



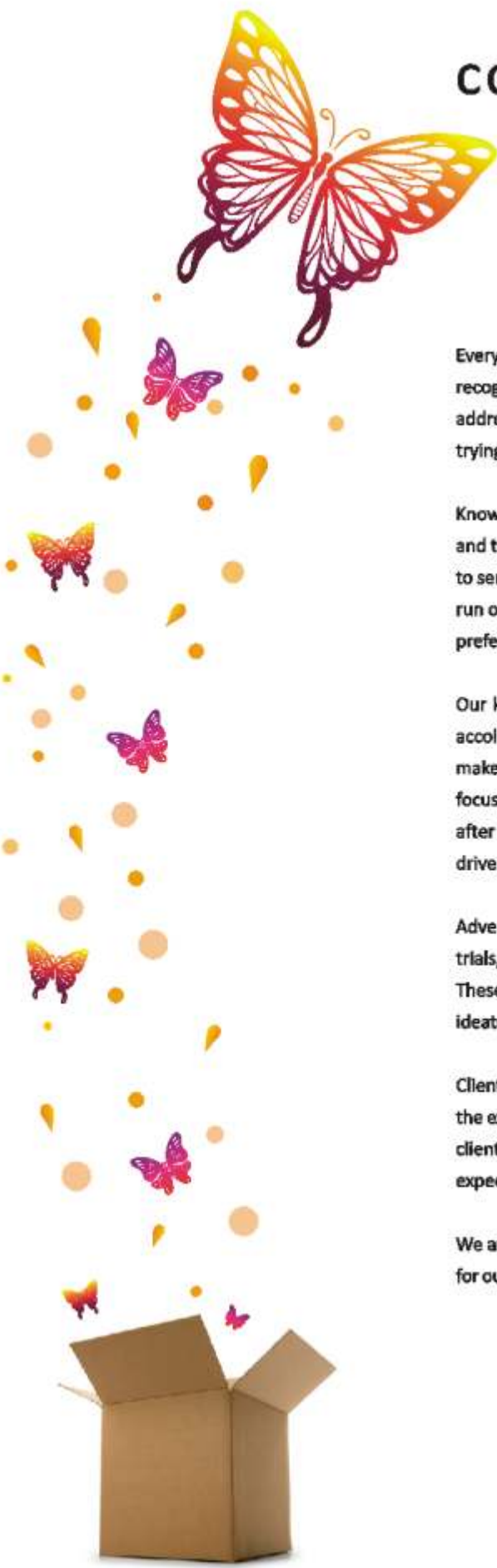
Your success is our success

comprehending needs
evolving solutions



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comprehending needs evolving solutions

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

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

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

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

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

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

ideas that click!

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

CONFLUENCE

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



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

STRATEGEM

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

Knowledge that Differentiates!

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

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

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

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

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

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

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

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



Auto Sector



Pharma Sector



India Strategy



Housing Finance Sector

Products that Empower!

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

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



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

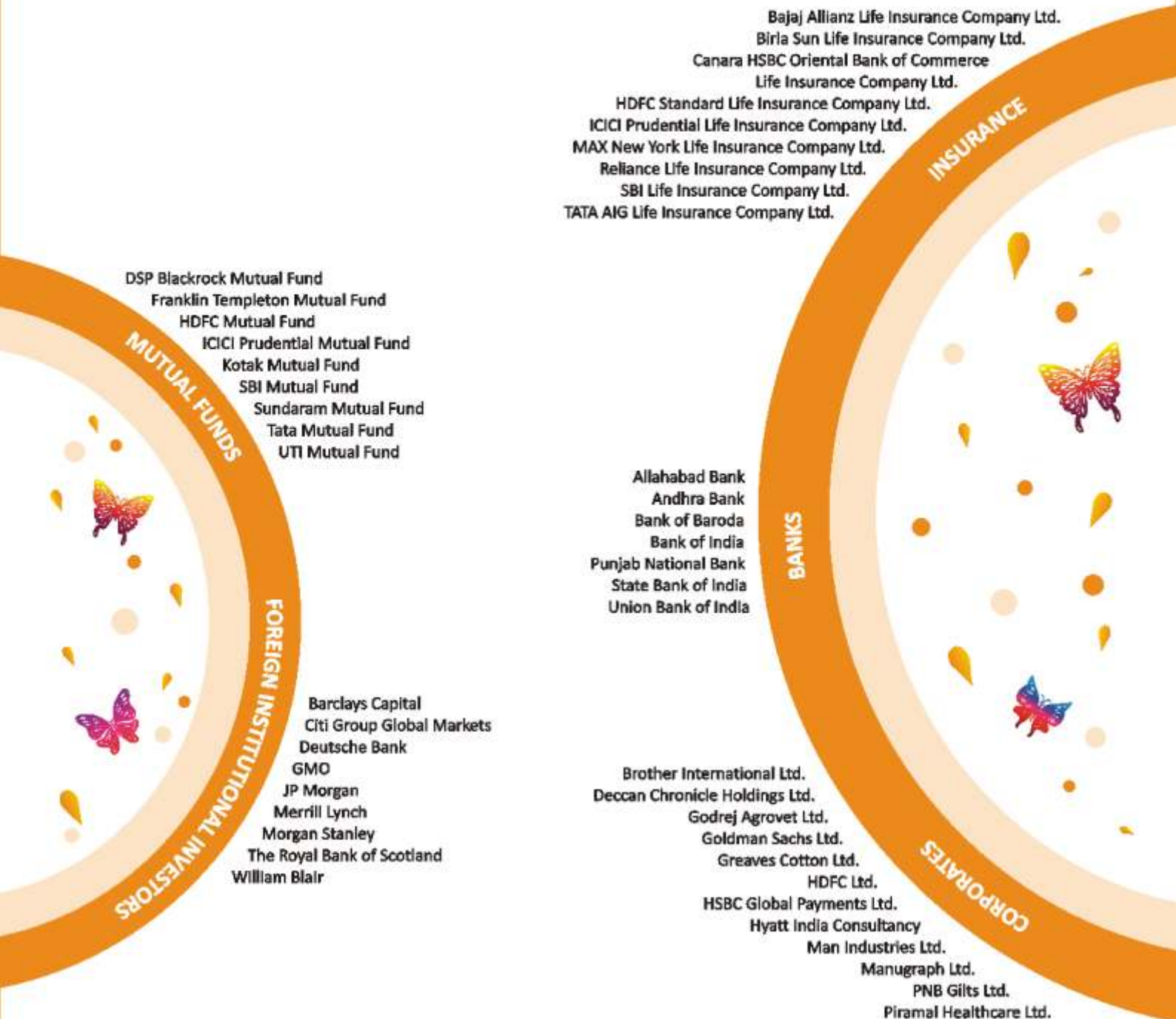
Emkay Pure adheres to a strict discipline in sector & stock allocation and to enforce an unwavering quality focus, **E-QualRisk** - Emkay's **proprietary module** has been put in place. This module ensures that parameters like management quality and capability, wealth distribution, investor communication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

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

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

A Range that Impresses!

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





Message from the Managing Directors

Dear Shareowners,

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

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

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

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

Financial Markets

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

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

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

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

Emkay's Performance

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

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

Future Outlook

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

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

Concluding Note

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

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

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

Sincerely,



Krishna Kumar Karwa
(Managing Director & CFO)



Prakash Kacholia
(Managing Director)



Prakash Kacholia



Corporate Information

BOARD OF DIRECTORS

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

COMPANY SECRETARY & COMPLIANCE OFFICER

Rahul Sahasrabuddhe

STATUTORY AUDITORS

B. L. Sarda & Associates, Chartered Accountants

BANKERS

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

REGISTERED OFFICE

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

CORPORATE OFFICE

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

REGISTRAR & TRANSFER AGENTS

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