



EMKAY SHARE AND STOCK BROKERS LIMITED

(The Company was incorporated as Emkay Share and Stock Brokers Private Limited on 24th January, 1995 under the provision of Companies Act, 1956. The Company was converted from Private Limited to Public Limited Company under the provisions of the Companies Act, 1956 on 20th October, 2005 and the name was changed to Emkay Share and Stock Brokers Limited)

Registered Office: 4 D, 4th Floor, Hamam House, Ambalal Doshi Marg, Fort, Mumbai – 400 001.

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PUBLIC ISSUE OF 62,50,000 EQUITY SHARES OF RS. 10 EACH AT A PRICE OF RS. [●] FOR CASH AT A PREMIUM [●] INCLUDING EMPLOYEE RESERVATION OF 2,00,000 EQUITY SHARES OF RS. 10/- EACH AT A PRICE OF RS [●] FOR CASH AT A PREMIUM [●] AND NET ISSUE TO THE PUBLIC OF 60,50,000 EQUITY SHARES OF RS 10 EACH AT A PRICE OF RS [●] FOR CASH AT A PREMIUM [●] AGGREGATING RS. [●] LAKHS. THE NET ISSUE WOULD CONSTITUTE 25.88% OF THE FULLY DILUTED POST ISSUE PAID UP CAPITAL OF THE COMPANY.

Price Band: Rs. 100/- To Rs. 120/- per Equity Share of Rs. 10/- each.

The Issue Price is 10 times of the Face Value at the lower end of the price band and 12 times of the Face Value at the higher end of the price band.

The Issue is being made through the 100% book building process wherein not more than 50% of the Net offer to the public shall be allocated on a proportionate basis to Qualified Institutional Bidders ("QIBs") (including 5 % of the QIB portion that would be specifically reserved for Mutual Funds). Further, not less than 15 % of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. We have not opted for grading of our Initial Public Offering.

RISK IN RELATION TO THE FIRST ISSUE

This being the first issue of Equity Shares of the Company, there has been no formal market for the Equity Shares of the Company. The face value of the shares is Rs.10 and the Floor Price is 10 times of the face value and the Cap Price is 12 times of the face value. The Price Band (as determined by the Company in consultation with the Book Running Lead Managers ("BRLMs") on the basis of assessment of market demand for the Equity Shares by way of book building) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Company and the Issue including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of this Red Herring Prospectus. Specific attention of the investors is invited to the section titled "Risk Factors" on page ix of this Red Herring Prospectus.

ISSUER'S ABSOLUTE RESPONSIBILITY

Emkay Share and Stock Brokers Limited, having made all reasonable inquiries, accepts responsibility for and confirms that this Red Herring Prospectus contains all information with regard to the Company and the Issue, which is material in the context of the Issue, that the information contained in this Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The Equity Shares offered through this Red Herring Prospectus are proposed to be listed on the National Stock Exchange India of Limited and the Bombay Stock Exchange Limited, Mumbai (the 'Designated Stock Exchange'). The Company has received in-principle approval from NSE and BSE for the listing of the Equity Shares pursuant to letters No. NSE/List 20824-M dated March 8, 2006 and DCS/Smg/sm/dm/2006 dated February 22, 2006, respectively.

BOOK RUNNING LEAD MANAGER

CENTRUM

Centrum Capital Limited

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Tel : +91-22-2202 3838

Fax: +91-22- 2204 6096

Email: emkay@centrum.co.in

Website: www.centrum.co.in

SEBI Regn. No.: INM000010445

AMBI Regn. No.: AMBI/087

Contact Person: Ms. Sangeeta Sanghvi

REGISTRAR TO THE ISSUE



Intime Spectrum Registry Limited

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ISSUE PROGRAMME

BID / ISSUE OPENS ON : FRIDAY, MARCH 31, 2006

BID / ISSUE CLOSURES ON : FRIDAY, APRIL 07, 2006

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SECTION I: DEFINITIONS AND ABBREVIATIONS

Term	Description
“ESBL” or “Company” or “ Emkay’s”	Unless the context otherwise requires refers to Emkay Share and Stock Brokers Limited, a company incorporated under the Companies Act and carrying on the business of Stock Broking.

Conventional / General Terms

Term	Description
Companies Act	The Companies Act, 1956, as amended from time to time
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed there under.
FII	Foreign Institutional Investor (as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000) registered with SEBI under applicable laws in India.
Financial Year / fiscal year / FY/ fiscal	Period of twelve months ended March 31 of that particular year, unless otherwise stated.
Government/ GOI	The Government of India.
I.T. Act	The Income Tax Act, 1961, as amended from time to time.
Indian GAAP	Generally accepted accounting principles in India.
Memorandum/ Memorandum of Association	The Memorandum of Association of Emkay Share and Brokers Limited.
NRI/Non-Resident Indian	Non-Resident Indian, is a Person resident outside India, who is a citizen of India or a Person of Indian origin and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.
OCB/ Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs, including overseas trusts in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Deposit) Regulations, 2000. OCBs are not allowed to invest in this Issue.
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time.
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992.
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended from time to time.
SEBI Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI on January 27, 2000, as amended, including instructions and clarifications issued by SEBI from time to time.
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997, as amended from time to time.

Issue Related Terms

Term	Description
Allotment	Allotment of Equity Shares pursuant to the Issue to the successful Bidders as the context requires.
AGM	Annual General Meeting
Allottee	The successful Bidder to whom the Equity Shares are being/have been allotted
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India.
Banker(s) to the Issue	To be appointed.
Bid	An indication to make an offer during the Bidding Period by a prospective investor to subscribe to the Equity Shares at a price within the Price Band, including all revisions and modifications thereto.
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder on submission of the Bid in the Issue
Bid Closing Date /Issue Closing Date	The date after which the Syndicate will not accept any Bids for the Issue, which shall be notified in an English national newspaper, a Hindi national newspaper and a Marathi newspaper with wide circulation.
Bid cum Application Form	The form in terms of which the Bidder shall make an offer to subscribe to the Equity Shares of the Company and which will be considered as the application for issue of the Equity Shares pursuant to the terms of this Red Herring Prospectus.
Bid Opening Date/Issue Opening Date	The date on which the Syndicate shall start accepting Bids for the Issue which shall be the date notified in an English national newspaper, a Hindi national newspaper and a Marathi newspaper with wide circulation.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of this Red Herring Prospectus and the Bid cum Application Form.
Bidding Period / Issue 'Period	The period between the Bid Opening Date/Issue Opening Date and the Bid Closing Date/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids.
Book Building Process	Book building route as provided under Chapter XI of the SEBI Guidelines, in terms of which the Issue is made.
BRLM/Book Running Lead Manager	Centrum Capital Limited.
BSE	Bombay Stock Exchange Limited.
CAGR	Compounded Annual Growth Rate.
CAN/Confirmation of Allocation Note	Means the note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of the Issue Price in accordance with the Book Building Process.
Cap Price	The higher end of the Price Band, above which the Issue Price will not be finalised and above which no Bids will be accepted.
CDSL	Central Depository Services (India) Limited.
Centrum	Centrum Capital Limited.

Term	Description
Cut-off Price	Any price within the Price Band finalised by the Company in consultation with the BRLM. A Bid submitted at Cut-off Price is a valid Bid at all price levels within the Price Band.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Depository	A corporate body registered under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time.
Depository Participant	A depository participant as defined under the Depositories Act.
Designated Date	The date on which funds are transferred from the Escrow Account(s) to the Issue Account after the Prospectus is filed with the RoC, following which the Board shall allot Equity Shares to successful Bidders.
Designated Stock Exchange	Bombay Stock Exchange Limited.
Draft Red Herring Prospectus	This Draft Red Herring Prospectus proposed to be filed with the SEBI, which does not have complete particulars on the price at which the Equity Shares are offered and size of the Issue. It carries the same obligations as are applicable in case of the Prospectus under Section 60B of the Companies Act and will be filed with the RoC at least three days before the Bid/ Issue Opening Date. It will become a Prospectus after filing with the Registrar of Companies and filling in particulars such as the price and size of the Issue
Eligible Employee	An Employee shall be eligible to apply for the shares reserved under 'Employee Reservation' if he is an Employee of the Company as on the date of filing the Red Herring Prospectus with the Registrar of Companies.
Employee	Employees as means: a) a permanent employee of the company working in India or out of India; or b) a director of the company, whether a whole time director, part time director or otherwise; c) an employee as defined in sub-clauses (a) or (b) of a subsidiary, in India or out of India, or of a holding company of the company.
EGM	Extraordinary General Meeting.
EPS	Earnings per share.
Equity Shares	Equity shares of the Company of Rs. 10/- each unless otherwise specified in the context thereof.
Escrow Account	Account opened with an Escrow Collection Bank(s) and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount, when submitting a Bid.
Escrow Agreement	Agreement entered into amongst the Company, the Registrar, the Escrow Collection Bank(s) and the BRLM for collection of the Bid Amounts and for remitting refunds, if any, of the amounts collected, to the Bidders.
Escrow Collection Bank(s)	The banks, which are clearing members and registered with SEBI as Banker(s) to the Issue, at which the Escrow Account will be opened.
FCNR Account	Account Foreign Currency Non Resident Account.
FIPB	Foreign Investment Promotion Board.
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form.

Term	Description
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalized and below which no Bids will be accepted.
HUF	Hindu Undivided Family.
ICAI	The Institute of Chartered Accountants of India.
IPO	Initial Public Offering.
Issue	Public issue of 62,50,000 Equity Shares at the Issue Price pursuant to the Red Herring Prospectus and the Prospectus.
Issue Account	Account opened with the Banker(s) to the Issue to receive monies from the Escrow Accounts for the Issue on the Designated Date.
Issue Price	The final price at which Equity Shares will be allotted in terms of the Prospectus, as determined by the Company in consultation with the BRLM, on the Pricing Date.
Margin Amount	The amount paid by the Bidder at the time of submission of his/her Bid, which may range between 10% to 100% of the Bid Amount.
NAV	Net Asset Value.
Non-Institutional Bidders	All Bidders that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 1,00,000.
Non-Institutional Portion	The portion of the Net Issue to the Public being minimum 9,07,500 Equity Shares of Rs. 10 each available for allocation to Non Institutional Bidders.
NRE Account	Non-Resident External Account.
NRO Account	Non-Resident Ordinary Account.
NSDL	National Securities Depository Limited.
NSE	National Stock Exchange of India Limited.
P/E Ratio	Price/Earnings Ratio.
PAN	Permanent Account Number.
Pay-in-Period	(i) With respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid Opening Date and extending until the Bid Closing Date, and (ii) with respect to Bidders whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid Opening Date and extending up to the date specified in the CAN.
Person/Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability company, joint venture, or trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires.
PIO/ Person of Indian Origin	Shall have the same meaning as is ascribed to such term in the Foreign Exchange Management (Investment in Firm or Proprietary Concern in India) Regulations, 2000.
Price Band	The price band with a minimum price (Floor Price) of Rs. 100/- and the maximum price (Cap Price) of Rs. 120/- , including any revisions thereof.

Term	Description
Pricing Date	The date on which the Company in consultation with the BRLM finalizes the Issue Price.
Prospectus	The Prospectus, filed with the RoC containing, <i>inter alia</i> , the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information.
QIB Portion	The portion of the Net Issue to public being up to 30,25,000 Equity Shares of Rs.10 each (including 151,250 Equity Shares of Rs. 10 to be allocated to Mutual Funds) at the Issue Price, available for allocation to QIBs.
Qualified Institutional Buyers / QIBs	Means Public financial institutions as defined in Section 4A of the Companies Act, FIs registered with SEBI, scheduled commercial banks, mutual funds registered with SEBI, venture capital funds registered with SEBI, foreign venture capital, Investors registered with SEBI, State industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with a minimum corpus of Rs. 2500 lakhs, pension funds with a minimum corpus of Rs. 2500 lakhs, and multilateral and bilateral development financial institutions.
RBI	The Reserve Bank of India.
Registrar /Registrar to the Issue	Registrar to the Issue, in this case being Intime Spectrum Registry Limited.
Reserve Bank of India Act/ RBI Act	The Reserve Bank of India Act, 1934, as amended from time to time.
Retail Individual Bidders	Individual Bidders (including HUFs) who have Bid for Equity Shares for an amount less than or equal to Rs. 1,00,000, in any of the bidding options in the Issue.
Retail Portion	The portion of the Net Issue to the public being a minimum of 21,17,500 Equity Shares of Rs. 10 each available for allocation to Retail Individual Bidder(s).
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s).
RHP or Red Herring Prospectus	Means the document issued in accordance with the SEBI Guidelines, which does not have complete particulars on the price at which the Equity Shares are offered and the size of the Issue. The Red Herring Prospectus which will be filed with the RoC at least 3 days before the Bid Opening Date and will become a Prospectus after filing with the RoC after pricing and allocation.
RoC	The Registrar of Companies, Maharashtra at Mumbai.
SCRA	Securities Contracts (Regulation) Act, 1956, as amended from time to time.
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act.
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended from time to time.
SEBI Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI on January 27, 2000, as amended, including instructions and clarifications issued by SEBI from time to time.
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997, as amended from time to time.
Stock Exchanges	BSE and NSE.

Term	Description
Syndicate	The BRLM and the Syndicate Member(s), if any.
Syndicate Agreement	The agreement to be entered into between the Company, BRLM and the Syndicate Members, if any, in relation to the collection of Bids in this Issue.
TRS or Transaction Registration Slip	The slip or document issued by the Syndicate Members to the Bidder as proof of registration of the Bid.
U.S. / USA	United States of America.
Underwriters	The BRLM and the Syndicate Member(s).
Underwriting Agreement	The agreement among the members of the Syndicate and the Company to be entered into on or after the Pricing Date.
YOY	Year on Year.

Company / Industry Related Terms

Term	Description
Auditors	The statutory auditors of the Company, being M/s B.L. Sarda & Associates.
Board of Directors	Board of Directors/Board The board of directors of the Company or a committee constituted thereof.
Director(s)	Director(s) of Emkay Share and Stock Brokers Limited, unless otherwise specified.
Registered Office	The registered office of the Company situated at 4 D, 4 th Floor, Hamam House, Ambalal Doshi Marg, Fort, Mumbai – 400 001.

Abbreviations:

Term	Description
BRLM	Book Running Lead Manager
CIT	Commissioner of Income Tax
CRM	Customer Relationship Management
DAA	Dynamic Assets Allocation
ECL	Emkay Commotrade Limited
ECSP	Emkay Corporate Services Private Limited
EFPL	Emkay Fincap Private Limited
EFL	Emkay Fincap Limited
EMS	Empower Mutual Solutions
F&O	Futures and Options
MCX	Multi Commodity Exchange of India Limited, Mumbai.
NCDEX	National Commodity and Derivative Exchange, Mumbai.

SECTION II: RISK FACTORS

CERTAIN CONVENTIONS; USE OF MARKET DATA

Unless stated otherwise, the financial data in this Red Herring Prospectus is derived from the financial statements prepared in accordance with Indian GAAP and included in this Red Herring Prospectus. The last fiscal year commenced on April 1 and ends on March 31 of each year, so all references to a particular fiscal year are to the twelve- month period ended March 31 of that year.

In this Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off.

Unless stated otherwise, industry/ market data used throughout this Red Herring Prospectus has been obtained from internal Company reports, and other industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable, but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe that industry/ market data used in this Red Herring Prospectus is reliable, it has not been independently verified

For additional definitions, please see the section titled “Definitions and Abbreviations” starting on page [·] of this Red Herring Prospectus.

FORWARD-LOOKING STATEMENTS

The Company has included statements in this Red Herring Prospectus, that contain words or phrases such as “will”, “aim”, “will likely result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “project”, “shall”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will continue”, “will pursue” and similar expressions or variations of such expressions that are “forward-looking statements”. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding the objectives, plans or goals, expected financial condition and results of operations, business, plans and prospects are also forward-looking statements.

These forward-looking statements include statements as to business strategy, revenue and profitability, planned projects and other matters discussed in this Red Herring Prospectus regarding matters that are not historical fact. These forward-looking statements and any other projections contained in this Red Herring Prospectus (whether made by us or any third party) involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections.

All forward-looking statements are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include, among others:

- general economic and business conditions in India and other countries;
- ability to successfully implement our strategy, growth and expansion plans and technological initiatives;
- ability to respond to technological changes;
- The effect of wage pressures and the time required to train and productively utilize new employees;
- Increasing competition in; and the conditions of the global and Indian broking Industry;
- The ability to retain the clients and acquire new clients;
- changes in laws and regulations to the Industry in which company operate;
- changes in political conditions in India; and
- changes in the foreign exchange control regulations in India.

For further discussion of factors that could cause Company’s actual results to differ, see the section titled “Risk Factors” on page [●] of this Red Herring Prospectus. By their nature, certain risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Our Company, the members of the Syndicate and their respective affiliates do not have any obligation to, and do not intend to, update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, Our Company and the BRLMs will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.

Currency Of Presentation

In this Red Herring Prospectus, all references to “Rupees” and “Rs.” are to the legal currency of India; all references to “U.S. Dollars” and “US\$” are to the legal currency of the United States.

Any percentage amounts, as set forth in “Risk Factors”, “Business”, “Management’s Discussion” and “Analysis of Financial Condition and Results of Operations” and elsewhere in this Red Herring Prospectus, unless otherwise indicated, have been calculated on the basis of our financial statements prepared in accordance with Indian GAAP.

RISK FACTORS

Prospective investors should carefully consider the risks described below, in addition to the other information contained in this Red Herring Prospectus before making any investment decision relating to the Equity Shares. The occurrence of any of the following events could have a material adverse effect on the business, results of operation, financial condition and prospects and cause the market price of the Equity Shares to decline and you may lose all or part of your investment.

Prior to making an investment decision, prospective investors should carefully consider all of the information contained in this Red Herring Prospectus, including the restated consolidated financial statements included in this Red Herring Prospectus beginning on page [●]. Unless stated otherwise, the financial data in this section is as per our restated consolidated financial statements prepared in accordance with Indian GAAP.

Unless otherwise stated in the relevant risk factors set forth below, they are not in a position to specify or quantify the financial or other implications of any of the risks mentioned herein.

INTERNAL RISK FACTORS

A substantial portion of the business is derived from a group of customers.

Management Perception: Our Company is taking steps to increase the business from retail clients through the Network of branches / franchisees. This will reduce the concentration of activity.

The Company's growth depends on its ability to attract and retain skilled manpower, as research is a key component of the business.

Management Perception: Our Company has retained its key personnel in most of its divisions. Our Company is also in the process of recruiting requisite professionals for its expansion programme. Our Company is strengthening its HR practices to attract, retain and motivate its personnel

Any inability to manage the Company's rapid growth could disturb its business and adversely affect profitability.

Management Perception: Our Company is managed by professionals in all key areas of operation and Promoters have more than a decade of experience in the industry. Our Company has also witnessed multiple growth in the past five years and does not envisage any difficulty in managing the growth.

Volatility of the Capital Market may affect our business and profitability.

Management Perception: Our client base consists of a combination of Institutions, HNIs and Retail investors. Hence, the impact of any volatility of the Capital Market on our activities will be minimum.

Our Company may face growing / new competition from existing players and new entrants. The performance of the Company and profitability may hence be adversely affected.

Management Perception: Our Company has constantly been expanding its business and is in close interaction with all major customers. Our Company also has a research division, which will help in advising the customers. Hence Our Company does not envisage any significant effect on the growth or profitability.

Our cost of project is not appraised by any bank or financial institution.

Management Perception: Our expansion plans and cost related with expansion is derived from the experience of our promoters in setting up this business and the quotations received from suppliers.

Our Company has recently floated a fully owned subsidiary – Emkay Commotrade Limited to carry out the trades in commodity exchanges. Lack of experience could accumulate losses for the subsidiary, which will have to be funded by the holding Company – Emkay Share and Stock Brokers Ltd.

Management Perception: Our Company was earlier carrying out commodity trading through Emkay Corporate Services Pvt. Ltd. Though no major business has been transacted by the Company, the team is already in place and requisite experienced manpower is not a problem.

Our Company will utilize a part of the Issue proceeds in making investments in unlisted subsidiaries

Management Perception: Our Company has invested in subsidiaries with specific reference to NBFC activities and Commodities Trading activities. These activities cannot be carried on by our Company as per prevailing regulations and hence the formation of subsidiaries.

All the offices including the branches through which the Company operates its business are taken on lease through leases / leave and license agreements. Some of these agreements are not registered. In the event these leases are not renewed the operations and in turn profitability will be adversely affected.

Management Perception: It is the normal practice to have lease and license agreements for the offices under use. All possible precautions are taken to have longer term of lease so that the operations are not required to be relocated at frequent intervals. There are plenty of alternate options of space available in the vicinity of most of branches and in the event of cancellation of lease arrangement, new locations can be easily identified on comparable terms of lease. With an established client base, the business will not be affected.

Certain Government approvals are pending for our Company/ Subsidiaries.

Management Perception: Our Company has made applications for obtaining the certificates for registration under Shop and Establishment Act for some of our branches. Necessary follow-up is being made to complete the process. As regards Emkay Fincap Limited, our subsidiary, they have applied to MCX/ NCDEX for transfer of registration of Commodities business from Emkay Corporate Services Private Limited. We understand this process will be completed in due course of time.

Our business is regulated by SEBI and Stock Exchanges. SEBI and Stock Exchanges conduct detailed inspection of our business from time to time. In case during such inspection, if we are found guilty, we may face penal action including suspension.

Some of clients place orders over the phone. The Company faces the risk of making errors while executing the orders due to misunderstanding of instruction or poor quality of phone connection. This may lead to losses to clients, who may choose to cease their relationships with the Company, leading to loss of business.

Management Perception: Our Company has a system of constantly updating the clients of the orders executed on their behalf. Any incorrect data entry will be rectified at the earliest. Further, Our Company has not faced such problems of any significant magnitude in the last one decade of operations.

We had received Income Tax demands to the tune of Rs. 44.23 Lakhs from the Income Tax Department for Assessment Years 2000-01, 2001-02, 2002-03 and 2003-04.

For the Assessment Years 2000-01 and 2001-02, CIT (Appeals) had passed Orders in favour of our Company. However, the Income Tax Department has filed appeals against the said Orders with the Tribunal. With respect to the Income Tax demands for the Assessment Years 2002-03 and 2003-04, we have filed appeals with the CIT(Appeals). Details of all these matters are appearing on page no. [●] of Red Herring Prospectus.

Our Company had received a Show Cause Notice from NSE dated January 3, 2006 for effecting change in Shareholding Pattern without prior approval of NSE.

Our Company has vide letter dated January 10, 2006 advised NSE that though there has been an increase in Share Capital from Rs. 3.5 Crores to Rs. 17.5 Crores due to issue of Bonus shares to the existing shareholders, there has been no change in shareholding pattern of the company. Thus, we were of opinion that since there was

no change in pattern of holdings, there was no need for any prior permission from the Exchange. NSE vide its letter dated February 24, 2006 has noted the submission and vide its Debit Note dated February 23, 2006 has debited our account with Rs. 11,000/- as the penalty and the matter is settled.

Contingent Liabilities

(All amounts in Indian Rupees in lakhs)

Sr. No.	Particulars	As At 30.09.2005 (6 months)	AS AT 31ST MARCH				
			2005	2004	2003	2002	2001
1.	Guarantees issued by the Banks (Net of Margin money being fixed deposits with Banks)	707.00	720.50	349.50	214.50	245.75	329.56
	Add : Margin money being fixed deposit with Banks	703.00	714.50	260.50	145.50	164.25	130.44
	Guarantees issued by the Banks	1,410.00	1,435.00	610.00	360.00	410.00	460.00
2	Disputed income tax demands	30.44	2.83	13.79	13.79	-	0.66
3	Service tax demand*	7.15	7.15	7.15	-	-	-
4	Liability towards Partly paid-up equity shares	0.12	0.24	-	-	-	-

* Our Company had earned certain brokerage from primary market Mutual Fund Issues. No Service Tax was paid on this amount. During the inspection by the service tax officer on January 06,2003 a discrepancy was pointed out between the brokerage earned as per the Annual Report and the S.T. Returns filed with Central Excise. We have clarified to the Authority that in view of the provision Section 65 (90) (A) of Finance Act, 1994, this is not liable for Service Tax. We have not received any communication thereafter from the said Authority.

EXTERNAL RISK FACTORS

Risks Arising out of Volatility of Capital Markets:

The prices of the Company's Equity Shares on the Stock Exchanges may be volatile as a result of several factors including volatility in the Indian and global markets, companies results of operation and performance, performance of the Indian economy, significant changes in fiscal and environmental changes etc. There has been no public market for the Equity Shares of the Company and the prices of the equity shares may fluctuate. There can be no assurance that an active trading market will develop or sustain after this issue.

Risks Arising from changes in Taxation Policy:

Statutory Taxes and other levies may affect the profit margins in the event of the Company's inability to pass on such expenses to its customers .Any increase in any of these taxes or levies or the imposition of new tax may have a material adverse effect on the Company's business, result of operation & financial condition.

Economic downturn may negatively impair the Company's operating income.

An Economic downturn or slowdown may adversely affect the Company's business, which may result in lower gross and operating profits.

Downgrading of India's debt rating:

Any adverse revisions to India's credit rating for domestic and international debt by international rating agencies may adversely impact Company's ability to raise additional financing, and interest rates and commercial terms at

which such addition financing is available. This could have a material adverse effect on company's business and future financial performance or ability to obtain financing for capital expenditure and price of the equity shares.

Changes In policies by RBI:

Any increase in the interest rates payable on commercial deposits will adversely affects the returns on equity and lead to a diversion of investible funds from the stock markets to the banks. This will in turn reduce the earning capacity of all broking houses including our Company.

Substantial Competition could harm financial performance.

Broking business is very competitive both in the Institution and Retail segment. The Company expects this competition to further increase in future. An increase in competition and number of competitors could adversely effect its margins and market share and hence the profitability.

Notes to Risk Factors:

1. Public Issue of 62,50,000 Equity Shares of Rs. 10/- each (including 2,00,000 Equity Shares reserved for Employees of the Company) at a price of Rs [●] for cash aggregating Rs [●] (hereinafter referred to as "this issue")
2. The average cost of acquisition of Equity Shares by Promoters

Name of the Promoter	Average Cost of Acquisition* (Rs.)
Mr.Krishna Kumar Karwa	2.00
Mr. Prakash Kacholia	2.00
Emkay Corporate Services Pvt Limited	2.00

* Average cost of acquisition has been calculated on the basis of Equity Share Capital post-bonus.

3. The net worth of Our Company as of September 30, 2005 (half yearly) was Rs 2958.86 lakhs as per Indian GAAP and the Book Value per share is Rs. 84.54 as on that date.
4. Investors are advised to refer to the paragraph on "Basis for Issue Price" on page [●] of this Red Herring Prospectus before making an investment in this issue.
5. The Issue is being made through a 100% Book Building Process wherein up to 50% of the Net Issue will be allocated on a Proportionate basis to Qualified Institutional Buyers ("QIBs") (including 5% thereof to be allocated to Mutual Funds). Further, at least 15% of the Net Issue will be available for allocation on a proportionate basis to Non- Institutional Bidders and at least 35% of the Net Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.
6. For details on Related Party Transactions refer to the section titled "Related Party Transaction" on page no. [●] of this Red Herring Prospectus.
7. Investors may note that in case of over-subscription in the Issue, allotment shall be on proportionate basis to Retail Individual Bidders and Non-Institutional Bidders. Please refer to the paragraph on "Basis of Allocation" on page no. [●] of this Red Herring Prospectus
8. Investors are free to contact the BRLM for any clarification or information relating to the Issue.
9. All information shall be made available by the BRLM and the Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever.

SECTION III: INTRODUCTION

I. SUMMARY

Industry Overview

The securities market achieves one of the most important functions of channeling idle resources to productive resources or from less productive resources to more productive resources. Hence in the broader context the people who save and investors who invest focus more towards the economy's abilities to invest and save respectively. This enhances savings and investments in the economy, the two pillars for economic growth. The Indian Capital Market has come a long way in this process and with a strong regulator it has been able to usher an era of a modern capital market regime. The past decade in many ways has been remarkable for securities market in India. It has grown exponentially as measured in terms of amount raised from the market, the number of listed stocks, market capitalisation, trading volumes and turnover on stock exchanges, and investor population. The market has witnessed fundamental institutional changes resulting in drastic reduction in transaction costs and significant improvements in efficiency, transparency and safety.

Dependence on Securities Market

Three main sets of entities depend on securities market- the corporates, the government & households. While the corporates and governments raise resources from the securities market to meet their obligations, the households invest their savings in securities.

Primary Market & Secondary Market

The securities market comprises two segments- primary market (new issues, offer for sale) & secondary market (trading of stocks). There are two major types of issuers who issue securities. The corporate entities issue mainly debt and equity instruments (shares, debentures, etc.), while the governments (central and state governments) issue debt securities (dated securities, treasury bills). The two major exchanges, namely the NSE and the BSE provide trading of securities.

Laws governing capital market

The four main legislations governing the securities market are: (a) the SEBI Act, 1992 which establishes SEBI to protect investors and develop and regulate securities market; (b) the Companies Act, 1956, which sets out the code of conduct for the corporate sector in relation to issue, allotment and transfer of securities, and disclosures to be made in public issues; (c) the Securities Contracts (Regulation) Act, 1956, read with the Securities Contracts (Regulation) Rules, 1957 which provide for regulation of transactions in securities through control over stock exchanges; and (d) the Depositories Act, 1996 which provides for electronic maintenance and transfer of ownership of demat securities.

Regulators

SEBI is the primary regulator of the Securities Market and the entities operating therein. The SEBI Act and the Depositories Act are mostly administered by SEBI. The rules under the securities laws are framed by government and regulations by SEBI. All these are administered by SEBI. The powers under the Companies Act relating to issue and transfer of securities and non-payment of dividend are administered by SEBI in case of listed public companies and public companies proposing to get their securities listed.

As regards the Commodities market, the same is regulated by Forward Market Commission.

Business Overview

Our Company, Emkay Shares and Stock Brokers Limited was founded in January 24, 1995 as Emkay Share and Stock Brokers Private Limited. We were converted into a Public Limited Company in October 20, 2005 and the name was changed to Emkay Share and Stock Brokers Limited.

Our Objective in being a full service brokerage house is to provide comprehensive money management advisory services to our clients under one umbrella, which would enable managing complete financial planning needs. The Company's operations include broking of equities and derivatives on the BSE and NSE, Distribution of Mutual Funds and other personal investment products, Portfolio Management and Depository Participant with CDSL.

Emkay Share and Stock Brokers Limited

Our current operations are centered in the western and southern states of India and we have few offices in northern and eastern zone. We operate with a network of 41 trading centers through out India and all these activities are coordinated from our corporate office located at Mumbai, Maharashtra.

We have expertise in advisory services in both cash and derivatives sides of the capital markets and are also distributors of savings / investment instruments like Mutual Fund Schemes, Saving Bonds, IPO etc. The services are offered under total confidentiality and integrity with the sole purpose of maximizing returns to the clients.

Our customer base is a mix of institutional, high networth, and retail investors. This diversified base of customers together with its wide gamut of services, provides the Company with the necessary stability and strength to weather the volatility much better than its competitors and maintain high customer service levels through out.

II. SUMMARY OF CONSOLIDATED FINANCIAL DATA

Summary of Profit and Losses as restated

(All amounts in Indian Rupees in lakhs)

PARTICULARS	Period ended 30.09.2005 (6 months)	FOR THE YEAR ENDED ON 31ST MARCH				
		2005	2004	2003	2002	2001
Income						
Revenue from Operations						
- Brokerage & related income	1,948.68	2,221.45	1,310.20	544.71	385.89	915.17
Other income	36.97	130.21	107.51	108.25	72.71	35.48
Total Income	1,985.65	2,351.66	1,417.71	652.96	458.60	950.65
Expenditure						
Employees Remuneration and Benefits	227.11	423.06	238.60	124.83	85.05	93.93
Administrative and Other Expenses	675.03	839.14	517.95	286.99	224.38	434.11
Interest and Finance Charges	1.77	1.46	7.05	2.00	5.36	8.51
Depreciation	28.62	40.79	16.77	13.26	16.70	12.87
Total Expenditure	932.53	1,304.45	780.37	427.08	331.51	549.42
Profit before tax & prior period adjustments and extra ordinary items	1,053.12	1,047.21	637.34	225.88	127.09	401.23
Provision for taxation						
- Current Tax	(360.02)	(376.00)	(210.00)	(98.00)	(30.00)	(166.00)
- Deferred Tax credit/(expenses)	6.46	(12.60)	(21.10)	14.29	-	-
- Fringe Benefit Tax	(3.53)	-	-	-	-	-
Net profit after tax but before prior period adjustments and extra ordinary items	696.03	658.61	406.24	142.17	97.09	235.23
Prior period income tax	-	(4.70)	-	(25.14)	(0.44)	(0.61)
Extra ordinary items	-	-	-	-	-	-
Net Profit for the year/period	696.03	653.91	406.24	117.03	96.65	234.63
Impact of Adjustments(See Note No.2 of Part (A) of Annexure III)	0.20	(22.79)	(0.87)	(0.60)	1.71	80.24
Impact of Prior period Income Tax adjustments	-	4.70	-	25.14	0.44	(26.22)
Deferred Tax impact of Adjustments	-	8.66	-	0.21	(13.00)	(7.54)
Total Impact of adjustments	0.20	(9.43)	(0.87)	24.75	(10.85)	46.48
Net profit, as restated (c/f.)	696.23	644.48	405.37	141.78	85.80	281.11
Appropriations						
Balance of profit brought forward	219.05	213.72	213.16	210.86	223.91	(30.34)
Transfer to General Reserve	-	560.00	345.59	100.00	95.00	23.00
Proposed / Interim Dividend	-	70.00	52.50	35.00	3.50	3.50
Corporate Dividend Tax	-	9.15	6.72	4.48	0.35	0.36
Balance of profit carried forward	915.28	219.05	213.72	213.16	210.86	223.91

Emkay Share and Stock Brokers Limited

Summary of Assets & Liabilities as restated

(All amounts in Indian Rupees in lakhs)

PARTICULARS	As at 30.09.2005 (6 months)	AS AT 31ST MARCH				
		2005	2004	2003	2002	2001
A. Fixed Assets						
Gross Block	621.99	563.36	421.20	386.68	373.53	371.65
Less: Depreciation	149.60	120.99	80.30	63.53	53.32	36.62
Net Block	472.39	442.37	340.90	323.15	320.21	335.03
Add: Capital work in progress	-	-	-	-	-	-
Total	472.39	442.37	340.90	323.15	320.21	335.03
Less: Revaluation Reserve	-	-	-	-	-	-
Net Block after adjustment of Revaluation Reserve	472.39	442.37	340.90	323.15	320.21	335.03
B. Investments	181.66	2.61	16.72	42.96	63.02	62.35
C. Current Assets, Loan & Advances						
Inventories	49.15	190.24	15.10	38.58	96.50	13.87
Sundry Debtors	2,290.87	357.38	202.81	123.80	100.58	313.08
Cash and Bank Balances	2,557.40	2,093.89	1,439.34	957.65	777.38	610.04
Other Current Assets	11.89	9.23	6.60	9.19	8.35	9.07
Loans and Advances	2,481.44	2,086.74	759.89	345.30	810.65	714.08
Total	7,390.75	4,737.48	2,423.74	1,474.52	1,793.46	1,660.14
D. Liabilities and Provisions:						
Secured Loans	-	-	-	2.86	-	-
Unsecured Loans	-	378.90	-	-	-	-
Current Liabilities and Provisions	5,079.39	2,527.93	1,075.25	499.16	926.14	902.17
Deferred Tax Liability (Assets)	6.55	13.00	9.06	(12.04)	2.46	(10.54)
Total	5,085.94	2,919.83	1,084.31	489.98	928.60	891.63
E. Net Worth (A+B+C-D)*	2,958.86	2,262.63	1,697.05	1,350.65	1,248.09	1,165.89
F. Represented by						
Paid-up Share Capital:						
- Equity Shares	350.00	350.00	350.00	350.00	350.00	350.00
Reserves and Surplus	2,608.86	1,912.63	1,347.30	1,001.16	898.86	816.91
Less: Revaluation Reserve	-	-	-	-	-	-
Reserves and Surplus after adjustment of Revaluation Reserve	2,608.86	1,912.63	1,347.30	1,001.16	898.86	816.91
Total	2,958.86	2,262.63	1,697.30	1,351.16	1,248.86	1,166.91
G. Miscellaneous Expenditure up to the extent not written off	-	-	0.25	0.51	0.77	1.02
H. Net Worth (F-G)*	2,958.86	2,262.63	1,697.05	1,350.65	1,248.09	1,165.89

THE ISSUE

<p>Equity Shares offered</p> <p>Fresh Issue by the Company</p> <p>Of which:</p> <p>Employees Reservation</p> <p>Net Offer to Public</p> <p>Of which:</p> <p>QIB Portion</p> <p>Of which:</p> <p>Allocation to Mutual Funds</p> <p>Balance for all QIBs including</p> <p>Mutual Funds</p> <p>Non-Institutional Portion¹</p> <p>Retail Portion¹</p> <p>Equity Shares outstanding prior to the Issue</p> <p>Equity Shares outstanding after the Issue</p> <p>Use of proceeds by the Company</p>	<p>62,50,000 Equity Shares of face value of Rs 10/- each</p> <p>2,00,000 Equity Shares of face value of Rs 10/- each</p> <p>60,50,000 Equity Shares of face value of Rs 10/- each</p> <p>30,25,000 Equity Shares of face value of Rs 10/- each constituting 50% of the Net Issue to the Public (Allocation on proportionate basis)</p> <p>1,51,250 Equity Shares of face value of Rs 10/- each Constituting 5% of the QIB portion. (Allocation on proportionate basis)</p> <p>28,73,750 Equity Shares of Rs 10/- each (Allocation on proportionate basis)</p> <p>9,07,500 Equity Shares of face value of Rs 10/- each constituting 15% of the Net Offer to the Public (Allocation on proportionate basis)</p> <p>21,17,500 Equity Shares of face value of Rs 10/- each constituting 35% of the Net Offer to the Public (Allocation on proportionate basis)</p> <p>1,79,00,000 Equity Shares of face value of Rs 10/- each</p> <p>241,50,000 Equity Shares face value of Rs 10/- each</p> <p>See the section titled “Objects of the Issue” on page [●] of this Red Herring Prospectus</p>
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⁽¹⁾ Under-subscription, if any, in any of the above categories would be allowed to be met with spill-over *inter-se* from any other categories, at the sole discretion of the Company and BRLM.

Emkay Share and Stock Brokers Limited

GENERAL INFORMATION

Our Company was incorporated as Emkay Share and Stock Brokers Private Limited on 24th January, 1995 under the provision of Companies Act, 1956. Our Company was converted from Private Limited to Public Limited Company under the provisions of the Companies Act, 1956 on 20th October, 2005 and the name was changed to Emkay Share and Stock Brokers Limited

Registered Office:

4 D, 4th Floor, Hamam House
Ambalal Doshi Marg, Fort
Mumbai 400 001
Registration No: **11-84899**

Registered with:

Registrar of Companies, Maharashtra at Mumbai,
100, Everest, Marine Lines, Mumbai – 400 002

Board of Directors:

Our Company is currently managed by Board of Directors comprising of 6 directors. The Board of Directors comprises of the following:

Name	Designation	Status
Mr. G.P. Gupta	Chairman	Non-Executive and Independent
Mr. Krishna Kumar Karwa	Managing Director	Executive
Mr. Prakash Kacholia	Managing Director	Executive
Mr. S. K. Saboo	Director	Non-Executive
Mr. R. K. Krishnamurthi	Director	Non-Executive and Independent
Mr.G C. Vasudeo	Director	Non-Executive and Independent

Brief detail of Promoters

1. **Mr. Krishna Kumar Karwa**, Managing Director, is a Chartered Accountant and has 17 years experience in the stock market across research, dealing and execution with special focus on the 'cash' segment of the capital markets. He also directs the wealth management services business, which is aimed at providing portfolio advisory and risk management.
2. **Mr. Prakash Kacholia**, Managing Director, is a Chartered Accountant and has 15 years experience in Share Broking Activities. He leads Emkay's derivatives business, generating trading strategies and identifying market opportunities. He has served the BSE in the capacity of a governing board member and on the Advisory Derivatives Committee of SEBI at the time of the launch of derivatives in the Indian market. He is currently on the Board of BSE Limited and CDSL.

For further details regarding our Directors please refer to " Management" on page [.] of this Red Herring Prospectus.

Company Secretary:

Mr. Manish Jain

Phoenix House, C wing, 4th Floor,
Phoenix Mills, Senapati Bapat Marg,
Lower Parel, Mumbai – 400 013
Tel.: +91-22-5660 6690
Fax: +91-22-2490 4795
Email: manish.jain@emkayshare.com

Legal Advisors to the Issue:

Kanga & Co.

Readymoney Mansion,
43, Veer Nariman Road,
Mumbai-400 001

Tel.:+ 91-22-5633 2288

Fax:+91-22-5633 9656

Email: emkay@kangacompany.com

Contact Person: Mr. Kishore Vussonji

Bankers to the Company:

HDFC Bank Limited

Ground Floor, Maneckji Wadia Building,
(Kalpataru Heritage), Nanik Motwani Marg,
Fort , Mumbai – 400 001

Tel.:+ 91-22-5657 3535

Fax:+91-22-2270 3385

Contact Person: Mr.Ashish Mehta

Compliance Officer

Mr. Vijay Shenoy

Phoenix House, C wing, 4th Floor,
Phoenix Mills, Senapati Bapat Marg,
Lower Parel, Mumbai – 400 013

Tel.: +91-22-5660 6690

Fax: +91-22-2490 4795

Email:compliance@emkayshare.com

Investors can contact the Compliance Officer in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary account, refund orders etc.

Book Running Lead Manager to the issue:

Centrum Capital Limited

SEBI Regn. No. INM000010445

UIN No: 100016915

AMBI Reg. No: AMBI/087

Khetan Bhavan, 5th Floor,

198, J.Tata Road,

Churchgate, Mumbai 400020

Tel: + 91-22-2202 3838

Fax: +91-22-2204 6096

Website: www.centrum.co.in

Email: emkay@centrum.co.in

Contact Person: Ms. Sangeeta Sanghvi

Registrar to the Issue

Intime Spectrum Registry Limited

C-13, Pannalal Silk Mills Compound,

LBS Marg, Bhandup (west),

Mumbai – 400 078

Tel : +91-22-2596 0320

Fax:+91-22-2596 0329

Website: www.intimespectrum.com

Email: emkayipo@intimespectrum.com

Contact Person – Mr. Vishwas Attawar

Emkay Share and Stock Brokers Limited

Bankers to the Issue and Escrow Collection Bankers

HDFC Bank Limited

2nd Floor, Process House
Kamala Mills Compound
Senapati Bapat Marg
Lower Parel, Mumbai-400 013
Tel.:+91-22-2498 8484
Fax:+91-22-2498 8972
Email: kripa.kalro@hdfcbank.com
Contact Person: Ms.Kripa Kalro

Deutsche Bank AG

222, Kodak House,
Fort, Mumbai - 400 001
Tel.: +91-22-5658 4000
Fax.: +91-22-2207 6553
E-mail: shyamal.malhotra@db.com
Contact Person: Mr. Shyamal Malhotra

Standard Chartered Bank

90, Mahatma Gandhi Road,
Fort, Mumbai – 400001
Tel.: +91-22-2267 0162/ 0706
Fax.: +91-22-2207 6553
E-mail: amitkumar.p.sankhe@in.standardchartered.com
Contact Person: Mr. Amitkumar P. Sankhe

Brokers to the Issue

All members of the recognized Stock Exchanges would be eligible to act as Brokers to the Issue.

Auditors of the Company

B.L. Sarda & Associates

61, Rajgir Chambers, 7th Floor,
Opp. Old Custom House,
12/14 Shahid Bhagat Singh Road,
Mumbai – 400 023
Tel: +91-22-2266 2752
Fax: +91-22-2266 5136
Email: blsco@vsnl.com
Contact Person: **Mr. B. L. Sarda**

Credit Rating and IPO Grading

As this is an Issue of equity shares, there is no credit rating required for this Issue. We have not opted for grading of our Initial Public Offering.

Trustees

As this is an Issue for equity shares, the appointment of Trustees is not required.

Monitoring Agency:

We have appointed Deutsche Bank AG as a Monitoring Agency to monitor the utilization of the proceeds of the Issue.

Our Company will disclose the utilization of the proceeds of the Issue under a separate head in the Balance Sheet clearly specifying the purpose for which such proceeds have been utilized. It shall also, in its Balance Sheet, provide details, if any, in relation to all such proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Issue.

Appraisal of the Project

There is no entity which has appraised the project to be undertaken by the Company.

BOOK BUILDING PROCESS

Book building refers to the collection of Bids from investors, which is based on the Price Band, with the Issue Price being finalized after the Bid/ Issue Closing Date. The principal parties involved in the Book Building Process are:

1. The Company
2. Book Running Lead Manager (BRLM), in this case being M/s. Centrum Capital Limited
3. Syndicate Members, who are the intermediaries registered with SEBI, and eligible to act as underwriters. Syndicate Members are appointed by the BRLM.
4. The Registrar to the Issue.
5. Escrow Collection Bank

SEBI, through its guidelines, has permitted an Issue of securities to the public through the 100% Book Building Process, wherein (i) at least 50% of the Net Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers (QIBs), including upto 5% of the QIB Portion that shall be available for allocation on a proportionate basis to Mutual Funds only and the remaining QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds. (ii) not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and (iii) not less than 35% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders whose maximum Bid amount is not more than Rs. 100,000/-, subject to valid Bids being received at or above the Issue Price. The Issue Price will be ascertained after the Bid Closing Date.

The Company will comply with these guidelines for this Issue. In this regard, the Company has appointed M/s. Centrum Capital Limited as Book Running Lead Managers to procure subscriptions to the Issue.

Pursuant to recent amendments to SEBI Guidelines, QIBs are not allowed to withdraw their Bid after the Bid/Issue Closing Date and for further details see page [.] for the section titled "Terms of the Issue" in this Red Herring Prospectus.

Steps to be taken by the Bidders for bidding:

- Check whether he/ she is eligible for bidding (refer to the section "Issue Procedure – Who can Bid" on page [.] of this Red Herring Prospectus);
- Ensure that the bidder has a demat account; and
- Ensure that the Bid-cum-Application Form is duly completed as per instructions given in this Red Herring Prospectus and in the Bid cum Application Form.
- Ensure that the Bid cum Application Form is accompanied by the PAN, or by Form 60 or Form 61 as may be applicable together with necessary documents providing proof of address. See page [.] of this Red Herring Prospectus for details.

Underwriting Agreement

After the determination of the Issue Price and allocation of Equity Shares but prior to filing of the Prospectus with the RoC, Our Company will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through this Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLMs shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfill their underwriting obligations.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

Emkay Share and Stock Brokers Limited

(This portion has been intentionally left blank and will be filled in before filing of the Prospectus with the RoC)

Name and Address of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. Lakh)
Centrum Capital Limited	[●]	[●]

The above-mentioned amount is indicative underwriting and this would be finalized after pricing and actual allocation. The above Underwriting Agreement is dated [●].

In the opinion of our Board of Directors (based on a certificate given by the Underwriters) and BRLM, the resources of all the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI under Section 12(1) of the Securities and Exchange Board of India Act, 1992 or registered as brokers with the Stock Exchange(s).

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments.

Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default, the respective Underwriter in addition to other obligations to be defined in the Underwriting Agreement will also be required to procure/subscribe to the extent of the defaulted amount Allocation to QIB Bidders is proportionate as per the terms of this Red Herring Prospectus.

Further, out of the QIB Portion, 5% would be available for allocation to Mutual Funds. In case of inadequate demand from Mutual Funds, the Equity Shares would be made available to QIBs other than mutual funds. Valid bids from Mutual Funds would be eligible for allotment from 5 % of the QIB Portion as well as from the balance QIB Portion. The subscription for proportionate allotment to QIBs shall be identified after reducing 5% of the total allocation to QIBs or any lesser amount allotted to Mutual Funds.

CAPITAL STRUCTURE

The share capital structure as at the date of filing of the Red Herring Prospectus with SEBI (before and after the proposed Issue) is set forth below:

Share Capital		Aggregate Value at Nominal value	Aggregate Value at Issue Price
(Rs. in lakhs)			
A)	AUTHORISED CAPITAL 250,00,000 Equity Shares of Rs. 10 each	2500.00	
B)	ISSUED, SUBSCRIBED AND PAID UP EQUITY SHARE CAPITAL 1,79,00,000 Equity Shares of Rs. 10 each	1790.00	
C)	PRESENT ISSUE IN TERMS OF THIS RED HERRING PROSPECTUS 62,50,000* Equity Shares of Rs. 10 each at a premium of Rs. [●] each Employees Reservation upto 2,00,000 Equity Shares of Rs 10 each at a premium of Rs. [●] each Net Issue to the Public 60,50,000 Equity Shares of Rs 10 each at a premium of Rs. [●] each Of which: Qualified Institutional Buyers Upto 30,25,000 Equity Shares (5% thereof reserved to be allocated to for Mutual Funds). Non Institutional Portion of at least 9,07,500 Equity Shares. Retail Portion of at least 2,117,500 Equity Shares.	625.00 20.00 302.50 90.75 211.75	[●] [●] [●] [●] [●]
D)	EQUITY CAPITAL AFTER THE ISSUE 241,50,000 Equity Shares of Rs. 10 each.	2415.00	[●]
E)	SHARE PREMIUM ACCOUNT Before the Issue After the Issue		360.00 [●]

*The Issue in terms of this Red Herring Prospectus has been authorized pursuant to a resolution passed at the General Meeting of our Shareholders held on November 17, 2005 at Mumbai.

Details of Increase in Authorised Capital:

Sr. No.	Increase from (Number of Shares)	Amount (Rs)	Increase to Number of	Amount (Rs)	Date of Shareholder's
1.	1,00,000	10,00,000	40,00,000	4,00,00,000	October 9, 1995
2.	40,00,000	4,00,00,000	2,50,00,000	25,00,00,000	November 17, 2005

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NOTES TO THE CAPITAL STRUCTURE:

1. Share Capital history of the Company

Date of Allotment	No. of Equity Shares	Face value (Rs.)	Issue price per Equity Share (Rs.)	Nature of payment	Reasons for Allotment	Cumulative Paid up Capital (Rs.)	Cumulative Share Premium (Rs.)
January 25, 1995	200	10	10	Cash	Subscription	2,000	NIL
October 16, 1995	30,00,000	10	10	Cash	Allotment to Promoters	3,00,02,000	NIL
March 29, 1996	4,99,800	10	10	Cash	Allotment to Promoters	3,50,00,000	NIL
December 16, 2005	1,40,00,000	10	10	Bonus	Bonus in the ratio of 4 :1	17,50,00,000	NIL
January 28, 2006	4,00,000	10	100	Cash	Preferential Allotment	17,90,00,000	3,60,00,000
TOTAL	17,900,000						

2. Promoters Contributions and Lock-In

a. Allotment to Promoters									
Name of the Promoter	Date on which Equity Shares were allotted/ acquired/ made fully paid-up	Consideration (Cash, Bonus, kind, etc.)	No. of Equity shares	Face Value (Rs.)	Issue Price (Rs.)	% of pre-issue paid up capital	% of Post issue paid up capital	Lock-in Period (year)	
Mr. Krishna Kumar Karwa: Jointly held with Ms. Priti Karwa (Second Holder)	January 25, 1995	Cash	100	10	10	0.00	0.00	1	
	October 16, 1995	Cash	700,000	10	10	3.91	2.90	1	
	March 15, 2005	Cash	84,400	10	10	0.47	0.35	1	
	March 15, 2005	Cash	200,000	10	10	1.12	0.83	1	
	December 16, 2005	Bonus	18,98,000	10	NIL	10.60	7.86	1	
	December 16, 2005	Bonus	20,40,000	10	NIL	11.40	8.44	3	
	Jointly held with Mr. Raunak Karwa (First Holder)	October 16, 1995	Cash	50,000	10	10	0.28	0.21	1
March 15, 2005	Cash	300,000	10	NIL	1.68	1.24	1		
December 16, 2005	Bonus	1,400,000	10	NIL	7.82	5.80	1		
Total			6,672,500			37.28	27.63		
Mr. Prakash Kacholia: Jointly held with Ms. Preeti Kacholia (Second Holder)	January 25, 1995	Cash	100	10	10	0.00	0.00	1	
	October 16, 1995	Cash	700,000	10	10	3.91	2.90	1	
	March 29, 1996	Cash	249,900	10	10	1.40	1.03	1	
	December 16, 2005	Bonus	17,60,000	10	NIL	9.83	7.29	1	
	December 16, 2005	Bonus	20,40,000	10	NIL	11.40	8.45	3	
	Jointly held with Ms. Preeti Kacholia (First Holder)	October 16, 1995	Cash	425,000	10	10	2.37	1.76	1
	December 16, 2005	Bonus	1,700,000	10	NIL	9.50	7.04	1	
Total			6,875,000			38.41	28.47		
Emkay Corporate Services Pvt. Ltd.	October 16, 1995	Cash	750,000	10	10	4.19	3.11	1	
	December 16, 2005	Bonus	22,50,000	10	NIL	12.57	9.31	1	
	December 16, 2005	Bonus	7,50,000	10	NIL	4.19	3.11	3	
Total			3,750,000			20.95	15.53		

b. Final Shareholding of the Promoters

Sr. No.	Name of the Promoters	No. of Equity Shares held
1.	Krishna Kumar Karwa	49,22,500
2.	Prakash Kacholia	47,50,000
3.	Emkay Corporate Services Pvt.L td.	37,50,000

c. The shareholding of the Promoters would be locked-in for a period of three years as under:

Name of the Promoter	Date on which Equity Shares were allotted/ acquired	No. of Equity shares	Par Value of Shares (Rs.)	% of pre-issue paid up capital	% of Post issue paid up capital
Mr. Krishna Kumar Karwa (Jointly held with Ms. Priti Karwa)	December 16, 2005	20,40,000	10	11.40	8.44
Mr. Prakash Kacholia (Jointly held with Ms. Preeti Kacholia)	December 16, 2005	20,40,000	10	11.40	8.45
Emkay Corporate Services Pvt. Ltd.	December 16, 2005	7,50,000	10	4.19	3.11
Total					20.00

The promoter's contribution has been brought in to the extent of not less than the specified minimum lot and from persons defined as promoters under the Guidelines.

The above promoters have vide their letter dated January 28, 2006 given their consent for lock in as stated above. Shares issued last shall be locked in first. The Equity Shares of the promoters will be locked-in for the period specified above from the date of allotment of Equity Shares in this Issue. The Equity Shares to be locked-in for a period of three years have been computed as 20% of our equity capital after the Issue, in accordance with the SEBI Guidelines.

Locked-in Equity Shares held by the Promoters can be pledged with banks or financial institutions as collateral security for loans granted by such banks or financial institutions.

In terms of clause 4.16 (a) of the SEBI Guidelines, Equity Shares held by shareholders other than the Promoters prior to the issue may be transferred to any other person holding shares which are locked-in as per Clause 4.14 of the SEBI Guidelines, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI Takeover Regulations, as applicable.

Further, In terms of clause 4.16 (b) of the SEBI Guidelines, Equity Shares held by the Promoters may be transferred to and amongst the Promoters/ Promoter Group or to a new promoter or persons in control of the Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI Takeover Regulations, as applicable.

Other than as stated above, the entire pre-Issue equity share capital of the Company will be locked-in for the period of one year from the date of allotment of Equity Shares in this Issue.

d. The following Directors hold Equity Shares as of the date of filing this Red Herring Prospectus:

Sr.No.	Name of the Directors	Number of Equity Shares
1	Krishna Kumar Karwa	
	Krishna Kumar Karwa jointly with Priti Karwa	49,22,500
	Raunak Karwa jointly with Krishna Kumar Karwa	17,50,000
	Total	66,72,500
2	Prakash Kacholia	
	Prakash Kacholia jointly with Preeti Kacholia	47,50,000
	Preeti Kacholia jointly with Prakash Kacholia	21,25,000
	Total	68,75,000

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3. Equity Shares held by top ten shareholders:

a. Our top ten shareholders and the Equity Shares held by them on the date of filing the Red Herring Prospectus.			
Sr.No.	Name of the Shareholders	Number of Equity Shares	
1	Krishna Kumar Karwa jointly with Priti Karwa	49,22,500	
2	Prakash Kacholia jointly with Preeti Kacholia	47,50,000	
3	Emkay Corporate Services Pvt. Ltd	37,50,000	
4	Preeti Kacholia jointly with Prakash Kacholia	21,25,000	
5	Raunak Karwa jointly with Krishna Kumar Karwa	17,50,000	
6	Murlidhar Karwa (H U F)	1,00,000	
7	Krishna Kumar Karwa (H U F)	1,00,000	
8	Suresh K. Jajoo	20,000	
9	Nitin Kataria	10,000	
10	Vivek Jain	10,000	
Total		1,75, 37,500	
b. Our top ten shareholders and the Equity Shares held by them ten days prior to the date of filing the Red Herring Prospectus with SEBI are as follows:			
Sr.No.	Name of the Shareholders	Number of Equity Shares	
1	Krishna Kumar Karwa jointly with Priti Karwa	49,22,500	
2	Prakash Kacholia jointly with Preeti Kacholia	47,50,000	
3	Emkay Corporate Services Pvt. Ltd	37,50,000	
4	Preeti Kacholia jointly with Prakash Kacholia	21,25,000	
5	Raunak Karwa jointly with Krishna Kumar Karwa	17,50,000	
6	Murlidhar Karwa (H U F)	1,00,000	
7	Krishna Kumar Karwa (H U F)	1,00,000	
8	Suresh K. Jajoo	20,000	
9	Nitin Kataria	10,000	
10	Vivek Jain	10,000	
Total		1,75, 37,500	
c. Our top ten shareholders and the Equity Shares held by them two years prior to filing of this Red Herring Prospectus:			
Sr.No.	Name of the Shareholders	Number of Equity Shares	
1	Prakash Kacholia	9,50,000	
2	Emkay Corporate Services Pvt. Ltd	7,50,000	
3	Krishna Kumar Karwa	7,00,100	
4	Preeti Kacholia	4,25,000	
5	Murlidhar Karwa	3,00,000	
6	Geeta Devi Karwa	2,00,000	
7	Priti Karwa	84,400	
8	Raunak Karwa jointly with Krishna Kumar Karwa	50,000	
9	Murlidhar Karwa (HUF)	20,000	
10	Krishna Kumar Karwa (HUF)	20,000	
Total		34,99,500	

4. Except ESOP 2005, there are no outstanding warrants, options or rights to convert debentures, loans or other financial instruments into our Equity Shares. The shares locked-in by the Promoters are not pledged to any party.

5. **Shareholding pattern of the Company prior and post this Issue**

Name of the Shareholder	Pre Issue		Post Issue	
	Shares	%	Shares	%
Promoters				
Krishna Kumar Karwa	49,22,500	27.50	49,22,500	20.38
Prakash Kacholia	47,50,000	26.54	47,50,000	19.67
Emkay Corporate Services Pvt.L td.	37,50,000	20.95	37,50,000	15.53
	1,34,22,500	74.99	1,34,22,500	55.58
Promoter Group				
Raunak Karwa	17,50,000	9.78	17,50,000	7.25
Preeti Kacholia	21,25,000	11.87	21,25,000	8.80
Murlidhar Karwa(HUF)	1,00,000	0.56	1,00,000	0.41
Krishna Kumar Karwa (HUF)	1,00,000	0.56	1,00,000	0.41
Others	2,500	0.01	2,500	0.01
	40,77,500	22.78	40,77,500	16.88
Total Promoter and Promoter Group	1,75,00,000	97.77	1,75,00,000	72.46
Strategic Investor	0		0	0
Employees			2,00,000	0.0003
Others				
Friends and Associates	4,00,000	2.23	4,00,000	1.66
Public	0	0	62,50,000	25.88
Total	1,79,00,000	100.00	2,41,50,000	100.00

Shares held by the Directors of Emkay Corporate Services Private Limited are as follows:

Sr.No.	Name of the Directors	Number of Equity Shares
1.	Krishna Kumar Karwa	
	Krishna Kumar Karwa jointly with Priti Karwa	49,22,500
	Raunak Karwa jointly with Krishna Kumar Karwa	17,50,000
	Total	66,72,500
2.	Prakash Kacholia	
	Prakash Kacholia jointly with Preeti Kacholia	47,50,000
	Preeti Kacholia jointly with Prakash Kacholia	21,25,000
	Total	68,75,000

4. Buyback and Standby Arrangements:

Neither our Company nor our Directors or our Promoters, their respective directors or the BRLM have entered into any buyback and/or standby arrangements for the purchase of the Equity Shares from any person.

5. Our Company has not raised any bridge loan against the proceeds of the Issue. For details on use of proceeds, see the section titled "Objects of the Issue" on page no. [•] of this Red Herring Prospectus

6. In case of under subscription in the reserved category, the same shall be added back to the net offer to the public.

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In case of over subscription in the reserved category, excess shall be made from shortfall if any, in the Retail and Non- Institutional category (i.e shortfall in the retail or non-institutional category shall be first adjusted against excess demand in the non-institutional or retail category respectively and the balance shortfall if any, shall be available to the reserved category). Under subscription in the reserved category will be allocated first to Retail category and the balance under subscription if any, after allocating to retail category will be allocated to Non-institutional category.

7. In this Issue, in case of over – subscription in all categories (including reservation), up to 50% of the Issue shall be allocated to QIBs on a proportionate basis (including 5% thereof reserved for Mutual Funds). Further, not less than 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue will be available for allocation to Retail Individual Bidders, subject to valid Bids being received from them at or above the Issue Price. Under subscription, if any, in the Non-Institutional and Retail Individual categories would be allowed to be met with spill over from any other category at the sole discretion of Our Company and the BRLM. In case the allotment to QIBs works out to less than 50% of the Net Issue to the Public, the entire bid amount/ subscription money shall be refunded.
8. None of our promoters or Promoter Group or Directors of Emkay Corporate Services Private Limited (one of the promoters of our company) have sold or acquired Equity Shares during the period of six months preceding the date on which the Red Herring Prospectus is filed with SEBI, except for the Bonus Shares allotted on December 16, 2005.
9. A Bidder cannot make a Bid for more than the number of Equity Shares offered in this Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
10. An over-subscription to the extent of 10% of the Issue can be retained for the purpose of rounding-off to the nearest multiple of minimum allotment lot while finalizing the basis of allotment.
11. Except on the exercise of options granted under ESOP 2005, there would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of the Red Herring Prospectus with SEBI until the equity shares offered hereby have been listed.
12. Our Company presently does not have any intention or proposal to alter its capital structure for a period of six months commencing from the date of opening of this Issue, by way of split/ consolidation of the denomination of Equity Shares or further issue of Equity Shares or securities convertible into Equity Shares, whether on a preferential basis or otherwise, or if Our Company enters in for acquisitions or joint ventures, it may consider raising additional capital to fund such activity or use Equity Shares as currency for acquisition and/or participation in such joint ventures.
13. Shares issued for consideration other than cash:
Except for Bonus shares, Our Company has not issued any shares for consideration other than cash. The said Bonus shares were issued on December 16, 2005 in the ratio of 4 (Four) Equity Shares for every 1 (one) Equity Share held.
14. Our Company has not issued any Equity Shares out of revaluation reserves.
15. At any given point of time there shall be only one denomination of Equity Shares of the Company unless otherwise permitted by law and the Company shall comply with such disclosures and accounting norms specified by SEBI from time to time.
16. We have 130 members as on March 17, 2006.
17. ESOP Scheme – 2005:

Employee Stock Option Scheme

Our Company has introduced an ESOP scheme by the name 'Employee Stock Option Scheme, 2005' (ESOP-2005) pursuant to the resolution passed by the shareholders at the EGM held on January 28, 2006. Options under the ESOP scheme have been granted on January 28, 2006 to Employees. The vesting of Options under the ESOP – 2005 is spread out from one year through four years. The period for exercising options is 1 year from the date of vesting. There is no lock-in on the equity shares allotted on exercise of the Options.

The ESOPs are administered by the Compensation Committee of Directors, which determine the terms and conditions of the options granted/ vested. Under the said ESOP scheme no equity shares have been issued till date.

Each Option shall entitle the Employee concerned (i.e. Option Holder) to apply for and, subject to and in accordance with the terms of the Plan, be allotted one equity share of Rs. 10/- each of the Company on payment of the exercise price

No Employee has received options entitling him/her to subscribe to more than 1% of the Equity Share capital of the Company during the last/current financial year.

Sr.No.	Particulars	ESOP – 2005
a.	Options Granted (net of options cancelled)	3,81,250 (At a face value of Rs 10)
b.	Exercise Price per Equity Share	Rs 20.00
c.	Options Vested	NIL
d.	Options Exercised	NIL
	Total number of shares arising as a result of exercise of options	3,81,250
e.	Options Lapsed or Cancelled	NIL
f.	Variation of terms of options	NIL
g.	Money realized by exercise of options	NIL
h.	Total number of options in force (vested)	NIL
i.	Person-wise details of options granted to:	
	Directors and key managerial employees	Please see Table (1) below
	Any other employee who received a grant in any one year of options amounting to 5% or more of option granted during that year	NONE
	Identified employees who are granted	N.A
	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	NIL
j.	Diluted Earning Per Share (EPS) pursuant to issue of shares on exercise of options	NIL
K	Vesting Schedule	First Vesting on January 28,2007
I	Lock-in	NONE

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Table (1) details regarding options granted to Directors and key managerial personnel are set forth below:

Sr. No.	Name of Director or Key Managerial Personnel	Number of Options Granted	Number of Equity Shares of Rs 10/- each Issuable upon exercise of options
	DIRECTORS	NIL	NIL
	KEY MANAGERIAL PERSONNEL		
1.	Vijay Shenoy	10,000	10,000
2.	Anish Damania	10,000	10,000
3.	Samir Rachh	7,500	7,500
4.	Chirayush Bakshi	5,000	5,000
5.	V.H. Bhaskaran	5,000	5,000
6.	Vijay Saraf	3,000	3,000
7.	Manish Jain	3,500	3,500
	TOTAL	54,000	

OBJECTS OF THE ISSUE

The gross proceeds from the fresh issue are estimated Rs. [●] Lakhs and intended to be deployed for expansion for operations and branch network (Both in India and Overseas), technology investment relating to Company's existing business and scaling of online trading business, investment in subsidiaries, augmenting working capital and meeting issue expenses.

The main objects clause and objects incidental or ancillary to the main objects clause of our Memorandum of Association enables us to undertake our existing activities and the activities for which the funds are being raised by us, through this Issue.

Fund Requirements

Particulars	Amount (Rs in Lakhs)
Expansion of Operations & Branch Network	1500
Technology and Business Continuity Planning	1000
Investment in Subsidiaries	2500
Augmenting Long Term Working Capital	4235
Issue Expenses	[●]
TOTAL	[●]

Means of Finance:

Particulars	Amount (Rs in Lakhs)
Internal Accrual	1360
Public Offer	[●]
Total	[●]

The requirement of the funds is proposed to be funded through this Initial Public Offering substantially. In case of shortfall, if any, the same shall be met out of internal accruals.

1. Expansion of Operation & Branch Network (Rs 1500 Lakhs).

The primary focus of our Company has been on Institution Broking. However, recently the focus is gradually shifting to the Retail Segment. The Retail Sector has contributed about 45% of the total earnings in the prior years. This area offers a lot of scope for increasing the broking income as also supplementing its other activities. The company presently has 17 Branches and operates through 24 Franchisees. We intend to expand its branch/ franchisee network to 100 within the next 24 months. Our Company also intends to setup two overseas offices at Singapore and Dubai.

Our Company plans to open 6 Regional Offices in India. The existing branches and the franchisees have been setup in the last three years. These branches need to be upgraded to meet with the new requirements of business.

We presently operate through our corporate office at Lower Parel, situated at Phoenix House, 'C' wing, 4th Floor, Phoenix Mills, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013. In view of the increase in the business activities, it is necessary to move into larger premises. Our Company has acquired an additional office of 7400 square feet at Worli and the same is expected to be operational by April, 2006. The Leave and License deposit together with the furnishings thereof and new office equipment, communication systems etc. is proposed to be funded through this public offer and internal Accruals.

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Our Company has estimated a total amount of Rs. 1500 Lakhs as under:

Opening of 38 Branches.	Rs. 760 Lakhs.
Opening of 6 Regional Offices Centres	Rs 240 Lakhs
Upgrading 17 existing branches	Rs. 100 Lakhs.
Opening of 2 foreign branches @ Rs. 60 Lakhs. per branch	Rs. 120 Lakhs.
Corporate Office including deposit	Rs. 150 Lakhs.
Contingency	Rs. 130 Lakhs
TOTAL	Rs.1,500 Lakhs.

a. Branches Rs 760 Lakhs (38 @ Rs 20 Lakhs)

The cost of opening each Branch is estimated as under:

(Rs. In Lakhs)

Details	Amount
Security Deposit for Premises (Appx. 600-800 sq.ft.)	3.50
Furniture & Fittings	9.60
Computers & Other Accessories	6.90
Total	20.00

Our Company will be investing Rs 6.90 Lakhs in Computers and other accessories for each branch proposed to be opened. These would include computers, UPS, Communication Systems, Printers, Servers and Trading Software Licences. Quotations for the same have been procured from Midas Business Machines Private Limited, SK International and Financial Technology.

Furnitures and Fixtures is estimated at Rs. 1200 per sq. feet for each branch of approximately 800 sq. feet. Also, a Security deposit to the tune of Rs 3.50 Lakhs per branch is estimated to take the required branch premises on lease.

b. Regional Office Rs 240 Lakhs (6@ Rs 40 Lakhs)

Our Company proposes to open 6 Regional Offices at important centers and the cost of opening each Regional Office is estimated as under:

(Rs. In Lakhs)

Details	Amount
Security Deposit for Premises (Apprx. 1500-2000 sq.ft.)	7.50
Furniture & Fittings	21.00
Computers, Server & Other Accessories	11.50
Total	40.00

Our Company will be investing Rs 11.50 Lakhs in Computers and other accessories for each Regional Office proposed to be opened. These would include computers, UPS, Communication Systems, Printers, Servers and Trading Software Licences. Quotations for the same have been procured from Midas Business Machines Private Limited, SK International and Financial Technology.

Furnitures and Fixtures is estimated at Rs. 1200 per sq. feet for each Regional Office of approximately 1,750 sq. feet. Also, a Security deposit to the tune of Rs. 7.50 Lakhs per Regional Office is estimated to take the required premises on lease.

c. Foreign Branches Rs 120 Lakhs (2 @ Rs 60 Lakhs)

Our Company proposes to open to foreign offices at Dubai & Singapore and the cost of opening each foreign office is as under:

(Rs. In Lakhs)

Details	Amount
Security Deposit for Premises /Sponsorship fees (Apprx. 1000 sq.ft.)	30.00
Furniture & Fittings	15.00
Computers, Server & Other Accessories	15.00
Total	60.00

Our Company proposes to setup the above branches over a period of two years as follows:

	2006-2007	2007-2008	2008-2009
Domestic Branches	13	13	12
Regional Offices	2	2	2
Foreign Branches	01	01	-
			(Rs. In Lakhs)
Cost of opening domestic branches	260	260	240
Cost of opening Regional Offices	80	80	80
Upgrade existing branches	100	-	-
Cost of opening foreign branches	60	60	-
Corporate Office	150	-	-
Contingency	50	50	30
Total	700	450	350

2. Technology and Business Continuity Planning (Rs 1000 Lakhs)

Our company intends to upgrade its existing technology infrastructure. The upgrades would include replacing the existing trading and database servers with high-end servers considering the increased volumes. The customers are savvy and demanding. Our Company will offer more products such as web trading and reporting. Customer Relationship Management system too would be put in place.

As business grows, there would be a growing need to put in place a more sophisticated risk management and monitoring system. The back office systems too will need to be modernized to cater to a larger client base and distributed processing demands. From compliance point of view, Our Company would put in place a data mine and systems for the same. Disaster recovery being the need of the hour for continuous and uninterrupted flow of operations is proposed to be set up.

The above cost together with the cost of implementation will involve an outlay of Rs. 1000 Lakhs.

The breakup of the requirement of funds for technology up gradation is as under:

Particulars	Rs. In Lakhs
High End servers for internet Trading, Back office & CRM	375.00
Software	185.15
Other Hardware Implementation	160.00
Total	720.15

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We also have plans to develop a business continuity plan involving setting up of a disaster recovery site at another location. These will ensure that the company's activities are carried out without disruption in case of unforeseen circumstances. The company estimates to spend the total outlay on technology over the next 2 years. The details of funds for this purpose are as under:

Particulars	Rs. In Lakhs
Servers and equipment	229.90
Site preparation	50.00
Total	279.90

Details of quotations as received for above requirements are as follows:

Sr. No.	Particulars	Quotation Details		Date
		Name of Party	Amount (Rs in Lakhs)	
1.	Servers Upgrades	SK International	375.00	12.09.2005
2.	Testing and Simulation / Training Server	SK International	7.40	12.09.2005
3.	Computers	Midas Business Machines Pvt Ltd	92.40	03.10.2005
4.	UPS	Accutech Business Systems Pvt Ltd	10.00	29.05.2004
5.	Communications	SK International	35.00	10.11.2005
6.	Phone Logger	CG- Coreel	14.60	04.08.2005
7.	Printers	SK International	10.00	10.11.2005
8.	Disaster Recovery System Site	-	19.00	-
9.	Disaster Recovery System UPS	Accutech Business Systems Pvt Ltd	5.00	29.05.2004
10.	Disaster Recovery Communications	SK International	249.50	12.09.2005
11.	Software Cost	Sutantra EPL	182.10	15.12.2005
TOTAL			1000.00	

3. Investment in Subsidiaries (Rs 2500 Lakhs)

The Company has two subsidiaries:

- a) **Emkay Fincap Private Limited**
- b) **Emkay Commotrade Limited.**

Emkay Fincap Private Limited is a subsidiary of our Company with 85% of Shares held by us . This company was formed on May 16, 2005 for carrying on share financing activities. The company has so far not started these activities since the RBI approval was received only recently. The Company is in the process of setting of a proper system and software to ensure smooth business activities. The company has tied up with Citicorp to finance the working capital requirements. The company will be required to invest in long-term working capital of the company and hence an amount of Rs. 20 crores will be set aside for this purpose out of the proceeds of the IPO.

Emkay Commotrade Limited is a subsidiary of our Company with 100% of Shares held by us . The Company has recently been formed on January 5, 2006. The company proposes to carry on commodity broking and will invest approximately Rs. 50 Lakhs in the membership of the 2 exchanges namely –

1. **MCX Commodity Exchange**
2. **NCDEX Commodity Exchange.**

Our Company will need funds for taking over the existing membership of MCX/NCDEX from Emkay Corporate Services Pvt Limited which is presently carrying on this activity within the Emkay Group. Alternatively, ECL will acquire new membership from MCX/NCDEX exchanges in case of any difficulty in transfer of their existing membership of Emkay Corporate. The cost of acquisition of these membership cards together with requirements of long term working capital towards margin deposits with the Exchanges will be met out of the IPO proceeds to the extent of Rs 5 crores.

4. **Long Term Working Capital (Rs 4235 Lakhs)**

Long Term working capital would comprise of margin capital to be placed with Stock Exchanges. The margin capital requirements with the exchanges are determined on the basis of volumes traded and the market volatility. With the proposed expansion in the branch network our Company's trading volume are expected to increase leading to additional margin capital requirements. This will enable us to strengthen the balance sheet and undertake more business in equity, derivatives and debt markets.

The Long Term Working Capital requirements have been worked out at Rs. 4236 Lakhs based on levels of business expected in the different segments of the market i.e, Cash/ F & O Segments and Institutional/ Retail business. Taking into account the yields on the business and the requirement of margins to be deposited with the Stock Exchanges, the total Working Capital Requirement is Rs. 6286 Lakhs. The existing margins available from the operations is Rs. 2050 Lakhs resulting in a gap of Long Term Capital requirements to the tune of Rs. 4236 Lakhs.

Based on the working capital deployed with the Exchange for the existing branches/ franchisees network and taking into consideration the proposed branches/ franchisees to be set up as disclosed in the Offer Document, we expect the working capital requirement to proportionately go up.

Working Capital is required to increase the capital adequacy with the Exchanges for the enhanced volumes.

The past one year period has been taken as a basis for arriving at the enhanced Working Capital requirements. The Working Capital requirements are for increasing the Capital Adequacy requirements with the Exchanges for both the Cash and Derivative Segments. The Working Capital as on September 30, 2005 in the form of Cash/ Fixed Deposits/ Bank Guarantees lying with the Exchanges was Rs. 3,506 Lakhs as detailed below:

Particulars	Amount (Rs. in Lakhs)
Cash	1216
Fixed Deposit Receipts	880
Bank Guarantees	1410
Total	3506

5. **Issue Expenses**

The expenses to be incurred for the IPO would include Lead Management Fee, Brokerage, Underwriting Fees, Fees payable to Registrar, Printing & Stationery Expenses, Advertisement & Marketing Expenses, Fees payable to Regulatory Agencies and Stock Exchanges etc.

The estimated Issue Expenses are as under:

Particulars	Rs. Lakhs
Lead Management Fee	[●]
Underwriting & Brokerage	[●]
Fees Payable to Registrar including Postage	[●]
Printing & Stationery	[●]
Legal Fees	[●]
Advertisement & Marketing	[●]
Others	[●]
Total	[●]

Emkay Share and Stock Brokers Limited

Net tangible assets that would be created out of the total Project Cost proposed to be financed out of the Issue would be approximately 54% exclusive of the Long Term Working Capital.

Schedule of Implementation and Deployment:

(Rs. In Lacs)

Particulars	2006-2007					2007-2008					2008-2009					TOTAL
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total	
Expansion of Operations & Branch Network	230	260	185	25	700	185	105	160	-	450	175	95	80	-	350	1,500
Technology & Business Continuity	150	150	118	-	418	100	100	104	-	304	178	100	-	-	278	1,000
Investment in Subsidiaries	500	500	500	-	1,500	500	500	-	-	1,000	-	-	-	-	-	2,500
Working Capital Requirements	1,000	1,000	1,000	1,235	4,235	-	-	-	-	-	-	-	-	-	-	4,235
Issue Expenses	[●]	[●]	[●]	[●]	[●]	-	-	-	-	-	-	-	-	-	-	[●]
TOTAL	[●]	[●]	[●]	[●]	[●]	785	705	264	-	1,754	353	195	80	-	628	[●]

*Working Capital requirements is towards margin money required to be deposited with the Stock Exchanges in the form of Cash, Bank Deposit, or Approved Securities and is an ongoing requirement depending on the volume.

Appraisal

Any bank or financial institution has not been appraised the project of Our Company.

Interim Use of Funds:

Pending utilization of funds as stated above, our Company intends to keep the proceeds of the issue in fixed deposits in an Escrow Account with any of the Scheduled Commercial Bank for the necessary duration.

Monitoring of utilization of funds

We have appointed Deutsche Bank AG as Monitoring Agency to monitor the utilization of the proceeds of the Issue. No part of the Issue proceeds will be paid by us as consideration to our Promoters, Directors, key management personnel or companies promoted by our Promoters except in the course of normal business

BASIS FOR ISSUE PRICE

The Issue Price will be determined by our Company in consultation with BRLM, on the basis of assessment of market, demand for the Equity Shares, by way of Book Building Process.

Qualitative Factors:

1. Our Company is a decade old broking house providing individuals and corporates with customized Financial Services such as Retail and Institutional Broking of equity and derivative products, Portfolio Management Services and Distribution of Mutual Funds & IPO's.
2. Our Company has a management team with Directors having long experience in broking and research. The team of key managerial personnel has adequate experience required for the business.
3. Retail distribution with 17 branches and 25 franchisees spread over all the regions of India. The company has a customer base of over 17,000 clients for the broking services.
4. Our Company has a diversified revenue stream on account of the various products offered to its clients.

Quantitative Factors:

(1) Earning Per Share: - EPS. (As adjusted for changes in capital)

	PAT (Rs in Lakhs)	Weighted Average No of shares	EPS (Rs.)	Weights
Year Ended March 2003	141.78	35,00,000	4.05	1
Year Ended March 2004	405.37	35,00,000	11.58	2
Year Ended March 2005	644.48	35,00,000	18.41	3
Weighted Average EPS				13.74

EPS for the FY 2005 is Rs. 18.41 and **EPS for the first 6 months of the current financial year** (Based on Audited accounts) for the period ended 30th September 2005 is Rs 19.89 per share.

2. Price/Earning* Ratio in relation to issue price is [●]

- a) Based on Earnings for the period ended on 30th September 2006 at fully diluted EPS of Rs.19.89 on equity share of face value of Rs. 10 each.
- b) Based on Weighted Average EPS of Rs. 13.74

* Would be calculated after discovery of the Issue Price through Book –building.

3. Weighted Average Return on Network

	PAT (Rs in Lakhs)	Net Worth (Rs. in lakhs) No of shares	RoNW %	Weights
Year Ended March 2003	141.78	1350.65	10.50	1
Year Ended March 2004	405.37	1697.05	23.89	2
Year Ended March 2005	644.48	2262.63	28.48	3
Weighted Average Return on Network				23.95

4. Minimum Return on increased Network required to maintain pre issue EPS [●]

Emkay Share and Stock Brokers Limited

5. Net Asset Value per Share (NAV) Pre-Issue

Period	Networth (Rs. In Lakhs)	Weighted Average No of shares	NAV
Year Ended March 2003	1350.65	3,500,000	38.59
Year Ended March 2004	1697.05	3,500,000	48.49
Year Ended March 2005	2262.63	3,500,000	64.65

Net Asset Value (NAV) Per Share as of Balance sheet for the year ended 31st March, 2005 is Rs. 64.65 (Rs 12.93 after adjustment of bonus shares issued now)

6. Net Asset Value (NAV) Per Equity Share post Issue and comparison with the Issue price.

The NAV per Equity Share after the Issue Rs.[●].

Issue Price per Equity Share Rs. [●].

The offer price of Rs [●] has been determined by our Company in consultation with the Lead Managers and based on the P/E of other corporates in the service Industry.

7. Comparison with Industry Peers

	EPS (Rs)	RONW %	Book Value per Share (Rs)	P/E
India Bulls Financial	1.5	12.5	22.00	52.00
Geojit Financial	5.4	38.3	20.3	18.1
India Infoline	4.00	42.7	14.7	28.4
IL & FS Investmart	4.9	44.00	44.9	25.8

Source: Capital Market Vol. XX/01, Mar-13-Mar 26, 2006 (Finance and Investments)

8. The face value of Equity Shares of our Company is Rs. 10 and the issue price is [●] time of the face value.

The issue price of Rs. [●] is determined by our Company in consultation with the BRLMs and is justified in view of the foregoing qualitative and quantitative parameters.

Investors are requested to see the section titled "Risk Factors" on page [●] of this Red Herring Prospectus and the financials of our Company including important profitability and return ratios, as set out in the Auditors Report on financial statements on page[●] of this Red Herring Prospectus to have a more informed view. Provided however that the Issue Price for the Equity Shares in this Issue, has not been determined solely on the basis of such profitability and return ratios, financial statements or other forward looking statements. The Issue Price will be determined on the basis of demand from Investors upon completion of the Book Building process.

STATEMENT OF TAX BENEFITS

Auditors' Report

Emkay Share & Stock Brokers Limited

4th Floor, Hamam House,
Ambalal Doshi Marg,
Fort, Mumbai – 400 023.

Dear Sirs,

Sub: Statement of possible Tax Benefits available to the Company and its shareholders

We hereby report that the enclosed statement states the possible tax benefits available to the Company and to the shareholders of the Company under the Income tax Act, 1961, Wealth Tax Act, 1957 and the Gift Tax Act, 1958, presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the statute.

The benefits discussed in the enclosed statement are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

We do not express any opinion or provide any assurance as to whether:

- (I) The Company or its shareholders will continue to obtain these benefits in future; or
- (II) The conditions prescribed for availing the benefits have been/would be met with.

The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations currently carried on by the Company.

For **B.L. SARDA & ASSOCIATES**

Chartered Accountants,

Sd/-

B. L. SARDA

Partner

Membership No. 14568

Place: Mumbai

Date: 7th January, 2006

Emkay Share and Stock Brokers Limited

Annexure to the Auditors' Report on Statement of Tax Benefits

The tax benefits listed below are the possible benefits available under the current tax laws in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws.

The following tax benefits shall be available to the Company and the prospective shareholders under the Income-tax Act, 1961, Wealth Tax Act, 1957 and the Gift tax Act, 1958.

1. Benefits under the Income-tax Act, 1961 (the Act)

2. To the Company –

- a. Under Section 32 of the Act, the company is entitled to claim depreciation allowance at the prescribed rates on all its tangible and intangible assets acquired and put to use for its business.
- b. The company is eligible for amortization of preliminary expenses being the expenditure on public issue of shares under section 35D(2)(iv) of the Act, subjects to limits specified in sub-section (3).
- c. The company has / is likely to have substantial investments in subsidiaries engaged in various businesses. Under Section 10(34) of the Income Act, 1961, any dividend as referred to in section 115-O of the Act (whether interim or final) declared and paid by the subsidiaries, is exempt from tax in the hands of the company.

3. To the Members of the Company –

3.1 Resident/Non Resident Indians/Non-Residents Members (other than Foreign Institutional Investors)

- a) Under section 10(34) of the Act, dividend as referred to in section 115-O of the Act (whether interim or final) declared and paid by the company is exempt from income-tax in the hands of the shareholders. Also section 94(7) of Act provides that losses arising from the sale / transfer of shares of the company purchased up to three months prior to the record date and sold within three months after such date, will be disallowed to the extent dividend on such shares are claimed as tax exempt by the shareholder.
- b) Under Section 10(38) of the Act, long term capital gain arising from transfer of a long term capital asset being an equity share in the company (i. e capital asset held for the period of twelve months or more) which is chargeable to Securities Transaction Tax, shall be exempt from tax in the hands of shareholders.
- c) In terms of Section 88E of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transaction entered into in the course of the business would be eligible for rebate from the amount of income -tax on the income chargeable under the head 'Profits and Gains of Business or Profession' arising from taxable securities transaction.
- d) Under Section 54EC and section 54ED of the Act, long term capital gain arising from transfer of shares of the company (other than those exempt u/s. 10(38)) shall be exempt from tax, subject to the conditions and to the extent specified therein, if the long term capital gain are invested within a period of six months from the date of transfer in the long term specified assets (hereinafter referred to as the "new asset").

If only part of the long term capital gain is so reinvested, the exemption shall be proportionately reduced. However, the amount so exempted shall be chargeable to tax subsequently, if the new asset is transferred or converted into money within three years from the date of their acquisition.

- e) Under Section 54F of the Act, where in the case of an individual or HUF long term capital gain arise from transfer of shares of the company (other than those exempt u/s. 10(38)) then such long term capital gain, subject to the conditions and to the extent specified therein, will be exempt if the net sales consideration from such transfer is utilized for purchase of residential house property within a period of one year before or two year after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer. However, the amount so exempted shall be chargeable to tax subsequently, if the residential house property is transferred or converted into money within three years from the date of its purchase or construction.

- f) Under Section 111A of the Act, short term capital gains arising from transfer of equity share of the company, which is subject to securities transaction tax will be taxable under the Act @ 10% (plus applicable surcharge and educational cess).
- g) Under Section 112 of the Act and other relevant provisions of the Act, long term capital gains arising on transfer of shares of the Company (not covered under section 10(38) of the Act), shall be taxed at a rate of 20% (plus applicable surcharge and educational cess on income-tax) after indexation as provided in the second proviso to Section 48 or at 10% (plus applicable surcharge and educational cess on income-tax) (without indexation), at the option of the Shareholders.

3.2 Mutual Funds:

- a) As per the provision of Section 10(23D) of the Act, all mutual funds set up by public sector banks, public financial institutions or mutual funds registered under the Securities and Exchange Board of India (SEBI) or authorized by the Reserve Bank of India are eligible for exemption from income-tax, subject to the conditions specified therein, on their entire income including income from investment in the shares of the company.

3.3 Additional Benefits to Non Resident Indians/Non-Residents Members (other than Foreign Institutional Investors) –

- a) Taxation of Income from investment and Long Term Capital Gains:
 - (i) A non-resident Indian, i.e. an individual being a citizen of India or person of Indian origin has an option to be governed by the special provisions contained in chapter XIIA of the Act, i.e. “Special Provisions Relating to certain incomes of Non-Residents”.
 - (ii) Under Section 115E of the Act, where shares in the company are subscribed for in convertible Foreign Exchange by a non-resident Indian, capital gain arising to the non resident on transfer of shares held for a period exceeding 12 months shall (in case not covered under Section 10(38) of the Act) be concessionaly taxed at a flat rate of 10% (plus applicable surcharge and educational cess on Income-tax) without indexation benefit but with protection against foreign exchange fluctuation under the first proviso to Section 48 of the Act.
 - (iii) Under provisions of section 115F of the Act, long term capital gains (not covered under section 10(38) of the Act) arising to a non-resident Indian from the transfer of shares of the company subscribed to in convertible Foreign Exchange shall be exempt from income tax if the net consideration is reinvested in specified assets within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition.
 - (iv) Under provisions of Section 115-G of the Act, it shall not be necessary for a non-resident Indian to furnish his return of income if his only source of income is investment income or long term capital gains or both arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted therefrom.
 - (v) Under Section 115-I of the Act, a non resident Indian may elect not to be governed by the provisions of Chapter XII-A of the Act for any assessment year by furnishing his return of income under section 139 of the Act declaring therein that the provisions of the said Chapter shall not apply to him for that assessment year and if he does so the provisions of this Chapter shall not apply to him. In such a case the tax on investment income and long term capital gains would be computed as per normal provisions of the Act.
- b) Under the first proviso to section 48 of the Act, in case of a non resident, in computing the capital gains arising from transfer of shares of the company acquired in convertible foreign exchange (as per exchange control regulations), protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case.

Emkay Share and Stock Brokers Limited

3.4 Foreign Institutional Investors (FIIs) –

- a) Under section 10(34) of the Act, dividend as referred to in section 115-O of the Act (whether interim or final) declared and paid by the company is exempt from income-tax in the hands of the shareholders. Also section 94(7) of Act provides that losses arising from the sale / transfer of shares of the company purchased up to three months prior to the record date and sold within three months after such date, will be disallowed to the extent dividend on such shares are claimed as tax exempt by the shareholder.
- b) Long-term Capital gains arising on transfer of equity shares of the company on sale of which securities transaction tax is paid, is exempt under Section 10(38) of the Income-tax Act whereas short-term capital gains is subject to tax under section 111A of the Income-tax Act at the rate of 10% (plus applicable surcharge and education cess).

If the shares of the company on which securities transaction tax has been paid are treated as stock-in-trade liable to tax as business profits, liable to tax at the maximum marginal rate, rebate can be claimed in accordance with provisions of Section 88E of the Income-tax Act towards such securities transaction tax.

- c) Capital gains arising to FIIs on sale of shares of the company on which securities transaction tax is not paid is governed by Section 115AD of the Income-tax Act. As per Section 115AD of the Income-tax Act, long-term capital gains arising on transfer of shares of the company purchased by FIIs, are taxable at the rate of 10% (plus applicable surcharge and education cess). Short-term capital gains are however, taxable at the rate of 30% (plus applicable surcharge and education cess). Cost indexation benefits will not be available. Further, the provisions of the first proviso of Section 48 of the Income-tax Act as stated above will not apply.
- d) In accordance with and subject to the provisions of Section 196D(2) of the Income-tax Act, no deduction of tax at source will be made in respect of capital gains arising from the transfer of the equity shares referred to in Section 115AD from sale proceeds payable to FIIs.
- e) Under Section 54EC and section 54ED of the Act, long term capital gain arising from transfer of shares of the company (other than those exempt u/s. 10(38) shall be exempt from tax, subject to the conditions and to the extent specified therein, if the long term capital gain are invested within a period of six months from the date of transfer in the long term specified assets (hereinafter referred to as the “new asset”).

If only part of the long-term capital gain is so reinvested, the exemption shall be proportionately reduced. However, the amount so exempted shall be chargeable to tax subsequently, if the new asset is transferred or converted into money within three years from the date of their acquisition.

4. Benefits under Wealth Tax Act, 1957 –

Shares of the company held by the shareholder will not be treated as an “asset” within the meaning of section 2(ea) of Wealth-tax Act, 1957; hence, wealth tax is not leviable on shares held in the company.

5. Benefits under the Gift Tax Act, 1957 –

Gift tax is not leviable in respect of any gifts made on or after October 1, 1998. Therefore, any gifts of the shares of the company will not attract Gift tax.

Notes

- a) All the above benefits are as per the current tax law and will be available only to the sole / first named holder in case the shares are held by joint holders.
- b) In respect of non-residents, taxability of capital gains mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreement, if any between India and the country in which the non-resident has fiscal domicile.
- c) In view of the individual nature of tax consequence, each investor is advised to consult his / her own tax adviser with respect to specific tax consequences of his / her participation in the proposed initial public offer of equity shares.
- d) This is a summary only and not complete analysis or listing of all potential tax consequences of purchase, ownership and disposal of shares.

SECTION: IV: ABOUT US

Industry Overview

The securities market achieves one of the most important functions of channeling idle resources to productive resources or from less productive resources to more productive resources. Hence in the broader context the people who save and investors who invest focus more towards the economy's abilities to invest and save respectively. This enhances savings and investments in the economy, the two pillars for economic growth. The Indian Capital Market has come a long way in this process and with a strong regulator it has been able to usher an era of a modern capital market regime. The past decade in many ways has been remarkable for securities market in India. It has grown exponentially as measured in terms of amount raised from the market, the number of listed stocks, market capitalisation, trading volumes and turnover on stock exchanges, and investor population. The market has witnessed fundamental institutional changes resulting in drastic reduction in transaction costs and significant improvements in efficiency, transparency and safety.

Dependence on Securities Market

Three main sets of entities depend on securities market- the corporates, the government & households. While the corporates and governments raise resources from the securities market to meet their obligations, the households invest their savings in securities.

Primary Market & Secondary Market

The securities market comprises two segments- primary market (new issues, offer for sale) & secondary market (trading of stocks). There are two major types of issuers who issue securities. The corporate entities issue mainly debt and equity instruments (shares, debentures, etc.), while the governments (central and state governments) issue debt securities (dated securities, treasury bills). The two major exchanges, namely the NSE and the BSE provide trading of securities.

Indian Economy- An Overview

The Indian economy has seen phenomenal growth rates in the past decade, much of it fuelled by the large scale outsourcing of business processes that it has attracted since the mid 1990s. Indian GNP at 1980-81 prices rose from Rs. 7878.1 billion in 1997 to Rs. 11151.6 billion in 2002, which constitutes a 41% increase at constant prices. The growing economy has contributed to a strong and growing stock market. Between July 1997 and February 2005, the BSE Sensex Index went from 4305.76 to 6713.34 and the NSE Nifty index rose from 1221.5 to 2103.25. This represents a nearly 56% growth rate in the Sensex index and a 72.2% growth rate in the Nifty index. There has been a significant rise in the GDP growth rate between 1950 and 2005 and also in the performance of the major stock market indexes between 1997 and 2004. (Source: www.nseindia.com)

The Indian securities market is emerging from the slowdown that has affected all markets. We therefore expect the most likely outcome for Indian capital markets in the coming year to show a healthy upswing. The fundamentally sound situation that the Indian economy continues to experience promises a rosy future for domestic and international investors. The capital market is one of the most vibrant sectors in the financial system, marking an important contribution to the country's economic development.

With the sweeping economic changes witnessed globally towards more market-oriented economies, the government of India too has embarked upon radical economic policy measures to revitalise its economy. The Indian capital markets, which have attained a remarkably high degree of growth in the last decade, are poised for a further leap forward over the next ten years. With the opening of the economy to multinationals and the adoption of more liberal economic policies, the economy is driven more towards the free market economy.

The Indian capital market surpassed all the past peaks in resource mobilisation in 2004-05 with an achievement of Rs 28,000 crore, a growth of 21.4 per cent over 2003-04. This performance was accompanied by the excellent record of private companies raising Rs 17,200 crore against Rs 11,100 crore by the government sector companies.

In 2003-04, private sector companies mobilised only 15.5 per cent of the total capital raised from the market. After 1995-96, 2004-05 is the only year when corporates mobilised significant amounts; a decade back, they had raised Rs 16,600 crore.

Emkay Share and Stock Brokers Limited

Many factors may have contributed to this trend, but the important ones include low interest rates on savings instruments, recovery in investor confidence, robust growth of GDP at 7 per cent, copious FII flows due to India's strong external position and robust capital gains in the capital market, efficient exchange rate management, and good liquidity in the economy.

The other striking change in the capital market is the arrival of mega issues and exit of small companies, as reflected in the increase in the average size of issues, which worked out to Rs 470 crore per issue in 2004-05 compared to Rs 11.7 crore in 1995-96.

These factors ensure that there is no loss of investment, but robust capital formation, leading to higher production, economic growth and creation of employment. India has the world's best securities market system. This comprises two of the world's largest demutualised stock exchanges that trade stocks online. India has the world's best clearing and settlement system. It has two of the world's most reliable securities depositories.

Capital markets possess desirable characteristics. And equity markets border on the fetish in India.

(Source: Hindu Business Line)

Indian Capital Markets

The origination of the Indian securities market may be traced back to 1875, when 22 enterprising brokers under a Banyan tree established the Bombay Stock Exchange (BSE). Over the last 125 years, the Indian securities market has evolved continuously to become one of the most dynamic, modern and efficient securities markets in Asia. Today, Indian markets conform to international standards both in terms of structure and in terms of operating efficiency.

Structure and size of the markets

Today India has two national exchanges, the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). Each has fully electronic trading platforms with around 9400 participating broking outfits. Foreign brokers account for 29 of these. There are some 9600 companies listed on the respective exchanges with a combined market capitalisation near \$ 600 bn as on March 17, 2006.

Growth of Stock Broking

Capital markets all over the world are witnessing major changes. With escalating interests of domestic and international players in India, there is an increasing demand for a more systematic approach. SEBI is also trying to bring transparency in the dealings.

Economic growth and liberalisation has opened number of opportunities in various organisations like mutual funds, investment consultancy, broker firms, insurance companies, merchant banks, pension funds and other financial institutions.

Foreign institutional investors, mutual funds and even individuals have once again started posing confidence in the capital markets. This has enhanced prospects for brokers, investment and equity analysts. They can also start their own consultancies. Stock exchanges to some extent play an important role as indicators, reflecting the performance of the country's economic state of health.

There are three main factors behind the changes in the stock-broking business. First, the shift from floor-based to screen-based trading in 1994. This brought transparency into trade execution and raised the confidence of investors. The result has been lower transaction charges and increased convenience. This has helped both the investors and the brokers.

The second change was dematerialisation. Before this, buying or selling shares was a difficult matter. Even when an investor bought shares, he was not sure whether they would be transferred in his name. But now these concerns are no longer there. The introduction of futures and options was the third major factor that has changed the face of the stock-broking business as it is a new avenue for revenue.

(Source: The Hindu Business Line)

Wider Scope of Activities

The stock brokers in India have broadened their scope of activities. Equity broking business being cyclical, many players are also entering new areas of activity. Apart from mere broking (buying and selling) of stocks the big players in the industry are concentrating on other aspects like research, portfolio management services, commodity and derivative trading and distribution of financial products including mutual funds and insurance schemes,

Expansion Mode

BUOYED by booming stock markets and growing retail interest in equity and equity-related investments, Indian stock broking firms are on an expansion drive to increase their network into more cities and towns to lure clients into stock investments.

The Derivative Market

One of the outstanding features of the Indian Capital Market in recent years is the growth of the equity derivative market. Indian stock exchanges have already started with efforts at building a modern, transparent, well regulated derivative market.

Other aspects of the market such as the increasing sophistication and range of tradable financial products add to the attractiveness of the market as a whole. The availability of derivative products including index futures, index options, individual stock futures and individual stock options re-enforces the overall attractiveness of this market to foreign and domestic investors. The derivatives market in only two years has shown spectacular growth. Compared to last financial year the annual turnover grew by over 300%.

Mutual fund industry growth

Over the past decade, the Indian mutual fund industry has been one of the fastest-growing sectors in the Indian capital and financial markets. From 1991 to 2002, the compound annual growth rate for the industry's assets under management averaged around 20%. The rapid growth has led to considerable changes in regulation, the structure of funds available and the composition of net assets across various industry segments, as well as in the portfolio of investment funds. The high degree of transparency and disclosure standards are comparable to the most sophisticated financial markets. Following the strengthening of the regulatory framework in India, there is greater transparency and credibility in the functioning of Indian mutual funds and as a result the Indian mutual funds business is expected to grow significantly in the coming years. In addition corporate governance is gradually permeating the mutual fund industry. This encourages credible institutions and foreign players to participate in the local mutual fund industry and also boost investor confidence in the market. There are now 34 mutual funds offering close to 380 different types of schemes, which are as diversified and up to date as in any other part of the world.

Business Overview

Our Company, Emkay Shares and Stock Brokers Limited was founded in January 24, 1995 as Emkay Share and Stock Brokers Private Limited. Our Company was converted into a Public Limited Company in October 20, 2005 and the name was changed to Emkay Share and Stock Brokers Limited.

Our objective in being a full service brokerage house is to provide comprehensive advisory services to its clients under one umbrella, which would enable managing complete financial planning needs. We have expertise in advisory services in both cash and derivatives sides of the capital markets and are also distributors of savings / investment instruments like Mutual Fund Schemes, Saving Bonds, IPO etc. The services are offered under total confidentiality and integrity with the sole purpose of maximizing returns to clients.

Our operations include broking of equities and derivatives on the BSE and NSE, Distribution of Mutual Funds and other personal investment products, Portfolio Management and Depository Participant with CDSL. The current operations are centered in the western and southern states of India and our Company has few offices in northern and eastern zone. It operates with the network of 41 trading centers through out India and all these activities are coordinated from corporate office located at Mumbai, Maharashtra.

Our customer base is a mix of institutional, high networth, and retail investors. These diversified base of customers together with its wide gamut of services, provides with the necessary stability and strength to weather the volatility much better than its competitors and maintain high customer service levels through out. Our Company meets the support needs of this investor base through execution skill sets driven by an experienced sales team and research backed advice generated by a team of experienced analyst.

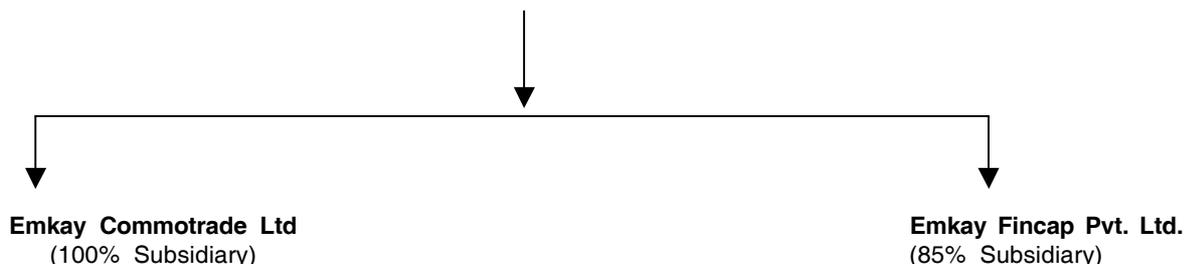
Our advisory services range from investing, trading, research, financial planning and portfolio management, which are offered, to a large number of high networth individuals and corporates. Most of these services are tailor-made to meet the needs of HNIs and Corporates in line with their investment objective.

Emkay Share and Stock Brokers Limited

The clientele comprises of some prestigious Financial Institutions, Mutual Funds, Banks, Foreign Financial Institutions, Insurance Companies, High Net worth Individuals and Retail Clients numbering 17,000 across the country. As on November, 2005, our Company employs 152 people including the personnel at the branches.

Current Corporate Structure

Emkay Share and Stock Brokers Limited.



Emkay Commotrade Limited was established on 5th January 2006 to carry out the commodities broking activities. The Company plans to acquire membership of NCX Commodities Limited & MCDX Commodities Limited. Presently, the activities of commodity trading are carried out through an associate company viz. Emkay Corporate Services Private Limited. Necessary applications are being made to transfer these membership to Emkay Commotrade Limited. In case of any restrictions in transferring these memberships, fresh membership will be acquired with respect to both the exchanges.

Emkay Fincap Private Limited was established in 16th May 2005 to carry out the NBFC activities like financing against shares. The company has already obtained approvals from Reserve Bank of India in 8th October 2005 to commence these activities. These activities will be commenced soon.

Operations

Emkay Share and Stock Brokers Limited operates in the following business areas:

Brokerage	Stock Broking on NSE & BSE Derivative Broking on NSE
Depository Participants	Depository participants of CDSL
Distribution	Distributions of Mutual Funds Product from all of India's leading Mutual Fund houses, New Equity Issues etc.
Portfolio Management	Portfolio Management through PMS schemes for High Network Individuals (HNIs) and other clients.

Brokerage

Our Company offers broking services to institutional and retail clients. This service is provided through our Corporate Office and branches / franchisees located at various parts of the country. We have also introduced Web Based Trading for facilitating transactions to retail clients.

Depository Participant

Depository facility is offered to all clients and third parties through CDSL where our Company is a depository participant.

Distribution

Our Company has established a department to look after the distribution of mutual funds products from all of India's leading mutual funds houses. It also offers advisory services with respect to new Equity Issues entering the capital markets. Our branches also serve as retail distributor for mutual funds.

Portfolio Management

Our Company offers Portfolio Management Services for various schemes introduced by us ranging from Rs. 5 Lakhs onwards per account holder.

Operation Network

We currently have 17 branches, which are listed below:

State	No. of Offices
Punjab	2
Delhi	1
Karnataka	1
Tamilnadu	3
Kerala	1
West Bengal	1
Maharashtra	7
Gujarat	1
Total	17

Existing Franchisees

State	No. of Offices
Gujarat	3
Tamil Nadu	8
Rajasthan	3
Maharashtra	7
Punjab	2
Madhya Pradesh	1
Haryana	1
Total	25

We operate on decentralized system where we establish branches at key locations of the country, which in turn service clients from those locations. All the premises where our Company has its branches are held on leasehold basis. The total number of branches are 17.

In addition to the branches we have appointed franchisees to supplement the activity of these branches. All the branches and the franchisees are well connected with the required network to ensure speedy execution of the transactions. The overall control of all the branches and the franchisees is through the risk management control system at the corporate office located in Mumbai.

Emkay Share and Stock Brokers Limited

Business Strategies

1) Expand Branches / Franchisee network to other states.

We have a presence in the western region and the southern region but our reach in the north and the east is relatively low. We plan to open branches / franchisee network in the following regions within the next 36 months.

State	No. of Offices	
	Branches	Franchisee
Maharashtra	3	4
Gujarat	3	4
Punjab	2	
New Delhi	4	2
Karnataka	3	2
Uttar Pradesh	2	3
Madhya Pradesh	2	3
Uttaranchal	1	-
Bihar	1	1
Rajasthan	1	5
West Bengal	4	1
Andhra Pradesh	4	2
Kerala	-	1
Jharkhand	-	1
Assam	-	1
Orissa	-	2
Tamil Nadu	7	3
Jammu & Kashmir	1	-
Haryana	-	1
TOTAL	38	34

- 2) In addition to the Domestic Branches we also propose to establish 2 foreign offices in Singapore and Dubai. This will enable us to service our overseas clients. These offices will be opened in 2 phases – 2006-2007 and 2007-2008.

Competitive Strengths

1. Large client base of 17,000 retail clients in India.
2. Countrywide presence through a network of 42 trading centers.
3. Membership of all major equity and derivative Exchanges of the country.
4. Team of qualified employees and research based broking .
5. Comprehensive advisory services under one umbrella.
6. Latest technological infrastructure.
7. Large institutional clients.

COLLABORATIONS, ANY PERFORMANCE GUARANTEE OR ASSISTANCE IN MARKETING BY THE COLLABORATORS:

Except availing financial assistance from banks and others, Our Company has not entered into collaboration with any other Company.

PRODUCTS/SERVICES OF OUR COMPANY:

Our Company's objective in being a full-service brokerage house is to provide comprehensive advisory services to its clients under one umbrella, which would enable the complete management of financial planning needs. The focused and professional approach of the directors has enabled us to grow at a fast pace.. We have expertise in advisory services in both the cash and derivatives sides of the capital markets, and we are also distributors of saving and investment instruments like mutual fund scheme, saving bonds, IPOs etc.

We believe 'Research Delivers and Research Differentiates'. Our research coverage today spans over 40 large and mid cap stocks across a set of select high growth sectors like chemicals and fertilizers, engineering, oil and gas, banking, automobiles, cement, and on niche emerging opportunities in SMEs (small and medium enterprises) to enable investors to invest in futuristic opportunities ahead of the market.

Portfolio Management Service

Our Company's portfolio management has been created specially to understand individual investment needs of clients who require customized and focused portfolios. Our portfolio managers undertake all operational activities, including custody and accounting. Our client services include:

- A disclosure document disclosing the entire portfolio.
- A transaction statement listing all the transaction made.
- Account performance report of client that allows you to tract your inflows and outflows.
- Comprehensive performance tracking *vis a vis* benchmark indices like the S&P CNX 500.
- Financial summary on income statement and balance sheet.

Distribution & Mutual Fund Desk

Our distribution desk aims at strengthening the line of investment services offered by us. The offerings include mutual funds advisory services. IPOs, RBI bonds and other select bonds.

At the core of this effort is EMPOWER Mutual Solutions (EMS), a Service provided by our Company, which seeks to create, monitor and manage mutual fund portfolios of large medium net worth investors to substitute or complement their equity investments. Our investment style is one of Dynamic Asset Allocation (DAA), which combines Strategic Asset Allocation (Passive) along with Tactical Asset Allocation (Active). EMPOWER's investments approach involves:

- An objective assessment of the investors returns requirement in the light of his risk appetite.
- A feasible asset allocation plan (AAP) drawn up with the involvement of the investor .
- Mutual fund scheme picked to create the right portfolio for reaching investment goals.
- Close monitoring of the portfolio and regular portfolio statements sent to investors.
- Ease of operation and investment advice on IPOs to investors.

BUSINESS STRATEGY

Our Company is run professionally under the leadership of Mr. Krishna Kumar Karwa and Mr. Prakash Kacholia who have been instrumental in acquiring the present status of our Company. The major business focus has been on institution clients and retail clients through a network of branches/franchisees. With increased focus on retail business, our Company proposes to open new branches/franchisees network and increase its reach to retail clients.

Emkay Share and Stock Brokers Limited

INSURANCE:

Sr.No.	Policy Name/ Insurance Company	Asset Insured/ Particulars	Amount (Rs in Lakhs)	Date	Validity
1.	Fire Policy/ United India Insurance Company Limited	Building Stocks	125.00	February 1, 2005	January 31, 2006
2.	Indemnity Policy/ National Insurance Company Limited	Indemnity for direct financial loss Due to Electronic & Computer crime Professional Indemnity	2500.00	April 12, 2005	April 11, 2006
3.	Stock Brokers Indemnity Policy/ New India Assurance company Limited	BSE - Stock Brokers Indemnity	15.00	July 1, 2005	June 30, 2006
4.	Stock Brokers Indemnity Policy/ New India Assurance company Limited	NSE - Stock Brokers Indemnity	25.00	June 1, 2005	May 31, 2006

COMPETITION:

Our major competitors in the business include: India Bulls Financial, Geojit Financial, India Infoline, IL & FS Investsmart.

PROPERTY

Purchase of Property:

No property which our Company has purchased or acquired or propose to purchase or acquire which is to be paid wholly or partly out of the proceeds of the present Issue or the purchase or acquisition of which has not been completed on the date of this Red Herring Prospectus, other than property in respect of which:

- The contracts for the purchase or acquisition were entered into the ordinary course of business, and the contracts were not entered in the contemplation of the Issue nor is the Issue contemplated in consequence of the contract;
- The amount of the purchase money is not material;

Details of Lease: (Details of all branches)

Our Company has been operating its business through lease/ leave and licence of property both at corporate level as well as its branches. The corporate office of our Company situated at Phoenix House, Lower Parel, Mumbai and an additional corporate office situated at Paragon Condominium, Worli, Mumbai have been taken on lease on the following terms and conditions:

Details	Corporate Office (Lower Parel)	Corporate Office (Worli)
Area (Sq. Feet)	6489	7421
Date of Agreement	25.01.2005	15.01.2006
Name and address of Licensor	Phoenix Group, Phoenix House, C-Wing, 4 th Floor, Lower Parel, Mumbai - 13	Paragon Textile Mills Private Limited/ Paragon Yarn Manufacturing Company Pvt. Ltd. I-11/12, Paragon Condominium, Pandurang Budhkar Marg, Mumbai – 13
Period of Leave and Licence	01.09.2004 to 31.10.2006	4.01.2006 to 3.01.2009
Duration	26 months	36 months
Deposit	Rs. 35 Lakhs	Rs. 34.50 Lakhs
Lease Rent	Rs. 3.37 Lakhs per month	Rs. 5.75 Lakhs per month

Our Company also operates its branches on leased premises for periods ranging from 1 year to 3 years. Most of these lease agreements are renewable on reasonable rates depending on the area of operations. The details **of our existing properties are given hereunder notwithstanding that the said properties have not been acquired in contemplation of this issue or in respect of which the lease premiums have remained unpaid as on the date hereof-**

S. No.	Branch	Address	Lessor	Area Sq.Ft.	Security Deposit (Rs.)	Rent (Rs.)	Total (Rs.)	Date of Agreement	Period of Lease	Expiry Date	Month Rent Due On	Remark
1.	Chennai	III Floor, W-100, II Avenue, Annanagar, Chennai- 600 040	Mrs. Vadivazhagi W/o K. Nalliappan	568	70000	7000	7000	01.08.2004	33 months	30.04.2007	In advance Before 5th of Calender Month	For 22 months Rs. 7000/- Last 11 Months Rs. 7700/-
2.	Cochin	Kurian Tower, Ground Floor, Banerji Road, Ernakulam, Cochin- 18	M/s Kurian Builders	400	150000	12400	13200	28.08.2004 premises occupied from 01.09.2004	36 months	31.08.2007	In advance Before 5th of Calender Month	01.09.2004 - 31.07.2005 Rs. 12400, 01.08.2005 - 30.06.2006 Rs. 13020, 01.07.2006- 31.08.2007 Rs. 13671
3.	Mumbai	Shop No.6, Ground Floor, Trimurti Enclave, Mamatdar Wadi, Malad(W), Mumbai- 400 064	Dr. Sudhir M Dholakia & Mrs. Swati S Dholakia	155	30000	5000	5000	24.08.2004 premises occupied from 01.09.2004	36 months	31.08.2007	In advance Before 5th of Calender Month	01.09.2004 - 31.08.2005 Rs. 5000, 01.09.2005 - 31.08.2006 Rs. 5250, 01.09.2006 - 31.08.2007 Rs. 5500
4	Mumbai	Shop No.5, Ground Floor, Trimurti Enclave, Mamatdar Wadi, Malad(W), Mumbai- 400 064	Mr.Saket Ramgopal Agarwal and Mr. Lokesh Ramgopal Agarwal (50:50)	315	N.A.	10000	10000	15.09.2002	36 months	14.09.2005	In advance Before 20th day of Month	Agreement renewed for further period of 36 months on 12/09/2005 for the period from 15.09.2005 - 14.09.2008 Rs.12500
5	Chennai	Door No. 104, G .N. chetty Road, T Nagar, Basement, Chennai- 600 017	Dr. S. Thanikachalam	692	150000	9000	9000	Agreement date 10/10/2003 premises occupied on 15.10.2003	36 months	14.10.2006	Before 5th of Succeeding Calender Month	15.10.2003 - 14.09.2004 Rs. 9000, 15.09.2004 - 14.08.2005 Rs.9000, 15.08.2005 - 14.10.2006 Rs. 10350
6	Mumbai	Shop No. 4, Ground Floor, Avinash Co-operative Housing Society, J. P Road, 7 Bunglow bustom Andheri(W), Mumbai-53	Mrs. Kamla Peswani		200000	18000	18000	Agreement date 12/06/2003 premises occupied on 01.06.2003	33 months	28.02.2006	In advance Before 4th of Calender Month	01.06.2003 - 30.04.2004 Rs. 18000, 01.05.2004 - 31.03.2005 Rs. 18900, 01.04.2005 - 28.02.2006 Rs. 19845
7	Pune	Shop No.4, Upper Ground Floor, The Pentagon	Mrs. Meenakshi Abhijeet Jadhav	465	158565	14415	14415	01.06.2004	36 months	31.05.2007	In advance Before 10th of Calender Month	Flat Rate for complete lease period

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8	Mumbai	Shiv Trishul Co-op. Housing Society Ltd., Raviraj/Oberai Complex, Andheri(W), Mumbai- 400 053	Mrs. Suman Sirohia	395	100000	14000	14000	Agreement date 27/02/03 premises occupied on 20.03.2003	33 Months	19.12.2005	In advance Before 4th of every Month starting 20th	Flat Rate for complete lease period Renewed for 36 months at Rs. 18000/- Per Month (20.12.2005 - 19.12.2008)
9	Gurgaon	Shop No. SF-103, First Floor, DLF Galleria, DLF City Phase IV , Gurgaon - 122001	Mr. Rajiv Grover & Mrs. Renuka Grover (50:50)	372	108000	18000	18000	03.09.2004 premises occupied from 01.09.2004	Renewable at the end of every 11 months by execution of fresh lease agreement.	31.05.2007	In advance Before 7th day of Month	01.09.2004 - 31.07.2005 Rs. 18000, 01.08.2005 - 30.06.2006 Rs. 18990, 01.07.2006 - 31.05.2007 Rs. 19980
10	Chandigarh	SCO 421-422, Sector 35 C, Chandigarh	Smt. Satwant Kaur & Shri Barjinder Singh Bhatti	487	42000	14000	14000	10.09.2004	36 months	09.09.2007	In advance Before 7th day of Month	10.09.2004 - 09.09.2005 Rs. 14000, 10.09.2005 - 09.09.2006 Rs. 15120, 10.09.2006 - 09.09.2007 Rs. 16330
11	Mumbai	Shop No. D/5, Kumud Nagar Co operative Housing Society Ltd., Near Cinemax, S.V Road, Goregaon(W), Mumbai - 400 104	Mrs. Sangeeta M Talekar	400	200000	21000	21000	15.06.2005 premises occupied from 01.06.2005	33 months	28.02.2008	In advance	Before 10th day of Month Flat Rate for complete lease period
12	Mumbai	Shop NO. 5, Ground Floor, Suparshav Tower, C.S.P. Co operative Housing Society Ltd., Sarvoday Parshwanath Nagar, Nahur, Mulund (W), Mumbai - 400 080	Mr. Virendra Babubhai Shah & Mrs. Bharati Virendra Shah	380	200000	20000	20000	21.06.2005	36 months	20.03.2008	On or before the end of month	21.06.2005 - 20.05.2006 Rs. 20000, 21.05.2006 - 20.04.2007 Rs. 22000, 21.04.2007 - 20.03.2008 Rs. 24200
13	Bangalore	No. 215., Ground Floor, West Minster, Cunningham Road, Bangalore - 560 052	Mr. N.N. Yuvaraj	599	150000	17000	17000	25.07.2005	36 months	24.07.2008	On or before 10th day of the month	25.07.2005 - 24.05.2007 Rs. 17000/- 25.05.2007 - 24.07.2008 Rs. 17850/-
14	Hoshiarpur	1st Floor, A.S.Building, Opposite Ahuja Children Hospital, The Mall, Hoshiarpur, Punjab - 146 001	Mr. Shekhar Nayyar	366	24000	8000	8000	22.08.2005	36 months	21.08.2008	On or before 7th day of the month	22.08.2005 - 21.08.2006 Rs. 8000, 22.08.2006 - 21.08.2007 Rs. 8400, 22.08.2007 - 21.08.2008 Rs. 8820
15	Nashik	S - 13, Suyojit Sankul, Second Floor, Tilwakwadi Corner, Sharanpur Road, Nashik	Mr. Sunil Champalal Surana & Mrs. Rajshri Sunil Surana	736	50000	12900	12900	18.08.2005 premises occupied from 16.08.2005	36 months	15.05.2008	On or before 5th day of the month	Flat Rate for complete lease period

16	Kolkata	Room No. D, 1st Floor, 8, B.B.D. Bag (East), Kolkata - 700 001	Smt. Vinita Chandak & Smt. Shashi Chandak	551.96	200000	20000	20000	01.09.2005	36 months	31.08.2008	On or before 5th day of the month	Flat Rate for complete lease period (50:50 to Each Licensor) Rs. 10000/- for Rent and Rs.10000/- for Service Charge
17	Chennai	Third Floor No. H, Door No. 1, Lattice Bridge Road, Thruvanmiyur, Chennai - 600 041	P Shanmugham	450	40000	4000	6500	15.09.2005	11 months	15.08.2006	On or before 5th day of the month	16.09.2005 - 15.08.2006 Rs. 4000 Increased by 10% after eleven months
18	Mumbai	Shop No. 3, Ground Floor, Avinash Co-op. Housing Society Limited, Seven Bungalows, Andheri (W), Mumbai - 400 053	Raju L. Chanchlani	135	100000	9500	10500	Dt. Of agreement 16.08.05 premises occupied on 20.08.2005	36 months	19.08.2008	On or before 4th day of the month	Flat Rate for complete lease period
19	Rajkot	Shop No. 114, Ground Floor, Shivam Complex, Sarveswar Chowk, Yagnik Road, Rajkot - 360 001	Ansuya Anantrai Parekh	294	25000	10000	10000	01.09.2005	11 months	31.07.2006	On or before 4th day of the month	Flat Rate for complete lease period

KEY INDUSTRY REGULATIONS

Our Company's key activities are Broking and Portfolio Management Services. Our Company's primary business is in relation to the Securities Markets. These activities are regulated by Security and Exchange Board of India Act, 1992 and the rules, regulations and notifications framed thereunder. The SEBI Act was enacted to provide for the establishment of SEBI whose function is to protect the interest of investors and to promote the development of, and to regulate the securities market, and for matters connected therewith and incidental thereto. The SEBI Act regulates functioning of SEBI and enumerates its powers. The SEBI Act also provides for the registration and regulation of the function of various market intermediaries like the stock brokers, merchant bankers, portfolio managers etc. Pursuant to the SEBI Act, SEBI has formulated various rules and regulations to govern the functions and working of these intermediaries. SEBI also issues various circulars, notifications and guidelines from time to time in accordance with the powers vested with it under the SEBI Act.

In addition to the SEBI Act, the key activities of our Company are also governed by the following rules, regulations notifications and circulars:

(1) Broking

The stock broking activities of the Company are regulated by the SEBI (Stock-Brokers and Sub-Brokers) Rules, 1992 and the SEBI (Stock-Brokers and Sub-Brokers) Regulations 1992. These rules and regulations govern the registration and functioning of stock brokers, sub-brokers and the trading members of derivatives exchanges or the derivatives segment of a stock exchange. The regulations prescribe the criteria, standards and the procedure for registration of stock-brokers, sub brokers and persons seeking to be trading members of a derivatives exchange or the derivatives segment of a stock exchange. The intermediaries are required to abide by a code of conduct prescribed by these regulations. The penalties for failure to comply with the regulations are also laid down. SEBI has the authority to inspect the books of accounts of the intermediaries and take such appropriate action as it deems fit after giving an opportunity for hearing.

The Company is also a trading member on the derivatives segment of the NSE and the BSE Margin Trading and derivatives trading are regulated by SEBI by various circulars, which have been issued from time to time.

Emkay Share and Stock Brokers Limited

(2) Portfolio Management

The portfolio management activities of the company are regulated by the SEBI (Portfolio Management) Rules, 1992 and SEBI (Portfolio Managers) Regulations, 1993 (the "Portfolio Manager Regulations"). The Portfolio Manager Regulations regulates the registration and functioning of portfolio managers. It prescribes the criteria, standards and the registration as portfolio managers. In addition to qualifications, experience of personnel etc the portfolio manager regulations also mandates a stipulated capital adequacy requirement of Rs. 50 Lakhs. Further, the duties and responsibilities of the portfolio manager are prescribed, along with the code of conduct and the measures to be adopted during inter-se dealing with clients. It also lays down liabilities and the penalties for failure to comply with the regulations. The SEBI has the authority to inspect the books of accounts of the intermediaries and take appropriate action if it deems fit after giving an opportunity for hearing.

(3) Depository Participant:

The activities of our Company as a depository participant are regulated by the SEBI (Depositories and Participants) Regulations, 1996 ("The Depositories and Participants Regulations"). Depositories and Participants Regulations, *inter alia*, regulate the registration and functioning of depository participants. The said Regulations also prescribe the eligibility criteria for institutions to be registered as depository participants. Further, the duties and responsibilities of the depository participants are prescribed, along with the code of conduct. It also lays down liabilities and the penalties for failure to comply with the regulations. The SEBI has the authority to inspect the books of accounts of the depository participants and take appropriate action if it deems fit after giving an opportunity for hearing.

(4) Other Regulations

Our Company is governed by the provisions for SEBI (Prohibition of Insider Trading) Regulations, 1992. The regulations prohibit the dealing by any person or company in securities of any other Company when in possession of unpublished price sensitive information of such company. SEBI is empowered to inspect, investigate the books of accounts or other documents of an insider and pass appropriate directions, where it deems fit. The regulations also prescribe a model code of conduct to be followed by all companies and organizations associated with the securities markets. Further, the regulations mandate a disclosure, of the number of shares or voting rights held by any person who holds in excess of 5% of the shares or voting rights of a listed company or a person who is a director or officer of such listed company. Any change in the aforementioned shareholding / voting rights must be intimated to the Company.

In addition to the aforementioned regulations, the criteria for determination of whether an entity can be registered under any of the above regulations are governed by the SEBI (Criteria for Fit and Proper Person) Regulations, 2004. Our Company is also required, as an intermediary, to be registered under the SEBI (Central Database of Market Participants) Regulations, 2003. In addition, our Company is also regulated by the rules and regulations framed by the Association of Mutual Funds in India (AMFI).

(5) Stock Exchange Rules, Regulations and Bye-laws

Further, the company is also regulated by the rules, regulation and by-laws of the stock exchanges where it is registered as trading member. Hence it is also governed by the rules, regulations and by-laws of the NSE, & the BSE .

(6) Laws governing capital market

The four main legislations governing the securities market are: (a) the SEBI Act, 1992 which establishes SEBI to protect investors and develop and regulate securities market; (b) the Securities Contracts (Regulation) Act, 1956, which provides for regulation of transactions in securities through control over stock exchanges; (c) the Depositories Act, 1996 which provides for electronic maintenance and transfer of ownership of demat securities; and (d) the Companies Act, 1956, which sets out the code of conduct for the corporate sector in relation to issue, allotment and transfer of securities, and disclosures to be made in public issues. The laws involved are as follows:

- (a) **SEBI Act, 1992:** The SEBI Act, 1992 establishes SEBI with statutory powers for (a) protecting the interests of investors in securities, (b) promoting the development of the securities market, and (c) regulating the securities market. Its regulatory jurisdiction extends over corporates in the issuance of capital and transfer of securities, in addition to all intermediaries and persons associated with securities market. It can conduct enquiries, audits and inspection of all concerned and adjudicate offences under the Act. It has powers to register and regulate all market intermediaries and also to penalize them in case of violations of the provisions of the Act, Rules and Regulations made there under. SEBI has full autonomy and authority to regulate and develop an orderly securities market.
- (b) **Securities Contracts (Regulation) Act, 1956 :** It provides for direct and indirect control of virtually all aspects of securities trading and the running of stock exchanges and aims to prevent undesirable transactions in securities. It gives central government/SEBI regulatory jurisdiction over (a) stock exchanges through a process of recognition and continued supervision, (b) contracts in securities, and (c) listing of securities on stock exchanges. As a condition of recognition, a stock exchange complies with prescribed conditions of Central Government. Organised trading activity in securities takes place on a specified recognised stock exchange. The stock exchanges determine their own listing regulations, which have to conform to the minimum listing criteria set out in the Rules.
- (c) **Depositories Act, 1996 :** The Depositories Act, 1996 provides for the establishment of depositories in securities with the objective of ensuring free transferability of securities with speed, accuracy and security by (a) making securities of public limited companies freely transferable subject to certain exceptions; (b) dematerialising the securities in the depository mode; and (c) providing for maintenance of ownership records in a book entry form. In order to streamline the settlement process, the Act envisages transfer of ownership of securities electronically by book entry without making the securities move from person to person. The Act has made the securities of all public limited companies freely transferable, restricting the company's right to use discretion in effecting the transfer of securities, and the transfer deed and other procedural requirements under the Companies Act have been dispensed with.
- (d) **Companies Act, 1956 :** It deals with issue, allotment and transfer of securities and various aspects relating to company management. It provides for standard of disclosure in public issues of capital, particularly in the fields of company management and projects, information about other listed companies under the same management, and management perception of risk factors. It also regulates underwriting, the use of premium and discounts on issues, rights and bonus issues, payment of interest and dividends, supply of annual report and other information.

(7) Rules and Regulations

The Government have framed rules under the SCRA, SEBI Act and the Depositories Act. SEBI has framed regulations under the SEBI Act and the Depositories Act for registration and regulation of all market intermediaries, and for prevention of unfair trade practices, insider trading, etc. Under these Acts, Government and SEBI issue notifications, guidelines, and circulars which need to be complied with by market participants. Regulators

(8) Regulators

SEBI is the primary regulator of the Securities Market and the entities operating therein. The SEBI Act and the Depositories Act are mostly administered by SEBI. The rules under the securities laws are framed by government and regulations by SEBI. All these are administered by SEBI. The powers under the Companies Act relating to issue and transfer of securities and non-payment of dividend are administered by SEBI in case of listed public companies and public companies proposing to get their securities listed.

As regards the Commodities market, the same is regulated by Forward Market Commission.

Emkay Share and Stock Brokers Limited

HISTORY AND CORPORATE STRUCTURE OF THE COMPANY

HISTORY

Emkay Shares and Stock Brokers Limited was founded in 24th January 1995 as Emkay Share and Stock Brokers Private Limited. Our Company was converted into a Public Limited Company in 20th October 2005 and the name was changed to Emkay Share and Stock Brokers Limited.

The Company acquired the membership of:

Bombay Stock Exchange	1996
National Stock Exchange	1999
Derivatives Segment – BSE, Trading & Clearing Member	2000
Depository Participant – CDSL	2000
Debt Market – BSE	2001
Derivatives Segment – NSE, Trading & Clearing Member	2001

Our Company's Objective in being a full service brokerage house is to provide comprehensive advisory services to its clients under one umbrella, which would enable managing complete financial planning needs.

Our Company has expertise in advisory services in both cash and derivatives sides of the capital markets and are also distributors of savings / investment instruments like Mutual Fund Schemes, Saving Bonds, IPO etc. The services are offered under total confidentiality and integrity with the sole purpose of maximizing returns to our clients.

Our Company's customer base is a mix of institutional, high networth, and retail investors. These diversified base of customers together with its wide gamut of services, provides us with the necessary stability and strength to weather the volatility much better than its competitors and maintain high customer service levels through out.

Our Company meets the support needs of this investor base through execution skills driven by an experienced sales team and research backed advice generated by a team of experienced analysts.

Our Company's advisory services ranged from investing, trading, research, financial planning and portfolio management, which are offered, to a large number of high networth individuals and corporates. Most of these services are tailor-made to meet the needs of HNI's and Corporates in line with their investment objective.

MAJOR EVENTS IN THE HISTORY OF THE COMPANY

Sr.No.	Major Events	Year
1	Executed first trade in Sensex futures market on BSE	2000
2	Executed first Sensex options trade	2000
3	Top 10 Domestic Brokerage houses rated by Asia Money Poll 2004 of fund Managers	2005

MAIN OBJECTS OF THE COMPANY

1. To carry on and engage in the business of share and stock broking as a member of any recognized stock exchange under Securities Contracts (Regulation) Act, 1956, to become and act as member of cash, forward (derivatives) and Debt Segment of such exchanges, to become sub-broker of a member of any such exchange, to engage and act as brokers and / or underwriters, to primary issue of shares, bonds, securities, units of mutual funds or financial instrument of any other kind and description, subject to rules, regulations, by laws, sanctions and permissions of such recognized stock exchanges, Securities and Exchange Board of India and other government authorities for the time being competent to regulate the functioning of the capital market.
2. To carry on and engage in the business of Depository participant subject to necessary approvals from the Securities and Exchange Board of India or any other government authorities, if any.
3. To provide services, advice and facilities of every description all those capable of being provided by portfolio manager of investment and retirement benefit funds and advisors, promoters and managers of other investment

media, subject to necessary approvals from the Securities and Exchange Board of India or any other government authorities, if any.

4. To carry on the business of Merchant Banking subject to approval of Securities and Exchange Board of India under Securities and Exchange Board of India (Merchant Bankers) Rules, 1992 and regulations made thereunder and such other approvals as may be required from other authorities in this regard but not to carry on all or any part of banking business as contemplated by the Reserve Bank of India/ Banking Regulation Act, 1949.

The main Objects Clause and Objects incidental or ancillary to the Main Objects of our Memorandum and Association enables us to undertake the our existing activities and the activities for which the funds are being raised by us through this Issue.

CHANGES IN THE MEMORANDUM OF ASSOCIATION:

Date of Amendment	Amendment
October 9, 1999	Increase in Authorised Capital from 1,00,000 Equity Shares of Rs. 10/- each aggregating to Rs. 10,00,000 to 40,00,000 Equity Shares of Rs. 10/- each aggregating to Rs. 4,00,00,000.
October 20, 2005	Change in the name of the Company from Emkay Share and Stock Brokers Private Limited to Emkay Share and Stock Brokers Limited.
November 17, 2005	Increase in Authorised Capital from 40,00,000 Equity Shares of Rs. 10/- each aggregating to Rs. 400,00,000 to 2,50,00,000 Equity Shares of Rs. 10/- each aggregating to Rs. 25,00,00,000.

The details of the Capital raised are given in the Section "Capital Structure" on page [•] of this Red Herring Prospectus.

Subsidiaries of The Company

1. Emkay Fincap Limited ("EFL"):

Emkay Fincap Limited is a subsidiary of our Company with 85% shares held by our Company. EFL was formed as a Private Limited Company on 16th May, 2005 for carrying on Share Financing activities and has been converted to Public Limited Company on February 14, 2006. EFL has so far not started its activities as the RBI approval was received recently. EFL is in the process of setting up a proper system and software to ensure smooth business activities. EFL has tied up with Citicorp to finance the working capital requirements.

Shareholding Pattern

Name of Shareholder	Number of Shares	% Holding
Emkay Share and Stock Brokers Ltd	17,89,800	85.23
Krishna Kumar Karwa (as a nominee of Emkay Share and Stock Brokers Limited)	100	0.005
Prakash Kacholia (as a nominee of Emkay Share and Stock Brokers Limited)	100	0.005
Priti Karwa	1,50,000	7.14
Preeti Kacholia	1,50,000	7.14
Satyanarayan Karwa	5,000	0.24
Girish Bhutra	5,000	0.24
Total	21,00, 000	100.00

Emkay Share and Stock Brokers Limited

Board of Directors

Sr.No.	Name	Designation
1	Mr.Satyanarayan Karwa	Director
2	Mr.Girish Bhutra	Director
3	Mr. Krishna Karwa	Director
4	Mr. Prakash Kacholia	Director

Financial Performance

EFL has not yet commenced its operations. As such, no financial details are available. The Company is neither a Sick Company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is under winding up.

2. Emkay Commotrade Limited ("ECL"):

Emkay Commotrade Limited is a subsidiary of our Company and our Company holds 100% shares held of ECL. The Company was formed on 5th January 2006 and proposes to carry on commodity broking business. It proposes to invest in the membership of two commodity exchanges namely –

1. MCX Commodity Exchange
2. NCDX Commodity Exchange.

Shareholding Pattern

Our Company together with six nominees hold the entire shareholding of ECL.

Board of Directors

Sr.No.	Name	Designation
1	Mr. Krishna Karwa	Director
2	Mr. Prakash Kacholia	Director
3	Mr. Prabhakar Bhogate	Director
4	Mr.Bhavesh Shah	Director

Financial Performance

ECL has not yet commenced its operations and hence no financial details are available. The Company is neither a Sick Company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is under winding up.

Shareholders Agreements

There are no subsisting Shareholders' Agreements that our Company is aware of.

Other Agreements

Except the Agreements as appearing in this Red Herring Prospectus and the contracts/ Agreements entered into in the ordinary course of business carried on or intended to be carried on by us, our Company has not entered into any other agreement/ contract.

Strategic Partners

At present, our Company does not have any strategic partners.

Financial Partners

At present, our Company does not have any financial partners.

Management

Our Company is currently managed by our Board of Directors Comprising of 6 Directors. The details are as follows :-

Board of Directors

Sr. No	Name, Designation, Address, Occupation	Age	Qualification	Other Directorships	Remuneration (Rs in Lakhs) (2004-05)
1.	Mr. G.P. Gupta Chairman 101, Kaveri, B Wing, Neelkanth Valley, 7 th Road, Rajawadi, Ghatkopar (East) Mumbai-400 077 Non-executive and Independent Director Occupation: Company Director	65	M.Com	Aditya Birla Nuvo Ltd Birla Sun Life Insurance Co. Ltd Jammu & Kashmir Bank Ltd Indo Gulf Fertilizers Ltd M.P. Power Generating Co. Ltd PTC India Ltd SIDBI Venture Capital Ltd Su-Raj Diamonds & Jewellery Ltd. Swaraj Engines Ltd NTPC Limited Hindustan Aeronautics Limited	NIL
2.	Mr. Krishna Kumar Karwa Managing Director 505, Rajniketan, Bapubhai Vashi Road, Vile Parle (West) Mumbai-400 056 Executive Director Occupation: Business	40	C.A	Emkay Corporate Services Pvt. Ltd. Emkay Comotrade Limited Emkay Fincap Limited	Rs. 39.52
3	Mr. Prakash Kacholia Managing Director Devdeep Bunglow, 1 st Floor, Tagore Road, Santacruz (West), Mumbai – 400 054 Executive Director Occupation: Business	40	C.A	Emkay Corporate Services Pvt. Ltd. Emkay Comotrade Limited Emkay Fincap Limited BSE Limited CDSL Limited	Rs. 39.52
4	Mr. S.K.Saboo Director Satnam Apartment, 4 th Floor, Cuffe Parade, Mumbai-400 005 Non-Executive Director Occupation: Service	63	-	Indophil Textile Mills Inc., Philippines AV Cell Inc, Canada BGH Exim Limited A V Nackawic Inc., Canada Cricket Club of India	NIL
5	Mr. R. K. Krishnamurthi Director Block No. 28, Bansilal Building, 62-D, Girgaum Road, Mumbai – 400 004 Non-Executive and Independent Director Occupation: Solicitor & Advocate	59	B.A, L.L.B	Altair (India) Private Limited Madhav Marbels and Granites Ltd Cricket Club of India	Nil

Emkay Share and Stock Brokers Limited

Sr. No	Name, Designation, Address, Occupation	Age	Qualification	Other Directorships	Remuneration (Rs in Lakhs) (2004-05)
6	Mr. G. C. Vasudeo Director 358A,GangaRam Khatriwadi, 2 nd Floor,JS Road, Mumbai- 400 002 Non-Executive and Independent Director Occupation: Service	51	B.Com, L.L.B, FCA, FCS Grad ICWA	Schenectady Herdilla Limited Schenectady India Holdings Ltd Cricket Club of India	Nil

Brief Profile of the Directors

- Mr. G.P. Gupta** Chairman, has 35 years 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. Besides, being a past Director of Bharat Heavy Electrical Limited, National Aluminium Co. Limited, Hindustan Aeronautics Ltd.
- Mr. Krishna Kumar Karwa**, Director, is a Chartered Accountant and has 17 years experience in the stock market across research, dealing and execution with special focus on the 'cash' segment of the capital markets. He also directs the wealth management services business, which is aimed at providing portfolio advisory and risk management.
- Mr. Prakash Kacholia**, Director, is a Chartered Accountant and has 15 years experience in Share Broking Activities. He leads our Company's derivatives business, generating trading strategies and identifying market opportunities. He has served the BSE in the capacity of a governing board member and on the derivatives committee of SEBI at the time of the launch of derivatives in the Indian market.He is currently on the Board of BSE Limited and CDSL.
- Mr. S.K. Saboo**, Director, has over 40 years of experience in the Management field. He is the Group Executive President and Business Head of Aditya Birla Group, the premier business group in India and responsible for independently managing the units.
- Mr. R.K. Krishnamurthi** Director is a Solicitor and Senior Partner with Mulla & Mulla Craigie Blunt & Caroe, a reputed firm of Advocates, Solicitors and Notaries. He is a solicitor in the Mumbai High Court and Supreme Court of England.
- Mr. G.C. Vasudeo**, Director, is a member of Institute of Chartered Accountant, Institute of Company Secretaries, Institute of Cost and Works Accountant and Law Graduate.He has wide industrial experience of 25 years. He is presently Director- Finance of Schenectady Herdilla Limited incharge of Corporate Finance, Accounts, Material Sourcing and Information Technology. He has been instrumental in the restructuring of the Herdilla Group and also in Mergers and Acquisition within the Group.

None of the Directors are related to each other except Mr. S. K. Saboo, who is father-in-law of Mr. Krishna Kumar Karwa.

Borrowing Powers Of Directors

The shareholders of our Company in the Extra-ordinary General Meeting held on 17th November 2005 fixed a borrowing limit of Rs 100 crores.

Compensation Of Managing Directors

At the Board of Directors Meeting held on October 25, 2005, Mr. Krishna Kumar Karwa and Mr. Prakash Kacholia were appointed as Managing Directors of the Company for a period of 5 years with effect from October 1, 2005. The Shareholders have approved the appointment and the terms and conditions at the Extra-Ordinary General Meeting on November 17, 2005, details as under:

I Salary

Rs.4, 00,000/- per month.

II. **Leave Salary**

15 days per annum

III. **Perquisites.**

In addition to salary, the perquisites in respect of the following will be allowed and the same will be restricted to an amount equal to the annual salary as in para (I) above.

1. **Medical Reimbursement:**

Medical expenses including hospitalization and premium for medical insurance incurred by the whole time Director for self and family subject to a ceiling of one month salary in a year or three salary over a period of three years.

2. **Leave Travel Concession:**

Reimbursement of actual traveling expenses for proceeding in leave from Mumbai to any place in India and return there from once in a year in respect of himself and family.

3. **Club Fees:**

Membership fees for clubs in India and/or abroad including any admission / life membership fees.

4. **Entertainment Expenses:**

Reimbursement of entertainment expenses incurred in the course of business of the Company.

5. **Personal Accident Insurance:**

Personal Accident Insurance of an amount, the annual premium on which shall not exceed Rs.4,000/- per annum.

6. **Free use of Car:**

The Company shall provide car with driver for use for Company's Business.

7. **Free telephone at residence and mobile:**

The Company shall provide telephone at the residence and mobile phone for use on Company's business.

8. **Performance Bonus:**

In addition to salary and perquisites, performance based bonus shall be given during the year as may be decided by the board of directors. Performance will be measured in terms of %age change in Gross Brokerage of the company as compared with previous year. Bonus will be calculated as under:

Increase in Gross Brokerage compared with previous year	Bonus as a % age of Salary
Up to 30% rise in brokerage	30% of Basic Salary
Above 30% but up to 60%	60% of Basic Salary
Above 60%	100% of Basic Salary

Or

Such other amount as may be decided by the Board of Directors.

9. **Contribution to Provident Fund**

Company's contribution to provident fund to the extent of 12% of the Salary.

Compliance with Corporate Governance

Our Company stands committed to good Corporate Governance – transparency, disclosure and independent supervision to increase the value of our stakeholders. The Guidelines issued by SEBI in respect of the Corporate Governance will be applicable to the Company immediately upon applying for the in-principle approval for listing of the Equity Shares on the

Emkay Share and Stock Brokers Limited

stock exchange. Accordingly, the Company has undertaken steps to comply with the SEBI guidelines on Corporate Governance. The Corporate Governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management and the constitution of the Board Committees, majority of them comprising of independent directors. Committees of the Board have been constituted in order to look into the matters in respect of compensation, shareholding, audit, etc, details of which are as follows:

Committees of the Board

Audit Committee

The terms of the Audit Committee comply with the requirements of Section 292A of the Companies Act and Clause 49 of the listing agreement to be entered into with the Stock Exchanges.

The members of the Audit Committee are:-

Name of the Member	Designation
Mr. G.C. Vasudeo	Chairman
Mr. R.K. Krishnamurthi	Director
Mr. Krishna Kumar Karwa	Director

The principal functions of the committee are to

- review our Company's financial statements, before submission to, and approval by the Board;
- review our Company's procedures for detecting fraud and whistle blowing and ensure that
- arrangements are in place by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting, financial control or other matters;
- review management's and the internal auditor's reports on the effectiveness of the systems for internal financial control, financial reporting and risk management;
- monitor the integrity of our Company's internal financial controls;
- assess the scope and effectiveness of the systems established by management to identify, assess, manage and monitor financial and non-financial risks;
- review the internal audit program and ensure that the internal audit function is adequately resourced and has appropriate standing within our Company;
- receive a report on the results of the internal auditor's work on a periodic basis;
- review and monitor management's responsiveness to the internal auditor's findings and recommendations; and
- monitor and assess the role and effectiveness of the internal audit function in the overall context of our Company's risk management system.

Remuneration Committee

The Remuneration Committee consists of non-executive Directors, with the Chairman of the Compensation Committee being an independent Director. The Committee determines the grant of stock option and also reviews the overall compensation structure including managerial remuneration and related policies aimed at attracting, motivating and retaining personnel. The Committee has the authority to determine the compensation packages of Executive Directors and senior management and determine the parameters and supervise the operation of the bonus schemes of our Company. The Committee will review recommendations made to it by our Company and others and is authorized to investigate any activity within its terms of reference, seek any information from any employee of our Company and obtain independent professional advice.

The Committee comprises of the following persons: -

Name of the Member	Designation
Mr. S.K.Saboo	Chairman
Mr.R.K. Krishnamurthi	Director
Mr. G.C. Vasudeo	Director

Investor Grievances and Share Transfer Committee

The Investor Grievances and Share Transfer Committee looks into redressal of shareholder and investor complaints, issue of duplicate/ consolidated share certificates, allotment and listing of shares and review of cases for refusal of transfer/ transmission of shares and debentures and reference to statutory and regulatory authorities. The scope and functions of the Investor Grievances and Share Transfer Committee are as per Clause 49 of the Listing Agreement

The Committee comprises of the following persons: -

Name of the Member	Designation
Mr. R.K. Krishnamurthi	Chairman
Mr. Krishna Kumar Karwa	Director
Mr. Prakash Kacholia	Director

Shareholding of the Directors

The Articles of Association of our Company do not require the Directors to hold any Equity Shares as qualification shares in our Company. The following table details the shareholding of the Directors, as at the date of filing of this Red Herring Prospectus with SEBI:

Sr. No.	Names of the Directors	No. of shares of Rs.10 each
1	Mr. Prakash Kacholia	47,50,000
2	Mr. Krishna Kumar Karwa	49,22,500

Interests of Directors

Except as stated in "Related Party Transactions" on page [●] of the Red Herring Prospectus, and to the extent of shareholding in our Company as also their shareholding in Emkay Fincap Private Limited, the directors do not have any other interest in the business. The directors are interested to the extent of shares allotted to them.

All Directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a Committee thereof as well as to the extent of other remuneration, reimbursement of expenses payable to them under our Articles of Association. The Directors will be interested to the extent of remuneration paid to them for services rendered by them as officers or employees of our Company.

All Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by our Company with any other company in which they hold Directorships or any partnership firm in which they are partners as declared in their respective declarations.

All Directors may also be deemed to be interested to the extent of Equity Shares, if any, already held by them or their relatives in our Company, or that may be subscribed for and allotted to them, out of the present Issue in terms of the Red Herring Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

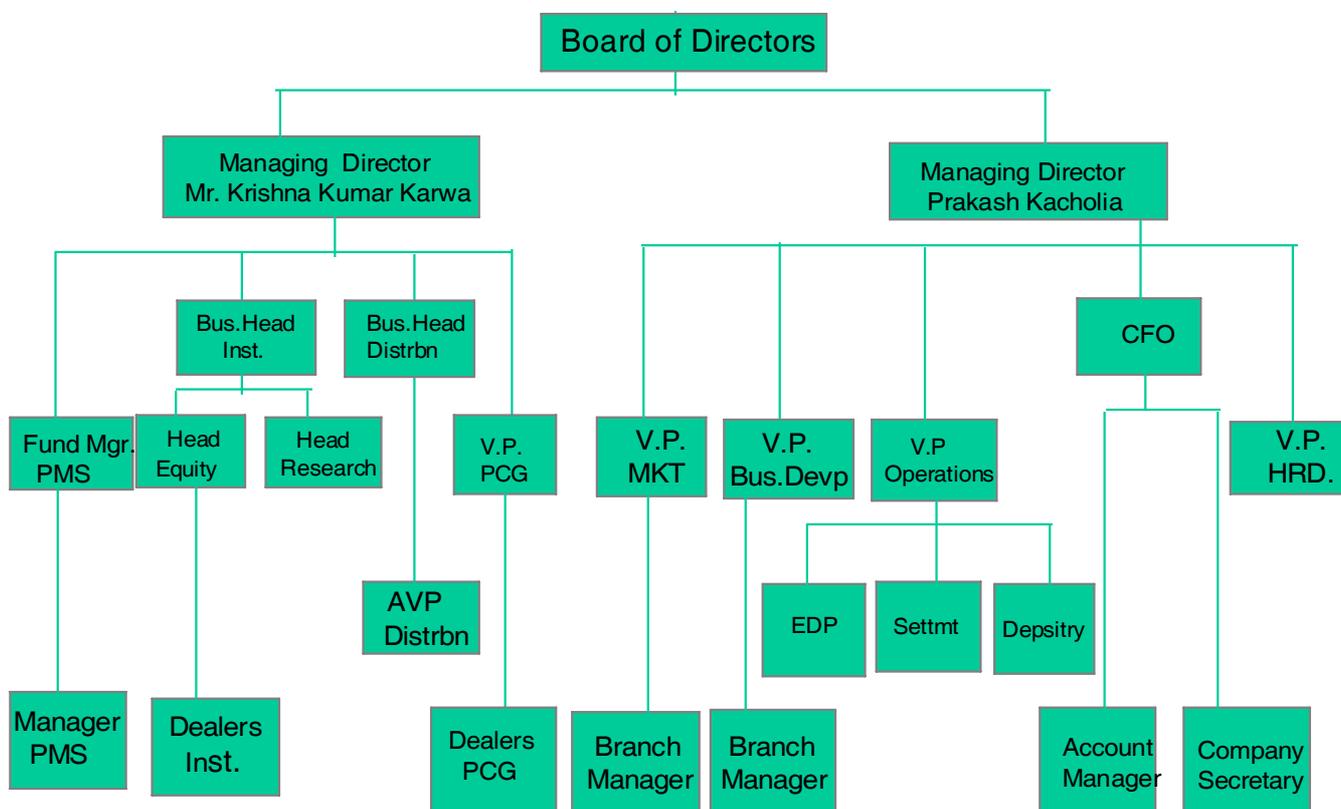
Changes in the Board of Directors in the last 3 years

The following are the changes to our Board of Directors in the last 3 years and no changes thereafter have taken place:

Sr. No.	Name	Date of Appointment	Date of Resignation	Reason for Change
1.	Mr. G.P. Gupta	2 nd December, 2005	-	To broad base the board
2.	Mr. R.K. Krishnamurthi	2 nd December, 2005	-	To broad base the board
3.	Mr. G.C. Vasudeo	28 th January 2006	-	To broad base the board

Emkay Share and Stock Brokers Limited

MANAGEMENT ORGANISATION CHART



Key Managerial Personnel

The key managerial personnel and their particulars are as under:

Sr. No.	Name	Designation	Age (Years)	Date of Joining	Qualification	Previous Employment	Work Experience (in Yrs.)
1.	Vijay Shenoy	Chief Financial Officer	48	21.07.2005	B.Com ACA, ACS, LLB	Financial Consultant	23
2.	Chirayush Bakshi	VP –Marketing and Business Development	41	12.09.2005	B.Com, CA Inter	Angel Group-Head Marketing	18
3.	V H Bhaskaran	VP -Business Development	45	08.07.2004	B.Com	Kantilal Chhaganlal Securities Pvt. Ltd. -Head Business Development	25
4.	Anish Damania	Business Head - Institutions	37	1.11.2005	B.Com, CA, Grad ICWA, Lic.ICSI	Refco Sify Securities India Ltd-Head Institution Equities	13
5.	Samir Rachh	Head-PMS	36	01.04.2004	B.Com	Indusind Bank-Manager (Investments)	16

Sr. No.	Name	Designation	Age (Years)	Date of Joining	Qualification	Previous Employment	Work Experience (in Yrs.)
6.	Vijay Saraf	VP-PCG Group	46	05.12.2005	FCA	Centrum Capital Limited-VP	20
7.	Manish Jain	Company Secretary	30	13.09.2004	ACS, L.L.B	Asit C. Mehta Investment Intermediates Limited-Assistant Manager Compliance	6
8.	Saket Agarwal	Manager-Operations	39	01.01.2006	B.Com, ACA, DISA	S.S. Jhunjhunwala & Co. -Partner	15

The persons whose name appears as Key Management Personnel are on the rolls of our Company as permanent employees.

Brief Profiles of Key Managerial Personnel

- Vijay Shenoy**, having 23 years of experience in diverse fields of accounts, finance, legal and secretarial. He has been instrumental in the successful public issue of many companies and has assisted the various companies in raising funds both in India and Abroad. He is primarily responsible for financial activities of the company including setting up of internal control system and MIS.
- Chirayush Bakshi**, having 18 years of experience in the field of Marketing and business development. He is responsible for brand Building, franchisee and branch network expansion all across India and also organizing and managing Events for our Company.
- V.H. Bhaskaran**, having 25 years experience in capital market. He is responsible for the development of business and establishing new branches/franchisee network in India. He is looking after the development of activities in the west and southern part of India.
- Anish Damania**, having 13 years of experience in the finance/ capital market. He is responsible for the business with institutions/ Mutual funds. He also look after the research department of our Company which is backbone of share broking activities.
- Samir Rachh**, having 16 years of experience in the capital market. He is responsible for optimizing the returns to the PMS investors of the Company. He was earlier incharge of research function of the Company.
- Vijay Saraf**, having 20 years of experience of managing the operations and business development in Capital Markets. Prior to joining with us, he has worked with Centrum Capital Limited.
- Manish Jain**, having 6 years experience in secretarial and Compliances in Capital Markets. He is the company Secretary of our Company. Prior to joining us he was employed with Asit C. Mehta Investment Intermediates Limited as an Assistant Manager Compliance. He was instrumental in setting-upthe Depository Participant during his tenure with M. P. Stock Exchange.
- Saket Agarwal**, having 15 years experience as a sub –broker and partner in Chartered Accountant Firm. Prior to joining us, he was working with M/s. S.S. Jhunjhunwala & Co. as a Partner.

Shareholding of the Key Managerial Personnel: -

No Key Managerial Personnel has any shareholding in our Company.

Employee Stock Option Scheme 2005

For details, please refer to page no. [•] of Red Herring Prospectus.

Bonus or Profit Sharing Plan for the Key Managerial Personnel: -

There is no Profit Sharing Plan for the Key Managerial Personnel.

Emkay Share and Stock Brokers Limited

Changes in the Key Managerial Personnel

Except for the following, there has been no change in the Key Managerial Personnel of our Company within one year prior to the date of filing Red Herring Prospectus with SEBI:

Sr.No.	Name	Designation	Date of Joining	Date of cessation	Reason for change
1	Om Prakash Baldawa	Head - Accounts & Finance	1.10.1998	21.03.2005	Better prospects
2	Bharat Shah	President	02.10.2002	11.11.2005	Better prospects
3	Vignesh Eswar	Vice President - Technical Analysis	06.12.2004	01.11.2005	Better prospects
4	Vijay Shenoy	Chief Financial Officer	21.07.2005	-	Appointment
5	Chirayush Bakshi	Vice President - Marketing	12.09.2005	-	Appointment
6	Anish Damania	Business Head - Institutions	01.11.2005	-	Appointment
7	Vijay Saraf	Vice President - Private Client Group	05.12.2005	-	Appointment
8	Saket Agarwal	Manager-Operations	1.01.2006	-	Appointment
9	Girish Bhutra	Head- Equity Trading	01.01.2003	03.02.2006	Better prospects

Employees

The total number of Employees are 152. The details are as follows:

Particulars	No. of Employees
Registered Office	
Managerial Personnel	3
Administrative Staff	3
Others (Field Person)	1
Total	7
Corporate Office	
Managerial Personnel	12
Administrative Staff	62
Others (Field Person)	8
Total	82
Branches/ Franchisee Offices (Region-wise) : Eastern Region	
Managerial Personnel	1
Administrative Staff	5
Total	6
Branches/ Franchisee Offices (Region-wise) : Western Region	
Managerial Personnel	6
Administrative Staff	20
Others (Field Person)	2
Total	28

Particulars	No. of Employees
Branches/ Franchisee Offices (Region-wise) : Southern Region	
Managerial Personnel	4
Administrative Staff	15
Total	19
Branches/ Franchisee Offices (Region-wise) : Northern Region	
Managerial Personnel	2
Administrative Staff	8
Total	10

Payment or Benefit to officers of the Company (Non -Salary Related)

There is no amount or benefit paid or given within the two preceding years or intended to be paid or given to any officer of the our Company.

Emkay Share and Stock Brokers Limited

Promoters/ Principal Shareholders:

Promoters being Individuals



Mr. Krishna Kumar Karwa, 40 years, **Passport Number:** A5475823, **Voter ID Number:** MT/08/038/408885, **Driving License Number:** 84/w/4652

Mr. Krishna Kumar Karwa is the Managing Director of our Company. Mr. Karwa is a Chartered Accountant by qualification and has 17 years experience in the stock market across research, dealing and execution with special focus on the 'cash' segment of the capital markets. He also directs the wealth management services business, which is aimed at providing portfolio advisory and risk management.



Mr. Prakash Kacholia 40 years , **Passport Number:** B 3017587, **Voter ID Number:** MT/08/038/213664, **Driving License Number:** Ex ST –93-03-08.

Mr. Prakash Kacholia is the Managing Director of our Company. He is a Chartered Accountant by qualification and has 15 years experience in Share Broking Activities. He leads our derivatives business, generating trading strategies and identifying market opportunities. He has served the BSE in the capacity of a governing board member and on the derivatives committee of SEBI at the time of the launch of derivatives in the Indian market. He is currently on the Board of BSE Limited and CDSL.

Promoters being Companies

Emkay Corporate Services Private Limited ("ECSPL"), PAN Number: AAACE 0995M, Company Registration Number: 11-84911

ECSPL was incorporated on November 4, 2003 by Mr. Krishna Kumar Karwa and Mr. Prakash Kacholia to carry on the activities of stock broking, commodities broking and investment Banker. ECSPL is member of the commodity exchanges including MCX and NCDEX. These exchanges are basically related to commodities trading. ECSPL has been carrying on this activity for the past two years and is in the process of transferring this business to one of the newly formed subsidiary of our Company- namely Emkay Commotrade Limited.

Promoters:

1. Mr. Krishna Kumar Karwa
2. Mr. Prakash Kacholia

Board of Directors

Name	Designation
Mr. Krishna Kumar Karwa	Director
Mr. Prakash Kacholia	Director

Shareholding Pattern

Name	No. of Shares Held	% Holding
Mr. Krishna Kumar Karwa	5,10,000	50.00
Mr. Prakash Kacholia	5,10,000	50.00
Total	10,20,000	100.00

Financial Performance

(Rs in Lakhs)

Particulars	31.03.2005	31.03.2004
Total Income	62.11	350.77
Profit After Tax	20.96	19.03
Paid Up Capital	102.00	102.00
Reserves & Surplus	56.62	35.66
Net Worth	158.62	137.63
EPS (Rs per Share)	2.05	1.87
Book Value	15.55	13.49

Declaration

We confirm that the Permanent Account Number, Passport number and Bank Account Number of Mr. Krishna Kumar Karwa and Mr. Prakash Kacholia are being submitted to the Stock Exchanges on which Equity Shares are proposed to be listed at the time of filing Red Herring Prospectus with them.

In respect of Emkay Corporate Services Private Limited, corporate promoter of the Company, its PAN Number, Company Registration Number and Bank Account Number are being submitted to the Stock Exchanges, on which the Equity Shares are proposed to be listed.

Common Pursuits: -

There is no company in the Group, which is engaged in the same business as that of our Company.

Full particulars of the nature and extent of the interest, if any, of every promoter:

Save as stated in this Red Herring Prospectus neither the Promoters nor the firms or companies in which they are members have any interest in the business of our Company, except to the extent of investments made by them and their group/ investment companies in Emkay Shares and Stock Brokers Limited and earning returns thereon. None of the Promoters or the firms or Companies in which they are members has any interest in any property acquired by the Company within two years of the date of this Red Herring Prospectus or proposed to be acquired by it. The promoters are also interested in the Company to the extent of their shareholding, for which they are entitled to receive the dividend declared if any, by our Company.

Payment or benefit to promoters of the issuer company.

Other than the salary and remuneration of the Promoter Directors, referred to in the section titled "Compensation of Managing Directors" on page no [●] of this Red Herring Prospectus, and dividend, if any declared on the Equity Shares, there are no payment or benefit to promoters of the Company.

Related Party Transactions

The details of related party transactions please refer of Annexure XII of the Financial Statements on page [●]

Dividend Policy

Our Company has been following a policy of rewarding the shareholders with Dividend.

Our Company has been consistently paying dividend to its shareholders whenever it reports distributable surplus. The Dividend payout for the preceding 5 years is as under.

Financial Year	% of paid-up share capital	Amount (Rs. Lakhs)
2000-2001	1%	3.50
2001-2002	1%	3.50
2002-2003	10%	35.00
2003-2004	15%	52.50
2004-2005	20%	70.00

Emkay Share and Stock Brokers Limited

SECTION V: FINANCIAL INFORMATION

AUDITOR'S REPORT

To,

The Board of Directors
Emkay Share & Stock Brokers Ltd.
4th Floor, Hamam House,
Ambalal Doshi Marg,
Fort, Mumbai – 400 023.

Dear Sir,

We have examined the financial information of Emkay Share & Stock Brokers Limited, ("the Company") annexed to this report and initialed by us for identification.

The said financial information has been prepared in accordance with the requirements of:

1. Paragraph B (1) of part II of Schedule II to the Companies Act, 1956 ("the Act"),
2. The Securities and Exchange Board of India (SEBI) (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI on January 19, 2000 as amended from time to time in pursuance of Section 11 of The Securities & Exchange Board of India Act, 1992 ("SEBI Guidelines"), and
3. Our terms of reference received from the Company vide letter dated December 10, 2005 requesting us to make this report for the purpose of inclusion in the Offer Document to be issued by the Company in connection with its Initial Public Offer of Equity Shares ("the Issue").

The preparation and presentation of the financial information is the responsibility of Company's management and the same has been approved by the Board of Directors of the Company.

(A) FINANCIAL INFORMATION AS PER AUDITED FINANCIAL STATEMENTS:

We have examined:

- (a) the attached summary statement of Profit and Losses, as restated, of the Company for each of the financial years ended March 31, 2001, 2002, 2003, 2004 and 2005 and for the six months period ended on September 30, 2005 as per Annexure I and
 - (b) the attached summary statement of assets and liabilities, as restated, as at March 31, 2001, 2002, 2003, 2004, and 2005 and as at September 30, 2005 as per Annexure II.
- together referred to as "summary statements".

These summary statements for the five financial years ended 31st March, 2005 being the last date to which the accounts of the company have been made up have been extracted from the financial statements of the Company for these years audited by us and adopted by the Members for those respective years. The summary statement for the six months period ended on 30th September, 2005 have been extracted from the financial statement of the company for the said period prepared and approved by the Board of Directors of the company and examined and found correct by us.

Based on our examination of these summary statements, we state that:

- (1) The restated profits have been arrived at after charging all expenses including depreciation and after making such adjustments and regrouping, as in our opinion are appropriate for the year to which they related more particularly described in the notes appearing in Part (A) of Annexure III.
- (2) The summary statements of the Company have been restated with retrospective effect to reflect the Significant Accounting Policies adopted by the Company as at September 30, 2005, as stated vide Part (B) of Annexure III to this report and Notes to Accounts as stated vide Part (C) of Annexure III.

- (3) Material amounts relating to previous years have been adjusted in the restated summary statements for the years to which they relate more particularly described in the notes appearing in Part (A) of Annexure III.
- (4) Qualification in the auditors' report which do not require any corrective adjustment in the summary statements is described in the note no.6 appearing in Part (A) of Annexure III.
- (5) There are no extra-ordinary items that needs to be disclosed separately in the summary statements.

(B) DIVIDEND:

We report that the dividends declared and paid the Company in respect of five financial years ended 31st March, 2005 are as shown in Annexure IV to this report.

(C) OTHER FINANCIAL INFORMATION:

We have also examined the following other financial information relating to the Company as approved by the Board of Directors for the purpose of inclusion in the Offer Document to be issued by the Company in connection with its Initial Public Offer of Equity Shares:

- (a) Details of "Related Party disclosures", as restated, as shown in Annexure V.
- (b) Statement of "Other Income", as restated, as shown in Annexure VI.
- (c) Statement of "Tax Shelter" as shown in Annexure VII.
- (d) Statements of "Accounting Ratios" comprising earning per share, return on net worth and net asset value which have been calculated based on restated profits, as shown in Annexure VIII.
- (e) "Capitalisation Statement" as shown in Annexure IX.
- (f) Details of "Secured Loans" as restated, as shown in Annexure X.
- (g) Restated Cash Flow Statements as shown in Annexure XI.
- (h) Details of "Unsecured Loans", as restated, as shown in Annexure XII.
- (i) Details of "Investments", as restated, as shown in Annexure XIII.
- (j) Details of "Sundry Debtors", as restated, as shown in Annexure XIV.
- (k) Details of "Loans and Advances", as shown in Annexure XV and.
- (l) Details of "Contingent Liabilities", as shown in Annexure XVI.

In our opinion, the financial information of the Company attached to this report, read with respective Significant Accounting Policies and Notes as annexed to this report and after making adjustments and regrouping as considered appropriate have been prepared in accordance with part II of Scheduled II to the Act and the guidelines issued by SEBI.

This report is intended solely for your information and for inclusion in the Offer Document to be issued by the Company in connection with its Initial Public Offer of Equity Shares and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For B. L. Sarda & Associates
Chartered Accountants,

Sd/-
(B. L. Sarda)
Partner

Membership No. 14568

Place : Mumbai

Dated : 27th January, 2006.

Emkay Share and Stock Brokers Limited

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Annexure IV	:	Details of Rate of Dividend
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Annexure VIII	:	Statement of Accounting Ratios
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Annexure XVI	:	Details of Contingent Liabilities, Guarantees and Capital Commitments

ANNEXURE - I
SUMMARY STATEMENT OF PROFITS AND LOSSES, AS RESTATED

(All amounts in Indian Rupees in lakhs)

PARTICULARS	Period ended 30.09.2005 (6 months)	FOR THE YEAR ENDED ON 31ST MARCH				
		2005	2004	2003	2002	2001
Income						
Revenue from Operations						
- Brokerage & related income	1,948.68	2,221.45	1,310.20	544.71	385.89	915.17
Other income	36.97	130.21	107.51	108.25	72.71	35.48
Total Income	1,985.65	2,351.66	1,417.71	652.96	458.60	950.65
Expenditure						
Employees Remuneration and Benefits	227.11	423.06	238.60	124.83	85.05	93.93
Administrative and Other Expenses	675.03	839.14	517.95	286.99	224.38	434.11
Interest and Finance Charges	1.77	1.46	7.05	2.00	5.36	8.51
Depreciation	28.62	40.79	16.77	13.26	16.70	12.87
Total Expenditure	932.53	1,304.45	780.37	427.08	331.51	549.42
Profit before tax & prior period adjustments and extra ordinary items	1,053.12	1,047.21	637.34	225.88	127.09	401.23
Provision for taxation						
- Current Tax	(360.02)	(376.00)	(210.00)	(98.00)	(30.00)	(166.00)
- Deferred Tax credit/(expenses)	6.46	(12.60)	(21.10)	14.29	-	-
- Fringe Benefit Tax	(3.53)	-	-	-	-	-
Net profit after tax but before prior period adjustments and extra ordinary items	696.03	658.61	406.24	142.17	97.09	235.23
Prior period income tax	-	(4.70)	-	(25.14)	(0.44)	(0.61)
Extra ordinary items	-	-	-	-	-	-
Net Profit for the year/period	696.03	653.91	406.24	117.03	96.65	234.63
Impact of Adjustments(See Note No.2 of Part (A) of Annexure III)	0.20	(22.79)	(0.87)	(0.60)	1.71	80.24
Impact of Prior period Income Tax adjustments	-	4.70	-	25.14	0.44	(26.22)
Deferred Tax impact of Adjustments	-	8.66	-	0.21	(13.00)	(7.54)
Total Impact of adjustments	0.20	(9.43)	(0.87)	24.75	(10.85)	46.48
Net profit, as restated (c/f.)	696.23	644.48	405.37	141.78	85.80	281.11
Appropriations						
Balance of profit brought forward	219.05	213.72	213.16	210.86	223.91	(30.34)
Transfer to General Reserve	-	560.00	345.59	100.00	95.00	23.00
Proposed / Interim Dividend	-	70.00	52.50	35.00	3.50	3.50
Corporate Dividend Tax	-	9.15	6.72	4.48	0.35	0.36
Balance of profit carried forward	915.28	219.05	213.72	213.16	210.86	223.91

Notes :

- The above statement should be read with notes to the summary statement of Profit and Losses and Assets and Liabilities, as restated, appearing in Part (C) of Annexure III and the Significant Accounting Policies appearing in Part (B) of Annexure III.
- The reconciliation between the audited and restated accumulated profit and loss balance as at April, 2000 is given in Note No. 3 of Part (A) of Annexure III.

Emkay Share and Stock Brokers Limited

ANNEXURE - II

SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(All amounts in Indian Rupees in lakhs)

PARTICULARS	As at 30.09.2005 (6 months)	AS AT 31ST MARCH				
		2,005	2,004	2,003	2,002	2,001
A. Fixed Assets						
Gross Block	621.99	563.36	421.20	386.68	373.53	371.65
Less: Depreciation	149.60	120.99	80.30	63.53	53.32	36.62
Net Block	472.39	442.37	340.90	323.15	320.21	335.03
Add: Capital work in progress	-	-	-	-	-	-
Total	472.39	442.37	340.90	323.15	320.21	335.03
Less: Revaluation Reserve	-	-	-	-	-	-
Net Block after adjustment of Revaluation Reserve	472.39	442.37	340.90	323.15	320.21	335.03
B. Investments	181.66	2.61	16.72	42.96	63.02	62.35
C. Current Assets, Loan & Advances						
Inventories	49.15	190.24	15.10	38.58	96.50	13.87
Sundry Debtors	2,290.87	357.38	202.81	123.80	100.58	313.08
Cash and Bank Balances	2,557.40	2,093.89	1,439.34	957.65	777.38	610.04
Other Current Assets	11.89	9.23	6.60	9.19	8.35	9.07
Loans and Advances	2,481.44	2,086.74	759.89	345.30	810.65	714.08
Total	7,390.75	4,737.48	2,423.74	1,474.52	1,793.46	1,660.14
D. Liabilities and Provisions:						
Secured Loans	-	-	-	2.86	-	-
Unsecured Loans	-	378.90	-	-	-	-
Current Liabilities and Provisions	5,079.39	2,527.93	1,075.25	499.16	926.14	902.17
Deferred Tax Liability (Assets)	6.55	13.00	9.06	(12.04)	2.46	(10.54)
Total	5,085.94	2,919.83	1,084.31	489.98	928.60	891.63
E. Net Worth (A+B+C-D)*	2,958.86	2,262.63	1,697.05	1,350.65	1,248.09	1,165.89
F. Represented by						
Paid-up Share Capital:						
- Equity Shares	350.00	350.00	350.00	350.00	350.00	350.00
Reserves and Surplus	2,608.86	1,912.63	1,347.30	1,001.16	898.86	816.91
Less: Revaluation Reserve	-	-	-	-	-	-
Reserves and Surplus after adjustment of Revaluation Reserve	2,608.86	1,912.63	1,347.30	1,001.16	898.86	816.91
Total	2,958.86	2,262.63	1,697.30	1,351.16	1,248.86	1,166.91
G. Miscellaneous Expenditure up to the extent not written off	-	-	0.25	0.51	0.77	1.02
H. Net Worth (F-G)*	2,958.86	2,262.63	1,697.05	1,350.65	1,248.09	1,165.89

Notes:The above statement should be read with notes to the summary statement of Profit and Losses and Assets and Liabilities, as restated, appearing in Part (C) of Annexure III and the Significant Accounting Policies appearing in Part (B) of Annexure III.

ANNEXURE III:
NOTES ON ADJUSTMENTS, SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FOR RESTATED FINANCIAL STATEMENTS
(A) NOTES ON ADJUSTMENTS FOR RESTATED FINANCIAL STATEMENTS

- 1 Restated Financial Statements have been prepared in respect of five years commencing from the financial years ended March 31, 2001 to March 31, 2005 and for 6 months period ended September 30, 2005. As a result of restatement adjustment pertaining to the period prior to 2000-2001 have been adjusted against the balance of Profit and Loss Account as at April 1, 2000.
- 2 **Summary of results of restatement made in the audited accounts for the respective years and its impact on the profits of the Company**

(All Amounts in Indian Rupees in Lakh)

Particulars	Period ended 30.09.2005 (6 months)	FOR THE YEAR ENDED ON 31ST MARCH				
		2005	2004	2003	2002	2001
Adjustments for						
Change in Accounting treatment of Brokerage from Primary market (See Note No.4(b) below)	-	-	-	-	-	(27.47)
Change in Accounting treatment of Brokerage paid on Primary market (See Note No.4(b) below)	-	-	-	-	-	26.29
Prior period items of expenses (See Note No.5(a) below)	0.20	1.43	(0.94)	(0.60)	2.64	(1.43)
Prior period items of income (See Note No.5(a) below)	-	-	-	-	(0.93)	0.93
SEBI turnover based registration fees (See Note No.5(b) below)	-	(24.22)	0.07	-	-	81.92
Total Impact of adjustments before tax	0.20	(22.79)	(0.87)	(0.60)	1.71	80.24
Impact of Prior period Income Tax adjustments	-	4.70	-	25.14	0.44	(26.22)
Deferred tax impact of adjustments - assets/ (Liability) (See Note No.4(a) below)	-	8.66	-	0.21	(13.00)	(7.54)
Total tax impact	-	13.36	-	25.35	(12.56)	(33.76)
Total impact of adjustments after tax	0.20	(9.43)	(0.87)	24.75	(10.85)	46.48

Emkay Share and Stock Brokers Limited

3 Profit and Loss Account as at 1st April, 2000 (Restated)

(All Amounts in Indian Rupees in Lakhs)

Particulars	Amount
Profit and Loss account as at 01st April, 2000(audited)	13.53
Adjustments for	
Change in Accounting treatment of Brokerage from Primary market (See Note No.4(b) below)	27.47
Change in Accounting treatment of Brokerage paid on Primary market (See Note No.4(b) below)	(26.29)
Prior period items of expenses (See Note No.5(a) below)	(1.30)
SEBI turnover based registration fees (See Note No.5(b) below) (net of write back of Rs.2414706/-)	(57.78)
Total adjustments	(57.90)
Profit & Loss balance after adjustments (before tax effect of adjustments)	(44.37)
Impact of Prior period Income Tax	(4.05)
Deferred tax impact of adjustments - assets/(Liability) (See Note No.4(a) below)	18.08
Total Tax Impact	14.03
Restated Profit & loss balance as at 1st April, 2000	(30.34)

4 Changes in Accounting Policies:

(a) Deferred Taxation:

Accounting Standard – 22 on Accounting for Taxes on Income (AS 22) issued by the Institute of Chartered Accountants of India (ICAI) is mandatory in respect of accounting periods commencing on or after April 1, 2002. The Company adopted AS 22 for the first time in preparing its financial statements for the accounting year 2002-03. Accordingly, for the purpose of this statement, the deferred tax asset / liability has been recognised in the respective years of origin with a corresponding effect to the statement of profits as restated.

The cumulative net deferred tax assets aggregating to Rs.6.41 Lakhs accumulated upto March 31, 2002 has been recognised by the company by an addition to the General Reserve as on April 1, 2002 in the financial statements for the year ended March 31, 2003. Accordingly, in the Summary Statement of Assets and Liabilities as restated, this amount has been reduced from the Reserves and Surplus as at April 1, 2002 and adjusted to the relevant years in the statement of Profits and Losses. Further, deferred tax assets / liabilities arising due to SEBI turnover based registration fees adjustments as stated in note no.5(b) below have also been given effect to in respective years.

(b) During the year ended March 31, 2001, the company has changed the method of accounting of brokerage receivable / payable for primary market from cash to accrual basis. Accordingly, brokerage receivable / payable for primary market for the period prior to March 31, 2000 which has been received / paid during the year ended March 31, 2001 has been adjusted in the statement of Profit and Losses as restated.

(c) Upto March 31, 2000, the company was showing brokerage from secondary market inclusive of service tax collected by the company and on payment, service tax was debited to Profit & Loss Account. During the year ended March 31, 2001, the company collects brokerage and service tax separately and on payment, service tax account is debited. This change has no effect on profits of the company.

5 Other Adjustments:

(a) In the financial statements for the period ended September 30, 2005 and years ended March 31, 2005, 2004, 2003, 2002 and 2001, certain items of income/expenses have been identified as prior period items. For the purpose of this statement, such prior period items have been appropriately adjusted in the respective years.

- (b) The Honourable Supreme Court vide judgement dated February 1, 2001 upheld the validity of the turnover based registration fees imposed by Securities and Exchange Board of India (SEBI) on stock brokers as per Schedule III to the Securities and Exchange Board of India (Stock Brokers and Sub-brokers) Regulations, 1992. In view of this, the company made its own calculations and made provision for registration fees payable for the years 1st April, 1997 to 31st March, 2000 during the accounting year ended March 31, 2001. Subsequently, the company has made full and final payment of the said liability during the year ended March 31, 2005 by availing SEBI (Interest liability Regularisation Scheme) 2004 and excess provision held in the books was reversed since the liability was no longer payable. For the purpose of this statement, the liability towards SEBI registration fees has been recomputed for each year to which it pertains and necessary adjustments have been carried out.
- (c) The Profit and Loss Account of some years include amount paid / provided for or refunded / written back in respect of shortfall / excess income tax arising out of assessments, etc. which has now been adjusted in the respective years.

6 Auditors' qualification:

The Auditors of the company has qualified their opinion on the financial statements for the year ended March 31, 2001 for *non-provision of gratuity payable to its employees as required under Accounting Standard (AS – 15) for accounting of retirement benefits in the financial statements of Employers issued by the Institute of Chartered Accountants of India*. No adjustment for the said qualification has been made since in view of the management, the amount is not material (though not ascertained) and also in view of the fact that subsequent to the date of Balance Sheet for the said year, the company has set up "Employees Group Gratuity Assurance Scheme" and has taken a policy with Life Insurance Corporation of India for providing death-cum-retirement gratuity to its eligible employees.

(B) SIGNIFICANT ACCOUNTING POLICIES : -

1 Accounting Convention

The Accompanying Financial Statements are prepared under historical cost convention and in accordance with the Companies Act, 1956 and in all material aspects with applicable accounting standards issued by the Institute of Chartered Accountants of India.

2 Revenue recognition

- (a) The Company follows the mercantile system of accounting and recognizes income and expenditure on accrual basis.
- (b) Brokerage for secondary market is recognised at the end of each settlement period when bills are raised on clients.
- (c) Brokerage for primary market is accounted on accrual basis.
- (d) Income from Portfolio Management Services and Depository Operations is accounted on accrual basis net of discount.
- (e) 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 process 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.
 - 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.

Emkay Share and Stock Brokers Limited

- (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.
- (f) Option Contracts
 - (i) At the time of final settlement

Premium paid/received is recognised as an expenses/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 income / loss.
 - (ii) At the time of squaring off

Difference between the premium paid and received on squared off transactions is treated as an expenses / income.

3 Fixed assets and depreciation

- a) Fixed assets are carried at cost of acquisition less accumulated depreciation.
- b) Depreciation on fixed assets 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 prorata on additions made during the year.
- c) Furniture and Fixtures in premises taken on lease is depreciated over the period of Lease.
- d) The Membership rights of the Stock Exchanges are stated at cost of acquisitions and not subjected to any depreciation / amortisation.

Stock – in – Trade

Stock – in – Trade of shares and securities are valued at lower of the cost or market value.

5 Investments

Investments are stated at cost of acquisition since they are long term in nature.

6 Retirement benefits

- a) Provident Fund is accounted on accrual basis with contribution to the employees' provident fund administered by the Central Government.
- b) The company has taken a policy under the Employee's Group Gratuity Scheme with Life Insurance Corporation Of India to cover the gratuity liability under the rules of Gratuity Scheme/Payment of Gratuity Act, 1972.
- (c) Leave encashment for a particular year is paid during the same year.

7 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 assets is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

8 Assets on Lease :

Operating Leases:

Lease payments under operating lease are recognised as as expenses on accrual basis in accordance with the respective lease agreement.

9 Preliminary Expenses

Preliminary Expenses are amortised over a period of ten years.

10 Taxation

Provision for taxation has been made in accordance with the income tax laws prevailing for the relevant assessment years.

11 Deferred Taxation:

Deferred tax resulting from timing differences between book and tax profits is accounted for under the liability method, at the current rate of tax, to the extent that the timing differences are expected to crystallise as deferred tax charge/benefit in the profit and loss account and as deferred tax asset/liabilities in the Balance Sheet.

12 Contingent Liabilities

All liabilities have been provided for in the accounts except liabilities of a contingent nature which have been disclosed at their estimated value in the notes to the accounts.

(C) NOTES TO THE ACCOUNTS

- 1 The Company has been converted from Private Limited to Public Limited Company vide resolution of its members at the Extraordinary General Meeting held on September 19, 2005, and the approval of the Registrar of Companies vide certificate dated October 20, 2005.
- 2 During the six months period ended 30th September, 2005, the Company has formed a subsidiary namely Emkay Fincarp Private Limited (Date of incorporation 16th May, 2005) at an investment of Rs.179.00 Lakhs (percentage holding: 85.24%) to carry on non-banking financial services. Since the said subsidiary is yet to commence its business, its summary financial statements / informations have not been included in unconsolidated summary financial statements / informations.
- 3 Debit and Credit balances are subject to confirmation.
- 4 Remuneration paid to Whole-time Directors

(All amount in Indian Rupees in Lakhs)

PARTICULARS	Period ended 30.09.2005 (6 months)	Year ended 31st March, 2005 (12 months)
Salary	18.00	36.00
Performance Bonus	—	36.00
Leave Salary	1.00	1.51
Perquisites & Allowances	6.00	1.22
Employers' Contribution to PF	2.28	4.32
Total	27.28	79.05

- 5 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.

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- 6 Fixed Deposit with Banks lodged with Stock Exchanges towards security deposit / base minimum capital / additional base capital / trade guarantee fund

(All amount in Indian Rupees in Lakhs)

PARTICULARS	As at 30.09.2005 (6 months)	As at 31.03.2005 (12 months)
Bombay Stock Exchange Ltd		
- Cash Segment	385.00	65.00
- Derivatives Segment	28.51	28.51
- Debt Segment	5.00	5.00
National Stock Exchange of India Ltd		
- Cash Segment	410.00	510.00
- Derivatives Segment	51.31	176.31
Total	879.82	784.82

- 7 There are no amounts payable to any small scale industrial undertaking.

- 8 Break-up of Auditors Remuneration

(All amount in Indian Rupees in Lakhs)

PARTICULARS	Period ended 30.09.2005 (6 months)			Year ended 31st March, 2005 (12 months)		
	Fees	Service Tax	Total	Fees	Service Tax	Total
Audit Fees	1.75	NIL	1.75	3.50	.20	3.70
Tax Audit Fees	NIL	NIL	NIL	.50	.03	.53
Taxation Matters	NIL	NIL	NIL	.81	NIL	.81
Other Matters	.31	NIL	.31	.37	NIL	.37
Total	2.06	NIL	2.06	5.18	.23	5.41

- 9 Sundry Debtors as at September 30, 2005 include Rs. 61.61/- Lakhs due from Wholetime directors. (Maximum amount due Rs.124.23/- Lakhs).

- 10 Loan of Rs. 3.18/- Lakhs as at September 30, 2005 represents given to M/s Emkay Fincap Private Limited, a subsidiary company. (Maximum amount due Rs. 3.18/- Lakhs)

11 Assets taken on Operating Leases (on and after April 1, 2003) :-

The Company has taken various commercial premises under operating leases. These lease arrangement are normally renewable on expiry. The future minimum lease payments in respect of the aforesaid leases are as follows:

(All amount in Indian Rupees in Lakhs)

PARTICULARS	Period ended 30.09.2005 (6 months)	Year ended 31st March, 2005 (12 months)
Payable not later than one year	70.82	55.23
Payable later than one years And not later than five years	41.01	36.27
Payable later than five years	—	—
Total	111.83	91.50
Rental expenses in respect of above operating leases	30.87	51.56

12 Segment information

(a) Primary Segment:

The business segment has been considered as the primary segment. The Company operate only in one business segment i.e. share and stock broking and other related ancillary services.

(b) Secondary Segment

The company operates in India and hence there are no reportable geographical segments.

13 The break-up of net deferred tax asset / (liability) are as under:-

(All amount in Indian Rupees in Lakhs)

PARTICULARS	As at 30.09.2005 (6 months)	As At 31st March, 2005 (12 months)
Deferred tax liability		
Difference between book And tax depreciation	16.74	16.22
Total	16.74	16.22
Deferred tax assets	-	-
Expenses deductible on Payment	.92	NIL
Provisions	4.28	3.22
Losses	4.99	NIL
Total	10.19	3.22
NET DEFERRED TAX ASSET /(LIABILITY)	(6.55)	(13.00)

Emkay Share and Stock Brokers Limited

14 a) Closing Stock Of Shares, Securities & Units (Valued at lower of cost or market price) :-

Sr. No	Particulars	Type	Date	As At 30.09.2005		As At 31.03.2005	
				Nos.	Amount Rs.in Lakhs	Nos.	Amount Rs.in Lakhs
1	Arvind Mills Ltd.	Equity	-	-	-	4300.000	4.95
2	BPCL Ltd.	"	01.04.2001	-	-	1100.000	3.89
3	Blue Star Ltd.	"	-	-	-	119.000	0.30
4	Elgi Equipments Ltd. (Partly Paid up)	"	-	950	0.36	950.000	0.24
5	HCL Technologies Ltd.	"	-	-	-	1300.000	4.70
6	Monsanto India Ltd.	"	-	349	5.71	349.000	5.60
7	Procter & Gamble India Ltd.	"	-	-	22.000	0.12	-
8	Punjab National Bank	"	-	-	36000.000	141.59	-
9	Navin Fluorine International Ltd. (Partly Paid up)	"	22.07.2002	-	-	390.000	0.43
10	Savera Hotels Ltd. (formerly known as Savera Enterprises Ltd.)	"	10.04.2002	3400	0.42	3400.000	0.42
11	Kesoram Industries Ltd.	"	-	75	0.12	-	-
12	Madras Cement Ltd.	"	-	270	3.63	-	-
13	Ricoh India	"	-	12	0.00	-	-
14	Srei Infrastructure	"	-	700	0.50	-	-
15	Hindustan Motor Ltd.	"	-	1000	0.39	-	-
16	Power Trading Co. Ltd.	"	-	100	0.05	-	-
17	NRC Ltd.	"	-	68	0.04	-	-
18	Avaya Global Connect Ltd.	"	-	1715	6.05	-	-
19	Ind Swift Laboratories Ltd.	"	-	1562	2.79	-	-
20	JBF Industries Ltd.	"	-	100	0.07	-	-
21	Benchmark Mutual Fund Liquid Bees Dividend Reinvestment	Units	2676.731	*	26.77	2601.967	26.02
22	Prudential ICICI Index Fund Nifty Plan	"	-	12743.464	2.25	11463.946	1.98
				25721.195	49.15	61995.913	190.24

*2600 units of Benchmark Mutual Fund Liquid Bees Dividend Reinvestment pledged in favour of National Stock Exchange of India Ltd.- Cash Segment

- b) Detailed information in respect of opening stock, purchases, sales and closing stock in respect of Share, Securities & Units traded in :-

Particulars	Period ended 30.09.2005 (6 months)		Year ended 31st March, 2005 (12 months)	
	Nos.	Amount Rs.in Lakhs	Nos.	Amount Rs.in Lakhs
Opening Stock	61996	190.24	14064	15.10
Purchases	1243081	1721.21	5129251	3546.40
Sales	1279356	1867.40	5081319	3413.04
Closing Stock	25721	49.15	61996	190.24

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

Name of Equity Index / Stock Futures	Period ended 30.09.2005 (6 months) No. Of Units			Year ended 31st March, 2005 (12 months) No. Of Units		
	No. Of Contracts	Long	Short	No. Of Contracts	Long	Short
Bank of India April, 2005				2		7600
BHEL April, 2005				1		600
Dr. Reddy's April, 2005				4	800	
Grasim April, 2005				1		350
Hero Honda April, 2005				3	1200	
Hindalco April, 2005				1	300	
ICICI Bank April, 2005				1		1400
Infosys April, 2005				2	400	
IPCL April, 2005				3	3300	
MTNL April, 2005				3		4800
Nifty April, 2005				2		400
ONGC April, 2005				2		600
Polaris April, 2005				3	4200	
Shipping Corporation April, 2005				2	3200	
Tata Motors April, 2005				2		1650
Tata Power April, 2005				2	1600	
Tata Tea April, 2005				2	1100	
WIPRO April, 2005				1	600	
Gujarat Ambuja April, 2005				1	1100	
PNB April, 2005				30		36000
Bank of India October, 2005	4	7600				
Bharti October, 2005	3	3000				
BHEL October, 2005	3	900				
BILT October, 2005	4	7600				
Century Textiles October, 2005	3		2550			
Dr.Reddy's October, 2005	3	1200				

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Name of Equity Index / Stock Futures	Period ended 30.09.2005 (6 months) No. Of Units			Year ended 31st March, 2005 (12 months) No. Of Units		
	No. Of Contracts	Long	Short	No. Of Contracts	Long	Short
Grasim October, 2005	4	700				
Gujarat Ambuja October, 2005	3	12375				
Hero Honda October, 2005	3	1200				
Hindalco October, 2005	4	6000				
Hindustan Petro October, 2005	4	2600				
ICICI Bank October, 2005	2	1400				
Indian Hotels October, 2005	3	1050				
Infosys October, 2005	4	400				
ITC October, 2005	3	6750				
Jet Airways October, 2005	4	800				
Maruti October, 2005	2	1600				
MTNL October, 2005	4	6400				
NDTV October, 2005	4	4400				
Nifty October, 2005	104	10400				
Nifty November, 2005	100		10000			
NTPC October, 2005	3	9750				
ONGC October, 2005	3	900				
Polaris October, 2005	2		5600			
Ranbaxy October, 2005	4	1600				
Reliance Energy October, 2005	3	1650				
Reliance Ind October, 2005	2	1200				
Shipping Corporation October, 2005	4	6400				
Tata Chemicals October, 2005	3	4050				
Tata Tea October, 2005	2	1100				
TISCO October, 2005	3	2025				

d) Expenditure in foreign currency : -

(All amounts in Indian Rupees in lakhs)

PARTICULARS	Period ended 30.09.2005 (6 months)	Year ended 31st March 2005 (12 months)
Foreign Travelling	1.98	1.85
Total	1.98	1.85

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

ANNEXURE IV: Details of Rates of Dividend

The dividends declared and paid by the Company during the period ended 30th September,2005 and the last five fiscal years are presented below.

(All amounts in Indian Rupees in lakhs)

Particulars	Period ended 30.09.2005 (6 months)	FOR THE YEAR ENDED ON 31ST MARCH				
		2005	2004	2003	2002	2001
Equity Share Capital	350.00	350.00	350.00	350.00	350.00	350.00
Interim Dividend in %	-	20%	-	-	1%	-
Final Dividend in %	-	-	15%	10%	-	1%
Amount of Dividend	-	70.00	52.50	35.00	3.50	3.50
Dividend Tax	-	9.15	6.73	4.48	0.36	0.36

Notes:

- 1) The amounts paid as dividend in the past is not indicative of the dividend policy in the future.
- 2) The figures disclosed above are based on the summary statement of profit and losses, as restated of Emkay Share & Stock Brokers Limited.

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Annexure V : Details of transaction with related parties

A. List of related parties with whom transactions entered into

Sr. No.	Name of Related Party	Nature of relationship
1	Key management personnel/individuals having control or significant influence a) Shri Krishna Kumar Karwa b) Shri Prakash Kacholia	Wholetime director Wholetime director
2	Relatives of key management personnel a) Preeti Kacholia b) Krishna R. Kacholia c) Deepak Kacholia d) Vibha Kacholia e) Priti Karwa f) Raunak Karwa g) Geetadevi Karwa h) Murlidhar Karwa HUF i) Krishna Kumar Karwa HUF j) R.G. Kacholia HUF k) Prakash Kacholia HUF l) Murlidhar Karwa	Relatives of Director
3	Associates (a) Emkay Corporate Services Pvt. Ltd.	Enterprise which have substantial interest in the company
4	Enterprises owned/controlled by key management personnel or their relatives a) Cambridge Securities b) Synthetic Fibres Trading Company	Enterprises owned by directors and/or major shareholders of the company
5	Subsidiary a) Emkay Fincap Private Limited	Subsidiary Company

Emkay Share and Stock Brokers Limited

(C) Details of transaction with Relatives of Key Management Personnel

(All amounts in Indian Rupees in Lakhs)

Particulars	Period ended 30.09.2005 (6 months)	FOR THE YEAR ENDED ON 31ST MARCH				
		2005	2004	2003	2002	2001
INCOME	-	-	-	-	-	-
Brokerage						
Vibha Kacholia	0.01	0.02	-	-	-	-
Preeti Kacholia	0.10	0.30	0.98	-	0.00	0.01
Kirshna Kacholia	1.79	3.33	0.00	-	-	-
R.G.Kacholia HUF	-	-	-	2.24	0.86	0.04
Prakash Kacholia HUF	-	-	-	0.02	-	-
Deepak Kacholia	-	-	0.62	-	-	-
Priti Karwa	1.20	1.62	3.08	0.11	0.53	1.27
Raunak Karwa	0.41	0.11	0.45	0.01	0.38	0.02
Geetadevi Karwa	0.58	1.02	1.16	0.07	0.46	0.91
Murlidhar Karwa	-	-	-	-	-	1.06
Murlidhar Karwa HUF	0.27	0.21	0.23	0.02	0.08	0.20
Krishna Kumar Karwa HUF	0.40	0.64	0.35	0.05	0.08	0.28
	4.76	7.25	6.87	2.52	2.39	3.79
Depository						
Preeti Kacholia	0.01	0.00	0.02	0.00	0.01	-
Kirshna Kacholia	0.11	0.13	0.01	0.00	0.00	-
R.G.Kacholia HUF	-	-	-	0.03	-	-
Priti Karwa	0.01	0.22	0.44	0.02	0.03	-
Raunak Karwa	0.01	0.02	0.06	0.00	0.02	-
Geetadevi Karwa	0.01	0.14	0.19	0.02	0.03	-
Murlidhar Karwa HUF	0.00	0.02	0.03	0.00	0.00	-
Krishna Kumar Karwa HUF	0.00	0.09	0.05	0.01	0.00	-
	0.15	0.62	0.80	0.08	0.09	-
EXPENDITURE						
Sub-Brokerage						
Priti Karwa	-	-	-	-	-	0.04
Raunak Karwa	-	-	-	-	0.36	-
Geetadevi Karwa	-	-	-	-	-	0.04
Murlidhar Karwa	-	-	-	-	-	0.04
	-	-	-	-	0.36	0.12
Interest on Loan						
Priti Karwa	-	-	1.04	-	0.71	-
Raunak Karwa	-	-	-	-	0.59	-
Geetadevi Karwa	-	-	0.14	-	0.35	-
Murlidhar Karwa HUF	-	-	0.12	-	-	-
Krishna Kumar Karwa HUF	-	-	0.09	-	-	-
	-	-	1.39	-	1.65	-

	As At 30.09.2005 (6 months)	AS AT 31ST MARCH				
		2005	2004	2003	2002	2001
OUTSTANDINGS	-	-	-	-	-	-
Sundry Creditors						
Preeti Kacholia	4.77	-	-	-	-	-
Kirshna Kacholia	14.75	1.30	-	-	-	-
R.G.Kacholia HUF	-	-	-	0.11	-	-
Priti Karwa	-	-	-	-	-	0.22
Raunak Karwa	2.43	-	-	-	-	-
Geetadevi Karwa	13.32	-	-	-	-	-
Krishna Kumar Karwa HUF	-	-	-	-	-	0.03
	35.27	1.30	-	0.11	-	0.25
Advances - Recd						
Kirshna Kacholia	-	0.59	-	-	-	-
R.G.Kacholia HUF	-	-	-	0.84	0.86	-
	-	0.59	-	0.84	0.86	-
Sundry Debtors						
Vibha Kacholia	0.00	-	-	-	-	-
Kirshna Kacholia	-	0.00	-	-	-	-
Deepak Kacholia	-	-	2.73	-	-	-
Priti Karwa	3.47	-	-	-	-	-
Murlidhar Karwa HUF	0.00	-	-	-	-	-
Krishna Kumar Karwa HUF	0.00	-	-	-	-	-
	3.47	0.00	2.73	-	-	-

Emkay Share and Stock Brokers Limited

(D) Details of transaction with Enterprises owned/controlled by Key Management Personnel or their relatives

(All amounts in Indian Rupees in lakhs)

Particulars	Period ended 30.09.2005 (6 months)	FOR THE YEAR ENDED ON 31ST MARCH				
		2005	2004	2003	2002	2001
INCOME	-	-	-	-	-	-
Brokerage						
Cambridge Securities -	0.34	0.75	0.68	1.71	0.93	0.98
Synthetic Fibre Trading Co.	1.33	1.51	4.51	9.60	8.41	7.71
	1.67	2.26	5.19	11.31	9.34	8.69
Depository						
Cambridge Securities	0.02	0.05	0.06	0.06	0.00	-
Synthetic Fibre Trading Co.	0.02	0.29	0.20	0.94	0.39	-
	0.04	0.34	0.26	1.00	0.39	-
EXPENDITURE						
Sub-Brokerage						
Synthetic Fibre Trading Co.	-	-	-	-	-	0.13
	-	-	-	-	-	0.13
Interest on Loan						
Cambridge Securities	0.01	0.05	2.28	-	0.75	7.79
	0.01	0.05	2.28	-	0.75	7.79

	As At 30.09.2005 (6 months)	AS AT 31ST MARCH				
		2005	2004	2003	2002	2001
OUTSTANDINGS	-	-	-	-	-	-
Sundry Creditors						
Synthetic Fibre Trading Co.	34.81	-	-	-	-	0.26
	34.81	-	-	-	-	0.26
Advances - Recd						
Synthetic Fibre Trading Co.	-	-	19.41	22.38	12.74	-
			19.41	22.38	12.74	-
Sundry Debtors						
Cambridge Securities	0.01	-	-	6.21	9.68	10.33
	0.01	-	-	6.21	9.68	10.33
Advances						
Cambridge Securities	0.00	-	-	-	-	-
	0.00	-	-	-	-	-

(E) Details of transaction with Associates

(All amounts in Indian Rupees in Lakhs)

Particulars	Period ended 30.09.2005 (6 months)	FOR THE YEAR ENDED ON 31ST MARCH				
		2005	2004	2003	2002	2001
INCOME	-	-	-	-	-	-
Brokerage						
Emkay Corporate Services Pvt Ltd.	0.02	0.32	1.91	1.46	0.24	1.72
	0.02	0.32	1.91	1.46	0.24	1.72
Depository						
Emkay Corporate Services Pvt Ltd.	0.00	0.02	0.13	0.06	0.01	-
	0.00	0.02	0.13	0.06	0.01	-

	As At 30.09.2005 (6 months)	AS AT 31ST MARCH				
		2005	2004	2003	2002	2001
Advances - Recd						
Emkay Corporate Services Pvt Ltd.	-	-	-	1.12	-	-
	-	-	-	1.12	-	-
Sundry Debtors						
Emkay Corporate Services Pvt Ltd.	-	-	11.26	-	6.24	-
	-	-	11.26	-	6.24	-

(F) Details of transaction with Subsidiary Company

(All amounts in Indian Rupees in Lakhs)

Particulars	As At 30.09.2005 (6 months)	AS AT 31ST MARCH				
		2005	2004	2003	2002	2001
LOANS GIVEN						
Emkay Fincap Pvt. Ltd.	3.18	-	-	-	-	-
	3.18	-	-	-	-	-
INVESTMENT						
Emkay Fincap Pvt. Ltd.	179.00	-	-	-	-	-
	179.00	-	-	-	-	-

Emkay Share and Stock Brokers Limited

ANNEXURE VI: Statement of Other Income, as restated

(All amounts in Indian Rupees in lakhs)

Sources of Income	Period ended 30.09.2005 (6 months)	FOR THE YEAR ENDED ON 31ST MARCH					Nature	Related/Not Related to Business Activity
		2005	2004	2003	2002	2001		
Other Income as restated	36.97	105.99	107.51	108.25	72.71	35.48		
Net profit before tax, as per summary statement of profits and Losses, as restated	1,053.32	1,024.43	636.47	225.28	128.80	481.48		
Percentage	3.51	10.35	16.89	48.05	56.45	7.37		
Other Income	-	-	-	-	-	-	-	-
Interest (Gross)	42.22	69.68	53.30	59.21	50.12	33.36	Recurring	Not Related
Dividend (Gross)	1.66	1.66	2.28	0.79	2.36	0.47	Non Recurring	Related
Miscellaneous Income	0.22	5.08	1.55	10.75	2.26	1.65	Recurring	Related
Profit on sale of Investments	-	1.55	-	-	-	-	Non Recurring	Related
Profit on sale of Fixed Assets	-	-	-	0.20	-	-	Non Recurring	Related
Profit in shares/derivatives transactions	(7.13)	28.02	50.38	37.30	17.97	-	Recurring	Related
Total	36.97	105.99	107.51	108.25	72.71	35.48		

Notes

1. The classification of income as Recurring / Non Recurring and Related / Not Related to business activity is based on the current operations and business activity of the Company as determined by the management.
2. The details of "Other Income" disclosed above are stated after adjusting the effect of restatement. The same have been shown gross of restatement in the Summary Statement of Profits and Losses, as restated and the adjustments have been listed separately under the head "Adjustments" in the Notes to Accounts.
3. The figures disclosed above are based on the summary statement of profits and losses, as restated of Emkay Share & Stock Brokers Limited.

Annexure VII : Statement of Tax Shelters

(All amounts in Indian Rupees in lakhs)

PARTICULARS		Period ended 30.09.2005 (6 months)	For the period ended 31ST MARCH				
			2005	2004	2003	2002	2001
Profit before Current and Deferred taxes as restated		1053.32	1024.43	636.47	225.28	128.80	481.48
Tax Rate		33.6600	36.5925	35.8750	36.7500	35.7000	39.5500
Tax at Notional Rate	(A)	354.55	374.86	228.33	82.79	45.98	190.43
Adjustments							
Permanent Differences:							
Donation not allowed under Income Tax		0.13	2.57	2.54	0.00	0.00	0.14
Dividend Exempt		(1.66)	(1.66)	(2.27)	0.00	(2.36)	(0.47)
Other Adjustments		7.18	9.33	7.32	1.06	3.18	6.61
	(B)	5.65	10.24	7.59	1.06	0.82	6.28
Timing Differences:							
Difference between tax depreciation and book depreciation		(1.53)	(14.40)	(4.00)	(2.85)	(4.46)	(10.31)
Provision for Doubtful Loans/ Debts/(Write back)		1.97	5.67	2.29	(7.96)	0.00	7.96
Provision for losses in equity index/stock futures/(write back)		1.17	1.60	(0.66)	(0.26)	0.92	0.00
Losses treated as speculation to be carried forward		14.82	0.00	0.00	54.00	0.00	19.45
Profits treated as speculation to the extent set off against B/F losses		0.00	0.00	(54.01)	0.00	(19.45)	0.00
Expenses allowable/disallowable u/s 43B of Income Tax Act		1.88	0.00	(2.31)	(2.60)	(22.60)	(23.83)
	(C)	18.31	(7.13)	(58.69)	40.33	(45.59)	(6.73)
Net adjustment	(B-C)	23.94	3.11	(51.11)	41.39	(44.77)	(0.45)
Tax (saving)/expense thereon	(D)	8.06	1.14	(18.33)	15.21	(15.98)	(0.18)
Taxation	(A+D)	362.61	376.00	210.00	98.00	30.00	190.25
Add: Interest on Tax		0.00	0.00	0.00	0.00	0.00	2.58
Less: Securities Transaction Tax u/s 88- E		2.59	0.00	0.00	0.00	0.00	0.00
Total Taxation provided		360.02	376.00	210.00	98.00	30.00	192.83

Emkay Share and Stock Brokers Limited

ANNEXURE VIII: Statement of Accounting Ratios

(All amounts in Indian Rupees in lakhs)

Ratios	Period ended 30.09.2005 (6 months)	FOR THE YEAR ENDED ON 31ST MARCH				
		2005	2004	2003	2002	2001
A) Net profit after tax attributable to equity shareholders as restated	696.23	644.48	405.37	141.78	85.80	281.11
B) Weighted average number of equity shares outstanding during the year/period	35.00	35.00	35.00	35.00	35.00	35.00
C) Net worth excluding debit balance of profit & loss account, revaluation reserve and miscellaneous expenditure	2,958.86	2,262.63	1,697.05	1,350.65	1,248.09	1,165.89
D) Number of equity shares outstanding at the end of the year/period	35.00	35.00	35.00	35.00	35.00	35.00
E) Earning Per Share of Rs.10/- each (excluding extraordinary, non-recurring items) - Basic & Diluted (in Rs.)	19.89	18.41	11.58	4.05	2.45	8.03
F) Return of Net Worth (%)	23.53	28.48	23.89	10.50	6.87	24.11
G) Net Asset Value per Share of Rs.10/- each (in Rs.) as at the end of the year / period	84.54	64.65	48.49	38.59	35.66	33.31

$$\text{Basic Earning Per Share} = \frac{\text{Net Profit After tax attributable to equity share holders as restated}}{\text{Weighted average number of equity shares outstanding during the year/period}}$$

$$\text{Return on Networkth} = \frac{\text{Net Profit After tax attributable to equity share holders as restated}}{\text{Net worth of equity share holders}}$$

$$\text{Net Asset Value Per Share} = \frac{\text{Net worth of equity shareholder as restated}}{\text{Number of equity shares outstanding at the end of the year/period}}$$

* Earning Per Share for the period 30th September, 2005 is for half year (Not Annualised).

ANNEXURE IX: Capitalisation Statement as at September 30, 2005

(All amounts in Indian Rupees in lakhs)

	Pre Issue	Post Issue
Long Term debt	Nil	Nil
Short Term debt	Nil	Nil
Working Capital Loan	Nil	Nil
Total debt	Nil	Nil
Shareholders' funds		
- Equity Share Capital	350	[●]
- Profit and Loss Account	915	[●]
- Reserve and Surplus		
General Reserves	1694	[●]
Total Shareholders' Funds	2959	[●]
Long Term debt / equity	0:1	

Notes:

- 1) The figures disclosed above are based on the restated summary statement of Assets and Liabilities, as restated of Emkay Share & Stock Brokers Limited as at September 30, 2005.
- 2) Since 30th September, 2005 (which is the last date as of which financial information has been given in this document) Share capital has increased from Rs. 350 Lakh to Rs. 1,790 Lakh by issue of 140 Lakh equity shares as bonus shares in the ratio of 4 (Four) Shares for every 1 (One) shares by capitalization of General Reserves.
- 3) The post issue capitalization cannot be determined till the process of book building is complete. The same will be updated before filing of prospectus.
- 4) Long term debt/equity = $\frac{\text{Long term debt}}{\text{Total Shareholders fund}}$

ANNEXURE X: Details of Secured Loans, as restated

(All amounts in Indian Rupees in lakhs)

Particulars	As At	AS AT 31ST MARCH				
	30.09.2005 (6 months)	2005	2004	2003	2002	2001
Short Term	-	-	-	-	-	-
From Bank (Secured by Hypothecation of motor vehicle)	-	-	-	2.86	-	-
Total	-	-	-	2.86	-	-

Notes

1. The figures disclosed above are based on the summary statement of profits and losses, as restated of Emkay Share & Stock Brokers Limited.

Emkay Share and Stock Brokers Limited

ANNEXURE XI: RESTATED CASH FLOW STATEMENT

(All amounts in Indian Rupees in lakhs)

	Period ended 30.09.2005 (6 months)	FOR THE YEAR ENDED ON 31ST MARCH				
		2005	2004	2003	2002	2001
A. CASH FLOW FROM OPERATING ACTIVITIES						
Net Profit before tax, extraordinary items and interest	1,055.09	1,025.89	643.52	227.27	134.16	489.99
Adjustment for:						
Depreciation	28.62	40.79	16.77	13.26	16.70	12.87
Preliminary Expenses written off	-	0.26	0.26	0.26	0.26	0.26
(Profit)/Loss on sale of investments	-	(1.55)	1.01	41.35	1.81	-
(Profit)/Loss on sale of fixed asset	-	0.08	-	(0.20)	-	-
Interest Received	(42.22)	(69.68)	(53.30)	(59.21)	(50.12)	(33.36)
Dividend Received	(1.66)	(1.66)	(2.28)	(0.79)	(2.36)	(0.47)
Provision for loss on equity index/stock futures/options (net of written back)	1.17	1.60	(0.66)	(0.26)	0.92	-
Provision for doubtful debts/advances (net of written back)	1.97	5.67	2.29	(7.96)	-	7.96
Provision for Losses	6.85	-	-	-	-	-
	(5.27)	(24.49)	(35.91)	(13.55)	(32.79)	(12.74)
Operating profit before working capital changes	1,049.82	1,001.40	607.61	213.72	101.37	477.25
Adjustment for :						
Trade and other receivables	(2,148.20)	(1,102.62)	(246.47)	157.76	129.53	294.94
Inventories	141.09	(175.15)	23.49	57.91	(82.63)	26.88
Trade payables	2,300.30	1,128.14	346.84	(191.31)	(1.73)	(97.05)
	293.19	(149.63)	123.86	24.36	45.17	224.77
Cash Generated from operations	1,343.01	851.77	731.47	238.08	146.54	702.02
Interest paid	(1.77)	(1.46)	(7.05)	(2.00)	(5.36)	(8.51)
Direct taxes (Paid)/Refund	(295.88)	(390.08)	(246.67)	(89.35)	(30.47)	(192.17)
	(297.65)	(391.54)	(253.72)	(91.35)	(35.83)	(200.68)
Cash flow before extraordinary items	1,045.36	460.23	477.75	146.73	110.71	501.34
Extraordinary items	-	-	-	-	-	-
Net Cash From Operating Activities	1,045.36	460.23	477.75	146.73	110.71	501.34
B. CASH FLOW FROM INVESTING ACTIVITIES						
Loans (given)/repayment received	-	-	-	7.96	16.24	(1.89)
Purchase of fixed assets	(58.63)	(142.39)	(34.52)	(17.00)	(1.89)	(41.23)
Sale of fixed assets	-	0.05	-	1.00	-	-
Sales/(Additions) to the Investments(Net)	(179.05)	15.66	25.22	(21.28)	(2.48)	(59.25)
Interest received	42.22	69.68	53.30	59.21	50.12	33.36
Dividend received	1.66	1.66	2.28	0.79	2.36	0.47
Net Cash from/(used in) Investing Activities	(193.80)	(55.34)	46.28	30.68	64.35	(68.54)

	Period ended 30.09.2005 (6 months)	FOR THE YEAR ENDED ON 31ST MARCH				
		2005	2004	2003	2002	2001
C. CASH FLOW FROM FINANCING ACTIVITIES						
Proceeds from issue of share capital	-	-	-	-	-	-
Proceeds/(Repayment) of secured loans	(378.90)	378.90	(2.86)	2.86	-	(1.56)
Dividend paid (including dividend tax)	(9.15)	(129.24)	(39.48)	-	(7.72)	(19.43)
Net cash from/(used in) financing activities	(388.05)	249.66	(42.34)	2.86	(7.72)	(20.99)
Net increase/(Decrease) in cash and cash equivalents	463.51	654.55	481.69	180.27	167.34	411.81
Cash and cash equivalents at the beginning of the year (Opening Balances)	2,093.89	1,439.34	957.65	777.38	610.04	198.23
Cash and cash equivalents at the close of the year (Closing Balances)	2,557.40	2,093.89	1,439.34	957.65	777.38	610.04

Note:

- The Cash Flow Statement has been prepared under indirect method as set out in Accounting Standard - 3 on Cash Flow Statement issued by The Institute of Chartered Accountants of India.
- Negative figures have been shown in brackets.

ANNEXURE XII: Details of Unsecured Loans, as restated

(All amounts in Indian Rupees in lakhs)

Particulars	As At 30.09.2005 (6 months)	AS AT 31ST MARCH				
		2005	2004	2003	2002	2001
Temporary Overdraft from a Bank	-	378.85	-	-	-	-
From a Shareholder	-	0.05	-	-	-	-
Total	-	378.90	-	-	-	-

Notes

- The figures disclosed above are based on the summary statement of profits and losses, as restated of Emkay Share & Stock Brokers Limited.

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ANNEXURE XIII: Details of Investments, as restated

(All amounts in Indian Rupees in lakhs)

	As At 30.09.2005 (6 months)	AS AT 31ST MARCH				
		2005	2004	2003	2002	2001
LONG TERM (AT COST)						
Quoted	-	-	-	-	-	-
Fully paid-up Equity Shares	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
ONGC Ltd.	-	-	14.01	-	-	-
Global Telesystems Limited	-	-	-	41.25	-	-
Total (A)	-	-	14.01	-	41.25	-
Unquoted	-	-	-	-	-	-
Fully paid-up Equity Shares	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
DCM Technologies Ltd.	-	-	-	4.39	8.10	8.10
Global E Com. Ltd.	-	-	-	-	-	41.25
TRADE	-	-	-	-	-	-
Bombay Stock Exchange Limited	0.10	-	-	-	-	-
Total (B)	0.10	-	-	4.39	8.10	49.35
Fully paid-up units of Mutual Fund	-	-	-	-	-	-
GIC Liquid Fund - Growth	-	-	-	35.00	-	-
Templeton India Treasury Management (Formerly Pioneer ITI Treasury Management)	-	-	-	0.76	0.77	-
IL & FS Index Fund-Nifty Plan	-	-	-	-	10.00	-
HDFC Growth Fund	-	-	-	-	-	10.00
Total (C)	-	-	-	35.76	10.77	10.00
Investment in Subsidiary Company	-	-	-	-	-	-
Emkay Fincap Private Limited	179.00	-	-	-	-	-
Total (D)	179.00	-	-	-	-	-
Total (A+B+C+D)	179.10	-	14.01	40.15	60.12	59.35
Investment in Timeshare*	-	-	-	-	-	-
Mahindra Holidays & Resorts (I) Ltd.	2.56	2.61	2.71	2.81	2.90	3.00
Total (E)	2.56	2.61	2.71	2.81	2.90	3.00
Total - (A + B + C+D+E)	181.66	2.61	16.72	42.96	63.02	62.35
Agreegate Cost of unquoted Investment	179.10	-	-	40.15	18.87	59.35
Agreegate Cost of quoted Investments	-	-	14.01	-	41.25	-
Agreegate market value of quoted Investments	-	-	15.70	-	2.62	-

Notes:

1. The figures disclosed above are based on the summary statement of assets and liabilities, as restated of Emkay Share & Stock Brokers Limited.

* Standing in the names of directors

ANNEXURE XIV: Details of Sundry Debtors, as restated

(All amounts in Indian Rupees in lakhs)

	As At 30.09.2005 (6 months)	AS AT 31ST MARCH				
		2005	2004	2003	2002	2001
Sundry Debtors	-	-	-	-	-	-
(Unsecured, Considered Good unless otherwise stated)						
Exceeding six months	-	-	-	-	-	-
- Considered Good	8.70	4.86	5.93	8.09	17.76	16.07
- Considered doubtful	8.33	5.12	2.29	-	-	-
	17.03	9.98	8.22	8.09	17.76	16.07
Less :Provision for doubtful debts	8.33	5.12	2.29	-	-	-
	8.70	4.86	5.93	8.09	17.76	16.07
Other debts	-	-	-	-	-	-
- Considered Good	2,282.17	352.52	196.88	115.71	82.82	297.01
- Considered doubtful	1.60	2.84	0.01	-	-	-
	2,283.77	355.36	196.89	115.71	82.82	297.01
Less :Provision for doubtful debts	1.60	2.84	0.01	-	-	-
	2,282.17	352.52	196.88	115.71	82.82	297.01
Total	2,290.87	357.38	202.81	123.80	100.58	313.08

Notes:

- The figures disclosed above are based on the summary statement of assets and liabilities, as restated of Emkay Share & Stock Brokers Limited.

Emkay Share and Stock Brokers Limited

ANNEXURE XV: Details of Loans and Advances, as restated

(All amounts in Indian Rupees in lakhs)

	As at 30.09.2005 (6 months)	AS AT 31st MARCH				
		2005	2004	2003	2002	2001
Loans (Considered good, unless otherwise stated)						
Loans - to others	-	-	-	-	-	-
- Unsecured	-	-	-	-	7.96	7.96
Less: Provision for doubtful Loans	-	-	-	-	7.96	7.96
- Secured	-	-	-	-	-	16.24
Loan - to Subsidiary Company (Unsecured)	3.18	-	-	-	-	-
(A)	3.18	-	-	-	-	16.24
Advances (unsecured considered good)						
Prepaid Expenses	36.70	20.81	11.18	13.38	8.81	7.68
Advances Recoverable in cash or kind for value to be received	26.23	672.84	126.73	2.40	134.37	117.27
Deposits	1,458.53	625.00	248.64	205.75	259.32	193.98
Income Tax & Tax Deducted at Source	943.20	757.40	368.71	122.04	406.33	376.29
Advance to staff	13.60	10.69	4.63	1.73	1.82	2.62
Mark to Market Margin-Equity Index/Stock Futures	2.77	1.60	-	0.17	0.92	-
Less: Provision for loss in equity index/stock futures	2.77	1.60	-	0.17	0.92	-
	-	-	-	-	-	-
(B)	2,478.26	2,086.74	759.89	345.30	810.65	697.84
Total (A) + (B)	2,481.44	2,086.74	759.89	345.30	810.65	714.08

Notes:

- The figures disclosed above are based on the summary statement of assets and liabilities, as restated of Emkay Share & Stock Brokers Limited.

ANNEXURE XVI: Details of Contingent Liabilities, Guarantees and Capital Commitments

(All amounts in Indian Rupees in lakhs)

Sr. No.	Particulars	As At 30.09.2005 (6 months)	AS AT 31ST MARCH				
			2005	2004	2003	2002	2001
1	Guarantees issued by the Banks (Net of Margin money being fixed deposits with Banks)	707.00	720.50	349.50	214.50	245.75	329.56
	Add : Margin money being fixed deposit with Banks	703.00	714.50	260.50	145.50	164.25	130.44
	Guarantees issued by the Banks	1,410.00	1,435.00	610.00	360.00	410.00	460.00
2	Disputed income tax demands	30.44	2.83	13.79	13.79	-	0.66
3	Service tax demand	7.15	7.15	7.15	-	-	-
4	Liability towards Partly paid-up equity shares	0.12	0.24	-	-	-	-

Emkay Share and Stock Brokers Limited

FINANCIAL INFORMATION OF THE GROUP COMPANIES

None of the Group/ Associate Companies mentioned herein after have become sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1955 or is under winding up.

For Outstanding Litigations and Defaults of Other Group Companies / Ventures of the Promoters, please refer Para on Outstanding Litigations and Defaults on Page [.]

1. Cambridge Securities:

Date of Formation: 3rd April 1996

Constitution: Partnership firm

Nature of Activities: Trading in Share & Securities & Investments

Members and Partnership pattern:

Name of Partner	%Profit Sharing
Mrs. Preeti Kacholia	50
Mrs. Priti Karwa	40
Mr. Satyanarayan Karwa	10

Financial Performance (Audited):

(Rs in Lakhs)

Particulars	31.03.2005	31.03.2004	31.03.2003
Total Income	124.48	111.90	258.58
Profit After Tax	36.81	17.14	(0.97)
Partners' Capital	1.00	1.00	1.00
Partners' Current A/c	63.85	24.03	6.05
Net Worth	64.85	25.03	7.05

The Company does not fall under the definition of a sick company within the meaning of the Sick industrial Companies (Special Provisions) Act, 1995 or is under winding up.

The Company has not made any loss in the immediately preceding three years.

There are no defaults in meeting any statutory/bank/institutional dues except as mentioned below. No proceedings have been initiated for economic offences against the Company.

2. **Synthetic Fibres Trading Company:**

Date of Formation : 17th January 1973

Constitution : Partnership firm

Nature of Activities: Trading in Share & Securities & Investments.

Members and Partnership pattern:

Name of Partner	%Profit Sharing
Priti Karwa	52
Shrikant Karwa	23
Mr. Satyanarayan Karwa	25

Financial Performance (Audited):**(Rs in Lakhs)**

Particulars	31.03.2005	31.03.2004	31.03.2003
Total Income	529.50	477.44	2311.47
Profit After Tax	221.99	85.40	12.02
Partners' Capital	2.00	2.00	2.00
Partners' Current A/c	229.71	139.13	203.21
Net Worth	231.71	141.13	205.21

The Company does not fall under the definition of a sick company within the meaning of the Sick industrial Companies (Special Provisions) Act, 1995 or is under winding up.

The Company has not made any loss in the immediately preceding three years

There are no defaults in meeting any statutory/bank/institutional dues except as mentioned below. No proceedings have been initiated for economic offences against the Company.

Other Relevant details about the Group Companies: -

1. There are no common pursuits between us and Cambridge Securities and Synthetic Fibres Trading Company
2. Apart from being our clients, Cambridge Securities and Synthetic Fibres Trading Company do not have any business transactions with us.
3. The material items of income or expenditure arising out of transactions in the promoter group are disclosed under "Related Party Disclosures" as mentioned under Annexure V of the Auditors Report appearing on page [:] of this RHP.

Disassociation by the promoters:

None of the promoters have disassociated themselves from any of the companies/firms during three years.

Change in Accounting Policies in the Last Three Years:

There have been no changes in Accounting Policies in the Last three years.

Emkay Share and Stock Brokers Limited

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with financial statements included in this Red Herring Prospectus. You should also read the section titled "Risk Factors" beginning on page [-] of this Red Herring Prospectus, which discusses a number of factors and contingencies that could impact our financial condition and results of operations.

The following discussions are based on restated financial statements for the financial year ended March 31, 2001; March 31, 2002; March 31, 2003; March 31, 2004; March 31, 2005 which have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI (DIP) Guidelines and on information available from other sources.

The Directors confirm that there have been no events or circumstances since the date of the last financial statements which materially and adversely affect or are likely to affect the profitability of the Company or the value of its assets or its ability to pay its liabilities within the next twelve months.

Overview

Our Company, Emkay Share and Stock Brokers Ltd. (Emkay) is a share broking company engaged in financial advisory service for Institution and Retail investors and corporates. Our Company holds memberships of Bombay Stock Exchange Limited and National Stock Exchange of India Ltd. Our Company gains a significant component of its revenue from stock broking activities. The other activities of our company include Portfolio Management Services, Depositories and Mutual Fund Distribution. Our Company plans to carry on the activities of Share Financing through its subsidiaries Emkay Fincap Private. Limited and the commodity trading activities through its subsidiary, Emkay Commotrade Limited.

Our Company believes that no significant circumstances have arisen since the last financial statement were drawn up in this Red Herring Prospectus, which materially and adversely affect the operations and profitability of our Company and its subsidiaries or the value of the assets or ability to pay liabilities within the next 12 months.

Factors that may affect results of operations

1. Favorable capital market conditions.
2. Increase in the network of branches / franchisees
3. Providing various services like Broking, PMS, Depository and Mutual Fund Distribution under one roof.
4. Increase in reach to institution business – FI / FII/ Banks/ / Mutual Funds / Insurance Companies.

Results of Operations:

A summary of the past financial results based on the restated is given below: -

(Rs in lakhs)

Particulars	31/03/2002	31/03/2003	31/03/2004	31/03/2005	30/09/2005
INCOME					
Brokerage Income	384.00	540.00	1,297.00	2,110.00	1915.24
Depository	-	5.00	12.00	21.70	15.97
PMS	-	-	-	89.05	17.47
Others	75.00	108.00	108.00	130.20	36.97
TOTAL	459.00	653.00	1,417.00	2,351.65	1985.65
EXPENDITURE					
Depreciation	16.70	13.26	16.77	40.79	28.62
Interest	5.36	2.00	7.05	1.46	1.76
Staff Costs	85.05	124.84	242.92	423.06	227.11
Rent	52.78	53.51	50.87	51.56	30.88
Communication Costs	18.35	16.80	30.12	58.92	38.65
Fees & Stamps	13.57	22.49	75.76	101.21	91.96
Subbrokerage & Commission	27.53	42.36	138.34	275.08	293.41
Other Costs	112.16	151.84	215.52	352.37	220.14
TOTAL	331.51	427.09	780.36	1,304.45	932.53
Profit Before Tax	127.49	225.91	636.64	1,047.20	1053.12
Taxation	30.00	84.00	231.00	388.62	357.09
Profit After Tax	97.49	141.91	405.64	658.58	696.03

Significant Accounting Policies

Company prepares its financial statements in accordance with Indian GAAP and the provisions of the Companies Act, 1956.

Preparation of financial statements require management to make significant estimates, assumptions and judgments regarding various uncertainties that affect the amounts reported in the financial statements with regard to Companies assets, liabilities, revenues, expenses and disclosure of contingent liabilities. These estimates, assumptions and judgments are reflected in accounting policies of the company appearing in "Restated Financial Statements".

Use of past experience, industry practices and information received from outside sources forms the basis of arriving at assumptions, estimates and judgments.

Institutional Broking

This activity comprises of income earned from equity and derivatives broking on behalf of institutional clients. This activity is the thrust areas of our company and we are taking steps to augment revenues from this segment by qualitative research and sales coverage.

Retail Broking

This activity comprises of income earned from equity and derivatives broking on behalf of individual and non- individual clients. We are taking steps to further increase the revenue from this segment by increasing our presence in across India through setting up regional offices, branches and having arrangements with franchisees and sub-brokers.

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Portfolio Management Services

This activity is also one of the thrust areas. Our Company is proposing to launch various schemes particularly for investors with small investible funds. With the dedicated team of professionals managing this segment of our activities, we will be able manage large amount of corpus, which would augment our revenue.

Other Retail Services

This activity comprises of income from distribution of public issues of companies and mutual funds. A lot of value added services are offered to the investors and our company is very optimistic that the revenues from this segment will rise substantially and more particularly when lot of issues are in the pipeline from companies and mutual funds.

Other Income

Other income primarily comprises of interest earned on fixed deposits with banks. These fixed deposits are basically kept with banks against bank guarantees given to stock exchanges.

Depository Services

The company is a depository participant of CDSL. With the increase envisaged by the company in retail and portfolio management activities , the income in this segment is also bound to increase.

Comparison of Fiscal year 2005 with Fiscal Year 2004

During the year, we expanded geographically by setting up more branches. We added 18 new branches and franchisees to take total number of branches to 32 from 14. Thus our operational revenue as well expenses have considerably increased from the previous year.

Income

Our total income has grown from Rs.1417 lacs to Rs. 2351 lacs constituting growth of approx 66% over the previous year.

Depreciation

Depreciation increase was due to increase in Computers, Office Equipment with the opening of new branches. In absolute terms the increase in this cost is from Rs. 16.77 Lakhs in FY04 to Rs. 40.79 Lakhs in FY05 and as a percentage of total income the increase is from 1.18% in FY04 to 1.73% in FY05.

Staff Cost

Staff costs increased due to increase in staff strength from 75 to 125. In absolute terms the increase in this cost is from Rs. 242.92 . Lakhs in FY04 to Rs. 423.06 Lakhs in FY05 and as a percentage of total income the increase is from 17.14 % in FY04 to 17.99 % in FY05. Hence the increase is of 0.85% as compared to increase in total income by almost 66%.

Communication

Communication costs increased due to more VSATs, Lease lines for branches, mobile phones for employees etc. In absolute terms the increase in this cost is from Rs. 30.12 Lakhs in FY04 to Rs. 58.92 Lakhs in FY05 and as a percentage of total income the increase is from 2.13 % in FY04 to 2.51 % in FY05.

Administrative Cost

Administrative costs increased due to advertisement costs, Repairs & Maintenance, Electricity, Printing and stationary etc. In absolute terms the increase in this cost is from Rs. 215.52 Lakhs in FY04 to Rs. 352.37 Lakhs in FY05 and as a percentage of total income this cost has however decreased from 15.21% in FY04 to 14.98% in FY05.

Earnings

Our EBIDTA has grown to Rs.1090 lacs from Rs.661 lacs for FY 04. This translates in to growth of approx 65% over the previous year. At EBIDTA % level, we have maintained the margins at approx 46% of our income.

Comparison of Fiscal year 2004 with Fiscal Year 2003

During the year, we expanded geographically by setting up more branches. We added 9 new branches and franchisees to take total number of branches to 14 from 5. Thus our operational revenue as well expenses have considerably increased from the previous year.

Income

Our total income has grown from Rs.653 lacs in FY 03 to Rs. 1417 lacs in FY 04 constituting growth of approx 117% over the previous year.

Staff Cost

Staff costs increased due to increase in staff strength from 50 to 75. In absolute terms the increase in this cost is from Rs. 124.84 Lakhs in FY03 to Rs. 242.92 Lakhs in FY04 and as a percentage of total income this cost has decreased from 19.12% in FY03 to 17.14% in FY04.

Communication Costs

Communication costs increased due to more VSATs, leased lines for branches, Mobile for employees etc. In absolute terms the increase in this cost is from Rs. 16.80 Lakhs in FY03 to Rs. 30.12 Lakhs in FY04 and as a percentage of total income this cost has decreased from 2.57% in FY03 to 2.13% in FY04.

Commission

Number of remissers /sub brokers increased during the year leading to higher sub-brokerage/ commission costs. In absolute terms the increase in this cost is from Rs. 42.36 Lakhs in FY03 to Rs. 138.34 Lakhs in FY04 and as a percentage of total income this cost has increased from 6.49% in FY03 to 9.76% in FY04.

Administrative costs

Administrative costs increased due to advertisement costs, Repairs & Maintenance, Electricity, Printing and stationary etc. In absolute terms the increase in this cost is from Rs. 151.84 Lakhs in FY03 to Rs. 215.52 Lakhs in FY04 and as a percentage of total income this cost has decreased from 23.25% in FY03 to 15.21 % in FY04. This sharp decrease in cost is due to economies of scale.

Fees & Stamp Cost

Fees & stamps costs increased due to higher volume of business and increase in rates. In absolute terms the increase in this cost is from Rs.22.49 Lakhs in FY03 to Rs. 75.76 Lakhs in FY04 and as a percentage of total income this cost has increased from 3.44 % in FY03 to 5.35% in FY04.

Earnings

Our EBIDTA has grown to Rs.661 lacs from Rs. 241 lacs for FY 03. This translates in to growth of approx 174% over the previous year. At EBIDTA % level, we have improved our margins from approx 37% in FY 03 to 46.65% in FY 04 of our income.

Comparison of Fiscal year 2003 with Fiscal Year 2002**Depreciation**

There were no additions to Fixed Assets and hence depreciation was lower on WDV basis. In absolute terms this cost has decreased from Rs. 16.70 Lakhs in FY02 to Rs. 13.26 Lakhs in FY03 and as a percentage of total income this cost has decreased from 3.64 % in FY02 to 2.03% in FY03.

Staff Cost

Staff costs have increased as the staff increased from 40 to 50. In absolute terms the increase in this cost is from Rs. 85.05 Lakhs in FY02 to Rs. 124.84 Lakhs in FY03 and as a percentage of total income this cost has increased from 18.53% in FY02 to 19.12% in FY03.

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Commission

Number of Remissers /Sub-brokers increased during the year leading to higher sub-brokerage/ Commission costs. In absolute terms the increase in this cost is from Rs. 27.53 Lakhs in FY02 to Rs. 42.36 Lakhs in FY03 and as a percentage of total income this cost has increased from 6.00 % in FY02 to 6.49% in FY03.

Administrative Cost

Administrative costs increased with the higher volume of business. In absolute terms the increase in this cost is from Rs. 112.16 Lakhs in FY02 to Rs. 151.84 Lakhs in FY03 and as a percentage of total income this cost has decreased from 24.44% in FY02 to 23.25% in FY03.

Fees & Stamp Cost

Fees & stamp costs have increased due to higher volume of business. In absolute terms the increase in this cost is from Rs. 13.57 Lakhs in FY02 to Rs. 22.49 Lakhs in FY03 and as a percentage of total income this cost has increased from 2.96% in FY02 to 3.44% in FY03.

Increase in Debtors

The Sundry Debtors as on 31st March, 2005 was Rs. 357.38 lacs. which has increased to Rs. 2290.87 lacs as on 30th September, 2005. This is mainly on account of the pay in/ pay out of 29th September, & 30th September, 2005 taking place on 4th October, 2005 on account of the half yearly closing and bank holidays.

Sundry Debtors of 29 th September, 2005 was	Rs. 782 lacs.
Sundry Debtors of 30 th September, 2005 was	Rs. 740 lacs
Total	Rs. 1522 lacs.

Thus it will be seen that the actual debtors will reduce by Rs. 1522 lacs.

Increase in Creditors

The Sundry Creditors and Provisions as on 31st March, 2005 was Rs. 2527.93 lacs which has increased to Rs. 5079.39 lacs. as on 30th September, 2005. This is mainly on account of the pay in/ pay out of 29th September, & 30th September, 2005 taking place on 4th October, 2005 on account of the half yearly closing and bank holidays.

Sundry Creditors of 29 th September, 2005 was	Rs. 953 lacs.
Sundry Creditors of 30 th September, 2005 was	Rs. 1011 lacs
Total	Rs. 1964 lacs

In addition, the Provision for Tax for the first half was Rs. 200 lacs. Thus the Creditors and Provision will reduce by Rs. 1964 lacs.

An analysis of reasons for the changes in significant items of income and expenditure is given hereunder:-

1. Unusual or infrequent events or transactions.

There have been no unusual or infrequent events or transactions

2. Significant economic changes.

Changes in market sentiments and economic cycle could adversely impact the profitability of our Company.

3. Known trends or uncertainties that have had or expected to have a material adverse impact on income from operations.

There are no known trends or uncertainties that have had or are expected to have a material impact on income from operations.

4. **Extent to which material increases in revenues are due to increased volumes.**

There is no direct relationship between increase in revenue and increase in costs save to the extent that our Company incurs costs on establishment of additional branches and employs skilled professionals

5. **Total Revenue of the industry segment in which the industry operates.**

Our Company is primarily engaged in equity broking where there is a large competition from small local operators to large corporate houses.

6. **Seasonality of business.**

There is no predictable trend or seasonality in the broking business.

7. **Dependence on single or few customers.**

We have a large client base of retail clients. We also deal with many institution investors including some of the leading FI, FII , Insurance Companies, Mutual Funds and Banks.

8. **Competitive Conditions**

Our Company faces competition from various brokers including the large established brokers. However we provide many services under one roof, which gives us an edge over many smaller to medium size players in the markets.

9. **Future changes in relationship between costs and revenues, in case of events such as future increase in labour or material costs or prices that will cause a material change are known:-**

The clause is not applicable to us being in a Service Industry

10. **Status of any publicly announced new products or business segment:**

The clause is not applicable to us.

Emkay Share and Stock Brokers Limited

SECTION VI: LEGAL AND REGULATORY INFORMATION

OUTSTANDING LITIGATION

Outstanding Litigations / Disputes/ Defaults

- Except for an appeal filed against our Company by the Income Tax Authorities for the Assessment Years 2000-01 and 2001-02 and appeals filed by our Company against the Income Tax Authorities for the Assessment Years 2002-03 and 2003-04 there are no criminal, securities, statutory or other litigations against our Company or against any other company having a material adverse effect on the position of our Company. Details of said matters are appearing hereunder:

Appeals filed by Income Tax Authorities against CIT Orders:

Sr. No.	Assessment Year	Appeal No.	Authority	Amount (Rs in Lakhs)
1	2000-01	5293/Mum/2004	Income Tax Appellant Tribunal	7.45
2	2001-02	5294/Mum/2004	Income Tax Appellant Tribunal	6.34

Background:

Assessment Year 2000-01 and 2001-02:

The Income Tax Authority has disallowed depreciation on the premium paid by us for acquiring membership rights for NSE. The matter was decided in our favour and the Department has gone into appeal against the said Orders. The matter is pending for hearing.

Appeals filed by our Company with CIT:

Sr.No.	Assessment Year	Appeal No.	Authority	Amount (Rs in Lakhs)
1	2002-03	281/04-05	Commissioner of Income Tax, Mumbai	2.82
2	2003-04	126/05-06	Commissioner of Income Tax, Mumbai	27.62

Background:

Assessment Year 2002-03:

The Income Tax Authority has disallowed depreciation on the premium paid by us for acquiring membership rights for NSE and disallowance of software expenses incurred during the year. The matter is awaited for hearing.

Assessment Year 2003-04:

The I.T Authority has disallowed depreciation on the premium paid by us for acquiring membership rights for NSE, disallowance of bad debts, set-off of loss on sale of investment against share trading gain. The matter is awaited for hearing.

- Further no proceeding has been initiated for economic offences against Emkay Share and Stock Brokers Limited and is not a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985.
- There are no other pending litigations against the Company.
- There are no outstanding litigations, defaults etc pertaining to matter likely to affect operations and finances of our Company including prosecution under any enactment in respect of Schedule XIII of the Companies Act 1956 (1 of 1956) and disputed tax liabilities.

- There are no such cases of pending litigations, defaults etc in respect of companies/firms/ventures with which the promoters were associated in the past but are no longer associated, and their names continue to be associated with particular litigation.
- No disciplinary action/ investigation has been taken by Securities and Exchange Board of India (SEBI)/ Stock Exchanges against the Company, its directors, promoters and their other business ventures (irrespective of the fact whether or not they fall under the purview of section 370(1B) of the Companies Act 1956 except the following:

Our Company had received a Show Cause Notice from NSE dated January 3, 2006 for effecting change in Shareholding Pattern without prior approval of NSE.

Our Company has vide letter dated January 10, 2006 advised NSE that though there has been an increase in Share Capital from Rs. 3.5 Crores to Rs. 17.5 Crores due to issue of Bonus shares to the existing shareholders, there has been no change in shareholding pattern of the company. Thus, we were of opinion that since there was no change in pattern of holdings, there was no need for any prior permission from the Exchange. NSE vide its letter dated February 24, 2006 has noted the submission and vide its Debit Note dated February 23, 2006 has debited our account with Rs. 11,000/- as the penalty and the matter is settled.

- There are no cases against the Company or its Promoters or Directors of economic offences in which penalties were imposed on them or any of them. There are no cases in which defaults were committed or statutory dues remained to be paid or proceedings were initiated for economic or civil offences in the past in which the Company or its directors were found guilty of any disciplinary action taken by SEBI or the stock exchanges..
- The Company, confirms that there are no pending litigations, defaults, non payment of statutory dues, or violation of statutory regulations proceedings initiated for economic offences/civil offences/ criminal offences, any disciplinary action taken by the Board /Stock Exchanges against the Company/Promoters and their business ventures/Directors and that no litigations have arisen after the issue of SEBI's Observation letter and the Company and its Directors take full responsibility of the information mentioned in the Offer Document.

Litigations against the Promoters/ Directors

There are no outstanding litigations, disputes, defaults, non-payment of statutory dues, overdues to banks and/or FIs, defaults against banks and/or FIs, proceedings initiated for economic/civil/any other offences (including past cases where penalties may /may not have been awarded and irrespective of whether they are specified under paragraph (1) of Part (1) of schedule XIII of Companies Act 1956 against Promoters/ Directors of Emkay Share and Stock Brokers Limited.

Litigations against Group Companies / Associate Concerns

There are no criminal, securities, statutory or other litigations against any of the Group/Associate Companies. There are no outstanding litigations, disputes, penalties including tax liabilities economic offence, criminal/civil prosecutions for any offence irrespective of whether or not specified under any enactment in paragraph (1) of Part (1) of schedule XIII of Companies Act 1956 against the Group Companies / Associate concerns promoted by the Promoters.

There are no outstanding litigations, defaults, etc., pertaining to matters likely to affect operations and finances of the Company including disputed tax liabilities, prosecution under any enactment in respect of Schedule XIII to the Companies Act, 1956 (1 of 1956).

The promoters, their relatives (as per Companies Act, 1956), issuer, group Companies, associate companies are not detained as willful defaulters by RBI/ Government authorities and there are no violations of securities laws committed by them in the past or pending against them.

Amounts due to Small Scale Undertakings

There are no amounts due by our Company to any small scale undertaking. Also there are no amounts due to individual creditors in excess of a sum of Rs. 1,00,000/- which are outstanding for more than 30 days.

Material Developments

To the knowledge of the Board of Directors of the Company, there have not arisen, since the date of the last financial statements disclosed in this Red Herring Prospectus, any circumstances that materially or adversely affect or are likely to affect the profitability of the Company or the value of its assets or its ability to pay its liabilities within the next twelve months.

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GOVERNMENT APPROVALS AND LICENCING ARRANGEMENTS

The Company has received necessary licenses, permissions and approvals from the Central and State Governments and other government agencies/certification bodies required for its business and no further material approvals are required by the company for carrying on the present business activities of the Company. It must, however, be distinctly understood that in granting the above approvals, the Government and other authorities do not take any responsibility for the financial soundness of the Company or for the correctness of any of the statements or any commitments made or opinions expressed.

In view of the approvals listed below, the Company can undertake its current business activities and no further material approvals are required from any statutory authority to continue such activities.

The following statement sets out the details of licenses, permissions and approvals taken by the Company under various Central and State Laws for carrying out its business:

Sr. No.	Nature of Registration/License	Registration /License No.	Issuing Authority	Date	Validity
1	Incorporation of the Company	11-84899	Registrar of Companies	24.01.2005	-
2	PAN Number	AAACE0994L	Income Tax Department	24.01.1995	-
3	TAN Number	E-02239-G/BBY	Income Tax Department	6.11.1995	-
4	Sales Tax Registration	1/1/21/28145	Sales Tax Officer (10), Regional Branch, Mumbai	24.05.1996	-
5	Service Tax Registration	SB/MI/1116	Central Excise Department of Service Tax	27.03.1996	-
6	Professional Tax Registration	1/1/21/18/11519	Professional Tax Office (2), Mumbai	27.05.1996	-
7	Registration under Employees Provident Fund legislations	MH/44417/O/H/Zones/97	Regional Provident Fund Commissioner	13.04.2000	-
8	Registration under shop and Establishment Act				
i)	Lower Parel, Mumbai Corporate Office)	GS-11/009245	Bombay Municipal Corporation	31.03.2001	31.12.2006
ii)	Mulund, Mumbai	T-II/004737	Bombay Municipal Corporation	04.01.2006	31.12.2006
iii)	Versova, Mumbai	KW-11/009980	Bombay Municipal Corporation	05.09.2003	31.12.2006
iv)	Goregaon, Mumbai	PS-11/012103	Bombay Municipal Corporation	25.10.2005	31.12.2006
v)	Malad, Mumbai (Registered Office)	A-II/021762	Bombay Municipal Corporation	04.02.1999	31.12.2006
vi)	Malad, Mumbai	PN-II/006963	Bombay Municipal Corporation	03.04.2003	31.12.2006
vii)	Andheri, Mumbai	KW-II/009731	Bombay Municipal Corporation	29.04.2003	31.12.2006
9	Membership of BSE	INB010901838	SEBI	13.03.1996	-
10	Trading and clearing Member of BSE (F & O)	INF010901838	SEBI	02.06.2000	-
11	Membership of NSE	INB230901838	SEBI	24.08.1999	-

Sr. No.	Nature of Registration/License	Registration /License No.	Issuing Authority	Date	Validity
12	Trading and clearing Member of NSE (F & O)	INF230901838	SEBI	19.06.2001	-
13	Portfolio Manager*	INP000000779	SEBI	16.03.2003	15.03.2006
14	Depository Participant-CDSL	IN-DPCDSL-58-2000	SEBI	09.02.2005	08.02.2010
15.	OTCEI	INB200901834	SEBI	07.07.1999	-
16.	Registration with Association Mutual Funds of India	ARN 1563	Association Mutual Funds of India	21.02.2003	-
17.	Copyright of 'EMKAY'	A-74274/05	Dy. Registrar of Copyrights	19.09.05	-

* Applied for renewal.

Our Company has applied for registration under Shop and Establishment Act for our branches located at Delhi, Punjab, Karnataka, Tamil Nadu, Kerala, West Bengal and Gujarat under respective state legislations. Registration Certificates are awaited.

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SECTION VII: OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The issue of Equity Shares in this Issue by the Company has been authorised by the resolution of the Board of Directors passed at their meeting held on October 25, 2005, subject to the approval of shareholders through a special resolution to be passed pursuant to Section 81(1A) of the Companies Act. The shareholders approved the Issue at the Extra-ordinary General Meeting of the shareholders of the Company held on November 17, 2005 at Mumbai

Prohibition by SEBI

The Company, its promoters, directors or any of the company's associates or group companies with which the directors of the Company are associated as directors or promoters have not been prohibited from accessing the capital market under any order or direction passed by SEBI.

Eligibility for the Issue

As per Clause 2.2.1 of SEBI Guidelines, the Company may make an initial public offering of equity shares, as to meet the following conditions; with eligibility criteria calculated in accordance with unconsolidated financial statements under Indian GAAP:

- The Company has net tangible assets of at least Rs.300 Lakhs in each of the preceding three full years (of 12 months each) of which not more than 50% are held in monetary assets.
- The Company has a track record of distributable profits as per Section 205 of Companies Act, for at least three out of immediately preceding five years.

For calculating distributable profits in terms of Section 205 of the Companies Act extra-ordinary items have not been considered;

- The Company has a net worth of at least Rs.100 Lakhs in each of the preceding three full years of 12 months each;
- The Company has not changed its name within the last one year, and at least 50% of the revenues for the preceding one full year is earned by the Company from the activity suggested by the existing name; and
- The aggregate of the proposed Issue and all previous issues made in the same financial year in terms of size (i.e. public issue by way of a prospectus + firm allotment + promoters contribution through offer document) does not exceed five (5) times its pre-issue net worth as per the audited balance sheet of the last financial year.

The details of Distributable Profits, Net Tangible Assets and Net worth of the Company are as follows:-

(Rs in Lakhs)

Particulars	31 st March 2001	31 st March 2002	31 st March 2003	31 st March 2004	31 st March 2005
Distributable Profits	234.63	96.65	117.03	406.24	653.91
Net Tangible Assets*	1163.28	1256.33	1319.84	1688.22	2275.84
Networth	1163.28	1256.33	1320.35	1687.82	2262.83
Monetary Assets. **	208.47	169.63	65.06	372.64	594.57

(*) Net tangible assets is defined as the sum of field assets (including capital work in progress and excluding revaluation reserves), trade investments, current assets (excluding deferred tax assets) less current liabilities (excluding deferred tax liabilities and long term liabilities)

(**) Monetary assets include cash on hand and bank and quoted investments including units in open ended mutual fund schemes at cost, net of provisions for diminution in value

In addition to these, the Company shall ensure that the number of allottees getting Equity Shares is not less than one thousand in number.

Disclaimer Clause

AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, CENTRUM CAPITAL LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURES AND INVESTOR PROTECTION) GUIDELINES, 2000 AS FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS, CENTRUM CAPITAL LIMITED HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED JANUARY 28, 2006 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:

1. "WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE.
2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY.
3. WE CONFIRM THAT:
 - THE DRAFT RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;
 - ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH;
 - THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE;
 - BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID; AND
 - WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS."
4. THE SECURITIES PROPOSED TO FORM PART OF THE PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED/SOLD/TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.

ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLIED WITH AT THE TIME OF FILING OF THE RED HERRING PROSPECTUS WITH THE DESIGNATED STOCK EXCHANGE IN ACCORDANCE WITH APPLICABLE LAW, AS ALSO ANY GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, GOI AND ANY OTHER COMPETENT AUTHORITY. ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLIED WITH AT

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THE TIME OF REGISTRATION OF THE PROSPECTUS WITH THE DESIGNATED STOCK EXCHANGE IN ACCORDANCE WITH APPLICABLE LAW, AS ALSO ANY GUIDELINES, INSTRUCTIONS, ETC., ISSUED BY SEBI, GOI AND ANY OTHER COMPETENT AUTHORITY.”

THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES IN THE NATURE OF LIABILITIES UNDER SECTION 63 AND SECTION 68 OF THE COMPANIES ACT OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGERS, ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS.

Disclaimer Clause from Company and Book Running Lead Manager

The Company, the Directors and the BRLMs accept no responsibility for statements made otherwise than in this Red Herring Prospectus or in any advertisements or any other material issued by or at instance of the above mentioned entities and anyone placing reliance on any other source of information, including our website, www.emkayshare.com, would be doing so at his or her own risk.

The BRLM accept no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into among the BRLM and the Company dated January 27, 2006 and the Underwriting Agreement to be entered into among the Underwriters and us.

All information shall be made available by the Company and the BRLM to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at Bidding centres.

We shall not be liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Disclaimer in Respect of Jurisdiction

This Issue is being made in India to Persons resident in India (including Indian nationals resident in India), who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under the applicable trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds and to permitted non residents including FIIs, NRIs and other eligible foreign investors. This Red Herring Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to Equity Shares offered hereby in any other jurisdiction to any Person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any Person into whose possession this Red Herring Prospectus comes is required to inform himself or herself about and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai, India only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Red Herring Prospectus has been filed with SEBI for observations and SEBI has given its observations. Accordingly, the Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and this Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in our affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Disclaimer Clause of the BSE

As required, a copy of this Red Herring Prospectus has been submitted to BSE. BSE has given vide its letter No. DCS/Smg/sm/dm/2006 dated February 22, 2006, permission to the Company to use BSE's name in this Red Herring Prospectus as one of the stock exchanges on which this Company's further securities are proposed to be listed. BSE has scrutinized this Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. BSE does not in any manner:

1. Warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; or
2. Warrant that this Company's securities will be listed or will continue to be listed on BSE; or
3. Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company; and it should not for any reason be deemed or construed to mean that this Red Herring Prospectus has been cleared or approved by BSE. Every Person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against BSE whatsoever by reason of any loss which may be suffered by such Person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer Clause of the NSE

As required, a copy of this Red Herring Prospectus has been submitted to NSE. NSE has given in its letter No. NSE/List 20824-M dated March 8, 2006 permission to this Company to use NSE's name in this Red Herring Prospectus as one of the stock exchanges on which this Company's further securities are proposed to be listed, subject to the Company fulfilling the various criteria for listing including the one related to paid up capital and market capitalization (i.e., the paid up capital shall not be less than Rs. 1000 lakhs and the market capitalization shall not be less than Rs.2500 lakhs at the time of listing). The NSE has scrutinised this Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed to mean that this Red Herring Prospectus has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that this Company's securities will be listed or will continue to be listed on the NSE; nor does it take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company. Every Person who desires to apply for or otherwise acquires any of this Company's securities may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against NSE whatsoever by reason of any loss which may be suffered by such Person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Filing

A copy of this Red Herring Prospectus has been filed with SEBI at Corporation Finance Department, Ground Floor, Mittal Court, "A" Wing, Nariman Point, Mumbai 400 021.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, would be delivered along with copies of material contracts and other documents for registration to the Registrar of Companies, Maharashtra, 100, Everest, Marine Lines, Mumbai – 400 002 ("RoC") and a copy of the Prospectus to be filed under Section 60 of the Companies Act would be delivered for registration to the RoC..

Listing

Applications have been made to the NSE and BSE for permission to deal in and for an official quotation of the Company's Equity Shares. BSE will be the Designated Stock Exchange.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchanges mentioned above, the Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Red Herring Prospectus. If such money is not repaid within eight (8) days after the Company becomes liable to repay it, i.e., from the date of refusal or within 70 days from the Bid/Issue Closing Date, whichever is earlier, then the Company, and every Director of the Company who is an officer in default shall, on and from such expiry of eight (8) days, be liable to repay the money, with interest at the rate of 15.0% per annum on application money, as prescribed under Section 73 of the Companies Act.

The Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above are taken within seven (7) working days of finalization of the basis of allocation for the Issue.

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Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

“Any person who:

- (a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or
- (b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years.”

Consents

Consents in writing of: the Directors, the Company Secretary and Compliance Officer, the Auditors, Legal Advisors, the Banker to the Issue, Bankers to the Company, Monitoring Agency, Book Running Lead Manager, Escrow Collection Bank(s) and Registrar to the Issue, to act in their respective capacities, have been obtained and shall be filed along with a copy of the Red Herring Prospectus with the Registrar of Companies, Maharashtra, Mumbai and such consents have not been withdrawn up to the time of delivery of this Red Herring Prospectus for registration with the Registrar of Companies.

M/s B.L. Sarda & Associates, Auditors of the Company, have given their written consents to the inclusion of their report in the form and context in which it appears in this Red Herring Prospectus and such consent and report has not been withdrawn up to the time of delivery of this Red Herring Prospectus.

Expert Opinion

Except as stated in this Red Herring Prospectus, the Company has not obtained any expert opinions.

Expenses of the Issue

The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The estimated Issue expenses are as follows:

Particulars Rs. In Lakhs	Rs in Million	As % of Total Issue Expenses	As % of Total Issue Size
Lead Management Fees, Brokerage, Underwriting & Selling Commission*	[●]	[●]	[●]
Fees payable to Registrar	[●]	[●]	[●]
Fees payable to Legal Advisors	[●]	[●]	[●]
Fees payable to Auditors	[●]	[●]	[●]
Advertising and Marketing expenses	[●]	[●]	[●]
Printing Stationery & Postage	[●]	[●]	[●]
Others expenses	[●]	[●]	[●]
Total Estimated Issue expenses	[●]	[●]	[●]

* Will be incorporated after finalisation of Issue Price

Fees Payable to the Book Running Lead Manager, Brokerage and Selling Commission:

The total fees payable to the BRLM including brokerage and selling commission for the Issue will be as per the Memorandum of Understanding executed between the Company and the BRLM dated January 27, 2006 a copy of which are available for inspection at the Registered Office of the Company.

Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue will be as per the Registrar’ Memorandum of Understanding dated December 08, 2005 copies of which is available for inspection at the Registered Office of the Company.

Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or allotment advice by registered post.

Rights or Public Issues During The Last Five Years

This is the first Issue of the Company. The Company has not made any public issue previously.

Previous Issue of Shares otherwise than for Cash

The Company has not issued any shares for consideration other than for cash except as mentioned in the section titled “Capital Structure” on page [—] of this Red Herring Prospectus.

Commission and Brokerage on Previous Issue

Except as stated in the Red Herring Prospectus, no sum has been paid or is payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares of the Company.

Companies under the same Management

There are no listed companies under the same management within the meaning of Section 370 (1) (B) of the Companies Act, 1956 and the Company has not made any previous issue.

Outstanding Debenture or Bond Issue or Preference Shares:

As of date, the Company does not have any outstanding debentures or bond issue or redeemable preference shares or other instruments.

Stock Market Data for the Equity Shares of the Company

This being the initial public issue of the Company, the Equity Shares of the Company are not listed on any stock exchange.

Promise vs. Performance

The Company has not made any public issue of shares since its incorporation.

Mechanism For Redressal of Investor Grievances

The Company has appointed the Registrar to the issue, to handle the investor grievances in coordination with the Compliance Officer of the Company. All grievances relating to the Issue may be addressed to the Registrar to the Issue, Intime Spectrum Registry Limited giving full details such as name, address of the applicant, application number, number of shares applied for, amount paid on application, Depository Participant, and the Syndicate Member or collection center where the application was submitted. The Company would monitor the work of the registrar to ensure that the Investor grievance will be settled expeditiously and satisfactorily.

The Registrar to the issue, Intime Spectrum Registry Limited will handle investors grievances pertaining to the Issue. A fortnightly status report of the complaints received and redressed by them would be forwarded to the company. The company would also be co-ordinating with the registrar to the offer in attending to the grievances to the investor. The company assures that the Board of Directors in respect of the complaints, if any, to be received shall adhere to the following schedules:

Nature of complaint	Time Table
1.Non-receipt of refund	Within 7 days of receipt of complaint subject to production of satisfactory evidence
2.Change of Address Notification	Within 7 days of receipt of information
3.Any other complaint in relation to Offer for Sale	Within 7 days of receipt of complaint with all relevant details

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The company has appointed Mr. Vijay Shenoy as Compliance Officer who would directly deal with SEBI officer with respect, to implementation/ compliance of various laws, rules, regulations and other directives issued by SEBI and matters related to investor complaints .The investors may contact the Compliance Officer in case of any pre-issue/ post-issue related problems. The Compliance Officer would be available at the Corporate Office of the Company. She may be contacted at the following address:

Mr. Vijay Shenoy,

CFO and Compliance Officer,

Phoenix House, C wing, 4th Floor,
Phoenix Mills, Senapati Bapat Marg,
Lower Parel, Mumbai – 400 013

Tel.: +91-22-5660 6690

Fax: +91-22-2490 4795

E-mail:compliance@emkayshare.com

Changes in Auditors during the last three years

There have been no changes in the auditors of the Company during the past three years.

Capitalisation of Reserves or Profits during the last five years:

During the year 2005-06, the Company has issued Bonus shares in the ratio of 4 (four) shares for every 1 (One) share held by capitalizing Rs 1400 Lakhs out of Free Reserves.

Revaluation of Assets during the last five years:

There has been no Revaluation of Assets during the last five years.

SECTION VIII: ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, the Memorandum and the Articles of Association of our Company, the terms of this Red Herring Prospectus, the Bid cum Application Form, the Revision Form, the CAN and other terms and conditions as may be incorporated in the allotment advice and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government, Stock Exchanges, RBI, and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of the Companies Act, the Memorandum and the Articles of Association of the Company and shall rank *pari passu* in all respects with the existing Equity Shares of the Company, including rights in respect of dividends and other corporate benefits, if any, declared by the Company after the date of allotment.

Mode of payment of dividend

Dividend shall be paid only in cash or as permitted under applicable laws. The declaration and payment of dividends will be recommended by the Board of Directors and the Shareholders in their discretion and will depend on a number of factors, including but not limited to the earnings, capital requirements and overall financial conditions.

Face Value and Issue Price

The Equity Shares with a face value of Rs. 10 each are being offered in terms of this Red Herring Prospectus at a total price of Rs. [•] per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares.

The issue price is 10 times the face value at lower end of the price band and 12 times of the face value at the higher end of the price band.

Rights of the Equity Shareholder

Subject to applicable laws, the Equity Shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and our Memorandum and Articles.

For a detailed description of the main provisions of the Articles relating to, among other things, voting rights, dividend, forfeiture and lien, transfer and transmission see the section titled "Main Provisions of the Articles of Association" on page [·] of this Red Herring Prospectus.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialized form. As per the existing SEBI Guidelines, the trading in the Equity Shares shall only be in dematerialized form for all investors. Since trading of the Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment through this Issue will be done only in electronic form in multiples of one Equity Share subject to a minimum allotment of one Equity Share.

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Nomination Facility to the Investor

In the nature of the rights specified in Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, may nominate any one Person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A Person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any Person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of Equity Share(s) by the Person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Corporate Office of the Company or at the Registrar and Transfer Agents.

In the nature of the rights stated in Section 109B of the Companies Act, any Person who becomes a nominee in the manner stated above, shall upon the production of such evidence as may be required by the Board of Directors, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board of Directors may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with, within a period of 90 days, the Board of Directors may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Notwithstanding anything stated above, since the allotment in the Issue will be made only in dematerialised mode, there is no need to make a separate nomination with the Company. Nominations registered with the respective depository participant of the applicant would prevail. If the investors require to change the nomination, they are requested to inform their respective depository participant.

Minimum Subscription

If the Company does not receive the minimum subscription of 90% of the Net Offer to the public to the extent of the amount payable on application including devolvement on Underwriters, if any, within 60 days from the Bid Closing Date, Company shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after the Company become liable to pay the amount (i.e., 60 days from the Bid Closing Date), Company shall pay interest prescribed under Section 73 of the Companies Act.

Withdrawal of the Issue

The Company, in consultation with the BRLMs, reserves the right not to proceed with the Issue at anytime including after the Bid Closing Date, without assigning any reason thereof. In case the Company decides so, it shall issue a public notice within two days of the closure of bidding, indicating the reasons for withdrawal of Issue in the newspapers in which the bid advertisement appeared earlier. The Company shall also inform the Stock Exchanges on which the shares are proposed to be listed.

Arrangement for disposal of odd lots

The Company's shares will be traded in dematerialized form only and therefore the marketable lot is 1 share. Therefore there is no possibility of odd lots.

Restriction on Transfer and Transmission of Shares and their Consolidation/ Splitting

There are no restrictions on transfer and transmission of shares and their Consolidation/ Splitting other than those mentioned in the Articles of Association of the Company.

Subscription by Non-Residents/NRI/FIIs/Foreign Venture Capital Fund/Multilateral and Bilateral Development Financial Institutions

As per RBI regulations, OCBs cannot participate in the Issue. There is no reservation for any Non-Residents, NRIs,

FII's, foreign venture capital investors registered with SEBI and multilateral and bilateral development financial institutions and such Non-Residents, NRIs, FII's, foreign venture capital investors registered with SEBI and multilateral and bilateral development financial institutions will be treated on the same basis with other categories for the purpose of allocation. The allotment of Equity Shares to Non-residents, NRIs, FII's, Foreign Venture Capital Investors shall be subject to the conditions as may be prescribed by the Government of India, Ministry of Finance and Company Affairs Department (Department of Economic Affairs) and the RBI while granting such permissions.

As per Notification No. FEMA/20/2000-RB dated May 3, 2000, as amended from time to time, under automatic route of the Reserve Bank, the Company is not required to make an application for Issue of Equity Shares to NRIs/FII's with repatriation benefits. However, the allotment/transfer of the Equity shares to NRIs/FII's shall be subject to the prevailing RBI Guidelines. Sale proceeds of such investments in equity shares will be allowed to be repatriated along with the income thereon subject to the permission of the RBI and subject to the Indian tax laws and regulations and any other applicable laws.

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ISSUE STRUCTURE

The present Issue of Equity Shares Rs. 10 each, at a price of Rs. [•] for cash aggregating Rs. [•] is being made through the 100% Book Building Process.

Particulars	QIBs	Non-Institutional Bidders	Retail Individual Bidders	Employees
Number of Equity Shares*	Net Offer less allocation to Non-Institutional Bidders and Retail Individual Bidders subject to maximum of 30,25,000 Shares	Minimum of 9,07,500 Equity Shares.	Minimum of 21,17,500 Equity Shares.	2,00,000 Equity Shares
Percentage of Issue Size available for allocation	Up to 50% of Issue or, Issue less allocation to Non- Institutional Bidders and Retail Individual Bidders. This includes 5% to be allocated to mutual funds.	Minimum 15% of Issue or, Issue less allocation to QIB Bidders and Retail Individual Bidders.	Minimum 35% of Issue or, Issue less allocation to QIB Bidders and Non Institutional Bidders.	3.20% of the Total Issue size
Basis of Allocation if respective category is oversubscribed	Proportionate	Proportionate	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000 and in multiples of 50 Equity Shares thereafter.	Such number of Equity Shares that the Bid Amount exceeds Rs.100,000 and in multiples of 50 Equity Shares thereafter.	50 Equity Shares and in multiples of 50 Equity Share thereafter.	50 Equity Shares and thereafter in multiples of 50 Equity Shares
Maximum Bid	Such number of Equity Shares not exceeding the Issue, subject to applicable limits.	Such number of Equity Shares not exceeding the Issue subject to applicable limits.	Such number of Equity Shares whereby the Bid Amount does not exceed Rs. 100,000.	Not exceeding 2,000 Equity Shares per Employee
Mode of Allotment	Compulsorily in dematerialised form	Compulsorily in dematerialised form.	Compulsorily in demateriali-sed form.	Compulsorily in dematerialised form.
Trading Lot	One Equity Share	One Equity Share	One Equity Share	One Equity Share
Who can Apply	Public financial institutions, as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds, foreign institutional investors registered with SEBI, multilateral and bilateral development financial institutions, and State Industrial Development Corporations, permitted insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs.2500 lakhs and pension funds with minimum corpus of Rs. 2500 lakhs in accordance with applicable law.	NRIs, Resident Indian individuals, HUF (in the name of Karta), companies, corporate bodies, scientific institutions societies and trusts.	Individuals (including HUFs, NRIs) applying for Equity Shares such that the Bid Amount does not exceed Rs. 100,000 in value.	Employees of the Company as on date of filing of Red Herring Prospectus with the ROC

Particulars	QIBs	Non-Institutional Bidders	Retail Individual Bidders	Employees
Terms of Payment	Margin Amount applicable to QIB Bidders at the time of submission of Bid cum Application Form to the Syndicate Member.	Margin Amount applicable to Non Institutional Bidders at the time of submission of Bid cum Application Form to the Syndicate Member.	Margin Amount applicable to Retail Individual Bidders at the time of submission of Bid cum Application Form to the Syndicate Member.	Margin Amount applicable to Permanent Employees at the time of submission of Bid-cum-Application Form to the members of the Syndicate
Margin Amount	Atleast 10% of the Bid Amount on bidding	Full Bid Amount on Bidding	Full Bid Amount on Bidding	Full Bid Amount on Bidding

*Subject to valid Bids being received at or above the Issue Price. Under-subscription, if any, in Non-Institutional and retail Individual categories, would be allowed to be met with spillover inter-se from any other categories at the discretion of the Company, in consultation with the BRLM subject to applicable provisions of SEBI Guidelines.

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ISSUE PROCEDURE

Book Building Procedure:

The Issue is being made through the 100% Book Building Process under clause 2.2.2 of SEBI(DIP) Guidelines, 2000, wherein not more than 50% of the net offer to the public shall be available for allocation on a proportionate basis to QIBs **(out of which 5% shall be allocated to mutual funds)**. Further, not less than 35% of the net offer to the public shall be available for allocation on a proportionate basis to the Retail Individual Bidders and not less than 15% of the net offer to the public shall be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Offer Price.

Bidders are required to submit their Bids through the members of the Syndicate. The Company, in consultation with the BRLMs reserve the right to reject any Bid procured by any or all members of the Syndicate without assigning any reason therefore from QIBs. In case of Non-Institutional Bidders and Retail Individual Bidders, the Company would have a right to reject the Bids only on technical grounds.

Investors should note that Equity Shares would be transferred to all successful allottees only in the dematerialized form. Bidders will not have the option of Allotment of Equity Shares in physical form. The Equity Shares, on allotment, shall be traded only in the dematerialized segment of the Stock Exchanges.

Illustration of Book Building and Price Discovery Process

(Investors should note that the following is solely for the purpose of illustration and is not specific to the Offer)

Bidders can bid at any price within the price band. For instance, assuming a price band of Rs.40 to Rs.48 per share, issue size of 6,000 equity shares and receipt of nine bids from bidders details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the bidding period. The illustrative book as shown below shows the demand for the shares of the Company at various prices and is collated from bids from various investors.

Number of equity shares Bid for	Bid Price	Cumulative Equity Shares bid for	Subscription
500	48	500	8.33%
700	47	1200	20.00%
1000	46	2200	36.67%
400	45	2600	43.33%
500	44	3100	51.67%
200	43	3300	55.00%
2800	42	6100	101.67%
800	41	6900	115.00%
1200	40	8100	135.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired quantum of shares is the price at which the book cuts off i.e., Rs. 42 in the above example. The issuer, in consultation with the BRLMs will finalise the issue price at or below such cut off price i.e. at or below Rs.42/-. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in respective category.

Steps to be taken by the Bidders for bidding:

- Check whether he/ she is eligible for bidding (refer to the section "Issue Procedure – Who can Bid" on page [.] of this Red Herring Prospectus);
- Ensure that the bidder has a demat account; and

- Ensure that the Bid-cum-Application Form is duly completed as per instructions given in this Red Herring Prospectus and in the Bid cum Application Form.
- Ensure that the Bid cum Application Form is accompanied by the PAN, or by Form 60 or Form 61 as may be applicable together with necessary documents providing proof of address. See page [.] of this Red Herring Prospectus for details.

The Issue is being made through the 100% book building process wherein not more than 50% of the Net offer to the public shall be allocated on a proportionate basis to Qualified Institutional Bidders (“QIBs”) (including 5 % of the QIB portion that would be specifically reserved for Mutual Funds). Further, not less than 15 % of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

Bid cum Application Form

Bidders shall only use the specified Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids. Upon the allocation of Equity Shares, dispatch of the Confirmation of Allocation Note (“CAN”), and filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the application form.

Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorised the Company to make the necessary changes in this Red Herring Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for various categories, is as follows:

Category	Colour of Bid cum Application Form
Indian public including resident QIBs, Non Institutional Bidders and Retail Individual Bidders or NRIs applying on a non-repatriable basis	White
Eligible non-residents including NRIs or FIIs applying on a repatriation basis	Blue
Employees of the Company and its subsidiaries	Pink

Who can Bid?

1. Indian nationals resident in India who are majors, in single or joint names (not more than three);
2. Hindu Undivided Families or HUFs, in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: “Name of Sole or First bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta”. Bids by HUFs would be considered at par with those from individuals;
3. Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in the Equity Shares;
4. Indian Mutual Funds registered with SEBI;
5. Indian Financial Institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission, as applicable);
6. Venture Capital Funds registered with SEBI;
7. Foreign Venture Capital Investors registered with SEBI;
8. State Industrial Development Corporations;
9. Trusts registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts and who are authorised under their constitution to hold and invest in equity shares;

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10. NRIs on a non-repatriation basis subject to applicable laws;
11. FIIs on a repatriation basis or a non-repatriation basis subject to applicable laws;
12. Scientific and/or Industrial Research Organisations authorised to invest in equity shares;
13. Insurance Companies registered with Insurance Regulatory and Development Authority;
14. Provident Funds with minimum corpus of Rs. 2500 lakhs and who are authorised under their constitution to hold and invest in equity shares;
15. Pension Funds with minimum corpus of Rs. 2500 lakhs and who are authorised under their constitution to hold and invest in equity shares;
16. Multilateral and Bilateral Development Financial Institutions; and

Pursuant to the existing regulations, OCBs are not eligible to participate in the Issue.

Note: The BRLM and Syndicate Member shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligation.

In terms of the Regulation 15A (1) of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, the Foreign Institutional Investor or sub-account ("FIIs") may issue, deal in or hold, off-shore derivative instruments such as Participatory Notes, Equity Linked Notes or any other similar instruments against underlying securities being allocated to such FIIs.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights. These limits would have to be adhered to by the mutual funds for investment in the Equity Shares.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

As per the current regulations, the following restrictions are applicable for investments by FIIs:

The issue of Equity Shares to a single FII should not exceed 10% of the post-Issue issued capital (i.e. 10% of 241,50,000 Equity Shares of Rs.10 each) Equity Shares. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital or 5% of the total issued capital in case such sub-account is a foreign corporate or an individual. As of now, the aggregate FII holding in the Company cannot exceed 24% of the total issued capital of the Company. With the approval of the Board of Directors and the shareholders by way of a special resolution, the aggregate FII holding can go up to 100%. However, as on this date, no such resolution has been recommended to the shareholders of the Company for adoption.

As per the current regulations, the following restrictions are applicable for SEBI registered Venture Capital Funds and Foreign Venture Capital Investors:

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the holding by any individual venture capital fund or foreign venture capital investor registered with SEBI should not exceed (i) 25% of the corpus of the venture capital fund/ (ii) 33.33% of the corpus of the foreign venture capital investor.

The above information is given for the benefit of Bidders. The Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws and regulations, which may occur after the date of this Red Herring Prospectus, whether prospectively or retrospectively. Bidders are advised to make their independent investigations and ensure that their number of Equity Shares bid for do not exceed the applicable limits under laws and regulations.

Maximum and Minimum Bid Size

- (a) **For Retail Individual Bidders:** The Bid must be for a minimum of 50 Equity Shares and in multiples of 50 Equity Share thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed Rs.100,000. In case the Bid Amount is over Rs.100,000 due to revision of the Bid or revision of the Price Band or on exercise of cut-off option, the Bid would be considered for allocation under the Non Institutional Bidders portion. The cut-off option is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.
- (b) **For Non-Institutional Bidders and QIB Bidders:** The Bid must be for such number of Equity Shares that the bid amount exceeds Rs. 10,00,000/- and in multiples of 50 Equity Shares thereafter. A Bid cannot be submitted for more than size of the Issue. However, the maximum Bid by a QIB Bidder should not exceed the investment limits prescribed for them by applicable laws. **Under existing SEBI guidelines, a QIB Bidder cannot withdraw its Bid after the Bid Closing Date/Issue Closing Date.**
- (c) **For Employees:** The Bid must be for a minimum of 50 Equity Shares and in multiples of 50 Equity Share thereafter. A Bid cannot be submitted for more than size of the Issue.

In case of revision in Bids, the Non Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs.100,000 for being considered for allocation in the Non Institutional Portion. In case the Bid Amount reduces to Rs.100,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non Institutional Bidders and QIB Bidders are not allowed to Bid at 'cut-off'.

Information for the Bidders

1. The Company will file the Red Herring Prospectus with the RoC at least three days before the Bid Opening Date/ Issue Opening Date.
2. The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid cum Application Form to potential investors.
3. Any investor (who is eligible to invest in the Equity Shares according to the terms of this Red Herring Prospectus and applicable law) who would like to obtain the Red Herring Prospectus and/or the Bid cum Application Form can obtain the same from the Corporate Office of the Company or from any of the members of the Syndicate.
4. Investors who are interested in subscribing for the Company's equity shares should approach any of the members of the Syndicate or their authorised agent(s) to register their Bid.
5. The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of the members of the Syndicate. Bid cum Application Forms, which do not bear the stamp of the members of the Syndicate, will be rejected.

Bidding Process

1. The Company and the BRLM shall declare the Bid Opening Date/Issue Opening Date, Bid Closing Date/Issue Closing Date and Price Band at the time of filing the Red Herring Prospectus with the RoC and also publish the same in two widely circulated national newspapers (one each in English, Hindi) and a regional newspaper circulated at a place where the registered office of the Company is situated. This advertisement shall contain the salient features of the Red Herring Prospectus in the nature of the specifications under Form 2A of the Companies Act, the method and process of bidding and the names and addresses of the BRLM and the Syndicate Member and their bidding centers. The Syndicate Member shall accept Bids from the Bidders during the Issue Period in accordance with the terms of the Syndicate Agreement.
2. The Bidding Period shall be a minimum of three (3) working days and not exceeding seven (7) working days. In case the Price Band is revised, the revised Price Band and Bidding Period will be published in two national newspapers (one each in English, Hindi) and the regional language newspaper and the Bidding Period may be extended for the period of three (3) days, subject to the total Bidding Period not exceeding ten working (10) days.
3. Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details see the section titled "Issue Procedure-Bids at Different Price Levels" on page [•] of this Red Herring Prospectus) within

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the Price Band and specify the demand (i.e. the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.

4. The Bidder cannot bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the section titled "Issue Procedure-Build up of the Book and Revision of Bids" on page [•] of this Red Herring Prospectus.
5. The Syndicate Member will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, ("TRS"), for each price and demand option and give the same to the Bidder. Bidders should make sure that they ask for a copy of the computerized TRS for every Bid Option from the Syndicate Member. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form.
6. During the Bidding Period, Bidders may approach the members of the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients / investors who place orders through them and shall have the right to vet the Bids.
7. Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the section titled "Issue Procedure-Terms of Payment and Payment into the Escrow Accounts" on page [•] of this Red Herring Prospectus.

The Syndicate Members shall compulsorily take the bid form in writing from prospective investors.

Bids at Different Price Levels

1. The Price Band has been fixed at Rs. 100/- to Rs. 120/- per Equity Share of Rs.10 each, Rs. 100/- being the Floor of the Price Band and Rs. 120/- being the Cap of the Price Band. The Bidders can bid at any price within the Price Band, in multiples of Re.1.
2. In accordance with SEBI Guidelines, the Company reserves the right to revise the Price Band during the Bidding Period. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in the Red Herring Prospectus.
3. In case of revision in the Price Band, the Issue Period will be extended for three additional days after revision of Price Band subject to a maximum of 10 working days. Any revision in the Price Band and the revised Bidding Period/Issue Period, if applicable, will be widely disseminated by notification to BSE and NSE, by issuing a public notice in two national newspapers (one each in English, Hindi and Marathi), and also by indicating the change on the websites of the BRLMs and at the terminals of the members of the Syndicate.
4. The Company, in consultation with the BRLM, can finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Bidders.
5. Bidders can bid at any price within the Price Band. Bidders have to bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders applying for a maximum Bid in any of the bidding options not exceeding Rs. 100,000/- may bid at Cut-off Price. However, bidding at Cut-off Price is prohibited for QIB Bidders and Non-Institutional Bidders and such Bids from QIB Bidders and Non Institutional Bidders shall be rejected.
6. Retail Individual Bidders who bid at the Cut-off Price agree that they shall purchase the Equity Shares at the Issue Price, as finally determined which may be any price within the Price Band. Retail Individual Bidders bidding at Cut-off Price shall deposit the Bid Amount based on the Cap Price in the respective Escrow Accounts. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders who Bid at Cut-off Price (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), the Retail Individual

Bidders, who Bid at Cut off Price, shall receive the refund of the excess amounts from the respective Escrow Accounts/refund account(s).

7. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders, who had bid at Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the cap of the revised Price Band (such that the total amount i.e. original Bid Amount plus additional payment does not exceed Rs. 100,000/- if the Bidder wants to continue to bid at Cut-off Price), with the Syndicate Member to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs. 100,000/-, the Bid will be considered for allocation under the Non-Institutional Portion in terms of this Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to the revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allotment, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.
8. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders, who have bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the respective Escrow Accounts/refund account(s).
9. In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain 50 Equity Shares irrespective of whether the Bid Amount payable on such minimum application is not in the range of Rs.5,000/- to Rs.7,000/-. The issuer company, in consultation with the merchant banker, shall stipulate with minimum application size (in terms of number of shares) falling within the aforesaid range of minimum application value.

Option to Subscribe

Equity Shares being offered through this Red Herring Prospectus can be applied for in dematerialized form only. Bidders will not have the option of getting Allotment of physical form. The Equity Shares, on Allotment, shall be traded only in the dematerialized segment of the Stock Exchange.

Escrow Mechanism

The Company shall open Escrow Accounts with one or more Escrow Collection Bank(s) in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid Amount from Bidders in a certain category would be deposited in the respective Escrow Account. The Escrow Collection Bank(s) will act in terms of this Red Herring Prospectus and the Escrow Agreement. The monies in the Escrow Accounts shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Bank(s) shall transfer the monies from the Escrow Accounts to the Issue Account as per the terms of the Escrow Agreement. Payments of refund to the Bidders shall also be made from the Escrow Accounts/refund account(s) as per the terms of the Escrow Agreement and this Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Company, the members of the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Accounts

In case of Non-Institutional Bidders and Retail Individual Bidders, each Bidder with the submission of the Bid cum Application Form draw a cheque or demand draft for the maximum amount of his/her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (for details see the section titled "Issue Procedure-Payment Instructions" on page [•] of this Red Herring Prospectus) and submit the same to the member of the Syndicate to whom the Bid is being submitted. Bid cum Application Forms accompanied by cash shall not be accepted. The maximum Bid price has to be paid at the time of submission of the Bid cum Application Form based on the highest bidding option of the Bidder.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders till the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Issue from the Escrow Accounts, as per the

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terms of the Escrow Agreement, into the Issue Account with the Banker(s) to the Issue. The balance amount after transfer to the Issue Account shall be held for the benefit of the Bidders who are entitled to refunds on the Designated Date, and not later than 15 days from the Bid Closing Date/Issue Closing Date, the Escrow Collection Bank(s) shall refund all monies to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for allotment to the Bidders.

In case of QIBs, the members of the Syndicate may, at their discretion, waive such payment at the time of the submission of the Bid cum Application Form. Where such payment at the time of submission of the Bid cum Application Forms waived at the discretion of the members of the Syndicate, the Issue Price shall be payable for the allocated Equity Shares no later than the date specified in the CAN, which shall be subject to a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLM. If the payment is not made favouring the appropriate Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be rejected. However, if the members of the Syndicate, do not waive such payment, the full amount of payment has to be made at the time of submission of the bid form.

Where the Bidder has been allocated lesser number of Equity Shares than he or she had Bid for, the excess amount paid on bidding, if any, after adjustment for allocation, will be refunded to such Bidder within 15 days from the Bid Closing Date/Issue Closing Date as disclosed under "Disposal of Applications and Applications Money and Interest in Case of Delay in Dispatch of Allotment Letters/Refund Orders" on page [•] of Red Herring Prospectus, failing which we shall pay interest at 15% per annum for any delay beyond the periods as mentioned above.

Electronic Registration of Bids

1. The Syndicate Members will register the Bids using the on-line facilities of NSE and BSE. There will be at least one on-line connectivity in each city, where a stock exchange is located in India and where Bids are being accepted.
2. NSE and BSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the Syndicate Members and its authorised agents during the Bidding Period/Issue Period. Syndicate Member can also set up facilities for off-line electronic registration of Bids subject to the condition that it will subsequently download the off-line data file into the on-line facilities for book building on regular basis. On the Bid Closing Date/ Issue Closing Date, the Syndicate Member shall upload the Bids till such time as may be permitted by the Stock Exchanges.
3. The aggregate demand and price for Bids registered on the electronic facilities of NSE and BSE will be downloaded on a regular basis, consolidated and displayed on-line at all bidding centers. A graphical representation of the consolidated demand and price would be made available at the bidding centers and the websites of the Stock Exchanges during the Bidding Period/Issue Period.
4. At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:
 - Name of the investor (Investors should ensure that the name given in the Bid cum Application form is exactly the same as the Name in which the Depository Account is held. In case, the Bid cum Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.);
 - Investor Category –Individual, Corporate, FII, NRI or mutual fund, etc.;
 - Numbers of Equity Shares Bid for;
 - Bid price;
 - Bid cum Application Form number;
 - Whether payment is made upon submission of Bid cum Application Form; and
 - Depository Participant identification no. and client identification no. of the demat account of the Bidder.

5. A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. **It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate.** The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or the Company.
6. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
7. In case of QIB Bidders, the members of the Syndicate also have the right to accept the Bid or reject it without assigning any reason. In case of Bids under the Non-Institutional Portion and Bids under the Retail Portion, Bids would not be rejected except on the technical grounds listed in this Red Herring Prospectus.
8. It is to be distinctly understood that the permission given by NSE and BSE to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by us or the BRLMs are cleared or approved by NSE and BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of the Company, the Promoter, the management or any scheme or project of the Company.
9. It is also to be distinctly understood that the approval given by NSE and BSE should not in any way be deemed or construed that this Red Herring Prospectus has been cleared or approved by the NSE and BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the NSE and BSE.

Build Up of the Book and Revision of Bids

1. Bids registered by various Bidders through any Syndicate Member shall be electronically transmitted to the NSE or BSE mainframe on an on-line basis. Data would be uploaded on a regular basis.
2. The Price Band can be revised during the Bidding Period, in which case the Bidding Period shall be extended further for a period of three days, subject to the total bidding Period not exceeding ten working days. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in this Red Herring Prospectus.
3. Any revision in the Price Band will be widely disseminated by informing the stock exchanges, by issuing a public notice in two national newspapers (one each in English and Hindi) and one regional newspaper (i.e. Marathi) and by indicating change on the relevant websites and the terminals of the members of the Syndicate.
4. The book gets built up at various price levels. This information will be available with the BRLM on a regular basis.
5. During the Bidding Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid cum Application Form.
6. Revisions can be made in both the desired number of Equity Shares and the Bid price by using the Revision Form. Apart from mentioning the revised options in the Revision Form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being changed, in the Revision Form unchanged. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.
7. The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.
8. Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of

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this Red Herring Prospectus. In case of QIB Bidders, the members of the Syndicate may at their sole discretion waive the payment requirement at the time of one or more revisions by the QIB Bidders.

9. When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.
10. In case of discrepancy of data between NSE or BSE and the members of the Syndicate, the decision of the BRLM, based on the physical records of Bid cum Application Forms, shall be final and binding on all concerned.
11. The primary responsibility of building the book shall be that of the Book Running Lead Managers.

Price Discovery and Allocation

1. After the Bid Closing Date/Issue Closing Date, the BRLM will analyse the demand generated at various price levels and discuss pricing strategy with the Company.
2. The Company, in consultation with the BRLM, shall finalise the "Issue Price", the number of Equity Shares to be allotted in each portion and the allocation to successful QIB Bidders. The allocation to QIBs will be decided based on the quality of the QIBs Bidder, and the size, price and time of the Bid.
3. The allocation for QIB Bidders for up to 50%, the allocation to Non-Institutional Bidders for minimum of 15% and Retail Individual Bidders of not less than 35% each of the Issue would be on proportionate basis, in the manner specified in the SEBI Guidelines, in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price. QIB Bidders will be required to deposit a margin of 10% at the time of submitting of their Bids. After the Issue Closing Date/Bid Closing Date, the level of subscription in the various categories shall be determined. Based on the level of subscription, additional margin money, if any, may be called for from the QIB. The QIB shall pay such additional margin money within a period of two days from the date of the letter communicating the request for such additional margin money.
4. Allocation to QIBs, FIIs and NRIs applying on repatriation basis will be subject to the terms and conditions stipulated by the FIPB and the RBI.
5. The BRLMs, in consultation with the Company, shall notify the members of the Syndicate of the Issue Price and allocations to their respective Bidders, where the full Bid amount has not been collected from the Bidders.
6. The Company reserve the right to cancel the Issue any time after the Bid Opening Date/Issue Opening Date without assigning any reasons whatsoever, but before the allotment of the Equity Shares.
7. In terms of SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the Bid Closing Date/Issue Closing Date.
8. Undersubscription, if any, in any category would be allowed to be met with spill-over from any of the other categories, at Company's sole discretion, in consultation with the BRLMs.

Signing of Underwriting Agreement and RoC Filing

1. **The Company, the BRLMs and the Syndicate Members shall enter into an Underwriting Agreement on finalisation of the Issue Price and allocation(s) to the Bidders.**
2. **After signing the Underwriting Agreement, the Company would update and file the updated Red Herring Prospectus with the RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue size, underwriting arrangements and would be complete in all material respects.**

Advertisement regarding Issue Price and Prospectus

The Company shall at the time of filing the Red Herring Prospectus with the ROC publish in two widely circulated newspapers (one each in English and Hindi) and a regional language newspaper circulated at the place where the registered office of the Company is situated, a pre-issue advertisement which shall be in the format and contain the disclosures specified in Part A of schedule XX-A of the SEBI Guidelines. This advertisement, in addition to the information, that has to be set out in the statutory advertisement shall indicate the Issue Price along with a table showing the number

of Equity Shares. Any material updates between Red Herring Prospectus and the Prospectus will be included in such statutory advertisement.

Issuance of CAN

1. The BRLM or Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated Equity Shares in the Issue.
2. The BRLM or members of the Syndicate would then send the CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid into the Escrow Accounts at the time of bidding shall pay in full the amount payable into the Escrow Accounts by the Pay-in Period specified in the CAN.
3. Bidders who have been allocated Equity Shares and who have already paid into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of their cheque or demand draft paid into the Escrow Accounts. The dispatch of a CAN shall be a deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for the allotment to such Bidder.

Designated Date and allotment of Equity Shares

1. The Company will ensure that the allotment of Equity Shares is done within 15 days of the Bid Closing Date/Issue Closing Date. After the funds are transferred from the Escrow Account to the Issue Account on the Designated Date, we would ensure the credit to the successful Bidders depository account within two working days of the date of allotment.
2. As per SEBI Guidelines, **Equity Shares will be issued and allotment shall be made only in the dematerialised form to the allottees.** Allottees will have the option to re-materialise the Equity Shares, if they so desire, in the manner stated in the Depositories Act.
3. After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, the Company would allot the Equity Shares to the Allottees. The Company would ensure the allotment of Equity Shares within 15 days of Bid / Issue Closing Date and give instructions to credit to the allottees' depository accounts within two working days from the date of allotment. In case the Company fail to make allotment within 15 days of the Bid / Issue Closing Date, interest would be paid to the investors at the rate of 15% per annum.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allotted to them pursuant to this Issue.

GENERAL INSTRUCTIONS

Do's:

1. Check if you are eligible to apply;
2. Read all the instructions carefully and complete the Resident Bid cum Application Form
3. Ensure that you bid only in the Price Band;
4. Ensure that DP account is activated;
5. Ensure that the details about Depository Participant and Beneficiary Account are correct as allotment of Equity Shares will be in the dematerialized form only;
6. Ensure that the name given in the Bid cum Application form is exactly the same as the Name in which the Depository Account is held. In case, the Bid cum Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form;
7. Ensure that the Bids are submitted at the bidding centers only on forms bearing the stamp of a member of the Syndicate;

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8. Ensure that you have been given a TRS for all your Bid options;
9. Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
10. Ensure that you mention your Permanent Account Number (PAN) allotted under the I.T. Act where the maximum Bid for Equity Shares by a Bidder is for a total value of Rs. 50,000 or more and attach a copy of the PAN Card and also submit a photocopy of the PAN card(s) or a communication from the Income Tax authority indicating allotment of PAN along with the application for the purpose of verification of the number, with the Bid cum Application Form. In case you do not have a PAN, ensure that you provide a declaration in Form 60 prescribed under the I.T. Act along with the application.; and
11. Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects.

Don'ts:

1. Do not Bid for lower than the minimum Bid size;
2. Do not Bid/ revise Bid price to less than the lower end of the price band or higher than the higher end of the Price Band;
3. Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;
4. Do not pay the Bid Amount in cash;
5. Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate only;
6. Do not Bid at Cut-off Price (for QIB Bidders, Non-Institutional Bidders, for whom the Bid Amount exceeds Rs.100,000);
7. Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Issue size and/or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
8. Do not submit Bid accompanied with Stockinvest.

INSTRUCTIONS FOR COMPLETING THE BID CUM APPLICATION FORM

Bidders can obtain Bid cum Application Forms and/or Revision Forms from the members of the Syndicate.

Bids and Revisions of Bids

Bids and revisions of Bids must be:

1. Made only in the prescribed Bid cum Application Form or Revision Form, as applicable (white colour for Resident Indians, blue colour for NRIs and FIIs applying on repatriation basis).
2. Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected.
3. The Bids from the Retail Individual Bidders must be for a minimum of 50 Equity Shares and in multiples of 50 thereafter subject to a maximum Bid Amount of Rs.100,000.
4. For Non-institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds Rs.100,000/- and in multiples of 50 Equity Shares thereafter. Bids cannot be made for more than the Issue size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under the applicable laws or regulations.
5. In single name or in joint names (not more than three, and in the same order as their Depository Participant details).
6. Thumb impressions and signatures other than in the languages specified in the Eighth Schedule of the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bidder's Bank Details

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the Bidders bank account details. **These bank account details would be printed on the refund order, if any, to be sent to Bidders. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the depository participant.** Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidders sole risk and neither the BRLMs nor the Company shall have any responsibility and undertake any liability for the same.

Bidder's Depository Account Details

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, bank account details for printing on refund orders and occupation ("Demographic Details"). Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/ CANs/Allocation Advice and printing of bank particulars on the refund order and the Demographic Details given by Bidders in the Bid cum Application Form would not be used for these purposes by the Registrar.

Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants and ensure that they are true and correct.

By signing the Bid cum Application Form, Bidder would have deemed to authorise the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Refund Orders/Allocation Advice/CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/allocation advice/CANs may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither the Company nor the BRLMs shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

In case of Bids made pursuant to a power of attorney by mutual funds, Venture Capital Fund and Foreign Capital Investors, registered with SEBI, a certified copy of the power of attorney or the relevant resolution or authority, as the

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case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, the Company Bank reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

In case of Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

In case of Bids made by provident funds with minimum corpus of Rs.2500 lakhs and pension funds with minimum corpus of Rs.2500 lakhs, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

The Company, in its absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that we and the BRLMs may deem fit.

The Company, in its absolute discretion, reserve the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid cum Application Form instead of those obtained from the depositories.

Bids by NRIs FIIs, Foreign Venture Capital Funds registered with SEBI on a repatriation basis

NRIs, FIIs and Foreign Venture Capital Funds bidders to comply with the following:

1. Individual NRI bidders can obtain the Bid cum Application Forms from the Registrar to the Issue or BRLM whose address is printed on the cover page of this prospectus.
2. NRI bidders may please note that only such bids as are accompanied by payment in free foreign exchange shall be considered for allotment under the NRI category.
3. The NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for resident Indians.

Bids and revision to Bids must be made:

1. On the Bid cum Application Form or the Revision Form, as applicable (blue in color), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
2. In a single name or joint names (not more than three).
3. By FIIs and NRIs for a minimum of such number of Equity Shares and in multiples of 50 thereafter that the Bid Amount exceeds Rs. 100,000. For further details see section titled "Issue Procedure-Maximum and Minimum Bid Size" on page [*] of this Red Herring Prospectus.
4. In the names of individuals, or in the names of FIIs, or in the names of foreign venture capital funds, multilateral and bilateral development financial institutions, but not in the names of minors, firms or partnerships, foreign nationals (including NRIs) or their nominees, foreign venture capital investors.
5. Refunds, dividends and other distributions, if any, will be payable in Rupees only and net of bank charges and/or commission. In case of Bidders who remit money through Rupee drafts purchased abroad, such payments in Rupees will be converted into U.S. Dollars or any other freely convertible currency as may be permitted by RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

It is to be distinctly understood that there is no reservation for NRIs and FIIs. All NRIs and FIIs will be treated on the same basis with other categories for the purpose of allocation.

Payment Instructions

The Company shall open Escrow Accounts with the Escrow Collection Bank(s) for the collection of the Bid Amounts payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allocation in the Issue.

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

Payment into Escrow Account of the Company

1. The Bidders for whom the applicable Margin Amount is equal to 100% shall, with the submission of the Bid cum Application Form draw a payment instrument for the Bid Amount in favour of the Escrow Account and submit the same to the members of the Syndicate.
2. In case the above Margin Amount paid by the Bidders during the Bidding Period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLM.
3. The payment instruments for payment into the Escrow Account should be drawn in favour of:
 - i. In case of Resident QIB Bidders: “ **Escrow Account – Emkay Public Issue-R-QIB**”
 - ii. In case of Non-Resident QIB Bidders: “ **Escrow Account – Emkay Public Issue- NR-QIB**”.
 - iii. In case of Resident Non-Institutional and Retail Individual Bidders: “ **Escrow Account – Emkay Public Issue-R-Non QIB**”.
 - iv. In case of Non-Resident Non-Institutional and Retail Individual Bidders: “ **Escrow Account – Emkay Public Issue-NR-Non QIB**”.
 - v. In case of Employees bidding under the Employee Reservation Portion: “**Escrow Account – Emkay Public Issue – Employee**”.
4. In case of bids by NRIs applying on a repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in the NRE Accounts or the Foreign Currency Non-Resident Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non Resident Ordinary (NRO) Account of the Non Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to the NRE Account or the Foreign Currency Non-Resident Account.
5. In case of Bids by FIIs, the payment should be made out of funds held in Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to Special Rupee Account.
6. Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Escrow Accounts.
7. The monies deposited in the Escrow Account will be held for the benefit of the Bidders till the Designated Date.
8. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Issue Account with the Banker to the Issue.
9. On the Designated Date and no later than 15 days from the Bid Closing Date/Issue Closing Date, the Escrow Collection Bank(s) shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders

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Payments should be made by cheque, or demand draft drawn on any bank (including a Co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques /bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ stockinvest/money orders/postal orders will not be accepted.

Payment by Stock invest

In terms of Reserve Bank of India Circular No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the stock invest instrument in lieu of cheques or bank drafts for payment of bid money has been withdraw. Hence, payment through stockinvest would not be accepted in this issue.

Submission of Bid cum Application Form

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid. Each member of the Syndicate may, at its sole discretion, waive the requirement of payment at the time of submission of the Bid cum Application Form and Revision Form.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection center of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

Other Instructions

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All communications will be addressed to the First Bidder and will be dispatched to his or her address.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same. The Company reserve the right to reject, in its absolute discretion, all or any multiple Bids in any or all portion.

Procedure for Application by Mutual Fund

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple bids provided that the Bids clearly indicate the name of the scheme concerned for which the Bid has been made. The application made by the AMC's or custodians of a mutual fund shall clearly indicate the name of the concerned scheme for which application is being made. The Company reserve the right to reject, in its absolute discretion, all or any multiple Bids in any or all portion.

PAN Number

Where Bid(s) for Equity Shares by a Bidder is for the total value of Rs. 50,000 or more, i.e. the actual numbers of Equity Shares bid for multiplied by the bid price is Rs. 50,000 or more, the Bidder or, in the case of a Bid in joint names, each of the Bidders should mention his or her Permanent Account Number (PAN) allotted under the I.T.Act and also submit a photocopy of the PAN card(s) or a communication from the Income Tax authority indicating allotment of PAN ("PAN Communication") along with the application for the purpose of verification of the number. Bid cum Application Forms without this photocopy/ PAN Communication/ declaration will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.** IN case the Sole/First Bidder and Joint Bidder(s) is/are not required to obtain PAN, each of the Bidder(s) shall mention "Not Applicable" and in the event that the sole Bidder and/or the Joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should mention "applied for" in the Bid cum Application Form. Further, where the Bidder(s) has mentioned "Applied for" or "Not Applicable" the Sole/First Bidder and each of the

Joint Bidder(s), as the case may be, would be required to provide a declaration in Form 60 (Form of declaration to be filed by a person who does not have a PAN and who enters into any transaction specified in rule 114b) or Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income-tax in respect of transactions specified in rule 114B) as may be applicable, duly filled along with a copy of any one of the following documents in support of the address : (a) Ration Card (b) Passport (c) Driving License (d) Identity Card issued by any institution (e) Copy of the electricity bill or telephone bill showing residential address (f) any document or communication issued by any authority of the central Government, State Government or local bodies showing residential address (g) Any other documentary evidence in support of address given in the declaration. It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. All Bidders are requested to furnish, where applicable, the revised Form 60 or 61 as the case may be.

Company Right to Reject Bids

The Company and the members of the Syndicate reserve the right to reject any Bid without assigning any reason therefor in case of QIB Bidders. In case of Non-Institutional Bidders and Retail Individual Bidders who Bid, the Company has a right to reject Bids on technical grounds. Consequent refunds shall be made by cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected on among others on the following technical grounds:

1. Amount paid does not tally with the amount payable for the highest value of Equity Shares Bid for;
2. Age of First Bidder not given;
3. In case of partnership firms, shares may be registered in the names of the individual partners and no firm as such, shall be entitled to apply;
4. Bids by Persons not competent to contract under the Indian Contract Act, 1872, including minors, insane Persons;
5. PAN photocopy/ PAN Communication/ Form 60/Form 61 declaration not given if Bid is for Rs.50,000 or more;
6. Bids for lower number of Equity Shares than specified for that category of investors;
7. Bank account details for refund are not given;
8. Bids at a price less than lower end of the Price Band;
9. Bids at a price more than the higher end of the Price Band;
10. Bids at Cut-off Price by Non-Institutional Bidders and QIB Bidders
11. Bids for number of Equity Shares, which are not in multiples of 50;
12. Category not ticked;
13. Multiple Bids as defined in this Red Herring Prospectus;
14. In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
15. Bids accompanied by Stockinvest/money order/postal order/cash;
16. Signature of sole and /or joint Bidders missing;
17. Bid cum Application Forms does not have the stamp of the BRLM or the Syndicate Member;
18. Bid cum Application Forms does not have Bidder's depository account details;
19. Bid cum Application Forms are not submitted by the Bidders within the time prescribed as per the Bid cum Application Forms, Bid Opening Date/Issue Opening Date advertisement and this Red Herring Prospectus and as per the instructions in this Red Herring Prospectus and the Bid cum Application Forms;

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20. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity;
21. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations. See the details regarding the same in the section titled "Issue Procedure–Bids at Different Price Levels" at page [*] of this Red Herring Prospectus;
22. Bids by OCBs; and
23. Bids by US Persons other than "qualified institutional buyers" as defined in Rule 144A under the Securities Act.

Interest on Refund of Excess Bid Amount

The Company shall pay interest at the rate of 15% per annum on the excess Bid Amount received by the company if the refunds are not electronically transferred or refund orders are not dispatched within 15 days from the Bid/Issue Closing Date as per the Guidelines issued by the Government of India, Ministry of Finance pursuant to their letter no. F-8/6/SE/79 dated July 21, 1983, as amended by their letter no. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

Basis of Allotment:

A. For Retail Individual Bidders:

1. Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allotment to all the successful Retail Individual Bidders will be made at the Issue Price.
2. The Issue size less allotment to Non-Institutional Bidders and QIB Bidders shall be available for allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
3. If the aggregate demand in this portion is less than or equal to 21,17,500 Equity Shares at or above the Issue Price, full allotment shall be made to the Retail Individual Bidders to the extent of their demand.
4. If the aggregate demand in this category is greater than 21,17,500 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of 50 and in multiples of one Equity Share thereafter. For the method of proportionate basis of allocation, refer below.

B. For Non-Institutional Bidders:

1. Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
2. The Issue size less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation to Non-Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
3. If the aggregate demand in this category is less than or equal to 9,07,500 Equity Shares at or above the Issue Price, full allotment shall be made to Non-Institutional Bidders to the extent of their demand.
4. In case the aggregate demand in this category is greater than 9,07,500 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis up to a minimum of 50 and in multiples of one Equity Share thereafter. For the method of proportionate basis of allocation refer below.

C. For QIB Bidders:

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allotment to all the QIB Bidders will be made at the Issue Price.
- The Issue size less allocation to Non-Institutional Bidders and Retail Individual Bidders shall be available for allocation to QIB Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- However, eligible Bids by Mutual Funds only shall first be considered for allocation proportionately in the Mutual Funds Portion. After completing proportionate allocation to Mutual Funds for an amount of upto 151,250

Equity Shares (the Mutual Portion), the remaining demand by Mutual Funds, if any, shall then be considered for allocation proportionately, together with the Bids by other QIBs, in the remainder of the QIB Portion (i.e. after excluding the Mutual Fund Portion). For the method of allocation in the QIB Portion please see the paragraph titled "Illustration of Allotment to QIBs" appearing below. If the valid Bids by Mutual Funds is less than 151,250 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and allocated proportionately to the QIB Bidders. In the event that the valid Bids in the QIB Portion has been met, under subscription, if any, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company, in consultation with BRLMs and Designated Stock Exchange. For the purposes of this paragraph it has been assumed that QIB Portion for the purposes of the Issue amounts to 50% of the Net Issue size, i.e. 30,25,000 Equity Shares.

§ Allotment shall be undertaken in the following manner:

- (a) In the first instance allocation to Mutual Fund for 5% of the QIB Portion shall be determined as follows:
 - (i) In the event that Mutual Fund Bids exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion
 - (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion then all Mutual Funds shall get full allotment to the extent of valid Bids received above the Issue Price.
 - (iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Fund shall be available to all QIB Bidders as set out in (b) below;
- (b) In the second instance allocation to all QIBs shall be determined as follows:
 - (i) In the event that the over subscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.
 - (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB.
 - (iii) Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on the proportionate basis.

Except for any shares allocated to QIB Bidders due to undersubscription in the Retail Portion and/or Non Institutional Portion, the aggregate allocation to QIB Bidders shall be made on a proportionate basis up to a maximum of 30,25,000 Equity Shares.

D. For Bidders in Employee Reservation category:

- Bids received from the Bidders in Employee Reservation category at or above the Issue Price shall be grouped together to determine the total demand under this category. The allotment to all the successful Bidders in Employee Reservation category will be made at the Issue Price subject to the ceiling of 2,000 Equity Shares per employee.
- The Equity Shares under the Employee Reservation portion shall be available for allotment to Bidders who have bid in this category at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 2,00,000 Equity Shares at or above the Issue Price, full allotment shall be made to the Bidders in Employee Reservation category to the extent of their demand.
- If the aggregate demand in this category is greater than 2,00,000 Equity Shares at or above the Issue Price, the allotment shall be made on a proportionate basis subject to minimum allocation being equal to the minimum bid/application size of 50 Equity Shares. For the method of proportionate basis, please refer 'Method of Proportionate Basis of Allocation in the Issue' on Page No. [.] of this Red Herring Prospectus.

Method of proportionate basis of allocation in the Issue

Bidders will be categorized according to the number of Equity Shares applied for by them.

- (a) The total number of Equity Shares to be allotted to each portion as a whole shall be arrived at on a proportionate basis, being the total number of Equity Shares applied for in that portion (number of Bidders in the portion multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
- (b) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, being

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the total number of Equity Shares applied for by each Bidder in that portion multiplied by the inverse of the over-subscription ratio.

- (c) If the proportionate allotment to a Bidder is a number that is more than 50 but is not a multiple of one (which is the market lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. Allotment to all Bidders in such categories would be arrived at after such rounding off.
- (d) In all Bids where the proportionate allotment is less than 50 Equity Shares per Bidder, the allotment shall be made as follows:
1. Each successful Bidder shall be allotted a minimum of 50 Equity Shares; and
 2. The successful Bidders out of the total Bidders for a portion shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that portion is equal to the number of Equity Shares calculated in accordance with (b) above; and
 3. Each successful Bidder shall be allotted a minimum of 50 Equity Shares.
- (e) If the Equity Shares allocated on a proportionate basis to any portion are more than the Equity Shares allotted to the Bidders in that portion, the remaining Equity Shares available for allotment shall be first adjusted against any other portion, where the Equity Shares are not sufficient for proportionate allotment to the successful Bidders in that portion. The balance Equity Shares, if any, remaining after such adjustment will be added to the portion comprising Bidders applying for minimum number of Equity Shares.

Illustration of Allotment to QIBs and Mutual Funds ("MF")

A. Issue details

Sr. No.	Particulars	Issue Details
1	Issue Size	200 million Equity Shares
2	Allocation to QIB (50% of the Net Issue) Of which:	100 million Equity Shares
	a. Reservation for Mutual Funds (5%)	5 million Equity Shares
	b. Balance for all QIBs including Mutual Funds	95 million Equity Shares
3	Number of QIB applicants	10
4	Number of Equity Shares applied	500 million Equity Share

B. Details of QIB Bids

S. No	Type of QIB bidders*	No. of shares bid for (in million)
1	A1	50
2	A2	20
3	A3	130
4	A4	50
5	A5	50
6	MF1	50
7	MF2	40
8	MF3	80
9	MF4	20
10	MF5	20
	TOTAL	500

*A1-A5:P (QIB Bidders other than Mutual Funds), MF1-MF5 (QIB Bidders which are Mutual Funds)

C. Details of Allotment to QIB Bidders/Applicants

(Number of equity shares in million)

Type of QIB Bidders	Share bid for (in million)	Allocation of 5 million Equity Shares to MF proportionately (please see note below)	Allocation of 95 million Equity Shares to QIBs proportionately (please see note 4 below)	Aggregate allocation to MFs
(I)	(II)	(III)	(IV)	(V)
A1	50	0	9.60	0
A2	20	0	3.84	0
A3	130	0	24.95	0
A4	50	0	9.60	0
A5	50	0	9.60	0
MF1	40	1	7.48	8.48
MF2	40	1	7.48	8.48
MF3	80	2	14.97	16.97
MF4	20	0.5	3.74	4.24
MF5	20	0.5	3.74	4.24
	500	5	95	42.42

Please note:

- The illustration presumes compliance with the requirements specified in this Red Herring Prospectus in the section titled "Issue Structure" beginning on page[*].
- Out of 100 million Equity Shares allocated to QIBs, 5 million (i.e. 5%) will be allocated on proportionate basis among five Mutual Fund applicants who applied for 200 shares in the QIB Portion.
- The balance 95 million Equity Shares [i.e. 100 - 5 (available for Mutual Funds only)] will be allocated on proportionate basis among 10 QIB Bidders who applied for 500 Equity Shares (including 5 Mutual Fund applicants who applied for 200 Equity Shares).
- The figures in the fourth column titled "Allocation of balance 95 million Equity Shares to QIBs proportionately" in the above illustration are arrived as under:
 - For QIBs other than Mutual Funds (A1 to A5)= Number of Equity Shares Bid for X 95 / 495
 - For Mutual Funds (MF1 to MF5)= [(No. of shares bid for (i.e in column II of the table above) less Equity Shares allotted (i.e., column III of the table above)] X 95/495
 - The numerator and denominator for arriving at allocation of 95 million Equity Shares to the 10 QIBs are reduced by 5 million shares, which have already been allotted to Mutual Funds in the manner specified in column III of the table above.

Equity Shares in Dematerialised Form with NSDL or CDSL

The allotment of Equity Shares in this Issue shall be only in a de-materialised form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among the Company, the respective Depositories and the Registrar to the Issue:

- a tripartite agreement dated February 22, 2006 with NSDL, Company and the Registrar to the Issue, M/s. Intime Spectrum Registry Limited; and

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- a tripartite agreement dated December 23, 2005 with CDSL, Company and Registrar to the Issue, M/s. Intime Spectrum Registry Limited. This is to be executed prior to the filing of the Red Herring Prospectus with the RoC.

All Bidders can seek allotment only in dematerialised mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

1. A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.
2. The Bidder must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's identification number) appearing in the Bid cum Application Form or Revision Form.
3. Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
4. Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
5. Non-transferable allotment advice or refund orders will be directly sent to the Bidders by the Registrar.
6. If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form, it is liable to be rejected.
7. The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.
8. It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
9. The trading of the Equity Shares of our Company would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges.

Communications

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, details of Depository Participant, number of Equity Shares applied for, date of Bid form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

"Any person who:

- (a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or**
- (b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years."**

Disposal of Applications and Applications Money and Interest in Case of Delay in Dispatch of Allotment Letters/ Refund Orders".

The Company shall ensure dispatch of allotment advice, refund orders and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the allotment to the Stock Exchanges within two working days of date of finalisation of allotment of Equity Shares.

The company shall ensure dispatch of refund orders by following mode:

- a) In case of applicants residing at Ahmedabad, Bangalore, Bhubneshwar, Kolkatta, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvanthapuram – refunds shall be credited through electronic transfer of funds by using ECS (Electronic Clearing Service), Direct Credit, RTGS (Real Time Gross Settlement) or NEFT (National Electronic Funds Transfer);

- b) In case of applicants residing at places other than those specified in (a) above and where the value of refund order is Rs. 1500/- or more, refund orders will be dispatched to the applicants by registered post only at the sole or First Bidder's sole risk;
- c) In case of applicants residing at places other than those specified in (a) above and where the value of refund order is less than Rs. 1500/-, refund orders will be dispatched under certificate of posting only at the sole or First Bidder's sole risk.

Adequate funds for the refunds shall be made available to the Registrar by us.

The Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within seven working days of finalisation of the basis of allotment.

In accordance with the requirements of the Stock Exchanges and SEBI Guidelines, the Company further undertake that:

- Allotment shall be made only in dematerialised form within 15 days of the Bid Closing Date/Issue Closing Date;
- Dispatch refund orders within 15 days of the Bid Closing Date/Issue Closing Date would be ensured; and
- The Company agrees that allotment of the Equity Shares offered to the public shall be made not later than 15 days of the Closure of the Issue. The Company further agrees that it shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment is not made, refunds are not electronically transferred and refund orders are not dispatched and/or demat credits are not made to investors within the 15 day time prescribed above as per the guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No. F/8/S/79 dated July 31, 1983, as amended by their letter No. F/14/SE/85 dated September 27, 1985, addressed to the Stock Exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

Refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Bank(s) and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Equity Shares of Indian companies is regulated by the provisions of the Foreign Exchange Management Act, 1999 (FEMA) and the rules and regulations framed thereunder read with the Industrial Policy of the Government of India as amended from time to time. While the Industrial Policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian Economy, FEMA regulates the precise manner in which such investments may be made. Under the Industrial Policy of Government of India, unless specifically restricted, foreign investment is freely permitted in Indian companies up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. As per the current foreign investment policy, foreign investment is allowed up to 100% in the Company. The government bodies responsible for granting foreign investment approvals are FIPB and RBI. As per the existing regulations, FIs are permitted to subscribe to shares of an Indian company in a public issue without prior RBI approval, so long as the price of the equity shares to be issued is not less than the price at which equity shares are issued to residents. The maximum permissible FII investment in the Company is restricted to 24% of its total issued capital. This can be raised to 100% by adoption of a special resolution by the our Company's Shareholders; however, as of the date thereof, no such resolution has been recommended to the shareholders of our company for adoption.

Undertakings by our Company

The Company undertake as follows:

- that the complaints received in respect of this Issue shall be attended to by us expeditiously and satisfactorily;
- that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within seven working days of finalisation of the basis of allocation;

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- that the funds required for dispatch of refund orders or allotment advice by registered post or speed post shall be made available to the Registrar to the Issue by us;
- that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of closure of issue, giving details of the bank where refunds shall be credited alongwith the amount and expected date of electronic credit of refund;
- that the refund orders or allotment advice to the successful Bidders shall be dispatched within specified time; and
- that no further issue of Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.

The Company shall not recourse to the Issue proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

Utilisation of Issue Proceeds

The Board of Directors of the Company certifies that:

- all monies received out of the Issue to the public shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- details of all monies utilised out of the Issue shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such monies have been utilised;
- details of all unutilised monies out of the Issue, if any, shall be disclosed under the appropriate separate head in the balance sheet of the Company indicating the form in which such unutilized monies have been invested;
- The Company shall not have any recourse to the Issue proceeds until the approval for trading the Equity Shares is received from the Stock Exchanges.
- The utilisation of monies received under Promoters' contribution shall be disclosed under an appropriate head in the balance sheet of the Company indicating the purpose for which such monies have been utilized; and
- The details of all unutilised monies out of the funds received under Promoters' contribution shall be disclosed under a separate head in the balance sheet of the Company indicating the form in which such unutilised monies have been invested.

RIGHTS OF MEMBERS

The Equity Shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and our Memorandum and Articles.

For a detailed description of the main provisions of the Articles relating to, among other things, voting rights, dividend, forfeiture and lien, transfer and transmission see the section titled "Main Provisions of the Articles of Association" on page [●] of this Red Herring Prospectus.

SECTION IX : DESCRIPTION OF EQUITY SHARES AND MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

The main provisions of the Articles of Association of the Company (hereinafter referred to as 'the Article s') post listing of the Company's Equity Shares *inter alia* are as under:

Subject as hereinafter otherwise provided, the regulations contained in Table A of Schedule I to the Companies Act, 1956 shall apply to the Company

IV. REDUCTION OF CAPITAL

9. The Company may from, time to time, by Special Resolution and subject to the provisions of Sections 100 to 104 of the Act reduce its share capital, Capital Redemption Reserve Account or Share Premium Account in any way and in particular, without prejudice to the generally of the foregoing power, by:
- (a) extinguishing or reducing the liability on any of its shares in respect of share capital not paid-up; or
 - (b) canceling, either with or without extinguishing or reducing liability, on any of its shares, any paid-up capital which is lost or unrepresented by available assets; or
 - (c) paying off, either with or without extinguishing or reducing liability, on any paid-up share capital which is in excess of the wants of the Company, and capital may be paid off upon the footing that it may be called up again or otherwise and paid up capital may be cancelled as a foresaid without reducing the nominal amount of the shares by the like amount to the intent that the unpaid and callable capital shall be increased by the like amount.
10. Notwithstanding anything contained in these Articles, subject to all applicable provisions of the Companies Act (including any statutory modification(s) or re-enactment thereof and any Ordinance promulgated in this regard for the time being in force and as may be enacted/promulgated from time to time) and subject to such other approvals, permissions and sanctions, and in accordance with regulations made by authorities or bodies as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be granted to, the Board of Directors may, if and when thought fit, buy back from the existing holders of shares and/or other securities giving right to subscribe for shares of the Company, and/or from the open market and/or from the lots smaller than market lots of the securities (odd lots) and/or by purchasing the securities issued to the employees pursuant to a scheme of stock option, the shares of such other securities or securities having such underlying voting rights as may hereafter be notified by the Central Government or any other regulatory authority, from time to time (herein for brevity's sake referred to as "the Securities") of the Company, from out of its free reserves or out of the securities premium account of the Company or out of the proceeds of any shares or other securities or from such other sources as may be permitted by law, on such terms and conditions and in such manner as may be prescribed or permitted by law from time to time.

V. DEMATERIALISATION OF SECURITIES

11. (1) For the purpose of this Articles:
- "beneficial Owner" means a persons a person or persons whose name is recorded as such with a depository;
 - "SEBI" means the Securities and Exchange Board of India ;
 - "Depository" means a company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration to act as a depository under the Securities and Exchange Board of India Act, 1992; and
 - "Security" means such security as may be specified by SEBI from time to time.
- Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize its securities and to Securities offer securities in a dematerialized from pursuant to the Depositories Act, 1996.
- (3) Every person subscribing to securities offered by the Company shall have the option to receive security certificated or to holdthe securities with a depository. Such a person who is the beneficial owner of the

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securities can at any time opt out of a depository, if permitted by the law, in respect of any security in the manner provided by the Depositories Act, 1996 and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required Certificate of Securities.

If a person opts to hold his security with a depository, the Company shall intimate to such depository the details of allotment of the security and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.

- (4) All securities held by a depository shall be dematerialized be in fungible form. Nothing contained in Section 153 of the Act, shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.
- (5)
 - a. Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.
 - b. Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
 - c. Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.
- (6) Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records, of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.
- (7) Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.
- (8) Notwithstanding anything in the Act or these Articles, where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.
- (9) Nothing contained in the Act or these Articles, regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.
- (10) The Register and index of beneficial owners maintained by a depository under the Depositories Act, 1996, shall be deemed to be the Register and Index of Members and Security holders for the purposes of these Articles.

VI. SHARES AND SHAREHOLDERS

- 12 Subject to the provisions of the Act and these Articles, the shares in the capital of the Company for the time being (including any shares forming part of any increased capital of the Company) shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any one of them to such persons in such proportion and on such terms and conditions and either at a premium or at par or (subject to compliance with the provisions of the Act) at a discount and at such times as they may, from time to time, think fit and proper and with the sanction of the Company in General Meeting to give to any person the option to call for or be allotted shares of any class of the Company either at par or at premium or subject as aforesaid at a discount during such time and for such consideration and such option being exercisable at such times as the Directors think fit and may allot and issue shares in the capital of the Company in lieu of services rendered to the Company or in the conduct of its business; and any shares which may be so allotted may be issued, as fully paid-up shares and if so issued shall be deemed to be fully paid up shares.
13. Save as herein or by law otherwise expressly provided the Registered holder Company shall be entitled to treat the registered holder of any only the owner of the share as the absolute owner thereof, and accordingly shall not, shares expect as ordered by a court of competent jurisdiction, or as by statute required, be bound to recognize any benami trusts whatsoever or equitable, contingent, future, partial or other claim to or interest in such share, on the part of any other person whether or not it shall have express or implied notice thereof. The provisions of the Act

shall apply and save as aforesaid, no notice of any trust expressed, implied or constructive, shall be entered in the Register; the Directors shall, however, be at liberty, at their sole discretion to register any share in the joint names of any two or more persons, and the survivor or survivors of them.

Payment in anticipation of call may carry interest

Clause 13 (a) The Directors may, if think fit subject to the provisions of Section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for and upon the amount so paid or satisfied in advance or so sum thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made the company pay interest at such rate as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.

The members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.

The provisions of these Articles shall mutates mutandis apply to the calls on debentures of the Company.

Unpaid or Unclaimed Dividend

Clause 13 (b) Where the Company has declared a dividend but which has not been paid or the dividend warrant in respect thereof has not been posted within 42 days from the date of declaration to any shareholder entitled to the payment of the dividend the Company shall within 7 days from the date of expiry of the said period of 42 days, open a special account in that behalf in any scheduled bank called "Unpaid Dividend of Emkay Share & Stock Brokers Limited" and transfer to the said account the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted.

Any money transferred to unpaid dividend account of the Company, which remains unpaid or unclaimed for a period of five years from the date of such transfer, shall be transferred by the company to the Investor Education and Protection Fund established by the Central Government. A claim to any money so transferred to the above fund may be preferred to the Central Government/Committee appointed by the Central Government by the shareholders to whom the money is due.

No unclaimed or unpaid dividend shall be forfeited by the Board.

Any money transferred to Unpaid Dividend account of the Company in pursuance of Section 205A of the Act, which remains unpaid or unclaimed for a period of seven years from the date of such transfer shall be transferred by the company to the fund established under sub-section (1) of Section 205C.

Sub-division and consolidation of shares

Clause 13 (c) Subject to the provisions of Section 94 of the Act, the Company in General Meeting may from time to time subdivide or consolidate its shares or any of them.

Lien on shares

Clause 13 (d) The Company shall have a first and paramount lien upon all the shares/debentures (other than fully paid up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect. And such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the company's lien if any, on such shares/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this clause.

Refusal of Transfer

Clause 13 (e) The provisions Section 111 of the Companies Act, 1956 and Section 22A of the Securities Contracts (Regulation) Act, 1956, the Directors may, at their absolute and uncontrolled discretion and by giving reasons, decline to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal, shall not

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be affected by the circumstances that the proposed transferee is already a member of the company but in such cases, the Directors shall within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and transferor notice of the refusal to register such transfer provided that registration of transfer shall not be refused on the ground of the transfer being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except when the company has a lien on the shares. Transfer of shares/debentures in whatever lot shall not be refused.

Fee on transfer/transmission

Clause 13 (f) No fee shall be charged for registration of transfer, transmission, Probate Succession Certificate and Letters of administration, Certificate of Death or Marriage, Power of Attorney or similar other document.

Issue of new Certificate in place of one defaced, lost or destroyed

Clause 13 (g) If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, being given a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every certificate under the Article shall be issued without payment of fees. Further no fee shall be charged for issue of new certificates in replacement of those which are old defaced or worn out or where there is not further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the directors shall comply with such Rules or Regulation or requirements of any Stock Exchange or the Rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable in this behalf.

The provisions of this Articles shall mutatis mutandis apply to debentures of the company.

Limitation of time for issue of certificates

Clause 13 (h) Every member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve to several certificates, each for one or more of such shares and the company shall complete and have ready for delivery such certificates within two months from the date of allotment, unless the conditions of issue of issued thereof otherwise provide, or within one month of the receipt of application or registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the company and shall specify the number and distinctive numbers or shares in respect of which it is issued and amount paid up thereon and shall be in such form as the directors may prescribe or approve, provided that in respect of a shares or shares held jointly by several person, the company shall not be borne to issue more than one certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery to all such holders.

Unless the conditions of issue of the shares otherwise provide, the company shall within three months after the allotment of any of its shares and within one month after the application for the registration of the transfer of any such shares complete and have ready for delivery certificates of all shares.

Further issue of shares

Clause 13 (i) (1) Where at the time after the expiry of two years from the formation of the company or at any time after the expiry of one year from the allotment of shares in the company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the company by allotment of further shares either out of the un-issued capital or out of the increased share capital then:

- a. Such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the company, in proportion, as near as circumstances admit, to the capital paid up on those shares at the date.
- b. Such offer shall be made by a notice specifying the number of shares offered and limiting a time not less than thirty days from the date of the offer and the offer if not accepted, will be deemed to have been declined.

- c. The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favour of any other person and the notice referred to in sub clause (b) hereof shall contain a statement of this right. Provided that the Directors may decline without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him.
 - d. After expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person the whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose off them in such manner and to such person(s) as they may think, in their sole discretion, fit.
2. Notwithstanding anything contained in sub clause (1) thereof, the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub clause (1) hereof) in any manner whatsoever.
- a. If a special resolution to that effect is passed by the company in General Meeting.
 - b. Where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the general meeting (including the casting vote, if any, of the Chairman) by the members who, being entitled to do so, vote in person or where proxies are allowed, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf that the proposal is most beneficial to the Company.
3. Nothing in sub-clause (c) of (1) hereof shall be deemed
- a. to extend the time within which the offer should be accepted.
 - b. To authorize any person to exercise the right of renunciation was first made has declined to take the shares comprised in the renunciation.

Nothing in this Article shall apply to the increase of the subscribed capital of the company caused by the exercise of an option attached to the debenture issued or loans raised by the Company;

- i) To convert such debentures or loans into shares in the Company; or
- ii) To subscribe for shares in the Company (whether such option is conferred in these Articles or otherwise)

Provided that the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term

- a. Either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with Rules, if any, made by that Government in this behalf; and
- b. In the case of debentures or loans or other than debentures issued to or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the company in General Meeting before the issue of the debentures or raising the loans.

Shares at the Disposal of the Directors

Clause 13 (j) Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the company on payment in full or part of any property sold and transferred or for any services rendered to the company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option of right to call of shares shall not be given to any person or persons without the sanction of the company in the General Meeting

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VII, JOINT HOLDERS

14. Where two or more persons are registered as the holders of any shares they shall be deemed (so far as the Company is concerned) to hold the same as joint-holders with benefits of survivorship subject to the following and other provisions contained in these Articles:
- (a) The Company shall be entitled to decline to register more than four person as the joint-holders if any shares.
 - (b) The joint-holders of any shares shall be liable, severally as well as jointly, for and in respect of all calls or instalments and other payments which ought to be made in respect of such shares.
 - (c) On the death of any one or more of such joint-holders the survivor or survivors shall be the only person or person recognized by the Company as having any title to the share but the Directors may require such evidence of death as they may deem fir and nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other person.
 - (d) Any one of such joint- holders may give effectual receipts for any dividends or other moneys payable in respect of such shares.
 - (e) Only the person whose name stands first in the Register of Members as one of the joint-holders of any shares shall be entitled to delivery of the certificate relating to such share or to receive notices (which expression shall be deemed to include all documents as defined in Section 2 of the Act) from the Company and any notice given to such person shall be deemed notice to all the joint-holders.
 - (f) Any one of two or more joint-holders may vote at any meeting either personally or by any agent duly authorized under a power of attorney or by proxy in respect of such shares as if he were solely entitled thereto and if more than one of such joint-holders be present at any meeting personally or by proxy or by attorney then one of such persons so present whose name stands first or higher (as the case may be) on the Register in respect of such share shall alone be entitled to vote in respect thereof . Provided always that a person present at any meeting personally shall be entitled to vote in preference to a person, present by an agent, duly authorized under power of attorney or by proxy although the name of such person present by an agent or proxy stands first in the Register in respect of such shares. Several executors of a deceased member in whose (deceased member) sole name any share stands shall for the purpose of this sub-clause be deemed joint holders.

VIII. UNDERWRITING AND BROKERAGE

15. The Company may, subject to the provisions of Section 76 and other applicable provisions (if any) of the Act, at any time pay a commission to any person in consideration of his subscribing or agreeing to subscribe or his procuring or agreeing to procedure, subscriptions, whether absolutely or conditionally, for any shares in or debentures of the Company and commission in case of shares and debentures shall be paid in accordance with the applicable law and regulations. The commissions may be satisfied by the payment of cash or the allotment of fully or partly-paid shares or debentures or partly in the one way and partly in the other. The Company may also on any issue of shares or debentures pay such brokerage as may be lawful.

IX. TRANSFER AND TRANSMISSION OF SHARES

Right of members to transfer the shares shall be restricted in the manner and to the extent hereinafter provided.

17. It shall be not lawful for the Company to register any transfer of shares unless a proper instrument of transfer duly stamped and executed by the transferor and transferee has been delivered to the Company along with the share Certificate, Where, however, it is proved to the satisfaction of the Directors of the Company that an instrument of transfer signed by the transferor and transferee has been lost, the Company may, if the Director think fit, on an application in Writing made by the transferee and bearing the stamp required by an instrument of transfer register the transfer on such terms as to indemnity as the Directors may think fit.
- (a) The instrument of transfer shall be in writing and all provisions or section 108 of the Companies Act., 1956 and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.

18. A share may, at any time, be transferred to any member of the Company. Any share may be transferred at any time by a member to his or her wife or husband or to his or her son or daughter and any share of a deceased member may be transferred by his or her executors, administrators (after furnishing to the Board such documentary evidence as the Board may in its absolute discretion require including an appropriate indemnity) to the widow or widower or any such relative as aforesaid of such deceased member but only where such widow, widower or relative is a legatee under a will of the deceased or an heir(s), where the deceased has died intestate.
19. No share shall in any circumstances be transferred to a minor, insolvent or a person of unsound mind.
20. Subject to the provisions of Section 111 of the Act, the Board of Directors may in its absolute and uncontrolled discretion and without assigning any reason, decline to register or acknowledge any transfer of shares but in such case it shall within two months from the date on which the instrument of transfer was lodged with the Company, send to the transferee and transferor notice of refusal to register such transfer.
21. A shareholder or debenture-holder of the Company, being a body corporate may hold any shares in its name or names of any of its nominee or nominees.
22. Subject to the provisions of Section 111 of the Act, the Directors may in their absolute discretion refuse to Register the Transfer of any share to any person who it shall in their opinion Be undesirable in the interests of the Company to admit to Membership . The Directors may refuse to Register any transfer of shares on which the Company has a lien.
23. In the case of death of any one or more of the persons named in the Death of Member Register of Members as the joint holders of any shares, the survivor Or survivors shall be the only persons recognized by the Company as Having any title to or interest in such share, but nothing herein Contained, shall be taken to release the estate of a deceased joint Holder from any liability on shares held by him jointly with any other Person.
24. The executors or administrators or holders of Succession Certificate or the legal representative of a deceased member (not being one or two or more joint holders) shall be the only persons recognized by the Company as having any title to the shares registered in the name of such member and the Company shall not be bound to recognize such executors or administrators or holders of a Succession Certificate or the legal representatives unless such executors or administrators or legal representatives shall have first obtained Probate or letters of Administration or Succession Certificate as the Case may be, from a duly constituted Court in India

PROVIDED THAT In any case where the Board in its absolute discretion thinks fit, the Board may dispense with production of Probate or Letters of Administration or Succession Certificate and register the name of any person who claims to be absolutely entitled to the shares standing in the name of a deceased member, as a member.
25. Subject to the provisions of Articles 23 and 24 any person becoming entitled to shares in consequence of the death, lunacy, means other than by a transfer in accordance with these Articles may. With the consent of the Board, (which it shall not be under any obligation to give) upon producing such evidence that the sustains the character in respect of which he proposes to act under this Regulations or such title, as the Board thinks sufficient, either be registered itself/ himself as the holder of the shares or elect to have some person nominated by it/him and approved by the Board, registered as such holder, provided, nevertheless, that if such person shall elect to have its/ his nominee registered, it/he shall testify the election by execution in favour of its/his nominee an instrument of transfer in accordance with the provisions herein contained, and until it/he does so, it/he shall not be freed from any liability in respect of the shares. if the Board refuses to register the transmissions or transfer by the person becoming entitled to shares as aforesaid the Company shall comply with the provisions of Section 111 of the Act.

X. VARIATION OF SHAREHOLDERS' RIGHTS

26. If at any time the share capital is divided into different classes of Shares the rights attached to each class unless otherwise provided by the terms of the shares of that class may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of the shares of that class, in accordance with section 106 of the Act. To every such separate General Meeting the provisions of these Articles relating to General Meeting shall apply, but so that necessary quorum shall be members at least holding or representing by proxy three-fourths of the issued shares of the class but so that if at any adjourned meeting of such holders a quorum as above defined is not present, those members who are present shall be quorum and that any

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holders of shares of the class present in person or by proxy may demand a poll shall have one vote for each share of the class of which he is the holder. This Article is not by implication to curtail the power of modification which the company would have if this Article was omitted.

XI. NOMINATION OF SHARES

27. (1) Every shareholder or debenture-holder of the Company, may at any time nominate, in the prescribed manner, a person to whom is shares in, or debentures of, the Company shall vest in the event of his death.
- (2) Where the shares in, or debentures of the Company are held By more than one person jointly, the joint holders may together Nominate in the prescribed manner, a person to whom all the Rights in the shares or debentures of the Company as the caseMay be, shall vest in the event of death of all the joint holders.
- (3) Notwithstanding anything to the contrary contained in any other law or these Articles for the time being in force or in any disposition, whether testamentary or otherwise, in respect of such shares in or debentures of the Company, where a nomination made in the prescribed manner purports to confer on any person the rights to vest the shares in or the debentures of the Company, the nominee shall, on death of share holder or debenture holder or, as the case may be on the death of the joint holders, become entitled to all the rights in such shares or debentures or as the case may be, all the joint holders, in relation to such shares or debentures, to the exclusive of all other persons, unless the nomination is varied or cancelled in the prescribed manner.
- (4) Where the nominee is a minor, it shall be lawful for the holder of the shares or debentures, to make the nomination to appoint,in the prescribed manner, any person to become entitled to shares I or debentures of the Company, in the even of his death, during the minority of such nominee.

XII GENERAL MEETING

28. All General Meetings other than Annual General Meetings shall be called Extraordinary General Meetings.
29. An Annual General Meeting shall be called by giving 21 clear day's notice in writing and all other General Meetings (including Extraordinary General Meetings) may be called by giving to the Members 14 clear days notice in writing. A General Meeting (whether annual or Extraordinary) may be called for after giving a short notice if consent is accorded thereto by the members of the Company holding not less than 75% if the paid up share capital of the Company and it shall be not necessary to annex an Explanatory Statement to the notice calling such a meeting the notice of all General Meetings shall be given to all the members at their address in India or outside India.
30. The Board may, whenever it thinks fit, call an Extraordinary General Meeting.
31. Two members personally present shall be quorum for any General Meeting of the Company and the provisions of Section 174 of the Act shall apply.
32. The Directors shall elect one of themselves to be Chairman of the meeting. If none of the Directors are willing to act as Chairman, the majority of the members personally present shall Elect one of themselves to be Chairman of such meeting.

XIII. DIRECTORS

First Directors

33. The following are the first Directors of the Company:-
 - (1) SHRI. KRISHNA KUMAR KARWA
 - (2) SHRI. PRAKASH KACHOLIA
34. Until otherwise determined by the Company in a General Meeting the number of Directors shall not be less than 3 and not more than 12.
35. A Director shall not be required to hold any qualification shares

36. Every Director (including alternate Directors, if any) shall be paid out of the funds of the Company by way of remuneration for each meeting of the Board or Committee of the Board Sitting Fees the Board of Directors may determine.
37. The Directors shall be paid such further remuneration (if any) as may be fixed by the Directors from time to time and such further remuneration shall be divided among the Directors in such proportion and manner as the Directors may from time to time agree among themselves and subject to provisions of the Act.
38. If any Director be called upon to go or reside out of his usual place of business on the Company's business or otherwise to perform extra services or special exertions or efforts the Board may arrange with such Director for such special remuneration for such extra services or special exertions or efforts either by way of fixed sum or otherwise as may be determined by the Board subject to the provisions of the Act and such remuneration may be either in addition to or in substitution for his remuneration provided hereinabove.
39. The Directors may appoint Alternate Directors to act for a Director (hereinafter in this clause called "the original Director") during his absence for a period of not less than three months from the state in which the meetings of the Board are ordinarily held. An Alternate Director so appointed shall not hold office as such for a period longer than that permissible to the original Director in whose place he is appointed and shall vacate office if and when the original Director returns to the State in which meetings of the Board are ordinarily held. If the term of office of the original Director is determined before he so returns to the State aforesaid any provisions for the automatic reappointment of a Retiring Director in default of another appointment shall apply to the original and not to the Alternate Director.
40. The Board shall have the power at any time, and from time to time to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by these Articles.

XIV. MANAGER, MANAGING OR WHOLETIME DIRECTOR

41. (1) Subject to the provisions of the Act the Directors may, from time to time, appoint one or more of their body to be the Managing Director or Managing Directors or Whole – time Director or Whole – time Directors of the Company on such terms as they may deem proper and may from time to time subject to the provisions of any contract between the Company and him or them remove or dismiss him or them from office and appoint another or others in his or their place or places.
- (2) The Managing Director or Managing Directors or Whole- time Director or Whole-time Directors shall be subject to the same provisions as to resignation or removal as the other Director of the Company or he or they shall ipso facto immediately cease to be a Managing Director or Managing Directors or Whole-time Director or Whole-time Directors if he or they shall cease to hold office of a Director or Directors for any reason.
- (3) Subject to the provisions of the Act, the Directors may, from time to time, appoint one or more of their body to be the Manager or Managers of the Company on such terms as they may deem proper and may from time to time subject to the provisions of any contract between the Company and him or them remove or dismiss him or them from office and appoint another or others in his or their places.
- (4) The remuneration of a Managing Director or Managing Directors or Whole – time Director or Whole-time Directors or Manager or Managers shall subject to the provisions of any contract between the Company and him or them as may be from time to time determined by the Directors and subject to the provisions of the Act may be by way of a fixed salary or commission and or in any other mode and may be in addition to the remuneration for attendance at the Board meetings and any other remuneration which may be provided under any other clause.
- (5) The Directors may from time to time subject to the provisions of the Act entrust or confer upon the Managing Director or Managing Directors, Whole –time Director or Whole-time Directors or Manager or Managers for the time being such of The powers exercisable by the Directors under these presents or by law, as they may think fit, and may confer such powers for such time and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as they think expedient and may confer such

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powers either collaterally with or to the exclusion of or in substitution for all or any of the powers of the Directors in that behalf and may, from time to time, revoke all or any such powers.

XV. PROCEEDINGS OF DIRECTORS

42. Notice of every meeting of the Board of Directors of the Company shall be given in writing to every Director at least 15 Days in advance at his usual address in India or outside India and to every other Director. Provided that notice of less than 15 days may be given if consent for shorter notice has been obtained of every Director.
43. (1) The quorum for the meeting of Directors shall be one-third of the total strength of Directors (any fraction contained in that one third being rounded off as one) or two Directors whichever is higher.
- (2) For the purpose of sub-section (1) "total strength" means the total strength of the Board of Directors of the Company as determined in pursuance of the Act.
44. The Board may elect a Chairman of their meeting and determine the period for which he is to hold office but if no such Chairman is elected or if at any meeting the Chairman is not present within fifteen minutes after the time appointed for holding the meeting, the Directors present may choose one of their members to be Chairman of the meeting.
45. (1) Subject to the provisions of section 291 of the Act and these Articles, the Directors of the Company shall be entitled to exercise all such powers and do all such acts and things as the Company is authorized to exercise and do provided that the Directors shall not exercise any power or do any act or thing which is directed or required whether by the act or any other Act or by the Memorandum of Association of the Company or these Articles or otherwise to be exercised or done by the Company in General Meeting provided further that in exercising Any such powers or doing any such act or thing, the Directors shall be subject to the provisions contained in this behalf in the Act or in any other act or in the Memorandum of Association of the Company or these Articles or in any regulations not inconsistent therewith and duly made there under including regulations made by the Company in General Meeting. No regulations made by the Company in General Meeting shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made.
- (2) The Board shall exercise the following powers on behalf of the Company by means of resolution passed at meeting of the Board:
- (a) the power to make calls on shareholders in respect of money unpaid on their shares.
 - (b) the power to authorize the buy-back referred to in the first proviso to Clause (b) of Sub-Section (2) of Section 77A;
 - (c) the power to issue debentures
 - (d) the power to borrow moneys otherwise than on debentures;
 - (e) the power to invest the funds of the Company; and
 - (f) the power to make loans
- (3) Save as provided by the said Act and by these Articles and subject to the restrictions imposed by Section 292 of the said Act, the Directors may delegate all or any powers by the said Act or by the Memorandum of Association or by these presents reposed in them.

The Board may at any time and from time to time by power of attorney under Seal, appoint any person to be the Attorney of the Company for such purpose and with such powers, authorities and discretions (not exceeding those which may be delegated by the Board under the Act) and for such period and subject to such conditions as the Board may from time to time think fit. Any such appointment may, if the Board think fit, be made in favour of any Company or of the members, directors, nominees or officers of any company or firm or in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and any such power of attorney may contain such provisions for the protection or convenience of person dealing with such Attorney as the Board think fit.

46. All question arising at any meeting of the Directors shall be decided by majority of votes.

Meeting

47. Subject to the provisions of the said Act, the Directors may delegate any of their powers, to Committee consisting of such member or members of their body as they may think fit, and they may from time to time revoke and discharge any such Committee either wholly or in part, and either as to person or purposes. Every Committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed on it by the Directors and all acts done by any such Committee in conformity, with such regulations and in fulfillment of the purpose of their appointment, but not otherwise shall have like force and effect as if done by the Board.
48. Questions arising at any meeting of Committee of Directors shall be decided by majority of votes
49. The meetings and proceedings of any such Committee consisting of two or more members shall be governed by the provisions herein contained for regulating the meeting and proceedings of the Directors, so far as the same are applicable thereto , and are not superseded by the express terms of the appointment of any such Committee, or by any regulations made by the Directors.
50. Subject to Section 289 of the Act, a resolution shall be deemed to have been duly passed by the Board by circulation, if the resolution has been circulated in draft by facsimile or email or personal delivery, together with the necessary papers, if any, to all the Directors and has been approved by a majority of Directors, as are entitled to vote on the resolution.
51. All acts done by a person as a Director shall be valid, notwithstanding that it maybe afterwards discovered that his appointment was invalid by reason of any defect or disqualification or had terminated by virtue of any provision contained in the said Act or in these Articles, Provided that this Article shall not give validity to acts done by a Directors after his appointment has been shown to the Company to be invalid or to have terminated.

XVI. BORROWING POWERS

52. SUBJECT to the provisions of Section 292 of the Act the Directors may, from time to time, at their discretion and by means of resolutions passed at their meetings raise or borrow or secure the payment of any sum or sums of money for the purpose of the Company.
- 53 (1) The Directors may raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respect as they may think fit, and in particular by issue of bonds. perpetual or redeemable debentures or debenture stock or the whole or any part of the property of the Company (both present and future) including the uncalled capital for the time being. The Directors shall exercise such power only by means of resolutions passed at their meetings and not by circular resolutions.
54. Any Debenture, Debenture –stock, bonds or other securities may be issued at discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination, and with any special privileges as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at General meetings of the Company, appointment of Directors and otherwise PROVIDED HOWEVER that no Debentures with right to conversion into or allotment of shares shall be issued expect with the sanction of the Company in General Meeting.

XVII. SEAL

55. (a) The Board shall provide a Common Seal for the purposes of the Company and shall have power from time to time to destroy the same and substitute a new Seal in place thereof and the Board shall provide for the sage custody of the Seal for the time being and the Seal shall not be used expect by the authority of the Board or a Committee of the Board previously given and in the presence of one Director of the Company or some other person duly authorized by the Directors for the purpose;
- (b) The Company shall also be at liberty to have an Official Seal in accordance with Section 50 of the Act, for use in any territory district or place outside India.
56. Every deed or other instrument, to which the Common Seal of the Affixation of Common Company is required to be affixed, shall be signed by at least one Seal Director or by some other person duly authorized by the Directors for the purpose.

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XVIII. INDEMNITY

57. Subject to the provisions of the Act every Director, Managing Director, Manager or Officer of the Company or any person (whether an officer of the Company , or not) employed by the Company as Auditor shall be indemnified out of the assets of the Company against all liabilities incurred by him as such director, manager, managing director, officer or auditor of which judgment is given in his favour or which he is acquitted or in connection with any application under Section 633 of the Act, in which relief is granted to him by the court. Nothing herein contained shall apply to the constituted attorney of the Company unless such attorney is or is deemed to be an Officer of the Company.
58. Subject to the provisions of the Act, no Director, auditor or other officer of the Company shall be liable for the acts, receipts, neglects, or defaults of any other directors or officers or for joining in any receipt or other act for conformity or for any loss or expenses incurred by the Company through the insufficiency or deficiency of any security in or upto which any of the moneys of the Company shall be invested, or for any loss or damages arising from the insolvency or tortuous act of any person, firm or company to or with whom any moneys, securities or effects of the Company shall be entrusted or deposited or for any loss occasioned by any error or judgment , omission , default or oversight on his part or for any other loss, damage or misfortune whatever which shall happen in relation to the execution of the duties of his office or in relation thereto unless the same shall happen through his own dishonesty.

XIX. SECRECY

59. No member shall be entitled to require discovery of any information relating to any detail of the Company's trading or any matter in the nature of a trade secret, mystery of trade or secret process which may relate to the conduct of the business of the Company and which in the opinion of the Directors it may not be expedient in the interests of the Company to communicate to such member.
- (a) Every director, manager, secretary , auditor, trustee member of a Committee, officer, servant ,agent , accountant or other person employed in the business of the Company shall, if so required by the Board, before entering upon his duties, sign a declaration pledging himself to observe strict secrecy respecting all transactions and affairs of the Company with the customers and] the state of the accounts with individuals and matters relating thereto, and shall by such declaration pledge himself not to reveal any of the required matters which may come to his knowledge in the discharge of his duties except when required so to do by the Board or by law and except so far as may be necessary in order to comply with any of the provisions of these Articles.
- (b) No shareholders or other person (not being a Director) shall be entitled to visit or inspect any works, premises or working of the Company without the permission of the Directors or require discovery of or any information respecting any details of the Company's business, trading or activities or any matter which may relate to the conduct of the business of the Company and which in the opinion of the Directors, it would be inexpedient in the interest of the Company to disclose.

SECTION X : OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by the Company or entered into more than two years before the date of this Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by the Company. These contracts, copies of which have been attached to the copy of this Red Herring Prospectus, delivered to the RoC for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of the Company between 10.00 am to 4.00 pm on working days from the date of this Red Herring Prospectus until the Bid Closing Date/Issue Closing Date.

Material Contracts

1. Engagement Letters dated November 9, 2005 executed with Centrum Capital Limited appointing them as BRLM.
2. Memorandum of Understanding executed by the Company and the BRLM dated January 27, 2006.
3. Memorandum of Understanding executed by the Company and the Registrar to the Issue M/s Intime Spectrum Registry Limited dated December 08, 2005
4. Escrow Agreement dated March 18, 2006 among the Company, the BRLM, Escrow Collection Bank(s) and the Registrar to the Issue.
5. Syndicate Agreement dated March 18, 2006 between the Company and the BRLM.
6. Underwriting Agreement dated [•], 2006 between the Company and the BRLM.

Material Documents/Documents for Inspection

Company were Incorporated on 24th January 1995 as a Private Limited Company and was converted to a Public Limited Company vide fresh certificate of incorporation dated 20th October, 2005 as 'Emkay Share & Stock Brokers Limited'

1. Certified true copies of the Memorandum and Articles of Association of the Company as amended from time to time.
2. Certificate of Incorporation of the Company dated 24th January, 1995.
3. Fresh Certificate of Incorporation of the Company consequent to the name change due to conversion into Public Limited Company dated 20th October, 2005.
4. Resolution of the members of the Company passed at the Extra-ordinary General Meeting held on November 17, 2005 approving the appointment of Mr.Krishna Kumar Karwa and Mr. Prakash Kacholia as Managing Directors for a period of 5 Years with effect from 1st October 2005 and approving the remuneration payable to him, alongwith form 25C with ROC fee receipts. And Letter of appointment dated 25th October 2005 between us and Mr.Krishna Kumar Karwa and Mr. Prakash Kacholia.
5. Copy of Resolution of the Members of the Company passed at the Extra Ordinary General Meeting held on 17th November 2005 pursuant to Section 81 (1A) of the Companies Act.
6. Resolutions of the Board of Directors dated January 28, 2006 in relation to this Issue.
7. Reports of the Statutory Auditors, M/s. B. L. Sarda & Associates, Chartered Accountants, dated January 27, 2006 prepared as per Indian GAAP and mentioned in this Red Herring Prospectus.
8. Letter dated January 07, 2006 from the Statutory Auditors of our Company M/s B.L. Sarda & Associates, Chartered Accountants confirming Tax Benefits as mentioned in this Red Herring Prospectus.
9. Copies of Annual Reports of our Company for the last five years.
10. Consents of the Auditors being M/s B.L. Sarda & Associates for inclusion of their report on accounts in the form and context in which they appear in this Red Herring Prospectus.

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11. Certificate by the Statutory Auditors, M/s. B. L. Sarda & Associates dated January 28, 2006 regarding Compliance with Corporate Governance.
12. General Power of Attorney executed by the Directors of our Company in favour of Mr. Vijay Shenoy, Chief Financial Officer and Compliance Officer for signing and making necessary changes to this Red Herring Prospectus and other related documents.
13. Resolution of the Meeting of the Board of Directors held on January 28, 2006 for the formation of the Company's Audit Committee, Investors Grievances Committee and Remuneration Committee.
14. Consents of BRLM, , Registrar to the Issue, Escrow Collection Bank(s), Bankers to the Company, Monitoring Agency, Legal Counsel to the Issue, Directors, Company Secretary and Compliance Officer, as referred to, in their respective capacities.
15. Initial listing applications dated February 15, 2006 both filed with NSE and BSE.
16. In-principle listing approvals vide letter No. NSE/List 20824-M dated March 8, 2006 and letter No. DCS/Smg/sm/dm/2006 dated February 22, 2006 from NSE and BSE, respectively.
17. Tripartite agreement between NSDL, our Company and the Registrar to the Issue, M/s. Intime Spectrum Registry Limited dated February 22, 2006.
18. Tripartite agreement between CDSL, our Company and the Registrar to the Issue, M/s. Intime Spectrum Registry Limited dated December 23, 2005.
19. Due diligence certificate dated January 28, 2006 to SEBI from BRLM.
20. SEBI observation letter no.CFD/DIL/ISSUES/V/62867/2006 dated March 17, 2006 and our reply to the same dated March 20, 2006.

Any of the contracts or documents mentioned in this Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the applicable laws.

DECLARATION

We, the Directors of the Company, hereby declare that all relevant provisions of the Companies Act, 1956 and the guidelines issued by the Government or the guidelines issued by the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956 or the Securities and Exchange Board of India Act, 1992 or rules made there under or guidelines issued, as the case may be.

Name of the Directors:

Mr. G. P. Gupta, Chairman

Mr. Krishna Kumar Karwa, Managing Director

Mr. Prakash Kacholia, Managing Director

Mr. S. K. Saboo, Director

Mr. R. K. Krishnamurthi, Director

Mr. G. C. Vasudeo, Director

Chief Financial Officer and Compliance Officer

Mr. Vijay Shenoy

Date : March 21, 2006

Place : Mumbai