

Emkay[®]

Your success is our success.

SUCCESS

GROWTH



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TRANSFORMATION

Emkay Global Financial Services Limited

ANNUAL REPORT 2007-08



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SUCCESS.GROWTH.TRANSFORMATION.

We always believe that your success is our success. It's the only truth of every business. And we have built our foundation around this philosophy, literally. Every endeavour at Emkay is to ensure your success. And we have been doing this since the last 13 years.

The result. 68,000 satisfied customers. 222 satisfied franchisees. 96 satisfied institutional clients. And growing. Total income growth of 118% to Rs 139.53 crores. Profit after tax growth of over 151% to Rs 25.97 crores.

More importantly, your success has led to our growth and growth to transformation. Emkay is transforming. Our equity broking is transforming to add more retail clients, more institutional clients, internet broking clients. Our retail reach is transforming into smaller towns. Our institutional reach is extending to USA, Europe, Asia and India. Our distribution business is transforming with portfolio management, insurance broking, mutual fund distribution.

Success. Growth. Transformation. Creating multiple delivery channels. Creating multiple products for it. Investing in talent. Investing in process. Investing in technology.

Investing for you. Your success.

THE GROUP

Incorporated in the year 1995, Emkay Share and Stock Brokers Limited (now Emkay Global Financial Services Limited) is a full service financial services company, offering a wide gamut of financial services and solutions. A Rs 130 crores net worth company, Emkay is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE).

Emkay, along with its subsidiaries Emkay Commtrade Limited (ECL), Emkay Insurance Brokers Limited (EIBL) and Emkay Fincap Limited (EFL), offers comprehensive financial services to clients consisting of FIIs, domestic mutual funds, hedge funds, banks, insurance companies, PE firms, corporate houses, HNIs and retail investors.

REACH

Emkay has its presence in 101 locations, through 299 outlets, with 77 branches and 222 franchisees across the country. Its vast network reaches out to nearly 100 institutional clients and about 68,000 retail clients.

SERVICES

The Company along with its 100% subsidiaries functions across various business verticals, providing a one-stop shop for all investing needs. The firm's philosophy is intensely and perpetually client centric with a clear focus on Integrity, knowledge, team work and quality.

Our service offerings broadly fall under the following categories:

- Equity Broking which includes retail and institutional clients in both cash and derivatives, and is offered through the offline and online channels
- Wealth Management which includes Portfolio Management Services and Mutual Fund advisory services
- Insurance Broking
- Commodity Broking
- Investment Banking



COMPANY SNAPS

At Emkay we believe

“Your Success is our Success”

TEAM

With a total of 1012 employees, Emkay's core management team comprises of professionals with extensive business and industry experience in functions ranging from Wealth Management, Institutional Broking, Retail Broking, Investment Banking, Insurance and Research.

MISSION

To provide our customers with secure, customised and comprehensive financial solutions to achieve sustained growth.

VALUES

- To be fair, empathetic and responsive in serving our customers
- To respect and reinforce to our fellow employees the power of teamwork
- To strive relentlessly to improve ourselves and our business activities
- To always learn to be worthy of our clients' trust

MILESTONES

- 1995 Year of incorporation
- 1996 Commenced equity broking on BSE
- 1999 Commenced equity broking on NSE
- 2000 Executed first trade in Sensex Futures and Sensex Options
- 2005 Converted into a public limited company
- 2006 Successfully launched Rs 75 crores IPO and listed on BSE/NSE
- 2006 Commenced commodity broking
- 2006 Incorporated and launched RBI approved NBFC
- 2007 Launched IRDA approved insurance broking subsidiary
- 2008 Crossed the landmark of Rs 100 crores topline

FINANCIAL PERFORMANCE

The Company's consolidated annual revenue is up 118% to Rs 139.58 crores in 2007-08 from Rs 64.10 crores in 2006-07. The consolidated PAT is up 151% to Rs 25.97 crores in 2007-08 from Rs 10.33 crores in 2006-07. The dividend increased to Rs 1.75 per share in 2007-08 from Rs 1.25 per share in 2006-07.



BUSINESS OVERVIEW

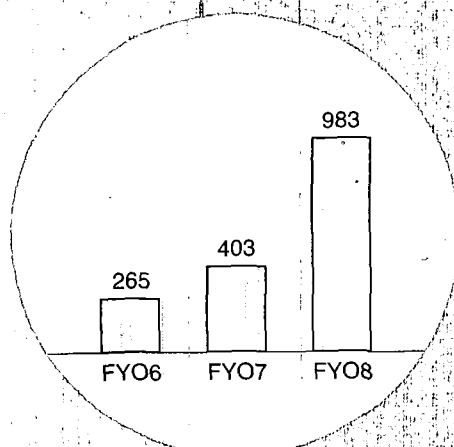
The financial markets in India have seen a far reaching change over the past few years. The number of participants has increased due to favourable regulatory support, a booming economy and an increase in per capita income, with more additional disposable income. Stock brokers in India have broadened their scope of activities. Equity broking business being cyclical, many players are also entering new areas of activity. Many new businesses, innovative products and investment channels have been introduced.

Serving clients since 1995, Emkay Global Financial Services Limited (Emkay) is a high growth, full service financial firm providing a breadth of financial and advisory services. Founded by Mr. Krishna Kumar Karwa and Mr. Prakash Kacholia, Emkay, serves the financial needs of Individuals, Private Clients, Corporations and Institutions with business activities organised in four segments-Equities and Derivatives Broking, Commodity Broking, Insurance Broking and Non Banking Financial Company.

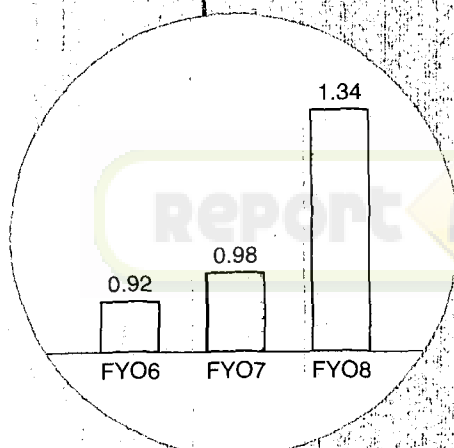
BROKING

Stock broking has come a long way from floor-based trading to screen-based trading, to online trading. The second change has been the introduction of dematerialisation which has lead to greater transparency. And finally the introduction of futures and options has truly changed the face of stock broking. Emkay has been part of the revolution and has capitalised on these developments.

Our brokerage operations meet the wide-ranging needs of investors through a variety of products, attractive commissions and a highly dependable system. We have a pan India presence reaching out to customers in 101 cities.



Average Daily Volumes (Rs in crores)



Increasing Market Share (in %)

*Consolidated across BSE & NSE; Cash & F&O

E-BROKING

Internet penetration has led to everyone from college students, housewives to retirees taking a go in the stock market. We understand that we are catering to a very diverse consumer base. Keeping this in mind, we have developed an E-broking platform which helps our customer experience world-class online trading facilities anywhere, anytime, in an uncomplicated and effortless manner.

The following features help our customers control their investments with advanced technology and easy access to customer support:

- User friendly interface
- Historical and intraday charts with technical tools
- Access to all reports from a single screen
- Online transfer of funds
- After market orders
- Real time portfolio tracker
- Online IPO
- Online mutual fund
- Chat sessions for research and customer service
- Superior customer support
- Robust technology
- Onscreen research recommendations
- SMS alerts to keep you connected

WEALTH MANAGEMENT

Investing can be a complex exercise. In Greek mythology, King Midas is famed for his ability to turn everything he touched into gold. We have christened our wealth management services as MIDAS because we believe that investing can be a complex and mystical exercise, and our expertise can help you optimise your returns. We live in a dynamic world, where the only constant thing is change. At Emkay, we understand that wealth is more than just money; it's about goals, ambitions and dreams which differ from person to person. We offer a complete end-to-end wealth management solution that is designed to offer integrated services that extend beyond just managing money for the client.

In a volatile market, a mutual fund is one the most suitable investment for the common man as it offers an opportunity to invest in a diversified, professionally managed basket of securities at a relatively low cost. However, currently there are nearly 36 mutual funds offering close to 25 different types of schemes, which are as diversified and up to date as in any part of the world. That's where the professional team at Emkay comes in. We help our customers pick the right choice of scheme from the myriad options available. Pooling of expertise guarantees that our clients get advice from people who

are not only financially astute, but also understand what building and managing wealth actually means.

Similarly, our Portfolio Management Team is focused on offering the clients a superior research based portfolio which effectively manages risks, and optimises returns. At Emkay PMS, we follow a judicious mix of both bottoms up and tops down method, with more emphasis on the bottoms up approach especially for stock selection.

The Emkay philosophy is based on the following attributes:

- **We believe that CHANGE creates a lot of opportunities for our investors.**
- **We also believe that sometimes CONTRARIAN thinking helps in discovering opportunities with lower risks.**

INVESTMENT BANKING

The Company commenced operations in Investment Banking in March 2008. Emkay intends to focus on creating exceptional value for its clients.

Our focus will be on the middle market entrepreneurs, and we expect to provide them with a complete range of solutions from strategic advisory services to capital raising, to assist them to implement their growth plans. We aim to spend adequate time with the entrepreneurs and their team and understanding their motivations, businesses and strategy. Emkay believes in a strong relationship driven, long term approach with all our clients, as corporates need time to execute their business plans and it is imperative that in turbulent times, the banker becomes a trusted advisor and remains with them through the various phases of the business cycles and is able to advise them on the best strategies at each appropriate stage in their growth cycle.

To enable us to do this, we have put together an experienced team of professionals who come with very

strong relationships across the regulatory and investor space and also have a deep understanding of the issues facing the mid-market corporates in these times, as they aim to become the large caps of tomorrow. We have strong relationships across the spectrum of investors ranging from marquee private equity funds, mutual funds, overseas institutional investors, hedge funds, very high net worth investors as well as bankers.

We propose to offer the full range of services in the financial space such as private placement of equity, private equity, promoter funding, acquisition financing, project finance, qualified institutional placements as well as advice on mergers and acquisitions and tax related issues.

DEPOSITORY

With the regulatory introducing the T+2 system for settlement, it is practical to have the DEMAT account linked with the trading account. Emkay thus introduced a highly sophisticated technology, through which Depository Participant cum trading accounts are opened in a speedy manner.

COMMODITIES

Commodity derivatives provide unique money-making opportunities to a wider section of market participants, starting from planters to exporters, importers et al. The commodity based products offer a huge range of benefits that include offering risk-return trade-offs to investors, providing information on market trends and assisting in framing asset allocation strategies. Commodity investments are always considered as defensive because during the times of inflation, which adversely affects the performance of stocks and bonds, commodities provide a diversification to investors, maintaining the performance of their portfolios.

Emkay offers commodity futures trading through Emkay Commotrade Limited (ECL). We have membership with two major commodity exchanges of the country: Multi Commodity Exchange of India Limited (MCX) and National Commodity and Derivatives Exchange Limited (NCDEX).

Emkay equips its customers with reliable research, based on technical and fundamental study of all major commodities. Trained professionals manning the terminals educate the clients on arriving at the best price for them. Large numbers across the country participate in the futures market through Emkay's rapidly expanding online trading terminal network extending to even remote areas. Local, national and international commodity information is disseminated through the Company's large branch network. Seminars, free in-house literature and interactive site sessions raise awareness levels on the futures market. Consequently, large numbers of informed participants enter the trading process resulting in increased volumes and market efficiency.

Currently we have different types of commodities trading such as:

- Bullion (Gold, Silver)
- Energy (Crude Oil, Natural Gas)
- Metals (Ferrous, Non-Ferrous)
- Food Grains
- Spices (Pepper, Jeera, Turmeric, Chilly)

INSURANCE

Emkay Insurance Brokers Limited (EIBL), a 100% subsidiary was incorporated in March 2007 as a Direct Insurance Broker as per IRDA Regulations, aimed at making most of the under-penetrated insurance market. The IRDA License was received in September 2007. Focusing on life and non-life businesses, the Company is aiming to benefit from its huge existing 68,000 retail client base and existing corporate relationships.

NON BANKING FINANCIAL COMPANY (NBFC)

Emkay Fincap Limited (EFL) is a RBI registered Non-Deposit taking NBFC Company. It provides to clients, finances against approved securities. The lending book size of the Company as on March 31st, 2008 is Rs 27.30 crores and it has a client base of 231. The Company has line of credit facilities of Rs 20 crores from two financial institutions and the net worth of the Company is Rs 30 crores.



Dear Shareholders,

2007-08 was truly a transformational year at Emkay. In many ways. Let us explain.

Judging purely by number, Emkay had a successful fiscal performance. For the first time in our history we crossed the Rs 100 crores revenue mark, with total income growing by over 118% to Rs 139.58 crores. Our profit after tax grew even faster at 151% to Rs 25.97 crores. Understandably, the buoyancy in the markets provided the tailwinds, but efforts put in by the quality Emkay team, ensured we executed seamlessly and made the most of the opportunity.

"At Emkay, our aim is to be a one-stop financial solutions service provider across asset classes. If you have an investing need, we have a solution."

But numbers do not tell the entire story.

The reason why we symbolised the last year as transformational is because of the foundation we created for the next few years. That was in our opinion, transformational.

Our strategy of first creating multiple channels and then multiple solutions to sell through, will pay off in the coming years. At Emkay, our aim is to be a one-stop financial solutions service provider across asset classes. If you have an investing need, we have a solution. And when you link this to our philosophy of 'your success is our success', you understand the core of our business is delighting you. In every way.

EQUITIES BROKING

As we look ahead, there is a business headwind of volatility. As we look beyond, we see Indian equities as a

USD 10 trillion turnover opportunity. With 300 million bank accounts, 30 million mutual fund holders and only 3 million equity share accounts, there is only a natural progression. India has one of the least spread equities ownership and with time, this will change. At Emkay, we are making this happen, in our small way. And this is what makes us bullish, on India, and Indian equities.

Emkay is one of the very few brokers in India, with an inclusive equities offering. At Emkay both the institutional and non-institutional broking businesses are equally important. With nearly 100 institutional clients, very high quality and differentiated research, the cash institutional business grew by 92.26% while the derivative business grew at an enormous rate of 160.51%. We now have dedicated teams servicing USA, Europe and Asian geographies and this concentrated effort backed by solid research will help us take this business to the next level in the coming years, despite the current headwinds.

On the non-institutional side, we are aggressively extending our reach. We currently touch over 68,000 clients through 222 franchisees, 77 exclusive branches and across 101 locations, making us one of the better penetrated retail broking companies in India. We are using a combination of TV and print media to attract more retail clients and building a strong brand, imperative for the retail piece. Coming years will see a further extension of this reach to tier 2 and tier 3 towns. This is one of the more satisfying works we think we are executing, by taking wealth creation to the masses.

The other important piece of the equities broking is our investment and effort on the e-broking side. In a young country like India, where internet penetration is increasing and mobile and internet are converging, this is the next big thing. We are upbeat about this business. We know,