



#### **BOARD OF DIRECTORS**

Mr. Harjeet Singh Arora – Managing Director

Mr. R.K. Singhania

Mr. Pavan Chhabra

Mr. Sanjay Sood- Executive Director

Mr. G.S. Chawla

Mrs. H.K. Arora

Mr. Anil Kumar Bhatia

Mr. Sudhir Kumar

Mr. Ashwani Kumar

Mr. Anil Kumar Malhotra

#### **COMPANY SECRETARY**

Mr. Honey Ahuja

#### **REGISTERED OFFICE**

Master Chambers, 3<sup>rd</sup> Floor  
SCO 19, Feroze Gandhi Market,  
Ludhiana – 141 001 (Pb)

#### **Chandigarh**

SCO 22-23, Sector 9D,  
Madhya Marg,  
Chandigarh - 160 009.

#### **Delhi**

1012, Arunachal Building,  
19, Barakhamba Road,  
New Delhi - 110 001.

#### **Mumbai**

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

#### **Kolkatta**

6<sup>th</sup> Floor, Sabarwal house,  
55 B, Mirza Galib Street,  
Kolkatta -700 016.

#### **AUDITORS**

M/s Manjeet Singh & Co.,  
Chartered Accountants,  
1761, Phase-II, Urban Estate  
Dugri. Ludhiana

#### **REGISTRAR AND SHARE TRANSFER AGENT**

Skyline Financial Services (P) Ltd.  
D-153/A, First Floor, Okhla Industrial Area,  
Phase-I, New Delhi.  
Ph: 011-26812682/83/84, Fax: 011-26812681  
Email: [admin@skylinerta.com](mailto:admin@skylinerta.com)

#### **BANKERS**

HDFC Bank Limited  
ING Vysya Bank Ltd.  
Oriental Bank of Commerce Ltd.  
Karnataka Bank Ltd.  
Dena Bank Ltd.  
Punjab National Bank Ltd.



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NURTURING GROWTH

## MISSION

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

## VISION

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

## CORPORATE PHILOSOPHY

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



## Dear Shareholder,

During the financial year, your Company has reported improved results on the back of superior performance from core businesses. On the Consolidated basis, MasterTrust delivered solid financial performance for fiscal year 2011-12. We increased gross income by 15.74 percent to ₹869.02 million and profit before tax by 8.93 percent to more than ₹156million. I'm proud that we returned a record ₹6.09 million to shareholders through dividends and this year also, the Board of Directors has recommended a dividend of 10%.

Our vision is 'To be a well diversified financial shop for wealth creation and be an ideal service provider in our domain of business'. We can remain true to our vision by being the ideal service provider and not necessarily the biggest or the fastest. Many-a-times, expectations of employees, customers, shareholders and society seem conflicting, but a deeper insight reveals that they complement one another and in fact, can be achieved only together.

With focus on financial services, we endeavour to excel in six key areas, which can be summarized as our 'MASTER' edge comprising Maximum, Advice, Service, Technology, Excellence and Reach.

Our key to success is giving maximum to employees, sub brokers and maximum services to our clients. The Company has initiated a rewards program under the banner "Master Rewards" for rewarding the performance of sub brokers and employees and giving them maximum. The first of such promotions was for sub brokers titled "Record Broking" focusing on the broking product.

Our endeavour is to put in place a robust system with appropriate building blocks glued together by values and culture that gives maximum services to our clients and your Company has taken various initiatives in this regard. After implementing the CRM practice successfully last year, the Company has started to integrate the core sales processes with the CRM practice through Sales Force Automation to improve the ROE of the Company indirectly.

On the product side, the company has started offering trading on ACE Derivatives & Commodity Exchange Limited and National Spot Exchange of India Limited. On the diversification side, the Company has expanded arbitrage desk from exchange traded commodities to the spot market commodities. The Company's subsidiary, Master Portfolio Services Limited, has renewed its PMS license and intends to launch three products in the current fiscal through the distribution business along with strengthening the distribution of other products like Mutual Funds, IPO, Life insurance, bonds etc. The Company has also been appointed as Enrollment Agency for AADHAAR - UIDAI (Unique Identification Authority of India, Govt. of India) by NSDL.

Our key service offering is financial advice. As an intermediary in the financial services industry, customers rely on us for advising them and executing their transactions. With technology, the relative cost of execution will decline continuously and therefore advice will make all the difference. Historically, the broking industry has built its business model around efficient execution. The mode to disseminate the advice has to be such that the information reaches to the ones in need, keeping this in

view, we have added few more channels for advice i.e. customer awareness programs through investor camps, electronic media and training programs for both customers and employees.

For our people with 'owner mindset', service comes from the heart and not from manuals or training alone. Traditionally 'service' has been understood to fix an issue or information gap and encompass activities like quick resolution of queries, making available information asked for and fixing a quality issue, among others. We endeavor to redefine 'service' by not only being proactive, but also being educative and incessantly striving to enhance and enrich customer experience. For this, the Company has started a training program called "Master Connect" to connect to its sub brokers, distributors and employees.

Technology is the backbone of our business. Our entire technology, right from the front office i.e. customer trading interface to mid office which is the risk management and back office that takes care of accounting, contracts and statements, are all best in class technology. As a strategy, we continue to invest in core technology and applications and have created infrastructure for the same. We believe that technology is not a product that you buy one time, plug and play, but requires continuous investments to upgrade with changes in business and environment on one hand.

A unified company vision and purpose combined with a commitment to excellence will create an environment where ordinary people can accomplish the extraordinary. This philosophy is the basis of all our relationships with clients, sub-brokers, employees and shareholders.

To be competitive, you have to reach out to the customer wherever he or she is. Our Pan-India expansion is on track with over 700+ branches

(including sub brokers), 100,000 trading clients & 125,000 depository clients and 650+ strong employee organization. This makes our reach amongst the widest in financial services companies. Besides, we reach our customers through internet and mobile.

None of the above or even all of the above do not guarantee that we can achieve and retain our supremacy forever. The above success drivers will keep changing and will also vary based on the perception and strategy of the incumbent management team. The key to be the best in your Company's business is simple- to have the best people work for you. It is also important that people fit into the culture and are aligned to the organization. Our mantra in the journey of being the idol service provider can be achieved by hiring the best of human resources. Our culture is to attract smart people who are humble and hard working and give them a trusting and empowering environment. They may commit mistakes but they have the humility to change and correct themselves. They understand the importance of quality work so, they also hire similar people to work for them who can quickly adapt to the changing business environment and continuously learn from the competition as well as smartly and efficiently as they themselves can do.

In the last, I would like to express my gratitude to our Board of Directors for their support and guidance. I am also grateful to all our stakeholders - customers, business associates, employees, vendors and shareholders, who have reposed their trust in us and given us constant support.



**Harjeet Singh Arora**  
Managing Director





THE INDIAN RUPEE ... GOING GLOBAL!





## VALUE INVESTING

The philosophy of “Master Trust” has its seeds embedded in the group's belief in nurturing the investment culture towards value investing. For the last twenty five years, the company has built its reputation on the strong foundations of enduring relationships and inculcating this very strong approach towards value investing. Its constant endeavour to understand the client's needs and meeting them with the right financial solutions has helped it emerge as one of the leading financial services house in the country.

As a one stop shop catering to all kinds of investment needs, Master Trust focuses on the retail investors who are looking for value added financial solutions. No surprise, Master Trust has today grown to a family of 650 plus employees and 1,00,000 clients.

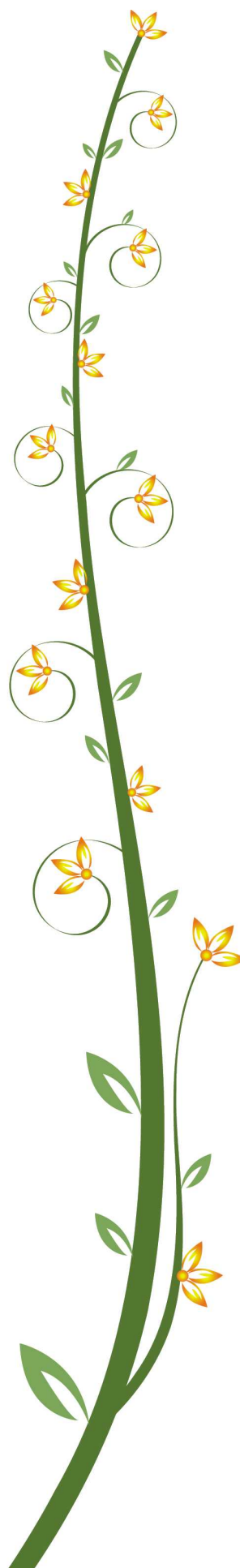
## A SILVER LINING IN OUR JOURNEY



We at Master Trust Limited proudly trace our history way back to 1985 when the roots of the entire Master Group were firmly placed with the incorporation of Arora Financial Consultants (P) Ltd. This was later on converted into a Public Limited Company in March 1992 and was named Master Trust Ltd. With dynamically changing capital markets due to liberalisation, Master Trust Ltd. actively pursued merchant banking activities and provided merchant banking / corporate services to various clients with great success. We promoted Master Capital Services Ltd (MCSL) as 100% wholly owned subsidiary (involved in stock broking at NSE) in 1994 to leverage on our relationships and offer equity broking services to clients and the growing retail market. We went public in February 1995 to augment our working capital.

Over the next 15 years we strengthened our product portfolio by offering depository services, derivatives broking, insurance broking, commodity derivatives broking, internet trading, portfolio management services, currency derivatives and commodity (spot) broking. Over the last 26 years, we have built a legacy of astounding growth across various verticals in the retail financial services space which now acts as a launch pad for capitalising the massive opportunity which India has to offer.

## MILESTONES



- 1985 - Company was incorporated by the name of Arora Financial Consultants Limited
- 1993 - Acquired status of SEBI accredited Category-I Merchant Bankers under the name Master Trust Limited
- 1994 - Master Capital Services Ltd. acquired membership of NSE
- 1995 - Master Trust Ltd. came out with an IPO
- 1997 - Became RBI approved Full Fledged Money Changers
- 1999 - Launched Depository Services as a Depository participant of NSDL
- 2001 - Launched Depository Services as depository participant of CDSL
- 2002 - Entered into insurance business as advisor for Life & General Insurance
- 2004 - Became members of NCDEX and MCX  
Became Insurance Broker under the name of M/s Master Insurance Brokers
- 2005 - Acquired the membership of Bombay Stock Exchange Limited  
Commenced Internet Trading  
Became SEBI Registered Portfolio Manager
- 2007 - Set up regional offices at Baroda, Kolkata, Hyderabad, Allahabad, Hissar, Bhubneshwar & Ahmedabad
- 2008 - Introduced Currency Derivatives trading through MCX-SX & NSE
- 2009 - Established an arbitrage desk  
Implemented Master Swift  
Established CRM
- 2010 - Trading turnover peaks US\$1billion/day of group companies  
Became members of NSEL and ACE  
Arbitrage desk activated in spot commodity  
Rebranding exercise of retail services

# BOARD OF DIRECTORS



**Mr. Harinder Singh**

(B.Com, I.C.W.A.-Inter) has been monitoring the Secondary Market operations of the group for more than 15 years.



**Mr. Pavan Chhabra**

(F.C.A.) is having a rich experience of more than 20 years in Primary and Secondary Capital Market, Institutional Broking Business and other Merchant Banking activities.



**Mr. R.K. Singhanian**

(F.C.A.) is another co-promoter of the group. He had over 10 years experience as Director(Finance) with a top Corporate before joining the group. He is having more than 30 years experience in Corporate Strategy, Tax Planning, Financial Engineering and M & A space.



Mr. Harjeet Singh Arora

(FCA, FCS) As a founder entrepreneur, he has been instrumental in making Master Group one of the leading Financial Services players in India. He laid the foundation of the group in 1985 under the name of Arora Financials (P) Ltd. He has handled more than 150 public issues and has been involved in many other merchant banking & investment banking mandates of top corporates of India. He has over 30 years of experience in Corporate Finance, Capital Market and Financial Advisory Services.



Mr. Sanjay Sood

(F.C.A.) is having more than 15 years of experience in Merchant Banking, Foreign Exchange Management, Financial and Retail services.

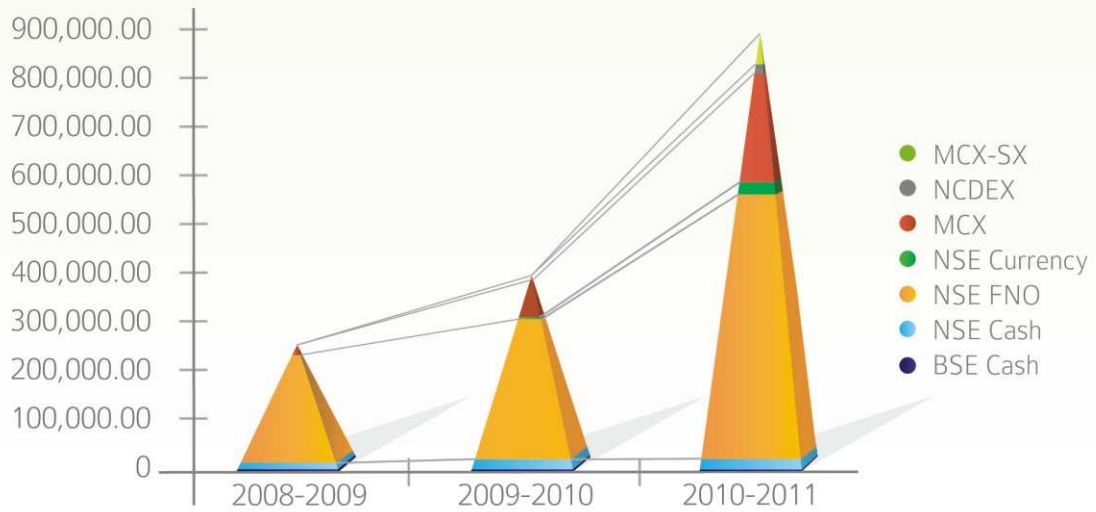


Mr. G.S. Chawla

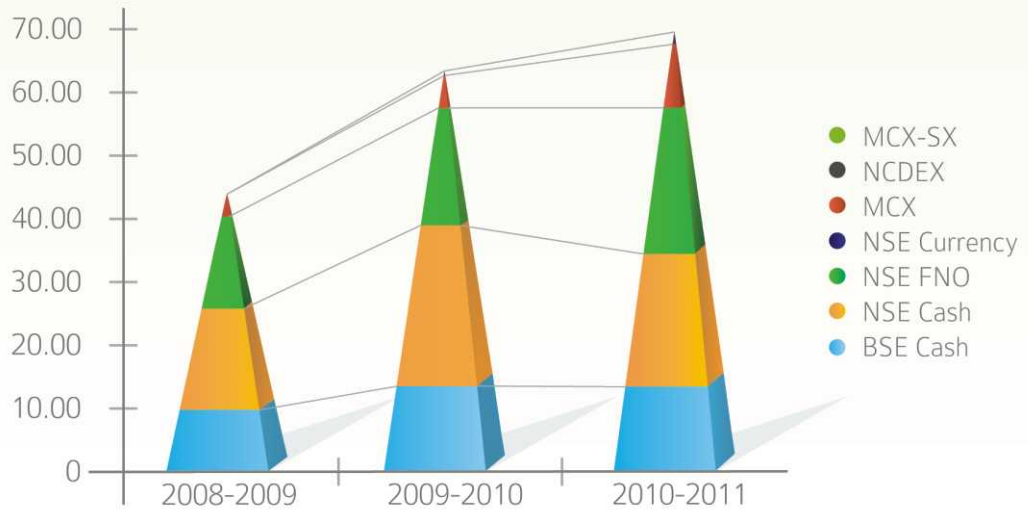
(B.E., M.B.A., D.B.F.) has worked with Public Financial Institutions & Corporates for more than 12 years. He also has 15 years rich experience of Capital Market, Finance, Merchant Banking, Research, IT and other related activities with group.

# BUSINESS HIGHLIGHTS

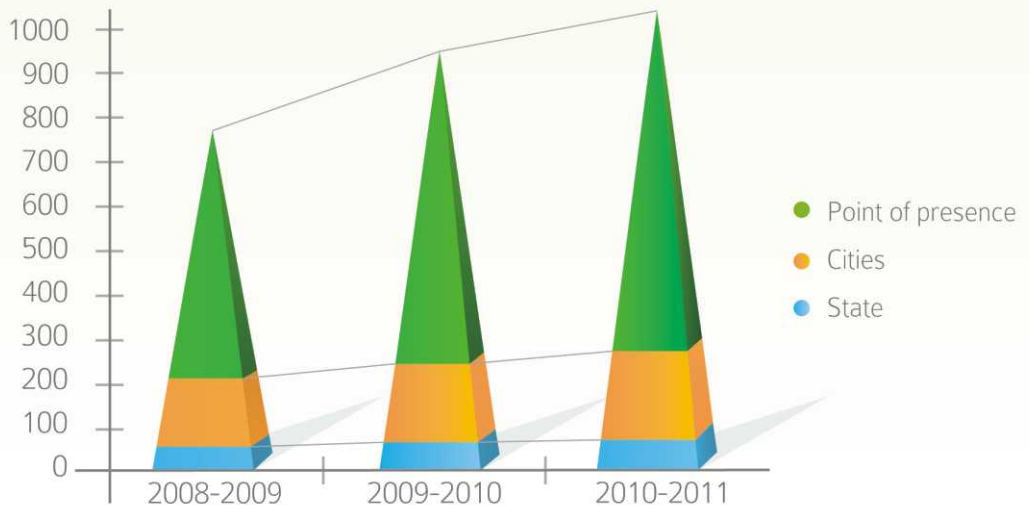
## TURNOVER ANALYSIS



## BROKERAGE ANALYSIS

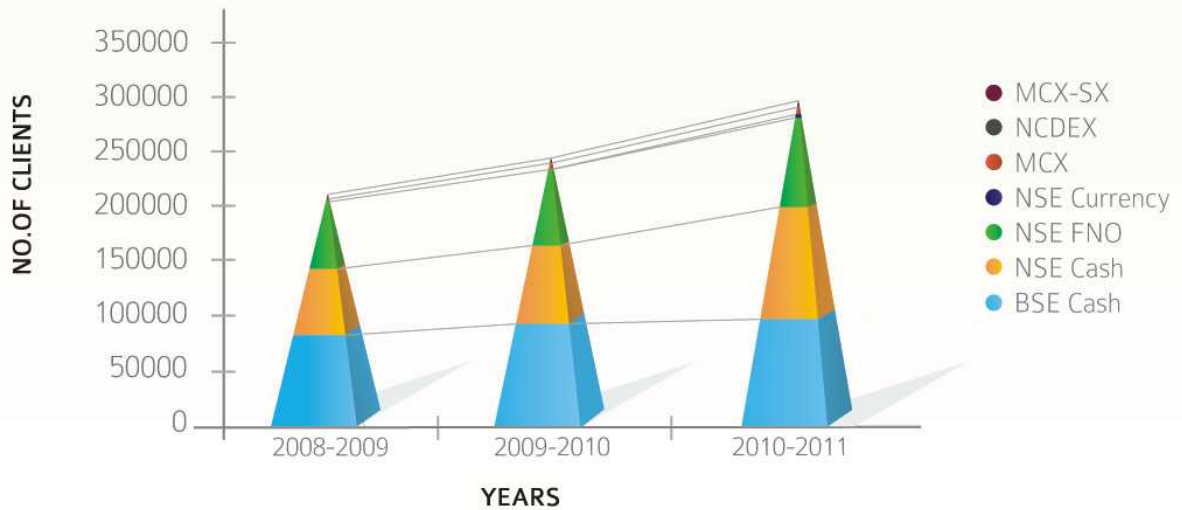


## POINT OF PRESENCE ANALYSIS

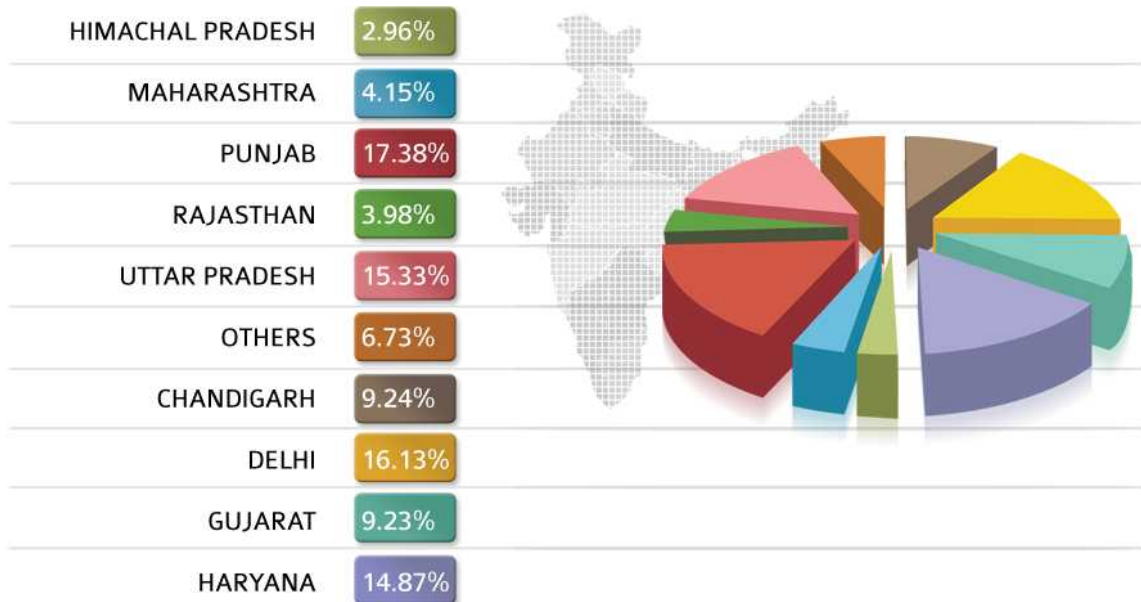




## ACTIVE CLIENT GROWTH



## CLIENT GEOGRAPHICAL SPREAD







SOARING HIGH



## THE JOURNEY AHEAD

**“A beginning is only the start of a journey to another beginning.”**

With the wisdom and knowledge gained through experience of 26 years, we have defined our path for the future ahead in line with our mission **to always earn the right to be our clients' first choice through personal & social wealth maximization**. We believe that the journey ahead would be a beginning to a new era of technology and innovation for us, so as to provide our clients best of the products and services. We will be concentrating on providing innovative products like mobile trading, retail IPO funding and strengthening of distribution business. We have planned to keep an ongoing high focus on the retail financial services through brand building and organic & inorganic growth of retail network on pan India basis in near future which contributes to our main revenue stream. Reaching maximum number of clients and being able to meet their requirements forms the basis to growth for a growing organisation so, we would continue to pursue aggressive marketing and distribution strategies across India through our expansion plan to reach 1000+ points of presence. We will be specifically focusing on e-broking channel to reach out to maximum number of clients. The endeavour is to have 100,000 e-broking clients through [www.mastertrust.co.in](http://www.mastertrust.co.in) over the next 5 years. We will be scaling up the arbitrage desk which was added in our product gamut in FY10-11 through high frequency algorithmic trading on commodity & currency segments & other sophisticated system driven strategies in the near future. We look forward to newer service offerings which will strengthen distribution business by earning fee based income and still not be open to commission volatility which hits the revenue model. We plan to expand our business by activating more branches, sub brokers, distributors and clients on domestic level as well as globally along with focus on trading on international exchanges in coming future.

# MANAGEMENT DISCUSSION & ANALYSIS

## Global economic recovery is ongoing

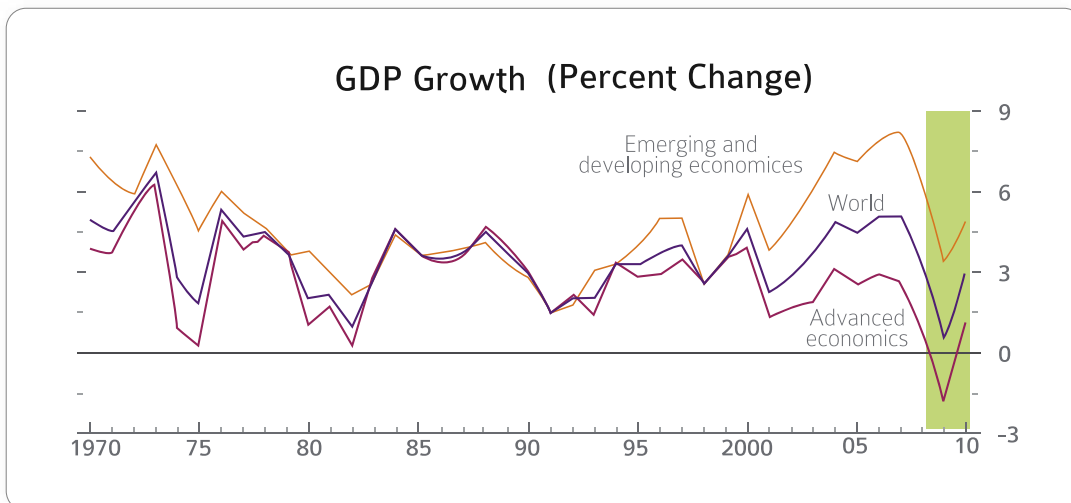
After a strong recovery of the World GDP Growth (5%) in the FY2010, it is expected to continue growing in the FY2011. The IMF projections through the World Economic Outlook expect the GDP Growth rate to remain above 4.4% in 2011. Although the recovery has solidified since the huge contraction of the World GDP in 2009, fears about inflation, unemployment and the euro zone crisis continue to worry investors and government's world over. Despite such concerns, advanced economies, which had suffered the most during the recession, have sustained a positive growth at about 3%. Emerging markets such as that of Asia, which had previously contributed to the economic recovery after 2009, have continued to show robust growth reaching more than 7% in 2010, and are projected to remain above 6.5% in 2011. Therefore, the overall trend of the economy despite the existence of the obstacles such as unemployment, inflation and the euro-crisis is moving towards the pre-crisis level of growth.



Source : CSO

## Emerging Economies lead the growth

In many of the emerging/ developing economies in Asia, Latin America and Sub-Saharan Africa recovery has reached pre-crisis level. Economic activity in these economies has been boosted by accommodative macroeconomic policies, rising exports and commodity prices and capital inflows. Amidst the political change and unrest, the growth in sub-Saharan Africa is projected to stay high, reflecting a sustained strength in domestic demand and rising global demand for commodities. Rising inflationary pressure, especially on the Asian economies, is proving to be worrisome. This reflects mainly the behavior of food and energy prices and the fact that these components have a higher weight in the consumer price index (CPI) in the lower-income countries. WEO forecast sees headline inflation at close to 7% in 2011 and receding to below 5% in 2011.



Source : CSO

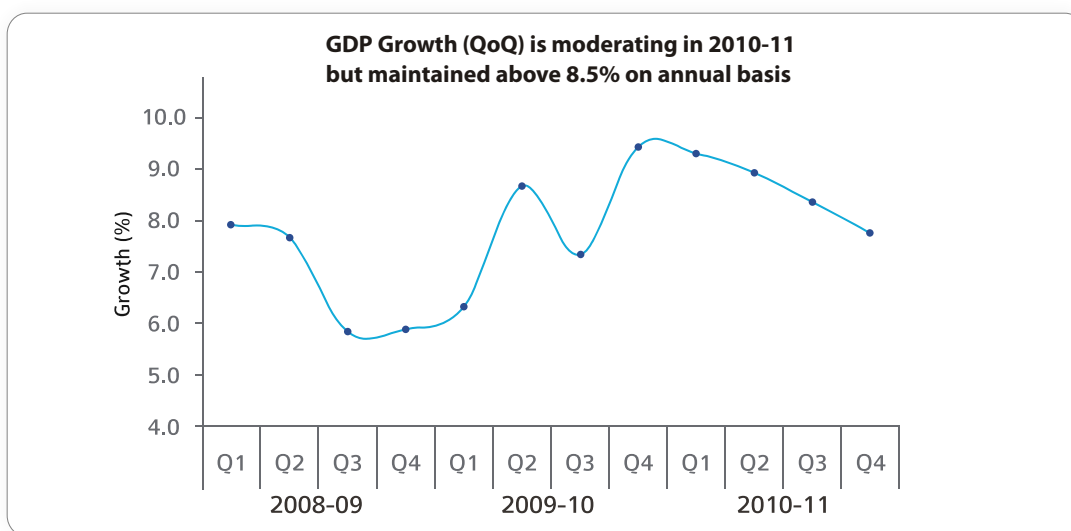
## The Indian growth story

The Indian economy is on a robust growth trajectory and boasts of a stable annual growth rate, rising foreign exchange reserves and booming capital markets among others.

Indian economy has shown growth of 8.6 percent in 2010-11 as compared to the growth rate of 8.0 percent in 2009-10. These GDP figures are based at factor cost at constant (2004-05) prices in the year 2010-11. The growth rate of 8.6 per cent in GDP during 2010-11 has been due to the robust growth rates of over 8 per cent in the sectors of manufacturing, construction, trade, hotels, transport and communication, financing, insurance, and, real estate and business services. Agriculture sector registered a growth rate of 5.4 percent in 2009-10.

### Q-o-Q Growth is Moderating, but maintained above 8%.

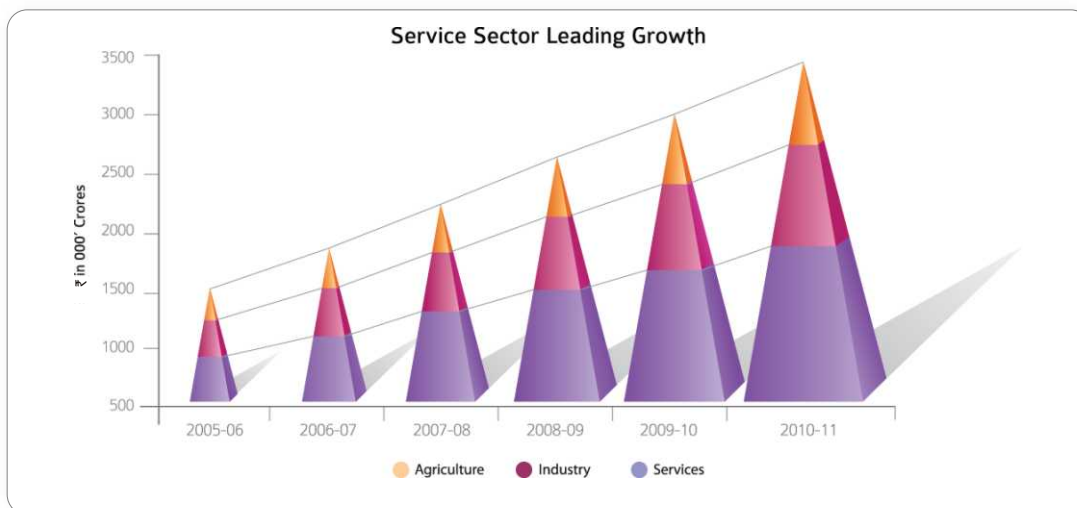
India has witnessed slight moderation in Q-o-Q growth rate in 2010-11, but it has maintained above 8.5% on annual basis. The moderation in growth has mainly accounted for subdued growth in industrial production and due to higher base effect as well. High interest rates and high inflation level on the economy is now starting to show its effect in Indian GDP Growth. But, rising interest rates and inflation cycle expected to peak by 2<sup>nd</sup> quarter of this financial year. In nutshell, overall growth rate of Indian GDP is expected to be above 8% in coming years if inflation comes in control in near future.



Source : CSO

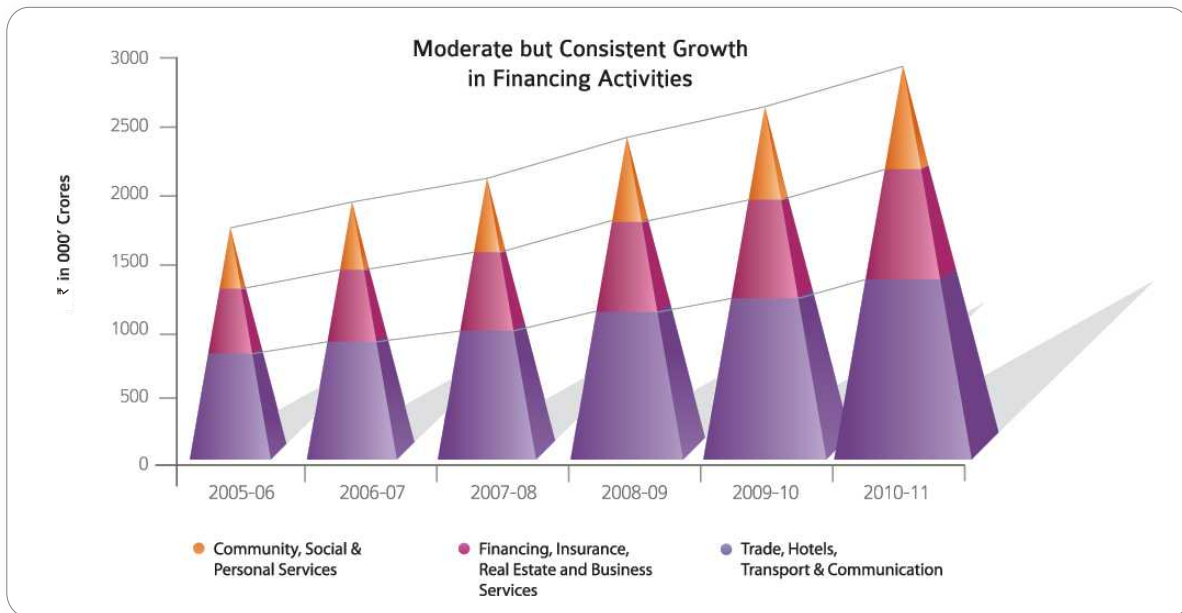
### Outperforming growth of Service Sector Segment

Services Sector registered a consistent growth over 10% during 2005-06 to 2009-10. Although, in the year 2010-11, it has seen a slight moderation in growth around 9.38% but overall growth pace seems to be quite significant. Industry and agriculture sector growth has witnessed fluctuating and subdued growth since 2008-09 but these sectors are also recovering to normal till the end of 2010-11.



Source : CSO

Key services sector is contributing around 58% of GDP and financing activities including insurance, real estate and business services contributes around 17% of GDP currently. Although, the growth in financing and business activities has been moderated in last two years but the segment has shown a consistence growth unlike other segment with 5 year average growth has registered around 11.69%. This 5 year average growth is the highest among other services sector viz. Trade, Hotels, Transport & Communication (10.38%) and Community, Social & Personal services (8.04%). Thus, in the coming future, financial services segment will show a robust growth.



Source : CSO

### Outlook

As the growth story of India seems to be intact with economy expected to grow around 8-9%, the biggest problems that may hinder this economic growth ahead is inflation. Since October 2008, the Indian economy has been experiencing very high inflation in food prices. Initially this high inflation was confined to only food articles – both primary and manufactured. However as economic recovery began to stabilize it has, not unexpectedly, manifested itself in the prices of manufactured goods.

The behavior of inflation will be a major concern for monetary authorities in India. Against the background of inflation rates that are more than twice the comfort level, monetary policy has to operate with a bias towards tightening. This is essential to promote conditions for sustainable growth in the medium term. Therefore, strong economic growth of above 8% is needed to neutralize the inflationary pressure on hand.

## INDUSTRY SCENARIO

### Indian Financial Sector Highlights

The Indian economy is growing at the rate of 8.6 per cent in 2010-11 according to the Advance Estimate (AE) of Central Statistics Office (CSO) and as the economy is growing, banking and financial services is emerging as the most attractive sector for the investors, which has shown a growth rate of more than 10 per cent during 2010-11.

- ▶ FII have invested worth US\$ 24.7 billion in the fiscal 2010-11, according to the latest available data with SEBI.
- ▶ Average assets under management (AUM) of the Indian mutual fund industry stood at 7,036.7 billion (US\$ 158.26 billion) during January to March 2011 (AMFI).
- ▶ India's foreign exchange reserves stood at US\$ 308.2 billion as on April 8, 2011 (RBI).
- ▶ India has emerged as an attractive investment destination for global investors as 61 per cent of merger and acquisition deals in the first quarter of 2011 were done by foreign firms of Indian entities. As many as 57 deals totaling US\$18.3 billion were recorded in Q1 2011, a 270.6 per cent rise in value as compared to the same quarter last year.
- ▶ Private equity (PE) firms' investments in the country reached an impressive US\$ 3.3 billion in January-March, 2011.
- ▶ India's equity market-cap as on September 22, 2010 was US\$ 1.55 trillion (3.34% share) as compared with world market-cap of US\$ 46.5 trillion.
- ▶ The US\$ 41 billion Indian life insurance industry is considered the fifth largest life insurance market, and is growing at a rapid pace of 32-34 per cent annually, according to the Life Insurance Council.
- ▶ Indian banking is expected to continue growing at 18 to 20 percent. It will result into India increasing its revenue share in global banking revenue collection, from 1.5 percent in 2009 to 2.8 percent by 2015. Bank loans registered a growth of 21.38 percent in 2010-11, while deposit growth stood at 15.84 per cent, according to data released by the Reserve Bank of India.

Further Indian income levels has given a fill-up to financial services, however it is yet to be fully visible in the case of equity investments specifically. However, RBI data reveals that only 8% of households savings are invested in shares and debentures which is just a marginal increase from the 6% seen a decade ago in 1999- 2001. This is very low when compared to the growth in bank deposit and life insurance segments. This suggests the huge scope of retail participation in this segment.

### Indian Brokerage Industry

The Indian financial market is growing rapidly, with significant potential for further growth (National Stock Exchange is ranked 17th in terms of value of shares traded in the world). India has more than 20 stock exchanges. The NSE and the BSE are the main exchanges, with the NSE contributing over 75 per cent of the turnover. There are more than 8,000 brokers in addition to about 75,000 sub-brokers registered with SEBI. Despite of the growth the industry consolidation has remained quite slow and as competition increases and market shares of companies comes under pressure, the twin objectives of cost minimization and higher investment outlays will force further industry consolidation.

### Equity Markets

Indian markets however, remained largely orderly, despite the challenges posed by persistent inflation and high current account deficit. The equity markets witnessed good buying interest from FIIs during FY 2010-11. However, a string of scams and stock rigging issues jolted the confidence of investors. This resulted in resorting to profit bookings which brought down the stock prices later during the last quarter and the benchmark indices posting a modest gain of 11 percent for FY 2011.

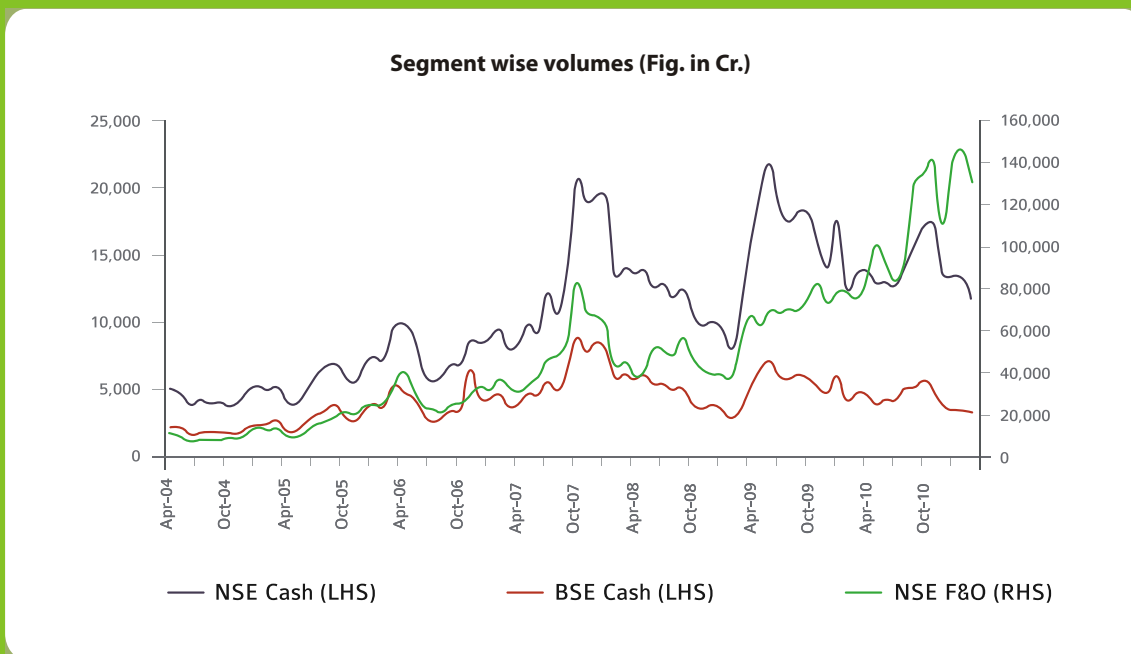
The major reasons for the revival were:

- ▶ Sustained GDP growth of more than 8%.
- ▶ Strong consumer demand and rising exports along with investment build up.
- ▶ Good Corporate performance.
- ▶ FIIs investment on the higher side worth US\$ 24.7 billion in the financial year ending March 31, 2011.

As at end-March 2011, the Sensex and the Nifty both registered gains of 11 per cent and 11.14 per cent, respectively, over end-March 2010.

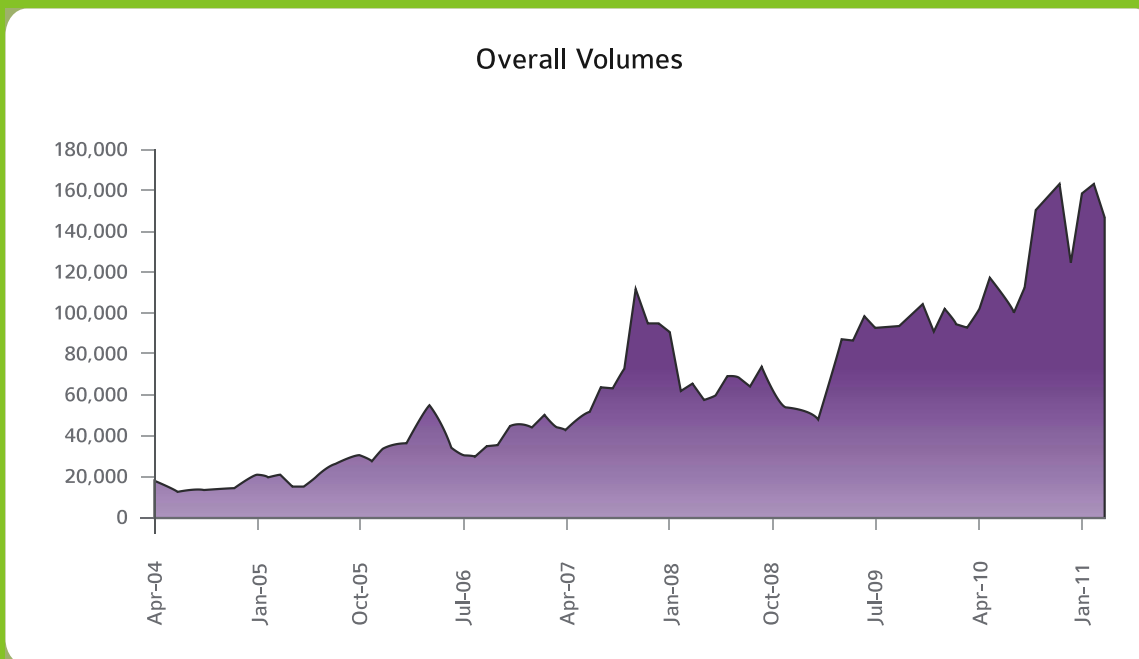
### Volume Participation Scaling Up, F&O Segment lead the counter

In both segments of Cash and Future & Options, over the years since 2003-04 the average daily turnover has increased significantly. The volume in equity derivatives is leading the Indian Equity Market volume which currently constitutes almost 90 per cent of the overall volumes.



Source : CSO

Overall daily average volumes have increased significantly in both NSE & BSE exchanges, reaching nearly ₹1.33 lakh Cr in FY 2011, an increase of around 40% over FY 2010. Since the growth was contributed mainly by low yield options segment, the overall brokerage pool did not witness a proportionate increase and the yields were also impacted for the industry as a whole.



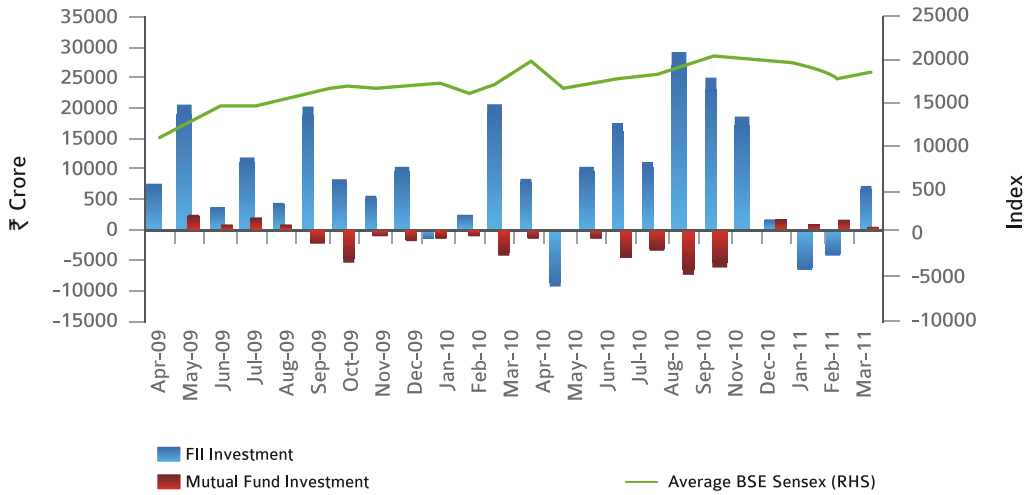
Source : CSO

### Mutual funds yet to reach a scale as compared to high inflows of FIIs

FIIs made net purchases of US\$ 24.7 billion in the Indian equity market during 2010-11 (net sales of US\$ 10.4 billion in 2009-10). However during the year, resource mobilisation by mutual funds turned negative with net selling of ₹19975 Cr, owing to high volatility in the market possibly on account of higher returns on competing instruments (bank deposits in particular) and also due to lower corporate support to the MFs.



### Stock Prices Indices and Institutional Investment

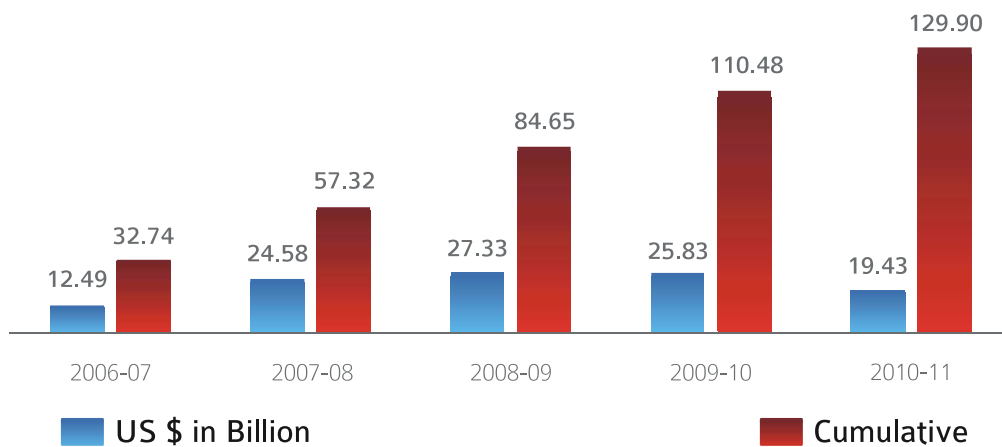


Source : CSO

### India Top Destination for Foreign Direct Investment

India attracted FDI equity inflows of US\$ 19.42 billion for FY ending March 2011. The cumulative amount of FDI equity inflows from April 2000 to March 2011 stood at US\$ 194.81 billion, according to the data released by the Department of Industrial Policy and Promotion (DIPP). The services sector comprising financial and non-financial services attracted 21 per cent of the total FDI equity inflow into India worth US\$ 3,274 million during April-February 2011.

### FDI Equity Inflow



Source : CSO

## Equity Resource Mobilisation

### Primary Market

The primary segment of the domestic capital market remained buoyant, which increased considerably during 2010-11 as compared to 2009-10.

| Year    | Issue Amount (₹ In Cr.) |
|---------|-------------------------|
| 2008-09 | 14671.00                |
| 2009-10 | 32607.00                |
| 2010-11 | 37620.00                |

### Euro Issue

During 2010-11, resources raised by Indian Corporate's through Euro issues (all GDR issues) are ₹ 9441 Cr. as compared to ₹ 15967 Cr. of corresponding period of the previous year.

| Year    | Issue Amount (₹ In Cr) |
|---------|------------------------|
| 2008-09 | 4788                   |
| 2009-10 | 15967                  |
| 2010-11 | 9441                   |

(Source: RBI Report: Macroeconomic and Monetary Developments in 2010-11 – Financial Markets)

## Outlook

The US economy may perhaps perform better in 2011 with higher growth and lower unemployment backed by quantitative easing, weaker dollar and increased exports. The major threat is from EU. Any default in sovereign debt by PIIGS will have wider repercussions and hit stock markets all over the world.

The Indian stock market should reflect more of domestic conditions in 2011. The biggest threat is inflation and the action that the RBI may take. It has restrained quite a bit in spite of inflation crossing double digit in March-July 2010. There is a chance that inflation will revive and force RBI to raise interest rate to prevent the economy from over-heating. But considerations of growth may still holdback RBI from going the whole hog.

More likely, FII investment will continue, external shocks to the market may not be too strong or their impact last long, inflation will be kept in check with a combination of fiscal and monetary measures and corporate profitability will be sustained.

To  
The Members,

Your Company's Directors are pleased to present the 26<sup>th</sup> Annual Report along with Audited Accounts of your Company for the financial year ended March 31, 2011.

## 1. Financial Results

| Particulars  | For the Year ended |        |               |        |
|--|--------------------|--------|---------------|--------|
|  | March 31 2011      |        | March 31 2010 |        |
|  | Consolidated       |        | Standalone    |        |
| Gross Income   | 869.04             | 750.83 | 58.56         | 46.60  |
| Profit Before Depreciation, Interest & Tax                                     | 254.97             | 223.09 | 37.29         | 29.98  |
| Less: Depreciation   | 16.85              | 14.38  | 0.52          | 0.53   |
| Interest   | 81.91              | 65.33  | 17.64         | 18.68  |
| Profit Before Tax  | 156.21             | 143.38 | 19.13         | 10.77  |
| Provision for tax  | 25.57              | 10.67  | 2.47          | 0.50   |
| Profit after tax but before minority interest and share in associate Companies | 130.65             | 132.71 | 16.91         | 10.27  |
| Less: Share of Minority Interest   | 0.02               | 0.00   | -             | -      |
| Net Profit   | 130.63             | 132.71 | 16.64         | 10.27  |
| Add: Profit brought forward from earlier years                                 | 517.18             | 393.84 | 48.13         | 44.67  |
| Less: Adjustments as per AS 15 and others                                      | 0.25               | (0.35) | 0.31          | (0.17) |
| Profit available for appropriation   | 647.56             | 526.90 | 64.74         | 55.11  |
| Less: Appropriations   |                    |        |               |        |
| - Proposed Dividend  | 6.10               | 6.14   | 6.10          | 6.14   |
| - Others   | 11.97              | 3.58   | 3.38          | 0.84   |
| Balance carried to balance sheet   | 629.49             | 517.18 | 55.26         | 48.13  |
|  | 647.56             | 526.90 | 64.74         | 55.11  |

## 2. Operational review

During the financial year, your Company has reported improved results on the back of superior performance from its core businesses. On a consolidated basis, the Company's gross income posted a strong growth of 15.74 % to reach ₹ 869.04 mn as compared to ₹ 750.83 mn in the previous year. The Profit before tax rose by 8.95% to ₹ 156.21 mn as compared to Rs. 143.38 mn in the previous year. The Net Profit after tax declined by 1.57% to ₹130.63 mn as compared to ₹ 132.71 mn in the previous year. The Networth of the Company has increased by 28.49% to ₹1046.10 mn as compared to ₹ 814.09 mn in the previous year. The book value of the Company's equity shares of ₹ 10 each is ₹ 143.83 as on 31<sup>st</sup> March 2011 as compared to ₹131.29 as on 31<sup>st</sup> March 2010. The earning per share for the current year declined by 1.63% to ₹ 21.05 as compared to ₹ 21.40 in the previous year.

## 3. Dividend

Your Directors are pleased to recommend a dividend @10% on Equity share of ₹ 10 each for the year ended 31<sup>st</sup> March, 2011.

## 4. Key initiatives

For the year, the key initiatives have a 3 prong approach: Connect, Reward and Grow.

The Company started a training programme called "Master Connect" to connect to its sub brokers, distributors and employees and train them effectively across various processes, products and procedures so as to ensure that their efficiency levels increase which would indirectly cut operation costs, enable them to understand more products and directly increase the cross sell effort and are more attuned to the procedures so as to reduce the turnaround times. Under the Master Connect programme, the trainees are taken through core training modules and for each core module, they get certificate of training based on their score in the assessment after each such training. This instills a sense of achievement in the participants and helps the Company achieve efficiencies as well.

The Company also initiated a rewards programme for sub brokers and employees under the banner "Master Rewards" where in the sub brokers and employees are to be rewarded for performance beyond what they are expected to do through different non monetary promotional schemes. The first of such promotions was for sub brokers titled "Record Broking" focusing on the broking product. The Company is expected to launch more such continuing reward programs across different product lines to incentivize super achievers and to create more super achievers. In the last year, we had successfully implemented the CRM practice and this year we are taking it one step forward by integrating the core sales processes with the CRM practice through Sales Force Automation. The Company aims to achieve the complete integration by Q2 FY2012. This is expected to provide higher conversions and cross sell opportunities and improve the ROE of the Company indirectly and help monetizing the insights and learnings from the CRM practice about the customer.

On the product side, the company has started offering trading on ACE Derivatives & Commodity Exchange Limited and National Spot Exchange of India Limited and has started seeing good traction in volumes. This has added another product to our offerings and opened a new market, allowing further de-risking of the business and also it provides for higher yield trading in the commodity segments due to spot commodity contracts.

On the diversification side, the Company had set-up an arbitrage desk last year on pilot basis to add another revenue stream. In the current fiscal, the Company has expanded arbitrage desk from exchange traded commodities to the spot market commodities and the Company is expected to post good numbers from this in the current fiscal. Additional Diversification Avenue has been identified as the Company strengthens its third party products distribution business by adding more people to the current set-up in the current fiscal. This would be further strengthened by launch of our own products for distribution. Typically in house products have higher margin which results in faster break even of the distribution business. The Company's subsidiary, Master Portfolio Services Limited, has renewed its PMS license and intends to launch three products in the current fiscal through the distribution business alongwith strengthening the distribution of other products like Mutual Funds, IPO, Life insurance, bonds etc. The Company has also been appointed as Enrollment Agency for AADHAAR - UIDAI (Unique Identification Authority of India, Govt. of India) by NSDL.

## 5. Outlook

The year 2010-11 was the year of the "E"s. Equity markets across the world delivered positive returns in 2010-11, even though sovereign issues in Europe caused periods of market volatility. After a strong recovery of the World GDP Growth (5%) in the FY 2010, it is expected to continue growing in the FY 2011. The IMF projections through the World Economic Outlook expect the GDP Growth rate to remain above 4.4% in 2011. Although the recovery has solidified since the huge contraction of the World GDP in 2009, fears about inflation, unemployment and the euro zone crisis continue to worry investors and government's world over.

However, the Indian economy continues to grow at a brisk pace with inflationary headwinds and fears of very high fiscal deficit looming large. In the midst of this, we see hope with rising interest rates and inflation cycle expected to peak by 2nd quarter of this financial year, the overall growth rate of 8% of GDP growth is achievable which augurs well for the financial services sector as a whole. Although, quantitative easing in the developed markets brought a flood of liquidity to Indian equity markets with record FII flows in FY11, domestic factors like inflation, image shattering scams, corporate governance issues, stock rigging etc. influenced Indian market performance significantly. The result was a modest 11% gains by the benchmark BSE Sensex in FY11.

The equity market's average daily volumes increased for the second successive year to ₹ 1.30+ lakh crores in FY11, up 40% from FY10. The main contributor to this growth was the F&O segment, which grew 58% to reach ₹ 1.15+ lakh crores daily average volume in FY11. This was primarily led by growth in options segment. Options contributed 57% of total volumes in FY11, significantly higher than the 9% back in FY08. Given the decline in cash volumes, the only silver lining is that the proportion of delivery volumes has gone up to 27% of cash volumes in FY11, from 22% in FY10. But despite this stellar growth in overall market volumes, the brokerage business has remained under pressure. This is because F&O, especially options, is a low-yield segment as compared to the high-yield cash segment. Thus, the overall broking pool has not shown a corresponding growth, as compared to that seen in market volumes. While overall the factors indicate a reasonably stable and favorable environment for Indian stock markets, catalyzing retail participation is a challenge in the current year. The retail participation is expected to increase only when the Indian markets show a sustained and directional trend which we believe should happen once the interest rate cycle peaks towards the end of 2Q FY12.

In our outlook last year, we had expected the equity market volumes to grow by 15% CAGR during FY10-12. The huge growth in the F&O segment has resulted in surpassing our expectations in the FY11 itself and we do not foresee any let down in the growth rate although the rate of growth itself may moderate to our medium term expectation of 15-20% over the next two years. Although retail participation is expected to remain low but we expect that once the overhang of European crisis is over and interest rate cycle peaks in the current year, the benchmark indices would start their upward trend and retail participation would see significant increase in the FY13 and FY14. Given the long term prospects of the equity broking industry and retail financial services, we continue to expand our pan India presence by increasing the network of branches and franchisees. With cost of running a broking operation and capital requirements increasing, equity broking companies with vast branch network are going to be relatively immune to rising competition and will continue to hold sizeable market share. We continue to subscribe to the view that the consolidation in the stock broking industry is very likely given the rising operation costs, increasing capital requirements and margin pressures and the backdrop that most of the large broking houses with strong balance sheet, sizeable market share continue to expand their market share in both - institutional as well as retail segment. Capital market intermediaries who have significant presence in the institutional segment are looking at expanding in the retail segment and vice versa.

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

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

## **7. 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 objectives, the Board of Directors in their meeting held on 28<sup>th</sup> August 2010 issued 47,75,000 Convertible Warrants pursuant to the approval of Shareholders in an Extra – Ordinary General Meeting held on 5<sup>th</sup> April 2010 by passing a special resolution, exercisable in tranches and having currency period of 18 months and each warrant providing the holder with the option to subscribe to one fully paid-up equity share of the Company for every warrant at a price of ₹ 68/- per warrant (including a premium of ₹ 58/- per warrant) on preferential allotment basis in accordance with the provisions of Section 81(1A) of the Companies Act, 1956 and SEBI (Issue of Capital and Disclosure Requirements), Regulation 2009.

During the year under review, your Company has converted 640000 Convertible Warrants into Equity Shares of ₹ 10/- each on 28<sup>th</sup> March 2011. These Convertible Warrants were converted into Equity Shares at a conversion price of ₹ 68/- for each Warrant i.e. face value ₹ 10/- and premium ₹ 58/- per Equity Share.

The Board of Directors of the Company forfeited 98,800 Equity shares of ₹ 10/- each on 13.08.2011 due to non payment of call money after complying with all the formalities.

## **8. Adequacy of Internal Control**

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

## **9. Human Resource Development**

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

## **10. Directors**

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

## 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.

## 12. Corporate Governance

The report on the compliance with the provisions of Section 49 of the Listing Agreement executed with concerned Stock Exchange is given separately in the Annual Report. A certificate from Statutory Auditor's confirming compliance with the conditions of the Clause 49 of the Listing Agreement is annexed hereto and form 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 2010-11.

## 13. Directors' Responsibility Statement

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

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

## 14. Listing / De-listing of Shares

The Shares of your Company are presently listed on The Bombay Stock Exchange Limited, Mumbai (BSE) and the Annual Listing Fees for the year 2011-2012 have already been paid to it.

## 15. Auditors

The retiring Auditors, namely, M/s Manjeet Singh & Co., Chartered Accountants, Ludhiana, hold office until the conclusion of forthcoming Annual General Meeting (AGM) and being eligible, seek their re-appointment. The Statutory Auditors have furnished a certificate to the effect that their re-appointment, if made, at the 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 2011-12. Your Directors recommend their re-appointment.

## 16. Auditors Report

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

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

Pursuant to the provision of Section 212(8) of the Act, the Ministry of Corporate Affairs vide its circular dated February 8, 2011 has granted general exemption from attaching the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies with the Balance Sheet of the Company. However, the Financial Statement of the Subsidiaries namely;

- i. Master Capital Services Limited
- ii. Master Insurance Brokers Limited
- iii. Master Commodity Services Limited
- iv. Master Infrastructure And Real estate Developers Limited
- v. Master Portfolio Services 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 form 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 Master portfolio Services Limited and Master Commodity Services Limited are 100% wholly owned Subsidiaries of Master Capital Services Limited and by that reason Master Portfolio Services Limited and Master Commodity Services Limited are also subsidiaries of MasterTrust Limited.

Further, MTL Share and Stock Brokers Limited, Associate Company has been merged with Master Capital Services Limited, a subsidiary of Master Trust Limited pursuant to Hon'ble Bombay High Court order dated April 15, 2011 and in accordance with the Section 391 & 394 of the Companies Act, 1956 w.e.f. June 21, 2011.

## **18. Particulars of Employees.**

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

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

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

## **20. Acknowledgment**

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

Your Directors also wish to express their gratitude to investors for the faith that they continue to repose in the Company.

Your Directors would also like to place on record their appreciation for committed services rendered by the employees at all levels of your company

For and on behalf of the Board of Directors

Sd/-

Sd/-

**(Harjeet Singh Arora)**  
**Managing Director**

**(R.K.Singhania)**  
**Director**

Place : Ludhiana  
Date : 13.08.2011



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. Master Trust Limited has always believed in such a "Sound" Code of Corporate Governance, as a tool for highest standards of management and business integrity.

### 2. Board of Directors

#### A) Composition:

The present strength of the Board consists of 10 Directors who are professionals and are drawn from diverse fields. The majority of the Directors of the Board are Non- Executive Directors. The day to day Management of the Company is conducted by the Managing Director and Executive Director of the company subject to the supervision and control of the Board of Directors.

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

B) The names of Directors and their attendance at each Board Meeting /Last Annual General Meeting and number of Directorship/ Committee Chairmanship/Committee membership in other companies are given below:

| Name of the Director    | Category                           | Attendance at the last AGM | No. of Board meetings attended | No. of Directorships & Committee Membership/Chairmanship in other Companies |                         |                       |
|-------------------------|------------------------------------|----------------------------|--------------------------------|---|-------------------------|-----------------------|
|                         |                                    |                            |                                | Directorship  | Committee Chairmanship* | Committee membership* |
| Mr. Harjeet Singh Arora | Managing Director                  | Present                    | 5                              | 13  | 1                       | 1                     |
| Mr. R. K. Singhania     | Non Executive Director             | Present                    | 5                              | 7   | -                       | -                     |
| Mr. Pavan Chhabra       | Independent Non Executive Director | Absent                     | 2                              | 8   | -                       | -                     |
| Mr. Sanjay Sood         | Executive Director                 | Present                    | 3                              | 1   | -                       | -                     |
| Mr. G.S. Chawla         | Non Executive Director             | Present                    | 3                              | 4   | -                       | -                     |
| Mrs. H.K. Arora         | Non Executive Director             | Present                    | 4                              | 5   | -                       | -                     |
| Mr. Anil Kumar Bhatia   | Independent Non Executive Director | Absent                     | 2                              | -   | -                       | -                     |
| Mr. Sudhir Kumar        | Independent Non Executive Director | Absent                     | 2                              | -   | -                       | -                     |
| Mr. Ashwani Kumar       | Independent Non Executive Director | Present                    | 3                              | 7   | 3                       | 4                     |
| Mr. Anil Kumar Malhotra | Independent Non Executive Director | Present                    | 2                              | 5   | -                       | -                     |

\* For the purpose of Clause 49, the Committees considered are Audit Committee and Shareholders/ Investors Grievance Committee of Public Limited Companies.

Board Meeting(s) held from 1st April, 2010 to 31st March, 2011.

15.05.2010 14.08.2010 28.08.2010 08.11.2010 05.02.2011 28.03.2011

### 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, 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 five times during the year on 14.05.2010, 13.08.2010, 27.08.2010, 06.11.2010, 04.02.2011.

#### 4. Director's Remuneration

Managing Director/Executive Director

The Company paid the remuneration to the Managing Director and Executive Director as approved by the members of the Company in the General Meeting. Detail of remuneration paid to the Managing Director and Executive Director during the Financial Year 2010-11 is given below:

| Name                       | Designation        | Remuneration paid during the year |
|----------------------------|--------------------|-----------------------------------|
| 1. Mr. Harjeet Singh Arora | Managing Director  | ₹ 24,32,280/-                     |
| 2. Mr. Sanjay Sood         | Executive Director | ₹ 9,38,000/-                      |

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

**Shares held by the Non- Executive Directors :** Details of Equity Shares/Convertible Warrants of the Company held by the Non-Executive Directors as on 31st March 2011.

| Name of the Director    | Category                           | No. of Equity Shares held | No. of Convertible Warrants held |
|-------------------------|------------------------------------|---------------------------|----------------------------------|
| Mr. R.K. Singhania      | Non Executive Director             | 1275357                   | 1305000                          |
| Mr. Pavan Chhabra       | Independent Non Executive Director | Nil                       | Nil                              |
| Mr. G.S. Chawla         | Non Executive Director             | Nil                       | Nil                              |
| Mrs. H.K. Arora         | Non Executive Director             | 472510                    | 652500                           |
| Mr. Anil Kumar Bhatia   | Independent Non Executive Director | Nil                       | Nil                              |
| Mr. Sudhir Kumar        | Independent Non Executive Director | Nil                       | Nil                              |
| Mr. Ashwani Kumar       | Independent Non Executive Director | Nil                       | Nil                              |
| Mr. Anil Kumar Malhotra | Independent Non Executive Director | Nil                       | Nil                              |

#### 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.

Mr. Honey Ahuja, Company Secretary is the Compliance Officer. The Committee meets as and when required, to deal with the investor related matters etc. The terms of reference of the Investors' Grievance Committee are in accordance with the Listing Agreement of Stock Exchange as amended from time to time.

During the year, 138 investor queries/requests were received, all of which were redressed/replied to the satisfaction of the investors. There were no outstanding investor complaints as on 31st March 2011.

#### 6. Remuneration Committee

The Company has a Remuneration Committee of three directors comprising majority of independent non executive Directors who are free from any business or other relationships. The Remuneration paid to Mr. Harjeet Singh Arora, Managing Director and to Mr. Sanjay Sood, Executive Director, is as per the applicable provisions of the Companies Act, 1956.

The terms of reference of the Remuneration Committee is to look into the entire gamut of remuneration package for the Executive Director(s) and revise their remuneration suitably within the limits prescribed under the Companies Act, 1956. The Committee met once 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 form part of this report. The Code has been posted on the Company's website [www.mastertrust.co.in](http://www.mastertrust.co.in).

## 8. Risk Management

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

## 9. General Body Meetings

The details of last three Annual General Meetings are given below:

| Financial Year | Location   | Date       | Time       |
|----------------|--|------------|------------|
| 2010           | Master Chambers, SCO-19, First Floor, Feroze Gandhi Market, Ludhiana | 30.09.2010 | 11.30 A.M. |
| 2009           | Lions club, near Tagore Nagar, Ludhiana.                             | 30.09.2009 | 11.30 A.M. |
| 2008           | Village Gobindgarh, Malout Road, Abohar.                             | 30.09.2008 | 11.30 A.M. |

### Extraordinary General Meeting(s):

|      |  |            |            |
|------|--|------------|------------|
| 2010 | Master Chambers, SCO-19, First Floor, Feroze Gandhi Market, Ludhiana | 05.04.2010 | 11.30 A.M. |
|------|--|------------|------------|

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

| FY   | Meeting                        | Date       | Time       | Special Resolution passed:   |
|------|--------------------------------|------------|------------|--|
| 2010 | Annual General Meeting         | 30.09.2010 | 11.30 A.M. | 1. Re-appointment of Mr. G.S Chawla, Non Executive Director of the Company as Managing Director of subsidiary Company of Subsidiary Company.<br>2. Appointment of Mr. Puneet Singhania, relative of Director of the Company as Executive Director in Subsidiary Company.<br>3. Appointment of Mr. Jashan Jyot Singh, relative of Managing Director of the Company as Executive Director in Subsidiary Company. |
| 2010 | Extra Ordinary General Meeting | 05.04.2010 | 11.30 A.M. | 1. To issue Convertible Warrants on preferential basis.  |
| 2009 | Annual General Meeting         | 30.09.2009 | 11.30 A.M. | Nil  |
| 2008 | Annual General Meeting         | 30.09.2008 | 11.30 A.M. | 1. Re-appointment of Mr. Harjeet Singh Arora as Managing Director of the Company.<br>2. Re-appointment of Mr. Sanjay Sood as Executive Director of the Company.<br>3. To give loans/investments/ corporate guarantees under Section 372A of the Companies Act, 1956.   |

### The following special resolutions were passed by postal ballot during the financial year 2010-11:

- A Special resolution with a majority of 100% for Change in object clause of the Company under Section 17 of the Companies Act, 1956.
- A Special resolution with a majority of 100% for Commencement of new business under Section 149(2A) of the Companies Act, 1956

The Company has not proposed any special resolution to be conducted through postal ballot.

## 10. Disclosures

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

- There has been no instance of the non-compliance by the Company on any matter related to capital market during the last three years.
- Related Parties and transactions with them as required under Accounting Standard 18 (AS-18) are furnished under Paragraph No.6 of the Notes to the Accounts attached with the Financial Statements for the year ended March 31, 2011. The details of the Related Party transactions are placed periodically before and reviewed by the Company's Audit Committee.
- No treatment different from accounting standards prescribed by the Institute of Chartered Accountants of India, has been followed while preparing the financial statements. The Guidelines on Accounting Standards issued under the Companies (Accounting Standards) Rules, 2006 have been followed in preparation of the financial statements of the company.
- The Company has complied with the mandatory requirements of Clause 49 of the Listing Agreement and has not followed the non mandatory requirements.

### 11. Means of Communication

The Company communicates with the shareholders at large through its Annual Report, publication of financial results and by filing of various reports and returns with the statutory bodies like Stock Exchanges and Registrar of Companies. The quarterly results are published in newspapers and are displayed on the website of the Company [www.mastertrust.co.in](http://www.mastertrust.co.in).

### 12. Audit Qualifications

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

### 13. General Information for Shareholders.

i. Annual General Meeting : The 27th Annual General Meeting of Master Trust Limited will be held on Friday the 30th day of September 2011, at 10.30 A.M. at Master Chambers, Ground Floor, SCO 19, Feroze Gandhi Market, Ludhiana – 141 001 (Pb)

ii. Financial Year: April 01, 2010 to March 31, 2011

Tentative calendar of events for the Financial Year 2011-12 is

|                         |                  |                          |                  |
|-------------------------|------------------|--------------------------|------------------|
| First Quarterly Results | : August, 2011   | Second Quarterly Results | : November, 2011 |
| Third Quarterly Results | : February, 2012 | Fourth Quarterly Results | : May, 2012      |

iii. Date of Book Closure (both days inclusive) : 24.09.2011 to 30.09.2011

iv. Information regarding dividend payment date : Subject to the approval of the members, the dividend @10% on Equity Share of ₹ 10 each for the year ended 31st March 2011 recommended by the Board will be paid on or before 20th October 2011.

v. Listing : The securities of the Company are listed on the following Stock Exchange: The Bombay Stock Exchange Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai. The listing fees have been paid to the said Stock Exchange.

vi. Stock Code/ISIN No.: The Bombay Stock Exchange Ltd.: 511768

Demat International Security Identification Number (ISIN) in NSDL and CDSL for equity shares: INE677D01011.

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

| Month  | High Price | Low Price | Close Price | BSE Sensex (High) |
|--------|------------|-----------|-------------|-------------------|
| Apr-10 | 82.5       | 69        | 72.7        | 135868            |
| May-10 | 85.6       | 69.5      | 83.15       | 138221            |
| Jun-10 | 87.2       | 70.5      | 77.35       | 84132             |
| Jul-10 | 85         | 71.1      | 80          | 140344            |
| Aug-10 | 82.8       | 72.1      | 73.65       | 91657             |
| Sep-10 | 122.8      | 65        | 101.7       | 374327            |
| Oct-10 | 112.05     | 87.9      | 97          | 95675             |
| Nov-10 | 102.75     | 76        | 79          | 49646             |
| Dec-10 | 88.55      | 71.6      | 80.45       | 132727            |
| Jan-11 | 84.35      | 69        | 73.75       | 204667            |
| Feb-11 | 82         | 64        | 76.85       | 286470            |
| Mar-11 | 89         | 71.05     | 80.3        | 69532             |

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., D-153/A, First Floor, Okhla Industrial Area, Phase-I, New Delhi, Ph: 011-26812682/83/84, Fax: 011-26812681, Email: [admin@skylinerta.com](mailto:admin@skylinerta.com)

ix. Share Transfer System : The Shares of the Company are traded in the compulsory demat mode for all investor. 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 month to consider transfer/ transmission/demat/remat cases and other allied matters.

x. Distribution of Shareholding Pattern of the Company as on 31.03.2011

| Sr. No. Category       | No. of Shares | % of Shares |
|------------------------|---------------|-------------|
| 1. Promoters           | 3567312       | 52.15%      |
| 2. Bodies Corporates   | 2133533       | 31.19%      |
| 3. Other Indian Public | 1132588       | 16.56%      |
| 4. NRI                 | 6967          | 0.10%       |
| 5. FIIs                | -             | 0.00%       |
| Total                  | 6840400       | 100.00%     |

xi. Break-up of Equity /Dematerialization of Shares

| Category      | No. of Shares |       |         |       |         |       |
|---------------|---------------|-------|---------|-------|---------|-------|
|               | Physical      | %     | Demat   | %     | Total   | %     |
| Promoters     | 640000        | 9.35  | 2927312 | 42.79 | 3567312 | 52.15 |
| Non-Promoters | 423625        | 6.19  | 2849463 | 41.66 | 3273088 | 47.85 |
| TOTAL         | 1063625       | 15.55 | 5776775 | 84.45 | 6840400 | 100   |

xii. During the financial year ended on 31st March, 2011, the Company has not issued any GDRs / ADRs. However, the Board of Directors in their meeting held on 28th August 2010 issued 47,75,000 Convertible Warrants pursuant to the approval of Shareholders in an Extra – Ordinary General Meeting held on 5th April 2010 by passing a special resolution, exercisable in tranches and having currency period of 18 months and each warrant providing the holder with the option to subscribe to one fully paid-up equity share of the Company for every warrant at a price of ₹ 68/- per warrant (including a premium of ₹ 58/- per warrant) on preferential allotment basis in accordance with the provisions of Section 81(1A) of the Companies Act, 1956 and SEBI (Issue of Capital and Disclosure Requirements), Regulation 2009.

During the year under review, your Company has converted 640000 Convertible Warrants into Equity Shares of ₹ 10/- each on 28th March, 2011. These Convertible Warrants were converted into Equity Shares at a conversion price of ₹ 68/- for each Warrant i.e. face value ₹ 10/- and premium ₹ 58/- per Equity Share. The Board of Directors of the Company forfeited 98,800 Equity shares of ₹10/- each on 13.08.2011 due to non payment of call money after giving prior notice to the shareholders.

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

1. Registered 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: 1012, Arunachal Building, 19, Barakhamba Road, New Delhi.
4. Mumbai Office: C-1, Jeevan Jyot, 18/20, Cawasjee Patel Street, Fort Mumbai.
5. Kolkatta Office: 6th Floor, Sabarwal house, 55 B, Mirza Ghalib Street, Kolkatta-West Bengal

xiv. Address for Correspondence

Regd. Office: Master Chambers, 3rd Floor, 19, Feroze Gandhi Market, Ludhiana – 141 001 (Pb).

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

Fax No. : 0161-2402963

Designated Email: secretarial@mastertrust.co.in

xv. Compliance Officer: Mr. Honey Ahuja, Company Secretary.

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, if any, in internal control over financial reporting during the year;
  - II. significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements; and
  - III. that no instances of significant fraud have come to our notice.

For Master Trust Limited

Sd/-  
( Harjeet Singh Arora )  
Managing Director

Place: Ludhiana  
Date : 13.08.2011

## 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 Singh Arora )  
Managing Director

Place: Ludhiana  
Date : 13.08.2011

### Auditor's 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, 2011 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 Manjeet Singh & Co.  
Chartered Accountants  
Firm Registration No. FRN 011831N

Place: Ludhiana  
Date : 13.08.2011

Sd/-  
(Manjeet Singh)  
Prop  
Membership No. 088759



## AUDITOR'S REPORT

**To**  
**The Members**  
**Master Trust Limited**

We have audited the attached Balance Sheet of Master Trust Limited as at 31st March, 2011 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 and amended by the companies (Auditors Report) (Amendment) order 2004 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 in all material respect 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 31.3.2011 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 significant accounting policies and the notes there on gives the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principal generally accepted in India:
    - i) In the case of Balance Sheet, of the state of affairs of the Company as at 31st march 2011
    - 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.

Place: Ludhiana  
Date : 13.08.2011

For Manjeet Singh & Co.  
Chartered Accountants  
Firm Registration No. FRN 011831N

Sd/-  
(Manjeet Singh)  
Prop  
Membership No. 088759

## ANNEXURE TO 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 (shares, foreign currency, mutual fund & land), which are held in dematerialized/ physical form, has been verified during the year by the management and in our opinion the frequency of verification is reasonable.  
b) In our opinion and according to the information and explanations given to us, the procedures of verification of inventory followed by the company are reasonable and adequate commensurate with the size of company and the nature of its business.  
c) The company is maintaining proper record of inventory. The discrepancies noticed on verification between the physical inventory and book records were not material and the same have been properly dealt with the books of account.
3. In respect of loans, secured or unsecured, granted or taken by the Company to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.  
a) The Company has granted loans to Five Parties aggregating to ₹ 14.03 mn and maximum balance outstanding during the year was ₹ 130.64mn. The company has taken loans from three parties aggregating to ₹ 34.67mn. and maximum balance outstanding during the year was ₹ 143.21mn. All these loans are payable/ receivable on demand.  
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 prima facie not prejudicial to the interest of the Company.  
c) In respect of loans granted by the Company to the parties, 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.  
e) In case of loan taken by the company secured and unsecured, according to information and explanation given to us the rate of interest wherever applicable and other terms & condition prima facie not prejudicial to the interest of the Company.  
f) In respect of loans taken 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 of 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. The Company belongs to the service sector industry therefore clause 4(viii) of the companies (Auditor's Report) Order, 2003 (as amended) in respect of maintenance of cost records is not applicable to Company
9. The Company is regular in depositing the undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Cess and other statutory dues with the appropriate authorities as applicable, No amount was outstanding for more than six months as on the date of Balance Sheet from the date they become payable.
10. There are no accumulated losses of the Company at the end of the financial year. There are no cash losses during the current and immediately preceding financial year.
11. According to the information and explanations given to us and as per books and records examined by us, the Company has not defaulted in repayment of dues to any financial institution or bank.
12. According to the information and explanations given to us, the company has adequate documents and proper records were maintained wherever the company has granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company does not fall within the category of Chit Fund/ Nidhi/ Mutual Benefit Fund/ Society and hence the related reporting requirements are not applicable.
14. The Company is dealing or trading in shares, securities, debentures and other investments and maintaining proper records of transactions and contracts and also timely entries have been made therein. Shares, securities, debentures and other securities have been held by the Company in its own name except to the extent of the exemption, if any, granted under section 49 of the Act.
15. The company has given the corporate guarantees of ₹ 1410.50 mn for the facilities of bank guarantees taken by the subsidiaries and ₹ 80.00 mn by associate company from banks or financial institutions, the terms and conditions whereof, in our opinion are prima facie not 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 0.64 mn shares to parties and Companies covered in the register maintained under section 301 of the Companies Act, 1956. In our opinion, the price which equity shares 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 information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

Place: Ludhiana  
Date : 13.08.2011

For Manjeet Singh & Co.  
Chartered Accountants  
Firm Registration No. FRN 011831N

Sd/-  
(Manjeet Singh)  
Prop  
Membership No. 088759

# FINANCIAL HIGHLIGHTS

**BALANCE SHEET AS AT 31ST MARCH, 2011**

(All amount in ₹)

| PARTICULARS                                     | SCHEDULE | AS AT<br>31.03.2011 | AS AT<br>31.03.2010 |
|---|----------|---------------------|---------------------|
| <b>SOURCES OF FUNDS</b>                         |          |                     |                     |
| <b>SHAREHOLDERS' FUNDS</b>                      |          |                     |                     |
| Share Capital                                   | A        | 67843750            | 61443750            |
| Reserves & Surplus                              | B        | 327361371           | 279730509           |
| Fully Convertible Warrants                      |          | 70295000            | -                   |
|   |          | 465500121           | 341174259           |
| <b>LOAN FUNDS</b>                               |          |                     |                     |
| Secured Loans                                   | C        | 17268815            | 34740974            |
| Unsecured Loans                                 | D        | 10000000            | 10000000            |
|   |          | 27268815            | 44740974            |
| Total   |          | 492768936           | 385915233           |
| <b>APPLICATION OF FUNDS</b>                     |          |                     |                     |
| <b>FIXED ASSETS</b>                             |          |                     |                     |
| Gross Block                                     | E        | 12483047            | 27431756            |
| Less Depreciation                               |          | 6053945             | 5538602             |
| Net Block                                       |          | 6429102             | 21893154            |
| <b>INVESTMENTS</b>                              |          |                     |                     |
|   | F        | 160962117           | 176945009           |
| <b>DEFERRED TAX ASSETS (NET)</b>                |          |                     |                     |
|   |          | 1294775             | 1262127             |
| <b>CURRENT ASSETS, LOANS AND ADVANCES</b>       |          |                     |                     |
| a) Closing Stock                                | G        | 59055889            | 9613182             |
| b) Sundry Debtors                               |          | 1022246             | 3725428             |
| c) Cash & Bank Balances                         |          | 32996339            | 50576539            |
| d) Loans & Advances                             |          | 478828361           | 380254744           |
|   |          | 571902835           | 444169893           |
| <b>LESS: CURRENT LIABILITIES AND PROVISIONS</b> |          |                     |                     |
| a) Current Liabilities                          | H        | 235482343           | 245757829           |
| b) Provisions                                   |          | 12387550            | 12697121            |
|   |          | 247869893           | 258454950           |
| <b>NET CURRENT ASSETS</b>                       |          |                     |                     |
|   |          | 324032942           | 185714943           |
| <b>MISCELLANEOUS EXPENDITURES</b>               |          |                     |                     |
|   | I        | 50000               | 100000              |
| Total   |          | 492768936           | 385915233           |

Significant Accounting Policies & Notes to Accounts N  
Schedules referred to above form an integral part of the Balance Sheet

As per our report of even date.  
For Manjeet Singh & Co.  
Chartered Accountants  
Firm Registration No. FRN 011831N

For & on behalf of the Board

Sd/-  
(Manjeet Singh)  
Prop  
Membership No. 088759

Sd/-  
(Kashmir Singh)  
Manager Accounts

Sd/-  
(Honey Ahuja)  
Company Secretary

Sd/-  
(R.K. Singhania)  
Director

Sd/-  
(Harjeet Singh Arora)  
Managing Director

Place: Ludhiana  
Date : 13.08.2011

# FINANCIAL HIGHLIGHTS

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

(All amount in ₹)

| PARTICULARS  | SCHEDULE | FOR THE YEAR<br>31.03.2011 | FOR THE YEAR<br>31.03.2010 |
|--|----------|----------------------------|----------------------------|
| <b>INCOME</b>  |          |                            |                            |
| Operative & Other Incomes                                    | J        | 58564370                   | 46604288                   |
| <b>EXPENDITURE</b>   |          |                            |                            |
| Personnel Expenses   | K        | 8540574                    | 9191642                    |
| Administrative & Other Expenses                              | L        | 12687478                   | 7379224                    |
| Financial Expenses   | M        | 17639010                   | 18679196                   |
| Preliminary Expenses   | I        | 50000                      | 50000                      |
| Depreciation   | E        | 515343                     | 529067                     |
| <b>Total</b>   |          | <b>39432405</b>            | <b>35829129</b>            |
| Profit before Taxation                                       |          | 19131965                   | 10775159                   |
| Provision for Taxation                                       |          |                            |                            |
| - Current Year   |          | 2250000                    | 1225000                    |
| - Deferred   |          | -32648                     | -925438                    |
| - Wealth Tax   |          | -                          | 200000                     |
| Profit after Taxation  |          | 16914613                   | 10275597                   |
| Balance brought forward from previous year                   |          | 48128108                   | 44669780                   |
| Excess(less) provisions of previous years                    |          | -306201                    | 165516                     |
| Profit available for Appropriation                           |          | 64736520                   | 55110893                   |
| <b>APPROPRIATION</b>   |          |                            |                            |
| Provision for Deferred Tax of Earlier years                  |          | 0                          | -1220758                   |
| Transfer to Statutory Reserve for the year                   |          | 3382923                    | 2055119                    |
| Provision for Dividend                                       |          | 6097550                    | 6144375                    |
| Provision for DDT  |          | 0                          | 4049                       |
| Balance carried over to Balance Sheet                        |          | 55256047                   | 48128108                   |
|  |          | 64736520                   | 55110893                   |
| Earnings per share (₹)                                       |          |                            |                            |
| Basic Earnings per share (Face value of share ₹ 10/- each)   |          | 2.72                       | 1.66                       |
| Diluted Earnings per share (Face value of share ₹ 10/- each) |          | 2.72                       | 1.66                       |

Significant Accounting Policies & Notes to Accounts

N

Schedules referred to above form an integral part of the Profit & Loss Account

As per our report of even date.

For Manjeet Singh & Co.

Chartered Accountants

Firm Registration No. FRN 011831N

For & on behalf of the Board

Sd/-  
(Manjeet Singh)  
Prop  
Membership No. 088759

Sd/-  
(Kashmir Singh)  
Manager Accounts

Sd/-  
(Honey Ahuja)  
Company Secretary

Sd/-  
(R.K. Singhania)  
Director

Sd/-  
(Harjeet Singh Arora)  
Managing Director

Place: Ludhiana

Date : 13.08.2011

**SCHEDULES FORMING PART OF THE BALANCE SHEET**
*(All amount in ₹)*

| PARTICULARS  | AS AT<br>31.03.2011 |                  | AS AT<br>31.03.2010 |                  |
|--|---------------------|------------------|---------------------|------------------|
| <b>SCHEDULE 'A'</b>  |                     |                  |                     |                  |
| <b>Share Capital</b>   |                     |                  |                     |                  |
| Authorised   |                     |                  |                     |                  |
| 11000000 Equity Shares of ₹ 10/- each  |                     | 110000000        |                     | 110000000        |
| Issued, Subscribed & Paid Up   |                     |                  |                     |                  |
| 6840400 (6200400) Equity Shares of ₹ 10/- each                                   |                     | 68404000         |                     | 62004000         |
| Less : Calls in Arrear (Other than Directors)                                    |                     | 560250           |                     | 560250           |
| <b>Total</b>   |                     | <b>67843750</b>  |                     | <b>61443750</b>  |
| <b>SCHEDULE 'B'</b>  |                     |                  |                     |                  |
| <b>Reserves &amp; Surplus</b>  |                     |                  |                     |                  |
| General Reserves   |                     | 10000000         |                     | 10000000         |
| Capital Reserve  |                     | 48240000         |                     | 48240000         |
| Statutory Reserve (under sec.451C of RBI Act, 1934)                              |                     |                  |                     |                  |
| Opening Balance  | 2055119             |                  | 0                   |                  |
| Add: During the year   | 3382923             | 5438042          | 2055119             | 2055119          |
| Securities Premium Account   | 210668282           |                  | 173548282           |                  |
| Less : Calls in arrears  | 2241000             | 208427282        | 2241000             | 171307282        |
| Balance in Profit & Loss Account   |                     | 55256047         |                     | 48128108         |
| <b>Total</b>   |                     | <b>327361371</b> |                     | <b>279730509</b> |
| <b>SCHEDULE 'C'</b>  |                     |                  |                     |                  |
| <b>Secured Loans</b>   |                     |                  |                     |                  |
| Term Loans (secured against hypothecation of Cars)                               |                     | 1501250          |                     | 1288361          |
| Overdraft Facility (secured against Fixed Deposits)                              |                     | 15767565         |                     | 33452613         |
| <b>Total</b>   |                     | <b>17268815</b>  |                     | <b>34740974</b>  |
| Note: Term loans repayable within one year ₹ 816963/- (Previous year ₹ 448399/-) |                     |                  |                     |                  |
| <b>SCHEDULE 'D'</b>  |                     |                  |                     |                  |
| <b>Unsecured Loans</b>   |                     |                  |                     |                  |
| From Body Corporate  |                     | 10000000         |                     | 10000000         |
| <b>Total</b>   |                     | <b>10000000</b>  |                     | <b>10000000</b>  |

| Particulars                 | Gross Block         |                                |  | Depreciation        |                     |                    |  | Net Block           |                     |                     |
|-----------------------------|---------------------|--------------------------------|--|---------------------|---------------------|--------------------|--|---------------------|---------------------|---------------------|
|                             | As at<br>01.04.2010 | Addition<br>During<br>the year | Sale/<br>discharge<br>during<br>the year | As at<br>31.03.2011 | As at<br>01.04.2010 | For<br>the<br>year | Written<br>back<br>during<br>the<br>year | As at<br>31.03.2011 | As at<br>31.03.2011 | As at<br>31.03.2010 |
| LAND                        | 17170958            | 2846340                        | 20017298                                 | 0                   | 0                   | 0                  | 0  | 0                   | 0                   | 17170958            |
| BUILDING                    | 1396570             | 0                              | 350000                                   | 1046570             | 251795              | 17059              | 0  | 268854              | 777716              | 1144775             |
| FURNITURE & FIXTURE         | 1508579             | 51187                          | 0  | 1559766             | 1480440             | 23905              | 0  | 1504345             | 55421               | 28139               |
| OFFICE EQUIPMENT            | 2426564             | 266500                         | 0  | 2693064             | 1474894             | 120771             | 0  | 1595665             | 1097399             | 951670              |
| COMPUTER                    | 1493958             | 0                              | 0  | 1493958             | 1200481             | 68330              | 0  | 1268811             | 225147              | 293477              |
| VEHICLES                    | 3435127             | 1580085                        | 0  | 5015212             | 1130992             | 285278             |  | 1416270             | 3598942             | 2304135             |
| CAPITAL WORK<br>IN PROGRESS | 0                   | 674477                         | 0  | 674477              | 0                   | 0                  | 0  | 0                   | 674477              | 0                   |
| <b>TOTAL</b>                | <b>27431756</b>     | <b>5418589</b>                 | <b>20367298</b>                          | <b>12483047</b>     | <b>5538602</b>      | <b>515343</b>      | <b>0</b>                                 | <b>6053945</b>      | <b>6429102</b>      | <b>21893154</b>     |
| PREVIOUS YEAR               | 29737695            | 2673661                        | 4979600                                  | 27431756            | 5016970             | 529067             | 7435                                     | 5538602             | 21893154            |                     |

# FINANCIAL HIGHLIGHTS

## SCHEDULES FORMING PART OF THE BALANCE SHEET

(All amount in ₹)

| PARTICULARS  | AS AT<br>31.03.2011 |          | AS AT<br>31.03.2010 |          |
|--|---------------------|----------|---------------------|----------|
| <b>SCHEDULE 'F'</b>  |                     |          |                     |          |
| <b>Long Term Investments (at Cost)</b>   |                     |          |                     |          |
| <b>A. Quoted</b>   |                     |          |                     |          |
| Fully paid up equity shares of ₹ 10/- each   |                     |          |                     |          |
| 1468 of Trident Ltd.   | 14680               |          | 14680               |          |
| 1569800 (1688600) of Prime Industries Ltd.   | 15695000            |          | 18034775            |          |
| 625000 (128000) of Vardhman Polytex Ltd  | 24706250            |          | 3794880             |          |
| 5000 of R.R.B. Securities Ltd.   | 500000              |          | 500000              |          |
| - (87136) of SML Isuzu Ltd.  | 0                   |          | 19696748            |          |
| 500 (-) of ICICI Bank Ltd  | 454206              |          | 0                   |          |
| 11030 (-) of Coal India Ltd  | 2665747             |          | 0                   |          |
| 2500 (-) of Apar Industries Ltd  | 613336              |          | 0                   |          |
| 750 (-) of TRF Ltd   | 516324              |          | 0                   |          |
| 1781 (-) of Power Grid Corporation of India Ltd                                    | 152275              |          | 0                   |          |
| 7500 (-) of Development Credit Bank Ltd  | 430405              |          | 0                   |          |
| 4200 (-) of Karnataka Bank Ltd   | 610860              |          | 0                   |          |
| 250 (-) of State Bank Of India   | 653870              |          | 0                   |          |
| 1000 (-) of Venky's (India) Ltd  | 547088              |          | 0                   |          |
| Fully paid up equity shares of ₹ 5/- each  |                     |          |                     |          |
| - (450000) of Nahar Capital & Financial Services Ltd                               | 0                   |          | 32152500            |          |
| 3000 (-) of Wockhardt Ltd  | 1020349             |          | 0                   |          |
| Fully paid up equity shares of ₹ 2/- each  |                     |          |                     |          |
| 250 (-) of HDFC Bank Ltd   | 512190              |          | 0                   |          |
|  | 49092580            |          | 74193583            |          |
| <b>Less : Provision for diminution in value</b>                                    | 495000              | 48597580 | 495000              | 73698583 |
| <b>B. Unquoted</b>   |                     |          |                     |          |
| (I) In subsidiary companies - Fully Paid up equity shares of ₹ 10/- each           |                     |          |                     |          |
| 5100000 Master Capital Services Limited  | 51000000            |          | 51000000            |          |
| 130000 (50000) Master Infrastructure & Real Estate Developers Limited              | 40500000            |          | 500000              |          |
| 449930 (269930) Master Insurance Brokers Limited                                   | 4699300             | 96199300 | 4699300             | 56199300 |
| (ii) Others  |                     |          |                     |          |
| 4 (-) Master Projects Private Ltd  | 1057500             |          | 0                   |          |
| - (497000) Fully Convertible warrants of Vardhman Polytex Ltd                      | 0                   |          | 6176563             |          |
| 992 (1192) Deep Discount Bonds of ₹10000/- each of Master Capital Services Limited | 10029859            | 11087359 | 12029859            | 18206422 |
| <b>C. Government Securities</b>  |                     |          |                     |          |
| 6.75% 2006 Govt. Securities  | 17674               |          | 17674               |          |
| 6.75% 2007 Govt. Securities  | 23123               |          | 23123               |          |
|  |                     | 40797    |                     | 40797    |



**SCHEDULES FORMING PART OF THE BALANCE SHEET**
*(All amount in ₹)*

| PARTICULARS  | AS AT<br>31.03.2011 | AS AT<br>31.03.2010 |
|--|---------------------|---------------------|
| <b>D. Mutual Funds</b>   |                     |                     |
| - (48899.75) Fidelity International Opportunity Fund                               | 0                   | 500000              |
| - (30000.00) Sundram BNP Energy Opportunity Fund                                   | 0                   | 300000              |
| - (48899.75) Fidelity India Special Situation Fund Growth                          | 0                   | 500000              |
| 7306.54 (11319.44) DSP BlackRock Top 100 Regular Plan Growth                       | 604499              | 936503              |
| - (4531.84) HDFC Top 200 Fund Growth   | 0                   | 743191              |
| - (11907.24) Fidelity Equity Fund Growth   | 0                   | 318888              |
| 20000 UTI Wealth Builder Fund Growth   | 200000              | 200000              |
| - (617.97) ICICI Prudential Infrastructure Fund Div.                               | 0                   | 16803               |
| - (2780.42) Sundram BNP Midcap Appreciation Fund                                   | 0                   | 322236              |
|  | 804499              | 3837621             |
| Capital in Partnership Firms (As per note No.14)                                   | 4232582             | 24962286            |
| <b>Total</b>   | <b>160962117</b>    | <b>176945009</b>    |
| Note: Market value of quoted shares is ₹ 578.53 Lacs (Previous year ₹ 653.91 Lacs) |                     |                     |
| <b>SCHEDULE 'G'</b>  |                     |                     |
| <b>Current Assets, Loans &amp; Advances</b>  |                     |                     |
| <b>A. Current Assets</b>   |                     |                     |
| a) Closing Stock (Cost or market price whichever is less)                          | 59055889            | 9613182             |
| b) Sundry Debtors (Unsecured considered good)                                      |                     |                     |
| Over six months old  | 979800              | 2380796             |
| Others   | 42446               | 1344632             |
|  | 1022246             | 3725428             |
| c) Cash & Bank Balances  |                     |                     |
| i. Cash in hand  | 456905              | 621144              |
| ii. With Schedule Banks in   |                     |                     |
| - Current Account  | 4063820             | 2043008             |
| - Unpaid Dividend Account  | 224775              | 0                   |
| - Fixed Deposit pledged against overdraft facility                                 | 28250839            | 47912387            |
|  | 32996339            | 50576539            |
| <b>B. Loans &amp; Advances</b>   |                     |                     |
| Advances Recoverable in cash or in kind or for value to be received                | 466164635           | 361510022           |
| Amount due from subsidiaries   | 3689427             | 3697916             |
| Security   | 617367              | 281242              |
| Share Application Money  | 3067375             | 10824932            |
| Advance Income Tax/T.D.S.  | 5289557             | 3940632             |
| <b>Total</b>   | <b>478828361</b>    | <b>380254744</b>    |
|  | 571902835           | 444169893           |

# FINANCIAL HIGHLIGHTS

## SCHEDULES FORMING PART OF THE BALANCE SHEET

(All amount in ₹)

| PARTICULARS                                 | AS AT<br>31.03.2011 | AS AT<br>31.03.2010 |
|---|---------------------|---------------------|
| <b>SCHEDULE 'H'</b>                         |                     |                     |
| <b>Current Liabilities &amp; Provisions</b> |                     |                     |
| <b>A. Current Liabilities</b>               |                     |                     |
| Sundry Creditors                            | 4183842             | 5207040             |
| Amount due to Subsidiaries                  | 34910364            | 37973909            |
| Cheques Issued (Net)                        | 17527192            | 44332525            |
| Unpaid Dividend                             | 224775              | 0                   |
| Other Liabilities                           | 178636170           | 158244355           |
|   | 235482343           | 245757829           |
| <b>B. Provisions</b>                        |                     |                     |
| Provision for Non-Performing Assets         | 4040000             | 5123697             |
| Provision for Taxation                      | 2250000             | 1225000             |
| Provision for DDT                           | 0                   | 4049                |
| Provision for Dividend                      | 6097550             | 6144375             |
| Provision for Wealth Tax                    | 0                   | 200000              |
| Total                                       | 12387550            | 12697121            |
|   | 247869893           | 258454950           |
| <b>SCHEDULE 'I'</b>                         |                     |                     |
| <b>Miscellaneous Expenditure</b>            |                     |                     |
| (To the extent not written off or adjusted) |                     |                     |
| Preliminary Expenses                        | 100000              | 150000              |
| Less:- 1/5 Written off                      | 50000               | 50000               |
|   | 50000               | 100000              |

**SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT**
*(All amount in ₹)*

| PARTICULARS  | AS AT<br>31.03.2011 | AS AT<br>31.03.2010 |
|--|---------------------|---------------------|
| <b>SCHEDULE 'J'</b>  |                     |                     |
| <b>Operating &amp; Other Incomes</b>                                   |                     |                     |
| Income from Forex Business   | 6927958             | 7424069             |
| Interest   | 38392062            | 22617851            |
| Profit from dealing in investment/securities                           | 5288519             | 6784537             |
| Dividend   | 6660350             | 8409037             |
| Profit from Partnership Firm   | 853902              | 788921              |
| Other Income   | 441579              | 579873              |
|  | <b>58564370</b>     | <b>46604288</b>     |
| <b>SCHEDULE 'K'</b>  |                     |                     |
| <b>Personnel Expenses</b>  |                     |                     |
| Salaries and other Allowances*   | 4888541             | 5522390             |
| Directors Remuneration   | 3370280             | 3385880             |
| Staff Welfare Expenses   | 281753              | 283372              |
|  | <b>8540574</b>      | <b>9191642</b>      |
| * Includes PF ₹ 150661/- (₹ 98553/-), Gratuity ₹ 212359/- (₹ 190692/-) |                     |                     |
| <b>SCHEDULE 'L'</b>  |                     |                     |
| <b>Administrative &amp; Other expenses</b>                             |                     |                     |
| Printing & Stationery  | 131017              | 131179              |
| Postage, Telegram & Telephone  | 279673              | 273813              |
| Rent   | 848327              | 856586              |
| Fees & Taxes   | 132024              | 157308              |
| Directors Travelling   | 229606              | 280250              |
| Legal & Professional Charges   | 48692               | 416225              |
| Travelling & Conveyance  | 327526              | 492676              |
| Audit Fee  | 67500               | 67500               |
| Tax Audit Fees   | 7500                | 7500                |
| Office Maintenance   | 476727              | 549765              |
| General Expenses   | 1048781             | 1453684             |
| Advertisement Expenses   | 564749              | 28355               |
| Provision for Non Performing Assets                                    | -1083697            | 2664383             |
| Bad Debts written off  | 9609053             | 0                   |
| <b>Total</b>   | <b>12687478</b>     | <b>7379224</b>      |
| <b>SCHEDULE 'M'</b>  |                     |                     |
| <b>Financial Expenses</b>  |                     |                     |
| Interest on Overdraft  | 681332              | 546733              |
| Interest Others  | 16791997            | 17952557            |
| Bank Charges   | 165681              | 179906              |
| <b>Total</b>   | <b>17639010</b>     | <b>18679196</b>     |

### SCHEDULE 'N'

#### Accounting Policies & Notes to 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 provision 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 investment and no provision is required to be made at this stage.

##### 4. Stock in Trade :

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

##### 5. Revenue Recognition :

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

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

##### 7. Impairment of Assets :

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

##### 8. 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.

## 9. 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.

## 10. Prudential Norms:

For identifying Non Performing Assets (NPA) relating to financing activities, the Company follows Non-Banking Financial (Non Deposit Accepting Or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

## B. NOTES ON ACCOUNTS

### 1. Share Capital :

In terms of the approval of the Board of Directors and Shareholders of the Company and as per statutory provisions including SEBI (Issue of Capital and Disclosure Requirements), Regulation 2009, the Company on August 28 , 2010 had issued and allotted 47,75,000 Convertible Warrants on preferential basis. Each warrant provided the holder with the option to subscribe to one fully paid-up equity share of the Company for every warrant at a price of ₹ 68/- per warrant (including a premium of ₹ 58/- per warrant) within 18 months from the date of allotment.

The Company has converted 6,40,000 Convertible Warrants into Equity Shares of ₹ 10/- each on 28th March 2011.

### 2. Contingent Liabilities :

- a. The Punjab State Industrial Development Corporation Limited (PSIDC) had contributed Rs.8.85 mn in the equity share capital of Prime Industries Ltd @ ₹10/- per share, as Direct Equity Participation in 1993. The Company as an associate promoter of Prime Industries Ltd. ,pledged 5,69,300 shares (Previous year 5,693,00 shares) of Prime Industries Ltd of ₹10/- each amounting to ₹ 5.69 mn (Previous Year ₹ 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 expiring of seven years from the date of commencement of commercial production i.e.04.04.1994. As per the term of the above referred undertaking, in case the promoters/associates do not buy back the shares subscribed by PSIDC, then the PSIDC is entitled to sell the shares subscribed by it and also recovers the loss if any by sale of the above referred shares pledged to the PSIDC. The PSIDC had announced OTS Policy for equity disinvestment. The promoters / associates have applied for buy back of shares under OTS policy, subject to their rights under the law to adjudicate upon the amount due under the buy back agreement However the government of Punjab has amended the one time settlement scheme whereby the profit making companies are not eligible for the OTS scheme as per industrial policy 2003. The PSIDC vide letter dated 29th April 2009 has illegally withdrawn the OTS in case of Prime Industries Limited and the matter is sub judice before Honorable Punjab & Haryana High Court. The Government of Punjab has Further notified a new one time settlement scheme (OTS) vide notification number 15/03/09-AS-6/400 Dated 02.03.2009. The promoters/associates being eligible even under the new OTS policy also, have apply for buy back of shares. The request of promoters/associates has not been accepted by PSIDC and the matter is sub judice before Honorable Punjab & Haryana High Court, a sum of ₹ 25.10 mn (previous year ₹ 25.10 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. However PSIDC has filled a case for further recovery of ₹ 35.13 mn before Honorable Debts Recovery Tribunal.
- b. Bank Guarantee of US\$ 0.05 mn (previous year US\$ 0.05 mn) in favour of American Express Travel Related Services Company Inc. U.S.A. for traveller cheques stock limit.
- c. The Company has given Corporate Guarantee to Banks for securing the Bank Guarantees limits of ₹ 920.00 mn (previous year ₹ 935.00 mn) on behalf of Master Capital Services Ltd. a wholly owned subsidiary company, ₹ 490.50 mn (previous year 170.50mn) on behalf of Master Commodity Services Ltd a subsidiary company and ₹ 80.00 mn (previous year ₹ 60.00 mn) on behalf of MTL Shares & Stock Brokers Ltd. a group company.

# FINANCIAL HIGHLIGHTS

## SCHEDULES FORMING PART OF THE ACCOUNTS

(All amount in ₹)

3. The Company has received the inter-corporate loan payable on demand ₹ 121.84 mn (Previous year ₹ 149.51 mn), these corporate loan and interest accrued there on has been shown as current liability.

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.

### 5. Schedule to the Balance Sheet of Master Trust Ltd

(as required in terms of paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007)

| Particulars  | Amount Outstanding | Amount Overdue | in Mn |
|--|--------------------|----------------|-------|
| <b>Liabilities side :</b>  |                    |                |       |
| <b>(1) Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid:</b>            |                    |                |       |
| (a) Debentures : Secured   | NIL                | NIL            |       |
| : Unsecured  | NIL                | NIL            |       |
| (other than falling within the meaning of public deposits*)  |                    |                |       |
| (b) Deferred Credits   | NIL                | NIL            |       |
| (c) Term Loans   | 1.50               | NIL            |       |
| (d) Inter-corporate loans and borrowing  | 131.84             | NIL            |       |
| (e) Commercial Paper   | NIL                | NIL            |       |
| (f) Other Loans (specify nature)   |                    |                |       |
| Bank overdraft (secured against Fixed Deposits)  | 15.77              | NIL            |       |
| * Please see Note 1 below  |                    |                |       |
| <b>Assets side :</b>   |                    |                |       |
| <b>(2) Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :</b> |                    |                |       |
| (a) Secured  | NIL                |                |       |
| (b) Unsecured  | 478.83             |                |       |
| <b>(3) Break up of Leased Assets and stock on hire and other assets counting towards AFC activities</b>          |                    |                |       |
| (i) Lease assets including lease rentals under sundry debtors :  |                    |                |       |
| (a) Financial lease  | NIL                |                |       |
| (b) Operating lease  | NIL                |                |       |
| (ii) Stock on hire including hire charges under sundry debtors:  |                    |                |       |
| (a) Assets on hire   | NIL                |                |       |
| (b) Repossessed Assets   | NIL                |                |       |
| (iii) Other loans counting towards AFC activities  |                    |                |       |
| (a) Loans where assets have been repossessed   | NIL                |                |       |
| (b) Loans other than (a) above   | NIL                |                |       |
| <b>(4) Break-up of Investments :</b>   |                    |                |       |
| Current Investments :  |                    |                |       |
| 1. Quoted :  |                    |                |       |
| (i) Shares : (a) Equity  | NIL                |                |       |
| (b) Preference   | NIL                |                |       |
| (ii) Debentures and Bonds  | NIL                |                |       |
| (iii) Units of mutual funds  | NIL                |                |       |
| (iv) Government Securities   | NIL                |                |       |
| (v) Others (please specify)  | NIL                |                |       |
| 2. Unquoted :  |                    |                |       |
| (i) Shares : (a) Equity  | NIL                |                |       |
| (b) Preference   | NIL                |                |       |
| (ii) Debentures and Bonds  | NIL                |                |       |
| (iii) Units of mutual funds  | NIL                |                |       |
| (iv) Government Securities   | NIL                |                |       |
| (v) Others (please specify)  | NIL                |                |       |
| Long Term investments :  |                    |                |       |
| 1. Quoted :  |                    |                |       |
| (i) Shares : (a) Equity  | 48.60              |                |       |
| (b) Preference   | NIL                |                |       |
| (ii) Debentures and Bonds  | NIL                |                |       |
| (iii) Units of mutual funds  | 0.80               |                |       |
| (iv) Government Securities   | NIL                |                |       |
| (v) Others (please specify)  | NIL                |                |       |

|                             |        |
|-----------------------------|--------|
| 2. Unquoted :               |        |
| (i) Shares : (a) Equity     | 97.26  |
| (b) Preference              | NIL    |
| (ii) Debentures and Bonds   | 10.03  |
| (iii) Units of mutual funds | NIL    |
| (iv) Government Securities  | 0.04   |
| (v) Others (please specify) |        |
| Partnership firms           | 4.23   |
| Total                       | 160.96 |

**(5) Borrower group-wise classification of assets financed as in (2) and (3) above :**

Please see Note 2 below

| Category                        | Amount net of provisions |           | Total  |
|---------------------------------|--------------------------|-----------|--------|
|                                 | Secured                  | Unsecured |        |
| 1. Related Parties **           |                          |           |        |
| (a) Subsidiaries                | NIL                      | 3.69      | 3.69   |
| (b) Companies in the same group | NIL                      | 10.35     | 10.35  |
| (c) Other related parties       | NIL                      | NIL       | NIL    |
| 2. Other than related parties   | NIL                      | 464.79    | 464.79 |
| Total                           | NIL                      | 478.83    | 478.83 |

**(6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):**

Market Value / Break up or fair value or NAV

Book Value (Net of Provisions)

Please see note 3 below

Category

1. Related Parties \*\*

|                                 |        |        |
|---------------------------------|--------|--------|
| (a) Subsidiaries                | 643.77 | 106.23 |
| (b) Companies in the same group | NIL    | NIL    |
| (c) Other related parties       | 5.29   | 5.29   |
| 2. Other than related parties   | 58.96  | 49.44  |
| Total                           | 708.02 | 160.96 |

\*\* As per Accounting Standard of ICAI (Please see Note 3)

**(7) Other information**

Particulars Amount

(i) Gross Non-Performing Assets

|                                |      |
|--------------------------------|------|
| (a) Related parties            | NIL  |
| (b) Other than related parties | 4.04 |

(ii) Net Non-Performing Assets

|                                |     |
|--------------------------------|-----|
| (a) Related parties            | NIL |
| (b) Other than related parties | NIL |

(iii) Assets acquired in satisfaction of debt

|  |     |
|--|-----|
|  | NIL |
|--|-----|

**Notes:**

- As defined in paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- Provisioning norms shall be applicable as prescribed in Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007
- All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in (4) above.

**6. 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.  | Sh. Harjeet Singh Arora   |
| Master Infrastructure & Real Estate Developers Ltd. | Master Share & Stock Brokers Ltd.<br>MTL Share & Stock Brokers Ltd.  | Sh. R K Singhania<br>Sh. G S Chawla   |
| Master Insurance Brokers Ltd.                       | H.K Arora Real Estate Service Ltd.   | Sh. Sanjay Sood   |
| Master Commodity Services Ltd.                      | Sanawar Investments  | Sh. Pavan Chhabra   |
| Master Portfolio Services Ltd.                      | PHDA Financial Services (P) Ltd.<br>H.A. Share & Stock Brokers Ltd.<br>Saintco India (P) Ltd.<br>Singhania Properties<br>Partnership Firms | Smt. Harneesh Kaur Arora<br>Sh. Ashwani Kumar<br>Sh. Anil Kumar Bhatiya<br>Sh. Sudhir Kumar |



# FINANCIAL HIGHLIGHTS

## SCHEDULES FORMING PART OF THE ACCOUNTS

(All amount in ₹)

### Transactions with related parties

|  | Subsidiaries                      | Associates/Enterprises owned or significantly influenced by key management persons or their relatives | Key Management Personnel and their relatives | 2010-11 Rupees Total              |
|--|-----------------------------------|---|--|-----------------------------------|
| Purchases                                  | <b>156489046</b><br>(49372778)    | <b>1819854</b><br>(64808)   | –<br>–                                       | <b>158308900</b><br>(49437586)    |
| Sale                                       | <b>186262655</b><br>(47432539)    | <b>44383778</b><br>(32842810)   | <b>292568</b><br>–                           | <b>230939001</b><br>(80275349)    |
| Interest Paid                              | <b>5350905</b><br>(998220)        | <b>90905</b><br>(84827)   | –<br>–                                       | <b>5441810</b><br>(1083047)       |
| Interest Received                          | <b>243942</b><br>(1515841)        | <b>773679</b><br>(999127)   | –<br>–                                       | <b>1017621</b><br>(2514968)       |
| Loan & Advances Given                      | <b>3689427</b><br>(3697916)       | <b>10345788</b><br>(13006774)   | –<br>–                                       | <b>14035215</b><br>(16704690)     |
| Loan & Advances Taken                      | <b>34667216</b><br>(37973909)     | –<br>(34818707)   | –<br>–                                       | <b>34667216</b><br>(72792616)     |
| Remuneration                               | –<br>–                            | –<br>–  | <b>3370280</b><br>(3875205)                  | <b>3370280</b><br>(3875205)       |
| Corporate Guarantees Given                 | <b>1410500000</b><br>(1105500000) | <b>80000000</b><br>(60000000)   | –<br>–                                       | <b>1490500000</b><br>(1165500000) |
| Balance outstanding at the end of the year |                                   |   |  |                                   |
| Receivable                                 | <b>3689427</b><br>(3697916)       | <b>23045569</b><br>(14429353)   | –<br>–                                       | <b>26734996</b><br>(18127269)     |
| Payable                                    | <b>34910364</b><br>(37973909)     | <b>25167</b><br>(34980894)  | <b>45945000</b><br>–                         | <b>80880531</b><br>(72954803)     |

## 7. Segment Reporting

| (a) Information about business Segments | 2010-11   | 2009-10   |
|---|-----------|-----------|
| A) Segment Revenue                      |           |           |
| 1) Total Segment Revenue                |           |           |
| a) Forex Business                       | 6927958   | 7424069   |
| b) Interest                             | 38392062  | 22617851  |
| c) Share Trading and Others             | 13244350  | 16562368  |
| Total                                   | 58564370  | 46604288  |
| 2) Inter Segment Revenue                | -         | -         |
| 3) External Revenue (1-2)               |           |           |
| a) Forex Business                       | 6927958   | 7424069   |
| b) Interest                             | 38392062  | 22617851  |
| c) Share Trading and Others             | 13244350  | 16562368  |
| Total                                   | 58564370  | 46604288  |
| B) Results                              |           |           |
| 1) Segment Results                      |           |           |
| a) Forex Business                       | 907494    | 2056333   |
| b) Interest                             | 7950150   | 4865837   |
| c) Share Trading and Others             | 10805546  | 4406813   |
| Total                                   | 19663190  | 11328983  |
| 2) Unallocated Expenses                 | 365544    | 373918    |
| 3) Operating Profit                     | 19297646  | 10955065  |
| 4) Financial expenses                   | 165681    | 179906    |
| 5) Provision for tax                    | 2217352   | 499562    |
| 6) Net Profit                           | 16914613  | 10275597  |
| <b>Other Information</b>                |           |           |
| 1) Segment Assets                       |           |           |
| a) Forex Business                       | 16642093  | 14861826  |
| b) Interest                             | 384883404 | 336120280 |
| c) Share Trading and Others             | 325500310 | 284001184 |
| Total                                   | 727025807 | 634983290 |
| 2) Unallocated Corporate Assets         | 12318247  | 8124766   |
| 3) Deferred Tax Assets                  | 1294775   | 1262127   |
| 4) Total Assets                         | 740638829 | 644370183 |
| 5) Segment Liabilities                  |           |           |
| a) Forex Business                       | 7675513   | 3075261   |
| b) Interest                             | 204681874 | 193351438 |
| c) Share Trading and Others             | 46989518  | 88537856  |
| Total                                   | 259346905 | 284964555 |
| 6) Unallocated Liabilities              | 15791803  | 18231369  |
| 7) Total Liabilities                    | 275138708 | 303195924 |
| 8) Shareholders Fund                    | 465500121 | 341174259 |

### (b) Information about Geographical segments

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

# FINANCIAL HIGHLIGHTS

SCHEDULES FORMING PART OF THE ACCOUNTS

(All amount in ₹)

## 8. Deferred Tax Assets/Liability

|                                | 2010-11        | 2009-10        |
|--------------------------------|----------------|----------------|
| Deferred Tax Assets :          |                |                |
| • Provision for Gratuity       |                |                |
| Opening                        | 403370         | --             |
| During the Year                | 61373          | 403370         |
| Closing                        | 464743         | 403370         |
| • Provision for NPA            |                |                |
| Opening                        | 1741545        | --             |
| During the Year                | (399558)       | 1741545        |
| Closing                        | 1341987        | 1741545        |
| Deferred Tax Liability :       |                |                |
| • Depreciation                 |                |                |
| Opening                        | 882788         | 884069         |
| During the Year                | (370833)       | (1281)         |
| Closing                        | 511955         | 882788         |
| <b>Net Deferred Tax Assets</b> | <b>1294775</b> | <b>1262127</b> |

## 9. Calculation of basic and diluted earning per share

|  | 31.03.2011 | 31.03.2010 |
|--|------------|------------|
| Net Profit in Rupees   | 16914613   | 10275597   |
| Weighted average number of equity shares outstanding during the year | 6207400    | 6200400    |
| Nominal Value per share in (₹)                                       | 10         | 10         |
| Basic and diluted earning per share                                  | 2.72       | 1.66       |

10. Profit from dealing in investment/securities include profit on sale of investment of ₹ 23874584 (Previous Year ₹ 1183508).

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

|                                    | 2010-11 | 2009-10 |
|------------------------------------|---------|---------|
| • Salary                           | 2304516 | 2304516 |
| • Other allowances and perquisites | 1065764 | 1081364 |
|                                    | 3370280 | 3385880 |

12. Interest on calls in arrears on shares is accounted for on receipt basis.

13. The amount paid to auditors are as under

|                  | 2010-11 | 2009-10 |
|------------------|---------|---------|
| • Audit Fees     | 67500   | 67500   |
| • Tax Audit Fees | 7500    | 7500    |

#### 14. Capital in Partnership Firms

| Name of the Firm         | Particulars of Parties & their profit sharing                                 | 31.03.2011 | 31.03.2010 |
|--------------------------|---|------------|------------|
| Master Insurance Brokers | The Company has (90%),<br>Mr. Harjeet Singh Arora (5%) Mr. R K Singhania (5%) | 1145213    | 5513903    |
| Prime Securities         | The Company has (98%), Mrs. Palka Arora Chopra (2%)                           | 188714     | 3472561    |
| Prime Investments        | The Company has (98%), Mr. Pawan Kumar Sharma (2%)                            | 221433     | 699410     |
| Regency Investments      | The Company has (98%), Mr. Surinder Sankhyan (2%)                             | 58769      | 1043233    |
| Chandigarh Investments   | The Company has (98%), Mr. Nitin Shahi (2%)                                   | 185406     | 174637     |
| Master Investments       | The Company has (98%), Mr. Puneet Singhania (2%)                              | 271900     | 1670898    |
| Master Securities        | The Company has (96%),<br>Mr. Harjeet Singh Arora (2%)-Mr.R.K.Singhania (2%)  | 73965      | 467640     |
| Doaba Investments        | The Company has (49%), Subsidiary (49%) &<br>Mrs. Harneesh Kaur Arora (2%)    | 208120     | 205260     |
| Fidelity Investments     | The Company has (98%), Mrs. Parveen Singhania (2%)                            | 29719      | 137118     |
| Global Investments       | The Company has (98%), Mr. Kashmir Singh (2%)                                 | 99877      | 74032      |
| Ludhiana Securities      | The Company has (98%), Mr. Chirag Singhania (2%)                              | 460895     | 455671     |
| Malwa Investments        | The Company has (98%), Mr. Jashanjyot Singh (2%)                              | 43889      | 139335     |
| Mountview Investments    | The Company has (98%), Mrs. Harneesh Kaur Arora (2%)                          | 710867     | 751346     |
| Star Securities          | The Company has (98%), Mr. Yogesh Jain (2%)                                   | 121151     | 8616648    |
| Surry Investments        | The Company has (98%), Mr. Yogesh Jain (2%)                                   | 384114     | 134665     |
| Surya Investments        | The Company has (98%), Mr. Satish Kumar (2%)                                  | 28550      | 1405929    |
| Total                    |   | 4232582    | 24962286   |

#### 15. Miscellaneous expenditure have been written off to the extent of 20% p.a.

#### 16. Additional information required to be disclosed as per clause 3. 4C and 4D of Schedule VI of the Companies Act, 1956.

Particular in Respect of Opening Stock, Purchase, Sale and Closing Stock

|               | CURRENT YEAR |           | PREVIOUS YEAR |            |
|---------------|--------------|-----------|---------------|------------|
|               | Quantity     | Amount    | Quantity      | Amount     |
| Opening Stock | 131144.8973  | 2254865   | 1411542.3845  | 18058198   |
| Purchase      | 69190.9168   | 56014059* | 20445482.4358 | 283109879  |
| Sale          | 6835.0000    | 30166884  | 21725879.9230 | 303181516* |
| Closing Stock | 193500.8141  | 9515975   | 131144.8973   | 2254865    |

\*include speculative/derivative profit/loss

# FINANCIAL HIGHLIGHTS

## SCHEDULES FORMING PART OF THE ACCOUNTS

(All amount in ₹)

| Closing Stock                                   | As at 31.03.2011 |                 | As at 31.03.2010 |                |
|---|------------------|-----------------|------------------|----------------|
|   | Qty.             | Value           | Qty              | Value          |
| RPG Life Science Ltd.                           | 25               | 577             | 25               | 577            |
| Vardhman Textile Ltd                            | 400              | 19000           | 400              | 19000          |
| Sainik Finance Ltd.                             | 41684            | 127136          | 41684            | 127136         |
| R R Financial Services Ltd.                     | 23600            | 8625            | 12000            | 9000           |
| Evinix Accessories Ltd.                         | 2000             | 358             | 200              | 358            |
| Oswal Chemicals & Fert Ltd.                     | 350              | 1659            | 350              | 1659           |
| ICICI Ltd.                                      | 291              | 13153           | 291              | 13153          |
| Rolta India Ltd.                                | 250              | 12813           | 250              | 12813          |
| Rallis India Ltd.                               | 83               | 4623            | 83               | 4623           |
| ONGC  | 25               | 19492           | 25               | 19492          |
| Trident Ltd                                     | 2197             | 12962           | 2197             | 12962          |
| Punjab Alkalies                                 | 1000             | 7900            | 1000             | 7900           |
| DSP Merrill Lynch Capital Ltd.                  | 5                | 10050           | 5                | 10050          |
| Fidelity Flexi Bond Fund Retail Dividend Option | 185.8351         | 1859            | 181.5603         | 1870           |
| Idea Cellular                                   | -                | -               | 152              | 7623           |
| 1221 ING Short Term Income Fund Dividend        | 28485.4110       | 320504          | 27534.4780       | 308956         |
| PTC India Ltd                                   | 200              | 9560            | 200              | 9560           |
| Padmalya Tele                                   | 100              | 519             | 100              | 519            |
| RICOH India                                     | 1000             | 12290           | 1000             | 12290          |
| LICMF Saving Plus Fund – Daily Dividend Plan    | 2472.204         | 24741           | 2354.037         | 23540          |
| Kotak 30 equity Scheme Growth                   | 16994.0400       | 1251983         | 16994.04         | 941657         |
| Power Finance Corporation                       | -                | -               | 219              | 18615          |
| Redinton (India) Ltd.                           | -                | -               | 60               | 6546           |
| Shyam Tele                                      | 10000            | 456500          | 10000            | 456500         |
| LIC MF Liquid Fund Daily Dividend Plan          | 5603.3240        | 61486           | 5339.7820        | 58592          |
| NOCIL   | 8000             | 92240           | 8000             | 92240          |
| South Indian Bank                               | 2500             | 57125           | 500              | 77634          |
| Ankur Drugs & Pharma Ltd.                       | 2500             | 130250          | -                | -              |
| Bombay Dyeing & Mfg. Co. Ltd.                   | 500              | 183375          | -                | -              |
| Bhart Heavy Electricals Ltd.                    | 250              | 515663          | -                | -              |
| Everest Industries Ltd.                         | 2500             | 364375          | -                | -              |
| IFCI Ltd.                                       | 5000             | 260400          | -                | -              |
| Indian Oil Corp. Ltd.                           | 1000             | 332850          | -                | -              |
| LG Balakrishnan & Bros. Ltd.                    | 2000             | 515000          | -                | -              |
| Maruti Suzuki India Ltd.                        | 500              | 631075          | -                | -              |
| MPHASIS Ltd.                                    | 1250             | 519062          | -                | -              |
| Rural Electrification Corporation Ltd.          | 2500             | 634250          | -                | -              |
| Reliance Power Ltd.                             | 1300             | 169520          | -                | -              |
| Sabero Organic Gujarat Ltd.                     | 7500             | 361875          | -                | -              |
| Selan Exploration. Technology Ltd.              | 2750             | 916575          | -                | -              |
| Sterlite Industries (INDIA) Ltd.                | 2000             | 342750          | -                | -              |
| Tata Global Beverages Ltd                       | 5000             | 488750          | -                | -              |
| Timex Group India Ltd.                          | 8000             | 252400          | -                | -              |
| Transformers & Rectifiers India Ltd             | 1500             | 370650          | -                | -              |
| Land  |                  | 45043390        | -                | -              |
| Foreign Currency                                |                  | 4496524         | -                | 7358317        |
| <b>Total</b>                                    |                  | <b>59055889</b> |                  | <b>9613182</b> |

## SCHEDULES FORMING PART OF THE ACCOUNTS

17. Disclosures, relating to amounts unpaid as at the year end together with interest required under the Micro, Small and Medium Enterprises Development Act, 2006 have been given to the extent company has received intimation from "Suppliers" regarding their status under the said Act.
18. The Company's domestic subsidiary Master Capital Services Limited has declared dividend of ₹ 6.12 mn (Previous Year ₹ 6.12 mn) is receivable by the Company in respect of which dividend distribution tax would be paid by the subsidiary. In terms of provision of sub section 1A of section 115 O of the Income Tax Act, 1961 dividend distribution tax is payable by the company on the amount being excess of dividend proposed by the company over the dividend receivable by the company from its subsidiary. During the year the company has transferred its Capital Assets i.e. Land amounting to ₹ 17.37mn, 200 Deep Discount Bond of Master Capital Services Ltd amounting to ₹ 2.00mn and 87136 Equity Shares of SML Isuzu Ltd. amounting to ₹ 19.70mn to Master Infrastructure and Real Estate Developers Ltd, a wholly owned subsidiary, at Book Value.
19. The Company has incurred **foreign exchange out go is ₹ 0.06 mn** (Previous Year ₹ nil) 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  
Firm Registration No. FRN 011831N

For & on behalf of the Board

Sd/-  
(Manjeet Singh)  
Prop  
Membership No. 088759

Sd/-  
(Kashmir Singh)  
Manager Accounts

Sd/-  
(Honey Ahuja)  
Company Secretary

Sd/-  
(R.K. Singhania)  
Director

Sd/-  
(Harjeet Singh Arora)  
Managing Director

Place: Ludhiana  
Date : 13.08.2011

# FINANCIAL HIGHLIGHTS

## BALANCE SHEET ABSTRACT

### BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

AS PER PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956

#### I. Registration Details

|                    |                 |            |     |
|--------------------|-----------------|------------|-----|
| Registration No.   | 6 4 1 4         | State Code | 1 6 |
| Balance Sheet Date | 3 1 0 3 2 0 1 1 |            |     |

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

|              |       |                   |         |
|--------------|-------|-------------------|---------|
| Public Issue | N I L | Right Issue       | N I L   |
| Bonus Issue  | N I L | Private Placement | 6 4 0 0 |

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

|                   |             |              |             |
|-------------------|-------------|--------------|-------------|
| Total Liabilities | 7 4 0 6 3 9 | Total Assets | 7 4 0 6 3 9 |
|-------------------|-------------|--------------|-------------|

#### Sources of Funds

|                                  |           |                        |             |
|----------------------------------|-----------|------------------------|-------------|
| Paid up Capital                  | 6 7 8 4 4 | Reserves & Surplus     | 3 2 7 3 6 1 |
| Fully Convertible Warrants Money | 7 0 2 9 5 | Secured Loans          | 1 7 2 6 9   |
| Unsecured Loans                  | 1 0 0 0 0 | Deferred Tax Liability | N I L       |

#### Application of Funds

|                    |             |                    |             |
|--------------------|-------------|--------------------|-------------|
| Net Fixed Assets   | 6 4 2 9     | Investments        | 1 6 0 9 6 2 |
| Net Current Assets | 3 2 4 0 3 3 | Misce. Expenditure | 5 0         |
| Accumulated Losses | N I L       | Deferred Assets    | 1 2 9 5     |

#### IV. Performance of Company (Amount Rs. in Thousands)

|                   |           |                   |           |
|-------------------|-----------|-------------------|-----------|
| Gross Receipts    | 5 8 5 6 4 | Total Expenditure | 3 9 4 3 2 |
| Profit Before Tax | 1 9 1 3 2 | Profit After Tax  | 1 6 9 1 5 |
| Earning Per Share | 2 . 7 2   | Dividend Rate %   | 1 0       |

#### 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, 2011**

|  | 31.03.2011 | 31.03.2010 | (in Mn) |
|--|------------|------------|---------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                  |            |            |         |
| Net Profit before tax and extraordinary items                  | 19.13      | 10.78      |         |
| Adjustment for   |            |            |         |
| Depreciation   | 0.52       | 0.53       |         |
| Miscellaneous Expenditure                                      | 0.05       | 0.05       |         |
| Profit on sale of fixed assets                                 | 0.00       | (0.10)     |         |
| Provision for NPA  | (1.08)     | 2.67       |         |
| Operating profit before Working Capital Changes                | 18.61      | 13.93      |         |
| Adjustment for   |            |            |         |
| Trade and other Receivables                                    | 2.70       | 4.91       |         |
| Inventories  | (49.44)    | 20.29      |         |
| Trade Payable  | (10.50)    | (70.80)    |         |
| Loans and advances   | (98.57)    | 79.47      |         |
| Cash (used)/generated from operations                          | (137.20)   | 47.80      |         |
| Direct Tax Paid  | (1.74)     | (1.50)     |         |
| Cash flow before Extra ordinary items                          | (138.94)   | 46.30      |         |
| Extra ordinary items   | 0          | 0          |         |
| Net Cash from/(used) in Operating Activities                   | (138.94)   | 46.30      |         |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>                  |            |            |         |
| Purchase of fixed assets                                       | (5.42)     | (2.67)     |         |
| Sale of fixed assets   | 20.37      | 5.07       |         |
| Purchase of investments  | (63.97)    | (66.08)    |         |
| Sale of Investments  | 79.95      | 13.57      |         |
| Net Cash from/(used) in Investing Activities                   | 30.93      | (50.11)    |         |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>                  |            |            |         |
| Proceeds from issue of Share Capital                           | 43.52      | 0          |         |
| Proceeds from issue of convertible warrants                    | 70.30      | 0          |         |
| Dividend paid  | (5.92)     | 0          |         |
| Proceeds from long term borrowing (Bridge Loan)                | (17.47)    | 26.65      |         |
| Net Cash from financing Activities                             | 90.42      | 26.65      |         |
| Net (Decrease) / Increase in Cash and Cash Equivalents (A+B+C) | (17.58)    | 22.84      |         |
| Cash and Cash Equivalents as at 01.04.2010 (Opening Balance)   | 50.58      | 27.74      |         |
| Cash and Cash Equivalents as at 31.03.2011 (Closing Balance)   | 33.00      | 50.58      |         |

NOTE : Figures in Brackets represent deductions and outflows

For Manjeet Singh & Co.

Chartered Accountants

Firm Registration No. FRN 011831N

For & on behalf of the Board

Sd/-  
(Manjeet Singh)  
Prop  
Membership No. 088759

Sd/-  
(Kashmir Singh)  
Manager Accounts

Sd/-  
(Honey Ahuja)  
Company Secretary

Sd/-  
(R.K. Singhania)  
Director

Sd/-  
(Harjeet Singh Arora)  
Managing Director

Place: Ludhiana  
Date : 13.08.2011



# FINANCIAL HIGHLIGHTS

(All amount in ₹)

The details of subsidiaries in terms of General circular No. 2/2011 dated 8th February, 2011 issued by Government of India, Ministry of Corporate Affairs under section 212(8) of the Companies Act 1956, is as under

(₹ In Lacs)

| Name of the Subsidiary                                       | Paid up Capital | Reserves | Total assets | Total Liabilities (a) | Investments                    | Turnover | Profit before tax | Provision for taxation | Profit/(Loss) after tax | Dividend Proposed /paid |
|--|-----------------|----------|--------------|-----------------------|--------------------------------|----------|-------------------|------------------------|-------------------------|-------------------------|
| <b>Master Capital Service Ltd.</b>                           | 510.00          | 5465.74  | 22657.44     | 16681.70              | M. Fund 1500.<br>Shares 984.61 | 6804.43  | 1270.34           | 173.00                 | 1097.34                 | 61.20                   |
| <b>Master Insurance Brokers Ltd.</b>                         | 50.00           | 11.71    | 70.65        | 8.94                  | Nil                            | 22.11    | 2.37              | 0.73                   | 1.64                    | Nil                     |
| <b>Master Infrastructure and Real Estate Developers Ltd.</b> | 13.00           | 408.95   | 1174.15      | 752.20                | Shares 303.24<br>Others 241.86 | 4.66     | 0.05              | 2.12                   | (2.07)                  | Nil                     |
| <b>Master Commodity Services Ltd.</b>                        | 55.00           | 865.34   | 8237.10      | 7316.76               | M. Fund 1000.<br>Shares 18.55  | 1293.86  | 157.40            | 56.54                  | 100.86                  | Nil                     |
| <b>Master Portfolio Services Ltd.</b>                        | 81.00           | 123.66   | 207.74       | 3.08                  | Nil                            | 40.90    | 2.14              | 1.08                   | 1.06                    | Nil                     |

Notes:

- Total liabilities excludes paid up capital and reserves & surplus.

# FINANCIAL HIGHLIGHTS

## AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To  
The Board of Directors  
Master Trust Ltd.

1. We have examined the attached Consolidated Balance Sheet of Master Trust Limited (The Company) and its subsidiaries as at 31.03.2011 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, 2011;
  - 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  
Firm Registration No. FRN 011831N

Place: Ludhiana  
Date : 13.08.2011

Sd/-  
(Manjeet Singh)  
Prop  
Membership No. 088759

# FINANCIAL HIGHLIGHTS

(All amount in ₹)

## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

| PARTICULARS                                     | SCHEDULE | AS AT<br>31.03.2011 | AS AT<br>31.03.2010 |
|---|----------|---------------------|---------------------|
| <b>SOURCES OF FUNDS</b>                         |          |                     |                     |
| <b>SHAREHOLDERS' FUNDS</b>                      |          |                     |                     |
| Share Capital                                   | A        | 67843750            | 61443750            |
| Reserves & Surplus                              | B        | 908062157           | 752765010           |
| Fully Convertible Warrants                      |          | 70295000            | -                   |
|   |          | 1046200907          | 814208760           |
| <b>MINORITY INTEREST</b>                        | <b>C</b> | <b>620071</b>       | <b>403705</b>       |
| <b>LOAN FUNDS</b>                               |          |                     |                     |
| Secured Loans                                   | D        | 437533894           | 40848361            |
| Unsecured Loans                                 | E        | 266363522           | 222701601           |
|   |          | 703897416           | 263549962           |
| Deferred Tax Liabilities (Net)                  |          | 9148072             | 4334791             |
| <b>Total</b>                                    |          | <b>1759866466</b>   | <b>1082497218</b>   |
| <b>APPLICATION OF FUNDS</b>                     |          |                     |                     |
| <b>FIXED ASSETS</b>                             |          |                     |                     |
|   | <b>F</b> |                     |                     |
| Gross Block                                     |          | 185879341           | 178020914           |
| Less Depreciation                               |          | 77631732            | 60960120            |
| Net Block                                       |          | 108247609           | 117060794           |
| <b>INVESTMENTS</b>                              | <b>G</b> | <b>370754542</b>    | <b>130806348</b>    |
| <b>CURRENT ASSETS, LOANS AND ADVANCES</b>       |          |                     |                     |
|   | <b>H</b> |                     |                     |
| a) Closing Stock                                |          | 281883295           | 11502356            |
| b) Sundry Debtors                               |          | 891844574           | 646861606           |
| c) Cash & Bank Balances                         |          | 1381547914          | 1012483005          |
| d) Loans & Advances                             |          | 670551142           | 531791145           |
|   |          | 3225826925          | 2202638112          |
| <b>LESS: CURRENT LIABILITIES AND PROVISIONS</b> |          |                     |                     |
|   | <b>I</b> |                     |                     |
| a) Current Liabilities                          |          | 1908323333          | 1339690523          |
| b) Provisions                                   |          | 36737667            | 28437077            |
|   |          | 1945061000          | 1368127600          |
| <b>NET CURRENT ASSETS</b>                       |          | <b>1280765925</b>   | <b>834510512</b>    |
| <b>MISCELLANEOUS EXPENDITURES</b>               | <b>J</b> | <b>98390</b>        | <b>119564</b>       |
| <b>Total</b>                                    |          | <b>1759866466</b>   | <b>1082497218</b>   |

Significant Accounting Policies & Notes to Accounts O  
Schedules referred to above form an integral part of the Balance Sheet

As per our report of even date.  
For Manjeet Singh & Co.  
Firm Registration No. FRN 011831N

For & on behalf of the Board

Sd/-  
(Manjeet Singh)  
Prop  
Membership No. 088759

Sd/-  
(Kashmir Singh)  
Manager Accounts

Sd/-  
(Honey Ahuja)  
Company Secretary

Sd/-  
(R.K. Singhania)  
Director

Sd/-  
(Harjeet Singh Arora)  
Managing Director

Place: Ludhiana  
Date : 13.08.2011

**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**

| PARTICULARS                                      | SCHEDULE | FOR THE YEAR<br>2010-11 | FOR THE YEAR<br>2009-10 |
|--|----------|-------------------------|-------------------------|
| <b>INCOME</b>                                    |          |                         |                         |
| Operative & Other Incomes                        | K        | 869039809               | 750829366               |
| <b>EXPENDITURE</b>                               |          |                         |                         |
| Personnel Expenses                               | L        | 94818178                | 68919535                |
| Administrative & Other Expenses                  | M        | 519183281               | 458756194               |
| Financial Expenses                               | N        | 81909099                | 65330689                |
| Preliminary Expenses                             | J        | 71324                   | 62122                   |
| Depreciation                                     | F        | 16847661                | 14384176                |
| Total  |          | 712829543               | 607452716               |
| <b>Profit before Tax &amp; minority interest</b> |          | 156210266               | 143376650               |
| Provision for Tax                                |          |                         |                         |
| - Current Year                                   |          | 25397300                | 15948500                |
| - Deferred                                       |          | -42189                  | -5483565                |
| - Wealth Tax                                     |          | 210000                  | 200000                  |
| <b>Profit after Tax before minority interest</b> |          | 130645155               | 132711715               |
| - Minority Interest                              |          | 16366                   | -474                    |
| <b>Profit after tax and minority interest</b>    |          | 130628789               | 132712189               |
| Balance brought forward from previous year       |          | 517178681               | 393845623               |
| Excess Provision of previous years               |          | -245806                 | 346514                  |
| <b>Profit available for Appropriation</b>        |          | 647561664               | 526904326               |
| <b>APPROPRIATION</b>                             |          |                         |                         |
| Provision for Deferred Tax of Earliers years     |          | 4855470                 | -2330480                |
| Transfer to General Reserve                      |          | 2742563                 | 2836126                 |
| Transfer to Statutory Reserve                    |          | 3382923                 | 2055119                 |
| Provision for Dividend                           |          | 6097550                 | 6144375                 |
| Provision for DDT                                |          | 992817                  | 1020505                 |
| <b>Balance carried over to Balance Sheet</b>     |          | 629490341               | 517178681               |
| Total  |          | 647561664               | 526904326               |

Earnings per share (₹)

Basic Earnings per share (Face value of share ₹ 10/- each)

21.05

21.40

Diluted Earnings per share (Face value of share ₹ 10/- each)

21.05

21.40

Significant Accounting Policies & Notes to Accounts

O

Schedules referred to above form an integral part of the Profit & Loss Account

As per our report of even date.

For Manjeet Singh & Co.

For & on behalf of the Board

Chartered Accountants

Firm Registration No. FRN 011831N

Sd/-  
(Manjeet Singh)  
Prop  
Membership No. 088759

Sd/-  
(Kashmir Singh)  
Manager Accounts

Sd/-  
(Honey Ahuja)  
Company Secretary

Sd/-  
(R.K. Singhania)  
Director

Sd/-  
(Harjeet Singh Arora)  
Managing Director

Place: Ludhiana

Date : 13.08.2011

# FINANCIAL HIGHLIGHTS

CONSOLIDATED SCHEDULES FORMING PART OF THE BALANCE SHEET

(All amount in ₹)

| PARTICULARS   | AS AT 31.03.2011 |                  | AS AT 31.03.2010 |                  |
|---|------------------|------------------|------------------|------------------|
|   |                  |                  |                  |                  |
| <b>SCHEDULE 'A'</b>   |                  |                  |                  |                  |
| <b>Share Capital - Authorised</b>                             |                  |                  |                  |                  |
| 11000000 Equity Shares of ₹ 10/- each                         |                  | 110000000        |                  | 110000000        |
| <b>Issued, Subscribed &amp; Paid Up</b>                       |                  |                  |                  |                  |
| 6840400 (6200400) Equity Shares of ₹ 10/- each                |                  | 68404000         |                  | 62004000         |
| Less : Calls in Arrear (Other than Directors)                 |                  | 560250           |                  | 560250           |
| <b>Total</b>  |                  | <b>67843750</b>  |                  | <b>61443750</b>  |
| <b>SCHEDULE 'B'</b>   |                  |                  |                  |                  |
| <b>General Reserves</b>                                       |                  |                  |                  |                  |
| Opening Balance   | 12836319         |                  | 10000193         |                  |
| Add: During the year  | 2742564          | 15578883         | 2836126          | 12836319         |
| <b>Capital Reserves</b>                                       |                  | 49127609         |                  | 49387609         |
| <b>Statutory Reserve (under sec.45 IC of RBI Act, 1934)</b>   |                  |                  |                  |                  |
| Opening Balance   | 2055119          |                  | 0                |                  |
| Add: During the year  | 3382923          | 5438042          | 2055119          | 2055119          |
| <b>Securities Premium Account</b>                             | 210668282        |                  | 173548282        |                  |
| Less : Calls in arrears                                       | 2241000          | 208427282        | 2241000          | 171307282        |
| <b>Balance in Profit &amp; Loss Account</b>                   |                  | 629490341        |                  | 517178681        |
| <b>Total</b>  |                  | <b>908062157</b> |                  | <b>752765010</b> |
| <b>SCHEDULE 'C'</b>   |                  |                  |                  |                  |
| <b>Minority Interest</b>                                      |                  |                  |                  |                  |
| Share Capital   |                  | 500700           |                  | 300700           |
| Share of accumulated profit up to previous year               |                  | 103005           |                  | 103479           |
| Profit/(loss) for the year transferred from Profit & Loss A/c |                  | 16366            |                  | -474             |
| <b>Total</b>  |                  | <b>620071</b>    |                  | <b>403705</b>    |
| <b>SCHEDULE 'D'</b>   |                  |                  |                  |                  |
| <b>Secured Loans</b>  |                  |                  |                  |                  |
| Term Loans (Secured against hypothecation of Cars)            |                  | 4246607          |                  | 4252211          |
| Overdraft Facility (Secured against Fixed Deposits)           |                  | 433287287        |                  | 36596150         |
| <b>Total</b>  |                  | <b>437533894</b> |                  | <b>40848361</b>  |
| <b>SCHEDULE 'E'</b>   |                  |                  |                  |                  |
| <b>Unsecured Loans</b>  |                  |                  |                  |                  |
| Deep Discount Bonds   |                  | 26280000         |                  | 26220000         |
| From Body Corporate   |                  | 10000000         |                  | 10000000         |
| Interest Accrued but not due                                  |                  | 230083522        |                  | 186481601        |
| <b>Total</b>  |                  | <b>266363522</b> |                  | <b>222701601</b> |

## SCHEDULE 'F' FIXED ASSETS

| Particulars                     | Gross Block      |                          |                                 |                  | Depreciation     |                              |              |                  | Net Block        |                  |
|---------------------------------|------------------|--------------------------|---------------------------------|------------------|------------------|------------------------------|--------------|------------------|------------------|------------------|
|                                 | As at 01.04.2010 | Addition During the year | Sale/ discharge during the year | As at 31.03.2011 | As at 01.04.2010 | Written back during the year | For the year | As at 31.03.2011 | As at 31.03.2011 | As at 31.03.2010 |
| <b>Land</b>                     | 17170958         | 2846340                  | 20017298                        | 0                | 0                | 0                            | 0            | 0                | 0                | 17170958         |
| <b>Building</b>                 | 33694509         | 844200                   | 350000                          | 34188709         | 892275           | 0                            | 554222       | 1446497          | 32742212         | 32802234         |
| <b>Furniture &amp; Fixtures</b> | 12454848         | 3544652                  | 0                               | 15999500         | 3769880          | 0                            | 837956       | 4607836          | 11391664         | 8684968          |
| <b>Office Equipments</b>        | 14511983         | 4916602                  | 0                               | 19428585         | 3355408          | 0                            | 829314       | 4184722          | 15243863         | 11156575         |
| <b>Computer and V-sat</b>       | 88483505         | 12097369                 | 205500                          | 100375374        | 49314131         | 176049                       | 13663482     | 62801564         | 37573810         | 39169374         |
| <b>Vehicles</b>                 | 11705111         | 3507585                  | 0                               | 15212696         | 3628426          | 0                            | 962687       | 4591113          | 10621583         | 8076685          |
| <b>Capital Work in Progress</b> | 0                | 674477                   | 0                               | 674477           | 0                | 0                            | 0            | 0                | 674477           | 0                |
| <b>Total</b>                    | 178020914        | 28431225                 | 20572798                        | 185879341        | 60960120         | 176049                       | 16847661     | 77631732         | 108247609        | 117060794        |
| <b>Previous Year</b>            | 137040221        | 47617949                 | 6637256                         | 178020914        | 47519208         | 943263                       | 14384175     | 60960120         | 117060794        |                  |

| PARTICULARS   | AS AT 31.03.2011 |          | AS AT 31.03.2010 |          |
|---|------------------|----------|------------------|----------|
| <b>SCHEDULE 'G'</b>   |                  |          |                  |          |
| <b>Long Term Investments (at Cost)</b>  |                  |          |                  |          |
| <b>A. Quoted</b>  |                  |          |                  |          |
| Fully paid up equity shares of ₹10/- each   |                  |          |                  |          |
| 1468 of Trident Ltd.  | 14680            |          | 14680            |          |
| 1997800 (2116600) of Prime Industries Ltd.  | 26322520         |          | 28662295         |          |
| 5000 of R.R.B. Securities Ltd.  | 500000           |          | 500000           |          |
| 625000 (128000) of Vardhman Polytex Ltd.  | 24706250         |          | 3794880          |          |
| 70000 of Nahar Industrial Enterprises Ltd   | 1855000          |          | 1855000          |          |
| 87136 of SML Isuzu Ltd.   | 19696748         |          | 19696748         |          |
| 8250 of Raguvanshi Mills Ltd  | 90750            |          | 90750            |          |
| 125 (394) of Varun Shipping Ltd   | 2250             |          | 7092             |          |
| -(53) of Tata Steel Ltd   | 0                |          | 15900            |          |
| 1392(-) of MOIL   | 522000           |          | 0                |          |
| 500(-) of ICICI Bank Ltd  | 454206           |          | 0                |          |
| 11030 (-) of Coal India Ltd   | 2665747          |          | 0                |          |
| 2500(-) of Apar Industries Ltd.   | 613336           |          | 0                |          |
| 750(-) of TRF Ltd.  | 516324           |          | 0                |          |
| 1781(-) of Power Grid Corporation of India Ltd  | 152275           |          | 0                |          |
| 7500(-) of Development Credit Bank Ltd  | 430405           |          | 0                |          |
| 4200(-) of Karnataka Bank Ltd   | 610860           |          | 0                |          |
| 250(-) of State Bank of India   | 653870           |          | 0                |          |
| 1000(-) of Venky's India Ltd  | 547088           |          | 0                |          |
| - (325) GTL Infrastructure  | 0                |          | 3250             |          |
| 200000 of Prabhav Industries Ltd  | 7000000          |          | 7000000          |          |
| 250000(-) of LN Polyester   | 5500000          |          | 0                |          |
| <b>Fully paid up equity shares of ₹ 5/- each</b>  |                  |          |                  |          |
| - (450000) of Nahar Capital & Financial Services Ltd                                    | 0                |          | 32152500         |          |
| 3000(-) of Wockhardt Ltd  | 1020349          |          | 0                |          |
| <b>Fully paid up equity shares of ₹ 2/- each</b>  |                  |          |                  |          |
| 250 (-) of HDFC Bank Ltd  | 512190           |          | 0                |          |
|   | 94386848         |          | 93793095         |          |
| Less : Provision for diminution in value  | 495000           | 93891848 | 495000           | 93298095 |
| <b>B. Unquoted</b>  |                  |          |                  |          |
| - (4970000) Fully Convertible Warrants of Vardhman Polytax Limited                      | 0                |          | 6176563          |          |
| - (400000) Fully paid up equity shares of ₹10/- each of Shivalik Securities Ltd.        | 0                |          | 1400000          |          |
| 4 (-) Fully paid up equity shares of ₹10/- each of Master Projects Private Ltd.         | 1057500          |          | 0                |          |
| 100 Fully paid up equity shares of ₹1/- each of Ludhiana Stock Exchange Association Ltd | 100              |          | 100              |          |
| - (261) Fully paid up preference share of ₹100/- each of Tata Steel Ltd.                | 0                |          | 26100            |          |
|   |                  | 1057600  |                  | 7602763  |

# FINANCIAL HIGHLIGHTS

## CONSOLIDATED SCHEDULES FORMING PART OF THE BALANCE SHEET

(All amount in ₹)

| PARTICULARS   | AS AT 31.03.2011 | AS AT 31.03.2010 |
|---|------------------|------------------|
| <b>C. Government Securities</b>   |                  |                  |
| 6.75% 2006 Govt. Securities   | 17674            | 17674            |
| 6.75% 2007 Govt. Securities   | 23123            | 23123            |
|   | 40797            | 40797            |
| <b>D. Mututal Funds</b>   |                  |                  |
| - (48899.75) Fidelity International Opportunity Fund                              | 0                | 500000           |
| - (30000.00) Sundram BNP Energy Opportunity Fund                                  | 0                | 300000           |
| - (11907.24) Fidelity Equity Fund Growth  | 0                | 318888           |
| 7306.54 (11319.44) DSP BlackRock Top 100 Regular Plan Growth                      | 604499           | 936503           |
| - (4531.84) HDFC Top 200 Fund Growth  | 0                | 743191           |
| - (48899.75) Fidelity India Special Situation Fund Growth                         | 0                | 500000           |
| 20000 UTI Wealth Builder Fund Growth  | 200000           | 200000           |
| - (39274.646) Franklin India Flexi Cap  | 0                | 750000           |
| - (2780.42) Sundram BNP Midcap Appreciation Fund                                  | 0                | 322236           |
| 500000 (-) Kotak Flexi Maturity Plan 38   | 50000000         | 0                |
| 500000 (-) Reliance Fixed Maturity Plan   | 50000000         | 0                |
| 1000000 (-) Reliance Fixed Horizen Fund   | 100000000        | 0                |
| 500000 (-) Tata FMP Series 31   | 50000000         | 0                |
| - (617.97) ICICI Prudential Infrastructure Fund Div.                              | 0                | 16803            |
|   | 250804499        | 4587621          |
| Land  | 20386038         | 0                |
| Capital in Partnership Firms (As per note No.9)                                   | 4573760          | 25277072         |
| <b>Total</b>  | <b>370754542</b> | <b>130806348</b> |
| Note:Market value of quoted shares is ₹ 1222.45 Lacs(Previous year ₹ 714.74 Lacs) |                  |                  |
| <b>SCHEDULE 'H'</b>   |                  |                  |
| <b>Current Assets, Loans &amp; Advances</b>                                       |                  |                  |
| <b>A) Current Assets</b>  |                  |                  |
| a) Closing Stock (Cost or market price whichever is less)                         | 281883295        | 11502356         |
| b) Sundry Debtors (Unsecured Considered good)                                     |                  |                  |
| Over six months old   | 26607749         | 51437514         |
| Others  | 865236825        | 595424092        |
|   | 891844574        | 646861606        |
| c) Cash & Bank Balances   |                  |                  |
| i) Cash in hand   | 3179998          | 3120613          |
| ii) With Schedule Banks in  |                  |                  |
| - Current Account   | 116464634        | 207540382        |
| - Dividend Account  | 224775           | 0                |
| - Fixed Deposit pledged against Bank Guarantee & overdraft facility               | 1261678507       | 801822010        |
|   | 1381547914       | 1012483005       |

| PARTICULARS  | AS AT 31.03.2011 | AS AT 31.03.2010 |
|--|------------------|------------------|
| <b>B) LOANS AND ADVANCES</b>   |                  |                  |
| Advances recoverable in cash or in kind or for value to be received          | 617632013        | 486279815        |
| Security   | 617367           | 281242           |
| Share Application Money  | 1172375          | 1149932          |
| Advance Income Tax/T.D.S.  | 51129387         | 44080156         |
| Total  | 670551142        | 531791145        |
|  | 3225826925       | 2202638112       |
| <b>SCHEDULE 'I'</b>  |                  |                  |
| <b>CURRENT LIABILITIES AND PROVISIONS</b>                                    |                  |                  |
| <b>A) CURRENT LIABILITIES</b>  |                  |                  |
| Sundry Creditors   | 1510841451       | 792526631        |
| Cheques Issued (Net)   | 153276665        | 211235725        |
| Unpaid Dividend  | 224775           |                  |
| Other Liabilities  | 243980442        | 335928167        |
|  | 1908323333       | 1339690523       |
| <b>B) PROVISIONS</b>   |                  |                  |
| Provision for Non-Performing Assets  | 4040000          | 5123697          |
| Provision for Taxation   | 25397300         | 15948500         |
| Provision for DDT  | 992817           | 1020505          |
| Provision for Dividend   | 6097550          | 6144375          |
| Provision for Wealth Tax   | 210000           | 200000           |
| Total  | 36737667         | 28437077         |
|  | 1945061000       | 1368127600       |
| <b>SCHEDULE 'J'</b>  |                  |                  |
| <b>MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)</b> |                  |                  |
| a) Preliminary expenses  | 169714           | 181686           |
| less: written off  | 71324            | 62122            |
|  | 98390            | 119564           |



# FINANCIAL HIGHLIGHTS

## CONSOLIDATED SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

(All amount in ₹)

| PARTICULARS   | AS AT<br>31.03.2011 | AS AT<br>31.03.2010 |
|---|---------------------|---------------------|
| <b>SCHEDULE 'K'</b>   |                     |                     |
| <b>Operating &amp; Other Income</b>   |                     |                     |
| Income from Forex Business  | 6927958             | 7424069             |
| Interest  | 145318415           | 100878254           |
| Income from Brokerage, Sale/purchase of Investments   | 563651348           | 451130324           |
| Shares & Securities and Commodities Trading   |                     |                     |
| Dividend  | 56680354            | 112886265           |
| Profit from Partnership Firm  | 866562              | 821536              |
| Other Income  | 95595172            | 77688918            |
| <b>Total</b>  | <b>869039809</b>    | <b>750829366</b>    |
| <b>SCHEDULE 'L'</b>   |                     |                     |
| <b>Personnel Expenses</b>   |                     |                     |
| Salaries and other Allowances<br>(Includes P.F. ₹ 290844/- Previous Year<br>₹ 258810/- Gratuity ₹ 1151388/-<br>Previous Year ₹ 1529955/-) | 84385658            | 60771006            |
| Directors Remuneration  | 6870520             | 5721693             |
| Staff Welfare Expenses  | 3562000             | 2426836             |
| <b>Total</b>  | <b>94818178</b>     | <b>68919535</b>     |
| <b>SCHEDULE 'M'</b>   |                     |                     |
| <b>Administrative &amp; Other Expenses</b>  |                     |                     |
| Printing & Stationery   | 5997983             | 3276666             |
| Postage, Telegram & Telephone   | 15028141            | 13107908            |
| Rent  | 13845321            | 12642637            |
| Fees & Taxes  | 2716384             | 3414774             |
| Legal & Professional Charges  | 15146715            | 12063002            |
| Travelling & Conveyance   | 5854929             | 4485483             |
| Directors Travelling  | 229606              | 280250              |
| Office Maintenance  | 13649163            | 13312195            |
| Audit Fee   | 260000              | 197500              |
| Tax Audit Fee   | 45000               | 32500               |
| Advertisement Expenses  | 568681              | 28355               |
| Sub Brokerage   | 203426831           | 197515373           |
| General Expenses  | 66290935            | 57764585            |
| Turnover charges  | 99643140            | 58988721            |
| Demat Charges   | 5271265             | 2624052             |
| Cutodian Charges  | 3554689             | 3122402             |
| VSAT/Leasline Charges   | 8223077             | 4514791             |
| Membership Fee  | 150000              | 125000              |
| Provision for Bad Debts   | 0                   | 15000000            |
| Bad debts Written off   | 60392576            | 53526870            |
| Provision for Non-Performing Assets   | -1083697            | 2664383             |
| Profit/Loss on sale of Fixed Assets   | -27458              | 68747               |
| <b>Total</b>  | <b>519183281</b>    | <b>458756194</b>    |
| <b>SCHEDULE 'N'</b>   |                     |                     |
| <b>Financial Expenses</b>   |                     |                     |
| Interest on Overdraft   | 11648619            | 2439005             |
| Interest Others   | 60753052            | 56453247            |
| Bank Charges  | 9507428             | 6438437             |
| <b>Total</b>  | <b>81909099</b>     | <b>65330689</b>     |

## SCHEDULE '0'

### ACCOUNTING POLICIES & NOTES TO ACCOUNTS

#### A. 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, 2011 and its following subsidiaries:

| Subsidiaries  | Accounting Year Ended Date | Proportion of Ownerships Interest as at 31.03.2011 |
|---|----------------------------|--|
| Master Capital Services Ltd.                          | 31st March, 2011           | 100 %  |
| Master Infrastructure and Real Estate Developers Ltd. | 31st March, 2011           | 100 %  |
| Master Commodity Services Ltd.                        | 31st March, 2011           | 100%   |
| Master Insurance Brokers Ltd.                         | 31st March, 2011           | 90%  |
| Master Portfolio Services Ltd.                        | 31st March, 2011           | 100%   |

All the subsidiaries are incorporated in India.

- 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.
- v) The parent's portion of the proposed dividend amounting to ₹ 6.12 mn (previous year ₹ 6.12mn) has been reduced from the dividend proposed by subsidiary company, as a result of which the profit carried to the consolidated balance sheet stand increased to that extent.

#### B. 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 provision 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 investment 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 recognize profit or loss on that basis. Interest income is recognized on the time proportionate basis starting from the date of disbursement of loan. In case of Non Performing Assets, interest income is recognized on receipt basis, as per NBFC Prudential norms.
- b) Misc. expenditure have been written off to the extent of 20% per annum.
- c) 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.
- d) Profit on sale of securities comprises net of opening stock, purchase sale, closing stock and trading thereof.

## 6. Employee Benefits:

- a) Under the Provident Fund plan, the Company contributes to a government administered provident fund on behalf of its employees and has no further obligation beyond making it contribution.
- b) The Company makes contribution to state plans namely Employee's state insurance fund 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 policy.
- d) The company has provided the provision for the gratuity and charged to revenue.

## 7. Impairment of Assets :

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

## 8. 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.

## 9. 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.

## 10. Prudential Norms :

For identifying Non Performing Assets (NPA) relating to financing activities, the Company follows Non-Banking Financial (Non Deposit Accepting Or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

## C. NOTES ON ACCOUNTS

### 1. Contingent Liabilities

i) The Punjab State Industrial Development Corporation Limited (PSIDC) had contributed ₹ 8.85 mn in the equity share capital of Prime Industries Ltd @ ₹10/- per share, as Direct Equity Participation in 1993. The Company as an associate promoter of Prime Industries Ltd. ,pledged 569300 shares (Previous year 569300 shares) of Prime Industries Ltd of ₹ 10/- each amounting to ₹ 5.69 mn (Previous Year ₹ 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 expiring of seven years from the date of commencement of commercial production i.e.04.04.1994. As per the term of the above referred undertaking, in case the promoters/associates do not buy back the shares subscribed by PSIDC, then the PSIDC is entitled to sell the shares subscribed by it and also recovers the loss if any by sale of the above referred shares pledged to the PSIDC. The PSIDC had announced OTS Policy for equity disinvestment. The promoters / associates have applied for buy back of shares under OTS policy, subject to their rights under the law to adjudicate upon the amount due under the buy back agreement. However, the government of Punjab has amended the one time settlement scheme whereby the profit making companies are not eligible for the OTS scheme as per industrial policy 2003. The PSIDC vide letter dated 29th April 2009 has illegally withdrawn the OTS in case of Prime Industries Limited and the matter is sub judice before Honorable Punjab & Haryana High Court. The Government of Punjab has further notified a new one time settlement scheme (OTS) vide notification number 15/03/09-AS-6/400 Dated 02.03.2009. The promoters/associates being eligible even under the new OTS policy also, have apply for buy back of shares. The request of promoters/associates has not been accepted by PSIDC and the matter is sub judice before Honorable Punjab & Haryana High Court, a sum of ₹ 25.10 mn (previous year ₹ 25.10 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. However, PSIDC has filed a case for further recovery of ₹ 35.13 mn before Honorable Debts Recovery Tribunal.

ii) Bank Guarantees of ₹ 92.50 mn (Previous year ₹ 126.50 mn) in favour of National Securities Clearing Corporation Ltd. as its Clearing Member for exposure with capital market segment.

iii) Bank Guarantees of ₹ 499.00 mn(Previous year ₹ 382.50 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.

iv) Bank Guarantees of ₹ 25.50 mn (Previous year ₹ 19.00 mn) in favour of National Commodity and Derivative Exchange of India Ltd. as its Trading Member.

v) Bank Guarantees of ₹ 8.10 mn (Previous year ₹ Nil) in favour of ACE Derivative & Commodity Exchange Ltd as its Trading Member.

vi) Bank Guarantees of ₹ 361.50 mn (Previous ₹ 87.50 mn) in favour of Multi Commodity Exchange Ltd. as its Trading Member.

vii) Corporate Bank Guarantees of ₹ 80.00 mn (Previous year ₹ 60.00 mn) on behalf MTL Shares and Stock Brokers Ltd., an associate company.

viii) Bank Guarantee of US\$ 0.05 mn (Previous year US\$ 0.05 mn ) in favour of American Express Travel Related Services Company Inc. U.S.A.. for traveller cheques stock limit.

ix) Claims against the company not acknowledge as debts ₹ Nil (Previous year ₹ 1.12 mn) being show cause notice to the Company by Central Excise Authority regarding service tax and ₹ 0.51 mn (previous year ₹ 0.22mn) in respect of income tax matter in dispute.

2. In terms of the approval of the Board of Directors and Shareholders of the Company and as per statutory provisions including SEBI (Issue of Capital and Disclosure Requirements), Regulation 2009, the Company on August 28 , 2010 had issued and allotted 47,75,000 Convertible Warrants on preferential basis. Each warrant provided 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. 68/- per warrant (including a premium of ₹ 58/- per warrant) within 18 months from the date of allotment.

The Company has converted 640000 Convertible Warrants into Equity Shares of ₹10/- each on 28th March 2011.

3. 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. Debit/Credit balances are subject to reconciliation and confirmation.

# FINANCIAL HIGHLIGHTS

## 4. Related Party Disclosures

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

| Associates/Enterprises Owned Or significantly influenced by Key Management Persons or their relatives. | Key Management Personnel | Relative of Key Managerial Persons |
|--|--------------------------|------------------------------------|
| Prime Industries Limited   | Mr. Harjeet Singh Arora  | Mrs. Palka Arora Chopra            |
| Master Share and stock brokers Ltd .   | Mr. R.K. Singhanian      | Mrs. Charu Chhabra                 |
| MTL Share and stock brokers Ltd.   | Mr. G.S.Chawla           | Mrs. Guneet Chawla                 |
| Arora Financial Services Ltd   | Mr. Pawan Chhabra        |                                    |
| H.K.Arora Real Estate Service Ltd  | Mr. Sanjay sood          |                                    |
| Paawan Capital Services Ltd.   | Mrs. Harneesh Kaur Arora |                                    |
| Sanawar Investments  | Mr. Ashwani Kumar        |                                    |
| PHDA Financial Services (P) Ltd  | Mr. Anil Kumar Bhatia    |                                    |
| R.K. Singhanian HUF  | Mr. Sudhir Kumar         |                                    |
| Pawan Chhabra HUF  | Mr. Harinder Singh       |                                    |
| Sanjay sood HUF  | Mr. Puneet Singhanian    |                                    |
| Santco India Pvt. Ltd.   | Mr. Jashanjyot Singh     |                                    |
| H.A.Share & Stock Brokers Ltd.   |                          |                                    |
| Singhanian Properties  |                          |                                    |
| 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 | 2010-11 Rupees Total          |
|--|--|---------------------------|------------------------------------|-------------------------------|
| Purchase   | 136759399579<br>(31453918066)  | 2384099239<br>(883671011) | 357830640<br>(149280158)           | 139501329458<br>(32486869235) |
| Sale   | 136954197705<br>(31579978115)  | 2503132335<br>(896147794) | 449860527<br>(152260281)           | 139907190567<br>(32628386190) |
| Interest Paid                                      | 90905<br>(84827)   | -                         | -                                  | 90905<br>(84827)              |
| Interest Received                                  | 27332069<br>(22448830)   | -                         | -                                  | 27332069<br>(22448830)        |
| Remuneration                                       | -  | 6870520<br>(5721693)      | (489325)                           | 6870520<br>(6211018)          |
| Rent Paid  | 9000<br>(77400)  | 118200<br>(101400)        | 88200<br>(75000)                   | 215400<br>(253800)            |
| Loans & Advances Given                             | 10345788<br>(14429353)   | -                         | -                                  | 10345788<br>(14429353)        |
| Loans & Advances Taken                             | -  | -                         | -                                  | -                             |
| Corporate Guarantees                               | 80000000<br>(60000000)   | -                         | -                                  | 80000000<br>(60000000)        |
| Balance outstanding at the end of year Receivables | 86613496<br>(39052290)   | 5939<br>(-)               | 4625000<br>(1337956)               | 91244435<br>(40390246)        |
| Payable  | 100673303<br>(34980894)  | 48106647<br>(5742061)     | 8631242<br>(205218)                | 157411192<br>(40928173)       |

## 5. Segment Reporting

| (a) Information about business Segments         | 2010-11          | 2009-10          |
|---|------------------|------------------|
| <b>A) Segment Revenue</b>                       |                  |                  |
| 1) Total Segment Revenue                        |                  |                  |
| a) Brokerage & Allied                           | 805919160        | 645353192        |
| b) Forex Business                               | 6927958          | 7424069          |
| c) Interest                                     | 38392062         | 22617851         |
| d) Share Trading and Others                     | 17800629         | 16445533         |
| Total   | 869039809        | 691840645        |
| 2) Inter Segment Revenue External Revenue (1-2) | -                | -                |
| a) Brokerage & Allied                           | 805919160        | 645353192        |
| b) Forex Business                               | 6927958          | 7424069          |
| c) Interest                                     | 38392062         | 22617851         |
| d) Share Trading and Others                     | 17800629         | 16445533         |
| Total   | 869039809        | 691840645        |
| <b>B) Results</b>                               |                  |                  |
| 1) Segment Results:                             |                  |                  |
| a) Brokerage & Allied                           | 146199550        | 132601491        |
| b) Forex Business                               | 907494           | 2056333          |
| c) Interest                                     | 7950150          | 4865837          |
| d) Share Trading and Others                     | 11024557         | 4406813          |
| <b>Total</b>                                    | <b>166081751</b> | <b>143930474</b> |
| 2) Unallocated Expenses                         | 365544           | 373918           |
| 3) Operating Profit                             | 165716207        | 143556556        |
| 4) Financial expenses                           | 9505941          | 179906           |
| 5) Provision                                    | 25565111         | 10664935         |
| 6) Minority Interest                            | 16366            | (474)            |
| 7) Net Profit                                   | 130628789        | 132712189        |
| <b>Other Information</b>                        |                  |                  |
| 1) Segment Assets                               |                  |                  |
| a) Brokerage & Allied                           | 2968959843       | 1887806851       |
| b) Forex Business                               | 16642093         | 14861826         |
| c) Interest                                     | 379298977        | 332422365        |
| d) Share Trading and Others                     | 327708306        | 206146884        |
| Total   | 3692609219       | 2441237926       |
| 2) Unallocated Corporate Assets                 | 12318247         | 9386892          |
| 3) Total Assets                                 | 3704927466       | 2450624818       |
| 4) Segment Liabilities                          |                  |                  |
| a) Brokerage & Allied                           | 2350512478       | 1365439092       |
| b) Forex Business                               | 7675513          | 3075260          |
| c) Interest                                     | 169771510        | 193351438        |
| d) Share Trading and Others                     | 105207112        | 50563947         |
| Total   | 2633166613       | 1612429737       |
| 5) Unallocated Liabilities                      | 15791803         | 19247825         |
| 6) Deferred Tax Liabilities                     | 9148072          | 4334791          |
| 7) Total Liabilities                            | 2658106488       | 1636012353       |
| 8) Minority Interest                            | 620071           | 403705           |
| 9) Share Holder's Fund                          | 1046200907       | 814208760        |

## (b) Information about Geographical Segments

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

# FINANCIAL HIGHLIGHTS

(All amount in ₹)

## 6. Deferred Tax Liability as at 31.03.2011 is as follows :

|   | 2010-11  | 2009-10  |
|---|----------|----------|
| <b>Deferred Tax Liability</b> : Timing difference on account of |          |          |
| - Depreciation  |          |          |
| - Opening   | 13156577 | 12148836 |
| - During the year   | (346825) | 1006363  |
| - Closing   | 12809752 | 13155199 |
| <b>Deferred Tax Assets :</b>                                    |          |          |
| Provision for Gratuity  |          |          |
| - Opening   | 1981741  | -        |
| - During the Year   | 337952   | 1980363  |
| - Closing   | 2319693  | 1980363  |
| <b>Provision for N.P.A.:</b>                                    |          |          |
| - Opening   | 1741545  | -        |
| - During the Year   | (399558) | 1741545  |
| - Closing   | 1341987  | 1741545  |
| <b>Provision for Bad Debts :</b>                                |          |          |
| - Opening   | 5098500  | -        |
| - During the Year   | 5098500  | 5098500  |
| - Closing   | -        | 5098500  |
| Total Assets  | 3661679  | 8820408  |
| <b>Net Deferred Liability</b>                                   | 9148072  | 4334791  |

## 7. Calculation of basic and diluted earning per share

|  | 31.03.2011 | 31.03.2010 |
|--|------------|------------|
| Net Profit in Rupees   | 130645155  | 132711715  |
| Weighted average number of equity shares outstanding during the year | 6207400    | 6200400    |
| Nominal Value per share in (₹)                                       | 10         | 10         |
| Basic and diluted earning per share                                  | 21.05      | 21.40      |

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

|                                    | 2010-11 | 2009-10 |
|------------------------------------|---------|---------|
| - Salary                           | 4453844 | 3766583 |
| - Other allowances and perquisites | 2416676 | 1955110 |
|                                    | 6870520 | 5721693 |

## 9. Capital in partnership Firms

| Name of the firm         | Name of the Partners & Profit Sharing                                  | As at 31.03.2011 | As at 31.03.2010 |
|--------------------------|--|------------------|------------------|
| Master Insurance Brokers | Company (90%), Mr. Harjeet Singh Arora (5%), Mr. R. K Singhanian (5%)  | 1145213          | 5513903          |
| Prime Securities         | Company (98%), Mrs. Palka Arora Chopra (2%)                            | 188714           | 3472561          |
| Prime Investments        | Company (98%), Mr. Pawan Sharma (2%)                                   | 221433           | 699410           |
| Regency Investments      | Company (98%), Mr. Surinder Sankhyan (2%)                              | 58769            | 1043233          |
| Chandigarh Investments   | Company (98%), Mr. Nitin Shahi (2%)                                    | 185406           | 174637           |
| Master Investments       | Company (98%), Mr. Puneet Singhanian (2%)                              | 271900           | 1670898          |
| Master Securities        | Company (96%), Mr. Harjeet Singh Arora (2%), Mr. R.K. Singhanian (2%)  | 73965            | 467640           |
| Doaba Investments        | *Company (49%), Subsidiary has (49%) and Mrs. Harneesh Kaur Arora (2%) | 425486           | 418371           |
| Fidelity Investments     | *Company (98%), Mrs. Parveen Singhanian (2%)                           | 29719            | 137118           |
| Global Investments       | *Company (98%), Mr. Kashmir Singh (2%)                                 | 99877            | 74032            |
| Ludhiana Securities      | *Company (98%), Mr. Chirag Singhanian (2%)                             | 460895           | 455671           |
| Malwa Securities         | *Company (98%), Mr. Jashanjyot Singh (2%)                              | 43889            | 139335           |
| Mountview Investments    | *Company (98%), Mrs. Harneesh Kaur Arora (2%)                          | 710867           | 751346           |
| Star Securities          | *Company (98%), Mr. Yogesh Jain (2%)                                   | 121151           | 8616648          |
| Surry Investments        | *Company (98%), Mr. Yogesh Jain (2%)                                   | 384114           | 134665           |
| Surya Investments        | *Company (98%), Mr. Satish Kumar (2%)                                  | 28550            | 1405929          |
| Ludhiana Investments     | Subsidiary (98%), Mr. Jashanjyot Singh (2%)                            | 123812           | 101675           |
| Total:                   |  | 4573760          | 25277072         |



# FINANCIAL HIGHLIGHTS

(All amount in ₹)

## 10. Additional information required to be disclosed as per clause 3, 4C and 4D of Schedule VI of the Companies Act, 1956

Particular in respect of Opening Stock, Purchase, Sale and Closing Stock.

|               | CURRENT YEAR     |             | PREVIOUS YEAR    |             |
|---------------|------------------|-------------|------------------|-------------|
|               | Quantity<br>Nos. | Amount<br>₹ | Quantity<br>Nos. | Amount<br>₹ |
| Opening Stock | 168045.8973      | 4144038     | 2003368.3845     | 25230593    |
| Purchase      | 456796984.9168   | 6769977691* | 938170277.4358   | 10739941781 |
| Sale          | 443832674.0000   | 6490968384* | 940005599.9230   | 10673254488 |
| Closing Stock | 13132356.8141    | 199214861   | 168045.8973      | 4144038     |

\*include speculative/derivative profit/loss.

11. Master Capital Services Ltd.(the member of National Stock Exchange Ltd.) a subsidiary of Master Trust Ltd. had filed a petition under Section 391 & 394 of the Companies Act, 1956 before the Hon'ble High Court of Bombay for the merger of MTL Share & Stock Brokers Ltd.(the member of Bombay Stock Exchange Ltd.) with Master Capital Services Ltd. The Hon'ble High Court has passed the order dtd.15.04.2011 for merger of said Companies and Registrar of Companies, Maharashtra; Mumbai has approved the Merger on 21.6.2011. However the applications for transfer of memberships of Bombay Stock Exchange Limited and Delhi Stock Exchange Limited of MTL Share and Stock Brokers Limited to Master Capital Services Limited are pending with respective exchanges for approval.

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

13. Income from Brokerage, sale/purchase of securities includes ₹ 604948517 (previous year ₹ 522581024) income from brokerage and profit/(loss) on trading of securities (₹ 65352421 ) (previous year ₹ 94580339). Certain common expenses for use of common facilities/services have been recovered/shared by the associates according to usage of services.

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

Signature to Annexure 'A' to 'O'

For Manjeet Singh & Co.

Chartered Accountants

Firm Registration No. FRN 011831N

For & on behalf of the Board

Sd/-  
(Manjeet Singh)  
Prop  
Membership No. 088759

Sd/-  
(Kashmir Singh)  
Manager Accounts

Sd/-  
(Honey Ahuja)  
Company Secretary

Sd/-  
(R.K. Singhania)  
Director

Sd/-  
(Harjeet Singh Arora)  
Managing Director

Place: Ludhiana

Date : 13.08.2011

# FINANCIAL HIGHLIGHTS

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011

(All amount in ₹)

|  | 31.03.2011 | 31.03.2010 (In Mn) |
|--|------------|--------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                |            |                    |
| Net Profit before tax and extraordinary items                | 156.21     | 143.38             |
| Adjustment for   |            |                    |
| Provision for NPA  | (1.08)     | 2.67               |
| Depreciation   | 16.85      | 14.38              |
| (Profit)/Loss on sale of fixed assets                        | (0.03)     | 0.07               |
| Miscellaneous Expenditure                                    | 0.07       | 0.06               |
| Operating profit before Working Capital Changes              | 172.02     | 160.56             |
| Adjustment for   |            |                    |
| Trade and other Receivables                                  | (244.98)   | 451.27             |
| Inventories  | (270.38)   | 26.91              |
| Trade Payable  | 568.85     | (215.03)           |
| Loans and advances   | (138.76)   | 36.02              |
| Cash generated from operations                               | 86.74      | 459.73             |
| Direct Tax Paid  | (17.41)    | (25.31)            |
| Cash flow before Extra ordinary items                        | 69.33      | 434.42             |
| Extra ordinary items   | -          | -                  |
| Net Cash from Operating Activities                           | 69.33      | 434.42             |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>                |            |                    |
| Purchase of fixed assets                                     | (28.43)    | ( 47.61)           |
| Sale of fixed assets   | 20.42      | 5.62               |
| Purchase of investments                                      | (300.71)   | ( 61.25)           |
| Sale of Investments  | 60.43      | 18.50              |
| Net Cash (Used) in Investing Activities                      | (248.29)   | ( 84.74)           |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>                |            |                    |
| Proceeds from issue of Share Capital                         | 43.52      | -                  |
| Proceeds from long term borrowing (Bridge Loan)              | 440.35     | 21.82              |
| Issue of Convertible warrants                                | 70.30      | -                  |
| Dividend Paid  | (6.14)     | -                  |
| Net Cash from Financing Activities                           | 548.03     | 21.82              |
| NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)            | 369.07     | 371.50             |
| Cash and Cash Equivalents as at 01.04.2010 (Opening Balance) | 1012.48    | 640.98             |
| Cash and Cash Equivalents as at 31.03.2011 (Closing Balance) | 1381.55    | 1012.48            |

NOTE : Figures in Brackets represent deductions and outflows

For Manjeet Singh & Co.  
Chartered Accountants  
Firm Registration No. FRN 011831N

For & on behalf of the Board

Sd/-  
(Manjeet Singh)  
Prop  
Membership No. 088759

Sd/-  
(Kashmir Singh)  
Manager Accounts

Sd/-  
(Honey Ahuja)  
Company Secretary

Sd/-  
(R.K. Singhanian)  
Director

Sd/-  
(Harjeet Singh Arora)  
Managing Director

Place: Ludhiana  
Date : 13.08.2011



## Forward Looking Statement

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

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

#### **LUDHIANA**

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