

EMKAY GLOBAL FINANCIAL SERVICES LIMITED



Your success is our success

NOTICE

Notice is hereby given that the Nineteenth Annual General Meeting of the Members of Emkay Global Financial Services Limited will be held on Monday, 5th August, 2013 at 4.00 p.m. at "Suryodaya Banquets" (M. C. Ghia Hall), Bhogilal Hargovindas Building, 4th floor, 18/20 K. Dubhash Marg, Mumbai - 400 001 to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2013, the Profit and Loss Account for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To appoint a director in place of Mr. G. P. Gupta, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in place of Mr. S. K. Saboo, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Statutory Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT M/s. B. L. Sarda & Associates, Chartered Accountants, bearing Firm Registration Number 109266W with the Institute of Chartered Accountants of India (ICAI), be and are hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration and other terms and conditions as may be fixed by the Audit Committee / Board of Directors".

Special Business:

5. To re-appoint Mr. Krishna Kumar Karwa as Managing Director & CFO and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the applicable provisions of Sections 198, 269, 309 and 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, and subject to the approval of the Central Government, if required, consent of the Company be and is hereby accorded to the Board of Directors/ Committee of Board (hereinafter referred to as the 'Board') (which term shall be deemed to include any Committee which the Board may have constituted or hereafter constitute for the time being exercising the powers conferred on the Board by this resolution) for the re-appointment of and payment of remuneration to Mr. Krishna Kumar Karwa, as Managing Director & CFO of the Company, for a period of three years with effect from 1st October, 2013 to 30th September, 2016 on the terms and conditions as set out below:

(A) Salary:

1. Salary of ₹ 7,00,000 per month, with such annual increments as may be decided by the Remuneration / Compensation Committee and Board of Directors of the Company from time to time.
2. Perquisites: Subject to a maximum of 25% of the annual salary as may be approved by the Board of Directors of the Company.
3. Provident Fund: Company's contribution towards provident fund as per rules of the Company, but not exceeding 12% of salary.
4. Performance Bonus of such amount, not exceeding 50% of the Salary for each Financial year or part thereof, as may be decided by the Board of Directors and Remuneration / Compensation Committee.

(B) Reimbursement of Expenses:

Reimbursement of expenses incurred for traveling, boarding and lodging during business trips, provision of car for use on the Company's business, telephone expenses at residence and mobile phone used for business purposes shall be reimbursed and shall not be considered as perquisites.

(C) Minimum Remuneration:

If in any financial year during the tenure of Mr. Krishna Kumar Karwa as Managing Director & CFO, the Company has no profits or its profits are inadequate, the Company shall pay him remuneration by way of salary as minimum remuneration subject to the limits laid down and in the manner as stipulated in Schedule XIII to the Companies Act, 1956, as in force and as amended from time to time and subject to the approval of the Central Government, if necessary.

RESOLVED FURTHER THAT the Board be and is hereby also authorized to fix the actual remuneration and revise it from time to time subject to the provisions of the Act.

RESOLVED FURTHER THAT for the purpose of giving effect to the above Resolution, the Board and/or Managing Directors and/or Company Secretary be and are hereby authorized to do all such acts, deeds and things as may be necessary or desirable to settle any question or difficulty that may arise in such manner as it may deem fit from time to time.

RESOLVED FURTHER THAT the Board be and is hereby authorized to make an application to Central Government, if necessary, for payment of remuneration on the aforesaid scale and to do all such acts, deeds, or things as may be necessary to give effect to the above resolution."

6. To re-appoint Mr. Prakash Kacholia as Managing Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special resolution:

"RESOLVED THAT pursuant to the applicable provisions of Sections 198, 269, 309 and 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, and subject to the approval of the Central Government, if required, consent of the Company be and is hereby accorded to the Board of Directors/ Committee of Board (hereinafter referred to as the 'Board') (which term shall be deemed to include any Committee which the Board may have constituted or hereafter constitute for the time being exercising the powers conferred on the Board by this resolution) for the re-appointment of and payment of remuneration to Mr. Prakash Kacholia, as Managing Director of the Company, for a period of three years with effect from 1st October, 2013 to 30th September, 2016 on the terms and conditions as set out below:

(A) Salary:

1. Salary of ₹ 7,00,000 per month, with such annual increments as may be decided by the Remuneration / Compensation Committee and Board of Directors of the Company from time to time.
2. Perquisites: Subject to a maximum of 25% of the annual salary as may be approved by the Board of Directors of the Company.
3. Provident Fund: Company's contribution towards provident fund as per rules of the company, but not exceeding 12% of salary.
4. Performance Bonus of such amount, not exceeding 50% of the Salary for each Financial year or part thereof, as may be decided by the Board of Directors and Remuneration / Compensation Committee.

(B) Reimbursement of Expenses:

Reimbursement of expenses incurred for traveling, boarding and lodging during business trips, provision of car for use on the Company's business, telephone expenses at residence and mobile phone used for business purposes shall be reimbursed and shall not be considered as perquisites.

(C) Minimum Remuneration:

If in any financial year during the tenure of Mr. Prakash Kacholia as Managing Director, the Company has no profits or its profits are inadequate, the Company shall pay him remuneration by way of salary as minimum remuneration subject to the limits laid down and in the manner as stipulated in Schedule XIII to the Companies Act, 1956, as in force and as amended from time to time and subject to the approval of the Central Government, if necessary.

RESOLVED FURTHER THAT the Board be and is hereby also authorized to fix the actual remuneration and revise it from time to time subject to the provisions of the Act.

RESOLVED FURTHER THAT for the purpose of giving effect to the above Resolution, the Board and/or Managing Directors and/or Company Secretary be and are hereby authorized to do all such acts, deeds and things as may be necessary or desirable to settle any question or difficulty that may arise in such manner as it may deem fit from the time to time.

RESOLVED FURTHER THAT the Board be and is hereby authorized to make an application to Central Government, if necessary, for payment of remuneration on the aforesaid scale and to do all such acts, deeds, or things as may be necessary to give effect to the above resolution."

By Order of the Board of Directors

Registered Office:

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

Krishna Kumar Karwa
Managing Director & CFO

Place: Mumbai

Date : 18th May, 2013

Notes for Members' Attention:

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

THE INSTRUMENT APPOINTING A PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

2. Corporate Members intending to send their authorized representatives to attend the Annual General Meeting are requested to send a duly certified copy of their Board Resolution authorizing their representatives to attend and vote at the forthcoming 19th Annual General Meeting.
3. Members/Proxies/Representatives should bring the enclosed Attendance Slip, dully filled in, for attending the Meeting. Copies of the Annual Report or Attendance Slips will not be distributed at the Meeting.
4. The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the Special Business in the Notice is annexed hereto.
5. Profile of the Directors seeking re-appointment, as required in terms of Clause 49 of the Listing Agreement entered into with the Stock Exchanges, is annexed to this notice.
6. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, the 24th July, 2013 to Monday, the 5th August, 2013, (both days inclusive) for the purpose of Annual General Meeting and payment of Dividend, if declared.
7. SEBI has made it mandatory for all the companies to use bank details furnished by the investors for distributing dividends or other cash benefits to them through National Electronic Clearing Services (NECS), whenever NECS and bank details are available. In the absence of NECS facility, the companies are required to print the bank details, if available, on payment instrument, for distribution of dividends to the investors. Therefore members holding shares in physical mode are requested to provide their banks details to the Company/Registrar & Transfer Agents. Members holding shares in demat mode are requested to record the NECS mandate with their Depository Participants.
8. Unclaimed/Unpaid Dividend/ IPO Refund Amount: Pursuant to the provisions of Section 205A and 205C of the Companies Act, 1956, the dividend and IPO Refund of Application Money which remains unclaimed/unpaid for a period of seven years from the date of transfer to the Unpaid Dividend Account/ IPO Refund account is required to be transferred to the Investors Education and Protection Fund (IEPF) of the Central Government. Accordingly the unclaimed IPO Refund amount of ₹ 2,28,240/- as on 20.04.2013 was transferred to IEPF on 27.04.2013. The Unclaimed Dividend for the Financial Year 2005-2006 and onwards must be claimed as early as possible failing which it would be transferred to IEPF as per the dates mentioned herein below. In terms of section 205 C of the Companies Act, 1956, no claim shall lie against the Bank or the IEPF after the said transfer.

Financial Year	Seven Years expiring on	Transfer to IEPF Account on or before
2005-2006	24.08.2013	23.09.2013
2006-2007	31.08.2014	30.09.2014
2007-2008	10.10.2015	09.11.2015
2009-2010	04.10.2017	03.11.2017
2010-2011	05.09.2018	05.10.2018
2011-2012	10.09.2019	10.10.2019

- Members are requested to contact M/S. Link Intime India Private Limited, the Registrar and Share Transfer Agent of the Company for claiming the dividend for the aforesaid years.
- The details of the unclaimed dividends of the aforesaid years are available on the Company's website www.emkayglobal.com and also on Ministry of Corporate affairs website www.mca.gov.in.

9. Green Initiative:

The Ministry of Corporate Affairs has taken a 'Green Initiative in Corporate Governance' by issuing circulars allowing paperless compliances by companies through electronic mode. The Shareholders can now receive various notices and documents through electronic mode by registering their e-mail addresses with the Company. Shareholders who have not registered their e-mail address with the Company can now register the same by post to M/s. Link Intime India Private Limited or to the Company. The Members holding shares in electronic form are requested to register their email addresses with their Depository Participants only. Even after registering for E-communication, the shareholders of the Company are entitled to receive such communication in physical form, upon request.

10. All documents referred to in the accompanying Notice and Explanatory Statement are open for inspection at the Registered Office of the Company on all working days between 10.00 a.m and 12.00 noon except Saturdays and Holidays, upto the date of the 19th Annual General Meeting.

Explanatory Statement

As required by section 173(2) of the Companies Act, 1956, in respect of the items of special business mentioned in the notice.

Item No.: 5 & 6

Mr. Prakash Kacholia and Mr. Krishna Kumar Karwa were appointed as Managing Director and Managing Director & CFO of the Company respectively with effect from 1st October, 2010 for a period of three years and their appointment was approved by the Members at the 16th Annual General Meeting held on 30th August, 2010. The present term of Mr. Prakash Kacholia as the Managing Director and Mr. Krishna Kumar Karwa as Managing Director & CFO expires on 30th September, 2013.

With their rich experience and management skills, they have steered the Company successfully through troubled waters in the recent times. In appreciation of the dedicated efforts which contributed to the growth of the Company and having regard to the increased responsibilities for further improving the performance of the Company in this competitive market, the Board of Directors of the Company (the 'Board') at its meeting held on 18th May, 2013 has, subject to the approval of Members and subject to the approval of the Central Government, if necessary, re-appointed Mr. Prakash Kacholia as Managing Director and Mr. Krishna Kumar Karwa as Managing Director & CFO of the Company for a further period of three years from the expiry of their respective term, on the remuneration determined by the Remuneration/Compensation Committee of the Board at its meeting held on 18th May, 2013.

As required under Para (C) Section II of Part II of Schedule XIII to the Companies Act, 1956, the relevant details to be sent along with the Notice are as under:

I. General Information:

(1) **Nature of Industry:** Financial Services

(2) **Date or expected date of commencement of commercial production:** Not Applicable

(3) **In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:** Not Applicable

(4) **Financial performance based on given indicators (₹ in lac):**

Standalone Particulars	2012-13	2011-12	2010-11	2009-10
Income	7986.82	9024.55	11,826.44	11671.57
PAT	-789.90	-77.06	832.81	839.61
Net Worth	12784.87	13574.77	13,790.70	13,198.03
EPS (₹)	-3.23	-0.32	3.41	3.46

Consolidated Particulars	2012-13	2011-12	2010-11	2009-10
Income	9992.15	11409.30	13299.16	12696.60
PAT	-1477.90	106.81	1184.29	939.97
Net Worth	13355.20	14833.10	14865.17	13,921.01
EPS(₹)	-6.05	0.44	4.85	3.87

(5) **Export performance and net foreign exchange collaborations:**

(Amt in ₹)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012	Year ended 31.03.2011	Year ended 31.03.2010
Foreign Exchange Earnings	1,41,89,009	1,26,11,920	30,22,708	371,405
Foreign Exchange Outgo	1,40,00,947	1,22,34,372	1,01,10,915	3,716,775

(6) **Foreign investments or collaboration, if any:** NIL

II. Information about the Appointee:

(A) Mr. Prakash Kacholia:

1. Background details:

Mr. Prakash Kacholia, aged 48 years, is a member of the Institute of Chartered Accountants of India. He is the Promoter and Managing Director of the Company. He is currently on the Board of BOI Shareholding Limited. He is also Director in the Subsidiary Companies of the Company viz. Emkay Fincap Limited, Emkay Insurance Brokers Limited, Emkay Investment Managers Limited and Whole-time Director of Emkay Commotrade Limited. Mr. Kacholia has a rich experience of 24 years in the capital markets with a focus on the Retail/Institutional broking and Derivatives segment.

2. Past remuneration:

Mr. Prakash Kacholia, was paid total remuneration during last 3 years as under:

Year Ended	Remuneration paid (₹)
March 31, 2011	57,82,283
March 31, 2012	86,28,000
March 31, 2013	64,40,000

3. Recognition or awards:

Mr. Prakash Kacholia is presently on the Board of BOI Shareholding Limited. He was on the Board of Bombay Stock Exchange Limited and Central Depository Services (India) Limited. He had in the past been a "Member of Advisory Committee - Derivatives Segment with the SEBI, Member of Governing Council - Derivatives Segment with Bombay Stock Exchange Limited, Member of Advisory Committee for Business Development with Bombay Stock Exchange Limited and Member of Index Committee and Audit Committee of Bombay Stock Exchange Limited.

4. Job profile and his suitability:

Mr. Prakash Kacholia, being Managing Director, oversees the overall operations of the Company and its subsidiaries with a focus on Retail Expansion, Derivatives Segment, E-broking, Direct Insurance Broking and Investment Banking – Debt Segment.

5. Remuneration proposed:

As mentioned in the Special Resolution in Item no. 6 of this Notice.

6. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person:

Taking into consideration the size of the Company, the qualification and experience of Mr. Prakash Kacholia, the responsibilities shouldered by him and keeping in view the remuneration packages prevalent in the financial services sector, the aforesaid remuneration package is commensurate with the remuneration levels in the industry.

7. Pecuniary relationship directly or indirectly with the Company, or relationship with the Managerial Personnel, if any:

Besides the remuneration, Mr. Prakash Kacholia, does not have any other pecuniary relationship with the Company and its Managerial Personnel.

(B) Mr. Krishna Kumar Karwa:

1. Background details:

Mr. Krishna Kumar Karwa aged 48 years is a rank holder member of the Institute of Chartered Accountants of India. He is the Promoter, Managing Director & CFO of the Company. Mr. Krishna Kumar Karwa has rich and varied experience of 25 years in all aspects of the Capital Markets i.e. Research, Investment Banking, Retail/Institutional Broking, Wealth Management Services, Mutual Fund Distribution etc. He is an independent Director on the Board of West Coast Paper Mills Limited. He is also Director in the Subsidiary Companies of the Company viz. Emkay Commotrade Limited, Emkay Insurance Brokers Limited, Emkay Investment Managers Limited and Whole-time Director of Emkay Fincap Limited.

2. Past remuneration:

Mr. Krishna Kumar Karwa was paid total remuneration during the last 3 years as under:

Year Ended	Remuneration paid (₹)
March 31, 2011	57,58,614
March 31, 2012	86,28,000
March 31, 2013	64,40,000

3. Recognition or awards:

As elaborated in Item no. 1 above.

4. Job profile and his suitability:

Mr. Krishna Kumar Karwa, being Managing Director & CFO oversees the overall operations of the Company and its subsidiaries with focus on Institutional Broking, Research, Wealth Management Services, Investment Banking and Commodities Broking.

5. Remuneration proposed:

As mentioned in the Special Resolution at Item no. 5 of this Notice.

6. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person:

Taking into consideration the size of the Company, the qualification and experience of Mr. Krishna Kumar Karwa, the responsibilities shouldered by him and keeping in view the remuneration packages prevalent in the financial services sector, the aforesaid remuneration package is commensurate with the remuneration levels in the industry.

7. Pecuniary relationship directly or indirectly with the Company, or relationship with the Managerial Personnel, if any:

Besides the remuneration, Mr. Krishna Kumar Karwa does not have any other pecuniary relationship with the Company and its Managerial Personnel.

III. Other Information:

(1) Reasons for loss or inadequate profits:

The unprecedented downturn in the global economy affected businesses and investors' sentiments across geographies. Though the Global economy in general and Indian economy in particular have witnessed signs of recovery, the retail participation and retail volume continues to be low in the markets. Further, Company's renewed focus on retail broking segment has resulted into cost increase in terms of employee cost and infrastructure upgradation. Hence, it is expected that Company's profitability shall remain under pressure during the year 2013-2014.

(2) Steps taken or proposed to be taken for improvements:

The Company has undertaken the following key steps to improve profitability:

- a. Cost reduction measures including employee cost.
- b. Tightening the Risk Management System to control the receivables.
- c. Aggressive focus on new revenue verticals like Investment Banking, Direct Insurance Broking, Portfolio Management Services etc.
- d. Sustained focus on improving Company's market share in Retail Broking.

(3) Expected increase in productivity and profits in measurable terms:

The Company has embarked on a series of strategic and operational measures that are expected to result in improvement in the present position. The Company shall focus on Investment Banking, Portfolio Management Services & Retail Broking in order to improve Company's revenues. Further, benefits of employee cost rationalization and enhanced Risk Management System are expected to reduce cost and improve the bottom-line.

IV. Disclosures:

- (1) Remuneration package of the managerial persons is being disclosed in the Annual Report and in this Notice.
- (2) The following disclosures as applicable have been mentioned in the Board of Director's report under the heading "Corporate Governance" attached to the annual report:-
 - (i) All elements of remuneration package such as salary, benefits, bonus, stock options, pension, etc. of all the directors.
 - (ii) Details of fixed component and performance linked incentives along with the performance criteria.
 - (iii) Service contracts, notice period, severance fees.
 - (iv) Stock Options details, if any

So long as Mr. Prakash Kacholia functions as Managing Director & Mr. Krishna Kumar Karwa as Managing Director & CFO of the Company, they shall not be subject to retirement by rotation and shall not be paid any sitting fees for attending the meetings of the Board or any Committee thereof including all the Subsidiary Companies of the Company.

This explanation, together with the accompanying Notice, is to be regarded as an Abstract of the Terms pursuant to the provisions of Section 302 of the Companies Act, 1956.

Mr. Prakash Kacholia and Mr. Krishna Kumar Karwa are interested in the resolutions set out respectively at Item No. 5 and 6 of the Notice, which pertain to their respective re-appointments and remuneration payable to each one of them. Further, Mr. S. K. Saboo may be deemed to be interested in the Resolution pertaining to the re-appointment of and remuneration payable to Mr. Krishna Kumar Karwa, as they are related to each other. Save and except the above, none of the other Directors of the Company are, in any way, concerned or interested in these Resolutions.

The Board recommends the Resolutions set out at Item Nos. 5 and 6 of the Notice for your approval.

Registered Office :

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

Place: Mumbai

Date : 18th May, 2013

By Order of the Board of Directors

Krishna Kumar Karwa
Managing Director & CFO

Profile of the Directors being re-appointed at the 19th Annual General Meeting in pursuance of Clause 49 IV (G) of the Listing Agreement entered into with the Stock Exchanges:

Name of Director	Mr. G. P. Gupta	Mr. S. K. Saboo
Date of Birth	11th January, 1941	5th November, 1942
Age	72 years	70 years
Date of Appointment	10th November, 2005	15th September, 1995
Experience in Specified Functional Area	Rich and vast experience of over 39 years in Development Banking	Rich and vast experience of over 45 years in the field of Management
No. of shares held in the Company	Nil	Nil
Qualification	M.Com	B.Com
List of other Companies in which associated as Director	<ol style="list-style-type: none"> 1) Aditya Birla Nuvo Limited 2) Birla Sun Life Insurance Co. Limited 3) Dighi Port Limited 4) Swaraj Engines Limited 5) Idea Cellular Limited 6) Landmark Property Development Co. Ltd 7) Avam Technologies Pvt. Ltd 8) Aditya Birla Capital Advisors Pvt. Ltd 9) Emkay Investment Managers Limited 10) Aditya Birla Retail Limited 11) Trinethra Superretail Private Limited 12) Intersoft Consulting & Software Services Private Ltd 	<ol style="list-style-type: none"> 1) Indophil Textile Mills Inc; Philippiness
Chairman / Memberships of the Committee of the Board of other Companies in which associated as a Director	<p>Chairman</p> <p>Audit Committee –</p> <ol style="list-style-type: none"> 1) Swaraj Engines Ltd 2) Idea Cellular Ltd 3) Birla Sun Life Insurance Co. Ltd 4) Aditya Birla Capital Advisors Pvt. Ltd 5) Landmark Property Development Co. Ltd <p>Member</p> <p>Audit Committee –</p> <ol style="list-style-type: none"> 1) Aditya Birla Nuvo Ltd 2) Aditya Birla Retail Limited 3) Trinethra Superretail Pvt. Ltd 	<p>Chairman/Member: NIL</p>



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ANNUAL REPORT **2012-13**

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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

STATUTORY AUDITORS

B. L. Sarda & Associates, Chartered Accountants

BANKERS

Abu Dhabi Commercial Bank
AXIS Bank Limited
Bank of India
BNP Paribas Bank
Citibank N A
Corporation Bank
HDFC Bank Limited
ICICI Bank Limited
Indian Overseas Bank
IndusInd Bank Limited
Kotak Mahindra Bank Limited
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

Link Intime India Private Limited

& TRANSFER AGENTS

C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West), Mumbai - 400 078

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Nineteenth Annual Report of your Company and the Audited Financial Statements for the year ended on 31st March, 2013.

1. Financial Results

An overview of the financial performance of your Company along with its Subsidiaries for the year 2012-13 is as under:

(₹ in lac)

Name	Revenue	Profit/(Loss) before Interest, Depreciation and Tax	Profit/(Loss) after Tax
Emkay Global Financial Services Limited	7986.82	(322.23)	(789.90)
Emkay Fincap Limited	587.78	(281.23)	(188.79)
Emkay Commotrade Limited	1238.79	(517.54)	(387.27)
Emkay Insurance Brokers Limited	133.34	(27.49)	(125.59)
Emkay Investment Managers Limited	173.06	15.63	11.98
Aggregate (Before Elimination of Inter Company Transactions)	10119.79	(1132.86)	(1479.57)

An overview of the standalone financial performance of your Company for the year 2012-13 is as under:

(₹ in lac)

Particulars	31.03.2013	31.03.2012
Total Income	7986.82	9,024.55
Profit before Interest, Depreciation and Tax	490.59	591.55
Depreciation and Amortization	529.39	487.93
Finance Cost (Interest)	283.43	219.89
Profit /(Loss) before Taxation	(322.23)	(116.26)
Provision for Taxation		
-Current Tax	-	-
-Deferred Tax Charges/(Benefit)	467.67	(38.75)
-Short Provision for Taxation of earlier years	-	(0.46)
Profit /(Loss) after Taxation	(789.90)	(77.06)
Add: Balance brought forward	2455.95	2,675.06
Amount available for appropriations	1666.05	2,598.00
Appropriations		
-Proposed Dividend (Current and Earlier year)	-	122.22
-Provision for Tax on Dividend (Current and Earlier year)	-	19.83
-Transfer to General Reserves	-	-
Balance carried forward	1666.05	2,455.95

2. Dividend

The Company has incurred a loss during the year and hence your Directors have decided not to recommend any Dividend for the year ended 31st March, 2013 (Previous year ₹ 0.50 per equity share).

3. Review of Operations

During the year under review, your Company recorded a total income of ₹ 7986.82 lac as compared to ₹ 9024.55 lac in the previous financial year, down by 11.50 %. The Loss for the same period stands at ₹ 789.90 lac as compared to the Net Loss of ₹ 77.06 lac in the previous financial year.

4. Surrender of Membership of Wholesale Debt Market Segment of NSE

The Company is registered as a Trading cum Clearing Member for Wholesale Debt Market (WDM) Segment of National Stock Exchange of India Limited. As there has been no business activity in this segment during the year under review, the Company surrendered membership of Wholesale Debt Market segment of National Stock Exchange of India Limited.

5. Membership of Cash and F&O Segment of MCX Stock Exchange Limited.

During the year under review, your Company has acquired a membership of Cash and Derivatives segment of MCX Stock Exchange Limited.

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

During the year under review your Company has received a Membership for Qualified Depository Participant (QDP) of Central Depository Services (India) Limited.

7. 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.

8. 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.

9. 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). ECL has a net worth of ₹ 573.22 lac as on 31st March, 2013.

Emkay Fincap Limited (EFL) – a 100% subsidiary

Emkay Fincap Limited is a RBI registered Non Deposit taking NBFC. EFL has a net worth of ₹ 3060.64 lac as on 31st March, 2013.

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. EIBL has a net worth of ₹ 45.01 lac as on 31st March, 2013.

Emkay Investment Managers Limited (EIML)

- a 100% Subsidiary

EIML is registered with Securities and Exchange Board of India (SEBI) for conducting the business of Portfolio Management Services and has commenced the business of Portfolio Management Services with effect from 1st January, 2011. EIML has a net worth of ₹ 341.46 lac as on 31st March, 2013.

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-6, Ground Floor, Pandurang Budhkar Marg, Worli, Mumbai - 400 013.

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

10. 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 the Subsidiary Companies.

(a) ESOP 2005

During the Financial Year 2012-13, the Remuneration/ Compensation Committee has not allotted any Equity Shares to the employees under the ESOP 2005.

Summary of ESOP 2005 as on 31st March 2013:

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 under the scheme	3,81,250
Stock Options lapsed	1,53,750
Stock Options vested but not exercised	00
Stock Options exercised	2,27,500
Outstanding Stock Options	00

(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 & ₹ 37 per option respectively.

During the Financial Year 2012-13, 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 2013:

Total no. of stock options granted under the Scheme	24,26,575
14,42,000 Options 2,44,000 Options 2,07,500 Options 1,00,000 Options 6,11,500 Options 2,00,000 Options	Exercise Price: ₹ 63/- per option ₹ 63/- per option ₹ 61/- per option ₹ 93/- per option ₹ 77/- per option ₹ 37/- per option
Exercise Period	3 years
Re Issued - Options	3,78,425
Total no. of stock options granted under the scheme	28,05,000
Stock Options lapsed	10,73,750
Stock Options vested but not exercised	8,73,700
Stock Options exercised	60,250
Outstanding Stock Options	16,71,000

The paid up Equity Capital of the Company is ₹ 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.

11. Employee Stock Option Plan - 2010 Through Trust Route

On the recommendation of the Remuneration/Compensation Committee of your Company, the trustees of 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 Remuneration – Compensation Committee/Emkay Employees Welfare Trust 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 2013:

Total no. of stock options granted under the Scheme	24,41,995
5,55,000 Options 27,000 Options 15,000 Options 50,000 Options	Exercise Price: ₹ 93/- per option ₹ 63/- per option ₹ 48/- per option ₹ 37/- per option
Exercise Period	3 years
Total no. of stock options granted under the scheme	6,47,000
Stock Options lapsed	79,500
Stock Options vested but not exercised	Nil
Stock Options exercised	Nil
Outstanding Stock Options	5,67,500

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.

12. Transfer of Amounts to Investor Education and Protection Fund

Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, relevant amounts which remained unpaid or unclaimed for a period of 7 years have been transferred by the Company to the Investor Education and Protection Fund (IEPF).

13. Directors

At the 19th Annual General Meeting, Mr. G. P. Gupta and Mr. S. K. Saboo retire by rotation and being eligible, offer themselves for re-appointment.

The above re-appointments form part of the Notice of the forthcoming 19th 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 19th Annual General Meeting.

14. 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;
- 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, 2013 and of its profit for the year ended on that date;
- 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;
- The annual accounts have been prepared on a going concern basis.

15. 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.

16. Corporate Governance

The Company adheres to the principles of Corporate Governance 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' to the Corporate Governance Report respectively.

17. Particulars of Employees

In accordance with the provisions of Section 217(2A) read with the Companies (Particulars of Employees) Rules, 1975 as amended by the Companies (Particulars of Employees) Amendment Rules, 2011, 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.

18. 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 (ICAI) 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 19th 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.

19. 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 Heads of Departments viz. Mr. Rajesh Sharma - Chief Operating Officer, Ms. Divya Gandhi - Head-General Insurance and Principal Officer(EIBL) 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.

20. 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 : 18th May, 2013

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	24,41,995
2	Options Granted during the year	--	---	---
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 trading volume of the company's shares.	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)	-	3,32,200	
5	Options exercised (during the year)	-	-	
6	The total number of shares arising as a result of exercise of options during the year.	-	-	-
7	Options lapsed (during the year)	6,750	3,59,900	72,000
8	Variation in terms of options	-	-	-
9	Money realized by exercise of options (during the year)	-	-	-
10	Total number of options in force at the end of the year.	-	16,71,000	5,67,500
11	Employee wise details of options granted to			
	i. Senior Management Personnel during the year	-	-	-
	ii. Employees holding 5% or more of the total number of options granted during the year.	-	-	-
	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	-	-	-
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)	₹(3.23)	₹(3.23)	₹(3.23)

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 cost would have been ₹ (38,162) with consequent lower losses. On account of the same, the basic and diluted Earnings (being in negative) per share would have been less by ₹0.002/- per share and ₹ 0.002/- 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 ₹ (3,62,79,154) with consequent lower losses. On account of the same, the basic and diluted Earnings (being in negative) per share would have been less by ₹ 1.485/- per share and ₹ 1.485/- 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 ₹ 84,58,350 with consequent higher losses. No potentially dilutive shares arise out of the options granted under ESOP 2010 (Trust Route) as the shares are already in existence as on the reporting date.
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	-	-	-
15	<p>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:</p> <ol style="list-style-type: none"> 1. risk free interest rate 2. expected life 3. expected volatility 4. expected dividend yield 5. the price of the underlying shares in market at the time of option grant (₹) 	--	--	--

ANNEXURE "B" FORMING PART OF THE DIRECTORS' REPORT

Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

1. 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:

- a. Installation of capacitors to save power.
- b. Installation of power saving TFT monitors.
- c. Enabled automatic power off modes on idle monitors.
- d. Installation of Blade Servers in Data Centre which consume optimum power & space.
- e. Minimal air-conditioning usage.
- f. Fixed time schedules (timers enabled) for operating air-conditioners
- g. Shutting off electronic devices when not in use.
- h. Installation of power saving electrical equipments like CFL.
- i. Preventive maintenance of all electrical equipments for better efficiency and power consumption.
- j. Educating employees on ways to conserve electricity and other natural resources and a strict adherence to the same is ensured.

2. 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.

3. Details of Foreign Exchange Earnings and Outgo

- a. The foreign exchange inflows were ₹ 1,41,89,009/-
- b. The foreign exchange outflows were ₹ 1,40,00,947/-

MANAGEMENT DISCUSSION AND ANALYSIS

1. Economic Overview

Slower than expected global growth recovery and persistent fiscal and financial risks challenged domestic growth prospects in FY13. Several rounds of quantitative easing by advanced economies have stimulated capital flows into emerging markets, including India. Thus, the steep run up in benchmark indices and feeble fundamentals marked a paradox.

Amidst a continuing weak global backdrop, the Indian economy faced major headwinds. Post the stimulus led growth seen in FY10 and FY11, moderation in growth momentum was seen in FY12 that further got accentuated in the year gone by. India's growth halved to 4.5% from the 9% trend growth seen pre-crisis.

Conflicting domestic challenges, viz. low growth, slow investments, persistent inflation, high current account deficit and an unstable INR heightened the dilemma for policy makers.

The overall macroeconomic context was dominated by a sharp slowdown in growth and a steep rise in current account deficit. FY13 GDP (pegged at 5%) witnessed deceleration in investments as well as the consumption sentiment. Substantial slowdown in the industries and services segments pulled down the overall GDP growth. In the backdrop of contracting exports, current account deficit/GDP marked a record high of 6.7%; much higher than the sustainable level of 2.5%.

During the year, while being fairly broad-based, inflation remained stubbornly high at above 10% on the consumer level. Persistent food inflation and high fuel inflation tracking several price hikes remained a major cause of worry. Despite inflation remaining beyond RBI's comfort level, lower growth led to the RBI easing repo rates by around 100bps to 7.5%.

The slowdown however, was not reflected in the market trends. Apart from FII investments, financial markets had a decent sailing on various policy measures and announcements made by the Government and RBI. Policy rate easing, liquidity provision, efforts to curtail subsidies via fuel price hikes, fuel sector reforms pertaining to LPG and bulk diesel sales, FDI liberalization in retail and insurance sector, reduction in withholding tax, SEB restructuring, etc. led to a sentimental exuberance. These measures were imperative to help get the economy on track and their beneficial transmission may happen only with a lag.

FY13 witnessed actions to address the elevated twin deficits. While these attracted capital flows and funded the current account, the Rupee remained under pressure. The policy juggled between spurring growth and curbing the CAD and price pressures. These structural issues are likely to have a bearing on the near to medium term outlook for India's growth.

2. Industry Overview

The stock market is regarded as one of the leading indicators of a country's economic growth. The Sensex which was in an uptrend between FY04 to FY08, posting a CAGR return of 29% when India's GDP growth averaged 8.5%, witnessed a pull down post the global financial crisis of 2008 and a host of factors prevailing in the domestic economy. The GDP tumbled to a decade low of 4.5% in the quarter ending December 2012 and is pegged at 5% for FY13. The Sensex posted a modest 8% return during the financial year. Even though there was an inflow of \$25.8 billion of FII capital during the year, stock indices hit a roadblock at the upper levels on continuous selling by domestic investors.

The fourth quarter of FY13 was marked by FIIs investing a net of ₹ 65291 crore in Indian markets till date, which is half the ₹ 1.30 lac crore they invested in FY12. FII ownership of the Indian stock market (top 500 companies) hit an all time high of 21.2%, climbing sharply (128 basis points) in the March quarter. On 8th May, 2013, the BSE Sensex hit an intraday high of 20037 points for the first time since 31st January, 2013 amid a strong global rally and on the back of fervent participation by FIIs.

In the last four years turnover of the broking industry made a southward trail. Turnover of both BSE and NSE was down by almost 21% and 27% respectively in FY13 from FY12. If one were to analyze revenue distribution of brokerages, contribution of the core business activity i.e. broking is going down. According to ICRA's estimates, the total capital market related revenue for select top brokers who account for ~35% market share has remained almost flat in H1FY13 (annualized) when compared to FY12. However, costs have declined more sharply by ~7-8% (annualized) over the same period leading to improvement in cost-income ratio and other profitability indicators. In 9M FY13, while the burden of collapsed retail participation has completely weighed down the retail broking operations, the combination of regulatory changes such as capping of commission rates for domestic mutual funds as well as increasing and seemingly irreversible penetration of DMAs have been a heavy drag on the institutional broking segment.

Capital market ancillary businesses too continued to remain moribund. Slow demand for margin funding also impacted interest income while increasing penetration of high frequency trading has led many medium to small sized broking houses to close arbitrage trading operations. While a few relatively large ticket public issuances kept brokerage houses interested, fee income from the advisory piece has remained lackluster.

The difficult economic conditions ensured that revenues from the investment banking operations for companies were miniscule. Fewer public issuances meant that distribution income remained weak, though were propped up by retail debt issuances. While

PMS operations continued to provide steady run rate for some large brokerage houses, at industry level, equity PMS AUMs only declined.

The commodities and currencies segments emerged as dependable avenues for diversification for brokers. While for the commodities segment, traded turnover declined nominally, a more broad based increase in market participation and robust increase in customer addition aided by increased investor awareness were observed. The currencies segment on the other hand too continued to gain traction.

3. Business Overview

Emkay, a full service financial services organization, with a net-worth of ₹ 133.55 crore, is a member of the BSE, NSE, MCX-SX, MCX, NCDEX, ICEX, NSEL, USE and OTC. It is also a Depository Participant with CDSL. A listed entity on both the NSE and the BSE, Emkay Global, along with its subsidiaries Emkay Commotrade Ltd., Emkay Insurance Brokers Ltd., Emkay Investment Managers Ltd. and Emkay Fincap Ltd. offers a comprehensive suite of financial services under one umbrella, through its pan India network of branches and franchisees.

• Equity

Industry wide retail participation remained muted in FY13 with the growth in new Demat accounts at its lowest in the last five years. Proportion of retail to cash volumes continued to fall as retail cash average daily turnover declined. DIIs remained net sellers while strong inflows from FIIs continued. The dominance of Options continued in FY13 and they grew to comprise 76% of market average daily turnover, which in turn hit a high in the last quarter of the financial year.

Emkay's network of more than 350 branches and franchisees across more than 150 cities caters to both institutional and non institutional clients. While the institutional segment contributed 55.92% of the total business in FY13, the non-institutional segment accounted for the remaining. The equity market volumes and the market share remained more or less constant in FY13. The total number of institutional clients increased from 220 in FY12 to 239 in FY13 while the number of non-institutional clients stood at 1,23,891. The number of DP accounts during the year marginally went up to 87651. The AUM went up from ₹ 1140 crore to ₹ 1263 crore.

• Research

Emkay, with a strong research team of more than 25 people offers exceptional research capabilities to its clients. The team, which comes with many fruitful years of relevant experience, covers 250 stocks of which 168 are actively researched. These 168 companies include 43 Nifty 50 stocks and 27 Sensex 30 stocks. The timeliness and accuracy of our research publications has earned us admiration from across the industry. During the year,

the team released 7 sector reports, 83 sector updates and 12 thematic reports and organised 96 India/International corporate road shows, 98 corporate investor meetings and 120 corporate conference calls.

• Investment Banking

While Debt Capital Market volumes remained largely flat during the year, due to companies possibly deferring their debt raising plans in anticipation of further interest rate cuts, Equity Capital Market volumes improved year on year in FY13, largely driven by higher activity levels in Offer for Sale issues. IPOs which experienced a brief spurt in Q3 FY13, again dried up during Q4. M&A activity faced challenges due to high interest rates and uncertain economic outlook.

Your Company is a SEBI registered Category I Merchant Banker. During the year the Company entered into an alliance with Icon Capital, a well established London based boutique investment bank and a market leader in Indian FCCBs globally. Through this alliance, Emkay, along with Icon is enabled to offer the following services to clients:

- Lead management of new issues of Foreign Currency Convertible Bonds and Corporate Bonds
- Placing of tranches of Indian domestic equity offerings (QIPs/IPOs) in the UK/European markets
- Promotion of overseas UK/European investor interest in Indian listed companies
- Listing and raising of funds for Indian companies on the LSE's Main Market or AIM
- Cross-border M&A advice including the identification of acquisition targets
- Execution of M&A transactions between both listed and unlisted companies
- Provision of corporate finance and capital markets advice in the UK/European markets

Your Company believes that this alliance will be mutually beneficial towards growth in business of Emkay and Icon.

• PMS & Distribution Services

Individual wealth in India is estimated at ₹ 92.3 tn in FY12, led by fixed deposit/bonds, equity and insurance sectors. Asset wise wealth classification shows equity comprising a much lesser proportion in India than the global average. In FY13 investors put in more than ₹ 76000 crore in various mutual funds, after pulling out money from such schemes in the preceding two years. At the gross level, mutual funds mobilized over ₹ 7267000 crore in FY13, while there were redemptions to the tune of ₹ 7191000 crore. This resulted in a net inflow of ₹ 76539 crore. This significant level of fund mobilization has also helped the total assets under management of mutual funds to grow to ₹ 701000 crore as on March 31, 2013.

Your Company is a SEBI registered Portfolio Manager since 2003 and conducts the portfolio management business through its wholly owned subsidiary Emkay Investment Managers Ltd. (EIML). EIML offers six different types of PMS, catering to individual risk appetite, goals and investment preference. All of EIML's PMS schemes have consistently outperformed the index over the years, thereby building substantial wealth for its clients. As on 31st March, 2013, the Company had more than 150 clients and assets under management of ₹ 7143 lac.

• Commodity

For the first time since 2007, the turnover of the commodity exchanges fell by six per cent to ₹ 170.46 lac crore in the 2012-13 fiscal due to sluggish participation in gold and silver futures, according to commodity markets regulator FMC. The maximum fall was seen in bullion futures, while agricultural commodities witnessed a marginal drop during the 2012-13 financial year. The major drop in bullion futures was because of high price volatility that prompted investors to stay away from the markets.

Emkay offers commodity trading through Emkay Commotrade Ltd., a wholly owned subsidiary of Emkay Global. In spite of the adverse business environment, Emkay Commotrade continued to add clients, on the back of its unparalleled customer service, strong research capabilities and trustworthiness in the market. Emkay Commotrade's revenue stood at ₹ 1294 lac in FY13, while it registered a loss of ₹ 387 lac in the same period.

• Currency

Currency future contracts allow investors to hedge against foreign exchange risk. NSE was the first exchange to have received an in-principle approval from SEBI for setting up currency derivative segment. The exchange launched its currency futures trading platform in August 2008. Currency futures on USD-INR were introduced for trading and subsequently the Indian rupee was allowed to trade against other currencies such as euro, pound sterling and the Japanese yen. Currency Options were introduced towards the end of 2010.

During FY13, the total turnover of the currency market in India increased by a mere 2% yoy to ₹ 8577643 crore, whereas Emkay's turnover increased 160% yoy to ₹ 19520 crore. Emkay's revenue in the segment increased 320% to ₹ 2.38 crore in FY13 and the market share rose to 0.23% from 0.14% in FY12. The number of clients trading in currency also rose from 271 in FY12 to 597 in FY13, marking a jump of 120%.

• Insurance

The Insurance Amendment Bill to raise FDI cap in the insurance sector from 26 per cent to 49 per cent, which could have been a game changer for the industry, has been pending in the Rajya Sabha since 2008. While on one hand, the market for life insurance industry in India seems to be shrinking with lesser number of policies being issued per year and falling collection

of premiums, on the other, the general insurance industry which registered a 19% growth in FY13 is likely to see a drop in growth in FY14 unless industrial growth picks up. The broad market is shrinking. Insurance penetration in India was always low, but, worryingly enough, it has been falling even lower for two consecutive years for life insurance and not making major inroads for non-life. New regulations enforced by the insurance regulator from 2010, curbing the scope of the Unit Linked Insurance Plans (ULIPs) are partly responsible for the development. Health and motor insurance are the major contributors to the growth in general insurance industry and a slowdown in economy is likely to affect these sectors the most. Emkay has presence in both the life and non-life broking businesses and offers policies to corporate and individuals through its 100% subsidiary Emkay Insurance Brokers Limited. The corporate business accounts for 60% of the business income from this segment while retail policy sales account for the balance. The Non life insurance business contributes 73% of total brokerage while the life segment brings in the remaining 27%. During the current fiscal, the total number of policies fell marginally from 6508 to 5533; the premiums collected decreased from ₹ 1366 lac to ₹ 1198 lac while brokerage rose from ₹ 119 lac to ₹ 131 lac.

• Credit & Finance

Emkay Fincap Limited, a 100% subsidiary, carries out NBFC activities like financing against shares and margin funding. The amount deployed in margin funding decreased from ₹ 4903 lac in FY12 to ₹ 2684 lac in FY13. The Profit/Loss After Tax from this business was reported at ₹ (189) lac as against ₹ 238 lac in the previous year.

4. Opportunities & Threats

The great uncertainty over how growth will recover in the advanced economies is unnerving financial markets across the world. Back home, the recent exuberance seen in the markets is largely driven by FII flows, dependent on global growth prospects. Reversal of global liquidity could adversely impact capital flows into India and put downward pressure on the INR. Currency depreciation could fuel the current account deficit, leading to weakening of macro fundamentals, viz. inflation, trade deficit, subsidy bills and hence fiscal balances. Government spending ahead of an election year and a currency with a weakening bias remain threats to domestic price pressures. Uncertain external balances continue to pose challenges.

Government's actions to stick to fiscal consolidation and boost the investment cycle remain imperative. Domestic growth would also depend upon a timely and adequate monsoon, resumption of industrial growth, revival in exports via measures to make them competitive, curtailment of current account deficit and supply-side measures to ease constraints.

Tracking statistical phenomenon, the wholesale price index is likely to reflect subdued inflation rates; thus providing a cushion for rate easing, and allowing the transmission of actions taken so far for GDP and earnings growth to pick up. Government spending related to elections is likely to boost rural consumption. The economy is likely to gain gradually from the measures announced earlier.

The Union Budget 2013, amongst other proposals, has reduced Securities Transaction Tax (STT) on equity futures contracts to 0.01% from 0.017%, introduced commodities transaction tax (CTT) on non-agriculture commodities futures trading and allowed participation of FIIs in the currencies derivative segment. These proposals could provide a fillip to equity derivative volumes as well as currency derivative volumes. The imposition of the CTT could impact the gross returns of the arbitrageurs by 20-30% and consequently significantly impede the growth of the segment at least over the short term. Also, arbitrage activity could return to the equities segment or move to the currencies segment, which could help growth of these segments.

5. Future Outlook

After five acrimonious years, in large part due to the global slowdown and policy paralysis on the domestic front, the Indian economy is now showing some signs of recovery. Several recent positive developments in the economy suggest that the days of gloom may soon be a thing of the past. These developments, though subtle, have cumulatively augured well for the economy and the capital markets.

India's import bill that had been significantly affected by the fall in the value of the rupee, thereby making imports costly, should now see an improvement with the prices of crude and gold coming down. A lower CAD can help control inflation and reduce pressure on the rupee.

Government's proactive measures have also helped lift sentiment. First, its consistent diesel price hikes have helped reduce the fuel subsidy bill. The LPG cylinder cap is already in place, the benefits of which will be reflected in FY14. Meanwhile, the government's allocation of orders for the freight corridor is a step in the right direction. The Supreme Court's decision to allow mining in Category A and B mines in Karnataka is also heartening. Recently, the government decontrolled sugar prices, indicating its willingness to reduce control over various industries. The softening of fertilizer prices in the international market is also another helpful step for the Indian economy as it will help lower the fertilizer subsidy bill. The positive monsoon forecast is an added plus for India. It will ensure that India's food grain production which dropped last year due to an erratic monsoon will come back to normal. A good monsoon will also have a soothing effect on inflation.

Your Company believes that the Indian macro factors are now favourable with improving domestic economy, falling interest rates, falling inflation, crude and commodity prices and improving US economy. Global liquidity will continue to flow to high-growth potential Indian capital market given its most attractive historical return. GDP growth seems to have bottomed out and is likely to recover to the mean rate of 8% in next two-three years. Both the fiscal and the current account deficits are being addressed by the government while the forecast of a normal monsoon augurs well for rural earnings and consumption.

With both WPI and CPI inflation coming down much faster than expected, and GDP growth at multi-year low, the RBI has room for further rate cuts in the coming monetary policies. Banks are expected to pass on the rate cut benefits to industry sooner than later. Any cut in the bank interest rate shall benefit rate-sensitive sectors like infrastructure, auto, banking and finance. Currency and commodity markets are fast maturing and should continue to grow with more products and increasing participation.

6. Risks & Concerns

The Company is exposed to credit risk, interest rate risk, liquidity risk and operational risk. However, strategic focus and contingency planning provide for adequate cushioning against these risks. Risk exposure is monitored and controlled through a variety of separate but complementary financial, credit, operational, compliance and legal reporting systems. A robust business model provides for a shield against cyclical fluctuations in the business environment. Risk mitigating activities are periodically reviewed by the management and strategies and policies are revisited to ensure proper adherence.

• Market Risk

The Company, as a part of the financial services sector, stands exposed to market risks. Economic conditions and events in India and the world could adversely impact the Company's financial performance. However, the Company has sufficiently mitigated this risk through diversification of its revenue across multiple business lines.

• Technology Risk

Your Company has always welcomed technological advancements and ensured that it is ahead of the curve in offering state-of-the-art infrastructure to the end client in the most user-friendly environment. For this the Company's servers have been provided with built-in-redundancy and auto switch over capability. State-of-the-art firewalls ensure a protective infrastructure and build end-user confidence further.

• Compliance Risk

Your Company ensures strict adherence to the compliance discipline across its businesses and departments. It is registered and regulated by SEBI for merchant banking, stock broking,

depository participants and portfolio management businesses (through Emkay Investment Managers Ltd.). Emkay Fincap Ltd, being an NBFC is registered with the Reserve Bank of India. Emkay Commotrade Ltd., our commodities broking subsidiary, is regulated by the Forward Markets Commission and Emkay Insurance Brokers Ltd, our insurance broking subsidiary, is registered with the IRDA. Systems and processes are laid, communicated across the board and reviewed periodically to prevent any lapses.

• Error Trade

Your Company faced the manifest error trade of Oct 5, 2012 which resulted in a payment obligation to NSE of ₹ 51.94 crore. Our application to NSE for annulment of this manifest error trade was rejected by the relevant authority of NSE and currently the matter rests with Securities Appellate Tribunal (SAT) where we are confident of getting substantial relief. As an interim relief SAT has stayed the payout to two brokers amounting to ₹ 34 crore which is withheld by NSE.

7. Human Resources

Your Company firmly believes that human resource is the capital on which our business is built and it is an asset that enables us to reap rich dividends. It is confident that engagement and empowerment are the most enabling instruments in improving employee productivity. Constant efforts are made to create a working environment that encourages initiative, provides challenges and opportunities and recognizes the performance and potential of employees.

In order to have a fully integrated Human Resource Management System which covers all HR processes and operations and at the same time includes compensation related data, Emkay migrated to a new platform - 'Oriana' HRMS during the year.

Your Company believes in making work an enjoyable experience by providing a right balance between fun and work. To promote employee bonding and a sense of belonging and pride in working for the organization, Emkay organized multi-faceted events including Yoga Workshops, Nutritionist Counseling Camp, Blood Donation Camp, Stress Management workshop, Independence Day, Women's Day and Holi Celebrations. To enable and augment easy learning, a tie-up with Librarywala was initiated, which received tremendous response from the employees.

For those who newly joined the Company, a full day Induction program along with a walk through at the Head Office and all the Mumbai branches was organized, to give them a first-hand experience of the work environment and culture, as also to familiarize them with the top management and the policies of the organization.

The year was also packed with training programs and refresher courses aimed at skill and ability development of employees. Programs were customized across departments, right from the back office operations teams to the top management. For the Institutional, Private Wealth Management, Insurance and Commodities teams, special workshops on Business Etiquette and Time Management and training on Bloomberg, Options and Technical Analysis were initiated. To hone the skills of the back office, training on Motivation and Personality Development, Advanced Excel and Process Improvement were organized.

8. Internal Control Systems and their Adequacies

The Company has invested in ensuring that its internal audit and control systems are adequate and commensurate with the nature of its business and the size of its operations. Moreover, the Company continuously upgrades these systems in line with the best available practices. The Company also carries out specific / concurrent audits of some critical functions such as Half yearly internal audit of the broking business mandated by SEBI/ Exchanges, KYC process, demat transfers, pay-outs, systems audit, HR, branch & sub broker audits amongst others. During the year Emkay also got a Process & Efficiency Improvement audit done for all its Operational Processes through an Independent Agency – Mondial IT Consultants Pvt Ltd.

The internal control system is designed to ensure that financial and other records are accountable in preparation of the financial statements. These procedures ensure that the transactions are properly accounted for, reported and classified in the financial records.

9. Financial Overview

Consolidated:-

Income: The Company recorded a total income of ₹ 9,992 lac in FY13, as against ₹ 11,409 lac in FY12, a decrease of 12.42 %.

EBIDTA: The Company's EBIDTA stood at ₹ (-) 247 lac compared to ₹ 899 lac in FY12, a decrease of 127%.

PAT: The Profit/(Loss) after Tax stood at ₹ (1478) lac as against ₹ 107 lac in FY12.

Standalone:

Income: The Company recorded a total income of ₹ 7987 lac, as against ₹ 9025 lac for FY12, a decrease of 11.50 %.

EBIDTA: The Company's EBIDTA stood at ₹ 491 lac, as against ₹ 592 lac in FY12, a decrease of 17.06 %.

PAT: The Profit/(Loss) after Tax stood at ₹ (790) lac against ₹ (77) lac in FY12.

10. Cautionary Statement

This document contains forward-looking statements and information. Such statements are based on our current expectations and certain assumptions, and are therefore, subject to certain risks and uncertainties. Should one or more of these

risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary. The Company does not undertake to update these statements.

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 rights 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 (Board)

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 he/she is a Director. (For the purpose of reckoning the limit under this para, Chairmanship / Membership of the Audit Committee and the Shareholders' Grievance Committee alone have been considered as specified in Clause 49 of the 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 Chairman, Independent)

Mr. Gian Prakash Gupta has over 39 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. and Dighi Port Ltd.

Mr. S. K. Saboo (Non-Executive, Non Independent Director)

Mr. Sushil Kumar Saboo has more than 45 years of management experience. Presently he is the Group Advisor (Chairman's Office) for Aditya Birla Group, one of the premier business groups of India.

Mr. R. K. Krishnamurthi (Non-Executive, Independent Director)

Mr. R. K. Krishnamurthi, a Solicitor in the Mumbai High Court and the Supreme Court of England, has a rich and wide experience of over 40 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, an Associate member of The Institute of Cost and Works Accountants of India and a Law Graduate from the University of Mumbai. He has a wide and rich industrial experience of over 34 years. He is presently Executive Director of SI Group India Limited and is 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 (Managing Director & CFO, Promoter)

Mr. Krishna Kumar Karwa, a rank holder Member of the Institute of Chartered Accountants of India, is the Promoter, Managing Director & CFO of the Company. Mr. Krishna Kumar Karwa has a rich and varied experience of 25 years in all aspects of the Equity Capital Markets. He is also the director in West Coast Paper Mills Limited.

Mr. Prakash Kacholia (Managing 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 24 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, 2013 and number of Meetings held and attended during the year are as follows:

Name of the Director	Category	Board Meetings during Financial Year 2012-13		Attendance at last AGM held on 08.08.2012	Other Directorships		Other Committees	
		Held	Attended		Private Companies	Public Companies	Chairman	Member
Mr. G. P. Gupta	NED (I)	4	4	Y	4	8	5	3
Mr. S. K. Saboo	NED	4	4	Y	--	1	--	--
Mr. R. K. Krishnamurthi	NED (I)	4	4	Y	--	3	--	1
Mr. G. C. Vasudeo	NED (I)	4	4	Y	--	2	--	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 2012-13, 4 Meetings were held on 19th May, 2012, 8th August, 2012, 26th October, 2012 and 30th January, 2013.

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

The Company prepares the agenda papers in consultation with the Managing Directors and circulates the same to each Director sufficiently before Board and Committee Meetings. All material information is incorporated in the agenda for facilitating meaningful and focused discussions at the meetings. Wherever 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, both the Managing Directors appraise the Board at every meeting on the overall performance of the Company, followed by a 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 discussed in the meetings 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 various businesses, capex & opex budgets and any updates on the same

- Statement of all significant transactions, related party transactions and arrangements with the Subsidiary Companies.
- Quarterly Results of the Company on Standalone & Consolidated basis.
- 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 minutes of the proceedings of each Board and Committee Meeting are duly recorded. 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 towards 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 Directors and Senior Management Personnel have confirmed compliance with the code. Declarations to this effect signed by the Managing Directors are 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
Mr. G. P. Gupta	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 Assistant Vice President Accounts & Finance are permanent invitees to the Meetings. Mr. Rahul Sahasrabuddhe, Company Secretary, acted as the Secretary of the various Committees of the Board of Directors upto 31st August, 2012. In view of the resignation of Mr. Rahul Sahasrabuddhe as Company Secretary, Mr. J. P. Shah is acting as secretary to the Audit Committee.

Company is in process for appointment of Company Secretary in place of Mr. Rahul Sahasrabuddhe who has resigned. Company has sourced around 69 resumes for the position of Company Secretary through its own efforts and through consultants. Company has interviewed 39 candidates till date and another 6 candidates are yet to be interviewed. Company has shortlisted 7 candidates and a suitable candidate will be appointed accordingly.

• Meetings

During the Financial Year 2012-13, four Meetings were held on 19th May, 2012, 8th August, 2012, 26th October, 2012 and 30th January, 2013. The gap between any two Meetings did not exceed four months. The attendance of each Committee member was as under:

Name	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:

a. 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

- b. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditors and the fixation of audit fees
- c. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors
- d. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - i. 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
 - ii. Changes, if any, in accounting policies and practices and reasons for the same
 - iii. Major accounting entries involving estimates based on the exercise of judgment by management
 - iv. Significant adjustments made in the financial statements arising out of audit findings
 - v. Compliance with listing and other legal requirements to financial statements
 - vi. Disclosure of any related party transactions
 - vii. Qualifications in the draft audit report
- e. Reviewing, with the management, the quarterly financial statements before submission to the board for approval
- f. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems
- g. 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
- h. Discussion with internal auditors on any significant findings and follow up there on
 - i. 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
 - j. 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
- k. 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

- l. To review the functioning of the Whistle Blower mechanism, in case the same exists
- m. 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 except Mr. S. K. Saboo.

• Meetings

There were no meetings held during the year 2012-13.

• 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 byelaws, 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 2012-13**

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 and 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 reappointment 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 for reconsideration for upward revision of remuneration to be paid to both the Managing Directors of the Company vide letter dated December 28, 2011. 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 place of its original approval of ₹73,20,000/- for Mr. Prakash Kacholia vide letter SR No. B15129653 / 4 / 2011 - CL.VII dated April 27, 2012 and on 8th May, 2012 it did not accede to the request for reconsideration of the revision in remuneration of Mr. Krishna Kumar Karwa vide letter no. SRN B15261068/4/2011-CL.VII dated 8th May, 2012. As the Managing Directors of the Company share equal responsibility and are jointly steering the Company since its incorporation and considering the fact that the Ministry of Corporate Affairs has not approved equal amount of managerial remuneration for both, the Remuneration / Compensation Committee and the Board of Directors have decided to pay equal remuneration of ₹ 73,20,000 /- p.a.to both the Managing Directors of the Company with effect from 1st April, 2012.

Subsequently, in view of the deteriorated business environment in the past few months and financial position of the Company, both the Managing Directors of the Company express their desire to accept a further reduction in their salary from ₹ 73,20,000/- p.a. to ₹ 60,00,000/- p.a. w.e.f. 1st August, 2012 till 31st March, 2013.

• **Remuneration paid to Managing Directors for the Financial Year 2012-13**

Particulars	Mr. Krishna Kumar Karwa (Managing Director & CFO) (₹)	Mr. Prakash Kacholia (Managing Director) (₹)
Salary	57,50,004	57,50,004
Company's Contribution to Provident Fund	6,89,996	6,89,996
Total	64,40,000	64,40,000

The Basic Salary may be reinstated whenever the Board feels it appropriate and fit after considering the business environment from the new financial year starting 1st April, 2013.

The Non Executive Directors are paid remuneration by way of Sitting Fees as under:

• **Details of Remuneration paid by way of Sitting Fees to Non-Executive Directors during the Financial Year 2012-13**

Name	Sitting Fees for Board/Committee Meetings attended (₹)
Mr. G. P. Gupta	80,000
Mr. S. K. Saboo	40,000
Mr. R. K. Krishnamurthi	80,000
Mr. G. C. Vasudeo	80,000
Total	2,80,000

3. Investor Grievance and Share Transfer Committee

• Composition

The present composition of the Investor Grievance and Share Transfer Committee of the Company 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. However in absence of the Company Secretary, Mr. J. P. Shah will act 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 2012-13, the Committee had 4 meetings. These meeting were held on 19th May, 2012, 8th August, 2012, 26th October, 2012 and 30th January, 2013. 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.

Compliance Officer appointed by the Company has been 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 2012-13

Number received during the year	2
Number resolved to the satisfaction of complainant	2
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, 2012. 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 following means:

- 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.
- The Minutes of Board and Audit Committee Meetings of the subsidiaries are placed at the Board Meetings of the Company.
- Details of significant transactions and arrangements entered into by the unlisted subsidiary companies with the Company 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, in the capacity of 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 2013, a total of 1150 shares pertaining to 7 allottees are lying in the said Depository Account.

Further, in compliance with the aforesaid SEBI Circular, the Company has opened an account with HDFC Bank Ltd in the name and style of "EGFSL – IPO Unclaimed Shares Unpaid Dividend Account" and credited the said bank account with the dividends declared on Unclaimed IPO Shares. As on 31 March 2013, an amount of ₹ 7144/- is lying in the said bank account.

VIII. Secretarial Audit

During the Financial Year 2012-13, 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 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 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 at their Meeting of the Board of Directors of the Company held on 19th June, 2009. Further, amended Code of Conduct for prohibition of Insider Trading has been adopted by the Board of Directors of the Company in their meeting held on 19th May, 2012. This Code of Conduct is applicable to all Directors and such identified employees of the Company as well as of the Subsidiary 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
2011-2012	18th	M. C. Ghia Hall, Fort, Mumbai	08th August, 2012	2.00 p.m
2010-2011	17th		01st August, 2011	3.00 p.m.
2009-2010	16th		30th August, 2010	3.00 p.m.

2 Special Resolutions passed at the last three AGM

- At 17th AGM held on 01st August, 2011
 - Approving Amendments of ESOP-2005, ESOP-2007 and ESOP-2010 (through Trust Route)
- At 16th AGM held on 30th August, 2010
 - Re-appointment of and Payment of remuneration to Managing Directors
 - Payment of Commission to Non Executive & Independent Directors
 - Approving amendments made to ESOP Scheme – 2007
 - Introduction of new ESOP Scheme-2010 (through trust route)

3. Postal Ballot

During the Financial Year 2012-13, 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, South West Wing, Senapati Bapat Marg, Dadar (West), Mumbai – 400028 and the approval of members was sought through postal ballot process.

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 31st July, 2012 by the Managing Director at the Registered Office of the Company. The details of voting pattern are as follows:

Particulars	Special 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, South West Wing, Senapati Bapat Marg, Dadar (West), Mumbai-400028 as mentioned in the Notice for Postal Ballot dated 20th June, 2012.	
	No. of ballots	No. of shares
Total Received	166	1,90,33,804
Less: Invalid	16	1,112
Valid	150	1,90,32,692
- Assent	119	1,90,29,354
- Dissent	31	3,338

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

Name of Director	Mr. G. P. Gupta	Mr. S. K. Saboo
Date of Birth	11th January,1941	5th November, 1942
Age	72 years	70 years
Date of Appointment	10th November, 2005	15th September,1995
Experience in Specified Functional Area	Rich and vast experience of over 39 years in Development Banking	Rich and vast experience of over 45 years in the field of Management
No. of shares held in the Company	Nil	Nil
Qualification	M.Com	B.Com
List of other Companies in which associated as Director	<ol style="list-style-type: none"> 1. Aditya Birla Nuvo Limited 2. Birla Sun Life Insurance Co. Limited 3. Dighi Port Limited 4. Swaraj Engines Limited 5. Idea Cellular Limited 6. Landmark Property Development Co. Ltd 7. Avam Technologies Pvt. Ltd 8. Aditya Birla Capital Advisors Pvt. Ltd 9. Emkay Investment Managers Limited 10. Aditya Birla Retail Limited 11. Trinethra Superretail Private Limited 12. Intersoft Consulting & Software Services Private Ltd 	<ol style="list-style-type: none"> 1. Indophil Textile Mills Inc; Philippiness
Chairman / Memberships of the Committee of the Board of other Companies in which associated as a Director	<p>Chairman</p> <p>Audit Committee –</p> <ol style="list-style-type: none"> 1. Swaraj Engines Ltd 2. Idea Cellular Ltd 3. Birla Sun Life Insurance Co. Ltd 4. Aditya Birla Capital Advisors Pvt. Ltd 5. Landmark Property Development Co. Ltd <p>Member</p> <p>Audit Committee –</p> <ol style="list-style-type: none"> 1. Aditya Birla Nuvo Ltd 2. Aditya Birla Retail Limited 3. Trinethra Superretail Pvt. Ltd 	Chairman/Member: NIL

XI. Disclosures

1. a. Transactions with related parties, as per requirements of Accounting Standard 18, are disclosed elsewhere in this Annual Report.
- b. A statement in summary form of transactions with related parties in the ordinary course of business is placed periodically before the audit committee.
- c. There are no transactions with related parties which are not in the normal course of business.
- d. All related party transactions are negotiated on arm length basis and are intended to further the interest of the Companies concerned.
2. 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.
3. The Company has followed all the relevant Accounting Standards while preparing the Financial Statements and confirms that there have been no deviations whatsoever.
4. 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.
5. 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.
6. 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 the 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 are 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: Time and Venue	Monday, the 5 th August, 2013 at 4.00 P.M. at M. C. Ghia Hall, Fort, Mumbai – 400001.
Financial Year	1st April, 2012 to 31st March, 2013
Date of Book Closure	Wednesday, the 24 th July, 2013 to Monday, the 5 th August, 2013 (Both days inclusive)
Dividend Payment Date	No Dividend Declared
Listing on Stock Exchanges	-BSE Limited -National Stock Exchange of India Limited
Stock Code / Symbol	-BSE-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 31.03.2013, 99.88% of the Equity Share Capital comprising 2,44,07,870 equity shares out of total 2,44,37,750 were dematerialized.
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-400 013. Registrar and Transfer Agent: Link Intime India Private Limited C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai - 400 078.

XV. Categories of Shareholding as on 31st March, 2013

The Shareholding of different categories of the shareholders as on 31st March, 2013 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	1	23,191	0.0949
Foreign Nationals	0	0	0
Other Bodies Corporate	189	9,47,751	3.8782
Mutual Fund	0	0	0
NRI (including Non Repatriable)	64	2,69,745	1.1038
Trusts	1	7,54,648	3.0880
Public	6,369	45,44,915	18.5980
Total	6631	2,44,37,750	100.0000

XVI. Distribution of Shareholding as on 31st March, 2013

The Shareholding distribution of the equity shares as on 31st March, 2013 is given below:

Number of Shares held (Face value of ₹ 10 each)	Shareholders		Shares	
	Number	% of Total	Number	% of Total
1-500	5791	87.3322	596828	2.4422
501-1000	332	5.0068	279455	1.1435
1001-2000	202	3.0463	307021	1.2563
2001-3000	90	1.3573	226937	0.9286
3001-4000	38	0.5731	138936	0.5685
4001-5000	33	0.4977	155342	0.6357
5001-10000	62	0.9350	478401	1.9576
10001 & above	83	1.2517	22254830	91.0674
Total	6631	100.0000	2,44,37,750	100.0000

XVII. Market Price Data

During the year, the BSE Sensex increased from 17318.81 to 18835.77.

The Market Price of the Company's Shares traded on the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE) during each month of the last Financial Year from 1st April, 2012 to 31st March, 2013 is as follows:

Month	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April, 2012	32.80	27.50	32.00	26.35
May, 2012	30.45	23.35	32.00	23.75
June, 2012	35.20	23.50	35.45	23.50
July, 2012	34.25	25.05	32.45	25.10
August, 2012	26.30	22.05	27.30	22.10
September, 2012	31.45	23.55	32.00	23.65
October, 2012	36.30	21.00	36.30	21.20
November, 2012	24.40	20.00	24.50	19.90
December, 2012	26.10	20.30	25.90	20.10
January, 2013	25.65	21.10	25.55	21.05
February, 2013	22.55	15.55	22.90	16.15
March, 2013	21.65	16.45	21.55	16.05

On behalf of the Board of Directors

For Emkay Global Financial Services Limited

Krishna Kumar Karwa

Managing Director & CFO

Prakash Kacholia

Managing Director

Place: Mumbai

Date : 18th May, 2013

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, 2013, 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

Membership. No. 14568

Place: Mumbai

Date :18th May, 2013

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, 2013.

For Emkay Global Financial Services Limited

Krishna Kumar Karwa

Managing Director & CFO

Prakash Kacholia

Managing Director

Place: Mumbai

Date :18th May, 2013

CEO/CFO CERTIFICATE

Annexure-2

We hereby certify that -

- a. We have reviewed Financial Statements and the Cash Flow Statement for the year ended 31st March, 2013 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 : 18th May, 2013

INDEPENDENT AUDITOR'S REPORT

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

- 1. Report on the Financial Statements:** We have audited the accompanying financial statements of EMKAY GLOBAL FINANCIAL SERVICES LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.
- 2. Management's Responsibility for the Financial Statements:** Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.
- 3. Auditor's Responsibility:** Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
- 4. Opinion:** In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
 - 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.
- 5. Emphasis of Matter:** We draw attention to Note No.6 to the financial statements which describe the uncertainty related to the outcome of the matter under appeal filed by the Company against National Stock Exchange of India Limited on account of occurrence of a mistake while executing a sale order on Cash Segment resulting in loss of ₹ 5194.04 lac. Our opinion is not qualified in respect of this matter.
- 6. Report on Other Legal and Regulatory Requirements:**
 - 1) As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
 - 2) As required under provisions of section 227(3) of the Companies Act, 1956, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) 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;
 - (c) 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;

(d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act;and

(e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For B. L. Sarda & Associates

Chartered Accountants

Firm Registration No. 109266W

(B. L. Sarda)

(Partner)

Membership No. 014568

Place : Mumbai

Date :18th May,2013

ANNEXURE TO INDEPENDENT AUDITOR'S REPORT REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING OF "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" 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.
- 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 to 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 to 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 four companies covered in the register maintained under section 301 of the Act. The maximum amount involved during the year was ₹ 3133 lac and the year end balance of loans granted to said companies was ₹ 20 lac.
- (b) In our opinion, the rate of interest and other terms and conditions on which the said unsecured loans have been granted to four 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 taken unsecured demand loans from three companies and two parties covered in the register maintained under section 301 of the Act. The maximum amount involved during the year was ₹ 2685 lac and the year end balance of loan taken from the said companies and said parties was ₹ 1400 lac.
- (f) In our opinion, the rate of interest and other terms and conditions on which the said unsecured loans have been taken from three companies and two parties listed in the register maintained under section 301 of the Act are not, prima facie, prejudicial to the interest of the Company.
- (g) The Company is repaying the principal amount during the year as and when demanded and has also been regular in paying the interest thereon.
- (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 provided to such a 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.
- (b) As at 31st March, 2013, 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
Tax Deducted at Source and Interest	0.35	FY 2005-2006	Commissioner of Income Tax(Appeals)
Income Tax and Interest	21.67	FY 2007-2008	Rectifications/ Appeal effects
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, 2013 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

Chartered Accountants
Firm Registration No. 109266W

(B. L. Sarda)

Place: Mumbai

Partner

Date : 18th May, 2013

Membership No. 014568

BALANCE SHEET

AS AT 31st MARCH, 2013

Particulars	Note No.	As at 31st March, 2013 (₹)	As at 31st March, 2012 (₹)
EQUITY AND LIABILITIES			
1. SHAREHOLDER'S FUNDS			
Share Capital	3.1	244,377,500	244,377,500
Reserves and Surplus	3.2	1,034,109,682	1,113,099,593
		1,278,487,182	1,357,477,093
2. NON-CURRENT LIABILITIES			
Long-Term Borrowings	3.3	-	1,005,111
Other Long-Term Liabilities	3.4	32,908,919	37,994,300
		32,908,919	38,999,411
3. CURRENT LIABILITIES			
Short-Term Borrowings	3.5	389,222,363	127,984,738
Trade Payables	3.6	316,591,615	436,754,785
Other Current Liabilities	3.7	262,017,050	256,184,965
Short-Term Provisions	3.8	1,467,347	16,191,964
		969,298,375	837,116,452
		2,280,694,476	2,233,592,956
ASSETS			
1. NON CURRENT ASSETS			
Fixed Assets			
- Tangible Assets	3.9 (a)	417,506,143	467,525,019
- Intangible Assets	3.9 (b)	6,078,684	8,061,598
- Capital Work-in-Progress		-	1,331,211
Non-Current Investments	3.10	345,004,526	345,004,526
Deferred Tax Assets (Net)	3.11	-	46,767,100
Long-Term Loans and Advances	3.12	146,734,501	144,336,525
		915,323,854	1,013,025,979
2. CURRENT ASSETS			
Inventories	3.13	610	610
Trade Receivables	3.14	228,398,997	280,516,001
Cash and Cash Equivalents	3.15	563,986,826	792,308,127
Short-Term Loans and Advances	3.16	564,706,573	127,087,490
Other Current Assets	3.17	8,277,616	20,654,749
		1,365,370,622	1,220,566,977
		2,280,694,476	2,233,592,956
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

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

G.P.GUPTA
Chairman

KRISHNA KUMAR KARWA
Managing Director & CFO

PRAKASH KACHOLIA
Managing Director

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

S.K.SABOO
Director

R.K.KRISHNAMURTHI
Director

G.C. VASUDEO
Director

Place: Mumbai
Date : 18th May, 2013

Place: Mumbai
Date : 18th May, 2013

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31st MARCH, 2013

Particulars	Note No.	For the Year Ended 31st March, 2013 (₹)	For the Year Ended 31st March, 2012 (₹)
Income			
Revenue from Operations	3.18	765,052,766	875,766,445
Other Income	3.19	33,629,491	26,688,884
Total Revenue		798,682,257	902,455,329
Expenses			
Employee Benefits Expense	3.20	347,855,453	432,085,637
Finance Costs	3.21	28,343,210	21,988,831
Depreciation and Amortization Expense	3.22	52,938,868	48,793,092
Other Expenses	3.23	401,767,537	411,214,227
Total Expenses		830,905,068	914,081,787
Loss Before Tax		(32,222,811)	(11,626,458)
Tax Expense:			
Income-Tax			
- Deferred Tax Charge/(Benefit) [Refer note no.3.11]		46,767,100	(3,874,900)
- Short/ (Excess) Provision for FBT for Earlier Years		-	(45,776)
- Short/ (Excess) Provision for Taxation for Earlier Years		-	(8)
Loss for the year		(78,989,911)	(7,705,774)
Earnings per Equity Shares of nominal value of ₹10/- each			
-Basic		(3.23)	(0.32)
-Diluted		(3.23)	(0.32)
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

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

G.PGUPTA
Chairman

KRISHNA KUMAR KARWA
Managing Director & CFO

PRAKASH KACHOLIA
Managing Director

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

S.K.SABOO
Director

R.K.KRISHNAMURTHI
Director

G.C. VASUDEO
Director

Place: Mumbai
Date : 18th May, 2013

Place: Mumbai
Date : 18th May, 2013

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31st MARCH, 2013

Particulars	Year ended 31st March, 2013		Year ended 31st March, 2012	
	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax, extraordinary items		(32,222,811)		(11,626,458)
Adjustment for :				
Finance Costs	28,358,279		21,988,831	
Depreciation and Amortization	52,938,868		48,793,092	
Net gain on sale of current investment	-		(256,469)	
Loss on Sale/Discard of Fixed Assets	8,481,555		1,554,828	
Interest Received	(24,891,591)		(26,075,462)	
Dividend Received	(356,996)		(268,793)	
Unrealised Foreign Exchange (gain)/loss	-		(806)	
Provision for Doubtful Debts /Deposits / Advances (Net off write back)	(2,495,905)		(15,064,927)	
Provision for loss on equity index/stock futures, equity index/stock options and currency futures (Net off write back)	-	62,034,210	(6,494,688)	24,175,606
Operating profit before working capital changes		29,811,399		12,549,148
Adjustment for :				
Trade and other receivables	(464,183,709)		103,386,813	
Deposits with Banks and Other items not considered as cash equivalents (Refer Note 3 below)	237,837,315		110,576,940	
Inventories	-		627,907	
Trade and other payables	(119,999,146)	(346,345,540)	(137,627,387)	76,964,273
Cash Generated from operations		(316,534,141)		89,513,421
Direct taxes (Paid)/Refund		(7,243,308)		14,095,663
Cash flow before extraordinary items		(323,777,449)		103,609,084
Extraordinary items		-		-
Net Cash from/ (used in) Operating Activities		(323,777,449)		103,609,084
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets & Capital Work in Progress	(9,711,342)		(249,834,093)	
Sale of Fixed Assets	1,623,920		4,857,430	
Acquisition of current Investments	-		(100,000,000)	
Disposal of current Investments	-		100,256,469	
Redemption of Investment in Subsidiary Companies	-		10,000,000	
Interest received	24,891,591		26,075,462	
Loans (given)/received back to/from related parties	98,000,000		(100,000,000)	
Loans (given)/received back to/from ESOP Trust	400,000		(5,300,000)	
Dividend received	356,996	115,561,165	268,793	(313,675,939)
Net Cash from/ (used in) Investing Activities		115,561,165		(313,675,939)

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31st March, 2013

Particulars	Year ended 31st March, 2013		Year ended 31st March, 2012	
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of share capital	-		105,000	
Securities Premium received	-		212,500	
Proceeds/(Repayment) of Long-Term Borrowings	(996,680)		(902,209)	
Proceeds/(Repayment) of Short-Term Borrowings	261,237,625		105,484,738	
Finance Costs	(28,358,279)		(21,988,831)	
Dividend paid (including dividend tax)	(14,150,368)	217,732,298	(28,288,478)	54,622,720
Net Cash from/ (used in) Financing Activities		217,732,298		54,622,720
Net increase in cash and cash equivalents (A+B+C)		9,516,014		(155,444,135)
Cash and cash equivalents at the beginning of the year		39,713,569		195,157,208
Cash and cash equivalents at the close of the year		49,229,583		39,713,569
Notes :				
1. Cash and cash equivalents comprise of :				
Cash		573,620		307,629
Cheque on hand		420,322		
Balances with Scheduled Banks				
- In Current Accounts		48,086,805		38,830,642
- In Deposit Accounts				472,684
Balances in Pay Direct Card		15,446		77,885
Foreign Currency on Hand		133,390		24,729
		49,229,583		39,713,569

2. Cash flow statement has been prepared under the Indirect Method as set out in the Accounting Standard - 3 (AS-3) "Cash Flow Statement"

3. 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

4. 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

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

G.PGUPTA
Chairman

KRISHNA KUMAR KARWA
Managing Director & CFO

PRAKASH KACHOLIA
Director

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

S.K.SABOO
Director

R.K.KRISHNAMURTHI
Director

G.C.VASUDEO
Director

Place: Mumbai
Date : 18th May, 2013

Place: Mumbai
Date : 18th May, 2013

NOTES ON FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2013

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. During the year, the Company also acquired membership of MCX Stock Exchange Limited for Cash and Derivative segment.

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 / materialized.

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 is charged till the time brokerage on the trades executed by the clients gets equal to the subscription fees paid by the client.
- (c) Dividend including interim is accounted when the right to receive payment is established.
- (d) 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

- (a) 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.
- (b) As on the Balance Sheet date, Profit / Loss on open positions in Equity Index / Stock Futures is accounted for as follows:
 - i) 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.
 - ii) 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.

NOTES ON FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2013

(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

- (a) "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.
- (b) **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.
- (c) **At the time of squaring off**
Difference between the premium paid and received on squared off transactions is treated as Profit or Loss.
- (d) **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.

NOTES ON FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2013

2.10 Employee Benefits

(a) Short Term Benefits

All employee benefits including 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.

(b) Long Term Benefits

i) Post Employment Benefits

(1) 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.

(2) Defined Benefit Plans: - Retirement benefits in the form of gratuity are considered as defined benefit obligation and are 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.

ii) 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 assets and liabilities are recognized for timing differences between the accounting and taxable income measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each Balance Sheet date, the carrying amount of deferred tax assets is reviewed to reassure its realization.

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.

NOTES ON FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2013

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.

3.1 Share Capital

Particulars	As at	
	31st March, 2013	31st March, 2012
Authorised		
40,000,000 Equity Shares of ₹ 10/- each	400,000,000	400,000,000
Issued, Subscribed and Paid Up		
244,37,750 (P.Y. 244,37,750) Equity Shares of ₹ 10/-each fully paid up	244,377,500	244,377,500
	244,377,500	244,377,500

Notes:-

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

Particulars	As at 31st March, 2013		As at 31st March, 2012	
	No of shares	Amount (₹)	No of shares	Amount (₹)
At the beginning of the period	24,437,750	244,377,500	24,427,250	244,272,500
Add: Shares issued on exercise of Employee Stock options	-	-	10,500	105,000
Outstanding at the end of the period	24,437,750	244,377,500	24,437,750	244,377,500

NOTES ON FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2013

(a) 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. The Company declares and pay dividends in Indian Rupees. The dividend proposed if any by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting except interim dividend.

During the Year Ended 31st March, 2013, the amount of dividend per share recognised as distribution to equity shareholders was ₹NIL. (31 March, 2012 : ₹ 0.50)

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.

(b) Details of shareholders holding more than 5% Shares in the Company

Name of the shareholder	As at 31st March, 2013		As at 31st March, 2012	
	No of shares	% held	No of shares	% held
Equity shares of ₹10 each fully paid				
Krishna Kumar Karwa	4,922,500	20.14	4,922,500	20.14
Prakash Kacholia	4,750,000	19.44	4,750,000	19.44
Emkay Corporate Services Private Limited	4,150,000	16.98	4,150,000	16.98
Preeti Kacholia	2,125,000	08.70	2,125,000	08.70
Raunak Karwa	1,750,000	07.16	1,750,000	07.16

(c) Shares Reserved for issue under options:

The Company has reserved issuance of 23,66,325 (Previous Year 23,66,325) Equity Shares of ₹ 10/- each for offering to eligible employees of the Company and its subsidiaries under Employees Stock Option Schemes. During the year Company has granted NIL (Previous Year 2,00,000) Options to the eligible employees at a price of ₹Nil (Previous Year ₹ 37/-) 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.

3.2 Reserves and Surplus

Particulars	As at	
	31st March, 2013 (₹)	31st March, 2012 (₹)
Securities Premium Account		
Balance as per last financial statements	691,353,584	691,141,084
Add: Additions on ESOPs exercised	-	212,500
Closing Balance	691,353,584	691,353,584
General Reserve		
Balance as per last financial statements	176,150,794	176,150,794
Closing Balance	176,150,794	176,150,794
Surplus in the Statement of Profit and Loss		
Balance as per last Financial Statements	245,595,215	267,506,138
Less : Loss for the year	(78,989,911)	(7,705,774)
Amount available for appropriations	166,605,304	259,800,365
Less: Appropriations:		
Dividend		
- Proposed Dividend	-	12,218,875
- Dividend paid for Earlier Year	-	3,500
Dividend Distribution Tax		

NOTES ON FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2013

Particulars	As at	
	31st March, 2013 (₹)	31st March, 2012 (₹)
- On Proposed Dividend	-	1,982,207
- On Dividend Paid for Earlier Year	-	568
Total of appropriations	-	14,205,150
Net Surplus in the Statement of Profit and Loss	166,605,304	245,595,215
	1,034,109,682	1,113,099,593

3.3 Long Term Borrowings

Particulars	Non-Current Portion		Current Maturities	
	As at 31st March, 2013 (₹)	As at 31st March, 2012 (₹)	As at 31st March, 2013 (₹)	As at 31st March, 2012 (₹)
Secured				
Term Loan from others	-	1,005,111	1,005,111	996,680
Note: Secured by Hypothecation of Motor Car and repayable over a period of three years.				
	-	1,005,111	1,005,111	996,680

3.4 Other Long Term Liabilities

Particulars	As at	
	31st March, 2013 (₹)	31st March, 2012 (₹)
Others		
-Security Deposits	32,908,919	37,994,300
	32,908,919	37,994,300

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	
	31st March, 2013 (₹)	31st March, 2012 (₹)
Secured		
Loan repayble on demand:		
- Overdraft from a Bank	249,222,363	127,984,738
Unsecured		
- Loan from a Director [Refer note no.(21)(B)(IV) (c)]	20,000,000	-
- Loan from Subsidiary Companies [Refer note no.(21)(B)(IV) (c)]	120,000,000	-
	389,222,363	127,984,738

Note: Overdraft referred above to the extent of :

- ₹ 106,044,299/- (P.Y. ₹ 111,690,164/-) is secured by way of lien against term deposits with bank and
- ₹ 143,178,064/- (P.Y. ₹ 16,294,574/-) is secured by equitable mortgage of office premises.

NOTES ON FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2013

3.6 Trade Payables

Particulars	As at	
	31st March, 2013 (₹)	31st March, 2012 (₹)
Trade Payables	316,591,615	436,754,785
	316,591,615	436,754,785

3.7 Other Current Liabilities

Particulars	As at	
	31st March, 2013 (₹)	31st March, 2012 (₹)
Current maturities of long term borrowing -Vehicle Loan (Refer note no.3.3)	1,005,111	996,680
Interest accrued and due on Short-Term Borrowings from a Director [Refer note no.(21)(B)(IV) (i)]	59,177	-
Income Received in advance	1,733,526	1,463,941
Unclaimed Dividend *	329,180	278,466
Unclaimed Share Application Money *	228,240	234,240
Others		
Advance Received from Clients	4,575,549	4,287,983
Payable for Expenses	50,645,962	71,818,150
Other Liabilities	1,798,895	1,810,875
Statutory Liabilities	15,187,374	18,702,075
Deposit towards Margin from Clients	179,168,707	144,890,603
Cheques Overdrawn	7,206,279	-
Equity Index/ Stock Options Premium	79,050	7,505,545
Mark to Market Margin Equity Index/ Stock Futures	-	4,196,407
	262,017,050	256,184,965

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

3.8 Short-Term Provisions

Particulars	As at	
	31st March, 2013 (₹)	31st March, 2012 (₹)
For Gratuity (Refer Note no.9)	1,438,257	1,963,593
For Wealth Tax (Net of taxes paid)	29,090	27,289
Proposed Dividend	-	12,218,875
Dividend Distribution Tax	-	1,982,207
	1,467,347	16,191,964

NOTES ON FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2013

3.9 Fixed Assets (a) Tangible Assets

Description	Office Premises	Air Conditioners	Computers	Motor Cars	Furniture & Fixtures	Office Equipments	Leasehold Improvement	Total
	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)
Gross Block (At Cost)								
At 1 April 2011	-	13,047,008	100,382,926	10,902,889	7,311,326	33,821,113	88,671,670	254,136,932
Additions	379,521,179	3,114,831	7,392,386	-	37,164,177	7,913,960	12,719,277	447,825,810
Deductions	-	4,250,904	3,063,084	3,224,506	1,826,691	2,901,982	40,140,772	55,407,939
At 31 March 2012	379,521,179	11,910,935	104,712,228	7,678,383	42,648,812	38,833,091	61,250,175	646,554,803
Additions	954,552	131,500	1,212,925	-	238,694	802,700	2,124,186	5,464,557
Deductions	-	3,332,597	29,489,697	-	1,511,216	15,115,043	8,313,127	57,761,680
At 31 March 2013	380,475,731	8,709,838	76,435,456	7,678,383	41,376,290	24,520,748	55,061,234	594,257,680
Depreciation/ Amortization								
At 1 April 2011	-	5,546,949	77,279,008	3,665,281	5,735,528	14,268,469	80,866,873	187,362,108
Charge for the Year	10,412,264	1,080,183	10,961,507	1,646,143	5,397,581	3,501,998	7,663,662	40,663,338
Deductions	-	1,817,068	2,634,549	2,203,161	1,679,242	1,297,008	39,364,634	48,995,662
At 31 March 2012	10,412,264	4,810,064	85,605,966	3,108,263	9,453,867	16,473,459	49,165,901	179,029,784
Charge for the Period	18,529,560	915,009	7,595,808	1,183,204	6,208,806	2,950,721	7,994,850	45,377,958
Deductions	-	1,909,631	27,453,120	-	1,233,911	8,746,416	8,313,127	47,656,205
At 31 March 2013	28,941,824	3,815,442	65,748,654	4,291,467	14,428,762	10,677,764	48,847,624	176,751,537
Net Block								
At 31 March 2012	369,108,915	7,100,871	19,106,262	4,570,120	33,194,945	22,359,632	12,084,274	467,525,019
At 31 March 2013	351,533,907	4,894,396	10,686,802	3,386,916	26,947,528	13,842,984	6,213,610	417,506,143

NOTES ON FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2013

(b) Intangible Assets

Description	Stock Exchanges Membership Rights	Software	Total
	(₹)	(₹)	(₹)
Gross Block (At Cost)			
At 1 April 2011	28,255,000	41,587,795	69,842,795
Additions	-	7,080,070	7,080,070
At 31 March 2012	28,255,000	48,667,865	76,922,865
Additions	-	5,577,996	5,577,996
At 31 March 2013	28,255,000	54,245,861	82,500,861
Depreciation/ Amortization			
At 1 April 2011	28,255,000	32,476,513	60,731,513
Charge for the Year	-	8,129,754	8,129,754
At 31 March 2012	28,255,000	40,606,267	68,861,267
Charge for the Year	-	7,560,910	7,560,910
At 31 March 2013	28,255,000	48,167,177	76,422,177
Net Block			
At 31 March 2012	-	8,061,598	8,061,598
At 31 March 2013	-	6,078,684	6,078,684

NOTES ON FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2013

3.10 Non Current Investments

Particulars	Face Value Per Share (₹)	No. of Shares		Amount	
		As At 31.03.2013	As At 31.03.2012	As At 31.03.2013	As At 31.03.2012
Non Current Investments (Long-Term) (At Cost)					
(A) Trade Investments					
In Equity Shares - Unquoted, fully Paid-up					
Bombay Stock Exchange Limited	1	58,838	58,838	4,526	4,526
Total Trade Investment (A)				4,526	4,526
(B) Other Investments					
In Wholly Owned Subsidiaries:					
In Equity Shares - Unquoted, fully Paid-up					
- Emkay Fincap Limited	10	22,000,000	22,000,000	220,000,000	220,000,000
- Enkay Comotrade Limited	10	6,000,000	6,000,000	60,000,000	60,000,000
- Emkay Insurance Brokers Limited	10	4,000,000	4,000,000	40,000,000	40,000,000
- Emkay Investment Managers Limited	10	2,500,000	2,500,000	25,000,000	25,000,000
Total Other Investments (B)				345,000,000	345,000,000
Total Non-Current Investments (A + B)				345,004,526	345,004,526
Aggregate Cost of Un-Quoted Investments				345,004,526	345,004,526

3.11 Deferred Tax Assets (Net)

Particulars	As at	
	31st March, 2013 (₹)	31st March, 2012 (₹)
Deferred Tax Assets		
Differences between book and tax depreciation	-	7,707,300
Provisions	-	20,580,000
Unabsorbed Depreciation	-	18,479,800
Net Deferred Tax Assets	-	46,767,100

Note: The Company has carried forward losses and unabsorbed depreciation as per the Income Tax Act 1961. Accordingly, considering the principle of virtual certainty as stated in the "Accounting Standard AS-22 –Accounting for Taxes on Income" , the deferred tax assets for the year have not been recognized and the carrying amount of deferred tax assets of ₹ 4,67,67,100/- as at 31st March, 2012 has also been written down.

NOTES ON FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2013

3.12 Long-Term Loans and Advances

Particulars	As at	
	31st March, 2013 (₹)	31st March, 2012 (₹)
Unsecured, Considered Good unless otherwise stated		
Capital Advances	140,320	-
Deposits	44,045,658	49,687,493
Loan to ESOP Trust [Refer note no.5]	58,000,000	58,400,000
Other Loans and Advances		
Income Tax Paid (Net of Provisions)	43,245,609	36,002,301
Prepaid Expenses	277,742	98,709
Loans to Staff	877,150	-
Fringe Benefit Tax Refundable	148,022	148,022
	146,734,501	144,336,525

3.13 Inventories

Particulars	As at	
	31st March, 2013 (₹)	31st March, 2012 (₹)
Stock in Trade (Valued at lower of cost or market value)		
- Shares and Securities	610	610
	610	610

NOTES ON FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2013

3.14 Trade Receivables

Particulars	As at	
	31st March, 2013 (₹)	31st March, 2012 (₹)
Unsecured		
(Considered good unless otherwise stated)		
Outstanding for a period exceeding Six Months		
- Considered Good	4,870,091	10,088,026
- Considered Doubtful	57,892,730	58,346,746
	62,762,821	68,434,772
Less: Provision for Doubtful Debts	57,892,730	58,346,746
	4,870,091	10,088,026
Others		
- Considered Good	223,528,906	270,427,975
- Considered Doubtful	740,959	2,825,732
	224,269,865	273,253,707
Less: Provision for Doubtful Debts	740,959	2,825,732
	223,528,906	270,427,975
	228,398,997	280,516,001
Note: Above includes due from Directors [Refer note no.(21)(B)(IV) (d)]	53,716	176

3.15 Cash and Cash Equivalents

Particulars	As at	
	31st March, 2013 (₹)	31st March, 2012 (₹)
Cash and Cash Equivalents		
Balances with Banks		
- In Current Accounts	48,086,805	38,830,642
- In Deposit Accounts	514,041,351	752,222,684
- In IPO Refund Account	228,240	234,240
- In Unclaimed Dividend Account	329,180	278,466
Cheque on Hand	420,322	-
Cash on Hand	573,620	307,629
Foreign Currency on Hand	133,390	24,729
Others		
- Stamps on Hand	-	14,100
- Meal Coupons on Hand	146,072	317,752
- Gift Coupons on Hand	12,400	-
- Balance in Paydirect Card	15,446	77,885
	563,986,826	792,308,127

NOTES ON FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2013

Note:

- Deposits with banks includes deposits of ₹ 408,750,000/- (P.Y. ₹ 636,750,000/-) with maturity of more than 12 months.
- Deposits with banks includes
 - Deposit of ₹ 36,62,50,000/- (P.Y. ₹ 48,67,50,000/-) held as margin for bank guarantee.
 - Deposit of ₹ 14,25,00,000/- (P.Y. ₹ 22,00,00,000/-) held as security for bank overdraft facility
 - Deposit of ₹ 52,91,351/- (P.Y. ₹ 4,50,00,000/-) lodged with exchanges/professional clearing member towards base/additional base capital.

3.16 Short Term Loans and Advances

Particulars	As at	
	31st March, 2013 (₹)	31st March, 2012 (₹)
Unsecured, Considered Good unless otherwise stated		
Deposits		
- Considered Good	7,967,260	4,408,926
- Considered Doubtful	784,562	720,562
	8,751,822	5,129,488
Less: Provision for Doubtful Deposits	784,562	720,562
	7,967,260	4,408,926
Loans and Advances to related parties		
- Loans [Refer note no.(21)(B)(IV) (f)]	2,000,000	100,000,000
- Recoverable towards expenses [Refer note no.(21)(B)(IV) (g)]	269,818	468,027
Advances recoverable in cash or kind & for value to be received [Refer note no. 6]		
- Considered Good	521,564,959	2,313,528
- Considered Doubtful	1,456,510	1,456,510
	523,021,469	3,770,038
Less: Provision for Doubtful Advances	1,456,510	1,456,510
	521,564,959	2,313,528
Other Loans and Advances		
Prepaid Expenses	10,375,138	14,988,740
Loans to Staff		
- Considered Good	1,298,537	2,117,474
- Considered Doubtful	59,648	80,764
	1,358,185	2,198,238
Less: Provision for Doubtful Loans	59,648	80,764
	1,298,537	2,117,474
Balances with Statutory / Government Authorities	1,413,104	62,242
Service Tax Input Credit Receivable	1,461,469	2,728,553
Equity Index/Stock Options Premium	18,356,288	-
	32,904,536	19,897,009
	564,706,573	127,087,490

NOTES ON FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2013

3.17 Other Current Assets

Particulars	As at	
	31st March, 2013 (₹)	31st March, 2012 (₹)
Interest Accrued on fixed deposits with banks	7,071,341	18,935,425
Interest Accrued on Loans to related parties [Refer note no.(21)(B)(IV) (e)]	25,805	-
Income Receivable	1,180,470	1,719,324
	8,277,616	20,654,749

3.18 Revenue from Operations

Particulars	For The Year Ended 31.03.2013 (₹)	For The Year Ended 31.03.2012 (₹)
Sale of Services		
Brokerage	616,718,044	666,014,757
Investment Banking Activities	3,395,271	19,223,500
Depository Operations	6,351,353	6,180,562
Placement Fees	20,661,800	40,380,000
Research Fees	13,881,590	12,484,118
Other Fees	1,708,447	6,392,812
	662,716,505	750,675,749
Other Operating Income		
Interest on Deposit* with		
- Banks	35,406,382	50,845,313
- Others	8,014	-
Profit in Proprietary Trades in Securities/Derivatives Instruments (Net)	25,469,930	19,253,464
Add : Provision for Loss on Equity Index/Stock Futures written back	-	6,494,688
	25,469,930	25,748,152
Delayed Payments Charges	16,715,878	20,889,410
Liability No Longer Payable W/back	11,873,985	364,494
Provision for Doubtful Debts Written Back	1,957,051	18,273,374
Bad Debts Recovered	406,189	544,632
Miscellaneous Income	10,498,832	8,425,321
	102,336,261	125,090,696
* Acquired/held for the purposes of Stock/Currency Exchanges.		
	765,052,766	875,766,445

NOTES ON FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2013

3.19 Other Income

Particulars	For The Year Ended 31.03.2013 (₹)	For The Year Ended 31.03.2012 (₹)
Interest		
-On Fixed Deposit with Banks*	17,823,750	19,186,394
-On unsecured loans granted	5,748,785	2,657,780
-Others	199,960	4,231,288
Dividend	356,996	268,793
Insurance Claim Received	9,500,000	-
Net gain on Sale of Current Investment	-	256,469
Foreign Exchange Rate Fluctuations Gain	-	88,160
* Acquired/held for purposes other than stock/currency exchanges.		
	33,629,491	26,688,884

3.20 Employee Benefits Expenses

Particulars	For The Year Ended 31.03.2013 (₹)	For The Year Ended 31.03.2012 (₹)
Salaries and Other Benefits	331,409,154	412,602,181
Contribution to Provident and Other funds	8,987,450	10,693,762
Staff Welfare Expenses	7,458,849	8,789,694
	347,855,453	432,085,637

3.21 Finance Costs

Particulars	For The Year Ended 31.03.2013 (₹)	For The Year Ended 31.03.2012 (₹)
Interest Expense	20,259,404	9,168,867
Other Borrowing Costs	8,083,806	12,819,964
	28,343,210	21,988,831

3.22 Depreciation and Amortization Expense

Particulars	For The Year Ended 31.03.2013 (₹)	For The Year Ended 31.03.2012 (₹)
Depreciation of Tangible assets	45,377,958	40,663,338
Amortization of Intangible assets	7,560,910	8,129,754
	52,938,868	48,793,092

NOTES ON FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2013

3.23 Other Expenses

Particulars	For The Year Ended 31.03.2013 (₹)	For the Year Ended 31.03.2012 (₹)
Brokerage & Commission	87,565,725	102,558,352
Communication, Postage and Courier Charges	28,701,670	38,136,846
Fees & Stamps	4,418,665	2,266,437
Contribution/Payments to Stock Exchanges/Professional Clearing Member	40,906,953	36,321,168
Membership & Subscription	32,515,010	30,119,757
Registration Fees	2,540,838	2,329,437
Depository Charges	2,072,904	3,101,526
Consultancy Fees	2,186,000	5,042,000
Loss due to Execution of Error Trades	14,271,793	9,049,136
Claims/ Compensation/ Settlement Charges	6,075,000	500,000
Expenses Attributable to proprietary trades in Securities/Derivative instruments	4,544,848	9,703,070
Electricity Charges	17,287,451	14,321,539
Insurance	865,516	1,128,027
Repair & Maintenance - Own Premises	3,746,710	2,136,385
Repair & Maintenance - Other	11,725,312	14,226,288
Advertisement & Business Promotion Expenses	11,186,717	16,337,678
Printing & Stationery	5,246,714	9,430,892
Travelling, Conveyance & Vehicle Expenses	28,378,787	16,778,104
Provision for Doubtful Debts	9,195,374	7,380,461
Provision for Doubtful Deposits / Loans /Advances	64,000	849,399
Bad Debts Written off	9,777,112	6,571,885
Less : Provision Written Back	(9,777,112)	(5,021,413)
	-	1,550,472
Deposits & Advances Written off	170,001	63,430
Less : Provision Written Back	(21,116)	-
	148,885	63,430
Software Expenses	10,029,777	9,553,914
Legal & Professional Fees	15,876,070	13,294,359
Loss on Sale/ Discard of Fixed Assets	8,481,555	1,554,828
Auditor's Remuneration (Net of Service Tax)		
As Auditor		
- Audit Fees	900,000	900,000
- Tax Audit Fees	100,000	100,000
In Other Capacity		
- Taxation Matter	303,500	253,000
- Other Services (Certification fees)	290,000	209,000
	1,593,500	1,462,000
Rent	28,928,191	43,458,978
Service Tax	6,607,412	170,018
Rates & Taxes	1,435,570	116,233
Miscellaneous Expenses	14,738,912	18,001,348
Foreign Exchange Rate Fluctuations Loss	87,678	-
Donation	344,000	272,145
	401,767,537	411,214,227

NOTES ON FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2013

4. Employee 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, 2013, following schemes were in operation:

Particulars	ESOP - 2005	ESOP - 2007	ESOP - 2010
		Starting from	
Date of Grant	28.01.2006	17.01.2008 to 21.01.2011	21.10.2010 to 21.01.2012
Number of Options Granted*	3,81,250	2,805,000	647,000
Method of Settlement	Equity		
Vesting period from the date of Grant	Graded Vesting – Over 4 years	Graded Vesting – Over 3 years	Graded Vesting – Over 5 years
Exercise period from the date of Vesting	3 years from the date of each vesting		
		Ranging from	
Exercise Price (₹ per share) **	20.00	₹ 37.00 to ₹ 93.00	₹ 37.00 to ₹ 93.00
		Ranging from	
Market Price at the date of grant (₹ per share)	20.00	₹ 36.95 to ₹ 92.75	₹ 37.00 to ₹ 92.50

* 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.

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

Particulars	ESOP-2005		ESOP-2007		ESOP-2010	
	2012-2013	2011-2012	2012-2013	2011-2012	2012-2013	2011-2012
Options Outstanding at the beginning of the year	6,750	18,750	2,030,500	2,009,250	6,39,500	555,000
Options Granted during the year	-	-	-	200,000	-	92,000
Options Forfeited during the year	-	-	-	-	-	-
Options Exercised during the year	-	7,000	-	-	-	-
Options Expired/ Lapsed during the year	6,750	5,000	3,59,900	178,750	72,000	7500
Options Outstanding at the end of the year	-	6,750	16,71,000	2,030,500	5,67,500	639,500
Options Exercisable at the end of the year	-	-	8,73,700	541,500	-	-
Weighted Average remaining contractual life (in years)	-	0.83	3.68	4.68	5.52	6.65
Weighted Average Exercise Price of the options granted during the year (₹ per share)	-	-	37.00	-	-	46.42
Weighted Average Share Price at the date of exercise (₹ per share)	-	47.00	-	-	-	-

NOTES ON FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2013

- d) 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 31st March 2013 Amount (₹)	Year Ended 31st March 2012 Amount (₹)
Net Income as reported	(7,89,89,911)	(77,05,774)
Add: - Intrinsic Value Compensation Cost	NIL	NIL
Less :- Fair Value Compensation Cost	(2,78,58,965)	33,331,308
Adjusted Pro-forma Net Income	(5,11,30,946)	(4,10,37,082)
Earning per Share		
Basic		
- As reported	(3.23)	(0.32)
- Proforma	(2.09)	(1.68)
Diluted		
- As reported	(3.23)	(0.32)
- Proforma	(2.09)	(1.68)

- e) 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 to "Emkay Employees Welfare Trust" an independent ESOP Trust which is administrating ESOP 2010 Scheme of the Company. Against the said loan outstanding amount as at 31st March, 2013 is ₹ 580.00 lac (Previous Year ₹ 584.00 lac). As on 31st March, 2013, out of the said loan, the trust has purchased 7,54,648 equity shares of the Company from the market for stock options granted/to be granted from time to time to the eligible employees. Further as on 31st March, 2013, the trust hold 1,87,148 equity shares of the Company for which options are yet to be granted for which it has time till 31.12.2013 to either grant options or sell in the secondary market. 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 March, 2013, 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 ₹ 464.04 lac 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. "Advances recoverable in cash or kind or for value to be received" under "Short Term Loans and Advances" in the Balance Sheet as at March 31, 2013 includes ₹ 5194.04 lac paid to National Stock Exchange of India Limited (NSE) towards pay-in obligation raised by them. This pay-in obligation arose on account of loss which occurred due to a manifest material mistake occurred on October 5, 2012 while executing a sale order on Cash Segment of NSE and the same has been discharged wholly and exclusively for protecting and continuing the business of the Company. The Company made an application for annulment to NSE which subsequent to the balance sheet date was not accepted favourably by the relevant authority of NSE against which the Company has preferred an appeal before Securities Appellate Tribunal (SAT) and the same is admitted and pending disposal.

The Company has opinions of eminent legal experts to the effect that the issue under appeal is a fit case for annulment. In view of this, the Company considers that there is no probability of outflow of resources and therefore the same has not been provided for.

7. Capital Work in progress represents, fixed assets acquired but not put to use before year end and expenses incurred pertaining thereto.
8. Debit and Credit balances are subject to confirmation.

NOTES ON FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2013

9. 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 31st March, 2013 Amount (₹)	Year ended 31st March, 2012 Amount (₹)
Provident Fund	67,83,374	76,40,932
Employees State Insurance Scheme	7,64,640	10,85,730
Labour Welfare Fund	1,179	3,507

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	2012 - 13 (₹)	2011 - 12 (₹)
I	Changes in present value of Obligations		
	Present Value of Obligations at beginning of the period	22,920,556	18,933,765
	Interest cost	1,803,857	1,502,769
	Current Service Cost	4,799,072	5,466,164
	Past Service Cost (Non-Vested Benefits)	--	--
	Past Service Cost (Vested Benefits)	--	--
	Benefits Paid	(3,397,429)	(1,656,219)
	Actuarial (gain)/loss on obligations	(2,540,625)	(1,325,923)
	Present Value of Obligations at end of the period	23,585,431	22,920,556
II	Changes in fair value of Plan Assets		
	Fair Value of Plan Assets at beginning of the period	20,956,963	11,545,428
	Adjustment to Opening Fair Value of Plan Assets	--	448
	Expected Return on Plan Assets	1,821,600	1,297,100
	Contributions	1,963,593	7,388,337
	Benefits Paid	(3,397,429)	(1,656,219)
	Actuarial gain/(loss) on plan assets	802,447	2,381,869
	Fair Value of Plan Assets at end of the period	22,147,174	20,956,963
III	Fair Value of Plan Assets		
	Fair Value of Plan Assets at beginning of the period	20,956,963	11,545,428
	Adjustment to Opening Fair Value of Plan Assets	--	448
	Actual Return on Plan Asset	2,624,047	3,678,969
	Contributions	1,963,593	7,388,337
	Benefits Paid	(3,397,429)	(1,656,219)
	Fair Value of Plan Assets at end of the period	22,147,174	20,956,963
	Funded Status	(1,438,257)	(1,963,593)
	Excess of actual over estimated return on Plan Assets	802,447	2,381,869
IV	Actuarial Gain/(Loss) Recognized		
	Actuarial Gain/(Loss) for the period (Obligation)	2,540,625	1,325,923
	Actuarial Gain/(Loss) for the period (Plan Assets)	802,447	2,381,869

NOTES ON FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2013

Sr. No.	Particulars	2012 - 13 (₹)	2011 - 12 (₹)
	Total Gain/(Loss) for the period	3,343,072	3,707,792
	Actuarial Gain/(Loss) recognized for the period	3,343,072	3,707,792
	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	23,585,431	22,920,556
	Fair Value of Plan Assets at end of the period	22,147,174	20,956,963
	Funded Status	(1,438,257)	(1,963,593)
	Unrecognized Actuarial Gain/(Loss)	--	--
	Net Asset/(Liability) recognized in the balance sheet	(1,438,257)	(1,963,593)
	Under " Short-Term Provisions – Gratuity"		
VI	Expense recognized in Statement of Profit and Loss		
	Current Service Cost	4,799,072	5,466,164
	Interest cost	1,803,857	1,502,769
	Past Service Cost (Non-Vested Benefits)	--	--
	Past Service Cost (Vested Benefits)	--	--
	Expected Return on Plan Assets	(1,821,600)	(1,297,100)
	Net Actuarial (Gain)/Loss recognized for the period	(3,343,072)	(3,707,792)
	Expense recognized in statement Profit and Loss under	1,438,257	1,964,041
	"Employee Benefits Expense"		
VII	Movements in the Liability recognized in Balance Sheet		
	Opening Net Liability	1,963,593	7,388,337
	Adjustment to Opening Fair Value of Plan Assets	--	(448)
	Expenses as above	1,438,257	1,964,041
	Contribution paid	(1,963,593)	(7,388,337)
	Closing Net Liability	1,438,257	1,963,593
VIII	Experience Anyalysis – Liabilities		
	Actuarial (Gain)/Loss due to change in bases	375,346	(169,658)
	Experience (Gain)/Loss due to Change in Experience	(2,915,971)	(1,156,265)
	Total	(2,540,625)	(1,325,923)
	Experience Anyalysis - Plan Assets		
	Experience (Gain)/Loss due to Change in Plan Assets	(802,447)	(2,381,869)
IX	Investment Pattern		
	Insurer Managed Funds	100.00%	100.00%
X	Principal Assumptions		
	Mortality	LIC(1994-96)Ult	LIC(1994-96)Ult
	Discount Rate	8.05%	8.50%
	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%
		46 & above : 10%	46 & above : 10%

NOTES ON FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2013

10. 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.

11. Contingent Liabilities and Commitments

a) Contingent Liabilities

Particulars	As at 31st March, 2013 Amount (₹)	As at 31st March, 2012 Amount (₹)
i) Claims against the company not acknowledged as debts	55,20,653	16,31,137
ii) Guarantees issued by the Banks	732,500,000	972,500,000
iii) Corporate gurantee issued in favour of a bank to secure credit facilities sanctioned by the bank to Emkay Commotrade Limited (a Subsidiary Company)	200,000,000	80,000,000
iv) Income Tax matters in appeal	10,181,736	24,116,896
v) Towards occurrence of manifest material mistake while Executing a sale order	519,404,259	--

b) Commitments

Particulars	As at 31st March, 2013 Amount (₹)	As at 31st March, 2012 Amount (₹)
i) Estimated amounts of contracts remaining to be executed on capital account and not provided for	1,71,500	-

12. (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 requirement of the Company.

13. 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.

14. Expenses includes ₹ 343,806/- (P.Y. NIL) pertaining to earlier years.

15. Other current liabilities includes ₹ 13,56,264/- (P.Y. ₹ 12,37,061/-) 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.

NOTES ON FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2013

16. Disclosure in respect of Loans and Advances in the nature of Loans pursuant to clause 32 of Listing Agreement

Particulars	As at 31.03.2013 Amount (₹)		As at 31.03.2012 Amount (₹)	
	Outstanding Balance	Maximum Balance during the year	Outstanding Balance	Maximum Balance during the year
To Subsidiaries				
- Emkay Commotrade Ltd*	-	100,000,000	100,000,000	200,000,000
- Emaky Insurance Brokers Ltd *	2,000,000	2,000,000	-	3,00,000
- Emaky Fincap Ltd. *	-	50,000,000	-	50,000,000
- Emaky Investment Managers Ltd.	-	10,00,000		
To Others				
- Emkay Employees Welfare Trust**	58,000,000	58,400,000	58,400,000	58,965,000

* 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.

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)

- 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 ₹ 2,89,28,191/- (P.Y. ₹ 4,34,58,978/-)
- The future minimum lease payments in respect of non-cancellable operating leases are as follows:

Particulars	Year Ended	
	31st March, 2013 Amount (₹)	31st March, 2012 Amount (₹)
a) Payments not later than one year	45,14,739	13,246,360
b) Payable later than one year and not later than five years	35,98,710	60,54,255
c) Payable later than five years	-	-
Total	81,13,449	1,93,00,615

19. Earnings Per Share

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
Loss available for Equity Shareholders (₹)	(7,89,89,911)	(7,705,774)
Weighted average number of Shares used in Computing Basic earning per share	24,437,750	24,433,551
Add : Potential number of Equity share that could arise on exercise of Employee Stock Options	-	3,619
Weighted average number of Shares used in Computing Diluted earning per share	24,437,750	24,437,170
Nominal Value of Equity Shares (₹)	10	10
Basic Earnings Per Share (₹)	(3.23)	(0.32)
Diluted Earnings Per Share (₹)	(3.23)	(0.32)

NOTES ON FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2013

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	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	Enterprises owned/ controlled by key management personnel or their relatives
4	Subsidiaries a) Emkay Fincap Limited b) Emkay Commotrade Limited c) Emkay Insurance Brokers Limited d) Emkay Investment Managers Limited	Subsidiary
5	Others a) Emkay Charitable Foundation	Others

NOTES ON FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2013

B) Transactions with related parties

Sr. No.	Nature of related party transactions and name of related parties	Key Management personnel/individuals having control or significant influence		Relatives of key management personnel		Subsidiaries		Enterprises owned/controlled by key management personnel or their relatives		Others	
		2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
		(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)
I	Expenditure										
(a)	Salaries & Other Benefits *	12,880,000	17,256,000								
	- Krishna Kumar Karwa	6,440,000	8,628,000								
	- Prakash Kacholia	6,440,000	8,628,000								
(b)	Brokerage & Commission										
	- Krishna Investments										
(c)	Donation/Contribution										
	- Emkay Charitable Foundation										
(d)	Interest Paid	1,312,739									
	- Krishna Kumar Karwa	353,835									
	- Prakash Kacholia	958,904									
	- Emkay Commotrade Limited										
	- Emkay Fincap Limited										
	- Emkay Investment Managers Limited										
II	Income										
(a)	Brokerage	218,112	108,244	431,824	570,986	43,403	18,210	148,249	98,481		
	- Krishna Kumar Karwa	212,175	88,269								
	- Prakash Kacholia	5,937	19,975								
	- Preeti Kacholia			322,634	371,028						
	- Priti Karwa			20,784	60,030						
	- Raunak Karwa			50,844	39,066						
	- Others			37,562	100,862						
	- Emkay Fincap Limited										
	- Synthetic Fibre Trading Co.										
	- Emkay Corporate Services Pvt. Ltd.										
(b)	Depository Charges	3,632	2,829	2,452	3,193	238,352	231,360	1,130	3,042		
	- Emkay Fincap Limited					207,465	192,940				
	- Emkay Commotrade Limited					28,747	38,420				

NOTES ON FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2013

Sr. No.	Nature of related party transactions and name of related parties	Key Management personnel/individuals having control or significant influence		Relatives of key management personnel		Subsidiaries		Enterprises owned/ controlled by key management personnel or their relatives		Others	
		2012-13 (₹)	2011-12 (₹)	2012-13 (₹)	2011-12 (₹)	2012-13 (₹)	2011-12 (₹)	2012-13 (₹)	2011-12 (₹)	2012-13 (₹)	2011-12 (₹)
	- Others	3,632	2,829	2,452	3,193	2,140	-	1,130	3,042	-	-
(c)	Infrastructure Maintenance Charges	-	-	-	-	6,000,000	5,500,000	-	-	-	-
	- Emkay Commotrade Limited	-	-	-	-	6,000,000	5,500,000	-	-	-	-
(d)	Interest Received	-	-	-	-	5,748,785	2,657,780	-	-	-	-
	- Emkay Commotrade Limited	-	-	-	-	5,595,481	2,635,616	-	-	-	-
	- Emkay Insurance Brokers Limited	-	-	-	-	112,603	4,356	-	-	-	-
	- Others	-	-	-	-	40,701	17,808	-	-	-	-
III	Others	-	-	-	-	-	-	-	-	-	-
(a)	Expenses Recovered	-	-	-	-	11,014,504	8,044,318	-	-	-	-
	- Emkay Fincap Limited	-	-	-	-	702,000	702,000	-	-	-	-
	- Emkay Commotrade Limited	-	-	-	-	9,161,224	6,220,531	-	-	-	-
	- Emkay Investment Managers Limited	-	-	-	-	1,151,280	1,121,787	-	-	-	-
(b)	Payments made on behalf	-	-	-	-	40,577	-	-	-	3,528	52,733
	- Emkay Commotrade Ltd.	-	-	-	-	24,477	-	-	-	-	-
	- Others	-	-	-	-	16,100	-	-	-	3,528	52,733
(c)	Payments received on behalf of Clients	-	-	-	-	411,471	87,964	-	-	-	-
	- Emkay Commotrade Limited	-	-	-	-	411,471	87,964	-	-	-	-
(d)	Loans Granted	-	-	-	-	313,300,000	475,300,000	-	-	-	-
	- Emkay Fincap Ltd.	-	-	-	-	130,000,000	130,000,000	-	-	-	-
	- Emkay Commotrade Limited	-	-	-	-	180,000,000	345,000,000	-	-	-	-
	- Others	-	-	-	-	3,300,000	300,000	-	-	-	-
(e)	Loans Granted - Received Back	-	-	-	-	411,300,000	375,300,000	-	-	-	-
	- Emkay Fincap Ltd.	-	-	-	-	130,000,000	130,000,000	-	-	-	-
	- Emkay Commotrade Limited	-	-	-	-	280,000,000	245,000,000	-	-	-	-
	- Others	-	-	-	-	1,300,000	300,000	-	-	-	-
(f)	Short-Term Borrowings	86,000,000	-	-	-	182,500,000	-	-	-	-	-
	- Krishna Kumar Karwa	66,000,000	-	-	-	-	-	-	-	-	-
	- Prakash Kacholia	20,000,000	-	-	-	-	-	-	-	-	-
	- Emkay Fincap Ltd.	-	-	-	-	100,000,000	-	-	-	-	-
	- Emkay Commotrade Ltd.	-	-	-	-	62,500,000	-	-	-	-	-

NOTES ON FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2013

Sr. No.	Nature of related party transactions and name of related parties	Key Management personnel/Individuals having control or significant influence		Relatives of key management personnel		Subsidiaries		Enterprises owned/ controlled by key management personnel or their relatives		Others	
		2012-13 (₹)	2011-12 (₹)	2012-13 (₹)	2011-12 (₹)	2012-13 (₹)	2011-12 (₹)	2012-13 (₹)	2011-12 (₹)	2012-13 (₹)	2011-12 (₹)
	- Emkay Investment Managers Limited					20,000,000	-				
(g)	Repayment of Short-Term Borrowings	66,000,000				62,500,000					
	- Krishna Kumar Karwa	66,000,000	-								
	- Emkay Comtrade Ltd.					62,500,000	-				
(h)	Other Long Term Liabilities : Security/ Margin Money Received / Refunded			34,000,000							
	- Priti Karwa			34,000,000							
(i)	Investments Redeemed						10,000,000				
	- Emkay Fincap Limited						- 10,000,000				
IV	Outstandings										
(a)	Trade Payables	- 1,644,565	1,644,565	1,208,320	1,678,751	1,301	1,301	49,164	490,660	--	
	- Prakash Kacholia	-	1,644,565								
	- Krishna Kumar Karwa	-	-								
	- Preeti Kacholia			915,217	1,275,685						
	- Krishna Kacholia			292,853	292,966						
	- Others			250	110,101	1,301	-				
	- Synthetic Fibre Trading Co.							49,164	490,660		
(b)	Other Current Liabilities : Salary Payable	544,158	942,507								
	- Krishna Kumar Karwa	272,079	479,286								
	- Prakash Kacholia	272,079	463,221								
(c)	Short Term Borrowings	20,000,000				120,000,000					
	- Prakash Kacholia	20,000,000									
	- Emkay Fincap Limited					100,000,000					
	- Emkay Investment Managers Limited					20,000,000					
(d)	Trade Receivables	53,716	176	1,011,787	783	16,696	-	1,165,176	950,534	-	
	- Prakash Kacholia	53,626	110								
	- Krishna Kumar Karwa HUF			1,010,861	11						
	- Murlidhar Karwa HUF										
	- Krishna Investments							1,165,176	950,534		
	- Others	90	66	926	772	11	-				
	- Emkay Fincap Limited					14,147	-				

NOTES ON FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2013

Sr. No.	Nature of related party transactions and name of related parties	Key Management personnel/individuals having control or significant influence		Relatives of key management personnel		Subsidiaries		Enterprises owned/controlled by key management personnel or their relatives		Others	
		2012-13 (₹)	2011-12 (₹)	2012-13 (₹)	2011-12 (₹)	2012-13 (₹)	2011-12 (₹)	2012-13 (₹)	2011-12 (₹)	2012-13 (₹)	2011-12 (₹)
	- Emkay Comtrade Limited					2,538	-				
(e)	Interest Accrued on Loans Granted					25,805					
	- Emkay Fincap Limited					4,137					
	- Emkay Insurance Brokers Limited					19,479					
	- Emkay Investment Managers Limited					2,189					
(f)	Short-Term Loans Granted	--	--	--	--	2,000,000	100,000,000	--	--	-	-
	- Emkay Comtrade Limited					-	100,000,000				
	- Emkay Insurance Brokers Limited					2,000,000					
(g)	Recoverable towards expenses	--	--	--	--	269,818	468,027	--	--	-	-
	- Emkay Fincap Limited					-	24,885				
	- Emkay Comtrade Ltd.					233,481	394,151				
	- Emkay Investment Managers Limited					36,337	48,991				
	- Emkay Insurance Brokers Limited					-					
(h)	Security / Margin Deposits	--	--	-	-	--	--	200,000	200,000	--	--
	- Krishna Investments							200,000	200,000		
(i)	Interest accrued and due on short-term borrowings	59,177		--	--	--	--			--	--
	- Krishna Kumar Karwa	59,177									
(j)	Non-Current Investments	--	--	--	--	345,000,000	345,000,000	--	--	--	--
	- Emkay Fincap Limited - EQ SH					220,000,000	220,000,000				
	- Emkay Comtrade Limited - EQ SH					60,000,000	60,000,000				
	- Emkay Insurance Brokers Limited - EQSH					40,000,000	40,000,000				
	- Emkay Investment Managers Limited - EQ SH					25,000,000	25,000,000				

* 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, 2013

22. Figures of previous year have been regrouped, recasted and rearranged wherever necessary to make them comparable with the figures of the current year.

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

Particulars	Purchase (₹)		Sales (₹)	
	2012-13	2011-12	2012-13	2011-12
Shares & Securities	31,15,002	19,979	38,51,053	4,34,635

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

Name of Equity Index / Stock Futures	As at 31.03.2013			As at 31.03.2012		
	No. Of Contracts	No. Of Units		No. Of Contracts	No. Of Units	
		Long	Short		Long	Short
Nifty	34	1700	-	1,729	-	86,450

(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 31.03.2013 [net of provisions made] (₹)	Premium carried forward as at 31.03.2012 [net of provisions made] (₹)
Nifty	1,82,77,238	(7,505,545)
Total	1,82,77,238	(7,505,545)

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

Particulars	Year ended 31/03/2013 (₹)	Year ended 31/03/2012 (₹)
(a) Expenditure in Foreign Currency		
- Travelling Expenses	3,176,099	2,819,534
- Membership & Subscription	7,320,817	8,641,339
- Advertisement & Business Promotion	736,899	7,992
- Brokerage & Commission	2,618,442	-
- Others	148,690	-
- Legal & Professional Fees	-	765,507
(b) Earning in Foreign Currency		
- Research Fees	13,881,590	12,484,118
- Miscellaneous Income	307,419	127,802

NOTES ON FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2013

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

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

G.P.GUPTA
Chairman

KRISHNA KUMAR KARWA
Managing Director & CFO

PRAKASH KACHOLIA
Managing Director

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

S.K.SABOO
Director

R.K.KRISHNAMURTHI
Director

G.C. VASUDEO
Director

Place: Mumbai
Date : 18th May, 2013

Place: Mumbai
Date : 18th May, 2013

INDEPEDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF EMKAY GLOBAL FINANCIAL SERVICES LIMITED

1. We have audited the accompanying consolidated financial statements of EMKAY GLOBAL FINANCIAL SERVICES LIMITED ("the Company") and its subsidiaries, which comprise the consolidated Balance Sheet as at March 31, 2013, and the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.
2. **Management's Responsibility for the Consolidated Financial Statements:** Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
3. **Auditor's Responsibility:** Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
6. **Opinion:** In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries as noted below, 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 state of affairs of the Company as at March 31, 2013;
 - b) in the case of the consolidated Profit and Loss Account, of the loss for the year ended on that date; and
 - c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.
7. **Emphasis of Matter:** We draw attention to Note 6 to the financial statements which describe the uncertainty related to the outcome of the matter under appeal filed by the Company against National Stock Exchange of India Limited on account of occurrence of a mistake while executing a sale order on Cash Segment resulting in loss of ₹ 5194.04 lac. Our opinion is not qualified in respect of this matter
8. **Other Matter:** We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets (net) of ₹ 3105.65 lac as at March 31, 2013, total revenues of ₹ 721.12 lac and net cash inflows amounting to ₹ 0.82 lac for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion is based solely on the reports of the other auditors. Our opinion is not qualified in respect of this matter.

For B. L. Sarda & Associates

Chartered Accountants

Firm Registration No. 109266W

(B. L. Sarda)

Partner

Membership No.014568

Place: Mumbai
Date : 18th May, 2013

CONSOLIDATED BALANCE SHEET

AS AT 31st MARCH, 2013

Particulars	Note No.	As at 31st March, 2013 (₹)	As at 31st March, 2012 (₹)
EQUITY AND LIABILITIES			
SHAREHOLDER'S FUNDS			
Share Capital	2.1	244,377,500	244,377,500
Reserves and Surplus	2.2	1,091,142,595	1,238,932,855
		1,335,520,095	1,483,310,355
NON-CURRENT LIABILITIES			
Long-Term Borrowings	2.3	-	1,005,111
Other Long-Term Liabilities	2.4	37,600,990	45,325,413
Long-Term Provisions	2.5	998,772	1,380,313
		38,599,762	47,710,837
CURRENT LIABILITIES			
Short-Term Borrowings	2.6	410,617,656	365,484,738
Trade Payables	2.7	479,983,915	755,836,654
Other Current Liabilities	2.8	439,450,020	444,831,222
Short-Term Provisions	2.9	1,802,883	21,427,953
		1,331,854,474	1,587,580,567
TOTAL		2,705,974,331	3,118,601,758
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
- Tangible Assets	2.10 (a)	418,923,965	469,358,612
- Intangible Assets	2.10 (b)	6,425,406	9,116,970
- Capital Work-in-Progress		-	1,331,211
Non-Current Investments	2.11 (a)	4,991,033	4,526
Deferred Tax Assets (Net)	2.12	50,314,599	79,484,573
Long-Term Loans and Advances	2.13	162,480,479	157,338,156
		643,135,482	716,634,048
CURRENT ASSETS			
Current Investments	2.11 (b)	5,430,113	30,568,820
Inventories	2.14	610	610
Trade Receivables	2.15	341,555,185	600,163,785
Cash and Cash Equivalents	2.16	790,527,304	1,078,163,941
Short-Term Loans and Advances	2.17	913,370,578	667,609,897
Other Current Assets	2.18	11,955,060	25,460,657
		2,062,838,850	2,401,967,710
TOTAL		2,705,974,331	3,118,601,758
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

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

G.PGUPTA
Chairman

KRISHNA KUMAR KARWA
Managing Director & CFO

PRAKASH KACHOLIA
Managing Director

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

S.K.SABOO
Director

R.K.KRISHNAMURTHI
Director

G.C. VASUDEO
Director

Place: Mumbai
Date : 18th May, 2013

Place: Mumbai
Date : 18th May, 2013

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2013

Particulars	Note No.	For the Year Ended 31st March, 2013 (₹)	For the Year Ended 31st March 2012 (₹)
Income			
Revenue from Operations	2.19	964,686,628	1,110,823,514
Other Income	2.20	34,528,195	30,106,762
Total Revenue		999,214,823	1,140,930,276
Expenses			
Employee Benefits Expense	2.21	400,168,808	478,579,983
Finance Costs	2.22	33,915,862	22,983,719
Depreciation and Amortization Expense	2.23	54,538,945	50,393,427
Other Expenses	2.24	623,710,849	572,488,463
Total Expenses		1,112,334,464	1,124,445,592
Profit/(Loss) Before Tax		(113,119,641)	16,484,685
Tax Expense:			
Income-Tax			
- Current Tax		5,440,000	28,519,000
- Deferred Tax Charge/(Benefit) [Refer note no.2.12]		29,169,974	(22,587,332)
- Short/ (Excess) Provision for FBT for Earlier Years		-	(38,456)
- Short/ (Excess) Provision for Taxation for Earlier Years		60,645	(89,581)
Profit/ (Loss) for the year		(147,790,260)	10,681,054
Earnings per Equity Shares of nominal value of ₹ 10/- each			
-Basic		(6.05)	0.44
-Diluted		(6.05)	0.44
SIGNIFICANT ACCOUNTING POLICIES	1		
The accompanying notes are 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
Date : 18th May, 2013

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

G.PGUPTA
Chairman

S.K.SABOO
Director

Place: Mumbai
Date : 18th May, 2013

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, 2013

Particulars	Year ended 31st March, 2013		Year ended 31st March, 2012	
	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax, extraordinary items		(113,119,641)		16,484,685
Adjustment for :				
Finance Costs	33,915,862		22,983,719	
Depreciation and Amortization	54,538,945		50,393,427	
Net Gain on Sale of Current Investments	(2,222,936)		(1,988,767)	
Loss on Sale/Discard of Fixed Assets	8,481,555		1,554,828	
Interest Received	(22,004,536)		(27,682,618)	
Dividend Received	(779,346)		(295,481)	
Unrealised Foreign Exchange (gain)/loss	-		(806)	
Provision for Loss Assets (net off write back)	43,477,811		(578,855)	
Provision for Sub-standard Assets (net off write back)	-		(543,450)	
Provision for Standard Assets	(428,464)		715,865	
Provision for Doubtful Debts/Deposits/Advances (net off write back)	44,308,565		45,447,966	
Provision for loss on equity index/stock futures/equity index/stock options and currency futures	-	159,287,456	(6,494,688)	83,511,140
Operating profit before working capital changes		46,167,815		99,995,825
Adjustment for :				
Trade and other receivables	(53,828,013)		(589,491,311)	
Deposits with Banks and Other items not considered as cash equivalents (Refer Note 3 below)	272,869,470		21,213,330	
Inventories	-		627,907	
Trade and other payables	(289,729,240)	(70,687,783)	240,039,730	(327,610,344)
Cash Generated from operations		(24,519,968)		(227,614,519)
Direct taxes (Paid)/Refund		(23,313,148)		(12,051,569)
Cash flow before extraordinary items		(47,833,116)		(239,666,088)
Extraordinary items		-		-
Net Cash From/ (used in) Operating Activities		(47,833,116)		(239,666,088)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets and Capital - WIIP	(10,186,998)		(251,974,692)	
Sale of fixed assets	1,623,920		4,857,430	
Acquisition of Current Investments	(4,986,507)		(523,686,564)	
Disposal of Current Investments	25,138,708		525,106,511	
Net Gain on Sale of Current Investments	2,222,936			
Interest received	22,004,536		27,682,618	
Loan (given)/received back to/from ESOP Trust	400,000		(5,300,000)	
Dividend received	779,346	36,995,941	295,481	(223,019,216)
Net Cash from/ (used in) Investing Activities		36,995,941		(223,019,216)
C. CASH FLOW FROM FINANCING ACTIVITIES				

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2013

Particulars	Year ended 31st March, 2013		Year ended 31st March, 2012	
	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)
Proceeds from issue of share capital	-		105,000	
Securities Premium received	-		212,500	
Proceeds/(Repayment) of Long Term Borrowings	(996,680)		(902,209)	
Proceeds/(Repayment) of Short Term Borrowings	45,132,918		339,109,738	
Finance Costs	(33,915,862)		(22,983,719)	
Dividend paid (including dividend tax)	(14,150,368)	(3,929,992)	(28,288,478)	287,252,832
Net cash from/ (used in) financing activities		(3,929,992)		287,252,832
Net increase in cash and cash equivalents (A+B+C)		(14,767,167)		(175,432,472)
Cash and cash equivalents at the beginning of the year		84,743,227		260,175,699
Cash and cash equivalents at the close of the year		69,976,060		84,743,227
Note :				
1. Cash and cash equivalents comprise of :				
Cash on hand		596,398		321,902
Cheques on hand		983,046		
Balances with Scheduled Banks				
- In Current Accounts		68,247,780		83,846,027
- In Deposit Accounts		-		472,684
Balances in Pay Direct Card		15,446		77,885
Foreign Currency on Hand		133,390		24,729
		69,976,060		84,743,227

- Cash flow statement has been prepared under the Indirect Method as set out in the Accounting Standard - 3 (AS-3) "Cash Flow Statement".
- 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

By the order of the Board
EMKAY GLOBAL FINANCIAL SERVICES LIMITED

G.PGUPTA
Chairman

KRISHNA KUMAR KARWA
Managing Director & CFO

PRAKASH KACHOLIA
Managing Director

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

S.K.SABOO
Director

R.K.KRISHNAMURTHI
Director

G.C. VASUDEO
Director

Place: Mumbai
Date : 18th May, 2013

Place: Mumbai
Date : 18th May, 2013

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2013

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

(a) 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.

(b) The subsidiaries considered in Consolidated Financial Statements are:-

Name of the Subsidiaries	Date of Incorporation	Period Included in Consolidation	Proportion of Ownership Interest	Nature of Business
Emkay Fincap Limited	16.05.2005	FY 2012-13	100%	Non Banking Finance Activities
Emkay Commotrade Limited	05.01.2006	FY 2012-13	100%	Commodity Broking
Emkay Insurance Brokers Limited	08.03.2007	FY 2012-13	100%	Direct Insurance Brokers
Emkay Investment Managers Limited	08.06.2010	FY 2012-13	100%	Portfolio Management Services

(c) 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.

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.

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2013

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 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.

1.5 Equity Index/Stock - Futures

- (a) 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.
- (b) As on the Balance Sheet date, Profit / Loss on open positions in Equity Index / Stock Futures is accounted for as follows:
 - (i) 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.
 - (ii) 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.
- (c) 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.

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2013

1.6 Equity Index/Stock - Options

(a) "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.

(b) 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.

(c) At the time of squaring off

Difference between the premium paid and received on squared off transactions is treated as Profit or Loss.

(d) 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.

(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

(a) Short Term Benefits

All employee benefits including 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.

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2013

(b) Long Term Benefits

(i) Post Employment Benefits

(1) 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.

(2) 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 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.

(ii) 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 assets and liabilities are recognized for timing differences between the accounting and taxable income measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits

At each Balance Sheet date, the carrying amount of deferred tax assets is reviewed to reassure its realization.

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, 2013

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, 2013

2.1 Share Capital

Particulars	As at	
	31st March, 2013 (₹)	31st March, 2012 (₹)
Authorised		
40,000,000 Equity Shares of ₹ 10/- each	400,000,000	400,000,000
Issued, Subscribed and Paid Up		
244,37,750 (P.Y. 244,37,750) Equity Shares of ₹ 10/-each fully paid up	244,377,500	244,377,500
	244,377,500	244,377,500

Notes:-

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

Particulars	As at 31st March, 2013		As at 31st March, 2012	
	No of shares	Amount (₹)	No of shares	Amount (₹)
At the beginning of the period	24,437,750	244,377,500	24,427,250	244,272,500
Add: Shares issued on exercise of Employee Stock options	-	-	10,500	105,000
Outstanding at the end of the period	24,437,750	244,377,500	24,437,750	244,377,500

(b) Shares Reserved for issue under options:

The Parent Company has reserved issuance of 23,66,325 (Previous Year 23,66,325) Equity Shares of ₹ 10/- each for offering to eligible employees of the Company and its subsidiaries under Employees Stock Option Schemes. During the year Company has granted NIL (Previous Year 2,00,000) Options to the eligible employees at a price of ₹Nil (Previous Year ₹ 37/-) 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, 2013

2.2 Reserves and Surplus

Particulars	As at	
	31st March, 2013 (₹)	31st March, 2012 (₹)
Securities Premium Account		
Balance as per last financial statements	691,353,584	691,141,084
Add: Additions on ESOPs exercised	-	212,500
Closing Balance	691,353,584	691,353,584
Special Reserve *		
Balance as per Last financial Statements	20,988,806	16,228,836
Add: Transfer from Surplus balance in the statement of Profit and Loss	-	4,759,970
Closing Balance	20,988,806	20,988,806
Capital Redemption Reserve		
Balance as per Last financial Statements	50,000,000	40,000,000
Add: Transfer from Surplus balance in the statement of Profit and Loss	-	10,000,000
Closing Balance	50,000,000	50,000,000
General Reserve		
Balance as per last financial statements	180,361,128	180,361,128
Closing Balance	180,361,128	180,361,128
Capital Reserve on Consolidation		
Balance as per last Financial Statement	102,723	102,723
Surplus in the Statement of Profit and Loss		
Balance as per last Financial Statements	296,126,614	314,410,680
Add : Profit/(Loss) for the year	(147,790,260)	10,681,054
Amount available for appropriations	148,336,355	325,091,734
Less: Appropriations:		
Dividend		
- Proposed Dividend	-	12,218,875
- Dividend paid for Earlier Year	-	3,500
Dividend Distribution Tax		
- On Proposed Dividend	-	1,982,207
- On Dividend Paid for Earlier Year	-	568
Transfer to Capital Redemption Reserve	-	10,000,000
Transfer to Special Reserve	-	4,759,970
Transfer to General Reserve	-	-
Total of appropriations	-	28,965,120
Net Surplus in the Statement of Profit and Loss	148,336,355	296,126,614
	1,091,142,595	1,238,932,855

* Special Reserve is created by transferring twenty percent of the profit for the year under audit in accordance with provisions of Section 45-IC of the Reserve Bank of India Act, 1934.

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2013

2.3 Long-Term Borrowings

Particulars	Non-Current Portion		Current Maturities	
	As at 31st March, 2013 (₹)	As at 31st March, 2012 (₹)	As at 31st March, 2013 (₹)	As at 31st March, 2012 (₹)
Secured				
Term Loan from others *	-	1,005,111	1,005,111	996,680
	-	1,005,111	1,005,111	996,680

* Secured by Hypothecation of Motor Car and repayable over a period of three years.

2.4 Other Long-Term Liabilities

Particulars	As at 31st March, 2013 (₹)	As at 31st March, 2012 (₹)
Others		
-Security Deposits	37,600,990	45,325,413
	37,600,990	45,325,413

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 31st March, 2013 (₹)	As at 31st March, 2012 (₹)
For Standard Assets *	924,696	1,353,160
For Gratuity	74,076	27,153
	998,772	1,380,313

* Provision for Standard Assets has been created of ₹ 924,696/- (P.Y. ₹ 1,353,160/-) being 0.25% of its Standard Assets amounting to ₹ 369,878,559 (P.Y. ₹ 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 31st March, 2013 (₹)	As at 31st March, 2012 (₹)
Secured		
Loan repayable on demand:		
- Overdraft from a Bank	259,417,656	127,984,738
Unsecured		
Loan repayable on demand		
- Loan from related parties [Refer note no.19 (B) (IV) (c)]	61,000,000	-
- From other Parties	90,200,000	237,500,000
	410,617,656	365,484,738

Note: Overdraft referred above to the extent of :

- ₹ 116,239,592/- (P.Y. ₹ 111,690,164/-) is secured by way of lien against term deposits with bank, and
- ₹ 143,178,064/- (P.Y. ₹ 16,294,574/-) is secured by equitable mortgage of office premises.

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2013

2.7 Trade Payables

Particulars	As at 31st March, 2013 (₹)	As at 31st March, 2012 (₹)
Trade Payables	479,983,915	755,836,654
	479,983,915	755,836,654

2.8 Other Current Liabilities

Particulars	As at 31st March, 2013 (₹)	As at 31st March, 2012 (₹)
Current maturities of long term borrowing -Vehicle Loan (Refer note no.2.3)	1,005,111	996,680
Interest accrued and due on Short-Term Borrowings from a Director [Refer note no.19 (B) (IV) (f)]	59,177	-
Income Received in advance	1,733,526	1,463,941
Unclaimed Dividend *	329,180	278,466
Unclaimed Share Application Money *	228,240	234,240
Others		
Advance Received from Clients	19,974,026	35,438,576
Payable for Expenses	61,621,279	78,596,137
Other Liabilities	2,194,239	2,206,878
Statutory Liabilities	19,189,770	22,396,640
Deposit towards Margin from Clients	325,830,143	291,517,711
Cheques Overdrawn	7,206,279	-
Equity Index/ Stock Options Premium	79,050	7,505,545
Mark to Market Margin Equity Index/ Stock Futures	-	4,196,407
	439,450,020	444,831,222

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

2.9 Short-Term Provisions

Particulars	As at 31st March, 2013 (₹)	As at 31st March, 2012 (₹)
For Gratuity (Refer Note : 9)	1,550,636	2,311,092
For Income Tax	223,157	4,888,490
For Wealth Tax (Net of Taxes paid)	29,090	27,289
Proposed Dividend	-	12,218,875
Dividend Distribution Tax	-	1,982,207
	1,802,883	21,427,953

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2013

2.10 Fixed Assets (a) Tangible Assets

	Office Premises (₹)	Air Conditioners (₹)	Computers (₹)	Motor Cars (₹)	Furniture & Fixtures (₹)	Office Equipments (₹)	Leasehold Improvement (₹)	Total (₹)
Gross Block (At Cost)								
At 1 April 2011	-	13,047,008	103,871,847	10,902,889	7,329,639	33,936,657	88,671,670	257,759,710
Additions	379,521,179	3,114,831	8,511,029	-	37,164,177	7,989,683	12,719,277	449,020,176
Deductions	-	4,250,904	3,063,084	3,224,506	1,826,691	2,906,845	40,140,772	55,412,802
At 31 March 2012	379,521,179	11,910,935	109,319,792	7,678,383	42,667,125	39,019,495	61,250,175	651,367,084
Additions	954,552	164,100	1,513,075	-	238,694	898,640	2,124,186	5,893,247
Deductions	-	3,332,597	29,489,697	-	1,511,216	15,115,043	8,313,127	57,761,680
At 31 March 2013	380,475,731	8,742,438	81,343,170	7,678,383	41,394,603	24,803,092	55,061,234	599,498,651
Depreciation/ Amortization								
At 1 April 2011	-	5,546,949	79,364,379	3,665,281	5,746,629	14,321,257	80,866,873	189,511,368
Charge for the Year	10,412,264	1,080,183	11,710,041	1,646,143	5,398,886	3,586,450	7,663,662	41,497,629
Deductions	-	1,817,068	2,634,549	2,203,161	1,679,242	1,301,871	39,364,634	49,000,525
At 31 March 2012	10,412,264	4,810,064	88,439,871	3,108,263	9,466,273	16,605,836	49,165,901	182,008,472
Charge for the Year	18,529,560	921,256	8,405,579	1,183,204	6,209,875	2,978,095	7,994,850	46,222,419
Deductions	-	1,909,631	27,453,120	-	1,233,911	8,746,416	8,313,127	47,656,205
At 31 March 2013	28,941,824	3,821,689	69,392,330	4,291,467	14,442,237	10,837,515	48,847,624	180,574,686
Net Block								
At 31 March 2012	369,108,915	7,100,871	20,879,921	4,570,120	33,200,852	22,413,659	12,084,274	469,358,612
At 31 March 2013	351,533,907	4,920,749	11,950,840	3,386,916	26,952,366	13,965,577	6,213,610	418,923,965

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2013

(b) Intangible Assets

	Stock Exchanges Membership Rights	Software	Total
	(₹)	(₹)	(₹)
Gross Block (At Cost)			
At 1 April 2011	28,255,000	45,675,359	73,930,359
Additions	-	8,026,303	8,026,303
At 31 March 2012	28,255,000	53,701,662	81,956,662
Additions	-	5,624,962	5,624,962
At 31 March 2013	28,255,000	59,326,624	87,581,624
Depreciation/ Amortization			
At 1 April 2011	28,255,000	35,688,894	63,943,894
Charge for the Year	-	8,895,798	8,895,798
At 31 March 2012	28,255,000	44,584,692	72,839,692
Charge for the Year	-	8,316,526	8,316,526
At 31 March 2013	28,255,000	52,901,218	81,156,218
Net Block			
At 31 March 2012	-	9,116,970	9,116,970
At 31 March 2013	-	6,425,406	6,425,406

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2013

2.11 (a) Non-Current Investments

Particulars	Face Value Per Share (₹)	No. of Shares		Amount (₹)	
		As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012
				(₹)	(₹)
Non-Current Investments (Long-Term) (At Cost)					
(A) Trade Investments					
In Equity Shares - Unquoted, fully Paid-up					
Bombay Stock Exchange Limited	1	58,838	58,838	4,526	4,526
(B) Other Investments					
Investments In fully paid Equity Shares (Quoted)					
- Biocon Limited	10	1,525	-	417,020	-
- Cipla Limited	2	700	-	281,902	-
- Divi's Laboratories Limited	2	195	-	205,891	-
- HDFC Bank Ltd.	10	675	-	422,428	-
- Hero Motocrop Ltd.	10	150	-	229,447	-
- ICICI Bank limited	10	689	-	564,680	-
- Infrastructure Development Finance Limited	10	4,802	-	562,075	-
- Mahindra & Mahindra Limited	5	300	-	197,491	-
- Mahindra Holidays & Resorts India Ltd	10	700	-	200,495	-
- National Buildings Construction Corporation Limited	10	639	-	62,619	-
- NTPC Ltd.	10	1,350	-	200,161	-
- Oil India Ltd.	10	363	-	189,093	-
- Oil and Natural Gas Corporation Limited	10	625	-	207,874	-
- Pidilite Industries Ltd	10	1,250	-	282,444	-
- Power Grid Corporation of India Ltd.	10	1,950	-	212,930	-
- PTC India Limited	10	3,401	-	188,917	-
- Sundaram Finance Limited	10	595	-	229,348	-
- The Jammu & Kashmir Bank Ltd.	10	150	-	196,950	-
- TV18 Broadcast Ltd.	10	5,000	-	134,742	-
Total (A + B)				4,991,033	4,526
Aggregate amount of quoted Investments in shares					
- Cost				4,986,507	-
- Market Value				5,366,880	-
Aggregate amount of Unquoted Investments in shares				4,526	4,526

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2013

(b) Current Investments

Particulars	No. of Units		Amount (₹)	
	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012
			(₹)	(₹)
Non Trade (Other) Investments				
(Valued at lower of cost and fair value)				
Investments In fully paid units of Mutual Funds				
- Quoted				
- Goldman Sachs Liquid Exchange Traded Scheme	5,430.066	-	5,430,113	-
- Unquoted				
- Axis Fixed Term Plan-Series 20	-	750,000.000	-	7,500,000
Growth Plan of Axis Mutual Fund				
- DSP Black Rock FMP Series 29	-	1,000,000.000	-	10,000,000
Growth Plan of DSP Blackrock Mutual Fund				
- DSP Black Rock FMP Series 33	-	506,882.000	-	5,068,820
Growth Plan of DSP Blackrock Mutual Fund				
- DSP Black Rock FMP Series 35	-	550,000.000	-	5,500,000
Growth Plan of DSP Blackrock Mutual Fund				
- Kotak Quarterly Interval Plan Series-4	-	181,831.570	-	2,500,000
Growth Plan of Kotak Mahindra Mutual Fund				
			5,430,113	30,568,820
Aggregate amount of Quoted Investments in Mutual Fund				
- Cost			5,430,113	-
- Market Value			5,430,066	-
Aggregate amount of Unquoted Investments in Mutual Fund			-	30,568,820

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2013

2.12 Deferred Tax Assets (Net)

Particulars	As at	As at
	31st March, 2013 (₹)	31st March, 2012 (₹)
Deferred Tax Assets		
Differences between book and tax depreciation	-	7,459,295
Provisions	50,345,159	43,668,832
Unabsorbed Depreciation	-	18,685,883
Business Loss	-	9,584,563
Expenses charged to Statement of Profit and Loss but not allowed for tax purpose	60,900	86,000
	50,406,059	79,484,573
Deferred Tax Liability		
Differences between book and tax depreciation	91,460	-
	91,460	-
Net Deferred Tax Assets	50,314,599	79,484,573

Note: The Parent Company and a subsidiary have carried forward losses and unabsorbed depreciation as per the Income Tax Act 1961. Accordingly, considering the principle of virtual certainty as stated in the "Accounting Standard AS-22 –Accounting for Taxes on Income", the deferred tax assets for the year have not been recognized and the carrying amount of deferred tax assets of ₹ 5,65,76,187/- as at 31st March, 2012 has also been written down in case of the said companies.

2.13 Long-Term Loans and Advances

Particulars	As at	As at
	31st March, 2013 (₹)	31st March, 2012 (₹)
Unsecured, Considered Good		
Capital Advances	140,320	-
Deposits	51,232,295	59,929,891
Loan to ESOP Trust (Refer note no.5]	58,000,000	58,400,000
Other Loans and Advances		
Prepaid Expenses	277,742	98,709
Loan to Staff	877,150	-
Income Tax Paid (Net of Provisions)	51,747,886	38,597,975
Fringe Benefit Tax Refundable	148,022	150,763
Advance to Group Gratuity Trust	57,064	160,818
	162,480,479	157,338,156

2.14 Inventories

Particulars	As at	As at
	31st March, 2013 (₹)	31st March, 2012 (₹)
Stock in Trade (Valued at lower of cost or market value)		
- Shares and Securities	610	610
	610	610

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2013

2.15 Trade Receivables

Particulars	As at	As at
	31st March, 2013 (₹)	31st March, 2012 (₹)
Unsecured		
(Considered good unless otherwise stated)		
Outstanding for a period exceeding Six Months		
- Considered Good	11,304,122	11,395,701
- Considered Doubtful	167,739,367	60,651,162
	179,043,489	72,046,863
Less: Provision for Doubtful Debts	167,739,367	60,651,162
	11,304,122	11,395,701
Others		
- Considered Good	330,251,063	588,768,083
- Considered Doubtful	2,304,474	65,126,998
	332,555,537	653,895,082
Less: Provision for Doubtful Debts	2,304,474	65,126,998
	330,251,063	588,768,083
	341,555,185	600,163,785
Note: Above includes due from Directors [Refer note no.19 (B) (IV) (d)]	100,905	23,691

2.16 Cash and Cash Equivalents

Particulars	As at	As at
	31st March, 2013 (₹)	31st March, 2012 (₹)
Cash and Cash Equivalents		
Balances with Banks		
- In Current Accounts	68,247,780	83,846,027
- In Deposit Accounts	719,791,351	992,972,684
- In IPO Refund Account	228,240	234,240
- In Unclaimed Dividend Account	329,180	278,466
Cheque on Hand	983,046	-
Cash on Hand	596,398	321,902
Foreign Currency on Hand	133,390	24,729
Others		
- Stamps on Hand	-	14,100
- Meal Coupons in Hand	190,073	393,908
- Gift Coupons on Hand	12,400	-
- Balance in Paydirect Card	15,446	77,885
	790,527,304	1,078,163,941

Note:

- Deposits with banks includes deposits of ₹ 614,500,000/- (P.Y. ₹ 877,500,000/-) with maturity of more than 12 months.
- Deposits with banks includes
 - Deposit of ₹ 46,62,50,000/- (P.Y. ₹ 536,750,000/-) held as margin for bank guarantees.
 - Deposit of ₹ 18,50,00,000/- (P.Y. ₹ 25,25,00,000/-) held as security for bank overdraft facility.
 - Deposit of ₹ 6,85,41,351/- (P.Y. ₹ 20,32,50,000/-) lodged with exchanges/professional clearing member / regulatory authorities.

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2013

2.17 Short-Term Loans and Advances

Particulars	As at	As at
	31st March, 2013 (₹)	31st March, 2012 (₹)
Unsecured and Considered Good, Unless otherwise stated		
Deposits		
- Considered Good	83,808,910	101,846,032
- Considered Doubtful	784,562	720,562
	84,593,472	102,566,594
Less: Provision for Doubtful Deposits	784,562	720,562
	83,808,910	101,846,032
Loans Granted		
- Secured	268,403,559	490,286,231
Unsecured		
* Considered Good	1,475,000	57,500,000
* Considered Loss Asset	50,000,000	-
	319,878,559	547,786,231
Less: Provision for Loss Assets	50,000,000	6,522,189
	269,878,559	541,264,042
Advances recoverable in cash or kind for value to be received		
- Considered Good	521,936,715	2,763,653
- Considered Doubtful	1,456,510	1,456,510
	523,393,225	4,220,163
Less: Provision for Doubtful Advances	1,456,510	1,456,510
	521,936,715	2,763,653
Other Loans and Advances		
Prepaid Expenses	13,740,329	16,385,720
Loans to Staff		
- Considered Good	1,343,537	2,117,474
- Considered Doubtful	59,648	80,764
	1,403,185	2,198,238
Less: Provision for Doubtful Loans	59,648	80,764
	1,343,537	2,117,474
Balances with Statutory / Government Authorities	2,362,719	169,382
Service Tax Input Credit Receivable	1,943,521	3,063,594
Equity Index/Stock Options Premium	18,356,288	-
	913,370,578	667,609,897

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2013

2.18 Other Current Assets

Particulars	As at	As at
	31st March, 2013 (₹)	31st March, 2012 (₹)
Interest Accrued but not due on deposit with banks	9,587,055	22,277,433
Interest Accrued but not due on Securities	-	15,726
Dividend Receivable	6,856	-
Income Receivable	2,361,149	3,167,498
	11,955,060	25,460,657

2.19 Revenue from Operations

Particulars	For the Year Ended	
	31st March, 2013 (₹)	31st March, 2012 (₹)
Sale of Services		
Brokerage	708,955,296	785,552,882
Investment Banking Activities	3,395,271	19,223,500
Portfolio Management Fees	14,501,100	20,320,662
Depository Operations	6,113,001	5,949,202
Interest from Financing Activities	56,581,346	56,209,533
Insurance Commission	13,159,067	11,926,541
Advisory Fees	84,000	1,750,000
Placement Fees	20,661,800	40,380,000
Research Fees	13,881,590	12,484,118
Other Fees	2,142,133	8,000,312
	839,474,604	961,796,750
Other Operating Income		
Interest on Deposit* with		
- Banks	53,006,180	66,428,006
- Others	1,004,583	-
Interest on Corporate Bonds/ Government Securities	16,918	36,789
Profit/(Loss) in Proprietary Trades in Securities/Derivatives Instruments (Net)	20,624,506	25,131,596
Add : Provision for Loss on Equity Index/Stock Futures written back	-	6,494,688
	20,624,506	31,626,284
Delayed Payments Charges	18,138,912	21,200,706
Liability no Longer Payable W/back	12,432,775	497,222
Volume benefit in charges levied by Exchanges	120,021	2,697,804
Provision for Doubtful Debts Written Back	14,142,769	21,171,244
Provision for Standard Assets Written back	428,464	-
Provision for Sub Standard Assets Written back	-	543,450
Provision for Loss Assets Written back	-	578,855
Bad Debts Recovered	406,189	584,719
Miscellaneous Income	4,890,707	3,661,685
	125,212,024	149,026,764
Revenue from Operations	964,686,628	1,110,823,514

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

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2013

2.20 Other Income

Particulars	For the Year Ended	
	31st March, 2013 (₹)	31st March, 2012 (₹)
Interest		
-On Deposit with Banks*	21,803,616	23,317,104
-On Unsecured Loans Granted	-	134,226
-Others	200,920	4,231,288
Dividend		
- On Current Investments	717,062	295,481
- On Non Current Investments	62,284	-
Insurance Claim Received	9,500,000	-
Net gain on Sale of Investments		
- On Current Investments	2,172,958	1,988,767
- On Non Current Investments	49,978	-
Foreign Exchange Rate Fluctuations Gain	-	88,160
Miscellaneous Income	21,377	51,736
	34,528,195	30,106,762

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

2.21 Employee Benefits Expenses

Particulars	For the Year Ended	
	31st March, 2013 (₹)	31st March, 2012 (₹)
Salaries and Other Benefits	382,135,926	457,564,404
Contribution to Provident and Other Funds	9,941,277	11,503,229
Staff Welfare Expenses	8,091,605	9,512,350
	400,168,808	478,579,983

2.22 Finance Costs

Particulars	For the Year Ended	
	31st March, 2013 (₹)	31st March, 2012 (₹)
Interest Expense	23,894,550	9,423,176
Other Borrowing Cost	10,021,312	13,560,543
	33,915,862	22,983,719

2.23 Depreciation and Amortization Expense

Particulars	For the Year Ended	
	31st March, 2013 (₹)	31st March, 2012 (₹)
Depreciation of Tangible assets	46,222,419	41,497,629
Amortization of Intangible assets	8,316,526	8,895,798
	54,538,945	50,393,427

2.24 Other Expenses

Particulars	For the Year Ended	
	31st March, 2013 (₹)	31st March, 2012 (₹)
Brokerage & Commission	122,359,449	145,778,447
Communication, Postage and Courier Charges	31,623,884	40,103,657

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2013

Particulars	For the Year Ended	
	31st March, 2013 (₹)	31st March, 2012 (₹)
Interest Expended for Financing Activities	22,544,082	17,828,979
Fees & Stamps	4,803,385	3,165,812
Contribution/Payments to Exchanges / Professional Clearing Member	41,679,177	36,436,628
Membership & Subscription	35,536,512	31,338,278
Registration Fees	2,986,933	2,495,865
Depository Charges	2,244,079	3,219,222
Consultancy Fees	10,285,371	15,493,293
Loss due to Execution of Error Trades	14,794,927	10,534,493
Claims/ Compensation/ Settlement Charges	6,075,000	500,000
Expens Attributable to Trades in Securities/Commodity / Derivative Instruments	5,532,052	10,435,349
Electricity Charges	20,801,074	17,122,580
Insurance	1,019,226	1,224,810
Repair & Maintenance - Own Premises	3,746,710	2,136,385
Repair & Maintenance - Other	12,337,331	14,807,830
Advertisement & Business Promotion Expenses	12,306,823	17,752,445
Printing & Stationery	6,380,792	10,404,147
Travelling, Conveyance & Vehicle Expenses	31,833,806	18,985,290
Provision for Doubtful Debts	68,991,108	71,636,358
Provision for Loss Assets	50,000,000	-
Provision for Standard Assets	-	715,865
Provision for Doubtful Deposits / Loans /Advances	64,000	849,399
Loss Assets Written off	14,022,189	-
Less: Provision Written Back	(6,522,189)	-
	7,500,000	-
Bad Debts Written off	13,603,739	7,711,998
Less : Provision Written Back	(10,582,658)	(5,866,547)
	3,021,081	1,845,451
Deposits & Advances Written off	170,001	63,430
Less: Provision Written Back	(21,116)	-
	148,885	63,430
Software Expenses	11,566,191	10,152,254
Legal & Professional Fees	19,468,856	14,715,047
Loss on Sale/ Discard of Fixed Assets	8,481,555	1,554,828
Payment to Auditor		
As Auditor		
- Audit Fees	1,190,360	1,190,360
- Tax Audit Fees	177,090	177,090
In Other Capacity		
- Taxation Matter	348,400	300,400
- Other Matters	322,854	243,545
	2,038,704	1,911,395
Rent	36,420,564	49,222,438
Commission to Directors	-	350,000
Service Tax	8,756,133	172,308
Rates & Taxes	1,435,570	116,233
Miscellaneous Expenses	16,495,911	19,147,802
Foreign Exchange Rate Fluctuations Loss	87,678	-
Donation	344,000	272,145
	623,710,849	572,488,463

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2013

3. During the previous 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 :-

- i. The Parent Company has granted Employee Stock Options (ESOP) to its employees and employees of its subsidiaries. During the year ended 31st March, 2013, following schemes were in operation:

Particulars	ESOP - 2005	ESOP - 2007	ESOP - 2010
		Starting from	
Date of Grant	28.01.2006	17.01.2008 to 21.01.2011	21.10.2010 to 21.01.2012
Number of Options Granted*	3,81,250	2,805,000	647,000
Method of Settlement	Equity		
Vesting period from the date of Grant	Graded Vesting – Over 4 years	Graded Vesting – Over 3 years	Graded Vesting – Over 5 years
Exercise period from the date of Vesting	3 years from the date of each vesting		
		Ranging From	
Exercise Price (₹ per share) **	20.00	₹ 37.00 to ₹ 93.00	₹ 37.00 to ₹ 93.00
		Ranging from	
Market Price at the date of grant (₹ per share)	20.00	₹ 36.95 to ₹ 92.75	₹ 37.00 to ₹ 92.50

* 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

- ii. 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 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.

- iii. Details of activity under the ESOP Schemes have been summarized below:

Particulars	ESOP-2005		ESOP-2007		ESOP-2010	
	2012-2013	2011-2012	2012-2013	2011-2012	2012-2013	2011-2012
Options Outstanding at the beginning of the year	6,750	18,750	2,030,500	2,009,250	6,39,500	555,000
Options Granted during the year	-	-	-	200,000	-	92,000
Options Forfeited during the year	-	-	-	-	-	-
Options Exercised during the year	-	7,000	-	-	-	-
Options Expired/ Lapsed during the year	6,750	5,000	3,59,900	178,750	72,000	7500
Options Outstanding at the end of the year	-	6,750	16,71,000	2,030,500	5,67,500	639,500
Options Exercisable at the end of the year	-	-	8,73,700	541,500	-	-
Weighted Average remaining contractual life (in years)	-	0.83	3.68	4.68	5.52	6.65
Weighted Average Exercise Price of the options granted during the year (₹ per share)	-	-	37.00	-	-	46.42
Weighted Average Share Price at the date of exercise (₹ per share)	-	47.00	-	-	-	-

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2013

- iv. The Parent 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, 2013	Year Ended 31 st March, 2012
	Amount (₹)	Amount (₹)
Net Income as reported	(14,77,90,260)	1,06,81,054
Add: - Intrinsic Value Compensation Cost	Nil	Nil
Less :- Fair Value Compensation Cost	(2,78,58,965)	33,331,308
Adjusted Pro-forma Net Income	(11,99,31,295)	(2,26,50,254)
Earning per Share		
Basic		
- As reported	(6.05)	0.44
- Proforma	(4.91)	(0.93)
Diluted		
- As reported	(6.05)	0.44
- Proforma	(4.91)	(0.93)

- v. 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 to "Emkay Employees Welfare Trust" an independent ESOP Trust which is administrating ESOP 2010 Scheme of the Parent Company. Against the said loan outstanding amount as at 31st March, 2013 is ₹ 580 lac (Previous Year ₹ 584 lac). As on 31st March, 2013, out of the said loan, the trust has purchased, 7,54,648 equity shares of the Parent Company from the market for stock options granted/to be granted from time to time to the eligible employees. Further as on 31st March, 2013, the trust hold 1,87,148 equity shares of the Parent Company for which options are yet to be granted for which it has time till 31.12.2013 to either grant options or sell in the secondary market. The repayment of the loan granted by the Parent 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 March, 2013, 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 ₹ 464.04 lac which is on account of market volatility. The impact of fall in market value, if any would be appropriately considered by the Parent Company in its Statement of Profit and Loss at the time of exercise of options by the eligible employees.
6. "Advances recoverable in cash or kind or for value to be received" under "Short Term Loans and Advances" in the Balance Sheet as at March 31, 2013 includes ₹ 5194.04 lacs paid by the Parent Company to National Stock Exchange of India Limited (NSE) towards pay-in obligation raised by them. This pay-in obligation arose on account of loss which occurred due to a manifest material mistake occurred on October 5, 2012 while executing a sale order on Cash Segment of NSE and the same has been discharged wholly and exclusively for protecting and continuing the business of the Parent Company. The Parent Company made an application for annulment to NSE which subsequent to the balance sheet date was not accepted favourably by the relevant authority of NSE against which the Parent Company has preferred an appeal before Securities Appellate Tribunal (SAT) and the same is admitted and pending disposal.

The Parent Company has opinions of eminent legal experts to the effect that the issue under appeal is a fit case for annulment. In view of this, the Parent Company considers that there is no probability of outflow of resources and therefore the same has not been provided for.

7. Capital Work in progress represents, fixed assets acquired but not put to use before year end and expenses incurred pertaining thereto.

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2013

8. Debit and Credit balances are subject to confirmation.

9. 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 31st March, 2013	Year ended 31st March, 2012
	Amount (₹)	Amount (₹)
Provident Fund	72,87,930	80,11,506
Employees State Insurance Scheme	9,56,434	12,74,884
Labour Welfare Fund	1,179	3,507

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	2012-13	2011-12
		Amount (₹)	Amount (₹)
I	Changes in present value of obligations		
	Present Value of Obligations at beginning of the period	24,569,645	19,984,747
	Interest cost	1,922,389	1,590,002
	Current Service Cost	5,501,292	6,084,617
	Past Service Cost (Non-Vested Benefits)	--	--
	Past Service Cost (Vested Benefits)	--	--
	Benefits Paid	(3,906,604)	(1,656,219)
	Actuarial (gain)/loss on obligations	(2,919,940)	(1,639,344)
	Present Value of Obligations at end of the period	25,166,782	24,569,645
II	Changes in fair value of plan assets		
	Fair Value of Plan Assets at beginning of the period	22,382,218	12,252,644
	Adjustment to Opening Fair Value of Plan Assets	--	448
	Expected Return on Plan Assets	1,942,200	1,377,400
	Contributions	2,303,089	7,758,008
	Funds Transferred In		155,598
	Benefits Paid	(3,906,604)	(1,656,219)
	Actuarial gain/(loss) on plan assets	868,231	2,494,339
	Fair Value of Plan Assets at end of the period	23,589,134	22,382,218
III	Fair Value of Plan Assets		
	Fair Value of Plan Assets at beginning of the period	22,382,218	12,252,644
	Adjustment to Opening Fair Value of Plan Assets	--	448
	Actual Return on Plan Asset	2,810,431	3,871,739

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Sr. No.	Particulars	2012-13	2011-12
		Amount (₹)	Amount (₹)
	Contributions	2,303,089	7,758,008
	Funds Transferred In		155,598
	Benefits Paid	(3,906,604)	(1,656,219)
	Fair Value of Plan Assets at end of the period	23,589,134	22,382,218
	Funded Status	(1,577,648)	(2,182,427)
	Excess of actual over estimated return on Plan Assets	868,231	2,494,339
IV	Actuarial Gain/(Loss) Recognized		
	Actuarial Gain/(Loss) for the period (Obligation)	2,919,940	1,433,502
	Actuarial Gain/(Loss) for the period (Plan Assets)	868,231	2,494,339
	Total Gain/(Loss) for the period	3,788,171	3,927,841
	Actuarial Gain/(Loss) recognized for the period	3,788,171	3,927,841
	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	25,166,782	24,569,645
	Fair Value of Plan Assets at end of the period	23,589,134	22,382,218
	Funded Status	(1,577,648)	2,187,427
	Unrecognized Actuarial Gain/(Loss)	--	--
	Net Asset/(Liability) recognized in the balance sheet	(1,577,648)	2,187,427
VI	Expense recognized in Statement of Profit and Loss		
	Current Service Cost	5,501,292	6,084,617
	Interest cost	1,922,389	1,590,002
	Past Service Cost (Non-Vested Benefits)	--	--
	Past Service Cost (Vested Benefits)	--	--
	Expected Return on Plan Assets	(1,942,200)	(1,377,400)
	Net Actuarial (Gain)/Loss recognized for the period	(3,788,171)	(3,927,841)
	Transferred Fund In		(155,598)
	Expense recognized in statement Profit and Loss under "Employee Benefits Expense"	1,693,310	2,213,780
VII	Movements in the Liability recognized in Balance Sheet		
	Opening Net Liability	2,187,427	7,732,103
	Adjustment to Opening Fair Value of Plan Assets	--	(448)
	Expenses as above	1,693,310	2,213,780
	Contribution paid	(2,303,089)	(7,758,008)
	Closing Net Liability	1,577,648	2,187,427
VIII	Experience Anyalysis – Liabilities		
	Actuarial (Gain)/Loss due to change in bases	401,803	(1,82,500)

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2013

Sr. No.	Particulars	2012-13	2011-12
		Amount (₹)	Amount (₹)
	Experience (Gain)/Loss due to Change in Experience	(3,321,743)	(1,251,002)
	Total	(2,919,940)	(1,433,502)
	Experience Anyalysis - Plan Assets		
	Experience (Gain)	(868,231)	(2,494,339)
IX	Investment pattern		
	Insurer Managed Funds	100.00%	100.00%
X	Principal Assumptions		
	Mortality	LIC(1994-96)Ult	LIC(1994-96)Ult
	Discount Rate	8.05%	8.05%
	Rate of increase in compensation	5.00%	5% to 10%
	Rate of return (expected) on plan assets	9.00%	9.00%
	Withdrawal Rate	Upto Age 45: 25%	Upto Age 45: 25%
		46 & above : 10%	46 & above : 10%

10. 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.

11. Details of Contingent Liabilities and Commitments

a) Contingent Liabilities

Sr. No.	Particulars	As at 31st March, 2013 (₹)	As at 31st March, 2012 (₹)
(i)	Claims against the group not acknowledged as debts	58,95,653	20,06,137
(ii)	Guarantees issued by the Banks	93,25,00,000	1,072,500,000
(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)	20,00,00,000	8,00,00,000
(iv)	Income Tax matters in appeal	10,181,736	24,116,896
(v)	Towards occurrence of manifest material mistake while executing a sale order	519,404,259	--

b) Capital Commitments

Sr. No.	Particulars	As at 31st March, 2013 (₹)	As at 31st March, 2012 (₹)
(i)	Estimated amounts of contracts remaining to be executed on capital account and not provided for	1,71,500	--

12. (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.

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2013

(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.

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 includes ₹ 343,806/- (P.Y. ₹ 10,500/-) pertaining to earlier years.

15. Other Current Liabilities includes ₹ 17,26,168/- (P.Y. ₹ 16,07,624/-) 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 ₹ 3,64,20,564/- (P.Y. ₹ 4,92,22,438/-).

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

Particulars	Year Ended 31st March, 2013 (₹)	Year Ended 31st March, 2012 (₹)
a) Payments not later than one year	45,14,739	1,56,52,181
b) Payable later than one year and not later than five years	35,98,710	79,62,405
c) Payable later than five years	-	-
Total	81,13,449	2,36,14,586

17. Earnings per share

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Profit/(Loss) available for Equity Shareholders (₹)	(14,77,90,260)	1,06,81,054
Weighted average number of Shares used in Computing Basic earning per share	24,437,750	24,433,551
Add : Potential number of Equity share that Could arise on exercise of Employee Stock Options	NIL	3,619
Weighted average number of Shares used in Computing Diluted earning per share	244,37,750	244,37,170
Nominal Value of Equity Shares (₹)	10	10
Basic Earnings Per Share (₹)	(6.05)	0.44
Diluted Earnings Per Share (₹)	(6.05)	0.44

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, 2013

(c) Information about Business Segments

Sr. No.	Particulars	Advisory and Transactional Services		Non Banking Financing Activities		Eliminations		Consolidated for the year ended 31st March, 2013	Consolidated for the year ended 31st March, 2012
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year		
A.	REVENUE								
1a	Income from External Clients	906,407,594	1,052,733,415	58,279,034	58,090,099	-	-	964,686,628	1,110,823,514
1b	Income from Intersegment Operations	239,965	211,150	498,459	-	(738,424)	(211,150)	-	-
	Total Revenue	906,647,559	1,052,944,565	58,777,493	58,090,099	(738,424)	(211,150)	964,686,628	1,110,823,514
B.	RESULTS								
1	Segment Results(PBIT)	(85,609,104)	(27,199,355)	(28,122,871)	36,560,996	-	-	(113,731,975)	9,361,641
	Segment Results(PBIT) - Intersegment	-	-	-	-	-	-	-	-
	Total Segment Results (PBIT)	(85,609,104)	(27,199,355)	(28,122,871)	36,560,996	-	-	(113,731,975)	9,361,641
2	Finance Costs							33,915,862	22,983,719
3	Unallocated Income							34,528,195	30,106,762
4	Profit from Ordinary Activities							(113,119,641)	16,484,685
5	Exceptional Items:							-	-
6	Profit Before Tax							(113,119,641)	16,484,685
7	Provision for Current Tax							5,440,000	28,519,000
8	Deferred Tax Charge/(Benefit)							29,169,974	(22,587,332)
9	Tax Provision of Earlier Years							60,645	(128,037)
10	Profit After Tax							(147,790,260)	10,681,054

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2013

Sr. No.	Particulars	Advisory and Transactional Services		Non Banking Financing Activities		Eliminations		Consolidated for the year ended 31st March, 2013	Consolidated for the year ended 31st March, 2012
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year		
11	Less- Minority Interest							-	-
12	Net Profit							(147,790,260)	10,681,054
C. OTHER INFORMATION:									
1	Segment Assets	2,067,707,455	2,087,679,334	280,577,507	564,493,308	-	-	2,348,284,962	2,652,172,642
2	Unallocated Corporate Assets							357,689,369	466,429,116
3	Total Assets							2,705,974,331	3,118,601,758
4	Segment Liabilities	955,663,627	1,244,600,828	92,498,999	241,587,186			1,048,162,626	1,486,188,014
5	Unallocated Corporate Liabilities							809,667	19,116,861
6	Total Liabilities							1,048,972,293	1,505,304,875
7	Capital Expenditure (Including Capital Work in Progress)	10,327,318	249,104,073	-	-	-	-	10,327,318	249,104,073
8	Depreciation & Amortization	54,533,756	50,384,778	5,189	8,649	-	-	54,538,945	50,393,427
9	Unallocated Depreciation & Amortization							-	-
10	Total Depreciation & Amortization							54,538,945	50,393,427
11	Non Cash Expenses Other than Depreciation & Amortization	77,249,223	74,040,675	50,287,440	715,865	-	-	127,536,663	74,756,540

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2013

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

a) List of Related Parties

Sr. No.	Name of Related Party	Nature of Relationship
(i)	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
(ii)	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	
k) Divya Kacholia		
(iii)	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	
(iv)	Others	Others
	a) Emkay Charitable Foundation	

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2013

(b) Transactions with related parties

Sr. No.	Nature of related party transactions and name of related parties	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	
		2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
		(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)
I	Expenditure								
(a)	Salaries & Other Benefits *	12,880,000	17,256,000	--	--	--	--	--	--
	- Krishna Kumar Karwa	6,440,000	8,628,000						
	- Prakash Kacholia	6,440,000	8,628,000						
(b)	Brokerage & Commission	--	--	--	--	231,702	583,650	--	--
	- Krishna Investments					231,702	583,650		
(c)	Donation/Contribution	--	--	--	--			25,000	71,000
	- Emkay Charitable Foundation							25,000	71,000
(d)	Interest Paid	2,644,657	-	-	-	1,156,301	-	-	-
	- Krishna Kumar Karwa	1,685,753	-	-	-	-	-	-	-
	- Prakash Kacholia	958,904	-	-	-	-	-	-	-
	- Emkay Corporate Services Pvt. Ltd.					327,260	-	-	-
	- Synthetic Fibres Trading Company					829,041	-	-	-
II	Income								
(a)	Brokerage	228,531	152,929	451,789	590,020	335,602	124,549	-	-
	- Krishna Kumar Karwa	221,663	128,172						
	- Prakash Kacholia	6,868	24,757						
	- Preeti Kacholia			341,625	390,062				
	- Priti Karwa			20,784	60,030				
	- Raunak Karwa			50,844	39,066				
	- Krishna Kacholia			-	54,749				
	- Synthetic Fibre Trading Co.					335,602	77,779		
	- Emkay Corporate Services Pvt. Ltd.					-	46,000		
	- Others			38,536	46,113		770		
(b)	Depository Charges	3,632	2,829	2,452	3,193	1,130	3,042	-	-
	- Others	3,632	2,829	2,452	3,193	1,130	3,042	-	-
(c)	Portfolio Management Fees	99,829	97,401						

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Sr. No.	Nature of related party transactions and name of related parties	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	
		2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
		(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)
	- Prakash Kacholia	99,829	97,401						
III	Others								
(a)	Payments made on behalf							3,528	52,733
	- Emkay Charitable Foundation							3,528	52,733
(b)	Short-Term Borrowings	150,500,000					7,500,000		
	- Krishna Kumar Karwa	130,500,000	-						
	- Prakash Kacholia	20,000,000	-						
	- Emkay Corporate Services Pvt. Ltd.						7,500,000		
(c)	Repayment of Short-Term Borrowings	96,000,000					1,000,000		
	- Krishna Kumar Karwa	96,000,000	-				1,000,000		
	- Emkay Corporate Services Pvt. Ltd.								
(d)	Other Long Term Liabilities : Security/ Margin Money Received / Refunded			34,000,000			34,000,000		
	- Priti Karwa			34,000,000					
	- Synthetic Fibre Trading Co.						34,000,000		
IV	Outstandings								
(a)	Trade Payables		1,644,565	1,208,323	1,678,751	49,164	1,542,443		
	- Prakash Kacholia		1,644,565						
	- Krishna Kumar Karwa		-						
	- Preeti Kacholia			915,217	1,275,685				
	- Krishna Kacholia			292,853	292,966				
	- Deepak Kacholia			250	110,101				
	- Synthetic Fibre Trading Co.						49,164	1,536,200	
	- Others			3				6,243	
(b)	Other Current Liabilities : Salary Payable	544,158	942,507						
	- Krishna Kumar Karwa	272,079	479,286						
	- Prakash Kacholia	272,079	463,221						
(c)	Short Term Borrowings	54,500,000					6,500,000		
	- Krishna Kumar Karwa	34,500,000	-						

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2013

Sr. No.	Nature of related party transactions and name of related parties		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	
			2012-13 (₹)	2011-12 (₹)	2012-13 (₹)	2011-12 (₹)	2012-13 (₹)	2011-12 (₹)	2012-13 (₹)	2011-12 (₹)
		- Prakash Kacholia	20,000,000	-						
		- Emkay Corporate Services Pvt. Ltd.					6,500,000	-		
(d)		Trade Receivables	100,905	23,691	1,011,787	783	1,165,176	950,534		
		- Prakash Kacholia	100,590	23,625						
		- Krishna Kumar Karwa HUF			1,010,861	11				
		- Krishna Investments					1,165,176	950,534		
		- Others	315	66	926	772				
(e)		Security / Margin Deposits	--	--	--	--	200,000	200,000	--	
		- Krishna Investments					200,000	200,000		
(f)		Interest accrued and due on short-term borrowings	59,177	-	--	--			--	
		- Payble towards Interest								
		- Krishna Kumar Karwa	59,177	-						

* 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, 2013

- 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 ₹ NIL (P.Y. ₹ 350,000/-) represents commission to independent directors of three subsidiary companies.
- 22.** Figures in brackets indicates previous years figures.
- 23.** Figures of previous year have been regrouped, recasted and rearranged wherever necessary to make them comparable with the figure of th current year.
- 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

Date : 18th May, 2013

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

G.P.GUPTA
Chairman

S.K.SABOO
Director

Place: Mumbai

Date : 18th May, 2013

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)

S.No.	Particulars	Emkay Fincap Limited	Emkay Commotrade Limited	Emkay Insurance Brokers Limited	Emkay Investment Managers Limited
1	Capital	220,000,000	60,000,000	40,000,000	25,000,000
2	Reserves & P&L Balance- Cr/(Dr)	86,064,196	(2,677,830)	(35,499,262)	9,145,809
3	Total Assets	398,804,636	448,108,665	8,449,575	37,230,588
4	Total Liabilities	398,804,636	448,108,665	8,449,575	37,230,588
5	Investments	-	-	-	10,416,620
6	Gross Income	58,777,493	129,417,911	13,334,084	17,306,464
7	Profit/(Loss) Before Taxation	(28,122,871)	(51,753,706)	(2,749,813)	1,562,895
8	Provision for Taxation (Current Year & Earlier Years)	4,952,741	66,498	-	481,406
9	Deferred Tax Charge / (Benefit)	(14,196,113)	(13,093,300)	9,809,087	(116,800)
10	Profit/(Loss) After Taxation	(18,879,499)	(38,726,904)	(12,558,900)	1,198,289
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

Place : Mumbai
Date : 18th May, 2013

Emkay[®]

Your success is our success

Emkay Global Financial Services Limited

The Ruby, 7th Floor, Senapati Bapat Marg, Dadar (W), Mumbai - 400 028

Tel: +91 22 6612 1212; Fax: +91 22 6612 1299

www.emkayglobal.com

EMKAY GLOBAL FINANCIAL SERVICES LIMITED



Your success is our success

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

ATTENDANCE SLIP

I hereby record my presence at the 19th Annual General Meeting of the Company held on Monday, the 5th August, 2013 at 4.00 p.m. at "Suryodaya Banquets" (M. C. Ghia Hall), Bhogilal Hargovindas Building, 4th Floor, 18/20, K. Dubash Marg, next to Copper Chimney Grill, Mumbai – 400 001.

Name of the Shareholder(s) : _____

Name of the Proxy : _____

Folio No./Client ID No. : _____ DP ID No. _____

Signature of Member/Proxy : _____

NOTE:

- Please complete this attendance slip and hand it over at the entrance of the meeting hall.
- No Duplicate Attendance Slip will be issued at the Meeting Hall.
- You are requested to bring your copy of the Notice of AGM to the meeting.
- Photo Copy of the Attendance Slip will not be accepted.

EMKAY GLOBAL FINANCIAL SERVICES LIMITED



Your success is our success

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

PROXY FORM

I/We _____ being a Member/ Members of the Emkay Global Financial Services Limited under Folio No./Client ID No. _____ do hereby appoint Mr. / Ms. _____ of _____ (place) failing him/her Mr. / Ms. _____ of _____ (place) as my / our proxy to vote for me / us and on my / our behalf at the 19th Annual General Meeting of the Company to be held on Monday, the 5th August, 2013 or at any adjournment (s) thereof.

Signed this _____ day of _____ 2013

Affix Revenue Stamp of ₹ 1/- Signature
--

Note: The Proxy Form in order to be valid shall be returned so as to reach the Registered Office of the Company not less than 48 hours before the time of holding the aforesaid Meeting.


FORM - A

Format of covering letter of the Annual Audit report to be filed with the Stock Exchanges

1	Name of the Company	Emkay Global Financial Services Limited
2	Annual Financial Statements for the Year ended	31 st March, 2013
3	Type of Audit observation	<p><u>Matter of Emphasis:</u></p> <p>We draw attention to Note No.6 to the financial statements which describe the uncertainty related to the outcome of the matter under appeal filed by the company against National Stock Exchange of India Limited on account of occurrence of a mistake while executing a sale order on Cash Segment resulting in loss of Rs 5194.04 lakhs. Our opinion is not qualified in respect of this matter.</p> <p>(The above emphasis is appearing in the Auditors Report)</p>
4	Frequency of observation	Whether appeared first time –Yes Repetitive –no/since how long period-N.A.

For and behalf of the Board of
Emkay Global Financial Services Limited

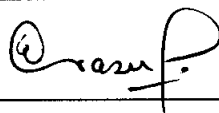
Prakash Kacholia
Managing Director



Krishna Kumar Karwa
Managing Director & CFO



G. C. Vasudeo
Chairman of the
Audit Committee



For B. L. Sarda & Associates
Chartered Accountants



B. L. Sarda
Partner m. no. 014568

