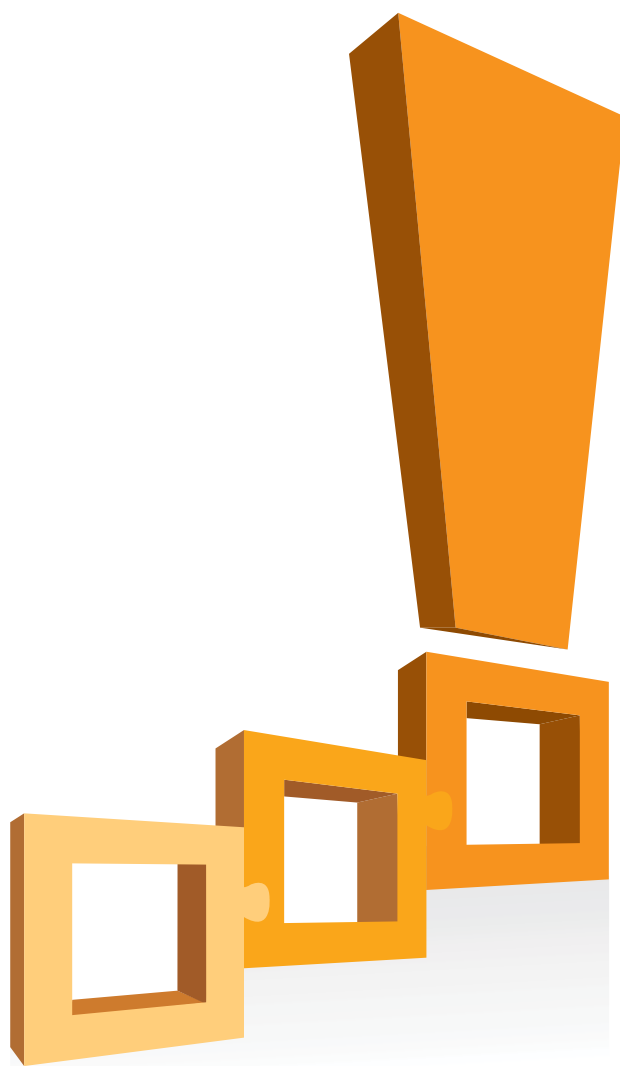


SEVENTEENTH
ANNUAL REPORT 2010-11

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

DIRECTORS' REPORT

Dear Members,

The Directors have pleasure in presenting the Seventeenth Annual Report of your Company and the Audited Accounts for the year ended on 31st March, 2011.

1. Financial results

An overview of the financial performance of your Company along with its subsidiaries for the year 2010-11 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 Limited	11826.44	1828.07	832.81
Emkay Fincap Limited	364.34	321.22	193.30
Emkay Commotrade Limited	935.29	255.72	160.31
Emkay Insurance Brokers Limited	112.28	(60.17)	(44.14)
Emkay Investment Managers Limited	106.70	70.62	45.35
Aggregate	13345.05	2415.46	1187.63

An overview of the standalone financial performance of your Company for the year 2010-11 is as under:

(₹ in lac)

Particulars	31.03.2011	31.03.2010
Total Income	11826.44	11671.57
Profit before Interest, Depreciation and Tax	1828.07	1964.19
Depreciation and Amortization	385.89	463.30
Interest	156.16	151.64
Profit before Taxation	1286.02	1349.25
Provision for Taxation		
-Current Tax	350.44	600.00
-Deferred Tax Charges/(Benefit)	98.15	(91.76)
-Short Provision for Taxation of earlier years	4.62	1.40
Profit after Taxation	832.81	839.61
Add: Balance brought forward	2207.31	1731.30
Amount available for appropriations	3040.12	2570.91
Appropriations		
-Proposed Dividend (Current and Earlier year)	245.26	243.21
-Provision for Tax on Dividend (Current and Earlier year)	39.79	40.39
-Transfer to General Reserves	80.00	80.00
Balance carried forward	2675.07	2207.31

2. Dividend

The Board of Directors are pleased to recommend a dividend at the rate of ₹ 1/- per equity share of the face value of ₹ 10/- for the year ended 31st March, 2011 (Previous year ₹ 1/- per equity share). This Dividend is subject to approval of the Members at the forthcoming 17th Annual General Meeting.

3. Transfer to Reserves

The Company proposed to transfer an amount of ₹ 80 lac to the General Reserve out of the amount available for appropriation. An amount of ₹ 467.75 lac is proposed to be retained in the Profit & Loss Account.

4. Review of Operations

During the year under review, your Company recorded a total income of ₹ 11826.44 lac as compared to ₹ 11671.57 lac in the previous financial year, up by 1.33 %. The Net Profit for the same period stands at ₹ 832.81 lac compared to ₹ 839.61 lac in the previous financial year.

5. Change in Office of Company Secretary

Mr. Manish Jain – Company Secretary & Compliance Officer of the Company has resigned with effect from 6th August, 2010. The Board of Director places on record its appreciation for the services rendered by Mr. Jain during his tenure as the Company Secretary & Compliance Officer.

Consequent to the resignation of Mr. Manish Jain, Mr. Rahul Sahasrabudhe was appointed as the Company Secretary & Compliance Officer of the Company with effect from 27th August, 2010.

6. Cancellation of Membership of Currency Derivative Segment of Bombay Stock Exchange Limited

During the year under review, your Company had applied for cancellation of Currency Derivative Membership Certificate of Bombay Stock Exchange Limited. The same has been cancelled by SEBI with effect from 31st March, 2010.

7. Membership of Currency Derivative Segment of United Stock Exchange of India Limited

During the year under review, the Company had applied for the membership of Currency Derivative segment of United Stock Exchange of India Limited and acquired the membership on 7th February, 2011.

8. Management Discussion and Analysis

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

9. Incorporation of Wholly-owned Subsidiary Company

The Company has floated a Wholly-owned Subsidiary in the name of 'Emkay Investment Managers Limited' on 8th June, 2010 to carry on the business of Portfolio Management Services (PMS). 'Emkay Investment Managers Limited' obtained its Business Commencement Certificate on 23rd August, 2010.

10. Transfer of Portfolio Management Services Division of the Company

The Company had sought the approval of members through postal ballot process for transfer of Portfolio Management Services division of the Company to its wholly-owned Subsidiary viz. Emkay Investment Managers Limited on 30th July, 2010. The Company has also obtained requisite approval from Securities and Exchange Board of India (SEBI) in this regard and accordingly the Company has transferred its Portfolio Management Services Division to its wholly owned subsidiary company viz. Emkay Investment Managers Limited at a consideration of ₹ 5 lac with effect from 1st January, 2011.

11. 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.

12. Subsidiary Companies

Emkay Commotrade Limited (ECL) – a 100% subsidiary:

Emkay Commotrade Limited offers commodity futures trading to its clients. It is member of four major commodity exchanges viz. Multi Commodity Exchange of India Limited (MCX), National Commodity and Derivatives Exchange Limited (NCDEX), National Spot Exchange Limited (NSE) and Indian Commodity Exchange Limited (ICEX). ECL has a net worth of ₹ 10,55,65,729/- as on 31st March, 2011.

Emkay Fincap Limited (EFL) – a 100% subsidiary:

Emkay Fincap Limited is a RBI registered Non Deposit taking NBFC Company. Your Company had subscribed to 50,00,000 9% Non Convertible Redeemable Preference Shares of ₹ 10 each of EFL on 25th July, 2007 for a period of five years. EFL has redeemed

40,00,000 9% Non Convertible Redeemable Preference Shares of ₹ 10 each out of 50,00,000 9% Non Convertible Redeemable Preference Shares on 9th June, 2010

After the above redemptions, the paid up capital of EFL is now ₹ 23,00,00,000/- divided into 2,20,00,000 equity shares of ₹ 10 each and 10,00,000 9% Non-Convertible Redeemable Preference Shares of ₹ 10 each. EFL has a networth of ₹ 31,11,43,847/- as on 31st March, 2011.

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

Emkay Insurance Brokers Limited is registered with Insurance Regulatory and Development Authority (IRDA) as a Direct Insurance Broker and focuses on life and non-life businesses.

The Company has subscribed to 10,00,000 Equity Shares of ₹ 10 each issued by EIBL and EIBL has redeemed 10,00,000 9% Optionally Convertible Redeemable Preference Shares of ₹ 10 each during the year under review which was subscribed by the Company. The paid-up capital of EIBL is now ₹ 4,00,00,000/- divided into 40,00,000 equity shares of ₹.10 each. EIBL has a net worth of ₹ 1,65,34,725/- as on 31st March, 2011.

Emkay Investment Managers Limited (EIML) - a 100% subsidiary

Your Company has incorporated a wholly owned subsidiary Company viz. Emkay Investment Managers Limited on 8th June, 2010. EIML has obtained its Business Commencement Certificate on 23rd August, 2010. EIML commenced the business of Portfolio Management Services with effect from 1st January, 2011.

Your Company had subscribed to 25,00,000 Equity Shares of the face value of ₹ 10 each during the year under review. The paid-up capital of EIML is now ₹ 2,50,00,000/- divided into 25,00,000 equity shares of ₹ 10 each. EIML has a networth of ₹ 2,95,35,466/- as on 31st March, 2011.

Ministry of Corporate Affairs, Government of India, New Delhi has granted General exemption under Section 212 (8) of the Companies Act, 1956 vide their circular No. 5/12/2007-CL-III dated 8th February, 2011 subject to fulfillment of certain conditions as mentioned in their said circular for not attaching the Balance Sheet of the Subsidiary Companies for the year ended on 31st March, 2011.

Accordingly, the Board of Directors of the Company has passed a resolution on 20th May, 2011 giving consent for not annexing the balance sheet of the Subsidiary Companies i.e. Emkay Fincap Limited, Emkay Commotrade Limited, Emkay Insurance Brokers Limited and Emkay Investment Managers Limited for the year ended 31st March, 2011.

The Consolidated Financial Statements presented by the

Company include financial results of its Subsidiary Companies. The Company will make available the annual accounts of the 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.

The Statement containing financial information of the aforesaid Subsidiaries is included in the Consolidated Accounts forming part of the Annual Report of the Company.

13. Purchase of Office Premises:

The Company has been exploring various options for out right purchase of premises for office use considering the heavy rental outflow incurred on leased office premises. The Company has identified a property situated at 'Ruby House', Senapati Bapat Marg, Dadar (W), Mumbai-400 028. The Company has proposed to purchase the office premises in two tranches by executing two agreements. The Company has executed the first agreement with M/s. Mindset Estates Private Limited and M/s. Ruby Mills Limited for purchase of office premises admeasuring 8531 sq.ft. carpet area situated at 7th floor, South East Wing, The Ruby, Senapati Bapat Marg, J. K. Sawant Marg, Dadar (West), Mumbai-400 028. The Company will be executing the second agreement with M/s. Mindset Estates Private Limited and M/s. Ruby Mills Limited for the purchase of other part of the office premises situated at 7th floor, South East Wing, The Ruby, Senapati Bapat Marg, J. K. Sawant Marg, Dadar (West), Mumbai-400 028 at a later stage.

14. Employee Stock Option Schemes

With a view to remain a preferred employer, the 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, the Company granted 381,250 Options to the employees on 28th January, 2006 (each option carrying entitlement for one equity 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 2010-11, the Remuneration/ Compensation Committee allotted 51,500 Equity Shares to 46 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 2011:

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	1,42,000
Stock Options vested but not exercised	18,750
Stock Options exercised	2,20,500
Outstanding Stock Options	18,750

(b) ESOP 2007

The 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, the Company granted 244,000 Options on 19th June, 2009, 207,500 Options on 24th July, 2009, 1,00,000 Options on 4th May, 2010 and 6,11,500 Options on 27th July, 2010 to the Employees under the said Scheme (each option carrying entitlement for one equity share of the face value of ₹ 10 each) at an exercise price of ₹ 63, ₹ 61, ₹ 93 and ₹ 77 respectively per option.

During the Financial Year 2010-11, the Remuneration/ Compensation Committee allotted 54,950 Equity Shares to 27 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 2011:

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
1,00,000 Options	₹ 93/- per option
6,11,500 Options	₹ 77/- per option
Exercise Period	3 years.
Total no. of stock options granted under the scheme	26,05,000
Stock Options lapsed	5,35,500
Stock Options vested but not exercised	2,59,500
Stock Options exercised	60,250
Outstanding Stock Options	20,09,250

Further, the Remuneration/Compensation Committee allotted 1000 Equity Shares to one employee under the ESOP 2005 and 2,500 Equity Shares to an employee under the ESOP 2007 on 2nd May, 2011.

Consequent to the above allotments made under the aforesaid ESOP Schemes, the paid up Equity Capital of the Company has increased from ₹ 24,32,08,000/- (as on 1st April, 2010) to ₹ 24,43,07,500/- 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 (ESOP Scheme) Guidelines, 1999 are contained in Annexure A forming part of the Directors' Report.

15. Employee Stock Option Plan - 2010 through trust route.

Your Company has introduced another ESOP Scheme viz. Employee Stock Option Plan-2010 (ESOP-2010) through trust route. The said Scheme was approved by the shareholders in the 16th Annual General Meeting of the Company held on 30th August, 2010. Your Company has also set up an employee welfare trust viz. "Emkay Employee Welfare Trust" (the Trust). The new scheme will facilitate grant of option through Remuneration / Compensation Committee and /or trust to the employees of the Company in the form of stock options exercisable into equity shares. On the recommendation of the Remuneration / Compensation Committee of your Company, the trustee of the Emkay Employee Welfare Trust have granted 5,55,000 stock options on 21st October, 2010 @ ₹ 93/- per option to the eligible employees of the Company during the year under review.

Summary of ESOP 2010 (through trust route) as on 31st March 2011:

Total no. of stock options available under the Scheme	24, 41,995
Exercise Price -- 5,55,000 Options	₹ 93/- per option
Exercise Period	3 years
Total no. of stock options granted under the scheme	5,55,000
Stock Options lapsed	Nil
Stock Options vested but not exercised	Nil
Stock Options exercised	Nil
Outstanding Stock Options	5,55,000

Further, the Company granted 27,000 Stock Options on 2nd May, 2011 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 ₹ 63 per option.

Details required to be provided under the Securities and Exchange Board of India (Employees Stock Options Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are set out in Annexure "A" to this report.

16. Directors

At the 17th Annual General Meeting, Mr. G. P. Gupta and Mr. S. K. Saboo retire by rotation and being eligible, offer themselves for re-appointment.

The above re-appointments form part of the Notice of the forthcoming 17th 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 17th Annual General Meeting.

17. Directors' Responsibility Statement

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

- 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, have been made;
- 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 the Company as on 31st March, 2011 and of its profit for the year ended on that date;
- 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;
- The annual accounts have been prepared on a going concern basis.

18. 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.

19. Corporate Governance

The 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 the Company is attached to the Corporate Governance Report.

The declaration regarding compliance with 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.

20. Particulars of Employees

In accordance with the provisions of Section 217(2A) read with the Companies (Particulars of Employees) Rules, 1975 as amended by the Companies (Particulars of Employees) Amendment Rules, 2011, 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 the 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.

21. Auditors

Messrs B. L. Sarda & Associates, Chartered Accountants, retire as the Statutory Auditors of the 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 the 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 17th Annual General Meeting.

22. Corporate Social Responsibility

The Ministry of Corporate Affairs has released a set of Voluntary Guidelines on Corporate Social Responsibility (CSR) in December,

2009. The Company has evolved a Corporate Social Responsibility Policy and is actively practicing the Policy. The CSR Committee comprises of some of Head of Departments viz. Mr. Rajesh Sharma - Chief Operating Officer, Ms. Divya Gandhi - Head-General Insurance and Principal Officer and Ms. Ruth Singh - Head-Human Resources. The objectives of CSR Policy are to contribute to social and economic development of the communities in which the Company operates, provide opportunities to employees to contribute to society through service and contributions, monetary and otherwise and to generate, through its CSR initiatives, a community goodwill for the Company and help reinforce a positive and socially responsible image of the Company as a corporate entity. Provisions will be made by CSR Committee from the annual allocation of the CSR budget on the activities viz. Adoption of Village, Education, Skill Development, Vocational Training etc.

23. Acknowledgement

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

Place : Mumbai

Date : 20th May, 2011

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	ESOP Scheme-2010 (Through Trust)
1	Total Number of Options under the plan	3,81,250	24,26,575	24,42,725
2	Options Granted during the year	--	7,11,500	5,55,000
3	Exercise Price & 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.	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)	--	2,30,300	--
5	Options exercised (during the year)	33,250	48,950	--
6	The total number of shares arising as a result of exercise of options during the year.	32,250*	46,450*	--
7	Options lapsed (during the year)	1,000	2,20,000	--
8	Variation in terms of options	--	--	--
9	Money realized by exercise of options (during the year)	₹ 6,65,000	₹ 30,83,850	--
10	Total number of options in force at the end of the year.	18,750	20,09,250	5,55,000
11	Employee wise details of options granted to			
	i. Senior Management Personnel during the year	--	Sandeep Sharma - 50,000 Om Ahuja - 1,00,000	Sandeep Singal – 2,40,000 Anish Damania – 2,40,000 Ajay Parmar – 75,000

	ii. Employees holding 5% or more of the total number of options granted during the year.	--	Sandeep Sharma - 50,000 Om Ahuja - 1,00,000	Sandeep Singal - 2,40,000 Anish Damania - 2,40,000 Ajay Parmar - 75,000
	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)	₹ 3.27	₹ 3.27	₹ 3.27
13	Where the 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 recognised if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed.	Compensation Cost using the intrinsic value of the stock options is Nil. However, had the company followed the fair value method for accounting the stock options, compensation cost would have been ₹ (-) 5,654/- with consequent higher profits. On account of the same, the basic and diluted Earnings per share would have been more by ₹ 0.0002 per share and ₹ 0.0002 per share respectively.	Compensation Cost using the intrinsic value of the stock options is Nil. However, had the company followed the fair value method for accounting the stock options, compensation cost would have been ₹ 4,29,86,831/- with consequent lower profits. On account of the same, the basic and diluted Earnings per share would have been less by ₹ 1.76 per share and ₹ 1.74 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	--	Weighted Average Exercise Price ₹ 85.27 (Whose Exercise Price equals market price). Weighted Average Fair Value ₹ 51.54 (Whose Exercise Price equals market price).	Weighted Average Exercise Price ₹ 85.27 (Whose Exercise Price equals market price). Weighted Average Fair Value ₹ 51.54 (Whose Exercise Price equals market price).
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: 1. risk free interest rate 2. expected life 3. expected volatility 4. expected dividend yield 5. the price of the underlying shares in market at the time of option grant	--	Grant Date 04.05.2010 7.21 – 7.67% 4.41 – 6.61 years 72.48% 1.39% ₹ 92.75	Grant Date 27.07.2010 7.32 – 7.68% 443–643 years 71.03% 1.39% ₹ 76.25
			Grant Date 21.10.2010 7.73 – 7.96% 4.45 – 6.45 years 70.02% 1.43% ₹ 92.50	

* Balance 1,000 Options under ESOP-2005 and 2,500 Options under ESOP-2007 are allotted on 2nd May, 2011.

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 & 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 ₹ 30,22,708/-
- ii) The foreign exchange outflows were ₹ 1,01,10,915/-

MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMIC OVERVIEW

The Indian economy is growing at a steady rate, though marginally lower than earlier anticipated. According to Central Statistics Office (CSO) figures, it clocked a robust 8.5% during fiscal 2010-11, just short of the government's earlier prediction of 8.6%.

A total of nine interest rate hikes between March 2010 and May 2011, aimed at quelling persistently high inflation, have effectively put the breaks on economic growth. These rate hikes impacted the industrial and manufacturing sector output, especially in the last quarter of FY2010-11. The country's manufacturing sector growth slowed to 8.3% in 2010-11 from 8.8% in the previous year. Growth of the mining and quarrying sector also slowed down to 5.8% in 2010-11 from 6.9% in 2009-10, largely due to delays in government clearances and the pace of services sector growth declined somewhat to 9.4% in FY11 from 10.1% in FY10. Agricultural and allied sectors' growth at 6.6% for FY2010-11, however, contributed strongly to overall growth due to abundant rains and a bumper harvest.

The world economy has seen steady growth too, putting crisis times behind it. The OECD forecasts that the world's GDP will expand by 4.2% this year and 4.6% in the next. In a vote of confidence in the global economy's return to normalcy, it also forecast that trade volumes will grow by 8.1% this year and 8.4% in the one following.

INDUSTRY OVERVIEW

The financial sectors of both India and the world economy have finally emerged from the shadows of recession. However, they are passing through an equally trying phase – that of consolidation.

In India, while economic growth is back on its pre-crisis trajectory, inflation control has assumed paramount importance. In conjunction with supply side measures by the Government, the RBI has been tightening monetary policy to reign in inflation. With higher than expected rate hikes, financial markets have been feeling the heat; margins of organisations have come under pressure and the overpricing that may have existed on the bourses is slowly giving way to more perfect pricing.

In addition, political issues loom large. Major political movements could become a trigger for the domestic bourses. Other simmering issues that could impact the bourses are the fall outs of the 2G scam and others that could get unearthed with the widespread interest in anti-corruption legislation and the demands for action against it.

Lastly, a disturbing structural change has emerged in the equity markets. The number of retail investors has not been increasing

at a healthy rate. A glance at the increase in demat accounts (as a proxy for the number of retail investors) depicts a decreasing incremental trend. Over the last four years, the number of demat account holders have risen from 114.23 lac in 2007 to 150 lac in 2008, 166.31 lac in 2009 and finally to 179.74 lac in 2010. This trend, seen alongside the fact that 75% of the overall volumes in the equity market come from the derivatives segment, not in cash, seems to suggest that retail participants are more drawn towards speculation and less towards investing. Again, volumes in equity derivatives have been skewed towards options. This is an issue of concern since it culminates in lower commissions, which impacts revenue growth.

Meanwhile, world financial markets have seen their share of corrections too. After crude touching USD115 per barrel and gold climbing to all time highs, there has been some respite. The end of Osama Bin Laden's regime, which seemed to symbolise the attenuation of tensions in the Middle East, marked a deep cut in the CRB- Jefferies commodities index, amongst others. Crude dipped by around 10% in a single day and silver fell by a whopping 25%. As a result of these market movements, amongst other things, the US \$ started hardening too.

In the short term, the ongoing consolidation may hurt both the economy and the markets marginally. But in the long term, the consolidation will take financial markets to a higher level of stability.

BUSINESS OVERVIEW

Emkay has come a long way from its humble beginning around two decades ago. With a knowledge centric approach and our mission to provide our customers with secure, customized and comprehensive financial solutions and thereby achieve sustained growth, we now have a client base of around 1 lac non institutional and over 140 institutional clients and an employee strength of more than 900, including a 28-personnel rich research team that covers 273 stocks across 18 sectors including IT, Pharma and Retail, amongst others. We have a retail network of 374 branches and franchisees and an average daily turnover of ₹ 1000 crore. We have received prestigious awards that have been bestowed upon us by financial sector bigwigs like Thomson Reuters, Asiamoney and The Wall Street Journal. We continue to make efforts towards setting new benchmarks and outperforming them.

Equity

Emkay caters to both institutional and non-institutional clients with a more or less equal contribution to revenue from both segments. While the institutional business contributed 49.43% of total business in FY10-11, the non-institutional segment accounted

for the remaining 50.57%; a marginal shift from the previous year's ratio of 47.04: 52.96 from institutional: non-institutional. The total number of institutional clients increased from 122 in FY09-10 to 143 in FY10-11 and the number of active non-institutional clients was 39,601 through 61 branches and 313 franchisees. The newly empanelled institutional clients comprise well known financial market players including mutual funds like IDBI Mutual Fund, FIs like UBS – Swiss Finance Corporation, Standard Chartered Bank (Mauritius) Ltd. and BNP Paribas Arbitrage, PMS like IDFC Asset Management Co. Ltd. and UTI Invest Advisory Service Ltd., banks like The Catholic Syrian Bank Ltd. and Tamilnadu Mercantile Bank Ltd. and other corporates like Securities Trading Corporation of India Ltd. and Kotak Investment Advisors Ltd.

Emkay offers traders and investors, the most advanced and extensive online trading facilities through 'EMTRADE', its online trading portal. This portal 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 during the year went up from 75,200 to 80,096.

Research

Emkay offers its clients premium research which is undertaken by an experienced and qualified team of 28 analysts who are assisted by production and database resource people. Our research team actively covers 151 stocks and also researches another 122 additionally. The team released 28 industry reports during the year and also organised 36 road shows and 5 conferences.

Investment Banking

Emkay is a SEBI registered Category I Merchant Banker. The company derived an income of ₹ 1287 lac from its investment banking operations during the year. This is marginally lower than the ₹ 1380 lac it garnered from this segment at the end of FY10. The company does, however, have mandates in hand for various debt syndication and corporate advisory services worth ₹ 158 crore and many more such deals in the pipeline.

Portfolio Management & Distribution Services

In keeping with our mission to provide our customers with secure, customized and comprehensive financial solutions, the company

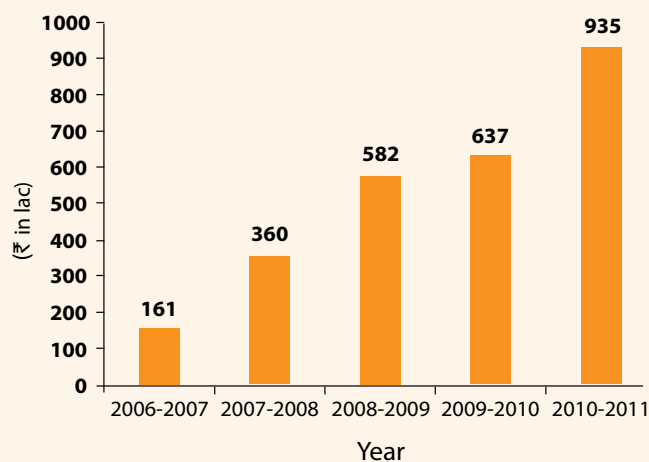
has carved out its PMS division and transferred it to its wholly owned subsidiary, Emkay Investment Managers Limited with effect from Jan 1, 2011. Our PMS has consistently outperformed the benchmark and helped in building wealth for our clients. The investment framework rests on a set of well established 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 a detailed and rational analysis of facts. Most of all, our fee structure is transparent with no set up fee and entry loads.

The company has a network of 7 Private Wealth branches located in Mumbai, Ahmedabad, New Delhi, Kanpur, Bangalore, Jaipur and Pune with a total staff of 78 experienced and qualified professionals. 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

India currently has five national level commodities exchanges which have been set up under overall control of Forward Market Commission (FMC) of Government of India. These are highly regulated and subjected to various laws such as the Companies Act, Stamp Act, Contracts Act, etc., to ensure investor protection. This market is expected to get a boost as banks and foreign players will soon receive the go ahead to start trading in mini-contracts. The volumes on commodity exchanges are expected to increase by 20% by the end of FY12 itself. And our clients are bound to get a piece of the action when this happens.

Growth in Emkay Commodity Revenue over the years



Emkay offers its clients the opportunity to trade in commodities through its 100% subsidiary 'Emkay Comtrade Limited', which is a member of the Multi-Commodity Exchange of India Limited (MCX); the National Commodity & Derivatives Exchange Limited (NCDEX), the National Spot Exchange Limited (NSE) and Indian Commodity Exchange Limited (ICEX). We have intensified our focus on this segment by increasing the number of dedicated personnel from 66 to 77 and the number of active franchisees from 103 to 114 between FY10 and FY11. The number of active clients in this segment increased from 5,272 to 7,731 and the gross income from this business has increased by nearly 50% from ₹ 6.37 crore to ₹ 9.34 crore.

Insurance

According to a study done by the Confederation of Indian Industries (CII) and Ernst and Young (E&Y), the insurance sector is poised for a quantum leap in performance with unprecedented growth opportunities, notwithstanding a temporary sliding growth curve. Emkay has a presence in both the life and non-life broking businesses and offers policies to corporates and individuals through its 100% subsidiary Emkay Insurance Brokers Limited. The retail business accounts for 47.9% of the business income from this segment while corporate policy sales account for the balance. The life insurance business contributes 41.4% of total brokerage while the non-life segment brings in the remaining 58.6%. During the current fiscal, while the total number of policies fell marginally from 7182 to 6270, the premiums collected increased from ₹ 939 lac to ₹ 1154 lac and brokerage rose from ₹ 103 lac to ₹ 123 lac.

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 ₹ 1,973 lac in 2009-10 to ₹ 2,675 lac in 2010-11. The PAT from this business also increased from ₹ 120 lac to ₹ 193 lac during the same period.

OPPORTUNITIES AND THREATS

The Indian economy is currently undergoing what can best be described as a belt tightening experience. With interest rates rising, corporate houses are facing the pinch and this is reflected in their valuation on the bourses. So, while volumes on stock exchanges have risen, these have been buoyed by trades in the F&O segment, rather than the cash segment and this in turn impacts broking incomes.

Mutual fund products have temporarily lost their sheen, given the stagnation in equity AUMs. Also, the growth in the insurance sector is moderating, although it is expected to remain steady.

The commodity segment of the business, however, offers great promise as a game changing regulation is likely to give a fillip to volumes in the near future.

However, we are well aware of the situation and sixteen long years of experience in the business has equipped us with ample armoury of strategies which enable us to cope with sagging markets and make the most of surging ones. During times when business seems to have lulled, we take the opportunity to focus on re-energizing our HR and buffing up their strengths. We use the hiatus in hectic activity to organise conferences which enable us to stay in touch with clients and retain our market share.

We have received numerous awards for being the best broker, our research, our strategy, our stock picking ability, and more, from reputed financial giants like Thomson Reuters, The Wall Street Journal Asia and Asiamoney. These are but testimonies of our strengths.

FUTURE OUTLOOK

We aim to achieve a robust top line in 2011-12 through a well planned and meticulously implemented strategy of rationalization and consolidation. We will focus on increasing the efficiency at the branches and may consolidate branch network in the process. On the supply side, we will diligently implement cost rationalization in operations towards improving our front-end. At the same time, we will change gears and focus on the mass affluent and affluent markets; a change in our strategic focus from 'micro retail'.

We look forward to being leaner and stronger in FY 2011-12. We look forward to being ready for any challenges that we are presented with.

RISK AND CONCERNS

In the highly competitive environment that we are faced with at present, no risk is too small and no concern can go unheeded. In order to stay ahead of the game, we anticipate threats and preempt them or meet them head-on with suitable solutions. Some of the risks that we identify include

Economic Environment

Any adverse change in the economic conditions of the country due to the rising interest rates, persistent 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.

Despite buoyant macro economic conditions in India, the RBI and government have together been focusing on inflation control. However, with a robust GDP growth rate of 8.5% in 2011, 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 to all market cycles.

Competition Risk

We belong in an industry segment where margins are wafer thin and competition abound. 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 backend 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

A skewed business strategy could easily result in lost opportunities. Annual business plans and the long term business strategy are discussed thoroughly before being vetted 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:

- Cost rationalisation in operations towards improvements in the front-end
- Focus on the mass affluent and affluent markets; a shift from micro retail
- Branch consolidation: 53 branches by the end of Q2 2011-12

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

Given our knowledge centric approach to business, we believe that our people are our most valuable resource. They are the capital on

which our business is built and they are the assets that enable us to reap rich dividends. We continually seek to ensure their wellbeing and do all we can to improve the quality of their output. As in the past, in 2010-11, we have taken a number of initiatives towards these ends. We have:

- Introduced Group Term Life Insurance for all employees, apart from Mediclaim and Group Personal Accident cover.
- Upgraded the HR information system 'Adrenalin' to include attendance, leave modules amongst others.
- Revamped the Performance Management system by setting KRAs and SMART goals for all verticals and roles.
- Devised a fully online system which focuses on competencies and training needs and gives feedback on performance.
- Rolled out a Reward and Recognition system and presented quarterly awards to star performers.

In addition, to refresh the spirit of the employees, regular outings and other recreational activities were organized. We also presented awards to employees who have put in long years of service (10 years plus) at a special function organized during our annual Diwali party. Stepping off the beaten track, we organised an 'Emkay's Got Talent' show in which we discovered and displayed the multi-faceted talents of our staff.

We also rolled out the revised Employee Policy Manual and framed our Corporate Social Responsibility (CSR) policy in our endeavor for social and economic development of the extended society we live in.

This fiscal has also been packed with training programmes and refresher courses towards the development of more subtle features of our employees. Programs were customised for across various organizational divisions from the back office staff to the top management. For the Institutional team, we organized knowledge based programmes with themes such as Equity Valuation and Technical Analysis in addition to programmes like Business Etiquette, aimed at honing their soft skills. Similarly, our Operations (back office) desk and BMs were given training in Managerial effectiveness while our back office executives were sent for programmes in Telephone and Email etiquette. To hone the skill sets of our entire staff at head office, we organized training programmes in Advanced Excel and for the Institutional Research team, training in Research report writing was imparted. Last, but not the least, we organized Business Transformation Workshops for our senior management.

These programmes covered more 300 employees across the different verticals and subsidiaries of Emkay. We also conducted 7 Induction programmes for all those who newly joined the company's HO and Branches to get them acquainted with our top management, policies and the culture of the organization.

FINANCIAL OVERVIEW

Consolidated:

INCOME : The Company recorded a total income of ₹ 13,299 lac in 2010-11, as compared to ₹ 12,581 lac for 2009-10, a growth of 5.7%.

EBIDTA : The Company's EBIDTA stood at ₹ 2,410 lac against ₹ 2,189 lac in 2009-10, an increase of 10.09%.

PAT: The Profit After Tax stood at ₹ 1,184 lac against ₹ 940 lac in 2009-10, an increase of 25.95%.

Standalone:

INCOME : The Company recorded a total income of ₹ 11,826 lac, as compared to ₹ 11,556 lac for 2009-10, a growth of 2.33% .

EBIDTA: The company's EBIDTA stood at ₹ 1,828 lac against ₹ 1,964 lac in 2009-10, a decrease of 6.92%.

PAT: The Profit After Tax stood at ₹ 833 lac against ₹ 840 lac in 2009-10, a decrease of 0.83%. The company also declared a dividend of 10%. i.e. ₹ 1 per share.

Overall, the company is growing at a more moderate rate in keeping with the consolidation in the economy and financial sector.

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.

CORPORATE GOVERNANCE REPORT

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

I. Company's Philosophy on Corporate Governance

The 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

During the year under consideration, the Board 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 is 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. The Chairman of the Board is neither a promoter nor a relative of the promoter of the Company nor occupying management positions at the Board level nor at one level below the Board. Out of four Non-executive Directors, three Directors are independent comprising 50% of total Directors and the minimum requirement as per Clause 49 is 33.33% of total Directors and therefore are in conformity with the Clause 49 of Listing Agreement.

None of the directors is a director in more than 15 public companies and member of more than 10 committees or act as 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 such as legal, finance, banking, administration etc.

The brief profile of each Director is given below:

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

Mr. Gian Prakash Gupta has over 37 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., PTC India

Ltd. and NTPC Ltd. etc. Currently he serves on the Board of various listed companies, including Idea Cellular Ltd., Aditya Birla Nuvo Ltd., Birla Sun Life Insurance Co. Ltd., Swaraj Engines Ltd., Dighi Port Ltd. etc.

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

Mr. Sushil Kumar Saboo has more than 43 years of management experience. Presently he is 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 38 years in legal field. 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, The Institute of Cost and Works Accountants of India and a Law Graduate from University of Mumbai. He has wide and rich industrial experience of over 32 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 and 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 and Managing Director & CFO of the Company. Mr. Krishna Kumar Karwa has rich and varied experience of 23 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 22 years in the capital markets with a focus on the derivative segment. He is currently on the Board of BOI Shareholding Limited.

The Composition of the Board, Directorship/Committee positions in other companies as on 31st March, 2011, number of Meetings held and attended during the year are as follows:

Name of the Director	Category	Board Meetings during Financial Year 2010-11		Attendance at last AGM held on 30.08.2010	Other Directorship		Other Committee Positions	
		Held	Attended		Private Company	Public Company	Chairman	Member
Mr. G. P. Gupta	NED (I)	5	5	Y	3	10	4	3
Mr. S. K. Saboo	NED	5	5	Y	--	3	--	--
Mr. R. K. Krishnamurthi	NED (I)	5	5	Y	--	2	--	1
Mr. G. C. Vasudeo	NED (I)	5	5	Y	1	3	--	1
Mr. Krishna Kumar Karwa	ED	5	5	Y	1	5	1	2
Mr. Prakash Kacholia	ED	5	5	Y	1	5	1	--

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

• Board Meetings:

During the Financial Year 2010-2011, 5 Meetings were held on 4th May, 2010, 28th May, 2010, 27th July, 2010, 29th October, 2010 and 27th January, 2011.

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

Mr. G. P. Gupta has expressed his unwillingness to continue as the Chairman of the Audit Committee of the Company and has decided to continue as the Member of the Audit Committee. Consequent to this, the Audit Committee was re-constituted on 20th May, 2011 by inducting Mr. G. C. Vasudeo as the Chairman of the Audit 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, Chairman of the Audit Committee, has accounting or related financial management expertise. The Statutory Auditors, Internal Auditors and Head of Finance & Accounts are permanent invitees to the Meetings. Mr. Rahul Sahasrabudhe, Company Secretary, acts as a Secretary to the Committee.

• Meetings

During the Financial Year 2010-11, 5 Meetings were held on 4th May, 2010, 28th May, 2010, 27th July, 2010, 29th October, 2010 and 27th January, 2011. 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	5
Mr. G. C. Vasudeo	5
Mr. R. K. Krishnamurthi	5
Mr. Prakash Kacholia	5

Terms of Reference

The terms of reference of Audit Committee are described below:

1. Overseeing of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. 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.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of Clause 2AA of Section 217 of the Companies Act, 1956.
 - b. Changes, if any, in accounting policies and practices and reason for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgment by management.
 - d. Significant adjustment made in the financial statements arising out of audit findings.
 - e. Compliance with listing and other legal requirements to financial statements.
 - f. Disclosure of any related party transaction.
 - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
6. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
7. 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.
8. Discussion with internal auditors on any significant findings and follow up there on.
9. 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 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. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilizations of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter.
14. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background etc. of the candidate.
15. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
16. Committee will also function terms of reference as amended from time to time by SEBI.

The Audit Committee reviews the following:

- a. Management 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 2010-11, 3 Meetings were held on 4th May, 2010, 27th July, 2010 and 21st October, 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 to formulate 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 Un-fair Trade Practices relating to the Securities Market) Regulations, 1995, by any Employee.
- j) Frame any other byelaws, 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 the 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 sitting fees and such commission, as approved by the Shareholders at the Annual General Meeting held on 30th August, 2010, payable to such Non-executive directors as may be determined by the Board of Directors. No stock options are granted to the Directors of the Company. Non-Executive Directors of the Company do not hold any equity shares in the Company.

Details of Remuneration paid to Executive Directors for the Financial Year 2010-11

During the Financial Year under review, the remuneration paid to Mr. Prakash Kacholia and Mr. Krishna Kumar Karwa for the period from 1st April, 2010 to 30th September, 2010 was as per the terms of approval letters issued by the Central Government. The term of Mr. Krishna Kumar Karwa as Managing Director & CFO and Mr. Prakash Kacholia as Managing Director expired on 30th September, 2010. On the basis of the recommendation of the Remuneration / Compensation Committee, the Board of Directors of the Company at its meeting held on 27th July, 2010 and the Members of the Company at their meeting held on 30th August, 2010 have approved the re-appointment and remuneration of Mr. Krishna Kumar Karwa as Managing Director & CFO and Mr. Prakash Kacholia as Managing Director of the Company for the period of three years with effect from 1st October, 2010 subject to the approval of the Central Government, if necessary.

Due to inadequacy of profits during the financial year 2010-2011, the remuneration paid to Mr. Krishna Kumar Karwa and Mr. Prakash Kacholia for the period from 1st October, 2010 to 31st March, 2011 exceeded the limits prescribed under Section 198 read with Schedule XIII of the Companies Act, 1956 and therefore, the Company is in the process of making an application to Central Government for obtaining its approval for re-appointment of and payment of remuneration to Mr. Krishna Kumar Karwa as Managing Director & CFO and Mr. Prakash Kacholia as Managing Director for the period of three years with effect from 1st October, 2010 as per the terms approved by the members at their meeting held on 30th August, 2010.

Accordingly, the excess remuneration paid to Mr. Krishna Kumar Karwa and Mr. Prakash Kacholia during the period from 1st October, 2010 to 31st March, 2011 is shown as Advances Recoverable.

Remuneration paid to Managing Directors for the Financial Year 2010-2011.

Particulars	Mr. Krishna Kumar Karwa (Managing Director & CFO) (Amt in ₹)	Mr. Prakash Kacholia (Managing Director) (Amt in ₹)
Salary (including PF Contribution)	57,12,000	57,12,000
Perquisites	46,614	70,283
Total	57,58,614	57,82,283

The Non Executive Directors are paid remuneration by way of Sitting Fees and Commission:

Details of Remuneration paid by way of Sitting Fees to Non-Executive Directors for the Financial Year 2010-2011

Name	Sitting Fees for Board/Committee Meetings attended (Amt in ₹)
Mr. G. P. Gupta	1,30,000
Mr. S. K. Saboo	80,000
Mr. R. K. Krishnamurthi	1,30,000
Mr. G. C. Vasudeo	1,30,000
Total	4,70,000

Details of Commission paid to Non-Executive Directors of the Company for the Financial Year 2010-11:

Name	Commission (Amt in ₹)
Mr. G. P. Gupta	2,50,000
Mr. R. K. Krishnamurthi	1,50,000
Mr. G. C. Vasudeo	1,50,000
Total	5,50,000

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 the Non-Executive and Independent Director. The Company Secretary acts as Secretary to the Committee. The Committee meets once in every quarter in case the Committee has no share transfer formalities to attend. However, in case there are share transfer formalities/ demat –remat of shares/complaints during any fortnight, the same shall be taken up in the share transfer committee meeting to be held by the end of that fortnight.

The Committee had 14 meetings during the financial year 2010-11 and Mr. Prakash Kacholia was present at all the meetings. Mr. R. K. Krishnamurthi was not present in one meeting and Mr. Krishna Kumar Karwa was not present in the two 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 and review of cases for refusal of transfer/ transmission and reference to statutory and regulatory authorities.

Mr. Rahul Sahasrabudhe, the Company Secretary is designated as the Compliance Officer.

Details of Shareholders/Investors Complaints for the financial year 2010-11:

Number received during the year	2
Number resolved to the satisfaction of complainant	2
Number pending redressal	Nil
Number pending Transfers	Nil

Subsidiary Companies

The Company has four wholly owned unlisted subsidiaries as under:

1. Emkay Fincap Limited
2. Emkay Commotrade Limited
3. Emkay Insurance Brokers Limited
4. Emkay Investment Managers Limited (Incorporated on 08.06.2010)

Out of the above four Subsidiaries, Emkay Fincap Limited is a material non-listed Indian subsidiary whose turnover or net worth (i.e. Paid-up Capital and Free Reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year ended 31st March, 2010. 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 and Audit Committee 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 2011, a total of 1150 shares pertaining to 7 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 2011, the amount of ₹ 5419/- is lying in the said account.

Secretarial Audit

During the Financial Year 2010-2011, Reconciliation of Share Capital Audit Report (earlier known as Secretarial Audit Report) as stipulated under Regulation 55A of SEBI (Depositories and Participants) Regulations, 1996 was carried out on a quarterly basis by Practicing Company Secretary for reconciliation of the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and 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 Reconciliation of Share Capital 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
2009-10	16th	M. C. Ghia Hall, Fort, Mumbai	30th August, 2010	3.00 p.m.
2008-09	15th		11th September, 2009	3.00 p.m.
2007-08	14th		5th September, 2008	4.00 p.m.

Special Resolutions passed at the last three AGM:

- At 16th AGM held on 30th August, 2010
 - Re-appointment of and Payment of remuneration to Managing Directors.
 - Payment of Commission to Non Executive & Independent Directors.

- Approving amendments made to ESOP Scheme – 2007.
 - Introduction of new ESOP Scheme-2010 through trust route.
- 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 14th AGM held on 5th September, 2008 – Approving amendments made to ESOP Scheme – 2005 and ESOP Scheme – 2007.

Postal Ballot:

During the Financial Year 2010-11, the Company had transferred the Portfolio Management Services Division (PMS) to its wholly owned subsidiary company viz. Emkay Investment Managers Limited and the approval of members was sought through Postal Ballot Process.

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 30th July, 2010 by the Chairman at the Registered Office of the Company. The details of voting pattern are as follows:

Particulars	Special Resolution for transferring the Portfolio Management Services Division (PMS) of the Company to its wholly owned subsidiary Company viz. Emkay Investment Managers Limited as mentioned in the Notice for Postal Ballot dated 28th May, 2010	
	No. of ballots	No. of shares
TOTAL RECEIVED	176	1,78,72,414
Less: Invalid	17	14,760
Valid	159	1,78,57,654
- Assent	134	1,78,55,289
- Dissent	25	2,365

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 Director	Mr. G. P. Gupta	Mr. S. K. Saboo
Date of Birth	11th January, 1941	5th November, 1942
Age	70 years	68 years
Date of Appointment	10th November, 2005	15th September, 1995
Experience in Specified Functional Area	Rich and vast experience of over 37 years in Development Banking	Rich and vast experience of over 43 years in the field of Management
No. of shares held in the Company	Nil	Nil
Qualification	M.Com	B.Com
List of other Companies in which associated as Director	<ol style="list-style-type: none"> 1. Aditya Birla Nuvo Limited 2. Birla Sun Life Insurance Co. Limited 3. Dighi Port Limited 4. SIDBI Venture Capital Ltd 5. Su-Raj Diamonds & Jewellery Ltd 6. Swaraj Engines Limited 7. Idea Cellular Limited 8. Landmark Property Development Co. Ltd 9. Avam Technologies Pvt. Ltd 10. Aditya Birla Capital Advisors Pvt. Ltd 11. Lodha Elevation Buildcon Pvt. Ltd 12. Lodha Developers Limited 13. Baroda Pioneer Asset Management Co. Ltd 	<ol style="list-style-type: none"> 1. Indophil Textile Mills Inc; Philippines 2. A V Cell Inc; Canada 3. AV Nackawic Inc; Canada
Chairman / Member of the Committee of the Board of other Companies in which associated as a Director	<p>Chairman of Audit Committee of:</p> <ol style="list-style-type: none"> 1. Swaraj Engines Ltd 2. Idea Cellular Ltd 3. Birla Sun Life Insurance Co. Ltd 4. Aditya Birla Capital Advisors Pvt. Ltd <p>Chairman of Remuneration Committee of:</p> <ol style="list-style-type: none"> 1. Lodha Developers Ltd <p>Member of Audit Committee of :</p> <ol style="list-style-type: none"> 1. Aditya Birla Nuvo Ltd 2. Land Mark Property Development Co. Ltd 3. Lodha Developers Ltd 	<p>Chairman/Member:</p> <p>Nil</p>

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 Business Standard and Sakaal.
2. The Quarterly/Annual Financial Results were promptly displayed on the Company's website www.emkayglobal.com.
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 Remuneration / Compensation Committee and
 2. Audit qualification – Zero qualification regimes.

General Shareholder Information

AGM: Date, time and venue	1st August, 2011 at 3.00 P.M. at M. C. Ghia Hall, Fort, Mumbai – 400001.
Financial Year	1st April, 2010 to 31st March, 2011
Date of Book Closure	Friday, 22nd July, 2011 to Monday, 1st August, 2011 (Both days inclusive)
Dividend Payment Date	4th August, 2011
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 once in every quarter in case the Committee has no share transfer formalities/ Demat-Remat of Shares/Complaints to attend. However, in case there are formalities of transfer of shares during any fortnight, the same shall be taken up in the share transfer committee meeting held by the end of that fortnight. The list of valid transfers/ transmission/ remat etc prepared by the Transfer Agent in respect of transfer cases received by them, if any, are placed before the Investor Grievance and Share Transfer Committee for its approval/confirmation.
Dematerialization of Shares and liquidity	As on 31.03.2011, 99.88% of the Equity Share Capital comprising 2,43,97,435 equity shares out of total of 2,44,27,250 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, 2011

The Shareholding of different categories of the shareholders as on 31st March, 2011 is given below :

Category	No. of Shareholders	No. of Shares	% of total
Promoters	3	1,34,22,500	54.95
Relatives of Directors	4	40,75,000	16.68
FII's	1	1,54,000	0.63
Foreign Nationals	1	4,000	0.02
Other Bodies Corporate	278	11,72,687	4.80
Mutual Fund	1	2,25,822	0.92
NRI (including Non Repatriable)	65	2,46,107	1.01
Trusts	3	6,67,127	2.73
Public	6234	44,60,007	18.26
Total	6590	2,44,27,250	100.00

Distribution of Shareholding as on 31st March, 2011

The Shareholding distribution of the equity shares as on 31st March, 2011 is given below:

Number of Shares held (Face value of ₹ 10 each)	Shareholders		Shares	
	Number	% of total	Number	% of total
1-500	5,819	88.30	5,65,042	2.31
501-1000	243	3.69	1,99,926	0.82
1001-2000	164	2.49	2,63,312	1.08
2001-3000	125	1.90	3,06,126	1.25
3001-4000	58	0.88	2,07,176	0.85
4001-5000	41	0.62	1,91,737	0.79
5001-10000	65	0.98	5,10,938	2.09
10001 & above	75	1.14	2,21,82,993	90.81
Total	6,590	100.00	2,44,27,250	100.00

Market Price Data

During the year, the BSE Sensex moved from 17692 to 19445.

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, 2010 to 31st March, 2011 is as follows:

Month	BSE		NSE	
	High	Low	High	Low
	(₹)	(₹)	(₹)	(₹)
April, 2010	119.90	94.00	120.35	94.00
May, 2010	102.85	85.00	98.00	85.05
June, 2010	90.00	78.35	90.45	78.85
July, 2010	89.00	71.15	89.00	74.00
August, 2010	87.95	73.30	89.45	75.40
September, 2010	102.15	76.00	102.20	76.05
October, 2010	111.00	90.05	108.90	90.40
November, 2010	118.00	84.50	118.50	84.00
December, 2010	98.00	75.00	98.00	74.00
January, 2011	82.50	60.00	81.95	58.00
February, 2011	69.00	54.75	68.00	55.20
March, 2011	66.45	49.15	68.50	49.00

On behalf of the Board of Directors

For **Emkay Global Financial Services Limited**

Krishna Kumar Karwa
Managing Director & CFO

Prakash Kacholia
Managing Director

Place : Mumbai

Date : 20th May, 2011

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 ('the Company') for the year ended 31st March, 2011, 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 the 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

Place : Mumbai

Date : 20th May, 2011

(CA. B. L. Sarda)

Partner

M. No. 14568

CODE OF CONDUCT

In accordance with Sub-Clause I (D) of Clause 49 of the Listing Agreement with the Stock Exchanges, we, Krishna Kumar Karwa - Managing Director & CFO and 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, 2011.

For EMKAY GLOBAL FINANCIAL SERVICES LIMITED

Krishna Kumar Karwa
Managing Director & CFO

Prakash Kacholia
Managing Director

Place : Mumbai

Date : 20th May, 2011

CEO/CFO CERTIFICATE

We hereby certify that -

- (a) We have reviewed Financial Statement and the Cash Flow Statement for the year ended 31st March, 2011 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 which violate 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 : 20th May, 2011

AUDITORS' REPORT

AUDITORS' 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, 2011 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.
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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, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 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, 2011;
 - (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 : 20th May, 2011

Membership No. 014568

ANNEXURE TO THE AUDITORS' REPORT

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) (a) 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 lakhs in respect of any party during the year for services obtained from 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, 2011, 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	3.77	F.Y.2002-2003	Income Tax Appellate Tribunal
Income Tax and Interest	3.07	F.Y.2004-2005	
Income Tax and Interest	42.39	F.Y.2005-2006	
Income Tax and Interest	26.27	F.Y.2006-2007	

(x) The Company has no accumulated losses as at 31st March, 2011 and it has not incurred any cash losses in the financial year ended on that date or 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 : 20th May, 2011

Membership No. 014568

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BALANCE SHEET AS AT 31ST MARCH, 2011

Particulars	Schedule	As At 31.03.2011 (₹)	As At 31.03.2010 (₹)
SOURCES OF FUNDS			
1. SHAREHOLDERS' FUNDS			
Share Capital	A	244,272,500	243,208,000
Reserves & Surplus	B	1,134,798,016	1,076,595,271
		1,379,070,516	1,319,803,271
2. LOAN FUNDS			
Secured Loans	C	14,154,000	86,250,000
Unsecured Loans	D	11,422,403	86,250,000
		25,576,403	172,500,000
Total		1,404,646,919	1,492,303,271
APPLICATION OF FUNDS			
1. FIXED ASSETS			
Gross Block	E	323,979,727	292,803,659
Less : Depreciation and Amortization		248,093,621	214,690,360
Net Block		75,886,106	78,113,299
Capital Work In Progress		209,273,617	1,485,726
		285,159,723	79,599,025
2. INVESTMENTS	F	355,004,526	360,004,526
3. DEFERRED TAX ASSET(Net) [Refer Note B(23) of Schedule T]		42,892,200	52,707,500
4. CURRENT ASSETS, LOANS & ADVANCES			
Stock - in Trade	G	628,517	977,249
Sundry Debtors	H	336,819,446	482,438,631
Cash and Bank Balances	I	1,058,327,900	1,297,037,229
Other Current Assets	J	18,947,251	30,912,142
Loans And Advances	K	204,571,845	150,806,180
		1,619,294,959	1,962,171,431
Less : CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	L	861,861,591	932,132,467
Provisions	M	35,842,898	30,046,744
		897,704,489	962,179,211
NET CURRENT ASSETS		721,590,470	999,992,220
Total		1,404,646,919	1,492,303,271
Significant Accounting Policies and Notes to the Accounts	T		
The Schedules referred to above form an integral part of the Balance Sheet.			

As per our report of even date
For B.L. SARDA & ASSOCIATES
Chartered Accountants

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

Place : Mumbai
Date : 20th May, 2011

By the order of the Board
G.P. GUPTA
Chairman

S.K.SABOO
Director

RAHUL SAHASRABUDDHE
Company Secretary

Place : Mumbai
Date : 20th May, 2011

KRISHNA KUMAR KARWA
Managing Director & CFO

R.K.KRISHNAMURTHI
Director

PRAKASH KACHOLIA
Managing Director

G.C. VASUDEO
Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

Particulars	Schedule	For the Year Ended 31.03.2011 (₹)	For the Year Ended 31.03.2010 (₹)
Income			
Income from Operations	N	1,040,635,195	1,053,979,288
Other Income	O	142,008,559	113,177,918
		1,182,643,754	1,167,157,206
Expenditure			
Personnel Cost	P	454,236,454	349,915,359
Operating Expenses	Q	336,136,523	418,383,947
Administrative Expenses	R	209,463,337	202,438,684
Interest	S	15,616,018	15,163,869
Depreciation and Amortization	E	38,589,273	46,330,150
		1,054,041,605	1,032,232,009
Profit Before Taxation		128,602,149	134,925,197
Provision for Taxation			
Income Tax			
- Current tax		35,000,000	60,000,000
- Deferred tax charge/ (benefit)		9,815,300	(9,175,900)
- Short Provision for FBT of Earlier Years		178,219	-
- Short Provision for Taxation of Earlier Years		263,056	139,986
Wealth Tax			
- Current Year		44,100	-
- Earlier Year		20,500	-
Profit After Taxation		83,280,974	83,961,111
Add: Balance Brought Forward		220,730,743	173,129,813
Amount Available for Appropriations		304,011,717	257,090,924
Appropriations			
Dividend			
- Proposed		24,427,250	24,320,800
- Paid for Earlier Year		99,150	-
Dividend Distribution Tax			
- On Proposed Dividend		3,962,711	4,039,381
- On Dividend Paid for Earlier Year		16,468	-
Transfer to General Reserve		8,000,000	8,000,000
Balance Carried Forward		267,506,138	220,730,743
		304,011,717	257,090,924
Basic Earnings Per Share(₹) (Face Value of ₹ 10 each)		3.41	3.46
Diluted Earnings Per Share(₹) (Face Value of ₹ 10 each)		3.37	3.42
[Refer Note B(21) of Schedule T]			
Significant Accounting Policies and Notes to the Accounts	T		
The Schedules referred to above form an integral part of the Profit and Loss Account			

As per our report of even date
For B.L. SARDA & ASSOCIATES
Chartered Accountants

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

Place : Mumbai
Date : 20th May, 2011

By the order of the Board
G.P. GUPTA
Chairman

S.K.SABOO
Director

RAHUL SAHASRABUDDHE
Company Secretary

Place : Mumbai
Date : 20th May, 2011

KRISHNA KUMAR KARWA
Managing Director & CFO

R.K.KRISHNAMURTHI
Director

PRAKASH KACHOLIA
Managing Director

G.C. VASUDEO
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

Particulars	Year ended 31.03. 2011		Year ended 31.03. 2010	
	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax, extraordinary items		128,602,149		134,925,197
Adjustment for :				
Interest	15,616,018		15,163,869	
Depreciation and Amortization	38,589,273		46,330,150	
(Profit)/Loss on sale of investments	(1,172,631)		(4,701,687)	
Loss on Sale of Fixed Assets/Assets Discarded	328,680		1,618,331	
Interest Received	(289,864)		(1,410,925)	
Dividend Received	(241,838)		(258,781)	
Unrealised Foreign Exchange (gain)/loss	(567)		1,395	
Provision for Doubtful Debts /Deposits / Advances (Net of write back)	(38,731,447)		12,614,023	
Provision for loss on equity index/stock futures, equity index/stock options and currency futures (Net of write back)	6,293,812	20,391,436	200,876	69,557,251
Operating profit before working capital changes		148,993,585		204,482,448
Adjustment for :				
Trade and other receivables	188,097,359		(161,609,986)	
Fixed Deposits with Banks and Other items not considered as cash equivalents (Refer Note 3 below)	281,419,210		(42,140,760)	
Inventories	348,732		493,854	
Trade payables	(64,550,767)	405,314,534	249,209,108	45,952,216
Cash Generated from operations		554,308,119		250,434,664
Direct taxes (Paid)/Refund	(34,236,409)	(34,236,409)	(63,583,481)	(63,583,481)
Cash flow before extraordinary items		520,071,710		186,851,183
Extraordinary items		-		-
Net Cash from/ (used in) Operating Activities		520,071,710		186,851,183
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets & Capital Work in Progress	(246,037,822)		(21,868,022)	
Sale of Fixed Assets	1,559,170		764,185	
Acquisition of Investments	(1,860,237,458)		(4,801,213,276)	
Disposal of Investments	1,861,410,089		4,805,914,963	
Investment in Subsidiary Companies	(45,000,000)		(15,000,000)	
Redemption of Investment in Subsidiary Companies	50,000,000		-	
Interest received	289,864		1,410,925	
Loan given to Emkay Employees Welfare Trust	(53,100,000)		-	
Dividend received	241,838	(290,874,319)	258,781	(29,732,444)
Net Cash from/ (used in) Investing Activities		(290,874,319)		(29,732,444)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

Particulars	Year ended 31.03. 2011		Year ended 31.03. 2010	
	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of share capital	1,064,500		425,500	
Securities Premium received	3,427,350		545,900	
Proceeds/(Repayment) of Secured Loan	(72,096,000)		(33,416,801)	
Proceeds/(Repayment) of Unsecured loans	(74,827,597)		(1,086,062)	
Interest paid	(15,616,018)		(15,163,869)	
Dividend paid (including dividend tax)	(28,440,312)	(186,488,077)	-	(48,695,332)
Net Cash from/ (used in) financing activities		(186,488,077)		(48,695,332)
Net increase in cash and cash equivalents (A+B+C)		42,709,314		108,423,407
Cash and cash equivalents at the beginning of the year		152,447,894		44,024,487
Cash and cash equivalents at the close of the year		195,157,208		152,447,894
Notes :				
1. Cash and cash equivalents comprise of :				
Cash & Cheques on hand		657,914		4,660,713
Balances with Scheduled Banks				
- In Current Accounts		194,082,586		147,701,563
- In Fixed Deposits		400,000		
Foreign Currency on Hand	15,902		84,245	
Add / (Less) : Unrealised Exchange Loss / (Gain)	806	16,708	1,373	85,618
		195,157,208		152,447,894

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. SARDA & ASSOCIATES
Chartered Accountants

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

Place : Mumbai
Date : 20th May, 2011

By the order of the Board

G.P. GUPTA
Chairman

S.K.SABOO
Director

RAHUL SAHASRABUDDHE
Company Secretary

Place : Mumbai
Date : 20th May, 2011

KRISHNA KUMAR KARWA
Managing Director & CFO

R.K.KRISHNAMURTHI
Director

PRAKASH KACHOLIA
Managing Director

G.C. VASUDEO
Director

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

Particulars	As At 31.03.2011 (₹)	As At 31.03.2010 (₹)
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		
244,27,250 (P.Y. 243,20,800) Equity Shares of ₹ 10/- each fully paid up	244,272,500	243,208,000
(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	244,272,500	243,208,000
Schedule B		
Reserves and Surplus		
Securities Premium Account		
Opening Balance	687,713,734	687,167,834
Add: Received during the year	3,427,350	545,900
	691,141,084	687,713,734
General Reserve		
Opening Balance	168,150,794	160,150,794
Add : Transfer from Profit & Loss Account	8,000,000	8,000,000
	176,150,794	168,150,794
Profit & Loss Account		
Total	267,506,138	220,730,743
Total	1,134,798,016	1,076,595,271
Schedule C		
Secured Loans		
From Banks		
- Short Term Loan	11,250,000	86,250,000
(Secured by pledge of Fixed Deposits with bank)		
From Other		
- Vehicle Loan	2,904,000	-
(Secured by hypothecation of Motor Car)		
Total	14,154,000	86,250,000
Schedule D		
Unsecured Loans		
Short Term Loans		
- From a Bank	11,250,000	86,250,000
- Interest accrued and due	172,403	-
Total	11,422,403	86,250,000

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

Schedule E

Fixed Assets

Description	Gross Block (At Cost)			Depreciation / Amortization			Net Block	
	As On 01.04.2010 (₹)	Additions During The Year (₹)	Deductions During The Year (₹)	As On 31.03.2011 (₹)	For The Year (₹)	Upto 31.03.2011 (₹)	As On 31.03.2011 (₹)	As On 31.03.2010 (₹)
(A) Tangibles								
Air Conditioners	12,914,306	646,168	513,466	13,047,008	1,200,080	5,546,949	7,500,059	8,372,096
Computers	90,094,950	12,285,693	1,997,717	100,382,926	11,872,488	77,279,008	23,103,918	23,034,372
Motor Cars	8,190,283	4,438,330	1,725,724	10,902,889	1,089,004	3,665,281	7,237,608	4,213,981
Furniture & Fixtures	6,732,492	788,052	209,218	7,311,326	843,961	5,735,528	1,575,798	1,631,707
Office Equipments	31,649,128	3,641,843	1,469,858	33,821,113	3,097,621	14,268,469	19,552,644	19,908,790
Licensed Property-Improvement	83,404,364	6,425,186	1,157,880	88,671,670	12,992,003	80,866,873	7,804,797	14,371,614
(B) Intangibles								
Stock Exchanges Membership Rights	28,255,000	-	-	28,255,000	-	28,255,000	-	-
Softwares	31,563,136	10,024,659		41,587,795	7,494,116	32,476,513	9,111,282	6,580,739
Total	2,92,803,659	38,249,931	7,073,863	323,979,727	38,589,273	248,093,621	75,886,106	78,113,299
Previous Year	2,78,560,277	20,382,296	6,138,914	292,803,659	46,330,150	214,690,360	78,113,299	106,443,671

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

Schedule F Investments					
Name of the Company/ Mutual Fund	No. of Shares/Units		Face Value per share/unit (₹)	Amount (₹)	
	As at 31.03.2011	As at 31.03.2010		As At 31.03.2011	As At 31.03.2010
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	4,000,000	2,000,000	10	40,000,000	20,000,000
Emkay Investment Managers Limited	2,500,000	-	10	25,000,000	-
(II) Fully Paid-up Preference Shares					
9% Non-Cumulative Non-Convertible Redeemable Preference Shares					
Emkay Fincap Limited	1,000,000	5,000,000	10	10,000,000	50,000,000
9% Non-Cumulative Optionally Convertible Redeemable Preference Shares					
Emkay Insurance Brokers Ltd.	-	1,000,000	10	-	10,000,000
TOTAL (B)				355,000,000	360,000,000
TOTAL (A+B)				355,004,526	360,004,526
Aggregate Cost of Unquoted Investments				355,004,526	360,004,526

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

Name of the Company / Mutual Fund	Face Value per share/ unit (₹)	Acquired/ Purchased		Sold/ Redeemed	
		No. of Shares/ Units	Value (₹)	No. of Share/ Units	Value (₹)
Long Term (At Cost)					
UNQUOTED, IN SUBSIDIARIES					
Fully Paid-up Equity Shares					
Emkay Insurance Brokers Limited	10	2,000,000	20,000,000	-	-
		(500,000)	(5,000,000)	(-)	(-)
Emkay Investment Managers Limited	10	2,500,000	25,000,000	-	-
		(-)	(-)	(-)	(-)
Fully Paid-up 9% Non Cumulative Optionally Convertible Preference Shares					
Emkay Insurance Brokers Limited	10	-	-	1,000,000	10,000,000
		(1,000,000)	(10,000,000)	(-)	(-)
Fully Paid-up 9% Non Cumulative Non Convertible Redeemable Preference Shares					
Emkay Fincap Limited	10	-	-	4,000,000	40,000,000
		(-)	(-)	(-)	(-)
Current					
UNQUOTED, NON-TRADE					
Reliance Liquidity Fund - Treasury Plan - Inst. Option - (Growth Plan)	10	4,408,860.045	100,000,000	4,408,860.045	100,045,414
		(38,542,001.102)	(840,000,000)	(38,542,001.102)	(840,719,272)

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

Name of the Company / Mutual Fund	Face Value per share/ unit (₹)	Acquired/ Purchased		Sold/ Redeemed	
		No. of Shares/ Units	Value (₹)	No. of Shares/ Units	Value (₹)
Reliance Liquidity Fund - Growth Option	10	14,094,443.133	200,000,000	14,094,443.133	200,084,605
		(59,280,181.968)	(800,000,000)	(59,280,181.968)	(800,509,433)
UTI Liquid Cash Plan Institutional - Growth Option	1000	132,948.822	210,000,000.00	132,948.822	210,138,706
		(172,294.289)	(250,000,000)	(172,294.289)	(250,382,474)
UTI Treasury Advantage Fund - Inst. Plan (Growth Option)	1000	64,403.222	80,009,796	64,403.222	80,155,837
		(480,194.451)	(580,162,165)	(480,194.451)	(581,268,297)
UTI Money Market Fund - Growth Plan	10	-	-	-	-
		(2,017,284.090)	(50,000,000)	(2,017,284.090)	(50,013,718)
HDFC Liquid Fund - Premium Plan Growth	10	2,702,483.582	50,000,000	2,702,483.582	50,031,079
		(-)	(-)	(-)	(-)
Reliance Money Manager Fund - Institutional Option - Growth Plan	1000	39,678.415	50,006,469	39,678.415	50,040,314
		(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	1000	202,461.912	210,104,927	202,461.912	210,164,532
		(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	1000	97,331.420	100,012,720	97,331.420	100,066,570
		(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	24,924,656.342	300,000,000	24,924,656.342	300,171,883
		(15,113,853.605)	(180,000,000)	(15,113,853.605)	(180,022,330)
DWS Treasury Fund Cash - Institutional Plan - Growth	10	4,864,893.985	50,006,245	4,864,893.985	50,052,462
		(17,658,602.213)	(180,022,330)	(17,658,602.213)	(180,202,212)
Reliance Diversifited Power 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)
Axis Liquid Fund - Institutional Growth	1000	395,686.789	410,020,338	395,686.789	410,201,614
		(-)	(-)	(-)	(-)
DWS Ultra Short Term Fund - Institutional Growth	10	4,613,984.960	50,076,963	4,613,984.960	50,104,647
		(-)	(-)	(-)	(-)
Reliance Liquidity Fund - Cash Plan-Growth Option-Growth Plan	10	3162375.323	5,00,00,000	3162375.323	5,01,52,426
		(-)	(-)	(-)	(-)

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

Particulars	As At 31.03.2011 (₹)	As At 31.03.2010 (₹)
Schedule G		
Stock in Trade		
Shares and Securities	628,517	977,249
Total	628,517	977,249
Schedule H		
Sundry Debtors		
(Unsecured)		
Exceeding six months		
- Considered Good	5,009,045	56,037,673
- Considered Doubtful	56,840,319	115,585,490
	61,849,364	171,623,163
Less : Provision for Doubtful Debts	56,840,319	115,585,490
	5,009,045	56,037,673
Other Debts		
- Considered Good	331,810,401	426,400,958
- Considered Doubtful	20,246,485	1,445,302
	352,056,886	427,846,260
Less: Provision for Doubtful Debts	20,246,485	1,445,302
	331,810,401	426,400,958
Total	336,819,446	482,438,631
Schedule I		
Cash And Bank Balances		
Cash & Cheques on hand	657,914	4,660,713
Balances with Scheduled Banks		
- In Current Accounts	194,082,586	147,701,563
- In Fixed Deposit Accounts	862,900,000	1,144,000,000
- In Unclaimed Dividend Accounts	172,915	137,428
- In IPO Refund Account	234,240	234,240
Gift/Meal Coupons	238,343	152,040
Stamps on Hand	26,000	67,000
Foreign Currency on Hand	15,902	84,245
Total	1,058,327,900	1,297,037,229
Schedule J		
Other Current Assets		
Accrued Interest on Bank Fixed Deposits	18,947,251	30,912,142
Total	18,947,251	30,912,142

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

Particulars	As At 31.03.2011 (₹)	As At 31.03.2010 (₹)
Schedule K		
Loans & Advances (Unsecured, considered good unless otherwise stated)		
Loan to Staff	5,467,339	1,950,444
Loan to Emkay Employee Welfare Trust [Refer Note No. B 2(b)(ii) of Schedule T]	53,100,000	-
Prepaid Expenses	18,910,067	14,648,129
Advances Recoverable in cash or kind or for value to be received		
- Subsidiaries	213,574	26,043
- Others Considered Good	14,549,371	18,661,113
- Others Considered Doubtful	1,234,541	-
	15,997,486	18,687,156
Less : Provision for Doubtful Advances	1,234,541	-
	14,762,945	18,687,156
Deposits		
- Considered Good	62,093,973	64,063,288
- Considered Doubtful	173,896	195,896
	62,267,869	64,259,184
Less : Provision for Doubtful Deposits	173,896	195,896
	62,093,973	64,063,288
Income Tax and Tax Deducted at Source (net of provision)	50,135,275	51,161,922
Fringe Benefit Tax (net of provision)	102,246	280,465
Equity Index/Stock Options Premium	-	14,776
Mark to Market Margin - Equity Index/Stock Futures	6,494,688	88,304
Less : Provision for Loss on Equity Index/Stock Futures	6,494,688	88,304
	-	-
Mark to Market Margin - Currency Futures	-	58,750
Less : Provision for Loss on Currency Futures	-	58,750
Total	204,571,845	150,806,180
Schedule L		
Current Liabilities		
Sundry Creditors	656,676,064	682,595,385
Payable to Subsidiaries	-	15,444
Other Liabilities	22,728,606	16,900,741
Security/Margin Deposits	167,799,594	222,316,024
Advances	8,232,603	8,093,994
Share Application Money under ESOP Schemes	177,500	920,500
Unclaimed Share Application Money (*)	234,240	234,240
Unclaimed Dividend (*)	172,915	137,428
Equity Index/Stock Options Premium	5,835,569	596,270
Add : Provision for Loss on Equity Index/Stock Options	-	53,822
	5,835,569	650,092
Mark to Market Margin - Equity Index/Stock Futures	4,500	268,619
Total	861,861,591	932,132,467
(*) Appropriate amount shall be transferred to "Investor Education & Protection Fund" as and when due.		
Schedule M		
Provisions		
Gratuity	7,388,337	1,686,563
Wealth Tax	64,600	-
Proposed Dividend	24,427,250	24,320,800
Dividend Distribution Tax	3,962,711	4,039,381
Total	35,842,898	30,046,744

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

Particulars	Year Ended 31.03.2011 (₹)	Year Ended 31.03.2010 (₹)
Schedule N		
Income from Operations		
Brokerage	848,710,329	859,672,392
Investment Banking Activities	128,716,277	138,036,800
Portfolio Management Fees	22,328,020	14,780,561
Depository Operations	8,891,119	12,598,766
Other Fees	15,339,655	9,205,611
Profit/(Loss) in Proprietary Trades in Securities/Derivatives transactions (Net of expenses)	22,943,607	19,886,034
(Less)/Add : (Provision)/Write Back for/of Loss on Equity Index/Stock Options (Net)	53,822	(53,822)
(Less)/Add : (Provision)/Write Back for/of Loss on Equity Index/Stock Futures (Net)	(6,406,384)	(88,304)
(Less)/Add : (Provision)/Write Back for/of Loss on Currency Futures (Net)	58,750	(58,750)
	16,649,795	19,685,158
	1,040,635,195	1,053,979,288
Schedule O		
Other Income		
Interest (Gross)		
- On fixed deposits with banks (TDS ₹ 70,51,768/-, P.Y. ₹ 91,71,640/-)	70,519,030	81,491,376
- Others	269,919	1,410,925
	70,788,949	82,902,301
Dividend (Gross)		
- On Long term Trade Investments	235,352	235,352
- On Stock in Trade	6,486	23,429
	241,838	258,781
Miscellaneous Income	27,110,797	18,057,917
Profit on Sale of Investments - Current	1,172,631	4,701,687
Provision for Doubtful Debts Written Back	42,542,469	7,257,232
Provision for Doubtful Deposits Written Back	22,000	-
Bad Debts Recovered	129,875	-
	142,008,559	113,177,918
Schedule P		
Personnel Cost		
Salaries and Other Benefits	431,346,095	335,329,536
Contribution to Provident Fund and Other Funds	14,880,179	8,313,533
Staff Welfare Expenses	8,010,180	6,272,290
	454,236,454	349,915,359
Schedule Q		
Operating Expenses		
Brokerage & Commission	163,749,461	199,942,532
Communication, Postage and Courier Charges	43,867,770	38,689,164
Fees & Stamps	45,848,475	40,589,959
Contribution/Payments to Stock Exchange	28,109,965	27,158,428
Membership & Subscription	18,503,205	19,006,100
Registration Fees	2,440,165	2,798,808
Depository Charges	4,287,622	5,694,469
Consultancy Fees	18,900,000	72,869,377
Loss due to Execution of Trades	10,418,559	11,521,610
Claims/ Compensation	11,301	113,500
	336,136,523	418,383,947

**SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2011**

Particulars	Year Ended 31.03.2011 (₹)	Year Ended 31.03.2010 (₹)
Schedule R		
Administrative Expenses		
Electricity Charges	16,928,219	16,401,157
Insurance	935,371	1,079,118
Repairs & Maintenance - Others	15,229,447	14,135,700
Advertisement & Business Promotion Expenses	14,762,340	7,960,671
Motor Car Expenses	541,173	484,446
Printing & Stationery	10,749,405	8,688,618
Travelling and Conveyance	18,516,392	13,261,683
Provision for Doubtful Debts	20,906,579	39,305,369
Provision for Doubtful Deposits / Advances	1,234,541	195,896
Bank Commission and Charges	13,406,716	13,415,747
Bad Debts Written off	18,385,076	20,087,587
Less : Provision Written Back	(18,308,098)	(19,630,010)
	76,978	457,577
Deposits & Advances Written off	158,688	572,256
Software Expenses	5,954,456	5,396,334
Legal & Professional fees	10,913,177	4,932,845
Auditor's Remuneration (Net of Service tax)		
- Audit Fees	900,000	800,000
- Tax Audit Fees	100,000	50,000
- Taxation Matters	152,000	123,000
- Other Matters	185,000	138,665
	1,337,000	1,111,665
Rent	60,931,691	61,217,320
Loss on Sale of Fixed Assets/ Assets Discarded	328,680	1,618,331
Miscellaneous Expenses	16,426,984	12,195,450
Donation	125,500	8,501
	209,463,337	202,438,684
Schedule S		
Interest		
to Banks	13,643,587	15,004,264
to Others	1,972,431	159,605
	15,616,018	15,163,869

SCHEDULE FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

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) Brokerage from secondary market is recognized as per contracted rates on the execution of transactions on behalf of the clients on the trade date.
- (b) One time non refundable 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.
- (c) 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 joining the Portfolio Management Scheme or closure of Portfolio Account, whichever is earlier.
- (d) Dividend including interim are accounted when the right to receive payment is established.
- (e) 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.
- (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.

SCHEDULE FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

- 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.

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.

SCHEDULE FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

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.

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.

SCHEDULE FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

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.

SCHEDULE FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

(B) 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, 2011, following schemes were in operation:

Particulars	ESOP – 2005	ESOP – 2007					ESOP – 2010
Date of Grant	28.01.2006	17.01.2008	19.06.2009	24.07.2009	04.05.2010	27.07.2010	21.10.2010
Number of Options Granted*	3,81,250	14,42,000	2,44,000	2,07,500	1,00,000	611,500	5,55,000
Method of Settlement	Equity						
Vesting period from the date of Grant	Graded Vesting – Over 4 years		Graded Vesting – Over 3 years				Graded Vesting - Over 5 years
Exercise period from the date of Vesting	3 years from the date of each vesting						
Exercise Price (₹ per share) **	20	63	63	61	93	77	93
Market Price at the date of grant (₹ per share)	20	63	63	62	92.75	76.25	92.50

* Options granted under ESOP – 2007 includes 1,20,000 options to employees of Subsidiary Companies.

** Closing market price prior to the date of grant except in case of ESOP – 2005 where the value determined by an independent valuer as the company was unlisted at that time.

b) i) The Company introduced ESOP – 2010 Scheme during the year and set up "Emkay Employees Welfare Trust" to administer and implement this in accordance with recommendations of the Remuneration / Compensation Committee of the Company. The said trust shall purchase shares of the Company from the Stock / Secondary Market from time to time and hold this pool of shares for the benefit of the Employees / Employee Directors. The Company may also grant financial assistance to the trust for this purpose with or without interest. The trust shall grant options to the employees in accordance with the directions and recommendations of the Remuneration / Compensation Committee. Each option would entitle an option holder to acquire one equity share of the Company from the trust. All present and future Permanent Employees and/or Employee Directors of the Company (excluding Promoter Employees and/or Promoter Directors) selected by the Remuneration / Compensation Committee from time to time would be entitled to participate in this Scheme.

(ii) For the above purpose, the Company during the year granted interest free loan of ₹ 5,31,00,000/- to the trust for the equity shares bought by the said trust. The repayment of the loan granted by the Company to the trust is dependent on the exercise of the options by the eligible employees and the market price of the underlying shares of the unexercised options at the end of the respective exercise period.

SCHEDULE FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

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

Particulars	ESOP-2005		ESOP-2007		ESOP-2010	
	2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010
Options Outstanding at the beginning of the year	53,000	120,000	15,66,700	13,65,500	-	-
Options Granted during the year	-	-	7,11,500	4,51,500	555,000	-
Options Forfeited during the year	-	2,500	-	-	-	-
Options Exercised during the year	33,250	59,000	48,950	11,300	-	-
Options Expired/ Lapsed during the year	1,000	5,500	220,000	2,39,000	-	-
Options Outstanding at the end of the year	18,750	53,000	2,009,250	1,566,700	555,000	-
Options Exercisable at the end of the year	18,750	53,000	2,59,500	1,06,350	-	-
Weighted Average remaining contractual life (in years)	1.51	0.66	5.44	5.55	7.51	-
Weighted Average Exercise Price of the options granted during the year (₹ per share)	20.00	20.00	85.27	62.78	85.27	-
Weighted Average Share Price at the date of exercise (₹ per share)	94.42	73.03	91.02	79.42	-	-

d) The fair value and other disclosures and assumptions 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 2010		ESOP 2007
	04.05.2010	27.07.2010	21.10.2010
Variables			
Expected Volatility	72.48%	71.03%	70.02%
Risk Free Interest Rate	7.21% - 7.67%	7.32% - 7.68%	7.73% - 7.96%
Time to Maturity (in years)	4.41 - 6.61 years	4.43 - 6.43 years	4.45 - 6.45 years
Expected Dividend Yield	1.39%	1.39%	1.43%
Exercise Price (₹ per share)	93	77	93
Price of the underlying share at the time of the option grant (₹ per share)	92.75	76.25	92.50

SCHEDULE FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

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

Particulars	ESOP 2010		ESOP 2010
	04.05.2010	27.07.2010	21.10.2010
Grant Date	04.05.2010	27.07.2010	21.10.2010
Weighted Average Fair Value (₹ per share)	57.18	46.44	56.13

(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 average of dividend yields for the preceding years to the year of grant, in which dividends have been paid.
 - 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.
- e) 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 2011 Amount (₹)	Year Ended 31st March 2010 Amount (₹)
Net Income as reported	8,32,80,974	8,39,61,111
Add: - Intrinsic Value Compensation Cost	Nil	Nil
Less :- Fair Value Compensation Cost	4,29,81,177	8,12,31,677
Adjusted Pro-forma Net Income	4,02,99,797	27,29,434
Earning per Share		
Basic		
- As reported	3.41	3.46
- Proforma	1.65	0.11
Diluted		
- As reported	3.37	3.42
- Proforma	1.63	0.11

- f) The fair value and other disclosures and assumptions have been determined by an independent consultant and relied upon by the Auditors.
- Capital Work in progress represents capital advances, fixed assets acquired but not put to use before year end and expenses incurred pertaining thereto.
 - Debit and Credit balances are subject to confirmation.
 - Disclosure on retirement benefits as required in Accounting Standard 15 (AS – 15) on "Employee Benefits" are given below :

SCHEDULE FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

(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, 2011 (₹)	Year ended 31st March, 2010 (₹)
Provident Fund	60,00,366	58,64,544
Employees State Insurance Scheme	14,89,338	7,48,654
Maharashtra Labour Welfare Fund	2,138	3,734

(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	2010-2011 (₹)	2009-2010 (₹)
I	Changes in present value of obligations		
	Present Value of Obligations at beginning of the year	11,590,293	10,025,422
	Interest cost	859,095	688,838
	Current Service Cost	4,862,653	3,160,891
	Past Service Cost (Non-Vested Benefits)	148,890	-
	Past Service Cost (Vested Benefits)	2,184,673	-
	Benefits Paid	(271,398)	(369,750)
	Actuarial (gain)/loss on obligations	(440,441)	(1,915,108)
	Present Value of Obligations at end of the year	18,933,765	11,590,293
II	Changes in fair value of plan assets		
	Fair Value of Plan Assets at beginning of the year	9,903,730	5,729,401
	Expected Return on Plan Assets	955,000	692,300
	Contributions by employer	1,686,563	4,296,021
	Benefits Paid	(271,398)	(369,750)
	Actuarial gain/(loss) on plan assets	(728,467)	(444,242)
	Fair Value of Plan Assets at end of the year	11,545,428	9,903,730
III	Fair Value of plan assets		
	Fair Value of Plan Assets at beginning of the year	9,903,730	5,729,401
	Actual Return on Plan Asset	226,533	248,058
	Contributions	1,686,563	4,296,021
	Benefits Paid	(271,398)	(369,750)
	Fair Value of Plan Assets at end of the year	11,545,428	9,903,730
	Funded Status	(7,388,337)	(1,686,563)
	Excess of actual over estimated return on Plan Assets	(728,467)	(444,242)

SCHEDULE FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

Sr. No.	Particulars	2010-2011 (₹)	2009-2010 (₹)
IV	Actuarial Gain/(Loss) Recognized		
	Actuarial Gain/(Loss) for the year (Obligation)	440,441	1,915,108
	Actuarial Gain/(Loss) for the year (Plan Assets)	(728,467)	(444,242)
	Total Gain/(Loss) for the year	(288,026)	1,470,866
	Actuarial Gain/(Loss) recognized for the year	(288,026)	1,470,866
	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	18,933,765	11,590,293
	Fair Value of Plan Assets at end of the year	11,545,428	9,903,730
	Funded Status	(7,388,337)	(1,686,563)
	Unrecognized Actuarial Gain/(Loss)	-	-
	Net Asset/(Liability) recognized in the balance sheet under "Provisions – Gratuity"	(7,388,337)	(1,686,563)
VI	Expense recognized in Profit and Loss Account		
	Current Service Cost	4,862,653	3,160,891
	Interest cost	859,095	688,838
	Past Service Cost (Non-Vested Benefits)	148,890	-
	Past Service Cost (Vested Benefits)	2,184,673	-
	Expected Return on Plan Assets	(955,000)	(692,300)
	Net Actuarial (Gain)/Loss recognized for the year	288,026	(1,470,866)
	Expense recognized in Profit and Loss Account under "Personnel Cost"	7,388,337	1,686,563
VII	Movements in the Liability recognized in Balance Sheet		
	Opening Net Liability	1,686,563	4,296,021
	Expenses as above	7,388,337	1,686,563
	Contribution paid	(1,686,563)	(4,296,021)
	Closing Net Liability	7,388,337	1,686,563
VIII	Investment pattern		
	Insurer Managed Funds	100.00%	100.00%
IX	Principal Assumptions		
	Mortality	LIC(1994-96)Ult	LIC(1994-96)Ult
	Discount Rate	8.30%	7.50%
	Rate of increase in compensation	5.00%	5.00%
	Rate of return (expected) on plan assets	9.00%	9.00%

SCHEDULE FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

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, 2011 (₹)	Year ended 31st March, 2010 (₹)
(A) Managing Directors		
Salary	1,02,00,000	1,20,00,000
Company's Contribution to Provident Fund	12,24,000	14,40,000
Leave Salary	-	4,60,000
Medical Reimbursement	54,676	74,591
Club Subscription	62,221	1,36,823
Total (A)	1,15,40,897	1,41,11,414
(B) Directors other than Managing Directors		
Sitting Fees	4,70,000	3,70,000
Commission	5,50,000	5,50,000
Total (B)	10,20,000	9,20,000
Total (A+B)	1,25,60,897	1,50,31,414

- (b) Contribution to Group Gratuity Scheme and Premium paid for Group Personal Accident Policy, Group Mediclaim Insurance Policy and Group Term Life Insurance Policy has not been considered, as employee-wise details are not available.
- (c) In view of inadequate profits during the year, remuneration of Managing Directors for part of the year i.e. from 1st October, 2010 to 31st March, 2011 is restricted to the amounts permissible under Schedule XIII to the Companies Act, 1956.
- (d) Consequent to (c) above, excess managerial remuneration paid of ₹ 42,03,182/- is recoverable from Managing Directors and included in "Advances recoverable in cash or kind or for value to be received."
- (e) (i) Computation of Net Profit in accordance with Section 349 of the Companies Act, 1956 :

Particulars	Year ended 31st March, 2011 (₹)	Year ended 31st March, 2010 (₹)
Profit Before Taxation as per Profit and Loss Account	1,28,602,149	134,925,197
Add: Managerial Remuneration	12,560,897	25,095,173*
Loss on Sale of Fixed Assets / Assets Discarded	328,680	1,618,331
Provision for Doubtful Debts	20,906,579	39,305,369
Provision for Doubtful Advances / Deposits	12,34,541	195,896
Provision for Loss in Derivative Transactions	64,94,688	200,876
Depreciation as per Financial Statements	38,589,273	46,330,150
	208,716,807	247,670,992
Less: Provision for loss in Derivative Transactions Written Back	200,876	-

SCHEDULE FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

Particulars	Year ended 31st March, 2011 (₹)	Year ended 31st March, 2010 (₹)
Provision for Doubtful Debts Written Back	60,850,567	26,887,242
Provision for Doubtful Deposits Written Back	22,000	-
Profit on Sale of Current Investments	1,172,631	4,701,687
Profit on transfer of Portfolio Management Services Division	5,00,000	-
Depreciation under section 350 of the Companies Act, 1956	38,589,273	46,330,150
Net Profit for Section 198 of the Companies Act, 1956	107,381,460	169,751,913
* Includes ₹ 1,00,63,759/- for the year ended 31st March, 2009.		
Remuneration to Managing Directors		
- Maximum amount eligible @ 10%	10,738,146	16,975,191
- Amount Paid other than Contribution to Provident Fund	10,316,897	12,671,414
Commission to Directors other than Managing Directors		
- Maximum amount eligible @ 1%	1,073,815	1,697,519
- Amount Provided	550,000	550,000

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, 2011 (₹)	As at 31st March, 2010 (₹)
1.	Guarantees issued by the Banks (Net of Margin money being fixed deposits with Banks)	528,750,000	548,750,000
	Add : Margin money being fixed deposit with Banks	558,750,000	548,750,000
	Guarantees issued by the Banks	1,087,500,000	1,097,500,000
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	8,00,00,000
3.	Income Tax matters in appeal	21,136,631	17,411,067

(ii) **Capital Commitments**

Estimated amounts of contracts remaining to be executed on capital account and not provided for (net of advance) ₹ 18,61,69,299/- (P.Y. ₹ 72,865/-)

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

SCHEDULE FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

Particulars	As at 31st March, 2011 (₹)	As at 31st March, 2010 (₹)
Bombay Stock Exchange Ltd		
Cash Segment	60,00,000	6,40,00,000
Derivatives Segment	65,00,000	65,00,000
Currency Derivatives	-	65,00,000
National Stock Exchange of India Ltd		
Derivatives Segment	3,75,00,000	20,95,00,000
Currency Derivatives	2,25,00,000	25,00,000
Total	7,25,00,000	28,90,00,000

- (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 lodged with the exchanges towards additional base capital/ exposure.
- (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 ₹ 23,12,50,000/- (P.Y. ₹ 30,62,50,000/-) have been pledged against short term loans/ overdraft facilities.
12. Miscellaneous Expenses includes Foreign Exchange Rate Difference of ₹ 41,607/- (P.Y. ₹ 26,043/-).
13. Expenses and income includes ₹ 57,350/- (P.Y. ₹ 1,00,90,625/-) and ₹ 2,86,763/- (P.Y. ₹ Nil) respectively pertaining to earlier years.
14. (a) Sundry Debtors include ₹ 110/- (P.Y. ₹ 3,54,870/-) due from Managing Directors. [Maximum amount outstanding during the year ₹ 11,22,512/- (₹ 1,26,74,161/-)].
- (b) Advances recoverable in cash or kind or for value to be received due from subsidiaries consists of following:

Name of Subsidiary	As at 31st March, 2011		As at 31st March, 2010	
	Outstanding Balance	Maximum Balance during the year	Outstanding Balance	Maximum Balance during the year
	(₹)	(₹)	(₹)	(₹)
Emkay Fincap Limited	5,072	80,483	25,981	66,808
Emkay Commotrade Limited	5,172	16,34,000	62	1,622,463
Emkay Investment Managers Limited	2,03,330	84,59,214	-	-

SCHEDULE FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

15. Other liabilities includes ₹ 10,57,909/- (P.Y. ₹ 16,23,297/-) 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.

16. During the financial year, the company has received claims/complaints aggregating to ₹ 127.82 Lacs from clients with respect to their accounts. The Management do not expect any liability from these claims/complaints. However, liability if any, shall be provided at the appropriate time.

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

Particulars	As at 31st March, 2011		As at 31st March, 2010	
	Outstanding Balance	Maximum Balance during the year	Outstanding Balance	Maximum Balance during the year
	(₹)	(₹)	(₹)	(₹)
Loans given to Emkay Employee Welfare Trust (Interest free without any repayment schedule for acquiring shares of the company for ESOP 2010)	5,31,00,000	5,31,00,000	-	-

18. The Company has transferred its Portfolio Management Services business to its wholly owned subsidiary, Emkay Investment Managers Limited on a going concern basis with effect from 1st January, 2011 for a total consideration of ₹ 5,00,000/- (based on valuation carried out by an Independent Valuer) along with following Current Assets at their book values :-

Sr. No.	Particulars	Amount (₹)
1	Sundry Debtors	8,205,726
2	Prepaid Expenses	200,730
	Total	8,406,456

19. The Ministry of Corporate Affairs, Government of India, vide General Circular No. 2 and 3 dated 8th February, 2011 and 21st February, 2011 respectively has granted a general exemption from compliance with section 212 of the Companies Act, 1956, subject to fulfillment of conditions stipulated in the circular. The Company has satisfied the conditions stipulated in the circular and hence is entitled to the exemption. Necessary information relating to the subsidiaries has been included in the Consolidated Financial Statements.

20. 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 ₹ 6,09,31,691/- (P.Y. ₹ 6,12,17,320/-).

(b) The future minimum lease payments in respect of non-cancellable operating leases are as follows:

Particulars	Year Ended 31st March, 2011 (₹)	Year Ended 31st March, 2010 (₹)
a) Payments not later than one year	1,99,28,610	2,49,84,044
b) Payable later than one year and not later than five years	1,34,33,607	6,82,742
c) Payable later than five years	-	-
Total	3,33,62,217	2,56,66,786

SCHEDULE FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

21. Earnings per share

Particulars	For the year ended 31st March, 2011 (₹)	For the year ended 31st March, 2010 (₹)
Profit available for Equity Shareholders (₹)	8,32,80,974	8,39,61,111
Weighted average number of Shares used in Computing Basic earning per share	24,408,990	24,296,247
Add : Potential number of Equity share that could arise on exercise of Employee Stock Options	2,95,559	2,41,393
Weighted average number of Shares used in Computing Diluted earning per share	24,704,549	24,537,640
Nominal Value of Equity Shares (₹)	10	10
Basic Earnings Per Share (₹)	3.41	3.46
Diluted Earnings Per Share (₹)	3.37	3.42

22. 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.

23. The break-up of Net Deferred Tax Assets are as under :

Particulars	As at 31st March, 2011 (₹)	As at 31st March, 2010 (₹)
<u>Deferred Tax Assets</u>		
Difference between book and tax Depreciation	1,53,17,200	1,37,01,000
Provisions	2,75,75,000	3,90,06,500
	4,28,92,200	5,27,07,500
<u>Deferred Tax Liability</u>	-	-
	-	-
Net Deferred Tax Assets	4,28,92,200	5,27,07,500

SCHEDULE FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

24. 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) Krishna Kumar Karwa b) Prakash Kacholia	Managing Director & CFO Managing Director
2	Relatives of key management personnel a) Priti Karwa b) Raunak Karwa c) Soumya Karwa d) Geetadevi Karwa e) Murlidhar Karwa HUF f) Krishna Kumar Karwa HUF g) Preeti Kacholia h) Krishna R. Kacholia i) Deepak Kacholia j) Prakash Kacholia HUF	<div style="display: flex; align-items: center;"> <div style="font-size: 3em; margin-right: 10px;">}</div> <div>Relatives of Managing Director & CFO</div> </div> <div style="display: flex; align-items: center; margin-top: 10px;"> <div style="font-size: 3em; margin-right: 10px;">}</div> <div>Relatives of Managing Director</div> </div>
3	Enterprises owned/ controlled by key management personnel or their relatives a) Cambridge Securities b) Synthetic Fibres Trading Company c) Emkay Corporate Services Pvt. Ltd. d) Krishna Investments	Enterprises owned/ controlled by key management personnel or their relatives
4	Subsidiaries a) Emkay Fincap Limited b) Emkay Commotrade Limited c) Emkay Insurance Brokers Limited d) Emkay Investment Managers Limited	Subsidiary
5	Others a) Emkay Employees Welfare Trust	Others

**SCHEDULE FORMING PART OF THE ACCOUNTS FOR
THE YEAR ENDED 31ST MARCH, 2011**

(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		Others	
		2010-2011 (₹)	2009-2010 (₹)	2010-2011 (₹)	2009-2010 (₹)	2010-2011 (₹)	2009-2010 (₹)	2010-2011 (₹)	2009-2010 (₹)	2010-2011 (₹)	2009-2010 (₹)
1	Expenditure										
(a)	Salaries & Other Benefits										
	- Krishna Kumar Karwa	5,758,614	11,928,968	-	-	-	-	-	-	-	-
	- Prakash Kacholia	5,782,283	11,998,706	-	-	-	-	-	-	-	-
	Total	11,540,897	23,927,674	-	-	-	-	-	-	-	-
(b)	Sub-Brokerage										
	- Krishna Investment	-	-	-	-	-	-	639,330	499,961	-	-
	Total	-	-	-	-	-	-	639,330	499,961	-	-
(c)	Business Promotion Expenses										
	- Krishna Investment	-	-	-	-	-	-	2,085	-	-	-
	Total	-	-	-	-	-	-	2,085	-	-	-
(d)	Contribution to Employee Welfare Trust										
	- Emkay Employees Welfare Trust	-	-	-	-	-	-	-	-	10,000	-
	Total	-	-	-	-	-	-	-	-	10,000	-
2	Income										
(a)	Brokerage										
	- Krishna Kumar Karwa	310,466	259,189	-	-	-	-	-	-	-	-
	- Prakash Kacholia	91,975	30,017	-	-	-	-	-	-	-	-
	- Preeti Kacholia	-	-	416,085	280,543	-	-	-	-	-	-
	- Krishna Kacholia	-	-	51,865	187,465	-	-	-	-	-	-
	- Priti Karwa	-	-	249,352	136,590	-	-	-	-	-	-
	- Raunak Karwa	-	-	134,261	128,986	-	-	-	-	-	-
	- Geeta Devi Karwa	-	-	87,676	53,145	-	-	-	-	-	-
	- Murlidhar Karwa HUF	-	-	36,659	18,421	-	-	-	-	-	-
	- Krishna Kumar Karwa HUF	-	-	81,505	48,064	-	-	-	-	-	-
	- Cambridge Securities	-	-	-	-	-	-	1,244	902	-	-
	- Synthetic Fibre Trading Co.	-	-	-	-	-	-	306,778	199,565	-	-
	- Emkay Corporate Services Pvt Ltd.	-	-	-	-	-	-	80,946	58,917	-	-
	- Emkay Employees Welfare Trust	-	-	-	-	-	-	-	-	31,000	-
	- Emkay Fincap Ltd.	-	-	-	-	-	-	135,066	-	-	-
	Total	402,441	289,206	1,057,403	853,214	-	-	135,066	388,968	259,384	31,000

SCHEDULE FORMING PART OF THE ACCOUNTS FOR
THE YEAR ENDED 31ST MARCH, 2011

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		Others		
		2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010	2010-2011
		(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)
(b)	Depository Charges											
	- Krishna Kumar Karwa	270	1,130	-	-	-	-	-	-	-	-	-
	- Prakash Kacholia	670	900	-	-	-	-	-	-	-	-	-
	- Preeti Kacholia	-	-	600	770	-	-	-	-	-	-	-
	- Krishna Kacholia	-	-	658	600	-	-	-	-	-	-	-
	- Priti Karwa	-	-	560	780	-	-	-	-	-	-	-
	- Geeta Devi Karwa	-	-	600	680	-	-	-	-	-	-	-
	- Murlidhar Karwa HUF	-	-	200	350	-	-	-	-	-	-	-
	- Krishna Kumar Karwa HUF	-	-	210	360	-	-	-	-	-	-	-
	- Prakash Kacholia HUF	-	-	-	200	-	-	-	-	-	-	-
	- Emkay Fincap Limited	-	-	-	-	79,200	139,625	-	-	-	-	-
	- Emkay Commotrade Limited	-	-	-	-	6,131	606	-	-	-	-	-
	- Emkay Investment Managers Limited	-	-	-	-	500	-	-	-	-	-	-
	- Cambridge Securities	-	-	-	-	-	-	804	430	-	-	-
	- Synthetic Fibre Trading Co.	-	-	-	-	-	-	350	270	-	-	-
	- Emkay Corporate Services Pvt Ltd.	-	-	-	-	-	-	1,230	1,390	-	-	-
	Total	940	2,030	2,828	3,740	85,831	140,231	2,384	2,090	-	-	-
(c)	Portfolio Management Fees											
	- Krishna Kumar Karwa	-	810,445	-	-	-	-	-	-	-	-	-
	- Prakash Kacholia	-	38,472	-	-	-	-	-	-	-	-	-
	- Priti Karwa	-	-	-	262,380	-	-	-	-	-	-	-
	- Raunak Karwa	-	-	-	290,060	-	-	-	-	-	-	-
	- Geeta Devi Karwa	-	-	-	190,664	-	-	-	-	-	-	-
	- Murlidhar Karwa HUF	-	-	-	63,798	-	-	-	-	-	-	-
	- Krishna Kumar Karwa HUF	-	-	-	189,658	-	-	-	-	-	-	-
	Total	-	848,917	-	996,560	-	-	-	-	-	-	-
(d)	Infrastructure Maintenance Charges											
	- Emkay Commotrade Limited	-	-	-	-	4,000,000	3,600,000	-	-	-	-	-
	Total	-	-	-	-	4,000,000	3,600,000	-	-	-	-	-

SCHEDULE FORMING PART OF THE ACCOUNTS FOR
THE YEAR ENDED 31ST MARCH, 2011

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		Others	
		2010-2011 (₹)	2009-2010 (₹)	2010-2011 (₹)	2009-2010 (₹)	2010-2011 (₹)	2009-2010 (₹)	2010-2011 (₹)	2009-2010 (₹)	2010-2011 (₹)	2009-2010 (₹)
(e)	Gain on Transfer of PMS Business - Emkay Investment Managers Limited	-	-	-	-	500,000	-	-	-	-	-
		-	-	-	-	500,000	-	-	-	-	-
3	Expenses Recovered - Emkay Fincap Limited - Emkay Comtrade Limited - Emkay Insurance Brokers Limited - Emkay Investment Managers Limited - Cambridge Securities - Krishna Investment	-	-	-	-	672,000	692,196	-	-	-	-
		-	-	-	-	1,197,000	1,256,828	-	-	-	-
		-	-	-	-	-	11,804	-	-	-	-
		-	-	-	-	566,953	-	-	-	-	-
		-	-	-	-	-	-	-	1,635	-	-
		-	-	-	-	-	-	19,300	16,800	-	-
	Total	-	-	-	-	2,435,953	1,960,828	19,300	18,435	-	-
4	Expenses Reimbursed - Emkay Comtrade Limited - Emkay Insurance Brokers Limited	-	-	-	-	-	3,692	-	-	-	-
		-	-	-	-	4,954	15,444	-	-	-	-
	Total	-	-	-	-	4,954	19,136	-	-	-	-
5	Investments made - Emkay Insurance Brokers Limited	-	-	-	-	20,000,000	15,000,000	-	-	-	-
		-	-	-	-	25,000,000	-	-	-	-	-
	Total	-	-	-	-	45,000,000	15,000,000	-	-	-	-
6	Sale of Assets - Emkay Insurance Brokers Limited - Emkay Investment Managers Limited	-	-	-	-	-	223,025	-	-	-	-
		-	-	-	-	8,406,456	-	-	-	-	-
	Total	-	-	-	-	8,406,456	223,025	-	-	-	-
7	Investments redeemed - Emkay Fincap Limited - Emkay Insurance Brokers Limited	-	-	-	-	40,000,000	-	-	-	-	-
		-	-	-	-	10,000,000	-	-	-	-	-
	Total	-	-	-	-	50,000,000	-	-	-	-	-

**SCHEDULE FORMING PART OF THE ACCOUNTS FOR
THE YEAR ENDED 31ST MARCH, 2011**

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		Others	
		2010-2011 (₹)	2009-2010 (₹)	2010-2011 (₹)	2009-2010 (₹)	2010-2011 (₹)	2009-2010 (₹)	2010-2011 (₹)	2009-2010 (₹)	2010-2011 (₹)	2009-2010 (₹)
8	Loans Given										
	- Emkay Employees Welfare Trust										53,100,000
	Total										53,100,000
9	Outstandings										
(a)	Sundry Creditors										
	- Prakash Kacholia	498,507	275,266								
	- Preeti Kacholia			1,541,475	626,615						
	- Krishna Kacholia			293,140	311,287						
	- Raunak Karwa			428,813							
	- Synthetic Fibre Trading Co.								3,607,445		
	- Emkay Corporate Services Pvt. Ltd.								1,363,434		
	Total	498,507	275,266	2,263,429	937,902				4,970,879		
(b)	Sundry Debtors										
	- Krishna Kumar Karwa		346,020								
	- Prakash Kacholia	110	8,850								
	- Deepak Kacholia			9,258	9,258						
	- Priti Karwa				104,188						
	- Raunak Karwa				124,091						
	- Geeta Devi Karwa				76,307						
	- Murlidhar Karwa HUF				25,978						
	- Krishna Kumar Karwa HUF				76,658						
	- Prakash Kacholia HUF				220						
	- Krishna Investments							1,132,493	1,326,205		
	- Cambridge Securities								11		
	Total	110	354,870	9,258	416,700			1,132,493	1,326,216		
(c)	Outstanding Expenses										
	- Krishna Kumar Karwa		459,580								
	- Prakash Kacholia		459,580								
	Total		919,160								
(d)	Loans										
	- Emkay Employees Welfare Trust										53,100,000
	Total										53,100,000

SCHEDULE FORMING PART OF THE ACCOUNTS FOR
THE YEAR ENDED 31ST MARCH, 2011

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		Others	
		2010-2011 (₹)	2009-2010 (₹)	2010-2011 (₹)	2009-2010 (₹)	2010-2011 (₹)	2009-2010 (₹)	2010-2011 (₹)	2009-2010 (₹)	2010-2011 (₹)	2009-2010 (₹)
(e)	Advances										
	- Emkay Fincap Limited	-	-	-	-	5,072	25,981	-	-	-	-
	- Emkay Comtrade Ltd.	-	-	-	-	5,172	62	-	-	-	-
	- Emkay Investment Managers Limited	-	-	-	-	203,330	-	-	-	-	-
	Total	-	-	-	-	213,574	26,043	-	-	-	-
(f)	Advances Received										
	- Emkay Insurance Brokers Limited	-	-	-	-	-	15,444	-	-	-	-
	Total	-	-	-	-	-	15,444	-	-	-	-
(g)	Security / Margin Deposits Received										
	- Krishna Investment	-	-	-	-	-	-	200,000	200,000	-	-
	Total	-	-	-	-	-	-	200,000	200,000	-	-
(h)	Managerial Remuneration Recoverable										
	- Krishna Kumar Karwa	2,080,163	-	-	-	-	-	-	-	-	-
	- Prakash Kacholia	2,123,019	-	-	-	-	-	-	-	-	-
	Total	4,203,182	-	-	-	-	-	-	-	-	-
(i)	Investments										
	- Emkay Fincap Limited - Equity Shares	-	-	-	-	220,000,000	220,000,000	-	-	-	-
	- Emkay Fincap Limited - Preference Shares	-	-	-	-	10,000,000	50,000,000	-	-	-	-
	- Emkay Comtrade Limited - Equity Shares	-	-	-	-	60,000,000	60,000,000	-	-	-	-
	- Emkay Insurance Brokers Limited - Equity Shares	-	-	-	-	40,000,000	20,000,000	-	-	-	-
	- Emkay Insurance Brokers Limited - Preference Shares	-	-	-	-	-	10,000,000	-	-	-	-
	- Emkay Investment Managers Limited - Equity Shares	-	-	-	-	25,000,000	-	-	-	-	-
	Total	-	-	-	-	355,000,000	360,000,000	-	-	-	-

* Contribution to Group Gratuity Scheme and Premium paid for Group Personal Accident Policy, Group Mediclaim Insurance Policy and Group Term Life Insurance Policy 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.

SCHEDULE FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

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

Sr. No.	Particulars	Type	As At 31st March, 2011		As At 31st March, 2010	
			Nos.	Amount (₹)	Nos.	Amount (₹)
1	Akruti City Ltd.	Shares	-	-	12	6,228
2	GSS America Infotech Ltd.	"	405	55,485	405	119,657
3	Pan Electronics India Ltd.	"	100	610	100	600
4	Piramal Life Sciences Ltd.	"	1204	128,828	1204	156,941
5	PVP Ventures Ltd.	"	151	1,284	151	2,635
6	SREI Infrastructure Finance Ltd.	"	-	-	286	21,836
7	Television Eighteen India Ltd.	"	1004	77,860	1004	75,852
8	Jai Corp Ltd.	"	2000	324,000	2000	520,100
9	Unitech Ltd.	"	1000	40,450	1000	73,400
			5864	628,517	6162	977,249

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, Securities & Units	6,162 (27,715)	977,249 (1,471,103)	228* (118,910)	- (63,929,019)	526 (140,463)	29,360 (66,823,730)	5,864 (6,162)	628,517 (977,249)

* Bonus shares allotted.

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

Name of Equity Index / Stock Futures	As at 31st March, 2011			As at 31st March, 2010		
	No. of Contracts	No. of Units		No. of Contracts	No. of Units	
		Long	Short		Long	Short
Nifty	994	-	49,700	241	-	12,050
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	As at 31st March, 2011			As at 31st March, 2010		
	No. of Contracts	No. of Units		No. of Contracts	No. of Units	
		Long	Short		Long	Short
Japanese Yen - Indian Rupee	-	-	-	50	50,000	-

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

SCHEDULE FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

Name of Equity Index / Stock Options	Premium carried forward as at 31st March, 2011 [net of provisions made] (₹)	Premium carried forward as at 31st March, 2010 [net of provisions made] (₹)
Nifty	(5,835,569)	(650,092)
Hindalco Industries Ltd	-	14,776
Total	(5,835,569)	(635,316)

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

Particulars	Year ended 31st March 2011 (₹)	Year ended 31st March 2010 (₹)
(a) Expenditure in Foreign Currency		
- Foreign Travelling	2,909,023	1,754,667
- Subscription	4,186,495	1,954,694
- Website Expenses	-	7,414
- Business Promotion	3,015,397	-
(b) Earning in Foreign Currency		
- Research Fees	2,923,784	232,356
- Miscellaneous Income	98,924	139,049

27. No Remittance in foreign currencies for dividends.

28. Other additional information required pursuant to Part II of Schedule VI to the Companies Act, 1956 are not applicable to the company.

29. Figures in brackets indicates previous years figures.

30. Figures have been rounded off to the nearest rupees.

31. Schedule 'A' to 'T' forms an integral part of the Financial Statements of the Company.

As per our report of even date

For B.L. SARDA & ASSOCIATES
Chartered Accountants

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

Place : Mumbai
Date : 20th May, 2011

By the order of the Board

G.P. GUPTA
Chairman

S.K.SABOO
Director

RAHUL SAHASRABUDDHE
Company Secretary

Place : Mumbai
Date : 20th May, 2011

KRISHNA KUMAR KARWA
Managing Director & CFO

R.K.KRISHNAMURTHI
Director

PRAKASH KACHOLIA
Managing Director

G.C. VASUDEO
Director

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details

Registration No.				8	4	8	9	9
Balance Sheet Date	3	1	0	3	2	0	1	1

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

Public Issue						N	I	L
Bonus Issue						N	I	L

III Position of Mobilisation and Deployment of Funds

(Amounts in ₹ Thousands)

Total Liabilities	1	4	0	4	6	4	7
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Sources of Funds

Paid up Capital		2	4	4	2	7	3	
Secured Loans			1	4	1	5	4	
Deferred Tax Liability						N	I	L

Application of Funds

Net Fixed Assets		2	8	5	1	6	0	
Net Current Assets		7	2	1	5	9	0	
Accumulated Losses						N	I	L

IV. Performance of Company (Amount in ₹ Thousands)

Turnover/ Income	1	1	8	2	6	4	4
Profit / Loss before tax		1	2	8	6	0	2

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

Basic Earning per share in ₹				3	.	4	1
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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)

Product Description

Item Code no. (ITC Code)

Product Description

By the order of the Board

G.P. GUPTA
Chairman

KRISHNA KUMAR KARWA
Managing Director & CFO

PRAKASH KACHOLIA
Managing Director

S.K.SABOO
Director

R.K.KRISHNAMURTHI
Director

G.C. VASUDEO
Director

RAHUL SAHASRABUDDHE
Company Secretary

Place : Mumbai
Date : 20th May, 2011

State Code						1	1
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Rights Issue						N	I	L
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Private Placement				1	0	6	5
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Total Assets	1	4	0	4	6	4	7
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Reserves and Surplus	1	1	3	4	7	9	8
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Unsecured Loans			1	1	4	2	2
-----------------	--	--	---	---	---	---	---

Investments		3	5	5	0	0	5
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Misc. Expenditure						N	I	L
-------------------	--	--	--	--	--	---	---	---

Deferred Tax Assets			4	2	8	9	2
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Total Expenditure	1	0	5	4	0	4	2
-------------------	---	---	---	---	---	---	---

Profit / Loss after tax			8	3	2	8	1
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Dividend rate %						1	0
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NOT APPLICABLE

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 Commotrade Limited	Emkay Insurance Brokers Limited	Emkay Investment Managers Limited
1. Financial Year of the Subsidiary ended on	31.03.2011	31.03.2011	31.03.2011	31.03.2011
2. Holding Company's Interest				
a) Equity Share of ₹ 10 each				
Number of Shares fully paid	22,000,000	60,00,000	4,000,000	2,500,000
% Share held by Emkay Global Financial Services Limited	100%	100%	100%	100%
3. The net aggregate of profits/(losses) of the Subsidiary Company for its financial period so far as they concern the member of Emkay Global Financial Services Limited				
(a) Dealt with in the accounts of Emkay Global Financial Services Limited for the year ended 31st March, 2011 (₹)	-	-	-	-
(b) Not dealt with in the accounts of Emkay Global Financial Services Limited for the year ended 31st March, 2011 (₹)	19,329,713	16,030,818	(4,414,425)	4,535,466
4. The net aggregate of profits/(losses) of the Subsidiary Company for its previous financial period so far as they concern the member of Emkay Global Financial Services Limited				
(a) Dealt with in the accounts of Emkay Global Financial Services Limited for the year ended 31st March, 2011(₹)	-	-	-	-
(b) Not dealt with in the accounts of Emkay Global Financial Services Limited for the year ended 31st March, 2011 (₹)	81,130,838	45,605,065	(23,465,205)	4,535,466
5. 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

RAHUL SAHASRABUDDHE
Company Secretary

Place : Mumbai

Date : 20th May, 2011

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, 2011 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 ₹ 3343.39 lac as at March 31, 2011, total revenues of ₹ 476.61 lac and total cash inflow of ₹ 183.23 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, 2011;
- (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 : 20th May, 2011

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CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

Particulars	Schedule	As At 31.03.2011 (₹)	As At 31.03.2010 (₹)
SOURCES OF FUNDS			
1. SHAREHOLDERS' FUNDS			
Share Capital	A	244,272,500	243,208,000
Reserves & Surplus	B	1,242,244,451	1,148,893,467
		1,486,516,951	1,392,101,467
2. LOAN FUNDS			
Secured Loans	C	14,154,000	86,250,000
Unsecured Loans	D	15,297,403	99,125,000
		29,451,403	185,375,000
TOTAL		1,515,968,354	1,577,476,467
APPLICATION OF FUNDS			
1. FIXED ASSETS			
Gross Block	E	331,690,069	298,514,310
Less : Depreciation and Amortization		253,455,262	219,439,427
Net Block		78,234,807	79,074,883
Capital Work In Progress		209,273,617	1,485,726
		287,508,424	80,560,609
2. INVESTMENTS			
	F	30,004,526	155,287,667
3. DEFERRED TAX ASSETS (Net) [Refer Note B (22) of Schedule T]			
		56,897,241	63,352,427
4. CURRENT ASSETS, LOANS & ADVANCES			
Stock - in Trade	G	628,517	977,249
Sundry Debtors	H	396,926,979	496,145,296
Cash and Bank Balances	I	1,274,808,937	1,425,626,137
Other Current Assets	J	20,717,251	32,497,996
Loans And Advances	K	484,585,529	353,413,779
		2,177,667,213	2,308,660,457
Less : CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	L	999,167,714	1,000,116,278
Provisions	M	36,941,336	30,268,415
		1,036,109,050	1,030,384,693
NET CURRENT ASSETS		1,141,558,163	1,278,275,764
TOTAL		1,515,968,354	1,577,476,467
Significant Accounting Policies and Notes to the accounts	T		
The Schedules referred to above form an integral part of Consolidated Balance Sheet.			

As per our report of even date
For B.L. SARDA & ASSOCIATES
Chartered Accountants

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

Place : Mumbai
Date : 20th May, 2011

By the order of the Board
G.P. GUPTA
Chairman

S.K.SABOO
Director

RAHUL SAHASRABUDDHE
Company Secretary

Place : Mumbai
Date : 20th May, 2011

KRISHNA KUMAR KARWA
Managing Director & CFO

R.K.KRISHNAMURTHI
Director

PRAKASH KACHOLIA
Managing Director

G.C. VASUDEO
Director

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

Particulars	Schedule	For The Year Ended 31.03.2011 (₹)	For The Year Ended 31.03.2010 (₹)
Income			
Income from Operations	N	1,170,669,756	1,139,853,288
Other Income	O	159,246,688	129,806,519
		1,329,916,444	1,269,659,807
Expenditure			
Personnel Cost	P	486,142,166	384,405,774
Operating Expenses	Q	373,653,400	444,199,553
Administrative Expenses	R	228,613,058	222,174,528
Interest expended for Financing Activities		3,465,205	6,322,192
Interest - Others	S	15,635,491	15,199,528
Depreciation and Amortization	E	39,411,892	47,287,313
Preliminary Expenses		464,502	-
		1,147,385,714	1,119,588,888
Profit Before Taxation		182,530,730	150,070,919
Provision for Taxation			
Income Tax			
- Current tax		56,700,000	71,985,000
- Deferred tax charge/(benefit)		6,455,186	(16,315,297)
- Short Provision for Fringe Benefit Tax of Earlier Years		178,639	23,814
- Short Provision for Taxation of Earlier Years		703,092	380,764
Wealth Tax			
- Current Year		44,100	-
- Earlier Year		20,500	-
Profit After Taxation		118,429,213	93,996,638
Add: Balance Brought Forward		277,952,989	223,671,141
Amount Available for Appropriations		396,382,202	317,667,779
Appropriations			
Dividend			
- Proposed		24,427,250	24,320,800
- Paid for Earlier Year		99,150	-
Dividend Distribution Tax			
- On Proposed Dividend		3,962,711	4,039,381
- On Dividend Paid for Earlier Year		16,468	-
Transfer to Capital Redemption Reserve [Refer Note B (3)(b) of Schedule T]		40,000,000	-
Transfer to General Reserve		9,600,000	8,950,000
Transfer to Special Reserve [Refer Note B (14) of Schedule T]		3,865,943	2,404,609
Balance Carried Forward		314,410,680	277,952,989
		396,382,202	317,667,779
Basic Earnings Per Share ₹ (Face Value of ₹ 10 each)		4.85	3.87
Diluted Earnings Per Share ₹ (Face Value of ₹ 10 each)		4.79	3.83
[Refer Note B (20) of Schedule T]			
Significant Accounting Policies and Notes to the accounts			
The Schedules referred to above form an integral part of Consolidated Profit & Loss Account.			

As per our report of even date
For B.L. SARDA & ASSOCIATES
Chartered Accountants

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

Place : Mumbai
Date : 20th May, 2011

By the order of the Board
G.P. GUPTA
Chairman

S.K.SABOO
Director

RAHUL SAHASRABUDDHE
Company Secretary

Place : Mumbai
Date : 20th May, 2011

KRISHNA KUMAR KARWA
Managing Director & CFO

R.K.KRISHNAMURTHI
Director

PRAKASH KACHOLIA
Managing Director

G.C. VASUDEO
Director

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

Particulars	Year Ended 31.03.2011		Year Ended 31.03.2010	
	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax, extraordinary items		182,530,730		150,070,919
Adjustment for :				
Interest Paid	19,100,696		21,521,720	
Depreciation and Amortization	39,411,892		47,287,313	
(Profit)/Loss on sale of Current investments	(9,150,863)		(14,611,480)	
Public / Share Issue Expenses	53,410		235,250	
Preliminary Expenses	464,502		-	
Loss on Sale of Fixed Assets/Assets Discarded (Net of Profit on Sale)	354,908		1,618,331	
Interest Received	(2,184,020)		(3,057,441)	
Dividend Received	(271,598)		(258,781)	
Unrealised Foreign Exchange (gain)/loss	(567)		1,395	
Provision for Loss Assets (net of write back)	578,855		5,875,759	
Provision for Sub-standard Assets (net of write back)	213,864		898,530	
Provision for Standard Assets	637,295		-	
Provision for Doubtful Debts/Deposits/Advances (net of write back)	(35,050,005)		11,860,108	
Provision for loss on equity index/stock futures/ equity index/stock options and Currency Futures	6,293,812	20,452,181	200,876	71,571,580
Operating profit before working capital changes		202,982,911		221,642,499
Adjustment for :				
Trade and other receivables	55,028,778		(133,469,991)	
Fixed Deposits with Banks and Other items not considered as cash equivalents (Refer Note 3 below)	213,723,074		(41,206,574)	
Inventories	348,732		493,854	
Trade payables	5,011,017	274,111,601	215,395,433	41,212,722
Cash Generated from operations		477,094,512		262,855,221
Direct taxes (Paid)/Refund		(51,773,544)		(80,311,701)
Cash flow before extraordinary items		425,320,968		182,543,520
Extraordinary items		-		-
Net Cash from/ (used in) Operating Activities		425,320,968		182,543,520
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets	(248,323,619)		(22,253,371)	
Sale of fixed assets	1,609,003		541,160	
Acquisition of Investments	(3,558,165,279)		(6,663,389,574)	
Disposal of Investments	3,692,599,283		6,615,271,099	
Interest received	2,184,020		3,057,441	
Loan given to Emkay Employees Welfare Trust	(53,100,000)		-	
Dividend received	271,598	(162,924,994)	258,781	(66,514,464)
Net Cash from/ (used in) Investing Activities		(162,924,994)		(66,514,464)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

Particulars	Year Ended 31.03.2011		Year Ended 31.03.2010	
	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of share capital	1,064,500		425,500	
Securities Premium received	3,427,350		545,900	
Public/ Share Issue Expenses	(53,410)		(235,250)	
Proceeds/(Repayment) of Secured Loan	(72,096,000)		(33,416,801)	
Proceeds/(Repayment) of unsecured loans	(83,827,597)		11,788,938	
Preliminary Expenses	(464,502)		-	
Interest paid	(19,100,696)		(21,521,720)	
Dividend paid (including dividend tax)	(28,440,312)	(199,490,667)	-	(42,413,433)
Net cash from/ (used in) financing activities		(199,490,667)		(42,413,433)
Net increase in cash and cash equivalents (A+B+C)		62,905,307		73,615,623
Cash and cash equivalents at the beginning of the year		197,270,392		123,654,769
Cash and cash equivalents at the close of the year		260,175,699		197,270,392
Note :				
1. Cash and cash equivalents comprise of :				
Cash & Cheques on hand		692,958		4,703,649
Balances with Scheduled Banks				
- In Current Accounts		215,566,033		182,981,125
- In Fixed Deposit Accounts		43,900,000		9,500,000
Foreign Currency on Hand		15,902		84,245
Add / (Less) : Unrealised Exchange Loss / (Gain)		806		1,373
		260,175,699		197,270,392

2. Cash flow statement has been prepared under the Indirect Method as set out in the Accounting Standard (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/ re-arranged wherever considered necessary.

As per our report of even date

For B.L. SARDA & ASSOCIATES
Chartered Accountants

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

Place : Mumbai
Date : 20th May, 2011

By the order of the Board

G.P. GUPTA
Chairman

S.K.SABOO
Director

RAHUL SAHASRABUDDHE
Company Secretary

Place : Mumbai
Date : 20th May, 2011

KRISHNA KUMAR KARWA
Managing Director & CFO

R.K.KRISHNAMURTHI
Director

PRAKASH KACHOLIA
Managing Director

G.C. VASUDEO
Director

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

Particulars	As At 31.03.2011 (₹)	As At 31.03.2010 (₹)
Schedule A		
Share Capital		
Authorised		
400,00,000 Equity Share of ₹ 10/- each	400,000,000	400,000,000
Total	400,000,000	400,000,000
Issued, Subscribed & Paid Up Capital		
244,27,250 (P.Y.243,20,800) Equity Shares of ₹ 10/- each fully paid up	244,272,500	243,208,000
(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	244,272,500	243,208,000
Schedule B		
Reserves and Surplus		
Securities Premium Account		
Opening Balance	687,713,734	687,167,834
Add: Received during the year	3,427,350	545,900
	691,141,084	687,713,734
Special Reserve		
Opening Balance	12,362,893	9,958,284
Add : Transferred from Profit and Loss Account	3,865,943	2,404,609
	16,228,836	12,362,893
Capital Redemption Reserve		
Opening Balance	-	-
Add: Transferred from Profit & Loss Account [Refer Note B (3)(b) of Schedule T]	40,000,000	-
	40,000,000	-
General Reserve		
Opening Balance	170,761,128	161,811,128
Add: Transferred from Profit & Loss Account	9,600,000	8,950,000
	180,361,128	170,761,128
Capital Reserve on Consolidation		
Opening Balance	102,723	102,723
	102,723	102,723
Profit & Loss Account	314,410,680	277,952,989
Total	1,242,244,451	1,148,893,467
Schedule C		
Secured Loans		
From Bank		
- Short Term Loan	11,250,000	86,250,000
(Secured by Pledge of Fixed Deposit with Bank)		
From Other		
- Vehicle Loan	2,904,000	-
(Secured by hypothecation of Motor Car)		
Total	14,154,000	86,250,000
Schedule D		
Unsecured Loans		
Short Term Loans		
- From a Bank	11,250,000	86,250,000
- From a Body Corporate	3,875,000	12,875,000
- Interest accrued and due	172,403	-
Total	15,297,403	99,125,000

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

Schedule E

Fixed Assets

Description	Gross Block (At Cost)				Depreciation/ Amortization				Net Block	
	As On 01.04.2010	Additions During the Year	Deductions During the Year	As On 31.03.2011	As On 01.04.2010	For the Year	Deductions during the Year	Upto 31.03.2011	As On 31.03.2011	As On 31.03.2010
	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)
(A) Tangibles										
Air Conditioners	12,968,370	646,168	567,530	13,047,008	4,549,731	1,203,131	205,913	5,546,949	7,500,059	8,418,639
Computers	92,607,027	13,294,819	2,029,999	103,871,847	68,847,282	12,190,979	1,673,882	79,364,379	24,507,468	23,759,745
Motor Cars	8,190,283	4,438,330	1,725,724	10,902,889	3,976,302	1,089,004	1,400,025	3,665,281	7,237,608	4,213,981
Furniture & Fixtures	6,762,055	788,052	220,468	7,329,639	5,121,542	845,555	220,468	5,746,629	1,583,010	1,640,513
Office Equipments	31,790,147	3,644,868	1,498,358	33,936,657	11,786,939	3,112,197	577,879	14,321,257	19,615,400	20,003,208
Licensed Property- Improvement	83,564,374	6,425,186	1,317,890	88,671,670	69,192,760	12,992,003	1,317,890	80,866,873	7,804,797	14,371,614
(B) Intangibles										
Stock Exchange Membership Rights	28,255,000	-	-	28,255,000	28,255,000	-	-	28,255,000	-	-
Softwares	34,377,054	11,298,305	-	45,675,359	27,709,871	7,979,023	-	35,688,894	9,986,465	6,667,183
Total	298,514,310	40,535,728	7,359,969	331,690,069	219,439,427	39,411,892	5,396,057	253,455,262	78,234,807	79,074,883
Previous Year	283,662,554	20,990,670	6,138,914	298,514,310	175,908,510	47,287,313	3,756,396	219,439,427	79,074,883	107,754,044

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

Schedule F

Investments

Name of the Company/ Mutual Fund	No. of Shares/Units		Face Value per Share/Unit (₹)	Amount (₹)	
	As at 31.03.2011	As at 31.03.2010		As At 31.03.2011	As At 31.03.2010
(1) LONG TERM					
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	1000	-	35,365,431
Reliance Liquid Fund - Treasury Plan - Institutional Option - Growth Plan	314,169.02	445,382.718	10	7,500,000	10,000,000
UTI Treasury Advantage Fund - Institutional Option - Growth Plan	-	30,689.179	1000	-	37,854,470
UTI Liquid Cash Plan-Institutional Option-Growth Plan	3,114.00	-	1000	5,000,000	-
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
HDFC Cash Management Fund-Saving Plan-Growth	366,651.35	-	10	7,500,000	-
Axis Liquid Fund-Institutional Option-Growth Plan	9,205.04	-	1000	10,000,000	-
Axis Equity Fund - Growth Plan	-	50,000.000	10	-	500,000
TOTAL (2)				30,000,000	155,283,141
GRAND TOTAL (1+2)				30,004,526	155,287,667
Aggregate Cost of Unquoted Investments				4,526	4,526
Aggregate of Investment in Units of Mutual Funds			Cost	30,000,000	155,283,141
			Net Asset Value	30,032,008	155,709,374

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

Particulars	As At 31.03.2011 (₹)	As At 31.03.2010 (₹)
Schedule G		
Stock in Trade		
Shares & Securities	628,517	977,249
Total	628,517	977,249
Schedule H		
Sundry Debtors		
(Unsecured)		
Exceeding six months		
- Considered Good	5,279,259	56,510,487
- Considered doubtful	57,450,540	115,974,488
	62,729,799	172,484,975
Less : Provision for doubtful debts	57,450,540	115,974,488
	5,279,259	56,510,487
Other Debts		
- Considered good	391,647,720	439,634,809
- Considered doubtful	23,729,054	1,467,652
	415,376,774	441,102,461
Less: Provision for doubtful debts	23,729,054	1,467,652
	391,647,720	439,634,809
Total	396,926,979	496,145,296
Schedule I		
Cash And Bank Balances		
Cash & Cheques on hand	692,958	4,703,649
Balances with Scheduled Banks		
- In Current Accounts	215,566,033	182,981,125
- In Fixed Deposit Accounts	1,057,850,000	1,237,250,000
- In Unclaimed Dividend Account	172,915	137,428
- In IPO Refund Account	234,240	234,240
Gift/Meal Coupons	250,889	168,450
Stamps on Hand	26,000	67,000
Foreign Currency on Hand	15,902	84,245
Total	1,274,808,937	1,425,626,137
Schedule J		
Other Current Assets		
Accrued Interest on Bank Fixed Deposits	20,717,251	32,497,996
Total	20,717,251	32,497,996

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

Particulars	As At 31.03.2011 (₹)	As At 31.03.2010 (₹)
Schedule K		
Loans & Advances (Unsecured, considered good, unless otherwise stated)		
Loans Granted		
-Secured	265,994,525	195,252,588
-Others	1,459,000	-
	267,453,525	195,252,588
Less : Provision for Loss Assets	7,101,044	5,953,245
Less : Provision for Sub-Standard Assets	543,450	898,530
	259, 809,031	188,400,813
Loan to Staff	5,467,339	1,950,444
Loan to Emkay Employees Welfare Trust [Refer Note B (4)(b)(ii) of Schedule T]	53,100,000	-
Prepaid Expenses	20,089,832	15,426,796
Advances Recoverable in cash or kind or for value to be received		
- Considered Good	16,122,470	20,004,091
- Considered Doubtful	1,234,541	-
	17,357,011	20,004,091
Less: Provision for Doubtful Advances	1,234,541	-
	16,122,470	20,004,091
Deposits		
- Considered Good	79,759,898	71,571,713
- Considered Doubtful	173,896	195,896
	79,933,794	71,767,609
Less : Provision for Doubtful Deposits	173,896	195,896
	79,759,898	71,571,713
Income Tax and Tax Deducted at Source (Net of provision)	50,124,652	55,754,200
Fringe Benefit Tax (Net of provision)	112,307	290,946
Equity Index/Stock Options Premium	-	14,776
Mark to Market Margin -Equity Index/Stock Futures	6,494,688	88,304
Less : Provision for Loss in Equity Index/Stock Futures	6,494,688	88,304
	-	-
Mark to Market Margin - Currency Futures	-	58,750
Less : Provision for Loss - Currency Futures	-	58,750
	-	-
Total	484,585,529	353,413,779

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

Particulars	As At 31.03.2011 (₹)	As At 31.03.2010 (₹)
Schedule L		
Current Liabilities		
Sundry Creditors	700,643,288	705,473,835
Other Liabilities	26,231,502	20,486,152
Security/Margin Deposits	245,260,917	249,514,782
Advances	20,607,283	22,430,630
Share Application Money	177,500	920,500
Unclaimed Share Application Money (*)	234,240	234,240
Unclaimed Dividend (*)	172,915	137,428
Equity Index/Stock Options Premium	5,835,569	596,270
Add : Provision for Loss on Equity Index/Stock Options	-	53,822
	5,835,569	650,092
Mark to Market Margin -Equity Index/Stock Futures	4,500	268,619
Total	999,167,714	1,000,116,278
(*) Appropriate amount shall be transferred to "Investor Education and Protection Fund" as and when due.		
Schedule M		
Provisions		
Gratuity	7,849,480	1,908,234
Wealth Tax	64,600	-
Proposed Dividend	24,427,250	24,320,800
Dividend Distribution Tax	3,962,711	4,039,381
Contingent Provision against Standard Assets	637,295	-
Total	36,941,336	30,268,415

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

Particulars	Year Ended 31.03.2011 (₹)	Year Ended 31.03.2010 (₹)
Schedule N		
Income from Operations		
Brokerage	929,973,918	912,866,423
Investment Banking Activities	128,716,277	138,036,800
Portfolio Management Fees	32,081,679	14,780,561
Depository Operations	8,805,288	12,458,535
Interest from Financing Activities	29,242,937	32,043,883
Insurance Commission	10,486,716	9,706,482
Other Fees	15,930,583	9,269,073
Profit/(Loss) in Proprietary Trades in Securities/Derivatives transactions (Net of expenses)	21,726,170	10,892,407
(Less)/Add : (Provision)/Write Back for/of Loss on Equity Index/Stock Options (Net)	53,822	(53,822)
(Less)/Add : (Provision)/Write Back for/of Loss on Equity Index/Stock Futures (Net)	(6,406,384)	(88,304)
(Less)/Add : (Provision)/Write Back for/of Loss on Currency Futures (Net)	58,750	(58,750)
Total	1,170,669,756	1,139,853,288
Schedule O		
Other Income		
Interest (Gross)		
- On fixed deposits with banks (TDS Rs. 80,95,786/-, P.Y. ₹1,01,42,860/-)	80,959,213	91,023,214
- Others	534,130	1,421,766
	81,493,343	92,444,980
Dividend (Gross)		
- On Long term Trade Investments	235,352	235,352
- On Current Non-Trade Investments	29,760	-
- On Stock in Trade	6,486	23,429
	271,598	258,781
Miscellaneous Income	25,266,934	15,051,937
Profit on Sale of Investments - Current	9,150,863	14,611,480
Provision for Doubtful Debts Written Back	42,582,489	7,432,079
Provision for Doubtful Deposits Written Back	22,000	-
Provision for Sub Standard Assets Written Back	329,586	-
Bad Debts Recovered	129,875	7,262
Total	159,246,688	129,806,519
Schedule P		
Personnel Cost		
Salaries and Other Benefits	462,065,498	369,093,525
Contribution to Provident Fund and Other Funds	15,557,981	8,718,508
Staff Welfare Expenses	8,518,687	6,593,741
Total	486,142,166	384,405,774
Schedule Q		
Operating Expenses		
Brokerage & Commission	197,337,029	222,623,834
Communication, Postage and Courier Charges	45,391,305	40,075,071
Fees & Stamps	46,546,191	40,914,327
Commitment Fees	-	275,750

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

Particulars	Year Ended 31.03.2011 (₹)	Year Ended 31.03.2010 (₹)
Contribution/Payments to Stock Exchange	28,224,989	27,238,071
Membership & Subscription	19,766,182	20,021,136
Registration Fees	2,482,317	2,798,808
Depository Charges	4,344,829	5,745,212
Consultancy Fees	18,900,000	72,869,377
Claims/Compensation	11,301	113,500
Loss due to Execution of Trades	10,649,257	11,524,467
Total	373,653,400	444,199,553
Schedule R		
Administrative Expenses		
Electricity Charges	19,610,530	19,240,426
Insurance	1,054,813	1,142,477
Repairs & Maintenance - Others	15,585,113	14,471,163
Advertisement & Business Promotion Expenses	14,845,567	8,460,495
Motor Car Expenses	541,173	484,446
Printing & Stationery	11,406,394	9,109,025
Travelling and Conveyance	19,339,774	14,042,363
Provision for Doubtful Debts	24,999,369	39,699,553
Provision for Doubtful Deposits / Advances	1,234,541	195,896
Provision for Loss Assets	578,855	5,953,245
Provision for Sub-Standard Assets	543,450	898,530
Provision for Standard Assets	637,295	-
Bank Commission and Charges	14,094,700	14,338,106
Loss Assets Written off	-	77,486
Less : Provision Written Back	-	(77,486)
	-	-
Bad Debts Written off	18,799,975	21,130,382
Less : Provision Written Back	(18,679,426)	(20,603,262)
	120,549	527,120
Deposits & Advances Written off	679,858	572,256
Software Expenses	6,192,378	5,543,650
Legal & Professional fees	12,406,539	5,678,048
Auditor's Remuneration		
- Audit Fees	1,188,300	1,025,300
- Tax Audit Fees	176,575	112,575
- Taxation Matters	174,900	140,000
- Other Matters	259,363	158,695
	1,799,138	1,436,570
Rent	65,219,138	65,533,580
Loss on Sale of Fixed Assets/ Assets Discarded	354,908	1,618,331
Miscellaneous Expenses	17,190,066	12,985,497
Donation	125,500	8,501
Share Issue Expenses	53,410	235,250
Total	228,613,058	222,174,528
Schedule S		
Interest		
to Banks	13,656,915	15,027,516
to Others	1,978,576	172,012
Total	15,635,491	15,199,528

SCHEDULE FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE "T"

(A) SIGNIFICANT ACCOUNTING POLICIES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2011

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 four subsidiaries of Emkay Global Financial Services Limited, i.e. Emkay Fincap Limited, Emkay Commotrade Limited, Emkay Insurance Brokers Limited and Emkay Investment Managers 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	01.04.2010 – 31.03.2011	100%
Emkay Commotrade Limited	India	01.04.2010 – 31.03.2011	100%
Emkay Insurance Brokers Limited	India	01.04.2010 – 31.03.2011	100%
Emkay Investment Managers Limited	India	08.06.2010 – 31.03.2011	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.

SCHEDULE FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

- 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) Brokerage income is recognized as per contracted rates on the execution of transactions on behalf of the clients on the trade date.
- (b) One times non refundable 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.
- (c) Portfolio Management Fees by the parent and a subsidiary carrying on Portfolio Management Services (PMS) business 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 joining the Portfolio Management Scheme or closure of Portfolio Account, whichever is earlier.
- (d) Dividend including interim are accounted when the right to receive payment is established.
- (e) 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 5 and 6 below.
- (f) 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.
- (g) 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.

SCHEDULE FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

- 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.

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.

SCHEDULE FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

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.

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 two subsidiary companies 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.

SCHEDULE FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

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.

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.

SCHEDULE FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

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.

(B) 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. a) Emkay Investment Managers Limited was incorporated during the year on 8th June, 2010 as a Wholly Owned Subsidiary to take over the business of PMS from its Parent on a going concern basis. The said subsidiary obtained certificate of commencement of business on 23rd August, 2011.
b) The Parent Company transferred its PMS business after all regulatory approvals to its said wholly owned subsidiary on a going concern basis with effect from 1st January, 2011 for a total consideration of ₹ 5,00,000/- (based on valuation carried out by an Independent Valuer) accounted as Goodwill by the said subsidiary and as Gain on Transfer of PMS business by the Parent.
3. a) During the year, Emkay Insurance Brokers Limited redeemed 10,00,000 9% Optionally Convertible Redeemable Preference Shares of ₹ 10 each aggregating to ₹ 1,00,00,000/- out of the proceeds of fresh issue of 10,00,000 Equity Shares of ₹ 10/ each at par to its Parent Company as per the Board Resolution passed at the Board Meeting held on 11th August, 2010 as per the provisions of section 80 of the Companies Act, 1956.
b) During the year, Emkay Fincap Limited redeemed 40,00,000 9% Non Convertible Redeemable Preference Shares of ₹ 10 each aggregating to ₹ 4,00,00,000/- out of the profits of the said subsidiary company as per the Board Resolution passed at the Board Meeting held on 28th May, 2010. Consequently, the subsidiary company created Capital Redemption Reserve amounting to ₹ 4,00,00,000/- as per the provisions of section 80 of the Companies Act, 1956.

4. 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, 2011, following schemes were in operation:

SCHEDULE FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

Particulars	ESOP – 2005		ESOP – 2007				ESOP – 2010	
Date of Grant	28.01.2006	17.01.2008	19.06.2009	24.07.2009	04.05.2010	27.07.2010	21.10.2010	
Number of Options Granted*	3,81,250	14,42,000	2,44,000	2,07,500	1,00,000	611,500	5,55,000	
Method of Settlement	Equity							
Vesting period from the date of Grant	Graded Vesting – Over 4 years		Graded Vesting – Over 3 years				Graded Vesting - Over 5 years	
Exercise period from the date of Vesting	3 years from the date of each vesting							
Exercise Price (₹ per share) **	20	63	63	61	93	77	93	
Market Price at the date of grant (₹ per share)	20	63	63	62	92.75	76.25	92.50	

* ESOP – 2007 includes 1,20,000 options to employees of Subsidiary Companies.

** Closing market price prior to the date of grant except in case of ESOP – 2005 where the value determined by an independent valuer as the Parent Company was unlisted at that time.

b) (i) The Parent Company introduced ESOP – 2010 Scheme during the year and set up “Emkay Employees Welfare Trust” to administer and implement this in accordance with recommendations of the Remuneration / Compensation Committee of the Parent Company. The said trust shall purchase shares of the Parent Company from the Stock / Secondary Market from time to time and hold this pool of shares for the benefit of the Employees / Employee Directors. The Parent Company may also grant financial assistance to the trust for this purpose with or without interest. The trust shall grant options to the employees in accordance with the directions and recommendations of the Remuneration / Compensation Committee. Each option would entitle an option holder to acquire one equity share of the Parent Company from the trust. All present and future Permanent Employees and/or Employee Directors of the Parent Company (excluding Promoter Employees and/or Promoter Directors) selected by the Remuneration / Compensation Committee from time to time would be entitled to participate in this Scheme.

(ii) For the above purpose, the Parent Company during the year granted interest free loan of ₹ 5,31,00,000/- to the trust for the equity shares bought by the said trust. The repayment of the loan granted by the Parent Company to the trust is dependent on the exercise of the options by the eligible employees and the market price of the underlying shares of the unexercised options at the end of the respective exercise period.

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

Particulars	ESOP-2005		ESOP-2007		ESOP-2010	
	2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010
Options Outstanding at the beginning of the year	53,000	120,000	15,66,700	13,65,500	-	-
Options Granted during the year	-	-	7,11,500	4,51,500	555,000	-
Options Forfeited during the year	-	2,500	-	-	-	-
Options Exercised during the year	33,250	59,000	48,950	11,300	-	-
Options Expired/ Lapsed during the year	1,000	5,500	220,000	2,39,000	-	-

SCHEDULE FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

Particulars	ESOP-2005		ESOP-2007		ESOP-2010	
	2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010
Options Outstanding at the end of the year	18,750	53,000	2,009,250	1,566,700	555,000	-
Options Exercisable at the end of the year	18,750	53,000	2,59,500	1,06,350	-	-
Weighted Average remaining contractual life (in years)	1.51	0.66	5.44	5.55	7.51	-
Weighted Average Exercise Price of the options granted during the year (₹ per share)	20.00	20.00	85.27	62.78	85.27	-
Weighted Average Share Price at the date of exercise (₹ per share)	94.42	73.03	91.02	79.42	-	-

d) The fair value and other disclosures and assumptions 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		ESOP 2010
	04.05.2010	27.07.2010	21.10.2010
Variables			
Expected Volatility	72.48%	71.03%	70.02%
Risk Free Interest Rate	7.21% - 7.67%	7.32% - 7.68%	7.73% - 7.96%
Time to Maturity (in years)	4.41 - 6.61 years	4.43 - 6.43 years	4.45 - 6.45 years
Expected Dividend Yield	1.39%	1.39%	1.43%
Exercise Price (₹ per share)	93	77	93
Price of the underlying share at the time of the option grant (₹ per share)	92.75	76.25	92.50

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

Particulars	ESOP 2007		ESOP 2010
	04.05.2010	27.07.2010	21.10.2010
Grant Date			
Weighted Average Fair Value (₹ per share)	57.18	46.44	56.13

(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.

SCHEDULE FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

- Expected Dividend yield considered is the average of dividend yields for the preceding years to the year of grant, in which dividends have been paid.
 - 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.
- e) 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 2011 Amount (₹)	Year Ended 31st March 2010 Amount (₹)
Net Income as reported	11,84,29,213	9,39,96,638
Add: - Intrinsic Value Compensation Cost	Nil	Nil
Less :- Fair Value Compensation Cost	4,29,81,177	8,12,31,677
Adjusted Pro-forma Net Income	7,54,48,036	1,27,64,961
Earning per Share (Face Value of ₹10)		
Basic		
- As reported	4.85	3.87
- Proforma	3.09	0.53
Diluted		
- As reported	4.79	3.83
- Proforma	3.05	0.52

- f) The fair value and other disclosures and assumptions have been determined by an independent consultant and relied upon by the Auditors.
- Capital Work in progress represents capital advances, fixed assets acquired but not put to use before year end and expenses incurred pertaining thereto.
 - Debit and Credit balances are subject to confirmation.
 - 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, 2011 Amount (₹)	Year ended 31st March, 2010 Amount (₹)
Provident Fund	61,82,731	59,85,217
Employees State Insurance Scheme	16,56,380	8,21,183
Maharashtra Labour Welfare Fund	2,138	3,734

SCHEDULE FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

(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	2010-2011	2009-2010
I	Changes in present value of obligations		
	Present Value of Obligations at beginning of the year	12,289,164	10,503,937
	Interest cost	911,511	722,334
	Current Service Cost	5,344,275	3,474,540
	Past Service Cost (Non-Vested Benefits)	148,890	-
	Past Service Cost (Vested Benefits)	2,184,673	-
	Benefits Paid	(271,398)	(369,750)
	Actuarial (gain)/loss on obligations	(622,368)	(2,041,897)
	Present Value of Obligations at end of the year	19,984,747	12,289,164
II	Changes in fair value of plan assets		
	Fair Value of Plan Assets at beginning of the year	10,380,930	5,899,669
	Adjustment to Opening Fair Value of Plan Assets	293	-
	Expected Return on Plan Assets	1,007,300	721,000
	Contributions by employer	1,892,863	4,594,370
	Benefits Paid	(271,398)	(369,750)
	Actuarial gain/(loss) on plan assets	(757,344)	(464,359)
	Fair Value of Plan Assets at end of the year	12,252,644	10,380,930
III	Fair Value of plan assets		
	Fair Value of Plan Assets at beginning of the year	10,380,930	5,899,669
	Adjustment to Opening Fair Value of Plan Assets	293	-
	Actual Return on Plan Asset	249,956	256,641
	Contributions	1,892,863	4,594,370
	Benefits Paid	(271,398)	(369,750)
	Fair Value of Plan Assets at end of the year	12,252,644	10,380,930
	Funded Status	(7,732,103)	(1,908,234)
	Excess of actual over estimated return on Plan Assets	(757,344)	(464,359)

SCHEDULE FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

Sr. No.	Particulars	2010-2011	2009-2010
IV	Actuarial Gain/(Loss) Recognized		
	Actuarial Gain/(Loss) for the year (Obligation)	622,368	2,041,897
	Actuarial Gain/(Loss) for the year (Plan Assets)	(757,344)	(464,359)
	Total Gain/(Loss) for the year	(134,976)	1,577,538
	Actuarial Gain/(Loss) recognized for the year	(134,976)	1,577,538
	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	19,984,747	12,289,164
	Fair Value of Plan Assets at end of the year	12,252,644	10,380,930
	Funded Status	(7,732,103)	(1,908,234)
	Unrecognized Actuarial Gain/(Loss)	-	-
	Net Asset/(Liability) recognized in the balance sheet		
	under "Provisions – Gratuity"	(7,732,103)	(1,908,234)
VI	Expense recognized in Profit and Loss Account		
	Current Service Cost	5,344,275	3,474,540
	Interest cost	911,511	722,334
	Past Service Cost (Non-Vested Benefits)	148,890	-
	Past Service Cost (Vested Benefits)	2,184,673	-
	Expected Return on Plan Assets	(1,007,300)	(721,000)
	Net Actuarial (Gain)/Loss recognized for the year	(134,976)	(1,577,538)
	Expense recognized in Profit and Loss Account under		
	"Personnel Cost"	7,717,025	1,898,336
VII	Movements in the Liability recognized in Balance Sheet		
	Opening Net Liability	1,908,234	4,604,268
	Adjustment to Opening Fair Value of Plan Assets	(293)	-
	Expenses as above	7,717,025	1,898,336
	Contribution paid	(1,892,863)	(4,594,370)
	Closing Net Liability	7,732,103	1,908,234

SCHEDULE FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

Sr. No.	Particulars	2010-2011	2009-2010
VIII	Investment pattern		
	Insurer Managed Funds except in case of two Subsidiary Companies where plan is not funded	100.00%	100.00%
IX	Principal Assumptions		
	Mortality	LIC(1994-96)Ult	LIC(1994-96)Ult
	Discount Rate	8.30%	7.50%
	Rate of increase in compensation	5.00% to 10.00%	5.00%
	Rate of return (expected) on plan assets	9.00%	9.00%

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

Particulars	Year ended 31st March, 2011 Amount (₹)	Year ended 31st March, 2010 Amount (₹)
(A) Managing Directors		
Salary	1,02,00,000	1,20,00,000
Company's Contribution to Provident Fund	12,24,000	14,40,000
Leave Salary	-	4,60,000
Medical Reimbursement	54,676	74,591
Club Subscription	62,221	1,36,823
Total (A)	1,15,40,897	1,41,11,414
(B) Directors other than Managing Directors		
Sitting Fees	4,70,000	3,70,000
Commission	5,50,000	5,50,000
Total (B)	10,20,000	9,20,000
Total (A+B)	1,25,60,897	1,50,31,414

- (b) Contribution to Group Gratuity Scheme and Premium paid on Group Personal Accident Policy, Group Mediclaim Insurance Policy and Group Term Life Insurance Policy has not been considered, as employee-wise details are not available.

SCHEDULE FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

(c) In view of inadequate profits during the year, remuneration of Managing Directors for part of the year i.e. from 1st October, 2010 to 31st March, 2011 is restricted to the amounts permissible under Schedule XIII to the Companies Act, 1956.

(d) Consequent to (c) above, excess managerial remuneration paid of ₹ 42,03,182/- is recoverable from Managing Directors and included in "Advances recoverable in cash or kind or for value to be received."

9. 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.

10. (i) Details of Contingent Liabilities and Guarantees :-

Sr. No.	Particulars	As at 31st March, 2011 (₹)	As at 31st March, 2010 (₹)
1	Guarantees issued by the Banks (Net of Margin money being fixed deposits with Banks)	548,750,000	587,750,000
	Add : Margin money being fixed deposit with Banks	583,750,000	589,750,000
	Guarantees issued by the Banks	1,132,500,000	1,177,500,000
2	Corporate guarantee issued by the Parent Company in favour of a bank to secure credit facilities sanctioned by the bank to Emkay Commotrade Limited (a Subsidiary Company)	8,00,00,000	8,00,00,000
3	Income Tax matters in appeal	21,136,631	17,411,067
4	Claims against the group not acknowledged as debts	435,165	-

(ii) Capital Commitments

Estimated amounts of contracts remaining to be executed on capital account and not provided for (net of advance) ₹ 18,61,69,299/- (P.Y. ₹ 5,94,035/-)

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

Particulars	As at 31st March, 2011 (₹)	As at 31st March, 2010 (₹)
Bombay Stock Exchange Ltd.		
Cash Segment	6,000,000	64,000,000
Derivatives Segment	6,500,000	6,500,000
Currency Derivatives	-	6,500,000
National Stock Exchange of India Ltd.		
Derivatives Segment	37,500,000	209,500,000
Currency Derivatives	22,500,000	25,00,000
National Commodity and Derivative Exchange Ltd.	16,500,000	16,500,000
Multi Commodity Exchange Ltd.	68,300,000	-
National Spot Exchange of India Ltd.	27,50,000	250,000
Indian Commodity Exchange Ltd.	500,000	-
	160,550,000	305,750,000

SCHEDULE FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

(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 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.

12. Fixed Deposits with Banks of ₹ 26,86,50,000/- (P.Y. ₹ 33,12,50,000/-) have been pledged with Banks against short term loans/ overdraft facilities.

13. Miscellaneous Expenses includes Foreign Exchange Rate Difference of ₹ 41,607/- (P.Y. ₹ 26,043/-).

14. 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.

15. Expenses and income includes ₹ 80,681/- (P.Y. ₹ 1,01,15,625/-) and ₹ 2,86,763/- (P.Y. ₹ Nil/-) respectively pertaining to earlier years.

16. Sundry Debtors include ₹ 8,69,689/- (P.Y. ₹ 3,54,870/-) due from Managing Directors of Parent company.

17. Other liabilities includes ₹ 15,07,309/- (P.Y. ₹ 17,78,088/-) 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.

18. During the financial year, the parent company has received claims/complaints aggregating to ₹ 127.82 Lacs from clients with respect to their accounts. The Management do not expect any liability from these claims/complaints. However, liability if any, shall be provided at the appropriate time.

19. 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 ₹ 6,52,19,138/- (P.Y. ₹ 6,55,33,580/-).

(b) The future minimum lease payments in respect of non-cancellable operating leases are as follows:

Particulars	Year Ended 31st March, 2011 (₹)	Year Ended 31st March, 2010 (₹)
a) Payments not later than one year	22,418,610	27,370,302
b) Payable later than one year and not later than five years	17,826,778	682,742
c) Payable later than five years	-	-
Total	40,245,388	28,053,044

SCHEDULE FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

20. Earnings per share

Particulars	Year Ended 31st March, 2011 (₹)	Year Ended 31st March, 2010 (₹)
Profit available for Equity Shareholders (₹)	11,84,29,213	9,39,96,638
Weighted average number of Shares used in Computing Basic earning per share	24,408,990	24,296,247
Add : Potential number of Equity share that Could arise on exercise of Employee Stock Options	2,95,559	2,41,393
Weighted average number of Shares used in Computing Diluted earning per share	24,704,549	24,537,640
Nominal Value of Equity Shares (₹)	10	10
Basic Earnings Per Share (₹)	4.85	3.87
Diluted Earnings Per Share (₹)	4.79	3.83

21. 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, 2011	Consolidated for the year ended 31st March, 2010
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year		
	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)		
A. REVENUE								
1a Income from External Clients	1,141,426,819	1,116,855,460	29,242,937	22,997,828	-	-	1,170,669,756	1,139,853,288
1b Income from Intersegment Operations	79,200	222,263	2,630	143,015	(81,830)	(365,278)	-	-
Total Revenue	1,141,506,019	1,117,077,723	29,245,567	23,140,843	(81,830)	(365,278)	1,170,669,756	1,139,853,288

SCHEDULE FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

Sr. No.	Particulars	Advisory and Transactional Services		Non Banking Financing Activities		Eliminations		Consolidated for the year ended 31st March, 2011	Consolidated for the year ended 31st March, 2010
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year		
		(₹)	(₹)	(₹)	(₹)	(₹)	(₹)		
B.	RESULTS								
1	Segment Results(PBIT)	163,961,429	141,119,915	21,853,931	7,377,033	-	-	185,815,360	148,496,948
2	Interest Expense							15,635,491	15,199,528
3	Unallocated Income							12,350,861	16,773,499
4	Profit from Ordinary Activities							182,530,730	150,070,919
5	Exceptional Items:							-	-
6	Profit Before Tax							182,530,730	150,070,919
7	Provision for Current Tax							56,700,000	71,985,000
8	Deferred Tax Charge/ (Benefit)							6,455,186	(16,315,297)
9	Wealth Tax							64,600	-
10	Tax Provision of Earlier Years							881,731	404,578
11	Profit After Tax							118,429,213	93,996,638
12	Less:- Minority Interest							-	-
13	Net Profit							118,429,213	93,996,638
C.	OTHER INFORMATION:								
1	Segment Assets	2,098,942,020	2,126,936,633	271,771,058	196,610,594	-	-	2,370,713,078	2,323,547,227
2	Unallocated Corporate Assets							181,364,326	284,313,933
3	Total Assets							2,552,077,404	2,607,861,160
4	Segment Liabilities	1,034,570,974	1,028,299,250	1,473,476	2,085,443	-	-	1,036,044,450	1,030,384,693
5	Unallocated Corporate Liabilities							64,600	-
6	Total Liabilities							1,036,109,050	1,030,384,693
7	Capital Expenditure (Including Capital Work in Progress)	248,323,619	22,476,396	-	-	-	-	248,323,619	22,476,396
8	Depreciation & Amortization	39,397,478	47,206,958	14,414	80,355	-	-	39,411,892	47,287,313
9	Unallocated Depreciation & Amortization							-	-
10	Total Depreciation & Amortization							39,411,892	47,287,313
11	Non Cash Expenses Other than Depreciation & Amortization	33,083,506	41,701,656	1,759,600	6,864,775	-	-	34,843,106	48,566,431

SCHEDULE FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

22. The break-up of Net Deferred Tax Asset as at 31st March, 2011 is as under:-

Particulars	As at 31st March, 2011 (₹)	As at 31st March, 2010 (₹)
<u>Deferred tax assets</u>		
Difference between book and tax depreciation	15,158,975	13,619,226
Provisions	31,618,610	41,424,232
Losses	9,789,880	8,105,238
Unabsorbed Depreciation	206,083	171,585
Disallowances	123,693	32,146
	56,897,241	63,352,427
<u>Deferred tax liability</u>	-	-
	-	-
Net Deferred Tax Assets	56,897,241	63,352,427

23. 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) Krishna Kumar Karwa b) Prakash Kacholia	Managing Director & CFO of Parent Company and Director in Subsidiaries Managing Director of Parent Company and Director in Subsidiaries
2	Relatives of key management personnel a) Priti Karwa b) Raunak Karwa c) Soumya Karwa d) Geetadevi Karwa e) Murlidhar Karwa HUF f) Krishna Kumar Karwa HUF g) Preeti Kacholia h) Krishna R. Kacholia i) Deepak Kacholia j) Prakash Kacholia HUF	<div style="display: flex; align-items: center;"> <div style="font-size: 3em; margin-right: 10px;">}</div> <div>Relatives of Managing Director & CFO of Parent Company</div> </div> <div style="display: flex; align-items: center; margin-top: 10px;"> <div style="font-size: 3em; margin-right: 10px;">}</div> <div>Relatives of Managing Director of Parent Company</div> </div>
3	Enterprises owned/ controlled by key management personnel or their relatives a) Cambridge Securities b) Synthetic Fibres Trading Company c) Emkay Corporate Services Pvt. Ltd. d) Krishna Investments	Enterprises owned/ controlled by key management personnel or their relatives
4	Others a) Emkay Employees Welfare Trust	Others

SCHEDULE FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

(B) Transactions with related parties:

Sr. No.	Particulars	Key Management personnel/ Individuals having control or significant influence		Relatives of key management personnel		Enterprises owned/con- trolled by key manage- ment personnel or their relatives		Others	
		2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010
		(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)
1	Expenditure								
(a)	Salaries & Other Benefits								
	- Krishna Kumar Karwa	5,758,614	11,928,968	-	-	-	-	-	-
	- Prakash Kacholia	5,782,283	11,998,706	-	-	-	-	-	-
	Total	11,540,897	23,927,674	-	-	-	-	-	-
(b)	Sub-Brokerage								
	- Krishna Investment	-	-	-	-	661,261	499,961	-	-
	Total	-	-	-	-	661,261	499,961	-	-
(c)	Business Promotion Expenses								
	- Krishna Investment	-	-	-	-	2,085	-	-	-
	Total	-	-	-	-	2,085	-	-	-
(d)	Contribution to Employee Welfare Trust								
	- Emkay Employees Welfare Trust	-	-	-	-	-	-	10,000	-
	Total	-	-	-	-	-	-	10,000	-
2	Income								
(a)	Brokerage								
	- Krishna Kumar Karwa	310,466	263,039	-	-	-	-	-	-
	- Prakash Kacholia	93,218	30,017	-	-	-	-	-	-
	- Preeti Kacholia	-	-	416,266	281,490	-	-	-	-
	- Krishna Kacholia	-	-	51,890	187,758	-	-	-	-
	- Priti Karwa	-	-	249,352	136,590	-	-	-	-
	- Raunak Karwa	-	-	134,261	128,986	-	-	-	-
	- Geeta Devi Karwa	-	-	87,676	53,145	-	-	-	-
	- Murlidhar Karwa HUF	-	-	36,659	18,421	-	-	-	-
	- Krishna Kumar Karwa HUF	-	-	81,505	48,064	-	-	-	-
	- Cambridge Securities	-	-	-	-	1,244	992	-	-
	- Synthetic Fibre Trading Co.	-	-	-	-	306,778	199,565	-	-
	- Emkay Corporate Services Pvt.Ltd.	-	-	-	-	80,946	58,917	-	-
	- Emkay Employees Welfare Trust	-	-	-	-	-	-	31,000	-
	Total	403,684	293,056	1,057,609	854,454	388,968	259,474	31,000	-
(b)	Depository Charges								
	- Krishna Kumar Karwa	270	1,130	-	-	-	-	-	-
	- Prakash Kacholia	670	900	-	-	-	-	-	-

SCHEDULE FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

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		Others	
		2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010
		(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)
	- Preeti Kacholia	-	-	600	770	-	-	-	-
	- Krishna Kacholia	-	-	658	600	-	-	-	-
	- Priti Karwa	-	-	560	780	-	-	-	-
	- Geeta Devi Karwa	-	-	600	680	-	-	-	-
	- Murlidhar Karwa HUF	-	-	200	350	-	-	-	-
	- Krishna Kumar Karwa HUF	-	-	210	360	-	-	-	-
	- Prakash Kacholia HUF	-	-	-	200	-	-	-	-
	- Cambridge Securities	-	-	-	-	804	430	-	-
	- Synthetic Fibre Trading Co.	-	-	-	-	350	270	-	-
	- Emkay Corporate Services Pvt. Ltd.	-	-	-	-	1,230	1,390	-	-
	Total	940	2,030	2,828	3,740	2,384	2,090	-	-
(c)	Portfolio Management Fees								
	- Krishna Kumar Karwa	760,483	810,445	-	-	-	-	-	-
	- Prakash Kacholia	27,894	38,472	-	-	-	-	-	-
	- Priti Karwa	-	-	339,572	262,380	-	-	-	-
	- Raunak Karwa	-	-	337,489	290,060	-	-	-	-
	- Geeta Devi Karwa	-	-	-	190,664	-	-	-	-
	- Murlidhar Karwa HUF	-	-	65,781	63,798	-	-	-	-
	- Krishna Kumar Karwa HUF	-	-	169,004	189,658	-	-	-	-
	Total	788,377	848,917	911,846	996,560	-	-	-	-
3	Expenses Recovered								
	- Krishna Investment	-	-	-	-	19,300	16,800	-	-
	- Cambridge Securities	-	-	-	-	-	1,635	-	-
	Total	-	-	-	-	19,300	18,435	-	-
4	Expenses Reimbursed								
	- Cambridge Securities	-	-	-	-	-	2,819	-	-
	Total	-	-	-	-	-	2,819	-	-
5	Loans Given								
	- Emkay Employees Welfare Trust	-	-	-	-	-	-	53,100,000	-
	Total	-	-	-	-	-	-	53,100,000	-
6	Outstandings								
(a)	Sundry Creditors								
	- Prakash Kacholia	498,507	275,266	-	-	-	-	-	-
	- Preeti Kacholia	-	-	1,541,475	626,615	-	-	-	-
	- Krishna Kacholia	-	-	293,140	311,287	-	-	-	-
	- Raunak Karwa	-	-	428,813	-	-	-	-	-
	- Cambridge Securities	-	-	-	-	-	-	-	-

SCHEDULE FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

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		Others	
		2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010
		(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)
	- Synthetic Fibre Trading Co.	-	-	-	-	-	3,607,448	-	-
	- Emkay Corporate Services Pvt. Ltd.	-	-	-	-	-	1,363,434	-	-
	Total	498,507	275,266	2,263,429	937,902	-	4,970,882	-	-
(b)	Sundry Debtors								
	- Krishna Kumar Karwa	838,812	346,020	-	-	-	-	-	-
	- Prakash Kacholia	30,877	8,850	-	-	-	-	-	-
	- Preeti Kacholia	-	-	-	381	-	-	-	-
	- Deepak Kacholia	-	-	9,258	9,258	-	-	-	-
	- Priti Karwa	-	-	374,548	104,188	-	-	-	-
	- Raunak Karwa	-	-	372,250	124,091	-	-	-	-
	- Geeta Devi Karwa	-	-	-	76,307	-	-	-	-
	- Murlidhar Karwa HUF	-	-	72,557	25,978	-	-	-	-
	- Krishna Kumar Karwa HUF	-	-	186,411	76,658	-	-	-	-
	- Prakash Kacholia HUF	-	-	-	220	-	-	-	-
	- Krishna Investments	-	-	-	-	1,132,493	1,326,205	-	-
	- Cambridge Securities	-	-	-	-	-	11	-	-
	Total	869,689	354,870	1,015,024	417,081	1,132,493	1,326,216	-	-
(c)	Outstanding Expenses								
	- Krishna Kumar Karwa	-	459,580	-	-	-	-	-	-
	- Prakash Kacholia	-	459,580	-	-	-	-	-	-
	Total	-	919,160	-	-	-	-	-	-
(d)	Loans								
	Emkay Employees Welfare Trust	-	-	-	-	-	-	53,100,000	-
	Total	-	-	-	-	-	-	53,100,000	-
(e)	Security / Margin Deposits Received								
	- Krishna Investment	-	-	-	-	200,000	200,000	-	-
	Total	-	-	-	-	200,000	200,000	-	-
(f)	Managerial Remuneration Recoverable								
	- Krishna Kumar Karwa	2,080,163	-	-	-	-	-	-	-
	- Prakash Kacholia	2,123,019	-	-	-	-	-	-	-
	Total	4,203,182	-	-	-	-	-	-	-

* Contribution to Group Gratuity Scheme and Premium paid on Group Personal Accident Policy, Group Mediclaim Insurance Policy and Group Term Life Insurance Policy 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.

SCHEDULE FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

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

As per our report of even date

By the order of the Board

For B.L. SARDA & ASSOCIATES
Chartered Accountants

G.P. GUPTA
Chairman

KRISHNA KUMAR KARWA
Managing Director & CFO

PRAKASH KACHOLIA
Managing Director

S.K.SABOO
Director

R.K.KRISHNAMURTHI
Director

G.C. VASUDEO
Director

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

RAHUL SAHASRABUDDHE
Company Secretary

Place : Mumbai
Date : 20th May, 2011

Place : Mumbai
Date : 20th May, 2011

STATEMENT PURSUANT TO SECTION 212 (8) OF THE COMPANIES ACT, 1956, RELATING TO SUBSIDIARY COMPANIES

Sr. No.	Particulars	Emkay Fincap Limited	Emkay Commotrade Limited	Emkay Insurance Brokers Limited	Emkay Investment Managers Limited
		(₹)	(₹)	(₹)	(₹)
1	Capital	230,000,000	60,000,000	40,000,000	25,000,000
2	Reserves & P&L Balance- Cr/(Dr)	81,143,847	45,565,729	(23,465,275)	4,535,466
3	Total Assets	316,497,395	241,505,991	41,307,149	31,900,600
4	Total Liabilities	316,497,395	241,505,991	41,307,149	31,900,600
5	Investments	30,000,000	-	-	-
6	Gross Income	36,433,793	93,529,543	11,227,498	10,670,317
7	Profit/(Loss) Before Taxation	28,642,294	25,055,086	(6,133,232)	6,697,766
8	Provision for Taxation (Current Year & Earlier Years)	9,719,203	10,121,253	-	2,300,000
9	Deferred Tax Charge / (Benefit)	(406,622)	(1,096,985)	(1,718,807)	(137,700)
10	Profit/(Loss) After Taxation	19,329,713	16,030,818	(4,414,425)	4,535,466
11	Proposed Dividend	-	-	-	-

1 Ministry of Company Affairs, Government of India New Delhi vide General Circular No.:5/12/2007-CL-III Dt:08/02/2011 has granted a general exemption U/s. 212(8) of the Companies Act, 1956, for not attaching the accounts of the subsidiaries of the Company. However, annual accounts of the Subsidiary Companies and the related detailed information will be made available to 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

Rahul Sahasrabudde
Company Secretary

Place : Mumbai

Date : 20th May, 2011

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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