

Emkay[®]

Your success is our success

comprehending needs

evolving solutions



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comprehending needs evolving solutions

Every evolution has its genesis in an underlying need. A need that is waiting to be recognized. Those who take cognizance of these needs first and take the rightful steps to address them, gain competitive advantage and blossom. Those who fall, trudge behind, trying to ape the winners. We are not here to ape... **we continue to evolve and deliver!**

Knowledge, Experience and Service persist to be the cornerstones of our value system and the underlying catalysts towards understanding client needs and evolving solutions to service them. In an industry swamped with players vying with each other to offer one run of the mill product after another, these three pillars give us the edge to emerge as a preferred partner to our client's growth, mirroring our belief '**your success is our success**'.

Our knowledge that is articulated through user-friendly and timely research, has won accolades from the industry as well as from our clients and we have always strived to make it richer, both in content and form, to address their expanding needs. We have focused on 'idea generation' and abstained from following the herd in churning reports after reports, that may be heavy on information, but lack any substantive value to be driven home.

Adversity has tested us time and again, and we have unwaveringly emerged from such trials, victorious, with the continued commitment to add value to all our stakeholders. These times have helped us gain invaluable experience and insights, while teaching us to ideate out of the box and respond to needs through unconventional means.

Client satisfaction is passé. We settle for nothing but client delight. We believe in going the extra mile to understand their latent needs; to address that unquenched thirst that a client may not actively sense, but exist it does! What good is a service that can't supersede expectations?

We are prepared in every way to evolve our service core to achieve successful moments for our clients...always!

ideas that click!

For the seventeen years of our presence in the financial services industry we have fostered long-term, deep-seated relationships based on trust, integrity, mutual respect and value creation for clients. We take on the responsibility of a value enhancer and continuously strive to bring consequential innovation in our deliverables by understanding our client's drivers, risk factors, their culture and their needs. Our significant ideas for adding value to clients have been:

CONFLUENCE

Our conferences for the Institutional vertical help us introduce Investors to select companies with excellent growth potential, good management bandwidth and leadership in their respective segments. These confluences enable an exchange of knowledge and ideas and have emerged as a platform to leverage our growing knowledge base and experience to deliver the best-in-class service to our customers.



Apart from the Confluences we also regularly institute several touch points to fuel the ignition and exchange of ideas. During the financial year we organized 68 road-shows, 16 industry expert conference calls, 39 client corporate calls, 59 individual corporate client meetings and 2 city specials.

STRATEGEM

Our conferences for the non-institutional vertical promise valuable insights into the various market segments, demystifying concepts that are best known to experts. These conferences help the high net worth individuals to strategize their investments such that they achieve their goals in line with their needs and risk appetite. During the year we conducted eleven such events across Tier 1 and Tier 2 cities. These conferences were very well received by the investor fraternity. This financial year has more than 35 Strategems under its belt to be conducted across more than 20 cities.

Knowledge that Differentiates!

We firmly believe that we are in an industry where knowledge endows the edge. It is this edge which enables us to add value creating equities to our clients' portfolios. An in-depth analysis focused on 'idea-generation', coupled with the advantage of our ability to cover a wide range of industry sectors & stocks differentiates us and in the process, the portfolios of our clients.

Our total research coverage spans 290 stocks. We cover 100 'BSE-200' stocks and 148 'BSE-500' companies. We also cover 38 Nifty stocks, including some niche companies and several others. We will continue to add more stocks to our research basket while staying focused on improving the quality of our coverage.

We pride ourselves in the dexterous team of highly experienced research professionals who bring with them, years of domain and research experience. Our current research team size of 28 comprises three strata of experts: lead analysts, analysts and associates. They are further backed by database analysts and a production support team.

This team has helped us shorten the turnaround time taken to respond to client queries. Even extremely complex queries that would usually take days to be resolved due to the extensive collation of data being involved, get resolved in a day's time.

It is this excellence that has found many an endorsement in form of various rankings and accolades that we have received over the years.

During FY 11-12 we were rated by **'Aslamoney Brokers Poll'** for the second consecutive year, amongst the top three brokerages in India for small cap research and recognized for consistently leading in other categories like execution, sales service, overall country research et al.

'Institutional Investor Awards' that recognizes people and firms in the financial services industry for excellence, ranked our 'Agri-input & Chemicals' analyst at number 3 in the Agri sector for the year 2012.

'The Wall Street Journal's Asia's Best Analysts Award' that recognizes analysts based on the performance of their stock picks, recognized our 'Consumers' analyst as the second best FMCG sector analyst in the year 2012.



Auto Sector



Pharma Sector



India Strategy



Housing Finance Sector

Products that Empower!

The changing market dynamics and the ever evolving client needs make it vital for a customer centric business like ours to bring to the table futuristic solutions that address every little want and give the edge to our clients to stay ahead of the curve.

Emkay Pure - a PMS offering from the stable of Emkay Investment Managers Ltd. was devised to take care of several concerns of the high net worth investor, the first being quality. Most portfolio managers had been investing in mid, small and unknown companies. Emkay Pure addressed that by keeping the investment universe limited to the top 125 listed companies by market cap.



The other issue was concerning the use of PMS offerings by companies as a brokerage product with a very high churn in portfolios. The investor had to bear the brunt of the high transaction cost. Emkay Pure addressed this by keeping the maximum transaction cost at 1%. The most unique aspect to this offering is that there is no fixed management fee, only a performance fee, which makes us probably the only SEBI registered portfolio management service provider to charge a fee only when the investor makes money, justifying our motto of 'Your success is our success'.

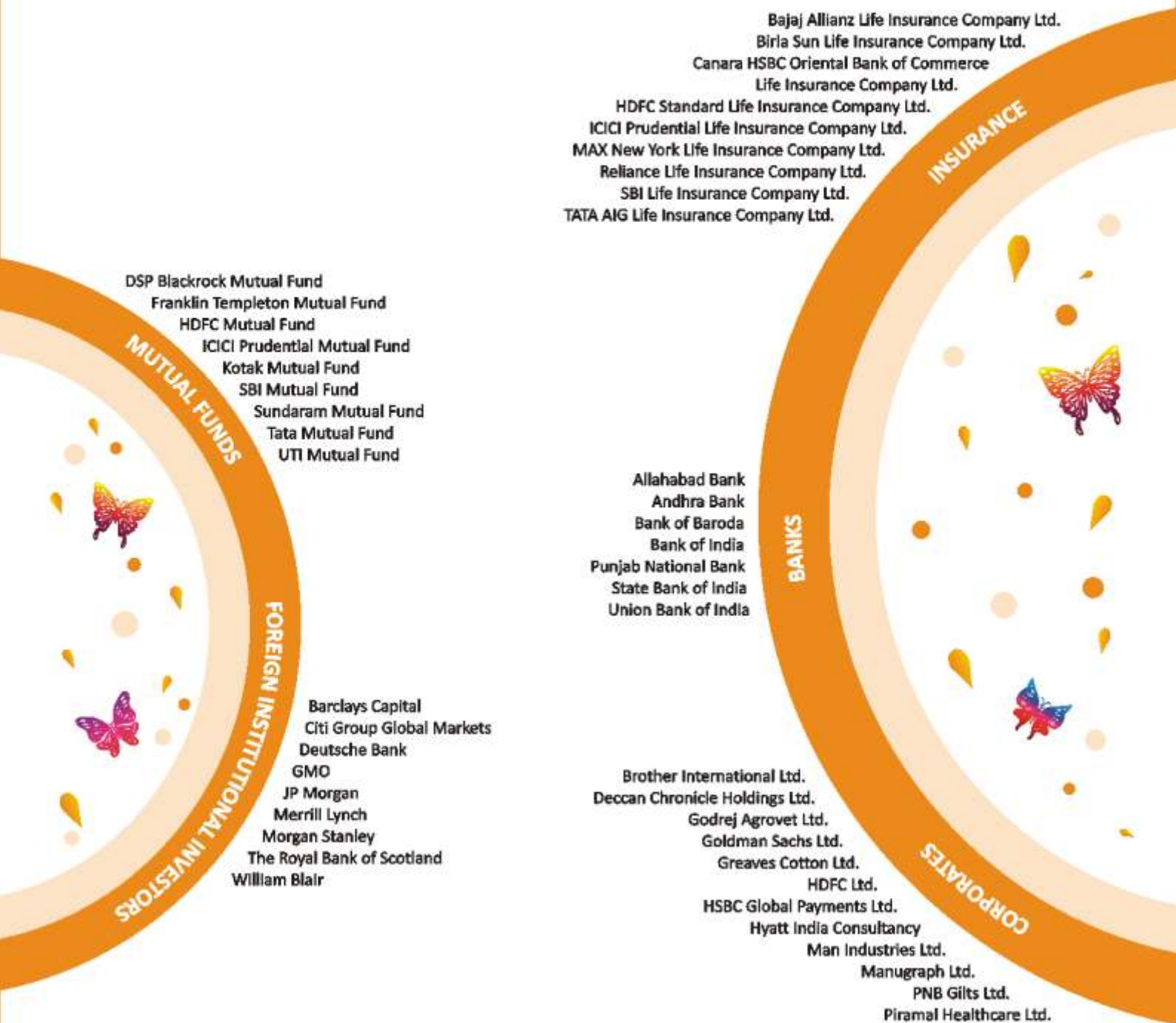
Emkay Pure adheres to a strict discipline in sector & stock allocation and to enforce an unwavering quality focus, **E-QualRisk** - Emkay's **proprietary module** has been put in place. This module ensures that parameters like management quality and capability, wealth distribution, investor communication and liquidity are given top priority in stock evaluation. Though this product has recently been launched, it is already generating a lot of investor interest and as anticipated, is very well received.

Apart from Emkay Pure, one touch DMA with algorithms was set up for the institutional desk. This helped speed up the order execution process, thereby improving efficiencies and enhancing client satisfaction.

We remain steadfast in our commitment to identify and service our client's needs on a continuous basis.

A Range that Impresses!

We have demonstrated capabilities in the Institutional Equities space and proven worthy of our client's trust since inception. We value our relationships and cater to a wide clientele, comprising leading domestic and international investors, pension funds, hedge funds, mutual funds, insurance companies and banks. To give you a glimpse...





Message from the Managing Directors

Dear Shareowners,

While global market sentiments had begun to show improvements following policy interventions in the Euro area and positive data from the US, the respite was short lived. Combined, the Euro zone crisis, the slow US economic recovery, and the prospect of a slowing economy in China, raise the downside risk of a perfect storm in global corporate credit markets. Even as we write, Greece's economy is contracting at an estimated 6% annual rate, and its fate hanging in balance. The turmoil is already putting pressure on other European governments wrestling with large debts and deep spending cuts.

Back home, the Union Budget for 2012-13 has failed miserably to provide any thrust to the slackening pace of economic growth, as no major reforms were announced, nor any concrete measures introduced to enforce fiscal discipline. The budget proposals are not anticipated to

improve the economic activity. We have had an estimated real GDP growth of 6.9% for FY 2011-12 as against an initial estimate of 9%. As per the latest budget estimates, real GDP growth for FY 2012-13 is targeted at 7.5% with a fiscal deficit of 5.1%.

The main driver of economic growth in FY 2012-13 will be the industrial sector. Growth is expected to accelerate to 6.7% during the year compared to 4.1% in the preceding year. Revival in mining sector output, faster growth in manufacturing sector and robust increase in electricity generation will also drive the growth. The Government needs to undertake some concrete measures to tide over the growing perception of policy inertia. There is a need to speed up mining and land acquisition bills. More FDI, particularly in areas such as aviation, retail, insurance and infrastructure will give the much needed boost to the economy.

Financial Markets

According to MSCI Indices, among emerging markets, India is the second largest loser with negative returns of 18.21% in the last one year. Russia leads the list with a negative return of 20.44%, followed by China and Taiwan. During FY 2011-12 Nifty has given a negative return of 8.5%. The benchmark Sensex declined 2,041 points, or 10.49%, in 2011-12, making it one of the top losers in the world.

The Indian equity markets saw a strong pickup in Q4 on the back of renewed FII support, a fall in inflation and firm trends in the global equity markets. This recovery was broad based, with all major sectoral indices moving up in line with the Sensex. During the financial year, the FII inflows remained quite volatile. While FIIs stayed away from the Indian markets in the first nine months of FY 2011-12 amidst European debt crisis and domestic interest rate and growth concerns, they returned with big investments in the last quarter of the financial year. The financial year finally ended with a net FII inflow of ₹ 46,257 crore. While it stood at ₹ 2,307 crore in the first nine months of the fiscal, between January and March the net inflow amounted to ₹ 43,950 crore.

Fiscal profligacy, declining GDP growth numbers, high inflation, structural liquidity deficit, a tall additional G-Sec borrowing being announced mid-year and steep monetary rate tightening by the RBI through the year broadly sum up the backdrop for the bond market in FY 2011-12. However, the G-Sec market seemed to have sailed through the fiscal year witnessing comparatively lower volatility. While the Repo rate moved from 6.75% to 8.5% (a steep 175 bps hike), the 10 year benchmark yield marked a volatility of around 110 bps (maximum of 8.96% and minimum of 7.86%).

The Euro zone crisis kept the volatility in the domestic stock market fluctuating to extreme levels. The financial year started with the volatility index trading close to 22%-23%, followed by a decline to a low of 16%-17% in the month of June, 2011. Emergence of renewed concerns over Euro area in the month of October, 2011 forced the volatility index to rise to as high as 37%-38%. The increased inflows by the FIIs in the last quarter aided the volatility to decline to 21%-22%. The fluctuating volatility resulted in unfavourable case for investing in Indian markets.

Emkay's Performance

Financial Year 2011-12 was not an easy one. Emkay reported a consolidated profit of ₹ 1.07 crore and a standalone loss of ₹ 77 lac. The markets, just like the economy proved unfavourable to the business environment. However, we did not let that impact our service levels to our clients. We only bettered them by conducting several conferences, road-shows and introducing numerous other touch points during the year. Not only did our existing relationships thrive, we built many new ones in spite of the downtrend. We today have 220 institutional clients and more than 1.2 lac clients in the non institutional space.

Even as the stock markets proved to be a downer during the year, our commodities business continued on its uptrend. The gross revenue increased from ₹ 9.36 crore to ₹ 15.29 crore, an increase of 64%. We set up an exclusive commodity institutional desk to cater to corporate clients for risk management, hedging and investments. A separate advisory desk to service branch and franchisee network of the business was also put in place successfully. In continuation of our focus on research, we commenced research in agro commodities to further strengthen our research portfolio of various commodities.

Future Outlook

While the economic outlook for the world economies including India appears to remain grim in the near future, we continue to be sanguine about emerging stronger from the situation like we have in the past and are confident of creating sustainable value for our shareholders. We also firmly believe that no matter how the markets perform, there will be winners; it is our ability to offer customized innovative solutions based on our client's needs which will finally help them make returns. We will continue to outperform the markets and deliver higher returns to our clients.

Increasing efficiencies of people and processes on one hand and cost rationalization on the other will uphold as the prime strategy for the current financial year. Our approach of focusing on the affluent and mass affluent classes and a shift away from micro-retail has paid dividends and we will continue in the same direction. The process of branch consolidation adopted last year in order to improve efficiencies will be endured in the current financial year with due diligence. However, we shall continue to expand into regions with untapped potential by setting up new business centers.

Concluding Note

At Emkay we have and always will believe in inclusive growth. Our philosophy has been to grow the business in a sustainable way with strong foundations of risk management, opportunity assessment and compliance. We are in for a long haul and are cautiously optimistic. While external factors are beyond our control, we have strived to create the right business model and taken on board the right talent to enable the flight of Emkay to the next level while being cautious of the ground realities.

As we look ahead, the India story should improve given our country's strong fundamentals. Our outlook for the long term continues to be buoyant and optimistic. World economy and performance of global equities remain as areas of concern.

To conclude, we would like to thank every member of team Emkay for the passion and the insight they bring, as also for their support which has seen us weather storms at crucial times. We are grateful to every customer for placing trust in our abilities to take the right financial decision on their behalf, which has helped us succeed. And finally we would like to thank every shareholder for believing in us and in our vision.

Sincerely,



Krishna Kumar Karwa
(Managing Director & CFO)



Prakash Kacholia
(Managing Director)



Prakash Kacholia



Corporate Information

BOARD OF DIRECTORS

G. P. Gupta	Chairman
S. K. Saboo	Director
R. K. Krishnamurthi	Director
G. C. Vasudeo	Director
Krishna Kumar Karwa	Managing Director & CFO
Prakash Kacholia	Managing Director

COMPANY SECRETARY & COMPLIANCE OFFICER

Rahul Sahasrabuddhe

STATUTORY AUDITORS

B. L. Sarda & Associates, Chartered Accountants

BANKERS

AXIS Bank Limited
BNP Paribas Bank
Bank of India
Citibank N A
Corporation Bank
HDFC Bank Limited
ICICI Bank Limited
Indusind Bank Limited
Kotak Mahindra Bank
Punjab National Bank
State Bank of India
Union Bank of India

REGISTERED OFFICE

The Ruby, 7th Floor, Senapati Bapat Marg,
Dadar (West), Mumbai - 400028.

CORPORATE OFFICE

Building "C-06", Ground Floor, Paragon Centre,
Pandurang Budhkar Marg, Worli, Mumbai - 400 013.

REGISTRAR & TRANSFER AGENTS

Link Intime India Private Limited
C-13, Pannafal Silk Mills Compound,
L.B.S. Marg, Bhandup (West), Mumbai - 400 078.

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Eighteenth Annual Report of your Company and the Audited Accounts for the year ended 31st March, 2012.

1. Financial Results

An overview of the financial performance of your Company along with its subsidiaries for the Financial Year 2011-12 is as under:

(` in Lac)

Name of the Company	Revenues	Profit/(Loss) before Interest, Depreciation and Tax	Profit/(Loss) after Tax
Emkay Global Financial Services Limited	9024.55	591.55	(77.06)
Emkay Fincap Limited	581.04	363.74	238.00
Emkay Commotrade Limited	1528.89	(93.15)	(95.17)
Emkay Insurance Brokers Limited	139.33	8.60	5.25
Emkay Investment Managers Limited	221.67	54.27	34.12
Aggregate (Before Elimination of Inter Company Transactions)	11,495.48	925.01	105.14

An overview of the standalone financial performance of your Company for the Financial Year 2011-12 is as under:

(` in Lac)

Particulars	31.03.2012	31.03.2011
Total Income	9,024.55	11,476.46
Profit before Interest, Depreciation and Tax	591.55	1,975.89
Depreciation and Amortization	487.93	385.89
Finance Cost (Interest)	219.89	304.62
Profit before Taxation	(116.26)	1,285.38
Provision for Taxation		
-Current Tax	-	350.00
-Deferred Tax Charges/(Benefit)	(38.75)	98.15
-Short Provision for Taxation of earlier years	(0.46)	4.41
Profit after Taxation	(77.06)	832.81
Add: Balance brought forward	2,675.06	2,207.31
Amount available for appropriations	2,598.00	3,040.12
Appropriations		
-Proposed Dividend (Current and Earlier year)	122.22	245.26
-Provision for Tax on Dividend (Current and Earlier year)	19.83	39.79
-Transfer to General Reserves	-	80.00
Balance carried forward	2,455.95	2,675.06

2. Dividend

The Board of Directors are pleased to recommend a Dividend at the rate of ` 0.50 per equity share of the face value of ` 10/- for the year ended 31st March, 2012 (Previous year ` 1/- per equity share). This Dividend is subject to approval of the Members at the forthcoming 18th Annual General Meeting.

3. Review of Operations

During the year under review, your Company recorded a total income of ` 9024.55 Lac as compared to ` 11476.46 Lac in the previous financial year, down by 21.36 %. The Net Loss for the same period stands at ` 77.06 Lac as compared to the Net Profit of ` 832.81 Lac in the previous financial year.

4. Change in Registered Office of the Company

During the year, your Company shifted its Registered Office from 4D, Hamam House, Ambalal Doshi Marg, Fort, Mumbai-23 to The Ruby, 7th Floor, Senapati Bapat Marg, Dadar (West), Mumbai-400028 with effect from 14th September, 2011.

5. Membership of Currency Derivative Segment of MCX Stock Exchange Limited

During the year, your Company commenced operations in the Currency Derivative Segment of MCX Stock Exchange Limited, as a Member and has conducted business of ` 4,73,692 (Revenue) and ` 460.16 crore (Volume).

6. Activation of Membership of Wholesale Debt Market Segment of BSE Limited

During the year, your Company has activated the Membership of Wholesale Debt Market Segment of BSE Limited.

7. Membership of Wholesale Debt Market Segment of National Stock Exchange of India Limited

On 8th February 2012, your Company has acquired membership of Wholesale Debt Market segment of National Stock Exchange of India Limited.

8. Membership as Qualified Depository Participant (QDP) of Central Depository Services (India) Limited

During the year under review, the Securities and Exchange Board of India specified that all the Qualified Foreign Investors (QFI) will be allowed to invest in the scheme of Indian Mutual Funds and Indian Equity Shares. Such QFIs are required to maintain Demat Account only with Qualified Depository Participant registered with Securities and Exchange Board of India (SEBI).

In compliance with same, your Company has made an application to Central Depository Services (India) Limited for registration as a Qualified Depository Participant (QDP).

9. Management Discussion and Analysis

A detailed review of the operations, performance and future outlook of the Company and its businesses is given in the Management Discussion and Analysis, which forms part of the Annual Report.

10. Incorporation of Section 25 Company

Emkay Charitable Foundation was incorporated on 25th June, 2012 as a Company under Section 25 of the Companies Act, 1956 for providing medical aid and medical assistance and to provide support, encourage and promote education among the masses and other charitable activities. Your Company has formed a CSR Committee to identify charity projects to be funded by the Foundation. The said committee will undertake the funded projects which includes education, skill development and vocational training, scholarships to meritorious students belonging to low income and disabled categories and health & family welfare.

11. Public Deposits

During the year, your Company has not accepted and/or renewed any public deposits in terms of the provisions of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975.

12. Subsidiary Companies

Emkay Commotrade Limited (ECL) - a 100% subsidiary:

Emkay Commotrade Limited offers commodity futures trading to its clients. It is a member of four major commodity exchanges viz. Multi Commodity Exchange of India Limited (MCX), National Commodity and Derivatives Exchange Limited (NCDEX), National Spot Exchange Limited (NSEL) and Indian Commodity Exchange Ltd. (ICEX). It has shifted its Registered Office from 4D, Hamam House, Ambalal Doshi Marg, Fort, Mumbai-400023 to The Ruby, 7th Floor, Senapati Bapat Marg, Dadar (west), Mumbai-400028 with effect from 21st November, 2011. ECL has a net worth of ` 9,60,49,074 as on 31st March, 2012.

Emkay Fincap Limited (EFL) - a 100% subsidiary:

Emkay Fincap Limited is a RBI registered Non Deposit taking NBFC. Your Company had subscribed to 50,00,000 9% Non Convertible Redeemable Preference Shares of ` 10 each of EFL on 25th July, 2007 for a period of five years. EFL had redeemed 40,00,000 9% Non Convertible Redeemable Preference Shares of ` 10 each in the FY 2010-2011 and the balance 10,00,000 9% Non Convertible Redeemable Preference Shares of ` 10 each were redeemed on 3rd June, 2011. After redemption of the said preference shares, EFL's Paid up Share Capital is ` 22 Crore comprising of 2,20,00,000 Equity shares of ` 10 each. It has shifted its Registered Office from 4D, Hamam House, Ambalal Doshi Marg, Fort, Mumbai-400023 to The Ruby, 7th Floor, Senapati Bapat Marg, Dadar (west), Mumbai-400028 with effect from 21st November, 2011. EFL has a net worth of ` 32,49,43,695 as on 31st March, 2012.

Emkay Insurance Brokers Limited (EIBL) - a 100% subsidiary:

Emkay Insurance Brokers Limited is registered with Insurance Regulatory and Development Authority (IRDA) as a Direct Insurance Broker and focuses on life and non-life businesses. It has a net worth of ` 1,70,59,638 as on 31st March, 2012.

Emkay Investment Managers Limited (EIML) - a 100% subsidiary

EIML is a Securities and Exchange Board of India (SEBI) registered Portfolio Manager and has commenced the business of Portfolio Management Services with effect from 1st January, 2011. It has shifted its Registered Office from 4D, Hamam House, Ambalal Doshi Marg, Fort, Mumbai-400023 to The Ruby, 7th Floor, Senapati Bapat Marg, Dadar(west), Mumbai-400028 with effect from 21st November, 2011. EIML has a net worth of ₹ 3,29,47,520 as on 31st March, 2012.

In accordance with the general circular issued by the Ministry of Corporate Affairs, the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. However the financial information of the subsidiary companies is disclosed in the Annual Report in compliance with the said circular.

The Consolidated Financial Statements presented by the Company include financial results of its subsidiary companies. The Company will make available the annual accounts of the subsidiary companies and the related information to any member of the Company who may be interested in obtaining the same. The annual accounts of the said subsidiary companies are also available for inspection by any member of the Company at the Corporate Office situated at Paragon Centre, C-06, Ground Floor, Pandurang Budhkar Marg, Worli, Mumbai - 400013.

The statement containing financial information of the aforesaid subsidiaries is included in the Consolidated Accounts forming part of the Annual Report of the Company.

13. Employee Stock Option Schemes

With a view to remain a preferred employer, the Company has granted stock options under two schemes viz. ESOP 2005 & ESOP 2007 to the employees of the Company and subsidiary companies.

a. ESOP 2005

During the Financial Year 2011-12, the Remuneration / Compensation Committee allotted 7,000 equity shares to 3 employees under the ESOP 2005. These shares are listed on the BSE Limited and the National Stock Exchange of India Limited.

Summary of ESOP 2005 as on 31st March 2012:

Total no. of stock options available under the Scheme	3,81,250
Exercise Price	₹ 20/- per option
Exercise Period	3 years
Total no. of stock options granted	3,81,250
Stock options lapsed	1,47,000
Stock options vested but not exercised	6,750
Stock options exercised	2,27,500
Outstanding stock options	6,750

b. ESOP 2007

The Company had granted 1,442,000 options on 17th January, 2008 to the employees (each option carrying entitlement for one share of the face value of ₹ 10 each) at an exercise price of ₹ 363 per option which was later reprised at ₹ 63 per option. Further, the Company granted 244,000 options on 19th June, 2009, 207,500 options on 24th July, 2009, 1,00,000 options on 4th May, 2010, 6,11,500 options on 27th July, 2010 and 2,00,000 options on 21st January, 2012 at an exercise price of ₹ 63, ₹ 61, ₹ 93, ₹ 77 and ₹ 37 respectively per option.

During the Financial Year 2011-12, the Remuneration / Compensation Committee has not allotted any equity shares to the employees under the ESOP 2007.

Summary of ESOP 2007 as on 31st March 2012:

Total no. of stock options granted under the Scheme	24,26,575
Exercise price:	
14,42,000 options	₹ 63/- per option
2,44,000 options	₹ 63/- per option
2,07,500 options	₹ 61/- per option
1,00,000 options	₹ 93/- per option
6,11,500 options	₹ 77/- per option
2,00,000 options	₹ 37/- per option
Exercise period	3 years
Re-issued options	3,78,425
Total no. of stock options granted	28,05,000
Stock options lapsed	7,14,250
Stock options vested but not exercised	5,41,500
Stock options exercised	60,250
Outstanding stock options	20,30,500

Consequent to the above allotments made under the aforesaid ESOP Schemes, the paid up equity capital of the Company has increased from ₹ 24,43,07,500/- (as on 1st April, 2011) to ₹ 24,43,77,500/- as of date. The disclosures required to be made in the Directors' Report in respect of the aforesaid ESOP Schemes, in terms of the SEBI (ESOP Scheme) Guidelines, 1999 are contained in Annexure "A" forming part of the Directors' Report.

14. Employee Stock Option Plan - 2010 through trust route

On the recommendation of the Remuneration/Compensation Committee of your Company, the trustees of the Emkay Employee Welfare Trust have granted 5,55,000 options on 21st October, 2010 to the eligible employees (each option carrying entitlement for one share of the face value of ₹ 10 each) at an exercise price of ₹ 93/- per option. Further, the Company granted 27,000 options on 2nd May, 2011, 15,000 options on 22nd October, 2011 and 50,000 options on 21st January, 2012 at an exercise price of ₹ 63, ₹ 48, and ₹ 37 respectively per option.

Summary of ESOP 2010 (through trust route) as on 31st March 2012:

Total no. of stock options granted under the Scheme	24,41,995
Exercise price:	
5,55,000 options	₹ 93/- per option
27,000 options	₹ 63/- per option
15,000 options	₹ 48/- per option
50,000 options	₹ 37/- per option
Exercise period	3 years
Total no. of stock options granted	6,47,000
Stock options lapsed	7,500
Stock options vested but not exercised	Nil
Stock options exercised	Nil
Outstanding stock options	6,39,500

Details required to be provided under the Securities and Exchange Board of India (Employees Stock Options Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are set out in Annexure "A" to this report.

15. Directors

At the 18th Annual General Meeting, Mr. R. K. Krishnamurthi and Mr. G. C. Vasudeo retire by rotation and being eligible, offer themselves for re-appointment.

The above re-appointments form part of the notice of the forthcoming 18th Annual General Meeting and the respective resolutions are recommended for your approval.

Brief profiles of these Directors as required under Clause 49 of the Listing Agreement are given in the notice of the 18th Annual General Meeting.

16. Directors' Responsibility Statement

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

- In the preparation of the annual accounts, the applicable accounting standards have been followed consistently and proper explanation relating to material departures, if any, have been made;

- b. Appropriate accounting policies have been selected and applied consistently and that judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2012 and of its profit for the year ended on that date;
- c. 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 frauds and other irregularities;
- d. The annual accounts have been prepared on a going concern basis.

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

The information as required under Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is given in Annexure B to this report.

18. Corporate Governance

The Company adheres to the principles of Corporate Governance as mandated by the Securities and Exchange Board of India and has implemented all the prescribed stipulations thereof. As stipulated in Clause 49 VI of the Listing Agreement, a detailed report on Corporate Governance and the requisite Auditor's Certificate confirming compliance with the conditions of Corporate Governance, forms part of the Annual Report.

The declaration regarding compliance with Company's Code of Conduct for Directors and Senior Management Personnel and CEO/CFO certification are furnished in Annexure '1' and Annexure '2' respectively to the Corporate Governance Report.

19. Particulars of Employees

In accordance with the provisions of Section 217(2A) read with the Companies (Particulars of Employees) Rules, 1975 the

names and other particulars of employees are to be set out in the Directors' Report, as an addendum thereto. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the report and accounts as therein set out, are being sent to all members of the Company excluding the aforesaid information about the employees. Any member, who is interested in obtaining such particulars about employees, may write to the Company Secretary at the Corporate Office of the Company.

20. Auditors

Messrs. B. L. Sarda & Associates, Chartered Accountants, retire as the Statutory Auditors of the Company at the ensuing Annual General Meeting and offer themselves for re-appointment. A certificate from them has been received to the effect that their re-appointment as Statutory Auditors of the Company, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956. Further, the Statutory Auditors have confirmed that they have subjected themselves to the peer review process of The Institute of Chartered Accountants of India and hold a valid certificate issued by the 'Peer Review Board' of the said institute as required by Clause 41 of the Listing Agreement.

The Audit Committee and the Board of Directors of the Company recommend the re-appointment of Messrs. B. L. Sarda & Associates, Chartered Accountants. The appointment is subject to approval of the Members at the forthcoming 18th Annual General Meeting.

The notes to the accounts referred to in the Auditor's Report are self explanatory and therefore do not call for any further comments.

21. Corporate Social Responsibility

The Ministry of Corporate Affairs has released a set of Voluntary Guidelines on Corporate Social Responsibility (CSR) in December, 2009. The Company has evolved a Corporate Social Responsibility Policy and is actively practicing the policy. The CSR Committee comprises of some of the Heads of Departments viz. Mr. Rajesh Sharma - Chief Operating Officer, Ms. Divya Gandhi - Head-General Insurance and Principal

Officer and Ms. Ruth Singh - Head-Human Resources. The objectives of CSR Policy are to contribute to social and economic development of the communities in which the Company operates, provide opportunities to employees to contribute to society through service and contributions, monetary and otherwise and to generate, through its CSR initiatives, a community goodwill for the Company and help reinforce a positive and socially responsible image of the Company as a corporate entity.

22. Acknowledgement

Your Directors would like to take this opportunity to express sincere gratitude to their customers, bankers and other business associates for their continued cooperation and patronage. Your Directors gratefully acknowledge the ongoing co-operation and support provided by the Government, Regulatory Bodies and the Stock exchanges.

Your Directors place on record their deep appreciation for the exemplary contribution made by employees at all levels. The Directors also wish to express their gratitude to the valued shareholders for their unwavering trust and support.

On behalf of the Board of Directors

Krishna Kumar Karwa
Managing Director & CFO

Prakash Kacholia
Managing Director

Place: Mumbai

Date: 19th May, 2012

ANNEXURE "A" FORMING PART OF THE DIRECTORS' REPORT

Disclosures in compliance with Clause 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme) and (Employee Stock Purchase Scheme) Guidelines, 1999, as amended, are set below.

Sr. No.	Particulars	ESOP Scheme-2005	ESOP Scheme-2007	ESOP Scheme-2010 (Through Trust Route)
1	Total Number of Options under the plan	3,81,250	24,26,575	24,41,9959
2	Options Granted during the year	--	200000	2000
3	Exercise Price & the Pricing formula	₹ 20/-	Exercise price considered is the closing market price as on the day preceding the date of the grant on that stock exchange which has had the maximum	Exercise price considered is the closing market price as on the day preceding the date of the grant on that stock exchange which has had the maximum trading volume of the company's shares.
4	Options vested (during the year)	--	3,00,750	--
5	Options exercised (during the year)	7000	--	--
6	The total number of shares arising as a result of exercise of options during the year.	8,000*	2,500*	--
7	Options lapsed (during the year)	5,000	1,78,750	7,500
8	Variation in terms of options	--	--	--
9	Money realized by exercise of options (during the year)	₹ 1,40,000	--	--
10	Total number of options in force at the end of the year.	6,750	20,30,500	6,39,500
11	Employee wise details of options granted to	--	--	--
	i. Senior Management Personnel during	--	Ashok Mittal 1,00,000	Kaushal Registrar 50,000
	ii. Employees holding 5% or more of the total number of options granted during the year.	--	Ashok Mittal 1,00,000 Sachin Shah 1,00,000	Kaushal Registrar 50,000 Jagdish Agarwal 15,000 Anupama Verma 12,500 Amit Jain 7,500 Prashant Kumar --
	iii. Employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.	--	Weighted Average Exercise Price ₹ 39.37 (Whose Exercise Price equals market price). Weighted Average Fair Value ₹ 24.05 (Whose Exercise Price equals market price).	Weighted Average Exercise Price ₹ 39.37 (Whose Exercise Price equals market price). Weighted Average Fair Value ₹ 24.05 (Whose Exercise Price equals market price).

12	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with (Accounting Standard (AS) 20" Earning per share).	₹ (0.32)	₹ (0.32)	₹ (0.32)		
13	Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employees compensation cost so computed and the employees compensation cost that shall have been recognised if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed.	Compensation Cost using the intrinsic value of the stock options is Nil. However, had the company followed the fair value method for accounting the stock options, compensation benefit would have been ₹ 28,268 with consequent lower losses. On account of the same, the basic and diluted Earnings per share would have been more by ₹ 0.01 per share and ₹ 0.01 per share respectively.	Compensation Cost using the intrinsic value of the stock options is Nil. However, had the company followed the fair value method for accounting the stock options, compensation cost would have been ₹ 2,45,38,176 with consequent higher losses. On account of the same, the basic and diluted Earnings Per Share would have been less by ₹ 1.00 per share and ₹ 1.00 per share respectively.	Compensation Cost using the intrinsic value of the stock options is Nil. However, had the company followed the fair value method for accounting the stock options, compensation cost would have been ₹ 88,21,400 with consequent higher losses. However, there will be no effect on Earnings Per Share (EPS) as the ESOP's Granted under this scheme are through ESOP trust route.		
14	Weighted-average exercise prices and weighted – average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock		Weighted Average Exercise Price ₹ 39.37 (Whose Exercise Price equals market price). Weighted Average Fair Value ₹ 24.05 (Whose Exercise Price equals market price).	Weighted Average Exercise Price ₹ 39.37 (Whose Exercise Price equals market price). Weighted Average Fair Value ₹ 24.05 (Whose Exercise Price equals market price).		
15	A description of the method and significant assumptions used during the year to estimate the fair values of options including the following weighted average information:					
			Grant Date 21.01.2012	Grant Date 02.05.2011	Grant Date 22.10.2011	Grant Date 21.01.2012
	1. risk free interest rate	--	8.08% – 8.13%	8.17%- 8.22%	8.66%-8.76%	8.08%-8.13%
	2. expected life	--	4.45 – 6.45 years	4.50-6.50 years	4.52-6.53 years	4.45-6.45 years
	3. expected volatility	--	67.20% - 67.37%	68.70%-68.75%	66.93%-67.77%	67.20%- 67.37%
	4. expected dividend yield	--	1.27%	1.43%	1.27%	1.27 %
	5 the price of the underlying shares in market at the time of option grant (₹)	--	₹ 37.00	₹ 62.55	₹ 47.85	₹ 37.00

* includes 1,000 options under ESOP-2005 and 2,500 options under ESOP-2007 exercised before 31.03.2011 but allotment made on 2nd May, 2011.

Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

- a) **Energy Conservation:** Since the Company is engaged in financial services, it does not consume substantial energy. However, as a responsible organization, the Company has adopted various environment friendly measures in order to conserve energy. The same are as follows:
1. Installation of capacitors to save power.
 2. Installation of power saving TFT monitors.
 3. Enabled automatic power off modes on idle monitors.
 4. Installation of Blade Servers in Data Centre which consume optimum power & space.
 5. Minimal air-conditioning usage.
 6. Fixed time schedules (timers enabled) for operating air-conditioners
 7. Shutting off electronic devices when not in use.
 8. Installation of power saving electrical equipments like CFL.
 9. Preventive maintenance of all electrical equipments for better efficiency and power consumption.
 10. Educating employees on ways to conserve electricity and other natural resources and a strict adherence to the same is ensured.
- b) **Technology Absorption:** It is the policy of your Company to keep abreast of all the technological advancements in its field of operation and particularly so in the field of Information Technology. The Management places immense importance on careful analysis and absorption of the latest technology as well as on the development of technologies that abet the achievement of business goals and improve its performance in the long run.
- c) **Details of Foreign Exchange Earnings and Outgo:**
- i) The foreign exchange inflows were ` 1,26,11,920
 - ii) The foreign exchange outflows were ` 1,22,34,372

MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMIC OVERVIEW

Since the beginning of 2011, there has been a convergence of two adverse developments, particularly in the advanced economies, which is a blend of a much slower recovery than expected earlier and an increase in fiscal and financial risks. These global risks and emergence of several domestic factors have caused economic growth momentum slowing in India as well. India's growth trajectory is seemingly moderating to around 7% compared to the aspirational 9% target set out by the government earlier.

In the wake of renewed concerns on the Eurozone crisis, overall global economic and financial conditions are likely to remain under pressure for the better part of 2012. The negative developments in the Eurozone outweighed the small improvements in evidence in the US economy. The repeated attempts to sort out the problems of the Eurozone have not resulted in any lasting solution.

During the year, inflation remained stubbornly high at around 9-10% and was fairly broad-based. The rise in inflation started with food and later got generalized. The food inflation, which has remained persistently high, has been a major cause of worry. With the inflation remaining beyond the comfort levels of RBI, the RBI continued to tighten its monetary policy through the year to arrest inflation, even in the face of a slowdown in economic growth.

The overall macroeconomic context has also been dominated by adverse conditions prevailing on the external balance front with widening current account and trade deficit reaching unsustainable levels of 3.9% and 7.5% of GDP respectively. Against the backdrop of slowing growth, persistently high inflation and inadequate external capital flows, management of the external sector has created challenges for the RBI and the government. All these have led to sharp weakening in Indian rupee against the US dollar to its historical low.

Domestic liquidity condition has remained tight in response to slowing growth in bank deposits at 13%-14% YoY even while credit growth remains higher at 17%. The combination of drawdown of foreign currency reserves by RBI, resulting from deficit balance of payment situation and moderation in deposit

growth have contributed to structural liquidity deficit which has persisted despite measures taken by RBI by way of cuts in cash reserve ratio, large Open Market Purchase of government securities and reduction in repo rate by 50 basis points at 8%.

Evidently, these friction are likely to have a bearing on the near term outlook for India's growth. Attempts to stabilize the condition are likely to have beneficial impact with a lag.

INDUSTRY OVERVIEW

Despite efforts taken at making investment easier, especially in the infrastructure space, the combination of worsening international conditions, particularly the crisis in the Eurozone and the difficult domestic political situation seem to have combined to slow the recovery in infrastructure investment. In the second quarter of the year, both industrial and investment activity slipped further southwards. The expected lift in the pace of investment activity in the infrastructure space is something that is yet to happen. Getting this dynamic, moving faster must continue to be the focus of government's policy.

During the FY10-FY11 recovery phase, India experienced a sharp turnaround in the rate of output growth – as measured by the Index of Industrial Production (IIP) and GDP growth – the recovery on the investment side did not however quite happen.

Over the past few years, the financial markets have become increasingly global. The Indian market has gained from foreign inflows through the investment of Foreign Institutional Investors (FIIs). Following the implementation of reforms in the securities industry in the past few years, Indian stock markets have stood out in the world ranking. India posted a turnover ratio of 75.6%, which was comparable to that of the other developed markets. As per Standard and Poor's Fact Book 2011, India ranked 7th in terms of market capitalization (11th in 2009), 10th in terms of total value traded in stock exchanges, and 22nd in terms of turnover ratio, as of December 2010.

Recovery in investment cycle is pivotal to counterbalance the current downturn and requires expeditious policy responses. With a combination of measures to attain price stability,

appropriate supportive policy and administrative measures, it is possible to engender some green shoots in the investment sectors. Curtailment of fiscal spending will be most appropriate response to the current macro imbalances. Given that Capital account balance/GDP is still positive at 1.9% (Q3FY12), there exists a window of opportunity if expeditious measures are taken to curtail fiscal expansion. Such measures can have salubrious impact over the medium term. Currency depreciation can be seen as aiding the readjustment process and can help improve the investment climate over the medium term. Encouraging foreign capital flows through FDIs and even a possible foreign currency mobilization drive may help supplement fund availability for domestic investments.

BUSINESS OVERVIEW

Emkay Global Financial Services Ltd. is a trusted name in the financial services arena, offering the entire gamut of advisory services under one roof. The Company's operations include broking of equities and derivatives on the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE), wealth management, commodities, insurance, investment banking, and portfolio management among others. It is also a Depository Participant with CDSL (Central Depository Services Ltd). Further, Emkay's NBFC (non banking financial company) conducts share financing activities.

Emkay's extensive research capabilities, high degree of integrity and confidentiality in carrying out client transactions, superior infrastructure and strong domain expertise in both the cash and derivatives segments, make it a preferred investment house.

- **Equity**

Emkay is an INR 1483 million net worth Company with over 400 retail outlets spread across the country. It caters to both institutional and non-institutional clients. While the institutional segment contributed 51% of the total business in FY11-12, the non-institutional segment accounted for the remaining 49%; a marginal shift from the previous year's ratio of 49:51 from institutional: non-institutional. Another shift, though a more substantial one was seen in the segment-wise

breakup of revenues. The cash: derivative contribution changed from 62:38 in FY 2010-11 to 51:49 in the current financial year, indicating the shift of volumes towards Futures & Options.

During the year the Company established a Direct Market Access (DMA) desk with algorithms. This helped improve efficiencies manifold in order execution. Several algorithms are being now developed in-house.

The total number of institutional clients increased from 143 in FY 2010-2011 to 220 in FY 2011-2012 and the number of non-institutional clients increased to 1,20,205. The number of DP accounts during the year went up from 80,096 to 85,561.

- **Research**

Emkay's research capabilities are well demonstrated and appreciated across the industry. The many awards that have been conferred upon our research and analysts over years substantiate our clients' views. Emkay has an experienced and qualified team of 19 analysts and 9 associates who are assisted by production support team and database analysts. Our research team actively covers 167 stocks and researches another 123 additionally. During the year, the team released 7 industry and 3 thematic reports and organised 7 confluences, 68 road shows, 16 industry expert conference calls, 39 client corporate calls, 59 individual corporate client meetings and 2 city specials.

- **Investment Banking**

During the year, equity raising in India slowed down, though the last quarter saw a pick-up on a QoQ basis, boosted by the ₹ 120 billion ONGC auction. Debt raising also declined as the high interest climate pushed up borrowing cost for corporates.

Emkay is a SEBI registered Category I Merchant Banker. To capitalise on Emkay's franchisee in the mid cap corporate segment, the Investment Banking division provides debt and equity solutions to mid-cap/SME segment. The current lacklustre market provides ample opportunity to institutional investors to acquire stakes in companies with strong fundamentals and excellent management at very reasonable

valuations. Emkay Investment Banking division plans to aggressively work in this segment. The company derived an income of ₹ 192.24 lac from its investment banking operations during the year. The company has mandates in hand for various debt syndication and corporate advisory services worth ₹ 574 crore and many more such deals in the pipeline.

- **Portfolio Management & Distribution Services**

Individual wealth in India is estimated at ₹ 86.4 trillion in FY11, led by fixed deposits/bonds, equity and insurance sectors and it is expected to reach ₹ 249 trillion over the next five years. Emkay is a SEBI registered Portfolio Manager since 2003. The Company had transferred its PMS business to its wholly owned subsidiary Emkay Investment Managers Limited (EIML) with effect from 01.01.2011. EIML was created to understand the individual needs of clients who require customised portfolios which are in sync with their risk-return profiles. The investment framework rests on a set of well established but flexible principles that draw on the concept of “economic” earning power and cash return on investment, as understood by the owner of a business. Emkay’s PMS has consistently outperformed the benchmark and helped in building wealth for its clients.

Emkay offers both discretionary and non-discretionary portfolio services. EIML recently launched Emkay Pure with the objective of creating sustainable wealth through a robust research backed equity portfolio. The product is aimed at long term investors and the investment universe is limited to the top 125 companies. The fee is structured keeping in mind the client’s benefit, whereby no fixed management fee is chargeable. The product has been received enthusiastically by both existing and prospective clients.

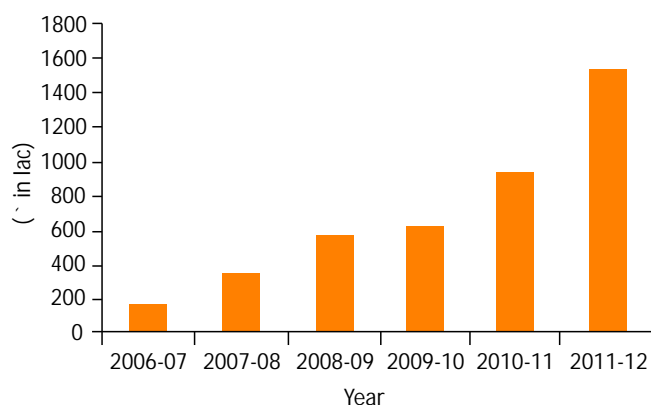
The company has a network of 5 Private Wealth branches located in Mumbai, Ahmedabad, New Delhi, Kanpur, and Kolkata. The company’s distribution desk offerings include IPOs, bonds, structured products, debt and fixed income instruments amongst others.

- **Commodity**

Indian commodities derivatives market witnessed a good 40% plus annual growth since inception of national level online

commodity exchanges in 2003. The growth has been both in volume and value terms primarily driven by bullion, base metals and energy products. The market has seen new products like mini and micro contracts being launched in metals to encourage participation from the retail investors. Emkay Commotrade Ltd. (ECL), a wholly-owned subsidiary of Emkay Global Financial Services Ltd. continued its focus on growth of commodity business and witnessed excellent growth on year on year basis. The gross revenue increased from ₹ 9.36 crore to ₹ 15.29 crore, an increase of 64%; the total number of registered clients increased from 7731 to 11472; the number of franchisees increased to 118. The company also focused to get quality manpower and increased heads from 77 to 104 to facilitate its expansion plans. An exclusive commodity institutional desk was setup to cater to corporate clients for risk management, hedging and investments. The desk has started off well and is on a growth path by acquiring corporate relationships with large margin amounts. The desk also encouraged physical delivery based business. We also set up a separate advisory desk to service our branch and franchisee network. The advisory desk also helps to acquire new clients and franchisee along with activating ones that are inactive. In continuation to our focus on research, we added research in agro commodities to our portfolio. In the current year we continue our focus on increasing the AUM under NSEL arbitrage product which stood at ₹ 44 crore at the end of FY 2011-2012 against ₹ 20 lac as on 31st March 2011.

Growth in Emkay Commotrade revenues over the years



- **Insurance**

As per World Insurance Report published by reinsurance major Swiss Re, the global insurance premium for the calendar year 2010 was USD 4339 billion, which grew at 2.7%. The share of life insurance business was 58% in total premium collection. Since opening up of Indian insurance sector for private participation, India has reported increase in insurance density. Provisional Data for FY 2011-12 on Insurance Industry shows Premium Underwritten by Non life Industry of ₹ 58000 crore with YoY growth of 23%. Of the non-life business approximately 20% business is done through the Broking Channel. Provisional life Insurance first year premium underwritten is ₹ 125000 crore with negative growth of 9.1%.

Emkay has presence in both the life and non-life insurance broking businesses and offers policies to corporate and individuals through its 100% subsidiary Emkay Insurance Brokers Limited. The corporate business accounts for 52% of the business income from this segment while retail policy sales account for the balance. The Non life insurance business contributes 62% of total brokerage while the life segment brings in the remaining 38%. During the current fiscal, while the total number of policies issued were 6457, the premiums collected increased from ₹ 1154 lac to ₹ 1352 lac and revenues rose from ₹ 112 lac to ₹ 139 lac. The company recorded profit of ₹ 5 lac as against a loss of ₹ 44 lac in FY 2010-2011.

- **Credit and Finance**

Emkay Fincap Limited, a 100% subsidiary, carries out NBFC activities like financing against shares and margin funding. The amount deployed in margin funding increased from ₹ 2675 lac in 2010-2011 to ₹ 5478 lac in 2011-12. The PAT from this business also increased from ₹ 193 lac to ₹ 238 lac during the same period.

OPPORTUNITIES AND THREATS

The great uncertainty over what will happen next in the Eurozone is unnerving financial markets across the world. Back home, the rupee is on its spree of breaking one psychological level after another. The Government's Anti-tax Avoidance Rule (GAAR) proposal proved to be a dampener, resulting in mass

outflow of funds by the FIIs in April. The sentiment was further soured by ratings agency S&P's move to lower India's outlook to negative from stable, citing slow progress on its fiscal situation and deteriorating economic condition. The government's policy inaction is not helping the situation either. All this is boding poorly for the financial markets which continue to remain highly volatile.

However, the strong fundamentals of our country persist to be the light at the end of the tunnel. The outlook for monsoons is positive, which augurs well for our economy. Post the government's decision to put off GAAR and to review its provisions, FIIs have shown fresh interest in India. They infused ₹ 876 crore into the Indian equity markets in the first week of May alone. If the inflation index throws up a positive surprise, then it could provide the necessary headroom for interest rates to come down more significantly, and lay the platform for GDP and earnings growth to pick up.

The favourable Indian demographics and the rising income levels should continue to see an increase in the rate of savings and consequent channelling of investments in the equities markets. In spite of the short term volatility, equities as an asset class has been the best performing one over a longer timeframe, giving more than 15% CAGR returns. Given this and our expertise, combined with our experience, we are confident that the Company will leverage the plethora of opportunities that lie ahead.

FUTURE OUTLOOK

The last four quarters have been challenging for the financial industry overall. Local indices have been broadly down by 16% since March 2011. Global and local challenges and the seemingly bleak outlook can test the patience and confidence of the most perennial players in this industry. Locally, a few reform implementations can change sentiments overnight. Hence one should not lose faith and remember that it is always the darkest before dawn. Your Company believes that its brand is associated with high quality research and advice as well as corporate values of being a Services & Solutions Company and not a financial product disseminator. Your Company has been

able to leverage its brand awareness to grow its businesses, build relationships and attract and retain talent.

The Company will continue its focus on getting more business out of existing clients and adding on quality clients. The sector, while having tremendous long term potential to grow, has a distinct characteristic of being cyclical. Therefore, we see a sort of roller coaster ride. Long term players like your Company, see this as an opportunity rather than an obstacle. Invariably when headwinds are strong, the weaker players fall off the roller coaster, paving way for the long term players to emerge stronger.

RISKS AND CONCERNS

In today's volatile business environment, every company is exposed to credit risk, interest rate risk, liquidity risk and operational risk. While these risks can't be eliminated, their management is seamlessly integrated into the Company's business strategy. Our risk management process entails a comprehensive estimation, control and review of risk in order to create an environment conducive for its growth.

- **Risk Management**

The Company is bound to undertake risks as it capitalizes on several new opportunities. The Company ensures that the risks it assumes are commensurate with returns. Through strategic focus, forward thinking and contingency planning, it has devised a risk management policy to control risks involved in all activities, to maximize opportunities and minimize adversity.

- **Economic Environment**

The financial services sector is affected by a variety of factors linked to economic development in India and rest of the world. Any adverse change in the economic conditions of the country due to the rising interest rates, persistent inflation, changes in tax, trade, fiscal and monetary policies, etc. could have an adverse effect on the company's business, financial condition and results of operations. To mitigate this we have diversified our revenue streams across multiple product lines and businesses.

- **Competition Risk**

This risk arises from more players wanting a share in the same pie.

Given that there aren't many regulatory hurdles for entry into this space, competition has only been growing. Emkay enjoys considerable goodwill in the market. The Company's extensive national network, wide range of services, research focus, well-equipped infrastructure, strong back-end processes, long term relationships with clients and a professional team of experienced personnel give it a considerable edge over its peers and help mitigate this risk sufficiently.

- **Regulatory Risk**

Your Company operates primarily in the financial services space. Each of its businesses is regulated by different regulators and as such compliance forms a critical part of operations of the group. A violation of or non-compliance with regulatory norms, which change frequently to keep pace with the dynamic external environment, could stagger the Company's growth and tarnish its goodwill.

Emkay is very serious about its compliance commitment and maintains the highest level of compliance, recognizing that business must not only serve the interest of the customer but also function well within the established guidelines of the various regulatory authorities for responsible and profitable growth. At your Company, the compliance discipline extends across the entire transaction cycle. The Company's reputation has always been responsibly protected in this dynamic market and thus, the Company does not expect to be significantly affected by this risk.

- **Technology Risk**

In this technology intensive environment, the speed of trade execution, reliability of access and delivery of service are critical. Any disruption of service could affect clients and the Company.

Over the years, the Company has invested in cutting-edge

technologies with the end goal of enriching end-user experience and achieving better controls. Emkay has strong IT operations and support systems and highly qualified IT professionals for in-house software development. Servers and IT support centers are geographically well distributed to provide instant customer support and enhance risk management in trading networks. The Company's servers have been provided with built-in redundancy to achieve the least down time. Besides, the Company continuously monitors infrastructure performance, ensuring optimum utilization.

We have the best-in-class firewalls to protect the infrastructure from external attacks like virus, spyware, malware, spoofing, intrusion as well as hardware, firmware and operating system related bugs. Emkay ensures multiple backups of data and each activity logs in the front-end as well as the back-end system applications for better and faster resolution of errors and reduction of risk.

HUMAN RESOURCES

"Your Success is our Success" is the guiding principle of our organization's work culture. We partner our people in realizing their personal goals and in giving wings to the dreams of their lives. We provide them the tools needed to reach their full potential, hone their skills and develop new ones through training programs and continuous mentoring. In the year 2011 -12, we have taken initiatives towards this like we -

- Devised an Online Performance Tracking and Monitoring Software to track employee performance and give incentives to the top performers through Variable Incentive Plan which is one of the best in the industry.
- Introduced Online Peer Review System to increase inter-functional coordination and give feedback to peers.
- Developed an in-house HR Information System "New Joinee Software" to streamline the New Joinee process and provide accurate real time status report for a new employee.
- Conducted a Resource Mapping and Allocation exercise and identified resources required for a new employee according to the function and level, to enable him to

settle down in the shortest possible time and to be more productive.

We believe that people are our greatest assets and continuous efforts are made to invest in people by providing ample learning and growth opportunities. We seek constant feedback and stand by reinforcement training in the deficient areas of an individual's performance. In our endeavor to give recognition to the hidden talents of our people, training programmes and workshops towards the development of our employees are periodically organized to chisel them into masterpieces.

As on 31st March 2012, we had staff strength of more than 550 on our payroll.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACIES

The Company's internal control systems are adequate and are provided for, through competent management; implementation of standard policies and processes; maintenance of an appropriate audit program with internal control environment, effective risk monitoring and management information systems. Moreover, the Company continuously upgrades these systems in line with the best available practices.

The internal control systems are supplemented by extensive internal audits, regular reviews by management and standard policies and guidelines to ensure reliability of financial and all other records to prepare financial statements and other data. The Management Information System (MIS) forms an integral part of the Company's control mechanism. All operating parameters are monitored and controlled, with material deviations from the annual planning and budgeting and business outlook including capital expenditure reported to the Board on a quarterly basis. Reports of internal auditors are reviewed by the Audit Committee, and corrective measures are carried out towards further improvement in systems and procedures and compliance with Internal Control System. The Board also recognizes the work of the auditors as an independent check on the information received from the management on the operations and performance of the Company.

FINANCIAL OVERVIEW

Consolidated:-

Income: The Company recorded a total income of ` 11,409 lac in 2011-12, as compared to ` 12,950 lac for 2010-2011, a decrease of 11.89%.

EBIDTA: The Company's EBIDTA stood at ` 899 lac against ` 2,530 lac in 2010-2011, a decrease of 64.47%.

PAT: The Profit after Tax stood at ` 107 lac against ` 1,184 lac in 2010-2011, a decrease of 90.98%.

Standalone:-

Income: The Company recorded a total income of ` 9,025 lac, as compared to ` 11,476 lac for 2010-2011, a decrease of 21.36%.

EBIDTA: The Company's EBIDTA stood at ` 592 lac against 1,976 lac in 2010-2011, a decrease of 29.96%.

PAT: The Profit/(Loss) after Tax stood at (-) ` 77.06 lac against ` 832.81 lac in 2010-2011, a decrease of 109.25%. The company also declared a dividend of 0.50%. (` 0.50 per share).

Overall, the company is growing at a more moderate rate in keeping with the consolidation in the economy and financial sector.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could influence the Company's operations include economic developments within the country, demand and supply conditions in the industry, input prices, changes in Government regulations, tax laws and other factors such as litigation and industrial relations.

CORPORATE GOVERNANCE REPORT

(As per Clause 49 of the Listing Agreement entered into with the Stock Exchanges)

I. Company's Philosophy on Corporate Governance

Corporate Governance is a set of systems, practices and an important tool in the hands of shareholders for protection and maximization of their long term values. It has been a constant endeavour on the part of the Company to achieve excellence in corporate governance by following the principles of transparency, accountability and integrity in functioning, so as to meet stakeholder's aspirations and societal expectations. As a good corporate, your Company is committed to sound corporate governance and fully realizes the right of its shareholders to information on various aspects having direct impact on the Company's business and financial performance. The Company is in continuous efforts for adopting the best practices in corporate governance and believes that these practices would go beyond adherence to the regulatory framework. The Company not only adheres to the prescribed corporate governance practices as per Clause 49 but is also committed to sound corporate governance principles and practices and constantly strives to adopt emerging best practices.

II. Board of Directors

1. Composition

The Company has an optimum combination of Executive and Non-Executive Directors in its Board and comprises of six Directors, each having expertise in their field of operation.

The total number of Non-Executive Directors and Independent Directors is more than 50% of the total number of Directors which is in conformity with the requirement of Clause 49 of the Listing Agreement. The Chairman of the Board is a Non-Executive Independent Director, as per clause 49 of the Listing Agreement with the Stock Exchanges.

None of the Directors is a Director in more than 15 public companies and member of more than 10 committees or acts as Chairman of more than 5 committees across all companies in which they are Directors. *(For the purpose of reckoning the limit under this para, chairmanship / membership of the Audit Committee and the Shareholders' Grievance Committee alone*

has been considered as specified in Clause 49 of Listing Agreement).

The Non-Executive Directors, including Independent Directors on the Board, possess experience and specialization in diverse fields such as legal, finance, banking, administration etc.

The brief profile of each Director is given below:

Mr. G. P. Gupta (Non-Executive Independent Chairman)
Mr. Gian Prakash Gupta has over 38 years of experience in Development Banking. He was formerly the Chairman and Managing Director of Industrial Development Bank of India and Chairman of Unit Trust of India. He was associated as Director with various prominent Companies like Bharat Heavy Electricals Ltd., National Aluminum Co. Ltd., Hindustan Aeronautics Ltd., Power Finance Corporation Ltd., PTC India Ltd. and NTPC Ltd. Currently he serves on the Board of various listed companies, including Idea Cellular Ltd., Aditya Birla Nuvo Ltd., Birla Sun Life Insurance Co. Ltd., Swaraj Engines Ltd, Dighi Port Ltd. etc.

Mr. S. K. Saboo (Non-Executive, Non Independent Director)
Mr. Sushil Kumar Saboo has more than 44 years of management experience. Presently he is Group Advisor (Chairman's Office) - Aditya Birla Group, a premier business group in India.

Mr. R. K. Krishnamurthi (Non-Executive, Independent Director)
Mr. R. K. Krishnamurthi, a Solicitor in the Bombay High Court and the Supreme Court of England, has a rich and wide experience of over 39 years in the field of Law. He is a retired Partner of Mulla & Mulla Craigie Blunt & Caroe, a reputed firm of Advocates, Solicitors and Notaries.

Mr. G. C. Vasudeo (Non-Executive, Independent Director)
Mr. G. C. Vasudeo is a Fellow Member of the Institute of Chartered Accountants of India, The Institute of Company Secretaries of India, The Institute of Cost and Works

Accountants of India and a Law Graduate from University of Mumbai. He has wide and rich industrial experience of over 33 years. He is presently Executive Director - Finance of SI Group India Limited and in charge of Corporate Finance, Accounts and Information Technology. He has been instrumental in the restructuring of the Group and also in Mergers and Acquisitions within the Group.

Mr. Krishna Kumar Karwa (Executive Director, Promoter)

Mr. Krishna Kumar Karwa, a rank holder Member of the Institute of Chartered Accountants of India, is the Promoter

and Managing Director & CFO of the Company. Mr. Krishna Kumar Karwa has rich and varied experience of 24 years in all aspects of the Equity Capital Markets. He is also the director of West Coast Paper Mills Limited.

Mr. Prakash Kacholia (Executive Director, Promoter)

Mr. Prakash Kacholia, a Member of the Institute of Chartered Accountants of India, is the Promoter and Managing Director of the Company. Mr. Kacholia has a rich experience of 23 years in the capital markets with a focus on the derivative segment. He is currently on the Board of BOI Shareholding Limited.

The Composition of the Board, Directorship/Committee positions in other companies as on 31st March, 2012, number of Meetings held and attended during the year are as follows:

Name of the Director	Category	Board Meetings during Financial Year 2011-12		Attendance at last AGM held on 01.08.2011	Other Directorships		Other Committee positions	
		Held	Attended		Private Company	Public Company	Chairman	Member
Mr. G. P. Gupta	NED (I)	4	4	Y	3	10	5	3
Mr. S. K. Saboo	NED	4	4	Y	--	3	--	--
Mr. R. K. Krishnamurthi	NED (I)	4	4	Y	--	3	--	1
Mr. G. C. Vasudeo	NED (I)	4	4	Y	1	3	--	1
Mr. Krishna Kumar Karwa	ED	4	4	Y	2	5	1	2
Mr. Prakash Kacholia	ED	4	4	Y	2	5	1	--

Note: Category: NED – Non-Executive Director, NED (I) – Non-Executive Independent Director, ED – Executive Director & Promoter

2. Board Meetings:

During the Financial Year 2011-2012, 4 Meetings were held. These meetings were held on 20th May, 2011, 1st August, 2011, 22nd October, 2011 and 21st January, 2012.

The gap between any two Meetings did not exceed four months.

The Company Secretary prepares the agenda papers in consultation with the Managing Directors and circulates the same to each Director sufficiently before Board and Committee Meeting. All material information is incorporated in the agenda for facilitating meaningful and focused discussions at the

meeting. Where it is not practicable to attach any document to the agenda, the same is tabled before the meeting with specific reference to this effect in the agenda. In special and exceptional circumstances, additional or supplementary item(s) on the agenda are permitted.

To enable the Board to discharge its responsibilities effectively, the Managing Director appraises the Board at every meeting on the overall performance of the Company, followed by the detailed presentation.

The Board periodically reviews strategies, business plans, annual operating and capital expenditure budgets and

evaluates the functions of the management in order to meet shareholders' aspiration. Some of the important matters that are considered in the meeting of the Board are:

- The minutes of the Board meeting of unlisted subsidiary companies.
- Minutes of the meetings of Audit Committee and other Committees of the Board.
- Declaration of Independent Directors at the time of appointment/annually.
- Annual operating plans of businesses, capital budgets and any updates.
- Statement of all significant transactions, related party transactions and arrangements of the subsidiary companies.
- Quarterly results of the Company.
- Annual Financial results of the Company, Auditor's Report and the Report of the Board of Directors.
- Dividend declaration.
- Compliance Certificate certifying compliance with all the laws as applicable to the Company.
- Consideration and review of investments and exposure limits.
- Action taken report on the decisions taken at the previous meeting of the Board and other Committees.

The information as specified in Annexure "IA" to Clause 49 of the Listing Agreement is regularly made available to the Board, whenever applicable, for discussion and consideration.

The Company Secretary records the minutes of the proceedings of each Board and Committee meeting. A draft of the minutes is circulated to all the members of the Board/Board Committee for their comments.

3. Code of Conduct:

The Board of Directors has laid down a Code of Conduct for all the Board members and all the employees in the management grade of the Company. The code covers, amongst other things, the Company's commitment to honest & ethical personal conduct, transparency and compliance of laws & regulations. The Code of Conduct is posted on the website of the Company i.e. www.emkayglobal.com.

The Board of Director and senior management personnel have confirmed compliance with this code. A declaration to this effect signed by the Managing Directors is annexed to this report as Annexure-1.

III. Committees of Directors

1. Audit Committee

- Composition

The present composition of the Audit Committee is as follows:

Mr. G. C. Vasudeo (Chairman w.e.f. 20.05.2011)	Chairman
Mr. G. P. Gupta (Chairman upto 20.05.2011)	Member
Mr. R. K. Krishnamurthi	Member
Mr. Prakash Kacholia	Member

The Audit Committee comprises of three Non-Executive Independent Directors and one Executive Director. The Chairman of the Audit Committee, Mr. G. C. Vasudeo is a Non-Executive Independent Director having expertise in the field of accounting and related financial management. All the members of the Committee are financially literate. The Statutory Auditors, Internal Auditors and Head of Finance & Accounts are permanent invitees to the Meetings. Mr. Rahul Sahasrabudhe, Company Secretary, acts as the Secretary of the Committee.

- Meetings

During the Financial Year 2011-12, four Meetings were held. These meetings were held on 20th May, 2011, 1st August, 2011,

22nd October, 2011 and 21st January, 2012. The gap between any two Meetings did not exceed four months. The attendance of each Committee member was as under:

Name of the Committee Member	No. of Meetings attended
Mr. G. P. Gupta	4
Mr. G. C. Vasudeo	4
Mr. R. K. Krishnamurthi	4
Mr. Prakash Kacholia	4

- Terms of Reference

The terms of reference of Audit Committee are described below:

- Overseeing of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of Clause 2AA of Section 217 of the Companies Act, 1956.
 - Changes, if any, in accounting policies and practices and reason for the same.
 - Major accounting entries involving estimates based on the exercise of judgment by management.
 - Significant adjustment made in the financial statements arising out of audit findings.
 - Compliance with listing and other legal requirements to financial statements.
 - Disclosure of any related party transaction.

vii. Qualifications in the draft audit report.

- Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
 - Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
 - Discussion with internal auditors on any significant findings and follow up there on.
 - Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
 - Discussion with statutory auditors before the audit commences about nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
 - To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors.
 - To review the functioning of the Whistle Blower mechanism, in case the same exists.
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report

submitted by the monitoring agency monitoring the utilizations of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.

- n. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
- o. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- p. Committee will also function terms of reference as amended from time to time by SEBI.
- q. The Committee shall also review the following matters:
 - i. Management Discussions and Analysis of Company's Operations.
 - ii. Periodical Internal Audit Reports.
 - iii. Letters of Statutory Auditors to management on internal control weakness, if any.
 - iv. Appointment, removal and terms of remuneration of Internal Auditors.
 - v. Significant related party transactions.
 - vi. Quarterly and annual financial statements including investments made by the subsidiary companies.

2. Remuneration / Compensation Committee

• Composition

The present composition of the Remuneration/Compensation Committee is as follows:

Mr. G. P. Gupta	Chairman
Mr. S. K. Saboo	Member
Mr. R. K. Krishnamurthi	Member
Mr. G. C. Vasudeo	Member

The Committee comprises of only Non-Executive Directors as its members. All the members of the committee are Independent Directors except Mr. S. K. Saboo.

• Meetings

During the Financial Year 2011-12, three Meetings were held. These meetings were held on 2nd May, 2011, 22nd October, 2011 and 21st January, 2012. The attendance of the members was as under:

Name of the Committee Member	No. of Meetings attended
Mr. G. P. Gupta	3
Mr. S. K. Saboo	3
Mr. R. K. Krishnamurthi	3
Mr. G. C. Vasudeo	3

• Terms of Reference

The Remuneration/Compensation Committee shall determine the Company's policy on specific remuneration packages for Executive Directors including pension rights and any compensation payment and carry out the role as per the corporate governance regulations framed by the authorities from time to time.

The Remuneration/Compensation Committee shall also meet as and when required for the purpose of proper administration and implementation of the ESOP Schemes formulated by the Company from time to time.

The main function of the Committee will include implementation, administration and superintendence of the ESOP Scheme formulated by the Company from time to time and to formulate the detailed terms and conditions for the same including:

- a. The quantum of options to be granted under an ESOP Scheme per employee and in aggregate
- b. The Eligibility Criteria
- c. The Schedule for Vesting of Employee Stock Options
- d. The conditions under which the Employee Stock Option vested in Employees may lapse in case of termination of employment for misconduct

- e. The procedure for making a fair and reasonable adjustment to the number of Employee Stock Options and to the Exercise Price in case of a corporate action such as rights issues, bonus issues, merger, sale of division and others
- f. The procedure and terms for the Grant, Vest and Exercise of Employee Stock Option in case of Employees who are on long leave
- g. The procedure for cashless exercise of Employee Stock Options, if required
- h. Approve forms, writings and/or agreements for use in pursuance of the ESOP Schemes
- i. Frame suitable policies and systems to ensure that there is no violation by an employee of (a) Securities and Exchange Board of India (Insider Trading) Regulations, 1992 and (b) Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 1995
- j. Frame any other bye-laws, rules or procedures as it may deem fit for administering ESOP

- Remuneration Policy

The Board of Directors and Remuneration / Compensation Committee of Directors are authorized to decide the remuneration of Executive Directors, subject to the approval of the Members and Central Government, if required. Payment of remuneration to the Managing Directors is governed by the letter of appointment issued to them by the Company, containing the terms and conditions of appointment approved by the Board of Directors and Remuneration / Compensation Committee and the Shareholders. The remuneration structure comprises of salary, perquisites, retirement benefits and performance linked bonus. The Non-Executive Directors do not draw any remuneration from the Company other than sitting fees and such commission, as approved by the Shareholders at the Annual General Meeting held on 30th August, 2010. No stock options are granted to the Directors of the Company. The Non-Executive Directors of the Company do not hold any equity shares in the Company.

- Details of Remuneration paid to Executive Directors for the Financial Year 2011-12

The tenure of Mr. Prakash Kacholia as Managing Director and Mr. Krishna Kumar Karwa as Managing Director & CFO ended on 30th September, 2010. On the basis of the recommendation of the Remuneration/Compensation Committee and the Board of Directors of the Company at their meeting held on 27th July, 2010, the Members of the Company at their meeting held on 30th August, 2010 approved their re-appointment and payment of remuneration for a period of three years with effect from 1st October, 2010.

Due to inadequacy of profits during the financial year 2010-2011, the remuneration paid to Mr. Prakash Kacholia and Mr. Krishna Kumar Karwa for the period from 1st October, 2010 to 31st March, 2011 exceeded the limits as prescribed under Section 198 read with Schedule XIII of the Companies Act, 1956. In compliance with the provisions of the Companies Act, 1956, the Company made an application to the Ministry of Corporate Affairs for approving their appointment and payment of remuneration in excess of the limits prescribed, for a period of three years with effect from 1st October, 2010.

Ministry of Corporate Affairs had approved their re-appointment and payment of Remuneration of ` 73,20,000/- per annum to Mr. Prakash Kacholia and ` 99,33,336/- per annum to Mr. Krishna Kumar Karwa vide their approval letter dated 27th October, 2011 as against ` 1,57,08,000/- per annum each, approved by the Members of the Company on 30th August, 2010.

The Company further made a representation to the Ministry of Corporate Affairs with a request to amend the said approval for Mr. Prakash Kacholia. In view of the said representation, the Ministry of Corporate Affairs on 27th April, 2012, approved the payment of remuneration of ` 84,00,000/- per annum in lieu of ` 73,20,000/- for Mr. Prakash Kacholia.

As the Managing Directors of the Company are sharing equal responsibility and are jointly steering the Company since its incorporation, considering the fact that the Ministry of

Corporate Affairs has not approved equal amount of managerial remuneration, the Remuneration / Compensation Committee and the Board of Directors have decided to pay remuneration not exceeding ₹ 73,20,000/- per annum to both the Managing Directors of the Company.

- Remuneration paid to Managing Directors for the Financial Year 2011-2012.

(Amount in ₹)

Particulars	Mr. Krishna Kumar Karwa (Managing Director & CFO)	Mr. Prakash Kacholia (Managing Director)
Salary (including PF Contribution)	*86,28,000	*86,28,000
Perquisites	0	0
Total	*86,28,000	*86,28,000

*Includes ₹ 13,08,000 for the financial year 2010-2011 accounted in Financial Year 2011-2012 consequent to Central Government's Approval.

The Non-Executive Directors are paid remuneration by way of Sitting Fees and Commission:

- Details of Remuneration paid by way of Sitting Fees to Non-Executive Directors for the Financial Year 2011-2012

Name	Sitting Fees for Board/Committee Meetings attended (Amt in ₹)
Mr. G. P. Gupta	1,10,000
Mr. S. K. Saboo	70,000
Mr. R. K. Krishnamurthi	1,10,000
Mr. G. C. Vasudeo	1,10,000
Total	4,00,000

3. Investor Grievance and Share Transfer Committee

- Composition

The present composition of the Investor Grievance and Share Transfer Committee is as follows:

Mr. R. K. Krishnamurthi	Chairman
Mr. Prakash Kacholia	Member
Mr. Krishna Kumar Karwa	Member

The Chairman of the Committee is the Non-Executive Independent Director. The Company Secretary acts as Secretary of the Committee. In case there is a request for transfer of shares, demat-remat of shares during a fortnight, the Committee meeting shall be held fortnightly else the Committee shall meet once in every quarter.

During the financial year 2011-12, the Committee had 5 meetings. These meetings were held on 20th May, 2011, 1st August, 2011, 22nd October, 2011, 15th November, 2011 and 21st January, 2012. All the Members of the Committee were present at all the meetings. The Investor Grievance and Share Transfer Committee looks into the redressal of shareholder and investor complaints, issue of duplicate/consolidated share certificates, remat /demat of shares and review of cases for refusal of transfer/ transmission and reference to statutory and regulatory authorities.

Mr. Rahul Sahasrabudhe, the Company Secretary is designated as the Compliance Officer for complying with the requirements of the Securities Law and the Listing Agreement with the Stock Exchanges.

- Details of Shareholders/Investors Complaints for the financial year 2011-12:

Number received during the year	8
Number resolved to the satisfaction of complainant	8
Number pending redressal	Nil
Number pending transfers	Nil

IV. Subsidiary Companies

The Company has four wholly owned unlisted subsidiaries as under:

1. Emkay Fincap Limited
2. Emkay Commotrade Limited
3. Emkay Insurance Brokers Limited
4. Emkay Investment Managers Limited

Out of the above four subsidiaries, Emkay Fincap Limited is a material non-listed Indian subsidiary as per Clause 49 of the Listing Agreement whose turnover or net worth (i.e. paid-up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year ended 31st March, 2011. As required under Clause 49, an Independent Director of the Company has been placed on the Board of Emkay Fincap Limited.

The Company monitors the performance of its subsidiaries, inter alia, by the following means:

1. The Financial Statements, in particular the investments made by the unlisted subsidiary companies are placed before the Company's Audit Committee as well as before the Board.
2. The Minutes of Board and Audit Committee Meetings of the subsidiaries are placed at the Board Meetings of the Company.
3. Details of significant transactions and arrangements entered into by the unlisted subsidiary companies are placed before the Company's Board, as and when applicable.

V. CEO / CFO Certification

The certificate required under Clause 49(V) of the Listing Agreement, duly signed by the Managing Directors / CFO has been given to the Board and the same is annexed to this report as Annexure '2'.

VI. Management Discussion and Analysis

The Management Discussion and Analysis Report is given separately in the Annual Report.

VII. IPO Unclaimed Shares Demat Suspense Account

As per a directive issued by the Securities Exchange Board of India (SEBI), the Company had opened a Beneficiary Account with Emkay Global Financial Services Limited, being a depository participant of CDSL in the name and style of "Emkay

Global Financial Services Limited A/C IPO-Unclaimed Securities Suspense Account" and credited the unclaimed shares lying in the Escrow Account which are not transferable in any manner. The said account is held by the Company purely on behalf of the allottees who are entitled to the shares but have not claimed their shares. As on 31st March 2012, a total of 1150 shares pertaining to 7 allottees are lying in the said Account.

Further, in compliance with the aforesaid SEBI Circular, the Company has opened an account with HDFC Bank in the name and style of "EGFSL – IPO Unclaimed Shares Unpaid Dividend Account" and credited with the dividends declared on IPO Unclaimed Shares. As on 31st March 2012, an amount of ₹ 6569/- is lying in the said account.

VIII. Secretarial Audit

During the Financial Year 2011-2012, Reconciliation of Share Capital Audit Report (earlier known as Secretarial Audit Report) as stipulated under Regulation 55A of SEBI (Depositories and Participants) Regulations, 1996 was carried out on a quarterly basis by practicing company secretary for reconciliation of the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and total issued and listed share capital. This audit report confirms that the total issued/paid-up capital is in agreement with the total number of shares held in physical form and the total number of dematerialized shares held with NSDL and CDSL. The Reconciliation of Share Capital Audit Report is submitted to the Stock Exchanges and is also placed before the Board of Directors.

IX. Code of Conduct for Prevention of Insider Trading:

Pursuant to the requirements of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended, the Company has adopted a Code of Conduct for Prevention of Insider Trading. This Code of

Conduct is applicable to all Directors and such identified employees of the Company as well as of the group companies who are expected to have unpublished price sensitive information relating to the Company.

X. General Body Meetings

1. Details of venue, date and time of the last three Annual General Meetings (AGM) held:

Financial Year	AGM No.	Venue	Date	Time
2010-11	17 th	M. C. Ghia Hall,	1 st August, 2011	3.00 p.m.
2009-10	16 th	Fort, Mumbai.	30 th August, 2010	3.00 p.m.
2008-09	15 th		11 th September, 2009	3.00 p.m.

2. Special Resolutions passed at the last three AGMs:

- At the 17th AGM held on 1st August, 2011:
 - a. Approving Amendments of ESOP-2005, ESOP-2007 and ESOP-2010 (through Trust Route).
- At the 16th AGM held on 30th August, 2010:
 - a. Re-appointment of and Payment of remuneration to Managing Directors.
 - b. Payment of Commission to Non-Executive & Independent Directors.
 - c. Approving amendments made to ESOP Scheme – 2007.
 - d. Introduction of new ESOP Scheme-2010 (through trust route).
- At the 15th AGM held on 11th September, 2009:
 - a. Revision in remuneration payable to Managing Directors.
 - b. Approval on change in the place of maintaining Register of Members, Index of Members, copies of Annual Returns and related documents.

3. Postal Ballot:

During the Financial Year 2011-12, the Company had passed the resolution under Section 293(1) (a) of the Companies Act,

1956, for creating mortgage/ charge on the Company's immovable property situated at The Ruby, 7th Floor, Senapati Bapat Marg, Dadar (West), Mumbai-400028 and the approval of members was sought through postal ballot.

The Board of Directors of the Company appointed Mr. P. N. Parikh of M/s. Parikh & Associates, practicing company secretary, Mumbai, as scrutinizer for conducting the postal ballot process in a fair and transparent manner.

The results of the Postal Ballot were declared on 27th September, 2011 by the Managing Director at the Registered Office of the Company. The details of voting were as follows:

Particulars	No. of ballots	No. of shares
TOTAL RECEIVED	174	1,85,07,767
Less: Invalid	15	20,836
Valid	159	1,84,86,931
- Assent	129	1,84,84,976
- Dissent	30	1,995

4. Details of Directors seeking re-appointment as required under Clause 49 IV (G) of the Listing Agreement entered into with Stock Exchanges:

Name of Director	Mr. R. K. Krishnamurthi	Mr. G. C. Vasudeo
Date of Birth	17 th January, 1946	23 rd December, 1954
Age	66 years	57 years
Date of Appointment	10 th November, 2005	28 th January, 2006
Experience in Specified Functional Area	Rich and vast experience of over 39 years in the field of Law	Rich and vast experience of over 33 years in the field of Financial Services
No. of shares held in the Company	Nil	Nil
Qualification	B.A, LL.B	B.Com, LL.B, FCS, FCA, AICWA
List of other Companies in which associated as Director	1. Madhav Marbles & Granites Limited 2. Emkay Commotrade Limited 3. Emkay Insurance Brokers Limited	1. SI Group India Limited 2. Schenectady India Holdings Limited 3. Falcon Realtors & Developers Pvt. Ltd 4. Emkay Fincap Limited
Chairman / Member of the Committee of the Board of other Companies in which associated as a Director	Chairman: Nil Member: Audit Committee - 1. Emkay Commotrade Limited	Chairman: Nil Member: Audit Committee - 1. Emkay Fincap Limited

XI. Disclosures

- Transactions with related parties, as per the requirements of Accounting Standard 18, are disclosed elsewhere in this Annual Report.
 - A statement in summary form of transactions with related parties in the ordinary course of business is placed periodically before the audit committee.
 - There are no transactions with related parties which are not in the normal course of business.
 - All related party transactions are negotiated on arm length basis and are intended to further the interests of the Company.
- The Company has not entered into any other transaction of a material nature with the related parties viz. promoters, Directors or the management, their subsidiaries or relatives etc. that may have a potential conflict with the interests of the Company at large.
- The Company has followed all the relevant Accounting Standards while preparing the Financial Statements and confirms that there have been no deviations whatsoever.
- The Company has in place a mechanism to inform the Board members about the risk assessment and minimization procedures and periodical reviews to ensure that the critical risks are controlled by the executive management.
- No penalties or strictures were imposed by the Stock Exchanges or by SEBI or any other statutory authority on the Company in any matter related to capital market in connection with its equity share capital from the date of listing.
- The Company has complied with Clause 38 of the Listing Agreement with respect to payment of annual listing fees to the exchanges and annual custodial fees to the depositories.

XII. Means of Communication

1. The Quarterly & Annual Financial Results of the Company are normally published in Business Standard and Sakal.
2. The Quarterly & Annual Financial Results were promptly displayed on the Company's website
www.emkayglobal.com
3. All the official news releases are regularly sent to the Stock Exchanges and promptly displayed on the Company's website.

XIII. Non-Mandatory Requirements

The Company has complied with all mandatory requirements and has adopted following non-mandatory requirements of Clause 49 of the Listing Agreement.

1. Remuneration Committee

The Company has constituted Remuneration Committee to recommend / review remuneration of the Managing Directors based on their performance and defined assessment criteria.

2. Audit Qualification

The Company is in the regime of unqualified financial statements.

XIV. General Shareholder Information

AGM: Date, time and venue	Wednesday, 8 th August, 2012 at 2.00 p.m. at M. C. Ghia Hall, Bhogilal Hargovindas Building, 4 th Floor, 18/20, K. Dubhash Marg, Mumbai - 400001.
Financial Year	1 st April, 2011 to 31 st March, 2012
Date of Book Closure	Thursday, 26 th July, 2012 to Wednesday, 8 th August, 2012 (Both days inclusive)
Dividend Payment Date	Saturday, 11 th , August, 2012
Listing on Stock Exchanges	-BSE Limited -National Stock Exchange of India Limited
Stock Code / Symbol	-BSE Limited-532737 -National Stock Exchange of India Limited-EMKAY
ISIN Number	INE296H01011
Registrar and Transfer Agents	Link Intime India Private Limited C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai-400078.
Share Transfer System	The Company has constituted an Investor Grievance and Share Transfer Committee comprising of its Directors. In case there is a request for transfer of shares, demat-remat of shares during a fortnight, the committee shall meet once in every quarter. The List of valid transfers / transmission / remat etc. prepared by the Registrar & Transfer Agent in respect of transfer cases received by them, if any, is placed before the Investor Grievance and Share Transfer Committee for its approval/confirmation.
Dematerialization of Shares and liquidity	As on 31 st March, 2012, 99.88% of the Equity Share Capital comprising 2,44,07,870 equity shares out of total of 2,44,37,750 are held in dematerialized form.
Outstanding GDR /ADR /Warrants or any Convertible Instruments, Conversion Date and likely impact on equity.	The Company has not issued any GDR /ADR /Warrants.
Address for correspondence	Registered Office: The Ruby, 7 th Floor, Senapati Bapat Marg, Dadar(West), Mumbai-400028. Corporate Office: Paragon Center, C-06, Ground Floor, Pandurang Budhkar Marg, Worli, Mumbai-400013. Registrar and Transfer Agent: Link Intime India Private Limited C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai - 400078.

XV. Categories of Share Holding as on 31st March, 2012

The Shareholding of different categories of the shareholders as on 31st March, 2012 is given below:

Category	No. of Shareholders	No. of Shares	% of total
Promoters	3	1,38,22,500	56.5621
Relatives of Directors	4	40,75,000	16.6750
FII's	2	1,77,191	0.7251
Foreign Nationals	0	0	0
Other Bodies Corporate	206	11,47,058	4.6938
Mutual Fund	0	0	0
NRI (including Non Repatriable)	69	2,29,496	0.9391
Trusts	1	7,54,648	3.0880
Public	6083	42,31,857	17.3169
Total	6368	2,44,37,750	100.0000

XVI. Distribution of Shareholding as on 31st March, 2012

The Shareholding distribution of the equity shares as on 31st March, 2012 is given below:

Number of Shares held (Face value of ₹ 10 each)	Shareholders		Shares	
	Number	% of total	Number	% of total
1-500	5632	88.4422	5,51,445	2.2565
501-1000	245	3.8474	1,99,444	0.8161
1001-2000	167	2.6225	2,55,552	1.0457
2001-3000	101	1.5861	2,53,396	1.0369
3001-4000	42	0.6595	1,49,935	0.6135
4001-5000	36	0.5653	1,69,987	0.6956
5001-10000	67	1.0521	5,22,124	2.1365
10001 & above	78	1.2249	2,23,35,867	91.3990
Total	6368	100.00	2,44,37,750	100.00

XVII. Market Price Data

During the year, the BSE Sensex dropped down from 19445 to 17404.

The Market Price of the Company's Shares traded on the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE) during the previous Financial Year from 1st April, 2011 to 31st March, 2012 is as follows:

Month	BSE		NSE	
	High `	Low `	High `	Low `
April, 2011	67.60	54.00	68.30	53.75
May, 2011	61.50	50.00	62.95	49.95
June, 2011	53.45	41.00	53.50	41.00
July, 2011	47.50	36.50	48.00	37.00
August, 2011	51.50	40.45	53.00	40.00
September, 2011	54.00	46.00	50.00	44.60
October, 2011	53.90	46.50	51.85	46.50
November, 2011	51.00	34.50	48.00	34.50
December, 2011	45.50	26.65	45.40	29.60
January, 2012	42.45	33.00	41.00	33.00
February, 2012	52.50	32.55	51.70	31.65
March, 2012	38.00	28.05	38.75	26.25

On behalf of the Board of Directors
For Emkay Global Financial Services Limited

Prakash Kacholia
Managing Director

Krishna Kumar Karwa
Managing Director & CFO

Place: Mumbai
Date : 19th May, 2012

CERTIFICATE OF CORPORATE GOVERNANCE

To the Members of

M/s. Emkay Global Financial Services Limited

We have examined the compliance of conditions of Corporate Governance by Emkay Global Financial Services Limited ('the Company') for the year ended 31st March, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

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

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

We further 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 B. L. Sarda & Associates
Firm Registration No. 109266W
Chartered Accountants

(CA. B. L. Sarda)
Partner
M. No. 14568

Place: Mumbai
Date : 19th May, 2012

CODE OF CONDUCT

Annexure-1

In accordance with Sub-Clause I (D) of Clause 49 of the Listing Agreement with the Stock Exchanges, we, Krishna Kumar Karwa - Managing Director & CFO and Prakash Kacholia - Managing Director of the Company confirm that the Board Members and the Senior Management Personnel of the Company have affirmed compliance with the Company's Code of Conduct for the financial year ended 31st March, 2012.

For EMKAY GLOBAL FINANCIAL SERVICES LIMITED

Krishna Kumar Karwa
Managing Director & CFO

Prakash Kacholia
Managing Director

Place: Mumbai

Date: 19th May, 2012

We hereby certify that -

- (a) We have reviewed Financial Statement and the Cash Flow Statement for the year ended 31st March, 2012 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 which violate the Company's Code of Conduct.
- (c) We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or proposed to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee;
 - i) Significant changes in internal control over financial reporting during the year;
 - ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Krishna Kumar Karwa
Managing Director & CFO

Prakash Kacholia
Managing Director

Place: Mumbai
Date: 19th May, 2012

AUDITOR'S REPORT

AUDITOR'S REPORT TO THE MEMBERS OF EMKAY GLOBAL FINANCIAL SERVICES LIMITED

1. We have audited the attached balance sheet of EMKAY GLOBAL FINANCIAL SERVICES LIMITED as at 31st March, 2012 and also the statement of profit and loss and the 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.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (the 'order'), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 (the 'Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - (iii) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act;
 - (v) On the basis of written representations received from the directors, as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act;
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and Notes thereon give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
 - (b) in the case of the Statement of Profit and Loss, of the Loss for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

For B. L. Sarda & Associates
Firm Registration No. 109266W
Chartered Accountants

(B. L. Sarda)
Partner

Place: Mumbai
Date : 19th May, 2012

Membership No. 014568

ANNEXURE TO THE AUDITORS' REPORT REFERRED TO IN PARAGRAPH THREE OF OUR REPORT OF EVEN DATE

- (i) In our opinion and according to the information and explanations given to us, the nature of the Company's business / activities during the year are such that clauses (viii), (xiii) and (xix) of Paragraph 4 of the said Order are not applicable to the Company.
- (ii) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) According to the information and explanations given to us, fixed assets of the company have been physically verified by the management during the year which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us, the Company has not disposed off substantial part of fixed assets which could affect the going concern status of the Company.
- (iii) (a) The securities held as stock in trade have been confirmed with the statement of holding of depository at the end of the year. In our opinion, the frequency of verification of statement of holding is reasonable.
- (b) In our opinion and according the information and explanations given to us, the procedure of confirmation of securities held as stock in trade followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according the information and explanations given to us, the Company has maintained proper records of securities held as stock in trade and as informed to us, no discrepancies have been noticed on verification between the statement of holding and the book records.
- (iv) (a) The Company has granted unsecured demand loans to three companies covered in the register maintained under section 301 of the Act. The maximum amount involved during the year was ₹ 2503 lac and the year end balance of loans granted to said companies was ₹ 1000 lac.
- (b) In our opinion, the rate of interest and other terms and conditions on which the said unsecured loans have been granted to companies listed in the register maintained under section 301 of the Act are not prejudicial to the interest of the Company.
- (c) The said companies are repaying the principal as and when demanded and are also regular in payment of interest.
- (d) There are no overdue amount of principal and interest.
- (e) The Company has not taken any secured or unsecured loan from companies, firms or other parties covered in the register maintained under section 301 of the Act during the year. Therefore comments under clause 4(iii) (e) to (g) of the Order are not applicable.
- (v) In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of securities, fixed assets and for sale of securities and services. Further, on the basis of our examination and according to the information and explanations given to us, we have neither come across nor have we been informed of any instance of major weakness in the aforesaid internal control systems.
- (vi) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
- (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 exceeding the value of rupees five lac in respect of any party during the year for services obtained from such a party have been made at prices which are reasonable having regard to prevailing market prices at the relevant time. In case of services provided to another such party, no comparison could be made since similar transactions have not been made with other parties.

(vii) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from public within the meaning of Sections 58A and 58AA or any other relevant provisions of the Act and the rules framed thereunder.

(viii) In our opinion, the Company has an adequate internal audit system commensurate with the size of the company and the nature of its business.

(ix) (a) The Company has been regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues applicable to it. No undisputed amounts payable in respect of the aforesaid statutory dues were outstanding as at the last day of the financial year for a period of more than six months from the date they became payable.

(c) As at 31st March, 2012, according to the records of the Company and the information and explanations given to us, the following are the particulars of disputed dues on account of income tax, sales tax, service tax, custom duty, wealth tax, excise duty and cess matters that have not been deposited:

Nature of dues	Amount (₹ in Lac)	Period to which the amount relates	Forum where pending
Income Tax and Interest	6.37	FY 2002-2003	Rectifications/ Appeal Effects
Income Tax and Interest	4.57	FY 2003-2004	Rectifications/ Appeal Effects
Tax Deducted at Source and Interest	0.35	FY 2005-2006	Commissioner of Income Tax (Appeals)
Income Tax and Interest	25.94	FY 2007-2008	Income Tax Appellate Tribunal
Income Tax and Interest	61.19	FY 2008-2009	Commissioner of Income Tax (Appeals)

(x) The Company has no accumulated losses as at 31st March, 2012 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.

(xi) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to the bank. The Company has not obtained any borrowings from any financial institutions or by way of debentures.

(xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of the transactions and contracts in respect of its dealing or trading in shares, securities and other investments and timely entries have been made therein and the shares, securities and other investments have been held by the Company in its own name.

(xiv) To the best of our knowledge and belief and according to the information and explanations given to us, the terms and conditions at which guarantee has been given by the Company for credit facilities taken from banks by a subsidiary are, in our opinion, not, *prima facie*, prejudicial to the interest of the Company.

(xv) To the best of our knowledge and belief and according to the information and explanations given to us, no term loans were obtained by the Company during the year.

(xvi) According to the Cash Flow Statement and other records examined by us and the information and explanations given to us, on an overall basis, funds raised on short term basis have, *prima facie*, not been used during the year for long term investment.

(xvii) According to the information and explanations given to us, the company has not made any preferential allotment during the year to Companies / firms / parties covered in the register maintained under section 301 of the Act.

(xviii) The Company has not raised any money by public issues during the year.

(xix) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

For B. L. Sarda & Associates
Firm Registration No. 109266W
Chartered Accountants

(B. L. Sarda)
Partner

Place: Mumbai
Date : 19th May, 2012

Membership No. 14568

BALANCE SHEET AS AT 31ST MARCH, 2012

Particulars	Note No.	As at 31 st March, 2012 (₹)	As at 31 st March, 2011 (₹)
EQUITY AND LIABILITIES			
1. SHAREHOLDER'S FUNDS			
Share Capital	3.1	24,43,77,500	24,42,72,500
Reserves and Surplus	3.2	1,11,30,99,592	1,13,47,98,016
		1,35,74,77,092	1,37,90,70,516
2. SHARE APPLICATION MONEY PENDING ALLOTMENT			
		-	1,77,500
3. NON-CURRENT LIABILITIES			
Long-Term Borrowings	3.3	10,05,111	20,01,792
Other Long-Term Liabilities	3.4	3,79,94,300	4,07,43,250
		3,89,99,411	4,27,45,042
4. CURRENT LIABILITIES			
Short-Term Borrowings	3.5	12,79,84,738	2,25,00,000
Trade Payables	3.6	43,67,54,785	53,62,71,072
Other Current Liabilities	3.7	25,61,84,965	28,57,44,380
Short-Term Provisions	3.8	1,61,91,964	3,58,42,898
		83,71,16,452	88,03,58,350
		2,23,35,92,956	2,30,23,51,408
ASSETS			
NON CURRENT ASSETS			
1. Fixed Assets			
- Tangible Assets	3.9 (a)	46,75,25,019	6,67,74,824
- Intangible Assets	3.9 (b)	80,61,598	91,11,282
- Capital Work-in-Progress		13,31,211	20,64,02,998
Non-Current Investments	3.10	34,50,04,526	35,50,04,526
Deferred Tax Assets (Net)	3.11	4,67,67,100	4,28,92,200
Long-Term Loans and Advances	3.12	14,36,15,963	16,12,97,411
		1,01,23,05,417	84,14,83,241
2. CURRENT ASSETS			
Inventories	3.13	610	6,28,517
Trade Receivables	3.14	28,22,35,325	33,68,19,446
Cash and Cash Equivalents	3.15	79,23,08,127	1,05,83,27,900
Short-Term Loans and Advances	3.16	12,78,08,052	4,61,45,053
Other Current Assets	3.17	1,89,35,425	1,89,47,251
		1,22,12,87,539	1,46,08,68,167
		2,23,35,92,956	2,30,23,51,408
SIGNIFICANT ACCOUNTING POLICIES			
	2		

The accompanying notes are an integral part of the Financial Statements

As per our Report of even date
For B. L. SARDA & Associates
Chartered Accountants

(B. L. SARDA)
Partner
Membership No. 014568

Place : Mumbai
Dated: 19th May, 2012

For and behalf of the Board of
EMKAY GLOBAL FINANCIAL SERVICES LIMITED

G. P. GUPTA
Chairman

S. K. SABOO
Director

RAHUL SAHASRABUDDHE
Company Secretary

Place : Mumbai
Dated: 19th May, 2012

KRISHNA KUMAR KARWA
Managing Director & CFO

R. K. KRISHNAMURTHI
Director

PRAKASH KACHOLIA
Managing Director

G. C. VASUDEO
Director

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2012

Particulars	Note No.	For the Year Ended 31 st March, 2012 (₹)	For the Year Ended 31 st March, 2011 (₹)
Income			
Revenue from Operations	3.18	87,58,54,605	1,13,15,44,704
Other Income	3.19	2,66,00,724	1,61,01,386
Total Revenue		90,24,55,329	1,14,76,46,090
Expenses			
Employee Benefits Expense	3.20	43,20,85,637	45,42,36,454
Finance Costs	3.21	2,19,88,831	3,04,62,458
Depreciation and Amortization Expense	3.22	4,87,93,092	3,85,89,273
Other Expenses	3.23	41,12,14,227	49,58,20,356
Total Expenses		91,40,81,787	1,01,91,08,541
Profit/(Loss) Before Tax		(1,16,26,458)	12,85,37,549
Tax Expense:			
Income-Tax			
- Current Tax		-	3,50,00,000
- Deferred Tax Charge/(Benefit)		(38,74,900)	98,15,300
- Short/ (Excess) Provision for FBT for Earlier Years		(45,776)	1,78,219
- Short/ (Excess) Provision for Taxation for Earlier Years		(8)	2,63,056
Profit/ (Loss) for the year		(77,05,774)	8,32,80,974
Earnings per Equity Shares of nominal value of Rs.10/- each			
-Basic		(0.32)	3.41
-Diluted		(0.32)	3.37
SIGNIFICANT ACCOUNTING POLICIES			
The accompanying notes are integral part of the Financial Statements		2	

As per our Report of even date
For B. L. Sarda & Associates
Chartered Accountants

(B. L. SARDA)
Partner
Membership No. 014568

Place : Mumbai
Dated: 19th May, 2012

For and behalf of the Board of
EMKAY GLOBAL FINANCIAL SERVICES LIMITED

G. P. GUPTA
Chairman

S. K. SABOO
Director

RAHUL SAHASRABUDDHE
Company Secretary

Place : Mumbai
Dated: 19th May, 2012

KRISHNA KUMAR KARWA
Managing Director & CFO

R. K. KRISHNAMURTHI
Director

PRAKASH KACHOLIA
Managing Director

G. C. VASUDEO
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	Year ended 31 st March, 2012		Year ended 31 st March, 2011	
	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax, extraordinary items		(1,16,26,458)		12,85,37,549
Adjustment for :				
Finance Cost	2,19,88,831		3,04,62,458	
Depreciation and Amortization	4,87,93,092		3,85,89,273	
Net gain on sale of current investment	(2,56,469)		(11,72,631)	
Loss on Sale/Discard of Fixed Assets	15,54,828		3,28,680	
Interest Received	(2,60,75,462)		(1,41,86,917)	
Dividend Received	(2,68,793)		(2,41,838)	
Unrealised Foreign Exchange (gain)/loss	(1,302)		(567)	
Provision for Doubtful Debts /Deposits / Advances (Net of write back)	(1,50,64,927)		(3,87,31,447)	
Provision for loss on equity index/stock futures, equity index/stock options and currency futures (Net of write back)	(64,94,688)	2,41,75,110	62,93,812	2,13,40,823
Operating profit before working capital changes		1,25,48,652		14,98,78,372
Adjustment for :				
Trade and other receivables	10,33,86,813		18,52,26,740	
Deposits with Banks and Other items not considered as cash equivalents (Refer Note 3 below)	11,05,76,940		28,14,19,210	
Inventories	6,27,907		3,48,732	
Trade and other payables	(13,75,32,419)	7,70,59,241	(6,34,76,156)	40,35,18,526
Cash Generated from operations		8,96,07,893		55,33,96,898
Direct taxes (Paid)/Refund	1,40,95,663	1,40,95,663	(3,41,71,809)	(3,41,71,809)
Cash flow before extraordinary items		10,37,03,556		51,92,25,089
Extraordinary items				-
Net Cash from/ (used in) Operating Activities		10,37,03,556		51,92,25,089
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets & Capital Work in Progress	(24,98,34,093)		(24,31,67,203)	
Sale of Fixed Assets	48,57,430		15,59,170	
Acquisition of current Investments	(10,00,00,000)		(1,86,02,37,458)	
Disposal of current Investments	10,02,56,469		1,86,14,10,089	
Investment in Subsidiary Companies	-		(4,50,00,000)	
Redemption of Investment in Subsidiary Companies	1,00,00,000		5,00,00,000	
Interest received	2,60,75,462		1,41,86,917	
Loan given to Emkay Employees Welfare Trust	(53,00,000)		(5,31,00,000)	
Loan to Subsidiary Company	(10,00,00,000)		-	
Dividend received	2,68,793	(31,36,75,939)	2,41,838	(27,41,06,647)
Net Cash from/ (used in) Investing Activities		(31,36,75,939)		(27,41,06,647)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

Particulars	Year ended 31 st March, 2012		Year ended 31 st March, 2011	
	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of share capital	1,05,000		10,64,500	
Securities Premium received	2,12,500		34,27,350	
Proceeds/(Repayment) of Long-Term Borrowings	(9,96,681)		20,01,792	
Proceeds/(Repayment) of Short-Term Borrowings	10,54,84,738		(15,00,00,000)	
Interest paid	(2,19,88,831)		(3,04,62,458)	
Dividend paid (including dividend tax)	(2,82,88,478)	5,45,28,248	(2,84,40,312)	(20,24,09,128)
Net Cash from/ (used in) financing activities		5,45,28,248		(20,24,09,128)
Net increase in cash and cash equivalents (A+B+C)		(15,54,44,135)		4,27,09,314
Cash and cash equivalents at the beginning of the year		19,51,57,208		15,24,47,894
Cash and cash equivalents at the close of the year		3,97,13,073		19,51,57,208
Notes :				
1. Cash and cash equivalents comprise of :				
Cash		3,07,629		6,02,332
Cheque in hand		-		55,582
Balances with Scheduled Banks				
- In Current Accounts		3,88,30,642		19,40,82,586
- In Deposit Accounts		4,72,684		4,00,000
Balances in Pay Direct Card		77,885		-
Foreign Currency on Hand	24,729		15,902	
Add / (Less) : Unrealised Exchange Loss / (Gain)	496	24,233	806	16,708
		3,97,13,073		19,51,57,208

- Cash flow statement has been prepared under the Indirect Method as set out in the Accounting Standard - 3 (AS-3) "Cash Flow Statement" issued by the Institute of Chartered Accountants of India.
- Cash and cash equivalent excludes deposit with banks which have been pledged with exchanges/banks, balance in Unclaimed Dividend and IPO Refund Account, Gift/Meal Coupons and Stamps in hand.
- Previous year's figures are re-grouped/recasted/re-arranged wherever considered necessary.

As per our Report of even date
For B. L. Sarda & Associates
Chartered Accountants

(B. L. SARDA)
Partner
Membership No. 014568

Place : Mumbai
Dated: 19th May, 2012

For and behalf of the Board of

G. P. GUPTA
Chairman

S. K. SABOO
Director

RAHUL SAHASRABUDDHE
Company Secretary

Place : Mumbai
Dated: 19th May, 2012

KRISHNA KUMAR KARWA
Managing Director & CFO

R. K. KRISHNAMURTHI
Director

PRAKASH KACHOLIA
Managing Director

G. C. VASUDEO
Director

1. Corporate Information

The Company was incorporated on 24th January, 1995 as a private limited company by the name of Emkay Share and Stock Brokers Private Limited. On 20th October, 2005 the company was converted into a public limited company and the name got changed to Emkay Share and Stock Brokers Limited. Subsequently with effect from 2nd June, 2008, the name of the company was changed to Emkay Global Financial Services Limited. The company came out with the Initial Public Offer and got listed on NSE and BSE on 28th April, 2006. The company is presently having membership of various exchanges and is in the business of providing Stock Broking Services, Investment Banking, Depository Participant for CDSL and Distribution of Third Party Products.

2. Significant Accounting Policies:

2.1 Basis of Preparation of Financial Statements

The accompanying financial statements are prepared in accordance with Generally Accepted Accounting Principles and provisions of the Companies Act, 1956 under the historical cost convention on the accrual basis of accounting. The accounting policies have been consistently applied by the company unless otherwise stated.

2.2 Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates and the differences between actual results and estimates are recognised in the periods in which the results are known / materialize.

2.3 Revenue Recognition

- (a) Brokerage from secondary market is recognized as per contracted rates on the execution of transactions on behalf of the clients on the trade date.
- (b) One time non refundable subscription fees for joining various special brokerage schemes are treated as income when the client agrees to join that particular scheme and renders payment for the same. No brokerage under the said schemes are charged till the time brokerage on the trades executed by the clients gets equal to the subscription fees paid by the client.
- (c) Portfolio Management Fees is accounted on accrual basis as follows :-
 - (i) in case of fees on fixed percentage of Assets Under Management, income is accrued at the end of each quarter or closure of Portfolio Account, whichever is earlier.
 - (ii) in case of fees based on returns on Portfolio, income is accounted at the end of completion of one year by each client from the date of joining the Portfolio Management Scheme or closure of Portfolio Account, whichever is earlier.
- (d) Dividend including interim are accounted when the right to receive payment is established.
- (e) Profit/(Loss) in proprietary trades in securities and derivatives comprises of profit/(loss) on sale of securities held

as stock-in-trade, profit/(loss) on equity derivative instruments and profit/(loss) on currency futures transactions. Profit/(loss) on sale of securities is determined based on first-in-first-out (FIFO) basis of cost of securities sold. Profit/(loss) on equity derivative instruments is determined as explained in para 2.4 and 2.5 below. Profit/(loss) on Currency Futures transactions is also determined *mutatis mutandis* as explained in para 2.4 and 2.5 below.

2.4 Equity Index/Stock - Futures

- (i) Equity Index/Stock Futures are marked-to-market on a daily basis. Debit or Credit balance disclosed under Short-Term Loans and Advances or Current Liabilities, respectively, in the Mark-to-Market Margin – Equity Index / Stock Futures Account, represents the net amount paid or received on the basis of movement in the prices of Index/Stock futures till the Balance Sheet date.
- (ii) As on the Balance Sheet date, Profit / Loss on open positions in Equity Index / Stock Futures is accounted for as follows:
 - a) Credit balance in the Mark-to-Market Margin – Equity Index / Stock Futures Account, being the anticipated profit, is ignored and no credit for the same is taken in the Statement of Profit and Loss.
 - b) Debit balance in the Mark-to-Market Margin – Equity Index / Stock Futures Account, being the anticipated loss, is provided in the Statement of Profit and Loss and is reflected in “Provision for Loss on Equity Index/Stock Futures Account” under Current Liabilities.
- (iii) On final settlement or squaring-up of contracts for Equity Index / Stock Futures, the Profit or Loss is calculated as the difference between the settlement / squaring-up price and the contract price. Accordingly, debit or credit balance pertaining to the settled / squared-up contract in Mark-to-Market Margin – Equity Index / Stock Futures Account after adjustment of the provision for anticipated losses is recognized in the Statement of Profit and Loss. When more than one contract in respect of the relevant series of Equity Index / Stock Futures contract to which the squared-up contract pertains is outstanding at the time of the squaring-up of the contract, the contract price of the contract so squared-up is determined using the weighted average cost method for calculating the Profit / Loss on squaring-up.

2.5 Equity Index/Stock - Options

- (i) “Equity Index/Stock Options Premium Account” represents premium paid or received for buying or selling the options, respectively. Debit or Credit balance under the said account is disclosed under Short - Term Loans and Advances or Current Liabilities as the case may be.
- (ii) At the time of final settlement
Premium paid/received is recognised as an expense/income on exercise of Option. Further, difference between the final settlement price as on the exercise/expiry date and the strike price is recognised as Profit or Loss.
- (iii) At the time of squaring off
Difference between the premium paid and received on squared off transactions is treated as Profit or Loss.
- (iv) At the Balance Sheet date
In the case of long positions, provision is made for the amount by which the premium paid for those options

exceeds the premium prevailing on the balance sheet date, and in the case of short positions, for the amount by which premium on the Balance Sheet date exceeds the premium received for those options, and is reflected in "Provision for Loss on Equity Index/Stock Option Account" under Current Liabilities.

2.6 Fixed Assets and Depreciation

- a) Fixed Assets are stated at cost of acquisition including incidental expenses related to such acquisition and installation less accumulated depreciation.
- b) Depreciation on Fixed Assets other than Improvements to Leasehold/ Licensed Premises have been provided on written down value method at the rates prescribed under Schedule XIV to the Companies Act, 1956 as amended from time to time including pro rata depreciation on additions/deletions made during the year.
- c) Improvements to Leasehold/Licensed Premises are depreciated on a straight-line method over the Primary Lease Period or over a period of 3 years whichever is less starting from the date when the Leasehold/Licensed Premises are put to use.

2.7 Intangible Assets and Amortization

Items of expenditure that meet the recognition criteria as mentioned in Accounting Standard – 26 on "Intangible Assets" are classified as intangible assets and are amortized over the period of economic benefits.

Softwares are stated at cost of acquisition and are amortized on straight line basis over a period of 3 years irrespective of the date of acquisition.

Membership Rights in Stock Exchanges are amortized on straight- line basis over a period of 10 years.

2.8 Stock – in – Trade

Stock – in – Trade of securities are valued at lower of the cost or market value on individual scrip by scrip basis. Cost is determined on First-in-First-Out (FIFO) basis.

2.9 Investments

Investments that are readily realizable and intended to be held for not more than twelve months are classified as Current Investments. All other investments are classified as long term investments. Long Term Investments are stated at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the Long Term investments.

Current Investments are stated at lower of cost and fair value and determined on an individual investment basis.

2.10 Employee Benefits

(i) Short Term Benefits

All employee benefits including leave encashment (short term compensation absences) and statutory bonus/ performance bonus/ incentives payable wholly within twelve months of rendering the service are classified as short term employee benefits and are charged to the Statement of Profit and Loss of the year.

(ii) Long Term Benefits

(a) Post Employment Benefits

- (i) Defined Contribution Plans:- Retirement/ Employee benefits in the form of Provident Fund, Employees State Insurance and labour welfare are considered as defined contribution plan and contributions to the respective funds administered by the Government are charged to the Statement of Profit and Loss of the year when the contribution to the respective funds are due.
- (ii) Defined Benefit Plans:- Retirement benefits in the form of gratuity is considered as defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made as at the date of the Balance Sheet. The scheme is maintained and administered by an insurer to which the trustees make periodic contributions. Actuarial gain/loss, if any are immediately recognized in the Statement of Profit and Loss.

(b) Other Long Term Benefits

As per the present policy of the company, there are no other long term benefits to which its employees are entitled.

2.11 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 asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

2.12 Assets on Operating Leases

Lease payments under operating leases are recognized as expenses on accrual basis in accordance with the respective lease and license agreements.

2.13 Share Issue Expenses

Expenses incurred in connection with fresh issue of Share Capital are adjusted against Securities Premium account in the year in which they are incurred.

2.14 Taxation

Provision for Taxation has been made in accordance with the Income Tax Laws prevailing for the relevant assessment years.

2.15 Deferred Taxation

Deferred Tax resulting from timing differences between book and tax profits is accounted for under the liability method, at the tax rates that have been enacted or substantively enacted after the balance sheet date, to the extent that the timing difference are expected to crystallize as deferred tax charge/benefit in the Statement of Profit and Loss and as deferred tax assets/ liabilities in the Balance Sheet.

2.16 Contingencies and Events Occuring After The Balance Sheet Date

Events occurring after the date of the Balance Sheet, which provide further evidence of conditions that existed at the Balance Sheet date or that arose subsequently, are considered up to the date of approval of accounts by the Board of Directors, where material.

2.17 Impairment

Where the recoverable amount of the fixed asset is lower than its carrying amount, a provision is made for the impairment loss. Post impairment, depreciation is provided for on the revised carrying value of the asset over its remaining useful life.

2.18 Provisions, Contingent Liabilities & Contingent Assets

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. Contingent liabilities, if material, are disclosed by way of notes. Contingent assets are not recognized or disclosed in the financial statements.

2.19 Foreign Currency Transactions

Foreign currency transactions are accounted at the exchange rates prevailing on the date of the transaction. Foreign currency monetary items outstanding as at the Balance Sheet date are reported using the closing rate. Gains and losses resulting from the settlement of such transactions and translation of monetary assets and liabilities denominated in foreign currencies are recognized in the Statement of Profit and Loss.

2.20 Employee Stock Compensation Cost

The company follows the intrinsic value method as prescribed by the Guidance note on "Accounting for Employee Share-based Payments" issued by the Institute of Chartered Accountants of India to account for the compensation cost of its Stock based employee compensation plans.

2.21 Stock Lending and Borrowing

Borrowing/Lending fees paid/received on stocks borrowed/lent under Stock Lending and Borrowing Mechanism is recognized on accrual basis.

Amount deposited with Stock Exchanges for borrowed stocks has been shown as Current Assets under Short-term Loans and Advances and the same is reversed on return of such borrowed stock.

Sale proceeds of borrowed stock has been shown as Current Liabilities under Other Current Liabilities and the same is reversed on squaring up of the transaction with resultant gain/loss being recognized in the Statement of Profit and Loss.

Provision is made for anticipated losses however anticipated profits are ignored for difference between sale price of borrowed stock and the price prevailing at the Balance Sheet date on such borrowed stock.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

3.1 Share Capital

Particulars	As at	
	31 st March, 2012 (₹)	31 st March, 2011 (₹)
Authorised		
40,000,000 Equity Shares of ₹ 10/- each	40,00,00,000	40,00,00,000
Issued, Subscribed and Paid Up		
244,37,750 (P.Y. 244,27,250) Equity Shares of Rs.10/-each fully paid up	24,43,77,500	24,42,72,500
	24,43,77,500	24,42,72,500

a: Reconciliation of the shares outstanding at the beginning and the end of the reporting period:

Particulars	As at 31 st March, 2012		As at 31 st March, 2011	
	No of shares	Amount (₹)	No of shares	Amount (₹)
At the beginning of the period	2,44,27,250	24,42,72,500	2,43,20,800	24,32,08,000
Add: Shares issued on exercise of Employee Stock options	10,500	1,05,000	1,06,450	10,64,500
Outstanding at the end of the period	2,44,37,750	24,43,77,500	2,44,27,250	24,42,72,500

b: Terms/Rights attached to equity shares

The company has only one class of equity shares having par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share and also to dividends, if declared / approved by the shareholders.

During the year ended 31st March, 2012, the amount of dividend per share recognised as distribution to equity shareholders was ₹ 0.50 (31st March, 2011 : ₹ 1.00)

In the event of liquidation of the company, the holders of Equity shares will be entitled to receive remaining assets of the company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Name of the shareholder	As at 31 st March, 2012		As at 31 st March, 2011	
	No of shares	% Held	No of shares	% Held
Equity shares of ₹ 10 each fully paid				
Krishna Kumar Karwa	49,22,500	20.14	49,22,500	20.14
Prakash Kacholia	47,50,000	19.44	47,50,000	19.44
Emkay Corporate Services Private Limited	41,50,000	16.98	37,50,000	15.35
Preeti Kacholia	21,25,000	08.70	21,25,000	08.70
Raunak Karwa	17,50,000	07.16	17,50,000	07.16

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

d: Shares Reserved for issue under options:

The Company has reserved issuance of 20,37,250 (Previous Year 20,28,000) Equity Shares of ` 10/- each for offering to eligible employees of the Company and its subsidiaries under Employees Stock Option Schemes. During the year, the Company has granted 2,00,000 (Previous Year 7,11,500) Options to the eligible employees at a price of ` 37/- per option (Previous year 1,00,000 options at a price of ` 93/- per option and 6,11,500 options at a price of ` 77/- per option) plus all applicable taxes , as may be levied in this regard on the Company. The Options would vest over a maximum period of four years or such other period as may be decided by the Board/Remuneration Committee subject to the applicable law.

e: Aggregate number of bonus shares issued during the period of five years immediately preceding the reporting date:

Particulars	As at	
	31 st March, 2012 (`)	31 st March, 2011 (`)
Equity Shares allotted as fully paid up bonus shares by capitalization of General Reserves	-	1,40,00,000

3.2 Reserves and Surplus

Particulars	As at	
	31 st March, 2012 (`)	31 st March, 2011 (`)
Securities Premium Account		
Balance as per last financial statements	69,11,41,084	68,77,13,734
Add: Additions on ESOPs exercised	2,12,500	34,27,350
Closing Balance	69,13,53,584	69,11,41,084
General Reserve		
Balance as per last financial statements	17,61,50,794	16,81,50,794
Add: Amount Transfer from surplus balance in the Statement of Profit and Loss	-	80,00,000
Closing Balance	17,61,50,794	17,61,50,794
Surplus in the Statement of Profit and Loss		
Balance as per last Financial Statements	26,75,06,138	22,07,30,743
Add : (Loss)/Profit for the year	(77,05,774)	8,32,80,974
Amount available for appropriations	25,98,00,364	30,40,11,717
Less: Appropriations:		
Dividend		
- Proposed Dividend	1,22,18,875	2,44,27,250
- Dividend paid for Earlier Year	3,500	99,150
Dividend Distribution Tax		
- On Proposed Dividend	19,82,207	39,62,711
- On Dividend Paid for Earlier Year	568	16,468
Transfer to General Reserve	-	80,00,000
Total of appropriations	1,42,05,150	3,65,05,579
Net Surplus in the Statement of Profit and Loss	24,55,95,214	26,75,06,138
	1,11,30,99,592	1,13,47,98,016

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

3.3 Long Term Borrowings

Particulars	As at	
	31 st March, 2012 (₹)	31 st March, 2011 (₹)
Secured		
Term Loan from others	10,05,111	20,01,792
Note: Secured by Hypothecation of Motor Car and repayable over a period of three years. Repayable ₹ 996,680/- (P.Y. 902,208/-) in next 12 months.		
	10,05,111	20,01,792

3.4 Other Long Term Liabilities

Particulars	As at	
	31 st March, 2012 (₹)	31 st March, 2011 (₹)
Others		
-Security Deposits	3,79,94,300	4,07,43,250
	3,79,94,300	4,07,43,250

Note: Represents received from Authorised Persons/Sub-Brokers and treated as long term as they are expected to remain with the company for a period of more than one year.

3.5 Short Term Borrowings

Particulars	As at	
	31 st March, 2012 (₹)	31 st March, 2011 (₹)
Secured		
Loan repayable on demand:		
- Overdraft from a Bank	12,79,84,738	1,12,50,000
Unsecured		
Loan repayable on demand		
- Short term loan from a Bank	-	1,12,50,000
	12,79,84,738	2,25,00,000

Note: Overdraft referred above to the extent of :

- ₹ 111,690,164/- (P.Y.11,250,000/-) is secured by way of lien against term deposits with bank and
- ₹ 16,294,574/- (P.Y.Nil) is secured by equitable mortgage of part of office premises.

3.6 Trade Payables

Particulars	As at	
	31 st March, 2012 (₹)	31 st March, 2011 (₹)
Trade Payables	43,67,54,785	53,62,71,072
	43,67,54,785	53,62,71,072

3.7 Other Current Liabilities

Particulars	As at	
	31 st March, 2012 (₹)	31 st March, 2011 (₹)
Current maturities of long term borrowing -Vehicle Loan (Refer Note No.3.3)	9,96,680	9,02,208
Interest accrued and due on Borrowings	-	1,72,403
Income Received in advance	14,63,941	23,30,467
Unclaimed Dividend *	2,78,466	1,72,915
Unclaimed Share Application Money *	2,34,240	2,34,240
Others		
Advance Received from Clients	42,87,983	59,02,136
Payable for Expenses	7,18,18,150	12,04,04,992
Other Liabilities	18,10,875	13,94,983
Statutory Liabilities	1,87,02,075	2,13,33,623
Deposit towards Margin from Clients	14,48,90,603	12,70,56,344
Equity Index/ Stock Options Premium	75,05,545	58,35,569
Mark to Market Margin Equity Index/ Stock Futures	41,96,407	4,500
	25,61,84,965	28,57,44,380

* Appropriate amount shall be transferred to "Investor Education & Protection Fund" as and when due.

3.8 Short Term Provisions

Particulars	As at	
	31 st March, 2012 (₹)	31 st March, 2011 (₹)
For Gratuity (Refer Note No. 8)	19,63,593	73,88,337
For Wealth Tax	27,289	64,600
Proposed Dividend	1,22,18,875	2,44,27,250
Dividend Distribution Tax	19,82,207	39,62,711
	1,61,91,964	3,58,42,898

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

3.9 Fixed Assets

(A) Tangibles Assets

Description	Office Premises	Air Conditioners	Computers	Motor Cars	Furniture & Fixtures	Office Equipments	Leasehold Improvement	Total
Gross Block(At Cost)								
At 1 April 2010	-	1,29,14,306	9,00,94,950	81,90,283	67,32,492	3,16,49,128	8,34,04,364	23,29,85,523
Additions	-	6,46,168	1,22,85,693	44,38,330	7,88,052	36,41,843	64,25,186	2,82,25,272
Deductions	-	5,13,466	19,97,717	17,25,724	2,09,218	14,69,858	11,57,880	70,73,863
At 31 March 2011	-	1,30,47,008	10,03,82,926	1,09,02,889	73,11,326	3,38,21,113	8,86,71,670	25,41,36,932
Additions	37,95,21,179	31,14,831	73,92,386	-	3,71,64,177	79,13,960	1,27,19,277	44,78,25,810
Deductions	-	42,50,904	30,63,084	32,24,506	18,26,691	29,01,982	4,01,40,772	5,54,07,939
At 31 March 2012	37,95,21,179	1,19,10,935	10,47,12,228	76,78,383	4,26,48,812	3,88,33,091	6,12,50,175	64,65,54,803
Depreciation/ Amortization								
At 1 April 2010	-	45,42,210	6,70,60,578	39,76,302	51,00,785	1,17,40,338	6,90,32,750	16,14,52,963
Charge for the Year	-	12,00,080	1,18,72,488	10,89,004	8,43,961	30,97,621	1,29,92,003	3,10,95,157
Deductions	-	1,95,341	16,54,058	14,00,025	2,09,218	5,69,490	11,57,880	51,86,012
At 31 March 2011	-	55,46,949	7,72,79,008	36,65,281	57,35,528	1,42,68,469	8,08,66,873	18,73,62,108
Charge for the Year	1,04,12,264	10,80,183	1,09,61,507	16,46,143	53,97,581	35,01,998	76,63,662	4,06,63,338
Deductions	-	18,17,068	26,34,549	22,03,161	16,79,242	12,97,008	3,93,64,634	4,89,95,662
At 31 March 2012	1,04,12,264	48,10,064	8,56,05,966	31,08,263	94,53,867	1,64,73,459	4,91,65,901	17,90,29,784
Net Block								
At 31 March 2011	-	75,00,059	2,31,03,918	72,37,608	15,75,798	1,95,52,644	78,04,797	6,67,74,824
At 31 March 2012	36,91,08,915	71,00,871	1,91,06,262	45,70,120	3,31,94,945	2,23,59,632	1,20,84,274	46,75,25,019

(B) Intangibles

Description	Stock Exchanges Membership Rights	Software						Total
Gross Block (At Cost)								
At 1 April 2010	2,82,55,000	3,15,63,136						5,98,18,136
Additions	-	1,00,24,659						1,00,24,659
At 31 March 2011	2,82,55,000	4,15,87,795						6,98,42,795
Additions	-	70,80,070						70,80,070
At 31 March 2012	2,82,55,000	4,86,67,865						7,69,22,865
Depreciation/Amortization								
At 1 April 2010	2,82,55,000	2,49,82,397						5,32,37,397
Charge for the Year	-	74,94,116						74,94,116
At 31 March 2011	2,82,55,000	3,24,76,513						6,07,31,513
Charge for the Year	-	81,29,754						81,29,754
At 31 March 2012	2,82,55,000	4,06,06,267						6,88,61,267
Net Block								
At 31 March 2011	-	91,11,282						91,11,282
At 31 March 2012	-	80,61,598						80,61,598

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

3.10 Non Current Investments

Particulars	Face Value Per Share	No. of Shares		Amount (`)	
		As at 31 st March, 2012	As at 31 st March, 2011	As at 31 st March, 2012	As at 31 st March, 2011
Non Current Investments (Long-Term) (At Cost)					
In Wholly Owned Subsidiaries:					
In Equity Shares - Unquoted, fully Paid-up					
- Emkay Fincap Limited	10	2,20,00,000	2,20,00,000	22,00,00,000	22,00,00,000
- Enkay Comotrade Limited	10	60,00,000	60,00,000	6,00,00,000	6,00,00,000
- Emkay Insurance Brokers Limited	10	40,00,000	40,00,000	4,00,00,000	4,00,00,000
- Emkay Investment Managers Limited	10	25,00,000	25,00,000	2,50,00,000	2,50,00,000
In Preference Shares - Unquoted, fully Paid-up					
- Emkay Fincap Limited (9% Non Cumulative Non Convertible Redeemable Preference Shares)	10	-	10,00,000	-	1,00,00,000
Investment in Others					
Trade Investments					
In Equity Shares - Unquoted, fully Paid-up					
Bombay Stock Exchange Limited	1	58,838	58,838	4,526	4,526
				34,50,04,526	35,50,04,526
Aggregate Cost of Un-Quoted Investments				34,50,04,526	35,50,04,526

3.11 Deferred Tax Assets (NET)

Particulars	As at	
	31 st March, 2012 (`)	31 st March, 2011 (`)
Deferred Tax Assets		
Differences between book and tax depreciation	77,07,300	1,53,17,200
Provisions	2,05,80,000	2,75,75,000
Unabsorbed Depreciation	1,84,79,800	-
	4,67,67,100	4,28,92,200
Deferred Tax Liability	-	-
Net Deferred Tax Assets	4,67,67,100	4,28,92,200

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

3.12 Long-term Loans And Advances

Particulars	As at	
	31 st March, 2012 (₹)	31 st March, 2011 (₹)
Unsecured, Considered Good unless otherwise stated		
Capital Advances	-	28,70,619
Security Deposits		
- With exchanges	3,15,08,769	2,50,93,500
- With Others		
- Considered Good	1,74,58,162	2,98,46,329
- Considered Doubtful	7,20,562	1,73,896
	4,96,87,493	5,51,13,725
Less: Provision for Doubtful Deposits	7,20,562	1,73,896
	4,89,66,931	5,49,39,829
Loan to Emkay Employee Welfare Trust [Refer Note No 5(i)]	5,84,00,000	5,31,00,000
Other Loans and Advances		
Prepaid Expenses	98,709	1,49,442
Advance Income Tax (Net of Provisions)	3,60,02,301	5,01,35,275
Advance Fringe Benefit Tax (Net of Provisions)	1,48,022	1,02,246
	14,36,15,963	16,12,97,411

3.13 Inventories

Particulars	As at	
	31 st March, 2012 (₹)	31 st March, 2011 (₹)
Stock in Trade (Valued at lower of cost or market value)		
- Shares and Securities	610	6,28,517
	610	6,28,517

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

3.14 Trade Receivables

Particulars	As at	
	31 st March, 2012 (₹)	31 st March, 2011 (₹)
Unsecured		
(Considered good unless otherwise stated)		
Outstanding for a period exceeding Six Months		
- Considered Good	1,00,88,026	50,09,045
- Considered Doubtful	5,83,46,746	5,68,40,319
	6,84,34,772	6,18,49,364
Less: Provision for Doubtful Debts	5,83,46,746	5,68,40,319
	1,00,88,026	50,09,045
Others		
- Considered Good	27,21,47,299	33,18,10,401
- Considered Doubtful	28,25,732	2,02,46,485
	27,49,73,031	35,20,56,886
Less: Provision for Doubtful Debts	28,25,732	2,02,46,485
	27,21,47,299	33,18,10,401
	28,22,35,325	33,68,19,446
Note: Above includes due from Directors	176	110

3.15 Cash and Cash Equivalents

Particulars	As at	
	31 st March, 2012 (₹)	31 st March, 2011 (₹)
Cash and Cash Equivalents		
Balances with Banks		
- In Current Accounts	3,88,30,642	19,40,82,586
- In Deposit Accounts	75,22,22,684	86,29,00,000
- In IPO Refund Account	2,34,240	2,34,240
- In Unclaimed Dividend Account	2,78,466	1,72,915
Cheque in Hand	-	55,582
Cash on Hand	3,07,629	6,02,332
Foreign Currency in Hand	24,729	15,902
Others		
- Stamps on Hand	14,100	26,000
- Meal Coupons in Hand	3,17,752	2,38,343
- Balance in Paydirect Card	77,885	
	79,23,08,127	1,05,83,27,900

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Note:-

1. Deposits with banks includes deposits of ₹ 636,750,000/- (P.Y. ₹ 532,000,000/-) with maturity of more than 12 months
2. Deposits with banks includes
 - Deposit of ₹ 48,67,50,000/- (P.Y. ₹ 55,87,50,000/-) held as margin for bank guarantee.
 - Deposit of ₹ 22,00,00,000/- (P.Y. ₹ 23,12,50,000/-) held as security for bank overdraft facility
 - Deposit of ₹ 4,50,00,000/- (P.Y. ₹ 7,25,00,000/-) lodged with exchanges

3.16 Short Term Loans and Advances

Particulars	As at	
	31 st March, 2012 (₹)	31 st March, 2011 (₹)
Unsecured , Considered Good		
Loan to a Subsidiary Company	10,00,00,000	-
Loans to Staff		
- Considered Good	21,17,474	54,67,339
- Considered Doubtful	80,764	-
	21,98,238	54,67,339
Less: Provision for Doubtful Loans	80,764	-
	21,17,474	54,67,339
Prepaid Expenses	1,49,88,740	1,87,60,625
Deposits	51,29,488	71,54,144
Other Advances		
- Considered Doubtful	14,56,510	12,34,541
- Considered Good	50,42,081	1,03,46,189
	64,98,591	1,15,80,730
Less: Provision for Doubtful Advances	14,56,510	12,34,541
	50,42,081	1,03,46,189
Balances with statutory / government authorities	62,242	-
Recoverable from Subsidiary Companies	4,68,027	2,13,574
Mark to Market Margin- Equity Index Stock Futures	-	64,94,688
Less: Provision for Loss on Equity Index Stock Futures	-	64,94,688
	-	-
Recoverable from Managing Directors	-	42,03,182
	4,68,027	44,16,756
	12,78,08,052	4,61,45,053

3.17 Other Current Assets

Particulars	As at	
	31 st March, 2012 (₹)	31 st March, 2011 (₹)
Interest Accrued but not due on deposit with banks	1,89,35,425	1,89,47,251
	1,89,35,425	1,89,47,251

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

3.18 Revenue From Operations

Particulars	For the Year Ended 31 st March, 2012 (₹)	For the Year Ended 31 st March, 2011 (₹)
Sale of Services		
Brokerage - Stock/Currency Exchange	66,60,14,757	80,86,61,202
Investment Banking Activities	1,92,23,500	12,87,16,277
Portfolio Management Fees	-	2,23,28,020
Depository Operations	61,80,562	88,91,119
Placement Fees	4,03,80,000	-
Research Fees	1,24,84,118	29,23,784
Other Fees	63,92,812	1,24,15,871
	75,06,75,749	98,39,36,273
Other Operating Income		
Interest on Deposit with Banks *	5,08,45,313	5,66,02,032
Profit/(Loss) in Proprietary Trades in Securities/Derivatives Transactions	1,92,53,464	2,71,07,623
(Less)/Add : (Provision)/Write Back for/of Loss on Equity Index/Stock Options (Net)	-	53,822
(Less)/Add : (Provision)/Write Back for/of Loss on Equity Index/Stock Futures (Net)	64,94,688	(64,06,384)
(Less)/Add : (Provision)/Write Back of Provision for Loss on Currency Futures (Net)	-	58,750
	2,57,48,152	2,08,13,811
Delayed Payments Charges	2,08,89,410	1,93,19,485
Provision for Doubtful Debts Written Back	1,82,73,374	4,25,42,469
Provision for Doubtful Deposits Written Back	-	22,000
Bad Debts Recovered	5,44,632	1,29,875
Miscellaneous Income	88,77,975	81,78,759
	12,51,78,856	14,76,08,431
* Acquired/held for the purposes of Stock/Currency Exchanges		
	87,58,54,605	1,13,15,44,704

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

3.19 Other Income

Particulars	For the Year Ended 31 st March, 2012 (₹)	For the Year Ended 31 st March, 2011 (₹)
Interest		
-On Deposit with Banks*	1,91,86,394	1,39,16,998
-Others	68,89,068	2,69,919
Dividend	2,68,793	2,41,838
Net gain on Sale of Current Investment	2,56,469	11,72,631
Gain on Transfer of PMS Business	-	5,00,000
	5,25,262	19,14,469
* Acquired/held for purposes other than stock/currency exchanges		
	2,66,00,724	1,61,01,386

3.20 Employee Benefits Expenses

Particulars	For the Year Ended 31 st March, 2012 (₹)	For the Year Ended 31 st March, 2011 (₹)
Salaries and Other Benefits	41,26,02,181	43,13,46,095
Contribution to Provident and Other Statutory Funds	1,06,93,762	1,48,80,179
Staff Welfare Expenses	87,89,694	80,10,180
	43,20,85,637	45,42,36,454

3.21 Finance Costs

Particulars	For the Year Ended 31 st March, 2012 (₹)	For the Year Ended 31 st March, 2011 (₹)
Interest Expense	91,68,867	1,55,75,188
Other Borrowing Cost	1,28,19,964	1,48,87,270
	2,19,88,831	3,04,62,458

3.22 Depreciation and Amortization Expense

Particulars	For the Year Ended 31 st March, 2012 (₹)	For the Year Ended 31 st March, 2011 (₹)
Depreciation of Tangible assets	4,06,63,338	3,10,95,157
Amortization of Intangible assets	81,29,754	74,94,116
	4,87,93,092	3,85,89,273

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

3.23 Other Expenses

Particulars	For the Year Ended 31 st March, 2012 (`)	For the Year Ended 31 st March, 2011 (`)
(A) Operating Expenses		
Brokerage & Commission	10,25,58,352	16,37,49,461
Communication, Postage and Courier Charges	3,81,36,846	4,38,67,770
Fees & Stamps	22,66,437	57,47,693
Contribution/Payments to Stock Exchanges	3,63,21,168	2,81,53,520
Membership & Subscription	3,01,19,757	1,85,03,205
Registration Fees	23,29,437	24,40,165
Depository Charges	31,01,526	42,87,622
Consultancy Fees	50,42,000	1,89,00,000
Loss due to Execution of Error Trades	90,49,136	1,04,18,559
Claims/ Compensation/ Settlement Charges	5,00,000	11,301
Expenses Attributable to Trades in Securities/Derivative Transactions	97,03,070	41,64,016
Total (A)	23,91,27,729	30,02,43,312
(B) Administrative Expenses		
Electricity Charges	1,43,21,539	1,69,28,219
Insurance	11,28,027	9,35,371
Repair & Maintenance - Own Premises	21,36,385	-
Repair & Maintenance - Other	1,42,26,288	1,52,29,447
Advertisement & Business Promotion Expenses	1,63,37,678	1,47,62,340
Motor Car Expenses	4,21,635	5,41,173
Printing & Stationery	94,30,892	1,07,49,405
Travelling and Conveyance	1,63,56,469	1,85,16,392
Provision for Doubtful Debts	73,80,461	2,09,06,579
Provision for Doubtful Deposits / Loans /Advances	8,49,399	12,34,541
Bad Debts Written off	65,71,885	1,83,85,076
Less : Provision Written Back	(50,21,413)	(1,83,08,098)
	15,50,472	76,978
Deposits & Advances Written off	63,430	1,58,688
Software Expenses	95,53,914	59,54,456
Legal & Professional Fees	1,32,94,359	1,09,21,277
Loss on Sale/ Discard of Fixed Assets	15,54,828	3,28,680
Auditor's Remuneration (Net of Service Tax)		
As Auditor		
- Audit Fees	9,00,000	9,00,000
- Tax Audit Fees	1,00,000	1,00,000
In Other Capacity		
- Taxation Matter	2,53,000	1,52,000
- Other Services (Certification fees)	2,09,000	1,85,000
	14,62,000	13,37,000
Rent	4,34,58,978	6,09,31,691
Rates & Taxes	1,16,233	2,31,733
Miscellaneous Expenses	1,81,71,366	1,57,07,574
Donation	2,72,145	1,25,500
Total (B)	17,20,86,498	19,55,77,044
Total (A + B)	41,12,14,227	49,58,20,356

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

4. Employees Stock Option Schemes

Disclosure required pursuant to "Guidance Note on Accounting for Employee Share- based payments" in connection with company's Employees Stock Option Schemes :-

a) The company has granted Employee Stock Options (ESOP) to its employees and employees of its subsidiaries. During the year ended 31st March, 2012, following schemes were in operation:

Particulars	ESOP - 2005		ESOP - 2007				
Date of Grant	28.01.2006	17.01.2008	19.06.2009	24.07.2009	04.05.2010	27.07.2010	21.01.2011
Number of Options Granted*	3,81,250	1,442,000	244,000	207,500	100,000	611,500	2,00,000
Method of Settlement	Equity						
Vesting period from the date of Grant	Graded Vesting - Over 4 years		Graded Vesting - Over 3 years				
Exercise period from the date of Vesting	3 years from the date of each vesting						
Exercise Price (₹ per share) **	20.00	63.00	63.00	61.00	93.00	77.00	37.00
Market Price at the date of grant (₹ per share)	20.00	63.00	63.00	62.00	92.75	76.25	36.95

Particulars	ESOP - 2010			
Date of Grant	21.10.2010	02.05.11	22.10.11	21.01.12
Number of Options Granted	555,000	27,000	15,000	50,000
Method of Settlement	Equity			
Vesting period from the date of Grant	Graded Vesting - Over 3 years			
Exercise period from the date of Vesting	3 years from the date of each vesting			
Exercise Price (₹ per share) **	93.00	63.00	48.00	37.00
Market Price at the date of grant (₹ per share)	92.50	62.55	47.85	37.00

* Options granted under ESOP – 2007 includes 1,20,000 options to employees of Subsidiary Companies.

** Closing market price prior to the date of grant except in case of ESOP – 2005 where the value determined by an independent valuer as the company was unlisted at that time

b) The Company introduced ESOP-2010 Scheme during the year 2010-11 and set up "Emkay Employees Welfare Trust" to administer and implement this in accordance with recommendations of the Remuneration / Compensation Committee of the Company. The said trust shall purchase shares of the Company from the Secondary Market from time to time and hold this pool of shares for granting options to Employees / Employee Directors. The Company may also grant financial assistance to the trust for this purpose with or without interest.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

c) Details of activity under the ESOP Schemes have been summarized below:

Particulars	ESOP-2005		ESOP-2007		ESOP-2010	
	2011-2012	2010-2011	2011-2012	2010-2011	2011-2012	2010-2011
Options Outstanding at the beginning of the year	18,750	53,000	2,009,250	15,66,700	555,000	-
Options Granted during the year	-	-	200,000	711,500	92,000	555,000
Options Forfeited during the year	-	-	-	-	-	-
Options Exercised during the year	7,000	33,250	-	48,950	-	-
Options Expired/ Lapsed during the year	5,000	1,000	178,750	220,000	7500	-
Options Outstanding at the end of the year	6,750	18,750	2,030,500	2,009,250	639,500	555,000
Options Exercisable at the end of the year	-	18,750	541,500	259,500	-	-
Weighted Average remaining contractual life (in years)	0.83	1.51	4.68	5.44	6.65	7.51
Weighted Average Exercise Price of the options Granted during the year (₹ per share)	-	20	37.00	85.27	46.42	85.27
Weighted Average Share Price at the date of exercise (₹ per share)	47.00	94.42	-	91.02	-	-

d) The fair value and other disclosures and assumptions are given below:

I. Key Assumptions in Black - Scholes Model for calculating fair value as at the date of grant for options granted during the year :

	ESOP 2007	ESOP 2010		
	21.01.12	02.05.11	22.10.11	21.01.12
Grant Date	21.01.12	02.05.11	22.10.11	21.01.12
Variables				
Expected Volatility	67.20% - 67.37%	68.7% - 68.75%	67.77%-66.93%	67.2% - 67.37%
Risk Free Interest Rate	8.08% - 8.13%	8.17% - 8.22%	8.66% - 8.76%	8.08% - 8.13%
Time to Maturity (in years)	4.45 to 6.45 years	4.50 to 6.50 years	4.52 to 6.53 years	4.45 to 6.45 years
Expected Dividend Yield	1.27%	1.43%	1.27%	1.27%
Exercise Price (₹ per share)	37.00	63.00	48.00	37.00
Price of the underlying share at the time of the option grant (₹ per share)	37.00	62.55	47.85	37.00

II. Fair Value as at the date of grant for options granted during the year :-

	ESOP 2007	ESOP 2010		
	21.01.12	02.05.11	22.10.11	21.01.12
Grant Date	21.01.12	02.05.11	22.10.11	21.01.12
Weighted Average Fair Value(₹ Per share)	22.26	37.84	29.24	22.26

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

III. Other disclosures and assumptions :

- Expected volatility considered is on the basis of stock prices of the company on National Stock Exchange of India Ltd. (NSE) from 28th April, 2006 (i.e. date of Listing on exchanges) till the respective grant date.
- Risk free interest rate considered is the interest rate applicable for maturity equal to the expected life of the options based on the zero-coupon yield curve for government securities.
- Time to Maturity considered is the period for which the company expects the options to be live taking into account the vesting period, average lengths of time of similar grants which have remained outstanding in the past etc.
- Expected Dividend yield considered is the average of dividend yields for the preceding years to the year of grant, in which dividends have been paid.
- Exercise price considered is the price decided by the company to be the Exercise price.
- Current Price of the underlying share considered is the closing market price of the company's equity shares on NSE on the date of grant.

e) The Company has accounted compensation cost for the stock options granted using intrinsic value method. Had the company used the fair value method for calculating compensation cost for stock options granted, the impact on the company's net profit and earning per share would have been as per the proforma amounts indicated below:

Particulars	Year Ended 31 st March 2012	Year Ended 31 st March 2011
	Amount (₹)	Amount (₹)
Net Income as reported	(77,05,774)	8,32,80,974
Add:- Intrinsic Value Compensation Cost	Nil	Nil
Less:- Fair Value Compensation Cost	33,331,308	4,29,81,177
Adjusted Pro-forma Net Income	(4,10,37,082)	4,02,99,797
Earning per Share		
Basic		
- As reported	(0.32)	3.41
- Proforma	(1.68)	1.65
Diluted		
- As reported	(0.32)	3.37
- Proforma	(1.68)	1.63

f) The fair value and other disclosures and assumptions have been determined by an independent consultant and relied upon by the Auditors.

5. The Company has provided interest free loan of ₹ 584.00 Lacs (till previous year ₹ 531.00 Lacs) to "Emkay Employees Welfare Trust" an independent ESOP Trust which is administrating ESOP 2010 Scheme of the Company. As on 31st March, 2012, out of the said loan, the trust has purchased 7,54,648 (till previous year 6,20,000) equity shares of the Company from the market for stock options granted/to be granted from time to time to the eligible employees. The repayment of the loan granted by the Company to the trust is dependent on the exercise of the options by the eligible employees and the market price of the underlying shares of the unexercised options at the end of the respective exercise period. As on 31st

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

March, 2012, no Options have vested to the eligible employees. The current market value of the shares held by the said trust is lower than the cost of acquisition by ₹ 363.24 Lacs which is on account of market volatility. The impact of fall in market value, if any would be appropriately considered by the company in its Statement of Profit and Loss at the time of exercise of options by the eligible employees.

6. Capital Work in progress represents, fixed assets acquired but not put to use before year end and expenses incurred pertaining thereto.
7. Debit and Credit balances are subject to confirmation.
8. Disclosure on retirement benefits as required in Accounting Standard 15 (AS – 15) on “Employee Benefits” are given below:

(i) Defined Contribution Plan

The Company has recognized the following amounts in Statement of Profit and Loss towards Contribution to Defined Contribution Plans which are included under “Contribution to Provident fund and other funds”:

Particulars	Year ended 31 st March, 2012	Year ended 31 st March, 2011
	Amount (₹)	Amount (₹)
Provident Fund	76,40,932	60,00,366
Employees State Insurance Scheme	10,85,730	14,89,338
Maharashtra Labour Welfare Fund	3,507	2,138

(ii) Defined Benefit Plan

The details of the Company's post retirement benefit plan for gratuity for its employees in conformity with the principles set out in AS - 15 which has been determined by an Actuary appointed for the purpose and relied upon by the Auditors are given below :

Sr. No.	Particulars	2011-12 (₹)	2010-11 (₹)
I	Changes in present value of obligations		
	Present Value of Obligations at beginning of the period	18,933,765	11,590,293
	Interest cost	1,502,769	859,095
	Current Service Cost	5,466,164	4,862,653
	Past Service Cost (Non-Vested Benefits)	--	148,890
	Past Service Cost (Vested Benefits)	--	2,184,673
	Benefits Paid	(1,656,219)	(271,398)
	Actuarial (gain)/loss on obligations	(1,325,923)	(440,441)
	Present Value of Obligations at end of the period	22,920,556	18,933,765

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Sr. No.	Particulars	2011-12 (₹)	2010-11 (₹)
II	Changes in fair value of plan assets		
	Fair Value of Plan Assets at beginning of the period	11,545,428	9,903,730
	Adjustment to Opening Fair Value of Plan Assets	448	--
	Expected Return on Plan Assets	1,297,100	955,000
	Contributions by employer	7,388,337	1,686,563
	Benefits Paid	(1,656,219)	(271,398)
	Actuarial gain/(loss) on plan assets	2,381,869	(728,467)
	Fair Value of Plan Assets at end of the period	20,956,963	11,545,428
III	Fair Value of Plan Assets		
	Fair Value of Plan Assets at beginning of the period	11,545,428	9,903,730
	Adjustment to Opening Fair Value of Plan Assets	448	--
	Actual Return on Plan Asset	3,678,969	226,533
	Contributions	7,388,337	1,686,563
	Benefits Paid	(1,656,219)	(271,398)
	Fair Value of Plan Assets at end of the period	20,956,963	11,545,428
	Funded Status	(1,963,593)	(7,388,337)
	Excess of actual over estimated return on Plan Assets	2,381,869	(728,467)
IV	Actuarial Gain/(Loss) Recognized		
	Actuarial Gain/(Loss) for the period (Obligation)	1,325,923	440,441
	Actuarial Gain/(Loss) for the period (Plan Assets)	2,381,869	(728,467)
	Total Gain/(Loss) for the period	3,707,792	(288,026)
	Actuarial Gain/(Loss) recognized for the period	3,707,792	(288,026)
	Unrecognized Actuarial Gain/(Loss) at end of the period	-	-
V	Amounts recognized in the Balance Sheet		
	Present Value of Obligations at end of the period	22,920,556	18,933,765
	Fair Value of Plan Assets at end of the period	20,956,963	11,545,428
	Funded Status	(1,963,593)	(7,388,337)
	Unrecognized Actuarial Gain/(Loss)	-	-
	Net Asset/(Liability) recognized in the balance sheet	-	-
	under Short-Term Provisions - Gratuity	(1,963,593)	(7,388,337)
VI	Expense recognized in Statement of Profit and Loss		
	Current Service Cost	5,466,164	4,862,653
	Interest cost	1,502,769	859,095
	Past Service Cost (Non-Vested Benefits)	--	148,890
	Past Service Cost (Vested Benefits)	--	2,184,673
	Expected Return on Plan Assets	(1,297,100)	(955,000)

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Sr. No.	Particulars	2011-12 (₹)	2010-11 (₹)
	Net Actuarial (Gain)/Loss recognized for the period	(3,707,792)	288,026
	Expense recognized in statement Profit and Loss under		
	Employee Benefits Expense	1,964,041	7,388,337
VII	Movements in the Liability recognized in Balance Sheet		
	Opening Net Liability	7,388,337	1,686,563
	Adjustment to Opening Fair Value of Plan Assets	(448)	--
	Expenses as above	1,964,041	7,388,337
	Contribution paid	(7,388,337)	(1,686,563)
	Closing Net Liability	1,963,593	7,388,337
VIII	Investment pattern		
	Insurer Managed Funds	100.00%	100.00%
IX	Principal Assumptions		
	Mortality	LIC(1994-96)Ult	LIC(1994-96)Ult
	Discount Rate	8.50%	8.30%
	Rate of increase in compensation	5.00%	5.00%
	Rate of return (expected) on plan assets	9.00%	9.00%
	Withdrawal Rate	Upto Age 45: 25%	Upto Age 45: 25%
		45 & above : 10%	45 & above : 10%

9. In the opinion of Board of Directors, the assets other than fixed assets and non-current investments have value on realisation in ordinary course of business at least equal to the amount at which they are stated except as otherwise stated.

10. Contingent Liabilities and Commitments:-

(A) Contingent Liabilities:-

Particulars	As at 31 st March, 2012	As at 31 st March, 2011
	Amount (₹)	Amount (₹)
(i) Claims against the company not acknowledged as debts	16,31,137	-
(ii) Guarantees issued by the Banks	972,500,000	1,087,500,000
(iii) Corporate gurantee issued in favour of a bank to secure credit facilities sanctioned by the bank to Emkay Commotrade Limited (a Subsidiary Company)	80,000,000	80,000,000
(iv) Income Tax matters in appeal	24,116,896	21,136,631

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(B) Commitments:-

Particulars	As at 31 st March, 2012	As at 31 st March, 2011
	Amount (₹)	Amount (₹)
(i) Estimated amounts of contracts remaining to be executed on capital account and not provided for	-	18,61,69,299

11. (a) Shares (i) received from clients/ Remisiers/ Sub-brokers as collateral for margins/ security deposits, (ii) of clients, withheld against their outstanding balances, are held by the company in its own name in a fiduciary capacity. Depending upon business needs of the company, some of these shares are lodged with the exchanges towards additional base capital/ exposure.
- (b) Fixed Deposits taken out from banks by the clients in the name of company as collateral for their margin requirements are lien marked directly in favor of stock exchanges through their custodians and are utilized towards additional base capital/ exposure/ margin requirements of the Company.
12. There are no amounts payable to any micro, small and medium enterprises as identified by the management from the information available with the Company and relied upon by auditors.
13. Miscellaneous income includes gain on foreign currency transactions and translations of ₹ 88,160/- (P.Y. loss of ₹ 41,607/-)
14. Expenses and income includes ₹ NIL (P.Y. ₹ 57,350/-) and Rs. NIL (P.Y. ₹ 2,86,763/-) respectively pertaining to earlier years.
15. Other current liabilities includes ₹ 12,37,061/- (P.Y. ₹ 10,57,909/-) being aggregate amount of deposits in Company's bank accounts made directly by clients whose details are awaited. The liabilities are properly adjusted subsequently on receipt of information from them.
16. Disclosure in respect of Loans and Advances in the nature of Loans pursuant to clause 32 Listing Agreement:-

Particulars	As at 31 st March, 2012 (₹)		As at 31 st March, 2011 (₹)	
	Outstanding Balance	Maximum Balance during the year	Outstanding Balance	Maximum Balance during the year
To Subsidiaries				
- Emkay Commotrade Ltd.*	100,000,000	200,000,000		
- Emaky Insurance Brokers Ltd.*	-	3,00,000		
- Emaky Fincap Ltd.*	-	50,000,000		
To Others				
- Emkay Employees Welfare Trust**	58,400,000	58,965,000	53,100,000	53,100,000

*Interest bearing without any repayment schedule (Interest free upto 31st December, 2011).

**Interest free without any repayment schedule for acquiring shares of the company for ESOP 2010.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

17. The Ministry of Corporate Affairs, Government of India, vide General Circular No. 2 and 3 dated 8th February, 2011 and 21st February, 2011 respectively has granted a general exemption from compliance with section 212 of the Companies Act, 1956, subject to fulfillment of conditions stipulated in the circular. The Company has satisfied the conditions stipulated in the circular and hence is entitled to the exemption. Necessary information relating to the subsidiaries has been included in the Consolidated Financial Statements.

18. Assets taken on Operating Leases (on and after 1st April, 2003) :-

(a) The Company has taken various commercial premises under operating leases. These lease arrangements are normally renewable on expiry. The rental expenses (net of recovery) in respect of above operating leases is ₹ 4,34,58,978/- (P.Y. ₹ 6,09,31,691/-)

(b) The future minimum lease payments in respect of non-cancellable operating leases are as follows:

Particulars	Year Ended 31 st March, 2012 (₹)	Year Ended 31 st March, 2011 (₹)
a) Payments not later than one year	13,246,360	1,99,28,610
b) Payable later than one year and not later than five years	60,54,255	1,34,33,607
c) Payable later than five years	-	-
Total	1,93,00,615	3,33,62,217

19. Earnings Per Share

Particulars	For the year ended 31 st March, 2012	For the year ended 31 st March, 2011
Profit available for Equity Shareholders (₹)	(7,705,774)	8,32,80,974
Weighted average number of Shares used in Computing Basic earning per share	24,433,551	24,408,990
Add : Potential number of Equity share that could arise on exercise of Employee Stock Options	3,619	2,95,559
Weighted average number of Shares used in Computing Diluted earning per share	24,437,170	24,704,549
Nominal Value of Equity Shares (₹)	10	10
Basic Earnings Per Share (₹)	(0.32)	3.41
Diluted Earnings Per Share (₹)	(0.32)	3.37

20. Segment information

(a) Primary Segment:

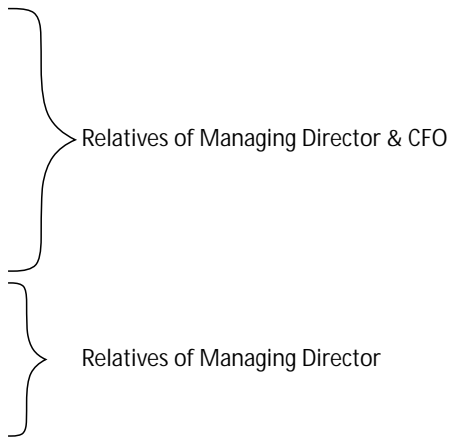
The Company's operations relate to one reportable business segment namely "Advisory and Transactional Services" comprising of Broking & Distribution of Securities, Investment Banking and other related Financial Intermediation Services.

(b) Secondary Segment:

The company operates in India and hence there are no reportable Geographical Segments.

21. Related Party disclosures:

(A) List of Related Parties (where transactions have taken place)

Sr.No.	Name of Related Party	Nature of relationship
1	Key management Personnel/individuals having control or significant influence a) Shri Krishna Kumar Karwa b) Shri Prakash Kacholia	Managing Director & CFO Managing Director
2	Relatives of key management personnel a) Priti Karwa b) Raunak Karwa c) Soumya Karwa d) Geetadevi Karwa e) Murlidhar Karwa HUF f) Krishna Kumar Karwa HUF g) Preeti Kacholia h) Krishna R. Kacholia i) Deepak Kacholia j) Prakash Kacholia HUF	 Relatives of Managing Director & CFO Relatives of Managing Director
3	Enterprises owned/controlled by key management personnel or their relatives a) Cambridge Securities b) Synthetic Fibres Trading Company c) Emkay Corporate Services Pvt. Ltd. d) Krishna Investments	Subsidiary
4	Others a) Emkay Employees Welfare Trust b) Emkay Charitable Foundation	Others

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(B) Transactions with related parties:

Sr. No.	Particulars	Relatives of key management personnel		Key Management personnel having control or significant influence		Relatives of key management personnel		Enterprises owned/ controlled by key management personnel or their relatives		Others	
		2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
		(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)
1	Expenditure										
(a)	Salaries & Other Benefits										
	- Krishna Kumar Karwa	86,28,000	57,58,614	-	-	-	-	-	-	-	-
	- Prakash Kacholia	86,28,000	57,82,283	-	-	-	-	-	-	-	-
	Total	1,72,56,000	1,15,40,897	-	-	-	-	-	-	-	-
(b)	Brokerage & Commission										
	- Krishna Investment	-	-	-	-	-	-	5,16,555	6,39,330	-	-
	Total	-	-	-	-	-	-	5,16,555	6,39,330	-	-
(c)	Business Promotion Expenses										
	- Krishna Investment	-	-	-	-	-	-	-	2,085	-	-
	Total	-	-	-	-	-	-	-	2,085	-	-
(d)	Donation/Contribution										
	- Emkay Charitable Foundation	-	-	-	-	-	-	-	-	71,000	-
	- Emkay Employees Welfare Trust	-	-	-	-	-	-	-	-	-	10,000
	Total	-	-	-	-	-	-	-	-	71,000	10,000
2	Income										
(a)	Brokerage										
	- Krishna Kumar Karwa	88,269	3,10,466	-	-	-	-	-	-	-	-
	- Prakash Kacholia	19,975	91,975	-	-	-	-	-	-	-	-
	- Preeti Kacholia	-	-	3,71,028	4,16,085	-	-	-	-	-	-
	- Krishna Kacholia	-	-	54,749	51,865	-	-	-	-	-	-
	- Priti Karwa	-	-	60,030	2,49,352	-	-	-	-	-	-
	- Raunak Karwa	-	-	39,066	1,34,261	-	-	-	-	-	-
	- Geeta Devi Karwa	-	-	25,311	87,676	-	-	-	-	-	-
	- Murlidhar Karwa HUF	-	-	5,419	36,659	-	-	-	-	-	-
	- Krishna Kumar Karwa HUF	-	-	15,383	81,505	-	-	-	-	-	-
	- Cambridge Securities	-	-	-	-	-	-	770	1,244	-	-

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Sr. No.	Particulars	Relatives of key management personnel		Key Management personnel having control or significant influence		Relatives of key management personnel		Enterprises owned/ controlled by key management personnel or their relatives		Others	
		2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
		()	()	()	()	()	()	()	()	()	()
	- Synthetic Fibre Trading Co.	-	-	-	-	-	-	51,711	3,06,778	-	-
	- Emkay Corporate Services Pvt. Ltd.	-	-	-	-	-	-	46,000	80,946	-	-
	- Emkay Employees Welfare Trust	-	-	-	-	-	-	-	-	8,829	31,000
	- Emkay Fincap Ltd.	-	-	-	-	18,210	-	-	-	-	-
	Total	1,08,244	4,02,441	5,70,986	10,57,403	18,210	-	98,481	3,88,968	8,829	31,000
(b)	Depository Charges										
	- Krishna Kumar Karwa	1,829	270	-	-	-	-	-	-	-	-
	- Prakash Kacholia	1,000	670	-	-	-	-	-	-	-	-
	- Preeti Kacholia	-	-	600	600	-	-	-	-	-	-
	- Krishna Kacholia	-	-	158	658	-	-	-	-	-	-
	- Priti Karwa	-	-	685	560	-	-	-	-	-	-
	- Geeta Devi Karwa	-	-	600	600	-	-	-	-	-	-
	- Murlidhar Karwa HUF	-	-	280	200	-	-	-	-	-	-
	- Krishna Kumar Karwa HUF	-	-	350	210	-	-	-	-	-	-
	- Prakash Kacholia HUF	-	-	-	-	-	-	-	-	-	-
	- Deepak Kacholia	-	-	520	-	-	-	-	-	-	-
	- Emkay Fincap Limited	-	-	-	-	1,92,940	79,200	-	-	-	-
	- Emkay Comtrade Limited	-	-	-	-	38,420	6,131	-	-	-	-
	- Emkay Investment Managers Ltd.	-	-	-	-	-	500	-	-	-	-
	- Cambridge Securities	-	-	-	-	-	-	1,582	804	-	-
	- Synthetic Fibre Trading Co.	-	-	-	-	-	-	760	350	-	-
	- Emkay Corporate Services Pvt. Ltd.	-	-	-	-	-	-	700	1,230	-	-
	- Emkay Employees Welfare Trust	-	-	-	-	-	-	-	-	200	-
	Total	2,829	940	3,193	2,828	2,31,360	85,831	3,042	2,384	200	-
(c)	Infrastructure Maintenance Charges										
	- Emkay Comtrade Limited	-	-	-	-	55,00,000	40,00,000	-	-	-	-
	Total	-	-	-	-	55,00,000	40,00,000	-	-	-	-
(d)	Interest Received										
	- Emkay Fincap Limited	-	-	-	-	17,808	-	-	-	-	-

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Sr. No.	Particulars	Relatives of key management personnel		Key Management personnel/Individuals having control or significant influence		Relatives of key management personnel		Enterprises owned/controlled by key management personnel or their relatives		Others	
		2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
	- Emkay Comtrade Limited	-	-	-	-	26,35,616	-	-	-	-	-
	- Emkay Insurance Brokers Limited	-	-	-	-	4,356	-	-	-	-	-
	Total	-	-	-	-	26,57,780	-	-	-	-	-
(e)	Gain on Transfer of PMS Business										
	- Emkay Investment Managers Ltd.	-	-	-	-	-	5,00,000	-	-	-	-
	Total	-	-	-	-	-	5,00,000	-	-	-	-
3	Others										
(a)	Expenses Recovered										
	- Emkay Fincap Limited	-	-	-	-	7,02,000	6,72,000	-	-	-	-
	- Emkay Comtrade Limited	-	-	-	-	62,20,531	11,97,000	-	-	-	-
	- Emkay Investment Managers Ltd.	-	-	-	-	11,21,787	5,66,953	-	-	-	-
	- Emkay Charitable Foundation	-	-	-	-	-	-	-	-	52,733	-
	- Cambridge Securities	-	-	-	-	-	-	-	-	-	-
	- Krishna Investment	-	-	-	-	-	-	-	-	19,300	-
	Total	-	-	-	-	80,44,318	24,35,953	-	-	19,300	52,733
(b)	Payments received on behalf of Clients from										
	- Emkay Comtrade Limited	-	-	-	-	87,964	-	-	-	-	-
	Total	-	-	-	-	87,964	-	-	-	-	-
(c)	Expenses Reimbursed										
	- Emkay Comtrade Limited	-	-	-	-	-	-	-	-	-	-
	- Emkay Insurance Brokers Limited	-	-	-	-	-	4,954	-	-	-	-
	Total	-	-	-	-	-	4,954	-	-	-	-
(d)	Investments made										
	- Emkay Insurance Brokers Limited	-	-	-	-	-	2,00,00,000	-	-	-	-
	- Emkay Investment Managers Ltd.	-	-	-	-	-	2,50,00,000	-	-	-	-
	Total	-	-	-	-	-	4,50,00,000	-	-	-	-
(e)	Sale of Assets										

Sr. No.	Particulars	Relatives of key management personnel		Key Management personnel having control or significant influence		Relatives of key management personnel		Enterprises owned/ controlled by key management personnel or their relatives		Others	
		2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
	- Emkay Insurance Brokers Limited	-	-	-	-	-	-	-	-	-	-
	- Emkay Investment Managers Ltd.	-	-	-	-	-	84,06,456	-	-	-	-
	Total	-	-	-	-	-	84,06,456	-	-	-	-
(f)	Investments redeemed										
	- Emkay Fincap Limited	-	-	-	-	1,00,00,000	4,00,00,000	-	-	-	-
	- Emkay Insurance Brokers Limited	-	-	-	-	-	1,00,00,000	-	-	-	-
	Total	-	-	-	-	1,00,00,000	5,00,00,000	-	-	-	-
(g)	Loans Given										
	- Emkay Fincap Limited	-	-	-	-	13,00,00,000	-	-	-	-	-
	- Emkay Comtrade Limited	-	-	-	-	34,50,00,000	-	-	-	-	-
	- Emkay Insurance Brokers Limited	-	-	-	-	3,00,000	-	-	-	-	-
	- Emkay Employees Welfare Trust	-	-	-	-	-	-	-	-	58,65,000	5,31,00,000
	Total	-	-	-	-	47,53,00,000	-	-	-	58,65,000	5,31,00,000
(h)	Loans Received Back										
	- Emkay Fincap Limited	-	-	-	-	13,00,00,000	-	-	-	-	-
	- Emkay Comtrade Limited	-	-	-	-	24,50,00,000	-	-	-	-	-
	- Emkay Insurance Brokers Limited	-	-	-	-	3,00,000	-	-	-	-	-
	- Emkay Employees Welfare Trust	-	-	-	-	-	-	-	-	5,65,000	-
	Total	-	-	-	-	37,53,00,000	-	-	-	5,65,000	-
(i)	Outstandings										
(a)	Trade Payable										
	- Prakash Kacholia	16,44,565	4,98,507	-	-	-	-	-	-	-	-
	- Preeti Kacholia	-	-	12,75,685	15,41,475	-	-	-	-	-	-
	- Krishna Kacholia	-	-	2,92,966	2,93,140	-	-	-	-	-	-
	- Deepak Kacholia	-	-	1,10,101	-	-	-	-	-	-	-
	- Raunak Karwa	-	-	-	4,28,813	-	-	-	-	-	-
	- Synthetic Fibre Trading Co.	-	-	-	-	-	-	4,90,660	-	-	-
	- Emkay Corporate Services Pvt. Ltd.	-	-	-	-	-	-	-	-	-	-

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Sr. No.	Particulars	Relatives of key management personnel		Key Management personnel having control or significant influence		Relatives of key management personnel		Enterprises owned/ controlled by key management personnel or their relatives		Others	
		2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
	Total	16,44,565	4,98,507	16,78,751	22,63,429	-	-	4,90,660	-	-	-
(b)	Trade Receivables										
	- Krishna Kumar Karwa	66	-	-	-	-	-	-	-	-	-
	- Prakash Kacholia	110	110	-	9,258	-	-	-	-	-	-
	- Deepak Kacholia	-	-	-	-	-	-	-	-	-	-
	- Priti Karwa	-	-	144	-	-	-	-	-	-	-
	- Raunak Karwa	-	-	265	-	-	-	-	-	-	-
	- Geeta Devi Karwa	-	-	353	-	-	-	-	-	-	-
	- Murlidhar Karwa HUF	-	-	11	-	-	-	-	-	-	-
	- Krishna Kumar Karwa HUF	-	-	11	-	-	-	-	-	-	-
	- Prakash Kacholia HUF	-	-	-	-	-	-	-	-	-	-
	- Krishna Investments	-	-	-	-	-	-	9,50,534	11,32,493	-	-
	- Cambridge Securities	-	-	-	-	-	-	-	-	-	-
	Total	176	110	783	9,258	-	-	9,50,534	11,32,493	-	-
(c)	Other Current Liabilities										
	Salary Payable										
	- Krishna Kumar Karwa	4,79,286	-	-	-	-	-	-	-	-	-
	- Prakash Kacholia	4,63,221	-	-	-	-	-	-	-	-	-
	Total	9,42,507	-	-	-	-	-	-	-	-	-
(d)	Short Term Loans and Advances										
	Loans										
	- Emkay Comtrade Limited	-	-	-	-	10,00,00,000	-	-	-	-	-
	- Emkay Employees Welfare Trust	-	-	-	-	-	-	-	-	5,84,00,000	5,31,00,000
	Total	-	-	-	-	10,00,00,000	-	-	-	5,84,00,000	5,31,00,000
(e)	Short Term Loans and Advances										
	Recoverable										
	- Emkay Fincap Limited	-	-	-	-	24,885	5,072	-	-	-	-
	- Emkay Comtrade Limited	-	-	-	-	3,94,151	5,172	-	-	-	-
	- Emkay Investment Managers Ltd.	-	-	-	-	48,991	2,03,330	-	-	-	-

Sr. No.	Particulars	Relatives of key management personnel		Key Management personnel having control or significant influence		Relatives of key management personnel		Enterprises owned/ controlled by key management personnel or their relatives		Others	
		2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
	Total	()	()	()	()	4,68,027	2,13,574	()	()	()	()
(f)	Other Long Term Liabilities Secured / Margin Deposits Received										
	- Krishna Investment	-	-	-	-	-	-	2,00,000	2,00,000	-	-
	Total	-	-	-	-	-	-	2,00,000	2,00,000	-	-
(g)	Short Term Loans and Advances										
	Managerial Remuneration Recoverable										
	- Krishna Kumar Karwa	-	20,80,163	-	-	-	-	-	-	-	-
	- Prakash Kacholla	-	21,23,019	-	-	-	-	-	-	-	-
	Total	-	42,03,182	-	-	-	-	-	-	-	-
(h)	Non-Current Investments										
	- Emkay Fincap Limited Equity Shares	-	-	-	-	22,00,00,000	22,00,00,000	-	-	-	-
	- Emkay Fincap Limited - Preference Shares	-	-	-	-	-	1,00,00,000	-	-	-	-
	- Emkay Comtrade Limited - Equity Shares	-	-	-	-	6,00,00,000	6,00,00,000	-	-	-	-
	- Emkay Insurance Brokers Limited Equity Shares	-	-	-	-	4,00,00,000	4,00,00,000	-	-	-	-
	- Emkay Investment Managers Limited - Equity Shares	-	-	-	-	2,50,00,000	2,50,00,000	-	-	-	-
	Total	-	-	-	-	34,50,00,000	35,50,00,000	-	-	-	-

* Contribution to Group Gratuity Scheme and Premium paid for Group Personal Accident Policy, Group Mediclaim Insurance Policy and Group Term Life Insurance Policy has not been considered, as employee-wise details are not available.

(C) Related Parties are identified by the management and relied upon by the Auditors.

(D) No balances in respect of Related Parties have been written off.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

22. Pursuant to the Notification No.447(E) dated February 28, 2011 and Notification No. 653(E) dated March 30, 2011, issued by the Ministry of Corporate Affairs, the Company has prepared its financial statements for the year ended March 31, 2012 as per revised Schedules VI to the Companies Act, 1956. Accordingly, the previous year's figures have been regrouped / reclassified, wherever required to align the financial statements to the revised format.

23. Detailed information in respect of Securities traded in :-

Particulars	Purchase (₹)		Sales (₹)	
	2011-12	2010-11	2011-12	2010-11
Shares & Securities	19979	-	4,34,635	29,360

24. (a) Detailed information in respect of Equity Index / Stock Futures contracts outstanding (Open Interest) :-

Name of Equity Index / Stock Futures	As at 31 st March, 2012			As at 31 st March, 2011		
	No. of Contracts	No. of Units		No. of Contracts	No. of Units	
		Long	Short		Long	Short
Nifty	1,729	-	86,450	994	-	49,700

(b) Detailed information in respect of Equity Index / Stock Options contracts outstanding (Open Interest):-

Name of Equity Index / Stock Options	Premium carried forward as at 31 st March, 2012 [net of provisions made] (₹)	Premium carried forward as at 31 st March, 2011 [net of provisions made] (₹)
Nifty	(7,505,545)	(5,835,569)
Total	(7,505,545)	(5,835,569)

25. Additional information required pursuant to Part II of Schedule VI to the Companies Act, 1956: -

Particulars	Year ended 31 st March, 2012 (₹)	Year ended 31 st March, 2011 (₹)
(a) Expenditure in Foreign Currency		
- Foreign Travelling	2,819,534	2,909,023
- Subscription	8,641,339	4,186,495
- Business Promotion	7,992	3,015,397
- Legal & Professional Fees	765,507	-
(b) Earning in Foreign Currency		
- Research Fees	12,484,118	2,923,784
- Miscellaneous Income	127,802	98,924

26. Other additional information required pursuant to Part II of Schedule VI to the Companies Act, 1956 are not applicable to the company.
27. Figures in brackets indicates previous years figures.
28. Figures have been rounded off to the nearest rupees.

As per our Report of even date
For B. L. Sarda & Associates
Chartered Accountants

(B. L. SARDA)
Partner
Membership No. 014568

Place : Mumbai
Dated: 19th May, 2012

By the order of the Board

G. P. GUPTA
Chairman

S. K. SABOO
Director

RAHUL SAHASRABUDDHE
Company Secretary

Place : Mumbai
Dated: 19th May, 2012

KRISHNA KUMAR KARWA
Managing Director & CFO

R. K. KRISHNAMURTHI
Director

PRAKASH KACHOLIA
Managing Director

G. C. VASUDEO
Director

STATEMENT PURSUANT TO SECTION 212 (1)(e) OF THE COMPANIES ACT, 1956, RELATING TO SUBSIDIARY COMPANIES

Name of the Subsidiary Company	Emkay Fincap Limited	Emkay Commotrade Limited	Emkay Insurance Brokers Limited	Emkay Investment Managers Limited
1. Financial Year of the Subsidiary ended on	31.03.2012	31.03.2012	31.03.2012	31.03.2012
2. Holding Company's Interest				
a) Equity Share of Rs. 10 each				
Number of Shares fully paid	2,20,00,000	60,00,000	40,00,000	25,00,000
% Share held by Emkay Global Financial Services Limited	100%	100%	100%	100%
3. The net aggregate of profits/(losses) of the Subsidiary Company for its financial period so far as they concern the member of Emkay Global Financial Services Limited				
(a) Dealt with in the accounts of Emkay Global Financial Services Limited for the year ended 31st March, 2012	-	-	-	-
(b) Not dealt with in the accounts of Emkay Global Financial Services Limited for the year ended 31st March, 2012	2,37,99,848	(95,16,655)	5,24,913	34,12,054
4. The net aggregate of profits/(losses) of the Subsidiary Company for its previous financial period so far as they concern the member of Emkay Global Financial Services Limited				
(a) Dealt with in the accounts of Emkay Global Financial Services Limited for the year ended 31st March, 2012	-	-	-	-
(b) Not dealt with in the accounts of Emkay Global Financial Services Limited for the year ended 31st March, 2012	10,49,30,355	3,60,49,075	(2,29,40,362)	79,47,520
5. As the Financial Year of the Subsidiary Companies coincide with the Financial Year of the Holding Company, Section 212(5) of the Companies Act, 1956, is not applicable				

For and on behalf of the Board of Directors

Krishna Kumar Karwa
Managing Director & CFO

Prakash Kacholia
Managing Director

Rahul Sahasrabudhe
Company Secretary

Place: Mumbai
Date : 19th May, 2012

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF EMKAY GLOBAL FINANCIAL SERVICES LIMITED

1. We have audited the attached Consolidated Balance Sheet of EMKAY GLOBAL FINANCIAL SERVICES LIMITED ('the Company') and its subsidiaries, as at 31st March, 2012 and also the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's Management and have been prepared by the Management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of two subsidiaries, namely Emkay Fincap Limited and Emkay Insurance Brokers Limited, whose Financial Statements reflect total assets of ` 5851.09 Lac as at March 31, 2012, total revenues of ` 720.37 Lac and total cash outflow of ` 183.41 Lac for the year then ended. Those financial statements and other financial information have been audited by other auditor whose reports have been furnished to us, and in our opinion, in so far as it relates to the amounts included in respect of these two subsidiaries, are based solely on the reports of the other auditor.
4. We report that the Consolidated Financial Statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21, 'Consolidated Financial Statements', issued by The Institute of Chartered Accountants of India and notified under the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate Audited Financial Statements of the Company and its subsidiaries included in Consolidated Financial Statements.
5. In our opinion and to the best of our information and according to the explanations given to us, and on the consideration of the separate audit reports on individual Audited Financial Statements of the Company and its subsidiaries, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Consolidated Balance Sheet, of the Consolidated state of affairs of the Company and its subsidiaries as at 31st March, 2012;
 - (b) in the case of the Consolidated Statement of Profit and Loss, of the Consolidated results of operation of the Company and its subsidiaries for the year ended on that date; and
 - (c) in the case of the Consolidated Cash Flow Statement, of the Consolidated Cash Flows for the year ended on that date.

For B. L. Sarda & Associates
Firm Registration No. 109266W
Chartered Accountants

(B. L. Sarda)
Partner

Place: Mumbai
Date: 19th May, 2012

Membership No. 014568

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CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2012

Particulars	Note No.	As at 31 st March, 2012	As at 31 st March, 2011
EQUITY AND LIABILITIES			
SHAREHOLDER'S FUNDS			
Share Capital	2.1	24,43,77,500	24,42,72,500
Reserves and Surplus	2.2	1,23,89,32,854	1,24,22,44,450
		1,48,33,10,354	1,48,65,16,950
SHARE APPLICATION MONEY PENDING ALLOTMENT		-	1,77,500
NON-CURRENT LIABILITIES			
Long-Term Borrowings	2.3	10,05,111	20,01,792
Other Long-Term Liabilities	2.4	4,53,25,413	4,51,51,810
Long Term Provisions	2.5	13,80,313	7,18,011
		4,77,10,837	4,78,71,613
CURRENT LIABILITIES			
Short-Term Borrowings	2.6	36,54,84,738	2,63,75,000
Trade Payables	2.7	75,58,36,654	57,45,09,684
Other Current Liabilities	2.8	45,07,67,930	38,04,03,331
Short-Term Provisions	2.9	2,14,27,953	3,86,96,283
		1,59,35,17,274	1,01,99,84,298
TOTAL		3,12,45,38,466	2,55,45,50,361
ASSETS			
NON CURRENT ASSETS			
Fixed Assets			
- Tangible Assets	2.10 (a)	46,93,58,612	6,82,48,342
- Intangible Assets	2.10 (b)	91,16,970	99,86,465
- Capital Work-in-Progress		13,31,211	20,64,02,998
Non-Current Investments	2.11 (a)	4,526	4,526
Deferred Tax Assets (Net)	2.12	7,94,84,573	5,68,97,241
Long-Term Loans and Advances	2.13	15,18,67,594	16,81,13,109
		71,11,63,486	50,96,52,681
CURRENT ASSETS			
Current Investments	2.11 (b)	3,05,68,820	3,00,00,000
Inventories	2.14	610	6,28,517
Trade Receivables	2.15	60,92,67,992	39,79,23,871
Cash and Cash Equivalents	2.16	1,07,81,63,941	1,27,48,08,937
Short-Term Loans and Advances	2.17	67,30,80,459	32,08,19,104
Other Current Assets	2.18	2,22,93,159	2,07,17,251
		2,41,33,74,980	2,04,48,97,680
TOTAL		3,12,45,38,466	2,55,45,50,361
SIGNIFICANT ACCOUNTING POLICIES			
1			
The accompanying notes are an integral part of the financial statements			

As per our Report of even date
For B. L. Sarda & Associates
Chartered Accountants

(B. L. SARDA)
Partner
Membership No. 014568

Place : Mumbai
Dated: 19th May, 2012

For and behalf of the Board of
EMKAY GLOBAL FINANCIAL SERVICES LIMITED

G. P. GUPTA
Chairman

S. K. SABOO
Director

RAHUL SAHASRABUDDHE
Company Secretary

Place : Mumbai
Dated: 19th May, 2012

KRISHNA KUMAR KARWA
Managing Director & CFO

R. K. KRISHNAMURTHI
Director

PRAKASH KACHOLIA
Managing Director

G. C. VASUDEO
Director

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	Note No.	For the Year Ended 31st March, 2012	For the Year Ended 31st March, 2011
Income			
Revenue from Operations	2.19	1,11,09,11,674	1,26,65,31,950
Other Income	2.20	3,00,18,602	2,84,29,817
Total Revenue		1,14,09,30,276	1,29,49,61,767
Expenses			
Employee Benefits Expense	2.21	47,85,79,983	48,61,42,166
Finance Costs	2.22	2,29,83,719	3,11,07,925
Depreciation and Amortization Expense	2.23	5,03,93,427	3,94,11,892
Other Expenses	2.24	57,24,88,463	55,58,33,654
Total Expenses		1,12,44,45,592	1,11,24,95,637
Profit Before Tax		1,64,84,685	18,24,66,130
Tax Expense:			
Income-Tax			
- Current Tax		2,85,19,000	5,67,00,000
- Deferred Tax Charge/(Benefit)		(2,25,87,332)	64,55,186
- Short/ (Excess) Provision for FBT for Earlier Years		(38,456)	1,78,639
- Short/ (Excess) Provision for Taxation for Earlier Years		(89,581)	7,03,092
Profit for the year		1,06,81,054	11,84,29,213
Earnings per Equity Shares of nominal value of ₹ 10/- each			
-Basic		0.44	4.85
-Diluted		0.44	4.79
SIGNIFICANT ACCOUNTING POLICIES	1		
The accompanying notes are integral part of the Financial Statements			

As per our Report of even date
For B. L. Sarada & Associates
Chartered Accountants

(B. L. SARDA)
Partner
Membership No. 014568

Place : Mumbai
Dated: 19th May, 2012

For and behalf of the Board of
EMKAY GLOBAL FINANCIAL SERVICES LIMITED

G. P. GUPTA
Chairman

S. K. SABOO
Director

RAHUL SAHASRABUDDHE
Company Secretary

Place : Mumbai
Dated: 19th May, 2012

KRISHNA KUMAR KARWA
Managing Director & CFO

R. K. KRISHNAMURTHI
Director

PRAKASH KACHOLIA
Managing Director

G. C. VASUDEO
Director

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31st MARCH, 2012

Particulars	Year ended 31st March, 2012		Year ended 31st March, 2011	
	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax, extraordinary items		1,64,84,685		18,24,66,130
Adjustment for :				
Finance Cost	2,29,83,719		3,11,07,925	
Depreciation and Amortization	5,03,93,427		3,94,11,892	
Net Gain on Sale of Current Investments	(19,88,767)		(91,50,863)	
Public / Share Issue Expenses	-		53,410	
Preliminary Expenses	-		4,64,502	
Loss on Sale/Discard of Fixed Assets	15,54,828		3,54,908	
Interest Received	(2,76,82,618)		(1,85,30,524)	
Dividend Received	(2,95,481)		(2,71,598)	
Unrealised Foreign Exchange (gain)/loss	(1,302)		(567)	
Provision for Loss Assets (net of write back)	(5,78,855)		5,78,855	
Provision for Sub-standard Assets (net of write back)	(5,43,450)		2,13,864	
Provision for Standard Assets	7,15,865		6,37,295	
Provision for Doubtful Debts/Deposits/Advances (net of write back)	4,54,47,966		(3,50,50,005)	
Provision for loss on equity index/stock futures/ equity index/stock options and Currency Futures	(64,94,688)	8,35,10,644	62,93,812	1,61,12,906
Operating profit before working capital changes		9,99,95,329		19,85,79,036
Adjustment for :				
Trade and other receivables	(59,54,28,020)		5,21,58,159	
Deposits with Banks and Other items not considered as cash equivalents (Refer Note 3 below)	2,12,13,330		21,37,23,074	
Inventories	6,27,907		3,48,732	
Trade and other payables	24,60,70,911	(32,75,15,872)	60,85,628	27,23,15,593
Cash Generated from operations		(22,75,20,543)		47,08,94,629
Direct taxes (Paid)/Refund		(1,20,51,569)		(5,17,08,944)
Cash flow before extraordinary items		(23,95,72,112)		41,91,85,685
Extraordinary items		-		-
Net Cash From/ (used in) Operating Activities		(23,95,72,112)		41,91,85,685
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets and Capital - Work in Progress	(25,19,74,692)		(24,54,53,000)	
Sale of fixed assets	48,57,430		16,09,003	
Acquisition of Current Investments	(52,36,86,564)		(3,55,81,65,279)	
Disposal of Current Investments	52,51,06,511		3,69,25,99,283	
Interest received	2,76,82,618		1,85,30,524	
Loan given to Emkay Employees Welfare Trust	(53,00,000)		(5,31,00,000)	
Dividend received	2,95,481	(22,30,19,216)	2,71,598	(14,37,07,871)
Net Cash from/ (used in) Investing Activities		(22,30,19,216)		(14,37,07,871)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of share capital	1,05,000		10,64,500	
Securities Premium received	2,12,500		34,27,350	
Public/ Share Issue Expenses	-		(53,410)	
Proceeds/(Repayment) of Long Term Borrowings	(9,96,681)		20,01,792	
Proceeds/(Repayment) of Short Term Borrowings	33,91,09,738		(15,90,00,000)	
Preliminary Expenses	-		(4,64,502)	

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31st MARCH, 2012

Particulars	Year ended 31 st March, 2012		Year ended 31 st March, 2011	
	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)
Finance Cost	(2,29,83,719)		(3,11,07,925)	
Dividend paid (including dividend tax)	(2,82,88,478)	28,71,58,360	(2,84,40,312)	(21,25,72,507)
Net cash from/ (used in) financing activities		28,71,58,360		(21,25,72,507)
Net increase in cash and cash equivalents (A+B+C)		(17,54,32,968)		6,29,05,307
Cash and cash equivalents at the beginning of the year		26,01,75,699		19,72,70,392
Cash and cash equivalents at the close of the year		8,47,42,731		26,01,75,699
Note :				
1. Cash and cash equivalents comprise of :				
Cash on hand		3,21,902		6,37,376
Cheques on hand		-		55,582
Balances with Scheduled Banks				
- In Current Accounts		8,38,46,027		21,55,66,033
- In Deposit Accounts		4,72,684		4,39,00,000
Balances in Pay Direct Card		77,885		-
Foreign Currency on Hand	24,729		15,902	
Less : Unrealised Exchange Loss / (Gain)	(496)	24,233	806	16,708
		8,47,42,731		26,01,75,699

- Cash flow statement has been prepared under the Indirect Method as set out in the Accounting Standard-3 (AS-3) "Cash Flow Statement" issued by the Institute of Chartered Accountants of India.
- Cash and cash equivalent excludes fixed deposits with banks which have been pledged with exchanges/banks, balance in Unclaimed Dividend and IPO Refund Account, Gift/Meal Coupons and Stamps in hand.
- Previous year's figures are re-grouped/re-arranged wherever considered necessary.

As per our Report of even date
For B. L. Sarda & Associates
Chartered Accountants

(B. L. SARDA)
Partner
Membership No. 014568

Place : Mumbai
Dated: 19th May, 2012

By the order of the Board

G. P. GUPTA
Chairman

S. K. SABOO
Director

RAHUL SAHASRABUDDHE
Company Secretary

Place : Mumbai
Dated: 19th May, 2012

KRISHNA KUMAR KARWA
Managing Director & CFO

R. K. KRISHNAMURTHI
Director

PRAKASH KACHOLIA
Managing Director

G. C. VASUDEO
Director

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2012

1. Significant Accounting Policies:

(1.1) Basis of Preparation of Consolidated Financial Statements

The accompanying Consolidated Financial Statements are prepared in accordance with Generally Accepted Accounting Principles and Provisions of the Companies Act, 1956 under the historical cost convention on the accrual basis of accounting. The accounting policies have been consistently applied by the group unless otherwise stated.

(1.2) Use of Estimates

The preparation of Consolidated Financial Statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates and the differences between actual results and estimates are recognised in the periods in which the results are known / materialize.

(1.3) Basis of Consolidation

i) Basis of Preparation:

The Consolidated Financial Statements are prepared in accordance with Accounting Standard (AS-21) on "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India and notified under the Companies (Accounting Standards) Rules, 2006. Reference in these notes to the Parent Company means Emkay Global Financial Services Limited, reference to Subsidiary Companies means four subsidiaries of Emkay Global Financial Services Limited, i.e. Emkay Fincap Limited, Emkay Commotrade Limited, Emkay Insurance Brokers Limited and Emkay Investment Managers Limited and reference to Group means the Parent Company and the Subsidiary Companies.

ii) The subsidiaries considered in Consolidated Financial Statements are:-

Name of the Subsidiaries	Date of Incorporation	Period of Included in Consolidation	Proportion of Ownership Interest	Nature of Business
Emkay Fincap Limited	16.05.2005	FY 2011-12	100%	Non Banking Finance Activities
Emkay Commotrade Limited	05.01.2006	FY 2011-12	100%	Commodity Broking
Emkay Insurance Brokers Limited	08.03.2007	FY 2011-12	100%	Direct Insurance Brokers
Emkay Investment Managers Limited	08.06.2010	FY 2011-12	100%	Portfolio Management Services

iii) Principles of Consolidation:

- The Consolidated Financial Statements comprise of the Financial Statements of the Parent Company and its subsidiaries and 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 eliminating intra-group balances/transactions and resulting profits /losses in full.
- The Consolidated Financial Statements are presented, to the extent possible in the same format as that adopted by the Parent Company for its separate financial statements.

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2012

- The Consolidated Financial Statements of the group companies are prepared according to uniform accounting policies across the group and is in accordance with accounting principles generally accepted in India.

- Goodwill/ Capital Reserve on Consolidation:

The excess of cost to the Parent Company of its investment in subsidiaries over its portion of equity in the subsidiaries at the respective dates on which investment in subsidiaries was made is recognised in the financial statements as goodwill and vice versa is recognised in financial statements as capital reserve. The Parent Company's portion of equity in the subsidiaries is determined on the basis of the value of assets and liabilities as per the financial statements of the subsidiaries as on the date of investment.

(1.4) Revenue Recognition:

- (a) Brokerage income is recognized as per contracted rates on the execution of transactions on behalf of the clients on the trade date.
- (b) One time non refundable subscription fees for joining various special brokerage schemes are treated as income when the client agrees to join that particular scheme and renders payment for the same. No brokerage under the said schemes are charged till the time brokerage on the trades executed by the clients gets equal to the subscription fees paid by the client. However in respect of one of the subsidiary company, instead of no brokerage charged, the brokerage is reversed by making provisions at the end of each quarter and actual credit for brokerage reversible to the client is given at the end of the validity period of the scheme opted by clients.
- (c) Portfolio Management Fees by the parent and a subsidiary carrying on Portfolio Management Services (PMS) business is accounted on accrual basis as follows:-
 - (i) in case of fees based on fixed percentage of Assets Under Management, income is accrued at the end of each quarter or closure of Portfolio Account, whichever is earlier.
 - (ii) in case of fees based on returns on Portfolio, income is accounted at the end of completion of one year by each client from the date of joining the Portfolio Management Scheme or closure of Portfolio Account, whichever is earlier.
- (d) Dividend including interim are accounted when the right to receive payment is established.
- (e) Profit/(Loss) in proprietary trades in securities and derivatives comprises of Profit/(Loss) on sale of securities (i.e. Shares, Corporate Bonds and Government Securities etc.) held as stock-in-trade, Profit/(Loss) on equity derivative instruments, Profit/(Loss) on currency futures transactions and profit/(loss) on commodity futures transactions. Profit/(Loss) on sale of securities is determined based on first-in-first-out (FIFO) basis of cost of securities sold. Profit/(Loss) on equity derivative instruments is determined as explained in para 1.5 and 1.6 below. Profit/(Loss) on Currency Futures and Commodity Futures transactions is also determined *mutatis mutandis* as explained in para 1.5 and 1.6 below.
- (f) Prudential norms for income recognition, asset classification and provisioning for non-performing assets as prescribed by Reserve Bank of India are followed in case of a subsidiary carrying on Non-Banking Financial Business.
- (g) Income from Insurance Commission is accounted for on accrual basis in respect of business confirmed with the clients in case of a subsidiary carrying on Direct Insurance Broking Business.

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2012

(1.5) Equity Index/Stock - Futures

- (i) Equity Index/Stock Futures are marked-to-market on a daily basis. Debit or Credit balance disclosed under short term Loans and Advances or Current Liabilities, respectively, in the Mark-to-Market Margin – Equity Index / Stock Futures Account, represents the net amount paid or received on the basis of movement in the prices of Index/Stock futures till the Balance Sheet date.
- (ii) As on the Balance Sheet date, Profit / Loss on open positions in Equity Index / Stock Futures is accounted for as follows:
 - Credit balance in the Mark-to-Market Margin – Equity Index / Stock Futures Account, being the anticipated profit, is ignored and no credit for the same is taken in the statement Profit and Loss.
 - Debit balance in the Mark-to-Market Margin – Equity Index / Stock Futures Account, being the anticipated loss, is provided in the statement Profit and Loss and is reflected in "Provision for Loss on Equity Index/Stock Futures Account" under Current Liabilities.
- (iii) On final settlement or squaring-up of contracts for Equity Index / Stock Futures, the Profit or Loss is calculated as the difference between the settlement / squaring-up price and the contract price. Accordingly, debit or credit balance pertaining to the settled / squared-up contract in Mark-to-Market Margin – Equity Index / Stock Futures Account after adjustment of the provision for anticipated losses is recognized in the statement of Profit and Loss. When more than one contract in respect of the relevant series of Equity Index / Stock Futures contract to which the squared-up contract pertains is outstanding at the time of the squaring-up of the contract, the contract price of the contract so squared-up is determined using the weighted average cost method for calculating the Profit / Loss on squaring-up.

(1.6) Equity Index/Stock - Options

- (i) "Equity Index/Stock Options Premium Account" represents premium paid or received for buying or selling the options, respectively. Debit or Credit balance under the said account is disclosed under Short-Term Loans and Advances or Current Liabilities as the case may be.
- (ii) At the time of final settlement
Premium paid/received is recognised as an expense/income on exercise of Option. Further, difference between the final settlement price as on the exercise/expiry date and the strike price is recognised as Profit or Loss.
- (iii) At the time of squaring off
Difference between the premium paid and received on squared off transactions is treated as Profit or Loss.
- (iv) At the Balance Sheet date
In the case of long positions, provision is made for the amount by which the premium paid for those options exceeds the premium prevailing on the Balance Sheet date, and in the case of short positions, for the amount by which premium on the Balance Sheet date exceeds the premium received for those options, and is reflected in "Provision for Loss on Equity Index/Stock Option Account" under Current Liabilities.

(1.7) Fixed Assets and Depreciation

- a) Fixed Assets are stated at cost of acquisition including incidental expenses related to such acquisition and installation less accumulated depreciation.

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2012

- b) Depreciation on Fixed Assets other than Improvements to Leasehold/ Licensed Premises have been provided on written down value method at the rates prescribed under Schedule XIV to the Companies Act, 1956 as amended from time to time including pro rata depreciation on additions/deletions made during the year.
- c) Improvements to Leasehold/Licensed Premises are depreciated on a straight-line method over the Primary Lease Period or over a period of 3 years whichever is less starting from the date when the Leasehold/Licensed premises are put to use.

(1.8) Intangible Assets and Amortization

Items of expenditure that meet the recognition criteria as mentioned in Accounting Standard – 26 on “Intangible Assets” are classified as intangible assets and are amortized over the period of economic benefits.

Softwares are stated at cost of acquisition and are amortized on straight line basis over a period of 3 years irrespective of the date of acquisition.

Membership Rights in Stock Exchanges are amortized on straight- line basis over a period of 10 years.

(1.9) Stock – in – Trade

Stock–in–Trade of securities are valued at lower of the cost or market value on individual scrip by scrip basis. Cost is determined on First-in-First-Out (FIFO) basis.

(1.10) Investments

Investments that are readily realizable and intended to be held for not more than twelve months are classified as Current Investments. All other investments are classified as Long Term Investments. Long Term Investments are stated at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

Current Investments are stated at lower of cost and fair value and determined on an individual investment basis.

(1.11) Employee Benefits

(i) *Short Term Benefits*

All employee benefits including leave encashment (short term compensated absences) and statutory bonus/ performance bonus/ incentives payable wholly within twelve months of rendering the service are classified as short term employee benefits and are charged to the statement of Profit and Loss of the year.

(ii) *Long Term Benefits*

(a) *Post Employment Benefits*

- (i) Defined Contribution Plans:- Retirement/Employee benefits in the form of Provident Fund, Employees State Insurance and Labour Welfare are considered as defined contribution plan and contributions to the respective funds administered by the Government are charged to the statement of Profit and Loss of the year when the contribution to the respective funds are due.
- (ii) Defined Benefit Plans:- Retirement benefits in the form of gratuity is considered as defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made as at the date of the Balance Sheet. The scheme is maintained and administered by an insurer to

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2012

which the trustees make periodic contributions except in case of a subsidiary company where the gratuity plan is non-funded. Actuarial gain/loss, if any are immediately recognized in the statement of Profit and Loss.

(b) *Other Long Term Benefits*

As per the present policy of the group, there are no other long term benefits to which its employees are entitled.

(1.12) 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 asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

(1.13) Assets on Operating Leases

Lease payments under operating leases are recognized as expenses on accrual basis in accordance with the respective lease and license agreements.

(1.14) Share Issue/Preliminary Expenses

In case of Parent, expenses incurred in connection with fresh issue of Share Capital are adjusted against Securities Premium account in the year in which they are incurred and in case of Subsidiaries, Share Issue / Preliminary Expenses are recognized as an expense in the year in which they are incurred.

(1.15) Taxation

Provision for taxation has been made in accordance with the Income Tax Laws prevailing for the relevant assessment years.

(1.16) Deferred Taxation

Deferred Tax resulting from timing differences between book and tax profits is accounted for under the liability method, at the tax rates that have been enacted or substantively enacted after the Balance Sheet date, to the extent that the timing difference are expected to crystallize as deferred tax charge/benefit in the statement of Profit and Loss and as deferred tax assets/liabilities in the Balance Sheet.

(1.17) Contingencies and Events Occuring after the Balance Sheet date

Events occurring after the date of the Balance Sheet, which provide further evidence of conditions that existed at the Balance Sheet date or that arose subsequently, are considered up to the date of approval of accounts by the Board of Directors, where material.

(1.18) Impairment

Where the recoverable amount of the fixed asset is lower than its carrying amount, a provision is made for the impairment loss. Post impairment, depreciation is provided for on the revised carrying value of the asset over its remaining useful life.

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2012

(1.19) Provisions, Contingent Liabilities & Contingent Assets

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. Contingent Liabilities, if material, are disclosed by way of notes. Contingent Assets are not recognized or disclosed in the financial statements.

(1.20) Foreign Currency Transactions

Foreign currency transactions are accounted at the exchange rates prevailing on the date of the transaction. Foreign currency monetary items outstanding as at the Balance Sheet date are reported using the closing rate. Gains and losses resulting from the settlement of such transactions and translation of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of Profit and Loss.

(1.21) Employee Stock Compensation Cost

The Parent Company follows the intrinsic value method as prescribed by the Guidance note on "Accounting for Employee Share-based Payments" issued by the Institute of Chartered Accountants of India to account for the compensation cost of its Stock based employee compensation plans.

(1.22) Stock Lending and Borrowing

Borrowing/ Lending fees paid/received on stocks borrowed/lent under Stock Lending and Borrowing Mechanism is recognized on accrual basis.

Amount deposited with Stock Exchanges for borrowed stocks has been shown as Current Assets under short - term Loans and Advances and the same is reversed on return of such borrowed stock.

Sale proceeds of borrowed stock has been shown as Current Liabilities under other current liabilities and the same is reversed on squaring up of the transaction with resultant gain/loss being recognized in the statement of Profit and Loss.

Provision is made for anticipated losses however anticipated profits are ignored for difference between sale price of borrowed stock and the price prevailing at the Balance Sheet date on such borrowed stock.

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2012

2.1 Share Capital

Particulars	As at	
	31 st March, 2012 (₹)	31 st March, 2011 (₹)
Authorised		
40,000,000 Equity Shares of ₹ 10/- each	40,00,00,000	40,00,00,000
Issued, Subscribed and Paid Up		
244,37,750 (P.Y. 244,27,250) Equity Shares of	24,43,77,500	24,42,72,500
₹ 10/-each fully paid up		
	24,43,77,500	24,42,72,500

a: Reconciliation of the shares outstanding at the beginning and the end of the reporting period:

Particulars	As at 31 st March, 2012		As at 31 st March, 2011	
	No. of Shares	Amount (₹)	No. of Shares	Amount (₹)
At the beginning of the period	2,44,27,250	24,42,72,500	2,43,20,800	24,32,08,000
Add: Shares issued on exercise of Employee Stock options	10,500	1,05,000	1,06,450	10,64,500
Outstanding at the end of the period	2,44,37,750	24,43,77,500	2,44,27,250	24,42,72,500

b: Shares Reserved for issue under options:

The Parent Company has reserved issuance of 20,37,250 (Previous Year 20,28,000) Equity Shares of ₹ 10/- each for offering to eligible employees of the Parent Company and its subsidiaries under Employees Stock Option Schemes. During the year, the Parent Company has granted 2,00,000 (Previous Year 7,11,500) Options to the eligible employees at a price of ₹ 37/- per option (Previous year 1,00,000 options at a price of ₹ 93/- per option and 6,11,500 options at a price of ₹ 77/- per option) plus all applicable taxes, as may be levied in this regard on the Parent Company. The Options would vest over a maximum period of four years or such other period as may be decided by the Board/Remuneration Committee subject to the applicable law.

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2012

2.2 Reserves and Surplus

Particulars	As at	
	31 st March, 2012 (₹)	31 st March, 2011 (₹)
Securities Premium Account		
Balance as per last financial statements	69,11,41,084	68,77,13,734
Add: Additions on ESOPs exercised	2,12,500	34,27,350
Closing Balance	69,13,53,584	69,11,41,084
Special Reserve *		
Balance as per Last financial Statements	1,62,28,836	1,23,62,893
Add: Transfer from Surplus balance in the statement of Profit and Loss	47,59,970	38,65,943
Closing Balance	2,09,88,806	1,62,28,836
Capital Redemption Reserve		
Balance as per Last financial Statements	4,00,00,000	-
Add: Transfer from Surplus balance in the statement of Profit and Loss	1,00,00,000	4,00,00,000
Closing Balance	5,00,00,000	4,00,00,000
General Reserve		
Balance as per last financial statements	18,03,61,128	17,07,61,128
Add: Amount Transfer from surplus balance in the Statement of Profit and Loss	-	96,00,000
Closing Balance	18,03,61,128	18,03,61,128
Capital Reserve on Consolidation		
Balance as per last Financial Statement	1,02,723	1,02,723
Surplus in the Statement of Profit and Loss		
Balance as per last Financial Statements	31,44,10,679	27,79,52,989
Add : Profit for the year	1,06,81,054	11,84,29,213
Amount available for appropriations	32,50,91,733	39,63,82,201
Less: Appropriations:		
Dividend		
- Proposed Dividend	1,22,18,875	2,44,27,250
- Dividend paid for Earlier Year	3,500	99,150
Dividend Distribution Tax		
- On Proposed Dividend	19,82,207	39,62,711
- On Dividend Paid for Earlier Year	568	16,468
Transfer to Capital Redemption Reserve	1,00,00,000	4,00,00,000
Transfer to Special Reserve	47,59,970	38,65,943
Transfer to General Reserve	-	96,00,000
Total of appropriations	2,89,65,120	8,19,71,522
Net Surplus in the Statement of Profit and Loss	29,61,26,613	31,44,10,679
	1,23,89,32,854	1,24,22,44,450

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2012

2.3 Long Term Borrowings

Particulars	As at	
	31 st March, 2012 (₹)	31 st March, 2011 (₹)
Secured		
Term Loan from others *	10,05,111	20,01,792
	10,05,111	20,01,792

* Secured by Hypothecation of Motor Car and repayable over a period of three years.
Repayable ₹ 996,680/- (Previous Year ₹ 902,208/-) in next 12 months.

2.4 Other Long Term Liabilities

Particulars	As at	
	31 st March, 2012 (₹)	31 st March, 2011 (₹)
Others		
-Security Deposits	4,53,25,413	4,51,51,810
	4,53,25,413	4,51,51,810

Note: Represents received from Authorised Persons/Sub-Brokers and treated as long term as they are expected to remain with the company for a period of more than one year.

2.5 Long Term Provisions

Particulars	As at	
	31 st March, 2012 (₹)	31 st March, 2011 (₹)
For Standard Assets *	13,53,160	6,37,295
For Gratuity	27,153	80,716
	13,80,313	7,18,011

* During the year, a provision on Standard Assets has been created of ₹ 7,15,865 being 0.25% of its Standard Assets amounting to ₹ 541,264,042 as per notification DNPS. 222/CGM (US)- 2011 issued by the Reserve Bank of India on January 17, 2011 in case of one of the subsidiary

2.6 Short Term Borrowings

Particulars	As at	
	31 st March, 2012 (₹)	31 st March, 2011 (₹)
Secured		
Loan repayable on demand:		
- Overdraft from a Bank	12,79,84,738	1,12,50,000
Unsecured		
Loan repayable on demand		
- Short term loan from a Bank	-	1,12,50,000
- From other Parties	23,75,00,000	38,75,000
	36,54,84,738	2,63,75,000

Note: Overdraft from a Bank referred above to the extent of :

- ₹ 111,690,164 (P.Y.11,250,000) is secured by way of lien against term deposits with bank and
- ₹ 16,294,574 (P.Y.Nil) is secured by equitable mortgage of part of office premises.

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2012

2.7 Trade Payables

Particulars	As at	
	31 st March, 2012 (₹)	31 st March, 2011 (₹)
Trade Payables	75,58,36,654	57,45,09,684
	75,58,36,654	57,45,09,684

2.8 Other Current Liabilities

Particulars	As at	
	31 st March, 2012 (₹)	31 st March, 2011 (₹)
Current maturities of long term borrowing -Vehicle Loan (Refer note no.2.3)	9,96,680	9,02,208
Interest accrued and due on Borrowings	-	1,72,403
Income Received in advance	14,63,941	23,30,467
Unclaimed Dividend *	2,78,466	1,72,915
Unclaimed Share Application Money *	2,34,240	2,34,240
Others		
Advance Received from Clients	3,54,38,576	1,82,76,816
Payable for Expenses	7,85,96,137	12,65,28,820
Other Liabilities	22,06,878	18,44,383
Statutory Liabilities	2,23,96,640	2,39,91,903
Deposit towards Margin from Clients	29,74,54,419	20,01,09,107
Equity Index/ Stock Options Premium	75,05,545	58,35,569
Mark to Market Margin Equity Index/ Stock Futures	41,96,407	4,500
	45,07,67,930	38,04,03,331

* Appropriate amount shall be transferred to "Investor Education & Protection Fund" as and when due.

2.9 Short Term Provisions

Particulars	As at	
	31 st March, 2012 (₹)	31 st March, 2011 (₹)
For Gratuity (Refer Note : 8)	23,11,092	77,68,764
For Income Tax	48,88,490	24,72,958
For Wealth Tax	27,289	64,600
Proposed Dividend	1,22,18,875	2,44,27,250
Dividend Distribution Tax	19,82,207	39,62,711
	2,14,27,953	3,86,96,283

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2012

2.10 Fixed Assets

(A) Tangibles Assets

Description	Office Premises	Air Conditioners	Computers	Motor Cars	Furniture & Fixtures	Office Equipments	Leasehold Improvement	Total
Gross Block(At Cost)								
At 1 April 2010	-	1,29,68,370	9,26,07,027	81,90,283	67,62,055	3,17,90,147	8,35,64,374	23,58,82,256
Additions	-	6,46,168	1,32,94,819	44,38,330	7,88,052	36,44,868	64,25,186	2,92,37,423
Deductions	-	5,67,530	20,29,999	17,25,724	2,20,468	14,98,358	13,17,890	73,59,969
At 31 March 2011	-	1,30,47,008	10,38,71,847	1,09,02,889	73,29,639	3,39,36,657	8,86,71,670	25,77,59,710
Additions	37,95,21,179	31,14,831	85,11,029	-	3,71,64,177	79,89,683	1,27,19,277	44,90,20,176
Deductions	-	42,50,904	30,63,084	32,24,506	18,26,691	29,06,845	4,01,40,772	5,54,12,802
At 31 March 2012	37,95,21,179	1,19,10,935	10,93,19,792	76,78,383	4,26,67,125	3,90,19,495	6,12,50,175	65,13,67,084
Depreciation/ Amortization								
At 1 April 2010	-	45,49,731	6,88,47,282	39,76,302	51,21,542	1,17,86,939	6,91,92,760	16,34,74,556
Charge for the Year	-	12,03,131	1,21,90,979	10,89,004	8,45,555	31,12,197	1,29,92,003	3,14,32,869
Deductions	-	2,05,913	16,73,882	14,00,025	2,20,468	5,77,879	13,17,890	53,96,057
At 31 March 2011	-	55,46,949	7,93,64,379	36,65,281	57,46,629	1,43,21,257	8,08,66,873	18,95,11,368
Charge for the Year	1,04,12,264	10,80,183	1,17,10,041	16,46,143	53,98,886	35,86,450	76,63,662	4,14,97,629
Deductions	-	18,17,068	26,34,549	22,03,161	16,79,242	13,01,871	3,93,64,634	4,90,00,525
At 31 March 2012	1,04,12,264	48,10,064	8,84,39,871	31,08,263	94,66,273	1,66,05,836	4,91,65,901	18,20,08,472
Net Block								
At 31 March 2011	-	75,00,059	2,45,07,468	72,37,608	15,83,010	1,96,15,400	78,04,797	6,82,48,342
At 31 March 2012	36,91,08,915	71,00,871	2,08,79,921	45,70,120	3,32,00,852	2,24,13,659	1,20,84,274	46,93,58,612

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2012

(B) Intangible Assets

Description	Stock Exchanges Membership Rights	Software	Total
Gross Block (At Cost)			
At 1 April 2010	2,82,55,000	3,43,77,054	6,26,32,054
Additions	-	1,12,98,305	1,12,98,305
At 31 March 2011	2,82,55,000	4,56,75,359	7,39,30,359
Additions	-	80,26,303	80,26,303
At 31 March 2012	2,82,55,000	5,37,01,662	8,19,56,662
Depreciation/ Amortization			
At 1 April 2010	2,82,55,000	2,77,09,871	5,59,64,871
Charge for the Year	-	79,79,023	79,79,023
At 31 March 2011	2,82,55,000	3,56,88,894	6,39,43,894
Charge for the Year	-	88,95,798	88,95,798
At 31 March 2012	2,82,55,000	4,45,84,692	7,28,39,692
Net Block			
At 31 March 2011	-	99,86,465	99,86,465
At 31 March 2012	-	91,16,970	91,16,970

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2012

2.11 Investments

Particulars	Face Value Per Unit	No. of Units		Amount	
		As At 31 st March 2012	As At 31 st March 2011	As At 31 st March 2012	As At 31 st March 2011
a. Non Current Investments (Long Term) (At Cost)					
Investment in Others					
Trade Investments					
In Equity Shares - Unquoted, fully Paid-up					
Bombay Stock Exchange Limited	1	58,838	58,838	4,526	4,526
b. Current Investments (Valued at lower of cost and fair value)					
Investments In fully paid units of Mutual Funds (Unquoted)					
- Axis Fixed Term Plan-Series 20 Growth Plan of Axis Mutual Fund	10	7,50,000.000	-	75,00,000	-
- DSP Black Rock FMP Series 29 Growth Plan of DSP Blackrock Mutual Fund	10	10,00,000.000	-	1,00,00,000	-
- DSP Black Rock FMP Series 33 Growth Plan of DSP Blackrock Mutual Fund	10	5,06,882.000	-	50,68,820	-
- DSP Black Rock FMP Series 35 Growth Plan of DSP Blackrock Mutual Fund	10	5,50,000.000	-	55,00,000	-
- Kotak Quarterly Interval Plan Series-4 Growth Plan of Kotak Mahindra Mutual Fund	10	1,81,831.570	-	25,00,000	-
- Reliance Liquid Fund- Treasury Plan Institutional Option - Growth Plan of Reliance Mutual Fund	10	-	3,14,169.023	-	75,00,000
- UTI Liquid Cash Plan Institutional Option - Growth Plan of UTI Mutual Fund	1000	-	3,113.997	-	50,00,000
- DWS Treasury Fund Cash Institutional - Growth Plan	10	-	-	-	-
- HDFC Cash Management Fund Saving Plan - Growth plan of HDFC Mutual Fund	10	-	3,66,651.349	-	75,00,000
- Axis Liquid Fund Institutional Option - Growth Plan of Axis Mutual Fund	1000	-	9,205.044	-	1,00,00,000
		29,88,713.570	6,93,139.413	3,05,73,346	3,00,04,526
Aggregate amount of Un-Quoted Investments in Shares				4,526	4,526
Aggregate Amount of Un-Quoted Investments in Units of Mutual Funds				3,05,68,820	3,00,00,000

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2012

2.12 Deferred Tax Assets (Net)

Particulars	As at	
	31 st March, 2012 (₹)	31 st March, 2011 (₹)
Deferred Tax Assets		
Differences between book and tax depreciation	74,59,295	1,51,58,975
Provisions	4,36,68,832	3,16,18,610
Unabsorbed Depreciation	1,86,85,883	2,06,083
Business Loss	95,84,563	97,89,880
Expenses charged to Statement of Profit and Loss but not allowed for tax purpose	86,000	1,23,693
	7,94,84,573	5,68,97,241
Deferred Tax Liability	-	-
	-	-
Net Deferred Tax Assets	7,94,84,573	5,68,97,241

2.13 Long Term Loans and Advances

Particulars	As at	
	31 st March, 2012 (₹)	31 st March, 2011 (₹)
Unsecured, Considered Good unless otherwise stated		
Capital Advances	-	28,70,619
Security Deposits		
- With exchanges	3,45,58,769	2,74,43,500
- With Others		
- Considered Good	1,99,00,560	3,17,12,254
- Considered Doubtful	7,20,562	1,73,896
	5,51,79,891	5,93,29,650
Less: Provision for Doubtful Deposits	7,20,562	1,73,896
	5,44,59,329	5,91,55,754
Loan to Emkay Employee Welfare Trust (Refer Note No.5 (i))	5,84,00,000	5,31,00,000
Other Loans and Advances		
Prepaid Expenses	98,709	1,49,442
Advance Income Tax (Net of Provisions)	3,85,97,975	5,26,04,930
Advance Fringe Benefit Tax (Net of Provisions)	1,50,763	1,04,987
Advance to Group Gratuity Trust	1,60,818	1,27,377
	15,18,67,594	16,81,13,109

2.14 Inventories

Particulars	As at	
	31 st March, 2012 (₹)	31 st March, 2011 (₹)
Stock in Trade (Valued at lower of cost or market value)	610	6,28,517
- Shares and Securities		
	610	6,28,517

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2012

2.15 Trade Receivables

Particulars	As at	
	31 st March, 2012 (₹)	31 st March, 2011 (₹)
Unsecured		
(Considered good unless otherwise stated)		
Outstanding for a period exceeding Six Months		
- Considered Good	1,13,95,701	52,79,259
- Considered Doubtful	6,06,51,162	5,74,50,540
	7,20,46,863	6,27,29,799
Less: Provision for Doubtful Debts	6,06,51,162	5,74,50,540
	1,13,95,701	52,79,259
Others		
- Considered Good	59,78,72,290	39,26,44,612
- Considered Doubtful	6,51,26,998	2,37,29,054
	66,29,99,289	41,63,73,666
Less: Provision for Doubtful Debts	6,51,26,998	2,37,29,054
	59,78,72,290	39,26,44,612
	60,92,67,992	39,79,23,871
Note: Above includes due from Directors	23,691	8,69,689

2.16 Cash and Cash Equivalents

Particulars	As at	
	31 st March, 2012 (₹)	31 st March, 2011 (₹)
Cash and Cash Equivalents		
Balances with Banks		
- In Current Accounts	8,38,46,027	21,55,66,033
- In Deposit Accounts	99,29,72,684	1,05,78,50,000
- In IPO Refund Account	2,34,240	2,34,240
- In Unclaimed Dividend Account	2,78,466	1,72,915
Cheque in Hand	-	55,582
Cash on Hand	3,21,902	6,37,376
Foreign Currency in Hand	24,729	15,902
Others		
- Stamps on Hand	14,100	26,000
- Meal Coupons in Hand	3,93,908	2,50,889
- Balance in Paydirect Card	77,885	-
	1,07,81,63,941	1,27,48,08,937

Note:-

- Deposits with banks includes deposits of ₹ 877,500,000/- (P.Y. ₹ 680,450,000/-) with maturity of more than 12 months
- Deposits with banks includes
 - Deposit of ₹ 536,750,000/- (P.Y. ₹ 58,37,50,000/-) held as margin for bank guarantees.
 - Deposit of ₹ 25,25,00,000/- (P.Y. ₹ 28,01,50,000/-) held as security for bank overdraft facility
 - Deposit of ₹ 20,32,50,000/- (P.Y. ₹ 16,15,50,000/-) lodged with exchanges/ regulatory authorities

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2012

2.17 Short Term Loans and Advances

Particulars	As at	
	31 st March, 2012 (₹)	31 st March, 2011 (₹)
Unsecured , Considered Good, Unless otherwise stated		
Loans Granted		
- Secured	49,02,86,231	26,59,94,525
- Others	5,75,00,000	14,59,000
	54,77,86,231	26,74,53,525
Less: Provision for Loss Assets	65,22,189	71,01,044
Less: Provision for Sub Standard Assets	-	5,43,450
	54,12,64,042	25,98,09,031
Loans to Staff		
- Considered Good	21,17,474	54,67,339
- Considered Doubtful	80,764	-
	21,98,238	54,67,339
Less: Provision for Doubtful Loans	80,764	-
	21,17,474	54,67,339
Prepaid Expenses	1,63,85,720	1,99,40,390
Deposits		
- With Exchanges	10,21,87,106	1,34,50,000
- Others	51,29,488	71,54,144
Other Advances		
- Considered Doubtful	14,56,510	12,34,541
- Considered Good	58,39,142	1,07,95,018
	72,95,652	1,20,29,559
Less: Provision for Doubtful Advances	14,56,510	12,34,541
	58,39,142	1,07,95,018
Balances with statutory / government authorities	1,57,487	-
Mark to Market Margin- Equity Index Stock Futures	-	64,94,688
Less: Provision for Loss on Equity Index Stock Futures	-	64,94,688
	-	-
Recoverable from Managing Directors	-	42,03,182
	-	42,03,182
	67,30,80,459	32,08,19,104

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2012

2.18 Other Current Assets

Particulars	As at	
	31 st March, 2012 (₹)	31 st March, 2011 (₹)
Interest Accrued but not due on deposit with banks	2,22,77,433	2,07,17,251
Interest Accrued but not due on Securities	15,726	-
	2,22,93,159	2,07,17,251

2.19 Revenue From Operations

Particulars	For the Year Ended	
	31 st March, 2012 (₹)	31 st March, 2011 (₹)
Sale of Services		
Brokerage	78,55,52,882	88,99,24,791
Investment Banking Activities	1,92,23,500	12,87,16,277
Portfolio Management Fees	2,03,20,662	3,20,81,679
Depository Operations	59,49,202	88,05,288
Interest from Financing Activities	5,62,09,533	2,92,42,937
Insurance Commission	1,19,26,541	1,04,86,716
Advisory Fees	17,50,000	-
Placement Fees	4,03,80,000	-
Research Fees	1,24,84,118	29,23,784
Other Fees	80,00,312	1,30,06,799
	96,17,96,750	1,11,51,88,271
Other Operating Income		
Interest on Deposit with Banks *	6,64,28,006	6,29,62,819
Interest on Corporate Bonds/ Government Securities	36,789	-
Profit/(Loss) in Proprietary Trades in Securities/Derivatives Transactions	2,51,31,596	2,59,33,173
(Less)/Add : (Provision)/Write Back for/of Loss on Equity Index/Stock Options (Net)	-	53,822
(Less)/Add : (Provision)/Write Back for/of Loss on Equity Index/Stock Futures (Net)	64,94,688	(64,06,384)
(Less)/Add : (Provision)/Write Back of Provision for Loss on Currency Futures (Net)	-	58,750
	3,16,44,863	1,96,39,361
Delayed Payments Charges	2,08,89,410	1,93,19,485
Turnover Benefit in Charges Levied by Exchanges	26,97,804	38,598
Provision for Doubtful Debts Written Back	2,11,71,244	4,25,82,489
Provision for Sub Standard Assets Written back	5,43,450	3,29,586
Provision for Loss Assets Written back	5,78,855	-
Provision for Doubtful Deposits Written Back	-	22,000
Bad Debts Recovered	5,84,719	1,29,875
Miscellaneous Income	45,58,363	63,19,466
	14,91,14,924	15,13,43,679
Revenue from Operations	1,11,09,11,674	1,26,65,31,950

* Acquired/held for the purposes of Exchanges/ Regulatory Authorities

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2012

2.20 Other Income

Particulars	For the year ended	
	31 st March, 2012 (₹)	31 st March, 2011 (₹)
Interest		
-On Deposit with Banks*	2,33,17,104	1,79,96,394
-Others	43,65,514	5,34,130
Dividend	2,95,481	2,71,598
Net gain on Sale of Current Investment	19,88,767	91,50,863
Miscellaneous Income	51,736	4,76,832
	23,35,984	98,99,293
	3,00,18,602	2,84,29,817

* Acquired/held for purposes other than Exchanges/ Regulatory Authorities

2.21 Employee Benefits Expenses

Particulars	For the year ended	
	31 st March, 2012 (₹)	31 st March, 2011 (₹)
Salaries and Other Benefits	45,75,64,404	46,20,65,498
Contribution to Provident and Other Statutory Funds	1,15,03,229	1,55,57,981
Staff Welfare Expenses	95,12,350	85,18,687
	47,85,79,983	48,61,42,166

2.22 Finance Costs

Particulars	For the year ended	
	31 st March, 2012 (₹)	31 st March, 2011 (₹)
Interest Expense	94,23,176	1,55,88,516
Other Borrowing Cost	1,35,60,543	1,55,19,409
	2,29,83,719	3,11,07,925

2.23 Depreciation and Amortization Expense

Particulars	For the year ended	
	31 st March, 2012 (₹)	31 st March, 2011 (₹)
Depreciation of Tangible assets	4,14,97,629	3,14,32,869
Amortization of Intangible assets	88,95,798	79,79,023
	5,03,93,427	3,94,11,892

2.24 Other Expenses

Particulars	For the year ended	
	31 st March, 2012 (₹)	31 st March, 2011 (₹)
(A) Operating Expenses		
Brokerage & Commission	14,57,78,447	19,73,37,029
Communication, Postage and Courier Charges	4,01,03,657	4,53,91,305
Interest Expended for Financing Activities	1,78,28,979	34,65,205

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FOR THE YEAR ENDED 31st MARCH, 2012

Particulars	As at	
	31 st March, 2012 (₹)	31 st March, 2011 (₹)
Fees & Stamps	31,65,812	64,45,409
Contribution/Payments to Exchanges	3,64,36,628	2,82,68,544
Membership & Subscription	3,13,38,278	1,97,66,182
Registration Fees	24,95,865	24,82,317
Depository Charges	32,19,222	43,44,829
Consultancy Fees	1,54,93,293	1,89,00,000
Loss due to Execution of Error Trades	1,05,34,493	1,06,49,257
Claims/ Compensation/ Settlement Charges	5,00,000	11,301
Expenses Attributable to Trades in Securities/Derivative Transactions	1,04,35,349	42,07,003
Total Operating Expenses (A)	31,73,30,023	34,12,68,381
(B) Administrative Expenses		
Electricity Charges	1,71,22,580	1,96,10,530
Insurance	12,24,810	10,54,813
Repair & Maintenance - Own Premises	21,36,385	-
Repair & Maintenance - Other	1,48,07,830	1,55,85,113
Advertisement & Business Promotion Expenses	1,77,52,445	1,48,45,567
Motor Car Expenses	4,21,635	5,41,173
Printing & Stationery	1,04,04,147	1,14,06,394
Travelling and Conveyance	1,85,63,655	1,93,39,774
Provision for Doubtful Debts	7,16,36,358	2,49,99,369
Provision for Loss Assets	-	5,78,855
Provision for Sub-Standard Assets	-	5,43,450
Provision for Standard Assets	7,15,865	6,37,295
Provision for Doubtful Deposits / Loans /Advances	8,49,399	12,34,541
Bad Debts Written off	77,11,998	1,87,99,975
Less : Provision Written Back	(58,66,547)	(1,86,79,426)
	18,45,451	1,20,549
Deposits & Advances Written off	63,430	6,79,858
Software Expenses	1,01,52,254	61,92,378
Legal & Professional Fees	1,47,15,047	1,24,14,639
Loss on Sale/ Discard of Fixed Assets	15,54,828	3,54,908
Payment to Auditor		
As Auditor		
- Audit Fees	11,90,360	11,88,300
- Tax Audit Fees	1,77,090	1,76,575
In Other Capacity		
- Taxation Matter	3,00,400	1,91,900
- Other Services	2,43,545	2,42,363
	19,11,395	17,99,138
Rent	4,92,22,438	6,52,19,138
Commission to Directors	3,50,000	-
Rates & Taxes	1,16,233	2,31,733
Miscellaneous Expenses	1,93,20,110	1,65,32,646
Donation	2,72,145	1,25,500
Preliminary Expenses	-	4,64,502
Share Issue Expenses	-	53,410
Total of Administrative Expenses (B)	25,51,58,440	21,45,65,273
Total (A + B)	57,24,88,463	55,58,33,654

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2012

3. During the year, Emkay Fincap Limited redeemed 10,00,000 9% Non Convertible Redeemable Preference Shares of ` 10/- each aggregating to ` 1,00,00,000/- out of the profits of the said subsidiary company as per the Board Resolution passed at the Board Meeting held on 19th May, 2011. Consequently, the subsidiary company created Capital Redemption Reserve amounting to ` 1,00,00,000/- as per the provisions of section 80 of the Companies Act, 1956.
4. Employees Stock Option Schemes
Disclosure required pursuant to "Guidance Note on Accounting for Employee Share- based payments" in connection with Parent company's Employees Stock Option Schemes :-
- a) The Parent company has granted Employee Stock Options (ESOP) to its employees and employees of its subsidiaries. During the year ended 31st March, 2012, following schemes were in operation:

Particulars	ESOP - 2005		ESOP - 2007				
Date of Grant	28.01.2006	17.01.2008	19.06.2009	24.07.2009	04.05.2010	27.07.2010	21.09.2011
Number of Options Granted*	3,81,250	1,442,000	244,000	207,500	100,000	611,500	2,00,000
Method of Settlement	Equity						
Vesting period from the date of Grant	Graded Vesting - Over 4 years		Graded Vesting - Over 3 years				
Exercise period from the date of Vesting	3 years from the date of each vesting						
Exercise Price (` per share) **	20.00	63.00	63.00	61.00	93.00	77.00	37.00
Market Price at the date of grant (` per share)	20.00	63.00	63.00	62.00	92.75	76.25	36.95

Particulars	ESOP - 2010			
Date of Grant	21.10.2010	02.05.11	22.10.11	21.01.12
Number of Options Granted	555,000	27,000	15,000	50,000
Method of Settlement	Equity			
Vesting period from the date of Grant	Graded Vesting - Over 3 years			
Exercise period from the date of Vesting	3 years from the date of each vesting			
Exercise Price (` per share) **	93.00	63.00	48.00	37.00
Market Price at the date of grant (` per share)	92.50	62.55	47.85	37.00

* Options granted under ESOP – 2007 includes 1,20,000 options to employees of Subsidiary Companies.

** Closing market price prior to the date of grant except in case of ESOP – 2005 where the value determined by an independent valuer as the parent company was unlisted at that time

- b) The Parent Company introduced ESOP-2010 Scheme during the year 2010-11 and set up "Emkay Employees Welfare Trust" to administer and implement this in accordance with recommendations of the Remuneration / Compensation Committee of the Parent Company. The said trust shall purchase shares of the Parent Company from the Secondary Market from time to time and hold this pool of shares for granting options to Employees / Employee Directors. The Parent Company may also grant financial assistance to the trust for this purpose with or without interest.

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

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c) Details of activity under the ESOP Schemes have been summarized below:

Particulars	ESOP-2005		ESOP-2007		ESOP-2010	
	2011-2012	2010-2011	2011-2012	2010-2011	2011-2012	2010-2011
Options Outstanding at the beginning of the year	18,750	53,000	2,009,250	15,66,700	555,000	-
Options Granted during the year	-	-	200,000	711,500	92,000	555,000
Options Forfeited during the year	-	-	-	-	-	-
Options Exercised during the year	7,000	33,250	-	48,950	-	-
Options Expired/ Lapsed during the year	5,000	1,000	178,750	220,000	7500	-
Options Outstanding at the end of the year	6,750	18,750	2,030,500	2,009,250	639,500	555,000
Options Exercisable at the end of the year	-	18,750	541,500	259,500	-	-
Weighted Average remaining contractual life (in years)	0.83	1.51	4.68	5.44	6.65	7.51
Weighted Average Exercise Price of the options granted during the year (₹ per share)	-	20	37.00	85.27	46.42	85.27
Weighted Average Share Price at the date of Exercise (₹ per share)	47.00	94.42	-	91.02	-	-

d) The fair value and other disclosures and assumptions are given below:

I. Key Assumptions in Black - Scholes Model for calculating fair value as at the date of grant for options granted during the year :

	ESOP 2007	ESOP 2010		
	21.01.12	02.05.11	22.10.11	21.01.12
Grant Date	21.01.12	02.05.11	22.10.11	21.01.12
Variables				
Expected Volatility	67.20% - 67.37%	68.7% - 68.75%	67.77%-66.93%	67.2% - 67.37%
Risk Free Interest Rate	8.08% - 8.13%	8.17% - 8.22%	8.66% - 8.76%	8.08% - 8.13%
Time to Maturity (in years)	4.45 to 6.45 years	4.50 to 6.50 years	4.52 to 6.53 years	4.45 to 6.45 years
Expected Dividend Yield	1.27%	1.43%	1.27%	1.27%
Exercise Price (₹ per share)	37.00	63.00	48.00	37.00
Price of the underlying share at the time of the option grant (₹ per share)	37.00	62.55	47.85	37.00

II. Fair Value as at the date of grant for options granted during the year :-

	ESOP 2007	ESOP 2010		
	21.01.12	02.05.11	22.10.11	21.01.12
Grant Date	21.01.12	02.05.11	22.10.11	21.01.12
Weighted Average Fair Value (₹ Per share)	22.26	37.84	29.24	22.26

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III. Other disclosures and assumptions :

- Expected volatility considered is on the basis of stock prices of the Parent company on National Stock Exchange of India Ltd. (NSE) from 28th April, 2006 (i.e. date of Listing on exchanges) till the respective grant date.
- Risk free interest rate considered is the interest rate applicable for maturity equal to the expected life of the options based on the zero-coupon yield curve for government securities.
- Time to Maturity considered is the period for which the company expects the options to be live taking into account the vesting period, average lengths of time of similar grants which have remained outstanding in the past etc.
- Expected Dividend yield considered is the average of dividend yields for the preceding years to the year of grant, in which dividends have been paid.
- Exercise price considered is the price decided by the Parent company to be the Exercise price.
- Current Price of the underlying share considered is the closing market price of the Parent company's equity shares on NSE on the date of grant.

- e) The Parent Company has accounted compensation cost for the stock options granted using intrinsic value method. Had the Parent company used the fair value method for calculating compensation cost for stock options granted, the impact on the consolidated net profit of the group's and earning per share would have been as per the proforma amounts indicated below:

Particulars	Year Ended 31 st March 2012 Amount (₹)	Year Ended 31 st March 2011 Amount (₹)
Net Income as reported	1,06,81,054	11,84,29,213
Add: - Intrinsic Value Compensation Cost	Nil	Nil
Less :- Fair Value Compensation Cost	33,331,308	4,29,81,177
Adjusted Pro-forma Net Income	(2,26,50,254)	7,54,48,036
Earning per Share		
Basic		
- As reported	0.44	4.85
- Proforma	(0.93)	3.09
Diluted		
- As reported	0.44	4.79
- Proforma	(0.93)	3.05

- f) The fair value and other disclosures and assumptions have been determined by an independent consultant and relied upon by the Auditors.

5. The Parent Company has provided interest free loan of ₹ 584.00 Lacs (till previous year ₹ 531.00 Lacs) to "Emkay Employees Welfare Trust" an independent ESOP Trust which is administrating ESOP 2010 Scheme of the Parent Company. As on 31st March, 2012, out of the said loan, the trust has purchased 7,54,648 (till previous year 6,20,000) equity shares of the Parent Company from the market for stock options granted/to be granted from time to time to the eligible employees. The repayment of the loan granted by the Parent Company to the trust is dependent on the exercise of the options by the eligible

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

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employees and the market price of the underlying shares of the unexercised options at the end of the respective exercise period. As on 31st March, 2012, no Options have vested to the eligible employees. The current market value of the shares held by the said trust is lower than the cost of acquisition by ₹ 363.24 Lacs which is on account of market volatility. The impact of fall in market value, if any would be appropriately considered by the company in its Statement of Profit and Loss at the time of exercise of options by the eligible employees.

6. Capital Work in progress represents, fixed assets acquired but not put to use before year end and expenses incurred pertaining thereto.
7. Debit and Credit balances are subject to confirmation.
8. Disclosure on retirement benefits as required in Accounting Standard 15 (AS – 15) on “Employee Benefits” are given below:

(A) Defined Contribution Plan

The group has recognized the following amounts in the statement of Profit and Loss towards Contribution to Defined Contribution Plans which are included under “Contribution to Provident fund and other funds” :

Particulars	Year ended 31 st March, 2012 Amount (₹)	Year ended 31 st March, 2011 Amount (₹)
Provident Fund	80,11,506	61,82,731
Employees State Insurance Scheme	12,74,884	16,56,380
Maharashtra Labour Welfare Fund	3,507	2,138

(B) Defined Benefit Plan

The details of the group's post retirement benefit plan for gratuity for its employees in conformity with the principles set out in AS – 15 which has been determined by an Actuary appointed for the purpose and relied upon by the Auditors are given below :

Sr. No.	Particulars	2011-12 (₹)	2010-11 (₹)
I	Changes in present value of obligations		
	Present Value of Obligations at beginning of the year	19,984,747	12,289,164
	Interest cost	1,590,002	911,511
	Current Service Cost	6,084,617	5,344,275
	Past Service Cost (Non-Vested Benefits)	-	148,890
	Past Service Cost (Vested Benefits)	-	2,184,673
	Benefits Paid	(1,656,219)	(271,398)
	Actuarial (gain)/loss on obligations	(1,639,344)	(622,368)
	Present Value of Obligations at end of the year	24,569,645	19,984,747

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Sr. No.	Particulars	2011-12 (₹)	2010-11 (₹)
II	Changes in fair value of plan assets		
	Fair Value of Plan Assets at beginning of the year	12,252,644	10,380,930
	Adjustment to Opening Fair Value of Plan Assets	448	293
	Expected Return on Plan Assets	1,377,400	1,007,300
	Contributions by employer	7,758,008	1,892,863
	Funds Transferred in	155,598	-
	Benefits Paid	(1,656,219)	(271,398)
	Actuarial gain/(loss) on plan assets	2,494,339	(757,344)
	Fair Value of Plan Assets at end of the year	22,382,218	12,252,644
III	Fair Value of Plan Assets		
	Fair Value of Plan Assets at beginning of the year	12,252,644	10,380,930
	Adjustment to Opening Fair Value of Plan Assets	448	293
	Actual Return on Plan Asset	3,871,739	249,956
	Contributions	7,758,008	1,892,863
	Funds transferred in	155,598	-
	Benefits Paid	(1,656,219)	(271,398)
	Fair Value of Plan Assets at end of the year	22,382,218	12,252,644
	Funded Status	(2,187,427)	(7,732,103)
	Excess of actual over estimated return on Plan Assets	2,494,339	(757,344)
IV	Actuarial Gain/(Loss) Recognized		
	Actuarial Gain/(Loss) for the year (Obligation)	1,433,502	622,368
	Actuarial Gain/(Loss) for the year (Plan Assets)	2,494,339	(757,344)
	Total Gain/(Loss) for the year	3,927,841	(134,976)
	Actuarial Gain/(Loss) recognized for the year	3,927,841	(134,976)
	Unrecognized Actuarial Gain/(Loss) at end of the year	-	-
V	Amounts recognized in the Balance Sheet		
	Present Value of Obligations at end of the year	24,569,645	19,984,747
	Fair Value of Plan Assets at end of the year	22,382,218	12,252,644
	Funded Status	(2,187,427)	(7,732,103)
	Unrecognized Actuarial Gain/(Loss)	-	-
	Net Asset/(Liability) recognized in the balance sheet under "- Long and Short Term Provisions for Gratuity"	(2,187,427)	(7,732,103)
VI	Expense recognized in Statement of Profit and Loss		
	Current Service Cost	6,084,617	5,344,275
	Interest cost	1,590,002	911,511
	Past Service Cost (Non-Vested Benefits)	-	148,890

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Sr. No.	Particulars	2011-12 (₹)	2010-11 (₹)
	Past Service Cost (Vested Benefits)	-	2,184,673
	Expected Return on Plan Assets	(1,377,400)	(1,007,300)
	Net Actuarial (Gain)/Loss recognized for the year	(3,927,841)	(134,976)
	Transferred Fund in	(155,598)	-
	Expense recognized in statement of Profit and Loss under		
	Employee Benefits Expense	2,213,780	7,717,025
VII	Movements in the Liability recognized in Balance Sheet		
	Opening Net Liability	7,732,103	1,908,234
	Adjustment to Opening Fair Value of Plan Assets	(448)	(293)
	Expenses as above	2,213,780	7,717,025
	Contribution paid	(7,758,008)	(1,892,863)
	Closing Net Liability	2,187,427	7,732,103
VIII	Investment pattern		
	Insurer Managed Funds except in case of two		
	Subsidiary Companies where plan is not funded	100.00%	100.00%
IX	Principal Assumptions		
	Mortality	LIC(1994-96)Ult	LIC(1994-96)Ult
	Discount Rate	8.50%	8.30%
	Rate of increase in compensation	5.00% to 10.00%	5.00% to 10.00%
	Rate of return (expected) on plan assets	9.00%	9.00%

9. In the opinion of Board of Directors, the assets other than fixed assets and non-current investments have value on realization in ordinary course of business at least equal to the amount at which they are stated except as otherwise stated.

10. Details of Contingent Liabilities and Commitments:-

(A) Contingent Liabilities:-

Particulars	As at 31 st March, 2012 Amount (₹)	As at 31 st March, 2011 Amount (₹)
(I) Claims against the group not acknowledged as debts	20,06,137	3,75,000
(ii) Guarantees issued by the Banks	1,072,500,000	1,132,500,000
(iii) Corporate guarantee issued by the Parent Company in favour of a bank to secure credit facilities sanctioned by the bank to Emkay Commotrade Limited (a Subsidiary Company)	8,00,00,000	8,00,00,000
(iv) Income Tax matters in appeal	24,116,896	21,136,631

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

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(B) Capital Commitments:-

Particulars	As at 31 st March, 2012 Amount (`)	As at 31 st March, 2011 Amount (`)
(i) Estimated amounts of contracts remaining to be executed on capital account and not provided for	-	18,61,69,299

11. (a) Shares (i) received from clients/Remisiers/Sub-brokers as collateral for margins/security deposits, (ii) of clients, withheld against their outstanding balances, are held by the Parent Company and a subsidiary in its own name in a fiduciary capacity. Depending upon business needs, some of these shares are lodged with the exchanges towards additional base capital/exposure. Further in case of another subsidiary company, securities received from clients are pledged to others for borrowings.
 - (b) Fixed Deposits taken out from banks by the clients in the name of Parent Company and a subsidiary company as collateral for their margin requirements are lien marked directly in favor of exchanges through their custodians and are utilized towards additional base capital/exposure/ margin requirements of the respective Company.
12. Miscellaneous income includes gain on foreign currency transactions and translations of ` 88,160/- (P.Y. loss of ` 41,607/-)
13. Special Reserve is created by transferring twenty percent of net profit for the year under review in accordance with provisions of Section 45-IC of the Reserve Bank of India Act, 1934 in case of Emkay Fincap Limited , a Non Banking Finance Subsidiary.
14. Expenses and income includes ` 10,500/- (P.Y. ` 80,681/-) and ` Nil (P.Y. ` 2,86,763/-) respectively pertaining to earlier years.
15. Other Current Liabilities includes ` 16,07,624/- (P.Y. ` 15,07,309/-) being aggregate amount of deposits in group's bank accounts made directly by clients whose details are awaited. The liabilities are properly adjusted on receipt of information from branches.
16. Assets taken on Operating Leases (on and after 1st April, 2003) :-
 - (a) The Parent Company and its subsidiaries have taken various commercial premises under operating leases. These lease arrangement are normally renewable on expiry. The rental expenses in respect of above operating leases was ` 4,69,64,178/- (P.Y. ` 6,52,19,138/-).

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

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(b) The future minimum lease payments in respect of non-cancellable operating leases are as follows:

Particulars	Year Ended 31 st March, 2012	Year Ended 31 st March, 2011
a) Payments not later than one year	1,56,52,181	22,418,610
b) Payable later than one year and not later than five years	79,62,405	17,826,778
c) Payable later than five years	-	-
Total	2,36,14,586	40,245,388

17. Earnings Per Share

Particulars	Year Ended 31 st March, 2012	Year Ended 31 st March, 2011
Profit available for Equity Shareholders (`)	1,06,81,054	11,84,29,213
Weighted average number of Shares used in Computing Basic earning per share	24,433,551	24,408,990
Add : Potential number of Equity share that could arise on exercise of Employee Stock Options	3,619	2,95,559
Weighted average number of Shares used in Computing Diluted earning per share	24,43,7170	24,704,549
Nominal Value of Equity Shares (`)	10	10
Basic Earnings Per Share (`)	0.44	4.85
Diluted Earnings Per Share (`)	0.44	4.79

18. Segment information

(a) Primary Segment

The Group's operations relate to two reportable business segments namely "Advisory and Transactional Services" comprising of Broking & Distribution, Investment Banking and other related Financial Intermediation Services and "Non Banking Financing Activities".

(b) Secondary Segment

The Group operates in India and hence there are no reportable geographical segments.

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2012

(c) Information about Business Segments

Sr. No.	Particulars	Advisory and Transactional Services		Non Banking Financing Activities		Eliminations		Consolidated for the year ended 31 st March, 2012	Consolidated for the year ended 31 st March, 2011
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year		
A.	REVENUE								
1a	Income from External Clients	1,05,28,21,575	1,23,69,46,427	5,80,90,099	2,95,85,523	-	-	1,11,09,11,674	1,26,65,31,950
1b	Income from Intersegment Operations	2,11,150	79,200	-	2,630	(2,11,150)	(81,830)	-	-
	Total Revenue	1,05,30,32,725	1,23,70,25,627	5,80,90,099	2,95,88,153	(2,11,150)	(81,830)	1,11,09,11,674	1,26,65,31,950
B.	RESULTS								
1	Segment Results(PBIT)	(2,71,11,195)	16,33,47,584	3,65,60,996	2,17,96,654	-	-	94,49,801	18,51,44,238
	Segment Results(PBIT) - Intersegment	-	-	-	-	-	-	-	-
	Total Segment Results (PBIT)	(2,71,11,195)	16,33,47,584	3,65,60,996	2,17,96,654	-	-	94,49,801	18,51,44,238
2	Finance Cost							2,29,83,719	3,11,07,925
3	Unallocated Income							3,00,18,602	2,84,29,817
4	Profit from Ordinary Activities							1,64,84,685	18,24,66,130
5	Exceptional Items:							-	-
6	Profit Before Tax							1,64,84,685	18,24,66,130
7	Provision for Current Tax							2,85,19,000	5,67,00,000
8	Deferred Tax Charge/(Benefit)							(2,25,87,332)	64,55,186
9	Wealth Tax							-	-
10	Tax Provision of Earlier Years							(1,28,037)	8,81,731
11	Profit After Tax							1,06,81,054	11,84,29,213

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Sr. No.	Particulars	Advisory and Transactional Services		Non Banking Financing Activities		Eliminations		Consolidated for the year ended 31 st March, 2011
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	
12	Less:- Minority Interest							-
13	Net Profit							11,84,29,213
C. OTHER INFORMATION:								
1	Segment Assets	2,41,07,62,766	2,09,89,42,019	56,44,93,308	27,17,71,058	-	-	2,97,52,56,074
2	Unallocated Corporate Assets							14,92,82,392
3	Total Assets							3,12,45,38,466
4	Segment Liabilities	1,25,15,34,215	1,00,70,78,124	24,16,12,071	53,48,476	24,885	-	1,49,31,21,401
5	Unallocated Corporate Liabilities							1,91,16,861
6	Total Liabilities							1,51,22,38,262
7	Capital Expenditure (Including Capital Work in Progress)	24,91,04,073	24,83,23,619	-	-	-	-	24,91,04,073
8	Depreciation & Amortization	5,03,84,778	3,93,97,478	8,649	14,414	-	-	5,03,93,427
9	Unallocated Depreciation & Amortization							-
10	Total Depreciation & Amortization							5,03,93,427
11	Non Cash Expenses Other than Depreciation & Amortization	7,40,40,675	3,30,83,506	7,15,865	17,59,600	-	-	7,47,56,540

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2012

19. Related Party Disclosures: (Where transactions have taken place)

(A) List of Related Parties:

Sr.No.	Name of Related Party	Nature of relationship
1	Key management Personnel/individuals having control or significant influence	
	a) Shri Krishna Kumar Karwa	Managing Director & CFO of Parent Company and Director in Subsidiaries
	b) Shri Prakash Kacholia	Managing Director of Parent Company and Director in Subsidiaries
2	Relatives of key management personnel	
	a) Priti Karwa	} Relatives of Managing Director & CFO of Parent Company
	b) Raunak Karwa	
	c) Soumya Karwa	
	d) Geetadevi Karwa	
	e) Murlidhar Karwa HUF	
	f) Krishna Kumar Karwa HUF	
	g) Preeti Kacholia	} Relatives of Managing Director of Parent Company
	h) Krishna R. Kacholia	
	i) Deepak Kacholia	
j) Prakash Kacholia HUF		
3	Enterprises owned/controlled by key management personnel or their relatives	Enterprises owned/controlled by key management personnel or their relatives
	a) Cambridge Securities	
	b) Synthetic Fibres Trading Company	
	c) Emkay Corporate Services Pvt. Ltd.	
	d) Krishna Investments	
4	Others	Others
	a) Emkay Employees Welfare Trust	
	b) Emkay Charitable Foundation	

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2012

(B) Transactions with related parties:

Sr. No.	Particulars	Key Management personnel/Individuals having control or significant influence		Relatives of key management personnel		Enterprises owned/controlled by key management personnel or their relatives		Others	
		2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
1	Expenditure	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
(a)	Salaries & Other Benefits								
	- Krishna Kumar Karwa	86,28,000	57,58,614	-	-	-	-	-	-
	- Prakash Kacholia	86,28,000	57,82,283	-	-	-	-	-	-
	Total	1,72,56,000	1,15,40,897	-	-	-	-	-	-
(b)	Brokerage & Commission								
	- Krishna Investment	-	-	-	-	5,83,650	6,61,261	-	-
	Total	-	-	-	-	5,83,650	6,61,261	-	-
(c)	Business Promotion Expenses								
	- Krishna Investment	-	-	-	-	-	2,085	-	-
	Total	-	-	-	-	-	2,085	-	-
(d)	Donation /Contribution								
	- Emkay Charitable Foundation							71,000	
	- Emkay Employees Welfare Trust	-	-	-	-	-	-	-	10,000
	Total	-	-	-	-	-	-	71,000	10,000
2	Income								
(a)	Brokerage								
	- Krishna Kumar Karwa	1,28,172	3,10,466	-	-	-	-	-	-
	- Prakash Kacholia	24,757	93,218	-	-	-	-	-	-
	- Preeti Kacholia	-	-	3,90,062	4,16,266	-	-	-	-
	- Krishna Kacholia	-	-	54,749	51,890	-	-	-	-
	- Priti Karwa	-	-	60,030	2,49,352	-	-	-	-
	- Raunak Karwa	-	-	39,066	1,34,261	-	-	-	-
	- Geeta Devi Karwa	-	-	25,311	87,676	-	-	-	-
	- Murlidhar Karwa HUF	-	-	5,419	36,659	-	-	-	-
	- Krishna Kumar Karwa HUF	-	-	15,383	81,505	-	-	-	-

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2012

Sr. No.	Particulars	Key Management personnel/individuals having control or significant influence		Relatives of key management personnel		Enterprises owned/controlled by key management personnel or their relatives		Others	
		2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
	- Cambridge Securities	()	()	-	-	770	1,244	()	()
	- Synthetic Fibre Trading Co.	-	-	-	-	77,779	3,06,778	-	-
	- Emkay Corporate Services Pvt.Ltd.	-	-	-	-	46,000	80,946	-	-
	- Emkay Employees Welfare Trust	-	-	-	-	-	-	8,829	31,000
	- Emkay Fincap Ltd.	-	-	-	-	-	-	-	-
	Total	1,52,929	4,03,684	5,90,020	10,57,609	1,24,549	3,88,968	8,829	31,000
(b)	Depository Charges								
	- Krishna Kumar Karwa	1,829	270	-	-	-	-	-	-
	- Prakash Kacholia	1,000	670	-	-	-	-	-	-
	- Preeti Kacholia	-	-	600	600	-	-	-	-
	- Krishna Kacholia	-	-	158	658	-	-	-	-
	- Priti Karwa	-	-	685	560	-	-	-	-
	- Geeta Devi Karwa	-	-	600	600	-	-	-	-
	- Murlidhar Karwa HUF	-	-	280	200	-	-	-	-
	- Krishna Kumar Karwa HUF	-	-	350	210	-	-	-	-
	- Prakash Kacholia HUF	-	-	-	-	-	-	-	-
	- Deepak Kacholia	-	-	520	-	-	-	-	-
	- Emkay Fincap Limited	-	-	-	-	-	-	-	-
	- Emkay Comtrade Limited	-	-	-	-	-	-	-	-
	- Emkay Investment Managers Limited	-	-	-	-	-	-	-	-
	- Cambridge Securities	-	-	-	-	1,582	804	-	-
	- Synthetic Fibre Trading Co.	-	-	-	-	760	350	-	-
	- Emkay Corporate Services Pvt. Ltd.	-	-	-	-	700	1,230	-	-
	- Emkay Employees Welfare Trust	-	-	-	-	-	-	200	-
	Total	2,829	940	3,193	2,828	3,042	2,384	200	-
(c)	Portfolio Management Fees								
	Krishna Kumar Karwa		7,60,483						

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2012

Sr. No.	Particulars	Key Management personnel/Individuals having control or significant influence		Relatives of key management personnel		Enterprises owned/controlled by key management personnel or their relatives		Others	
		2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
	Prakash Kacholia	97,401	27,894						
	Priti Karwa				3,39,572				
	Raunak Karwa				3,37,489				
	Geeta Devi Karwa								
	Murlihar Karwa HUF				65,781				
	Krishna Kumar Karwa HUF				1,69,004				
	Total	97,401	7,88,377	-	9,11,846	-	-	-	-
3	Others								
(a)	Expenses Recovered								
	- Emkay Fincap Limited	-	-	-	-	-	-	-	-
	- Emkay Comtrade Limited	-	-	-	-	-	-	-	-
	- Emkay Investment Managers Limited	-	-	-	-	-	-	-	-
	- Emkay Charitable Foundation						52,733		
	- Cambridge Securities	-	-	-	-	-	-	-	-
	- Krishna Investment	-	-	-	-	-	19,300	-	-
	Total	-	-	-	-	-	19,300	52,733	-
(b)	Loans Given								
	- Rajesh Sharma	26,50,000							
	- Emkay Employees Welfare Trust	-	-	-	-	-	-	58,65,000	5,31,00,000
	Total	26,50,000	-	-	-	-	-	58,65,000	5,31,00,000
(c)	Loans Received Back								
	- Rajesh Sharma	26,50,000							
	- Emkay Employees Welfare Trust								
	Total	26,50,000	-	-	-	-	-	5,65,000	-
4	Outstandings								

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2012

Sr. No.	Particulars	Key Management personnel/individuals having control or significant influence		Relatives of key management personnel		Enterprises owned/controlled by key management personnel or their relatives		Others	
		2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
(a)	Trade Payables								
	- Prakash Kacholia	16,44,565	4,98,507	-	-	-	-	-	-
	- Preeti Kacholia	-	-	12,75,685	15,41,475	-	-	-	-
	- Krishna Kacholia	-	-	2,92,966	2,93,140	-	-	-	-
	- Deepak Kacholia	-	-	1,10,101	-	-	-	-	-
	- Raunak Karwa	-	-	-	4,28,813	-	-	-	-
	- Synthetic Fibre Trading Co.	-	-	-	-	15,36,200	-	-	-
	- Krishna Investment	-	-	-	-	6,243	-	-	-
	- Emkay Corporate Services Pvt. Ltd.	-	-	-	-	-	-	-	-
	Total	16,44,565	4,98,507	16,78,751	22,63,429	15,42,443	-	-	-
(b)	Trade Receivables								
	- Krishna Kumar Karwa	66	8,38,812	-	-	-	-	-	-
	- Prakash Kacholia	23,625	30,877	-	-	-	-	-	-
	- Deepak Kacholia	-	-	-	9,258	-	-	-	-
	- Priti Karwa	-	-	144	3,74,548	-	-	-	-
	- Raunak Karwa	-	-	265	3,72,250	-	-	-	-
	- Geeta Devi Karwa	-	-	353	-	-	-	-	-
	- Murlidhar Karwa HUF	-	-	11	72,557	-	-	-	-
	- Krishna Kumar Karwa HUF	-	-	11	1,86,411	-	-	-	-
	- Prakash Kacholia HUF	-	-	-	-	-	-	-	-
	- Krishna Investments	-	-	-	-	9,50,534	11,32,493	-	-
	- Cambridge Securities	-	-	-	-	-	-	-	-
	Total	23,691	8,69,689	783	10,15,024	9,50,534	11,32,493	-	-
(c)	Other Current Liabilities								
	Salary Payable								
	- Krishna Kumar Karwa	4,79,286	-	-	-	-	-	-	-
	- Prakash Kacholia	4,63,221	-	-	-	-	-	-	-

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2012

Sr. No.	Particulars	Key Management personnel/Individuals having control or significant influence		Relatives of key management personnel		Enterprises owned/controlled by key management personnel or their relatives		Others	
		2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
	Total	()	()	()	()	()	()	()	()
	9,42,507								
(d)	Short Term Loans and Advances								
	Loans								
	- Emkay Employees Welfare Trust							5,84,00,000	5,31,00,000
	Total	-	-	-	-	-	-	5,84,00,000	5,31,00,000
	Total	-	-	-	-	-	-	-	-
(e)	Other Long Term Liabilities								
	Security/Margin Deposits Received								
	- Krishna Investment					2,00,000	2,00,000		
	Total	-	-	-	-	2,00,000	2,00,000		
(f)	Short-Term Loans and Advances								
	Managerial Remuneration Recoverable								
	- Krishna Kumar Karwa		20,80,163						
	- Prakash Kacholia		21,23,019						
	Total	-	42,03,182						

* Contribution to Group Gratuity Scheme and Premium paid for Group Personal Accident Policy, Group Mediclaim Insurance Policy and Group Term Life Insurance Policy has not been considered, as employee-wise details are not available.

(C) Related Parties are identified by the management and relied upon by the Auditors.

(D) No balances in respect of Related Parties have been written off.

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2012

20. Figures pertaining to the Subsidiary Companies have been reclassified wherever necessary to bring them in line with the Parent Company's Financial Statements.
21. Commission to Directors of ₹ 350,000/- represents commission to independent directors which is subject to approval of members.
22. Figures in brackets indicates previous years figures.
23. Pursuant to the Notification No.447(E) dated February 28, 2011 and Notification No. 653(E) dated March 30, 2011, issued by the Ministry of Corporate Affairs, the Company has prepared its financial statements for the year ended March 31, 2012 as per revised Schedules VI to the Companies Act, 1956. Accordingly, the previous year' figures have been regrouped / reclassified, wherever required to align the financial statements to the revised format.
24. Figures have been rounded off to the nearest rupees.

As per our Report of even date
For B. L. Sarda & Associates
Chartered Accountants

(B. L. SARDA)
Partner
Membership No. 014568

Place : Mumbai
Dated: 19th May, 2012

For and behalf of the Board of
EMKAY GLOBAL FINANCIAL SERVICES LIMITED

G. P. GUPTA
Chairman

S. K. SABOO
Director

RAHUL SAHASRABUDDHE
Company Secretary

Place Mumbai
Dated: 19th May, 2012

KRISHNA KUMAR KARWA
Managing Director & CFO

R. K. KRISHNAMURTHI
Director

PRAKASH KACHOLIA
Managing Director

G. C. VASUDEO
Director

STATEMENT REQUIRED TO BE INCLUDED IN THE CONSOLIDATED BALANCE SHEET PURSUANT TO APPROVAL GRANTED UNDER SECTION 212(8)

SR. No.	Particulars	Emkay Fincap Limited	Emkay Commotrade Limited	Emkay Insurance Brokers Limited	Emkay Investment Managers Limited
1	Capital	22,00,00,000	6,00,00,000	4,00,00,000	2,50,00,000
2	Reserves & P&L Balance- Cr/(Dr)	10,49,43,695	3,60,49,074	(2,29,40,362)	79,47,520
3	Total Assets	56,70,87,043	71,49,50,024	1,80,21,620	3,65,21,516
4	Total Liabilities	56,70,87,043	71,49,50,024	1,80,21,620	3,65,21,516
5	Investments	-	-	-	3,05,68,820
6	Gross Income	5,81,04,240	15,28,88,584	1,39,32,647	2,21,66,901
7	Profit/(Loss) Before Taxation	3,63,65,062	(1,41,98,091)	7,41,449	50,36,054
8	Provision for Taxation (Current Year & Earlier Years)	1,19,95,899	1,48,76,239	4,609	15,60,000
9	Deferred Tax Charge / (Benefit)	5,69,315	(1,95,57,675)	2,11,928	64,000
10	Profit /(Loss) After Taxation	2,37,99,848	(95,16,655)	5,24,913	34,12,054
11	Proposed Dividend	-	-	-	-

1. Ministry of Company Affairs , Government of India New Delhi vide General Circular No.:5/12/2007-CL-III Dt:08/02/2011 has granted a general exemption U/S. 212(8) of the Companies Act, 1956, for not attaching the accounts of the subsidiaries of the Company. However, annual accounts of the Subsidiary Companies and the related detailed information will be made available to investors of the Company and the Subsidiaries of the Company seeking information at any point of time. The annual accounts of the Subsidiary Companies are available for inspection by any investor at the Registered Office of the Company and of the concerned Subsidiary of the Company.

For and on behalf of the Board of Directors

Krishna Kumar Karwa
Managing Director & CFO

Prakash Kacholia
Managing Director

Rahul Sahasrabudhe
Company Secretary

Place: Mumbai
Date : 19th May, 2012

www.emkayglobal.com

Emkay[®]

Your success is our success

Emkay Global Financial Services Limited

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