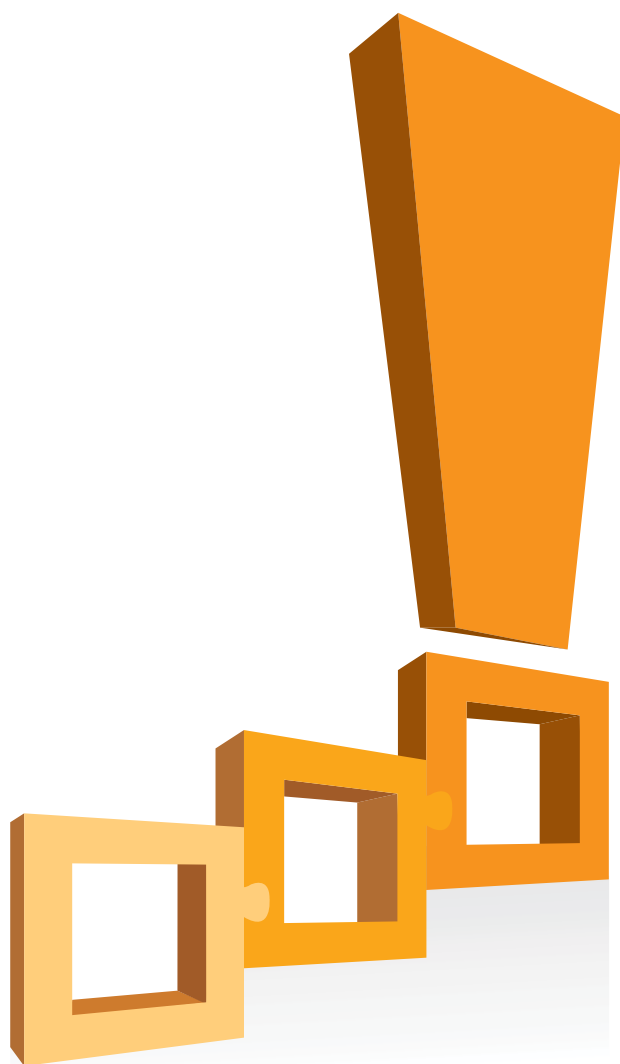


SEVENTEENTH
ANNUAL REPORT 2010-11

Emkay[®]
Your success is our success



KNOWLEDGE.
EXPERIENCE.
SERVICE.



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KNOWLEDGE. EXPERIENCE. SERVICE.

Three critical components that chart our success chronicle, and that define the cornerstone of our customer-centric foundation.

On these three parameters is built the nucleus of Emkay's ability to lead the financial services industry. And in these three factors is ingrained the company's deep-rooted philosophy and value system, which is geared towards generating excellence for each of our customers and stakeholders.

From developing our robust knowledge base, to building extensive experience across the complete gamut of our offerings, to delivering the best-in-class service to our ever-expanding base of customers – we have developed our business model on a foundation that is ideally positioned to give the best, across every aspect of our business.

From helping our clients take the right decision through recourse to our vast reservoir of research-based knowledge, to emerging stronger by leveraging our experience to weather storms in the financial markets, we have evolved a service core that:

"Lies firmly entrenched in the belief that knowledge is what endows the edge in making successful investment decisions. The many awards conferred upon our research team are a strong endorsement of this belief.

Is rooted in our 16 years of experience in the capital markets which have given us valuable insights into the working of the business. Experience has, in fact, taught us many vital things that no business school or instruction manual can.

Strongly believes in the idiom that the best brokerage offerings and infrastructure are nothing if, at the end of the day, they do not lead to client satisfaction. In a business that is high on competition and low on margins, we have realized that top quality service is more than a luxury to be offered to our clients; it is a necessity, a survival skill that we have honed over years of our expanding presence in a growing market."

It is a service model that is geared to ensure absolute client satisfaction in all ways, at all times.

A Confluence of Knowledge & Experience

The confluence of Knowledge and Experience is the best possible spark to ignite minds and enable service excellence. We, at Emkay, have been making consistent efforts to reach out to the best of minds in the finest of environments, where knowledge and experience combine to provide the ideal forum to facilitate investment strategies and financial growth. Our conferences, or Confluences as we call them, help us introduce investors to select companies with excellent growth potential, good management bandwidth and leadership in their respective segments. Over the years, our Confluences have emerged as a platform to leverage our growing Knowledge base and our extensive Experience to deliver the best-in-class Service to our customers and others.

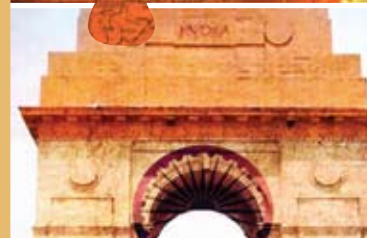
CONFLUENCE
where great minds meet



PHARMA
Aug'10, Mumbai



**INDIA
CONFLUENCE**
Sep'10, Mumbai



**INDIA
CONFLUENCE**
Nov'10, New York



**METALS &
MINING**
Feb'11, Mumbai



**INDIA
CONFLUENCE**
Mar'11, London



**CEMENT, INFRA
& REAL ESTATE**
May'11, Mumbai



**BANKING &
FINANCIALS**
May'11, Mumbai

Extending Service across businesses

Our Service excellence model, based on the confluence of Knowledge and Experience, has enabled us to build a strong clientele across diverse business segments.

CORPORATE

Deccan Chronicle Holdings Limited
Jubilant Life Sciences Limited
Greaves Cotton Limited
Central Depository Services (India) Limited
Tata Investment Corporation Limited
REI Agro Limited
eClerx Services Limited
Blue Star Limited
Kajaria Ceramics Limited

MUTUAL FUNDS

Birla Sun Life Asset Management Company Limited
HDFC Asset Management Company Limited
ICICI Prudential Asset Management Company Limited
Reliance Capital Asset Management Limited
SBI Funds Management Private Limited
UTI Asset Management Company Limited
Franklin Templeton Asset Management (India) Private Limited

BANKS

HDFC Bank Limited
IDBI Bank Limited
ICICI Bank Limited
Bank of India
Punjab National Bank
Allahabad Bank

INSURANCE

SBI Life Insurance Company Limited
Birla Sun Life Insurance Company Limited
HDFC Standard Life Insurance Company Limited
ICICI Prudential Life Insurance Company Limited
Max New York Life Insurance Company Limited
Life Insurance Corporation of India
Reliance Life Insurance Company Limited

FOREIGN INSTITUTIONAL INVESTORS

Indea Capital Private Limited
Citigroup Global Markets Mauritius Private Limited
Credit Suisse (Singapore) Limited
Goldman Sachs Investments (Mauritius) I Limited
The Royal Bank of Scotland N.V.
New Vernon India Limited



Endorsing our Service Excellence.

The Service excellence that we have evolved through the confluence of our Knowledge and Experience has found many an endorsement in the various rankings, awards and accolades that we have received over the years. Year 2010-11 saw us cross several new milestones in this regard.

Winner of the Best Broker Award, Rank-2, India; at the Thomson Reuters Starmine Awards, 2011. Winner of 7 other awards including 'Industry Earnings Estimator', 'Overall Earnings Estimator', 'Overall Stock Picker' and 'Industry Stock Picker'.

Rated by Asiamoney Brokers Poll 2010, amongst the top three brokerages in India for small cap research and consistently leading in other categories like Overall Strategy, Banks, Cap Goods et al.

Winner of Asia's Best Analysts 2011 Awards by the Wall Street Journal. Emkay analysts who won the honour: Manik Tanjea - No. 1 analyst in Technology and Rohan Gupta - No. 3 analyst in Chemicals. Voted the best amongst 10 countries and more than 3000 analysts

Spreading Knowledge. Sharing Experience.

If knowledge and experience are the pillars of our growth, then spreading and sharing that knowledge and experience is our way of extending growth across the entire bandwidth of our clients, and others who have been associated with us in any way.

The testimonials of our clients are an indication of how this business philosophy of Emkay is impacting and benefiting them, enabling them to scale new levels of progress in their business trajectories. Here is what some of our clients have to say about our services:

"Emkay's PMS has served as a beacon of stability in volatile times and has met my expectations by consistently outperforming the markets."

Kannan Ranganathan
Managing Director
Clickwise eLearning Matrix Pvt. Ltd.

"I would like to extend my sincere appreciation for the highly professional services rendered by Emkay, and for the ingenious investment ideas of Emkay Private Wealth Management."

Jitin Mahbubani
Group Managing Director
B.L. Chainrai & Company (NIG) Limited

"I value the sound advice, excellent research reports and client friendly approach of Emkay. With all investment products under one roof, it makes it easy to take fast investment decisions. In fact, with Emkay, the relationship is more like an extended family relationship."

Chandru Wadhwa
Director
Wadhwa Developers

"I would like to thank Emkay Insurance Brokers for providing excellent service. Through their diligent efforts, they helped me to understand the concept of term plan and get adequate life cover. I was able to obtain a quote that was actually less expensive. The customer service was also outstanding."

Pranay Gupta
Team Leader
Accenture

"We really value Emkay's in-depth research & corporate access/ events, particularly in mid cap space where we look for bigger ideas."

Jayesh Shah
CIO
OHM Portfolio Equi Research Pvt. Ltd.

"The support from Emkay's team in evaluating my existing Insurance portfolio and realigning it was invaluable."

Ravinder Singh Parmar
Partner
M/s Lalsingh and Sons





Message from the Managing Directors

Dear Shareowners,

In contrast to the cautious mood that gripped the world economy at the end of fiscal 2009-10, the recently ended year closed on a more stable note. While there was still some uncertainty in parts of Europe and the employment data in the USA lagged behind other more sanguine indicators, it has largely been accepted that the worst is over. However, global economic dynamics are changing. Events in the Middle East and Asia – such as a surge in oil and food prices, the rising interest rates in Asia and a disruption of trade with Japan due to the natural disasters - are gaining importance as indicators of global growth drivers. As a result, while incidents in Europe and the US will still command their place of pride, it will be shared with developments in emerging markets.

Against the backdrop of relative stability in the international arena, India witnessed strong growth during most of 2010-11, coupled with high inflation. As a result, the priority of the government and the RBI shifted from boosting growth to inflation control. Rising interest rates and tightening of the fiscal deficit had an impact on the growth, especially towards the end of the year. Overall, India recorded a healthy 8.5% GDP growth in 2010-11, though marginally lower than most expectations.

Going forward, economic growth is expected to strengthen further as subdued demand picks up. Domestic consumption is expected to recover on the back of good growth in the agricultural sector, which is known to have a lagged effect on demand. Additionally, once inflation is under control and the RBI eases its monetary stance, consumption demand will get a further boost. On the external front, exports to Asian countries are also expected to pick up in 2012-13, according to OECD forecasts.

Financial markets

During the past year, the markets have reacted to rising interest rates, falling liquidity and the impact of the rising cost of inputs, especially crude oil, on corporate earnings. These resulted in margin pressures and overall, fiscal 2010-11 was a rather lacklustre year for most equity investors. However, a generalisation is difficult since different segments of the market displayed varying behaviour. While the Nifty returned 11%, the mid-caps clocked a dismal 1% and small-caps followed with a negative growth of 4%. There were some sectors like Consumer Durables, which did perform well, returning 48% and the Bankex and BSE Auto Indices gave returns in excess of 20%. BSE Realty and Power also began on a strong note but failed to deliver and ended the year with negative returns of 29% and 12%, respectively. So the fate of investors, during the bygone year was largely linked to their stock and sector picking abilities.

Going ahead, it appears that only the ability to have 'patience' will help investors. Building block industries like infrastructure and capital goods, which have not really performed well during the past year, are bound to pay rich dividends in the future if the country progresses at its current rate. More importantly, domestic political equations and the direction of food and crude prices will have an effect on stock prices. At the same time, the international impact could come in the form of some outflow of funds as the US economy recovers and European countries move ahead with their consolidation plans. The natural catastrophe that ravaged Japan in the early part of the current financial year will also cause some slowdown in funds from the Asian region. Nevertheless, outflows of funds are bound to be a temporary phenomenon as investing in Indian equities is still a very attractive proposition. It will continue to be so as long as economic growth remains on its current trajectory.

“Emkay organized a series of conferences for institutional clients across the globe. These meets - Emkay Confluence - were well received and appreciated.”



Emkay's performance

Despite the mixed signals from the market, fiscal 2010-11 was an eventful year for Emkay. Our client base expanded to reach 1 lac plus non-institutional investors and over 140 institutional clients. Making the most of sluggish markets, Emkay organized a series of conferences for institutional clients across the globe. These meets – Emkay Confluence – were well received and appreciated.

Emkay's research continued to be the proud recipient of many awards in FY 2010-11 too. Emkay was recognized for its strategy, small cap research, accuracy of earnings estimates and stock picking ability amongst others.

While the stock markets were relatively lackluster during the year, our commodities business witnessed an increase in its gross income of nearly 50% from ₹6.37 crore to ₹9.35 crore. Overall the company's top-line (consolidated) grew by a modest 4.75%, its profit after tax increased by close to 26% to reach ₹11.84 crore. Consequently, we maintained our dividend at 10% or ₹1 per share.

Outlook for the future

With growth in the economy moderating and the cost of funds rising, Emkay has decided to adapt itself to the changing scenario and make use of the interim time to change gears. It is our endeavor to arm ourselves with a well planned and meticulously implemented strategy for rationalization and consolidation to achieve better growth in FY 2011-12.

While we aim to focus on increasing the efficiency at the branches and may consolidate the branch network in the process, we will diligently implement cost rationalization in operations towards

improving our front-end. We will harness our knowledge-based strengths to increase our presence in the mass affluent and affluent markets, in a gradual shift from our focus on 'micro retail'.

With our vast experience in the Indian markets and our valuable exposure to global markets as well, we feel confident about weathering financial market undulations and coming through stronger and wiser, as we have in the past.

On a concluding note

Being a company in which knowledge and service are the pillars on which our growth depends, we acknowledge that our success is attributed to our dedicated employees.

We would also like to thank our share holders for reposing their faith in us and supporting our decisions in the best as well as the toughest of times. With our years of experience and your confidence in us and implicit support, we envisage a robust future.

Sincerely,

Krishna Kumar Karwa
Managing Director and CFO

Prakash Kacholia
Managing Director

Corporate Information

BOARD OF DIRECTORS

G. P. Gupta
Chairman

S. K. Saboo
Director

R. K. Krishnamurthi
Director

G. C. Vasudeo
Director

Krishna Kumar Karwa
Managing Director & CFO

Prakash Kacholia
Managing Director

COMPANY SECRETARY & COMPLIANCE OFFICER

Rahul Sahasrabuddhe

STATUTORY AUDITORS

B. L. Sarda & Associates,
Chartered Accountants

BANKS

HDFC Bank Limited

Citibank N A

Bank of India

AXIS Bank Limited

Punjab National Bank

ICICI Bank 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

C - 06, 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