Emkay Global Financial Services Ltd — Aug 2022 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Inline to Weak **One-line:** Emkay swung back to a marginal profit (EPS □1.86) following a loss-making Q4, but core business assets (AUM/AUD) are shrinking under market pressure, and disclosure discrepancies cloud the quality of the beat.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance	Inline	Returned to profitability (□4.6 Cr PAT) after Q4 loss (□5.3 Cr).	□
Earnings Quality	Low	Conflicting data between summary slides (showing profit) and segment tables (showing loss/brackets).	□
Guidance Confidence	Neutral	No explicit forward numbers; focusing on digital "transformation" and new product launches.	□
Management Credibility	Neutral	Significant OCR/presentation discrepancies between Slide 2 (EPS 1.86) and Slide 6 (PBT -5.6 Cr).	□
Business Quality Signal	Stable	Wealth management client base is growing despite falling Asset Under Distribution (AUD).	□
Key Q&A Exchange	N/A	Concall not available — commentary absent.	□
The Street's Primary Anxiety	AUM Erosion	PMS and AIF AUM fell 8-9% QoQ; tracking market correction impact on fee income.	□
Capital Cycle Stage	Consolidation	Shifting from "start-up" wealth phase to a multi-location (9 cities) established player.	□
Margin Trajectory	Improving	Net margin recovered from negative territory in Q4 FY22.	□
Pricing Power	Stable	Non-discount brokerage model; focus remains on relationship-based advisory.	□
FCF Conversion	Not in doc	Quarterly cash flow statement not provided in PPT.	□
Competitive Moat	Stable	Strong institutional research (279 companies) remains the primary differentiator.	□
Balance Sheet Strength	Strong	Book Value Per Share (BVPS) stands at □111.45 (implied from slide 2).	□
Working Capital	Stable	No major shifts reported in clearing/settlement cycles.	□
Mgmt Track Record	Mixed	Successfully executed 6 QIPs in FY22; navigating current IB slowdown with mid-market deals.	□
Key Vulnerability	Market Linkage	High sensitivity of both Broking Assets and AIF/PMS AUM to equity market volatility.	□
Management Tone	N/A	Concall not available — commentary absent.	□

Sentiment: □Neutral

Key Takeaways: * **Positives:** The business successfully returned to profitability in Q1 FY23 with a PAT of □4.6 Cr, recovering from a loss in the preceding quarter. Wealth Management continues to show resilience in client acquisition, adding 75 new clients in the quarter (reaching 1,604) despite a total AUD drop. The Investment Banking pipeline remains active with the Ethos IPO and Bhagiradha Rights Issue completed. * **Negatives:** Asset levels are declining across the board: DP/Broking assets fell 4.7% QoQ to ₹4,207 Cr, while AIF AUM dropped 8.5% to ₹300.4 Cr. The Financing and Investment segment continues to be a drag, likely due to MTM hits on the treasury book. * **Street Concern:** Analysts are likely focused on the sustainability of fee income as AUM/AUD bases shrink, and the confusing financial disclosures in the presentation create a transparency overhang. * **Watchpoint:** Monitor the traction of the newly launched "ENVI" manufacturing-themed fund to see if it can offset the organic AIF AUM decline.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS

DATA SOURCE: Concall not available — Mgmt Commentary column absent.

Metric	Current Qtr (Q1FY23)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Revenue (₹Cr)	₹20.86	↓ 72%	↑ 1%	↓	Derived from segment table totals (Advisory + Finance).
PAT (₹Cr)	₹4.60	↓ 53%	↑ 187%	↑	Swing from Q4 loss; lower YoY due to market base.
EPS (₹)	₹1.86	↓ 53%	↑ 198%	↑	(Q4 FY22 was -₹1.89).
DP/Broking Assets (₹Cr)	₹420.7	↓ 13.7%	↓ 4.7%	↓	Reflects market correction and client de-leveraging.
Wealth AUD (₹Cr)	₹1,903.2	↑ 4%	↓ 4%	→	Market value impact vs client growth.
AIF AUM (₹Cr)	₹300.4	↓ 9.2%	↓ 8.5%	↓	(Labeled as PMS/AIF interchangeably in PPT).
Wealth Client Count	1,604	↑ 49%	↑ 5%	↑	Strongest growth metric this quarter.
Institutional Coverage	279 Cos	→	→	→	Covers 48/50 Nifty & 30/30 Sensex stocks.
BVPS (₹)	₹111.45	Not in doc	Not in doc	→	Based on Slide 2 chart data.

2B. SEGMENT BREAKDOWN

Segment	Revenue (₹ Cr)	YoY Growth	Margin (PBT)	Trend	vs Co. Avg	Key Development
Advisory/ Transactional	₹26.16	↓ (Estimated)	Not in doc	↓	Above	Includes Broking, Distribution & IB.
Financing & Invest.	(₹5.30)	↓	Negative	↓	Below	Likely MTM losses on proprietary book.
Asset Management	Not in doc	↓	Negative	↓	Below	PAT loss of ₹8.3 Mn reported for the vertical.

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3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate	Historical Delivery	Risk Flag
Guidance	Revenue	"Digital Transformation" as a business enabler.	N/A	Mixed; revenue volatile.	High
Strategy	Product Launch	Launched ENVI (Emkay New Vitalized India) fund.	N/A	Successful launch in Q1.	Low
Strategy	Digital	Introducing digital onboarding for PMS/AIF.	N/A	Delivered in Q1.	Low
Expansion	Wealth	Scaling from start-up to 9 locations.	N/A	Delivered; footprint expanded.	Low
IB Pipeline	Execution	Focus on ECM (Rights, IPO) and Private Equity.	N/A	Consistent deal flow in Q1.	Medium

(Note: No concall available; targets derived from "Strategy" and "Technology" slides.)

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4. ANALYST Q&A

Section not applicable — investor presentation only. No concall conducted or available.

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5. WHAT CHANGED vs PRIOR QUARTER

First entry — no prior quarter to compare.

(Note: While some Q4FY22 numbers were derived from the Q1FY23 presentation charts, this is the baseline report for this tracking series.)

What Changed	Prior Quarter (Q4FY22)	This Quarter (Q1FY23)	Direction
Profitability Status	Loss (□5.3 Cr)	Profit (□4.6 Cr)	↑
EPS	(□1.89)	□1.86	↑
Wealth Clients	1,529	1,604	↑
Wealth AUD	□1,981.6 Cr	□1,903.2 Cr	↓
AIF AUM	□328.5 Cr	□300.4 Cr	↓
Broking Assets	□441.7 Cr	□420.7 Cr	↓
Product Portfolio	Standard PMS/AIF	Launched "ENVI" Fund	↑
Onboarding	Physical/Hybrid	Digital PMS Onboarding	↑