

# **Forefront India Capital Management**

**Financial Statements  
together with Auditors' Report  
for the year ended 31 March 2015**

**Forefront India Capital Management**

**Financial statements together with Auditors' Report**  
*for the year ended 31 March 2015*

**Contents**

Auditors' Report

Balance Sheet

Statement of Profit and Loss

Cash Flow Statement

Notes to the Financial Statements

**Independent Auditors' Report**

To the Directors of  
**Forefront India Capital Management**

**Report on the Financial Statements**

We have audited the accompanying financial statements of **Forefront India Capital Management** ('the Company'), which comprise the Balance Sheet as at 31 March 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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

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

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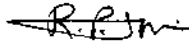
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**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2015, and its loss and its cash flows for the year ended on that date.

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



R.P. Soni  
Partner

Membership No.: 104796  
Place: Mumbai  
Date: 12 May 2015



# Forefront India Capital Management

## Balance Sheet

(Currency: Indian Rupees)

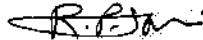
	Note	As at 31 March 2015	As at 31 March 2014
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2.1	9,998,794	2,378,990
Reserves and surplus	2.2	(6,716,095)	(4,742,956)
		<u>3,282,699</u>	<u>(2,363,966)</u>
<b>Current liabilities</b>			
Short-term borrowings	2.3		587,476
Trade payables		<u>1,266,714</u>	<u>2,389,929</u>
		<u>1,266,714</u>	<u>2,977,404</u>
<b>TOTAL</b>		<u><u>4,549,413</u></u>	<u><u>613,439</u></u>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	2.4	4,476,744	543,002
Short-term loans and advances	2.5	<u>72,669</u>	<u>70,437</u>
		<u>4,549,413</u>	<u>613,439</u>
<b>TOTAL</b>		<u><u>4,549,413</u></u>	<u><u>613,439</u></u>

Significant accounting policies and notes to the financial statements

1 & 2

As per our report of even date attached.

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



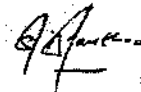
R. P. Soni  
Partner  
Membership No.: 104796  
Mumbai  
Date: 12 May 2015



For and on behalf of the Board of Directors



Husayn Sassa  
Director



Sahjahan Ally Nauthoo  
Director

## Forefront India Capital Management

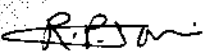
### Statement of Profit and Loss

(Currency: Indian Rupees)


	Note	For the year ended 31 March 2015	For the period from 20 May 2013 to 31 March 2014
Revenue from operations			
Advisory fee income	2.6	1,053,753	82,980
<b>Total revenue</b>		<b>1,053,753</b>	<b>82,980</b>
Expenses:			
Finance costs	2.7	41,093	11,724
Other expenses	2.8	2,844,682	4,584,451
<b>Total expenses</b>		<b>2,885,775</b>	<b>4,596,175</b>
<b>Loss before tax</b>		<b>(1,832,022)</b>	<b>(4,513,194)</b>
Tax expense:			
Current tax		-	-
<b>Loss for the year/period</b>		<b>(1,832,022)</b>	<b>(4,513,194)</b>
<b>Earnings per share (par value USD 1 each)</b>			
Basic and diluted	2.12	(16.94)	(183.81)
Significant accounting policies and notes to the financial statements	1 & 2		


As per our report of even date attached.

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

  
R. P. Soni  
Partner  
Membership No.: 104796  
Mumbai  
Date: 12 May 2015

For and on behalf of the Board of Directors

  
Huspyn Sassa  
Director

  
Sahjahan Alfz Nauthoo  
Director

## Forefront India Capital Management

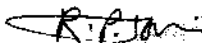
### Cash Flow Statement

(Currency: Indian Rupees)

	For the year ended 31 March 2015	For the period from 20 May 2013 to 31 March 2014
<b>A Cash flow from operating activities</b>		
Loss before taxation	(1,832,022)	(4,513,194)
Operating cash flow before working capital changes	(1,832,022)	(4,513,194)
Adjustments for working capital changes		
Increase in loans and advances	(2,232)	(70,437)
(Decrease) / Increase in current liabilities	(1,710,690)	2,977,404
Cash used in operations	(3,544,943)	(1,606,226)
Net cash used in operating activities - A	(3,544,943)	(1,606,226)
<b>B Cash flow from investing activities</b>		
Net cash generated from investing activities - B		
<b>C Cash flow from financing activities</b>		
Proceeds from issue of share capital	7,619,804	2,378,990
Net cash generated from financing activities - C	7,619,804	2,378,990
<b>D Change in foreign exchange translation reserve - D</b>		
Net increase in cash and cash equivalents (A+B+C+D)	3,933,744	543,002
Cash and cash equivalent as at the beginning of the year	543,002	-
Cash and cash equivalent as at the end of the year (refer note below)	4,476,744	543,002
<b>Note:</b>		
Cash and cash equivalents include the following: (refer note 2.4)		
Balances with banks:		
In current accounts	4,476,744	543,002
Total of cash and cash equivalents	4,476,744	543,002

As per our report of even date attached.

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



R. P. Sond  
Partner  
Membership No.: 104796



For and on behalf of the Board of Directors



Husayn Sassa  
Director



Sahjahan Ally Nauthoo  
Director

Mumbai  
Date: 12 May 2015

# Forefront India Capital Management

## Notes to the financial statements

(Currency: Indian Rupees)

### 1. Significant accounting policies

#### 1.1 Basis of preparation of financial statements

The accompanying financial statements are prepared and presented in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention, on the accrual basis of accounting, unless otherwise stated, and comply with the Accounting Standards as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Companies Act, 2013 (to the extent notified), provisions of the Companies Act, 1956 (to the extent applicable) (hereinafter together referred to as 'the Act') and the Schedule III to the Act. The financial statements are presented in Indian rupees.

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

#### 1.2 Use of estimates

The preparation of the financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities 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 satisfies any of the following criteria:

- a. It is expected to be realized in, or is intended for sale or consumption in, the company's normal operating cycle;
- b. It is held primarily for the purpose of being traded;
- c. It is expected to be realized within 12 months after the reporting date; or
- d. It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.





## Forefront India Capital Management

### Notes to the financial statements (Continued)

(Currency: Indian Rupees)

#### 1. Significant accounting policies (Continued)

##### 1.3 Current-non-current classification (continued)

###### Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- a. It is expected to be settled in the company's normal operating cycle.
- b. It is held primarily for the purpose of being traded;
- c. It is due to be settled within 12 months after the reporting date; or
- d. 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 financial liabilities.  
All other liabilities are classified as non-current.

##### 1.4 Revenue recognition

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

##### 1.5 Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired based on internal/external factors. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs, is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of the depreciable historical cost.

##### 1.6 Taxation

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

###### Current tax

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



# Forefront India Capital Management

## Notes to the financial statements (*Continued*)

(Currency: Indian Rupees)

### 1. Significant accounting policies (*Continued*)

#### 1.6 Taxation (*continued*)

##### *Deferred tax*

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

#### 1.7 Earnings per share

The Company reports basic and diluted earnings per share in accordance with Accounting Standard 20, "Earnings per Share" notified under section 133 of the Companies Act 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014. Basic earnings per share is computed by dividing the net profit after tax attributable to equity shareholders by the weighted average number of ordinary shares outstanding for the year.

Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue 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.

#### 1.8 Provisions and contingencies

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

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

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



## Forefront India Capital Management

Notes to the financial statements (Continued)

(Currency: Indian Rupees)

	As at 31 March 2015	As at 31 March 2014
<b>2.1 Share capital</b>		
<b>Authorised:</b>		
111,324 (Previous year: 39,584) Ordinary shares of USD 1 each	6,869,254	2,378,990
50,000 (Previous year: Nil) 1% Non-Cumulative preference shares of USD 1 each	3,129,540	-
	<u>9,998,794</u>	<u>2,378,990</u>
<b>Issued, subscribed and fully paid up:</b>		
111,324 (Previous year: 39,584) Ordinary shares of USD 1 each	6,869,254	2,378,990
50,000 (Previous year: Nil) 1% Non-Cumulative preference shares of USD 1 each	3,129,540	-
	<u>9,998,794</u>	<u>2,378,990</u>

	As at 31 March 2015		As at 31 March 2014	
	No of shares	Amount	No of shares	Amount
<i>The movement in ordinary share capital during the year :</i>				
Outstanding at the beginning of the year/period	39,584	2,378,990	-	-
Issued during the year / period	71,740	4,490,264	39,584	2,378,990
As at the end of the year / period	<u>111,324</u>	<u>6,869,254</u>	<u>39,584</u>	<u>2,378,990</u>

	As at 31 March 2015		As at 31 March 2014	
	No of shares	Amount	No of shares	Amount
<i>The movement in Non-Cumulative preference share capital during the year :</i>				
Outstanding at the beginning of the year/period	-	-	-	-
Issued during the year/period	50,000	3,129,540	-	-
As at the end of the year/period	<u>50,000</u>	<u>3,129,540</u>	<u>-</u>	<u>-</u>

### Terms /rights attached to ordinary shares:

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

### Terms /rights attached to Non-Cumulative preference shares:

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

### Details of shareholders holding more than 5% shares

Name of the shareholder	As at 31 March 2015		As at 31 March 2014	
	No. of shares	Percentage of total number of shares	No. of shares	Percentage of total number of shares
<b>Ordinary shares</b>				
Forefront Capital Management Private Limited	111,324	100	39,584	100
<b>Participating shares</b>				
EC Global Limited	50,000	100	-	-

### 2.2 Reserves and surplus

	As at 31 March 2015	As at 31 March 2014
Foreign exchange translation reserve	(370,879)	(229,762)
<b>Deficit in statement of profit and loss</b>		
Opening balance	(4,513,194)	-
Add: Loss for the year	(1,832,022)	(4,513,194)
Closing balance	<u>(6,345,216)</u>	<u>(4,513,194)</u>
	<u>(6,716,095)</u>	<u>(4,742,956)</u>



# Forefront India Capital Management

## Notes to the financial statements (Continued)

(Currency: Indian Rupees)

	As at 31 March 2015	As at 31 March 2014
<b>2.3 Short-term borrowings</b>		
<u>Unsecured</u>		
Loan from related party, repayable on demand	-	587,476
	<u>-</u>	<u>587,476</u>
<b>2.4 Cash and cash equivalents</b>		
Balances with banks		
- in current accounts	4,476,744	543,002
	<u>4,476,744</u>	<u>543,002</u>
<b>2.5 Short-term loans and advances</b>		
<u>Unsecured, considered good</u>		
Other loans and advances		
Prepaid expenses	72,605	70,377
Advances recoverable in cash or in kind or for value to be received	64	60
	<u>72,669</u>	<u>70,437</u>



## Forefront India Capital Management

### Notes to the financial statements (Continued)

(Currency: Indian Rupees)

	For the year ended 31 March 2015	For the period from 20 May 2013 to 31 March 2014
<b>2.6 Revenue from operations</b>		
Advisory fees	1,053,753	82,980
	<u>1,053,753</u>	<u>82,980</u>
<b>2.7 Financial costs</b>		
Bank charges	41,093	11,724
	<u>41,093</u>	<u>11,724</u>
<b>2.8 Other expenses</b>		
Auditors' remuneration (refer note 2.11)	175,809	164,417
Legal and professional fees	2,223,633	3,369,826
License fees	351,618	214,457
Preliminary expenses	-	781,708
Rates and taxes	18,957	4,518
Secretarial charges	61,151	49,468
Miscellaneous expenses	13,514	57
	<u>2,844,682</u>	<u>4,584,451</u>



## Forefront India Capital Management

### Notes to the financial statement (Continued)

(Currency: Indian Rupees)

#### 2.9 Segment reporting

The Company has operated only in one business segment during the year viz. rendering advisory services. Therefore, the Company has only one reportable business segment, the results of which are disclosed in the financial statements.

#### 2.10 Related parties

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

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

Edelweiss Financial Services Limited                      Ultimate holding company  
Forefront Capital Management  
Private Limited    Holding company

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

EC Global Limited    Fellow Subsidiary

#### Transactions with related parties:

Nature of transaction	Related party name	Amount 31 March 2015	Amount 31 March 2014
<b>Capital Account Transaction during the year</b>			
Issue of ordinary shares to	Forefront Capital Management Private Limited	3,888,935	2,378,990
Issue of participating shares to	EC Global Limited	3,129,540	-
Issue of ordinary shares by way of conversion of loan taken from	Forefront Capital Management Private Limited	601,329	-
Loans taken from	Forefront Capital Management Private Limited	-	587,476
<b>Balances with Related Party:</b>			
Trade Payable to	Forefront Capital Management Private Limited	-	62,023



## Forefront India Capital Management

### Notes to the financial statement (Continued)

(Currency: Indian Rupees)

#### 2.11 Auditors' remuneration

	For the year ended 31 March 2015	For the period from 20 May 2013 to 31 March 2014
As auditors	175,809	164,417
<b>Total</b>	<b>175,809</b>	<b>164,417</b>

#### 2.12 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 2015	For the period from 20 May 2013 to 31 March 2014
(a)	Profit after tax (as per statement of profit and loss)	(1,832,022)	(4,513,194)
	Less: dividend on preference share capital	-	-
	Net profit for the year attributable to equity shareholders	(1,832,022)	(4,513,194)
(b)	Calculation of weighted average number of equity Shares of Rs. 10 each		
	Number of shares outstanding at the beginning of the year/period	39,584	-
	Number of Shares issued during the year/period	71,740	39,584
	Total number of equity shares outstanding at the end of the year/period	111,324	39,584
	Weighted average number of equity shares outstanding during the year/period (based on the date of issue of shares)	108,179	24,553
	Nominal value per share in USD	1	1
(c)	Basic and diluted earnings per share (in rupees) (a)/(b)	(16.94)	(183.81)

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



## Forefront India Capital Management

### Notes to the financial statement (Continued)

(Currency: Indian Rupees)

#### 2.13 Capital commitments and contingent liabilities


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

#### 2.14 Prior period comparatives

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

As per our report of even date attached

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



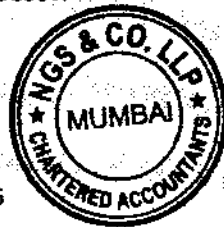
R. P. Soni

Partner

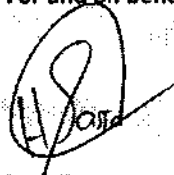
Membership No.: 104796

Mumbai

Date: 12 May 2015

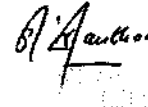


For and on behalf of the Board of Directors



Husayn Sassa

Director



Sahjahan Aily Nauthoo

Director