2009 Annual Report

# 2009

mastermarts
MY FIN MART

MASTER TRUST LIMITED

mastermarts
MY FIN MART

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, currency, 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.

## Contents

Happiness as rewarding as a good investment.


**Services & Achievements** 3
**Chairman's Message** 4
**Our Strengths** 5
**Financial Performance** 7

## Financial Report

**Master Trust Limited**
Management Discussion & Analysis 8
Industry Scenario 12
Derisking Mechanism 17
Directors' Report 19
Report on Corporate Governance 23
CEO Certificate 28
Compliance Certificate 29
Auditors' Report 30
Annexure to the Auditors' Report 31
Balance Sheet 33
Profit and Loss A/c 34
Schedules 35
Balance Sheet Abstract 47
Cash Flow Statement 48
Statement Pursuant to Section 212 of the Companies Act, 1956 49

**Accounts of Subsidiary Company**
Master Portfolio Services Limited 50

**Consolidated Financial Statement**
Auditor's Report 65
Balance Sheet 66
Profit & Loss A/c 67
Schedules 68
Cash Flow Statement 81

**Corporate Information** 82

**Stock Broking**
**(NSE/BSE/NSE Derivatives)**

**Commodity Broking**
**(NCDEX/MCX)**

**Currency Derivatives**
**(MCX-SX/NSE-CDS)**

**Portfolio Management**

**Advisory Services**

**Depository Services**

**Merchant Banking**

**Investment Banking**

**Insurance Broking**
**(Life & General)**

**Forex Sevices**

**Mutual Funds & IPO's**

# Achievements

## 1985
The seeds of the Group were sown as Arora Financial Consultants Pvt. Ltd. (Later converted into Master Trust Ltd.)

## 1993
Acquired status of SEBI accredited Category I Merchant Bankers under the name Master capital Services Ltd.
-Became Dealer of OTCEI
(Over the Counter Exchange of India)

## 1994
Master Capital Services Ltd. became corporate members of NSE (National Stock Exchange of India Ltd.)

## 1995
Master Trust Ltd. came out with an IPO (Initial Public Offer) of Equity Shares & Fully Convertible Debentures.
- Upgraded Dealership of OTCEI to Membership.

## 1997
Became RBI approved Full Fledged Money Changers.

## 1999
Launched Depository Services as a Depository Participant of NSDL.

## 2001
Launched Depository Services as a Depository Participant of CDSL.
-Commenced Trading in Derivatives Segment in NSE.

## 2002
Entered into insurance business as advisor for Life & General Insurance.

## 2004
Became Members of NCDEX (National Commodity Derivatives Exchange Ltd) and MCX (Multi Commodity Exchange of India Ltd.)
- Introduced Virtual Private Network (VPN)
- Became Insurance Broker under the name of M/s Master Insurance Brokers.

## 2005
Acquired the membership of Bombay Stock Exchange Ltd. (BSE)
- Commenced Internet Trading.

## 2006
Became SEBI registered Portfolio Manager.

## 2007
Set up regional offices at Baroda, Kolkata and Hyderabad.

## 2008
Introduced Currency Derivatives trading through MCX-SX & NSE.

## Presence

- MTL has its corporate office in New Delhi
- It has a pan-India presence across 153 cities and 19 states
- It is listed on the Bombay 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

# Chairman's Message

> We want our people to "enjoy their work, be proud of their work" while underlining their personal growth. This anchors the growth model for the Company.
>
> Mr. Harjeet S. Arora, Managing Director
> on the Company's performance in 2008-09

It gives me great pleasure to present your Company's Annual Report and to share with you its performance for the year 2008-09.

The Company's top & bottom line saw a decline due to tremendous financial market meltdown, which had a ripple effect on the Indian financial markets as well where your's Company, operates in. I am sure, our Shareholders would be happy at the performance of the Company and would share with me our sense of satisfaction.

The Indian economy has been growing at a rate of nearly 9 percent for the past four years. After deteriorating global economic conditions during the year 2008 had affected adversely our growth witnessing a moderation in 2008-09. This declining trend seems to have ended in the last quarter of 2008-09, as RBI's measure's such as cuts in the CRR, Repo rate and Reverse Repo rates along with several stimulus packages announced by Government of India have prevented Indian economy to further diminish.

Services sector continues to be the key driver, contributing the major portion to the overall growth. However, the long-term prospects are indeed promising with fundamentals of the economy remaining strong. In fact, the Indian economy is today poised to achieve a coveted position among the top economies of the world as we go along on the robust growth path.

The stock market followed the general global sentiments and market trends. After a phase of sharp downward movement, the market has shown some recovery since March 2009. However, after testing the low levels of 7697 in Oct. 2008, the Sensex has now recovered up to the level of 15000 in June 2009.

As the business of the Company is centered around a hub-and-spoke franchisee model , the emphasis is on spreading the geographical network across India by serving larger number of customers by opening franchisee outlets . We have increased the scale of our activities and now we have a presence across 153 cities.

Adding to this we have entered into new areas of services of Currency derivatives trading and have become more focused on margin funding business to shore up brokerage and interest incomes and are constantly updating our technology platform to support the expansion and customer convenience.

Further to strengthen our business model we are taking following initiatives to have attractive revenue, margin and profit implications over the foreseeable future:

- More emphasis to fee-based products like existing insurance, mutual fund and IPO distribution businesses, strengthen investment banking, forex business and portfolio management.
- Mobilise resources to strengthen our margin-funding business, through different sources.
- Continue 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.

Taken together, this would help in improving the overall performance, meeting customers' requirements and expectations and thus pursue the Company's objective of becoming a trusted partner in the financial services sector.

On behalf of the Board of Directors and Shareholders, let me compliment and convey our gratitude to all the employees and the management team for the excellent performance during such tough times and for setting new milestones.

I am confident that Master Trust Ltd. will continue to strive to establish itself as one of the leading and preferred financial services company in the years to come.

Thank you for your continued support and encouragement and wish you all the very best.

# Our Strengths

## 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.

## Presence >

We have pan India presence over 19 states 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, Himachal Pradesh, Maharashtra, Tamil Nadu, West Bangal, Orissa, Bihar, Uttarakhand etc.

## Technology >

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

## Convenience >

We provide one-stop financial services comprising equity broking, commodity broking, currency broking, money changing, depository services, insurance broking (life and general), 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.

## Intellectual capital >

The six senior-most managers are working with the Company for 16 years and above. The Company possesses a large pool of employees with a rich industry experience.

## Research base >

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

## 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.

## 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 back office software. All the applications and software run on state-of-the-art enterprise-class servers.

## Distribution Network >

Growing from a single business location in 1985, MTL's network is now spread across India, covering more than 153 locations across 19 states.

## 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.

**Financial Performance**

# How We Performed in 2008-09

- **63,000+ > 76,000+**
  Increase in the number of registered clients for the NSECM segment from 2007-08 to 2008-09, a growth of 20%
- **44,000+ > 56,000+**
  Increase in the number of registered clients for the NSEFO segment witnessed 27% growth
- **58,000+ > 70,000+**
  Increase in the number of registered clients for the BSE* from 2007-08 to 2008-09, a growth of 21%
- **75,000+**
  Number of demat accounts
- **119 > 153**
  Increase in the city coverage
- **19**
  Number of states covered

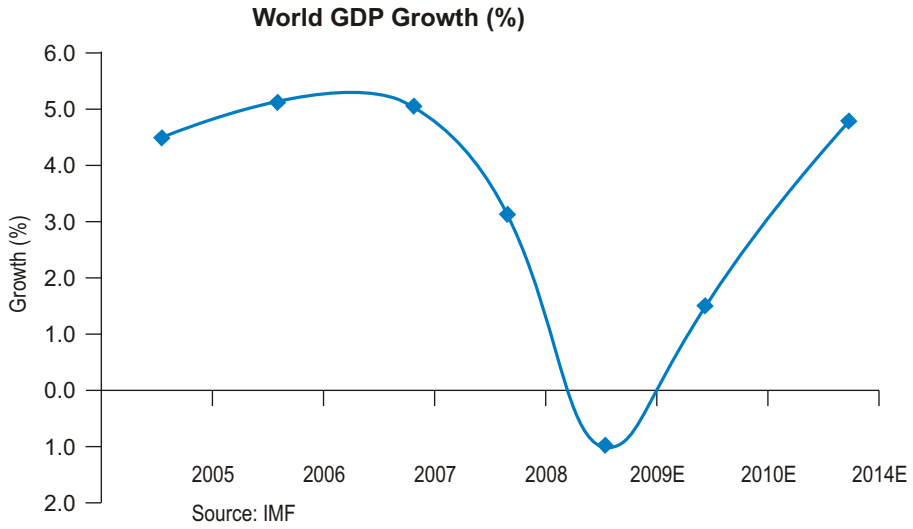
* Through our associate company MTL Share & Stock Brokers (MTLSSB)

# MANAGEMENT DISCUSSION AND ANALYSIS

### An economic overview :

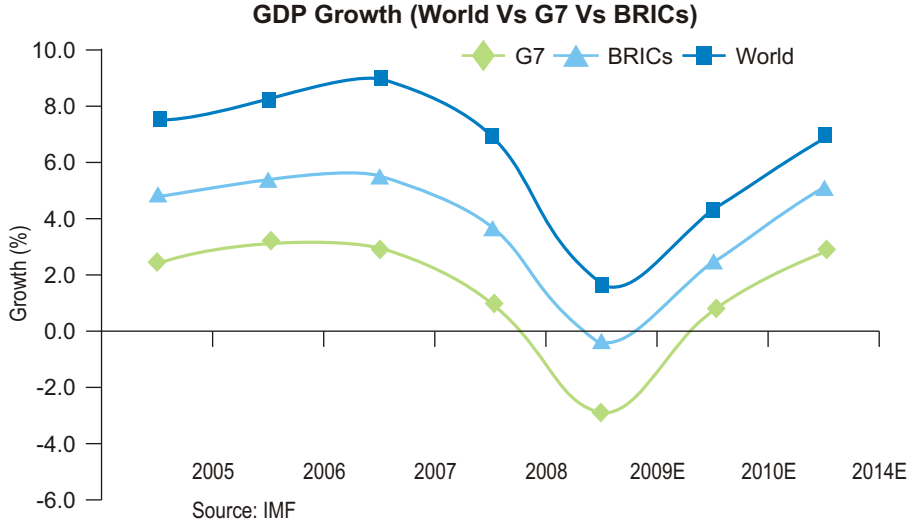
### World Economy Bottoming Out

World economy after posting a 5.2 per cent growth in 2007, grew only at 3.2 per cent in 2008. The contraction in global economy is mainly due to credit deterioration, stress in mortgage market, sub-prime crisis in US and financial meltdown in advanced economies. The financial crisis that erupted in August 2007 after the collapse of the U.S. sub-prime mortgage market entered a tumultuous new phase in September 2008 that has badly shaken confidence in global financial institutions and markets which resulted in slowdown in global economy. Now IMF has a projection that the global economy will start recovering form the end of 2009 after posting a decline of 1.3 per cent in 2009 and it will recover only gradually in 2010, growing by 1.9 percent. Up to 2014, IMF has projected the World GDP will grow by 4.8 per cent. Rising hopes in global financial market and some macro economic indicators in the US also suggest that contraction process is about to end by 2009.




### BRICs Advantage :

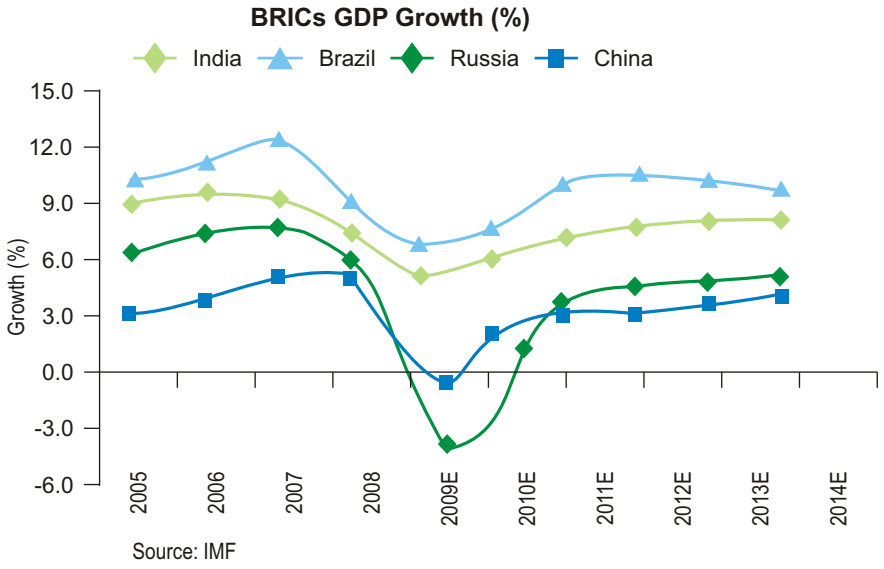
In 2007-08, World GDP declined more as compared to BRIC economies except Brazil. Emerging economies too suffered badly because the damage is being inflicted through both financial and trade channels, particularly to East Asian countries that rely heavily on manufacturer exports. Still, as compared to rest of the world vis-à-vis 'Advanced Economies', BRIC economies will perform better and recovery will be faster than Advanced economies. According to IMF, BRIC economies will grow by 0.9 per cent in 2009, 3.9 per cent by 2010 and 6.9 per cent by 2014, while, G7 and World will post negative growth viz. -4.1 per cent and -1.3 per cent in 2009. The main reasons behind growth of BRIC nations are 1) strong overall macroeconomic fundamentals will continue to attract substantial flows of foreign investment, further boosting potential for the future output growth 2) big source of labour 3) strong consumer demand due to its 2.8 billion consumers 4) falling inflation rates and 5) easing interest rates.



# FINANCIAL HIGHLIGHTS

### India Placed Better :

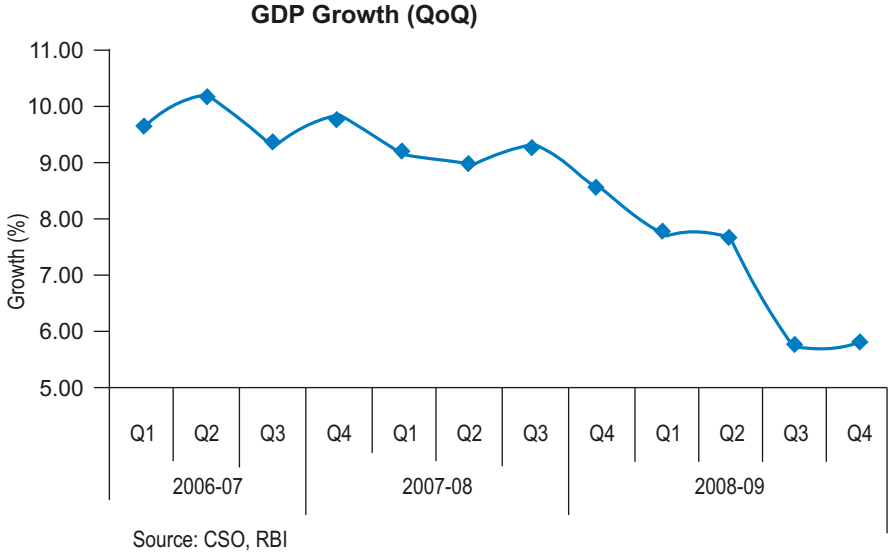
Among BRICs, the decline in GDP growth in India will remain less affected. India is placed better because of its less dependence on manufacturer exports and substantial domestic demand. The pace of growth in coming years will be faster in India even than that of China. IMF has projected that India GDP will grow by 4.5 per cent in 2009 and 5.6 per cent in 2010 after that 8 per cent by 2014.




Source: IMF

### The Indian Growth Story :

After posting the highest growth of 10.20 per cent in second quarter of 2006-07, it was on a robust growth path up to 2007-08, averaging at 8.9 per cent during the period 2003-2004 to 2007-08. After this it witnessed moderation in 2008-09 and turned out a sharper decline in the third quarter by growing 5.8 per cent only. Deteriorating global economic conditions during the year 2008 which affected adversely several advanced economies also created adverse shocks for emerging economies like India. The slowdown in Indian economy was partly affected by the cyclical factors. The industrial growth experienced significant downturn. Weak domestic business confidence affected the demand, which had been an important growth driver in recent years. During the third quarter of 2008-09 liquidity froze in the financial market with call rate, repo rate and CBLO rates rising to 19.74%, 12.42% and 11.97% respectively on 10th October 2008, further effecting adversely the financial system. Inflation and interest rates were at its height in that period, which affected the private consumption as well. This declining trend seems to be reaching an end in the last quarter of 2008-09 as it remained stable as compared to third quarter of 2008-09. RBI's measures such as cuts in the CRR, Repo rate and Reverse Repo rates along with unwinding of balances held by the Government with RBI under Market Stabilization Scheme (MSS) as well as open market operations (OMOs) to insure proper liquidity in the system, have helped to prevent decreasing pace of growth. Further several stimulus packages announced by Government of India have also prevented Indian economy to further diminish.

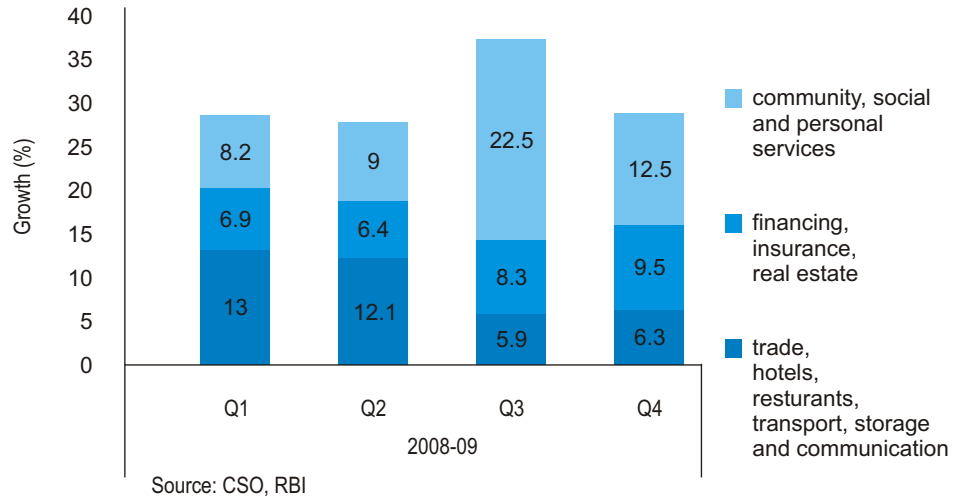



Source: CSO, RBI

### Services Sector Growth Less Affected :

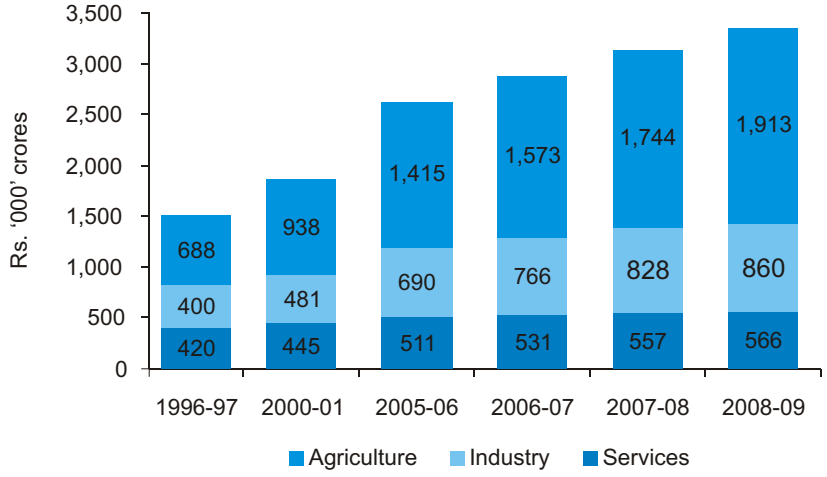
Comparing with other components of Indian GDP, service sector growth has been less affected. It continued to grow above 9 per cent and in the third quarter of 2008-09, it grew by 12.23 percent.

**Key services sector**




Source: CSO, RBI

**Services remain unaffected**



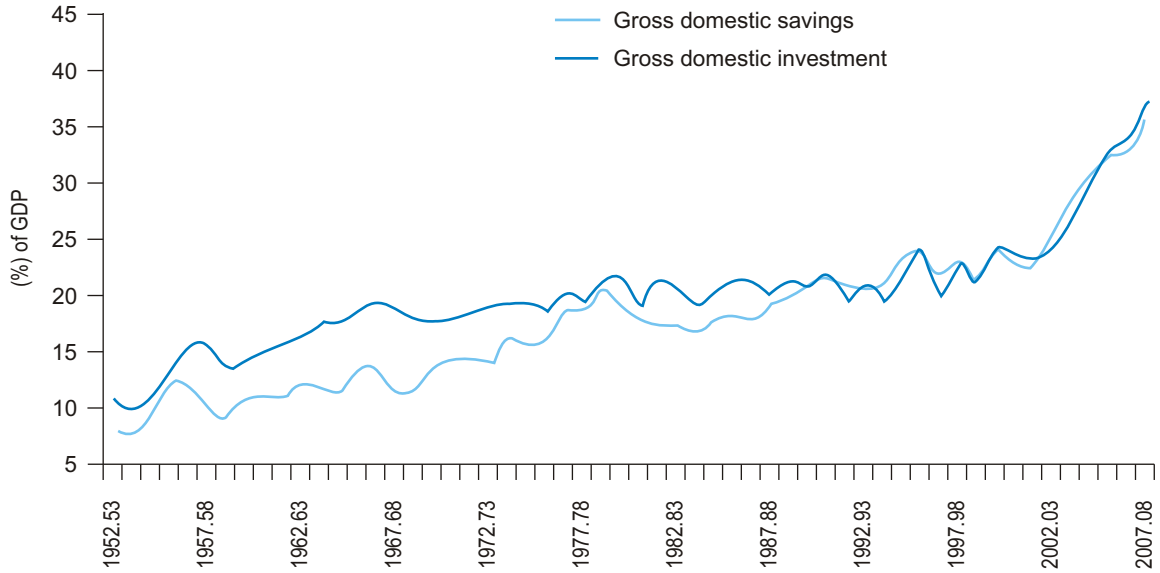

Source: CSO, RBI

Financing, insurance, real estate have witnessed a continuous growth over the years. While a sudden jump in the community, social and personal services was due to the government spending in these sectors through implementation of Sixth Pay Commission payout, various programs for the rural poor and the farm loan waiver package. Sharp decline in foreign tourist arrival contributed to decelerations in hotel and transportation services.

### 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.

# FINANCIAL HIGHLIGHTS




Source: CSO

**Road Ahead :**

Global economic condition is still under stress, but some indication of revival in the US economy in the form of rising retail sales data, consumer confidence index, pending home sales data has shown that U.S economy is also recovering slowly. All these factors support the IMF projection that world economy will recover by the end of 2009.

Indian economic performance has been relatively robust in comparison to its western counterparts. Although India may expect further weakness in economic activity before seeing stability in the region, its sound fundamentals give us confidence that it is reasonably well placed to recover more strongly from the current slowdown.

Rising Inflation in the first half of 2008 had started easing significantly, leaving policymakers the freedom to concentrate on supportive measures. We expect the weak global economic background to keep a lid on inflation in 2009 and this will enable government and RBI to continue to cut interest rates and to use fiscal policy. The effects of the large scale stimulus measures and interest rate cuts are likely to provide cushion to much deeper deterioration in activity. Further political stability will help in boosting economic growth in the future through various reforms and more stimulus packages to revive the economy.

Indian economy remains fundamentally strong despite the adverse impact of the global financial crisis. With the right mix of macroeconomic policy and corporate strategy, we expect that, as an economy, India will emerge from this global recession stronger than before.

# INDUSTRY SCENARIO

### Indian Financial Sector Highlights

India's financial sector is generally sound, resilient and fairly liquid. The financial infrastructure is also assessed to be robust.

1. Aggregate deposits of banks, y-o-y, was 18.8 per cent at end-March 2009 as compared with 21.7 per cent a year ago.

2. Since October 2008, the RBI has cut the cash reserve ratio (CRR) and the repo rate by 400 basis points each. Also, the reverse repo rate has been lowered by 200 basis points. Adjusted for the first round effect of the changes in CRR, reserve money growth (y-o-y) as on March 31, 2009 was lower at 19.0 per cent as compared with 25.3 per cent a year ago.

3. Exports from special economic zones (SEZs) rose 33 per cent during the year to end-March 2009. Exports from such tax-free manufacturing hubs totalled US$ 18.16 billion last year, up from US$ 13.60 billion a year before.

4. Net inflows through various non-resident Indians (NRIs) deposits surged from US$ 179 million in 2007-08 to US$ 3,999 million in 2008-09, according to the RBI.

5. FDI inflows during April 2008-January 2009 stood at US$ 27.30 billion compared with US$ 24.58 billion in the corresponding period of the previous fiscal, witnessing a growth of 11 per cent.

6. The per capita income in real terms (at 1999-2000 prices) during 2008-09 is likely to attain a level of US$ 528 as compared to the Quick Estimate for the year 2007-08 of US$ 500.

### Financial Markets :

In the context of the high volatility that was witnessed in global financial markets in 2008-09, one notable aspect of the Indian financial markets was that all segments functioned normally, with occasional volatility for short periods.

With sustained deregulation measures, exposure to international financial markets and the introduction of new products and services, the Indian financial sector is charting an impressive growth path.

According to global research data from Macquarie, India is the most preferred stock market in terms of portfolio allocation owing to current lucrative valuations and the government fiscal measures taken to boost liquidity in the economy.

### Equity Markets :

The equity markets followed the general global sentiments and market trends and after a phase of sharp downward movement, the market has shown some recovery since March 2009.

The major reasons for the improvement were:

1. US$ 1 trillion public private investment program by the US Treasury.

2. Major US banks posting profits for the first two months of 2009.

3. Extension of the deadline for buyback of foreign currency convertible bonds (FCCBs) by the Reserve Bank to December 31, 2009.

4. Domestic consumer durable and capital goods output increasing by 2.5 per cent and 15.4 per cent, respectively, in January 2009.

5. Lower domestic inflation rate.

6. Congress set to form a stable government for five more years.

7. Strengthening of the rupee against the US dollar.

8. Net purchases by FIIs and mutual funds in domestic equity market.

The BSE Sensex and the S&P CNX Nifty closed at 9709 and 3021 at end-March 2009 registering losses of 37.9 per cent and 36.2 per cent, respectively, over end-March 2008. Now the markets have tremendously recovered from the lows of March 2009(Nifty at 2540 and Sensex at 8047), posting around 97% gain up to June 2009. The BSE Sensex closed at 14493 and NSE Nifty at 4291 in June 2009.

# FINANCIAL HIGHLIGHTS

## Equity Resource Mobilisation :

### Primary Market

The primary market segment of the domestic capital market witnessed a marginal increase during the fourth quarter of 2008-09. Cumulatively, resources raised through public issues declined sharply to Rs.14,671 crore during 2008-09 from Rs.83,707 crore during 2007-08. The number of issues also declined considerably from 119 to 45.

| Year | IPOs | Issue Amount (Rs. in Cr.) |
|---|---|---|
| 2004-05 | 23 | 14662 |
| 2005-06 | 76 | 10807 |
| 2006-07 | 76 | 23706 |
| 2007-08 | 119 | 83707 |
| 2008-09 | 45 | 14671 |

### Private Placement

India is among the top 10 countries in terms of value of private equity deals across the world, according to the global deal tracking firm, Zephyr. Resource mobilisation through private placement and euro issues also declined considerably by 25.1 per cent during April-December 2008.

| Year | No. of Issues | Issue Amount (Rs. in Cr.) |
|---|---|---|
| 2007-08 | 1362 | 149956 |
| 2008-09 | 652 | 112292 |

### Euro Issue

During 2008-09, resources raised by Indian corporates through Euro issues (all GDR issues) declined significantly by 82.0 per cent to Rs.4,788 crore as compared with the corresponding period of the previous year.

| Year | No. of Issues | Issue Amount (Rs. in Cr.) |
|---|---|---|
| 2007-08 | 26 | 26556 |
| 2008-09 | 13 | 4788 |

(***Source:*** *RBI Report: Macroeconomic and Monetary Developments in 2008-09 Financial Markets )*

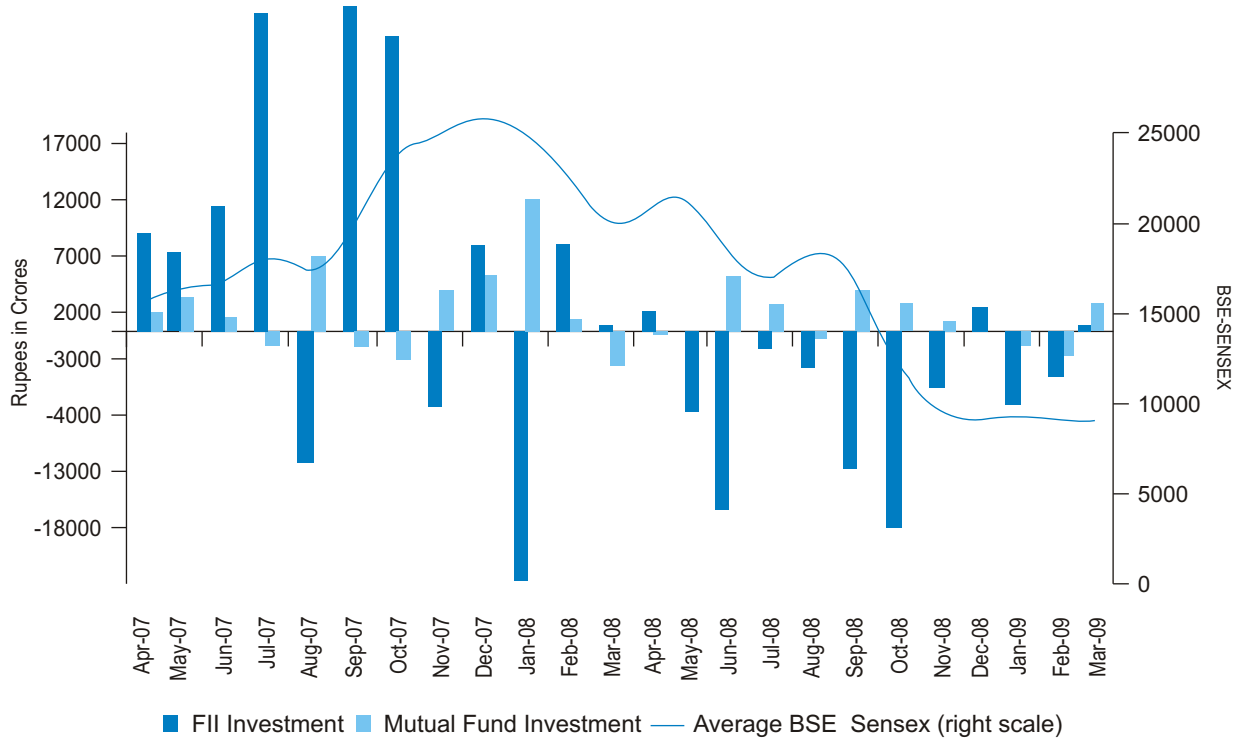
## Mutual Funds :

The Indian mutual funds market is estimated to grow at a CAGR of 18 per cent in the next five years, with the country's mutual funds assets expected to more than double to US$ 298.73 billion by 2012, according to a report by US-based financial services research and consulting firm, Cerulli Associates.

During 2008-09, net resource mobilisation by mutual funds turned negative; there was a net outflow of Rs.28,297 crore during the year as compared to a net inflow of Rs.1,53,801 crore during 2007-08, due to the uncertain conditions in the stock markets and redemption pressures from banks and corporates on account of tight liquidity conditions prevailing at that time. The RBI then announced immediate measures to provide liquidity support to mutual funds through banks. With the easing of overall liquidity conditions, investment in mutual funds again became attractive. During November 2008 to February 2009, net resource mobilization by mutual funds turned positive.

## FIIs and Mutual Funds Inflows :

According to the data released by the Securities and Exchange Board of India (SEBI), FIIs made net sales of Rs.48,249 crore (US $ 12.0 billion) in the Indian equity market during 2008-09 as against net purchases of Rs.52,574 crore (US $ 12.7) billion) during 2007-08. Mutual funds, on the other hand, made net purchases of Rs.6,985 crore during 2008-09 as compared with net purchases of Rs.15,775 crore in the previous year.




Source: SEBI

### Insurance Sector

The insurance sector is one of the most promising sectors in India today. According to the ASSOCHAM report, India's insurance sector is likely to reach US$ 46.25 billion by 2010 from the current level of US$ 1.15 billion. India is the fifth largest life insurance market in the emerging insurance economies globally and the segment is growing at a healthy 32-34 per cent annually.

### Surging Private Equity Sector :

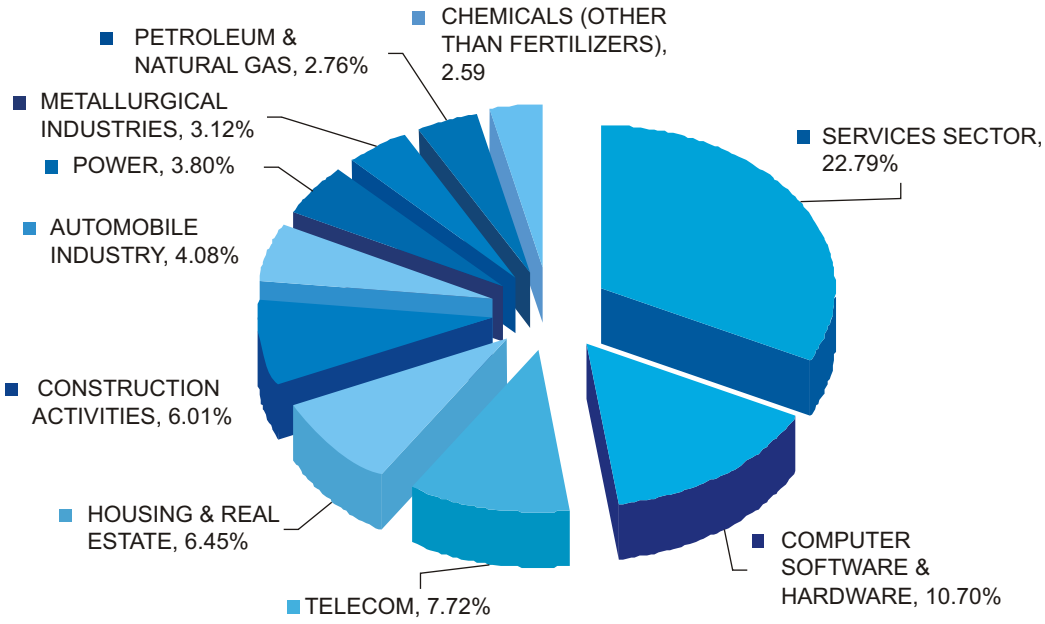
India does not seems to be losing its sheen among private equity (PE) investors even though the global liquidity crunch is now being assumed to be significantly larger in proportion and investors are increasingly turning bearish. 13 of the world's 20 largest PE funds in terms of fund mobilization in the past five years have already invested in India. In the first eight months of the year 2008, at least $9.4 billion flowed into India from PE investors, according to JM Financial, higher than $7.8 billion in the corresponding period last year. According to the Emerging Markets Private Equity Association, emerging Asia private equity funds raised $40 billion in 2008, a 39 per cent increase over 2007. China remained the favourite among Asia private equity funds, getting $14.5 billion in 2008, compared to $3.9 billion in 2007. India-dedicated emerging markets private equity funds raised $7.7 billion in 2008 against $4.6 billion in 2007.

### Rising FDI :

From August 1991 to March 2009, the total FDI into India was US$89.82 bn. The services sector (financial and non-financial) accounted for the highest FDI worth US$ 19.17 bn (22.79%), computer software & hardware accounted for worth US$ 8.9bn (0.70%) & telecommunications accounted for worth of US$ 6.3bn (7.72%) between April 2000 and March 2009.

The government is also planning to ease restrictions on foreign investments in insurance, banking and pensions, and allow foreign direct investment (FDI) of 49 per cent from the present 26 per cent the economy and improving investment climate has attracted corporations to invest in India. A major outcome of the economic reforms process aimed at opening up the economy and embracing globalization has led to tremendous increase in Foreign Direct Investment inflows into India. The average FDI inflows per year during the 9th Plan were $ 3.2 billion and during the 10th Plan it increased manifold to stand at $ 16.33, billion the annual average being $ 6.16 billion. The top five sectors attracting FDI in fiscal 2007-08 included services sector, housing and real estate, construction activities, computer software & hardware and telecommunications. The infrastructure sector that offers massive potential to attract FDI witnessed marked increase in FDI inflows during this five-year period. (Source: DIPP)

# FINANCIAL HIGHLIGHTS




FDI INFLOW SECTOR WISE - APR 2000 TO MAR 2009 (GREATER THAN 2%)

Source: DIPP

## FDI EQUITY INFLOWS DURING FINANCIAL YEAR 2008-09 :

| Financial Year 2008-09 | Amount of FDI inflows (In Rs. Crores) | (In US$ mn) |
|---|---|---|
| 1. April 2008 | 15,005 | **3,749** |
| 2. May 2008 | 16,563 | **3,932** |
| 3. June 2008 | 10,244 | **2,392** |
| 4. July 2008 | 9,627 | **2,247** |
| 5. August 2008 | 9,995 | **2,328** |
| 6. September 2008 | 11,676 | **2,562** |
| 7. October 2008 | 7,284 | **1,497** |
| 8. November 2008 | 5,305 | **1,083** |
| 9. December 2008 | 6,626 | **1,362** |
| 10. January 2009 | 13,347 | **2,733** |
| 11. February 2009 | 7,223 | **1,466** |
| 12. March 2009 | 10,023 | **1,957** |
| **2008-09 (up to March 2009)** | **122,919** | **27,309** |
| 2007-08 (up to March 2008) | 98,664 | 24,580 |
| **%age growth over last year** | **(+) 25 %** | **(+) 11 %** |

Source: DIPP

### Industry Optimism :

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

**Under-penetration :**

The World Bank estimates that more than 45% of the 6.5 billion world population does not have access to a formal source of banking or financial services. In India alone it is estimated that 560 million people (about 51% of India's population) are financially undeserved. Despite these challenges, India has a growing domestic demand and aspiration to be an economic power, which indicates the extent of scope for a financial intermediary like MTL.

**Rising Population :**

India ranks second in terms of population in the world. Only China is ahead of India in terms of population. India's population has risen nearly by 21.5% between 1991 and 2001. It is estimated that very soon India is going to overtake China in terms of population.

**Household Savings :**

It has been estimated that the India's total annual personal disposable income has grown to Rs. 36,059 bn. (about 52% being urban) and the annual savings have grown to Rs. 9,239 bn by 2008-09. Greater savings can be translated into good quality investments. *(Source: indicus.net)*

**Demographic Transition :**

Almost 54% of Indians are 25 years and below. Among the total population, 30% live in towns and more are expected to migrate from villages. On the basis of their living styles & consumption pattern, we expect that the young generations will be more keen to invest their savings in equity & other financial instruments.

**Urbanisation :**

The 50 per cent of India's population is expected to be urban-based by 2030. This projection takes into account an expected 8 to 9 per cent growth rate of the population over the next decade and anticipated shifts from agricultural to non-agricultural occupations and from rural to non-rural employment, according to a report. (*Source: Urban Poverty Report 2009)*

**Rise in Per Capita Income :**

The per capita income is expected to grow by 14.4 per cent during the current fiscal, the highest growth rate recorded in a single year in the last decade. However, after discounting for inflation (at 1999-2000 prices), per capita income is expected to rise to Rs. 25,661, representing an increase of 5.6 per cent.

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 MECHANISM

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

1. Identify the possible risks and assess the possible impact.
2. Look beyond mere mitigation and transform risks into opportunities.
3. Develop a culture where employees are enthused to respond to risks with appropriate actions.
4. 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 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 the insurance transactions.

NSDL and CDSL: For depository services to broking customers.

FMC: For commodity-broking transactions.

NSE, NSE-CDS, BSE, MCX, MCX-SX, NCDEX, NMCE and OTCEI

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

### Mitigatiom
The Company responded to this risk in the following ways:

1. Enhanced presence in North and West India & widened branch network across India.
2. Extended presence up to 19 states and 34 additional cities in 2008-09.
3. Strengthened the commodity-broking and margin funding business.
4. Aggressive development of the NSE & MCX introduced currency trading platform.

### Competition Risk
An increasing number of brokerage houses could intensify competition.

### Mitigation
The Company reinforced its presence through the following initiatives:

1. Efficient and customized services, backed by strong research leading to informed decision-making.

2. 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 step solutions provider and increasing cross-sale opportunities.

3. Strengthening brand, reflected in an increasing client base. Cutting-edge IT in place to shorten market response and increase customer acquisitions.

4. Continued 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:

1. Investment in state-of-the-art IT infrastructure with zero downtime.

2. Strong franchisee network comprising 10-15 franchisees per branch and about 150 clients per franchisee.

3. Strong back-office to manage administrative responsibilities. Disaster recovery set up in progress in the current fiscal year.

4. Trading services and surveillance platform based on the ODIN software from Financial Technologies Ltd., a industry leader in the CTCL segment.

5. Implementation of Oracle-based software for near real-time information and improved response time between trading and accounts, upgrading back-office operations.

6. 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:

1. Negligible attrition at the senior and middle management levels in 15 years.

2. A policy of high incentives and low salaries to retain talent and maximize initiatives.

3. The proposed introduction of an employee stock option plan.

4. A low franchisee attrition.

5. 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:

1. The Company has over the past, maintained relatively low debt levels.

2. It maintained adequate cash and cash equivalents to address unforeseen cash requirements as on 31st March 2009.

3. 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.

FINANCIAL HIGHLIGHTS

# DIRECTORS' REPORT

**To**

**The Members,**

Your Company's Directors' are pleased to present the 24th Annual Report of the Company along with Audited Accounts for the financial year ended March 31, 2009.

## 1. Financial Results

(Rs.in mn)

| Particulars | Financial Year ended | | | |
|---|---|---|---|---|
| | 31st March' 09 | 31st March' 08 | 31st March' 09 | 31st March' 08 |
| | Consolidated | | Standalone | |
| Gross Income | 553.45 | 654.76 | 53.76 | 50.14 |
| **Profit Before Depreciation, Interest & Tax** | 204.79 | 255.57 | 40.73 | 39.33 |
| Less: Depreciation | 12.16 | 9.26 | 0.40 | 0.32 |
| Interest | 85.72 | 78.24 | 23.87 | 21.75 |
| **Profit Before Tax** | **106.91** | **168.07** | **16.46** | **17.26** |
| Provision for tax | 18.16 | 24.45 | 2.88 | 2.15 |
| Provision for fringe benefit tax | 0.89 | 1.22 | 0.08 | 0.06 |
| **Profit after tax but before minority interest and share in associate companies** | **87.86** | **142.40** | 13.50 | **15.05** |
| Less: Share of Minority Interest | 0.01 | 0.60 | - | - |
| **Net Profit** | 87.85 | 141.80 | 13.50 | 15.05 |
| Add: Profit brought forward from earlier years | 311.22 | 173.19 | 35.00 | 23.05 |
| Less: Adjustments as per AS 15 and others | (0.27) | 0.20 | - | - |
| **Profit available for appropriation** | 399.34 | **314.79** | 48.50 | **38.10** |
| Less: Appropriations | 5.50 | 3.57 | 3.84 | 3.10 |
| Balance carried to balance sheet | 393.84 | 311.22 | 44.66 | 35.00 |

## 2. Operational review

The Company has faired well given the tumultuous business scenario in the last two quarters of the financial year under consideration. With the worst behind, the Company strives to scale new heights on a sustained basis year on year. On a consolidated basis, the Company's income posted a decline of 15.47% to reach Rs. 553.45 mn, while net profit after tax declined by 38.30% to Rs. 87.86 mn. Insurance business reported a premium income of Rs 56 mn . Income from distribution of mutual funds and IPO decline by 43% to Rs. 2.2 mn on account of the macro conditions not conducive to this line of business. The funding business reported an income of Rs. 10.00 mn , whereas income from DP services declined by 15% and stood at Rs. 21.6 mn. The Forex Division recorded transactions worth Rs. 600 bn (approx.) during the year , registering a growth of around 20%. The commodity broking business showed healthy growth of more than 100% in annual turnover. The Company continues to strengthen its network and by end of year it had branches spread across 153 (119 in previous year) cities and towns.

## 3. Financial highlights

The consolidated profit including minority interest and the share of profit/loss in associate companies/firms before tax for the financial year under review is Rs. 106.91mn, while profit after tax is Rs. 87.86 mn.

On standalone basis profit including the share of profit/loss in associate companies/firms before tax for the financial year under review is Rs. 16.46 mn, while profit after tax is Rs. 13.50 mn. The earning per equity share is Rs. 2.18 and the networth of the Company at the year end stands to Rs. 335.51 mn.

## 4. Dividend

To sustain the internal accruals for the future growth of the Company, your Directors are not recommending any dividend for the year under review

### 5. Key initiatives

We continued with branch expansion and client additions inspite of the poor market conditions during the last year. A cost cutting exercise was taken to rationalize various expenses. The risk systems were further strengthened to weather any market movements of greater magnitude than the ones faced in October and November. Currency trading on NSE and commodity trading on MCX & NCDEX were given marketing push through the existing branch network to counter the fall in equity and equity derivatives trading volumes. The website was upgraded and host of new systems put in place to improve client access to information through the website.

### 6. Outlook

The industry is still growing on overall basis. The volumes have again reached the highs of January 2008 and with new products such as currency derivatives being introduced and more to be seen, the industry is poised for strong growth. The fundamentals of the Indian economy remain strong and with easing of the global credit crunch, the Indian growth story remains intact which augurs well for the financial services industry.

### 7. 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 this annual report.

### 8. Financial Resources

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 convertible warrants exercisable in trenches 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 XII of SEBI (Disclosure & Investor Protection) Guidelines, 2000 to the promoters/person(s)/Body corporate(s) in terms of 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.

### 9. Adequacy of Internal Control

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

### 10. Human Resource Development

Master Trust Ltd. 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

### 11. Directors

In accordance with Article 103 of the Articles of Association of the Company read with the provisions of the Companies Act,1956. Mrs. Harneesh Kaur Arora, Mr. G. S. Chawla and Mr. Pavan Chhabra, Director(s) retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

During the years under view Mr. Anil Malhotra has been inducted as an Additional Director of the Company with effect from 10.12.2008 and Mr. B. B. Sharma has resigned from the Directorship of the Company during the year under review. The Board placed on record its gratitude for the services rendered by Mr. B. B. Sharma as Director of the Company.

### 12. 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 there under and as such, no amount on account of principal or interest on Public Deposits was outstanding on the date of the Balance Sheet.

### 13. 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 Statutory Auditors confirming compliance with the conditions of the Clause 49 of the Listing Agreement is annexed hereto and forms part of the Directors Report. The CEO 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 2008-09.

# FINANCIAL HIGHLIGHTS

### 14. Directors' Responsibility Statement

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

1. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations and there are no material departures from the same.

2. 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.

3. 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;

4. The annual accounts have been prepared on a going concern basis.

### 15. 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 2009-10 have already been paid to it. The Company after obtaining the approval from the shareholders in the Annual General Meeting held on 30.09.2005 has already applied to The Calcutta Stock Exchange Association Ltd. to de-list the securities of the company from the said Exchange and the de-listing application has been approved by the said Exchange.

### 16. 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 ensuing 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 or interest in the Company as defined under Section 226(3) of the said Act. Members are requested to consider their re-appointment and authorize the Board of Directors to fix their remuneration for the year 2009-10. Your Directors' recommend their re-appointment.

### 17. Auditors Report

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

### 18. 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). Your Company had applied to the Ministry of Corporate Affairs, Government of India, New Delhi for an exemption from such attachment.

The Ministry of Corporate Affairs, Government of India , New Delhi, vide its letter No. 47/368/2009-CL-III dated 4th May, 2009 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 March 31,2009. However, the Consolidated Financial Statement of the Subsidiaries namely;

1. Master Capital Services Limited
2. Master Insurance Brokers Limited
3. Master Commodity Services Limited
4. Master Infrastructure And Real estate Developers Limited

duly audited by the Statutory Auditors (prepared in accordance with the Accounting Standards and Listing Agreement prescribed by SEBI) form part of this 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.

It is further informed that during the year under review, Master Portfolio Services Limited, has become subsidiary of Master Capital Services Limited and simultaneously it has become subsidiary of Master Trust Limited, the reason being Master Capital Services Limited is 100% wholly owned subsidiary of Company. Furthermore, the entire shareholding of Master Commodity Services Ltd. has been taken up by Master Capital Services Ltd., which is 100% wholly owned subsidiary of Master Trust Ltd.

It is further informed that during the year under review, Master Capital Services Limited, a subsidiary of Master Trust Limited has filed a petition under Section 391 of the Companies Act, 1956 before the Hon'ble High Court of Bombay at Bombay regarding the merger of MTL Share And Stock Brokers Limited with Master Capital Services Limited and the proceedings are going on as on date.

At present, the Company has five subsidiary company (ies) viz. Master Capital Services Ltd., Master Commodity Services Ltd., Master Insurance Brokers Ltd., Master Infrastructure and Real Estate Developers Ltd. and Master Portfolio Services Ltd. out of which Master Portfolio Services Ltd. and Master Commodity Services Ltd. are at present subsidiary of Master Capital Services Ltd..

### 19. 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.

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

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

### 21. Acknowledgment

Your Directors are pleased to place on record their appreciation and express their gratitude to the Government of India, State Governments/Local Bodies, SEBI, NSE, 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 of record their appreciation for committed services rendered by the employees at all levels of your company and its associates and subsidiary companies.

For & on behalf of Board of Directors

Sd/-
**Harjeet S. Arora**
*Managing Director*

Sd/-
**R.K.Singhania**
*Director*

Place: Ludhiana
Date: 29.08.2009

FINANCIAL HIGHLIGHTS

# 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 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 the Company.

## 1. Company's Philosophy

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

## 2. Board of Directors

### (A) Composition:

The Board of Directors of the Company consists of professionals drawn from diverse fields. The majority of the Directors of the Board are Non- Executive Directors. The day to day management of the Company is conducted by the Managing Director/ Whole Time Director of the company subject to the supervision and control of the Board of Directors. At present the Board of Directors of the Company consist of 10 Directors

1. Two Executive Directors in the whole time employment of the Company.

2. Five Non-Executive Independent Directors, drawn from amongst persons with experience in business, finance, technology and management.

3. 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 | 18 | 13 |
| Mr. R.K.Singhania | Director | Non Executive Director | Present | 18 | 9 |
| 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 (Resigned w.e.f. 10.12.2008) | Director | Non Executive Director | Absent | Nil | - |
| Mrs. H.K.Arora | Director | Non Executive Director | Present | 18 | 6 |
| Mr. Anil Kumar Bhatia | Director | Non Executive Director | Present | 4 | 0 |

| | | | | | |
|---|---|---|---|---|---|
| Mr.Sudhir Kumar | Director | Non Executive Director | Absent | 4 | 1 |
| Mr.Ashwani Kumar | Director | Non Executive Director | Present | 5 | 9 |
| Mr. Anil Kumar Malhotra (Appointed as an Additional Director w.e.f. 10.12.2008) | Additional Director | Non Executive Director | Present | 2 | 5 |

**Board Meeting(s) held from 1st April, 2008 to 31st March, 2009**

| | | | | |
|---|---|---|---|---|
| 15.04.2008 | 02.06.2008 | 30.07.2008 | 15.09.2008 | 10.12.2008 |
| 30.04.2008 | 15.06.2008 | 25.08.2008 | 15.10.2008 | 30.01.2009 |
| 10.05.2008 | 30.06.2008 | 30.08.2008 | 30.10.2008 | 15.02.2009 |
| 31.05.2008 | 29.07.2008 | 11.09.2008 | 15.11.2008 | 30.03.2009 |

### 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. Anil Kumar Bhatia. 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, the Secretary of the Committee, Statutory Auditors, 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 four times during the year on 30.04.2008, 29.07.2008, 30.08.2008, 30.10.2008 and 30.01.2009.

### 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 2008-09 is given below:

| Name | Designation | Remuneration paid |
|---|---|---|
| 1. Mr. Harjeet Singh Arora | Managing Director | Rs.826626/- |
| 2. Mr. Sanjay Sood | Whole Time Director | Rs.675190/- |

**Non-Executive Directors**

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

### 5. Shareholders/Investors Grievance Committee :

The Shareholders'/ Investors' Grievance committee was constituted to look into the redressal of investors' complaints on various issues. Mr. R. K. Singhania, Mrs. Harneesh Kaur Arora and Mr. G. S. Chawla, Director(s) of the Company are Members of the Committee duly constituted by the Board and Mr. R. K. Singhania is the Chairman of the Committee.

### 6. Remuneration Committee :

The Remuneration Committee of the Company comprises of three Directors, one is Independent Director and Non-Executive Director and one Director representing the parent company. The Committee met four 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.

# FINANCIAL HIGHLIGHTS

## 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 |
|---|---|---|---|---|
| 2008 | Annual General Meeting | Village Gobindgarh, Malout Road, Abohar | 30.09.2008 | 11:30 A.M. |
| 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. |

The company has passed a Postal Ballot during the Financial Year 2008-09 i.e to change the Registered Office of the Company within the State.

## 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.

1. There has been no instance of the non-compliance by the Company on any matter related to capital market during the last three years.

2. 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 March 31,2009.The details of the Related Party transactions are placed periodically before and reviewed by the Company's Audit Committee.

3. 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.

4 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.

## 12. Audit Qualifications :

The company, at present, does not have any audit qualification pertaining to the financial results.

## 13. General Information for Shareholders :

### i. Annual General Meeting:

The 24rd Annual General Meeting of Master Trust Limited will be held on Wednesday, the 30th day of September, 2009 at 11.30 A.M. at Lions Club, near Tagore Nagar, Ludhiana.

**ii. Financial Year: Ist April, 2008 to March 31, 2009**

Tentative calender of events for the Financial Year 2009-10 is

| | |
|---|---|
| First Quarterly Results | July, 2009 |
| Second Quarterly Results | October, 2009 |
| Third Quarterly Results | January,2010 |
| Fourth Quarterly Results | April, 2010 |

**iii. Date of Book Closure :**

26.09.2009 to 30.09.2009 (both days inclusive)

**iv. Information regarding dividend payment**

The company has decided to conserve the resources for future growth of the Company and the Board has not recommended the dividend for the period ending on 31.03.2009.

**v. Listing :**

The securities of the Company is listed on the following Stock Exchanges:
The Bombay Stock Exchange Ltd.,
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai.
The listing fees has been paid to the said Stock Exchange.
An application for delisting of shares of Company from The Calcutta Stock Association Limited has been approved and the securities of the Company have been delisted from the Exchange.

**vi. Stock Code**

The Bombay Stock Exchange Ltd. : 511768

**vii. Stock Market Data**

The monthly high, low and closing price of equity shares etc. of MTL 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 2008 | 96.45 | 121.00 | 86.70 | 99.15 | 140697 | 1789 | 14961158 |
| May 2008 | 102.00 | 189.70 | 88.00 | 185.10 | 695451 | 1553 | 78322245 |
| June 2008 | 178.05 | 190.00 | 110.45 | 110.45 | 140814 | 1632 | 22624400 |
| July 2008 | 115.00 | 115.75 | 86.75 | 99.05 | 73219 | 1040 | 7170510 |
| Aug 2008 | 103.00 | 110.00 | 90.50 | 100.50 | 33177 | 498 | 3326731 |
| Sept 2008 | 96.50 | 121.00 | 78.45 | 81.15 | 211971 | 1423 | 22323240 |
| Oct 2008 | 73.20 | 87.00 | 31.80 | 31.80 | 38845 | 277 | 2043112 |
| Nov 2008 | 30.25 | 30.25 | 20.85 | 20.95 | 125876 | 703 | 3428294 |
| Dec 2008 | 19.95 | 31.95 | 19.05 | 29.75 | 72740 | 729 | 1946500 |
| Jan2009 | 31.05 | 36.25 | 21.75 | 27.35 | 69693 | 593 | 2153195 |
| Feb2009 | 27.35 | 29.70 | 22.70 | 24.20 | 52903 | 362 | 1411033 |
| March 2009 | 23.70 | 25.00 | 19.00 | 22.75 | 117300 | 461 | 2442453 |

**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: 91-011-26292681
Email: virenr@skylinerta.com,admin@skylinerta.com

# FINANCIAL HIGHLIGHTS

**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. Shareholding Pattern as on 31.03.2009**

| Sr. No. | Category | No. of Shares | % of Shares |
|---|---|---|---|
| 1. | Promoters | 2925215 | 47.18% |
| 2. | Bodies Corporates | 1381090 | 22.27% |
| 3. | Other Indian Public | 1291787 | 20.84% |
| 4. | NRI | 27993 | 0.45% |
| 5. | FIIs | 574315 | 9.26% |
| | **Total** | 6200400 | 100.00% |

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

| | No. of Shares | | | | | |
|---|---|---|---|---|---|---|
| | Physical | % | Demat | % | Total | % |
| Promoters | Nil | Nil | 2925215 | 47.18% | 2925215 | 47.18% |
| Non-Promoters | 668025 | 10.77% | 2607160 | 42.05% | 3275185 | 52.82% |
| **Total** | **668025** | **10.77%** | **5532375** | **89.23%** | **6200400** | **100.00%** |

During the financial year ended on 31st March, 2009, the Company has not issued any GDRs / ADRs and has issued 36,00,000 warrants exercisable in trenches 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 XII 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.

1. **Registered & Head Office**
   Master Chambers, 3rd Floor
   SCO 19, Feroze Gandhi Market,
   Ludhiana 141 001 (Pb)

2. **Chandigarh Office**
   SCO 22-23, Sector 9D,
   Madhya Marg,Chandigarh.

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

4. **Mumbai Office**
   C-1, Jeevan Jyot ,18/20,
   Cawasjee Patel Street, Mumbai.

**xii. Address for Correspondence**

Regd. & Head Office: Master Chambers, 3rd Floor
SCO 19, Feroze Gandhi Market,
Ludhiana 141 001 (Pb).
Tele. No. : 0161-2410557-58, 3911525, 3911504
Fax No. : 0161-2402963
E-mail : mtlldh@rediffmail.com

**xiii. Compliance Officer**: Mr. Divyesh Jani, Company Secratary

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

## CEO CERTIFICATE

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

(a) We have reviewed the Financial Statements and the Cash Flow Statement for the year and that to the best of our knowledge and belief:

(i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;

(b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.

(c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the Auditors and the Audit committee:

(i) significant changes 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

Sd/-
**Harjeet S. Arora**
*Managing Director*

Place: Ludhiana
Date: 29.08.2009

## 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

Sd/-
**Harjeet S. Arora**
*Managing Director*

Place: Ludhiana
Date: 29.08.2009

FINANCIAL HIGHLIGHTS

# COMPLIANCE CERTIFICATE

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

To
The Members
**Master Trust Limited**

We have examined the compliance of conditions of Corporate Governance by Master Trust Limited for the year ended 31st March 2009 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

Place: Ludhiana
Date: 29.08.2009

# AUDITORS' REPORT

To
The Members
**Master Trust Limited**

We have audited the attached Balance Sheet of Master Trust Limited as at 31st March, 2009 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 basis 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 31.3.2009 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 2009;

(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**
*Proprietor*
Membership No. 88759

Place: Ludhiana
Date: 29.08.2009

FINANCIAL HIGHLIGHTS

# ANNEXURE TO THE AUDITORS' REPORT

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

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

   (b) As explained to us, the management has physically verified these fixed assets during the year and no serious discrepancies have been noticed. In our opinion, the frequency of verification of fixed assets is reasonable. To the best of our knowledge, no material discrepancy have been noticed on verification.

   (c) No substantial part of the fixed assets have been disposed off during the year.

2. (a) The inventory 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 twelve parties aggregating to Rs. 24.7mn (Previous year to five party Rs. 95.33mn) including interest free loan of Rs. 4.9 mn (Previous year Rs. 9.74mn) granted to subsidiaries companies and Rs. 19.46mn (Previous year Rs. 0.05mn) to associates, all loans are due on demand and has taken loans from one party aggregating to Rs. 3.21mn (Previous year Rs. 31.50mn) 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.

   (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.

4. In our opinion and according to the information and explanation given to us during the course of audit, there are adequate internal control procedures commensurate with the size of company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods. Further on the basis of our examination of books and records of the company and according to information and explanations given to us, we have neither come across nor have been informed of any instance of major weaknesses in the aforesaid internal control procedures.

5. (a) Based upon the audit procedures applied by us and according to the information and explanations given to us, we are of the opinion that the transactions required to be entered into the register maintained under section 301 of the Act, have been so entered.

   (b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Act and aggregating during the year to rupees five lakhs 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. No order has been passed by the Company Law Board or National Company Law tribunal or Reserve Bank of India or any court or any other tribunal.

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 Providend 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 immediatly 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 requiredments 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. 424.40 mn (Previous year Rs. 677.0 mn) for the facilities of bank guarantees taken by the subsidiaries and fellow subsidiaries and Rs. 3.10 mn (Previous year Rs. 7.10 mn) by associate company from banks or financial institutions, the terms and conditions whereof, in our opinion are not prima facies 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 made preferential allotment of warrants to parties and Companies covered in the register maintained under section 301 of the Companies Act, 1956. In our opinion, the price which equity warrants have been issued is not prejudicial to the interest of the Company.

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 informations 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**
*Proprietor*
Membership No. 88759

Place: Ludhiana
Date: 29.08.2009

# FINANCIAL HIGHLIGHTS

## BALANCE SHEET MASTER TRUST LIMITED

As at 31st March 2009

(Amount in Rupees)

| Particulars | Schedule | As at 31.03.2009 | As at 31.03.2008 |
|---|---|---|---|
| **SOURCES OF FUNDS** | | | |
| **Shareholders' Funds** | | | |
| Capital | A | 61443750.00 | 56437750.00 |
| Reserves & Surplus | B | 225977062.00 | 154284878.00 |
| Fully Convertible (Partly Paid) Warrants | | 48240000.00 | - |
| | | **335660812.00** | **210722628.00** |
| **Loan Funds** | | | |
| Secured Loans | C | 8092645.00 | 3649077.00 |
| Unsecured Loans | D | 10000000.00 | 19500000.00 |
| | | **18092645.00** | **23149077.00** |
| Deferred Tax Liability | | 884069.00 | 867901.00 |
| **Total** | | **354637526.00** | **234739606.00** |
| **APPLICATION OF FUNDS** | | | |
| **Fixed Assets** | E | | |
| Gross Block | | 29737697.00 | 20671171.00 |
| Less: Depreciation | | 5016972.00 | 4909970.00 |
| Net Block | | **24720725.00** | **15761201.00** |
| **Investments** | F | 124433596.00 | 169373456.00 |
| **Current Assets, Loans and Advances** | G | | |
| a) Closing Stock | | 29904463.00 | 29770815.00 |
| b) Sundry Debtors | | 8635295.00 | 7404908.00 |
| c) Cash & Bank Balances | | 27737125.00 | 18510047.00 |
| d) Loans & Advances | | 461014060.00 | 409375721.00 |
| | | **527290943.00** | **465061491.00** |
| **Less: Current Liabilities and Provisions** | H | | |
| a) Liabilities | | 316559924.00 | 412043170.00 |
| b) Provisions | | 5397814.00 | 3613372.00 |
| | | **321957738.00** | **415656542.00** |
| Net Current Assets | | 205333205.00 | 49404949.00 |
| **Miscellaneous Expenditures** | I | 150000.00 | 200000.00 |
| **Total** | | **354637526.00** | **234739606.00** |
| **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/- | Sd/- | Sd/- | Sd/- | Sd/- |
|---|---|---|---|---|
| **Manjeet Singh** | **Kashmir Singh** | **Divyesh Jani** | **R.K. Singhania** | **Harjeet S. Arora** |
| *Proprietor* | *Manager Accounts* | *Company Secretary* | *Director* | *Managing Director* |

Membership No. 88759

Place: Ludhiana
Date: 29.08.2009

## PROFIT AND LOSS ACCOUNT

For the year ended 31st March 2009

(Amount in Rupees)

| Particulars | Schedule | For The Year Ended 31.03.2009 | For The Year Ended 31.03.2008 |
|---|---|---|---|
| **INCOME** | | | |
| Operative & Other Incomes | J | 53760251.00 | 50140530.00 |
| **EXPENDITURE** | | | |
| Personnel Expenses | K | 7200864.00 | 5301846.00 |
| Administrative & Other Expenses | L | 5785543.00 | 5454023.00 |
| Financial Expenses | M | 23868576.00 | 21750376.00 |
| Preliminary Expenses | | 50000.00 | 50000.00 |
| Depreciation | | 397379.00 | 321433.00 |
| **Total** | | **37302362.00** | **32877678.00** |
| **Profit before Taxation** | | **16457889.00** | **17262852.00** |
| Provision for Taxation | | | |
| - Current Year | | 2625000.00 | 1990000.00 |
| - Deferred | | 16168.00 | (31182.00) |
| - Fringe Benefit Tax | | 78500.00 | 56249.00 |
| - Wealth Tax | | 235000.00 | 200000.00 |
| **Profit after Taxation** | | **13503221.00** | **15047785.00** |
| Balance brought forward from previous year | | 35001596.00 | 23050195.00 |
| **Profit available for Appropriation** | | **48504817.00** | **38097980.00** |
| **APPROPRIATION** | | | |
| Foreign Currencies Loss (Lost) in earlier years | | 3404420.00 | - |
| Unutilized STT of previous year | | 866540.00 | 3096384.00 |
| Provision for Diminution /Appreciation in value of investment | | (398580.00) | - |
| Profit from partnership firm related to previous year | | (37343.00) | - |
| **Balance carried over to Balance Sheet** | | **44669780.00** | **35001596.00** |
| | | **48504817.00** | **38097980.00** |
| **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/- | Sd/- | Sd/- | Sd/- | Sd/- |
|---|---|---|---|---|
| **Manjeet Singh** | **Kashmir Singh** | **Divyesh Jani** | **R.K. Singhania** | **Harjeet S. Arora** |
| *Proprietor* | *Manager Accounts* | *Company Secretary* | *Director* | *Managing Director* |
| Membership No. 88759 | | | | |

Place: Ludhiana
Date: 29.08.2009

# FINANCIAL HIGHLIGHTS

## SCHEDULES FORMING PART OF THE ANNUAL ACCOUNTS

(Amount in Rupees)

| Particulars | As at 31.03.2009 | | As at 31.03.2008 | |
|---|---|---|---|---|
| **SCHEDULE A SHARE CAPITAL** | | | | |
| **Authorized** | | | | |
| 11000000 Equity Shares of Rs 10/- each | | 110000000.00 | | 110000000.00 |
| **Issued, Subscribed & Paid Up** | | | | |
| 6200400 (Previous year 5700400) Equity Shares of Rs. 10/- each | | 62004000.00 | | 57004000.00 |
| Less : Calls in Arrear (Other than Directors) | | 560250.00 | | 566250.00 |
| | | **61443750.00** | | **56437750.00** |
| **SCHEDULE B RESERVES & SURPLUS** | | | | |
| General Reserves | | 10000000.00 | | 10000000.00 |
| Share Premium Account | 173548282.00 | | 111548282.00 | |
| Less : Calls in arrears | 2241000.00 | 171307282.00 | 2265000.00 | 109283282.00 |
| Balance in Profit & Loss Account | | 44669780.00 | | 35001596.00 |
| **Total** | | **225977062.00** | | **154284878.00** |
| **SCHEDULE C SECURED LOANS** | | | | |
| Term Loans (secured against hypothecation of car) | | 2302995.00 | | 19915.00 |
| Overdraft Facility (secured against Fixed Deposit) | | 5789650.00 | | 3629162.00 |
| **Total** | | **8092645.00** | | **3649077.00** |
| **SCHEDULE D UNSECURED LOANS** | | | | |
| From Body Corporates | | 10000000.00 | | 19500000.00 |
| **Total** | | **10000000.00** | | **19500000.00** |

**SCHEDULE E FIXED ASSETS**

(Amount in Rupees)

| | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|
| Particulars at | As at 01.04.2008 | Additions During the year | Sale/Discharge During the year | As at 31.03.2009 | As at 01.04.2008 | Written Back | For the Year | As at 31.03.2009 | As at 31.03.2009 | As at 31.03.2008 |
| Land | 12747351.00 | 11558620.00 | 5476603.00 | **18829368.00** | - | - | - | - | **18829368.00** | 12747351.00 |
| Building | 1396570.00 | - | - | **1396570.00** | 217677.00 | - | 17059.00 | **234736** | **1161834.00** | 1178893.00 |
| Furniture & Fixtures | 1508580.00 | - | - | **1508580.00** | 1289498.00 | - | 95493.00 | **1384991** | **123589.00** | 219082.00 |
| Office Equipment | 2249114.00 | 99100.00 | - | **2348214.00** | 1250525.00 | - | 110292.00 | **1360817** | **987397.00** | 998589.00 |
| Computer | 1394258.00 | - | - | **1394258.00** | 1072205.00 | - | 73737.00 | **1145942** | **248316.00** | 322053.00 |
| Vehicles | 1375298.00 | 3229428.00 | 344019.00 | **4260707.00** | 1080065.00 | 290377.00 | 100798.00 | **890486** | **3370221.00** | 295233.00 |
| Grand Total | **20671171.00** | **14887148.00** | **5820622.00** | **29737697.00** | **4909970.00** | **290377.00** | **397379.00** | **5016972.00** | **24720725.00** | **15761201.00** |
| Previous year | 22193334.00 | 5231875.00 | 6754038.00 | **20671171.00** | 4588537.00 | - | 321433.00 | **4909970.00** | **15761201.00** | |

## SCHEDULES FORMING PART OF THE ANNUAL ACCOUNTS

(Amount in Rupees)

| Particulars | | As at 31.03.2009 | | As at 31.03.2008 | |
|---|---|---|---|---|---|
| **SCHEDULE F INVESTMENTS (At Cost)** | | | | | |
| **Long Term Investments** | | | | | |
| **A. (Quoted)** | | | | | |
| 1,468 | Fully paid up equity shares of Rs 10/- each of Abhishek Industries Ltd. | 14680.00 | | 14680.00 | |
| 1688600 | Fully paid up equity shares of Rs 10/- each of Prime Industries Ltd. | 18034775.00 | | 18034775.00 | |
| - (86800) | Fully paid up equity shares of Rs 10/- each of Bhagia Shree Leasing & Finance Ltd | - | | 890581.00 | |
| 5000 | Fully paid up equity shares of Rs 10/- each of R.R.B. Securities Ltd. | 500000.00 | | 500000.00 | |
| - (224040) | Fully paid up equity shares of Rs 10/- each of SEL Manufacturing Co.Ltd | - | | 31739863.00 | |
| 49510 | Fully paid up equity shares of Rs 10/- each of Swaraj Mazada Ltd. | 12171548.00 | | 12171548.00 | |
| | | 30721003.00 | | 63351447.00 | |
| | Less : Provision for diminution in value | 495000.00 | **30226003.00** | 893580.00 | **62457867.00** |
| | | | | | |
| **B. (Unquoted)** | | | | | |
| | In subsidiary companies - fully paid up equity shares of Rs 10/- each | | | | |
| 5100000 | Master Capital Services Limited | 51000000.00 | | 51000000.00 | |
| 50000 | Master Infrastructure & Real Estate Development Limited | 500000.00 | | 500000.00 | |
| - (390000) | Master Commodity Services Limited | - | | 3904500.00 | |
| 89930 (70000) | Master Insurance Brokers Limited | 2899300.00 | **54399300.00** | 2700000.00 | **58104500.00** |
| 1400000 | Fully paid up equity shares of Rs 10/- each of Shivalik Securities Ltd. | 7000000.00 | | 7000000.00 | |
| - (23000) | Fully paid up equity shares of Rs 10/- each of Master Portfolio Services Ltd. | - | | 2300000.00 | |
| 100000 (-) | Fully convertible (partly paid) Warrants of Bhatinda Chemicales Ltd. | 2500000.00 | | - | |
| 1209 | Deep Discount Bonds of Rs. 10000/- each of Master Capital Services Limited | 12090000.00 | **21590000.00** | 12090000.00 | **21390000.00** |

# FINANCIAL HIGHLIGHTS

## SCHEDULES FORMING PART OF THE ANNUAL ACCOUNTS

(Amount in Rupees)

| Particulars | | As at 31.03.2009 | | As at 31.03.2008 | |
|---|---|---|---|---|---|
| **SCHEDULE F INVESTMENTS (At Cost)** *(Contd)* | | | | | |
| **C. Government Securities** | | | | | |
| | 6.75% 2006 Govt. Securities | 17674.00 | | 17674.00 | |
| | 6.75% 2007 Govt. Securities | 23123.00 | **40797.00** | 23123.00 | **40797.00** |
| | | | | | |
| **D. Mutual Funds** | | | | | |
| 48899.756 | Fidelity International Opportunity Fund | 500000.00 | | 500000.00 | |
| 20000.000 | J.M Emerging Leaders Fund | 200000.00 | | 200000.00 | |
| 3000.000 | Sundram BNP Energy Opportunity Fund | 300000.00 | | 300000.00 | |
| 19559.900 | Fidelity Tax Advantage Fund | 200000.00 | | 200000.00 | |
| 25166.503 | Reliance Pharma Fund Growth Plan | 500000.00 | | 500000.00 | |
| 7999.800 | DSP Black Rock India Tiger Fund -Regular Plan Growth | 200000.00 | | 200000.00 | |
| 3715.257 | HDFC Equity Fund Growth | 450000.00 | | 450000.00 | |
| 29339.853 | Birla Sunlife Special Situation Fund | 300000.00 | | 300000.00 | |
| 20000.000 | Tata Capital Builder Fund Growth | 200000.00 | | 200000.00 | |
| 590.678 | SBI Magnum Equity Fund | 17490.00 | | 17490.00 | |
| 29325.593 | Templeton India Equity Income Fund Growth | 300000.00 | | 300000.00 | |
| 20000.000 | Sundram BNP Paribas Rural India Fund Growth | 200000.00 | | 200000.00 | |
| 20000.000 | IDFC Enterprises Equity Fund Growth | 200000.00 | | 200000.00 | |
| 48899.756 | Fidelity India Special Situation Fund Growth | 500000.00 | | 500000.00 | |
| 4635.488 | Sundram BNP Paribas Select Midcap Div. | 100000.00 | | 100000.00 | |
| 536.501 | HSBC Equity Fund Dividend | 16452.00 | | 16452.00 | |
| 1749.169 | Reliance Growth Fund Retail Plan Dividend Plan | 100000.00 | | 100000.00 | |
| 20000.000 | UTI Wealth Builder Fund Growth | 200000.00 | | 200000.00 | |
| 48889.756 | DSP Black Rock Small and mid Cap-Reg Growth | 500000.00 | | 500000.00 | |
| 50000.000 | LICMF Systematic Assets Allocation Fund Growth | 500000.00 | | 500000.00 | |
| 1354.068 | ICICI Prudential Infrastructure Fund Div. | 20189.00 | **5504131.00** | 20189.00 | **5504131.00** |
| | **Capital in Partnership Firm's (As per note No.15)** | | **12673365.00** | | **21876161.00** |
| | **Total** | | **124433596.00** | | **169373456.00** |

Market value of quoted shares is Rs. 5.92 mn (Previous year Rs.109.35 mn)

# SCHEDULES FORMING PART OF THE ANNUAL ACCOUNTS

(Amount in Rupees)

| Particulars | As at 31.03.2009 | | As at 31.03.2008 | |
|---|---|---|---|---|
| **SCHEDULE G CURRENT ASSETS, LOANS AND ADVANCES** | | | | |
| **A) Current Assets** | | | | |
| (a) Closing Stock (Cost or market price whichever is less) | | 29904463.00 | | 29770815.00 |
| (b) Sundry Debtors (Unsecured Considered good) | | | | |
| Over six months old | 2488358.00 | | 2718318.00 | |
| Others | 6146937.00 | 8635295.00 | 4686590.00 | 7404908.00 |
| (c) Cash & Bank Balances | | | | |
| (i) Cash in hand | | 568501.00 | | 298784.00 |
| (ii) With Scheduled Banks in | | | | |
| - Current Account | | 4043449.00 | | 6129258.00 |
| - Fixed Deposit (Pledged against overdraft facility) | | 23125175.00 | | 12082005.00 |
| | | **27737125.00** | | **18510047.00** |
| | | | | |
| **(B) Loans and Advances** | | | | |
| Advances recoverable in cash or in kind or for value to be received | | 438159200.00 | | 344412185.00 |
| Amount due from subsidiaries | | 493322.00 | | 17976558.00 |
| Security | | 6334542.00 | | 6385009.00 |
| Share Application Money | | 10796375.00 | | 36346375.00 |
| Advance Income Tax/T.D.S. | | 5230621.00 | | 4255594.00 |
| **Total** | | **461014060.00** | | **409375721.00** |
| | | **527290943.00** | | **465061491.00** |

| SCHEDULE H CURRENT LIABILITIES AND PROVISIONS | | |
|---|---|---|
| **A) Current Liabilities** | | |
| Sundry Creditors | 3533494.00 | 8375701.00 |
| Amount due to Subsidiaries | 2279518.00 | 3058163.00 |
| Cheques Issued (Net) | 31014622.00 | 2061037.00 |
| Other Liabilities | 279732290.00 | 398548269.00 |
| | **316559924.00** | **412043170.00** |
| **B) Provisions** | | |
| Provision for Non-Performing Assets | 2459314.00 | 1367123.00 |
| Provision for Taxation | 2625000.00 | 1990000.00 |
| Provision for Fringe Benefit Tax | 78500.00 | 56249.00 |
| Provision for Wealth Tax | 235000.00 | 200000.00 |
| **Total** | **5397814.00** | **3613372.00** |
| | **321957738.00** | **415656542.00** |

| SCHEDULE I MISCELLANEOUS EXPENDITURE | | |
|---|---|---|
| (To the extent not written off or adjusted) | | |
| Preliminary Expenses | 200000.00 | 250000.00 |
| Less:- 1/5 Written off | 50000.00 | 50000.00 |
| **Total** | **150000.00** | **200000.00** |

# FINANCIAL HIGHLIGHTS

## SCHEDULES FORMING PART OF THE ANNUAL ACCOUNTS

(Amount in Rupees)

| Particulars | For The Year Ended 31.03.2009 | | For The Year Ended 31.03.2008 | |
|---|---|---|---|---|
| **SCHEDULE J OPERATING AND OTHER INCOME** | | | | |
| Income from Forex Business | | 10506986.00 | | 9469771.00 |
| Interest | | 27001095.00 | | 19836834.00 |
| Profit/loss on sales of Investments (Long Term Net) | | 12096354.00 | | 3589502.00 |
| Profit /Loss on Trading of Securities | | | | |
| Sale of Securities | 291190552.00 | | 379448570.00 | |
| Closing Stock | 16725473.00 | | 18058198.00 | |
| | 307916025.00 | | 397506768.00 | |
| **Less:** | | | | |
| Opening Stock | 18058198.00 | | 16276847.00 | |
| Purchase of Securities | 292925648.00 | (3067821.00) | 374998102.00 | 6231819.00 |
| Dividend | | 701270.00 | | 1423306.00 |
| Profit from Partnership Firm | | 1398416.00 | | 6442903.00 |
| Other Income | | 5123951.00 | | 3146395.00 |
| **Total** | | **53760251.00** | | **50140530.00** |
| **SCHEDULE K PERSONNEL EXPENSES** | | | | |
| Salaries and other Allowances (Includes P.F. Rs.118305/- Previous Year Rs.111538/- Gratuity Rs.462740/- Previous Year Rs. 156767/-) | | 5546624.00 | | 4723930.00 |
| Directors Remuneration | | 1501816.00 | | 395830.00 |
| Staff Welfare Expenses | | 152424.00 | | 182086.00 |
| **Total** | | **7200864.00** | | **5301846.00** |
| **SCHEDULE L ADMINISTRATIVE AND OTHER EXPENSES** | | | | |
| Printing & Stationery | | 118443.00 | | 177249.00 |
| Postage, Telegram & Telephone | | 368990.00 | | 496964.00 |
| Rent | | 500429.00 | | 525757.00 |
| Fees & Taxes | | 251733.00 | | 175640.00 |
| Directors Travelling | | 184473.00 | | 364973.00 |
| Legal & Professional Charges | | 501130.00 | | 505684.00 |
| Travelling & Conveyance | | 409067.00 | | 407243.00 |
| Audit Fee | | 45000.00 | | 45000.00 |
| Tax Audit Fee | | 5000.00 | | 5000.00 |
| Office Maintenance | | 574028.00 | | 702444.00 |
| General Expenses | | 1621153.00 | | 953181.00 |
| Advertisement Expenses | | 113906.00 | | 765436.00 |
| Provision and others | | 1092191.00 | | 329452.00 |
| **Total** | | **5785543.00** | | **5454023.00** |
| **SCHEDULE M FINANCIAL EXPENSES** | | | | |
| Interest on Overdraft | | 110239.00 | | 71797.00 |
| Interest Others | | 23328324.00 | | 21536678.00 |
| Bank Charges | | 430013.00 | | 141901.00 |
| **Total** | | **23868576.00** | | **21750376.00** |

# SCHEDULES FORMING PART OF THE ANNUAL ACCOUNTS

## SCHEDULE N ACCOUNTING POLICIES & NOTES ON ACCOUNTS

**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 not made provisions for diminution in the book value of the investments being in management's opinion, where there has been no permanent diminution in the value of the long term investments 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 recognised 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. Employee Benefits** :

Defined Contribution Plans.

a) Under the Provident Fund plan, the Company contributes to a government administered provident fund on behalf of its employees and has no further obligation beyond making it contribution.
b) Leave encashment is payable to eligible employees, who have earned leaves, during the employment and/or on separation as per the Company's policy.
c) 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 Charted 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.

# FINANCIAL HIGHLIGHTS

## SCHEDULES FORMING PART OF THE ANNUAL ACCOUNTS

**SCHEDULE N ACCOUNTING POLICIES & NOTES ON ACCOUNTS**

**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. Share Capital**

In terms of the approval of the Board of Directors of the company and as per the applicable statutory provisions including Securities and Exchange Board of India (Disclosure & Investor Protection) Guidelines 2000, the company on June 30th 2008 has issued and alloted 5,00,000 equity shares of Rs. 10/- each at a premium of Rs. 124/- each and 36,00,000 warrants on preferential basis to the members of the promoter group and others. Each warrant will convert into one equity share of Rs.10/- each at a premium of Rs. 124/- per share at any time between eighteen months from the date of allotment of warrants (Rs. 13.40/- warrant being Rs. 10/- of the exercise price received).

**2. Contigent Liabilities**

**a)** The Punjab State Industrial Development Corporation Limited (PSI DC) 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 569300 shares (Previous year 569300 shares) of Prime Industries Ltd of Rs. 10/- each amounting to Rs. 5.69 mn (Previous Year Rs. 5.69 mn) to PSIDC along with irrevocable power of attorney. The company has also subscribed to the undertaking for buy back of the shares subscribed by PSIDC as referred above. As per the terms of undertaking for buy back of the shares, the promoters are to buy the said shares at the face value along with interest applicable to terms financing before the expiry 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. 25.10 mn (previous year 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 50000 US$ (previous year 50000 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 Guarantee limits of Rs. 401.40 mn (previous year Rs. 644.00 mn) on behalf of Master Capital Services Ltd. a wholly owned subsidiary company, Rs. Nil (previous yearRs. 33.00 mn) on behalf of Master Commodity Services Ltd., a subsidiary company, Rs. 23.00 mn (previous year Nil) on behalf of Master Commodity Services Ltd. a fellow subsidiary company and Rs. 31.00 mn (previous year Rs. 71.00 mn) on behalf of MTL Shares & Stock Brokers Ltd. a group company.

**d)** Claims against the Company not acknowledge as debts Rs. 0.90 mn (Previous Year Rs. Nil)

**3.** In the year 1998-99, the Company had lost foreign currencies amounting Rs. 3.40mn. The claim was repudiated by the Insurance Company. The Company had filed a petition against the Insurance Company in the Hon'ble Supreme Court which has decided against the Company as per order dated 29th July, 2009 and the amount has been debited to profit & loss appropriation account.

**4.** The Company has received the inter-corporate loan payable on demand Rs. 254.29 mn (Previous year Rs. 314.67 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 realised in the ordinary course of business.

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

| S. No. | Particulars | Amt. Outstanding As at 31.03.2009 | Amt. Outstanding As at 31.03.2008 |
|---|---|---|---|
| 1. | Loans and advances availed by the NBFCs inclusive of interest accured thereon but not due: | | |
| | a. Term Loans | 2302995 | 19915 |
| | b. Other Loans (Represents Cash Credit from Banks) | 5789650 | 3629162 |
| | c. Corporate Loans | 10000000 | 19500000 |

# SCHEDULES FORMING PART OF THE ANNUAL ACCOUNTS

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

| Other Information Category | Related Parties | Other than related parties |
|---|---|---|
| (i) Gross Non-Performing Assets (Includes debtors of Rs Nil) | Nil | 6121916 (329452) |
| (ii) Net Non-Performing Assets (Net of provisioning of Rs NIL/-) (previous year Rs. 329452) | Nil (Nil) | 5029725 (Nil) |
| (iii) Assets acquired in satisfaction of debt | Nil | Nil |

**7. Related Party Disclosures**

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

| Subsidiaries | Associates/Enterprises owned Or significantly influenced by key Management Persons or their Relatives | Key Management Personnel |
|---|---|---|
| - Master Capital Services Ltd. | - Prime Industries Ltd. | - Mr. Harjeet S. Arora |
| - Punjab Industrial Gases Ltd. | - Master Share & Stock Brokers Ltd. | - Mr. R. K. Singhania |
| - Master Commodity Services Ltd. | - MTL Share & Stock Brokers Ltd. | - Mr. G. S. Chawla |
| | - Arora Lease and Development Ltd. | - Mr. Sanjay Sood |
| | - Sanawar Investments | - Mr. Pavan Chhabra |
| | - PHDA Financial Services (P) Ltd. | - Mrs. Harneesh Kaur Arora |
| | - Master Commodity Services Ltd | - Mr. Ashwani Kumar |
| | - Master Portfolio Services Ltd. | - Mr. Anil Kumar Bhatia |
| | - Partnership Firms | - Mr. Sudhir Kumar |

**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 | 2008-09 Rupees Total |
|---|---|---|---|---|
| Purchases | **6728449** (31725801) | **16048729** (606968) | **1000020** (-) | **23777198** (32332769) |
| Sale | **9530474** (36308720) | **9784214** (215000) | - (-) | **19314688** (36523720) |
| Interest Paid | **1289225** (1799000) | **1161744** (320953) | - (-) | **2450969** (2119953) |
| Interest Received | - (-) | **1067897** (2773080) | - (-) | **1067897** (2773080) |
| Loan & Advances Given | **493322** (17976558) | **24208759** (77358840) | - (-) | **24702081** (95335398) |
| Taken | **2279518** (3058163) | **936291** (28438947) | - (-) | **3215809** (31497110) |
| Remuneration | - (-) | - (-) | **1501816** (395830) | **1501816** (395830) |
| Rent Paid | - (-) | 25200 (25200) | **13200** (13200) | **38400** (38400) |
| Corporate Guarantees given | **401400000** (677000000) | **54000000** (71000000) | - (-) | **455400000** (748000000) |
| Balance outstanding at the end of the year receivable | **493322** (17976558) | **16707994** (77699179) | 4000 (-) | **17205316** (95675737) |
| Payable | **2279518** (3058163) | **1098478** (28683147) | 120 (-) | **3378116** (31741310) |

# FINANCIAL HIGHLIGHTS

## SCHEDULES FORMING PART OF THE ANNUAL ACCOUNTS

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

**8. Segment Reporting**

**Information about business Segments**

| | 2008-09 | 2007-08 |
|---|---|---|
| **(A) Segment Revenue** | | |
| (1) Total Segment Revenue | | |
| (a) Forex Business | 10506986 | 9469771 |
| (b) Interest | 27001095 | 19836834 |
| (c) Share Trading and Others | 16252170 | 20833925 |
| **Total** | **53760251** | **50140530** |
| (2) Inter Segment Revenue | NIL | NIL |
| (3) External Revenue (1-2) | | |
| (a) Forex Business | 10506986 | 9469771 |
| (b) Interest | 27001095 | 19836834 |
| (c) Share Trading and Others | 16252170 | 20833925 |
| **Total** | **53760251** | **50140530** |
| **(B) Results** | | |
| (1) Segment Results: | | |
| (a) Forex Business | 2866891 | 2102770 |
| (b) Interest | 6163541 | 3475247 |
| (c) Share Trading and Others | 8165088 | 12219966 |
| **Total** | **17195520** | **17797983** |
| (2) Unallocated Expenses | 397379 | 321433 |
| (3) Operating Profit | 16798141 | 17476550 |
| (4) Interest expenses | 340252 | 213698 |
| (5) Provision for tax | 2954668 | 2215067 |
| (6) Net Profit | 13503221 | 15047785 |
| **Other Information** | | |
| (1) Segment Assets | | |
| (a) Forex Business | 26860926 | 31935984 |
| (b) Interest | 391454823 | 318682368 |
| (c) Share Trading and Others | 241837209 | 232185646 |
| **Total** | **660152958** | **582803998** |
| (2) Unallocated Corporate Assets | 16442306 | 67592150 |
| (3) Total Assets | 676595264 | 650396148 |
| (4) Segment Liabilities | | |
| (a) Forex Business | 6313969 | 6402707 |
| (b) Interest | 274847643 | 258264130 |
| (c) Share Trading and Others | 50748739 | 111023760 |
| **Total** | **331910351** | **375690597** |
| (5) Unallocated Liabilities | 8140032 | 63115022 |
| (6) Deferred Tax Liabilities | 884069 | 867901 |
| (7) Total Liabilities | 340934452 | 439673520 |
| (8) Shareholders Fund | 335660812 | 210722628 |

# SCHEDULES FORMING PART OF THE ANNUAL ACCOUNTS

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

**9. Deferred Tax Liability as at 31.03.2009 is as follows:**

(Amount in Rupees)

| | 2008-09 | 2007-08 |
|---|---|---|
| Timing difference on account of | | |
| **Depreciation** | | |
| - Opening | 867901 | 899083 |
| - During the year | 16168 | (31182) |
| - Closing | 884069 | 867901 |

**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.**

| | 31.03.2009 | 31.03.2008 |
|---|---|---|
| Net Profit in Rupees | 13503221 | 15047785 |
| Weighted average number of equity shares outstanding during the year (Nos.) | 6200400 | 5700400 |
| Nominal Value per share in (Rs) | 10 | 10 |
| Basic and diluted earning per share | 2.18 | 2.64 |

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

| | 2008-09 | 2007-08 |
|---|---|---|
| - Salary | 1031944 | 271380 |
| - Other perquisites | 469872 | 124450 |
| | **1501816** | **395830** |

**12.** Some of the Investments as on 31.03.2009 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.

**14. The amount paid to auditors are as under.**

| | 2008-09 | 2007-08 |
|---|---|---|
| - Audit Fees | 45000 | 45000 |
| - Tax Audit Fee | 5000 | 5000 |

**15. Capital in Partnership Firms.**

| Name of the Firms | Particulars of partners and their profit sharing | As at 31.03.2009 | As at 31.03.2008 |
|---|---|---|---|
| Master Insurance Brokers | The Company has (90%), Mr. Harjeet S. Arora (5%), Mr. R. K. Singhania (5%) | 5380275 | 5318508 |
| Prime Securities | The Company has (98%), Mrs. Palka Arora (2%) | 3373500 | 6180520 |
| Prime Investments | The Company has (75%), Mr. Deepak Singh Tanvar (25%) | 635866 | 2982852 |
| Regency Investments | The Company has (75%), Mr. Anurag Khettar Pal (25%) | 1036807 | 3455090 |
| Chandigarh Investments | The Company has (98%), Mr. Nitin Shahi (2%) | 150479 | 40232 |
| Master Investments | The Company has (98%), Mr. Puneet Singhania (2%) | 1631650 | 3898959 |
| Master Securities | The Company has (96%), Mr. Harjeet S. Arora (2%), Mr. R. K. Singhania (2%) | 464788 | - |
| **Total** | | **12673365** | **21876161** |

# FINANCIAL HIGHLIGHTS

## 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 | 1171858.9345 | 18058198 | 336990.1444 | 16276847 |
| Purchases | 23425377.8030 | 292925648* | 3558397.5188 | 374998102 |
| Sale | 23185694.3530 | 291190552 | 34734896.7287 | 379448570* |
| Closing Stock | 1411542.3845 | 16725473 | 1186490.9345 | 18058198 |

* includes speculative/derivative and short term profit

| Closing Stock | As at 31.03.2009 | | As at 31.03.2008 | | As at 31.03.2007 | |
|---|---|---|---|---|---|---|
| | Qty. | Value | Qty. | Value | Qty. | Value |
| RPG Life Science Ltd. | 25 | 577 | 25 | 838 | 25 | 911 |
| Emami Ltd. | 4997 | 1021887 | 16911 | 4915182 | - | - |
| 1308 ING Treasury Advanatage Fund Regular Dividend | 899.314 | 8995 | 840.368 | 8405 | - | - |
| 1314 ING Treasury Fund Institutional Daily Dividend | 3825.667 | 38269 | 28312.267 | 2824054 | - | - |
| 1135 ING Liquid Fund Daily Dividend | 2289.043 | 24686 | 2148.657 | 23172 | - | - |
| Vardhman Textile Ltd | 400 | 19000 | 400 | 82620 | 400 | 85209 |
| Sainik Finance Ltd. | 41684 | 127136 | 41684 | 127136 | 41684 | 127136 |
| R R Financial Services Ltd. | 12000 | 9000 | 12000 | 9000 | 12000 | 9000 |
| Evinix Accessories Ltd. | 200 | 358 | 200 | 16980 | 3475 | 295027 |
| Fidelity Cash Fund Retail Division | - | - | - | - | 469.2879 | 14692 |
| Creative Intra Ltd. | - | - | 27173 | 54346 | 27173 | 54346 |
| Oswal Chemicals & Fert Ltd. | 350 | 1659 | 350 | 1659 | 350 | 1659 |
| ICICI Ltd. | 291 | 13153 | 291 | 13153 | 291 | 13153 |
| Rolta India Ltd. | 250 | 12813 | 250 | 12813 | 250 | 12813 |
| Rallis India Ltd. | 83 | 4623 | 83 | 4623 | 83 | 4623 |
| ONGC | 25 | 19492 | 25 | 20427 | 25 | 20427 |
| Abhishek Ind ltd. | 2197 | 12962 | 2197 | 12962 | 2197 | 12962 |
| Nahar Exports Ltd. | 1 | 9 | 1 | 23 | 1 | 32 |
| Punjab Alkalies | 1000 | 7900 | 1000 | 7900 | 1000 | 7900 |
| DSP Merril Lynch Capital Ltd. | 5 | 10050 | 5 | 10050 | 5 | 10050 |
| Fidelity Flexi Bond Fund Retaill Dividend Option | 179.8705 | 1799 | 179.8705 | 1799 | 179.8705 | 1799 |
| Idea Cellular | 152 | 7623 | 152 | 11400 | 152 | 11400 |
| 1221 ING Short Term Income Fund Divid | 26497.0640 | 296521 | 24967.3740 | 278635 | 23660.822 | 263806 |
| Kotak Flexi Debt Scheme Daily Div | - | - | - | - | 14948.831 | 149330 |
| Franklin India Opportunity Fund Growth | 1 | 10 | 1 | 10 | 1 | 10 |
| ING Vysya Liquid Fund | - | - | - | - | 75310.667 | 754018 |
| PTC India Ltd | 200 | 9560 | 200 | 9560 | 200 | 9560 |
| Padmalya Tele | 100 | 519 | 100 | 1040 | 100 | 1040 |
| JM Floater Fund Divedend Option 73 | - | - | - | - | 848.908 | 8538 |
| RICOH India | 1000 | 12290 | 1000 | 25550 | 1000 | 25550 |
| 159 ING Liquid Fund Institutional Daily Dividend | 1609.229 | 16111 | - | - | - | - |
| LICMF Saving Plus Fund Daily Dividend Plan | 495687.065 | 4956871 | - | - | - | - |
| Kotak Flexi Debt Scheme Growth | - | - | - | - | 63001.395 | 708426 |

# SCHEDULES FORMING PART OF THE ANNUAL ACCOUNTS

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

| Closing Stock | As at 31.03.2009 | | As at 31.03.2008 | | As at 31.03.2007 | |
|---|---|---|---|---|---|---|
| | | Value | Qty. | Value | Qty. | Value |
| Kotak 30 Equity Scheme Growth | 16994.04 | 941657 | 16994.04 | 1230970 | 7369.363 | 478987 |
| Swaraj Mazda Industries Ltd. | - | - | - | - | 49510 | 12171548 |
| Power Finance Corporation Ltd. | 219 | 18615 | 219 | 18615 | 219 | 18615 |
| Redington (India) Ltd. | 60 | 6546 | 60 | 6780 | 60 | 6780 |
| Shyam Telecom | 10000 | 456500 | 10000 | 711500 | 10000 | 997500 |
| LIC MF Liquid Fund Daily Dividend Plan | 777988.6700 | 8542393 | 2073.86 | 22771 | | - |
| LIC MF Liquid Fund Daily Dividend Plan | 2082.422 | 20824 | 734397.493 | 7343975 | | - |
| NOCIL Ltd. | 8,000 | 92240 | 8000 | 213200 | | - |
| South Indian Bank | 250 | 12825 | 250 | 37050 | | - |
| Foreign Currency | | 13178990 | | 11712617 | | 6596858 |
| **Total** | | **29904463** | | **29770815** | | **22873705** |

**18.** The General Expenses includes sub-brokerage etc. paid Rs. 1.02 mn (Previous year Rs. 0.63 mn).

**19.** The Company has incurred foreign exchange out go is Rs. 0.01 mn (Previous Year Rs. 0.12 mn) during the year.

**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/- | Sd/- | Sd/- | Sd/- | Sd/- |
|---|---|---|---|---|
| **Manjeet Singh** | **Kashmir Singh** | **Divyesh Jani** | **R.K. Singhania** | **Harjeet S. Arora** |
| *Proprietor* | *Manager Accounts* | *Company Secretary* | *Director* | *Managing Director* |
| Membership No. 88759 | | | | |

Place: Ludhiana
Date: 29.08.2009

# FINANCIAL HIGHLIGHTS

## 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. | 6 | 4 | 1 | 4 | | | | | | Registration No. | 1 | 6 |
| Balance Sheet Date | 3 | 1 | - | 0 | 3 | - | 2 | 0 | 0 | 9 | | |

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

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Public Issue | | | | | N | I | L | Right Issue | | | | | N | I | L |
| Bonus Issue | | | | | N | I | L | Private Placement | | | | | N | I | L |

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

| | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Total Liabilities | | 3 | 5 | 4 | 6 | 3 | 8 | Total Assets | | 3 | 5 | 4 | 6 | 3 | 8 |

**Source of Funds**

| | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Paid up Capital | | | 6 | 1 | 4 | 4 | 4 | Reserve & Surplus | | 2 | 2 | 5 | 9 | 7 | 7 |
| Fully Convertible Warrants | | | 4 | 8 | 2 | 4 | 0 | Secured Loans | | | | 8 | 0 | 9 | 3 |
| Unsecured Loans | | | 1 | 0 | 0 | 0 | 0 | Deffered Tax Liability | | | | | 8 | 8 | 4 |

**Application of Funds**

| | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Net Fixed Assets | | | 2 | 4 | 7 | 2 | 1 | Investment | | 1 | 2 | 4 | 4 | 3 | 4 |
| Net Current Assets | | 2 | 0 | 5 | 3 | 3 | 3 | Misc. Expenditure | | | | | 1 | 5 | 0 |
| Accumulated Losses | | | | | N | I | L | | | | | | | | |

**IV. Performance of Company** *(Amount in Rs Thousand)*

| | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Gross Receipts | | | 5 | 3 | 7 | 6 | 0 | Total Expenditure | | | 3 | 7 | 3 | 0 | 2 |
| Profit before Tax | | | 1 | 6 | 4 | 5 | 8 | Profit after Tax | | | 1 | 3 | 5 | 0 | 3 |
| Earning per Share | | | | 2 | . | 1 | 8 | Dividend Rate % | | | | | N | I | L |

**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

# CASH FLOW STATEMENT

For the year ended 31st March 2009

(Amount in Mn)

| | 31.03.2009 | 31.03.2008 |
|---|---|---|
| **A. CASH FLOW FROM OPERATING ACTIVITIES** | | |
| Net Profit before tax and extraordinary items | 16.46 | 17.26 |
| Adjustment for: | | |
| Interest Paid | 23.44 | 21.61 |
| Depreciation | 0.40 | 0.32 |
| Interest/Dividend | (27.70) | (21.26) |
| **Operating profit before Working Capital Changes** | **12.60** | **17.93** |
| Adjustment for | | |
| Trade and other Receivables | (1.23) | 3.51 |
| Inventories | (0.13) | (6.70) |
| Trade Payable | (93.70) | 196.98 |
| Loans and advances | (51.64) | (178.78) |
| Miscellaneous Expenditure | 0.05 | (0.20) |
| Appropriations | (3.84) | (3.10) |
| **Cash generated from operations** | **(137.89)** | **29.64** |
| Direct Tax Paid | (2.94) | (2.25) |
| **Cash flow before Extra ordinary items** | **(140.83)** | **27.39** |
| Extra ordinary items | | |
| Interest Paid | (23.44) | (21.61) |
| Interest/Dividend | 27.70 | 21.26 |
| **Net Cash from operating activities** | **(136.57)** | **27.04** |
| **B. CASH FLOW FROM INVESTING ACTIVITIES** | | |
| Purchase of fixed assets | (14.89) | (5.23) |
| Sale of fixed assets | 5.53 | 6.75 |
| Purchase of investments | (2.70) | (61.96) |
| Sale of Investments | 47.64 | 6.35 |
| **Net Cash Used in Investing Activities** | **35.58** | **(54.09)** |
| **C. CASH FLOW FROM FINANCING ACTIVITIES** | | |
| Proceeds from issue of Share Capital (Call money) | 115.27 | - |
| Proceeds from long term borrowing (Bridge Loan) | (5.05) | 0.23 |
| **Net Cash Used In Financing Activities** | **110.22** | **0.23** |
| **Net Increase /(Decreases) In Cash and Cash Equivalents (A+B+C)** | **9.23** | **(26.82)** |
| **Net Increase In Cash and Cash Equivalent** | **9.23** | **(26.82)** |
| Cash and Cash Equivalents as at 01.04.2008 (Opening Balance) | 18.51 | 45.33 |
| Cash and Cash Equivalents as at 31.03.2009 (Closing Balance) | 27.74 | 18.51 |
| Note: Figures in Brackets represent deductions and outflows | | |

For & on behalf of the Board.

| Place: Ludhiana<br>Date: 29.08.2009 | Sd/-<br>**Kashmir Singh**<br>*Manager Accounts* | Sd/-<br>**Divyesh Jani**<br>*Company Secretary* | Sd/-<br>**R.K. Singhania**<br>*Director* | Sd/-<br>**Harjeet S. Arora**<br>*Managing Director* |
|---|---|---|---|---|

## 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 2009 and found the same to be drawn in accordance therewith and requirements of clause 32 of the Listing Agreement with stock exchanges.

Sd/-
**Manjeet Singh**
*Proprietor*
Membership No. 88759

Place: Ludhiana
Date: 29.08.2009

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

# FINANCIAL HIGHLIGHTS

## 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. | Master Infrastructure and Real Estate Developers Ltd. | Master Insurance Brokers Ltd. | Master Commodity Services Ltd. | Master Portfolio Services Ltd. |
|---|---|---|---|---|---|
| The Financial year of the Subsidiary Companies to end on | 31st March 2009 | 31st March 2009 | 31st March 2009 | 31st March 2009 | 31st March 2009 |
| Number of Shares held by Master Trust Ltd. with its nominees in the subsidiaries | 5100000 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 | 89930 Equity Shares of the face value of Rs 10/-each fully paid up | 490020 Equity Shares of the face value of Rs 10/-each fully paid up | 465001 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% | 89.93% | 100% | 91.17% |
| 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. 699.30 lacs | Rs. 0.01 lacs | Rs. 0.12 lacs | Rs. 43.40 lacs | Rs. 0.81 lacs |
| (ii) For the previous financial years of the subsidiary companies since they became the holding Company's subsidiaries. | Rs.1244.00 lacs | Rs. 0.01 lacs | Rs. 0.03 lacs | Rs. 29.58 lacs | Rs. 0.14 lacs |
| 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
Date :

Sd/-
**Kashmir Singh**
*Manager Accounts*

Sd/-
**Divyesh Jani**
*Company Secretary*

Sd/-
**R.K. Singhania**
*Director*

Sd/-
**Harjeet S. Arora**
*Managing Director*

### Financial Information of the subsidiary companies for the year ended 31st March 2009 (Rs in Lacs).

| 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) | 510.00 | 3411.55 | 18568.01 | 290.41 | 14646.46 | 4739.03 | 840.10 | 140.80 | 699.30 | Nil |
| Master Insurance Brokers Ltd. (c) | 10.00 | 30.12 | 40.28 | Nil | 0.16 | Nil | (0.12) | Nil | (0.12) | Nil |
| Master Infrastcture and Real Estate Developers Ltd. (b) | 5.00 | 0.07 | 106.79 | Nil | 101.72 | 0.10 | 0.02 | 0.02 | Nil | Nil |
| Master Commodity Services Limited (b) | 49.00 | 81.30 | 753.09 | Nil | 622.79 | 242.76 | 63.34 | 19.94 | 43.40 | Nil |
| Master Portfolio Services Limited (c) | 51.00 | 1.77 | 60.28 | Nil | 7.51 | 15.00 | 1.21 | 0.25 | 0.96 | Nil |

**Notes:**

a. Total liabilities excludes paid up capital and reserves & surplus
b. Wholly owned subsidiary
c. Subsidiary

# DIRECTORS' REPORT MASTER PORTFOLIO SERVICES LIMITED

**To**

**The Members,**

Your Directors have pleasure in presenting the Annual Report together with the Audited Statements of the Accounts of the Company for the year ended 31st March 2009.

## 1. Financial Results

The Financial Results for the period 1st April, 2008 to 31st March, 2009 are as under:

| Particulars | 2008-09 (Figures in Rs.) | 2007-08 (Figures in Rs.) |
|---|---|---|
| **Operating Income** | **1500000.00** | **1700000.00** |
| Total Expenditure | 1379311.30 | 1618302.68 |
| Profit before Tax (PBT) | 120688.70 | 81697.32 |
| **Profit After Tax** | **95648.70** | **67657.32** |

## 2. Dividend

Due to inadequacy of profit, your Directors are unable to recommend the dividend for the year under review.

## 3. Directors

Mr. R.K. Singhania, Director retires by rotation and being eligible offers himself for re-appointment.

## 4. Directors' Responsibility Statement

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

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

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 the Company as at March 31,2009 and of the profit of the Company for the said year ended on 31st March, 2009;

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 .

## 5. Fixed Deposits

During the period under review, the Company has not accepted any deposits within the meaning of Section 58A of the Companies Act, 1956 and the Rules made there under.

## 6. Subsidiary of Master Capital Services Limited

During the year under review, the company has become subsidiary of Master Capital Services Limited, which is itself 100% wholly owned subsidiary of Master Trust Limited and has obtained the approval from the relevant authorities to carry on its main business.

## 7. Auditors

M/s Manjeet Singh & Co.,Chartered Accountants, Auditors of the Company ,retire at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment. The Company has obtained necessary certificate u/s 224(1B) of the Act.

## 8. Auditors' Report

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

## 9. Particulars of Employees

During the period under review, no employee received salary in excess of the limits as prescribed under the Companies (Particulars of Employees) Rules, 1975 . hence, no particulars of employees are being given pursuant to the provisions of Section 217(2A) of the Companies Act,1956

# FINANCIAL HIGHLIGHTS

**10. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo**

Information under Section 217(1)(e) of the Companies Act,1956 read with 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. However the Company has taken every possible measure to conserve the energy in the offices. Further the Company has neither earned nor spent any foreign exchange during the year.

**11. Acknowledgement**

Your Directors are pleased to place on record their sincere gratitude to the Government, Bankers and business constituents for their continued and valuable co-operation and support to the Company. The Board also takes this opportunity to express their appreciation for the devoted and sincere services rendered by the employees at all levels of the operations of the Company during the year.

For & on behalf of the Board.
For Master Portfolio Services Ltd.

Sd/-
**G. S. Chawla**
*Managing Director*

Sd/-
**Harjeet S. Arora**
*Director*

Place: Ludhiana
Date: 29.08.2009

# COMPLIANCE CERTIFICATE MASTER PORTFOLIO SERVICES LIMITED

To,
**The Members**
**Master Portfolio Services Limited**
**Master Chambers,**
**19, Feroze Gandhi Market,**
**Ludhiana.**

I/We have examined the registers, records, books and papers of M/s Master Portfolio Services Limited having Registered Office at Master Chambers, 19, Feroze Gandhi Market, Ludhiana as required to be maintained under the Companies Act, 1956, and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March 2009. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.

2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate with the concerned Registrar of Companies within the time prescribed under the Act and the rules made thereunder.

3. The Company being a limited company has the minimum prescribed paid-up capital.

4. The Board of Directors of the Company has duly met five times during the year in respect of which proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.

5. The Company has not closed its Register of Members during the financial year.

6. The Annual General Meeting for the Financial Year ended on 31st March 2008 was held on 30th September 2008 after giving due notice to the Members of the Company and the resolutions passed there at were duly recorded in Minutes Book maintained for the purpose.

7. No Extra Ordinary General meeting was held during the financial year ended 31.03.2009.

8. The Company has not granted any loan to companies, firms and other parties and has not taken any loans at the end of the year.

9. As reported by the Management, the Company has duly complied with the provisions of Section 297 of the Companies Act, 1956 in respect of Contract(s) specified in that section wherever applicable and/or not entered into the contracts falling within the purview of Section 297 of the Act. No record was available for verification.

10. As reported by the management, the company has made necessary entries in the register maintained under Section 301 of the Act wherever applicable.

11. There were no instances falling within the purview of Section 314 of the Act.

12. The Company has not issued any duplicate share certificates during the financial year.

13. The Company has :

    i. not made any allotment / transmission of securities during the financial year. During the year under review, the entire shareholding of the Company has been taken up by Master Capital Services Limited, which is itself 100% wholly owned subsidiary of Master Trust Limited. Thus the Company has become the subsidiary of Master Capital Services Limited.

    ii not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.

    iii. duly complied with the requirements of Section 217 of the Act.

    iv. The Company was not required to post warrants to any member of the Company as no dividend was declared during the financial year.

    v. The Company was not required to transfer the amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund.

# FINANCIAL HIGHLIGHTS

14. The Board of Directors of the Company is duly constituted. There was no appointment of additional director(s), alternate director(s) and directors to fill casual vacancy during the financial year.

15. There was no appointment of Managing Director/ Whole Time Director/ Manager during the financial year.

16. The Company has not appointed any sole selling agent during the financial year.

17. The Company has not obtained any approvals of the Central Government, Company Law Board, Regional Director, Registrar and/or such authorities prescribed under the various provisions of the Act during the financial year.

18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act.

19. The Company has not issued any further shares, debentures or other securities during the financial year.

20. The Company has not bought back any shares during the financial year.

21. There was no redemption of preference shares or debentures during the financial year.

22. There was no transaction necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.

23. As reported by the Management, the Company has not accepted any deposits falling within the purview of Section 58A during the financial year.

24. As reported by the Management, the Company has not made any borrowings during the financial year.

25. As reported by the Management, the Company has not made any loan given guarantees or provided securities to other bodies corporate but has made advances to Stock Exchange as security and margin money given and consequently entries have been made in the books of accounts kept for the purpose.

26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's Registered Office from one state to another during the year under scrutiny.

27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.

28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.

29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.

30. The Company has not altered its Articles of Association during the financial year.

31. No prosecution has been initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the company during the financial year, for offences under the Act.

32. As reported by the Management, the Company has not received any money as security from its employees during the financial year.

33. As reported by the Management, the Company has not created any Provident Fund Trust of its own as no Provident Fund/ ESI was deducted during the year under review.

For Sanjay Aggarwal & Associates
Company Secretaries

Sd/-
**(Sanjay Kumar Aggarwal)**
*Proprietor*
C.P. No.: 7604

Place: Ludhiana
Date: 29.08.2009

# AUDITORS' REPORT MASTER PORTFOLIO SERVICES LIMITED

To

**The Members**
**Master Portfolio Services Limited**
19, Feroze Gandhi Market,
Ludhiana-141001.

We have audited the attached Balance Sheet of Master Portfolio Services Ltd., 19, Feroze Gandhi Market, Ludhiana-141001 as at 31.03.2009 and the Profit & Loss Account 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. An audit includes examining, on a test basis evidence supporting the amounts and disclosures 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.

1. As required by the Companies (Auditor`s Reports) Order 2003 issued by the Central Government in terms of sub-section, (4A) of section 227 of the Companies Act,1956. We annex hereto a statement on the matters specified in paragraph 4 and 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 accounts.

(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 the 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 31.3.2009 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 2009 ;

(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**
*Proprietor*
Membership No. 88759

Place: Ludhiana
Date: 29.08.2009

FINANCIAL HIGHLIGHTS

## ANNEXURE TO THE AUDITORS' REPORT

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

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

   (b) As explained to us, the management has physically verified these fixed assets during the year and no serious discrepancies have been noticed. In our opinion, the frequency of verification of fixed assets is reasonable. To the best of our knowledge, no material discrepancy have been noticed on verification.

   (c) No substantial part of the fixed assets have been disposed off during the year.

2. The Company doesn't have any inventory during the year hence related reporting requirements of clause (ii) specified in para 4 of the Companies(Auditor's Report) order 2003 are not applicable.

3. (a) The Company has neither granted nor taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under Section 301 of the Company sect 1956.

   (b) Since there are no such loans, the comments regarding terms and conditions, repayment of the principal amount and interest thereon and overdue amount are not required.

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 the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods as applicable. Further on the basis of our examination of books and records of the Company carried out in accordance with the generally accepted auditing practices in India, we have neither come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control procedures.

5. Based upon the audit procedures applied by us and according to the information and explanation given to us, we are of the opinion that no transaction was required to be entered into the register maintained under section 301 of the Act during the year under review.

6. The Company does not have any stock/investment of shares/securities and is not dealing in shares, securities, debentures and other investments, hence related reporting requirements are not applicable.

7. 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.

8. In our opinion, the Company has an adequate system of internal audit which is commensurate with the size and nature of its business.

9. 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 product.

10. 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 any other statutory dues with the appropriate authorities wherever applicable. No amount was outstanding for more than six months as on the date of Balance Sheet from the date they became payable.

11. There are no accumulated losses of the Company at the end of the financial year. There are no cash losses during the current and immediately preceding financial year.

12. 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.

13. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

14. 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.

15. The Company has not given any guarantee for loans taken by others from banks or financial institutions.

16. In our opinion, and according to the information and explanations given to us, the Company has not raised any term loan during the year and hence the related reporting requirements are not applicable.

17. According to the information and explanation 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 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 issues during the year.

21. During the course of our examination of books and records of the Company carried out in accordance with the generally accepted auditing practices in India we have neither come across any instance of fraud on or by the Company, nor have we been informed of such case by the management.

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

Sd/-
**Manjeet Singh**
*Proprietor*
Membership No. 88759

Place: Ludhiana
Date: 29.08.2009

# FINANCIAL HIGHLIGHTS

## BALANCE SHEET MASTER PORTFOLIO SERVICES LIMITED

As at 31st March 2009

(Amount in Rupees)

| Particulars | Annexures | As at 31.03.2009 | As at 31.03.2008 |
|---|---|---|---|
| **SOURCES OF FUNDS** | | | |
| **Shareholders' Funds** | | | |
| Share Capital | A | 5100070.00 | 5100070.00 |
| Reserves & Surplus | B | 176975.48 | 81371.78 |
| **Total** | | **5277045.48** | **5181441.78** |
| **APPLICATION OF FUNDS** | | | |
| **Fixed Assets** | C | | |
| Gross Block | | 222706.00 | 137706.00 |
| Less: Depreciation | | 51870.00 | 19939.00 |
| Net Block | | **170836.00** | **117767.00** |
| **Current Assets, Loans and Advances** | D | | |
| a) Sundry Debtors | | - | 2810646.25 |
| b) Cash & Bank Balances | | 913423.23 | 1401499.53 |
| c) Loans & Advances | | 4930012.00 | 6090188.00 |
| | | **5843435.23** | **10302333.78** |
| **Less: Current Liabilities and Provisions** | E | 750631.75 | 5258767.00 |
| Net Current Assets | | 5092803.48 | 5043566.78 |
| **Miscellaneous Expenditures** | F | 13406.00 | 20108.00 |
| **Total** | | **5277045.48** | **5181441.78** |
| **Accounting Policies & Notes on Accounts** | K | | |

The Annexures referred to above form an integral part of the Balance Sheet.

As per our report of even date attached.

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

Sd/-
**Manjeet Singh**
*Proprietor*
Membership No. 88759

Place: Ludhiana
Date: 29.08.2009

For & on behalf of the Board.

Sd/-
**G. S. Chawla**
*Managing Director*

Sd/-
**Harjeet S. Arora**
*Director*

## PROFIT AND LOSS ACCOUNT

For the year ended 31st March 2009

(Amount in Rupees)

| Particulars | Annexures | For The Year Ended 31.03.2009 | For The Year Ended 31.03.2008 |
|---|---|---|---|
| **INCOME** | | | |
| Operative & Other Income | G | 1500000.00 | 1700000.00 |
| **EXPENDITURE** | | | |
| Personnel Expenses | H | 1180356.00 | 1457046.00 |
| Administrative & Other Expenses | I | 158644.00 | 136286.00 |
| Financial Expenses | J | 1678.30 | 115.68 |
| Preliminary Expenses | | 6702.00 | 6702.00 |
| Depreciation | | 31931.00 | 18153.00 |
| **Total** | | **1379311.30** | **1618302.68** |
| **Profit before Tax** | | 120688.70 | 81697.32 |
| Provision for Taxation | | | |
| - Current Year | | 25000.00 | 14000.00 |
| - Fringe Benefit Tax | | 40.00 | 40.00 |
| Profit after Tax | | 95648.70 | 67657.32 |
| Add: Balance brought forward from previous year | | 81248.78 | 13591.46 |
| Excess/Less Prov. of Previous Year | | (45.00) | - |
| Profit available for Appropriation | | 176852.48 | 81248.78 |
| Balance c/f to B/S | | 176852.48 | 81248.78 |
| **Accounting Policies & Notes on Accounts** | K | | |

The Annexures referred to above form an integral part of the Balance Sheet.

As per our report of even date attached.

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

For & on behalf of the Board.

Sd/-
**Manjeet Singh**
*Proprietor*
Membership No. 88759

Sd/-
**G. S. Chawla**
*Managing Director*

Sd/-
**Harjeet S. Arora**
*Director*

Place: Ludhiana
Date: 29.08.2009

# FINANCIAL HIGHLIGHTS

## SCHEDULES FORMING PART OF THE ANNUAL ACCOUNTS

(Amount in Rupees)

| Particulars | As at 31.03.2009 | As at 31.03.2008 |
|---|---|---|
| **SCHEDULE A SHARE CAPITAL** | | |
| **Authorized** | | |
| 1000000 Equity Shares of Rs. 10/- Each | 10000000.00 | 10000000.00 |
| **Issued, Subscribed & Paid Up** | | |
| 510007 Equity Shares of Rs. 10/- Each | 5100070.00 | 5100070.00 |
| **Total** | **5100070.00** | **5100070.00** |
| **SCHEDULE B RESERVES & SURPLUS** | | |
| General Reserves | 123.00 | 123.00 |
| Profit & Loss Account | 176852.48 | 81248.78 |
| **Total** | **176975.48** | **81371.78** |

**SCHEDULE C FIXED ASSETS**

(Amount in Rupees)

| | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|
| Particulars at | As at 01.04.2008 | Additions During the year | Sale/Discharge During the year | As at 31.03.2009 | As at 01.04.2008 | Written Back During the year | For the Year | As at 31.03.2009 | As at 31.03.2009 | As at 31.03.2008 |
| Furniture & Fixtures | 42200.00 | - | - | 42200.00 | 4457.00 | - | 2671.00 | **7128.00** | 35072.00 | 37743.00 |
| Computer Softrware | 95506.00 | 85000.00 | - | 180506.00 | 15482.00 | - | 29260.00 | **44742.00** | 135764.00 | 80024.00 |
| **Grand Total** | **137706.00** | **85000.00** | **-** | **222706.00** | **19939.00** | **-** | **31931.00** | **51870.00** | **170836.00** | **117767.00** |
| Previous year | 42200.00 | 95506.00 | - | 137706.00 | 1786.00 | - | 18153.00 | **19939.00** | 117767.00 | |

| SCHEDULE D CURRENT ASSETS, LOANS AND ADVANCES | As at 31.03.2009 | As at 31.03.2008 |
|---|---|---|
| **A) Current Assets** | | |
| (a) Sundry Debtors (Unsecured Considered good) | | |
| Over six months old | - | 948707 |
| Others | - | 1861939.25 |
| | - | **2810646.25** |
| (b) Cash & Bank Balances | | |
| (i) Cash in Hand/Imprest | 46426.57 | 55313.57 |
| (ii) Balances with Schedule Banks in | | |
| - Current Account | 866996.66 | 1346185.96 |
| | 913423.23 | **1401499.53** |
| **B) Loans & Advances** | | |
| Advance recoverable in Cash or in kind or for value to be received | 4930012.00 | 6090188.00 |
| **Total** | **4930012.00** | **6090188.00** |
| **Grand Total** | **5843435.23** | **10302333.78** |

# SCHEDULES FORMING PART OF THE ANNUAL ACCOUNTS

(Amount in Rupees)

| Particulars | As at 31.03.2009 | As at 31.03.2008 |
|---|---|---|
| **SCHEDULE E CURRENT LIABILITIES AND PROVISIONS** | | |
| **A) Current Liabilities** | | |
| Sundry Creditors | 138135.00 | 5032265.00 |
| Expenses Payable | 102792.00 | 115042.00 |
| Cheques Issued Liabilities (Net) | 484664.75 | 97420.00 |
| **B) Provisions** | **725591.75** | **5244727.00** |
| Provision for Taxation | 25000.00 | 14000.00 |
| Provision for Fringe Benefit Tax | 40.00 | 40.00 |
| | **25040.00** | **14040.00** |
| **Total** | **750631.75** | **5258767.00** |
| **SCHEDULE F MISCELLANEOUS EXPENDITURE** | | |
| (To the extent not written off or adjusted) | | |
| Preliminary Expenses | 20108.00 | 26810.00 |
| Less:- 1/5 Written off | 6702.00 | 6702.00 |
| | 13406.00 | 20108.00 |
| **Total** | **13406.00** | **20108.00** |
| **SCHEDULE G OPERATING & OTHER INCOME** | | |
| Professional Income | 1500000.00 | 1700000.00 |
| **Total** | **1500000.00** | **1700000.00** |
| **SCHEDULE H PERSONNEL EXPENSES** | | |
| Salaries and Other Allowances | 242026.00 | 518649.00 |
| Director Remuneration | 937500.00 | 937500.00 |
| Staff Welfare Expenses | 830.00 | 897.00 |
| **Total** | **1180356.00** | **1457046.00** |
| **SCHEDULE I ADMINISTRATIVE AND OTHER EXPENSES** | | |
| Printing and Stationery | 657.00 | 490.00 |
| Postage, Telegram and Telephone Expenses | 65.00 | 45.00 |
| Fees & Taxes | 1694.00 | 1060.00 |
| Insurance | 3184.00 | 2157.00 |
| Travelling & Convyance | 523.00 | 572.00 |
| Audit Fee | 2000.00 | 2000.00 |
| General Expenses | 628.00 | 962.00 |
| Office Rent | 138672.00 | 129000.00 |
| Sebi Regn.fee | 9406.00 | - |
| Balance Written off | 1815.00 | - |
| **Total** | **158644.00** | **136286.00** |
| **SCHEDULE J FINANCIAL EXPENSES** | | |
| Bank Charges | 1394.30 | 115.68 |
| Interest Paid | 284.00 | - |
| **Total** | **1678.30** | **115.68** |

# FINANCIAL HIGHLIGHTS

## SCHEDULES FORMING PART OF THE ANNUAL ACCOUNTS

**SCHEDULE K ACCOUNTING POLICIES & NOTES ON ACCOUNTS**

**1. Significant Accounting Policies**

**a. Fixed Assets**

i) The financial statements are prepared under historical cost convention in accordance with applicable accounting standards and relevant presentation requirement of the Companies Act, 1956 and on the basis of going concern.

ii) a) Fixed assets owned are stated at original cost less accumulated depreciation. Cost of acquisition includes of freight, duties taxes and other incidental expenses, if any.
b) Depreciation on fixed assets has been charged at straight line method as per rates prescribed in schedule XIV of the Companies Act,1956.

**b. Accounting Concept**

The Company follows the mercantile system of accounting and recognises profit & loss account on accrual basis. Accounting policies not specifically referred otherwise are consistent with generally accepted accounting principles followed as a going concern.

**c. Preliminary Expenses**

Preliminary expenses have been written off @ 20% during the year.

**2.** Contingent liability is Rs. NIL at the end of the Accounting Year.

**3.** Debit and credit balances other than bank balances are subject to confirmation, if any.

**4.** In the opinion of the Board, all the Current Assets, Loans & Advances have a value on realization in ordinary course of business at least equal to the amount at which they are stated except as expressly stated otherwise.

**5.** The Previous Year figures have been regrouped or recasted wherever considered necessary.

**6.** Remuneration paid/payable during the year to the Director:

| | 2009 | 2008 |
|---|---|---|
| - Salaries | 600000.00 | 600000.00 |
| - Other perquisites | 337500.00 | 337500.00 |

**7. Related Party Disclosures:**
As required by AS-18, Related party disclosures, are given below:

| Holding/Fellow Companies | Associates/Enterprises owned Or significantly influenced by key Management Persons or their Relatives | Key Management Personnel |
|---|---|---|
| - Master Capital Services Ltd. | | - Mr. Harjeet S. Arora<br>- Mr. R K Sinhania<br>- Mr. Harinder Singh<br>- Mr. G S Chawla |

**Transactions with related Parties:**

| Holding/Fellow Companies | Associates/Enterprises owned Or significantly influenced by key Management Persons or their Relatives | Key Management Personnel | 2008-09 Rupees Total |
|---|---|---|---|
| - Professional Income | 1500000.00 | - | 1700000.00 |
| - Director Remuneration | - | 937500.00 | 937500.00 |

# SCHEDULES FORMING PART OF THE ANNUAL ACCOUNTS

## SCHEDULE K ACCOUNTING POLICIES & NOTES ON ACCOUNTS

**8.** Additional information as required under para 3 and 4 of part II of Schedule III of the Companies Act, 1956 has been given to the extent it is applicable.

**9.**

| | |
|---|---|
| Earning in foreign exchange | NIL |
| Expenditure in foreign exchange | NIL |
| Value of Imports on CIF basis | NIL |

**10**. Schedules A to K form an integral part of the Profit and Loss Account and Balance Sheet as at 31st March, 2009.

As per our report of even date attached

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

For & on behalf of the Board.

Sd/-
**Manjeet Singh**
*Proprietor*
Membership No. 88759

Sd/-
**G. S. Chawla**
*Manager Director*

Sd/-
**Harjeet S. Arora**
*Director*

Place: Ludhiana
Date: 29.08.2009

# FINANCIAL HIGHLIGHTS

## BALANCE SHEET ABSTRACT

**Balance Sheet Abstract and Company's General Business Profile**

**I. Registration Details**

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Registration No. | | | | | | 1 | 5 | 3 | 3 | 1 | State Code | 1 | 6 |
| Balance Sheet Date | 3 | 1 | - | 0 | 3 | - | 2 | 0 | 0 | 9 | | | |

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

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Public Issue | | | | | N | I | L | Right Issue | | | | | N | I | L |
| Bonus Issue | | | | | N | I | L | Private Placement | | | | | N | I | L |

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

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Total Liabilities | | | | 5 | 2 | 7 | 7 | Total Assets | | | | 5 | 2 | 7 | 7 |

**Source of Funds**

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Paid up Capital | | | | 5 | 1 | 0 | 0 | Reserve & Surplus | | | | | 1 | 7 | 7 |
| Secured Loans | | | | | N | I | L | Unsecured Loans | | | | | N | I | L |

**Application of Funds**

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Net Fixed Assets | | | | | 1 | 7 | 1 | Investments | | | | | N | I | L |
| Deffered Tax Assets | | | | | N | I | L | Net Current Assets | | | | 5 | 0 | 9 | 3 |
| Accumulated Losses | | | | | N | I | L | Misc. Expenditure | | | | | | 1 | 3 |

**IV. Performance of Company** *(Amount in Rs Thousand)*

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Gross Receipts | | | | 1 | 5 | 0 | 0 | Total Expenditure | | | | 1 | 3 | 7 | 9 |
| Profit before Tax | | | | | 1 | 2 | 1 | Profit after Tax | | | | | | 9 | 6 |
| Earning per Share | | | | 0 | . | 1 | 9 | Dividend Rate % | | | | | N | I | L |

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

Item Code No.(ITC Code) : Not applicable
Product Description : Nil

Schedules A to K form integral part of Accounts and have been duly authenticated.

## CASH FLOW STATEMENT For the year ended 31st March 2009

(Amount in Lacs)

| | 31.03.2009 | 31.03.2008 |
|---|---|---|
| **A. CASH FLOW FROM OPERATING ACTIVITIES** | | |
| Net Profit before tax and extraordinary items | 0.96 | 0.67 |
| Adjustment for: | | |
| Interest Paid | - | - |
| Depreciation | 0.32 | 0.18 |
| Interest/Dividend | - | - |
| Miscellaneous Expenditure Written Off | 0.07 | 0.07 |
| Profit on Sale of Fixed Assets | | |
| **Operating profit before Working Capital Changes** | **1.35** | **0.92** |
| Adjustment for | | |
| Trade and other Receivables | 28.10 | - |
| Inventories | - | - |
| Trade Payable | (45.16) | 12.54 |
| Loans and advances | 11.60 | (1.12) |
| **Cash generated from operations** | **(4.11)** | **12.34** |
| Direct Tax Paid | (0.25) | (0.14) |
| **Cash flow before Extra ordinary items** | **(4.36)** | **12.20** |
| Extra ordinary items | | |
| Interest Paid | - | - |
| Interest/Dividend | - | - |
| **Net Cash from operating activities** | **(4.36)** | **12.20** |
| **B. CASH FLOW FROM INVESTING ACTIVITIES** | | |
| Purchase of fixed assets | (0.53) | (0.78) |
| Sale of fixed assets | - | - |
| Purchase of investments | - | - |
| Sale of Investments | - | - |
| **Net Cash Used in Investing Activities** | **(0.53)** | **(0.78)** |
| **C. CASH FLOW FROM FINANCING ACTIVITIES** | | |
| Proceeds from issue of Share Capital (Call money) | - | - |
| Proceeds from long term borrowing (Bridge Loan) | - | - |
| Repayments of finance lease liabilities | - | - |
| Dividend paid | - | - |
| Reduction in transfer prices of investment in Shares to the Subsidiaries | - | - |
| Working Capital Loans | - | - |
| **Net Cash Used In Financing Activities** | - | - |
| **Net Increase /(Decreases) In Cash and Cash Equivalents (A+B+C)** | **(4.89)** | **11.42** |
| **Net Increase In Cash and Cash Equivalent** | **(4.89)** | **11.42** |
| Cash and Cash Equivalents as at 01.04.2008 (Opening Balance) | 14.02 | 2.60 |
| Cash and Cash Equivalents as at 31.03.2009 (Closing Balance) | 9.13 | 14.02 |
| Note: Figures in Brackets represent deductions and outflows | | |

For & on behalf of the Board.
For Master Portfolio Services Ltd.

Place: Ludhiana
Date: 29.08.2009

Sd/-
**G. S. Chawla**
*Managing Director*

Sd/-
**Harjeet S. Arora**
*Director*

## AUDITORS' CERTIFICATE

We have verified the attached Cash Flow Statement of Master Portfolio Services Limited from the audited financial statement and the books and records maintained by the company for the year 31st March, 2009.

Place: Ludhiana
Date: 29.08.2009

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

Sd/-
**Manjeet Singh**
*Proprietor*
Membership No. 88759

FINANCIAL HIGHLIGHTS

# 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 at 31.03.2009 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, 2009;

   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**
*Proprietor*
Membership No. 88759

Place: Ludhiana
Date: 29.08.2009

# BALANCE SHEET CONSOLIDATED

As at 31st March 2009

(Amount in Rupees)

| | Schedule | As at 31.03.2009 | As at 31.03.2008 |
|---|---|---|---|
| **SOURCES OF FUNDS** | | | |
| **Shareholders' Funds** | | | |
| Capital | A | 61443750.00 | 56437750.00 |
| Reserves & Surplus | B | 576334956.00 | 430656362.00 |
| Fully convertible Warrants | | 48240000.00 | - |
| | | **686018706.00** | **487094112.00** |
| Minority Interest | C | 669849.00 | 2362092.00 |
| **Loan Funds** | | | |
| Secured Loans | D | 53900782.00 | 19210522.00 |
| Unsecured Loans | E | 187828715.00 | 166668493.00 |
| | | **241729497.00** | **185879015.00** |
| Deferred Tax Liability | | 12148836.00 | 10253082.00 |
| **Total** | | **940566888.00** | **685588301.00** |
| **APPLICATION OF FUNDS** | | | |
| **Fixed Assets** | F | | |
| Gross Block | | 137040224.00 | 107470897.00 |
| Less: Depreciation | | 47519211.00 | 35625769.00 |
| Net Block | | **89521013.00** | **71845128.00** |
| **Investments** | G | 88058418.00 | 164127823.00 |
| **Current Assets, Loans and Advances** | H | | |
| (a) Closing Stock | | 38409583.00 | 79515309.00 |
| (b) Sundry Debtors | | 1098135964.00 | 1308555893.00 |
| (c) Cash & Bank Balances | | 640976450.00 | 790015188.00 |
| (d) Loans & Advances | | 559621990.00 | 522221136.00 |
| | | **2337143987.00** | **2700307526.00** |
| **Less: Current Liabilities and Provisions** | I | | |
| (a) Liabilities | | 1554719162.00 | 2225527611.00 |
| (b) Provisions | | 19619054.00 | 25388265.00 |
| | | **1574338216.00** | **2250915876.00** |
| **Net Current Assets** | | 762805771.00 | 449391650.00 |
| **Miscellaneous Expenditures** | J | 181686.00 | 223700.00 |
| **Total** | | **940566888.00** | **685588301.00** |
| **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/- | Sd/- | Sd/- | Sd/- | Sd/- |
|---|---|---|---|---|
| **Manjeet Singh** | **Kashmir Singh** | **Divyesh Jani** | **R.K. Singhania** | **Harjeet S. Arora** |
| *Proprietor* | *Manager Accounts* | *Company Secretary* | *Director* | *Managing Director* |

Membership No. 88759

Place: Ludhiana
Date: 29.08.2009

# FINANCIAL HIGHLIGHTS

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31st March 2009

(Amount in Rupees)

| | Schedule | Year Ended 31.03.2009 | Year Ended 31.03.2008 |
|---|---|---|---|
| **INCOME** | | | |
| Operative & Other Income | K | 553449147.00 | 654767043.00 |
| **EXPENDITURE** | | | |
| Personnel Expenses | L | 60654667.00 | 58753740.00 |
| Administrative & Other Expenses | M | 287938886.00 | 340383812.00 |
| Financial Expenses | N | 85716882.00 | 78242222.00 |
| Preliminary Expenses W/Off | | 62122.00 | 55420.00 |
| Depreciation | | 12163880.00 | 9255966.00 |
| **Total** | | **446536437.00** | **486691160.00** |
| **Profit before Taxation & Minority Interest** | | **106912710.00** | **168075883.00** |
| Provision for Tax | | | |
| - Current Year | | 16031150.00 | 22596350.00 |
| - Deferred | | 1895754.00 | 1651924.00 |
| - Fringe Benefit Tax | | 893590.00 | 1224792.00 |
| - Wealth Tax | | 235000.00 | 200000.00 |
| **Profit after Taxation before minority interest** | | **87857216.00** | **142402817.00** |
| - Minority Interest | | 7227.00 | 602783.00 |
| **Profit after tax and minority interest** | | **87849989.00** | **141800034.00** |
| Balance brought forward from previous year | | 311222561.00 | 173186560.00 |
| Excess/ less provision of previous years | | 271136.00 | (192570.00) |
| **Profit available for Appropriation** | | **399343686.00** | **314794024.00** |
| **APPROPRIATION** Foreign Currency Loss (Lost) in earlier year | | 3404420.00 | - |
| Unutilized STT of previous year | | 2529566.00 | 3571463.00 |
| Provision for Diminution/Appreciation in value of Investment | | (398580.00) | - |
| Profit from partnership firm relatd to previous year | | (37343.00) | - |
| **Balance carried over to Balance Sheet** | | **393845623.00** | **311222561.00** |
| **Total** | | **399343686.00** | **314794024.00** |
| **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**
*Proprietor*
Membership No. 88759

Sd/-
**Kashmir Singh**
*Manager Accounts*

Sd/-
**Divyesh Jani**
*Company Secretary*

Sd/-
**R.K. Singhania**
*Director*

Sd/-
**Harjeet S. Arora**
*Managing Director*

Place: Ludhiana
Date: 29.08.2009

# CONSOLIDATED SCHEDULES FORMING PART OF THE ANNUAL ACCOUNTS

(Amount in Rupees)

| | As at 31.03.2009 | As at 31.03.2008 |
|---|---|---|
| **SCHEDULE A SHARE CAPITAL** | | |
| **Authorized** | | |
| 11000000 Equity Shares of Rs 10/- each | 110000000.00 | 110000000.00 |
| **Issued, Subscribed & Paid Up** | | |
| 6200400 (Previous year 5700400) Equity Shares of Rs 10/- each | 62004000.00 | 57004000.00 |
| Less : Calls in Arrear (Other than Directors) | 560250.00 | 566250.00 |
| **Total** | **61443750.00** | **56437750.00** |

| | | | | |
|---|---|---|---|---|
| **SCHEDULE B RESERVES & SURPLUS** | | | | |
| General Reserves | | 10000193.00 | | 10000070.00 |
| Capital Reserves | | 1181858.00 | | 150449.00 |
| Share Premium Account | 173548282.00 | | 111548282.00 | |
| Less : Calls in arrears | 2241000.00 | 171307282.00 | 2265000.00 | 109283282.00 |
| Balance in Profit & Loss Account | | 393845623.00 | | 311222561.00 |
| **Total** | | **576334956.00** | | **430656362.00** |

| | | |
|---|---|---|
| **SCHEDULE C MINORITY INTEREST** | | |
| Share Capital | 550760.00 | 1300070.00 |
| Share of accumulated profit upto previous year | 111862.00 | 459239.00 |
| Profit for the year transferred from Profit & Loss A/c | 7227.00 | 602783.00 |
| **Total** | **669849.00** | **2362092.00** |
| **SCHEDULE D SECURED LOANS** | | |
| Term Loans (secured against hypothecation of car) | 4890537.00 | 3971328.00 |
| Overdraft Facility (secured against Fixed Deposit) | 49010245.00 | 15239194.00 |
| **Total** | **53900782.00** | **19210522.00** |
| **SCHEDULE E UNSECURED LOANS** | | |
| Deep Discount Bonds (18% quarterly cumulative redeemable) | 27910000.00 | 27910000.00 |
| From Body Corporates | 10000000.00 | 19500000.00 |
| Interest Accrued but not due | 149918715.00 | 119258493.00 |
| **Total** | **187828715.00** | **166668493.00** |

**SCHEDULE F FIXED ASSETS**

(Amount in Rupees)

| Particulars | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 01.04.2008 | Additions During the year | Sale/Discarded During the year | As at 31.03.2009 | As at 01.04.2008 | Written Back during the year | For the Year | As at 31.03.2009 | As at 31.03.2009 | As at 31.03.2008 |
| Land | 12747351.00 | 11558620.00 | 5476603.00 | 18829368.00 | - | - | - | - | **18829368.00** | 12747351.00 |
| Building | 7194509.00 | - | - | 7194509.00 | 568553.00 | - | 111566.00 | **680119.00** | **6514390.00** | 6625956.00 |
| Furniture & Fixture | 6663022.00 | 4461989.00 | - | 11125011.00 | 2476817.00 | - | 557303.00 | **3034120.00** | **8090891.00** | 4186205.00 |
| Office Equipment | 8650302.00 | 3282661.00 | - | 11932963.00 | 2262060.00 | - | 511359.00 | 2773419.00 | 9159544.00 | 6388242.00 |
| Computer V-sat | 63958836.00 | 12288941.00 | - | 76247777.00 | 27203112.00 | - | 10191590.00 | **37394702.00** | **38853075.00** | 36755724.00 |
| Vehicles | 8394583.00 | 3660032.00 | 344019.00 | 11710596.00 | 3135166.00 | 290377.00 | 792062.00 | **3636851.00** | **8073745.00** | 5259417.00 |
| **Total** | **107608603.00** | **35252243.00** | **5820622.00** | **137040224.00** | **35645708.00** | **290377.00** | **12163880.00** | **47519211.00** | **89521013.00** | **71962895.00** |
| Previous year | 88334395.00 | 25890540.00 | 6754038.00 | 107470897.00 | 26369803.00 | - | 9255966.00 | 35625769.00 | 71845128.00 | |

# FINANCIAL HIGHLIGHTS

## CONSOLIDATED SCHEDULES FORMING PART OF THE ANNUAL ACCOUNTS

(Amount in Rupees)

| | | As at 31.03.2009 | | As at 31.03.2008 | |
|---|---|---|---|---|---|
| **SCHEDULE G INVESTMENTS (At Cost)** | | | | | |
| **Long Term Investments** | | | | | |
| **A. (Quoted)** | | | | | |
| 1468 | Fully paid up equity shares of Rs 10/- each of Abhishek Industries Ltd. | 14680.00 | | 14,680.00 | |
| 2116600 | Fully paid up equity shares of Rs 10/- each of Prime Industries Ltd. | 28662295.00 | | 28662295.00 | |
| 5000 | Fully paid up equity shares of Rs 10/- each of R.R.B. Securities Ltd. | 500000.00 | | 500000.00 | |
| - (386800) | Fully paid up equity shares of Rs 10/- each of Bhagia Shree Leasing & Finance Ltd. | - | | 2569384.00 | |
| - (224040) | Fully paid up equity shares of Rs 10/- each of SEL Manucacturing Co. Ltd. | - | | 31739863.00 | |
| 49510 | Fully paid up equity shares of Rs 10/- each of Swaraj Mazada Ltd. | 12171548.00 | | 12171548.00 | |
| 8250 | Fully paid up equity shares of Rs 10/- each of Raguvanshi Mills Ltd. | 90750.00 | | 90750.00 | |
| 394 | Fully paid up equity shares of Rs 10/- each of Varun Shipping Ltd. | 7092.00 | | 7092.00 | |
| 53 | Fully paid up equity shares of Rs 10/- each of Tata Steel Ltd. | 15900.00 | | 15900.00 | |
| 325 | Fully paid up equity shares of Rs 10/- each of GTL Infrastructure Ltd. | 3250.00 | | 3250.00 | |
| | | 41465515.00 | | 75774762.00 | |
| | Less: Provision for diminution in value | 495000.00 | **40970515.00** | 893580.00 | **74881182.00** |

| | | As at 31.03.2009 | | As at 31.03.2008 | |
|---|---|---|---|---|---|
| **B. (Unquoted)** | | | | | |
| 100000 (-) | Fully Convertible (Partly paid) Warrants of Bathinda Chemicals Limited | 2500000.00 | | - | |
| 5,40,000 | Fully paid up equity shares of Rs.10/- each of Shivalik Securities Limited | 8400000.00 | | 8400000.00 | |
| (-) (230000) | Fully paid up equity shares of Rs.10/- each of Master Portfolio Services Limited | - | | 2300000.00 | |
| 100 | Fully paid up equity shares of Rs.1/- each of Ludhiana Stock Exchange Association Limited | 100.00 | | 100.00 | |
| 100000 | Fully paid up equity shares of Rs.10/- each of Stan Auto (P) Limited | 5000000.00 | | 5000000.00 | |
| - (199820) | Fully paid up equity shares of Rs.10/- each of BSN Capital Services (P) Limited | - | | 4222385.00 | |
| - (69960) | Fully paid up equity shares of Rs.10/- each of Lotus Capital Services Limited | - | | 1640440.00 | |
| - (60000) | Fully paid up preference share of Rs.10/- each of Marshal Investment Co (P) Limited | - | | 6000000.00 | |
| 261 | Fully paid up preference share of Rs. 100/- each of Tata Steel Limited | 26100.00 | **15926200.00** | 26100.00 | **27589025.00** |

## CONSOLIDATED SCHEDULES FORMING PART OF THE ANNUAL ACCOUNTS

(Amount in Rupees)

| | | As at 31.03.2009 | | As at 31.03.2008 | |
|---|---|---|---|---|---|
| **SCHEDULE G INVESTMENTS (At Cost)** *(Contd)* | | | | | |
| **C. Government Securities** | | | | | |
| 6.75% 2006 Govt. Securities | | 17674.00 | | 17674.00 | |
| 6.75% 2007 Govt. Securities | | 23123.00 | **40797.00** | 23123.00 | **40797.00** |
| **D. Mutual Funds** | | | | | |
| 48899.756 | Fidelity International Opportunity Fund | 500000.00 | | 500000.00 | |
| 20000.000 | J.M Emerging Leaders Fund | 200000.00 | | 200000.00 | |
| 30000.000 | Sundaram BNP Energy Opportunity Fund | 300000.00 | | 300000.00 | |
| 19559.900 | Fidelity Tax Advantage Fund | 200000.00 | | 200000.00 | |
| 25166.503 | Reliance Pharma Fund Growth Plan Growth Option | 500000.00 | | 500000.00 | |
| 7999.800 | DSP Black Rock India Tiger Fund Regular Plan Growth | 200000.00 | | 200000.00 | |
| 3715.257 | HDFC Equity Fund Growth | 450000.00 | | 450000.00 | |
| 29359.853 | Birla Sunlife Special Situation Fund | 300000.00 | | 300000.00 | |
| 20000.000 | Tata Capital Builder Fund Growth | 200000.00 | | 200000.00 | |
| 590.678 | SBI Magnum Equity Fund | 17490.00 | | 17490.00 | |
| 29325.593 | Templeton India Equity Income Fund | 300000.00 | | 300000.00 | |
| 20000.000 | Sundaram BNP Paribas Rural India Fund Growth | 200000.00 | | 200000.00 | |
| 20000.000 | IDFC Enterprises Equity Fund Growth | 200000.00 | | 200000.00 | |
| 48899.756 | Fidelity India Special Situation Fund Growth | 500000.00 | | 500000.00 | |
| 4635.488 | Sundaram BNP Paribas Select Midcap Div. | 100000.00 | | 100000.00 | |
| 536.501 | HSBC Equity Fund Dividend | 16452.00 | | 16452.00 | |
| 1749.169 | Reliance Growth Fund Retail Plan Dividend Plan | 100000.00 | | 100000.00 | |
| 20000.000 | UTI Wealth Builder Fund Growth | 200000.00 | | 200000.00 | |
| 48889.756 | DSP Black Rock Small and Mid Cap-Reg Growth | 500000.00 | | 500000.00 | |
| 39274.66 (31857.143) | Franklin India Flexi Cap | 750000.00 | | 600000.00 | |
| 50000.000 | LICMF Systematic Asset Allocation Fund | 500000.00 | | 500000.00 | |
| 1354.068 | ICICI Prudential Infrastructure Fund Div. | 20189.00 | **6254131.00** | 20189.00 | **6104131.00** |
| | Capital with Partnership Firms (As per Note No. 9) | | **24866775.00** | | **55512688.00** |
| | **Total** | | **88058418.00** | | **164127823.00** |

Market value of quoted shares is Rs 6.84 mn (Previous year Rs. 137.34 mn)

# FINANCIAL HIGHLIGHTS

## CONSOLIDATED SCHEDULES FORMING PART OF THE ANNUAL ACCOUNTS

(Amount in Rupees)

| | As at 31.03.2009 | | As at 31.03.2008 | |
|---|---|---|---|---|
| **SCHEDULE H CURRENT ASSETS, LOANS AND ADVANCES** | | | | |
| **(A) Current Assets** | | | | |
| (a) Closing Stock (Cost or market price whichever is less) | | 38409583.00 | | 79515309.00 |
| (b) Sundry Debtors (Unsecured Considered good) | | | | |
| Over six months old | 40345944.00 | | 2718318.00 | |
| Others | 1057790020.00 | 1098135964.00 | 1305837575.00 | 1308555893.00 |
| (c) Cash & Bank Balances | | | | |
| (i) Cash in hand | | 3049125.00 | | 1683244.00 |
| (ii) With Scheduled Banks in | | | | |
| - Current Account | | 23522406.00 | | 154442909.00 |
| - Fixed Deposit (Pledged against Bank Guarantee & Overdraft facility) | | 614404919.00 | | 621554890.00 |
| - Cheques in hand (Net) | | | | 12334145.00 |
| | | **640976450.00** | | **790015188.00** |
| **(B) Loans and Advances** | | | | |
| Advances recoverable in cash or in kind or for value to be received | | 516279817.00 | | 410328930.00 |
| Security | | 6334542.00 | | 68064576.00 |
| Share Application Money | | 1121375.00 | | 6671375.00 |
| Advance Income Tax/T.D.S. | | 35886256.00 | | 37156255.00 |
| **Total** | | **559621990.00** | | **522221136.00** |
| | | **2337143987.00** | | **2700307526.00** |

| | | |
|---|---|---|
| **SCHEDULE I CURRENT LIABILITIES AND PROVISIONS** | | |
| **(A) Current Liabilities** | | |
| Sundry Creditors | 891930799.00 | 1318146259.00 |
| Amount due to Subsidiaries | - | - |
| Cheques Issued (Net) | 101978812.00 | - |
| Other Liabilities | 560809551.00 | 907381352.00 |
| | **1554719162.00** | **2225527611.00** |
| **(B) Provisions** | | |
| Provision for Non-Performing Assets | 2459314.00 | 1367123.00 |
| Provision for Taxation | 16031150.00 | 22596350.00 |
| Provision for Fringe Benefit Tax | 893590.00 | 1224792.00 |
| Provision for Wealth Tax | 235000.00 | 200000.00 |
| **Total** | **19619054.00** | **25388265.00** |
| | **1574338216.00** | **2250915876.00** |

# CONSOLIDATED SCHEDULES FORMING PART OF THE ANNUAL ACCOUNTS

(Amount in Rupees)

| | Year Ended 31.03.2009 | Year Ended 31.03.2008 |
|---|---|---|
| **SCHEDULE J MISCELLANEOUS EXPENDITURE** | | |
| (to the extent not written off or adjusted) | | |
| (a) Preliminary expenses | 243808.00 | 279120.00 |
| Less: 1/10 written off | 62122.00 | 55420.00 |
| | **181686.00** | **223700.00** |

| | Year Ended 31.03.2009 | Year Ended 31.03.2008 |
|---|---|---|
| **SCHEDULE K OPERATING AND OTHER INCOME** | | |
| Income from Forex Business | 10506986.00 | 9469771.00 |
| Interest | 90715250.00 | 68436340.00 |
| Profit on sales of Investments (Long Term Net) | 38741365.00 | 3686402.00 |
| Income from Brokerage, Sale/purchase of Shares & Securities and Commodities Trading | 297471443.00 | 390579482.00 |
| Dividend | 23874986.00 | 73844451.00 |
| Profit from Partnership Firm | 1862658.00 | 28895406.00 |
| Other Income | 90276459.00 | 79855191.00 |
| **Total** | **553449147.00** | **654767043.00** |

| | | |
|---|---|---|
| **SCHEDULE L PERSONNEL EXPENSES** | | |
| Salaries and other Allowances (Includes P.F. Rs.192722.00 Previous Year Rs.200643.00 Gratuity Rs.1871167.00 Previous Year Rs.691834.00) | 54811211.00 | 55303543.00 |
| Directors Remuneration | 3401839.00 | 889823.00 |
| Staff Welfare Expenses | 2441617.00 | 2560374.00 |
| **Total** | **60654667.00** | **58753740.00** |

# FINANCIAL HIGHLIGHTS

## CONSOLIDATED SCHEDULES FORMING PART OF THE ANNUAL ACCOUNTS

(Amount in Rupees)

| | Year Ended 31.03.2009 | Year Ended 31.03.2008 |
|---|---|---|
| **SCHEDULE M ADMINISTRARTIVE AND OTHER EXPENSES** | | |
| Printing & Stationery | 6451688.00 | 14698771.00 |
| Postage, Telegram & Telephone | 15555194.00 | 20036527.00 |
| Rent | 11867643.00 | 11190451.00 |
| Fees & Taxes | 2936980.00 | 4344601.00 |
| Legal & Professional Charges | 8085114.00 | 9475235.00 |
| Travelling & Conveyance | 3732002.00 | 3795529.00 |
| Directors Travelling | 527929.00 | 815390.00 |
| Office Maintenance | 15059931.00 | 16945031.00 |
| Audit Fee | 174561.00 | 172561.00 |
| Advertisement Expenses | 113906.00 | 765436.00 |
| Sub Brokerage | 119785102.00 | 173754655.00 |
| General Expenses | 62682254.00 | 76801437.00 |
| Demat Charges | 2301795.00 | 1997861.00 |
| Custodian Charges | 2326948.00 | 1571977.00 |
| VSAT/Leasline Charges | 4540163.00 | 449320.00 |
| Membership Fee | 151542.00 | 130000.00 |
| Bad debts Written off | 30553943.00 | 3109578.00 |
| Provision and other | 1092191.00 | 329452.00 |
| **Total** | **287938886.00** | **340383812.00** |
| **SCHEDULE N FINANCIAL EXPENSES** | | |
| Interest on Overdraft | 7137006.00 | 2796240.00 |
| Interest Others | 69953448.00 | 67456439.00 |
| Bank Charges | 8626428.00 | 7989543.00 |
| **Total** | **85716882.00** | **78242222.00** |

# 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, 2009 and its following subsidiaries:

| Subsidiaries: | Accounting Year Ended Date | Proportion of Ownership Interest as at 31.03.2009 |
|---|---|---|
| Master Capital Services Ltd. | 31st March 2009 | 100% |
| Master Infrastructure and Real Estate Development Ltd. | 31st March 2009 | 100% |
| Master Commodity Services Ltd. | 31st March 2009 | 100% |
| Master Insurance Brokers Ltd. | 31st March 2009 | 89.93% |
| Master Portfolio Services Ltd. | 31st March 2009 | 91.17% |

(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 not made provisions for diminution in the book value of the investments being in management's opinion, where there has been no permanent diminution in the value of long term investments 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 traveler cheques and traveler cheques sold but not settled are valued at inter bank rate.

**5. Revenue Recognition :**

(a) The Company follows the mercantile system of accounting and recognises 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 have been written off to the extent of 20% per annum.

(c) SEBI Registration turnover fee and interest thereon are sub-judiced matters in the various courts. The same are accounted for on cash basis.

# FINANCIAL HIGHLIGHTS

## CONSOLIDATED SCHEDULES FORMING PART OF THE ANNUAL ACCOUNTS

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

(d) Income from forex business comprises of travelers 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. Employee Benefits :**

Defined Contribution Plans.

a) Under the Provident Fund plan, the Company contributes to a government administered provident fund on behalf of its employees and has no further obligation beyond making it contribution.
b) The company makes contribution to state plans namely Employee's state insurance fund and Employee's pension scheme 1995 and has no further obligation beyond making the payment to them. The Company's contributions to the above funds are charged to revenue every year.
c) Leave encashment is payable to eligible employees, who have earned leaves, during the employment and/or on separation as per the Company's policy.
d) 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 Charted 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. Notes on Accounts

**1. Share Capital**

In terms of the approval of the Board of Directors of the company and as per the applicable statutory provisions including Securities and Exchange Board of India (Disclosure & Investor Protection) Guidelines 2000, the company on June 30th 2008 has issued and alloted 5,00,000 equity shares of Rs. 10/- each at a premium of Rs. 124/- each and 36,00,000 warrants on preferential basis to the members of the promoter group and others. Each warrant will convert into one equity share of Rs. 10/- each at a premium of Rs. 124/- per share at any time between eighteen months from the date of allotment of warrants (Rs. 13.40/- warrant being Rs. 10/- of the exercise price received).

# CONSOLIDATED SCHEDULES FORMING PART OF THE ANNUAL ACCOUNTS

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

**2. Contingent Liabilities**

a) The Punjab Stale Industrial Development Corporation Limited (PSI DC) 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 569300 shares (Previous year 569300 shares) of Prime Industries Ltd of Rs. 10/- each amounting to Rs. 5.69 mn (Previous year Rs. 5.69 mn) to PSIDC along with irrevocable power of attorney. The Company has also subscribed to the undertaking for buy back of the shares subscribed by PSIDC as referred above. As per the terms of 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 expiry 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 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 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. 25.10 mn (previous year 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.

b) Bank Guarantees of Rs. 76.50 mn (Previous year Rs. 100.0 mn) in favour of National Securities Clearing Corporation Ltd. as its Clearing Member for exposure with capital market segment.

c) Bank Guarantees of Rs. 328.9 mn (Previous year Rs. 548.00 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.

d) Bank Guarantees of Rs. 1.5 mn (Previous year Rs. 15.5 mn) in favour of National Commodity and Derivative Exchange of India Ltd. as its Trading Member.

e) Bank Guarantees of Rs. 21.5 mn (Previous year Rs. 71.5 mn) in favour of Multi Commodity Exchange Ltd. as its Trading Member.

f) Corporate Bank Guarantees of Rs. 31.00 mn (Previous year Rs. 71.00 mn) on behalf of MTL Shares and Stock Brokers Ltd. a associate company.

g) Bank Guarantee of 50000US$ (Previous year 50000US$) in favour of American Express Travel Related Services Company Inc. U.S.A. for traveller cheques stock limit.

h) Claims against the Company not acknowledge as debts Rs. 1.44 mn (previous year Rs. Nil), mainly includes Rs. 0.90 mn being court case against the Company by J. B. S. Builders and Traders Private Ltd. and Rs. 0.54 mn being show cause notice to the Company by Central Excise Authority regarding service tax.

**3.** In the year 1998-99, the Company had lost foreign currencies amounting Rs. 3.40 mn. The claim was repudiated by the Insurance Company. The Company had filed a petition against the Insurance Company in the Hon'ble Supreme Court of India which has decided against the Company as per order dated 29th July 2009 and the amount has been debited to profit & loss appropriation account.

**4.** 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 realised in the ordinary course of business.

# FINANCIAL HIGHLIGHTS

## CONSOLIDATED SCHEDULES FORMING PART OF THE ANNUAL ACCOUNTS

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

**5. Related Party Disclosures**

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 S. Arora | - Mrs. Harneesh Kaur Arora |
| - Master Share and Stock Brokers Ltd. | - Mr. R.K. Singhania | - 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. Harinder Singh | - Mrs. Guneet Chawla |
| - Sanawar Investments | - Mr. Ashwani Kumar | - Mr. Puneet Singhania |
| - PHDA Financial Services (P) Ltd. | - Mr. Anil Kumar Bhatia | |
| - Mr. R.K. Singhania HUF | - Mr. Sudhir Kumar | |
| - Mr. Pavan Chhabra HUF | - Mr. Harinder Singh | |
| - Mr. Sanjay Sood HUF | | |
| - Santco India Pvt. Ltd. | | |
| - Partnership Firms | | |

**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 | 2008-09 Rupees Total |
|---|---|---|---|---|
| Purchase | **807918185**<br>(85091247889) | **646668941**<br>(6424503771) | **30297383**<br>(339523270) | **1484884509**<br>(91855274930) |
| Sale | **789416067**<br>(85805560336) | **646254760**<br>(6006448303) | **32202564**<br>(345612365) | **1467873391**<br>(92157621004) |
| Interest Paid | **1161744**<br>(320953) | -<br>- | -<br>- | **1161744**<br>(320953) |
| Interest Received | **1068797**<br>(2773080) | -<br>- | -<br>- | **1068797**<br>(2773080) |
| Remuneration | -<br>- | **3401839**<br>(889823) | -<br>- | **3401839**<br>(889823) |
| Rent Paid | **77400**<br>(75600) | **101400**<br>(163200) | **75000**<br>- | **253800**<br>(238800) |
| Loans & Advances given | 24208757<br>(77358840) | -<br>- | -<br>- | 24208757<br>(77358840) |
| Loans & Advances taken | 936291<br>(28438947) | -<br>- | -<br>- | 936291<br>(28438947) |
| Corporate Guarantees | **31000000**<br>(71000000) | -<br>- | -<br>- | **31000000**<br>(71000000) |
| Balance Outstanding at the end of year | | | | |
| Receivables | **155421879**<br>(77831063) | 759721<br>- | **4000**<br>- | **156185600**<br>(77831063) |
| Payables | **1111668**<br>(65077908) | **150120**<br>(270870) | **5068125**<br>(3473020) | **6329913**<br>(68821798) |

# CONSOLIDATED SCHEDULES FORMING PART OF THE ANNUAL ACCOUNTS

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

**6. Segment Reporting**

**Information about business Segments** (Amount in Rupees)

| | 2008-09 | 2007-08 |
|---|---|---|
| **(A) Segment Revenue** | | |
| (1) Total Segment Revenue | | |
| (a) Brokerage & Allied | 499688896 | 604626513 |
| (b) Forex Business | 10506986 | 9469771 |
| (c) Interest | 27001095 | 19836834 |
| (d) Share Trading and Others | 16252170 | 20833925 |
| **Total** | **553449147** | **654767043** |
| (2) Inter Segment Revenue | Nil | Nil |
| (3) External Revenue (1-2) | | |
| (a) Brokerage & Allied | 499688896 | 604626513 |
| (b) Forex Business | 10506986 | 9469771 |
| (c) Interest | 27001095 | 19836834 |
| (d) Share Trading and Others | 16252170 | 20833925 |
| **Total** | **553449147** | **654767043** |
| **(B) Results** | | |
| (1) Segment Results: | | |
| (a) Brokerage & Allied | 90454821 | 150813031 |
| (b) Forex Business | 2866891 | 2102770 |
| (c) Interest | 6163541 | 3475247 |
| (d) Share Trading and Others | 8165088 | 12219966 |
| **Total** | **107650341** | **168611014** |
| (2) Unallocated Expenses | 397379 | 321433 |
| (3) Operating Profit | 107252962 | 168289581 |
| (4) Interest expenses | 340252 | 213698 |
| (5) Provision | 19055494 | 25673066 |
| (6) Minority Interest | 7227 | 602783 |
| (7) Net Profit | 87849989 | 141800034 |
| **Other Information** | | |
| (1) Segment Assets | | |
| (a) Brokerage & Allied | 1914967462 | 2406015124 |
| (b) Forex Business | 26860926 | 27689220 |
| (c) Interest | 390961501 | 304891938 |
| (d) Share Trading and Others | 165672909 | 184362460 |
| **Total** | **2498462798** | **2922958742** |
| (2) Unallocated Corporate Assets | 16442306 | 13545435 |
| (3) Total Assets | 2514905104 | 2936504177 |
| (4) Segment Liabilities | | |
| (a) Brokerage & Allied | 1478296848 | 2003208472 |
| (b) Forex Business | 6313969 | 6181397 |
| (c) Interest | 274847643 | 314400342 |
| (d) Share Trading and Others | 48469221 | 69523425 |
| **Total** | **1807927681** | **2393313636** |

# FINANCIAL HIGHLIGHTS

## CONSOLIDATED SCHEDULES FORMING PART OF THE ANNUAL ACCOUNTS

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

| | | |
|---|---|---|
| (5) Unallocated Liabilities | 8140032 | 43481255 |
| (6) Deferred Tax Liabilities | 12148836 | 10253082 |
| (7) Total Liabilities | 1828216549 | 2447047973 |
| (8) Minority Interest | 669849 | 2362092 |
| (9) Shareholders Fund | 686018706 | 487094112 |

**7. Deferred Tax Liability as at 31.03.2009 is as follows:**

(Amount in Rupees)

| | 2008-09 | 2007-08 |
|---|---|---|
| Timing difference on account of | | |
| Depreciation | | |
| - Opening | 10253082 | 8601158 |
| - During the year | 1895754 | 1651924 |
| - Closing | 12148836 | 10253082 |

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

| | 2008-09 | 2007-08 |
|---|---|---|
| - Salary | 2252644 | 581880 |
| - Other perquisites | 1149195 | 307943 |
| | 3401839 | 889823 |

**9. Capital in Partnership Firms**

| | Name of the firms | Particulars of partners and their profit sharing | As at 31.03.2009 | As at 31.03.2008 |
|---|---|---|---|---|
| 1 | Master Insurance Brokers | The Company has (90%), Mr. Harjeet S. Arora (5%), Mr. R. K. Singhania (5%) | 5380275 | 5318508 |
| 2 | Prime Securities | The Company has (98%), Mrs. Palka Arora (2%) | 3373500 | 6180520 |
| 3 | Prime Investments | The Company has (75%), Mr. Deepak Singh Tanvar (25%) | 635866 | 2982852 |
| 4 | Regency Investments | The Company has (75%), Mr. Anurag Khettar Pal (25%) | 1036807 | 3455090 |
| 5 | Chandigarh Investments | The Company has (98%), Mr. Nitin Shahi (2%) | 150479 | 40232 |
| 6 | Master Investments | The Company has (98%), Mr. Puneet Singhania (2%) | 1631650 | 3898959 |
| 7 | Master Securities | The Company has (96%), Mr. Harjeet S. Arora (2%), Mr. R. K. Singhania (2%) | 464788 | 21946370 |
| 8 | Doaba Investments | The Subsidiary has (98%), Mrs. Harneesh Kaur Arora (2%) | 407851 | 452409 |
| 9 | Fidelity Investments | The Subsidiary has (98%), Mrs. Parveen Singhania (2%) | 100378 | 40826 |
| 10 | Globe Investments | The Subsidiary has (98%), Mr. Kashmir Singh (2%) | 33860 | 994 |
| 11 | Ludhiana Investments | The Subsidiary has (98%), Mr. Shobha Singh (2%) | 70540 | 40818 |
| 12 | Ludhiana Securities | The Subsidiary has (98%), Mr. Chirag Singhania (2%) | 674366 | 685340 |
| 13 | Malwa Securities | The Subsidiary has (98%), Mr. Jashanjot Arora (2%) | 101287 | 43383 |
| 14 | Mountview Investments | The Subsidiary has (98%), Mrs. Harneesh Kaur Arora (2%) | 665308 | 366714 |
| 15 | Star Securities | The Subsidiary has (98%), Mr. Yogesh Jain (2%) | 8638392 | 8597535 |
| 16 | Surry Investments | The Subsidiary has (98%), Mr. Yogesh Jain (2%) | 22105 | 15554 |
| 17 | Surya Investments | The Subsidiary has (98%), Mr. Satish Kumar (2%) | 1479323 | 1446584 |
| | **Total** | | **24866775** | **55512688** |

# CONSOLIDATED SCHEDULES FORMING PART OF THE ANNUAL ACCOUNTS

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

**10. Additional information required to be disclosed as per clause 3, 4C and 4D of the Companies Act 1958 Particulars in respect of Opening Stock, Purchase, Sale and Closing Stock**

| | Current Year | | Previous Year | |
|---|---|---|---|---|
| | Quantity Nos. | Amount Rs. | Quantity | Amount |
| Opening Stock | 5004736.9345 | 67802693 | 4762528.1444 | 85720967 |
| Purchases | 172601330.8030 | 2634922562 | 254522760.5188 | 2942963680 |
| Sale | 175602699.3530 | 2645973176* | 254265919.7287 | 2866081974* |
| Closing Stock | 2003368.3845 | 25230593 | 5019368.9345 | 67802693 |

* includes speculative/derivative and short term profit

**11.** During the year under review, Master Capital Services Ltd. (the member of National Stock Exchange Ltd.), a subsidiary of Master Trust Ltd. has filed a petition under Section 391 of the Company Act, 1956 before the Hon'ble High Court of Bombay regarding the merger of MTL Share & Stock Brokers Ltd. (the member of Bombay Stock Exchange Ltd.) with Master Capital Service Ltd.

**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.

**14.** Income from brokerage, sale/purchase of securities includes Rs. 328982678 (Previous year Rs. 484676063) income from brokerage and profit/(loss) on trading of securities (Rs. 31511235) (Previous year (Rs. 94096581)).

**15.** Previous year figures have been regrouped & recasted wherever necessary to confirm to the current year classifications.

Signature to Schedules 'A' to 'O'

For & on behalf of the Board.

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

| Sd/- | Sd/- | Sd/- | Sd/- | Sd/- |
|---|---|---|---|---|
| **Manjeet Singh** | **Kashmir Singh** | **Divyesh Jani** | **R.K. Singhania** | **Harjeet S. Arora** |
| *Proprietor* | *Manager Accounts* | *Company Secretary* | *Director* | *Managing Director* |

Membership No. 88759

Place: Ludhiana
Date: 29.08.2009

# FINANCIAL HIGHLIGHTS

## CONSOLIDATED CASH FLOW STATEMENT
## FOR THE YEAR ENDED 31ST MARCH 2009

(Amount in mn)

| | 31.03.2009 | 31.03.2008 |
|---|---|---|
| **A. CASH FLOW FROM OPERATING ACTIVITIES** | | |
| Net Profit before tax and extraordinary items | 106.91 | 168.07 |
| **Adjustment for:** | | |
| Interest Paid | 77.09 | 70.25 |
| Depreciation | 12.17 | 9.26 |
| Interest/Dividend | (114.59) | (142.28) |
| Miscellaneous Expenditure | | |
| **Operating profit before Working Capital Changes** | **81.58** | **105.30** |
| **Adjustment for:** | | |
| Trade and other Receivables | 210.42 | (491.04) |
| Inventories | 41.11 | 12.80 |
| Trade Payable | (676.58) | 712.51 |
| Loans and advances | (37.40) | (140.31) |
| Miscellaneous Expenditure | 0.04 | (0.20) |
| Appropriations | (5.50) | (3.57) |
| **Cash generated from operations** | **(386.33)** | **195.49** |
| Direct Tax Paid | (16.89) | (24.21) |
| **Cash flow before Extra ordinary items** | **(403.22)** | **171.28** |
| Extra ordinary items | | |
| Interest Paid | (77.09) | (70.25) |
| Interest/Dividend | 114.59 | 142.28 |
| **Net Cash from operating activities** | **(365.72)** | **243.31** |
| **B. CASH FLOW FROM INVESTING ACTIVITIES** | | |
| Purchase of fixed assets | (35.37) | (25.89) |
| Sale of fixed assets | 5.53 | 6.75 |
| Purchase of investments | (2.65) | (86.14) |
| Sale of Investments | 78.72 | 5.56 |
| **Net Cash Used in Investing Activities** | **46.23** | **(99.72)** |
| **C. CASH FLOW FROM FINANCING ACTIVITIES** | | |
| Proceeds from issue of Share Capital (Call money) | 114.60 | 0.20 |
| Proceeds from long term borrowing (Bridge Loan) | 55.85 | 37.63 |
| **Net Cash Used In Financing Activities** | **170.45** | **37.83** |
| **Net Increase /(Decreases) In Cash and Cash Equivalents (A+B+C)** | **(149.04)** | **181.42** |
| **Net Increase In Cash and Cash Equivalent** | **(149.04)** | **181.42** |
| Cash and Cash Equivalents as at 01.04.2008 (Opening Balance) | 790.02 | 608.60 |
| Cash and Cash Equivalents as at 31.03.2009 (Closing Balance) | 640.98 | 790.02 |
| Note : Figures in Brackets represent deductions and outflows | | |

For & on behalf of the Board

Place: Ludhiana
Date: 29.08.2009

Sd/-
**Kashmir Singh**
*Manager Accounts*

Sd/-
**Divyesh Jani**
*Company Secretary*

Sd/-
**R.K. Singhania**
*Director*

Sd/-
**Harjeet S. Arora**
*Managing Director*

## 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 2009 and found the same to be drawn in accordance therewith and requirements of clause 32 of the Listing Agreement with stock exchanges.

Sd/-
**Manjeet Singh**
*Proprietor*
Membership No. 88759

Place: Ludhiana
Date: 29.08.2009

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

## 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

Mrs. Harmeesh Kaur Arora

Mr. Anil Kumar Bhatia

Mr. Sudhir Kumar

Mr. Ashwani Kumar

Mr. Anil Kumar Malhotra
*Additional Director*

### Company Secretary

Mr. Divyesh Jani

### Regd. & Head Office

Master Chambers
19, Feroze Gandhi Market
Ludhiana - 141001.

### Chandigarh Office

SCO 22-23 Sector 9 D
Chandigarh

### Delhi Office

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

### Mumbai Office

C-1 Jeevan Jyot Building
18/20, Cawasji Patel Street, Fort
Mumbai - 400001

### 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 Ltd.
Karnataka Bank Ltd.
UCO Bank Ltd.
Dena Bank ltd.
Canara Bank Ltd.

# The Vision Ahead

## Take a Close Look

**We expect to strengthen our business model through the following initiatives:**

1. We will apply for credit rating from an approved credit-rating agency, float bonds and mobilise resources to strengthen our margin-funding business.
2. 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.
3. 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.

Master Minds Trusted Hands

mastermarts
MY FIN MART