

**Edelweiss Multi Strategy Funds Management
Private Limited (Formerly known as Forefront
Capital Management Private Limited)**

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

**Edelweiss Multi Strategy Funds Management
Private Limited (Formerly known as Forefront
Capital Management Private Limited)**

Notes to the financial Statements

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A. M. JAIN & Co.
CHARTERED ACCOUNTANTS

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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, 2017, 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.

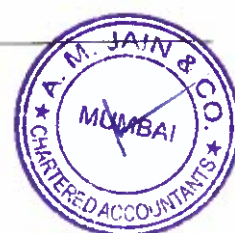
Management's Responsibility for the (Standalone) Financial Statements

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.

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.





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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, 2017, and its Loss and its Cash Flow for the year ended on that date.

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.

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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, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 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.
 - 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.

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- iv. The Company has provided requisite disclosure in its financial statements as to holdings as well as dealings in specified Bank Notes during the period from 8th November 2016 to 30th December 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 2.35 to the Financial Statement.

For and on behalf of

A.M.JAIN & Co

Chartered Accountants

Firm's registration number: 103883W

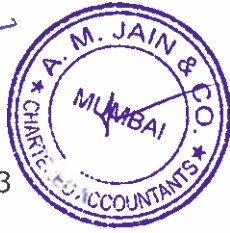
CA. ARUN KUMAR JAIN

Partner

Membership number: 038983

Place: MUMBAI

Date: 15.05.2017



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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, 2017:

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 programme 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 programme, 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 2017 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.

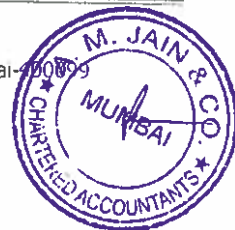
13) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial

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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: 15.05.2017

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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, 2017 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, 2017, 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

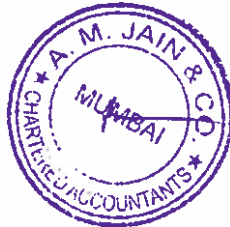
Chartered Accountants

Firm's registration number: 103883W

CA. ARUN KUMAR JAIN

Partner

Membership number: 038983



Place: MUMBAI

Date: 15.05.2017

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Edelweiss Multi Strategy Funds Management Private Limited
(Formerly known as Forefront Capital Management Private Limited)

Balance Sheet

(Currency : Indian Rupees)

		As at 31 March 2017	As at 31 March 2016
	Note		
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	2.1	132,146,440	62,146,440
(b) Reserves and surplus	2.2	(86,926,307)	(25,757,308)
		<u>45,220,133</u>	<u>36,389,132</u>
Non-current liabilities			
(a) Long-term provisions	2.3	1,134,532	2,650,000
Current liabilities			
(a) Short-term borrowings	2.4	327,870,049	210,013,635
(b) Trade payables			
Total outstanding dues of Micro, and Small enterprises	2.33	-	-
Total outstanding dues of creditors other than micro and small enterprises		900,774,723	96,108,083
(c) Other current liabilities	2.5	299,912,978	393,001,057
(d) Short-term provisions	2.6	159,445	398,000
		<u>1,528,717,195</u>	<u>699,520,775</u>
TOTAL		<u>1,575,071,860</u>	<u>738,559,907</u>
ASSETS			
Non-current assets			
(a) Fixed assets	2.7		
(i) Tangible assets		1,465,850	1,322,471
(ii) Intangible assets		325,786	641,682
(b) Non-current investments	2.8	6,661,695	6,661,695
(c) Deferred tax assets (net)	2.9	425,898	897,120
(d) Long-term loans and advances	2.10	5,486,619	8,112,471
		<u>14,365,848</u>	<u>17,635,439</u>
Current assets			
(a) Stock-in-trade	2.11	16	16
(b) Trade receivables	2.12	32,236,929	46,921,752
(c) Cash and bank balances	2.13	1,027,658,852	378,983,236
(d) Short-term loans and advances	2.14	495,545,457	292,829,250
(e) Other current assets	2.15	5,264,758	2,190,214
		<u>1,560,706,012</u>	<u>720,924,468</u>
TOTAL		<u>1,575,071,860</u>	<u>738,559,907</u>

Significant accounting policies and notes to the financial statements

1 & 2

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
15 May 2017



For and on behalf of the Board of Directors

Anurag Madan

Anurag Madan
Director
DIN: 00010324

Nalin Moniz

Nalin Moniz
Director
DIN: 02655536

Vinitha Puthanpurakkal

Vinitha Puthanpurakkal
Chief Financial officer

Dipak Kumar K. Shah

Dipak Kumar K. Shah
Company Secretary

Edelweiss Multi Strategy Funds Management Private Limited
(Formerly known as Forefront Capital Management Private Limited)

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			
Fee and commission income	2.16	91,665,042	51,350,740
Income from treasury operations and investments	2.17	(28,423,059)	(30,221,626)
Interest income	2.18	46,375,158	34,212,602
Other income	2.19	567,692	6,000
Total revenue		110,184,833	55,347,716
Expenses			
Employee benefit expenses	2.20	55,023,807	21,136,013
Finance costs	2.21	43,229,326	29,755,329
Depreciation and amortization expenses	2.7	1,243,263	1,238,745
Other expenses	2.22	71,386,214	30,398,425
Total expenses		170,882,610	82,528,512
Loss before tax		(60,697,777)	(27,180,796)
Tax expense:			
Income tax		-	1,271,914
MAT credit entitlement		-	(582,232)
Deferred tax charge/(benefit)		471,222	2,440,091
Loss for the year		(61,168,999)	(30,310,569)
Earnings per equity share:			
Basic and diluted (face value Rs. 10 each)	2.25	(6.30)	(13.38)

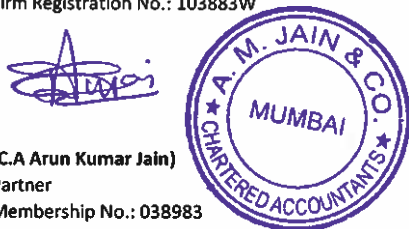
Significant accounting policies and notes to the financial statements

1 & 2

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
15 May 2017



For and on behalf of the Board of Directors

Anurag Madan

Anurag Madan
Director
DIN: 00010324

Nalin Moniz

Nalin Moniz
Director
DIN: 02655536

Vinitha Puthanpurakkal

Vinitha Puthanpurakkal
Chief Financial officer

Dipak Kumar K. Shah

Dipak Kumar K. Shah
Company Secretary

Edelweiss Multi Strategy Funds Management Private Limited
(Formerly known as Forefront Capital Management Private Limited)
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		
Loss before taxation	(60,697,777)	(27,180,796)
Adjustments for		
Depreciation and amortization expenses	1,243,263	1,238,745
Profit on sale of fixed assets	(2,742)	-
Gratuity and compensated expenses	(1,754,023)	1,812,000
Interest expenses	43,211,129	29,752,681
Share of loss in partnership firm	28,423,059	30,221,626
Interest Income	(46,375,158)	(34,212,602)
Operating cash flow before working capital changes	(35,952,249)	1,631,654
Adjustments for		
Decrease / (Increase) in trade receivable	14,684,823	(26,821,746)
Increase in other loans and advances	(54,035,224)	-
Increase in liabilities and provisions	713,968,288	335,976,131
Cash generated from operations	674,617,888	309,154,385
Income tax	3,627,636	(5,005,313)
Net cash generated from operating activities - A	642,293,275	305,780,726
B Cash flow from investing activities		
Purchase of fixed assets (net)	(1,068,005)	(2,484,412)
Interest received	43,300,615	32,943,961
Maturity / (Placement) of clients fixed deposit	111,439,539	(235,873,480)
Contribution in LLP through partner's current account	(30,221,626)	(4,097,174)
Loans given (net) (Refer note 2)	(149,682,766)	(182,695,317)
Net cash used in investing activities - B	(26,232,243)	(392,206,423)
C Cash flow from financing activities		
Proceeds from issue of share capital	70,000,000	40,000,000
Proceeds from / Repayment of short term/long term borrowings (net) (Refer note 2)	117,856,414	133,038,556
Interest paid	(43,802,290)	(29,010,870)
Net cash generated from financing activities - C	144,054,124	144,027,686
Net Increase in cash and cash equivalents (A+B+C)	760,115,156	57,601,989
Cash and cash equivalents as at the beginning of the year	73,110,211	15,508,222
Cash and cash equivalents as at the end of the year (refer note 1)	833,225,367	73,110,211
Notes:		
1 Cash and cash equivalents represent cash and balances with banks in current account		
Cash and cash equivalents include the following: (Refer note 2.13)		
Balances with scheduled banks:		
Cash in hand	3,464	28,479
In current accounts	833,221,903	73,081,732
Cash and cash equivalents	833,225,367	73,110,211

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
15 May 2017



For and on behalf of the Board of Directors

Anurag Madan

Anurag Madan
Director
DIN: 00010324

Vinitha Putthanpurakkal
Chief Financial officer

Nalin Moriz

Nalin Moriz
Director
DIN: 02655536

Dipak Kumar K. Shah
Company Secretary

Edelweiss Multi Strategy Funds Management Private Limited
(Formerly known as Forefront Capital Management Private Limited)

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

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.

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
(Formerly known as Forefront Capital Management Private Limited)

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

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



Edelweiss Multi Strategy Funds Management Private Limited
(Formerly known as Forefront Capital Management Private Limited)

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

1. Significant accounting policies (Continued)

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.

Intangible fixed assets

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



Edelweiss Multi Strategy Funds Management Private Limited
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Notes to the financial statements for the year ended 31 March 2017

1. Significant accounting policies (Continued)

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

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.

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.



**Edelweiss Multi Strategy Funds Management Private Limited
(Formerly known as Forefront Capital Management Private Limited)**

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

1. Significant accounting policies (*Continued*)

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 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.

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.



Edelweiss Multi Strategy Funds Management Private Limited
(formerly known as Forefront Capital Management Private Limited)

Notes to the financial statements (Continued)

(Currency : Indian Rupees)

2.1 Share capital

Authorised:

13,250,000 (Previous year: 6,250,000) equity shares of Rs. 10 each

As at
31 March 2017

As at
31 March 2016

132,500,000 62,500,000

Issued, subscribed and paid up:

13,214,644 (Previous year: 6,214,644) equity shares of Rs. 10 each, fully paid-up

132,146,440 62,146,440

132,146,440 62,146,440

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

6,214,644 2,214,644

7,000,000 4,000,000

13,214,644 6,214,644

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

62,146,440 22,146,440

70,000,000 40,000,000

132,146,440 62,146,440

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

Name of Shareholder	31 March, 2017		31 March, 2016	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Edelweiss Financial Services Limited and its nominees	13,214,644	100.00%	6,214,644	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

Closing balance

8,420,417 8,420,417

8,420,417 8,420,417

Deficit in statement of profit and loss

Add: Loss for the year

(34,177,725) (3,867,156)

(61,168,999) (30,310,569)

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

Net deficit in statement of profit and loss

(86,926,307) (25,757,308)



Edelweiss Multi Strategy Funds Management Private Limited
(formerly known as Forefront Capital Management Private Limited)

Notes to the financial statements (Continued)

(Currency : Indian Rupees)

	As at 31 March 2017	As at 31 March 2016
2.3 Long-term provisions		
Provision for employee benefits		
Gratuity	941,532	2,062,000
Compensated leave absences	193,000	588,000
	<u>1,134,532</u>	<u>2,650,000</u>
2.4 Short-term borrowings		
<i>Unsecured</i>		
Loans and advances from related parties:	327,870,049	210,013,635
	<u>327,870,049</u>	<u>210,013,635</u>
2.5 Other current liabilities		
Interest accrued and due on borrowings	379,999	971,160
Other payables		
Accrued salaries and benefits	15,910,820	23,500,000
TDS, service tax and other taxes payable	6,016,214	5,715,410
Client Fixed Deposit placements	194,422,194	305,861,733
Investment in partnership firm payable	28,323,061	30,121,628
Advances from customer	54,860,689	26,831,126
	<u>299,912,978</u>	<u>393,001,057</u>
2.6 Short-term provisions		
Provision for employee benefits		
Gratuity	112,445	283,000
Compensated leave absences	47,000	115,000
	<u>159,445</u>	<u>398,000</u>





**Edelweiss Multi Strategy Funds Management Private Limited
(formerly known as Forefront Capital Management Private Limited)**

Notes to the financial statements (Continued)

(Currency : Indian Rupees)

2.8 Non-current investments

	As at 31 March 2017			As at 31 March 2016		
	Face Value	Quantity	Amount	Face Value	Quantity	Amount
	USD 1	111,324	6,661,695	USD 1	111,324	6,661,695
Share in Edelweiss India Capital Management (Formerly known as Forefront India Capital Management)	-	111,324	6,661,695	-	111,324	6,661,695
Aggregate of unquoted investment			6,661,695			6,661,695
- At book value						

(a)

Partnership firm	Total Capital	31st March 2017	31st March 2016
Edelweiss Multi Strategy Fund Advisors LLP (formerly Forefront Alternative Investment Advisors LLP)	Rs. 100,000 (Previous year Rs. 1,00,000)		
Share of profit / loss	Forefront Capital Management Pvt Ltd	99.998%	99.998%
	Nalin Moniz	0.000%	0.001%
	Radhika Gupta	0.000%	0.001%
	Vishal Madia	0.002%	0.000%



Edelweiss Multi Strategy Funds Management Private Limited
(formerly known as Forefront Capital Management Private Limited)

Notes to the financial statements (Continued)

(Currency : Indian Rupees)

	As at 31 March 2017	As at 31 March 2016
2.9 Deferred tax assets (net)		
Deferred tax assets		
Difference between book and tax depreciation	26,059	(44,712)
Disallowances under section 43B of the Income Tax Act, 1961	399,839	941,832
	<u>425,898</u>	<u>897,120</u>
2.10 Long-term loans and advances		
Other loans and advances		
Advance income taxes/TDS	5,486,619	8,112,471
	<u>5,486,619</u>	<u>8,112,471</u>
2.11 Stock-in-trade		
Securities		
Mutual funds (unquoted)	16	16
	<u>16</u>	<u>16</u>



**Edelweiss Multi Strategy Funds Management Private Limited
(formerly known as Forefront Capital Management Private Limited)**

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 2017			As at 31 March 2016		
	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



Edelweiss Multi Strategy Funds Management Private Limited
(formerly known as Forefront Capital Management Private Limited)

Notes to the financial statements (Continued)

(Currency : Indian Rupees)

	As at 31 March 2017	As at 31 March 2016
2.12 Trade receivables		
Other debts		
Unsecured, considered good	32,236,929	46,921,752
	<u>32,236,929</u>	<u>46,921,752</u>
Out of above, trade receivables from related parties	1,011,873	30,139,250
2.13 Cash and bank balances		
Cash and cash equivalents		
Cash in hand	3,464	28,479
Balances with banks		
- in current accounts	833,221,903	73,081,732
Other bank balances		
- in fixed deposits with bank including accrued interest (Refer Note 2.31)	194,433,486	305,873,025
	<u>1,027,658,852</u>	<u>378,983,236</u>
2.14 Short-term loans and advances		
Unsecured, considered goods		
Loans and advances to related parties	402,063,767	234,481,000
Loans and advances to others	910,507	18,810,507
Other loans and advances		
Prepaid expenses	84,099,856	37,645,554
Loans and advances to employees	113,200	225,056
Vendor advances	295,180	11,046
Cenvat and VAT assets	5,202,030	56,395
Advance income tax /TDS	15,677	1,017,460
MAT credit entitlement	582,232	582,232
Advances recoverable in cash or in kind or for value to be received	2,263,008	-
	<u>495,545,457</u>	<u>292,829,250</u>
2.15 Other current assets		
Accrued interest on loans given	5,264,758	2,190,214
	<u>5,264,758</u>	<u>2,190,214</u>



Edelweiss Multi Strategy Funds Management Private Limited
(formerly known as Forefront Capital Management Private Limited)

Notes to the financial statements (Continued)

(Currency : Indian Rupees)

	For the year ended 31 March 2017	For the year ended 31 March 2016
2.16 Fee and commission income		
Advisory and other fees	91,665,042	51,350,740
	<u>91,665,042</u>	<u>51,350,740</u>
2.17 Income from treasury operations and investments		
Share of loss in partnership firm (net)	(28,423,059)	(30,221,626)
	<u>(28,423,059)</u>	<u>(30,221,626)</u>
2.18 Interest income		
Interest on loan to body corporate	5,734,341	5,616,819
Interest on loan to LLP	21,479,662	10,853,618
On fixed deposits	19,161,156	17,742,165
	<u>46,375,158</u>	<u>34,212,602</u>
2.19 Other income		
Profit on sale of fixed assets (net)	2,742	-
Miscellaneous income	-	6,000
Interest Income - Others	564,950	-
	<u>567,692</u>	<u>6,000</u>



Edelweiss Multi Strategy Funds Management Private Limited
(formerly known as Forefront Capital Management Private Limited)

Notes to the financial statements (Continued)

(Currency : Indian Rupees)

	For the year ended 31 March 2017	For the year ended 31 March 2016
2.20 Employee benefit expenses		
Salaries and wages	52,845,454	17,734,299
Contribution to provident and other funds	1,301,794	1,514,743
Staff welfare expenses	876,559	1,886,971
	<u>55,023,807</u>	<u>21,136,013</u>
2.21 Finance costs		
Interest expense	24,044,177	12,010,516
Interest - others (client)	19,166,952	17,742,165
Financial and bank charges	18,197	2,648
	<u>43,229,326</u>	<u>29,755,329</u>
2.22 Other expenses		
Advertisement and business promotion	512,379	99,187
Auditors' remuneration (refer note 2.26)	127,200	66,000
Communication	85,095	951,444
Computer expenses	88,718	21,071
Computer software	139,240	219,880
Clearing and custodian charges	8,132	15,592
Electricity charges	452,292	78,115
Foreign exchange loss (net)	4,005	5,358
Legal and professional fees	2,439,572	1,138,516
Membership and subscription(refer note 2.32)	893,012	340,910
Office expenses	286,295	762,485
Postage and courier	-	272
Printing and stationery	1,001,112	260,297
Rates and taxes	3,267,289	14,704
Rent	3,043,023	889,607
Repairs and maintenance - others	476,598	2,107
ROC expenses	321,800	380,000
Seminar & Conference	43,691	-
Service tax expenses	626,147	236,721
Travelling and conveyance	2,300,440	942,395
Miscellaneous expenses	16,659	34,140
Selling & Distribution expenses	55,253,515	23,939,624
	<u>71,386,214</u>	<u>30,398,425</u>



Edelweiss Multi Strategy Funds Management Private Limited (formerly known as Forefront Capital 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, 2017 and the segment revenue, expenses and result for the year ended on that date:

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
I Segment revenue		
a) Capital based business	(1,209,057)	(13,751,189)
b) Agency business	111,393,890	69,098,905
c) Unallocated	-	-
Total	110,184,833	55,347,716
Less : Inter Segment Revenue	-	-
Total Income	110,184,833	55,347,716
II Segment results		
a) Capital based business	(25,298,290)	(25,772,659)
b) Agency business	(35,381,289)	(1,405,488)
c) Unallocated	(18,198)	(2,649)
Total	(60,697,777)	(27,180,796)
Loss before taxation	(60,697,777)	(27,180,796)
Less : Deferred Tax	471,222	3,129,773
Loss after taxation	(61,168,999)	(30,310,569)
Particulars	As at March 31, 2017	As at March 31, 2016
III Segment assets		
a) Capital based business	1,248,122,645	262,143,434
b) Agency business	320,435,326	465,807,190
c) Unallocated	6,513,890	10,609,283
Total	1,575,071,861	738,559,907
IV Segment liabilities		
a) Capital based business	328,250,049	210,984,796
b) Agency business	1,195,585,464	485,470,569
c) Unallocated	6,016,214	5,715,410
Total	1,529,851,727	702,170,775
V Capital expenditure (Including capital work-in-progress)		
a) Capital based business	-	-
b) Agency business	1,092,055	2,484,412
c) Unallocated	-	-
Total	1,092,055	2,484,412
Particulars	As at March 31, 2017	As at March 31, 2016
VI Depreciation and amortisation		
a) Capital based business	-	-
b) Agency business	1,243,263	1,238,745
c) Unallocated	-	-
Total	1,243,263	1,238,745
VII Significant non-cash expenses other than depreciation and amortisation		
a) Capital based business	-	-
b) Agency business	390,977	1,543,455
c) Unallocated	-	-
Total	390,977	1,543,455



Edelweiss Multi Strategy Funds Management Private Limited
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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 Business Services Limited (formerly known as Edelweiss Web Services Limited) Edelweiss Securities Limited Edelweiss Broking Limited Edelweiss Global Wealth Management Limited Eternity Business Centre Limited Edelweiss Asset Management Limited Edelweiss Asset Reconstruction Company Limited Edelweiss Agri Value Chain Limited ECL Finance Limited
Subsidiary	Edelweiss India Capital Management (formerly known as Forefront India Capital Management)
Limited Liability Partnership Firm	Edelweiss Multi Strategy Fund Advisors LLP (formerly known as Forefront Alternative Investment 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 (formerly known as Forefront India Dynamic Value Fund)

ii. Transactions with related parties :

Sr. No.	Nature of Transaction	Related Party Name	Amount 31 March 2017	Amount 31 March 2016
	Capital Account transaction during the year			
1	Issue of equity share capital to	Edelweiss Financial Services Limited	70,000,000	40,000,000
	Current Account Transaction during the year			
2	Share of losses in partnership firm	Edelweiss Multi Strategy Fund Advisors LLP	28,423,060	30,221,626
3	Short term loans taken from (Refer note below)	Edelweiss Financial Services Limited Edelweiss Commodities Services Limited	3,378,947 238,407,765	167,210,038 -
4	Short term loans repaid to (Refer note below)	Edelweiss Financial Services Limited Edelweiss Commodities Services Limited	102,200,000 21,730,298	34,171,482 -
5	Short term Loans given to (Refer note below)	Edelweiss Commodities Services Limited Edelweiss Multi Strategy Fund Advisors LLP	22,200,000 574,256,465	105,939,000 173,936,000
6	Short term Loans repaid by (Refer note below)	Edelweiss Commodities Services Limited Edelweiss Multi Strategy Fund Advisors LLP	159,135,000 269,738,698	10,700,000 129,850,000
7	Cost reimbursements paid to	Edelweiss Commodities Services Limited Edelweiss Business Services Ltd Edelweiss Broking Limited Edelweiss Financial Services Limited Eternity Business Centre Limited	3,049,609 34,462 326,338 362,997 119,368	1,937,722 19,625 - - -
8	Interest expenses on loan taken from	Edelweiss Financial Services Limited Edelweiss Commodities Services Limited	17,623,579 6,420,598	12,010,516 -
9	Cost reimbursements recovered from	Edelweiss Multi Strategy Fund Advisors LLP	862,110	28,650,000
10	Interest income on loans given to	Edelweiss Commodities Services Limited Edelweiss Multi Strategy Fund Advisors LLP	5,734,341 20,243,333	5,616,819 10,692,712



Edelweiss Multi Strategy Funds Management Private Limited
(Formerly known as Forefront Capital Management Private Limited)

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 2017	Amount 31 March 2016
11	Reimbursement paid to	Edelweiss Financial Services Limited	-	19,326,934
		Edelweiss Commodities Services Limited	15,823,647	2,137,434
		Edelweiss Business Services Ltd	11,878,918	32,881,439
		Edelweiss Multi Strategy Fund Advisors LLP	8,898,781	-
12	Reimbursement received from	Edelweiss Multi Strategy Fund Advisors LLP	-	19,225,858
13	Commission and brokerage paid to	Edelweiss Securities Limited	-	2,182,261
		Edelweiss Broking Limited	116,507	22,491
		Edelweiss Global Wealth Management Limited	24,618,227	7,594,680
		ECL Finance Limited	1,558,479	-
14	Processing fees paid to	Edelweiss Business Services Ltd	9,020	-
15	Remuneration paid to	Rashida Kalolwala	1,213,275	-
	Balances with Related Parties			
16	Investment in Equity Shares	Edelweiss India Capital Management	6,661,695	6,661,695
17	Current account - debit balance	Edelweiss Multi Strategy Fund Advisors LLP	28,323,062	30,121,628
18	Short term loans taken from (Refer note below)	Edelweiss Financial Services Limited	111,192,582	210,013,635
		Edelweiss Commodities Services Limited	216,677,467	-
19	Trade payables to	Edelweiss Commodities Services Limited	194,286	-
		Edelweiss Business Services Ltd	45,656	19,625
		Edelweiss Broking Limited	-	420,044
		Edelweiss Global Wealth Management Limited	62,663,021	32,032,103
		ECL Finance Limited	1,714,326	-
20	Advances payable to	Edelweiss Asset Management Limited	1,714,000	-
21	Interest payable on loans taken from	Edelweiss Commodities Services Limited	1,733,908	-
		Edelweiss Financial Services Limited	1,486,942	971,160
22	Short term loans given to	Edelweiss Multi Strategy Fund Advisors LLP	402,063,767	97,546,000
		Edelweiss Commodities Services Limited	-	136,935,000
		Edelweiss Alternative Equity Fund	-	910,507
23	Trade receivable from	Edelweiss Multi Strategy Fund Advisors LLP	905,216	29,939,250
		Edelweiss Broking Limited	1,013	200,000
		Edelweiss Financial Services Limited	105,657	-
		Edelweiss Asset Reconstruction Company Limited	68,545	-
24	Advances receivable from	Edelweiss Commodities Services Limited	9,000	-
		Edelweiss Agri Value Chain Limited	23,000	-
25	Accrued interest on loans given to	Edelweiss Multi Strategy Fund Advisors LLP	5,264,758	1,418,451
		Edelweiss Commodities Services Limited	-	682,939
26	Nomination deposits payable to	Edelweiss Financial Services Limited	100,000	-
27	Remuneration payable	Rashida Kalolwala	2,000,000	-

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.



Edelweiss Multi Strategy Funds Management Private Limited (Formerly known as Forefront Capital Management Private Limited)

Notes to the financial statements for the year ended 31 March 2017 (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 2017	For the year ended 31 March 2016
(a)	Profit after tax (as per statement of profit and loss)	(61,168,999)	(30,310,569)
	Less: dividend on preference share capital	-	-
	Net profit for the year attributable to equity shareholders	(61,168,999)	(30,310,569)
(b)	Calculation of weighted average number of equity Shares of Rs. 10 each		
	Number of shares outstanding at the beginning of the year	6,214,644	2,214,644
	Number of Shares issued during the year	7,000,000	4,000,000
	Total number of equity shares outstanding at the end of the year	13,214,644	6,214,644
	Weighted average number of equity shares outstanding during the year (based on the date of issue of shares)	9,707,795	2,264,547
(c)	Basic and diluted earnings per share (in rupees) (a)/(b)	(6.30)	(13.38)

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 2017	For the year ended 31 March 2016
As Auditors (Stat. Audit)	72,000	66,000
As Auditors (Other)	55,200	-
Total	127,200	66,000



Edelweiss Multi Strategy Funds Management Private Limited (Formerly known as Forefront Capital Management Private Limited)

Notes to the financial statements for the year ended 31 March 2017 (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 2017 (USD)	For the year ended 31 March 2016 (USD)
Travel Expenses - Foreign - Conveyance	19,943	-

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

Securities

Particulars	For the year ended 31 March 2017 Amount (Rs.)	For the year ended 31 March 2016 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 (Formerly known as Forefront Capital Management Private Limited)

Notes to the financial statements for the year ended 31 March 2017 (Continued)

(Currency: Indian Rupees)

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

A) Defined contribution plan (provident fund)

Amount of Rs. 1,301,252 (Previous year: Rs. 1,514,743) 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 2017	For the year ended 31 March 2016
Current service cost	240,977	520,531
Interest Cost	49,000	106,000
Past Service Cost	-	-
Actuarial Loss/(Gain)	101,000	362,924
Total included in employee benefit expenses	390,977	989,455

Balance sheet

Details of provision for gratuity:

	For the year ended 31 March 2017	For the year ended 31 March 2016
Liability at the end of the year	1,053,977	2,345,000
Amount in balance sheet	1,053,977	2,345,000

Non-current liability at the end of the year Rs. 941,532/- 2,062,000/-

Current liability at the end of the year Rs. 112,445/- 283,000/-

Amount recognised in the balance sheet:

	For the year ended			
	31 March 2017	31 March 2016	31 March 2015	31 March 2014
Liability at the end of the year	1,053,977	2,345,000	1,087,000	-
Fair value of plan assets at the end of year	-	-	-	-
Amount recognized in balance sheet	1,053,977	2,345,000	1,087,000	-



Edelweiss Multi Strategy Funds Management Private Limited (Formerly known as Forefront Capital Management Private Limited)

Notes to the financial statements for the year ended 31 March 2017 (Continued)

(Currency: Indian Rupees)

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

Experience adjustment:

	For the year ended				
	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
On plan liabilities (gain)/loss	68,000	308,158	-	-	-
On plan assets (gain)/loss	-	-	-	-	-
Estimated contribution for next year	-	-	-	-	-

Principle actuarial assumptions at the balance sheet date:

	For the year ended 31 March 2017	For the year ended 31 March 2016
Discount rate current	6.8%	7.40%
Salary escalation current	7.00%	7.00%
Employees attrition rate	13%-25%	13%-25%

2.30 Contingent liabilities and commitments

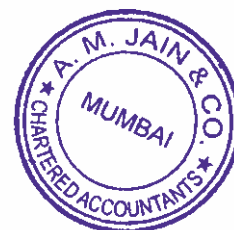
- (i) The Company has capital commitments of Rs.10,000/- (Previous year: Rs. 50,000) as at the balance sheet date.
- (ii) The Company has no contingent liabilities as at the balance sheet date (Previous year: Rs. Nil).

2.31 Additional disclosure on Fixed deposits

The Company has pledged fixed deposits (including interest) with bank amounting to Rs. 194,433,486 (Previous year: Rs. 305,873,025) on behalf of the client for Initial Margin.

2.32 Cost sharing

The company incurs expenditure towards Market data expenses which is for the common benefit of itself and the LLP, Edelweiss Multi Strategy Fund Advisors LLP. The cost so expended is borne equally and is recovered by the company as reimbursement from the LLP. Accordingly, the expenditure in note 2.22 is net of the reimbursement.



Edelweiss Multi Strategy Funds Management Private Limited (Formerly known as Forefront Capital Management Private Limited)

Notes to the financial statements for the year ended 31 March 2017 (Continued)

(Currency: Indian Rupees)

2.32 Cost sharing (continued):

Edelweiss Financial Services Limited, being the holding company along with fellow subsidiaries incurs expenditure like common senior management compensation cost (FY 2015-16), 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. Accordingly, and as identified by the management, the expenditure heads in note 2.20 and 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 Disclosure on Specified Bank notes (SBN's) pursuant to notification as per amended schedule III of the Companies Act, 2013:

	SBNs	Other denomination notes	Total
Closing cash in hand as on 08-Nov-2016	21,000	384	21,384
(+) Permitted receipts	-	40,080	40,080
(-) Permitted payments	-	10,000	10,000
(-) Amount deposited in Banks	21,000	-	21,000
Closing cash in hand as on 30-Dec-2016	-	30,464	30,464
Note: The amount in receipts (SBN) represents cash returned by employees given to them as advances to meet expenses on behalf of the Company.			



Edelweiss Multi Strategy Funds Management Private Limited (Formerly known as Forefront Capital Management Private Limited)

Notes to the financial statements for the year ended 31 March 2017 (Continued)

(Currency: Indian Rupees)

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: 15 May 2017



Anurag Madan

Director

DIN No:00010324



Vinitha Puthanpurakkal

Chief Financial officer



Nalin Moniz

Director

DIN No:02655536



Dipak Kumar K. Shah

Company Secretary

Date: 15.05.2017

A.M. Jain & Co.
Chartered Accountants

Dear Sirs,

This representation letter is provided in connection with your audit of the financial statements of *Edelweiss Multi Strategy Funds Management Private Limited (Earlier Known as Forefront Capital Management Private Limited)* ('the Company') for the year ended 31.03.2017 for the purpose of expressing an opinion as to whether the standalone financial statements give a true and fair view of the financial position of *Edelweiss Multi Strategy Funds Management Private Limited* as at 31.03.2017 and of the results of operations and its cash flows for the year then ended in conformity with the accounting principles generally accepted in India. These representations are made to you to supplement the information obtained by you from the books and records of the Company and to confirm the information given to you orally.

We confirm that we are responsible for and have complied with the following:

- a) The terms of the auditor appointment letter dated May 10, 2016 for the preparation and presentation of the financial statements in accordance with Financial Reporting Standards; in particular, the preparation of the 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 prescribed under Section 133 of the Companies Act, 2013 ("the Act"),.
- b) The 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.
- c) Selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent, in particular significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- d) 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.
- e) The fair presentation of the information in the notes accompanying the financial statements including the balance sheet classification of current and non-current assets and liabilities as per Schedule III of the Act.
- f) Accounting and disclosure of related party relationships and transactions in accordance with the requirements of applicable accounting standards in India.

- g) Adjusting and disclosing in the financial statements all events subsequent to the date of the financial statements till the date of this report, for which applicable accounting standards in India require adjustment or disclosure.
- h) The Other disclosures included in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 Announcements of the Institute of Chartered Accountants of India (ICAI) or under other laws and regulations, as applicable.

We confirm the following representations made to you during the course of your audit:

PREPARATION OF FINANCIAL STATEMENTS AND FINANCIAL REPORTING

1. The Company has maintained proper books of account as required by law.
2. The financial statements referred to above are fairly presented in conformity with the Accounting Standards prescribed under Section 133 of the Act, and the generally accepted accounting principles in India. These financial statements are in agreement with the books of account
3. There are no instances of non-compliance with laws and regulations and there have been no communications from regulatory agencies concerning non-compliance with laws and regulations or deficiencies in financial reporting practices
4. There are no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Company's ability to record, process, summarise and report financial data. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the effectiveness of such controls, refer to our separate Management Representation Letter for Matters Relating to Audit of internal financial controls over financial reporting.
5. All transactions have been recorded in the accounting records and are reflected in the financial statements.
6. There are no financial transactions or matters which have any adverse effect on the functioning of the Company

ACCOUNTING POLICIES

7. The accounting policies which are material or critical in determining the results of operations for the year and the financial position are set out in the financial statements and are consistent with those adopted in the financial statements for the previous year. The financial statements are prepared on the accrual basis. The going concern assumption is appropriate in the circumstances of the Company.
8. Classification of items in the Balance Sheet as current and non-current is on the basis specified in the General Instruction for Preparation of Balance Sheet in Schedule III of the Act. The Company determines its normal operating cycle as follows:
12 months

Edelweiss Multi Strategy Funds Management Private Limited
 (Formerly known as Forefront Capital Management Private Limited)

Corporate Identity Number: U67120MH2009PTC194273

Registered Office: Edelweiss House, Off. C.S.T. Road, Kalina, Mumbai - 400 098 Tel. No.: +91 22 4009 4400

There is no change in the basis of determination of the normal operating cycle as compared to the basis followed in the immediately preceding year

MATERIAL MISSTATEMENTS AND FRAUD

9. We are responsible for the implementation and operation of accounting and internal control systems that are designed to prevent and detect fraud and error.
10. We have no knowledge of any allegations of fraud or suspected fraud affecting the Company that have been received through communications from employees, former employees, analysts, regulators, short sellers, or others .
11. We have no knowledge of any fraud or suspected fraud affecting the Company involving
 - a) Management;
 - b) the employees who have significant roles in internal control; or
 - c) others where the fraud could have a material effect on the financial statements;
12. We have completed our procedures to evaluate the accuracy and completeness of the disclosures in our financial statements. We believe the effects of the omitted disclosures if any are quantitatively and qualitatively immaterial, both individually and in the aggregate, to the financial statements as a whole and we confirm that they do not result in a material weakness either individually or in the aggregate regarding internal financial controls over financial reporting.

INTERNAL CONTROL

13. The management is responsible for establishing and maintaining accounting and internal control systems and procedures for the Company pertaining to financial reporting and has evaluated the effectiveness of these procedures in the Company. These controls are designed to prevent and detect fraud and error. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the effectiveness of such controls, refer to our separate Management Representation Letter for Matters Relating to Audit of internal financial controls over financial reporting.

Based on our evaluation, we confirm that there are no significant deficiencies, including material weaknesses in the design or operation of internal controls that could have adversely affect the Company's ability to record, process, summarise and report financial data.

14. We have resolved all significant deficiencies and material weaknesses identified and communicated t during the previous audit[s]

ASSETS

15. The Company has a satisfactory title to all assets and there are no liens or encumbrances on the Company's assets except for those which are disclosed in the financial statements.

Fixed Assets (Tangible and Intangible Assets, including CWIP and intangible assets under development)

16. The net book values at which fixed assets are stated in the Balance Sheet are arrived at:
- after taking into account all capital expenditure on additions thereto, but no expenditure properly chargeable to revenue except mobile and telephone instruments which were charged to revenue as a matter of Companies Group Policy. However same is being asses in tax computation for providing depreciation on those assets under the Income Tax Act.
 - after eliminating the cost and accumulated depreciation relating to items sold, discarded, demolished or destroyed;
 - after providing adequate depreciation on fixed assets during the period;
 - after considering impairment;
 - after giving effect to the business combinations / capital reduction scheme of the Company from the appointed date as agreed for the combination and as specified in the scheme, respectively;
17. Depreciation of fixed assets stated in note 2.7 to the financial statements is based on the best estimates of the Management for the useful life and the residual value of the respective fixed assets.
- The useful life of the aforesaid fixed assets has been assessed based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.
18. The Company, using its best estimates based on reasonable and supportable assumptions and projections, reviews fixed assets for impairment in accordance with AS 28 Impairment of Assets, and certain intangible assets in accordance with AS 26, Intangible Assets. The financial statements referred to above reflect all adjustments required by AS 28 and AS 26 as at 31.3.2017.
19. Wherever applicable, the Company has properly classified all the leases into operating and finance leases as per the requirement of the Accounting Standard 19 (AS 19) – "Leases".

Investments – Current and Non-current

20. The Company has clear title to all its investments including such investments which are in the process of being registered in the name of the Company or which are not held in the name of the Company and there are no charges against the investments of the Company except those appearing in the records of the Company. All restrictions/encumbrances on sale of investments have been clearly indicated in Note 2.8 of the financial statements.
21. All the investments produced to you for physical verification belong to the Company and they do not include any investments held on behalf of any other person. All investments held in the dematerialised mode and confirmed by the Depository Participant are the property of the Company.
22. There are no new companies which become subsidiaries of the Company by virtue of control of composition of the Board of Directors.

Trade Receivables, Loans and Advances and Other Assets – Long-term and Short-term

23. Balances included in the financial statements as receivable from trade debtors represent valid claims against debtors for sales or other charges arising on or before the balance sheet date and are considered good and fully recoverable with the exception of those specifically shown as 'doubtful' in the balance sheet.
24. Adequate provision has been made for credit notes, allowances and losses on collection of debts.
25. Aggregate amount of current trade receivables outstanding for a period exceeding six months from the date they are due for payment has been separately stated duly considering the contractual/ other arrangements with the customers.
26. Balances included in the accounts as receivable from trade receivables comprises receivable relating to services rendered in the normal course of business and do not include charges for goods shipped on consignment, on approval or under sale or return agreement and amounts receivable under contractual obligations.
27. There are no amounts due from directors, other officers of the Company or any of them jointly or severally with any other persons, firms in which a director is a partner or private limited companies in which directors of the Company are interested as directors or members except as disclosed in the financial statements.
28. The Company confirms the disclosure of trade receivables outstanding for a period exceeding six months from the date they were due for payment as current assets, to be in compliance with Schedule III of the Act, considering the contractual or other arrangements with the customer.

29. Adequate provision has been made for loan and advances doubtful of recovery and included under long-term and short-term loans and advances.
30. As at 31.03.2017 the Company has outstanding loans and advances amounting to Rs.402063767 granted to related parties. Management of the Company believes that the balances are considered good and fully recoverable in cash or kind with the exception of those specifically shown as 'doubtful' in the balance sheet.
31. There are no loans and advances due from directors, other officers of the Company or any of them jointly or severally with any persons, firms in which a director is a partner or private limited companies in which directors of the Company are interested as directors or members.

Cash and Cash Equivalents (or Cash and Bank Balances)

32. Cash and cash equivalents have been segregated between current and non-current components in accordance with the requirements of Schedule III of the Act. In particular, the non-current component of cash and cash equivalents represents amounts which are required and will be held to maturity where the remaining maturity period as at the Balance Sheet date equals or exceeds 12 months and/or balances which are restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Carrying Value of Current Assets

33. In the opinion of the Board of Directors, all the current assets have a value on realisation in the ordinary course of the Company's business which is at least equal to the amount at which they are stated in the Balance Sheet. Provision, where material, has been made for any diminution in the value of any other current asset.

Pledged or Assigned Assets

34. At the Balance Sheet date, none of the Company's assets were mortgaged, assigned, pledged, assigned as security for liabilities, performance of contracts or otherwise encumbered except as stated in notes to the financial statements.

EQUITY AND LIABILITIES

Shareholders' Funds

35. The disclosure requirements relating to Share Capital have been made for each class of share capital as per the requirements of Schedule III of the Act.
36. The movements (additions/deductions) in Reserves and Surplus since the last Balance Sheet date have been properly disclosed under each head of Reserves and Surplus.
37. Reserves specifically represented by earmarked funds have been termed as a "fund".

Edelweiss Multi Strategy Funds Management Private Limited
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38. Share application money pending allotment has been either disclosed on the face of the Balance Sheet or under other current liabilities in accordance with the requirements of Schedule III of the Act.

Borrowings – Long-term and Short-term

39. We confirm that the terms and conditions relating to all the borrowings of the Company as at the Balance Sheet date, including details of repayment, securities, etc. are as per the terms of agreements with the banks and relevant statutory filings made by the Company, where applicable.
40. We confirm that the Company has not defaulted in repayment of any loans and interest during the current year except as disclosed in the financial statements.
41. The amounts of borrowings have been classified into current and non-current in accordance with the definition used in the Schedule III of the Act duly taking into account the nature of each such items/terms with banks, other parties, breaches of terms and conditions, if any, etc.
42. Details of loans which have been guaranteed by directors or others have been appropriately disclosed in the financial statements.

Provisions

43. All known material liabilities of the Company as at the balance sheet date have been included in the financial statements including provision for contingencies, if any.
44. All post – retirement benefits, namely, ‘gratuity’ and ‘leave liability’ (including privilege and sick leave) defined as ‘Defined Benefit Plan’ and ‘provident fund’ and ‘superannuation fund’ defined as ‘Defined Contribution Plan’ have been valued and provided as per the provisions of the Accounting Standard 15 (AS 15) – ‘Employees Benefits’. We believe that the actuarial assumptions to measure gratuity, leave liability and other employee benefits are appropriate in the current circumstances.
45. All employee dues have been paid or adequately provided in the books of account.
46. There has been no change in the leave policy compared to the previous year which would impact the leave accrual as at 31.03.2017.
47. There are no amounts due to Micro and Small enterprises during the year ended 31.03.2017, except as disclosed in the financial statements. Micro and Small enterprises have been determined on the basis of intimations received from such suppliers. Interest due to such undertakings have been computed as per the provisions of Micro, Small and Medium Enterprises Development Act, 2006.
48. Provision for incentive benefits and performance bonus for employees of the Company is considered adequate as at 31.03.2017.

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49. The Company believes that provision for payment of bonus under the Payment of Bonus Act is adequate.
50. Provision has been made in the accounts for all known losses and claims of material amounts.
51. The Company confirms the provision for commission to executive and non-executive directors for the year ended 31.03.2017 accrued in the financial statements is within the limits prescribed and in compliance with the Companies Act, 2013.
52. Provision has been made in the accounts for all known litigations of material amounts.

Taxation including deferred tax

53. The Company has computed its tax liability for the year based on the Income Computation and Disclosure Standards (ICDs) issued by the Central Board of Direct Taxes (CBDT). We confirm that there are no additional adjustments required consequents to applicability of the said ICDs.
54. We believe that the future economic benefit associated with MAT, CENVAT, service tax and Value Added Tax respectively will flow to the Company and the asset has been measured reliably.
55. All the taxes, required to be deducted, has been deducted and paid.
56. The Company has disclosed all Income Tax orders received and appeals filed with any legal authorities to you and the same has been provided for or shown under contingent liability as required.
57. Deferred tax assets have been recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.
58. The Company has not recognized any deferred tax asset on unabsorbed depreciation or carry forward of losses as there is no virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised

Contingencies

59. We have disclosed in the Notes to the financial statements all guarantees which we have given to third parties and all other contingent liabilities and commitments.
60. Contingent liabilities disclosed in the Notes to the financial statements do not include any contingencies which are likely to result in a loss and which, therefore, require adjustment of assets or liabilities.

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61. We confirm that for each class of contingent liability, the estimated financial effect, the uncertainties relating to any outflow, the possibility of any reimbursement and any asset recognised therefor have been appropriately disclosed in the financial statements except in respect of cases where the Company is unable to disclose this information because it is not practicable to do so, which fact has also been disclosed in the financial statements.
62. There are no significant claims for which the Company would be contingently liable in respect of litigation, if any, which may be pending against the Company. There is no litigation pending against any of the employees of the Company for which the Company would be contingently liable either directly or indirectly.
63. The Company is not involved in any litigation or arbitration proceedings relating to claims or amounts which are material. So far as the Management is aware, no such litigation or arbitration proceedings are pending or threatened.

Commitments

64. Capital expenditure not provided for in the financial statements in respect of which the Company is contractually committed amounts to Rs. 10,000/-.
65. As at the Balance Sheet date, there were no other outstanding commitments for the Company excepting those disclosed in Note to the financial statements. We confirm that, in making this disclosure, all significant commitments have been compiled duly considering all the contractual/other arrangements that the Company has entered into as at the Balance Sheet date.
66. Except as provided for or disclosed in the accounts.
 - a) There were no commitments for the purchase or sale of investments.
 - b) There were no material commitments under non-cancellable operating leases.
 - c) There were no other commitments or obligations which might adversely affect the Company.
 - d) There were no defaults in principal, interest, sinking fund or redemption provisions with respect to any issue of share or loan capital or credit arrangement, or any breach of covenant of an agreement.
67. The Company has undertaken to provide continued financial support to its subsidiary Edelweiss India Capital Management. A letter of comfort has been issued by the Company to the above mentioned.

STATEMENT OF PROFIT AND LOSS

68. Except as disclosed in the financial statements, the results for the year were not materially affected by:
 - a) transactions of a nature not usually undertaken by the Company;

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- b) circumstances of an exceptional or non-recurring nature except as indicated in Notes to the financial statements;
 - c) Material prior period items in terms of Accounting Standard 5 except as indicated in Notes to the financial statements;
 - d) changes in accounting policies except as indicated in Notes to the financial statements.
69. No personal expenses of employees, other than those the Company is contractually liable to pay, and no personal expenses of directors or any other persons who are not employees of the Company, have been debited to the Statement of Profit and Loss.
70. All documentation related to sales transactions is contained in customer files. We also confirm that:
- a) We are not aware of any “side agreements” with any companies including related parties that are inconsistent with the applicable sales agreement, the customer’s purchase order, sales invoice, or any other documentation contained in the customer’s file. For the purposes of this letter, a “side agreement” is any agreement, understanding, promise, or commitment [whether written (e.g., in the form of a letter or formal agreement or in the form of any exchange of physical or electronic communications) or oral] by or on behalf of the Company (or any subsidiary, director, employee, or agent of the Company) with a customer from whom revenue has been recognized that is not contained in the written purchase order from the customer or sales order confirmation and sales invoice of the Company delivered to or generated by the Company’s Accounting and Finance Department. The definition of a side agreement is not limited by any particular subject matter. For purposes of example only, any agreement not contained in the written purchase order from the customer or sales order and sales invoice of the Company that relates to return rights, acceptance rights, future pricing, payment terms, free consulting, free maintenance, or exchange rights would be a side agreement.
 - b) We are not aware of any commitments or concessions to a customer regarding pricing or payment terms outside of the terms documented in the customer’s file.
71. Items which are in the nature of Other Operating Revenue have been carefully identified and differentiated from Other Income based on the facts of each case and a detailed understanding of the Company’s activities. The items included as part of Other Operating Revenue comprise of revenue arising from the Company’s operating activities, i.e., either its principal or ancillary revenue-generating activities, but which is not revenue arising from the sale of products or rendering of services.
72. Exchange differences are included as part of Finance Costs if they relate to a foreign currency borrowing to the extent they are regarded as an adjustment to interest cost. Other exchange differences are included as part of Net foreign exchange gain / loss under Other Income or Other Expenses.

73. There are no items of income or expenditure exceeding Rs. 100,000/- or 1% of revenue from operations, whichever is higher, that have not been separately disclosed in the financial statements.

SEGMENT INFORMATION

74. We confirm the following representation in respect of segment disclosures:
- a) We have made disclosure of all the information regarding segments as required under the Accounting Standard 17 – “Segment Reporting”
 - b) The Company has appropriately identified the allocable expenses, assets and liabilities pertaining to the reported business segments and the same are allocated to the respective business segments using a fair allocation basis.
75. The segment information has been prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the enterprise as a whole.

RELATED PARTY DISCLOSURES

76. We confirm the following representation in respect of the related parties:
- a) We have identified all the related parties and the transactions with all such parties in accordance with Accounting Standard 18, Related Party Disclosures. The information provided to you is complete in all respects.
 - b) The disclosures made in the financial statements are adequate having regards to the framework under which the financial statements have been drawn.
 - c) The financial statements are free from material misstatements, including omissions with regard to related parties and transactions with related parties.
 - d) The transactions with related parties have been at arm's length.

ESTIMATES

77. In preparing the financial statements in conformity with the accounting principles generally accepted in India, the Management uses estimates. All estimates have been disclosed to you for which known information available prior to the issuance of the financial statements indicates that both of the following criteria are met:
- a) It is at least reasonably possible that the estimate of the effect on the financial statements of a condition, situation, or set of circumstances that existed at the date of the financial statements may change in the near term due to one or more future confirming events.
 - c) The effect of the change would not be material to the financial statements.

SUBSEQUENT EVENTS

78. A review of events occurring between the balance sheet date and the date of this letter enables us to conclude that nothing has occurred in that period which could materially affect the financial statements. In particular, we confirm that during the aforementioned period:
- a) There are no changes in internal financial control over financial reporting or other factors that might significantly affect internal financial control over financial reporting, including any corrective actions taken by management with regard to significant deficiencies and material weaknesses.
 - b) There has not been any significant change in the share capital, long-term debt, or working capital.
 - c) No unusual adjustments have been made as a consequence of accounting for certain items on the basis of tentative, preliminary, or inconclusive data or otherwise.
 - d) No litigations, claims, and assessments have arisen.

COMPANIES (AUDITOR'S REPORT) ORDER, 2016 (CARO 2016)

We have reviewed draft statutory audit report including reporting under CARO and Internal Financial Control Report and agree with the comments of auditors. Refer separate Annexure for our representation on CARO disclosures.

GENERAL

79. To the best of our knowledge and belief, the Company has not made any improper payments or payments which are illegal or against public policy.
80. The Company has complied with all aspects of contractual agreements which could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
81. We have no plans or intentions which may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements.
82. The Management is of the opinion that its international transactions and specified domestic transactions as prescribed in the Income Tax Act are at arm's length and the transfer pricing regulations will not have any impact on the financial statements particularly on the amount of tax expense and that of the provision for taxation.
83. All significant assumptions relating to fair values included in the accounts are reasonable and appropriately reflect our intent and ability to carry out planned actions on behalf of the Company that are relevant to fair value measurements or disclosures.
84. We confirm that there were no donations made to political parties during the year.
85. None of the Directors is disqualified as on 31.03.2017 from being appointed as a director in terms of Section 164(2) of the Companies Act, 2013.

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86. The financial statements disclose the impact of pending litigations on the financial position of the Company in Note 2.30. In the assessment of the Management, in respect of the following claims / litigations, the possibility of an outflow of resources is remote as envisaged in the applicable accounting standards and hence these have not been recorded / disclosed in the financial statements: (give details of such claims / litigations)
87. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
88. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
89. All the required/applicable disclosure requirements which emanate from statutes other than the Indian Companies Act, 2013, has been duly considered / dealt with in addition to the disclosure requirements stipulated under the Accounting Standards / Schedule III of the Act.
90. The Board, duly taking into account all the relevant disclosures made, has approved these financial statements in its meeting held on 15.05.2017.

Yours faithfully,


Nalin Moniz
Director
DIN:02655536

Annexure to Comment on CARO points: Companies (Auditor's Report) Order 2016 related matters

Fixed Assets

1. The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of (specify the number of years). Pursuant to the program, certain fixed assets were physically verified during the year and no discrepancies were noticed on such verification.

Inventories

2. Only minor immaterial inventory of Rs.16/- was held in form of Liquid Beas as on 31.3.2017.

Loans and advances to parties covered in the register maintained under section 189 of the Act

The Company has not granted any loans or advances to the parties covered in the register maintained under section 189 of the Act.

Compliance with sections 185 and 186 of the Act

3. The Company has complied with the provisions of sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

Deposits

We have not accepted any deposit during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Act and Rules made thereunder.

We also confirm that there are no orders passed by Company Law Board or National Company Law Tribunal or RBI or any court or other Tribunal in this regard.

Cost records

4. The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Act.

Statutory Dues

There are no undisputed statutory dues outstanding for more than 6 months and disputed statutory dues including the amount paid as at the Balance Sheet date.

Repayment of loans or borrowings

5. The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank, government or dues to debenture holders.

Compliance with section 177 and 188 of the Act

6. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware. [Attach list of related parties and relationship in accordance with applicable accounting standards and the Companies Act, 2013 (i.e., name, nature of relationship, transaction, amount involved, etc.), separately identifying the particulars of which are required to be entered in the register maintained under section 189 of the Act]
7. We have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the framework.
8. All transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013.
9. Approval of the Board of Directors and shareholders is not required in respect of related party transactions as those are entered into by the company in its ordinary course of business and on an arm's length basis.
10. The information provided to you related to the related parties and transactions with such related parties is complete.

Compliance with section 42 of the Act

11. We have not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.

Compliance with section 192 of the Act

12. We have disclosed to you names of the directors of the Company, its holding, subsidiary and associate companies, the identity of the persons connected with such directors which we are aware. [Attach list of the persons connected with the directors of the Company, its holding, subsidiary and associate companies]
13. We have identified all the persons connected with the directors of the Company, its holding, subsidiary and associate companies and the non-cash transactions with the directors and all such parties, as envisaged in section 192(1) of the Companies Act, 2013. The information provided to you is complete in all respects.
14. The Company has not entered into any non-cash transactions with directors of the Company, its holding, subsidiary and associate companies or persons connected with him, as envisaged in section 192(1) of the Companies Act, 2013.
15. There are no intentions to enter into transactions covered under section 192 with the directors

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16. of the Company, its holding, subsidiary and associate company or persons connected with him, after the date of the financial statements under audit till the date of this report.

Compliance with section 45-I of the Reserve Bank of India Act, 1934

17. The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.