



Sketching the Rainbow

SIXTEENTH ANNUAL REPORT 2009-10

Emkay[®]

Your success is our success



Vibrant and shimmering, it paints the sky with hues merging and emerging at every blink of the eye. Everyone craves to catch a glimpse of the rainbow...we are building ours right here!

We are breaking through new horizons with a continued commitment to our goals. Focused on quality, we defy the chase for numbers. We have stayed devoted to strengthening our foundations, to base our aggressive growth plans on. Improving infrastructure and client servicing methodologies has been our focus. People have always been our most valued resource, and we have ensured a growth that takes them along all the way.

We used the tough times to our advantage by exploring and exploiting opportunities to create a space for ourselves. A space that has taught us to ideate. To think out of the box. These ideas have led us all through and the results are shining bright - as a rainbow in the sky.



The spectrum that composes the spectacle

Imagine a world without colors. A world where you can't figure a green from a red, or a yellow from a blue. Where you can't say if the glass carried water or juice. Survival in a black and white world is far tougher, than it is boring. We need the different shades for a meaningful existence. We need that spectrum of colors for the spectacle called 'rainbow'.

From an equity broker in 1995, to a financial services hub, we have taken care to add the right hues. We today offer the most comprehensive suite of financial services through the most proficient channels – a case in point that our mission statement is not just a convergence of words that adorn the office wall.

It is one thing to add a business to the company's bouquet of offerings, quite another to build it into a sustainable and revenue generating unit in the long run. We have been fastidious while adding hues to our rainbow. It has never been without enough thought, plan and strategy. The strategy is bearing fruit.

PRIVATE WEALTH MANAGEMENT

Systematically planning and executing financial strategies based on an in-depth understanding of client needs, their appetite for risk and the products that are available in the market forms the crux of our endeavor at Private Wealth Management. We understand that needs and goals vary across a spectrum and hence no two portfolios can be the same. Factors like cash flow requirements and risk appetite are closely evaluated to arrive at the best solution. We suggest investment across various asset classes such as equities, mutual funds, debt and others in varying proportions, depending on the client profile. This helps in optimizing returns and ensuring risk mitigation through diversification.

● Equities

Backed by the strongest institutional equities research in the country, we assist in adding wealth-creating equities to the client's portfolio. We strongly believe in the principle of value investing, which involves identifying under-valued stocks through in-depth qualitative and quantitative analysis. We help the client create a concentrated portfolio of select high-growth businesses with significant ownership in each of them.

Emkay's average daily turnover in broking is up 13.44% in financial year 2009-10 to ₹ 954 crore.

● Commodities

We believe that India has the potential to become a major commodity hub. For us, commodity trading was offered to provide a wider canvas to our clients in the process of creating wealth for them. We offer commodity futures trading through Emkay Commotrade Limited (ECL), our wholly owned subsidiary. We have membership with the major commodity exchanges of the country; Multi Commodity Exchange of India Limited (MCX), National Commodity and Derivatives Exchange Limited (NCDEX) and National Spot Exchange Limited (NSE). We offer commodity trading in all commodities on these exchanges.

We have steadily been increasing the commodity team at our branches so as to have dedicated and experienced people for advisory and trading. We provide our clients with real time information on commodity markets to help them mitigate risks and make an informed decision.

Our commodity broking revenues for the financial year 2009-10 are recorded at ₹ 637 lac – an increase of 9.45% over the past year.

● Mutual Fund and IPO Distribution

Mutual funds offer an investment opportunity which can be either diversified in nature or specific in category with risk skewed towards debt or equity in varying proportions. Mutual funds cater to the specific requirements of the investor, be it institutional or individual. Several factors need to be taken into account when choosing an instrument for investment – primary among these being safety, liquidity and return related to the risk undertaken. Also the investors are spoilt for choice today, with a wide range of options available – equity, debt, money market, commodities or even global equities.

At Emkay, our clients get comprehensive online/offline mutual fund services with exhaustive, insightful reports and regular review & rebalancing of their Mutual Fund Portfolio. EMPOWER – an offering from our stable seeks to create, monitor and manage mutual fund portfolios, with an aim to deliver superior wealth creation by way of long term compounding effect. We also offer a transparent and robust tool – Emkay Global Daily Fund Watch, to evaluate the performance of the mutual fund universe in the Indian market space. This daily research paper is very popular with our patrons. It enables investors to pick the suitable fund, given his goals.

IPO Advisory is based on the in-house views on the IPO which is based on strong views from the research team.

● Depository

We are one of the leading Depository Participants (DP) of CDSL. Our Demat and Back office services across the country are quick, reliable and efficient. We offer both depository and trading accounts in a single service format wherein both the accounts are linked. A spread of 350+ branches and franchisees enables us to reach out to our customers and service them proficiently. Our DP operations are run by people who are specially trained by CDSL for the purpose.

We had 75,200 DP accounts as on 31st March, 2010 and the revenue for the year stood at ₹ 126 lac.

● Insurance

There are numerous reasons for getting insured. It could be for unforeseen events, for future goals, retirement or as an inflation shield. The market is flooded with numerous products which leads to confusion. Emkay Insurance Brokers Limited (EIBL), our 100% owned subsidiary was incorporated in March 2007 as a Direct Insurance Broker as per IRDA Regulations, to make the most of the under-penetrated insurance market.

At Emkay, we help clients choose the right solution, thereby offering them safety and security through Insurance. We provide a wide array of life & general insurance cover plans to meet the client's requirements:

- Protection & savings
- Retirement & wealth creation
- Triple objectives of risk coverage, investment and tax planning

Insurance distribution income registered at ₹ 101 lac in 2009-10.

● Structured Products

Structured products are synthetic investment instruments based on derivatives. The underlying for the derivative could be a single security, basket of securities, indices, currencies and/or commodities. We enable access to these structured products, as they can be used as an alternate to directly investing in the underlying instrument. Also, they help in taking directional call on the underlying asset's movement. Emkay's open architecture provides access to best-in-class structured products.

● Debt and Fixed Income Instruments Advisory

Capital protection and regular income are the most vital aspects of any investment portfolio. Hence we provide products that are safe and add value to the client's portfolio.

- Fixed Deposits, Debentures and Bonds from accredited corporations
- Recommended products with a strong positive rating given by Credit Rating Agencies

PORTFOLIO MANAGEMENT SERVICES

A SEBI registered portfolio manager since 2003, Emkay believes that portfolio management is an amalgam of an idea, passion and conviction. It is the confluence of expertise, experience and discipline. The PMS team aims to deliver superior wealth creation by way of long term compounding effect, with investments in good businesses run by great business managers. The philosophy of the group is to develop a customized portfolio by analyzing the client's needs and goals. We understand that global market conditions change, hence the team works at optimizing returns by risk mitigation through a diversified portfolio.

Essential ideas that serve as the foundation:

- Focus on the long term
- View investments as conferring proportionate ownership of the business
- Maintain a balanced outlook on the market
- Emphasis on price to value rather than value to price

EMKAY GLOBAL PMS PERFORMANCE AS ON 31ST MARCH, 2010

Period	Emkay PMS Returns	Avg of top 5 Mutual Fund Returns*	Sensex	Nifty (S&P CNX 500)	Benchmark
FY 07-08	51.79%	24.12%	25.60%	30.29%	21.62%
FY 08-09	-26.04%	-34.18%	-37.87%	-36.26%	-40.02%
FY 09-10	126.34%	97.89%	77.01%	71.53%	85.50%

*Top 5 diversified funds by highest current AUM considered (Reliance Growth, HDFC Top 200, HDFC Equity, Reliance Vision, Magnum Contra)
Assets Under Management under Portfolio Management Services increased to ₹ 17,243 lac in 2009-10.

INSTITUTIONAL EQUITIES

We have demonstrated capabilities in the Institutional Equities space and have proven worthy of our clients trust since inception. We cater to a wide clientele, comprising leading domestic and international institutional investors, pension funds, hedge funds, mutual funds, insurance companies, and banks. We value our relationships and have, over the years, actively hosted management meets, con-calls, conferences and company visits for companies under our coverage.

We have a dynamic equity research team. With 257 stocks under coverage, your Company has one of the strongest research bases in India. We have consistently been ranked by Asia Money for the quality of the research in the mid segment companies. We have also been ranked amongst the top 10 accredited brokers in India in the category of Earnings Estimates for Sensex Companies at the LIPPER STARMINE AWARDS 2009, organized

by Thomson Reuters. We organized 63 roadshows including a conference during the year, which resulted in several noteworthy empanelment.

INVESTMENT BANKING

Our Investment Banking business prides itself in a stellar team that meticulously focuses on the client's needs than on individual financial transactions. We offer services like advising on capital structuring, raising equity, cross border acquisition, venture funding, mergers & acquisitions, IPOs etc. We tailor make structures and execute diverse and innovative public and private transactions for corporates to raise capital for their current and future expansion plans.

During 2009-10 our Investment Banking team managed 7 transactions, including the QIP of equity shares of Jubilant Organosys. Income increased to ₹ 1,380 lac, from ₹ 100 lac in 2008-09.

A boutique financial services house, our endeavor has been to build portfolios that have a spectrum of the right colors, to make a perfect rainbow.

IN A NUTSHELL

Our income for the year increased 26.30% to ₹ 12,581 lac

At ₹ 940 lac, our PAT increased 386%

The average daily turnover in broking is up 13.44% in FY10 to ₹ 954 crore

Our PMS returns at 126.34% outperformed the Sensex at 77.01%

Our income from investment banking has increased from ₹ 100 lac to ₹ 1,380 lac

Our Equity Research team has 257 stocks under coverage and counting

We released 31 industry reports during the year and we remain committed to use our strengths to paint a better tomorrow; as for a rainbow, sky is the canvas



The droplets behind the magnificence

The most magnificent light show on earth – the rainbow, would fail to eventuate, if not for the tiny droplets in the sky. They refract the sunlight to lay the beautiful hues as we see them. Our people are the droplets that are refracting to paint our rainbow.

At Emkay, our people enjoy a team based, informal and performance-driven culture and we pride ourselves in being a great place to work. From a 201 people team in 2006 to a 719 people team in 2010, we have only grown from strength to strength. There are numerous reasons which make us a preferred employer. We have built a culture of feedback and development. Our employee engagement programmes help us align our strategies and plans, focus on personal development of our people and link rewards to accomplishment and innovation. Our practice of promoting from within the organization and encouragement to cross-functional assignments provides our employees the opportunity to grow and enrich their careers. We understand that in pursuit of growth, a company derives enormous value from its human capital, besides its brand and market share.

Development of this human capital, both professionally and personally is a continuous exercise that we are dedicated to in our endeavor to foster a performance driven culture. Hence, we embark on robust training and development initiatives.

During the year 2009-10, we undertook the following training programmes:

- **Management Development Programme:** An outbound training for various department heads and the institutional desk on leadership & team building for three days was organized at Karjat near Mumbai. This exercise helped the team hone their managerial and leadership qualities and furthered inter departmental synchronization.

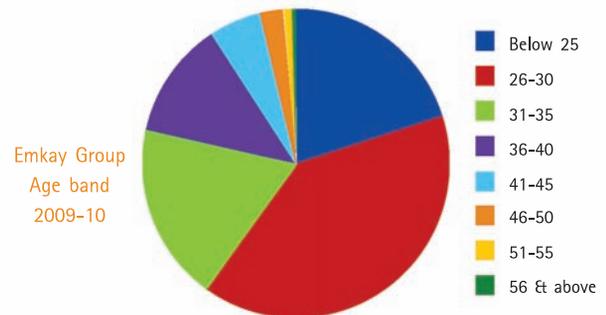
- **Volatility Forecasting Workshop:** This training, in a classroom setup, was arranged for the institutional desk. Given that the markets are highly unpredictable, this helped the dealers keep abreast with current market trends and thereby enabled them to give timely and sound advice to their clients.

- **Client Relationship Management:** Delighting the customer has been our aim at Emkay and we wish to leave no stone unturned towards ensuring this. The CRM workshop was just another effort in this direction. This workshop focused on business etiquette and mannerism during client interactions.

- **Advanced Excel and Communication Skills:** These programmes were crowd pullers as they were fun filled and provided the employees an edge to perform their activities more efficiently.

- **Stress Management Workshop:** We understand that stress hampers productive thinking and in the long term leads to development of various psychosomatic disorders. Hence, a training in Sahaj Yoga was imparted to all employees. When religiously incorporated in our daily lives, this technique of yoga eliminates stress and inducts fresh energy and vigour in the body.

- **Induction Programme: 'Shubharamh':** A testimony to its name, our induction programme conquers inhibitions, breaks the ice and fosters a bond amongst employees from various factions of the Company. The programme is designed to provide an overview of the organization to the new members of the family through interactions with the key management team. It is an open forum that encourages participation from all inductees, thereby building a sense of oneness and cultivating team-spirit.



*Emkay has been turning younger everyday.
40% of our employees are between 26-30 years of age.*

EMPLOYEE ENGAGEMENT ACTIVITIES

We believe in making work an enjoyable experience by providing the right balance between work and fun. During the year we organized numerous events around Independence Day, Diwali, Christmas and Corporate Social Responsibility (CSR), amongst others. It was difficult to miss the entire workplace blossoming with hues of the tricolor on 15th August. Diwali was celebrated with much fanfare. The passion was visible, as employees exhibited their talent at 'Emkay's Got Talent' on the eve of Diwali celebrations. There was vast participation and the event turned out to be a major success, enchanting one and all.

The ultimate aim of each of these events was to promote employee bonding and a sense of belonging and pride in working for the organization. In order to prepare the Company for the next phase of growth, we will continue to focus on acquiring key talent, aligned to the requirements of the business, from diverse industries, to bring in fresh flow of ideas and to augment the skill-set.

FOR A GREENER PLANET: An in-house, paperless appraisal system was introduced, enabling employees to complete the entire process of self appraisal and review, online. It helped prevent unnecessary printing and re-printing, while making the process smoother and faster. Also, in order to avoid wastage of paper during inter-departmental movement of documents, reusable envelopes were designed. These eliminated the need for a fresh envelope, every time the documents had to change hands. We remain committed to exploring and implementing further such programmes at Emkay, that would enable us to build a greener tomorrow.



Leading you to the pot of gold!

Have you noticed that the most beautiful rainbow is the one that follows the perfect arc? It takes an arc to lay the spectrum of colors in a manner that is entrancing. It takes an arc to give these colors an edge above others.

Our research gives us that edge.

Emkay Research focuses on 'idea generation'. We provide an in-depth analysis that is timely and valuable to clients. By incorporating our equity research services into their operations, clients can take advantage of our ability to cover multiple industry sectors and stocks.

Emkay Research

MNC Pharma Sector

GLOBAL LOCAL

- Why MNCs are shifting focus to India?
- What are they doing to strengthen their R&D?
- How are investors likely to benefit?
- The Pick - GlaxoSmithKline Pharma

Stock	Company	CapEx (Rs)	TT (Rs)
BYE	Novartis Pharma	750	200
BYE	Roche Ltd	10	50

May 2008
 Money Bags
 Research Analysts
 Anand Kulkarni
 Anand Kulkarni
 Anand Kulkarni
 Anand Kulkarni
 Anand Kulkarni

Emkay Research

Generic Pharma Sector

Differentiating the best from the rest

- Research predicts to become a USD100b market by 2012
- Varied growth triggers for different geographies
- Our generic manufacturers compete on their ability to become global generic players
- Lipini, DFL and Cadila are our top picks

Stock	Company	CapEx (Rs)	TT (Rs)
BYE	Lipini Pharmaceuticals Ltd	100	100
BYE	Dr Reddy's Laboratories Ltd	100	100
BYE	Lipini Ltd	100	100
BYE	Dr Reddy's Laboratories Ltd	100	100
BYE	Dr Reddy's Laboratories Ltd	100	100
BYE	Dr Reddy's Laboratories Ltd	100	100

March 2010
 Money Bags
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 Anand Kulkarni
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Emkay Research

Auto Sector

Fog ahead - Take a safe route

- CY 08 marred by indiscriminate events
- Excess debt will back, higher interest rates, uncertain norms, competition
- Stock performance - linked to volumes as well as margins
- Our preference - best impacted companies - BAL, HCL, MAR

Stock	Company	CapEx (Rs)	TT (Rs)
BYE	Adient Ltd	10	10
BYE	Adient Ltd	10	10
BYE	Adient Ltd	10	10
BYE	Adient Ltd	10	10
BYE	Adient Ltd	10	10
BYE	Adient Ltd	10	10

February 2008
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 Anand Kulkarni
 Anand Kulkarni
 Anand Kulkarni

All these years we have been recognized for our insightful research into the mid cap segment. We are now geared to change this perception. Our research team currently covers 79 BSE 200 stocks and 132 BSE 500 companies. We also already cover 31 Nifty stocks, including some niche companies. Another 14 companies are expected to be on our canvas in the next financial year, enabling us cover nearly 90% of the Nifty stocks.

While adding stocks to the research basket remains our commitment, our focus to continuously improve the quality of our coverage remains steadfast as ever. We are dyed-in-the-wool to enhance processes at all levels in research.

We pride ourselves in the short turnaround time we take to respond to client queries. Even very complex queries, which require extensive collation of data, are resolved in a day's time.

We organized more than 60 roadshows last year which helped us to reinforce existing relationships and acquire new clients within the country and beyond. With a slowdown in the western countries, Asia Pac is emerging as a preferred investment destination, with India and China leading the pack. We are geared to hand-hold foreign clients in their investment plans for India. We are servicing

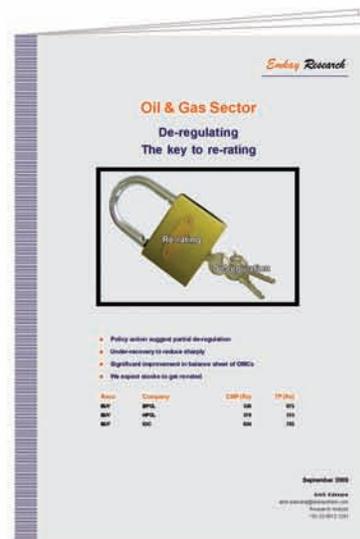
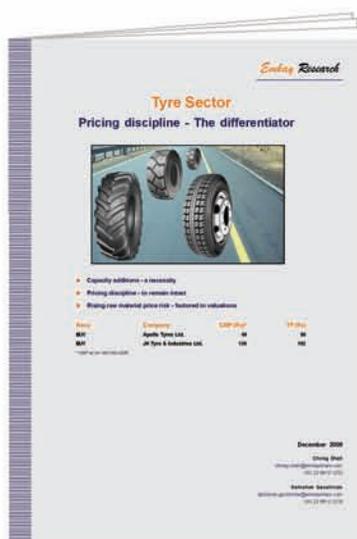
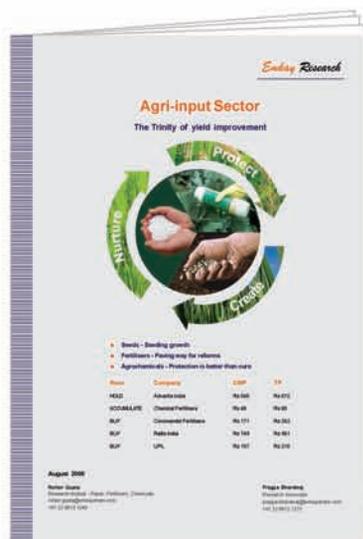
several clients in the US and are working towards doubling this number in the coming future.

We offer a full suite of equity research services including:

- Initiating coverage: company/theme
- Updates
- Morning meetings
- Regular updates
- Annual report analysis
- Event based analysis
- Extraordinary events
- Economy report
- Strategy report
- Management visit notes
- Analyst meet summary

A highly skilled and experienced talent pool makes this possible for us. Our current team-size is 24 and we intend to take this number to 37 in the next one year. All sectors will have three layers of expertise: lead analyst, analyst and an associate. Some large sectors may even boast a four member team.

As on today we have 257 stocks under coverage and counting. Asia Money has consistently rated our research as one of the best in the industry. We released 31 industry reports during the year and we remain committed to use our strengths to paint a better tomorrow. We are sketching a vibrant rainbow for you, to help you find your pot of gold!





Mr. Prakash Kacholia

Mr. Krishna Kumar Karwa

Dear Shareholders,

We thought that this year we will use this opportunity to address specific questions that have been posed to us at various forums during the year.

How was the last financial year for the world economy and India? What is the future perspective?

Krishna Kumar: At the dawn of the financial year 2009-10, there was a great deal of uncertainty. Events, however, turned out to be better than expected. While the global economies are on the mend, growth pockets are generally within the emerging economies as the developed nations continue to thrive on the Government stimulus packages than on domestic consumption driven demand. Accordingly, the world GDP which was -2.1% in 2009 is projected by the World Bank to grow by 3.3% in 2010 driven mostly by China, India and other Asian economies.

Prakash: At a GDP forecast of 8.4% for 2010-11, India still is the fastest growing economy in the world after China due to favorable factors such as strong demographics and largely underpenetrated market especially for financial products. We also believe that the Government has taken several positive steps to cut the fiscal deficit like the oil price deregulation.

What were the main challenges faced by the markets?

Krishna Kumar: The economic crisis in Europe may derail the recovery rate. While in the United States, the crisis might be contained within the financial and housing sectors alone, in Europe, the close connections between banks and industry almost assure a broad and deep spread of the contagion. We believe this will lead to heightened volatility even in the Indian markets because as the world is shrinking, no country can be completely insulated from the global unrest.

Prakash: Sustainability of the earnings momentum of corporates is another challenge. We will have to observe the returns that corporates will be able to generate considering that the cost of raw materials are expected to go up. Also, the Government is expected to hike interest rates to curb the spiraling inflation rates. This will increase the cost of borrowings, impacting profitability.

How did Emkay fare in 2009-10, given that it was a challenging year for the financial markets, with a global economic downturn?

Prakash: For Emkay too, the turnaround in 2009-10 was better than expected given the market scenario. Our numbers speak for this fact. Our consolidated annual income at ₹ 12,581 lac,

is up 26.30% yoy. Our consolidated PBT and PAT at ₹ 1,501 lac and ₹ 940 lac, is up 448% yoy and 386% yoy respectively. Our consolidated EBIDTA margin for the year was 17.39% as compared to 5.38% in the previous year.

Krishna Kumar: This has been possible because we have delivered on all the fronts that we had promised. We continued working on our operational efficiencies while evaluating the performance of the branches and franchisees to consider their viability. We enhanced our presence in the private wealth management space. We will focus on serious investors (investment of ₹ 25 lac and above) than just trying to enroll clients who end up being inactive players. Emkay has consistently strengthened its team in a fiercely talent-led business. We built a strong team during the downturn even in divisions which were badly impacted, such as investment banking, which has now yielded spectacular results.

What were the key developments during the year?

Krishna Kumar: Emkay is amongst a handful of Indian financial services companies that offer complete investments solutions. From equity to commodities, financial advisory to investment banking, mutual funds to PMS, insurance broking to IPOs, we have tried to offer the most comprehensive avenues for investment. And we have been successful too.

Our increased focus on private wealth management generated the desired results. The assets under management (PMS) have increased from ₹ 3,163 lac to ₹ 17,243 lac. Emkay's PMS returns at 126.34% have outperformed the Sensex at 77.01%.

Prakash: Emkay's average daily turnover in broking is up 13.44% in 2010 to ₹ 954 crore. The strength of Emkay's Research team is one of the key factors responsible for this. We now have 257 stocks under coverage. We also released 31 industry reports during the year. And the star this year has been the investment banking team which managed seven transactions generating an income of ₹ 1,380 lac, against ₹ 100 lac in 2009.

**Your business is largely people driven.
How do you de-risk the same?**

Krishna Kumar: We realize that we are in a people intensive business. While most companies were busy managing their balance sheets, we used the downturn to invest in the right infrastructure and technology to harness the team capabilities optimally. The biggest accomplishment is the set up of online appraisal system which brings more transparency in the system and rewards talented employees.

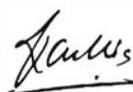
Prakash: I would like to highlight that all our new senior level recruitments are from organizations that are larger in size than us. This is a case in point that Emkay is emerging as a preferred employer for India's best talent in the financial space.

What can we look forward to in the future?

Krishna Kumar: Our single-minded focus continues to be on delivering higher returns to our clients by offering customized solutions depending upon their individual needs. At Emkay we believe in inclusive growth and are in for a long haul. We are cautiously optimistic. We have a great business model and the right talent to take Emkay to the next level while keeping in mind the ground realities.

Prakash: Yes, that's why the moment we returned to profitability, we declared a dividend of ₹ 1 per share, subject to approval of our shareholders. This is our way of thanking them for the support and trust they have reposed in their Company, which has enabled us to achieve this growth. We are confident that this will continue and we will in turn persist on our growth trajectory in the future.

Yours sincerely,



Prakash Kacholia
Managing Director



Krishna Kumar Karwa
Managing Director and CFO

Financial Snapshot*

(Rupees in lac)

Particulars	2009-10	2008-09	2007-08
Total Income	12,581.35	9,961.18	13,958.39
EBIDTA	2,188.80	536.82	4,794.14
Depreciation	472.87	642.07	505.55
Interest	215.22	325.70	379.29
Profit Before Tax	1,500.71	(430.95)	3,909.30
Profit After Tax	939.97	(328.44)	2,597.34
Equity Dividend %	10.00%	-	17.50%
Gross Block	2,985.14	2,836.63	2,407.70
Net Block	790.75	1,077.54	1,190.44
Capital WIP	14.86	-	206.67
Investments	1,552.87	925.58	421.70
Working Capital	12,782.76	12,851.48	13,799.20
Cash & Bank Balance	14,256.26	13,108.05	15,066.66
Total Debts	1,853.75	2,070.02	2,120.90
Share Capital	2,432.08	2,427.83	2,426.58
Reserves & Surplus	11,488.93	10,827.11	11,154.30
Net Worth	13,921.01	13,254.94	13,580.88
Earnings Per Share (Basic in ₹)	3.87	(1.35)	10.70

* Consolidated

Corporate Information

BOARD OF DIRECTORS

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

COMPANY SECRETARY & COMPLIANCE OFFICER

Manish Jain

STATUTORY AUDITORS

B. L. Sarda & Associates, Chartered Accountants

BANKERS

HDFC Bank Limited • Citibank N A • Bank of India
AXIS Bank Limited • Punjab National Bank
ICICI Bank Limited • The Hongkong & Shanghai Banking Corporation Limited
State Bank of India • Corporation Bank • Kotak Mahindra Bank
Union Bank of India • BNP Paribas Bank • Indusind Bank Limited

REGISTERED OFFICE

4D, 4th Floor, Hamam House, Ambalal Doshi Marg,
Fort, Mumbai – 400 023

CORPORATE OFFICE

Building "C", Ground Floor, Paragon Centre,
Pandurang Budhkar Marg, Worli, Mumbai – 400 013

REGISTRAR & TRANSFER AGENTS

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

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Directors' Report

Dear Members,

The Directors have pleasure in presenting the Sixteenth Annual Report of your Company and the Audited Accounts for the year ended on 31st March, 2010.

1. FINANCIAL RESULTS

An overview of the financial performance of your Company along with its subsidiaries for the year 2009-10 is as under:

(₹ in lac)

Name of the Company	Revenues	Profit/(Loss) before Interest, Depreciation and Tax	Profit/(Loss) after Tax
Emkay Global Financial Services Ltd	11,556.36	1,964.19	839.61
Emkay Fincap Limited	417.10	169.38	120.23
Emkay Commotrade Limited	636.91	156.56	97.10
Emkay Insurance Brokers Limited	101.05	(163.13)	(116.98)
Aggregate	12,711.42	2,127.00	939.96

An overview of the standalone financial performance of your Company for the year 2009-10 is as under:

(₹ in lac)

Particulars	31.03.2010	31.03.2009
Total Income	11,556.36	9,109.61
Profit before Interest, Depreciation and Tax	1,964.19	90.18
Depreciation and Amortization	463.30	626.91
Interest	151.64	308.10
Profit/(Loss) before Taxation	1,349.25	(844.83)
Provision for Taxation		
-Current Tax	600.00	93.00
-Deferred Tax Charges/(Benefit)	(91.76)	(372.11)

Particulars	31.03.2010	31.03.2009
-Fringe Benefit Tax	-	33.14
-(Excess)/Short Provision for Taxation of earlier years	1.40	(3.30)
Profit/(Loss) after Taxation	839.61	(595.56)
Add: Balance brought forward	1,731.30	2,326.86
Amount available for appropriations	2,570.91	1,731.30
Appropriations		
-Proposed Dividend	243.21	-
-Provision for Tax on Dividend	40.39	-
-Transfer to General Reserves	80.00	-
Balance carried forward	2,207.31	1,731.30

2. DIVIDEND

Your Directors are pleased to recommend a dividend of Re. 1 per equity share. This dividend is subject to approval of the members at the forthcoming 16th Annual General Meeting.

3. TRANSFER TO RESERVES

Your Company proposed to transfer an amount of ₹ 80 lac to the General Reserve out of the amount available for appropriation. An amount of ₹ 2,207.31 lac is proposed to be retained in the Profit & Loss Account.

4. REVIEW OF OPERATIONS

The market environment in the financial year 2009 was challenging and began in the midst of great uncertainty with regard to the likely impact of the global financial crisis which had erupted in the second half of 2008. The various stimulus measures which were introduced by the Indian Government towards the end of 2008 played an important role in maintaining liquidity in the financial system thereby restraining the spill over impact on the Indian economy. Recovery signs made themselves felt in the second half of the financial year 2009. Emerging markets in general and India in particular, are leading the way on the road to recovery, with strong growth rates based on robust economic fundamentals.

Your Company's ability to neutralize cost increase, enhanced risk management system and improved margins, together with revival of financial markets particularly in India helped in increasing the profitability. During the year under review, your Company recorded a total income of ₹ 11,556.36 lac as compared to ₹ 9,109.61 lac in the previous financial year, up by 26.86 %. The Net Profit for the same period stands at ₹ 839.61 lac as against a Net Loss of ₹ 595.56 lac.

5. MEMBERSHIP OF CURRENCY DERIVATIVE SEGMENT OF MCX STOCK EXCHANGE LIMITED

During the year under review, your Company had applied for the membership of Currency Derivative segment of MCX Stock Exchange Limited and acquired the membership on 29th October, 2009.

6. MANAGEMENT'S DISCUSSION AND ANALYSIS

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

7. ALTERATION OF MAIN OBJECT CLAUSE OF THE COMPANY

During the year under review, your Company has altered its main object clause of the Memorandum of Association to carry out the business of Investment Banking with the view to diversify its business activities in new areas of operation in addition to existing business activities. Your Company had sought your approval through postal ballot and has received the Certificate of Registration of the Special Resolution, confirming Alteration of Object Clause from the Registrar of Companies, Mumbai on 12th January, 2010.

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. SUBSIDIARIES

Emkay Commotrade Limited (ECL) – a 100% subsidiary

Emkay Commotrade Limited offers commodity futures trading to

its clients. It is the member of three major commodity exchanges viz. Multi Commodity Exchange of India Limited (MCX), National Commodity and Derivates Exchange Limited (NCDEX) and National Spot Exchange Limited (NSEL). ECL has a networth of ₹ 895.35 lac as on 31st March, 2010.

Emkay Fincap Limited (EFL) – a 100% subsidiary

Emkay Fincap Limited is a RBI registered Non Deposit taking NBFC Company. EFL has a networth of ₹ 3318.14 lac as on 31st March, 2010.

Emkay Insurance Brokers Limited (EIBL) – a 100% subsidiary

Emkay Insurance Brokers Limited is registered with the Insurance Regulatory and Development Authority (IRDA) as a Direct Insurance Broker and focuses on life and non-life businesses. EIBL has a networth of ₹ 109.49 lac as on 31st March, 2010 and has increased its Authorised Capital from ₹ 200 lac to ₹ 500 lac. Your Company has subscribed to 1,000,000, 9% Optionally Convertible Redeemable Preference Shares of the face value of ₹ 10 each and 1,000,000 Equity Shares of ₹ 10 each issued by EIBL. The paid-up capital of EIBL is now ₹ 400 lac.

Your Company has obtained exemption from the Ministry of Corporate Affairs, Government of India, New Delhi, under Section 212(8) of the Companies Act, 1956, from annexing to this report, the Annual Reports of the above subsidiary companies viz. Emkay Commotrade Limited, Emkay Fincap Limited and Emkay Insurance Brokers Limited for the year ended on 31st March, 2010. The Consolidated Financial Statements presented by your Company include the financial results of its subsidiary companies.

Your Company will make available the annual accounts of its 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.

Pursuant to approval granted under Section 212(8), the Statement containing financial information of the aforesaid subsidiaries is included in the Consolidated Accounts forming part of the Annual Report.

10. INCORPORATION OF WHOLLY-OWNED SUBSIDIARY COMPANY

Your Company has proposed to float a wholly-owned subsidiary in the name of 'Emkay Investment Managers Limited' to carry on the business of Portfolio Management Services (PMS)/Wealth Management Services (WMS). Further, your Company has proposed to transfer its PMS/WMS division to its proposed wholly-owned subsidiary i.e. Emkay Investment Managers Limited with a view that the new company will be able to serve its potential clients more effectively.

11. EMPLOYEE STOCK OPTION SCHEMES

With a view to remain a preferred employer, your Company has granted Stock Options under two schemes viz. ESOP 2005 & ESOP 2007 to the employees of the Company as well as that of the subsidiary companies.

(a) ESOP 2005

During the year 2006, your Company had granted 381,250 Options to the employees on 28th January, 2006 (each Option carrying entitlement for one share of the face value of ₹ 10 each) at an exercise price of ₹ 20 per option. These stock options shall vest on expiry of one year from the date of grant and can be exercised during a period of three years from the date of vesting.

During the Financial Year 2009-10, the Remuneration/ Compensation Committee allotted 39,750 equity shares to 28 employees under the ESOP 2005. These shares are listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.

Summary of ESOP 2005 as on 31st March, 2010:

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	1,41,000
Stock Options vested but not exercised	53,000
Stock Options exercised	1,87,250
Outstanding Stock Options	53,000

(b) ESOP 2007

Your 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 repriced at ₹ 63 per Option. Further, your Company granted 244,000 Options on 19th June, 2009 and 207,500 Options on 24th July, 2009 to the employees under the said Scheme (each Option carrying entitlement for one share of the face value of ₹ 10 each) at an exercise price of ₹ 63 and ₹ 61 respectively per Option.

During the financial year 2009-10, the Remuneration/ Compensation Committee allotted 2,800 Equity Shares to four employees under the ESOP 2007. These shares are listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.

Summary of ESOP 2007 as on 31st March, 2010:

Total no. of Stock Options granted under the Scheme	24,26,575
Exercise Price:	
14,42,000 Options	₹ 63/- per Option
2,44,000 Options	₹ 63/- per Option
2,07,500 Options	₹ 61/- per Option
Exercise period	3 years
Total no. of Stock Options granted under the Scheme	18,93,500
Stock Options lapsed	3,15,500
Stock Options vested but not exercised	1,06,350
Stock Options exercised	11,300
Outstanding Stock Options	15,66,700

Further, the Remuneration/Compensation Committee allotted 45,500 equity shares to 39 employees under the ESOP 2005 and 30,900 equity shares to 16 employees under the ESOP 2007 on 4th May, 2010.

Consequent to the above allotments made under the aforesaid ESOP Schemes, the paid up equity capital of the Company has increased from ₹ 24,27,82,500/- (as on 1st April, 2009) to ₹ 24,39,72,000/- 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 (Employees Stock Option Scheme) Guide lines, 1999 are contained in Annexure A forming part of the Directors' Report.

Further, your Company granted 1,00,000 Stock Options on 4th May, 2010 to the Employee(s) under the said Scheme (each Option carrying entitlement for one share of the face value of ₹ 10 each) at an exercise price of ₹ 93 per Option.

12. DIRECTORS

At the 16th Annual General Meeting, Mr. R. K. Krishnamurthi and Mr. G. C. Vasudeo retire by rotation and being eligible, offer themselves for re-appointment.

The above re-appointments form part of the Notice of the forthcoming 16th Annual General Meeting and the respective resolutions are recommended for your approval.

Profiles of these Directors as required under Clause 49 of the Listing Agreement are given in the Notice of the 16th Annual General Meeting.

13. DIRECTORS' RESPONSIBILITY STATEMENT

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

- a) in the preparation of the annual accounts, the applicable accounting policies and accounting standards have been followed consistently and proper explanation relating to material departures, if any, has been made;
- b) appropriate accounting policies have been selected and applied consistently and that judgments and estimates made are

reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as on 31st March, 2010 and of its profit for the year ended on that date;

- c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;
- d) the annual accounts have been prepared on a going concern basis.

14. 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.

15. CORPORATE GOVERNANCE

Your Company adheres to the principles of Corporate Governance mandated by the Securities and Exchange Board of India and has implemented all the prescribed stipulations. As required by Clause 49 VI of the Listing Agreement, a detailed report on Corporate Governance forms part of this Annual Report. The Auditors' Certificate on compliance with corporate governance requirements by your Company is attached to the Corporate Governance Report.

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

16. PARTICULARS OF EMPLOYEES

In accordance with the provisions of Section 217(2A) read with the Companies (Particulars of Employees) Rules, 1975, the names and other particulars of employees are to be set out in the Directors' Report, as an addendum thereto. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956,

the Report and accounts as therein set out, are being sent to all members of your 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.

17. AUDITORS

Messrs B. L. Sarda & Associates, Chartered Accountants, retire as the Statutory Auditors of your 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 your 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 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 of the Board has recommended their re-appointment. The appointment is subject to approval of the Members at the forthcoming 16th Annual General Meeting.

18. ACKNOWLEDGEMENT

Your Directors would like to take this opportunity to express sincere gratitude to their customers, bankers and other business associates for 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

Mumbai
Friday, 28th May, 2010

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
1	Total number of Options under the plan	3,81,250	24,26,575
2	Options granted during the year	--	4,51,500
3	Exercise price and 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.
4	Options vested (during the year)	53,000	1,06,350
5	Options exercised (during the year)	59,000	11,300
6	The total number of shares arising as a result of exercise of Options during the year	39,750*	2,800*
7	Options lapsed (during the year)	5,500	2,39,000
8	Variation in terms of Options	--	--
9	Money realized by exercise of Options (during the year)	₹ 11,80,000	₹ 7,11,900
10	Total number of Options in force at the end of the year	53,000	15,66,700
11	Employee wise details of Options granted to		
	i. Senior management personnel during the year	--	Sandeep Sharma - 50,000 Rajesh Sharma - 25,000 Rahul Rege - 2,00,000
	ii. Employees holding 5% or more of the total number of Options granted during the year.	--	Sandeep Sharma - 50,000 Rajesh Sharma - 25,000 Rahul Rege - 2,00,000
	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 Earning Per Share (EPS) pursuant to issue of shares on exercise of Option calculated in accordance with ("Accounting Standard (AS) 20" Earning Per Share)	₹ 3.422	₹ 3.422

Sr. No.	Particulars	ESOP Scheme -2005	ESOP Scheme-2007	
13	Where your 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 recognized if it had used the fair value of the Options, shall be disclosed. The impact of this difference on profits and on EPS of your Company shall also be disclosed.	Compensation cost using the intrinsic value of the Stock Options is nil. However, had your Company followed the fair value method for accounting the Stock Options, compensation cost would have been ₹ 28,501/- with consequent lower profits. On account of the same, the basic and diluted Earnings Per Share would have been less by ₹ 0.001 per share and ₹ 0.001 per share respectively.	Compensation cost using the intrinsic value of the stock options is nil. However, had your Company followed the fair value method for accounting the Stock Options, compensation cost would have been ₹ 8,12,03,176/- with consequent lower profits. On account of the same, the basic and diluted Earnings Per Share would have been less by ₹ 3.342 per share and ₹ 3.309 per share respectively.	
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	A description of the method and significant assumptions used during the year to estimate the fair values of Options including the following weighted average information:		Grant Date	Grant Date
			19.06.2009	24.07.2009
	1. risk free interest rate	--	6.31% – 6.76%	6.19% – 6.75%
	2. expected life	--	4.29 – 6.29 years	4.19 – 6.19 years
	3. expected volatility	--	78.17%	77.54%
	4. expected dividend yield	--	1.40%	1.40%
	5. the price of the underlying shares in market at the time of option grant	--	₹ 63/-	₹ 62/-

* Balance 19,250 Options under ESOP-2005 and 8,500 Options under ESOP-2007 are allotted on 4th May, 2010.

ANNEXURE "B" FORMING PART OF THE DIRECTORS' REPORT

Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

- a) **Energy Conservation:** Since the Company is engaged in financial services, it does not consume substantial energy. However, as a responsible organization, the Company has adopted various environment friendly measures in order to conserve energy. The same are as follows:
1. Installation of capacitors to save power.
 2. Installation of power saving TFT monitors.
 3. Enabled automatic power off modes on idle monitors.
 4. Installation of blade servers in Data Centre which consume optimum power and space.
 5. Minimal air-conditioning usage.
 6. Fixed time schedules (timers enabled) for operating air-conditioners
 7. Shutting off electronic devices when not in use.
 8. Installation of power saving electrical equipments like CFL.
 9. Preventive maintenance of all electrical equipments for better efficiency and power consumption.
 10. Educating employees on ways to conserve electricity and other natural resources and a strict adherence to the same is ensured.
- b) **Technology Absorption:** It is the policy of your Company to keep abreast of all the technological advancements in its field of operation and particularly so in the field of Information Technology. The Management places immense importance on careful analysis and absorption of the latest technology as well as on the development of technologies that abet the achievement of business goals and improve its performance in the long run.
- c) **Details of Foreign Exchange Earnings and Outgo**
- i) The foreign exchange inflows were ₹ 371,405/-
 - ii) The foreign exchange outflows were ₹ 3,716,775/-

Management Discussion And Analysis

ECONOMIC OVERVIEW

Multi-speed revival was the buzzword for 2009-10 – slow growth in OECD (Organisation for Economic Cooperation and Development) countries and high growth in India and China. There was a distinct turnaround in the economic climate in India in 2009-10, post a challenging 2008-09. The economy has grown by 7.4% in 2009-10, an impressive growth by global standards. India is expected to exceed International Monetary Fund's projected Gross Domestic Product (GDP) growth rate of 8.4% in 2010-11, according to Union Finance Minister, Mr Pranab Mukherjee.

One of the key drivers of the recent rally in Indian stocks, Foreign Institutional Investors (FIIs) have pumped in nearly ₹ 41,827 crore into the Indian markets between April 1, 2009 and March 31, 2010, according to the data released by the Securities and Exchange Board of India (SEBI). Heavy inflows from FIIs also propelled the Rupee to a 19-month high against the US Dollar on April 5, 2010. It is clear now that recovery is firmly taking root though inflation remains a cause for worry. Exports are up quite sharply and industrial production has exhibited strong growth during the year. The Index of Industrial Production (IIP) for the financial year 2009-10, stood at 10.4% as against 2.8% in 2008-09.

All this bodes well for the Indian economy in general and the financial services in particular. Further, there exist strong growth drivers that will propel the economy and the industry in the coming years. These include rising per capita income, rapid urbanisation, strong domestic demand as well as a conducive political climate. The country's demographics too are extremely favourable with 70% of the population being below 35 years of age. Thus more participants are expected to enter the financial markets.

INDUSTRY OVERVIEW

The financial services space is a rapidly growing one in India. The Government has taken a number of steps in recent months to revive the economy, including slashing interest rates, lowering factory levies and more than doubling the limit on foreign investment in corporate bonds. According to the latest Central Statistical Organisation (CSO)

data, financial services, banking, insurance and real estate sectors rose by 7.8% in the third quarter of 2009-10.

As per the Securities and Exchange Board of India (SEBI), number of registered FIIs as on March 29, 2010 was 1,710 and the cumulative investments in equity since November 1992 to March 29, 2010, were USD 76.74 billion, while the cumulative investments in debt during the same period were USD 11.85 billion.

The average assets under management for the mutual fund industry stood at ₹ 747,33,862 lac as on March 31, 2010. Funds raised by the Indian corporate sector via ADRs/GDRs jumped over 33 times from around USD 101.72 million in 2008 to about USD 3.50 billion in 2009. In 2009, Indian companies had raised close to USD 7.18 billion by way of 45 QIP issuances.

Furthermore, with economic outlook on Indian as well as global markets being positive, PE funds are closing deals more speedily than last year. The Merger and Acquisition (M&A) activity has shown similar momentum, with domestic deals ruling the charts. PE funds closed 29 deals in January 2010 compared to only 16 during the same period last year. The value of such deals saw a significant jump of 303%, from USD 309 million in January 2009 to USD 1.24 billion in January 2010.

Also, a study by Project Finance International (PFI), a source of global project finance intelligence and a Thomson Reuters publication has ranked India on top in the global project finance (PF) market in 2009, ahead of Australia, Spain and the US. The study said the main market for PF in 2009 was the domestic Indian market, which raised USD 30 billion, accounting for 21.5% of the global PF market. This was up from USD 19 billion in 2008.

India's foreign exchange reserves increased by USD 27.1 billion during 2009-10 to reach USD 279.1 billion at the end of March 2010. This is mainly ascribed to higher capital inflows in the form of portfolio investments during the year 2009-10.

BUSINESS OVERVIEW

A journey that was embarked upon 20 years ago has led Emkay to grow into a ₹ 130 crore plus net worth company, with over 350 retail outlets

spread across the country. The Company holds membership of BSE, NSE, BSE Trading & Clearing Member (derivatives), CDSL (depository participant), BSE (debt markets) and NSE Trading & Clearing Member (derivatives).

Emkay has built its foundation around the philosophy, 'Your success is our success'. Every endeavour at Emkay is to ensure success - success of its clients, employees, partners, investors and of the society at large.

The Company has a presence across numerous financial verticals with a focus on building wealth for the client through asset allocation. Our Private Wealth Management business provides access to a bouquet of services to enable complete financial planning.

Equity

India's market capitalisation (m-cap) touched USD 1.04 trillion in June 2009 making it the ninth largest in the world. According to data from Bloomberg, India's market cap as a percentage of world market cap was 2.8% as on December 31, 2009.

Emkay caters to both institutional and retail clients and operates through its pan India branches and franchisees. The Company had a total of 65 branches and 284 franchisees as on 31st March 2010. Institutional revenue constituted 47.04% of the total revenue in the current year, up from 45.22% in FY08-09. Non-institutional revenue constituted 52.96% of the total revenue, against 54.78% in FY08-09.

The Company had several new empanelments during the year and the number of domestic institutional clients has gone up from 96 in 2008-09 to 122 in 2009-10.

Emkay offers traders and investors, the most advanced and extensive online trading facilities through 'EMTRADE', its online trading portal. Emtrade offers a convenient and easy to use platform to invest in equity and various other products. Buying and selling shares is just a click away. Apart from convenience, Emtrade also offers access to comprehensive research information, stock picks and mutual fund recommendations among other offerings. There are tailored services and trading strategies available to different types of customers: day traders, high-volume traders, derivatives traders and others.

The number of DP accounts has gone up from 66,600 to 75,200.

Research

Emkay's research team of 9 analysts and 11 associates cover over 255

stocks. The team released 31 industry reports during the year, organised 63 road shows and one conference.

Investment Banking

In 2009, there were 21 IPOs in India that raised USD 4.25 billion as compared to 36 IPOs in 2008 that raised USD 3.68 billion.

Emkay is a SEBI registered Category I Merchant Banker. At Emkay, income from Investment Banking stood at ₹ 1380 lac, as against ₹ 100 lac at the end of FY 09.

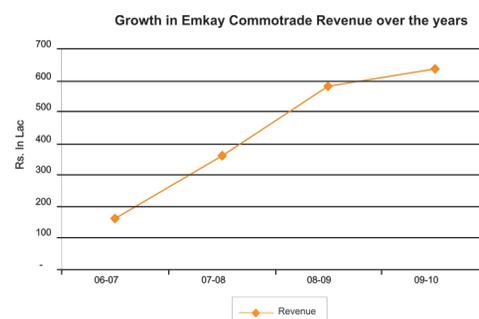
Portfolio Management & Distribution Services

The Company's PMS offering has been created specially to understand individual needs of clients who require customised and focused portfolios in sync with their risk-return profiles. Emkay's PMS has consistently outperformed the benchmark and helped in building wealth for its clients. The investment framework rests on a set of well established but flexible principles that draw on the concept of "economic" earning power and cash return on investment, as understood by the owner of a business. The investment value is assessed based on detailed and rational analysis of facts. Emkay's fee structure is transparent with no set up fee and entry loads.

The Company's distribution desk aims at strengthening the line of investment services offered. The offerings include IPOs, bonds, structured products, debt and fixed income instruments amongst others.

Commodity

On the back of an increase in the participation of agriculture and other commodities, the 23 commodity exchanges posted 50% year-on-year growth in turnover in the April-February period of the current fiscal, to touch USD 1.53 trillion, according to the commodity markets regulator, Forward Markets Commission (FMC).



The Company enables its clients to trade in commodities through its 100% subsidiary 'Emkay Comtrade Limited' which is a member of the Multi-Commodity Exchange (MCX); the National Commodity & Derivatives Exchange (NCDEX) and the National Spot Exchange. Emkay has intensified its focus on this segment by hiring more personnel. The number of active clients in this segment increased from 3,761 to 5,272.

Insurance

India is the fifth largest life insurance market in the emerging insurance economies globally and the segment is growing at a healthy 32-34% annually. According to a report by research firm RNCOS—'Booming Insurance Market in India (2008-2011)'—the total life insurance premium in India is projected to grow to USD 259.72 billion by 2010-11. The Government is planning to ease restrictions on foreign investments in insurance, banking and pensions, and allow foreign direct investment (FDI) of 49% from the present 26%.

Emkay has a presence in life and non-life broking business and offers policies to both corporates and individuals through its 100% subsidiary Emkay Insurance Brokers Limited.

Credit and Finance

Emkay Fincap Limited, a 100% subsidiary, carries out NBFC activities like financing against shares and margin funding. The amount deployed in margin funding increased from ₹ 1,755 lac in 2008-09 to ₹ 1,973 lac in 2009-10.

OPPORTUNITIES AND THREATS

According to data collated by international stock market research firm Bespoke Investment Group; India has the best PEG multiple (price earnings-to-growth) amongst several emerging and developed markets. At over 26 times trailing P/E multiple and an estimated 2010 GDP growth rate of 8%, India (denoted using Sensex) commands a rather comfortable PEG multiple of 3.27 times.

The above estimate may turn out to be conservative. The Indian economy is in fact expected to return to its 9% growth trajectory after a two-year blip. The Company expects the real GDP to grow by 9.2% in 2010-11, as compared to an estimated 7.1% in 2009-10. All three broad sectors of the economy are projected to do well. The industrial sector is projected to grow by 9.6%, services by 9.8%, and the agriculture and allied sector by 5.8%.

Private final consumption expenditure (PFCE) is expected to power this growth. In 2010-11, PFCE is expected to grow by a robust 8.6%. The

factors that will contribute to the higher consumption demand include a rise in the wages and salaries in the organised sector, a change in income tax slabs, which has provided additional purchasing power to the salaried class, continuation of employment generation schemes in rural areas, good rabi crop production in 2009-10, robust investment activities, and impressive growth in the services sector.

The ongoing CapEx boom in the country is likely to create fresh employment and strengthen the growth in consumption demand. Projects valued at ₹ 6.5 lac crore are scheduled to get commissioned in 2010-11, the highest annual capacity addition in the Indian industry. More importantly, projects worth ₹ 4 lac crore are expected to have got commissioned in 2009-10.

Investment activities stayed intact throughout the crisis period. They will continue to remain robust in 2010-11. Lending rates remained stable in December 2009. They are expected to harden during 2010-11.

Clearly, the Indian economy's abundant reserves of resilience and fortitude are back on display and are expected to continue in the future.

The only concern is inflation which for fiscal 2010-11, as measured by the wholesale price index (WPI) is projected at 6%, as compared to the 3.6% estimated for fiscal 2009-10.

FUTURE OUTLOOK

Given the long term prospects of the economy and the financial services sector, the Company is very optimistic about its future. While the near term macro outlook remains uncertain and challenging due to global uncertainties, Emkay remains committed to growth and creating sustainable value for all its stakeholders. The Company's long term relationships with its clients, strong execution orientation, high standards of risk management, dedicated human resources, well-equipped infrastructure and strong IT support teams are assets that will enable the Company realize its full potential in the coming years.

A strong marketing initiative is also in the pipeline, focusing on brand building and creating awareness about the Company and all its products. The Company will continue to focus on getting more business out of existing clients and adding on quality clients. With a turnaround in the economy, investors are returning to wealth management. The Company will continue to provide optimum support so that it can service all the financial needs of the clients. Investment Banking activities which have shown a revival will get more focus. Equity Research coverage will be enhanced.

Strategic initiatives including hiring of experienced personnel, drawing up of marketing plans and setting up requisite technology and infrastructure, have been taken to ensure that Emkay emerges as a leading player in its space.

RISK AND CONCERNS

As the Company gets into the expansion mode in a competitive environment, it is bound to undertake risks as it capitalizes on several new opportunities. The Company ensures that the risks it assumes are commensurate with better returns.

Economic Slowdown

Any adverse change in the economic conditions of the country due to slowdown in the GDP growth, rise in interest rates, inflation, changes in tax, trade, fiscal and monetary policies, etc. could have an adverse effect on the Company's business, financial condition and results of operations.

Buoyant macro economic conditions in India have been encouraging Governments to continue economic reforms. Further, given the estimate of 8.5% growth in the economy in 2010, favourable demographics, rising per capita income, extremely low penetration of demat accounts as well as the increasing share of equity assets in household financial savings, India's value proposition remains strong for sustained long term growth.

The Company is working towards creating a business model relevant for all market cycles.

Competition Risk

The Company faces competition from other players in the industry segments in which it operates.

Emkay is emerging as an important player in the financial sector with its pan India presence and comprehensive bouquet of product offering. The Company's strengths viz. strong and proven business model, sound financials, extensive reach, well-equipped infrastructure, strong back-end processes, long term relationships with clients and an experienced management team, give it a significant edge over its competitors. Thus, Emkay believes that this risk is sufficiently mitigated, if not entirely.

Strategy Risk

Skewed business strategy may result in lost opportunities.

Annual business plans and the long term business strategy are discussed thoroughly before vetting by the Board of Directors. In

addition, midterm reviews of the business strategy and the annual plans ensure that the Management initiates a mid-course correction should the situation so warrant. The long term business strategy comprises:

- 1) Fortifying the Company's presence across verticals to reduce cyclical risk.
- 2) Focusing on the quality of the Company's products and improving their accessibility

Regulatory Risk

The Company's growth and goodwill can be negatively affected if there is a violation of or non-compliance with regulatory norms.

The Company has always maintained the highest level of compliance with regulatory norms. Our legal department is well experienced and trained to ensure conformity to all the legal requirements. Hence we do not expect to be significantly affected by this risk.

HUMAN RESOURCES

The Company believes that human resource is one of the most vital resource and key pillar providing the organization a competitive edge in current business environment. The human resource development function of the Company is guided by a strong set of value and policies. Emkay takes several measures for its employee's welfare. Emkay recognizes the importance of providing training and development opportunities to its employees to enhance their skills and knowledge, which in turn enables the Company to achieve its business objectives.

The Management understands that motivated and appropriately qualified employees are a key to the success of its business. The Company ensures a healthy, stable and professional working environment, where all employees are afforded opportunities to enhance their skills and move up a sound career path. The Company aims to become a preferred employer and employ best-in-class talent. To facilitate the same, it has a well drawn recruitment policy and a performance-based compensation policy including 'Employee Stock Option Plans', which enable the employees to develop a sense of ownership towards the organization.

As on 31st March 2010, Emkay had 789 employees on its payrolls.

FINANCIAL OVERVIEW

Consolidated:

Income: The Company recorded a total income of ₹ 12,581 lac, as compared to ₹ 9,961 lac for 2008-09, a growth of 24.56%

EBIDTA: The Company's EBIDTA stood at ₹ 2,189 lac against ₹ 537 lac in 2008-09, an increase of 308%.

PAT: The Profit After Tax stood at ₹ 940 lac against loss of ₹ 328 lac in 2008-09, an increase of 386%.

Standalone:

Income: The Company recorded a total income of ₹ 11,556 lac, as compared to ₹ 8,973 lac for 2008-09, a growth of 28.7%

EBIDTA: The Company's EBIDTA stood at ₹ 1,964 lac against ₹ 90 lac in 2008-09, an increase of 2082%.

PAT: The Profit After Tax stood at ₹ 840 lac against loss of ₹ 596 lac in 2008-09, an increase of 241%.

The Company also declared a dividend of 10%.

Overall, the Company is on a strong growth path and its efforts to improve efficiency, productivity and profitability will improve overall returns.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACIES

In any industry, the processes and internal control systems play a critical role in ensuring the health of a company. Emkay's well defined

organisational structure, documented policy guidelines, defined authority matrix and internal controls ensure efficiency of operations, compliance with internal policies, applicable laws, regulations and protection of resources. Moreover, the Company continuously upgrades these systems in line with the best available practices.

The internal control systems are supplemented by extensive internal audits, regular reviews by management and standard policies and guidelines to ensure reliability of financial and all other records to prepare financial statements and other data. The Management Information System provides timely and accurate information for effective control. Rigorous business planning as well as expense, capital and manpower budgeting processes ensure that progress is monitored against targets, and control is exercised on all major expenses, so that actual spending is in accordance with the budgets.

CAUTIONARY STATEMENT

Certain statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be forward looking statements within the meaning of applicable securities, laws and regulations. Although the expectations are based on reasonable assumptions, the actual results could materially differ from those expressed or implied.

Report on Corporate Governance

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

I. Company's Philosophy on Corporate Governance

Your Company believes in and practices good corporate governance. Corporate Governance provides that a Company is directed in such a way that it performs efficiently and effectively, keeping in view the long term interest of the shareholders, while respecting laws and regulations of the land and contributing, as a responsible corporate citizen, to the national exchequer. Your Company believes in professionalism of management, transparency and sound business ethics.

II. Board of Directors (Board)

• Composition

The Board of your company comprises of six directors, each having expertise in their field of operation. The Board has an optimum combination of Executive and Non-executive Directors. Out of six directors, four are Non-executive Directors. The total number of Non-Executive Directors are 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 and Independent Director. Out of the four Non-executive Directors, three Directors are independent, comprising 50% of the total Directors and the minimum requirement as per Clause 49 is 33.33% of the total Directors. Therefore we are in conformity with the Clause 49 of Listing Agreement.

None of the Directors on the Board is a director in more than 15 public companies and member on more than 10 committees or Chairman of more than 5 committees across all companies in which they are directors. (For the purpose of reckoning the limit under this para, Chairmanship/membership of the Audit Committee and the Shareholders' Grievance Committee alone has been considered, as specified in Clause 49 of listing Agreement)

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

The brief profile of each Director is given below:

Mr. G.P. Gupta (Non-Executive Chairman, Independent)

Mr. Gian Prakash Gupta has over 36 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 Aluminium Co. Ltd., Hindustan Aeronautics Ltd., Power Finance Corporation Ltd and NTPC Ltd. etc. Currently he serves on the Board of various listed companies, including Idea Cellular Ltd., Aditya Birla Nuvo Limited, Birla Sun Life Insurance Co. Ltd., PTC India Ltd., Swaraj Engines Ltd. etc.

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

Mr. Sushil Kumar Saboo has more than 42 years of management experience. Presently he is the Group Advisor (Chairman's Office) - Aditya Birla Group, a premier business group in India.

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

Mr. R. K. Krishnamurthi, a Solicitor in the Mumbai High Court and the Supreme Court of England, has a rich and wide experience of over 37 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, Associate member of the Institute of Cost and Works Accountants of India and a Law Graduate from the University of Mumbai. He has wide and rich industrial experience of over 31 years. He is presently Executive Director - Finance 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 as also in Mergers and Acquisitions within the Group.

Mr. Krishna Kumar Karwa (Executive Director, Promoter)

Mr. Krishna Kumar Karwa, a rank holder member of the Institute of Chartered Accountants of India, is the Promoter, Managing Director & CFO of the Company. Mr. Krishna Kumar Karwa has

rich and varied experience of 22 years in all aspects of the Equity Capital Markets. He is also the director of West Coast Paper Mills Limited.

Mr. Prakash Kacholia (Executive Director, Promoter)

Mr. Prakash Kacholia, a member of the Institute of Chartered Accountants of India, is the Promoter and Managing Director of the Company. Mr. Kacholia has a rich experience of 21 years in

the capital markets with a focus on the derivative segment. He is currently on the Board of Bombay Stock Exchange Limited, Central Depository Services (India) Limited and BOI Shareholding Limited.

The Composition of the Board, Directorship/Committee positions in other companies as on 31st March, 2010, number of Meetings held and attended during the year are as follows:

Name of the Director	Category	Board Meetings during Financial Year 2009-10		Attendance at last AGM held on 11.09.2009	Other Directorships		Other Committee positions	
		Held	Attended		Private	Public	Chairman	Member
Mr. G. P. Gupta	NED (I)	4	4	Yes	3	10	5	4
Mr. S. K. Saboo	NED	4	4	Yes	-	3	-	-
Mr. R. K. Krishnamurthi	NED (I)	4	4	Yes	1	2	-	2
Mr. G. C. Vasudeo	NED (I)	4	4	Yes	1	3	-	1
Mr. Krishna Kumar Karwa	ED	4	3	Yes	1	4	1	2
Mr. Prakash Kacholia	ED	4	4	Yes	1	6	1	5

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

- Board Meetings:**

During the Financial Year 2009-10, four Meetings were held on 19th June, 2009, 24th July, 2009, 16th October, 2009 and 20th January, 2010.

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

Agenda papers containing all necessary information/documents are made available to the Board in advance to enable the Board to discharge its responsibilities effectively and take informed decisions. Where it is not practicable to attach or send the relevant information as a part of Agenda Papers, the same are tabled at the meeting. Considerable time is spent by the Directors on discussions and deliberations at the Board Meetings.

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.

- Code of Conduct:**

The Board of Directors has laid down a Code of Conduct for all

the Board members and all the employees in the management grade of the Company. The code covers amongst other things, the Company's commitment to honest & ethical personal conduct, transparency and compliance of laws & regulations etc. The Code of Conduct is posted on the website of the Company.

All the Board members and senior management personnel have confirmed compliance with the code. A declaration signed by the Managing Directors is annexed to this report as Annexure '1'.

III. Committees of Directors

Audit Committee

Composition

The present composition of the Audit Committee is as follows:

Mr. G. P. Gupta	Chairman
Mr. G. C. Vasudeo	Member
Mr. R. K. Krishnamurthi	Member
Mr. Prakash Kacholia	Member

Mr. Krishna Kumar Karwa who was the Member of the Audit Committee resigned from the membership on 19th June, 2009. Consequent to this, the Audit Committee was reconstituted on 19th June, 2009 by inducting Mr. G. P. Gupta as Chairman and Mr. Prakash Kacholia as member of the Committee.

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

Meetings

During the Financial Year 2009-10, five Meetings were held on 8th May, 2009, 19th June, 2009, 24th July, 2009, 16th October, 2009 and 20th January, 2010. 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 *	3
Mr. G. C. Vasudeo	5
Mr. R. K. Krishnamurthi	5
Mr. Prakash Kacholia*	3
Mr. Krishna Kumar Karwa**	2

* Appointed w.e.f 19th June, 2009

** Resigned w.e.f. 19th June, 2009

Terms of Reference

The terms of reference of Audit Committee are described below:

- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report, in terms of Clause 2AA of Section 217 of the Companies Act, 1956.
 - Changes, if any, in accounting policies and practices and reason for the same.
 - Major accounting entries, involving estimates, based on the exercise of judgment by management.
 - Significant adjustment made in the financial statements arising out of audit findings.
 - Compliance with listing and other legal requirements to financial statements.
 - Disclosure of any related party transaction.
 - Qualifications in the draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors on any significant findings and follow up there on.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.

10. Discussion with statutory auditors before the audit commences, about nature and scope of the audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee reviews the following:

- a. Management's Discussions and Analysis of Company's Operations.
- b. Periodical Internal Audit Reports.
- c. Letters of Statutory Auditors to management on internal control weakness, if any.
- d. Appointment, removal and terms of remuneration of Internal Auditors.
- e. Significant related party transactions.
- f. Quarterly and annual financial statements, including investments made by the Subsidiary Companies.

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

All the Members of the Committee are Non-executive Directors and except Mr. S. K. Saboo, all are Independent Directors.

Meetings

During the Financial Year 2009-10, three Meetings were held on

19th June, 2009, 24th July, 2009 and 20th January, 2010. The attendance of the members was as under:

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

Terms of Reference

The Remuneration/Compensation Committee shall determine the companies' 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 formulation of 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 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, by any employee.
- j) Frame any other bylaws, rules or procedures as it may deem fit for administering ESOP.

Remuneration Policy

The Board of Directors and Remuneration/Compensation Committee of Directors is authorized to decide the remuneration of Executive Directors, subject to 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, the terms and conditions of which were 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 the sitting fees and such commission payable to the Non-executive directors as may be determined by the Board of Directors. No stock options are granted to the Directors of the Company.

Details of Remuneration paid to Executive Directors for the Financial Year 2009-10

In view of anticipated loss or inadequate profits for the financial year 2008-09, the Remuneration/Compensation Committee and Board, at their Meeting held on 21st February 2009, decided to revise the remuneration payable to Mr. Prakash Kacholia and Mr. Krishna Kumar Karwa from 1st April, 2008 till the expiry of their tenure i.e. 30th September, 2010 as minimum remuneration, subject to approval of shareholders at the 15th Annual General Meeting (AGM) and of Central Government, if required. Accordingly, the Company made an application to the Central Government for obtaining its approval for revision in remuneration payable to Mr. Prakash Kacholia and Mr. Krishna Kumar Karwa for the aforesaid period.

The Central Government i.e. the Ministry of Corporate Affairs granted its approval vide its letter dated 23rd July, 2009 to Mr. Prakash Kacholia and vide letters dated 6th July, 2009 and 15th April, 2010 to Mr. Krishna Kumar Karwa, for revision of remuneration from 1st April, 2008 till the expiry of their tenure i.e. 30th September, 2010.

(Amt in ₹)

Particulars	Mr. Prakash Kacholia (Managing Director)	Mr. Krishna Kumar Karwa (Managing Director & CFO)
Salary (including PF Contribution)	11,898,968	11,898,968
Perquisites	236,885	140,352
Total	*12,135,853	*12,039,320

* The above amounts include ₹ 5,050,826 and ₹ 5,012,933 towards Mr. Prakash Kacholia and Mr. Krishna Kumar Karwa respectively, pertaining to the Financial Year 2008-09, paid in the Financial Year 2009-10 pursuant to the approval of Central Government in this regard.

The Board of Directors of the Company at their meeting held on 19th June, 2009 has decided to pay the sitting fees of ₹ 10,000/- to the Non-Executive Directors for attending each meeting of Remuneration/Compensation Committee.

Details of Remuneration paid to Non-Executive Directors for the Financial Year 2009-10

Name	Sitting Fees for Board/Committee Meetings attended (Amt in ₹)
Mr. G. P. Gupta	90,000
Mr. S. K. Saboo	60,000
Mr. R. K. Krishnamurthi	110,000
Mr. G. C. Vasudeo	110,000
Total	370,000

Details of Commission paid to Non-Executive Directors of the Company for the Financial Year 2009-10:

Name	Commission (Amt in ₹)
Mr. G. P. Gupta	250,000
Mr. R. K. Krishnamurthi	150,000
Mr. G. C. Vasudeo	150,000
Total	550,000

Investor Grievance and Share Transfer Committee

Composition

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

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

The Chairman of the Committee is a Non-Executive and Independent Director. The Company Secretary acts as Secretary to the Committee. The Committee meets on the fortnight of each month. The Committee had 24 meetings during the financial year 2009-10 and Mr. Prakash Kacholia was present at all the meetings. Mr. R. K. Krishnamurthi was not present in two meetings and Mr. Krishna Kumar Karwa was not present in three 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, allotment and listing of shares and review of cases for refusal of transfer/ transmission and reference to statutory and regulatory authorities.

Mr. Manish Jain, the Company Secretary is designated as the Compliance Officer.

Details of Shareholders/Investors Complaints for the financial year 2009-10:

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

Subsidiary Companies

The Company has three wholly owned unlisted subsidiaries as under:

1. Emkay Fincap Limited
2. Emkay Commotrade Limited
3. Emkay Insurance Brokers Limited

Out of the above three Subsidiaries, Emkay Fincap Limited is a material non-listed Indian subsidiary whose turnover or networth (i.e. Paid-up Capital and Free Reserves) exceeds 20% of the consolidated turnover or networth respectively, of the Company and its subsidiaries in the immediately preceding accounting year ended 31st March, 2009. As required under Clause 49, an independent Director of the Company has been placed on the Board as the director of Emkay Fincap Limited.

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

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

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'.

Management Discussion and Analysis

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

IPO Unclaimed Shares Demat Suspense Account

As per a directive issued by the SEBI vide their letter no. SBI /CFD /DIL /LA /1 /2009/24/04 dated 24.04.2009, the Company has opened a Beneficiary Account with Emkay Global Financial Services Limited being a depository participant of CDSL in the name and style of "Emkay Global Financial Services Limited A/C IPO-Unclaimed Securities Suspense Account" and credited the unclaimed shares lying in the Escrow Account and the said account is held by the Company purely on behalf of the allottees who are entitled to the shares and the said

unclaimed shares are not transferable in any manner. As on 31st March 2010, a total of 1260 shares pertaining to 9 allottees are lying in the said Account.

Further, in compliance with the aforesaid SEBI Circular, the Company has opened an account with HDFC Bank in the name and style of "EGFSL – IPO Unclaimed Shares Unpaid Dividend Account" and credited the said account with the dividends declared on IPO Unclaimed Shares from time to time. As on 31st March 2010, the amount of ₹ 4,799 is lying in the said account.

Secretarial Audit

During the Financial Year 2009-2010, Secretarial Audit as stipulated under Regulation 55A of SEBI (Depositories and Participants) Regulations, 1996 was carried out on a quarterly basis by the practicing Company Secretary for reconciliation of the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and for the total issued and listed capital. The audit 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 Secretarial Audit Report is submitted to Stock Exchanges and is also placed before the Board of Directors.

Code of Conduct for Prevention of Insider Trading:

Pursuant to the requirements of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended, the Company has adopted a Code of Conduct for Prevention of Insider Trading. This Code of Conduct is applicable to all Directors and such identified employees of the Company as well as of the group companies who are expected to have unpublished price sensitive information relating to the Company.

General Body Meetings

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

Financial Year	AGM No.	Venue	Date	Time
2008-09	15th	M. C. Ghia Hall, Fort, Mumbai.	11th September, 2009	3.00 p.m.
2007-08	14th	M. C. Ghia Hall, Fort, Mumbai.	5th September, 2008	4.00 p.m.
2006-07	13th	M. C. Ghia Hall, Fort, Mumbai.	27th July, 2007	4.00 p.m.

Special Resolutions passed at the last three AGM:

- At the 15th AGM held on 11th September, 2009 –
 - Revision in remuneration payable to Managing Directors
 - Approval on change in the place of maintaining Register of Members, Index of Members, copies of Annual Returns and related documents.
- At the 14th AGM held on 5th September, 2008 – Approving amendments made to ESOPS – 2005 and ESOPS – 2007.
- No Special Resolutions were passed at the 13th AGM held on 27th July, 2007.

Postal Ballot:

During the Financial Year 2009-10, the Company had amended the Object Clause of the Memorandum of Association of the Company by inserting a new Object Clause for the purpose of carrying on the business of Investment Banking and the approval of members was sought through Postal Ballot.

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

The results of the Postal Ballot were declared on 18th December, 2009 by the Chairman at the Registered Office of the Company. The details of the voting pattern are as follows:

Particulars	Special Resolution for alteration in the main objects of the Memorandum of Association of the Company to carry on the said new business as mentioned in the Notice for Postal Ballot dated 16.10.2009.	
	No. of ballots	No. of shares

TOTAL RECEIVED	238	1,80,53,973
Less: Invalid	31	1,63,867
Valid	207	1,78,90,106
- Assent	191	1,78,89,230
- Dissent	16	876

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 the Director	Mr. R. K. Krishnamurthi	Mr. G. C. Vasudeo
Date of Birth	17th January, 1946	23rd December, 1954
Date of appointment on the Board	10th November, 2005	28th January, 2006
Expertise in specific functional areas	Rich and vast experience of over 37 years in field of law.	Rich and vast experience of over 31 years in the finance sector.
No. of shares held in the Company	Nil	Nil
Qualification	B.A., LL.B	B.Com, LL.B, FCA, FCS, AICWA
List of directorship in other companies	1. Altair (India) Pvt. Ltd. 2. Madhav Marbles and Granites Ltd. 3. Emkay Commotrade Ltd.	1. SI Group India Ltd. 2. Schenectady India Holdings Ltd. 3. Falcon Realtors & Developers Pvt. Limited 4. Emkay Fincap Limited
Chairman/Member of the Committees of the Board of other Companies in which he/she is a director	Member Audit Committee - 1. Madhav Marbles and Granites Ltd. 2. Emkay Commotrade Ltd.	Member Audit Committee - Emkay Fincap Limited

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 interests of the Company.
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.

Means of Communication

1. The Quarterly/Annual Financial Results of the Company are normally published in the publications Business Standard and Sakaal.
2. The Quarterly/Annual Financial Results were promptly displayed on the Company's website www.emkayshare.com. However, the Company has replaced the existing website by launching a new website www.emkayglobal.com w.e.f. 1st April, 2010.
3. All the official news releases are regularly sent to the Stock Exchanges and are promptly displayed on the Company's website.

Non-Mandatory Requirements:

Among non-mandatory requirements, the following have been complied with:

1. The Board has setup a Compensation & Remuneration Committee and
2. Audit qualification – Zero qualification regime.

General Shareholder Information

AGM: Date, time and venue	30th August, 2010 at 3.00 P.M. at M. C. Ghia Hall, Fort, Mumbai – 400001.
Financial Year	1st April, 2009 to 31st March, 2010
Date of Book Closure	Friday, 20th August, 2010 to Monday 30th August, 2010 (Both days inclusive)
Dividend Payment Date	3rd September, 2010
Listing on Stock Exchanges	-Bombay Stock Exchange Limited -National Stock Exchange of India Limited
Stock Code / Symbol	-Bombay Stock Exchange Limited-532737 -National Stock Exchange of India Limited-EMKAY
ISIN Number	INE296H01011
Registrar and Transfer Agents	Link Intime India Private Limited C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai-400078.
Share Transfer System	The Company has constituted an Investor Grievance and Share Transfer Committee of its Directors. The Committee meets on the fortnight of each month. The List of valid transfers/transmissions/ remat etc prepared by the Transfer Agent in respect of transfer cases received by them, if any, are placed before the Transfer Committee for its approval/confirmation.
Dematerialization of Shares and liquidity	As on 31.03.2010, 99.84% of the Equity Share Capital comprising 24,280,785 equity shares out of total of 24,320,800 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: 4D, 4th Floor, Hamam House, Ambalal Doshi Marg, Fort, Mumbai – 400 023. 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.

Categories of Share Holding as on 31st March, 2010

The Shareholding of different categories of shareholders as on 31st March, 2010 is given below:

Category	No. of Shareholders	No. of Shares	% of total
Promoters	3	13,422,500	55.19
Directors & their relatives	4	4,075,000	16.76
FII's	3	1,252,986	5.15
Other Bodies Corporate	241	737,747	3.03
Mutual Fund	1	255,985	1.05
NRI (including Non Repatriable)	65	172,280	0.71
Public	6,658	4,404,302	18.11
Total	6,975	24,320,800	100.00

Distribution of Shareholding as on 31st March, 2010

The Shareholding distribution of the equity shares as on 31st March, 2010 is given below:

Number of Shares held (Face value of ₹ 10 each)	Shareholders		Shares	
	Number	% of total	Number	% of total
1-500	6,214	89.09	563,713	2.32
501-1000	217	3.11	174,608	0.72
1001-2000	181	2.60	284,388	1.17
2001-3000	137	1.96	337,783	1.39
3001-4000	66	0.95	226,440	0.93
4001-5000	32	0.46	143,113	0.59
5001-10000	61	0.87	445,725	1.83
10001 & above	67	0.96	22,145,030	91.05
Total	6,975	100.00	24,320,800	100.00

Market Price Data

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, 2009 to 31st March, 2010 are as follows:

Month	BSE		NSE	
	High ₹	Low ₹	High ₹	Low ₹
April, 2009	42.45	28.50	42.50	27.50
May, 2009	85.90	38.50	85.90	38.30
June, 2009	82.00	53.75	81.95	55.05
July, 2009	65.00	49.80	63.70	50.25
August, 2009	68.95	54.75	69.60	55.40
September, 2009	83.00	64.00	82.95	62.80
October, 2009	77.00	60.05	75.00	60.60
November, 2009	70.00	58.00	75.30	58.00
December, 2009	93.50	62.60	93.95	63.00
January, 2010	97.00	65.60	97.50	66.35
February, 2010	76.95	66.30	78.90	66.15
March, 2010	94.00	71.00	98.00	75.00

On behalf of the Board of Directors

For Emkay Global Financial Services Limited

Prakash Kacholia

Managing Director

Krishna Kumar Karwa

Managing Director & CFO

Mumbai

Friday, 28th May, 2010

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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 for the year ended 31st March, 2010, 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 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

(B. L. Sarda)

Partner

Membership No. 14568

Place: Mumbai

Date: 28th May, 2010

Annexure-1

CODE OF CONDUCT

In accordance with Sub-Clause I (D) of Clause 49 of the Listing Agreement with the Stock Exchanges, we, Mr. Krishna Kumar Karwa - Managing Director & CFO and Mr. 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, 2010.

For EMKAY GLOBAL FINANCIAL SERVICES LIMITED

Krishna Kumar Karwa

Managing Director & CFO

Prakash Kacholia

Managing Director

Place: Mumbai

Date: 28th May, 2010

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Annexure-2

CEO/CFO CERTIFICATE

We hereby certify that -

- (a) We have reviewed the Financial Statement and the Cash Flow Statement for the year ended 31st March, 2010 and that to the best of our knowledge and belief:
 - i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) We accept responsibility for establishing and maintaining internal controls 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 controls 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.

Krishna Kumar Karwa
Managing Director & CFO

Prakash Kacholia
Managing Director

Place: Mumbai

Date: 28th May, 2010

Auditors' Report

AUDITOR'S REPORT TO THE MEMBERS OF

EMKAY GLOBAL FINANCIAL SERVICES LIMITED

1. We have audited the attached balance sheet of EMKAY GLOBAL FINANCIAL SERVICES LIMITED as at 31st March, 2010 and also the profit and loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (the 'order'), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 (the 'Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act;
 - (v) On the basis of written representations received from the directors, as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act;
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and Notes to Accounts appearing in Schedule "T" give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2010;
 - (b) in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For B.L. Sarda & Associates

Firm Registration No. 109266W
Chartered Accountants

(B. L. Sarda)

Partner

Place: Mumbai

Date : 28th May, 2010

Membership No. 014568

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

- (i) In our opinion and according to the information and explanations given to us, the nature of the Company's business / activities during the year are such that clauses (viii), (xiii) and (xix) of Paragraph 4 of the said Order are not applicable to the company.
- (ii) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) According to the information and explanations given to us, fixed assets of the company have been physically verified by the management during the year which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us, the company has not disposed off substantial part of fixed assets which could affect the going concern status of the company.
- (iii) (a) The securities held as stock in trade have been confirmed with the statement of holding of depository at the end of the year. In our opinion, the frequency of verification of statement of holding is reasonable.
- (b) In our opinion and according the information and explanations given to us, the procedure of confirmation of securities held as stock in trade followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according the information and explanations given to us, the company has maintained proper records of securities held as stock in trade and as informed to us, no discrepancies have been noticed on verification between the statement of holding and the book records.
- (iv) The Company has neither granted nor taken any secured or unsecured loan to/from companies, firms or other parties covered in the register maintained under section 301 of the Act during the year. Therefore comments under clause 4(iii) to (g) of the Order are not applicable.
- (v) In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of securities, fixed assets and for sale of securities and services. Further, on the basis of our examination and according to the information and explanations given to us, we have neither come across nor have we been informed of any instance of major weakness in the aforesaid internal control systems.
- (vi) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Act and exceeding the value of rupees five lac in respect of any party during the year for services provided to such a party have been made at prices which are reasonable having regard to prevailing market prices at the relevant time. In case of services provided to another such party, no comparison could be made since similar transactions have not been made with other parties.
- (vii) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from public within the meaning of Sections 58A and 58AA or any other relevant provisions of the Act and the rules framed thereunder.
- (viii) The Internal Audit is being conducted by a firm of Chartered Accountants appointed by the management and in our opinion, the same commensurates with the size and nature of company's 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, 2010, according to the records of the company and the information and explanations given to us, the following are the particulars of disputed dues on account of income tax, sales tax, service tax, custom duty, wealth tax, excise duty and cess matters that have not been deposited:

Nature of dues	Amount (₹ in Lac)	Period to which the amount relates	Forum where pending
Income Tax and Interest	1.50	F.Y.2001-2002	Commissioner of Income Tax (Appeals) and Income Tax Appellate Tribunal
Income Tax and Interest	3.77	F.Y.2002-2003	
Income Tax and Interest	4.96	F.Y.2003-2004	
Income Tax and Interest	3.07	F.Y.2004-2005	Commissioner of Income Tax (Appeals)
Income Tax and Interest	42.39	F.Y.2005-2006	Income Tax Appellate Tribunal
Income Tax and Interest	26.27	F.Y.2006-2007	Commissioner of Income Tax (Appeals)

- (x) The Company does not have any accumulated losses as at 31st March, 2010. Further, the company has not incurred cash losses during the financial year. However it had incurred cash losses in the immediately preceding financial year.
- (xi) According to the information and explanations given to us, the company has not defaulted in repayment of dues to the bank. The Company has not obtained any borrowings from any financial institutions or by way of debentures.

- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of the transactions and contracts in respect of its dealing or trading in shares, securities and other investments and timely entries have been made therein and the shares, securities and other investments have been held by the company in its own name.
- (xiv) To the best of our knowledge and belief and according to the information and explanations given to us, the terms and conditions at which guarantee has been given by the Company for credit facilities taken from banks by a subsidiary are, in our opinion, not, *prima facie*, prejudicial to the interest of the Company.
- (xv) To the best of our knowledge and belief and according to the information and explanations given to us, no term loans were obtained by the Company during the year.
- (xvi) According to the Cash Flow Statement and other records examined by us and the information and explanations given to us, on an overall basis, funds raised on short term basis have, *prima facie*, not been used during the year for long term investment.
- (xvii) According to the information and explanations given to us, the company has not made any preferential allotment during the year to Companies / firms / parties covered in the register maintained under section 301 of the Act.
- (xviii) The Company has not raised any money by public issues during the year.
- (xix) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

For B.L. Sarda & Associates

Firm Registration No. 109266W

Chartered Accountants

(B. L. Sarda)

Partner

Place: Mumbai

Date : 28th May, 2010

Membership No. 014568

Balance Sheet

 as at March 31, 2010

Particulars	Schedule	As at 31.03.2010 ₹	As at 31.03.2009 ₹
SOURCES OF FUNDS			
1. SHAREHOLDERS' FUNDS			
Share Capital	A	243,208,000	242,782,500
Reserves & Surplus	B	1,076,595,271	1,020,448,441
		1,319,803,271	1,263,230,941
2. LOAN FUNDS			
Secured Loans	C	86,250,000	119,666,801
Unsecured Loans	D	86,250,000	87,336,062
		172,500,000	207,002,863
TOTAL		1,492,303,271	1,470,233,804
APPLICATION OF FUNDS			
1. FIXED ASSETS			
Gross Block	E	292,803,659	278,560,277
Less : Depreciation and Amortization		214,690,360	172,116,606
Net Block		78,113,299	106,443,671
Capital Work In Progress		1,485,726	-
		79,599,025	106,443,671
2. INVESTMENTS	F	360,004,526	345,004,526
3. DEFERRED TAX ASSET(Net)		52,707,500	43,531,600
4. CURRENT ASSETS, LOANS & ADVANCES			
Stock - in Trade	G	1,167,735	1,471,103
Sundry Debtors	H	482,438,631	281,610,289
Cash and Bank Balances	I	1,297,037,229	1,146,474,457
Other Current Assets	J	30,912,142	38,001,360
Loans And Advances	K	150,615,694	192,252,898
		1,962,171,431	1,659,810,107
Less : CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	L	932,132,467	680,260,079
Provisions	M	30,046,744	4,296,021
		962,179,211	684,556,100
NET CURRENT ASSETS		999,992,220	975,254,007
TOTAL		1,492,303,271	1,470,233,804
Significant Accounting Policies and Notes to the Accounts	T		

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

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

Place : Mumbai
Dated : 28th May, 2010

By the order of the Board

G.P. Gupta) Chairman
Krishna Kumar Karwa) Managing Director & CFO
Prakash Kacholia) Managing Director
S.K.Saboo)
R.K.Krishnamurthi) Directors
G.C. Vasudeo)
Manish Jain) Company Secretary

Place : Mumbai
Dated : 28th May, 2010

Profit and Loss Account for the year ended March 31, 2010

Particulars	Schedule	For the year ended 31.03.2010 ₹	For the Year ended 31.03.2009 ₹
Income			
Income from Operations	N	1,042,457,678	769,400,164
Other Income	O	113,177,918	127,867,741
		1,155,635,596	897,267,905
Expenditure			
Personnel Cost	P	349,915,359	288,472,687
Operating Expenses	Q	406,862,337	315,506,349
Administrative Expenses	R	202,438,684	284,271,082
Interest	S	15,163,869	30,809,983
Depreciation and Amortization	E	46,330,150	62,691,028
		1,020,710,399	981,751,129
Profit / (Loss) Before Taxation		134,925,197	(84,483,224)
Provision for Taxation			
- Current tax		60,000,000	9,300,000
- Deferred tax charge/ (benefit)		(9,175,900)	(37,211,400)
- Fringe Benefit Tax (Net of recovery)		-	3,314,125
- Short/(Excess) Provision for Taxation of Earlier Years		139,986	(329,737)
Profit / (Loss) After Taxation		83,961,111	(59,556,212)
Add: Balance Brought Forward		173,129,813	232,686,025
Amount Available for Appropriations		257,090,924	173,129,813
Appropriations			
Dividend			
- Proposed		24,320,800	-
Provision for Dividend Distribution Tax		4,039,381	-
Transfer to General Reserve		8,000,000	-
Balance Carried Forward		220,730,743	173,129,813
		257,090,924	173,129,813
Basic Earnings Per Share(₹)		3.46	(2.45)
Diluted Earnings Per Share(₹)		3.42	(2.45)
Significant Accounting Policies and Notes to the Accounts	T		

As per our Report of even date For B.L. Sarda & Associates Chartered Accountants	By the order of the Board	
	G.P. Gupta	) Chairman
(B.L. SARDA) Partner Membership No. 014568	Krishna Kumar Karwa Prakash Kacholia	) Managing Director & CFO) Managing Director
	S.K.Saboo R.K.Krishnamurthi G.C. Vasudeo	) ) Directors)
	Manish Jain	) Company Secretary
Place : Mumbai Dated : 28th May, 2010	Place : Mumbai Dated : 28th May, 2010	

Cash Flow Statement for the year ended March 31, 2010

Particulars	Year ended 31st March, 2010		Year ended 31st March, 2009	
	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax, extraordinary items		134,925,197		(84,483,224)
Adjustment for :				
Interest	15,163,869		30,809,983	
Depreciation and Amortization	46,330,150		62,691,028	
(Profit)/Loss on sale of investments	(4,701,687)		(2,025,307)	
Assets Discarded/Loss of Fixed Assets (net of profit on sale)	1,618,331		783,423	
Interest Received	(82,902,301)		(105,585,416)	
Dividend Received	(258,781)		(340,974)	
Unrealised Foreign Exchange (gain)/loss	1,395		(25,089)	
Provision for Doubtful Debts (net of write back)	12,418,127		87,475,753	
Provision for Doubtful Deposits	195,896		-	
Provision for loss on equity index/stock futures, equity index/stock options and currency futures	200,876	(11,934,125)	-	73,783,401
Operating profit before working capital changes		122,991,072		(10,699,823)
Adjustment for :				
Trade and other receivables	(161,419,500)		362,447,958	
Fixed Deposits with Banks and Other items not considered as cash equivalents (Refer Note 3 below)	(42,140,760)		188,554,304	
Inventories	303,368		(149,702)	
Trade payables	249,209,108	45,952,216	(576,549,415)	(25,696,855)
Cash Generated from operations		168,943,288		(36,396,678)
Direct taxes (Paid)/Refund	(63,583,481)	(63,583,481)	(53,365,036)	(53,365,036)
Cash flow before extraordinary items		105,359,807		(89,761,714)
Extraordinary items		-		-
Net Cash from/ (used in) Operating Activities		105,359,807		(89,761,714)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets & Capital Work in Progress	(21,868,022)		(38,579,901)	
Sale of Fixed Assets	764,185		6,099,357	
Sales/(Additions) to the Investments(Net)	4,701,687		2,025,307	
Investment in Subsidiary Company	(15,000,000)		(10,000,000)	
Interest received	82,902,301		105,585,416	
Dividend received	258,781	51,758,932	340,974	65,471,153
Net Cash from/ (used in) Investing Activities		51,758,932		65,471,153

Cash Flow Statement for the year ended March 31, 2010

Particulars	Year ended 31st March, 2010		Year ended 31st March, 2009	
	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of share capital	425,500		125,000	
Securities Premium received	545,900		125,000	
Proceeds/(Repayment) of Secured Loan	(33,416,801)		32,885,078	
Proceeds/(Repayment) of unsecured loans	(1,086,062)		(972,504)	
Interest paid	(15,163,869)		(30,809,983)	
Dividend paid (including dividend tax)	-	(48,695,332)	(49,647,291)	(48,294,700)
Net Cash from/ (used in) Financing Activities		(48,695,332)		(48,294,700)
Net increase in cash and cash equivalents (A+B+C)		108,423,407		(72,585,261)
Cash and cash equivalents at the beginning of the year		44,024,487		116,609,748
Cash and cash equivalents at the close of the year		152,447,894		44,024,487

Notes :

1. Cash and cash equivalents comprise of :

Cash & Cheques on hand		4,660,713		11,729,535
Balances with Scheduled Banks				
- In Current Accounts		147,701,563		32,294,169
Foreign Currency on Hand	84,245		805	
Less : Unrealised Exchange Gain / (Loss)	(1,373)	85,618	22	783
		152,447,894		44,024,487

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

"Cash Flow Statement" issued by the Institute of Chartered Accountants of India.

3. Cash and cash equivalent excludes fixed deposits with banks which have been pledged with exchanges/ banks, balance in Unclaimed Dividend and IPO Refund Account, Gift/ Meal Coupons and Stamps in hand.

4. Previous year's figures are re-grouped/ recasted/ re-arranged wherever considered necessary.

As per our Report of even date	By the order of the Board
For B.L. Sarda & Associates Chartered Accountants	G.P. Gupta) Chairman
(B.L. SARDA)	Krishna Kumar Karwa) Managing Director & CFO
Partner	Prakash Kacholia) Managing Director
Membership No. 014568	S.K.Saboo)
	R.K.Krishnamurthi) Directors
	G.C. Vasudeo)
	Manish Jain) Company Secretary
Place : Mumbai	Place : Mumbai
Dated : 28th May, 2010	Dated : 28th May, 2010

Schedules forming part of the Balance Sheet as at March 31, 2010

Particulars	As at 31.03.2010 ₹	As at 31.03.2009 ₹
SCHEDULE A		
Share Capital		
Authorised		
40,000,000 Equity Shares of ₹10/- each	400,000,000	400,000,000
Total	400,000,000	400,000,000
Issued, Subscribed & Paid Up Capital		
243,20,800 (P.Y. 242,78,250) Equity Shares of ₹ 10/- each fully paid up	243,208,000	242,782,500
(Out of the above Equity Shares 1,40,00,000 Equity Shares are allotted as fully paid-up bonus shares by capitalisation of General Reserves)		
Total	243,208,000	242,782,500
SCHEDULE B		
Reserves and Surplus		
Securities Premium Account		
Opening Balance	687,167,834	687,042,834
Add: Received during the year	545,900	125,000
	687,713,734	87,167,834
General Reserve		
Opening Balance	160,150,794	160,150,794
Add : Transfer from Profit & Loss Account	8,000,000	-
	168,150,794	160,150,794
Profit & Loss Account	220,730,743	173,129,813
Total	1,076,595,271	1,020,448,441
SCHEDULE C		
Secured Loans		
From Banks		
- Overdraft	-	33,416,801
(Secured by pledge of Fixed Deposits with bank)		
- Short Term Loan	86,250,000	86,250,000
(Secured by pledge of Fixed Deposits with bank)		
	86,250,000	119,666,801
SCHEDULE D		
Unsecured Loans		
Short Term Loans		
- From a Bank	86,250,000	87,336,062
	86,250,000	87,336,062

Schedules forming part of the Balance Sheet as at March 31, 2010

SCHEDULE E Fixed Assets

Description	Gross Block (At Cost)		Depreciation / Amortization		Net Block		
	As On 01.04.2009	Additions During The Year	Deductions During The Year	As On 31.03.2010	Upto 31.03.2010	As On 31.03.2010	As On 31.03.2009
(A) Tangibles							
Air Conditioners	13,382,170	52,420	520,284	12,914,306	184,971	8,372,096	10,012,134
Computers	87,641,948	3,625,160	1,172,158	90,094,950	895,524	23,034,372	33,828,959
Motor Cars	5,517,348	2,672,935	-	8,190,283	-	4,213,981	2,670,370
Furniture & Fixtures	6,423,158	341,678	32,344	6,732,492	32,344	1,631,707	1,813,884
Office Equipments	30,178,911	2,517,717	1,047,500	31,649,128	288,060	19,908,790	21,416,636
Licensed Property - Improvement	82,883,136	3,887,856	3,366,628	83,404,364	2,355,497	14,371,614	29,780,269
(B) Intangibles							
Stock Exchanges Membership Rights	28,255,000	-	-	28,255,000	-	-	-
Softwares	24,278,606	7,284,530	-	31,563,136	-	6,580,739	6,921,419
Total ₹	278,560,277	20,382,296	6,138,914	292,803,659	3,756,396	78,113,299	106,443,671
Previous Year	236,221,557	59,246,588	16,907,868	278,560,277	10,025,088	106,443,671	116,770,891

Schedules forming part of the Balance Sheet as at March 31, 2010

SCHEDULE F

Investments

Name of the Company/ Mutual Fund	No. of Shares/Unit		Face Value per share/unit (₹)	Amount (₹)	
	As at 31.03.2010	As at 31.03.2009		As At 31.03.2010	As At 31.03.2009
Long Term (At Cost)					
UNQUOTED, TRADE					
Fully Paid-up Equity Shares					
Bombay Stock Exchange Limited	58,838	58,838	1	4,526	4,526
TOTAL (A)				4,526	4,526
UNQUOTED, IN SUBSIDIARIES					
(I) Fully Paid-up Equity Shares					
Emkay Fincap Limited	22,000,000	22,000,000	10	220,000,000	220,000,000
Emkay Commotrade Limited	6,000,000	6,000,000	10	60,000,000	60,000,000
Emkay Insurance Brokers Limited	2,000,000	1,500,000	10	20,000,000	15,000,000
(II) Fully Paid-up Preference Shares					
9% Non-Cumulative Non-Convertible Redeemable Preference Shares					
Emkay Fincap Limited	5,000,000	5,000,000	10	50,000,000	50,000,000
9% Non-Cumulative Optionally Convertible Redeemable Preference Shares					
Emkay Insurance Brokers Limited	1,000,000	-	10	10,000,000	-
TOTAL (B)				360,000,000	345,000,000
TOTAL (A+B)				360,004,526	345,004,526
Aggregate Cost of Unquoted Investments				360,004,526	345,004,526

Note : 1. Investments acquired/ purchased and sold / redeemed during the year

Name of the Company / Mutual Fund	Face Value per share/unit (₹)	Purchased		Sold	
		No. of Share/ Units	Value (₹)	No. of Share/ Units	Value (₹)
Long Term (At Cost)					
UNQUOTED, IN SUBSIDIARIES					
Fully Paid-up Equity Shares					
Emkay Insurance Brokers Limited	10	500,000 (1,000,000)	5,000,000 (10,000,000)	- (-)	- (-)
Fully Paid-up Preference Shares					
Emkay Insurance Brokers Limited	10	1,000,000 (-)	10,000,000 (-)	- (-)	- (-)
Current					
QUOTED, NON-TRADE					
Kotak Mahindra Mutual Fund - Kotak Sensex ETF	10	- (60,847,000)	- (9,999,925)	- (60,847,000)	- (8,954,756)

Schedules forming part of the Balance Sheet as at March 31, 2010

Name of the Company / Mutual Fund	Face Value per share/unit (₹)	Purchased		Sold	
		No. of Share/ Units	Value (₹)	No. of Share/ Units	Value (₹)
UNQUOTED, NON-TRADE					
Reliance Liquidity Fund - Treasury Plan - Inst. Option - (Growth Option)	10	38,542,001.102 (-)	840,000,000 (-)	38,542,001.102 (-)	840,719,272 (-)
Reliance Liquidity Fund - Growth Option	10	59,280,181.968 (97,012,164.374)	800,000,000 (1,350,000,000)	59,280,181.968 (97,012,164.374)	800,509,433 (1,351,657,985)
Bharti AXA Liquid Fund Institutional Daily Dividend Plan	10	- (20,023.746)	- (20,023,746)	- (20,023.746)	- (20,023,746)
UTI Liquid Cash Plan Institutional - Growth Option	10	172,294.289 (-)	250,000,000 (-)	172,294.289 (-)	250,382,474 (-)
UTI Treasury Advantage Fund - Inst. Plan (Growth Option)	10	480,194.451 (-)	580,162,165 (-)	480,194.451 (-)	581,268,297 (-)
UTI Money Market Fund - Growth Plan	10	2,017,284.090 (14,568,670.747)	50,000,000 (350,000,000)	2,017,284.090 (14,568,670.747)	50,013,718 (350,656,999)
SBI Magnum Insta Cash Fund - Cash Option	10	- (7,819,423.448)	- (150,000,000)	- (7,819,423.448)	- (150,444,270)
HDFC Liquid Fund - Premium Plan Growth	10	- (5,806,391.676)	- (100,000,000)	- (5,806,391.676)	- (100,311,223)
Reliance Money Manager Fund - Institutional Option - Growth Plan	10	205,172.390 (-)	250,013,263 (-)	205,172.390 (-)	250,414,086 (-)
Birla Sun Life Cash Plus - Instl. Growth	10	2,049,575.123 (-)	50,000,000 (-)	2,049,575.123 (-)	50,023,365 (-)
Birla Sun Life Cash Plus - Instl. Premium - Growth Plan	10	3,433,617.866 (-)	50,000,000 (-)	3,433,617.866 (-)	50,046,697 (-)
UTI Money Market Fund - Institutional Growth Plan	10	682,639.721 (-)	700,306,577 (-)	682,639.721 (-)	700,715,719 (-)
Axis Liquid Fund - Growth Plan	10	109,292.920 (-)	110,000,000 (-)	109,292.920 (-)	110,166,902 (-)
Axis Treasury Advantage Fund - Growth	10	19,945.430 (-)	20,009,286 (-)	19,945.430 (-)	20,051,452 (-)
UTI Money Market Fund - Growth Plan	1000	289,326.740 (-)	730,000,000 (-)	289,326.740 (-)	730,335,886 (-)
DWS Insta Cash Plus Fund - Super Institutional Plan Growth	10	15,113,853.605 (-)	180,000,000 (-)	15,113,853.605 (-)	180,022,330 (-)
DWS Treasury Fund Cash - Institutional Plan - Growth	10	17,658,602.213 (-)	180,022,330 (-)	17,658,602.213 (-)	180,202,212 (-)
Reliance Diversifited Powe Sector Fund - Retails Growth Plan	10	6,530.032 (-)	500,000 (-)	6,530.032 (-)	493,220 (-)
Relaince Banking Fund - Growth Plan	10	6,429.884 (-)	500,000 (-)	6,429.884 (-)	478,792 (-)
Relaince Equity Opportunity Fund - Retail Growth Plan	10	18,131.183 (-)	500,000 (-)	18,131.183 (-)	508,511 (-)
Reliance Growth Fund - Retails Plan	10	1,205.383 (-)	500,000 (-)	1,205.383 (-)	492,359 (-)
Reliance Vision Fund - Retail Plan	10	2,035.928 (-)	500,000 (-)	2,035.928 (-)	495,018 (-)
Kotak Nifty Exchange Traded Fund	10	16,231.000 (-)	8,199,656 (-)	16,231.000 (-)	8,575,220 (-)

Schedules forming part of the Balance Sheet as at March 31, 2010

Particulars	As at 31.03.2010 ₹	As at 31.03.2009 ₹
SCHEDULE G		
Stock in Trade		
Shares and Securities	1,167,735	1,471,103
Total	1,167,735	1,471,103
SCHEDULE H		
Sundry Debtors		
(Unsecured)		
Exceeding six months		
- Considered Good	56,037,673	147,361,338
- Considered Doubtful	115,585,490	104,360,173
	171,623,163	251,721,511
Less : Provision for Doubtful Debts	115,585,490	104,360,173
	56,037,673	147,361,338
Other Debts		
- Considered Good	426,400,958	134,248,951
- Considered Doubtful	1,445,302	252,491
	427,846,260	134,501,442
Less: Provision for Doubtful Debts	1,445,302	252,491
	426,400,958	134,248,951
Total	482,438,631	281,610,289
SCHEDULE I		
Cash and Bank Balances		
Cash & Cheques on hand	4,660,713	11,729,535
Balances with Scheduled Banks		
- In Current Accounts	147,701,563	32,294,169
- In Fixed Deposit Accounts	1,144,000,000	1,102,000,000
- In Unclaimed Dividend Account	137,428	133,993
- In IPO Refund Account	234,240	240,240
Gift/Meal Coupons	152,040	6,875
Stamps on Hand	67,000	68,840
Foreign Currency on Hand	84,245	805
Total	1,297,037,229	1,146,474,457
SCHEDULE J		
Other Current Assets		
Accrued Interest on Bank Fixed Deposits	30,912,142	38,001,360
Total	30,912,142	38,001,360

Schedules forming part of the Balance Sheet as at March 31, 2010

Particulars	As at 31.03.2010 ₹	As at 31.03.2009 ₹
SCHEDULE K		
Loans & Advances (Unsecured, considered good)		
Loan to Staff	1,950,444	497,985
Prepaid Expenses	14,648,129	15,156,295
Advances Recoverable in cash or kind or for value to be received		
- Subsidiaries	26,043	51,750
- Others	18,470,627	11,360,054
Deposits		
- Considered Good	64,063,288	117,187,922
- Considered Doubtful	195,896	-
	64,259,184	117,187,922
Less : Provision for Doubtful Deposits	195,896	64,063,288
Income Tax and Tax Deducted at Source (net of provision)	51,161,922	47,718,427
Fringe Benefit Tax (net of provision)	280,465	280,465
Equity Index/Stock Options Premium	14,776	-
Mark to Market Margin - Equity Index/Stock Futures	88,304	-
Less : Provision for Loss on Equity Index/Stock Futures	88,304	-
Mark to Market Margin - Currency Futures	58,750	-
Less : Provision for Loss on Currency Futures	58,750	-
Total	150,615,694	192,252,898
SCHEDULE L		
Current Liabilities		
Sundry Creditors	682,595,385	477,787,542
Payable to Subsidiaries	15,444	-
Other Liabilities	16,900,741	13,255,501
Security/Margin Deposits	222,316,024	173,934,146
Advances	8,093,994	12,980,108
Share Application Money under ESOP Schemes	920,500	-
Unclaimed Share Application Money (*)	234,240	240,240
Unclaimed Dividend (*)	137,428	133,993
Equity Index/Stock Options Premium	596,270	1,349,437
Add : Provision for Loss on Equity Index/Stock Options	53,822	650,092
Mark to Market Margin - Equity Index/Stock Futures	268,619	579,112
Total	932,132,467	680,260,079
(*) Appropriate amount shall be transferred to "Investor Education & Protection Fund" as and when due.		
SCHEDULE M		
Provisions		
Gratuity	1,686,563	4,296,021
Proposed Dividend	24,320,800	-
Dividend Distribution Tax	4,039,381	-
Total	30,046,744	4,296,021

Schedules forming part of the Profit and Loss Account for the year ended March 31, 2010

Particulars	Year ended 31.03.2010 ₹	Year ended 31.03.2009 ₹
SCHEDULE N		
Income from Operations		
Brokerage	868,645,647	747,212,274
Investment Banking Activities	138,036,800	10,000,000
Portfolio Management Fees	14,780,561	4,054,162
Depository Operations	12,598,766	13,181,946
Research Fees	232,356	2,966,672
Profit/(Loss) in Proprietary Trades in Securities/Derivatives transactions (Net of expenses)	8,364,424	(8,014,890)
Less : Provision for Loss on Equity Index/Stock Options	(53,822)	-
Less : Provision for Loss on Equity Index/Stock Futures	(88,304)	-
Less : Provision for Loss on Currency Futures	(58,750)	-
	1,042,457,678	769,400,164
SCHEDULE O		
Other Income		
Interest (Gross)		
- On fixed deposits with banks (TDS ₹ 91,71,640 /-, P.Y. ₹ 2,31,73,608/-)	81,491,376	105,537,696
- Others	1,410,925	82,902,301
Dividend (Gross)		
- On Long term Trade Investments	235,352	135,780
- On Current Non-Trade Investments	-	23,746
- On Stock in Trade	23,429	181,448
Miscellaneous Income	18,057,917	18,322,609
Profit on Sale of Investments - Current	4,701,687	2,025,307
Provision for Doubtful Debts Written Back	7,257,232	1,593,435
	113,177,918	127,867,741
SCHEDULE P		
Personnel Cost		
Salaries and Other Benefits	335,329,536	271,148,745
Contribution to Provident Fund and Other Funds	8,313,533	9,946,213
Staff Welfare Expenses	6,272,290	7,377,729
	349,915,359	288,472,687

Schedules forming part of the Profit and Loss Account for the year ended March 31, 2010

Particulars	Year ended 31.03.2010 ₹	Year ended 31.03.2009 ₹
SCHEDULE Q		
Operating Expenses		
Brokerage & Commission	199,942,532	176,266,454
Communication, Postage and Courier Charges	38,689,164	44,213,955
Fees & Stamps	40,589,959	44,357,416
Contribution/Payments to Stock Exchange	27,158,428	25,581,012
Membership & Subscription	19,006,100	10,822,083
Registration Fees	2,798,808	3,663,635
Depository Charges	5,694,469	4,682,794
Consultancy Fees	72,869,377	5,919,000
Claims/ Compensation	113,500	-
	<u>406,862,337</u>	<u>315,506,349</u>
SCHEDULE R		
Administrative Expenses		
Electricity Charges	16,401,157	17,111,434
Insurance	1,079,118	2,050,742
Repairs & Maintenance - Others	14,135,700	13,562,625
Advertisement & Business Promotion Expenses	7,960,671	8,476,023
Motor Car Expenses	484,446	531,587
Printing & Stationery	8,688,618	10,830,465
Travelling and Conveyance	13,261,683	21,381,324
Provision for Doubtful Debts	39,305,369	97,780,759
Provision for Doubtful Deposits	195,896	-
Bank Commission and Charges	13,415,747	15,426,504
Bad Debts Written off	20,087,587	11,939,403
Less : Provision Written Back	<u>19,630,010</u>	<u>(8,711,571)</u>
Deposits & Advances Written off	572,256	98,102
Software Expenses	5,396,334	5,859,642
Legal & Professional fees	4,932,845	7,030,796
Auditor's Remuneration (Net of Service tax)		
- Audit Fees	800,000	800,000
- Tax Audit Fees	50,000	50,000
- Taxation Matters	123,000	145,500
- Other Matters	<u>138,665</u>	<u>97,500</u>
Rent	61,217,320	62,643,787
Assets Discarded/Loss of Fixed Assets (net of profit on sale)	1,618,331	783,423
Miscellaneous Expenses	12,195,450	16,185,786
Donation	8,501	197,251
	<u>202,438,684</u>	<u>284,271,082</u>
SCHEDULE S		
Interest		
to Banks	15,004,264	22,460,693
to the Managing Director	-	3,000,000
to Others	159,605	5,349,290
	<u>15,163,869</u>	<u>30,809,983</u>

Schedules forming part of the Accounts for the year ended March 31, 2010

SCHEDULE "T"

(A) SIGNIFICANT ACCOUNTING POLICIES

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. Use of Estimates

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

3. Revenue Recognition

- (a) (i) Brokerage from secondary market is recognized as per contracted rates on the execution of transactions on behalf of the clients on the trade date.
- (ii) One time non refundable adjustable subscription fees with a validity of maximum of one year 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. Brokerage reversible under the said schemes are reversed by making provision at the end of each quarter. However, actual credit for brokerage reversible to the client is given at the end of the validity period of the scheme opted.
- (b) Portfolio Management Fees 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 his joining the Portfolio Management Scheme or closure of Portfolio Account, whichever is earlier.
- (c) Dividend including interim are 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 4 and 5 below. Profit/(loss) on Currency Futures transactions is also determined *mutatis mutandis* as explained in para 4 and 5 below.

4. Equity Index/Stock - Futures

- (i) Equity Index/Stock Futures are marked-to-market on a daily basis. Debit or Credit balance disclosed under 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.

Schedules forming part of the Accounts for the year ended March 31, 2010

- (ii) As on the Balance Sheet date, Profit / Loss on open positions in Equity Index / Stock Futures is accounted for as follows:
- Credit balance in the Mark-to-Market Margin – Equity Index / Stock Futures Account, being the anticipated profit, is ignored and no credit for the same is taken in the Profit and Loss account.
 - Debit balance in the Mark-to-Market Margin – Equity Index / Stock Futures Account, being the anticipated loss, is provided in the Profit and Loss account and is reflected in "Provision for Loss on Equity Index/Stock Futures Account" under Current Liabilities.
- (iii) On final settlement or squaring-up of contracts for Equity Index / Stock Futures, the Profit or Loss is calculated as the difference between the settlement / squaring-up price and the contract price. Accordingly, debit or credit balance pertaining to the settled / squared-up contract in Mark-to-Market Margin – Equity Index / Stock Futures Account after adjustment of the provision for anticipated losses is recognized in the Profit and Loss account. 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.

5. Equity Index/Stock - Options

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

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.

Schedules forming part of the Accounts for the year ended March 31, 2010

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.

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.

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 investments.

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

10. Employee Benefits

(i) Short Term Benefits

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

(ii) Long Term Benefits

(a) Post Employment Benefits

(i) Defined Contribution Plans: – Retirement/ Employee benefits in the form of Provident Fund, Employees State Insurance and labour welfare are considered as defined contribution plan and contributions to the respective funds administered by the Government are charged to the Profit and Loss account of the year when the contribution to the respective funds are due.

(ii) Defined Benefit Plans: – Retirement benefits in the form of gratuity is considered as defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made as at the date of the Balance Sheet. The scheme is maintained and administered by an insurer to which the trustees make periodic contributions. Actuarial gain/loss, if any are immediately recognized in the Profit and Loss account.

(b) Other Long Term Benefits

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

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.

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.

Schedules forming part of the Accounts for the year ended March 31, 2010

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.

14. Taxation

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

15. Deferred Taxation

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

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.

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.

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.

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 Profit and Loss Account.

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.

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 under the head Current Assets, 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 and the same is reversed on squaring up of the transaction with resultant gain/loss being recognized in the Profit and Loss account.

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.

Schedules forming part of the Accounts for the year ended March 31, 2010

(B) CHANGES IN ACCOUNTING POLICIES

During the year, brokerage from secondary market is recognized as per contracted rates at the execution of transactions on behalf of the clients on the trade date which was hitherto recognized at the end of each settlement period when bills were raised on the clients. Consequent to the change, the Brokerage Income for the year is higher by ₹ 39,94,348/-.

(C) NOTES TO THE ACCOUNTS

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

2 Employees Stock Option Schemes

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

a) The company has granted Employee Stock Options (ESOP) to its employees and employees of its subsidiaries. During the year ended 31st March, 2010, following schemes were in operation:

Particulars	ESOP – 2005		ESOP – 2007	
Date of Grant	28.01.2006	17.01.2008	19.06.2009	24.07.2009
Number of Options Granted	3,81,250	*14,42,000	*2,44,000	2,07,500
Method of Settlement	Equity	Equity	Equity	Equity
Vesting period from the date of Grant	Graded Vesting – Over 4 years	Graded Vesting – Over 4 years	Graded Vesting – Over 3 years	
Exercise period from the date of Vesting	3 years from the date of each vesting (After one year from the date of grant)	3 years from the date of each vesting (After one year from the date of grant)	3 years from the date of each vesting (After one year from the date of grant)	
Exercise Price (₹ per share)	***20	**63	**63	**61
Market Price at the date of grant (₹ per share)	***20	63	63	62
Variation in terms during the year (pursuant to Special Resolution passed at the Annual General Meeting of the Company held on 5th September, 2008)	-	Exercise price re-priced to ₹ 63/- from ₹ 363/- on 19.06.2009 at a price equal to or greater than the latest available closing market price on the date immediately preceding the date of the Remuneration/ Compensation Committee meeting.	-	-

* Includes 15,000 and 5,000 options granted to an employee of a subsidiary company on 17.01.2008 and 19.06.2009 respectively.

** Closing market price prior to the date of grant.

*** Value determined by an independent valuer as the company was unlisted at that time.

Schedules forming part of the Accounts for the year ended March 31, 2010

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

Particulars	ESOP - 2005		ESOP - 2007	
	2009-2010	2008-2009	2009-2010	2008-2009
Options Outstanding at the beginning of the year	120,000	140,000	13,65,500	14,32,000
Options Granted during the year	-	-	4,51,500	-
Options Forfeited during the year	2,500	7,500	-	66,500
Options Exercised during the year	59,000	12,500	11,300	-
Options Expired/ Lapsed during the year	5,500	-	2,39,000	-
Options Outstanding at the end of the year	53,000	120,000	1,566,700	1,365,500
Options Exercisable at the end of the year	53,000	58,250	1,06,350	-
Weighted Average remaining contractual life (in years)	0.66	1.51	5.55	6.01
Weighted Average Exercise Price (₹ per share)	20.00	20.00	62.78	363.00
Weighted Average Share Price at the date of exercise (₹ per share)	73.03	27.55	79.42	-

c) The fair value and other disclosures and assumptions which have been determined by an independent consultant and relied upon by the Auditors are given below :

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

	ESOP 2007	
Grant Date	19.06.2009	24.07.2009
Variables		
Expected Volatility	78.17%	77.54%
Risk Free Interest Rate	6.31% - 6.76%	6.19% - 6.75%
Time to Maturity (in years)	4.29- 6.29 years	4.19- 6.19 years
Expected Dividend Yield	1.40%	1.40%
Exercise Price (₹ per share)	63.00	61.00
Current Price of the underlying share (₹ per share)	63.00	62.00

(ii) Fair Value as at the date of grant for options granted during the year :-

Particulars	ESOP 2007	
Grant Date	19.06.2009	24.07.2009
Weighted Average Fair Value (₹ per share)	39.80	38.90

(iii) Other disclosures and assumptions :

- Expected volatility considered is on the basis of stock prices of the company on National Stock Exchange of India Ltd. (NSE) from 28th April, 2006 (i.e. date of Listing on exchanges) till the respective grant date.
- Risk free interest rate considered is the interest rate applicable for maturity equal to the expected life of the options based on the zero-coupon yield curve for government securities.
- Time to Maturity considered is the period for which the company expects the options to be live taking into account the vesting period, average lengths of time of similar grants which have remained outstanding in the past etc.
- Expected Dividend yield considered is the dividend yield for the preceding 2 years to the year of grant.
- Exercise price considered is the price decided by the company to be the Exercise price.
- Current Price of the underlying share considered is the closing market price of the company's equity shares on NSE on the date of grant.

Schedules forming part of the Accounts for the year ended March 31, 2010

- 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 2010 Amount (₹)	Year Ended 31st March 2009 Amount (₹)
Net Income as reported	8,39,61,111	(5,95,56,212)
Add: - Intrinsic Value Compensation Cost	Nil	Nil
Less :- Fair Value Compensation Cost	8,12,31,677	10,14,83,957
Adjusted Pro-forma Net Income	27,29,434	(16,10,40,169)
Earning per Share		
Basic		
- As reported	3.46	(2.45)
- Proforma	0.11	(6.64)
Diluted		
- As reported	3.42	(2.45)
- Proforma	0.11	(6.62)

- e) The fair value and other disclosures and assumptions have been determined by an independent consultant and relied upon by the Auditors.
- 3 Capital Work in progress represents capital advances, fixed assets acquired but not put to use before year end and expenses incurred pertaining thereto.
- 4 Debit and Credit balances are subject to confirmation.
- 5 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 Profit and Loss Account towards Contribution to Defined Contribution Plans which are included under "Contribution to Provident fund and other funds" :

Particulars	Year ended 31st March, 2010	Year ended 31st March, 2009
Provident Fund	58,64,544	43,95,592
Employees State Insurance Scheme	7,48,654	11,51,161
Maharashtra Labour Welfare Fund	3,734	2,052

Schedules forming part of the Accounts for the year ended March 31, 2010

(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	Current Year	Previous Year
I	Changes in present value of obligations		
	Present Value of Obligations at beginning of the year	10,025,422	5,481,722
	Interest cost	688,838	438,538
	Current Service Cost	3,160,891	3,621,800
	Benefits Paid	(369,750)	-
	Actuarial (gain)/loss on obligations	(1,915,108)	483,362
	Present Value of Obligations at end of the year	11,590,293	10,025,422
II	Changes in fair value of plan assets		
	Fair Value of Plan Assets at beginning of the year	5,729,401	3,100,577
	Expected Return on Plan Assets	692,300	386,200
	Contributions by employer	4,296,021	2,381,145
	Benefits Paid	(369,750)	-
	Actuarial gain/(loss) on plan assets	(444,242)	(138,521)
	Fair Value of Plan Assets at end of the year	9,903,730	5,729,401
III	Fair Value of Plan Assets		
	Fair Value of Plan Assets at beginning of the year	5,729,401	3,100,577
	Actual Return on Plan Asset	248,058	247,679
	Contributions	4,296,021	2,381,145
	Benefits Paid	(369,750)	-
	Fair Value of Plan Assets at end of the year	9,903,730	5,729,401
	Funded Status	(1,686,563)	(4,296,021)
	Excess of actual over estimated return on Plan Assets	(444,242)	(138,521)
IV	Actuarial Gain/(Loss) Recognized		
	Actuarial Gain/(Loss) for the year (Obligation)	1,915,108	(483,362)
	Actuarial Gain/(Loss) for the year (Plan Assets)	(444,242)	(138,521)
	Total Gain/(Loss) for the year	1,470,866	(621,883)
	Actuarial Gain/(Loss) recognized for the year	1,470,866	(621,883)
	Unrecognized Actuarial Gain/(Loss) at end of the year	-	-
V	Amounts recognized in the Balance Sheet		
	Present Value of Obligations at end of the year	11,590,293	10,025,422
	Fair Value of Plan Assets at end of the year	9,903,730	5,729,401
	Funded Status	(1,686,563)	(4,296,021)
	Unrecognized Actuarial Gain/(Loss)	-	-
	Net Asset/(Liability) recognized in the balance sheet under "Provisions – Gratuity"	(1,686,563)	(4,296,021)

Schedules forming part of the Accounts for the year ended March 31, 2010

Sr. No.	Particulars	Current Year	Previous Year
VI	Expense recognized in Profit and Loss Account		
	Current Service Cost	3,160,891	3,621,800
	Interest cost	688,838	438,538
	Expected Return on Plan Assets	(692,300)	(386,200)
	Net Actuarial (Gain)/Loss recognized for the year	(1,470,866)	621,883
	Expense recognized in Profit and Loss Account under "Personnel Cost"	1,686,563	4,296,021
VII	Movements in the Liability recognized in Balance Sheet		
	Opening Net Liability	4,296,021	2,381,145
	Expenses as above	1,686,563	4,296,021
	Contribution paid	(4,296,021)	(2,381,145)
	Closing Net Liability	1,686,563	4,296,021
VIII	Investment pattern		
	Insurer Managed Funds	100.00%	100.00%
IX	Principal Assumptions		
	Mortality	LIC(1994-96)Ult	LIC(1994-96)Ult
	Discount Rate	7.50%	7.00%
	Rate of increase in compensation	5.00%	5.00%
	Rate of return (expected) on plan assets	-	9.00%
	Withdrawal rates	5.00%	5.00%

6 (a) Details of Managerial Remuneration pursuant to Section 198 of the Companies Act, 1956 (included under the head " Personnel Cost")

Particulars	Year ended 31st March, 2010	Year ended 31st March, 2009
(A) Managing Directors		
Salary	1,20,00,000	84,00,000
Company's Contribution to PF	14,40,000	10,08,000
Leave Salary	4,60,000	-
Medical Reimbursement	74,591	-
Club Subscription	1,36,823	-
Total (A) *	1,41,11,414	94,08,000
(B) Directors other than Managing Directors		
Sitting Fees	3,70,000	2,60,000
Commission	5,50,000	-
Total (B)	9,20,000	2,60,000
Total (A+B)	1,50,31,414	96,68,000

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

Schedules forming part of the Accounts for the year ended March 31, 2010

(b) In addition to managerial remuneration of ₹ 94,08,000/- paid to the Managing Directors as permissible under Schedule XIII to the Companies Act, 1956 during the previous year ended 31st March, 2009, a further sum of ₹ 1,00,63,759/- for the said year has been paid and accounted during the current year on receipt of requisite approvals of shareholders and Central Government.

(c) (i) **Computation of Net Profit in accordance with Section 349 of the Companies Act, 1956 :**

Particulars	Year ended 31st March, 2010
Profit Before Taxation as per Profit and Loss Account	134,925,197
Add: Managerial Remuneration (includes ₹ 1,00,63,759/- for previous year ended 31st March, 2009)	2,50,95,173
Assets Discarded/ Loss of Fixed Assets (net of profit on sale)	1,618,331
Provision for Doubtful Debts	39,305,369
Provision for Doubtful Deposits	195,896
Provision for Loss in Derivative Transactions	200,876
Depreciation as per Financial Statements	46,330,150
	247,670,992
Less: Provision for Doubtful Debts Written Back	26,887,242
Profit on Sale of Current Investments	47,01,687
Depreciation under section 350 of the Companies Act, 1956	46,330,150
Net Profit for Section 349 of the Companies Act, 1956	169,751,913
Remuneration to Managing Directors	
- Maximum amount eligible @ 10%	16,975,191
- Amount Paid	14,111,414
Commission to Directors other than Managing Directors	
- Maximum amount eligible @ 1%	1,697,519
- Amount Provided	550,000

(ii) **Previous year figures not given since no commission was payable to the Directors.**

7 In the opinion of Board of Directors, the current assets, loans and advances have value on realisation in ordinary course of business at least equal to the amount at which they are stated except as otherwise stated.

8 (i) **Details of Contingent Liabilities and Guarantees:-**

Sr. No.	Particulars	As at	
		31st March, 2010	31st March, 2009
1	Guarantees issued by the Banks (Net of Margin money being fixed deposits with Banks)	548,750,000	593,250,000
	Add : Margin money being fixed deposit with Banks	548,750,000	594,250,000
	Guarantees issued by the Banks	1,097,500,000	1,187,500,000
2.	Corporate guarantee issued in favour of a bank to secure credit facilities sanctioned by the bank to Emkay Commotrade Limited (a Subsidiary Company)	8,00,00,000	50,00,000
3.	Income Tax matters in appeal	17,411,067	1,11,42,866
4.	Claims against the company not acknowledged as debt	-	5,52,548

Schedules forming part of the Accounts for the year ended March 31, 2010

(ii) Capital Commitments

Estimated amounts of contracts remaining to be executed on capital account and not provided for (net of advance) ₹ 72,865/-
(P.Y. ₹ Nil)

9 (a) Fixed Deposits lodged with Exchanges towards Security Deposit/Base Minimum Capital/ Additional Base Capital

PARTICULARS	As at 31st March, 2010 (₹)	As at 31st March, 2009 (₹)
Bombay Stock Exchange Ltd		
Cash Segment	6,40,00,000	10,00,000
Derivatives Segment	65,00,000	65,00,000
Currency Derivatives	65,00,000	65,00,000
National Stock Exchange of India Ltd		
Cash Segment	-	-
Derivatives Segment	20,95,00,000	18,50,00,000
Currency Derivatives	25,00,000	25,00,000
Total	28,90,00,000	20,15,00,000

(b) 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 either lodged with the exchanges towards additional base capital/ exposure and /or pledged to banks towards borrowings.

(c) Fixed Deposits taken out from banks by the clients in the name of company as collateral for their margin requirements are lien marked directly in favor of stock exchanges through their custodians and are utilized towards additional base capital/ exposure/ margin requirements of the Company.

10 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.

11 Fixed Deposits with Banks of ₹ 30,62,50,000/- (P.Y. ₹ 30,62,50,000/-) have been pledged against short term loans/ overdraft facilities.

12 Miscellaneous Expenses includes Foreign Exchange Rate Difference of ₹ 26,043/- (P.Y. ₹ 1,31,150/-).

13 Expenses and income includes ₹ 1,00,90,625/- (P.Y. ₹ 1,40,775/-) and ₹ Nil (P.Y. ₹ 9,96,237/-) respectively pertaining to earlier years.

14 Sundry Debtors include :

a) ₹ 3,54,870/- (P.Y. ₹ 44/-) due from Managing Directors. [Maximum amount outstanding during the year ₹ 1,26,74,161/- (P.Y. ₹ 1,04,38,195/-)]

b) ₹ Nil (P.Y. ₹ 772/-) due from a private company in which Managing Directors are Directors.

15 Other liabilities includes ₹ 16,23,297/- (P.Y. ₹ 19,69,419/-) 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.

Schedules forming part of the Accounts for the year ended March 31, 2010

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

Particulars	As at 31.03.2010		As at 31.03.2009	
	Outstanding Balance	Maximum Balance during the year	Outstanding Balance	Maximum Balance during the year
Loans given to Subsidiary :				
- Emkay Fincap Limited	-	-	-	2,75,00,000

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

- (a) The Company has taken various commercial premises under operating leases. These lease arrangements are normally renewable on expiry. The rental expenses (net of recovery) in respect of above operating leases is ₹ 6,12,17,320/- (P.Y. ₹ 6,26,43,787/-).
- (b) The future minimum lease payments in respect of non-cancellable operating leases are as follows:

Particulars	Year Ended	Year Ended
	31st March, 2010	31st March, 2009
a) Payments not later than one year	2,49,84,044	2,92,10,050
b) Payable later than one year and not later than five years	6,82,742	2,23,83,044
c) Payable later than five years	-	-
Total	2,56,66,786	5,15,93,094

18 Earnings per share

Particulars	For the year ended	For the year ended
	31st March, 2010	31st March, 2009
Profit available for Equity Shareholders (₹)	8,39,61,111	(5,95,56,212)
Weighted average number of Shares used in Computing Basic earning per share	24,296,247	24,267,086
Add : Potential number of Equity share that could arise on exercise of Employee Stock Options	2,41,393	47,471
Weighted average number of Shares used in Computing Diluted earning per share	24,537,640	24,314,557
Nominal Value of Equity Shares (₹)	10	10
Basic Earnings Per Share (₹)	3.46	(2.45)
Diluted Earnings Per Share (₹)	3.42	(2.45)

19 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.

Schedules forming part of the Accounts for the year ended March 31, 2010

20 The break-up of Net Deferred Tax Liability/ Assets are as under :

Particulars	As at 31st March, 2010	As at 31st March, 2009
Deferred Tax Liability	-	-
Deferred Tax Assets		
Difference between book and tax depreciation	1,37,01,000	79,73,700
Provisions	3,90,06,500	3,55,57,900
	5,27,07,500	4,35,31,600
Net Deferred Tax Liability /(Assets)	(5,27,07,500)	(4,35,31,600)

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	Managing Director & CFO
	b) Shri Prakash Kacholia	Managing Director
2	Relatives of key management personnel	
	a) Priti Karwa	} Relatives of Managing Director & CFO
	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
	h) Krishna R. Kacholia	
	i) Deepak Kacholia	
	j) Prakash Kacholia HUF	
3	Enterprises owned/ controlled by key management personnel or their relatives	Enterprises owned/ controlled by key management personnel or their relatives
	a) Cambridge Securities	
	b) Synthetic Fibres Trading Company	
	c) Emkay Corporate Services Pvt. Ltd.	
4	Subsidiaries	Subsidiary
	• Emkay Fincap Limited	
	• Emkay Commotrade Limited	
	• Emkay Insurance Brokers Limited	

Schedules forming part of the Accounts for the year ended March 31, 2010

(B) Transactions with related parties:

Sr. No	Particulars	Key Management personnel/Individuals having control or significant influence	Relatives of key management personnel	Subsidiary	Enterprises owned/controlled by key management personnel or their relatives
(1)	(2)	(3)	(4)	(5)	(6)
1	Expenditure				
	Salaries & Other Benefits (*)	2,39,27,674/- (94,08,000/-)	-- (--)	-- (--)	-- (--)
	Sub-Brokerage	-- (--)	4,99,961/- (7,57,762/-)	-- (--)	-- (--)
	Interest	-- (30,00,000/-)	-- (--)	-- (--)	-- (--)
2	Income				
	Brokerage	2,89,206/- (2,24,352/-)	8,53,214/- (4,23,807/-)	1,35,066/- (--)	2,59,474/- (1,19,711/-)
	Depository Charges	2,030/- (2,905/-)	3,740/- (3,716/-)	1,40,231/- (76,490/-)	2,090/- (1,950/-)
	Portfolio Management Fees	8,48,917/- (12,156/-)	9,96,560/- (--)	-- (--)	-- (--)
	Infrastructure Maintenance Charges	-- (--)	-- (--)	36,00,000/- (36,00,000/-)	-- (--)
3	Expenses Recovered	-- (--)	16,800/- (54,271/-)	19,60,828/- (42,48,381/-)	1,635/- (--)
4	Expenses Reimbursed	-- (--)	-- (--)	19,136/- (33,833/-)	-- (--)
5	Investments made	-- (--)	-- (--)	1,50,00,000/- (1,00,00,000/-)	-- (--)
6	Purchase of Fixed Assets	-- (--)	-- (44,000/-)	-- (--)	-- (--)
7	Sale of Fixed Assets	-- (--)	-- (--)	2,23,025/- (--)	-- (--)
8	Loan Taken & Repaid	-- (5,00,00,000/-)	-- (--)	-- (--)	-- (--)
9	Loan Given and received back	-- (--)	-- (--)	-- (2,75,00,000/-)	-- (--)
10	Security/ Margin Deposits Repaid	-- (--)	-- (5,50,000/-)	-- (--)	-- (--)

Schedules forming part of the Accounts for the year ended March 31, 2010

Sr. No	Particulars	Key Management personnel/Individuals having control or significant influence	Relatives of key management personnel	Subsidiary	Enterprises owned/controlled by key management personnel or their relatives
(1)	(2)	(3)	(4)	(5)	(6)
11	Outstandings				
	Sundry Creditors	2,75,266/- (912/-)	9,37,902/- (6,57,010/-)	-- (--)	4,970,882/- (4,16,339/-)
	Sundry Debtors	3,54,870/- (44/-)	17,42,905/- (9,646/-)	-- (--)	11/- (772/-)
	Advances Given	-- (--)	-- (--)	26,043/- (51,750/-)	-- (--)
	Advances Received	-- (--)	-- (--)	15,444/- (--)	-- (--)
	Security/ Margin Deposits	-- (--)	2,00,000/- (2,00,000/-)	-- (--)	-- (--)
	Recoverable from Managing Directors	-- (79,61,656/-)	-- (--)	-- (--)	-- (--)
	Outstanding Expenses	9,19,160/- (--)	-- (--)	-- (--)	-- (--)
	Investments	-- (--)	-- (--)	36,00,00,000/- (34,50,00,000/-)	-- (--)

* Contribution to Group Gratuity Scheme, Group Personal Accident Premium and Group Mediclaim Insurance Premium 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.

Schedules forming part of the Accounts for the year ended March 31, 2010

22 a) Closing Stock of Securities (Valued at lower of cost or market price) :-

Sr. No.	Particulars	Type	As At 31.03.2010		As At 31.03.2009	
			Nos.	Amount ₹	Nos.	Amount ₹
1	Biocon Ltd.	Shares	-	-	1882	135,975
2	3i Infotech Ltd.	"	-	-	14537	472,453
3	AIA Engineering Ltd.	"	-	-	100	12,445
4	Akruti City Ltd.	"	12	6,228	7	4,918
5	Deccan Chronical Holdings Ltd.	"	-	-	1	40
6	Gammon India Ltd.	"	-	-	4356	252,648
7	Glaxo Smithkline Consumer Healthcare Ltd.	"	-	-	8	5,024
8	GSS America Infotech Ltd.	"	405	119,657	405	49,673
9	Ispat Industries Ltd.	"	-	-	1	11
10	Jain Irrigation Systems Ltd.	"	-	-	268	91,683
11	Kemrock Industries & Exports Ltd.	"	-	-	272	34,204
12	Kotak Mahindra Bank Ltd.	"	-	-	60	16,977
13	Pan Electronics India Ltd.	"	100	600	200	1,372
14	Piramal Life Sciences Ltd.	"	1204	156,941	1204	52,193
15	PTC India Ltd.	"	-	-	96	5,448
16	PVP Ventures Ltd.	"	151	2,635	151	1,515
17	SREI Infrastructure Finance Ltd.	"	286	21,836	286	6,964
18	Sterlite Industries Ltd.	"	-	-	85	24,392
19	Sterlite Technologies Ltd.	"	-	-	572	40,097
20	Television Eighteen India Ltd.	"	1004	75,852	1004	70,431
21	Jai Corp Ltd.	"	2000	520,100	2000	160,100
22	Venus Remedies Ltd.	"	-	-	218	32,384
23	Vesuvius India Ltd.	"	-	-	2	156
24	Unitech Ltd.	"	1000	73,400	-	-
25	Dhampur Sugar Mills Ltd.	"	465	32,362	-	-
26	Mahindra & Mahindra Ltd.	"	28	15,265	-	-
27	Rallis India Ltd.	"	76	95,369	-	-
28	Ranbaxy Laboratories Ltd.	"	100	47,490	-	-
			6831	1,167,735	27715	1,471,103

b) Detailed information in respect of opening stock, purchases, sales and closing stock in respect of Securities traded in :-

Particulars	Opening Stock		Purchases		Sales		Closing Stock	
	Nos.	Amount	Nos.	Amount	Nos.	Amount	Nos.	Amount
Shares,	27,715.000	1,471,103	473,532.000	151,385,860	494,416.000	156,292,412	6,831.000	1,167,735
Securities & Units	(2,845.031)	(1,321,401)	(639,438.000)	(129,033,482)	(614,568.031)	(123,562,536)	(27,715.000)	(1,471,103)

Schedules forming part of the Accounts for the year ended March 31, 2010

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

Name of Equity Index / Stock Futures	No. of Contracts	As at 31.03.2010		As at 31.03.2009		
		No. of Units Long	No. of Units Short	No. of Contracts	No. of Units Long	No. of Units Short
Nifty	241	-	12,050	681	-	34,050
DLF Ltd	6	4,800	-	-	-	-
Bajaj Hindustan Ltd	7	9,975	-	-	-	-

d) Detailed information in respect of Currency Futures contracts outstanding (Open Interest) : -

Name of Currency Futures	No. of Contracts	As at 31.03.2010		As at 31.03.2009		
		No. of Units Long	No. of Units Short	No. of Contracts	No. of Units Long	No. of Units Short
Japanese Yen - Indian Rupee	50	50,000	-	-	-	-

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

Name of Equity Index / Stock Options	Premium carried forward as at 31.03.2010	Premium carried forward as at 31.03.2009
	[net of provisions made] (₹)	[net of provisions made] (₹)
Nifty	(650,092)	(1,349,437)
Hindalco Industries Ltd	14,776	-
Total	(635,316)	(1,349,437)

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

Particulars	Year ended	Year ended
	31/3/2010	31/03/2009
(a) Expenditure in Foreign Currency		
- Foreign Travelling	1,754,667	844,489
- Others	1,962,108	1,487,829
(b) Earning in Foreign Currency		
- Miscellaneous Income	371,405	3,103,535

Schedules forming part of the Accounts for the year ended March 31, 2010

24) Remittance in foreign currencies for dividends :-

Particulars	Current Year	Previous Year
Number of Non Resident Shareholders	-	55
Number of Equity Shares held by them	-	2,556,558
Gross Amount of Dividend (₹)	-	4,473,976
Dividend relating to the year	-	2007-2008

- 25) Other additional information required pursuant to Part II of Schedule VI to the Companies Act, 1956 are not applicable to the company.
- 26) Figures in brackets indicates previous years figures.
- 27) Figures have been rounded off to the nearest rupees.
- 28) Schedule 'A' to 'T' forms an integral part of the Financial Statements of the Company.

As per our Report of even date	By the order of the Board	
For B.L. Sarda & Associates		
Chartered Accountants	G.P. Gupta	) Chairman
(B.L. SARDA)	Krishna Kumar Karwa	) Managing Director & CFO
Partner	Prakash Kacholia	) Managing Director
Membership No. 014568	S.K.Saboo)
	R.K.Krishnamurthi	) Directors
	G.C. Vasudeo)
	Manish Jain	) Company Secretary
Place : Mumbai	Place : Mumbai	
Dated : 28th May, 2010	Dated :28th May, 2010	

Balance Sheet Abstract And Company's General Business Profile

I Registration Details

Registration No. State Code
Balance Sheet Date Date Month Year

II Capital Raised during the year (Amount in ₹ Thousands)

Public Issue Rights Issue
Bonus Issue Private Placement

III Position of Mobilisation and Deployment of Funds (Amounts in ₹ Thousands)

Total Liabilities Total Assets

Sources of Funds

Paid up Capital Reserves and Surplus
Secured Loans Unsecured Loans
Deferred Tax Liability

Application of Funds

Net Fixed Assets Investments
Net Current Assets Misc. Expenditure
Accumulated Losses Deferred Tax Assets

IV. Performance of Company (Amount in ₹ Thousands)

Turnover/ Income Total Expenditure
Profit / Loss before tax Profit / Loss after tax

(Please tick appropriate box + for Profit - for Loss)

Basic Earning per share in ₹ Dividend rate %

Generic Names of Three Principal Products / Services of Company.

(As per monetary items)

Item Code no. (ITC Code) }
Product Description }
Item Code no. (ITC Code) } NOT APPLICABLE
Product Description }
Item Code no. (ITC Code) }
Product Description }

As per our Report of even date

For B.L. Sarda & Associates
Chartered Accountants

(B.L. SARDA)

Partner
Membership No. 014568

By the order of the Board

G.P. Gupta) Chairman

Krishna Kumar Karwa) Managing Director & CFO
Prakash Kacholia) Managing Director

S.K.Saboo)
R.K.Krishnamurthi) Directors
G.C. Vasudeo)

Manish Jain) Company Secretary

Place : Mumbai
Dated : 28th May, 2010

Place : Mumbai
Dated :28th May, 2010

Statement Pursuant to Section 212 (1)(e) of the Companies Act, 1956, relating to Subsidiary Companies

Name of the Subsidiary Company	Emkay Fincap Limited	Emkay Commtrade Limited	Emkay Insurance Brokers Limited
1. Financial Year of the Subsidiary ended on	31.03.2010	31.03.2010	31.03.2010
2. Holding Company's Interest			
a) Equity Share of ₹ 10 each			
Number of Shares fully paid	2,20,00,000	60,00,000	2,000,000
% Share held by Emkay Global Financial Services Limited	100%	100%	100%
3. Net aggregate amount of Profit/(Loss) of the Subsidiary, so far as they concern members of Emkay Global Financial Services Limited			
a) For the Financial Year of the Subsidiary			
Dealt with in the accounts of the Holding Company	-	-	-
Not dealt with in the accounts of the Holding Company	12,023,044	9,710,312	(11,697,829)
b) For the previous Financial Years of the Subsidiary since it became the Holding Company's Subsidiary			
Dealt with in the accounts of the Holding Company	-	-	-
Not dealt with in the accounts of the Holding Company	19,791,983	10,456,623	(3,536,638)
4. As the Financial Year of the Subsidiary Companies coincide with the Financial Year of the Holding Company, Section 212(5) of the Companies Act, 1956, is not applicable			

For and on behalf of the Board of Directors

Krishna Kumar Karwa
Managing Director & CFO

Prakash Kacholia
Managing Director

Manish Jain
Company Secretary

Place : Mumbai

Date : 28th May, 2010

Directors'
Report

Management
Discussion &
Analysis

Report on
Corporate
Governance

Auditors'
Report

Financials

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Auditors' Report on Consolidated Financial Statements

TO THE BOARD OF DIRECTORS OF EMKAY GLOBAL FINANCIAL SERVICES LIMITED

1. We have audited the attached Consolidated Balance Sheet of EMKAY GLOBAL FINANCIAL SERVICES LIMITED ('the Company') and its subsidiaries, as at 31st March, 2010 and also the Consolidated Profit and Loss account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's Management and have been prepared by the Management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of two subsidiaries, namely Emkay Fincap Limited and Emkay Insurance Brokers Limited, whose Financial Statements reflect total assets of ₹ 3623.90 Lac as at March 31, 2010, total revenues of ₹ 518.15 Lac and total cash out flow of ₹ 401.06 Lac for the year then ended. Those financial statements and other financial information have been audited by other auditor whose reports have been furnished to us, and in our opinion, in so far as it relates to the amounts included in respect of these two

subsidiaries, are based solely on the reports of the other auditor.

4. We report that the Consolidated Financial Statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21, 'Consolidated Financial Statements', issued by The Institute of Chartered Accountants of India and notified under the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate Audited Financial Statements of the Company and its subsidiaries included in Consolidated Financial Statements.
5. In our opinion and to the best of our information and according to the explanations given to us, and on the consideration of the separate audit reports on individual Audited Financial Statements of the Company and its subsidiaries, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Consolidated Balance Sheet, of the Consolidated state of affairs of the Company and its subsidiaries as at 31st March, 2010;
 - (b) in the case of the Consolidated Profit and Loss Account, of the Consolidated results of operation of the Company and its subsidiaries for the year ended on that date; and
 - (c) in the case of the Consolidated Cash Flow Statement, of the Consolidated cash flows for the year ended on that date.

For B.L. Sarda & Associates

Firm Registration No. 109266W
Chartered Accountants

(B. L. Sarda)

Partner

Membership No. 014568

Place: Mumbai

Date : 28th May, 2010

Consolidated Balance Sheet as at March 31, 2010

Particulars	Schedule	As at 31.03.2010 ₹	As at 31.03.2009 ₹
SOURCES OF FUNDS			
1. SHAREHOLDERS' FUNDS			
Share Capital	A	243,208,000	242,782,500
Reserves & Surplus	B	1,148,893,467	1,082,711,110
		<u>1,392,101,467</u>	<u>1,325,493,610</u>
2 LOAN FUNDS			
Secured Loans	C	86,250,000	119,666,801
Unsecured Loans	D	99,125,000	87,336,062
		<u>185,375,000</u>	<u>207,002,863</u>
TOTAL		<u>1,577,476,467</u>	<u>1,532,496,473</u>
APPLICATION OF FUNDS			
1 FIXED ASSETS			
Gross Block	E	298,514,310	283,662,554
Less : Depreciation and Amortization		<u>219,439,427</u>	<u>175,908,510</u>
Net Block		79,074,883	107,754,044
Capital Work In Progress		<u>1,485,726</u>	<u>-</u>
		<u>80,560,609</u>	<u>107,754,044</u>
2 INVESTMENTS	F	155,287,667	92,557,712
3 DEFERRED TAX ASSETS (Net)		63,352,427	47,037,130
4 CURRENT ASSETS, LOANS & ADVANCES			
Stock - in Trade	G	1,167,735	1,471,103
Sundry Debtors	H	496,145,296	331,333,101
Cash and Bank Balances	I	1,425,626,137	1,310,805,335
Other Current Assets	J	32,497,996	39,584,677
Loans And Advances	K	353,223,293	388,528,627
		<u>2,308,660,457</u>	<u>2,071,722,843</u>
Less : CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	L	1,000,116,278	781,970,988
Provisions	M	<u>30,268,415</u>	<u>4,604,268</u>
		<u>1,030,384,693</u>	<u>786,575,256</u>
NET CURRENT ASSETS		<u>1,278,275,764</u>	<u>1,285,147,587</u>
TOTAL		<u>1,577,476,467</u>	<u>1,532,496,473</u>
Significant Accounting Policies and Notes to the accounts	T		

As per our Report of even date

 For B.L. Sarda & Associates
Chartered Accountants

(B.L. SARDA)

 Partner
Membership No. 014568

By the order of the Board

G.P. Gupta

) Chairman

Krishna Kumar Karwa

) Managing Director & CFO

Prakash Kacholia

) Managing Director

S.K.Saboo

)

R.K.Krishnamurthi

) Directors

G.C. Vasudeo

)

Manish Jain

) Company Secretary

Place : Mumbai

Dated : 28th May, 2010

Place : Mumbai

Dated : 28th May, 2010

Consolidated Profit and Loss Account for the year ended March 31, 2010

Particulars	Schedule	For the year ended 31.03.2010 ₹	For the Year ended 31.03.2009 ₹
Income			
Income from Operations	N	1,128,328,821	857,661,617
Other Income	O	129,806,519	138,456,619
		1,258,135,340	996,118,236
Expenditure			
Personnel Cost	P	384,405,774	308,637,197
Operating Expenses	Q	432,675,086	338,343,997
Administrative Expenses	R	222,174,528	295,454,716
Interest	S	21,521,720	32,570,030
Depreciation and Amortization	E	47,287,313	64,207,343
		1,108,064,421	1,039,213,283
Profit / (Loss) Before Taxation		150,070,919	(43,095,047)
Provision for Taxation			
- Current tax		71,985,000	25,300,000
- Deferred tax Charge/(benefit)		(16,315,297)	(38,659,198)
- Fringe Benefit Tax		-	3,438,725
- Short / (Excess) Provision for taxation of earlier years		380,764	(330,330)
- Short / (Excess) Provision for Fringe Benefit Tax of earlier years		23,814	-
Profit / (Loss) After Taxation		93,996,638	(32,844,244)
Add: Balance Brought Forward		223,671,141	261,473,782
Amount Available for Appropriations		317,667,779	228,629,538
Appropriations			
Dividend			
- Proposed		24,320,800	-
Provision for Dividend Distribution Tax		4,039,381	-
Transfer to General Reserve		8,950,000	1,000,000
Transfer to Special Reserve [Refer Para (C) (12) of Schedule 'T']		2,404,609	3,958,397
Balance Carried Forward		277,952,989	223,671,141
		317,667,779	228,629,538
Basic Earnings Per Share(₹)		3.87	(1.35)
Diluted Earnings Per Share(₹)		3.83	(1.35)
Significant Accounting Policies and Notes to the accounts T			

As per our Report of even date	By the order of the Board		
For B.L. Sarda & Associates			
Chartered Accountants	G.P. Gupta	)	Chairman
(B.L. SARDA)	Krishna Kumar Karwa	)	Managing Director & CFO
Partner	Prakash Kacholia	)	Managing Director
Membership No. 014568	S.K.Saboo)	
	R.K.Krishnamurthi	)	Directors
	G.C. Vasudeo)	
	Manish Jain	)	Company Secretary
Place : Mumbai	Place : Mumbai		
Dated : 28th May, 2010	Dated : 28th May, 2010		

Consolidated Cash Flow Statement for the year ended March 31, 2010

Particulars	Year ended 31st March, 2010		Year ended 31st March, 2009	
	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax, extraordinary items		150,070,919		(43,095,047)
Adjustment for :				
Interest Paid	21,521,720		32,570,030	
Depreciation and Amortization	47,287,313		64,207,343	
(Profit)/Loss on sale of Current investments	(14,611,480)		(4,870,881)	
Public / Share Issue Expenses	235,250		147,250	
Assets Discarded/Loss of Fixed Assets (Net of Profit on Sale)	1,618,331		783,423	
Interest Received	(92,444,980)		(115,449,336)	
Dividend Received	(258,781)		(340,974)	
Unrealised Foreign Exchange (gain)/loss	1,395		(25,089)	
Provision for Loss Assets (net of write back)	5,875,759		(1,214,849)	
Provision for Sub-standard Assets	898,530		-	
Provision for Doubtful Debts (net of write back)	11,664,212		87,943,602	
Provision for Doubtful Deposits	195,896		-	
Provision for loss on equity index/stock futures/equity index/stock options and Currency Futures	200,876	(17,815,959)	-	63,750,519
Operating profit before working capital changes		132,254,960		20,655,472
Adjustment for :				
Trade and other receivables	(133,279,505)		509,706,821	
Fixed Deposits with Banks and Other items not considered as cash equivalents (Refer Note 3 below)	(40,206,574)		155,209,428	
Inventories	303,368		(149,702)	
Trade payables	215,395,433	42,212,722	(605,652,321)	59,114,226
Cash Generated from operations		174,467,682		79,769,698
Direct taxes (Paid)/Refund		(80,311,701)		(70,456,686)
Cash flow before extraordinary items		94,155,981		9,313,012
Extraordinary items		-		-
Net Cash From/ (used in) Operating Activities		94,155,981		9,313,012
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets	(22,253,371)		(39,133,415)	
Sale of fixed assets	541,160		6,099,357	
Sales/(Additions) to the Investments(Net)	(48,118,475)		(45,517,219)	
Interest received	92,444,980		115,449,336	
Dividend received	258,781	22,873,075	340,974	37,239,033
Net Cash from/ (used in) Investing Activities		22,873,075		37,239,033

Consolidated Cash Flow Statement for the year ended March 31, 2010

Particulars	Year ended 31st March, 2010		Year ended 31st March, 2009	
	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of share capital	425,500		125,000	
Securities Premium received	545,900		125,000	
Public/ Share Issue Expenses	(235,250)		(147,250)	
Proceeds/(Repayment) of Secured Loan	(33,416,801)		(2,114,922)	
Proceeds/(Repayment) of unsecured loans	11,788,938		(2,972,504)	
Interest paid	(21,521,720)		(32,570,030)	
Dividend paid (including dividend tax)	-	(42,413,433)	(49,647,291)	(87,201,997)
Net cash from/ (used in) financing activities		(42,413,433)		(87,201,997)
Net increase in cash and cash equivalents (A+B+C)			74,615,623	(40,649,952)
Cash and cash equivalents at the beginning of the year			123,654,769	164,304,721
Cash and cash equivalents at the close of the year			198,270,392	123,654,769
1. Cash and cash equivalents comprise of :				
Cash & Cheques on hand			4,703,649	11,750,192
Balances with Scheduled Banks				
- In Current Accounts			182,981,125	83,903,794
- In Fixed Deposit Accounts			10,500,000	28,000,000
Foreign Currency on Hand			84,245	805
Less : Unrealised Exchange Gain / (Loss)			1,373	(22)
			198,270,392	123,654,769
2. Cash flow statement has been prepared under the Indirect Method as set out in the Accounting Standard - 3 (AS-3) "Cash Flow Statement" issued by the Institute of Chartered Accountants of India.				
3. Cash and cash equivalent excludes fixed deposits with banks which have been pledged with exchanges/ banks, balance in Unclaimed Dividend and IPO Refund Account, Gift/ Meal Coupons and Stamps in hand.				
4. Previous year's figures are re-grouped/ recasted/ re-arranged wherever considered necessary.				

As per our Report of even date For B.L. Sarada & Associates Chartered Accountants	By the order of the Board	
	G.P. Gupta	) Chairman
(B.L. SARDA) Partner Membership No. 014568	Krishna Kumar Karwa Prakash Kacholia	) Managing Director & CFO) Managing Director
	S.K.Saboo R.K.Krishnamurthi G.C. Vasudeo	) ) Directors)
	Manish Jain	) Company Secretary
Place : Mumbai Dated : 28th May, 2010	Place : Mumbai Dated : 28th May, 2010	

Schedules forming part of the Consolidated Balance Sheet as at March 31, 2010

Particulars	As at 31.03.2010 ₹	As at 31.03.2009 ₹
Schedule A		
Share Capital		
Authorised		
40,000,000 Equity Shares of ₹10/- each	400,000,000	400,000,000
Total	400,000,000	400,000,000
Issued, Subscribed & Paid Up Capital		
243,20,800 (P.Y. 242,78,250) Equity Shares of ₹ 10/- each fully paid up (Out of the above Equity Shares 1,40,00,000 Equity Shares are allotted as fully paid-up bonus shares by capitalisation of General Reserves)	243,208,000	242,782,500
Total	243,208,000	242,782,500
Schedule B		
Reserves And Surplus		
Securities Premium Account		
Opening Balance	687,167,834	687,042,834
Add: Received during the year	545,900	125,000
	687,713,734	687,167,834
Special Reserve		
Opening Balance	9,958,284	5,999,887
Add : Transfer from Profit and Loss Account	2,404,609	3,958,397
	12,362,893	9,958,284
General Reserve		
Opening Balance	161,811,128	160,811,128
Add: Transferred from Profit & Loss Account	8,950,000	1,000,000
	170,761,128	161,811,128
Capital Reserve on Consolidation		
Opening Balance	102,723	102,723
	102,723	102,723
Profit & Loss Account	277,952,989	223,671,141
Total	1,148,893,467	1,082,711,110
Schedule C		
Secured Loans		
From Bank		
- Overdraft	-	33,416,801
(Secured by Pledge of Shares belonging to the Clients)		
- Short Term Loan	86,250,000	86,250,000
(Secured by Pledge of Fixed Deposit with Bank)		
	86,250,000	119,666,801
Schedule D		
Unsecured Loans		
Short Term Loans		
- From a Bank	86,250,000	87,336,062
- From Bodies Corporate	12,875,000	-
	99,125,000	87,336,062

Schedules forming part of the Consolidated Balance Sheet as at March 31, 2010

Schedule E
Fixed Assets

Description	Gross Block (At Cost)		Depreciation / Amortization		Net Block	
	As On 01.04.2009	As On 31.03.2010	For The Year	During The Year	As On 31.03.2010	As On 31.03.2009
(A) Tangibles						
Air Conditioners	13,382,170	12,968,370	1,364,666	184,971	8,418,639	10,012,134
Computers	89,933,979	92,607,027	14,581,246	895,524	23,759,745	34,772,419
Motor Cars	5,517,348	8,190,283	1,129,324	-	4,213,981	2,670,370
Furniture & Fixtures	6,423,158	6,762,055	544,612	32,344	1,640,513	1,813,884
Office Equipments	30,253,486	31,790,147	3,287,178	288,060	20,003,208	21,465,665
Licensed Property - Improvement	82,883,136	83,564,374	18,445,390	2,355,497	14,371,614	29,780,269
(B) Intangibles						
Stock Exchange Membership Rights	28,255,000	28,255,000	-	-	28,255,000	-
Softwares	27,014,277	34,377,054	7,934,897	-	6,667,183	7,239,303
Total ₹	283,662,554	298,514,310	47,287,313	3,756,396	79,074,883	107,754,044
Previous Year	240,770,320	283,662,554	64,207,343	10,025,088	107,754,044	119,044,065

Schedules forming part of the Consolidated Balance Sheet as at March 31, 2010

Schedule F

Investments

Name of the Company/ Mutual Fund	No. of Shares/Unit		Face Value per share/unit (₹)	Amount (₹)	
	As at 31.03.2010	As at 31.03.2009		As At 31.03.2010	As At 31.03.2009
(1) LONG TERM (AT COST)					
UNQUOTED, TRADE					
Fully Paid-up Equity Shares					
Bombay Stock Exchange Limited	58,838	58,838	1	4,526	4,526
TOTAL (1)				4,526	4,526
(2) CURRENT					
UNQUOTED, NON-TRADE					
Reliance Money Manager Fund - Institutional Option - Growth Plan	28,259.996	37,784.814	1000	35,365,431	45,008,219
UTI Treasury Advantage Fund - Institutional Option - Growth Plan	30,689.179	34,047.646	1000	37,854,470	40,006,672
Birla Sun Life Cash Plus - Institutional Option - Growth Plan	-	463,417.639	10	-	7,538,295
DWS Ultra Short Term Fund - Institutional Option - Growth Plan	3,477,651.369	-	10	37,525,574	-
DWS Treasury Fund Cash - Regular - Growth Plan	490,784.454	-	10	5,000,554	-
HDFC Floating Rate Income Fund - STP Wholesale Option - Growth Plan	1,855,557.569	-	10	29,037,112	-
Reliance Liquid Fund - Treasury Plan - Institutional Option - Growth Plan	445,382.718	-	10	10,000,000	-
Axis Equity Fund - Growth Plan	50,000.000	-	10	500,000	-
TOTAL (2)				155,283,141	92,553,186
GRAND TOTAL (1+2)				155,287,667	92,557,712
Aggregate Cost of Unquoted Investments				4,526	4,526
Aggregate of Investment in Units of Mutual Funds			Cost	155,283,141	92,553,186
			Net Asset Value	155,709,374	92,760,765

Particulars	As at 31.03.2010 ₹	As at 31.03.2009 ₹
Schedule G		
Stock In Trade		
Securities	1,167,735	1,471,103
Total	1,167,735	1,471,103

Schedules forming part of the Consolidated Balance Sheet as at March 31, 2010

Particulars	As at 31.03.2010 ₹	As at 31.03.2009 ₹
Schedule H		
Sundry Debtors		
(Unsecured)		
Exceeding six months		
- Considered Good	56,510,487	152,848,260
- Considered doubtful	115,974,488	105,201,528
	172,484,975	258,049,788
Less : Provision for doubtful debts	115,974,488	105,201,528
	56,510,487	152,848,260
Other Debts		
- Considered good	439,634,809	178,484,841
- Considered doubtful	1,467,652	576,400
	441,102,461	179,061,241
Less: Provision for doubtful debts	1,467,652	576,400
	439,634,809	178,484,841
Total	496,145,296	331,333,101
Schedule I		
Cash And Bank Balances		
Cash & Cheques on hand	4,703,649	11,750,192
Balances with Scheduled Banks		
- In Current Accounts	182,981,125	83,903,794
- In Fixed Deposit Accounts	1,237,250,000	1,214,694,616
- In Unclaimed Dividend Account	137,428	133,993
- In IPO Refund Account	234,240	240,240
Gift/Meal Coupons	168,450	12,855
Stamps on Hand	67,000	68,840
Foreign Currency on Hand	84,245	805
Total	1,425,626,137	1,310,805,335
Schedule J		
Other Current Assets		
Accrued Interest on Bank Fixed Deposits	32,497,996	39,584,677
Total	32,497,996	39,584,677

Schedules forming part of the Consolidated Balance Sheet as at March 31, 2010

Particulars	Year ended 31.03.2010 ₹	Year ended 31.03.2009 ₹
Schedule K		
Loans & Advances (Unsecured unless otherwise stated, considered good)		
Loans Granted	195,252,588	175,499,261
Less : Provision for Loss Assets	(5,953,245)	(77,486)
Less : Provision for Sub-Standard Assets	(898,530)	-
Loan to Staff	1,950,444	497,985
Advances		
Prepaid Expenses	15,426,796	15,847,618
Advances Recoverable in cash or kind or for value to be received		
- Others	19,813,605	13,144,379
Deposits		
- Considered Good	71,571,713	135,493,847
- Considered Doubtful	195,896	-
Less : Provision for Doubtful Deposits	(195,896)	-
Income Tax and Tax Deducted at Source (Net of provision)	55,754,200	47,834,293
Fringe Benefit Tax (Net of provision)	290,946	288,730
Equity Index/Stock Options Premium	14,776	-
Mark to Market Margin –Equity Index/Stock Futures	88,304	-
Less : Provision for Loss in Equity Index/Stock Futures	(88,304)	-
Mark to Market Margin – Currency Futures	58,750	-
Less : Provision for Loss – Currency Futures	(58,750)	-
Total	353,223,293	388,528,627
Schedule L		
Current Liabilities		
Sundry Creditors	705,473,835	506,901,581
Other Liabilities	20,486,152	16,844,510
Security/Margin Deposits	249,514,782	236,131,182
Advances	22,430,630	19,790,933
Share Application Money	920,500	-
Unclaimed Share Application Money (*)	234,240	240,240
Unclaimed Dividend (*)	137,428	133,993
Equity Index/Stock Options Premium	596,270	1,349,437
Add : Provision for Loss on Equity Index/Stock Options	53,822	-
Mark to Market Margin –Equity Index/Stock Futures	268,619	579,112
Total	1,000,116,278	781,970,988
(*) Appropriate amount shall be transferred to "Investor Education and Protection Fund" as and when due.		
Schedule M		
Provisions		
Gratuity	1,908,234	4,604,268
Proposed Dividend	24,320,800	-
Dividend Distribution Tax	4,039,381	-
Total	30,268,415	4,604,268

Schedules forming part of the Consolidated Profit and Loss Account for the year ended March 31, 2010

Particulars	Year ended 31.03.2010 ₹	Year ended 31.03.2009 ₹
Schedule N		
Income From Operations		
Brokerage	921,903,140	797,008,705
Investment Banking Activities	138,036,800	10,000,000
Portfolio Management Fees	14,780,561	4,054,162
Depository Operations	12,458,535	13,105,456
Interest from Financing Activities	32,043,883	28,414,013
Insurance Commission	9,706,482	10,137,093
Research Fees	232,356	2,966,672
Profit/(Loss) in Proprietary Trades in Securities/Derivatives transactions (Net of expenses)	(632,060)	(8,024,484)
Less : Provision for Loss on Equity Index/Stock Options	(53,822)	-
Less : Provision for Loss on Equity Index/Stock Futures	(88,304)	-
Less : Provision for Loss on Currency Futures	(58,750)	-
	1,128,328,821	857,661,617
Schedule O		
Other Income		
Interest (Gross)		
- On fixed deposits with banks (TDS ₹1,01,42,860/-, P.Y. ₹ 2,52,42,106/-)	91,023,214	115,401,616
- Others	1,421,766	47,720
Dividend (Gross)		
- On Long term Trade Investments	235,352	135,780
- On Current Non-Trade Investments	-	23,746
- On Stock in Trade	23,429	181,448
Miscellaneous Income	15,051,937	14,882,659
Profit on Sale of Investments - Current	14,611,480	4,870,881
Provision for Loss Assets Written Back	-	1,292,335
Provision for Doubtful Debt Written Back	7,432,079	1,620,434
Bad Debt Recovered	7,262	-
	129,806,519	138,456,619
Schedule P		
Personnel Cost		
Salaries and Other Benefits	369,093,525	290,703,310
Contribution to Provident Fund and Other Funds	8,718,508	10,340,374
Staff Welfare Expenses	6,593,741	7,593,513
	384,405,774	308,637,197

Schedules forming part of the Consolidated Profit and Loss Account for the year ended March 31, 2010

Particulars	Year ended 31.03.2010 ₹	Year ended 31.03.2009 ₹
Schedule Q		
Operating Expenses		
Brokerage & Commission	222,623,834	195,412,128
Communication, Postage and Courier Charges	40,075,071	45,827,477
Fees & Stamps	40,914,327	44,810,545
Commitment Fees	275,750	-
Contribution/Payments to Stock Exchange	27,238,071	25,796,509
Membership & Subscription	20,021,136	12,184,234
Registration Fees	2,798,808	3,663,635
Depository Charges	5,745,212	4,730,469
Consultancy Fees	72,869,377	65,919,000
Claims/Compensation	113,500	-
	432,675,086	338,343,997
Schedule R		
Administrative Expenses		
Electricity Charges	19,240,426	18,429,390
Insurance	1,142,477	2,087,007
Repairs & Maintenance - Others	14,471,163	14,695,279
Advertisement & Business Promotion Expenses	8,460,495	8,794,769
Motor Car Expenses	484,446	531,587
Printing & Stationery	9,109,025	11,354,881
Travelling and Conveyance	14,042,363	22,427,835
Provision for Doubtful Debts	39,699,553	98,946,023
Provision for Doubtful Deposits	195,896	-
Provision for Loss Assets	5,953,245	77,486
Provision for Sub-Standard Assets	898,530	-
Bank Commission and Charges	14,338,106	16,254,748
Loss Assets Written off	77,486	13,896
Less : Provision Written Back	(77,486)	-
Bad Debts Written off	21,130,382	12,705,278
Less : Provision Written Back	(20,603,262)	(9,381,987)
Deposits & Advances Written off	572,256	98,102
Software Expenses	5,543,650	5,927,993
Legal & Professional fees	5,678,048	7,643,282
Auditor's Remuneration		
- Audit Fees	1,025,300	1,025,300
- Tax Audit Fees	112,575	112,575
- Taxation Matters	140,000	167,500
- Other Matters	158,695	141,708
Rent	65,533,580	65,597,313
Assets Discarded/Loss of Fixed Assets (net of profit on sale)	1,618,331	783,423
Miscellaneous Expenses	12,985,497	16,676,827
Donation	8,501	97,251
Share Issue Expenses	235,250	147,250
	222,174,528	295,454,716
Schedule S		
Interest		
to Banks	15,027,516	22,486,147
to a Managing Director	-	3,000,000
to Others	6,494,204	7,083,883
	21,521,720	32,570,030

Schedules forming part of the Consolidated Accounts for the year ended March 31, 2010

SCHEDULE "T"

(A) SIGNIFICANT ACCOUNTING POLICIES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2010

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.

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.

3. Basis of Consolidation

i) Basis of Preparation:

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

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

Name of the Subsidiaries	Country of Incorporation	Period included in Consolidation	Proportion of Ownership Interest
Emkay Fincap Limited	India	01.04.2009 – 31.03.2010	100%
Emkay Commotrade Limited	India	01.04.2009 – 31.03.2010	100%
Emkay Insurance Brokers Limited	India	01.04.2009 – 31.03.2010	100%

iii) Principles of Consolidation:

- The consolidated financial statements comprise of the Financial Statements of the Parent Company and its subsidiaries and have been combined on a line- by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances / transactions and resulting profits / losses in full.
- The Consolidated Financial Statements are presented, to the extent possible in the same format as that adopted by the Parent Company for its separate financial statements.
- 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.

Schedules forming part of the Consolidated Accounts for the year ended March 31, 2010

- 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.

4. Revenue Recognition:

- (a) (i) Brokerage income is recognized as per contracted rates on the execution of transactions on behalf of the clients on the trade date.
- (ii) One time non refundable adjustable subscription fees with a validity of maximum of one year 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. Brokerage reversible under the said schemes are reversed by making provision at the end of each quarter. However, actual credit for brokerage reversible to the client is given at the end of the validity period of the scheme opted.
- b) Portfolio Management Fees 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 his joining the Portfolio Management Scheme or closure of Portfolio Account, whichever is earlier.
- (c) Dividend including interim are 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, 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 5 and 6 below. Profit/(Loss) on Currency Futures and Commodity Futures transactions is also determined *mutatis mutandis* as explained in para para 5 and 6 below.
- (e) 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.
- (f) 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.

5. Equity Index/Stock - Futures

- (i) Equity Index/Stock Futures are marked-to-market on a daily basis. Debit or Credit balance disclosed under Loans and Advances or Current Liabilities, respectively, in the Mark-to-Market Margin – Equity Index / Stock Futures Account, represents the net amount paid or received on the basis of movement in the prices of Index/Stock futures till the Balance Sheet date.
- (ii) As on the Balance Sheet date, Profit / Loss on open positions in Equity Index / Stock Futures is accounted for as follows:
 - Credit balance in the Mark-to-Market Margin – Equity Index / Stock Futures Account, being the anticipated profit, is ignored and no credit for the same is taken in the Profit and Loss Account.
 - Debit balance in the Mark-to-Market Margin – Equity Index / Stock Futures Account, being the anticipated loss, is provided

Schedules forming part of the Consolidated Accounts for the year ended March 31, 2010

in the Profit and Loss account and is reflected in "Provision for Loss on Equity Index/Stock Futures Account" under Current Liabilities.

- (iii) On final settlement or squaring-up of contracts for Equity Index / Stock Futures, the Profit or Loss is calculated as the difference between the settlement / squaring-up price and the contract price. Accordingly, debit or credit balance pertaining to the settled / squared-up contract in Mark-to-Market Margin – Equity Index / Stock Futures Account after adjustment of the provision for anticipated losses is recognized in the Profit and Loss account. 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.

6. Equity Index/Stock – Options

- (i) "Equity Index/Stock Options Premium Account" represents premium paid or received for buying or selling the options, respectively. Debit or Credit balance under the said account is disclosed under Loans and Advances or Current Liabilities as the case may be.

- (ii) At the time of final settlement

Premium paid/received is recognised as an expense/income on exercise of Option. Further, difference between the final settlement price as on the exercise/expiry date and the strike price is recognised as Profit or Loss.

- (iii) At the time of squaring off

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

- (iv) At the Balance Sheet date

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

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.

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.

Schedules forming part of the Consolidated Accounts for the year ended March 31, 2010

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.

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.

11. Employee Benefits

(i) Short Term Benefits

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

(ii) Long Term Benefits

(a) Post Employment Benefits

(i) Defined Contribution Plans: - Retirement/ Employee benefits in the form of Provident Fund, Employees State Insurance and labour welfare are considered as defined contribution plan and contributions to the respective funds administered by the Government are charged to the Profit and Loss Account of the year when the contribution to the respective funds are due.

(ii) Defined Benefit Plans: - Retirement benefits in the form of gratuity is considered as defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made as at the date of the Balance Sheet. The scheme is maintained and administered by an insurer to which the trustees make periodic contributions except in case of a subsidiary company where the gratuity plan is non-funded. Actuarial gain/loss, if any are immediately recognized in the Profit and Loss account.

(b) Other Long Term Benefits

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

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.

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.

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.

Schedules forming part of the Consolidated Accounts for the year ended March 31, 2010

15. Taxation

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

16. Deferred Taxation

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

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.

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.

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.

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 Profit and Loss Account.

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.

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 under the head Current Assets, 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 and the same is reversed on squaring up of the transaction with resultant gain/loss being recognized in the Profit and Loss account.

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.

Schedules forming part of the Consolidated Accounts for the year ended March 31, 2010

(B) CHANGES IN ACCOUNTING POLICIES

During the year, in case of parent, brokerage income from secondary market is recognized as per contracted rates on the execution of transactions on behalf of the clients on the trade date which was hitherto recognized at the end of each settlement period when bills were raised on the clients. Consequent to the change, the Brokerage Income for the year is higher by ₹ 39,94,348/-

(C) NOTES TO THE ACCOUNTS

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

2 Employees Stock Option Schemes

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

a) The Parent Company has granted Employee Stock Options (ESOP) to its employees and employees of its subsidiaries. During the year ended 31st March, 2010, following schemes were in operation:

Particulars	ESOP - 2005		ESOP - 2007	
Date of Grant	28.01.2006	17.01.2008	19.06.2009	24.07.2009
Number of Options Granted	3,81,250	*14,42,000	*2,44,000	2,07,500
Method of Settlement	Equity	Equity	Equity	Equity
Vesting period from the date of Grant	Graded Vesting – Over 4 years	Graded Vesting – Over 4 years	Graded Vesting – Over 3 years	
Exercise period from the date of Vesting	3 years from the date of each vesting (After one year from the date of grant)	3 years from the date of each vesting (After one year from the date of grant)	3 years from the date of each vesting (After one year from the date of grant)	
Exercise Price (₹ per share)	***20	**63	**63	**61
Market Price at the date of grant (₹ per share)	***20	63	63	62
Variation in terms during the year (pursuant to Special Resolution passed at the Annual General Meeting of the Company held on 5th September, 2008)	-	Exercise price re-priced to ₹ 63/- from ₹ 363/- on 19.06.2009 at a price equal to or greater than the latest available closing market price on the date immediately preceding the date of the Remuneration/ Compensation Committee meeting.	-	-

* Includes 15,000 and 5,000 options granted to an employee of a subsidiary company on 17.01.2008 and 19.06.2009 respectively.

** Closing market price prior to the date of grant.

*** Value determined by an independent valuer as the company was unlisted at that time.

Schedules forming part of the Consolidated Accounts for the year ended March 31, 2010

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

Particulars	ESOP - 2005		ESOP - 2007	
	2009-2010	2008-2009	2009-2010	2008-2009
Options Outstanding at the beginning of the year	120,000	140,000	13,65,500	14,32,000
Options Granted during the year	-	-	4,51,500	-
Options Forfeited during the year	2,500	7,500	-	66,500
Options Exercised during the year	59,000	12,500	11,300	-
Options Expired/ Lapsed during the year	5,500	-	2,39,000	-
Options Outstanding at the end of the year	53,000	120,000	1,566,700	1,365,500
Options Exercisable at the end of the year	53,000	58,250	1,06,350	-
Weighted Average remaining contractual life (in years)	0.66	1.51	5.55	6.01
Weighted Average Exercise Price (₹ per share)	20.00	20.00	62.78	363.00
Weighted Average Share Price at the date of exercise (₹ per share)	73.03	27.55	79.42	-

c) The fair value and other disclosures and assumptions which have been determined by an independent consultant and relied upon by the Auditors are given below :

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

Grant Date	ESOP 2007	
	19.06.2009	24.07.2009
Variables		
Expected Volatility	78.17%	77.54%
Risk Free Interest Rate	6.31% - 6.76%	6.19% - 6.75%
Time to Maturity (in years)	4.29- 6.29 years	4.19- 6.19 years
Expected Dividend Yield	1.40%	1.40%
Exercise Price (₹ per share)	63.00	61.00
Current Price of the underlying share (₹ per share)	63.00	62.00

(ii) Fair Value as at the date of grant for options granted during the year :-

Grant Date	ESOP 2007	
	19.06.2009	24.07.2009
Weighted Average Fair Value (₹ per share)	39.80	38.90

(iii) Other disclosures and assumptions :

- Expected volatility considered is on the basis of stock prices of the company on National Stock Exchange of India Ltd. (NSE) from 28th April, 2006 (i.e. date of Listing on exchanges) till the respective grant date.
- Risk free interest rate considered is the interest rate applicable for maturity equal to the expected life of the options based on the zero-coupon yield curve for government securities.
- Time to Maturity considered is the period for which the company expects the options to be live taking into account the vesting period, average lengths of time of similar grants which have remained outstanding in the past etc.
- Expected Dividend yield considered is the dividend yield for the preceding 2 years to the year of grant.
- Exercise price considered is the price decided by the company to be the Exercise price.
- Current Price of the underlying share considered is the closing market price of the company's equity shares on NSE on the date of grant.

Schedules forming part of the Consolidated Accounts for the year ended March 31, 2010

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

Particulars	Year Ended 31st March 2010 Amount (₹)	Year Ended 31st March 2009 Amount (₹)
Net Income as reported	9,39,96,638	(3,28,44,244)
Add: - Intrinsic Value Compensation Cost	Nil	Nil
Less :- Fair Value Compensation Cost	8,12,31,677	10,14,83,957
Adjusted Pro-forma Net Income	1,27,64,961	(13,43,28,201)
Earning per Share		
Basic		
- As reported	3.87	(1.35)
- Proforma	0.53	(5.54)
Diluted		
- As reported	3.83	(1.35)
- Proforma	0.52	(5.52)

- e) The fair value and other disclosures and assumptions have been determined by an independent consultant and relied upon by the Auditors.
- 3 Capital Work in progress represents capital advances, fixed assets acquired but not put to use before year end and expenses incurred pertaining thereto.
- 4 Debit and Credit balances are subject to confirmation.
- 5 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 Profit and Loss Account towards Contribution to Defined Contribution Plans which are included under "Contribution to Provident fund and other funds" :

Particulars	Year ended 31st March, 2010	Year ended 31st March, 2009
Provident Fund	59,85,217	44,61,809
Employees State Insurance Scheme	8,21,183	12,10,929
Maharashtra Labour Welfare Fund	3,734	2,052

Schedules forming part of the Consolidated Accounts for the year ended March 31, 2010

(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	Current Year	Previous Year
I	Changes in present value of obligations		
	Present Value of Obligations at beginning of the year	10,503,937	5,684,272
	Interest cost	722,334	454,742
	Current Service Cost	3,474,540	3,898,291
	Benefits Paid	(369,750)	-
	Actuarial (gain)/loss on obligations	(2,041,897)	466,632
	Present Value of Obligations at end of the year	12,289,164	10,503,937
II	Changes in fair value of plan assets		
	Fair Value of Plan Assets at beginning of the year	5,899,669	3,191,305
	Expected Return on Plan Assets	721,000	397,200
	Contributions by employer	4,594,370	2,443,984
	Benefits Paid	(369,750)	-
	Actuarial gain/(loss) on plan assets	(464,359)	(132,820)
	Fair Value of Plan Assets at end of the year	10,380,930	5,899,669
III	Fair Value of Plan Assets		
	Fair Value of Plan Assets at beginning of the year	5,899,669	3,191,305
	Actual Return on Plan Asset	256,641	264,380
	Contributions	4,594,370	2,443,984
	Benefits Paid	(369,750)	-
	Fair Value of Plan Assets at end of the year	10,380,930	5,899,669
	Funded Status	(1,908,234)	(4,604,268)
	Excess of actual over estimated return on Plan Assets	(464,359)	(132,820)
IV	Actuarial Gain/(Loss) Recognized		
	Actuarial Gain/(Loss) for the year (Obligation)	2,041,897	(466,632)
	Actuarial Gain/(Loss) for the year (Plan Assets)	(464,359)	(132,820)
	Total Gain/(Loss) for the year	1,577,538	(599,452)
	Actuarial Gain/(Loss) recognized for the year	1,577,538	(599,452)
	Unrecognized Actuarial Gain/(Loss) at end of the year	-	-
V	Amounts recognized in the Balance Sheet		
	Present Value of Obligations at end of the year	12,289,164	10,503,937
	Fair Value of Plan Assets at end of the year	10,380,930	5,899,669
	Funded Status	(1,908,234)	(4,604,268)
	Unrecognized Actuarial Gain/(Loss)	-	-
	Net Asset/(Liability) recognized in the balance sheet under "Provisions – Gratuity"	(1,908,234)	(4,604,268)

Schedules forming part of the Consolidated Accounts for the year ended March 31, 2010

Sr. No.	Particulars	Current Year	Previous Year
VI	Expense recognized in Profit and Loss Account		
	Current Service Cost	3,474,540	3,891,291
	Interest cost	722,334	454,742
	Expected Return on Plan Assets	(721,000)	(397,200)
	Net Actuarial (Gain)/Loss recognized for the year	(1,577,538)	599,452
	Expense recognized in Profit and Loss Account under "Personnel Cost"	1,898,336	4,555,285
VII	Movements in the Liability recognized in Balance Sheet		
	Opening Net Liability	4,604,268	2,492,967
	Expenses as above	1,898,336	4,555,285
	Contribution paid	(4,594,370)	(2,443,984)
	Closing Net Liability	1,908,234	4,604,268
VIII	Investment pattern		
	Insurer Managed Funds except in case of a Subsidiary		
	Company where plan is non-funded	100.00%	100.00%
IX	Principal Assumptions		
	Mortality	LIC(1994-96)Ult	LIC(1994-96)Ult
	Discount Rate	7.50%	7.00%
	Rate of increase in compensation	5.00%	5.00%
	Rate of return (expected) on plan assets	-	9.00%
	Withdrawal rates	5.00%	5.00%

6 (a) Details of Managerial Remuneration in Parent Company (included under the head " Personnel Cost")

Particulars	Year ended 31st March, 2010	Year ended 31st March, 2009
(A) Managing Directors		
Salary	1,20,00,000	84,00,000
Company's Contribution to Provident Fund	14,40,000	10,08,000
Leave Salary	4,60,000	-
Medical Reimbursement	74,591	-
Club Subscription	1,36,823	-
Total (A) *	1,41,11,414	94,08,000
(B) Directors other than Managing Directors		
Sitting Fees	3,70,000	2,60,000
Commission	5,50,000	-
Total (B)	9,20,000	2,60,000
Total (A+B)	1,50,31,414	96,68,000

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

Schedules forming part of the Consolidated Accounts for the year ended March 31, 2010

(b) In addition to managerial remuneration of ₹ 94,08,000/- paid to the Managing Directors as permissible under Schedule XIII to the Companies Act, 1956 during the previous year ended 31st March, 2009, a further sum of ₹ 1,00,63,759/- for the said year has been paid and accounted by the parent company during the current year on receipt of requisite approvals of shareholders and Central Government.

7 In the opinion of Board of Directors, the current assets, loans and advances have value on realization in ordinary course of business at least equal to the amount at which they are stated except as otherwise stated.

8 (i) Details of Contingent Liabilities and Guarantees:-

Sr. No.	Particulars	As at	
		31st March, 2010	31st March, 2009
1	Guarantees issued by the Banks (Net of Margin money being fixed deposits with Banks)	587,750,000	632,250,000
	Add : Margin money being fixed deposits with Banks	589,750,000	635,250,000
	Guarantees issued by the Banks	1,177,500,000	1,267,500,000
2	Income Tax matters in appeal	17,411,067	1,11,42,866
3	Claims against the group not acknowledged as debts	-	5,52,548

(ii) Capital Commitments

Estimated amounts of contracts remaining to be executed on capital account and not provided for (net of advance) ₹ 5,94,035/- (P.Y. ₹ 5,21,170/-)

9 (a) Fixed Deposits lodged with Exchanges towards security deposit/base minimum capital / Additional base capital

Particulars	As at	
	31st March, 2010 (₹)	31st March, 2009 (₹)
Bombay Stock Exchange Ltd		
Cash Segment	64,000,000	1,000,000
Derivatives Segment	6,500,000	6,500,000
Debt Segment	6,500,000	6,500,000
National Stock Exchange of India Ltd.		
Cash Segment	-	-
Derivatives Segment	209,500,000	185,000,000
Currency Derivatives	25,00,000	25,00,000
National Commodity and Derivative Exchange Ltd.	16,750,000	5,000,000
	305,750,000	206,500,000

(b) 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 either lodged with the exchanges towards additional base capital/ exposure and /or pledged to banks and others towards borrowings.

(c) 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.

Schedules forming part of the Consolidated Accounts for the year ended March 31, 2010

- 10 Fixed Deposits with Banks of ₹ 33,12,50,000/- (P.Y. ₹ 34,49,44,616/-) have been pledged with Banks against short term loans/ overdraft facilities.
- 11 Miscellaneous Expenses includes Foreign Exchange Rate Difference of ₹ 26,043/- (P.Y. ₹ 1,31,150/-).
- 12 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.
- 13 Expenses and income includes ₹ 1,01,15,625/- (P.Y. ₹ 2,06,042/-) and ₹ Nil (P.Y. ₹ 9,96,237/-) respectively pertaining to earlier years.
- 14 Sundry Debtors include :
- a) ₹ 3,54,870/- (P.Y. ₹ 44/-) due from Managing Directors of Parent company. [Maximum amount outstanding during the year ₹1,26,48,529/- (P.Y. ₹ 1,04,38,195/-)]
- b) ₹ Nil (P.Y. ₹ 772/-) due from a private company in which Managing Directors are Directors.
- 15 Other liabilities includes ₹ 17,78,088/- (P.Y. ₹ 21,04,638/-) 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 ₹ 6,55,33,580/- (P.Y. ₹ 6,55,97,313/-).
- (b) The future minimum lease payments in respect of non-cancellable operating leases are as follows:

Particulars	Year Ended	Year Ended
	31st March, 2010	31st March, 2009
a) Payments not later than one year	27,370,302	32,162,050
b) Payable later than one year and not later than five years	682,742	37,143,044
c) Payable later than five years	-	-
Total	28,053,044	69,305,094

17 Earnings per share

Particulars	For the year ended	For the year ended
	31st March, 2010	31st March, 2009
Profit available for Equity Shareholders (₹)	9,39,96,638	(32,844,244)
Weighted average number of Shares used in Computing Basic earning per share	24,296,247	24,267,086
Add : Potential number of Equity share that could arise on exercise of Employee Stock Options	2,41,393	47,471
Weighted average number of Shares used in Computing Diluted earning per share	24,537,640	24,314,557
Nominal Value of Equity Shares (₹)	10	10
Basic Earnings Per Share (₹)	3.87	(1.35)
Diluted Earnings Per Share (₹)	3.83	(1.35)

Schedules forming part of the Consolidated Accounts for the year ended March 31, 2010

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.

(c) Information about Business Segments

Particulars	Advisory and Transactional Services		Non Banking Financing Activities		Eliminations		Consolidated for the year ended 31st March, 2010	Consolidated for the year ended 31st March, 2009
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year		
A. REVENUE								
1a Income from External Clients	1,105,278,565	829,247,604	23,050,256	28,414,013	-	-	1,128,328,821	857,661,617
1b Income from Intersegment Operations	275,297	76,490	90,587	-	(365,884)	(76,490)	-	-
Total Revenue	1,105,553,862	829,324,094	23,140,843	28,414,013	(365,884)	(76,490)	1,128,328,821	857,661,617
B. RESULTS								
1 Segment Results(PBT)	133,215,659	(73,289,082)	16,855,260	30,194,035	-	-	150,070,919	(43,095,047)
2 Unallocated Corporate Income/(Expenses)							-	-
3 Profit/(Loss) from Ordinary Activities							150,070,919	(43,095,047)
4 Exceptional Items:							-	-
5 Profit/(Loss) Before Tax							150,070,919	(43,095,047)
6 Provision for Current Tax (Income Tax & FBT)							71,985,000	28,738,725
7 Deferred Tax Liability/(Asset)							(16,315,297)	(38,659,198)
8 Tax Provision of Earlier Years Written Off / Back							404,578	(330,330)
9 Profit After Tax							93,996,638	(32,844,244)
10 Less:- Minority Interest							-	-
11 Net Profit/(Loss)							93,996,638	(32,844,244)
C. OTHER INFORMATION:								
1 Segment Assets	2,263,060,763	1,998,953,049	344,800,396	320,118,680	-	-	2,607,861,159	2,319,071,729
2 Unallocated Corporate Assets							-	-
3 Total Assets							2,607,861,159	2,319,071,729

Schedules forming part of the Consolidated Accounts for the year ended March 31, 2010

Particulars	Advisory and Transactional Services		Non Banking Financing Activities		Eliminations		Consolidated for the year ended 31st March, 2010	Consolidated for the year ended 31st March, 2009
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year		
4 Segment Liabilities	1,028,299,250	786,253,847	2,085,443	321,409	-	-	1,030,384,693	786,575,256
5 Unallocated Corporate Liabilities							-	-
6 Total Liabilities							1,030,384,693	786,575,256
7 Capital Expenditure (Including Capital Work in Progress)	22,476,396	39,115,215	-	18,200	-	-	22,476,396	39,133,415
8 Depreciation & Amortization	47,206,958	63,964,671	80,355	242,672	-	-	47,287,313	64,207,343
9 Unallocated Depreciation & Amortization							-	-
10 Total Depreciation & Amortization					-	-	47,287,313	64,207,343
11 Non Cash Expenses Other than Depreciation & Amortization	41,701,656	99,689,210	6,864,775	117,722	-	-	48,566,431	99,806,932

19 The break-up of net deferred tax liability as at 31st March, 2010 is as under:-

Particulars	As at 31st March, 2010	As at 31st March, 2009
Deferred Tax Liability	-	-
Deferred Tax Assets		
Difference between book and tax depreciation	13,619,226	7,774,347
Provisions	41,424,232	35,983,677
Losses	8,105,238	3,088,896
Unabsorbed Depreciation	32,146	79,622
Disallowances	171,585	110,588
	63,352,427	47,037,130
Net Deferred Tax Liability /(Assets)	(63,352,427)	(47,037,130)

Schedules forming part of the Consolidated Accounts for the year ended March 31, 2010

20 Related Party Disclosures: (Where transactions have taken place)

(A) List of Related Parties

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

Schedules forming part of the Consolidated Accounts for the year ended March 31, 2010

(B) Transactions with related parties:

Sr. No	Particulars	Key Management personnel/Individuals having control or significant influence	Relatives of key management personnel	Enterprises owned/controlled by key management personnel or their relatives
(1)	(2)	(3)	(4)	(5)
1	Expenditure			
	Salaries & Other Benefits (*)	23,927,674/- (9,408,000/-)	-- (--)	- (--)
	Sub-Brokerage	-- (--)	499,961/- (757,762/-)	-- (--)
	Interest	-- (3,000,000/-)	-- (--)	-- (861,787/-)
2	Income			
	Brokerage	293,056/- (228,158/-)	854,454/- (426,491/-)	259,474/- (190,081/-)
	Depository	2,030/- (2,905/-)	3,740/- (3,716/-)	2,090/- (1,950/-)
	Portfolio Management fees	848,917/- (12,156/-)	996,560/- (--)	-- (--)
3	Expenses Recovered	-- (--)	16,800/- (54,271/-)	1,635/- (12,823/-)
4	Expenses Reimbursed	-- (--)	-- (--)	2,819/- (19,404/-)
5	Purchase of Assets	-- (--)	-- (44,000/-)	-- (--)
6	Loan Repaid	- (--)	- (--)	- (20,00,000/-)
7	Loan taken and repaid	- (5,00,00,000/-)	- (--)	- (4,20,00,000/-)
8	Security/ Margin Deposits Repaid	- (--)	- (5,50,000/-)	- (--)
9	Outstandings			
	Sundry Creditors	275,266/- (29,396/-)	937,902/- (807,010/-)	4,970,882/- (416,339/-)

Schedules forming part of the Consolidated Accounts for the year ended March 31, 2010

Sr. No (1)	Particulars (2)	Key Management personnel/Individuals having control or significant influence (3)	Relatives of key management personnel (4)	Enterprises owned/controlled by key management personnel or their relatives (5)
	Sundry Debtors	354,870/- (44/-)	1,743,286/- (9,646/-)	11/- (772/-)
	Outstanding Expenses	919,160/- (--)	-- (--)	-- (--)
	Security/ Margin Deposits	-- (--)	2,00,000/- (200,000/-)	-- (--)
	Recoverable towards Remuneration	-- (7,961,656/-)	-- (--)	-- (--)

* Contribution to Group Gratuity Scheme, Group Personal Accident Premium and Group Medclaim Insurance Premium 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.

- 21 Figures pertaining to the Subsidiary Companies have been reclassified wherever necessary to bring them in line with the Parent Company's Financial Statements.
- 22 Figures in brackets indicates previous years figures.
- 23 Figures have been rounded off to the nearest rupees.
- 24 Schedule 'A' to 'T' forms an integral part of the Consolidated Financial Statements.

As per our Report of even date For B.L. Sarda & Associates Chartered Accountants	By the order of the Board	
	G.P. Gupta	) Chairman
(B.L. SARDA) Partner Membership No. 014568	Krishna Kumar Karwa Prakash Kacholia	) Managing Director & CFO) Managing Director
	S.K.Saboo)
	R.K.Krishnamurthi	) Directors
	G.C. Vasudeo)
	Manish Jain	) Company Secretary
Place : Mumbai Dated : 28th May, 2010	Place : Mumbai Dated : 28th May, 2010	

Statement required to be included in the Consolidated Balance Sheet pursuant to approval granted under Section 212 (8)

Sr. No.	Particulars	Emkay Fincap Limited	Emkay Commotrade Limited	Emkay Insurance Brokers Limited
1.	Capital	270,000,000	60,000,000	30,000,000
2	Reserves & P&L Balance- Cr/(Dr)	61,814,134	29,534,911	(19,050,850)
3	Total Assets	346,800,558	153,030,045	34,640,573
4	Total Liabilities	346,800,558	153,030,045	34,640,573
5	Investments	144,783,141	10,500,000	-
6	Gross Income	41,710,283	63,691,197	10,105,051
7	Profit/(Loss) Before Taxation	16,855,260	15,107,074	(16,816,612)
8	Provision for Taxation (Current Year & Earlier Years)	7,056,740	5,192,852	-
9	Deferred Tax Charge / (Benefit)	(2,224,524)	203,910	(5,118,783)
10	Profit /(Loss) After Taxation	12,023,044	9,710,312	(11,697,829)
11	Proposed Dividend	-	-	-

1 The Department of Company Affairs , Government of India New Delhi vide its order dated 05.04.2010 issued under section 212(8) of the Companies Act, 1956 has exempted the Company from attaching the accounts of subsidiaries of the Company. However, annual accounts of the Subsidiary Companies and the related detailed information will be made available to the 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

Manish Jain
Company Secretary

Place : Mumbai
Date : 28th May, 2010

Emkay[®]

Your success is our success

Emkay Global Financial Services Limited

Paragon Centre, C-06, Ground Floor, Pandurang Budhkar Marg, Opp. Century Mills, Worli, Mumbai - 400 013.

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