

# EMKAY GLOBAL FINANCIAL SERVICES LIMITED



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## NOTICE

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

### Ordinary Business:

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

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

### Special Business:

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

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

#### (A) Salary:

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

#### (B) Reimbursement of Expenses:

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

#### (C) Minimum Remuneration:

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

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

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

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

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

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

(A) Salary:

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

(B) Reimbursement of Expenses:

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

(C) Minimum Remuneration:

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

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

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

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

**By Order of the Board of Directors**

**Krishna Kumar Karwa**

**Managing Director & CFO**

**Registered Office:**

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

Place: Mumbai

Date : 18th May, 2013

## Notes for Members' Attention:

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

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

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

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

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

9. Green Initiative:

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

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

## Explanatory Statement

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

### Item No.: 5 & 6

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

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

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

#### I. General Information:

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

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

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

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

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

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

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

(Amt in ₹)

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

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

## II. Information about the Appointee:

### (A) Mr. Prakash Kacholia:

#### 1. Background details:

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

#### 2. Past remuneration:

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

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

#### 3. Recognition or awards:

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

#### 4. Job profile and his suitability:

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

#### 5. Remuneration proposed:

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

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

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

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

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

### (B) Mr. Krishna Kumar Karwa:

#### 1. Background details:

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

#### 2. Past remuneration:

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

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

### 3. Recognition or awards:

As elaborated in Item no. 1 above.

### 4. Job profile and his suitability:

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

### 5. Remuneration proposed:

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

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

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

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

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

## III. Other Information:

### (1) Reasons for loss or inadequate profits:

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

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

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

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

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

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

## IV. Disclosures:

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

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

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

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

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

**By Order of the Board of Directors**

**Registered Office :**

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

**Krishna Kumar Karwa**  
**Managing Director & CFO**

Place: Mumbai

Date : 18th May, 2013

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

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





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# ANNUAL REPORT 2012-13

