LSE and OTCEI, offering secondary market-broking services to more than 70,000 retail, HNI and institutional customers (Indian, non-resident Indians and financial institutions)
- The broking service on the BSE is provided through MTLSSB, an associate Company that is a corporate member of the BSE
- In 13 years, the business grew from a single location to encompass a nationwide network across India, 119 cities and towns spread across 18 states
- The market share of the division was around 1% of the total volume on the NSE and BSE combined

- The division became a depository participant with the NSDL in 1999 and the CDSL in 2001
- It renders services to Clearing Member accounts on the NSE and BSE through its extensive network of branches
- The division had more than 1,00,000 accounts with the NSDL and CDSL under different categories as on 31st March 2008
- The Company subscribed to basic and value-added facilities (Speed-e and Ideas from NSDL and Easi and Easiest from CDSL) by depositories available to all client categories

- At MTL, this business is conducted through the Company's subsidiary, Master Commodity Services Limited, a trading member on MCX and NCDEX
- The entire revenue for the division comes from broking in commodity futures on both the exchanges

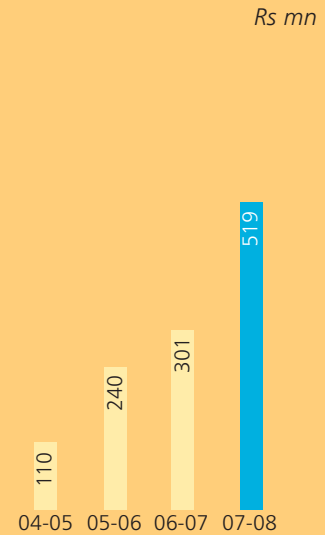
➤ Highlights, 2007-08

- Average daily turnover grew by 78% over 2006-07, from Rs 6,000 mn/day to Rs 10,500 mn/day. Total traded volumes increased from Rs 14,83,120 mn to Rs 26,34,100 mn
- Internet-driven trading increased 46% from Rs 24,941 mn in 2006-07 to Rs 36,331 mn in 2007-08; the number of internet trades increased 398% to 15,65,956 trades
- The number of registered clients for the NSECM segment increased by 86% from 33,975 to 63,070; the number of registered clients for the NSEFO segment grew 149% from 17,647 to 43,899, and the number of registered clients for the BSE increased 103% from 27,533 to 57,901
- The back office IT infrastructure was upgraded to provide real-time information to the client

➤ Outlook

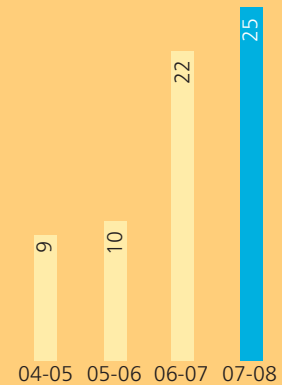
The Company expects to penetrate deeper into the existing markets in West and North India, extend further to South and East India, add 250 offices and 30,000 clients, develop 10-15 institutional equity broking clients, capture a 2% share of the internet trading market and launch the retail internet-trading platform to facilitate a seamless transaction across investment products (equities, commodities, mutual funds, IPO and insurance).

➤ Revenue comparison over the years



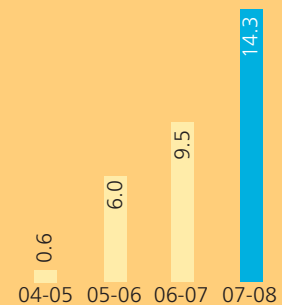
- Revenues grew 14 % to Rs 25 mn
- Three-fold increase in the number of new NSDL and CDSL accounts in a year from 11,031 to 32,153
- Automation of payment recovery from client trading accounts across all branches
- Subscription to Speed-e from the NSDL to facilitate transactions for remote clients

The Company expects to open more than 35,000 accounts in 2008-09 in an increasingly paperless environment, sending digitally signed statements to clients to reduce cost and enhance speed.



- In spite of a decline in the turnover, the business witnessed a steady growth in the number of clients
- Registered MCX clients increased from 621 to 1,590
- Registered NCDEX clients increased by 769 to 1,275
- The back office was strengthened through IT investments to reduce the delivery time and reinforce risk control

The Company expects to double its traded volume in 2008-09 by extending its product offerings to the existing clients. It is in the process of providing the internet-trading platform to clients, facilitating complete access to all exchanges (including MCX and NCDEX).



> Divisional review

Insurance

2%

of the Company's turnover in 2007-08

Forex management

2%

of the Company's turnover in 2007-08

Funding business (LAS)

2%

of the Company's turnover in 2007-08

Mutual funds and IPO distribution

> Overview

- This business is conducted through Master Insurance Brokers (MIB), a direct broker licensed by the Insurance Regulatory and Development Authority (IRDA)
- It offers direct insurance broking solutions, risk management, best-pricing and after-sales services to clients in life and general insurance segments
- Its offices are located in Chandigarh and Ludhiana with insurance professionals possessing the requisite qualifications and experience

- The division is primarily involved in buying and selling of foreign currency notes and travellers' cheques in both the retail and wholesale spectrums
- The Company is a RBI-licensed, full-fledged money changer operating in Delhi, Chandigarh and Ludhiana
- Today, it is one of the top American Express travellers' cheque sellers in India

- The funding business at MTL essentially refers to margin funding and loans against shares
- This business was set up during 2007-08 across all branches
- The Company created its own mechanism to provide loans, assess risks, recover loans as well as fix interest rates

To leverage its large distribution and customer base, the Company distributed third-party financial products (including mutual fund schemes and initial public offerings), enhancing cross-sale opportunities.

➤ Highlights, 2007-08

- The division reported a premium income of Rs 75 mn in 2007-08, despite huge declines in premium on account of de-tariffing in the General Insurance segment
- The number of policies underwritten increased from 2,000 in 2006-07 to 2,500 in 2007-08
- The total sum insured increased by approximately Rs 1,000 cr to more than Rs 3,000 cr over the previous year

- Recorded transactions worth Rs 5 bn during the year
- Obtained license for branch operation in Ludhiana

- Peak loan book of Rs 107.5 mn
- Reported a revenue of Rs 9.50 mn

- In FY 2007, the total mobilisation under the IPO and MF business was in excess of Rs 3,650 mn, increasing by Rs 1,950 mn in FY 2008

➤ Outlook

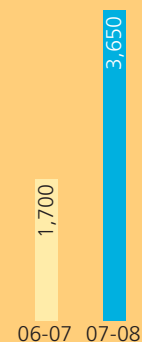
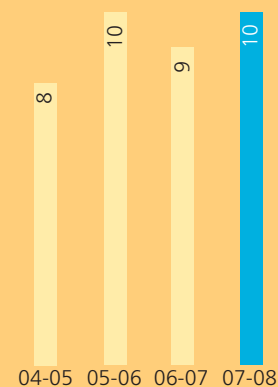
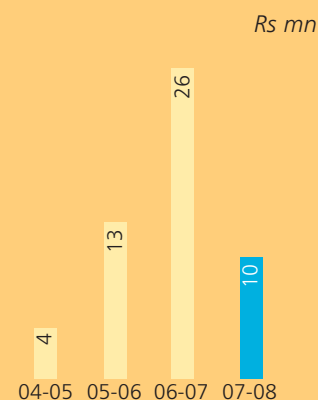
The division will concentrate on marketing insurance products to existing clients across various businesses. It expects to activate branches across India to increase life coverage.

The outlook continues to be positive as there is a considerable inflow of foreign currency, not only in the banking sector but also in the tourist segment. The number of tourist arrivals and departures is witnessing a steady rise, with a direct impact on the foreign currency purchase/sale business. Indians travelling overseas for business, leisure, higher studies, etc. have also increased, catalysing the Company's foreign exchange business.

The division expects to report a five-fold increase in its margin funding book to Rs 500 mn through internal accruals, preferential issue, rated papers (following credit rating) and loan book refinancing.

The Company expects to commission an online channel to service customers.

➤ Revenue comparison over the years





Management discussion and analysis

An economic overview

India – the second largest emerging market economy, fourth largest global economy and the second fastest growing economy in the world is riding on an 8-9% annual growth, robust foreign exchange reserves, stable capital market and rising FDI inflows. The country emerged as a trillion-dollar economy in the first quarter of 2007-08, a proud member of a 12-nation elite club. The economy grew 9% in 2007-08.

This translated into developments of financial importance.

- Indian companies with a market capitalisation of US\$ 1 bn or more increased by 40% from 148 in 2006 to 209 in November 2007
- Mumbai was ranked among the top 10 centres of commerce in financial flow volumes (Source: MasterCard Worldwide)
- India stood next to China as a favoured FDI destination with the inflows reaching Rs 98,664 cr during 2007-08
- The total equity deals struck by Indian companies crossed US\$50 bn in 2007

GDP growth trend over the years (%)

2004-05	2005-06	2006-07	2007-08	4-year CAGR
7.5	9.4	9.6	9.0	8.9

Rising incomes

The country's growth was built on the foundation of rising incomes and prosperity.

At the top: The largest growth in global HNI population occurred in India and Singapore - 20.5% and 21.2% respectively.

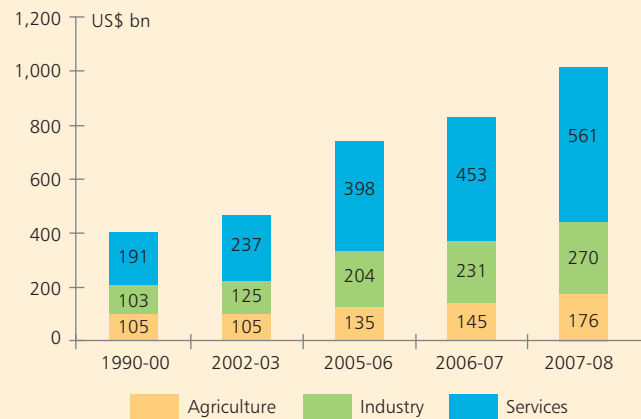
In the middle: The salaried Indian recorded a double-digit increment for the fourth year running - average 14.5% in 2007, according to Hewitt Associates – the highest in the Asia-Pacific region.

At the bottom: The share of the deprived in the Indian population declined from 93% in 1995 to 54% in 2005, and is expected to shrink to 22% by 2025 (Source: McKinsey Global).

Indian financial sector overview

Driven by strong investor interest, the Indian stock market peaked at 20,873.33 (Sensex) and 6,357 (Nifty), emerging as the third-best performing global market with a dollar return of 71.23%.

Financial services on the upswing



This robust performance enriched investor wealth to a record US\$1.7 trillion, with an average increase of over US\$10.18 mn in every minute of trading during 2007. Concurrently, the National Stock Exchange (NSE) climbed to the top spot in stock futures contracts and the number-two slot in the index futures segment in the world.

Sectoral growth

The Indian financial sector is an effective facilitator of household savings in investments and capital formation, reflected in the following numbers:

- Credit availability to the private sector increased 32% in 2005-07

■ The financial and insurance sectors grew 10.6% in 2006-07 and 9.5% in 2007-08 (Source: Economic council of the Prime Minister)

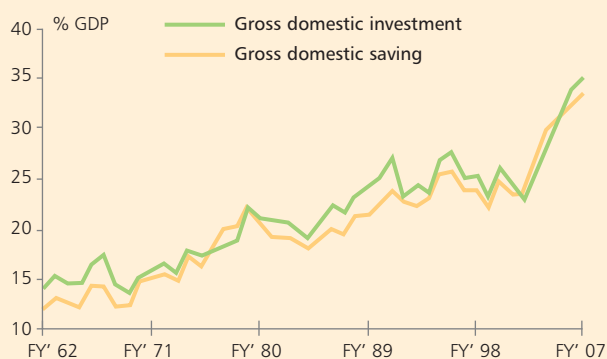
■ The investment in India's economy grew 35.1% in 2006-07 and 36.1% in 2007-08 (Source: Economic council of the Prime Minister)

■ A savings rate of 34.7% in 2006-07 and 35.7% in 2007-08 catalysed investments (Source: Economic council of the Prime Minister)

■ The Indian government bond market grew to nearly 40% of the GDP (Source: Deutsche Bank Research)

Increasing savings and investments

India's GDP growth strengthened the gross domestic investment and savings, with the savings and investment gap turning negative from 2004 onwards, indicating an improving investment climate.



(Source: CEIC and Lehman Brothers)

Outperformance

The Indian financial market was third in performance among the Asian markets (after China and Indonesia) from calendar year 2003 to 2007. While the BSE Sensex rose by 47.1% during calendar year 2007, the SSE Composite Index of China rose by 96.7% and the Jakarta Composite Index of China increased around 52%.

Industrial appetite

Growing investments in financial instruments were catalysed by an insistent need to fund India's infrastructure. Driven by finished steel and cement production, core infrastructure industries grew by a healthy 9.6% in March 2008, although the overall industrial growth was a mere 3% in the same month.

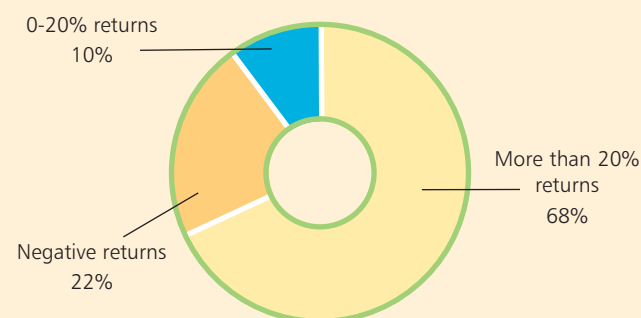
Equity resource mobilisation

A whopping US\$13.07 bn was mobilized by India Inc. through public issues in 2007-08 (Source: Prime Database), almost twice the US\$6.25 bn mobilized in 2006-07 with attractive post-issue returns. The mobilisation of funds in 2007-08 was more than the combined mobilisation of the preceding 12 years.

Year	IPOs	Issue amount (Rs cr)
2003-04	19	3,191
2004-05	23	14,662.32
2005-06	76	10,807.88
2006-07	76	23,706.16
2007-08	84	41,323.45

(Source: Prime Database)

IPO returns in India



(Source: Theecogeek.wordpress.com)

Surging private equity sector

In 2007, India was the leading Asian country in aggregate private deal value. According to Grant Thornton, a total of US\$19.03 bn was mobilized through 405 deals by India Inc. in 2007-08, compared with US\$7.8 bn in 2006. Real estate, infrastructure, banking and financial services attracted about 55% of the total private equity investments in India in 2007-08. During January-March 2008, private equity firms invested about US\$3.3 bn, 22.22% higher than in the corresponding period of the previous year.

Rising FDI

From August 1991 to December 2007, the total FDI into India was US\$67.32 bn. The services sector (financial and non-financial) accounted for the highest FDI worth US\$8.9 bn

(19.84%) between April 2000 and December 2007. India received the second highest FDI in the world after China and ahead of USA during 2007-08.

Financial year 2007-08 (April-March)	Amount of FDI inflows	
	(In Rs cr)	(In US\$ mn)
April 2007	6,927	1,643
May 2007	8,642	2,120
June 2007	5,048	1,238
July 2007	2,849	705
August 2007	3,394	831
September 2007	2,876	713
October 2007	8,008	2,027
November 2007	7,353	1,864
December 2007	6,146	1,558
January 2008	6,960	1,767
February 2008	22,529	5,670
March 2008	17,932	4,443
2007-08 (up to March 2008)	98,664	24,579
2006-07 (up to March 2007)	70,630	15,726
% growth over last year	(+)40%	(+)56%

(Source: DIPP)

Industry optimism

The various reasons for sustained growth of the industry constitute the following factors:

Under-penetration: A significant 66% of India's population has limited or zero access to organized financial services, which indicates the extent of scope for a financial intermediary like MTL.

The Indian financial market was third in performance among the Asian markets (after China and Indonesia) from calendar year 2003 to 2007. While the BSE Sensex rose by 47.1% during calendar year 2007, the SSE Composite Index of China rose by 96.7% and the Jakarta Composite Index of China increased around 52%.

Rising population: India – the second most populated country in the world after China – will be home to an estimated 136 cr people in 15 years from now, with its population growing at 1.3% annually.

Urbanisation: The percentage of the population living in cities is expected to rise to 35% by 2011, compared with 28% in 2001 (Source: *The Economic Times*, 22nd June 2008).

Income increase: The average Indian today is twice as rich as than in 1985. Come 2025, India's per capita income is expected to grow three-fold, making it the fifth-largest consuming economy in the world. The average real household disposable income will grow from Rs 1,13,744 in 2005 to Rs 3,18,896 by 2025, clocking a CAGR of 5.3% (Source: *McKinsey Global*).

According to Celent, India is slated to become a US\$1-trillion market (in assets under management) for wealth management providers by 2012, with a target market size of 42 mn households.

1,45,000

Rich Indian households with an annual income above US\$50,000 in 2005.

4,05,000

Rich Indian households with an annual income above US\$50,000 in 2015.

(Source: *Dr Yuwa Hedrick-Wong, Asia Pacific Economic Advisor to MasterCard Worldwide*).



Derisking mechanism

Risk can be best defined as a probability of loss, while risk management constitutes a systematic approach in identifying, analysing and controlling them. Effective management reduces the risk to an acceptable level, encompassing risk planning, assessing risk areas, developing risk-handling options and monitoring risks through a structured framework.

Derisking at MTL

At MTL, the risk management framework is designed with the following objectives:

- Identify the possible risks and assess the possible impact
- Look beyond mere mitigation and transform risks into opportunities
- Develop a culture where employees are enthused to respond to risks with appropriate actions
- Make the internal and external reporting structures more effective

We prepare ourselves to effectively manage risks by converging them with their control processes. Risk convergence allows us to coordinate the various risks and control processes more effectively and pragmatically. The result is reduced redundancy, which drives down costs and most importantly, allows a more comprehensive, enterprise-wide risk reporting to the senior management and the Board.

> Industry risk

Any slowdown in the country's economy or financial sector can potentially stagger growth.

Mitigation

The Company is affected by the prevailing industry environment. It progressively derisks its prospects through an increase in scale, increase in product offerings with stable revenue streams, brand differentiation, better customer convenience, cross-selling and better research.

> Regulatory risk

Firms in the financial service industry have to operate in a challenging regulatory environment, which can affect operational flexibility.

Mitigation

The Company sees these regulatory compliances as business-enhancing. It complies with the following regulations laid down by regulatory bodies:

- SEBI: For equity-broking transactions and merchant banking activities
- RBI: For the margin funding and forex businesses
- IRDA: For insurance transactions
- NSDL and CDSL: For depository services to broking customers
- FMC: For commodity-broking transactions
- NSE, BSE, MCX, NCDEX and OTCEI where the Company is a member

> Market risk

The Company's revenues can be affected if it is unable to keep pace with market growth.

Mitigation

The Company responded to this risk in the following ways:

- Enhanced presence in North and West India
- Widened branch network across India
- Extended presence upto 18 states and 29 additional cities in 2007-08
- Strengthened the commodity-broking and margin funding businesses

> Competition risk

An increasing number of brokerage houses could intensify competition.

Mitigation

The Company reinforced its presence through the following initiatives:

- Efficient and customized services, backed by strong research leading to informed decision-making
- Complete range of services including equity, commodity and insurance-broking, MF/IPO distribution, margin funding, PMS, money changing and depository participant services among others, strengthening the Company's positioning as a one-stop solutions provider and increasing cross-sale opportunities
- Strengthening brand, reflected in an increasing client base from 42,000 in 2006-07 to 78,000 in 2007-08
- Cutting-edge IT systems in place to shorten market response and increase customer acquisitions
- Fast expansion through the 'asset lite' franchisee model, resulting in low capital investment, high operating leverage and rapid scalability

> Operational risk

The Company's business is highly dependent on execution capabilities, any shortcomings in which could lead to business and client erosion.

Mitigation

The Company strengthened its execution capabilities through the following initiatives:

- Investment in state-of-the-art IT infrastructure with zero downtime
- Strong franchisee network comprising 10-15 franchisees per branch and about 150 clients per franchisee
- Strong back-office to manage administrative responsibilities
- Proposal of a disaster recovery site
- Trading services and surveillance platform based on the ODIN software from Financial Technologies Ltd., an industry leader in the CTCL segment
- Implementation of Oracle-based software for real-time information and improved response time between trading and accounts, upgrading back-office operations

- Investment in different connectivity modes (VSAT VPN, DSL VPN, PRI/ISDN/leased VPN, RF VPN and internet-based trading platforms)

> Attrition risk

A stable and familiar workforce is an absolute must to sustain client relationships.

Mitigation

The Company's invigorating work environment and policies resulted in the following:

- Negligible attrition at the senior and middle management levels in 15 years
- A policy of high incentives and low salaries to retain talent and maximise initiatives
- The proposed introduction of an employee stock option plan
- A low franchisee attrition of around 3% in 2007-08
- Around 15% of the franchisee/sub-broker network has been with the Company for 10 years or more

> Liquidity risk

The Company might face a cash crunch during unexpected market movements, affecting its ability to pay customers or grow the business.

Mitigation

The Company responded with the following initiatives to enhance liquidity:

- The Company has over the past, maintained relatively low-debt levels
- It maintained adequate cash and cash equivalents to address unforeseen cash requirements as on 31st March 2008
- It maintained around Rs 620 mn in fixed deposits as on 31st March 2008
- The Company made a preferential issue of Rs 549.4 mn, comprising 5,00,000 equity shares and 3.6 mn warrants, adding to its liquidity

Masters who inspire
trust

From left to right:

1. Mr. Harinder Singh *Director, Master Capital Services Ltd*
2. Mr. Pavan Chhabra *Director, Master Trust Ltd*
3. Mr. R.K. Singhania *Director, Master Trust Ltd*
4. Mr. Harjeet S. Arora *Managing Director, Master Trust Ltd*
5. Mr. Sanjay Sood *Executive Director, Master Trust Ltd*
6. Mr. G.S. Chawla *Director, Master Trust Ltd*





Directors' Report

Dear Shareholders,

Your Directors have pleasure in presenting the 23rd Annual Report along with the audited statements of accounts of your Company for the financial year ended 31st March 2008.

A snapshot of the consolidated as well as stand-alone financial performance of Master Trust Ltd is as under:

1. Financial Results

(Rs in mn)

Particulars	For the year ended			
	31st March 2008	31st March 2007	31st March 2008	31st March 2007
	Consolidated		Standalone	
Gross Income	654.76	405.37	50.14	41.76
Profit Before Depreciation, Interest & Tax	255.63	174.05	39.39	29.77
Less: Depreciation	9.26	7.29	0.32	0.31
Interest	78.24	61.55	21.75	13.32
Profit Before Tax	168.07	105.21	17.26	16.14
Provision for tax	25.60	14.14	2.15	2.19
Provision for fringe benefit tax	0.07	0.65	0.06	0.10
Profit after tax but before minority interest and share in associate companies	142.40	90.42	15.05	13.85
Less: Share of Minority Interest	0.60	0.32	–	–
Net Profit	141.80	90.10	15.05	13.85
Add: Profit brought forward from earlier years	173.19	84.88	23.05	9.53
Less: Adjustments as per AS 15 and others	(0.19)	(0.42)	–	–
Profit available for appropriation	314.70	174.56	38.10	23.38
Less: Appropriations	3.57	1.37	3.10	0.33
Balance carried to balance sheet	311.23	173.19	35.00	23.05

2. Operational review

The Company has emerged as a strong player in the financial services space and continues to scale new heights on a sustained basis year on year. On a consolidated basis, the Company's income posted a strong growth of 61% to reach Rs 655 mn, while profit after tax rose by 58% to Rs 142 mn. Income from the core business of equities broking grew by 72% to Rs 519 mn, whereas insurance business reported a premium income of Rs 75 mn. The income from the funding business reported a revenue of Rs 10 mn, whereas income from DP services grew by 14% and stood at Rs 25 mn. The Forex division recorded transactions worth Rs 5 bn during the year. Gross mobilization from IPO and mutual funds grew by Rs 1950 mn, a 144% jump over previous year. The commodity broking services showed healthy growth in its number of clients. The Company continues to strengthen its network and by end of year it had its presence across 119 cities and towns.

3. Dividend

To sustain the internal accruals for the future growth of the Company, your Directors are not recommending any dividend for the Accounting Year.

4. Key initiatives

We continued with our planned branch expansion and client additions inspite of the poor market conditions during the last quarter. We expanded our presence across Eastern and Southern India. We consolidated our entire IT infrastructure to manage the growing volumes and transactions for an ensured real time response to the client. We targeted the high volume clients to counter the volume declines due to smaller ticket investors staying away from the markets. We enhanced our margin-funding business to shore up our brokerage and interest incomes.

5. Outlook

The industry is becoming vibrant, with new types of products and services being offered to meet the needs of the clients. The overall income levels are rising and with a booming economy expected to grow at more than 7% for the next 5-10 years, the financial services space is poised to grow at a rate faster than

the overall economy. The buoyancy in the economy is also estimated to lead to a four-fold increase in India's investible wealth from US\$250 bn in 2007 to US\$ 1 trillion by 2012 with target market size to rise to 42 mn from 13 mn.

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. Material Changes and Commitments

In order to part finance its proposed business plans and other corporate needs and to strengthen the financial position of the Company and to meet out the business objectives, the Board in its meeting held on 30th June 2008; has considered, approved and allotted 5,00,000 equity shares at a price of Rs 134/- per equity share (including a premium of Rs 124/- per equity share) and 36,00,000 warrants exercisable in tranches and having currency period of 18 months and each warrant providing the holder with the option to subscribe to one fully paid-up equity share of the Company for every warrant at a price of Rs 134/- per warrant (including a premium of Rs 124/- per warrant) on preferential allotment basis in terms of SEBI Guidelines under Chapter XIII of SEBI (Disclosure & Investor Protection) Guidelines, 2000 to the promoters/person(s)/Body corporate(s) as per the Special Resolution passed by the Shareholders in an Extra-ordinary General Meeting held on 11th June 2008 at the Registered Office of the Company.

8. Adequacy of Internal Control

Your 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 that transactions are authorized & recorded by the concerned departments properly and reported to the Audit Committee/Board correctly.

9. Human Resource Development

MTL 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

In accordance with Article 103 of the Articles of Association of the Company read with the provisions of the Companies Act, 1956. Mr. Ashwani Kumar, Mr. Anil Kumar Bhatia and Mr. Sudhir Kumar, retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

Your Directors recommend re-appointment of Mr. Harjeet Singh Arora as Managing Director of the Company for the period commencing from 27th November 2008 to 26th November 2013 (for a further period of five years) on the terms and conditions including remuneration as set out in Notice which forms part of the Annual Report.

Your Directors recommend re-appointment of Mr. Sanjay Sood as Executive Director of the Company for the period commencing from 27th November 2008 to 26th November, 2013 (for a further period of five years) on the terms and conditions including remuneration as set out in Notice which forms part of the Annual Report.

11. Fixed Deposits

The Company has not accepted any public deposits within the meaning of Section 58A of the Companies Act, 1956 and the Rules made thereunder and as such, no amount on account of principal or interest on Public Deposits was outstanding on the date of the Balance Sheet.

12. Corporate Governance

The report on the compliance with the provisions of Section 49 of the Listing Agreement executed with concerned Stock Exchange(s) is given separately in the Annual Report. A certificate from the Company Secretary in whole-time practice, confirming compliance with the conditions of the Clause 49 of the Listing Agreement is annexed to and form part of the Directors Report. The CEO/CFO's Certificate duly signed, forming part of the Corporate Governance Report, has been submitted to the Board. All Board Members and Senior Management Personnel have affirmed compliance to the Code of Conduct for Financial Year 2007-08.

13. Directors' Responsibility Statement

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

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanations and there are no material departures from the same.
- ii) Appropriate accounting policies have been selected and applied consistently, and have made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profit or loss of your Company for that period.
- iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) The annual accounts have been prepared on a going concern basis.

14. 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 2008-09 has already been paid to it.

The Company, after obtaining the approval from the shareholders in the Annual General Meeting held on 30th September 2005, has already applied to The Calcutta Stock Exchange Association Ltd. to de-list its securities from the Exchange and the de-listing application is still pending for the approval with the said Exchange and the Company is pursuing the matter with the exchange consistently.

15. Auditors

The retiring Auditors, namely, M/s Manjeet Singh & Co., Chartered Accountants, Ludhiana, hold office until the conclusion of forthcoming Annual General Meeting (AGM) and being eligible, seek their re-appointment. The Statutory Auditors have furnished a certificate to the effect that their re-appointment, if made at the AGM, will be within the limits

prescribed under sub-section (IB) of Section 224 of the Companies Act,1956 and that they are not beneficially holding any security of the Company as defined under Section 226(3) of the said Act. Members are requested to consider their appointment and authorize the Board of Directors to fix their remuneration for the year 2008-09. The Directors recommend their re-appointment.

16. Auditors Report

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

17.Subsidiaries (Particulars under Section 212 of the Companies Act,1956)

As per Section 212 of the Companies Act,1956, we are required to attach the Directors' Report, Balance Sheet and Profit and Loss Account of the subsidiary Company(ies).

The Ministry of Corporate Affairs, Government of India , New Delhi, has granted exemption to your Company under Section 212(8) of the Companies Act,1956 with regard to attaching the Balance Sheet, Profit and Loss Account and other documents of the subsidiaries for the year ended 31st March 2008. However, the Consolidated Financial Statement of the Subsidiaries duly audited by the Statutory Auditors (prepared in accordance with the Accounting Standards and Listing Agreement prescribed by SEBI) form part of the Annual Report and are reflected in the Consolidated Accounts of the Company. Further as directed by the Ministry of Corporate Affairs, the financial data of the subsidiary (ies) has been furnished under "Summary of Financial Information of Subsidiary Company (ies)" and forms part of this Annual Report. The annual accounts of the subsidiary(ies) and related detailed information will be kept at the Head Office/Registered Office of the Company and that of the subsidiary Company(ies) and will be available to the investors of the Company and its subsidiary Company(ies) to seek any such

information at any point of time.

Your Company has four subsidiary Company(ies) viz. Master Capital Services Ltd, Master Commodity Services Ltd., Master Insurance Brokers Limited (Formerly: Master Commodity Brokers Ltd.) and Punjab Industrial Gases Ltd.

18.Particulars of Employees

During the period under review, no employee received salary in excess of the limits as prescribed under the Act. Accordingly, no particulars of employees are being given pursuant to the provisions of Section 217(2A) of the Companies Act, 1956.

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

Information with respect to conservation of energy, technology, absorption, foreign exchange earnings and outgo pursuant to Section 217(1)(e) of the Act read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is not applicable because there are no manufacturing activities in the Company.

20. Acknowledgement

Your Directors are pleased to place on record their appreciation and express their gratitude to the Government of India, State Governments/Local Bodies, SEBI, BSE,RBI, Company's Bankers, Customers, 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 associates and subsidiary Companies.

For and on behalf of the Board of Directors

Place : Ludhiana
Date : 30th August 2008

Sd/-
Harjeet Singh Arora
Managing Director

Sd/-
R.K.Singhania
Director



Report on Corporate Governance

Corporate Governance has evolved over the years as a fundamental component of business process for every corporate entity. Far from the amorphous existence corporate governance once entailed, it has evolved into a firm set of guidelines that are aimed at ensuring that the companies maintain a firm commitment to values and an ethical business conduct, irrespective of its business segment, geography or culture.

Clause 49 of the Listing Agreement executed with the Stock Exchange(s), inter-alia, 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 your Company.

1. Company's Philosophy

The Company places utmost emphasis on achieving the highest levels of transparency, accountability and fairness in all facts of its operations and dealings with all its stakeholders. The Company has been relentless in practicing the following core governance principles:

- To demonstrate the highest level of accountability by the employees in relation to their respective areas of work.
- To maintain the highest standard of transparency in its interactions and dealings with all its constituents.
- To ensure timely disclosure and dissemination of price sensitive information and matters of interest to its stakeholders.
- To ensure compliance with all applicable laws and regulations.
- To conduct its business in an ethical manner.

2. Board of Directors

A) Composition:

The Board of Directors of the Company consists of 10 Members, comprising:

- Two Executive Directors in the whole time employment of the Company.
- 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/ Chairmanship in other companies is given below:

Name of the Director	Designation	Category	Attendance at the last AGM	No. of Board meetings attended	No. of Directorships in other companies
Mr. H.S. Arora	Managing Director	Executive Director	Present	16	10
Mr. R.K.Singhania	Director	Non Executive Director	Present	15	10
Mr. Pavan Chhabra	Director	Non Executive Director	Absent	4	8
Mr. Sanjay Sood	Whole Time Director	Executive Director	Absent	4	–
Mr. G.S.Chawla	Director	Non Executive Director	Present	5	4
Mr. B.B.Sharma	Director	Non Executive Director	Absent	2	–
Mrs. H.K.Arora	Director	Non Executive Director	Present	14	2
Mr. Anil Kumar Bhatia	Director	Non Executive Director	Present	4	–
Mr. Sudhir Kumar	Director	Non Executive Director	Absent	4	1
Mr. Ashwani Kumar	Director	Non Executive Director	Absent	7	7

Board Meeting(s) held from 1st April 2007 to 31st March 2008

27.04.2007	22.08.2007	29.10.2007	31.12.2007	15.02.2008
07.05.2007	27.08.2007	15.11.2007	18.01.2008	31.03.2008
07.06.2007	24.09.2007	20.11.2007	21.01.2008	
27.07.2007	25.10.2007	12.12.2007	29.01.2008	

3. Audit Committee

To ensure the independence of the Committee, the Audit Committee is comprised of Non- Executive Directors viz. Mr. Ashwani Kumar, Mr. Sudhir Kumar and Mr. R.K. Singhania. All the Members of Audit Committee are qualified and having insight to interpret and understand financial statements.

Mr. Ashwani Kumar is presently the Chairman of Audit Committee. The Company Secretary of the Company is the Secretary of the Committee. Statutory Auditors and Head of Accounts Department are permanent invitees to the Committee meetings. The terms of reference of the Audit Committee are specified on the pattern as contained in Section 292A of the Companies Act, 1956 and also Clause 49 of the Listing Agreement.

The Audit Committee met five times during the year on 27.04.2007, 27.07.2008, 22.08.2007, 29.10.2007 and 29.01.2008.

4. Director's Remuneration Managing/Whole-time Directors

The Company paid the remuneration to the Whole Time Director as approved by the members of the Company in the General Meeting. Detail of remuneration paid to the Managing Director/Whole Time Directors during the Financial Year 2007-08 is given below:

Name	Designation	Remuneration paid
1. Mr. Harjeet Singh Arora	Managing Director	No remuneration taken by him
2. Mr. Sanjay Sood	Whole Time Director	Rs 395830/-

Non-Executive Directors

Non Executive Directors have not been paid any remuneration during the financial year.

5. Shareholders/Investors Grievance Committee

The Shareholders'/ Investors' Grievance committee was constituted to look into the redressal of investors' complaints on various issues. The members of the Committee are Mr. R.K.Singhania, Mr. G.S.Chawla and Mrs. H.K Arora. The Chairman of the committee is Mr. R.K.Singhania. No complaint of shareholders is pending in the records of the Company.

6. Remuneration Committee

The Remuneration Committee of the Company comprised of three directors, two of whom are Independent Non-Executive Directors and one Director representing the parent Company. The Committee met five times during the year.

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 forms part of this report.

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	General Meeting	Location	Date	Time
2007	Annual General Meeting	Village Gobindgarh, Malout Road, Abohar	29.09.2007	11.00 A.M.
2006	Annual General Meeting	Village Gobindgarh, Malout Road, Abohar	30.09.2006	10.00 A.M.
2005	Annual General Meeting	Village Gobindgarh, Malout Road, Abohar	30.09.2005	11.00 A.M.

The Company has not passed any Postal Ballot during the Financial Year 2007-08

10. Disclosures

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

- There has been no instance of the non-compliance by the Company on any matter related to capital market during the last three years.
- Related Parties and transactions with them as required under Accounting Standard 18 (AS-18) are furnished under Paragraph No.7 of the Notes to the Accounts attached with the Financial Statements for the year ended 31st March 2008. The details of the Related Party transactions are placed periodically before and reviewed by the Company's Audit Committee.
- No treatment different from accounting standards prescribed by the Institute of Chartered Accountants of India, has been

followed while preparing the financial statements. The guidelines on Accounting Standards issued under the Companies (Accounting Standards) Rules, 2006 have been followed in preparation of the financial statements of the Company.

- The Company has complied with the mandatory requirements of Clause 49 of the Listing Agreement and has not followed the non mandatory requirements.

11. Means of Communication

The Company communicates with the shareholders at large through its Annual Report, publication of financial results and by filing of various reports and returns with the statutory bodies like Stock Exchanges and Registrar of Companies. The quarterly results are published in newspapers. Further the shareholding pattern and financial results are also made available on the Electronic Data Information Filing and Retrieval

(EDIFAR) website namely www.sebiedifar.nic.in. Apart from the above, the Company is having its website: www.mastermarts.com. E-mail id for investor communication: infoldh@mastermarts.com

12. Audit Qualifications

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

13. General Information for Shareholders

i. Annual General Meeting:

The 23rd Annual General Meeting of Master Trust Limited will be held on Tuesday, the 30th day of September, 2008 at 11.30 A.M. at Registered Office i.e Village Gobindgarh, Malout Road, Abohar (Punjab)

ii. Financial Year: 1st April 2007 to 31st March 2008

Tentative calendar of events for the Financial Year 2008-09 is

First Quarterly Results	: July, 2008
Second Quarterly Results	: October, 2008
Third Quarterly Results	: January, 2009
Fourth Quarterly Results	: April, 2009

vii. Stock Market Data

The monthly high, low and closing price of Equity Shares etc. of Master Trust Limited at The Bombay Stock Exchange Limited is given below :

Month	Open Price	High price	Low Price	Close Price	No. of Shares	No. of Trades	Total Turnover
April 2007	28.55	33.50	27.75	29.75	75365	505	2,262,849.00
May 2007	31.00	32.90	27.05	29.10	52592	453	1,550,925.00
June 2007	27.50	37.05	26.50	37.05	125955	790	3,834,565.00
July 2007	38.90	45.50	38.10	43.45	257676	1460	10,733,195.00
August 2007	43.05	58.60	41.05	52.55	392555	1575	19,853,765.00
September 2007	53.45	65.00	52.00	61.75	291201	1637	17,314,136.00
October 2007	57.00	67.40	50.10	56.40	284999	1270	17,278,277.00
November 2007	59.00	70.00	51.65	60.25	233268	993	14,209,423.00
December 2007	60.15	195.95	59.20	195.95	883144	4057	102,137,011.00
January 2008	205.70	310.00	191.65	191.65	591647	4016	154,135,582.00
February 2008	182.10	205.00	100.55	114.15	237100	1414	32,956,398.00
March 2008	114.00	125.80	69.00	91.90	183717	1442	17,615,252.00

iii. Date of Book Closure : 26.09.2008 to 30.09.2008
(both days inclusive)

iv. Information regarding Dividend

The Company has decided to conserve the resources for future growth of the Company, hence the Board has not recommended any dividend for the period ended 31.03.2008

v. Listing :

The securities of the Company are listed on the following Stock Exchanges:

The Bombay Stock Exchange Ltd.,

Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai.

The Calcutta Stock Exchange Assn. Ltd.

7, Lyons Range, Calcutta.

The listing fees have already been paid to the Stock Exchanges.

An application for delisting of shares of Company from Calcutta Stock Exchange is pending for approval.

vi. Stock Code

The Bombay Stock Exchange Ltd. : **511768**

The Calcutta Stock Exchange Assn. Ltd. : **23435**

viii. Registrar and Share Transfer Agent:

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

Skyline Financial Services (P) Ltd.

246, Sant Nagar, Main Iscon Temple Road
East of Kailash, New Delhi
Ph. 011-26292680-83, Fax: 91-11-26292681
Email: viren@skylinerta.com, admin@skylinerta.com

ix. 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) Ltd.

The Company has constituted a Share Transfer Committee of its Directors. The Share Transfer Committee meets once in fortnight to consider transfer/ transmission/demat/remat cases and other allied matters.

x. Distribution of Shareholding Pattern of the Company as on 31.03.2008

Sr. No.	Category	No. of Shares	% of Shares
1.	Promoters	2925215	51.32%
2.	Bodies Corporates	1345476	23.60%
3.	Other Indian Public	1401620	24.59%
4.	NRI	19814	0.35%
5.	FII's	8275	0.14%
	Total	5700400	100.00

xi. Break-up of Equity/Dematerialization of Shares as on 31.03.2008

	Category				No. of Shares	
	Physical	%	Demat	%	Total	%
Promoters	Nil	Nil	2925215	51.32%	2925215	51.32%
Non-Promoters	746325	13.09%	2028860	35.59%	2775185	48.68%

xii. During the financial year ended on 31st March 2008, the Company has not issued any GDRs/ ADRs/Warrants or any other convertible instruments.

xiii. The Company is having office(s) at the following address(es)

a. Registered Office:

Village Gobindgarh, Malout Road, Abohar (Pb.)
Tel. No. 01634-224163, 225095

b. Head Office:

Master Chambers, 19, Feroze Gandhi Market,
Ludhiana - 141001,
Tel. No. 0161-2410557, 2410558, 3013411

c. Corporate Office:

1001, Arunachal Building, 10th Floor,
19, Barakhambha Road, New Delhi
Tel. No. 011-42111000 (100 lines)

d. Mumbai Office:

C-1, Jeevan Jyot, 18 / 20, Cawasjee Patel Street,
Mumbai – 400001
Tel. No. 022-22870004, 22026025

e. Chandigarh Office:

SCO 22-23, Sector 9, Madhya Marg, Chandigarh
Tel. No. 0172-4848000/4858000

xiv. Address for Correspondence

Head Office:

"Master Chambers", 19, Feroze Gandhi Market, Ludhiana
Tel. : 0161-2410557-58, 3911525, 3911504
Fax No. : 0161-2402963
E-mail : infoldh@mastermarts.com

xv. Compliance Officer:

Mr. Divyesh Jani, *Company Secretary*

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 in internal control over financial reporting during the year;
 - (ii) significant changes in accounting policies during the year 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

Place: Ludhiana
Date : 30th August 2008

Harjeet S. Arora
Managing Director

Certificate of compliance of the Code of Conduct of the Company

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

For Master Trust Limited

Place: Ludhiana
Date : 30th August 2008

Harjeet S. Arora
Managing Director

Compliance Certificate

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

To The Members of
Master Trust Limited

We have examined the compliance of conditions of Corporate Governance by Master Trust Limited for the year ended 31st March 2008 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 Sanjay Agarwal & Associates
Company Secretary

Sd/-

Sanjay Kumar Agarwal

Proprietor

CP No. 7604

Date : 30th August 2008

Place: Ludhiana

Auditors' Report

To
The Members
Master Trust Limited

We have audited the attached Balance Sheet of Master Trust Limited as on 31st March 2008 and the Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimate made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable bases for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of subsection (4A) of section 227 of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraph 4 & 5 of the said order.
2. Further to our comments in the Annexure referred in paragraph (1) above, we state that:
 - i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - ii) 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 such books;
 - iii) The Balance Sheet and Profit & Loss Account and Cash

Flow Statement dealt with by this report are in agreement with the books of account;

- iv) In our opinion the Balance Sheet and Profit & Loss Account and Cash Flow Statement comply with accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, in so far as they apply to Company.
- v) Based on representation made by the directors and taken on record by the Board, we report that none of the directors is disqualified as on 31.3.2008 from being appointed as a director in terms of clause (g) of subsection (1) of section 274 of the Companies Act, 1956.
- vi) In our opinion and to the best of our information and according to the explanations given to us, read with the other note, the said statements of accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
 - i) in the case of Balance Sheet, of the state of affairs of the Company as at 31st March 2008 and
 - ii) in the case of Profit & Loss Account, of the Profit for the year ended on that date.
 - iii) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

For **Manjeet Singh & Co.**
Chartered Accountants

Sd/
Manjeet Singh
Prop.

Place : Ludhiana
Date : 30th August 2008

Membership No. 88759

Annexure to the Auditors' Report

(Referred to in paragraph (1) of our report of even date)

To
The Members
Master Trust Limited

1.
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) As explained to us, the management has physically verified these fixed assets during the year and no serious discrepancies have been noticed. In our opinion, the frequency of verification of fixed assets is reasonable. To the best of our knowledge, no material discrepancy has been noticed on verification.
 - c) No substantial part of the fixed assets have been disposed off during the year.
2.
 - a) The inventory has been physically 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 physical verification of inventory followed by the Company are reasonable and adequate commensurate with the size of Company and the nature of its business.
 - c) The Company is maintaining proper record of inventory. The discrepancies noticed on verification between the physical inventory and book records were not material and the same have been properly dealt with the books of account.
3. In respect of loans, secured or unsecured, granted or taken by the Company to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
 - a) The Company has granted loans to five parties, aggregating to Rs 95.33 mn at the end of the year (Previous year to nine party Rs 81.41 mn) including interest free loan of Rs 9.74 mn (Previous year Rs 0.885 mn) granted to subsidiaries companies and Rs 0.05 mn (Previous year Rs 3.65 mn) to associates, all loans are due on demand and has taken loans from three parties aggregating to Rs 31.50 mn (Previous year Rs 43.20 mn) at the end of the year.
 - b) In our opinion and according to the information and explanations given to us, the rate of interest, wherever applicable and other terms and conditions are not prima facie prejudicial to the interest of the Company.
4. In our opinion and according to the information and explanation given to us during the course of audit, there are adequate internal control procedures commensurate with the size of Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods. Further on the basis of our examination of books and records of the Company and according to information and explanations given to us, we have neither come across nor have been informed of any instance of major weaknesses in the aforesaid internal control procedures.
 - c) In respect of loans granted by the Company to the subsidiaries, the loans are interest-free and are repayable on demand. In respect of loans granted to other party, the interest and loans are repayable on demand.
 - d) In respect of loans granted by the Company, these are repayable on demand and therefore the question of overdue amounts does not arise.
5.
 - a) Based upon the audit procedures applied by us and according to the information and explanations given to us, we are of the opinion that the transactions required to be entered into the register maintained under section 301 of the Act, have been so entered.
 - b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Act and aggregating during the year to rupees five lacs or more in respect of each party have been made at prices which are reasonable having regard to market prices for such transactions, prevailing at the relevant time, where such market prices are available.
6. The Company has not accepted any deposits from public within the meaning of section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of

Deposit) Rules, 1975.

7. In our opinion, the Company has an adequate system of internal audit which is commensurate with the size and nature of its business.
8. We are informed that maintenance of cost records has not been prescribed by the Central Government under Section 209(1) (d) of the Companies Act, 1956 in respect of the Company's products.
9. The Company is regular in depositing the undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Cess and other statutory dues with the appropriate authorities as applicable, no amount was outstanding for more than six months as on the date of Balance Sheet from the date they become payable.
10. There are no accumulated losses of the Company at the end of the financial year. There are no cash losses during the current and preceding financial year.
11. According to the information and explanations given to us and as per books and records examined by us, the Company has not defaulted in repayment of dues to any financial institution or bank.
12. According to the information and explanations given to us, the Company has adequate documents and proper records were maintained wherever the Company has granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company does not fall within the category of Chit Fund/ Nidhi/Mutual Benefit Fund/Society and hence the related reporting requirements are not applicable.
14. The Company is dealing or trading in shares, securities, debentures and other investments and maintaining proper records of transactions and contracts and also timely entries have been made therein. Shares, securities, debentures and other securities have been held by the Company in its own name except to the extent of the exemption, if any, granted under section 49 of the Act.
15. The Company has given the corporate guarantees of Rs 677 mn (Previous year Rs 425 mn for the facilities of bank guarantees taken by the subsidiaries and Rs 71 mn (Previous year Rs 80 mn) by associate Company from banks or financial institutions, the terms and conditions whereof, in our opinion are not prima facie prejudicial to the interest of the Company.
16. In our opinion and according to the information and explanations given to us, the Company has applied term loans for the purpose for which the loan was obtained.
17. According to the information and explanations given to us, and as per the books and records examined by us, as on the date of balance sheet, the fund raised by the Company on short term basis have not been applied for long term investments. Long term funds have been partly applied for financing core working capital in consonance with the principles of sound financial management.
18. The Company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by way of public issue(s) during the year.
21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For Manjeet Singh & Co.
Chartered Accountants

Sd/
Manjeet Singh
Prop.

Place : Ludhiana
Date : 30th August 2008

Membership No. 88759

Balance Sheet As at 31st March 2008

(Amount in Rupees)

	Schedule	As at 31.03.2008	As at 31.03.2007
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	A	5,64,37,750	5,63,99,000
Reserves & Surplus	B	15,42,84,878	14,21,78,477
		21,07,22,628	19,85,77,477
Loan Funds			
Secured Loans	C	36,49,077	34,21,626
Unsecured Loans	D	1,95,00,000	1,95,00,000
		2,31,49,077	2,29,21,626
Deferred Tax Liability		8,67,901	8,99,083
Total		23,47,39,606	22,23,98,186
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	E	2,06,71,171	2,21,93,334
Less: Depreciation		49,09,970	45,88,537
Net Block		1,57,61,201	1,76,04,797
Investments	F	16,93,73,456	11,37,65,839
Current Assets, Loans and Advances			
a) Closing Stock	G	2,97,70,815	2,28,73,705
b) Sundry Debtors		74,04,908	1,09,11,646
c) Cash & Bank Balances		1,85,10,047	4,53,26,805
d) Loans & Advances		40,93,75,721	23,05,89,786
		46,50,61,491	30,97,01,942
Less: Current Liabilities and Provisions	H		
a) Liabilities		41,20,43,170	21,53,28,221
b) Provisions		36,13,372	33,46,171
		41,56,56,542	21,86,74,392
Net Current Assets		4,94,04,949	9,10,27,550
Miscellaneous Expenditures	I	2,00,000	–
Total		23,47,39,606	22,23,98,186
Accounting Policies & Notes on Accounts	N		

As per our report of even date.

For Manjeet Singh & Co.
Chartered Accountants

For & on behalf of the Board

Sd/-
Manjeet Singh
Prop.
Membership No. 88759
Place : Ludhiana
Date : 30th August 2008

Sd/-
Kashmir Singh
Manager Accounts

Sd/-
Divyesh Jani
Company Secretary

Sd/-
R.K. Singhania
Director

Sd/-
Harjeet S. Arora
Managing Director

Profit and Loss Account For the year ended 31st March 2008

(Amount in Rupees)

	Schedule	Year Ended 31.03.2008	Year Ended 31.03.2007
INCOME			
Operative & Other Incomes	J	5,01,40,530	4,17,61,743
EXPENDITURE			
Personnel Expenses	K	53,01,846	58,17,774
Administrative & Other Expenses	L	54,54,023	61,70,828
Financial Expenses	M	2,17,50,376	1,33,16,940
Preliminary Expenses		50,000	–
Depreciation		3,21,433	3,10,690
Total		3,28,77,678	2,56,16,232
Profit before Taxation		1,72,62,852	1,61,45,511
Provision for Taxation			
- Current Year		19,90,000	20,57,000
- Deferred		(31,182)	(13,806)
- Fringe Benefit Tax		56,249	99,500
- Wealth Tax		2,00,000	1,52,000
Profit after Taxation		1,50,47,785	1,38,50,817
Balance brought forward from previous year		2,30,50,195	95,34,111
Profit available for Appropriation		3,80,97,980	2,33,84,928
APPROPRIATION			
Unutilized STT of previous year		30,96,384	1,68,892
Losses from Partnership firm Related to previous years		–	1,65,841
Balance carried over to Balance Sheet		3,50,01,596	2,30,50,195
		3,80,97,980	2,33,84,928
Accounting Policies & Notes on Accounts	N		

As per our report of even date.

For Manjeet Singh & Co.
Chartered Accountants

For & on behalf of the Board

Sd/-
Manjeet Singh
Prop.
Membership No. 88759
Place : Ludhiana
Date : 30th August 2008

Sd/-
Kashmir Singh
Manager Accounts

Sd/-
Divyesh Jani
Company Secretary

Sd/-
R.K. Singhania
Director

Sd/-
Harjeet S. Arora
Managing Director

Schedules forming part of the Annual Accounts

(Amount in Rupees)

		As at 31.03.2008		As at 31.03.2007	
SCHEDULE	A	SHARE CAPITAL			
Authorized					
11000000 (Previous year 6000000)			11,00,00,000		6,00,00,000
Equity Shares of Rs 10/- each					
Issued, Subscribed & Paid Up					
57,00,400 Equity Shares of Rs 10/- each			5,70,04,000		5,70,04,000
Less : Calls in Arrear (Other than Directors)			5,66,250		6,05,000
Total			5,64,37,750		5,63,99,000

SCHEDULE	B	RESERVES & SURPLUS			
General Reserves			1,00,00,000		1,00,00,000
Share Premium Account		11,15,48,282		11,15,48,282	
Less : Calls in arrears		22,65,000	10,92,83,282	24,20,000	10,91,28,282
Balance in Profit & Loss Account			3,50,01,596		2,30,50,195
Total			15,42,84,878		14,21,78,477

SCHEDULE	C	SECURED LOANS			
Term Loans (secured against hypothecation of car)			19,915		1,33,308
Overdraft Facility (secured against Fixed Deposit)			36,29,162		32,88,318
Total			36,49,077		34,21,626

SCHEDULE	D	UNSECURED LOANS			
From Body Corporates			1,95,00,000		1,95,00,000
Total			1,95,00,000		1,95,00,000

SCHEDULE E FIXED ASSETS (Amount in Rupees)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2007	Additions During the year	Sale/Discarded During the year	As at 31.03.2008	As at 1.04.2007	Written Back	For the Year	As at 31.03.2008	As at 31.03.2008	As at 31.03.2007
Land	1,44,74,389.00	50,27,000.00	67,54,038.00	1,27,47,351.00	-	-	-	-	1,27,47,351.00	1,44,74,389.00
Building	13,96,570.00	-	-	13,96,570.00	2,00,618.00	-	17,059.00	2,17,677.50	11,78,893.00	11,95,952.00
Furniture & Fixture	15,08,580.00	-	-	15,08,580.00	11,94,005.00	-	95,493.00	12,89,498.00	2,19,082.00	3,14,575.00
Office Equipment	21,95,215.00	53,899.00	-	22,49,114.00	11,45,370.00	-	1,05,155.00	12,50,525.00	9,98,589.00	10,49,845.00
Computer	12,43,282.00	1,50,976.00	-	13,94,258.00	10,20,668.00	-	51,537.00	10,72,205.00	3,22,053.00	2,22,614.00
Vehicles	13,75,298.00	-	-	13,75,298.00	10,27,876.00	-	52,189.00	10,80,065.00	2,95,233.00	3,47,422.00
Grant Total	2,21,93,334.00	52,31,875.00	67,54,038.00	2,06,71,171.00	45,88,537.00	-	3,21,433.00	49,09,970.00	1,57,61,201.00	1,76,04,797.00
Previous year	10,25,548.00	1,64,13,986.00	42,46,200.00	2,21,93,334.00	42,77,847.00	-	3,10,690.00	45,88,537.00	1,76,04,797.00	

Schedules forming part of the Annual Accounts

(Amount in Rupees)

		As at 31.03.2008		As at 31.03.2007	
SCHEDULE	F	INVESTMENTS (At Cost)			
A. (Quoted)					
1,468	Fully paid up equity shares of Rs 10/- each of Abhishek Industries Ltd.	14,680		14,680	
-	Fully paid up equity shares of (5) Rs 10/- each of Reliance Industries Ltd.	-		300	
-	Fully paid up equity shares of (251) Rs 10/- each of ICICI Bank Ltd.	-		53,052	
16,88,600	Fully paid up equity shares of Rs 10/- each of Prime Industries Ltd.	1,80,34,775		1,80,34,775	
-	Fully paid up equity shares of (11,632) Rs 10/- each of Mukerian Papers Ltd.	-		4,07,120	
-	Fully paid up equity shares of Rs 10/- (100) each of Som Dutt Finance Ltd.	-		1,000	
-	Fully paid up equity shares of Rs 10/- (300) each of Koa Tools Ltd.	-		3,000	
5,000	Fully paid up equity shares of Rs 10/- each of R.R.B. Securities Ltd.	5,00,000		5,00,000	
-	Fully paid up equity shares of Rs 10/- (1,21,302) each of Chandrika Traders Ltd.	-		1,21,302	
86,800	Fully paid up equity shares of Rs 10/- each (4,36,800) of Bhagya Shree Leasing & Finance Ltd.	8,90,581		30,82,384	
2,24,040	Fully paid up equity shares of Rs 10/- (-) each of SEL Manufacturing Co Ltd	3,17,39,863		-	
49,510	Fully paid up equity shares of Rs 10/- (-) each of Swaraj Mazada Ltd.	1,21,71,548		-	
		6,33,51,447		2,22,17,613	
	Less : Provision for diminution in value	8,93,580	6,24,57,867	8,93,580	2,13,24,033
Debenture					
-	Partly paid up debenture of (200) Reliance Polythylene Ltd.	-		5,000	
-	Non Convertible Debenture of Rs 70/- (5,816) each of Mukerian Papers Ltd.	-		4,07,120	
					4,12,120
B. (Unquoted)					
	In subsidiary companies - fully paid up equity shares of Rs 10/- each				
51,00,000	Master Capital Services Limited	5,10,00,000		5,10,00,000	
50,000	Punjab Industrial Gases Limited	5,00,000		5,00,000	
3,90,000	Master Commodity Services Limited	39,04,500		39,04,500	
70,000	Master Insurance Brokers Limited	27,00,000	5,81,04,500	27,00,000	5,81,04,500

Schedules forming part of the Annual Accounts

(Amount in Rupees)

		As at 31.03.2008		As at 31.03.2007	
SCHEDULE	F	INVESTMENTS (At Cost) (Contd.)			
				2,15,000	
		70,00,000		70,00,000	
				6,52,000	
				8,00,000	
		23,00,000		23,00,000	
		1,20,90,000	2,13,90,000	1,20,90,000	2,30,57,000
C. Government Securities					
		17,674		17,674	
		23,123	40,797	23,123	40,797
D. Mutual Funds					
		5,00,000		–	
		2,00,000		2,00,000	
		3,00,000		–	
		2,00,000		2,00,000	
		5,00,000		5,00,000	
		–		5,00,000	
		2,00,000		2,00,000	
		4,50,000		4,50,000	
		–		5,00,000	
		2,00,000		2,00,000	
		17,490		17,490	
		–		5,00,000	
		3,00,000		3,00,000	

Schedules forming part of the Annual Accounts

(Amount in Rupees)

		As at 31.03.2008		As at 31.03.2007	
SCHEDULE	F	INVESTMENTS (At Cost) (Contd.)			
20,000.000	Sundram BNP Paribas Rural India Fund Growth	2,00,000		2,00,000	
20,000.000	Standard Chartered Enterprises Equity Fund Growth	2,00,000		2,00,000	
48,899.756	Fidelity India Special Situation Fund Growth	5,00,000		5,00,000	
4,635.488	Sundram BNP Paribas Select Midcap Dividend	1,00,000		1,00,000	
536.501	HSBC Equity Fund Dividend	16,452		16,452	
1,749.169	Reliance Growth Fund Dividend	1,00,000		1,00,000	
20,000.000	UTI Wealth Builder Fund Growth	2,00,000		2,00,000	
48,889.756	DSP Merrill Lynch Small and Mid Cap-Reg Growth	5,00,000		5,00,000	
50,000.000	LICMF Systematic Asset Allocation Fund Growth	5,00,000		-	
(-)					
1,354.068	ICICI Prudential Infrastructure Fund Div.	20,189	55,04,131	20,189	54,04,131
Capital in Partnership Firms (As per note No.15)			2,18,76,161		54,23,258
Total			16,93,73,456		11,37,65,839
Market value of quoted shares is Rs 109.36 mn (Previous year Rs 22.13 mn)					

SCHEDULE G CURRENT ASSETS, LOANS AND ADVANCES

A) Current Assets					
a)	Closing Stock (Cost or market price whichever is less)		2,97,70,815		2,28,73,705
b)	Sundry Debtors (Unsecured Considered good)				
	Over six months old	27,18,318		26,69,362	
	Others	46,86,590	74,04,908	82,42,284	1,09,11,646
c)	Cash & Bank Balances				
i)	Cash in hand		2,98,784		6,34,337
ii)	With Schedule Banks in				
	- Current Account		61,29,258		3,38,43,213
	- Fixed Deposit (Pledged against overdraft facility)		1,20,82,005		1,08,49,255
			1,85,10,047		4,53,26,805

Schedules forming part of the Annual Accounts

(Amount in Rupees)

	As at 31.03.2008	As at 31.03.2007
SCHEDULE G CURRENT ASSETS, LOANS AND ADVANCES (Contd.)		
B) Loans and Advances		
Advances recoverable in cash or in kind or for value to be received	34,44,12,185	18,03,73,379
Amount due from subsidiaries	1,79,76,558	65,22,346
Security	63,85,009	62,80,959
Share Application Money	3,63,46,375	3,07,96,375
Advance Income Tax/T.D.S.	42,55,594	66,16,727
	40,93,75,721	23,05,89,786
Total	46,50,61,491	30,97,01,942

SCHEDULE H CURRENT LIABILITIES AND PROVISIONS

A) Current Liabilities		
Sundry Creditors	83,75,701	3,66,64,526
Amount due to Subsidiaries	30,58,163	4,32,02,559
Cheques Issued (Net)	20,61,037	32,65,424
Other Liabilities	39,85,48,269	13,21,95,712
	41,20,43,170	21,53,28,221
B) Provisions		
Provision for Non-Performing Assets	13,67,123	10,37,671
Provision for Taxation	19,90,000	20,57,000
Provision for Fringe Benefit Tax	56,249	99,500
Provision for Wealth Tax	2,00,000	1,52,000
	36,13,372	33,46,171
Total	41,56,56,542	21,86,74,392

SCHEDULE I MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)		
Preliminary Expenses	2,50,000	–
Less:- 1/5 Written off	50,000	–
Total	2,00,000	–

Schedules forming part of the Annual Accounts

(Amount in Rupees)

		Year Ended 31.03.2008		Year Ended 31.03.2007	
SCHEDULE	J	OPERATING AND OTHER INCOME			
			94,69,771		93,80,834
			1,98,36,834		1,25,68,315
			35,89,502		6,66,766
		37,94,48,570		87,68,08,377	
		1,80,58,198		1,62,76,847	
		39,75,06,768		89,30,85,224	
Less :					
		1,62,76,847		1,68,25,509	
		37,49,98,102	62,31,819	86,88,23,938	74,35,777
			14,23,306		81,99,551
			64,42,903		6,17,521
			31,46,395		28,92,979
Total			5,01,40,530		4,17,61,743

SCHEDULE	K	PERSONNEL EXPENSES			
			47,23,930		51,27,088
			3,95,830		3,95,830
			1,82,086		2,94,856
Total			53,01,846		58,17,774

SCHEDULE	L	ADMINISTRATIVE AND OTHER EXPENSES			
			1,77,249		5,84,614
			4,96,964		5,56,775
			5,25,757		3,87,618
			1,75,640		1,28,476
			3,64,973		3,13,093
			5,05,684		1,33,094
			4,07,243		13,13,442
			45,000		45,000
			5,000		5,000
			7,02,444		4,93,017
			9,53,181		10,69,377
			7,65,436		7,44,363
			3,29,452		3,96,959
Total			54,54,023		61,70,828

SCHEDULE	M	FINANCIAL EXPENSES			
			71,797		65,052
			2,15,36,678		1,31,54,069
			1,41,901		97,819
Total			2,17,50,376		1,33,16,940

Schedules forming part of the Annual Accounts

SCHEDULE N ACCOUNTING POLICIES & NOTES ON ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

1. **Accounting Convention :**

The financial statements are prepared under historical cost convention in accordance with the Generally Accepted Accounting Principles (GAAP) and applicable accounting standards issued by the Institute of Chartered Accountants of India and relevant provision of the Companies Act, 1956 and on the basis of going concern.

2. **Fixed Assets :**

Fixed Assets are stated at original cost less accumulated depreciation/amortization. Cost of acquisition includes of freight, duties, taxes and other incidental expenses. The depreciation has been charged at Straight Line Method as per rates prescribed in schedule XIV of the Companies Act, 1956.

3. **Investments :**

Investments are valued at cost. The Company has made provision for diminution in the book value of the investments other than investments in the Associated / Promoted Companies. In management's opinion there has been no permanent diminution in the value of investments in Associated / Promoted companies and no provision is required to be made at this stage.

4. **Stock in Trade :**

Closing Stock has been valued at cost or market price which ever is less. Encashed traveller cheques and traveller cheques sold but not settled are valued at inter bank rate.

5. **Revenue Recognition :**

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

6. **Retirement and other Benefits :**

The Company's contribution to Provident and Pension funds are charged to revenue as required under the statute/rules. The Company has provided the provision for the gratuity and charged to revenue.

7. **Fringe Benefit Tax :**

The Fringe Benefit Tax has been calculated and accounted for in accordance with the provisions of the income tax Act, 1961 and the guidance note on Accounting for fringe Benefits Tax issued by the Institute of Chartered Accountants of India.

8. **Impairment of Assets :**

The Company is making an assessment whether any indication exists that an asset has been impaired at the end of the year. If any such indication exists, an impairment loss i.e. the amount by which the carrying amount of an asset exceeds its recoverable amount is provided in the books of accounts.

9. **Provisions, Contingent Liabilities & Contingent Assets :**

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.

10. **Borrowing Cost :**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the

Schedules forming part of the Annual Accounts

SCHEDULE N ACCOUNTING POLICIES & NOTES ON ACCOUNTS (Contd.)

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.

11. Prudential Norms :

The Company carries on two distinct business activities, viz. financing and money changing. For the purpose of identifying the assets as Non Performing Assets (NPA) or otherwise, the Company follows generally accepted accounting principles in case of its money changing activities and follows the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1988 in case of finance activities.

B. NOTES ON ACCOUNTS

1. Contingent Liabilities

- a. The Punjab State Industrial Development Corporation Limited (PSIDC) had contributed Rs 8.85 mn (Previous year Rs 8.85 mn) in the equity share capital of Prime Industries Ltd @ Rs 10/- per share, as Direct Equity Participation in 1993. The Company as an associate promoter of Prime Industries Ltd., pledged 5,69,300 shares (Previous year 5,69,300 shares) of Prime Industries Ltd of Rs 10/- each amounting to Rs 56,93,000/- (Previous Year Rs 56,93,000/-) to PSIDC along with irrevocable power of attorney. The Company has also subscribed to the undertaking for buy back of the shares subscribed by PSIDC as referred above. As per the terms of undertaking for buy back of the shares, the promoters are to buy the said shares at the face value along with interest applicable to terms financing before the expiring of seven years from the date of commencement of commercial production i.e. 04.04.1994. As per the term of the above referred undertaking, in case the promoters/associates do not buy back the shares subscribed by PSIDC, then the PSIDC is entitled to sell the shares subscribed by it and also recovers the loss if any by sale of the above referred shares pledged to the PSIDC. The PSIDC had announced OTS Policy for equity disinvestment. The promoters / associates have applied for buy back of shares under OTS policy, subject to their rights under the law to adjudicate upon the amount due under the buy back agreement and a sum of Rs 1.79 mn shown as loans and advances recoverable in cash and/or kind has been paid as per the amount demanded by the PSIDC in this respect.
 - b. Bank Guarantee of 50,000 US\$ (previous year 50,000 US\$) in favour of American Express Travel Related Services Company Inc. U.S.A. for traveller cheques stock limit.
 - c. The Company has given Corporate Guarantee to Banks for securing the Bank Guarantees limits of Rs 644 mn (previous year Rs 405 mn) on behalf of Master Capital Services Ltd. a wholly owned subsidiary Company, Rs 33 mn (previous year 20 mn) on behalf of Master Commodity Services Ltd. a subsidiary Company and Rs 71 mn (previous year Rs 80 mn) on behalf of MTL Shares & Stock Brokers Ltd. a group Company.
2. Building includes Rs 3,50,000/- (Previous Year Rs 3,50,000/-) being the cost of the office premises at Ludhiana. The Company has not yet put to use office premises so no depreciation has been charged. That expenses relating to registration of the sale deed/lease deed will be accounted for as and when incurred.
 3. In the year 1998-99 the Company had lost foreign currencies amounting Rs 34,04,420/-. The claim was repudiated by the Insurance Company. The Company has filed a petition against the Insurance Company in the Hon'ble Supreme Court of India which is still pending. This amount has been shown as claim receivable under the head "Loans and Advances".
 4. The Company has received the inter-corporate loan payable on demand of Rs 314.67 mn (Previous year 78.05 mn), these corporate loan and interest accrued there on has been shown as current liability.
 5. In the opinion of Board of Directors other current assets, loans and advances have the value at which they are stated in the Balance sheet, if realized in the ordinary course of business. Debit/Credit balances are subject to reconciliation and confirmation.

Schedules forming part of the Annual Accounts

SCHEDULE N ACCOUNTING POLICIES & NOTES ON ACCOUNTS (Contd.)

6. Disclosure pursuant to Reserve Bank of India Notification No. DNBS 167/CGM (OPA)-2003 dated 29th March 2003.

S. No.	Particulars	Amt. Outstanding As at 31.03.2008	Amt. Outstanding As at 31.03.2007
1.	Loans and advances availed by the NBFC inclusive of interest accrued thereon but not due:		
a.	Term Loans	19,915	1,33,308
b.	Other Loans (Represents Cash Credit from Banks)	36,29,162	32,88,318
c.	Corporate Loans	1,95,00,000	1,95,00,000
	Other Information		
	Category	Related Parties	Other than related parties
i)	Gross Non-Performing Assets (Includes debtors of Rs Nil)	NIL	3,29,452
			(7,26,411)
ii)	Net Non-Performing Assets (Net of provisioning of Rs 3,29,452/- (previous year Rs 3,96,959)	NIL	NIL
			(3,29,452)
iii)	Assets acquired in satisfaction of debt		NIL

7. Related Party Disclosures

Related party disclosure, as required by AS-18, Related Party Disclosures, are given below:

Subsidiaries

- Master Capital Services Ltd.
- Punjab Industrial Gases Ltd.
- Master Commodity Services Ltd.
- Master Insurance Brokers Ltd.

Associates/Enterprises owned or significantly influenced by key Personnel Management Persons or their Relatives

- Prime Industries Ltd.
- Master Share & Stock Brokers Ltd.
- MTL Share & Stock Brokers Ltd.
- Arora Lease and Development Ltd.
- Sanawar Investments

Key Management and their Relatives

- Mr. Harjeet S. Arora
- Mr. R K Singhania
- Mr. G S Chawla
- Mr. Sanjay Sood
- Mr. Pavan Chhabra
- Mrs. Harnesh Kaur Arora
- Mr. Ashwani Kumar
- Mr. Anil Kumar Bhatia
- Mr. Sudhir Kumar
- Mrs. Palka A. Chopra

Schedules forming part of the Annual Accounts

SCHEDULE N ACCOUNTING POLICIES & NOTES ON ACCOUNTS (Contd.)

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	2007-08 Rupees Total
Purchases	3,17,25,801 (4,38,14,708)	6,06,968 (1,80,54,858)	– (–)	3,23,32,770 (6,18,69,566)
Sale	3,63,08,720 (7,35,18,639)	2,15,000 (62,89,189)	– (–)	3,65,23,720 (7,98,07,828)
Interest Paid	17,99,000 (19,14,675)	3,20,953 (94,808)	– (–)	21,19,953 (20,09,483)
Interest Received	– (5,19,772)	27,73,080 (28,01,745)	– (–)	27,73,080 (33,21,517)
Equity Contribution	5,81,04,500 (5,81,04,500)	61,00,000 (61,00,000)	– (–)	6,42,04,500 (6,42,04,500)
Application Money	2,96,75,000 (2,96,75,000)	– (–)	– (–)	2,96,75,000 (2,96,75,000)
Loan & Advances Given	1,79,76,558 (65,22,346)	7,73,58,840 (7,48,01,880)	– (–)	9,53,35,398 (8,13,24,236)
Taken	30,58,163 (4,32,02,559)	2,84,38,947 (–)	– (–)	3,14,97,110 (4,32,02,559)
Remuneration	– (–)	– (–)	7,28,501 (3,95,830)	7,28,501 (3,95,830)
Rent Paid	– (–)	38,400 (38,400)	– (–)	38,400 (38,400)
Corporate Guarantees given	67,70,00,000 (42,50,00,000)	7,10,00,000 (8,00,00,000)	– (–)	74,80,00,000 (50,50,00,000)
Balance outstanding at the end of the year				
Receivable	1,79,76,558 (65,22,346)	7,76,99,179 (7,61,87,410)	– (–)	9,56,75,737 (8,27,09,756)
Payable	30,58,163 (4,32,02,559)	2,86,83,147 (–)	– (–)	3,17,41,310 (4,32,02,559)

Schedules forming part of the Annual Accounts

SCHEDULE N ACCOUNTING POLICIES & NOTES ON ACCOUNTS (Contd.)

8. Segment Reporting

Information about business Segments

(Amount in Rupees)

	2007-08	2006-07
A) Segment Revenue		
1) Total Segment Revenue		
a) Forex Business	94,69,771	93,80,834
b) Interest	1,98,36,834	1,25,68,315
c) Share Trading and Others	2,08,33,925	1,98,12,594
Total	5,01,40,530	4,17,61,743
2) Inter Segment Revenue	NIL	NIL
3) External Revenue (1-2)		
a) Forex Business	94,69,771	93,80,834
b) Interest	1,98,36,834	1,25,68,315
c) Share Trading and Others	2,08,33,925	1,98,12,594
Total	5,01,40,530	4,17,61,743
B) Results		
1) Segment Results:		
a) Forex Business	21,02,770	22,26,229
b) Interest	34,75,247	25,43,444
c) Share Trading and Others	1,22,19,966	1,18,49,399
Total	1,77,97,983	1,66,19,072
2) Unallocated Expenses	3,21,433	3,10,690
3) Operating Profit	1,74,76,550	1,63,08,382
4) Interest expenses	2,13,698	1,62,871
5) Provision for tax	22,15,067	22,94,694
6) Net Profit	1,50,47,785	1,38,50,817
Other Information		
1) Segment Assets		
a) Forex Business	3,19,35,984	2,87,49,511
b) Interest	31,86,82,368	18,32,66,052
c) Share Trading and Others	23,21,85,646	19,07,51,610
Total	58,28,03,998	40,27,67,173
2) Unallocated Corporate Assets	6,75,92,150	3,83,05,405
3) Total Assets	65,03,96,148	44,10,72,578
4) Segment Liabilities		
a) Forex Business	64,02,707	1,17,21,133
b) Interest	25,82,64,130	10,48,65,990
c) Share Trading and Others	11,10,23,760	11,64,31,946
Total	37,56,90,597	23,30,19,069
5) Unallocated Liabilities	6,31,15,022	85,76,949
6) Deferred Tax Liabilities	8,67,901	8,99,083
7) Total Liabilities	43,96,73,520	24,24,95,101
8) Shareholders Fund	21,07,22,628	19,85,77,477

Schedules forming part of the Annual Accounts

SCHEDULE N ACCOUNTING POLICIES & NOTES ON ACCOUNTS (Contd.)

9. Deferred Tax Liability as at 31.03.2008 is as follows: (Amount in Rupees)

	2007-08	2006-07
Timing difference on account of		
Depreciation		
- Opening	8,99,083	9,12,889
- During the year	(31,182)	(13,806)
- Closing	8,67,901	8,99,083

10. Calculation of basic and diluted earning per share as per accounting standard (earning per share) issued by the Institute of Chartered Accountants of India

	31.03.2008	31.03.2007
Net Profit in Rupees	1,50,47,785	1,38,50,817
Weighted average number of equity shares outstanding during the year (Nos.)	57,00,400	57,00,400
Nominal Value per share in (Rs)	10	10
Basic and diluted earning per share	2.64	2.43

11. Remuneration paid/payable during the year to the Whole Time Directors

	2007-08	2006-07
- Salary	2,71,380	2,71,380
- Other perquisites	1,24,450	1,24,450
	3,95,830	3,95,830

12. Some of the Investments as on 31.03.2008 are not in the name of the Company, and the same are held with valid transfer deed.

13. Interest on calls in arrears on shares/debentures will be accounted for on receipt basis.

Share allotment money are subject to reconciliation.

14. The amount paid to auditors are as under

	2007-08	2006-07
- Audit Fees	45,000	45,000
- Tax Audit Fee	5,000	5,000

15. Capital in Partnership Firms (Amount in Rupees)

Name of the Firm	Particulars of Parties and their profit sharing	As at 31.03.2008	As at 31.03.2007
Master Insurance Brokers	The Company has (90%), Mr. Harjeet S Arora (5%) - Mr. R K Singhania (5%)	53,18,508	49,51,680
Prime Securities	The Company has (98%), Mrs. Palka A. Chopra (2%)	61,80,520	4,41,368
Prime Investments	The Company has (75%), Mr. Deepak Singh Tanvar (25%)	29,82,852	10,070
Regency Securities	The Company has (75%), Mr. Anurag Khettar (25%)	34,55,090	10,070
Chandigarh Investments	The Company has (98%), Mr. Nitin Shahi (2%)	40,232	-
Master Investments	The Company has (98%), Mr. Puneet Singhania (2%)	38,98,959	10,070
Total		2,18,76,161	54,23,258

Schedules forming part of the Annual Accounts

SCHEDULE N ACCOUNTING POLICIES & NOTES ON ACCOUNTS (Contd.)

16. Miscellaneous expenditure have been written off to the extent of 20% p.a.
17. Additional information required to be disclosed as per clause 3.4 C and 4D of Schedule VI of the Companies Act, 1956.

Particulars in Respect of Opening Stock, Purchase, Sale and Closing Stock.

	Current Year		Previous Year	
	Quantity	Amount	Quantity	Amount
Opening Stock	3,36,990.1444	1,62,76,847	2,67,103.0946	1,68,25,509
Purchase	35,58,397.5188	37,49,98,102	7,98,96,034.1490	86,88,23,938
Sale	3,47,34,896.7287	37,94,48,570*	7,98,26,147.0992	87,68,08,377*
Closing Stock	11,86,490.9345	1,80,58,198	3,36,990.1444	1,62,76,847

* includes speculative/derivative and short term profit

Closing Stock	As at 31.03.2008		As at 31.03.2007		As at 31.03.2006	
	Qty.	Value	Qty.	Value	Qty.	Value
RPG Life Science Ltd.	25	838	25	911	25	911
Emami Ltd.	16,911	49,15,182	-	-	-	-
1308 ING Liquid Plus Fund Reg-Daily Dividend	840.368	8,405	-	-	-	-
1314 ING Liquid Plus Fund Institutional Daily Dividend	2,82,312.267	28,24,054	-	-	-	-
1135 ING Liquid Fund Daily Dividend	2,148.657	23,172	-	-	-	-
Vardhman Textile Ltd	400	82,620	400	85,209	400	85,209
Sainik Finance Ltd.	41,684	1,27,136	41,684	1,27,136	41,684	1,27,136
R R Financial Services Ltd.	12,000	9,000	12,000	9,000	12,000	9,000
Evinix Accessories Ltd.	200	16,980	3,475	2,95,027	-	-
Fidelity Cash Fund Retail Division	-	-	469.2879	14,692	-	-
Creative Intra Ltd.	12,541	54,346	27,173	54,346	27,173	54,346
Oswal Chemicals & Fert Ltd.	350	1,659	350	1,659	350	1,659
ICICI Ltd.	291	13,153	291	13,153	291	13,153
Rolta India Ltd.	250	12,813	250	12,813	250	12,813
Hindalco Industries Ltd.	-	-	-	-	3,190	5,40,981
Nahar Industrial Enterprises Ltd.	-	-	-	-	42,770	58,33,828
Rallis India Ltd.	83	4,623	83	4,623	83	4,623
Oil & Natural Gas Corporation Ltd.	25	20,427	25	20,427	25	20,427
Abhishek Ind Ltd.	2,197	12,962	2,197	12,962	2,197	12,962
Nahar Exports Ltd.	1	23	1	32	1,15,564	86,23,738
Punjab Alkalies & Chemicals Ltd.	1,000	7,900	1,000	7,900	1,000	7,900
DSP Merrill Lynch Capital Ltd.	5	10,050	5	10,050	5	10,050
Fidelity Short Term Income (Retail) Dividend	179.8705	1,799	179.8705	1,799	-	-
Idea Cellular Ltd.	152	11,400	152	11,400	-	-
1221 ING Short Term Income Fund Dividend	24,967.3740	2,78,635	23,660.822	2,63,806	-	-
Kotak Flexi Debt Scheme Daily Dividend	-	-	14,948.831	1,49,330	-	-
Franklin India Opportunity Fund Growth	1	10	1	10	1	10

Schedules forming part of the Annual Accounts

SCHEDULE N ACCOUNTING POLICIES & NOTES ON ACCOUNTS (Contd.)

Closing Stock	As at 31.03.2008		As at 31.03.2007		As at 31.03.2006	
	Qty.	Value	Qty.	Value	Qty.	Value
HDFC Liquid Fund	-	-	-	-	212.276	2,143
ING Vysya Liquid Fund	-	-	-	75,310.667	7,54,018	
Mahanagar Telephone Nigam Ltd.	-	-	-	-	3,000	3,44,400
PTC India Ltd	200	9,560	200	9,560	200	9,560
Padmalya Telefilms Ltd.	100	1,040	100	1,040	100	1,280
JM Floater Fund Dividend Option 73	-	-	848.908	8,538	803.797	8,084
RICOH India Ltd.	1,000	25,550	1,000	25,550	1,000	54,750
Vakrangee Softwares Ltd.	-	-	-	-	2,500	2,68,750
Vardhman Industries Ltd.	-	-	-	-	5,000	1,34,250
Vallabh Steels Ltd.	-	-	-	-	1,510	60,476
Union Bank Ltd.	-	-	-	-	2,094	2,30,340
Syndicate Bank	-	-	-	-	3,178	1,58,900
Punjab National Bank	-	-	-	-	497	1,93,830
Kotak Flexi Debt Scheme Growth	-	-	63,001.395	7,08,426		-
Kotak 30 Equity Scheme Growth	16,994.04	12,30,970	7,369.363	4,78,987		-
Swaraj Mazda Industries Ltd.	-	-	49,510	1,21,71,548		-
Power Finance Corporation Ltd.	219	18,615	219	18,615		-
Redington (India) Ltd.	60	6,780	60	6,780		-
Shyam Telecom Ltd.	10,000	7,11,500	10,000	9,97,500		-
LIC MF Liquid Fund Daily Dividend Plan	2,073.86	22,771	-	-		-
LIC MF Liquid Fund Daily Dividend Plan	7,34,397.493	73,43,975	-	-		-
NOCIL Ltd.	8,000	2,13,200	-	-		-
South Indian Bank Ltd.	250	37,050	-	-		-
Foreign Currency		1,17,12,617		65,96,858		59,41,224
Total		2,97,70,815		2,28,73,705		2,27,66,733

18. The Company has paid general expenses as sub-brokerage etc. of Rs 0.6 mn (Previous Year Rs 0.3 mn)

19. During the year foreign exchange outgo is Rs 1,22,299/- (Previous Year NIL)

20. Previous year figures have been regrouped & recasted wherever necessary to confirm to the Current Year classifications.

Signature to Schedules 'A' to 'N'

For Manjeet Singh & Co.

Chartered Accountants

For & on behalf of the Board

Sd/-

Manjeet Singh

Prop.

Membership No. 88759

Place : Ludhiana

Date : 30th August 2008

Sd/-

Kashmir Singh

Manager Accounts

Sd/-

Divyesh Jani

Company Secretary

Sd/-

R.K. Singhania

Director

Sd/-

Harjeet S. Arora

Managing Director

Balance Sheet Abstract

Balance Sheet Abstract and Company's General Business Profile as per part IV of Schedule VI to the Company's Act, 1956

I. Registration Details

Registration No. State Code
 Balance Sheet Date

II. Capital Raised during the year (Amount in Rs Thousand)

Public Issue
 Bonus Issue
 Right Issue
 Private Placement

III. Position of Mobilisation and Deployment of Funds (Amount in Rs Thousand)

Total Liabilities
 Total Assets

Source of Funds

Paid up Capital
 Secured Loans
 Deferred Tax Liability
 Reserve & Surplus
 Unsecured Loans

Application of Funds

Net Fixed Assets
 Net Current Assets
 Investment
 Misc. Expenditure

IV. Performance of Company (Amount in Rs Thousand)

Gross Receipts
 Profit before Tax
 Earning per Share
 Total Expenditure
 Profit after Tax
 Dividend Rate %

V. Generic names of Three Principal Products/services of Company (as per monetary terms)

Item Code No.(ITC Code) : Not applicable
 Product Description : Share Trading Investments
 Item Code No.(ITC Code) : Not applicable
 Product Description : Money Changers

As per our report of even date.

For Manjeet Singh & Co.
 Chartered Accountants

For & on behalf of the Board

Sd/-
 Manjeet Singh
 Prop.
 Membership No. 88759
 Place : Ludhiana
 Date : 30th August 2008

Sd/-
 Kashmir Singh
 Manager Accounts

Sd/-
 Divyesh Jani
 Company Secretary

Sd/-
 R.K. Singhania
 Director

Sd/-
 Harjeet S. Arora
 Managing Director

Cash Flow Statement For the year ended 31st March 2008

(Rupees in mn)

	Year Ended 31.03.2008	Year Ended 31.03.2007
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extraordinary items	17.26	16.15
Adjustment for:		
Interest Paid	21.61	13.22
Depreciation	0.32	0.31
Interest/Dividend	(21.26)	(20.77)
Operating profit before Working Capital Changes	17.93	8.91
Adjustment for:		
Trade and other Receivables	3.51	(5.02)
Inventories	(6.70)	(0.11)
Trade Payable	196.98	93.92
Loans and advances	(178.79)	(42.80)
Miscellaneous Expenditure	(0.20)	-
Appropriations	(3.10)	(0.34)
Cash generated from operations	29.64	54.57
Direct Tax Paid	(2.25)	(2.31)
Cash flow before Extra ordinary items	27.39	52.26
Extra ordinary items		
Interest Paid	(21.61)	(13.22)
Interest/Dividend	21.26	20.77
Net Cash from operating activities	27.04	59.81
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(5.23)	(16.41)
Sale of fixed assets	6.75	4.25
Purchase of investments	(61.96)	(8.55)
Sale of Investments	6.36	16.58
Net Cash Used in Investing Activities	(54.09)	(4.14)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Share Capital (Call money)		
Proceeds from long term borrowing (Bridge Loan)	0.23	(28.33)
Net Cash Used In Financing Activities	0.23	(28.33)
Net Increase /(Decreases) In Cash and Cash Equivalents (A+B+C)	(26.82)	27.34
Net Increase In Cash and Cash Equivalent	(26.82)	27.34
Cash and Cash Equivalents as at 01.04.2007 (Opening Balance)	45.33	17.99
Cash and Cash Equivalents as at 31.03.2008 (Closing Balance)	18.51	45.33
Note: Figures in Brackets represent deductions and outflows		

For & on behalf of the Board

Place : Ludhiana	Sd/- Kashmir Singh Manager Accounts	Sd/- Divyesh Jani Company Secretary	Sd/- R.K. Singhania Director	Sd/- Harjeet S. Arora Managing Director
Date : 30th August 2008				

Auditors Certificate

We have verified the attached Cash Flow Statement of Master Trust Limited derived from the audited financial statements and the books and records maintained by the Company for the year 31st March 2008 and found the same to be drawn in accordance therewith and requirements of clause 32 of the Listing Agreement with stock exchanges.

For Manjeet Singh & Co.
Chartered Accountants

Sd/-
Manjeet Singh
Prop.
Membership No. 88759
Place : Ludhiana
Date : 30th August 2008

Statement Pursuant to Section 212 of the Companies Act, 1956, Relating to Company's interest in the Subsidiary Companies

Name of the Subsidiary Company	Master Capital Services Ltd.	Punjab Industrial Gases Ltd.	Master Commodity Services Ltd.	Master Insurance Brokers Ltd.
The Financial year of the Subsidiary Companies to end on	31st March 2008	31st March 2008	31st March 2008	31st March 2008
Number of Shares held by Master Trust Ltd. with its nominees in the subsidiaries	51,00,000 Equity Shares of the face value of Rs 10/-each fully paid up	50,000 Equity Shares of the face value of Rs 10/-each fully paid up	3,90,000 Equity Shares of the face value of Rs 10/-each fully paid up	7,00,000 Equity Shares of the face value of Rs 10/-each fully paid up
Extent of interest of holding Company at the close of the year	100%	100%	79.59%	70%
The net aggregate amount of the Company's profit not dealt within Company account.				
A. Not dealt with in the holding Company's Account				
i) For Current Financial Year.	Rs 124.4 mn	Rs 0.001 mn	Rs 2.958 mn	Rs (0.003) mn
ii) For the previous financial years of the subsidiary companies since they became the holding Company's subsidiaries.	Rs 75.425 mn	Rs 0.001 mn	Rs 0.247 mn	Rs 0.812 mn
B. Deal with the holding Company's Accounts:				
i) For the previous Financial years of the subsidiary companies since they became the holding Company's subsidiaries				

For & on behalf of the Board

Place : Ludhiana	Sd/- Kashmir Singh <i>Manager Accounts</i>	Sd/- Divyesh Jani <i>Company Secretary</i>	Sd/- R.K. Singhania <i>Director</i>	Sd/- Harjeet S. Arora <i>Managing Director</i>
Date : 30th August 2008				

Financial Information of the subsidiary companies for the year ended 31st March 2008 (Rs in mn)

Name of the Subsidiary	Paid up Capital	Reserves	Total assets including investments	Investments	Total Liabilities (a)	Turnover	Profit before tax	Provision for taxation	Profit/(Loss) after tax	Dividend Proposed/paid
Master Capital Services Ltd. (b)	51.00	272.75	2,288.93	54.32	1,965.18	590.41	146.30	21.90	124.40	Nil
Master Commodity Services Ltd. (c)	4.9	3.7	95.84	Nil	87.34	14.19	4.51	1.56	2.96	Nil
Master Insurance Brokers Ltd. (c)	1.00	3.026	13.28	Nil	9.25	0.019	(0.003)	Nil	(0.003)	Nil
Punjab Industrial Gases Ltd. (b)	0.50	0.007	10.67	Nil	10.16	0.010	0.002	0.002	Nil	Nil

Notes:

- Total liabilities excludes paid up capital and reserves & surplus
- Wholly owned subsidiary
- Subsidiary

Auditors' Report on Consolidated Financial Statements

To
The Board of Directors
Master Trust Limited

1. We have examined the attached Consolidated Balance Sheet of Master Trust Limited (The Company) and its subsidiaries as on 31.03.2008 and also the consolidated Profit and Loss Account and Cash Flow Statement, for the year ended on that date. These consolidated financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation, we believe that our audit provides a reasonable basis for our opinion.
3. We further report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard AS-21 Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of separate audited financial statements of the Company and its subsidiaries included in Consolidated Financial Statements.
4. On the basis of information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of the Company and its subsidiaries, we are of the opinion that the said Consolidated Financial Statements, read together with notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a) In the case of Consolidated Balance Sheet, of the consolidated state of affairs of the Company and its subsidiaries as at 31st March 2008 and
 - b) In the case of Consolidated Profit & Loss Account, of the consolidated results of operations of the Company and its subsidiaries for the year ended on that date.
 - c) In the case of Consolidated Cash Flow Statement, of the Consolidate Cash Flow for the year ended on that date.

For **Manjeet Singh & Co.**
Chartered Accountants

Sd/
Manjeet Singh
Prop.

Place : Ludhiana
Date : 30th August 2008

Membership No. 88759

Consolidated Balance Sheet As at 31st March 2008

(Amount in Rupees)

	Schedule	As at 31.03.2008	As at 31.03.2007
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	A	5,64,37,750	5,63,99,000
Reserves & Surplus	B	43,06,56,362	29,24,65,361
		48,70,94,112	34,88,64,361
Minority Interest	C	23,62,092	17,59,309
Loan Funds			
Secured Loans	D	1,92,10,522	72,90,890
Unsecured Loans	E	16,66,68,493	14,09,58,016
		18,58,79,015	14,82,48,906
Deferred Tax Liability		1,02,53,082	86,01,158
Total		68,55,88,301	50,74,73,734
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	F	10,74,70,897	8,84,80,873
Less Depreciation		3,56,25,769	2,65,16,280
Net Block		7,18,45,128	6,19,64,593
Investments	G	16,41,27,823	8,35,45,550
Current Assets, Loans and Advances			
a) Closing Stock	H	7,95,15,309	9,23,17,825
b) Sundry Debtors		1,30,85,55,893	81,75,17,268
c) Cash & Bank Balances		79,00,15,188	60,85,96,039
d) Loans & Advances		52,22,21,136	38,19,04,696
		2,70,03,07,526	1,90,03,35,828
Less: Current Liabilities and Provisions			
a) Liabilities	I	2,22,55,27,611	1,52,39,43,406
b) Provisions		2,53,88,265	1,44,57,951
		2,25,09,15,876	1,53,84,01,357
Net Current Assets		44,93,91,650	36,19,34,471
Miscellaneous Expenditure	J	2,23,700	29,120
Total		68,55,88,301	50,74,73,734
Notes on Balance Sheet & Profit & Loss Accounts	O		

As per our report of even date.

For Manjeet Singh & Co.
Chartered Accountants

For & on behalf of the Board

Sd/-
Manjeet Singh
Prop.
Membership No. 88759
Place : Ludhiana
Date : 30th August 2008

Sd/-
Kashmir Singh
Manager Accounts

Sd/-
Divyesh Jani
Company Secretary

Sd/-
R.K. Singhania
Director

Sd/-
Harjeet S. Arora
Managing Director

Consolidated Profit and Loss Account For the year ended 31st March 2008

(Amount in Rupees)

	Schedule	Year Ended 31.03.2008	Year Ended 31.03.2007
INCOME			
Operative & Other Incomes	K	65,47,67,043	40,53,70,797
EXPENDITURE			
Personnel Expenses	L	5,87,53,740	4,04,79,425
Administrative & Other Expenses	M	34,03,83,812	19,08,39,285
Financial Expenses	N	7,82,42,222	6,15,53,315
Preliminary Expenses W/Off		55,420	8,020
Depreciation		92,55,966	72,85,399
Total		48,66,91,160	30,01,65,444
Profit before Tax & Minority Interest		16,80,75,883	10,52,05,353
Provision for Tax			
- Current Year		2,25,96,350	1,26,22,222
- Deferred		16,51,924	13,68,802
- Fringe Benefit Tax		12,24,792	6,46,058
- Wealth Tax		2,00,000	1,52,000
Profit after Tax before minority interest		14,24,02,817	9,04,16,272
- Minority Interest		6,02,783	3,18,484
Profit after tax and minority interest		14,18,00,034	9,00,97,788
Balance brought forward from previous year		17,31,86,560	8,48,85,280
Excess/ less provision of previous years		(1,92,570)	(4,21,806)
Profit available for Appropriation		31,47,94,024	17,45,61,262
APPROPRIATION			
Unutilized STT of previous year		35,71,463	2,81,361
Losses from Partnership firm Related to previous years		-	1,65,841
Amortisation/Depreciation on Stock Exchange Cards		-	9,27,500
Balance carried over to Balance Sheet		31,12,22,561	17,31,86,560
Total		31,47,94,024	17,45,61,262
Notes on Balance Sheet & Profit & Loss Accounts	O		

As per our report of even date.

For Manjeet Singh & Co.
Chartered Accountants

For & on behalf of the Board

Sd/-
Manjeet Singh
Prop.
Membership No. 88759
Place : Ludhiana
Date : 30th August 2008

Sd/-
Kashmir Singh
Manager Accounts

Sd/-
Divyesh Jani
Company Secretary

Sd/-
R.K. Singhania
Director

Sd/-
Harjeet S. Arora
Managing Director

Consolidated Schedules forming part of the Annual Accounts

(Amount in Rupees)

		As at 31.03.2008		As at 31.03.2007	
SCHEDULE	A	SHARE CAPITAL			
Authorized					
11000000 (Previous Year 6000000 Shares)			11,00,00,000		6,00,00,000
Equity Shares of Rs 10/- each					
Issued, Subscribed & Paid Up					
5700400 Equity Shares of Rs 10/- each			5,70,04,000		5,70,04,000
Less : Calls in Arrear (Other than Directors)			5,66,250		6,05,000
Total			5,64,37,750		5,63,99,000

SCHEDULE	B	RESERVES & SURPLUS			
General Reserves			1,00,00,070		1,00,00,070
Capital Reserves			1,50,449		1,50,449
Share Premium Account		11,15,48,282		11,15,48,282	
Less : Calls in arrears		22,65,000	10,92,83,282	24,20,000	10,91,28,282
Balance in Profit & Loss Account			31,12,22,561		17,31,86,560
Total			43,06,56,362		29,24,65,361

SCHEDULE	C	MINORITY INTEREST			
Share Capital			13,00,070		13,00,070
Share of accumulated profit upto previous year			4,59,239		1,40,755
Profit for the year transferred from Profit & Loss A/c			6,02,783		3,18,484
Total			23,62,092		17,59,309

SCHEDULE	D	SECURED LOANS			
Term Loans (Secured against hypothecation of car)			39,71,328		29,07,311
Overdraft Facility (Secured against Fixed Deposits)			1,52,39,194		43,83,579
Total			1,92,10,522		72,90,890

SCHEDULE	E	UNSECURED LOANS			
Deep Discount Bonds (18% quarterly cumulative redeemable)			2,79,10,000		2,79,10,000
From Body Corporates			1,95,00,000		1,95,00,000
Interest Accrued but not due			11,92,58,493		9,35,48,016
Total			16,66,68,493		14,09,58,016

Consolidated Schedules forming part of the Annual Accounts

SCHEDULE F FIXED ASSETS

(Amount in Rupees)

Particulars	GROSS BLOCK				DEPRECIATION			NET BLOCK		
	As at 01.04.2007	Additions During the year	Sale/Discarded During the year	As at 31.03.2008	As at 1.04.2007	Written Back	For the Year	As at 31.03.2008	As at 31.03.2008	As at 31.03.2007
Land	1,44,74,389	50,27,000	67,54,038	1,27,47,351	–	–	–	–	1,27,47,351	1,44,74,389
Building	60,07,309	11,87,200	–	71,94,509	4,59,420	–	1,09,133	5,68,553	66,25,956	55,47,889
Furniture & Fixtures	60,28,527	5,92,295	–	66,20,822	20,75,984	–	3,96,376	24,72,360	41,48,462	39,52,543
Office Equipments	74,10,056	12,40,246	–	86,50,302	18,81,701	–	3,80,359	22,62,060	63,88,242	55,28,355
Computer and V-sat	4,64,15,695	1,74,47,635	–	6,38,63,330	1,95,31,903	–	76,55,727	2,71,87,630	3,66,75,700	2,68,83,792
Vehicles	79,98,419	3,96,164	–	83,94,583	24,20,795	–	7,14,371	31,35,166	52,59,417	55,77,624
Total	8,83,34,395	2,58,90,540	67,54,038	10,74,70,897	2,63,69,803	–	92,55,966	3,56,25,769	7,18,45,128	6,19,64,592
Previous Year	6,11,99,463	3,21,83,695	49,02,284	8,84,80,874	1,92,30,882	–	72,85,399	2,65,16,281	6,19,64,593	

(Amount in Rupees)

		As at 31.03.2008	As at 31.03.2007
SCHEDULE G	INVESTMENTS (At Cost)		
A. (Quoted)			
11,468	Fully paid up equity shares of Rs 10/- each of Abhishek Industries Ltd.	14,680	14,680
-	Fully paid up equity shares of Rs 10/- (5) each of Reliance Industries Ltd.	–	300
-	Fully paid up equity shares of Rs 10/- (251) each of ICICI Bank Ltd.	–	53,052
16,88,600	Fully paid up equity shares of Rs 10/- each of Prime Industries Ltd.	2,86,62,295	2,86,62,295
-	Fully paid up equity shares of Rs 10/- (11,632) each of Mukerian Papers Ltd.	–	4,07,120
-	Fully paid up equity shares of Rs 10/- (100) each of Som Dutt Finance Ltd.	–	1,000
-	Fully paid up equity shares of Rs 10/- (300) each of Koa Tools Ltd.	–	3,000
5,000	Fully paid up equity shares of Rs 10/- each of R.R.B. Securities Ltd.	5,00,000	5,00,000
-	Fully paid up equity shares of Rs 10/- (1,21,302) each of Chandrika Traders Ltd.	–	1,21,302
3,86,800	Fully paid up equity shares of Rs 10/- each (4,36,800) of Bhagya Shree Leasing & Finance Ltd.	25,69,384	30,82,384
2,24,040	Fully paid up equity shares of Rs 10/- (-) each of SEL Manufacturing Co. Ltd.	3,17,39,863	–
49,510	Fully paid up equity shares of Rs 10/- (-) each of Swaraj Mazada Ltd.	1,21,71,548	–
8,250	Fully paid up equity shares of Rs 10/- each of Raghuvanshi Mills Ltd	90,750	90,750

Consolidated Schedules forming part of the Annual Accounts

(Amount in Rupees)

		As at 31.03.2008		As at 31.03.2007	
SCHEDULE	G	INVESTMENTS (At Cost) (Contd.)			
	394	Fully paid up equity shares of Rs 10/- each of Varun Shipping Ltd.	7,092		7,092
	53	Fully Paid up equity Shares of Rs 10/- each of Tata Steel Ltd.	15,900		–
	325	Fully Paid up equity Shares of Rs 10/- each of GTL Infrastructure Ltd.	3,250		–
			7,57,74,762		3,29,42,975
		Less : Provision for diminution in value	8,93,580	7,48,81,182	8,93,580
					3,20,49,395
		Debenture			
		- Partly paid up debenture of (200) Reliance Polythylene Ltd.	–		5,000
		- Non Convertible Debenture of Rs 70/- (5,816) each of Mukerian Papers Ltd.	–	–	4,07,120
					4,12,120
		B. (Unquoted)			
		- Fully paid up equity shares of Rs 10/- (21,500) each of Arora Lease Development Ltd.	–		2,15,000
		5,40,000 Fully paid up equity shares of Rs 10/- each of Shivalik Securities Ltd.	84,00,000		84,00,000
		- Fully paid up equity shares of Rs 10/- (65,200) each of Isabelle Traders Ltd.	–		6,52,000
		- Fully paid up preference shares of (8,000) Rs 100/- each of Blue Circle Investments	–		8,00,000
		2,30,000 Fully paid up equity shares of Rs 10/- each of Master Portfolio Services and Finlease Ltd.	23,00,000		23,00,000
		100 Fully paid up equity shares of Re.1/- (2,000) each of Ludhiana Stock Exchange Association Ltd.	100		2,000
		1,00,000 Fully paid up equity shares of Rs 10/- each of Stan Auto (P) Ltd.	50,00,000		50,00,000
		1,99,820 Fully paid up equity shares of Rs 10/- each of BSN Capital Services (P) Ltd	42,22,385		42,22,385
		69,960 Fully paid up equity shares of Rs 10/- each of Lotus Capital Services Ltd.	16,40,440		16,40,440
		261 Fully paid up preference share of - Rs 100/- each of Tata Steel Ltd.	26,100		–
		60,000 Fully paid up preference share of Rs 10/- each of Marshal Investment Co (P) Ltd.	60,00,000		60,00,000
				2,75,89,025	2,92,31,825
		C. Government Securities			
		6.75% 2006 Govt. Securities	17,674		17,674
		6.75% 2007 Govt. Securities	23,123	40,797	23,123
					40,797

Consolidated Schedules forming part of the Annual Accounts

(Amount in Rupees)

		As at 31.03.2008		As at 31.03.2007	
SCHEDULE	G	INVESTMENTS (At Cost) (Contd.)			
D. Mutual Funds					
48,899.756	Fidelity International Opportunity Fund (-)	5,00,000		-	
	- Units	-		8,80,000	
(64,429.245)					
20,000.000	J.M Emerging Leaders Fund	2,00,000		2,00,000	
30,000.000	Sundaram BNP Energy Opportunity Fund (-)	3,00,000		-	
19,559.900	Fidelity Tax Advantage Fund	2,00,000		2,00,000	
25,166.503	Reliance Pharma Fund Growth	5,00,000		5,00,000	
	- ING Vysya ATM Fund	-		5,00,000	
50,000.000					
7,999.800	DSP Merrill Lynch India Tiger Fund Growth	2,00,000		2,00,000	
3,715.257	HDFC Equity Fund Growth	4,50,000		4,50,000	
	- Reliance Equity Fund Growth	-		5,00,000	
(50,000.000)					
29,359.853	Birla Sunlife Special Situation Fund (-)	3,00,000		-	
20,000.000	Tata Capital Builder Fund Growth	2,00,000		2,00,000	
590.678	SBI Magnum Equity Fund	17,490		17,490	
	- Kotak Twin Advantage Series 3 Growth	-		5,00,000	
(50,000.000)					
29,325.593	Templeton India Equity Income Fund	3,00,000		3,00,000	
20,000.000	Sundaram BNP Paribas Rural India Fund Growth	2,00,000		2,00,000	
20,000.000	Standard Chartered Enterprises Equity Fund Growth	2,00,000		2,00,000	
48,899.756	Fidelity India Special Situation Fund Growth	5,00,000		5,00,000	
4,635.488	Sundaram BNP Paribas Select Midcap Div.	1,00,000		1,00,000	
536.501	HSBC Equity Fund Dividend	16,452		16,452	
1,749.169	Reliance Growth Fund Dividend Plan	1,00,000		1,00,000	
20,000.000	UTI Wealth Builder Fund Growth	2,00,000		2,00,000	
48,889.756	DSP Merrill Lynch Small and Mid Cap-Reg Growth	5,00,000		5,00,000	
31,857.143	Franklin India Flexi Cap Fund (-)	6,00,000		-	
50,000.000	LICMF Systematic Asset Allocation Fund (-)	5,00,000		-	
1,354.068	ICICI Prudential Infrastructure Fund Div.	20,189	61,04,131	20,189	62,84,131
	Capital with Partnership Firms		5,55,12,689		1,55,27,282
	(As per Schedule 'O' and Note No.11)				
Total			16,41,27,823		8,35,45,550
Market value of quoted shares is					
Rs 137.34 mn (Previous year Rs 25.69 mn)					

Consolidated Schedules forming part of the Annual Accounts

(Amount in Rupees)

	As at 31.03.2008	As at 31.03.2007
SCHEDULE H CURRENT ASSETS, LOANS AND ADVANCES		
A) Current Assets		
a) Closing Stock (Cost or market price whichever is less)	7,95,15,309	9,23,17,825
b) Sundry Debtors (Unsecured Considered good)		
Over six months old	2,33,16,110	2,02,68,670
Others	1,28,52,39,783	79,72,48,598
	1,30,85,55,893	81,75,17,268
c) Cash & Bank Balances		
i) Cash in hand	16,83,244	22,76,128
ii) With Schedule Banks in		
- Current Account	15,44,42,909	19,50,65,046
- Fixed Deposit (Pledged against Bank Guarantee & Overdraft facility)	62,15,54,890	41,12,54,865
- Cheques in hand (Net)	1,23,34,145	-
	79,00,15,188	60,85,96,039
B) Loans and Advances		
Advances recoverable in cash or in kind or for value to be received	41,03,28,930	35,47,27,320
Security	6,80,64,576	62,80,959
Share Application Money	66,71,375	11,21,375
Advance Income Tax/T.D.S.	3,71,56,255	1,97,75,042
	52,22,21,136	38,19,04,696
Total	2,70,03,07,526	1,90,03,35,828

SCHEDULE I CURRENT LIABILITIES AND PROVISIONS		
A) Current Liabilities		
Sundry Creditors	1,31,81,46,259	97,68,76,084
Cheques Issued (Net)	-	46,24,10,890
Other Liabilities	90,73,81,352	8,46,56,432
	2,22,55,27,611	1,52,39,43,406
B) Provisions		
Provision for Non-Performing Assets	13,67,123	10,37,671
Provision for Taxation	2,25,96,350	1,27,22,222
Provision for Fringe Benefit Tax	12,24,792	5,46,058
Provision for Wealth Tax	2,00,000	1,52,000
	2,53,88,265	1,44,57,951
Total	2,25,09,15,876	1,53,84,01,357

Consolidated Schedules forming part of the Annual Accounts

(Amount in Rupees)

		As at 31.03.2008		As at 31.03.2007	
SCHEDULE	J	MISCELLANEOUS EXPENDITURE			
(to the extent not written off or adjusted)					
a)	Preliminary expenses	2,79,120		34,540	
	Less: written off during the year	55,420	2,23,700	5,420	29,120
b)	Deferred Revenue Expenditure	–		2,600	
	Less: Written off during the year	–	–	2,600	–
Total			2,23,700		29,120

Consolidated Schedules forming part of the Annual Accounts

(Amount in Rupees)

		Year Ended 31.03.2008		Year Ended 31.03.2007	
SCHEDULE	K	OPERATING AND OTHER INCOME			
	Income from Forex Business	94,69,771		93,80,834	
	Interest	6,84,36,340		5,24,87,995	
	Profit on sales of Investments (Long Term Net)	36,86,402		6,66,766	
	Income from Brokerage, Sale/purchase of Shares & Securities and Commodities Trading	39,05,79,482		25,05,78,242	
	Dividend	7,38,44,451		6,18,74,596	
	Profit from Partnership Firm	2,88,95,406		55,48,677	
	Other Income	7,98,55,191		2,48,33,687	
Total			65,47,67,043		40,53,70,797

SCHEDULE	L	PERSONNEL EXPENSES			
	Salaries and other Allowances (Includes P.F. Rs 2,00,643.00 Previous Year Rs 1,54,449.00, Gratuity Rs 6,91,834.00 Previous Year Rs 5,54,823.00 and ESI Rs 1,24,822 Previous Year Nil)	5,53,06,389		3,79,99,657	
	Directors Remuneration	8,89,823		7,73,075	
	Staff Welfare Expenses	25,57,528		17,06,693	
Total			5,87,53,740		4,04,79,425

Consolidated Schedules forming part of the Annual Accounts

(Amount in Rupees)

	Year Ended 31.03.2008	Year Ended 31.03.2007
SCHEDULE M ADMINISTRATIVE AND OTHER EXPENSES		
Printing & Stationery	1,46,98,771	98,41,530
Postage, Telegram & Telephone	2,00,36,527	97,61,334
Rent	1,11,90,451	73,64,758
Fees & Taxes	43,44,601	17,01,157
Legal & Professional Charges	94,75,235	21,93,453
Travelling & Conveyance	37,95,529	34,59,869
Directors Travelling	8,15,390	10,56,331
Office Maintenance	1,69,45,031	1,42,40,492
Audit Fee	1,38,061	1,38,062
Tax Audit Fee	34,500	34,500
Advertisement Expenses	7,65,436	9,71,537
General Expenses	25,05,56,092	13,30,39,736
Demat Charges	19,97,861	15,65,277
Custodian Charges	15,71,977	28,48,656
VSAT/Leasline Charges	4,49,320	16,85,395
Membership Fee	1,30,000	60,000
Bad debts Written off	31,09,578	4,80,239
Provision and other	3,29,452	3,96,959
Total	34,03,83,812	19,08,39,285

SCHEDULE N FINANCIAL EXPENSES		
Interest on Overdraft	27,96,240	7,95,512
Interest Others	6,74,56,439	5,61,25,806
Bank Charges	79,89,543	46,31,997
Total	7,82,42,222	6,15,53,315

Consolidated Schedules forming part of the Annual Accounts

SCHEDULE O ACCOUNTING POLICIES & NOTES ON ACCOUNTS

1. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

- i) The Consolidated Financial Statements have been prepared in accordance with Accounting Standard AS-21 issued by the Institute of Chartered Accountants of India and generally accepted accounting principles in India.
- ii) The Consolidated Financial Statements of Master Trust Limited (The Company) for the year ended 31st March 2008 and its following subsidiaries:

Subsidiaries:	Accounting Year Ended Date	Proportion of Ownership Interest as at 31.03.2008
Master Capital Services Ltd.	31st March 2008	100 %
Punjab Industrial Gases Ltd.	31st March 2008	100 %
Master Commodity Services Ltd.	31st March 2008	79.59 %
Master Insurance Brokers Ltd.	31st March 2008	70 %

- iii) The financial statements of the Company and its subsidiaries have been combined on a line- by- line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating intra-group balances and intra-group transactions.
- iv) The Company has disclosed only such policies and notes from the individual financial statements, which fairly cover the required disclosures.

2. SIGNIFICANT ACCOUNTING POLICIES

1. Accounting Convention:

The financial statements are prepared under historical cost convention in accordance with the Generally Accepted Accounting Principles (GAAP) and applicable accounting standards issued by the Institute of Chartered Accountants of India and relevant provision of the Companies Act, 1956 and on the basis of going concern.

2. Fixed Assets :

Fixed Assets are stated at original cost less accumulated depreciation/amortization. Cost of acquisition includes of freight, duties, taxes and other incidental expenses.

The depreciation has been charged at Straight Line Method as per rates prescribed in schedule XIV of the Companies Act, 1956.

3. Investments:

Investments are valued at cost. The Company has made provision for diminution in the book value of the investments other than investments in the Associated / Promoted Companies. In management's opinion there has been no permanent diminution in the value of investments in Associated / Promoted companies and no provision is required to be made at this stage.

4. Stock In Trade:

Closing Stock has been valued at cost or market price which ever is less. Encashed traveller cheques and traveller cheques sold but not settled are valued at inter bank rate.

5. Revenue Recognition:

- (a) The Company follows the mercantile system of accounting and recognize profit or loss on that basis except income from DP operations which is net of unrealized amount of demat accounts having NIL holding at the end of year and are being accounted for on receipt basis.
- (b) Misc. expenditure incurred during the year have been written off to the extent of 20% p.a. Opening balances of miscellaneous expenditure have been written off at 10% p.a.
- (c) SEBI Registration /turnover fee and interest thereof are sub-judice matters in the various courts. The same are accounted for on cash basis.

Consolidated Schedules forming part of the Annual Accounts

SCHEDULE O ACCOUNTING POLICIES & NOTES ON ACCOUNTS (Contd.)

(d) Income from forex business comprises of travellers cheques commissions and margins on foreign exchange transactions in the normal course of business as Full Fledged money Changers. The income arising from buying and selling of foreign currencies and travellers cheques has been considered on the basis of margins achieved, since inclusion on their gross value would not be meaningful and potentially misleading for use as an indicator of the level of the Company's business.

(e) Profit on sale of securities comprises net of opening stock, purchase sale, closing stock and trading thereof.

6. Retirement and other Benefits:

The Company's contribution to Provident/Pensions funds are charged to revenue as required under the statute/rules. The Company has provided the provision for the gratuity and charged to revenue.

7. Fringe Benefit Tax:

The Fringe Benefit Tax has been calculated and accounted for in accordance with the provisions of the income tax Act, 1961 and the guidance note on Accounting for fringe Benefits Tax issued by the Institute of Chartered Accountants of India.

8. Impairment of Assets :

The Company is making an assessment whether any indication exists that an asset has been impaired at the end of the year. If any such indication exists, an impairment loss i.e. the amount by which the carrying amount of an asset exceeds its recoverable amount is provided in the books of accounts.

9. Provisions, Contingent Liabilities & Contingent Assets:

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.

10. Borrowing Cost:

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

11. Prudential Norms :

The Company carries on two distinct business activities, viz. financing and money changing. For the purpose of identifying the assets as Non Performing Assets (NPA) or otherwise, the Company follows generally accepted accounting principles in case of its money changing activities and follows the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1988 in case of finance activities.

3. CONTINGENT LIABILITIES

- i) The Punjab Stale Industrial Development Corporation Limited (PSIDC) had contributed Rs 8.85 mn (Previous year Rs 8.85 mn) in the equity share capital of Prime Industries Ltd @ RS.10/- per share, as Direct Equity Participation in 1993. The Company as an associate promoter of Prime Industries Ltd pledged 5,69,300 shares (Previous year 5,69,300 shares) of Prime Industries Ltd of Rs 10/- each amounting to Rs 56,93,000/- (Previous year Rs 56,93,000/-) to PSIDC along with irrevocable power of attorney. The Company has also subscribed to the undertaking for buy back of the shares subscribed by PSIDC as referred above. As per the terms of the undertaking for buy back of the shares, the promoters are to buy the said shares at the face value along with interest applicable to terms financing before the expiring of seven years from the date of commencement of commercial production i.e. 04.04.1994. As per the terms of the above referred undertaking in case the promoters/associates do not buy back the shares subscribed by PSIDC, then the PSIDC is entitled to sell the shares

Consolidated Schedules forming part of the Annual Accounts

SCHEDULE O ACCOUNTING POLICIES & NOTES ON ACCOUNTS (Contd.)

subscribed by it and also recover the loss if any by sale of the above referred shares pledged to the PSIDC. The PSIDC had announced ~TS 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 and a sum of Rs 1.79 mn shown as loans and advances recoverable in cash and/or kind has been paid as per the amount demanded by PSIDC in this respect.

- ii) Bank Guarantee of Rs 100 mn (Previous year Rs 90 mn) in favour of National Securities Clearing Corporation Ltd. as its Clearing Member for exposure with capital market segment.

Bank Guarantees of Rs 548 mn (Previous year Rs 334 mn) in favour of Stock Holding Corporation of India Ltd. for its exposure as Trading Member with Derivative Segment of National Stock Exchange of India Ltd.

Bank Guarantees of Rs 15.5 mn (Previous year Rs 20 mn) in favour of National Commodity and Derivative Exchange of India Ltd. as its Trading Member.

Bank Guarantees of Rs 17.5 mn (Previous year Nil) in favour of Multi Commodity Exchange Ltd. as its Trading Member.

Corporate Guarantees of Rs 71 mn (Previous year Rs 80 mn) on behalf MTL Shares and Stock Brokers Ltd. a associate Company.

Bank Guarantee of 50,000US\$ (Previous year 50,000US\$) in favour of American Express Travel Related Services Company Inc. U.S.A. for traveller cheques stock limit.

4. Building includes Rs 3,50,000/- (Previous Year Rs 3,50,000/-) being the cost of the office premises at Ludhiana. The Company has not yet put to use office premises so no depreciation has been charged. That expenses relating to registration of the sale deed/lease deed will be accounted for as and when incurred.
5. In the year 1998-99 the Company had lost foreign currencies amounting Rs 34,04,420.50. The claim was repudiated by the Insurance Company. The Company has filed a petition against the Insurance Company in the Hon'ble Supreme Court of India which is still pending. This amount has been shown as claim receivable under the head Loans and Advances.
6. In the opinion of Board of Directors, other current assets, loans and advances, have the value at which they are stated in the Balance sheet, if realized in the ordinary course of business. Debit/Credit balances are subject to reconciliation and confirmation.
7. Related Party Disclosures Related party disclosure, as required by AS-18, Related party Disclosures, are given below:

Associates/Enterprises Owned by or significantly influenced by Key Management Persons or their relatives.	Key Management Personnel	Relative of Key Managerial Persons
- Prime Industries Limited	- Mr. Harjeet Singh Arora	- Mrs. Harneesh Kaur Arora
- Master Share and Stock Brokers Ltd.	- Mr. R.K. Singhanian	- Mr. Jashanjot Singh
- MTL Share and Stock Brokers Ltd.	- Mr. G. S. Chawla	- Mrs. Palka A. Chopra
- Master Securities	- Mr. Pavan Chhabra	- Mr. Sobha Singh
- Arora Lease Development Ltd.	- Mr. Sanjay Sood	- Mrs. Charu Chhabra
- Pawan Capital Services Ltd.	- Mr. Ashwani Kumar	- Mrs. Guneet Chawla
- Mr. Pavan Chhabra HUF	- Mr. Anil Kumar Bhatia	- Mr. Puneet Singhanian
- Mr. Sanjay Sood HUF	- Mr. Sudhir Kumar	- Mrs. Parveen Singhanian
- Mr. R.K. Singhanian HUF	- Mr. Harinder Singh	
- Santco India Pvt. Ltd.		

Consolidated Schedules forming part of the Annual Accounts

SCHEDULE O ACCOUNTING POLICIES & NOTES ON ACCOUNTS (Contd.)

Transactions with related parties

	Associates/ Enterprises owned or significantly influenced by the key Management Persons or their Relatives Subsidiaries	Key Management Personnel	Relative of Key Managerial Persons	2007-08 Rupees Total
Purchase	85,09,12,47,889 (20,11,45,31,031)	6,42,45,03,771 (30,09,57,27,519)	33,95,23,270 (5,82,92,98,563)	91,85,52,74,930 (56,03,95,57,113)
Sale	85,80,55,60,336 (20,13,75,04,342)	6,00,64,48,303 (30,07,34,22,259)	34,56,12,365 (5,85,20,48,825)	92,15,76,21,004 (56,06,29,75,426)
Interest Paid	3,20,953 (94,808)	– –	– –	3,20,963 (94,808)
Interest Received	27,73,080 (28,01,745)	– –	– –	27,73,080 (28,01,745)
Remuneration	– –	8,89,823 (7,73,075)	4,35,310 (1,40,000)	13,25,133 (9,13,075)
Rent Paid	75,600 (75,600)	1,63,200 (13,200)	– –	2,38,800 (88,800)
Equity contribution	61,00,000 (61,00,000)	– –	– –	61,00,000 (61,00,000)
Equity Issued	– –	11,00,020 (11,00,020)	– –	11,00,020 (11,00,020)
Loans & Advances given	7,73,58,840 (7,48,01,880)	– –	– –	7,73,58,840 (7,48,01,880)
Loans & Advances taken	2,84,38,947 –	– –	– –	2,84,38,947 –
Corporate Guarantees	7,10,00,000 (8,00,00,000)	– –	– –	7,10,00,000 (8,00,00,000)
Balance Outstanding at the end of year				
Receivables	7,78,31,063 (7,61,90,984)	– –	– –	7,78,31,063 (7,61,90,984)
Payables	6,50,77,908 (4,91,78,359)	2,70,870 (22,46,669)	34,73,020 (8063986)	6,88,21,798 (5,94,89,014)

Consolidated Schedules forming part of the Annual Accounts

SCHEDULE O ACCOUNTING POLICIES & NOTES ON ACCOUNTS (Contd.)

8. Segment Reporting

Information about business Segments

(Amount in Rupees)

	2007-08	2006-07
A) Segment Revenue		
1) Total Segment Revenue		
a) Brokerage & Allied	60,46,26,513	36,36,09,054
b) Forex Business	94,69,771	93,80,834
c) Interest	1,98,36,834	1,25,68,315
d) Share Trading and Others	2,08,33,925	1,98,12,594
Total	65,47,67,043	40,53,70,797
2) Inter Segment Revenue	NIL	NIL
3) External Revenue (1-2)		
a) Brokerage & Allied	60,46,26,513	36,36,09,054
b) Forex Business	94,69,771	93,80,834
c) Interest	1,98,36,834	1,25,68,315
d) Share Trading and Others	2,08,33,925	1,98,12,594
Total	65,47,67,043	40,53,70,797
B) Results		
1) Segment Results:		
a) Brokerage & Allied	15,08,13,031	8,90,59,843
b) Forex Business	21,02,770	22,26,229
c) Interest	34,75,247	25,43,444
d) Share Trading and Others	1,22,19,966	1,18,49,399
Total	16,86,11,014	10,56,78,915
2) Unallocated Expenses	3,21,433	3,10,690
3) Operating Profit	16,82,89,581	10,53,68,225
4) Interest expenses	2,13,698	1,62,871
5) Provision	2,56,73,066	1,47,89,082
6) Minority Interest	6,02,783	3,18,484
7) Net Profit	14,18,00,034	9,00,97,788
Other Information		
1) Segment Assets		
a) Brokerage & Allied	2,40,60,15,124	1,67,41,04,429
b) Forex Business	3,19,35,984	2,87,49,511
c) Interest	30,07,05,810	17,67,43,706
d) Share Trading and Others	13,02,55,109	10,29,72,040
Total	2,86,89,12,027	1,98,25,69,686
2) Unallocated Corporate Assets	6,75,92,150	3,83,05,405
3) Total Assets	2,93,65,04,177	2,02,08,75,091
4) Segment Liabilities		
a) Brokerage & Allied	2,00,32,08,472	1,48,82,56,804
b) Forex Business	64,02,707	1,17,21,133
c) Interest	25,82,64,130	10,48,65,990
d) Share Trading and Others	10,58,04,560	4,82,29,387
Total	2,37,36,79,869	1,65,30,73,314
5) Unallocated Liabilities	6,31,15,022	85,76,949
6) Deferred Tax Liabilities	1,02,53,082	86,01,158
7) Total Liabilities	2,44,70,47,973	1,67,02,51,421
8) Minority Interest	23,62,092	17,59,309
9) Shareholders Fund	48,70,94,112	34,88,64,361

Consolidated Schedules forming part of the Annual Accounts

SCHEDULE O ACCOUNTING POLICIES & NOTES ON ACCOUNTS (Contd.)

9. Deferred Tax Liability as at 31.03.2008 is as follows:

(Amount in Rupees)

	2007-08	2006-07
Timing difference on account of		
Depreciation		
- Opening	86,01,158	72,32,356
- During the year	16,51,924	13,68,802
- Closing	1,02,53,082	86,01,158

10. Remuneration paid/payable during the year to the Whole Time Directors

	2007-08	2006-07
- Salary	5,81,880	5,03,955
- Other perquisites	3,07,943	2,69,120
	8,89,823	7,73,075

The Managing Director is not drawing any salary.

11. Capital in Partnership Firms

(Amount in Rupees)

Name of the firm	Name of the partners & Profit Sharing	As at 31.03.2008	As at 31.03.2007
1 Master Insurance Brokers	The Company has (90%), Mr. Harjeet S Arora (5%) - Mr. R K Singhanian (5%)	53,18,508	49,51,680
2 Prime Securities	The Company has (98%), Mrs. Palka A. Chopra (2%)	61,80,520	4,41,368
3 Prime Investments	The Company has (75%), Mr. Deepak Singh Tanvar (25%)	29,82,852	10,070
4 Regency Investments	The Company has (75%), Mr. Anurag Khettar (25%)	34,55,090	10,070
5 Chandigarh Investments	The Company has (98%), Mr. Nitin Shahi (2%)	40,232	
6 Master Investments	The Company has (98%), Mr. Puneet Singhanian (2%)	38,98,959	10,070
7 Doaba Investments	The Subsidiary has (98%), Mrs. Harneesh Kaur Arora (2%)	4,52,409	-
8 Fidelity Investments	The Subsidiary has (98%), Mrs. Parveen Singhanian (2%)	40,826	-
Globe Investments	The Subsidiary has (98%), Mr. Kashmir Singh (2%)	994	-
10 Ludhiana Investments	The Subsidiary has (98%), Mr. Shoba Singh (2%)	40,818	-
11 Ludhiana Securities	The Subsidiary has (98%), Mr. Chirag Singhanian (2%)	6,85,340	-
12 Malwa Securities	The Subsidiary has (98%), Mr. Jashanjot Arora (2%)	43,383	-
13 Mountview Investments	The Subsidiary has (98%), Mrs. Harneesh Kaur Arora (2%)	3,66,714	-
14 Star Securities	The Subsidiary has (98%), Mr. Yogesh Jain (2%)	85,97,535	-
15 Surry Investments	The Subsidiary has (98%), Mr. Yogesh Jain (2%)	15,554	-
16 Surya Investments	The Subsidiary has (98%), Mr. Satish Kumar (2%)	14,46,584	-
17 Master Securities	The Subsidiary has (96%), Mr. Harjeet S Arora (2%) - Mr. R K Singhanian (2%)	2,19,46,371	1,01,04,024
Total		5,55,12,689	1,55,27,282

Consolidated Schedules forming part of the Annual Accounts

SCHEDULE O ACCOUNTING POLICIES & NOTES ON ACCOUNTS (Contd.)

12. Additional information required to be disclosed as per clause 3, 4C and 4D of the Companies Act 1958

Particular in respect of Opening Stock, Purchase, Sale and Closing Stock for stock in Trade of Securities

(Amount in Rupees)

	Current Year		Previous Year	
	Quantity	Amount	Quantity	Amount
Opening Stock	47,62,528.1444	8,57,20,967	19,78,372.0946	4,39,36,264
Purchase	25,45,22,760.5188	2,94,29,63,680	12,73,18,808.1490	1,50,39,78,207
Sale	25,42,65,919.7287	2,86,60,81,974*	12,45,34,652.0992	1,41,79,89,802*
Closing Stock	50,19,368.9345	6,78,02,693	47,62,528.1444	8,57,20,967

* includes speculative/derivative and short term profit

13. Some of the Investments as on 31.03.2008 are not in the name of the Company, and the same are held with valid transfer deed.
14. Interest on calls in arrears on shares/debentures will be accounted for on receipt basis. Share allotment money are subject to reconciliation.
15. Income from brokerage, sale/purchase of securities includes Rs 48,46,76,063 (Previous year Rs 29,47,16,140) income from brokerage and profit/(loss) on trading of securities (Rs 9,40,96,581) (Previous year (Rs 4,42,22,211)).
16. The General Expenses include sub-brokerage etc. of Rs 240 mn (Previous Year Rs 121 mn).
17. During the year foreign exchange outgo is Rs 1,22,299/- (Previous Year NIL).
18. Previous year figures have been regrouped & recasted wherever necessary to confirm to the current year classifications.

Signature to Schedules 'A' to 'O'

For Manjeet Singh & Co.
Chartered Accountants

Sd/-
Manjeet Singh
Prop.
Membership No. 88759
Place : Ludhiana
Date : 30th August 2008

Sd/-
Kashmir Singh
Manager Accounts

Sd/-
Divyesh Jani
Company Secretary

For & on behalf of the Board

Sd/-
R.K. Singhania
Director

Sd/-
Harjeet S. Arora
Managing Director

Consolidated Cash Flow Statement

For the year ended 31st March 2008

(Rupees in mn)

	Year Ended 31.03.2008	Year Ended 31.03.2007
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extraordinary items	168.08	105.21
Adjustment for:		
Interest Paid	70.25	56.92
Depreciation	9.26	7.29
Interest/Dividend	(142.28)	(114.36)
Miscellaneous Expenditure		
Operating profit before Working Capital Changes	105.30	55.05
Adjustment for:		
Trade and other Receivables	(491.04)	(398.04)
Inventories	12.80	(42.44)
Trade Payable	712.52	474.63
Loans and advances	(140.31)	(55.20)
	(0.20)	-
Appropriations	(3.57)	(1.80)
Cash generated from operations	195.50	32.20
Direct Tax Paid	(24.02)	(13.42)
Cash flow before Extra ordinary items	171.48	18.78
Extra ordinary items		
Interest Paid	(70.25)	(56.92)
Interest/Dividend	142.28	114.36
Net Cash from operating activities	243.51	76.23
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(25.89)	(32.18)
Sale of fixed assets	6.75	4.90
Purchase of investments	(86.14)	(11.96)
Sale of Investments	5.56	16.83
Net Cash Used in Investing Activities	(99.72)	(22.42)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Share Capital (Call money)	-	-
Proceeds from long term borrowing (Bridge Loan)	37.63	(6.11)
Net Cash Used In Financing Activities	37.63	(6.11)
Net Increase /(Decreases) In Cash and Cash Equivalent (A+B+C)	181.42	47.70
Net Increase In Cash and Cash Equivalent	181.42	47.70
Cash and Cash Equivalents as at 01.04.2007 (Opening Balance)	608.60	560.90
Cash and Cash Equivalents as at 31.03.2008 (Closing Balance)	790.02	608.60
Note : Figures in Brackets represent deductions and outflows		

			For & on behalf of the Board	
Place : Ludhiana	Sd/-	Sd/-	Sd/-	Sd/-
Date : 30th August 2008	Kashmir Singh	Divyesh Jani	R.K. Singhania	Harjeet S. Arora
	<i>Manager Accounts</i>	<i>Company Secretary</i>	<i>Director</i>	<i>Managing Director</i>

Auditors Certificate

We have verified the attached Cash Flow Statement of Master Trust Limited derived from the audited financial statements and the books and records maintained by the Company for the year 31st March 2008 and found the same to be drawn in accordance therewith and requirements of clause 32 of the Listing Agreement with stock exchanges.

For **Manjeet Singh & Co.**
Chartered Accountants

Sd/-
Manjeet Singh
Prop.
Membership No. 88759
Place : Ludhiana
Date : 30th August 2008