

Edelweiss India Capital Management

Financial Statements
together with Auditors' Report
for the year ended 31 March 2017

Edelweiss India Capital Management

Financial statements together with Auditors' Report
for the year ended 31 March 2017

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To the Directors of
Edelweiss India Capital Management
(formerly known as **Forefront India Capital Management**)

Report on the Financial Statements

We have audited the accompanying financial statements of **Edelweiss India Capital Management (formerly known as Forefront India Capital Management)** ('the Company'), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company. This responsibility also includes maintenance of adequate accounting records for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Standards on Auditing, which requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2017, and its profit and its cash flows for the year ended on that date.

For NGS & Co. LLP
Chartered Accountants
Firm Registration No. 119850W



R.P.Soni
Partner
Membership No. 104796



Place: Mumbai
Date: 15 May 2017

Edelweiss India Capital Management**Balance Sheet**

(Currency: Indian rupees)

	Note	As at 31 March 2017	As at 31 March 2016
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2.1	6,869,254	9,998,794
Reserves and surplus	2.2	8,673,627	(6,384,804)
		<u>15,542,881</u>	<u>3,613,990</u>
Current liabilities			
Trade payables		518,903	423,437
Short term provisions	2.3	320,870	-
		<u>839,773</u>	<u>423,437</u>
TOTAL		<u><u>16,382,654</u></u>	<u><u>4,037,427</u></u>
ASSETS			
Non-current assets			
Non-current investments	2.4	66	66
		<u>66</u>	<u>66</u>
Current assets			
Trade receivables	2.5	4,776,166	-
Cash and cash equivalents	2.6	4,604,825	439,915
Short-term loans and advances	2.7	7,001,597	3,597,446
		<u>16,382,588</u>	<u>4,037,361</u>
TOTAL		<u><u>16,382,654</u></u>	<u><u>4,037,427</u></u>

Significant accounting policies and notes to the financial statements.

1 & 2

As per our report of even date attached.

For NGS & Co. LLP

Chartered Accountants

Firm Registration No.: 119850W

**R.P. Soni**

Partner

Membership No.: 104796

Mumbai

Date: 15 May 2017



For and on behalf of the Board of Directors

**Nilesh Choudhary**
Director**Husayn Sassa**
Director

Edelweiss India Capital Management

Statement of Profit and Loss

(Currency: Indian rupees)

	Note	For the year ended 31 March 2017	For the year ended 31 March 2016
Revenue from operations			
Advisory fee income	2.8	23,391,619	2,392,568
Total revenue		<u>23,391,619</u>	<u>2,392,568</u>
Expenses			
Finance costs	2.9	80,316	65,363
Other expenses	2.10	7,197,627	2,193,926
Total expenses		<u>7,277,943</u>	<u>2,259,289</u>
Profit before tax		16,113,676	133,279
Tax expense:			
Current tax		320,870	-
Profit for the year		<u>15,792,806</u>	<u>133,279</u>
Earnings per share (par value USD 1 each)			
Basic and Diluted	2.14	141.86	1.20
Significant accounting policies and notes to the financial statements	1 & 2		

As per our report of even date attached.

For NGS & Co. LLP
Chartered Accountants
Firm Registration No.: 119850W



R.P. Soni
Partner
Membership No.: 104796
Mumbai
Date: 15 May 2017



For and on behalf of the Board of Directors



Nilesh Choudhary
Director



Husayn Sassa
Director

Edelweiss India Capital Management

Cash Flow Statement

(Currency: Indian rupees)

	For the year ended 31 March 2017	For the year ended 31 March 2016
A Cash flow from operating activities		
Profit before tax	16,113,676	133,279
Operating cash flow before working capital changes	<u>16,113,676</u>	<u>133,279</u>
<i>Adjustments for working capital changes</i>		
Decrease / (increase) in loans and advances	1,678	(2,601)
Increase in trade receivables	(4,776,166)	-
Increase / (decrease) in current liabilities	95,466	(843,277)
Net cash generated from / (used in) operating activities - A	<u>11,434,654</u>	<u>(712,599)</u>
B Cash flow from investing activities		
Loan given	(3,405,829)	(3,522,175)
Net cash used in investing activities - B	<u>(3,405,829)</u>	<u>(3,522,175)</u>
C Cash flow from financing activities		
Buyback of non-cumulative preference share	(3,129,540)	-
Net cash (used in) / generated from financing activities - C	<u>(3,129,540)</u>	<u>-</u>
D Change in foreign exchange translation reserve- D	(734,375)	198,012
Net increase/(decrease) in cash and cash equivalents (A+B+C+D)	<u>4,164,909</u>	<u>(4,036,762)</u>
Cash and cash equivalent as at the beginning of the year	439,915	4,476,744
Cash and cash equivalent as at the end of the year (refer note below)	4,604,825	439,915
Note:		
Cash and cash equivalents include the following:		
Balances with banks:		
In current accounts (refer note 2.6)	4,604,825	439,915
Total of cash and cash equivalents	<u>4,604,825</u>	<u>439,915</u>

As per our report of even date attached.

For NGS & Co. LLP
Chartered Accountants
Firm Registration No.: 119850W



R. P. Soni
Partner
Membership No.: 104796
Mumbai
Date: 15 May 2017



For and on behalf of the Board of Directors



Niles Choudhary
Director



Husayn Sassa
Director

Edelweiss India Capital Management

Notes to the financial statements for the year ended 31 March 2017

(Currency: Indian Rupees)

1. Significant accounting policies

1.1 Basis of preparation of financial statements

The accompanying financial statements are prepared and presented in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention, on the accrual basis of accounting, unless otherwise stated, and comply with the Accounting Standards as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Companies Act, 2013 (to the extent notified), (hereinafter referred to as 'the Act') and the Schedule III to the Act. The financial statements are presented in Indian rupees.

The entity being a foreign company, the assets and liabilities for the purpose of preparation of these financial statements, are translated into Indian Rupees at the rate of exchange prevailing as at the balance sheet date. Further, revenue and expense are translated into Indian Rupees at the average exchange rate prevailing during the year and the resulting net translation adjustment has been disclosed as "Foreign Exchange Translation Reserve" in "Reserves and Surplus". The same is in compliance with Accounting Standard 11 issued by the Institute of Chartered Accountants of India on "The Effects of Changes in Foreign Exchange Rates".

1.2 Use of estimates

The preparation of the financial statements in conformity with the generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amount of assets, liabilities, disclosure of contingent liabilities on the date of the financial statements and reported amount of revenue and expenses during the reporting period. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as on the date of the financial statements. Actual results could differ from the estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

1.3 Current-non-current classification

All assets and liabilities are classified into current and non-current.

Assets

An asset is classified as current when it is expected to be realized in, or is intended for sale or consumption in, the company's normal operating cycle or it is held primarily for the purpose of being traded or it is expected to be realized within 12 months after the reporting date or it is cash or cash equivalent unless it is restricted from being exchanged or expected to be used to settle a liability for at least 12 months after the reporting date. Current assets include the current portion of non-current assets. All other assets are classified as non-current.



Edelweiss India Capital Management

Notes to the financial statements for the year ended 31 March 2017

(Currency: Indian Rupees)

1. Significant accounting policies *(Continued)*

1.3 Current-non-current classification *(Continued)*

Liabilities

A liability is classified as current when it is expected to be settled in the company's normal operating cycle or it is held primarily for the purpose of being traded or it is due to be settled within 12 months after the reporting date or the company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. Current liabilities include current portion of non-current liabilities. All other liabilities are classified as non-current.

1.4 Revenue recognition

Fee income is accounted for, on an accrual basis in accordance with the terms and conditions of contracts entered into between the Company and the counterparties

1.5 Impairment of assets

The Group assesses at each balance sheet date whether there is any indication that an asset may be impaired based on internal/external factors. If any such indication exists, The Company estimates the recoverable amount of the asset. The recoverable amount is the greater of the net selling price and the value in use of those assets. Value in use is arrived at by discounting the estimated future cash flows to their present value based on an appropriate discount factor. If such recoverable amount of the asset or the recoverable amount of cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of the depreciable historical cost.

1.6 Taxation

Tax expense comprises of current tax (i.e. amount of tax for the period determined in accordance with the applicable income-tax law), deferred tax charge or benefit (reflecting the tax effect of timing differences between accounting income and taxable income for the period).

Current tax

Provision for current tax is recognized based on estimated tax liability computed after adjusting for allowances, disallowances and exemptions in accordance with the tax laws applicable.



Edelweiss India Capital Management

Notes to the financial statements for the year ended 31 March 2017

(Currency: Indian Rupees)

1. Significant accounting policies *(Continued)*

1.6 Taxation *(Continued)*

Deferred tax

The deferred tax charge or benefit and the corresponding deferred tax liabilities and assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the asset can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of the assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.

1.7 Earnings per share

The Company reports basic and diluted earnings per share in accordance with Accounting Standard 20, "Earnings per Share". Basic earnings per share is computed by dividing the net profit after tax attributable to equity shareholders by the weighted average number of ordinary shares outstanding for the year.

Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue ordinary shares were exercised or converted during the year. Diluted earnings per share is computed by dividing the net profit after tax attributable to the ordinary shareholders for the year by the weighted average number of ordinary shares. Considered for deriving basic earning per share and weighted average number of ordinary shares that could have been issued upon conversion of all potential ordinary shares.

1.8 Provisions and contingencies

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognised in the period in which the change occurs.

1.9 Investments

Investments are classified into non-current investments and current investments. Investments which are intended to be held for one year or more are classified as non-current investments and investments which are intended to be held for less than one year are classified as current investments.



Edelweiss India Capital Management

Notes to the financial statements for the year ended 31 March 2017

(Currency: Indian Rupees)

1. Significant accounting policies *(Continued)*

1.9 *Investments (Continued)*

Non-current investments are carried at cost less diminution in value which is other than temporary, determined separately for each investment.

Current investments are carried at lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investment. In case of investments in mutual funds, the net asset value of units declared by the mutual funds is considered as the fair value.



Edelweiss India Capital Management

Notes to the financial statements (Continued)

(Currency: Indian rupees)

2.1 Share capital

	As at 31 March 2017	As at 31 March 2016
Issued, subscribed and fully paid up:		
111,324 (Previous year: 111,324) Ordinary shares of USD 1 each	6,869,254	6,869,254
Nil (Previous year: 50,000) 1% Non-Cumulative Preference Shares of USD 1 each	-	3,129,540
	<u>6,869,254</u>	<u>9,998,794</u>

The movement in ordinary share capital during the year :	As at 31 March 2017		As at 31 March 2016	
	No of shares	Amount	No of shares	Amount
<i>Class A</i>				
Outstanding at the beginning of the year	111,324	6,869,254	111,324	6,869,254
Issued during the year	-	-	-	-
As at the end of the year	<u>111,324</u>	<u>6,869,254</u>	<u>111,324</u>	<u>6,869,254</u>

Note: During the year Company has acquired its own 250,000 non-cumulative preference shares for a consideration 250,000 USD

The movement in Non-Cumulative preference share capital during the year :	As at 31 March 2017		As at 31 March 2016	
	No of shares	Amount	No of shares	Amount
Outstanding at the beginning of the year	50,000	3,129,540	50,000	3,129,540
Issued during the year	200,000	13,430,400	-	-
Less: Redeemed during the year	(250,000)	(16,559,940)	-	-
As at the end of the year	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>3,129,540</u>

Terms /rights attached to ordinary shares:

Ordinary shares have been issued at par value of USD 1 each. The ordinary shares confer on its holder - the right to vote on a poll at a meeting of shareholders on any resolution, the right to an equal share in dividends authorised by Board and the right to an equal share in the distribution of surplus assets of the Company.

Terms /rights attached to Non-Cumulative preference shares:

Non-Cumulative preference shares have been issued at par value of USD 1 each. The Non-Cumulative preference shares confer on its holder - no voting rights at the meeting of shareholders, preferential rights to dividend before payment of any dividend to the ordinary shares, the right to a dividend of 1% of the capital contributed per annum, provided that the Company is solvent and the Board of the Company approves the dividend payment and the right to redemption at par value at the option of the Company.

Details of shareholders holding more than 5% shares

Name of the shareholder	As at 31 March 2017		As at 31 March 2016	
	No. of shares	Percentage of total number of shares	No. of shares	Percentage of total number of shares
<u>Ordinary shares</u>				
Edelweiss Multi Strategy Funds Management Private Limited (formerly known as Forefront Capital Management Private Limited)	111,324	100	111,324	100
<u>Non-Cumulative Preference Share</u>				
EC Global Limited	-	-	50,000	100

2.2 Reserves and surplus

Foreign exchange translation reserve	(907,242)	(172,867)
Surplus / (deficit) in statement of profit and loss		
Opening Balance	(6,211,937)	(6,345,216)
Add: Profit for the year	15,792,806	133,279
Closing balance	<u>9,580,869</u>	<u>(6,211,937)</u>
	<u>8,673,627</u>	<u>(6,384,804)</u>

2.3 Short-term provisions

Others		
Provision for taxation (net of advance tax and tax deducted at source)	320,870	-
	<u>320,870</u>	<u>-</u>



Edelweiss India Capital Management

Notes to the financial statements (Continued)

(Currency - Indian Rupees)

2.4 Non-current investments

Others (Unquoted)	Face Value	Quantity	As at	Face Value	Quantity	As at
			31 March 2017			31 March 2016
			Amount			Amount
Investment in unit of Fund						
Class M Unit of USD 1/- in Edelweiss Alternative Equity Fund	USD 1	1	66	USD 1	1	66
		1	<u>66</u>		1	<u>66</u>
Aggregate amount of unquoted investment						
- At book value						



Edelweiss India Capital Management**Notes to the financial statements (Continued)**

(Currency: Indian rupees)

	As at 31 March 2017	As at 31 March 2016
2.5 Trade receivables		
Debtors outstanding for a period exceeding six months		
Unsecured, considered good	2,954,732	-
Other debts		
Unsecured considered good	1,821,434	-
	<u>4,776,166</u>	<u>-</u>
2.6 Cash and cash equivalents		
Balances with banks		
- in current accounts	4,604,825	439,915
	<u>4,604,825</u>	<u>439,915</u>
2.7 Short-term loans and advances		
(Unsecured, considered good)		
Other loans and advances	6,928,070	3,522,241
Prepaid expenses	73,527	75,205
	<u>7,001,597</u>	<u>3,597,446</u>



Edelweiss India Capital Management**Notes to the financial statements (Continued)**

(Currency: Indian rupees)

	For the year ended 31 March 2017	For the year ended 31 March 2016
2.8 Revenue from operations		
Advisory fees	23,391,619	2,392,568
	<u>23,391,619</u>	<u>2,392,568</u>
2.9 Finance cost		
Bank charges	80,316	65,363
	<u>80,316</u>	<u>65,363</u>
2.10 Other expenses		
Auditors' remuneration (refer note 2.13)	249,976	225,841
Legal and professional fees	6,635,080	1,657,979
License fees	251,586	245,479
Rates and taxes	17,779	19,066
Miscellaneous expenses	43,206	45,561
	<u>7,197,627</u>	<u>2,193,926</u>



Edelweiss India Capital Management
Notes to the financial statement (Continued)

(Currency: Indian Rupees)

2.11 Segment reporting

The Company has operated only in one business segment during the year viz. rendering advisory services. Therefore, the Company has only one reportable business segment, the results of which are disclosed in the financial statements. Further there are no geographical segments. Hence, no disclosures are required under Accounting Standard 17 on Segment Reporting.

2.12 Related parties

In accordance with Accounting Standard 18 on Related party transactions notified under section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(A) Names of related parties by whom control is exercised

Edelweiss Financial Services Limited Ultimate holding company
 Edelweiss Multi Strategy Funds Holding company
 Management Private Limited (formerly Forefront Capital Management Pvt Ltd.)

(B) Name of fellow subsidiaries with whom transaction have taken place

EC Global Limited Fellow Subsidiary

(C) Transactions with related parties:

Nature of transaction	Related party name	For the year ended 31 March 2017	For the year ended 31 March 2016
Capital account transaction during the year			
Issue of non-cumulative preference shares to	EC Global Limited	13,430,400/-	-
Redemption of non-cumulative preference shares to	EC Global Limited	16,559,940/-	-



Edelweiss India Capital Management
Notes to the financial statement (Continued)

(Currency: Indian Rupees)

2.13 Auditors' remuneration

	For the year ended 31 March 2017	For the year ended 31 March 2016
As auditors	249,976	225,841
Total	249,976	225,841

2.14 Earnings per share

In accordance with Accounting Standard 20 on Earnings per share as prescribed under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, the computation of earnings per share is set out below:

	For the year ended 31 March 2017	For the year ended 31 March 2016
Particulars		
(a) Profit after tax (as per statement of profit and loss)	15,792,806	133,279
Less: dividend on preference share capital	-	-
Net profit for the year attributable to equity shareholders	15,792,806	133,279
(b) Calculation of weighted average number of equity Shares of Rs. 10 each		
Number of shares outstanding at the beginning of the year	111,324	111,324
Number of Shares issued during the year	-	
Total number of equity shares outstanding at the end of the year	111,324	111,324
Weighted average number of equity shares outstanding during the year (based on the date of issue of shares)	111,324	111,324
Nominal value per share in USD	1	1
(c) Basic and diluted earnings per share (in rupees) (a)/(b)	141.86	1.20

The basic and diluted earnings per share are the same as there are no dilutive potential ordinary shares.



Edelweiss India Capital Management
Notes to the financial statement (Continued)

(Currency: Indian Rupees)

2.15 Capital commitments and contingent liabilities

The Company has no capital commitments and contingent liabilities as at the balance sheet date (Previous year Rs. Nil).

2.16 Previous year comparatives

Previous year's numbers have been regrouped and rearranged wherever necessary to confirm to current year's presentation.

As per our report of even date attached

For NGS & Co. LLP
Chartered Accountants
Firm Registration No.: 119850W



R. P. Soni

Partner

Membership No.: 104796
Mumbai
Date: 15 May 2017



For and on behalf of the Board of Directors



Nilesh Choudhary
Director



Husayn Sassa
Director