Emkay Global Financial Services Ltd — May 2025 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

The punchline. Read this first — it frames everything below.

Result: Miss vs Prior Quarter / Strong Beat YoY (Full Year) **One-line:** While Q4 profitability suffered a severe cyclical drawdown (PAT -66% QoQ), the full-year transition remains highly credible with a 75% YoY jump in PAT and a de-risked Wealth segment shifting toward high-margin advisory fees.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Prior Quarter	**Significant Miss**	Q4 PAT estimated at □2.92 Cr (based on -66% QoQ drop from Q3's □8.6 Cr).	□
Earnings Quality	**Moderate**	FY25 PAT (+75% YoY) driven by core operational growth, but Q4 volatility highlights residual broking exposure.	□
Guidance Confidence	**Strong**	Reiterated a well-diversified IB pipeline exceeding □100 Cr fee pool for FY26.	□
Management Credibility	**Strong**	Delivered on geographic expansion (Dubai license) and tech-upgrades as promised.	□
Business Quality Signal	**Improving**	Wealth AUM shift to trail-bearing assets; Advisory revenue grew 54% YoY in FY25.	□
Key Q&A Exchange	**N/A — No Concall**	Section not applicable — investor presentation only.	□
The Street's Primary Anxiety	**Cyclical Earnings Floor**	Despite Wealth scaling, can the business maintain profitability during market downturns?	□
Capital Cycle Stage	**Investing**	Heavy tech spend (□16.8 Cr) and expansion into Tier-2/3 and Middle East markets.	□
Margin / Return Trajectory	**Improving (Full Year)**	Full-year ROE reached 21% (vs 14.5% in FY24) despite the Q4 dip.	□
Pricing Power	**Stable**	4 out of 6 PMS strategies outperformed benchmarks, supporting fee retention.	□
FCF Conversion & Quality	**Not in document**	Cash flow statement not provided in summary PPT.	□
Competitive Moat Signals	**Widening**	E-Qual Framework (Governance research) serves as a differentiator for institutional/HNI clients.	□
Balance Sheet Strength	**Strong**	Net worth increased to □303.2 Cr; Debt/Equity ratio remains negligible at ~0.11x.	□
Working Capital Efficiency	**Stable**	Trade receivables managed at □125.2 Cr despite higher transaction volumes in early FY25.	□
Mgmt Guidance Track Record	**Reliable**	Consistent execution on IB mandates (9 QIP/IPOs) and geographic roadmap.	□
Key Vulnerability / Red Flag	**Transactional Beta**	Q4 performance confirms the business remains highly sensitive to market ADTO volatility.	□
Management Tone	**Confident**	Focused on "long-term wealth creation" and "robust pipeline" vs. short-term swings.	□

Key Takeaways (Positives & Negatives): * **Positives:** The pivot from "Broking" to "Wealth/AMC" is yielding structural fruit; **Wealth Management Advisory revenue grew 54% YoY** (₹18.2 Cr), significantly outpacing the 6% growth in transactional revenue. Management has quantified the FY26 Investment Banking pipeline at **>₹100 Cr**, providing high visibility for fee income. Geographically, the brand is scaling with a new **Dubai branch license** and deep penetration into Tier-2/3 cities. * **Negatives:** Cyclicality remains a heavy drag; **Q4 PAT crashed 66% QoQ**, reflecting a sharp drop in market activity and transactional fees. Wealth AUM dipped ~8% QoQ to ₹17,978 Cr (from ₹19,525 Cr in Q3), primarily due to market mark-to-market (MTM) corrections. * **The Street's Focus:** The primary concern is the divergence between structural AUM growth and the volatility of the bottom line. * **Forward Watchpoint:** The execution of the ₹100 Cr IB pipeline in H1FY26 and the traction of the newly launched "Emkay Capital Builder" open-ended AIF.

---

2. BUSINESS PERFORMANCE

2A. KEY METRICS *DATA SOURCE: Concall not available — commentary absent. Converted from Mn to Cr (÷10).*

Metric	Current Qtr (Q4FY25)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Revenue (₹Cr)	₹83.9*	↓ 23%	↓ 8%	↓	Impacted by lower market ADTO and transactional fees.
PAT (₹Cr)	₹2.9*	↓ 75%	↓ 66%	↓	High operating leverage in Capital Markets segment.
Wealth Assets (₹Cr)	₹17,978.1	↑ 33%	↓ 7.9%	↓	Market-linked MTM drop offset yearly client additions.
PMS & AIF AUM (₹Cr)	₹1,225.9	↑ 36%	↓ 3.3%	↓	Slight decline in AIF assets QoQ; PMS held steady.
Equity ADTO (₹Cr)	₹3,114.3	↓ 33.4%	↓ 25.8%	↓	Reflects broader market "wait-and-watch" sentiment.
Derivative ADTO (₹Cr)	₹41,960.4	↓ 10.3%	↑ 5.3%	→	Volume shifted to derivatives but fee realization lower.
Advisory Revenue (₹Cr)	₹18.2 (FY)	↑ 54%	Not stated	↑	Structural pivot to trail fees is succeeding.
IB Pipeline (₹Cr)	>₹100.0	New	New	↑	High execution likelihood despite market swings.
ROE (%)	21% (FY)	↑ 700 bps	Not stated	↑	Full-year improvement from 14.5% to 21.0%.
Book Value/Share (₹)	₹119.3	↑ 26%	Not stated	↑	Net worth grew to ₹303.2 Cr (from ₹240.9 Cr).
Net Debt/Equity (x)	0.11x	↑ 0.05x	Not stated	→	Borrowings marginally up to ₹34.5 Cr; very safe.

**Calculated based on percentage drops provided in PPT income statement against prior context figures.*

2B. SEGMENT BREAKDOWN (FY25 Full Year)

Segment	Revenue (₹ Cr)	YoY Growth	Trend	vs Co. Avg	Key Development
Capital Markets	₹196.5	↑ 4%	→	Below	Executed 9 equity fundraising deals (₹14,977 Cr total).
Wealth Mgmt	₹94.9	↑ 13%	↑	Inline	Transitioning to trail-bearing assets; AUM +33% YoY.
Asset Mgmt	₹19.7	↑ 32%	↑	Above	Total AUM & Advisory crossed ₹1,475 Cr; PMS grew 36%.
Others/ Treasury	₹50.1	↑ 45%	↑	Above	Significant contribution from internal accruals/ investments.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Feasibility	Historical Delivery	Risk Flag
Guidance	IB Fees	Potential fee pool exceeding ₹100 Cr for FY26.	Requires ~₹25 Cr per quarter; current pipeline supports this.	**Delivered**: 9 transactions in FY25.	Market volatility impacting deal timing.
Strategy	Global Reach	Expand Middle East presence via Dubai branch.	Licenced on Dec 31; now in operational phase.	**On Track**: License obtained as per roadmap.	Regulatory/ Compliance costs.
Strategy	Wealth Shift	Scaling trail-bearing assets (Advisory).	54% growth in advisory fees in FY25 shows momentum.	**High**: Transition from legacy non-trail assets.	Yield compression in Mutual Funds.
Strategy	Geographic	Further expansion into Tier-2 and Tier-3 locations.	Nagpur/Baroda already showing organic relationship loyalty.	**Ongoing**: Deepening presence in regional markets.	Talent acquisition in smaller towns.
Technology	Capex/ Opex	₹16.8 Cr total tech spend in FY25 (₹5.5 Cr Capex).	Infrastructure and security upgrades completed.	**Delivered**: System migrations and AI upgrades ongoing.	Adoption lag by RMs.

4. ANALYST Q&A

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

5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Q3 FY25)	This Quarter (Q4 FY25)	Direction
Profitability	₹8.6 Cr PAT	~₹2.9 Cr PAT (Calculated)	↓ (Severe)
Wealth AUM	₹19,524.7 Cr	₹17,978.1 Cr	↓
IB Pipeline	"Strong visibility"	**Quantified at >₹100 Cr** fee pool for FY26	↑ (Clarity)
Geographic Reach	License application stage	**Dubai Branch License Obtained**	↑
Equity Market ADTO	₹41,960.4 Cr (Market)	₹31,143.4 Cr (Market)	↓
Asset Mgmt Milestone	Crossed ₹1,570 Cr (Adv. + AUM)	PMS/AIF AUM alone at ₹1,225.9 Cr	→
Client Base	~38,000	**40,000+**	↑
Full Year View	Transition phase	**FY25 PAT +75% YoY confirmed**	↑ (Validation)

Investor Note: Q4 was a tactical setback but a strategic success. While the quarter-on-quarter earnings volatility is frustrating for short-term holders, the long-term investor should focus on the **Wealth Advisory revenue growth (+54% YoY)** and the **₹100 Cr fee pool** in the IB pipeline. The business is successfully reducing its reliance on "volatile" brokerage and moving toward "sticky" fee income. The sharp Q4 drop is a reminder of the business's high operational leverage, but the structural floor (Net worth ₹303 Cr) is rising.

STOP HERE.