

**Edelweiss Multi Strategy Funds Management
Private Limited**

Financial Statements
together with Auditors' Report
for the year ended 31 March 2018

**Edelweiss Multi Strategy Funds Management
Private Limited**

Notes to the financial Statements

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A.M. JAIN & CO.

CHARTERED ACCOUNTANTS

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Dr. D.N.Road, Fort, Mumbai-400 001.

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Independent Auditor's Report

To the Members of

Edelweiss Multi-Strategy Funds Management Private Limited (Formerly Known As Forefront Capital Management Private Limited)

Report on the Financial Statements

We have audited the accompanying (Standalone) financial statements of **Edelweiss Multi-Strategy Funds Management Private Limited (Formerly Known As Forefront Capital Management Private Limited) ("the Company")** which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the (Standalone) Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these (Standalone) financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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.



Branch Offices: Andheri (W):-1009, Lotus Trade Center, Opp Star Bazar, New Link Road, Andheri(W), Mumbai-400053

Tel No.+91-22-26361428/26328154

Andheri (E):-204/B, Bajsons Industrial Estate, 40, Cardinal Gracious Road, Chakala, Andheri (E), Mumbai-400099

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Auditor's Responsibility

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

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require 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.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid (Standalone) financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its Profit and its Cash Flow for the year ended on that date.

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Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
 - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) in our opinion, the aforesaid (Standalone) financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - e) On the basis of written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act;
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**";
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position.

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- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For and on behalf of

A.M.JAIN & Co

Chartered Accountants

Firm's registration number: 103883W



CA. ARUN KUMAR JAIN

Partner

Membership number: 038983

Place: MUMBAI

Date: 27.04.2018

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"Annexure A" to the Independent Auditors' Report

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the financial statements of the Company for the year ended March 31, 2018:

1) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;

(b) The Company has a regular program of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this program, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

(c) The Company is not holding any immovable property hence comment on title deeds of immovable properties held in the name of the company is not applicable in this case.

2) (a) The management has conducted the physical verification of inventory at reasonable intervals.

b) No discrepancies were noticed on physical verification of the inventory as compared to books records.

3) In our opinion and according to the information and explanations given to us the Company has not granted loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act.

4) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans, investments made, guarantees, and security.

5) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.

6) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.



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7) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of employees' state insurance and duty of excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable.

b) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute.

8) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.

9) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.

10) Based upon the audit procedures performed and the information and explanations given by the management, we report that no material fraud by the Company or on the company by its officers or employees has been noticed or reported during the course of our audit.

11) Based upon the audit procedures performed and the information and explanations given by the management, no managerial remuneration has been paid or provided during the year by the Company and hence comment on managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act is not applicable in this case;

12) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

13) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial

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statements as required by the applicable accounting standards.

14) Based upon the audit procedures performed and the information and explanations given by the management, the company has not made preferential allotment or private placement of shares during the year under review.

15) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.

16) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

For and on behalf of

A.M.JAIN & Co

Chartered Accountants

Firm's registration number: 103883W

CA. ARUN KUMAR JAIN

Partner

Membership number: 038983



Place: MUMBAI

Date: 27.04.2018

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Annexure B" to the Independent Auditor's Report:

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Edelweiss Multi-Strategy Funds Management Private Limited (Formerly Known As Forefront Capital Management Private Limited)** ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.



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Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For and on behalf of

A.M.JAIN & Co

Chartered Accountants

Firm's registration number: 103883W



CA. ARUN KUMAR JAIN

Partner

Membership number: 038983

Place: MUMBAI

Date: 27.04.2018

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Edelweiss Multi Strategy Funds Management Private Limited

Balance Sheet

(Currency : Indian Rupees)

		As at 31 March 2018	As at 31 March 2017
	Note		
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	2.1	132,146,440	132,146,440
(b) Reserves and surplus	2.2	(47,218,539)	(86,926,307)
		84,927,901	45,220,133
Non-current liabilities			
(a) Long-term provisions	2.3	1,858,000	1,134,532
Current liabilities			
(a) Short-term borrowings	2.4	715,478,093	327,870,049
(b) Trade payables			
Total outstanding dues of Micro, and Small enterprises	2.33	-	-
Total outstanding dues of creditors other than micro and small enterprises		357,621,914	900,774,723
(c) Other current liabilities	2.5	124,773,239	299,912,978
(d) Short-term provisions	2.6	7,340,460	159,445
		1,205,213,706	1,528,717,195
TOTAL		1,291,999,607	1,575,071,860
ASSETS			
Non-current assets			
(a) Fixed assets	2.7		
(i) Tangible assets		1,127,562	1,465,850
(ii) Intangible assets		130,276	325,786
(b) Non-current investments	2.8	12,792,584	6,661,695
(c) Deferred tax assets (net)	2.9	762,386	425,898
(d) Long-term loans and advances	2.10	8,187,552	5,486,619
		23,000,360	14,365,848
Current assets			
(a) Stock-in-trade	2.11	16	16
(b) Trade receivables	2.12	68,245,256	32,236,929
(c) Cash and bank balances	2.13	546,885,688	1,027,658,852
(d) Short-term loans and advances	2.14	651,005,062	495,545,457
(e) Other current assets	2.15	2,863,225	5,264,758
		1,268,999,247	1,560,706,012
TOTAL		1,291,999,607	1,575,071,860

Significant accounting policies and notes to financial statements

1 & 2

The notes referred above form an integral part of the financial statements

As per our report of even date attached.

For A.M. Jain & Co.
Chartered Accountants
Firm Registration No.: 103883W



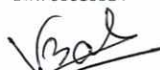
(C.A. Arun Kumar Jain)
Partner
Membership No.: 038983
Mumbai
27 Apr 2018



For and on behalf of the Board of Directors



Anurag Madan
Director
DIN: 00010324



Vinitha Puthanpurakkal
Chief Financial officer



Dipak Kumar K. Shah
Director
DIN: 01960539
Company Secretary

Edelweiss Multi Strategy Funds Management Private Limited

Statement of Profit and Loss

(Currency : Indian Rupees)

	Note	For the year ended 31 March 2018	For the year ended 31 March 2017
Revenue from operations			
Fee and commission income	2.16	250,511,257	91,665,042
Income from treasury operations and investments	2.17	6,030,949	(28,423,059)
Interest income	2.18	62,491,935	46,375,158
Other income	2.19	319,104	567,692
Total revenue		319,353,245	110,184,833
Expenses			
Employee benefit expenses	2.20	55,851,068	55,023,807
Finance costs	2.21	71,581,341	43,229,326
Depreciation and amortization expenses	2.7	1,210,880	1,243,263
Other expenses	2.22	151,143,037	71,386,214
Total expenses		279,786,326	170,882,610
Profit/(Loss) before tax		39,566,919	(60,697,777)
Tax expense:			
Income tax		7,068,085	-
MAT credit entitlement		(6,872,444)	-
Deferred tax charge/(benefit)		(336,488)	471,222
Profit / (Loss) for the year		39,707,766	(61,168,999)
Earnings per equity share:			
Basic and diluted (face value Rs. 10 each)	2.25	3.00	(6.30)

Significant accounting policies and notes to financial statements 1 & 2

The notes referred above form an integral part of the financial statements

As per our report of even date attached

For A.M. Jain & Co.

Chartered Accountants

Firm Registration No.: 103883W



(C.A Arun Kumar Jain)

Partner

Membership No.: 038983

Mumbai

27 Apr 2018



For and on behalf of the Board of Directors



Anurag Madan

Director

DIN: 00010324



Vinitha Puthanpurakkal

Chief Financial officer



Nikhil Johari

Director

DIN: 01960539



Dipak Kumar K. Shah

Company Secretary

Edelweiss Multi Strategy Funds Management Private Limited
Cash flow statement for the year ended 31 March 2018

(Currency: Indian Rupees)

	For the year ended 31 March 2018	For the year ended 31 March 2017
A Cash flow from operating activities		
Profit/(Loss) before taxation	39,566,919	(60,697,777)
Adjustments for		
Depreciation and amortization expenses	1,210,880	1,243,263
Loss / (Profit) on sale of fixed assets	7,300	(2,742)
Gratuity and compensated expenses	758,947	(1,754,023)
Interest expense	71,397,859	43,211,129
Share of (profit) / loss in partnership firm	(6,030,949)	28,423,059
Interest Income	(62,491,935)	(46,375,158)
Operating cash flow before working capital changes	44,419,021	(35,952,249)
Adjustments for		
(Increase) / Decrease in trade receivable	(36,008,327)	14,684,823
Increase in other loans and advances	(32,742,407)	(54,035,224)
(Increase)/Decrease in liabilities and provisions	(690,529,725)	713,968,288
Cash (used in) / generated from operations	(759,280,459)	674,617,888
Income tax	(5,835,323)	3,627,636
Net cash (used in) / generated from operating activities - A	(720,696,761)	642,293,275
B Cash flow from investing activities		
Purchase of fixed assets	(1,246,587)	(1,068,005)
Sale of fixed assets	562,207	-
Interest received	64,893,468	43,300,615
Maturity of clients fixed deposit	102,887,568	111,439,539
Contribution in LLP through partner's current account	(28,423,001)	(30,221,626)
Loans given (net) (Refer note 2)	(112,735,104)	(149,682,766)
Net cash generated from / (used in) investing activities - B	25,938,551	(26,232,243)
C Cash flow from financing activities		
Proceeds from issue of share capital	-	70,000,000
Proceeds from / Repayment of short term/long term borrowings (net)	387,608,044	117,856,414
Interest paid	(70,735,430)	(43,802,290)
Net cash generated from financing activities - C	316,872,614	144,054,124
Net (Decrease) / Increase in cash and cash equivalents (A+B+C)	(377,885,596)	760,115,156
Cash and cash equivalents as at the beginning of the year	833,225,367	73,110,211
Cash and cash equivalents as at the end of the year (refer note 1)	455,339,771	833,225,367
Notes:		
1 Cash and cash equivalents represent cash and balances with banks in current account		
Cash and cash equivalents include the following:		
Balances with scheduled banks:		
Cash in hand	40,065	3,464
In current accounts	455,299,706	833,221,903
Cash and cash equivalents	455,339,771	833,225,367
2 Net figures have been reported on account of volume of transactions.		

As per our report of even date attached.

For A.M. Jain & Co.
Chartered Accountants
Firm Registration No.: 103883W

(C.A Arun Kumar Jain)
Partner
Membership No.: 038983
Mumbai
27 April 2018



For and on behalf of the Board of Directors

Anurag Madan
Director
DIN: 00010324

Vinod Puthanpurakkal
Chief Financial officer

Nikhil Johari
Director
DIN: 01960539

Dipak Kumar K. Shah
Company Secretary

Edelweiss Multi Strategy Funds Management Private Limited

Notes to the financial statements for the year ended 31 March 2018

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, (hereinafter referred to as 'the Act') and the Schedule III to the Act. The financial statements are presented in Indian rupees.

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.

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.



Edelweiss Multi Strategy Funds Management Private Limited
Notes to the financial statements for the year ended 31 March 2018

1. Significant accounting policies (*Continued*)

1.4 Revenue recognition

- Fee income including advisory fees is accounted for on an accrual basis in accordance with the terms and contracts entered into between the Company and the counterparty.
- Brokerage income on mutual fund broking business is recognised as per contracted rates at the execution of transactions on behalf of the customers.
- Income from treasury operations comprises of profit/loss on sale of securities and the profit/loss on sale of securities is determined based on the first In first out method.
- Profit/loss earned on sale of investments is recognised on trade date basis. Profit/loss on sale of investments is determined based on the first In first out method.
- Interest income is recognised on accrual basis.
- Dividend income is recognised when the right to receive payment is established.
- Profit / loss from share in partnership firm is accounted for once the amount of the share of profit / loss is ascertained and credited / debited to the company's account in the books of the partnership firm.

1.5 Foreign currency transactions

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transaction. Exchange differences, if any arising out of transactions settled during the year are recognised in the statement of profit and loss of the year.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date. The resultant exchange differences, if any, are recognised in the statement of profit and loss and related assets and liabilities are accordingly restated in the balance sheet.

1.6 Stock-in-trade

- Stock is valued at cost or market value whichever is lower on FIFO basis.

1.7 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.
- 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



Edelweiss Multi Strategy Funds Management Private Limited
Notes to the financial statements for the year ended 31 March 2018

1. Significant accounting policies (Continued)

investments in mutual funds, the net asset value of units declared by the mutual funds is considered as the fair value.

1.8 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 the equity shareholders by the weighted average number of equity shares outstanding during the year.

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

1.9 Fixed assets and depreciation

Tangible fixed assets and Capital work in progress

Tangible fixed assets acquired by the Company are reported at acquisition cost, with deductions for accumulated depreciation and impairment losses, if any. The cost of fixed assets comprises purchase price and any attributable cost of bringing the asset to its working condition for its intended use at the reporting date.

Depreciation is provided on a written down value basis from the date the asset is ready for its intended use or put to use whichever is earlier. In respect of assets sold, depreciation is provided upto the date of disposal.

As per the requirement of Schedule II of the Companies Act, 2013, the Company has evaluated the estimated useful lives of the respective fixed assets which are as per the provisions of Part C of the Schedule II of the Act for calculating the depreciation. The estimated useful lives of the fixed assets are as follows:

Class of assets	Useful Life
Furniture and fixtures	10 years
Motor vehicle	8 years
Office equipments	5 years
Computers - Servers and networks	6 years
Computers - End user devices, such as desktops, laptops, etc.	3 years

Leasehold improvements are amortized on a straight-line basis over the estimated useful lives of the assets or the period of lease whichever is shorter.



Edelweiss Multi Strategy Funds Management Private Limited
Notes to the financial statements for the year ended 31 March 2018

1. Significant accounting policies (*Continued*)

Intangible fixed assets

Intangibles such as software are amortised over a period of 3 years based on its estimated useful life.

1.10 Employee benefits

The accounting policy followed by the Company in respect of its employee benefit schemes in accordance with Accounting Standard 15 (revised 2005), is set out below:

Provident fund

The Company contributes to a recognized provident fund which is a defined contribution scheme. The contributions are accounted for on an accrual basis and recognized in the statement of profit and loss.

Gratuity

Every employee is entitled to a benefit equivalent to 15 days salary last drawn for each completed year of service in line with The Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Company or retirement, whichever is earlier. The benefits vest after five years of continuous service. The Company's gratuity scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefits scheme is calculated by estimating the amount of future benefit that the employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine its present value and the fair value of any plan assets, if any, is deducted.

The present value of the obligation under such benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at present values of estimated future cash flows. The discounted rates used for determining the present value are based on the market yields on government securities as at the balance sheet date.

Actuarial gains and losses arising from experience adjustments and change in actuarial assumptions are recognized in the statement of profit and loss in the period in which they arise.

Compensated leave absences

The eligible employees of the Company are permitted to carry forward certain number of their annual leave entitlement to subsequent years, subject to a ceiling. The Company recognises the charge to statement of profit and loss of the year and corresponding liability on account of such non-vesting accumulated leave entitlement based on a valuation by an independent actuary. The costs of providing annual leave benefits are determined using the projected unit credit method.



Edelweiss Multi Strategy Funds Management Private Limited
Notes to the financial statements for the year ended 31 March 2018

1. Significant accounting policies (*Continued*)

1.11 Taxation

Income Tax expense comprises of current tax (i.e. amount of tax for the year determined in accordance with the Income Tax Act, 1961) and deferred tax charge or benefit (reflecting the tax effect of timing differences between accounting income and taxable income for the year).

Current tax

Provision for current tax is recognised based on estimated tax liability computed after adjusting for allowances, disallowances and exemptions in accordance with the Income Tax Act, 1961.

1.11 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 at 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 with convincing evidence of realisation of the assets. Deferred tax assets are reviewed 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.

Minimum alternative tax (MAT) credit

MAT credit asset is recognized where there is convincing evidence that the asset can be realized in future. MAT credit assets are reviewed at each balance sheet date and written down or written up to reflect the amount that is reasonably certain to be realised.

1.12 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.



Edelweiss Multi Strategy Funds Management Private Limited
Notes to the financial statements for the year ended 31 March 2018

1. Significant accounting policies (*Continued*)

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.

1.13 *Borrowing Costs*

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Interest cost in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan.

1.14 *Cash and cash equivalents*

Cash and cash equivalents includes cash in hand, demand deposits with banks and other fixed deposits with bank with original maturities of three months or less.



Edelweiss Multi Strategy Funds Management Private Limited

Notes to the financial statements (Continued)

(Currency : Indian Rupees)

2.1 Share capital

Authorised:

13,250,000 (Previous year: 13,250,000) equity shares of Rs. 10 each

As at
31 March 2018

As at
31 March 2017

132,500,000 132,500,000

Issued, subscribed and paid up:

13,214,644 (Previous year: 13,214,644) equity shares of Rs. 10 each, fully paid-up

132,146,440 132,146,440

132,146,440 132,146,440

Note:

The entire paid-up share capital is held by Edelweiss Financial Services Limited, the holding company and its nominee.

Reconciliation of number of equity shares outstanding:

Number of shares outstanding at the beginning of the year

Shares issued during the year

Number of shares at the end of the year

No. of Shares No. of Shares

13,214,644 6,214,644

- 7,000,000

13,214,644 13,214,644

Reconciliation of equity share capital:

Share capital at the beginning of the year

Share capital issued during the year

Share capital at the end of the year

Amount Amount

132,146,440 62,146,440

- 70,000,000

132,146,440 132,146,440

Disclosure pursuant to share in the company held by each shareholder holding more than 5%

Name of Shareholder	31 March, 2018		31 March, 2017	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Edelweiss Financial Services Limited and its nominees	13,214,644	100.00%	13,214,644	100.00%

Terms/rights attached to Equity Shares:

The Company has only one class of Equity Shares having a par value of Rs. 10. Each holder of equity shares is entitled to one vote per share held. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

2.2 Reserves and surplus

Securities premium account

Opening balance

Add: Security premium credited on share issue

8,420,417 8,420,417

- -

Closing balance

8,420,417 8,420,417

Balance in Profit and Loss

Add: Profit/(Loss) for the year

(95,346,724) (34,177,725)

39,707,767 (61,168,999)

(55,638,956) (95,346,724)

Net balance in statement of profit and loss

(47,218,539) (86,926,307)



Notes to the financial statements (Continued)

(Currency : Indian Rupees)

	As at 31 March 2018	As at 31 March 2017
2.3 Long-term provisions		
Provision for employee benefits		
Gratuity	1,536,000	941,532
Compensated leave absences	322,000	193,000
	<u>1,858,000</u>	<u>1,134,532</u>
2.4 Short-term borrowings		
<i>Unsecured</i>		
<i>Loans and advances from related parties:</i>	715,478,093	327,870,049
	<u>715,478,093</u>	<u>327,870,049</u>
2.5 Other current liabilities		
Interest accrued and due on borrowings	1,042,427	379,999
Accrued salaries and benefits	15,650,957	15,910,820
TDS, service tax and other taxes payable	6,385,757	6,016,214
Client Fixed Deposit placements	91,534,626	194,422,194
Investment in partnership firm payable	-	28,323,061
Advances from customer	10,159,472	54,860,689
	<u>124,773,239</u>	<u>299,912,978</u>
2.6 Short-term provisions		
Provision for employee benefits		
Gratuity	214,167	112,445
Compensated leave absences	82,947	47,000
Others		
Provision for taxation	7,043,346	-
	<u>7,340,460</u>	<u>159,445</u>



Edelweiss Multi Strategy Funds Management Private Limited

Notes to the financial statements *(Continued)*

(Currency : Indian Rupees)

2.7 Fixed assets

Description of Assets	Gross Block				Depreciation				Net Block	
	As at 1 April 2017	Additions during the year	Deductions during the year	As at 31 March 2018	As at 1 April 2017	Additions during the year	Deductions during the year	As at 31 March 2018	As at 31 March 2018	As at 31 March 2017
Tangible assets										
Furniture & Fixtures	24,300	-	-	24,300	24,294	-	-	24,294	6	6
Office equipments	62,101	-	39,725	22,377	48,477	5,026	35,821	17,683	4,694	13,624
Computers	2,242,090	1,173,515	260,948	3,154,658	1,399,545	890,324	258,074	2,031,795	1,122,863	842,545
Vehicles	1,145,645	-	1,145,645	(0)	535,969	46,948	582,917	0	(0)	609,676
Total : A	3,474,136	1,173,515	1,446,318	3,201,335	2,008,285	942,298	876,811	2,073,773	1,127,562	1,465,850
Intangible assets										
Computer software	1,533,315	73,072	-	1,606,387	1,207,529	268,582	-	1,476,111	130,276	325,786
Total : B	1,533,315	73,072	-	1,606,387	1,207,529	268,582	-	1,476,111	130,276	325,786
Grand Total [A+B]	5,007,451	1,246,587	1,446,318	4,807,722	3,215,814	1,210,880	876,811	3,549,884	1,257,839	1,791,637
Previous Year	4,003,042	1,092,055	87,646	5,007,451	2,038,889	1,243,263	66,339	3,215,814	1,791,637	1,964,153



Edelweiss Multi Strategy Funds Management Private Limited

Notes to the financial statements (Continued)

(Currency : Indian Rupees)

2.8 Non-current investments

	As at 31 March 2018			As at 31 March 2017		
	Face Value	Quantity	Amount	Face Value	Quantity	Amount
Share in Edelweiss India Capital Management	USD 1	111,324	6,661,695	USD 1	111,324	6,661,695
Investment in Edelweiss Multi Strategy Fund Advisors LLP	-	-	6,130,889	-	-	-
	-	111,324	12,792,584	-	111,324	6,661,695
Aggregate of unquoted investment						
- At book value			12,792,584			6,661,695

(a)	Partnership firm	Total Capital	31st March 2018	31st March 2017
	Edelweiss Multi Strategy Fund Advisors LLP	Rs. 100,000 (Previous year Rs. 1,00,000)		
		Edelweiss Multi Strategy Funds Management Pvt Ltd	99.94%	99.998%
		Vishal Madia	0.01%	0.002%
		Edelweiss Commodities Services Limited	0.01%	0.000%
		Edelweiss Capital Markets Limited	0.01%	0.000%
		Edel Investments Limited	0.01%	0.000%
		Edelweiss Investment Adviser Limited	0.01%	0.000%
		Edel Land Limited	0.01%	0.000%
	Share of profit / loss			



Edelweiss Multi Strategy Funds Management Private Limited

Notes to the financial statements (Continued)

(Currency : Indian Rupees)

	As at 31 March 2018	As at 31 March 2017
2.9 Deferred tax assets (net)		
Deferred tax assets		
Difference between book and tax depreciation	162,834	26,059
Disallowances under section 43B of the Income Tax Act, 1961	599,552	399,839
	<u>762,386</u>	<u>425,898</u>
2.10 Long-term loans and advances		
Other loans and advances		
Advance income taxes/TDS	8,187,552	5,486,619
	<u>8,187,552</u>	<u>5,486,619</u>
2.11 Stock-in-trade		
Securities		
Mutual funds (unquoted)	16	16
	<u>16</u>	<u>16</u>



Notes to the financial statements (*Continued*)

(Currency : Indian Rupees)

2.11(i) Stock-in-trade (continued)

Details of stock-in-trade

	As at 31 March 2018			As at 31 March 2017		
	Face Value	Quantity	Amount	Face Value	Quantity	Amount
<u>Liquid Bees</u>						
Goldman Sachs Mutual fund (Liquid Bees)		0.016	16		0.016	16
Total			<u>16</u>			<u>16</u>
Aggregate amount of unquoted investments						
- At book value			16			16
- Net asset value			16			16



Notes to the financial statements (Continued)

(Currency : Indian Rupees)

2.12 Trade receivables

	As at 31 March 2018	As at 31 March 2017
Other debts		
Unsecured, considered good	68,245,256	32,236,929
	<u>68,245,256</u>	<u>32,236,929</u>
Out of above, trade receivables from related parties	14,670,111	1,011,873

2.13 Cash and bank balances

Cash and cash equivalents		
Cash in hand	40,064	3,464
Balances with banks		
- in current accounts	455,299,706	833,221,903
Other bank balances		
- in fixed deposits with bank including accrued interest	91,545,918	194,433,486
	<u>546,885,688</u>	<u>1,027,658,852</u>

2.14 Short-term loans and advances

Unsecured, considered goods		
Loans and advances to related parties	514,798,870	402,063,767
Loans and advances to others	910,507	910,507
Other loans and advances		
Prepaid expenses	118,350,259	84,099,856
Loans and advances to employees	61,057	113,200
Vendor advances	419,952	295,180
Cenvat and VAT assets	5,637,414	5,202,030
Advance income tax /TDS	3,125,327	15,677
MAT credit entitlement	7,454,676	582,232
Advances recoverable in cash or in kind or for value to be received	247,000	2,263,008
	<u>651,005,062</u>	<u>495,545,457</u>

2.15 Other current assets

Accrued interest on loans given	2,863,225	5,264,758
	<u>2,863,225</u>	<u>5,264,758</u>



Edelweiss Multi Strategy Funds Management Private Limited

Notes to the financial statements (Continued)

(Currency : Indian Rupees)

For the year ended
31 March 2018

For the year ended
31 March 2017

2.16 Fee and commission income

Advisory and other fees

250,511,257 91,665,042

250,511,257 91,665,042

2.17 Income from treasury operations and investments

Share of profit / (loss) in partnership firm (net)

6,030,949 (28,423,059)

6,030,949 (28,423,059)

2.18 Interest income

Interest on loan to body corporate

- 5,734,341

Interest on loan to LLP

51,120,138 21,479,662

On fixed deposits

11,371,797 19,161,156

62,491,935 46,375,158

2.19 Other income

Profit on sale of fixed assets (net)

- 2,742

Interest Income - Others

319,104 564,950

319,104 567,692



Edelweiss Multi Strategy Funds Management Private Limited

Notes to the financial statements (Continued)

(Currency : Indian Rupees)

For the year ended
31 March 2018

For the year ended
31 March 2017

2.20 Employee benefit expenses

Salaries and wages	53,134,667	52,845,454
Contribution to provident and other funds	1,857,615	1,301,794
Staff welfare expenses	858,786	876,559
	<u>55,851,068</u>	<u>55,023,807</u>

2.21 Finance costs

Interest expense	59,974,989	24,044,177
Interest - others (client)	11,422,870	19,166,952
Interest on shortfall in payment of advance income tax	170,902	-
Financial and bank charges	12,580	18,197
	<u>71,581,341</u>	<u>43,229,326</u>

2.22 Other expenses

Advertisement and business promotion	7,860,980	512,379
Auditors' remuneration	114,920	97,200
Bad- debts written off	351	-
Communication	112,651	85,095
Computer expenses	125,505	88,718
Computer software	402,041	139,240
Clearing and custodian charges	4,431,126	8,132
Electricity charges	673,057	452,292
Foreign exchange loss (net)	-	4,005
Legal and professional fees	11,398,540	2,469,572
Loss on sale/ write-off of fixed assets (net)	7,300	-
Membership and subscription	1,923,303	893,012
Office expenses	422,252	286,295
Printing and stationery	2,682,119	1,001,112
Rates and taxes	3,046,749	3,267,289
Rent	7,569,487	3,043,023
Repairs and maintenance - others	1,172,518	476,598
ROC expenses	-	321,800
Seminar & Conference	-	43,691
Service tax expenses	256,706	626,147
Travelling and conveyance	2,364,451	2,300,440
Miscellaneous expenses	567,421	16,659
Selling & Distribution expenses	105,945,001	55,253,515
Housekeeping and security charges	66,559	-
	<u>151,143,037</u>	<u>71,386,214</u>



Edelweiss Multi Strategy Funds Management Private Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees)

2.23 Segment reporting

Primary segment (Business segment)

The Company's business is organised and management reviews the performance based on the business segments as mentioned below:

Segment	Activities covered
Capital based business	Income from treasury operations, income from investments, Interest Income on Loan
Agency business	Income from Management fees, Advisory Fees, Brokerage Mutual Fund

Income for each segment has been specifically identified. Expenditure, assets and liabilities are either specifically identified with individual segments or have been allocated to segments on a systematic basis.

Based on such allocations, segment disclosures relating to revenue, results, assets and liabilities have been prepared.

Secondary segment

Since the business operations of the Company are primarily concentrated in India, the Company is considered to operate only in the domestic segment and therefore there is no reportable geographic segment.

The following table gives information on segment assets and liabilities as at March 31, 2018 and the segment revenue, expenses and result for the year ended on that date:

	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
I	Segment revenue		
	a) Capital based business	57,151,087	(1,209,057)
	b) Agency business	261,883,054	111,393,890
	c) Unallocated	319,104	-
	Total	319,353,245	110,184,833
	Less : Inter Segment Revenue	-	-
	Total Income	319,353,245	110,184,833
II	Segment results		
	a) Capital based business	(2,895,562)	(25,298,290)
	b) Agency business	45,373,608	(35,381,289)
	c) Unallocated	(2,911,127)	(18,198)
	Total	39,566,919	(60,697,777)
	Profit before taxation	39,566,919	(60,697,777)
	Less : Income tax	7,068,085	-
	Less : MAT credit entitlement	(6,872,444)	-
	Less : Deferred Tax	(336,488)	471,222
	profit after taxation	39,707,766	(61,168,999)
	Particulars	As at March 31, 2018	As at March 31, 2017
III	Segment assets		
	a) Capital based business	986,664,907	1,248,122,645
	b) Agency business	280,127,280	320,435,326
	c) Unallocated	25,207,419	6,513,890
	Total	1,291,999,606	1,575,071,861
IV	Segment liabilities		
	a) Capital based business	723,563,867	328,250,049
	b) Agency business	477,122,083	1,195,585,464
	c) Unallocated	6,385,757	6,016,214
	Total	1,207,071,707	1,529,851,727
V	Capital expenditure (Including capital work-in-progress)		
	a) Capital based business	-	-
	b) Agency business	1,246,587	1,092,055
	c) Unallocated	-	-
	Total	1,246,587	1,092,055
	Particulars	As at March 31, 2018	As at March 31, 2017
VI	Depreciation and amortisation		
	a) Capital based business	-	-
	b) Agency business	1,210,880	1,243,263
	c) Unallocated	-	-
	Total	1,210,880	1,243,263
VII	Significant non-cash expenses other than depreciation and amortisation		
	a) Capital based business	-	-
	b) Agency business	759,298	390,977
	c) Unallocated	-	-
	Total	759,298	390,977



Notes to the financial statements (Continued)

(Currency: Indian Rupees)

2.24 Related parties

In accordance with Accounting Standard 18 on Related Party Transaction notified under section 133, of the companies act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.

i. List of related parties and relationship:

Name of related parties by whom control is exercised	Edelweiss Financial Services Limited (Holding Company)
Fellow Subsidiaries (with whom transactions have taken place)	Edelweiss Commodities Services Limited Edelweiss Asset Management Limited Edelweiss Business Services Limited Edelweiss Broking Limited Edelweiss Global Wealth Management Limited Edelweiss Custodial Services Limited ECL Finance Limited Edelweiss Securities Limited ECap Equities Limited Edelweiss Asset Reconstruction Company Limited Edelweiss Agri Value Chain Limited Edel Commodities Limited Edelweiss Alternative Asset Advisors Limited
Subsidiary	Edelweiss India Capital Management
Limited Liability Partnership Firm	Edelweiss Multi Strategy Fund Advisors LLP
Key Management Personnel (with whom transactions have taken place)	Rashida Kalolwala (w.e.f December 01, 2016)
Enterprise over which significant influence is exercised	Edelweiss Alternative Equity Fund

ii. Transactions with related parties :

Sr. No.	Nature of Transaction	Related Party Name	Amount 31 March 2018	Amount 31 March 2017
	Capital Account transaction during the year			
1	Issue of equity share capital to	Edelweiss Financial Services Limited	-	70,000,000
	Current Account Transaction during the year			
2	Share of Profit / (Loss) in partnership firm	Edelweiss Multi Strategy Fund Advisors LLP	6,030,949	(28,423,059)
3	Short term loans taken from (Refer note below)	Edelweiss Financial Services Limited Edelweiss Commodities Services Limited Edel Commodities Limited	- 571,103,037 2,629,000	3,378,947 238,407,765 -
4	Short term loans repaid to (Refer note below)	Edelweiss Financial Services Limited Edelweiss Commodities Services Limited Edel Commodities Limited	111,192,582 72,302,410 2,629,000	102,200,000 21,730,298 -
5	Short term Loans given to (Refer note below)	Edelweiss Commodities Services Limited Edelweiss Multi Strategy Fund Advisors LLP	- 204,395,287	22,200,000 574,256,465
6	Short term Loans repaid by (Refer note below)	Edelweiss Commodities Services Limited Edelweiss Multi Strategy Fund Advisors LLP	- 91,660,184	159,135,000 269,738,698
7	Cost reimbursements paid to	Edelweiss Commodities Services Limited Edelweiss Business Services Ltd Edelweiss Broking Limited Edelweiss Financial Services Limited Eternity Business Centre Limited Edelweiss Securities Limited ECap Equities Limited Edelweiss Multi Strategy Fund Advisors LLP	38,935,129 1,187,990 - - - 5,449 72,335 292,663	3,049,609 34,462 326,338 362,997 119,368 - - -
8	Interest expenses on loan taken from	Edelweiss Financial Services Limited Edelweiss Commodities Services Limited	4,665,699 55,309,290	17,623,579 6,420,598
9	Cost reimbursements recovered from	Edelweiss Multi Strategy Fund Advisors LLP	-	862,110
10	Interest income on loans given to	Edelweiss Commodities Services Limited Edelweiss Multi Strategy Fund Advisors LLP	- 51,120,138	5,734,341 20,243,333



Notes to the financial statements (Continued)

(Currency: Indian Rupees)

2.24 Related Parties (continued)

ii. Transactions with related parties (continued)

Sr. No.	Nature of Transaction	Related Party Name	Amount 31 March 2018	Amount 31 March 2017
11	Reimbursement paid to	Edelweiss Financial Services Limited	155,327	-
		Edelweiss Commodities Services Limited	5,483,641	15,823,647
		Edelweiss Business Services Ltd	6,234,878	11,878,918
		Edelweiss Multi Strategy Fund Advisors LLP	-	8,898,781
		ECap Equities Limited	132,533	-
		Edelweiss Asset Management Limited	2,642,462	-
		Edelweiss Securities Limited	49,126	-
		Edelweiss Custodial Services Limited	18,712	-
12	Reimbursement received from	Edelweiss Multi Strategy Fund Advisors LLP	905,216	-
		Edelweiss Commodities Services Limited	274,000	-
		Edelweiss Financial Services Limited	1,469,370	-
		Edelweiss Asset Management Limited	562,206	-
		Edelweiss Agri Value Chain Limited	23,000	-
		Edelweiss Broking Limited	1,000	-
		Edelweiss Business Services Limited	100,864	-
13	Commission and brokerage paid to	Edelweiss Securities Limited	72,152	-
		Edelweiss Broking Limited	4,180,046	116,507
		Edelweiss Global Wealth Management Limited	53,278,667	24,618,227
		ECL Finance Limited	-	1,558,479
14	Custodian Fees paid to	Edelweiss Custodial Services Limited	213,559	-
15	Processing fees paid to	Edelweiss Business Services Ltd	-	9,020
16	Remuneration paid to	Key Management Personnel	4,257,408	555,250
	Balances with Related Parties			
17	Investment in Equity Shares	Edelweiss India Capital Management	6,661,695	6,661,695
18	Current account - (debit balance)/Credit Balance	Edelweiss Multi Strategy Fund Advisors LLP	99,940	-28,323,062
19	Short term loans taken from (Refer note below)	Edelweiss Financial Services Limited	-	111,192,582
		Edelweiss Commodities Services Limited	715,478,094	216,677,467
20	Trade payables to	Edelweiss Commodities Services Limited	749,105	194,286
		Edelweiss Business Services Ltd	2,732,657	45,656
		Edelweiss Broking Limited	1,784,990	-
		Edelweiss Global Wealth Management Limited	-	62,663,021
		ECL Finance Limited	-	1,714,326
		Edelweiss Asset Management Limited	2,870,368	-
		Edelweiss Business Services Limited	-	-
		Edelweiss Securities Limited	18,138	-
		ECap Equities Limited	11	-
		Edelweiss Multi Strategy Fund Advisors LLP	20,000	-
		Edelweiss Financial Services Limited	397,608	-
21	Advances payable to	Edelweiss Asset Management Limited	-	1,714,000
22	Interest payable on loans taken from	Edelweiss Commodities Services Limited	1,042,427	1,733,908.00
		Edelweiss Financial Services Limited	-	1,486,942
23	Short term loans given to	Edelweiss Multi Strategy Fund Advisors LLP	514,798,870	402,063,767
24	Receivable from	Edelweiss Multi Strategy Fund Advisors LLP	2,863,225	905,216
		Edelweiss Broking Limited	-	1,013
		Edelweiss Financial Services Limited	-	105,657
		Edelweiss Asset Reconstruction Company Limited	68,545	68,545
25	Advances receivable from	Edelweiss Commodities Services Limited	-	9,000
		Edelweiss Agri Value Chain Limited	-	23,000
		Edelweiss Alternative Asset Advisors Limited	32,000	-
		Edelweiss Asset Management Limited	182,000	-
26	Accrued interest on loans given to	Edelweiss Multi Strategy Fund Advisors LLP	-	5,264,758
27	Nomination deposits payable to	Edelweiss Financial Services Limited	100,000	100,000
28	Short Term Loans & Advances (Prepaid Referral Fees) paid to	Edelweiss Broking Limited	9,189,232	-
		Edelweiss Global Wealth Management Limited	85,836,140	-
		Edelweiss Securities Limited	401,848	-

Note (1): Loan given/taken to/from parties placed / refund received with/ from related parties are disclosed based on the maximum incremental amount given/taken and placed / refund received during the reporting period.

Note (2): Information relating to remuneration paid to key managerial person mentioned above excludes provision made for gratuity, leave encashment and deferred bonus which are provided for group of employees on an overall basis. These are included on cash basis. The variable compensation included herein is on cash basis.



Edelweiss Multi Strategy Funds Management Private Limited

Notes to the financial statements for the year ended 31 March 2018 (Continued)

(Currency: Indian Rupees)

2.25 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:

	Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
(a)	Profit after tax (as per statement of profit and loss)	39,707,766	(61,168,999)
	Less: dividend on preference share capital	-	-
	Net profit for the year attributable to equity shareholders	39,707,766	(61,168,999)
(b)	Calculation of weighted average number of equity Shares of Rs. 10 each		
	Number of shares outstanding at the beginning of the year	13,214,644	6,214,644
	Number of Shares issued during the year	-	7,000,000
	Total number of equity shares outstanding at the end of the year	13,214,644	13,214,644
	Weighted average number of equity shares outstanding during the year (based on the date of issue of shares)	13,214,644	9,707,795
(c)	Basic and diluted earnings per share (in rupees) (a)/(b)	3.00	(6.30)

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

2.26 Auditors' remuneration

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
As Auditors (Stat. Audit)	79,200	72,000
As Auditors (Other)	35,720	25,200
Total	114,920	97,200



Edelweiss Multi Strategy Funds Management Private Limited

Notes to the financial statements for the year ended 31 March 2018 (Continued)

(Currency: Indian Rupees)

2.27 Foreign currency transaction

The Company has undertaken the following transactions in foreign currency during the year.

Particulars	For the year ended 31 March 2018 (USD)	For the year ended 31 March 2017 (USD)
Travel Expenses - Foreign - Conveyance	-	19,943
Salaries & Bonus - Stipends	504	-

2.28 Details of purchase, sale and change in stock in trade (continued):

Securities

Particulars	For the year ended 31 March 2018 Amount (Rs.)	For the year ended 31 March 2017 Amount (Rs.)
<u>Opening stock</u>		
Liquid Bees	16	16
Equity shares	-	-
	16	16
<u>Purchase</u>		
Liquid Bees	-	-
Equity shares	-	-
	-	-
<u>Sales/written off</u>		
Liquid Bees	-	-
Equity shares	-	-
	-	-
<u>Closing stock</u>		
Liquid Bees	16	16
Equity shares	-	-
	16	16
Profit / (loss) on sale of securities (net)	-	-



Edelweiss Multi Strategy Funds Management Private Limited

Notes to the financial statements for the year ended 31 March 2018 (Continued)

(Currency: Indian Rupees)

2.29 Disclosure pursuant to Accounting Standard 15 (Revised) - Employee Benefits:

A) Defined contribution plan (provident fund)

Amount of Rs. 1,856,137 (Previous year: Rs. 1,301,252) is recognised as expenses and included in "employee benefit" – Note 2.20 in the statement of profit and loss.

(B) Defined benefit plan (gratuity):

The following tables summarise the components of the net employee benefit expenses recognised in the statement of profit and loss and amounts recognised in the balance sheet for the gratuity benefit plan.

Statement of profit and loss of the year

Net employee benefit expenses (recognised in employee cost):

	For the year ended 31 March 2018	For the year ended 31 March 2017
Current service cost	413,000	240,977
Interest Cost	85,000	49,000
Actuarial Loss/(Gain)	96,000	101,000
Total included in employee benefit expenses	594,000	390,977

Balance sheet

Details of provision for gratuity:

	For the year ended 31 March 2018	For the year ended 31 March 2017
Liability at the end of the year	17,50,167	10,53,977
Amount in balance sheet	17,50,167	10,53,977

Non-current liability at the end of the year Rs. 15,36,000/- 9,41,532/-

Current liability at the end of the year Rs. 214,167/- 112,445/-

Amount recognised in the balance sheet:

	For the year ended			
	31 March 2018	31 March 2017	31 March 2016	31 March 2015
Liability at the end of the year	17,50,167	1,053,977	2,345,000	10,87,000
Fair value of plan assets at the end of year	-	-	-	-
Amount recognized in balance sheet	17,50,167	1,053,977	2,345,000	10,87,000



Edelweiss Multi Strategy Funds Management Private Limited

Notes to the financial statements for the year ended 31 March 2018 (Continued)

(Currency: Indian Rupees)

2.29 Disclosure pursuant to Accounting Standard 15 (Revised) - Employee Benefits (continued):

Experience adjustment:

	For the year ended			
	31 March 2018	31 March 2017	31 March 2016	31 March 2015
On plan liabilities (gain)/loss	144,000	68,000	308,158	-
Estimated contribution for next year	-	-	-	-

Principle actuarial assumptions at the balance sheet date:

	For the year ended 31 March 2018	For the year ended 31 March 2017
Discount rate current	7.3%	6.80%
Salary escalation current	7.00%	7.00%
Employees attrition rate	13%-25%	13%-25%

2.30 Contingent liabilities and commitments

- (i) The Company has capital commitments of Rs.25,716/- (Previous year: Rs. 10,000) as at the balance sheet date.
- (ii) The Company has no contingent liabilities as at the balance sheet date (Previous year: Rs. Nil).

2.31 Additional disclosure on Fixed deposits

The Company has pledged fixed deposits (including interest) with bank amounting to Rs. 91,545,918 (Previous year: Rs. 194,433,486) on behalf of the client for Initial Margin.

2.32 Cost sharing

Edelweiss Financial Services Limited, being the holding company along with fellow subsidiaries incurs expenditure like common senior management compensation cost (FY 2017-18), Group mediclaim, insurance, rent, electricity charges etc. which is for the common benefit of itself and its certain subsidiaries, fellow subsidiaries including the Company. This cost so expended is reimbursed by the Company on the basis of number of employees, time spent by employees of other companies, actual identifications etc. On the same lines, employees' cost expended (if any) by the Company for the benefit of fellow subsidiaries is recovered by the Company.



Edelweiss Multi Strategy Funds Management Private Limited

Notes to the financial statements for the year ended 31 March 2018 (Continued)

(Currency: Indian Rupees)

Accordingly, and as identified by the management, the expenditure heads in note 2.22 include reimbursements paid and are net of reimbursements received based on the management's best estimate.

2.33 Details of dues to micro and small enterprises

Trade Payables includes Rs. Nil (Previous year: Rs. Nil) payable to "Suppliers" registered under the Micro and Small Enterprises Development Act, 2006. No interest has been paid/is payable by the Company during the year to "Suppliers" registered under this act. The aforementioned is based on the responses received by the Company to its inquiries with suppliers with regard to applicability under the said act.

2.34 Dues to Investor Protection Fund

There are no amounts due and outstanding to be credited to Investor Education & Protection Fund as at March 31, 2018 ((Previous Year – Nil).

2.35 Previous year comparatives

Previous year figures have been regrouped and rearranged wherever necessary.

As per our report of even date attached.

For A.M.Jain and Co.
Chartered Accountants
Firm Registration No.: 103883W



(C.A Arun Kumar Jain)

Partner

Membership No.: 038983

Mumbai

Date: 27 April 2018



For and on behalf of the Board of Directors



Anurag Madan

Director

DIN No:00010324



Nikhil Johari

Director

DIN: 01960539



Vinitha Puthanpurakkal
Chief Financial Officer



Dipak Kumar K. Shah
Company Secretary