September 6, 2019

Corporate Relationship Department
BSE Limited,
1st Floor, New Trading Ring,
Rotunda Building,
P.J. Towers, Dalal Street,
Fort, Mumbai – 400 001.

Dear Sirs,

Sub: **Submission of Annual Report for the FY 2018-19**
Ref: **Faze Three Limited (STOCK CODE: 530079)**

In compliance with Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the Annual Report of the Company for the financial year 2018-19 along with the Notice of 34th Annual General Meeting of the Company to be held on Monday, September 30, 2019.

The said Annual Report along with the Notice of 34th Annual General Meeting is also available on the website of the Company i.e.: www.fazethree.com

You are requested to kindly take the same on your records.

Yours faithfully,
For FAZE THREE LIMITED

ADParekh

ANKIT PAREKH
Company Secretary
M No. 31990

FAZE THREE LTD. MUMBAI

FAZE THREE LIMITED
(CIN: L99999DN1985PLC000197)
Regd. Office: Survey 380/1, KhanvelSilvassa Road, Dapada, Silvassa – 396 230, UT of D&NH
Corporate Office: 63/64, 6th Floor, Wing C, Mittal Court, Nariman Point, Mumbai - 400021.
Tel. : 91 (22) 43514444, 66604600 * Fax : 91 (22) 24936811 * E-mail : info@fazethree.com * Website : www.fazethree.com

FAZE3 LIMITED

34th Annual Report
2018-19

FAZE THREE LIMITED

34TH ANNUAL REPORT 2018-19

1. Day & Date of Annual General Meeting	:	Monday, 30th September, 2019
2. Time and Venue	:	10.00 a.m. Conference Hall, Plot No. 146 Waghdhara Village Road Dadra – 396 193 UT of Dadra & Nagar Haveli
3. Book Closure	:	Tuesday, 24th September, 2019 to Monday, 30th September, 2019 (both days inclusive)

Contents — Pg No.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Ajay Anand	Chairman & MD
Mr. Sanjay Anand	Whole time Director
Mr. Manan Shah	Independent Director
Ms. Shweta Jain	Independent Director
Mr. Vinit Rathod	Independent Director
Mr. Ankit Madhwani	Chief Financial Officer
Mr. Ankit Parekh	Company Secretary

BANKERS
Yes Bank Limited

ADVOCATES & SOLICITORS
Vikram Philip & Associates

STATUTORY AUDITORS
M/s. MSKA & Associates,
Chartered Accountants, Mumbai.

SECRETARIAL AUDITORS
M/s. Sanjay Dholakia & Associates,
Practicing Company Secretary

REGISTRAR AND TRANSFER AGENT
M/s. Sharex Dynamic (India) Pvt. Ltd.
C-101, 247 Park, LBS Marg, Vikhroli
(West), Mumbai – 400 083.

Phone: 022 2851 5606 / 5644
Website: www.sharexindia.com
Email: sharexindia@vsnl.com

REGISTERED OFFICE
Survey No. 380/1, Khanvel Silvassa Road,
Dapada – 396230,
UT of Dadra & Nagar Haveli.

Ph: +91 260 2699323/ +91 22 43514444
Fax: +91(0) 260 2699322

Email: investors@fazethree.com
Website: www.fazethree.com

CORPORATE OFFICE
63, Mittal Court, Wing C,
Nariman Point,
Mumbai – 400 021.

Phone : 022 6660 4600 / 4351 4444
Fax : 022 2493 6811

MANUFACTURING UNITS

DAPADA
Survey No. 380/1, Khanvel Silvassa Road,
Dapada, Silvassa – 396230
UT of Dadra and Nagar Haveli

DADRA
Survey No. 356/1&2, Village Dadra,
Dadra, Silvassa – 396193
UT of Dadra and Nagar Haveli

VAPI
Plot No. 71, Phase I, GIDC Indl. Estate,
Vapi – 396195, Gujarat

PANIPAT
Jatal Road, Anand Nagar,
Nr. Old Canal Road, Panipat – 132103,
Haryana

NOTICE
34TH ANNUAL GENERAL MEETING

Notice is hereby given that the **THIRTY FOURTH ANNUAL GENERAL MEETING** of the Members of **FAZE THREE LIMITED** will be held on Monday, 30th September, 2019 at 10.00 a.m. at Plot No. 146, Waghdhara Village Road, Dadra – 396 193, UT of Dadra & Nagar Haveli, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited financial statements (including audited consolidated financial statements) for the financial year ended 31st March, 2019 and the Report of the Auditors and the Report of Board of Directors thereon.

2. To appoint a Director in place of Mr. Sanjay Anand (DIN: 01367853), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

3. Regularisation of appointment of Mrs. Rashmi Anand (DIN: 00366258) as a Non-Executive Director of the Company

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 152 and 161 and any other applicable provisions of the Companies Act, 2013 ("Act") and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mrs. Rashmi Anand (DIN: 00366258), who was appointed as an Additional (Non-Executive) Director of the Company by the Board of Directors at its meeting held on 23rd August 2019, and who holds office upto the date of this Annual General Meeting ('AGM') and in respect of whom the Company has received a notice under Section 160 of the Act in writing from a member proposing her candidature for the office of Director, be and is hereby appointed as a Non-Executive Director of the Company, whose office shall be liable to retire by rotation."

4. Re-appointment of Mr. Ajay Anand (DIN: 00373248) as the Managing Director of the Company

To consider and if thought fit, to pass the following resolution as a **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 196, 197 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), approval of the members be and is hereby accorded to re-appoint Mr. Ajay Anand (DIN: 00373248), as the Managing Director of the Company for a period of three (3) years with effect from April 1, 2019 upto March 31, 2022 on the terms and conditions and payment of such remuneration to Mr. Ajay Anand, as set out in the statement annexed to the Notice convening this Meeting with the liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this resolution) to alter and vary the said terms and conditions of re-appointment and / or remuneration, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof;

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

5. Re-appointment of Mr. Sanjay Anand (DIN: 01367853) as the Whole-time Director of the Company

To consider and if thought fit, to pass the following resolution as a **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 196, 197 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), approval of the members be and is hereby accorded to re-appoint Mr. Sanjay Anand (DIN: 01367853), as the Whole-time Director of the Company for a period of three (3) years with effect from April 1, 2019 upto March 31, 2022 on the terms and conditions and payment of such remuneration to Mr. Sanjay Anand, as set out in the statement annexed to the Notice convening this Meeting with the liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this resolution) to alter and vary the said terms and conditions of re-appointment and / or remuneration, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof;

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

6. Approval of Related Party Transactions

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to provisions of Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 188 of the Companies Act, 2013 and rules made thereunder as amended from time to time, the consent of the members of the Company be and is hereby accorded to the related party transactions entered into / to be entered into by the Company with Aunde Faze Three Autofab Limited (CIN: L17120DN1997PLC000196), a 'Related Party' as defined under Section 2(76) of the Companies Act, 2013 and Regulation 2(1)(zb) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the Financial Year 2019-20."

"RESOLVED FURTHER THAT the consent be and is hereby accorded for the material related party transactions between the Company and Aunde Faze Three Autofab Limited as per the details mentioned under the Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 annexed to this Notice."

By Order of the Board of Directors
For Faze Three Limited

Place: Mumbai
Date: 23rd August, 2019

Ankit Parekh
Company Secretary

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (AGM) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS/ HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

   The instrument appointing the proxy, in order to be effective, must be deposited at the Company's Registered Office, duly completed and signed, not less than 48 hours before the commencement of the AGM. Proxies submitted on behalf of limited companies, societies etc., must be supported by appropriate resolutions / authority, as applicable. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder of the Company. Proxy form is annexed to this report.

2. Corporate Members intending to send their authorized representatives to attend the meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company a certified copy of the relevant Board resolution together with the specimen signatures of their authorized representatives to attend and vote on their behalf at the meeting.

3. Statement pursuant to Section 102 of the Companies Act, 2013, in respect of Special Businesses set out in the notice is annexed hereto.

4. The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, 24th September, 2019 to Monday, 30th September, 2019 (both days inclusive).

5. Members are requested to hand over the enclosed Attendance Slip, duly signed in accordance with their specimen signature(s) registered with the Company for admission to the meeting hall. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for identification. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.

6. In accordance with Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015, the Company has fixed Monday, 23rd September, 2019 as the "cut-off date" to determine the eligibility to vote by electronic means or in the general meeting. A person whose name is recorded in the Register of Members or in the register of beneficial owners maintained by the Depositories as on the cut-off date, i.e. 23rd September, 2019, shall be entitled to avail the facility of remote e-voting or voting in the general meeting.

7. Electronic copy of the Annual Report including Notice of the 34th Annual General Meeting of the Company inter alia indicating the process and manner of e-Voting along with Attendance Slip and Proxy Form is being sent to all the Members whose email IDs are registered with the Company/ Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same.

   In order to receive copies of Annual Reports and other communication through e-mail, Members are requested to register their e-mail addresses with the Company by sending an e-mail to investors@fazethree.com. The members who have not registered their e-mail address are requested to register their e-mail address in respect of electronic holdings with the Depository through their concerned Depository Participants.

8. Members are requested:

   i. To write to the Company at least 7 days before the date of the meeting, in case they desire any information as regards to the Audited Accounts for the financial year ended 31st March 2019, so as to enable the Company to keep the information ready.

   ii. To bring their copy of Attendance slip and their photo identity proof at the Annual General Meeting.

   iii. To inform to the Registrar & Transfer Agent (R&TA) of the Company immediately, about any change in their address, where the shares are held in electronic form, such change is to be informed to the Depository Participant (DP) and not to the Company/ R&TA.

   iv. To quote Registered Folio No. or DP ID / Client ID No. in all their correspondence.

   v. To approach the R&TA of the Company for consolidation of folios.

   vi. To avail Nomination facility by filing in and forwarding the nomination form to the R&TA, if not already done.

   vii. To send all share transmission/ duplicate certificate requests / correspondence to the R&TA of the Company, M/s. Sharex Dynamic (India) Pvt. Ltd. C 101, 247 Park, LBS Marg, Vikhroli (West), Mumbai - 400 083 upto the date of book closure.

9. The shares of the Company are listed on the BSE Limited. The listing fees till date have been paid.

10. All the documents referred to in the Notice are open for inspection at the Registered as well as Corporate Office of the Company between 10:00 a.m. to 5:00 p.m. on all working days until the date of the Annual General Meeting or any adjournment(s) thereof.

11. i. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by National Securities Depository Limited (NSDL), on all the resolutions set forth in this Notice. The instructions for e-voting are given herein below. Resolution(s) passed by Members through e-voting is/are deemed to have been passed as if they have been passed at the AGM.

ii. The facility for voting through ballot paper shall be made available at the AGM and the Members attending the meeting who have not cast their vote by e-voting shall be able to exercise their right at the meeting through ballot paper.

iii. The Members who have cast their vote by e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

iv. The e-voting period commences on Friday, 27th September, 2019 (9:00 am) and ends on Sunday, 29th September, 2019 (5:00 pm). During this period, Members of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. Monday, 23rd September, 2019, may cast their vote by e-voting. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.

STEP BY STEP PROCESS FOR E-VOTING:

The way to vote electronically on NSDL e-Voting system consists of “Two Steps” which are mentioned below:
Step 1 : Log-in to NSDL e-Voting system at https://www.evoting.nsdl.com/
Step 2 : Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 is mentioned below:

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholders’ section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.
   Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.
4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******.

b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12************** then your user ID is 12**************
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Your password details are given below:
   a) If you are already registered for e-Voting, then you can user your existing password to login and cast your vote.
   b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
   c) How to retrieve your 'initial password'?
      (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
      (ii) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.
6. If you are unable to retrieve or have not received the " Initial password" or have forgotten your password:
   a) Click on "Forgot User Details/Password?"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
   b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
   c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

Details on Step 2 is given below:

<u>How to cast your vote electronically on NSDL e-voting system?</u>

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to **sanjayrd65@gmail.com** with a copy marked to **evoting@nsdl.co.in.**
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “Forgot User Details/Password?” or “Physical User Reset Password?” option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in

12. The route map showing directions to reach the venue of the 34th AGM is annexed hereto.

13. The Company has appointed Mr. Sanjay Dholakia, Practicing Company Secretary (Membership No. FCS-2655 and CP No.1798) as the Scrutinizer to count the votes cast in favour or against the resolutions proposed from item No. 1 to 6 of the Notice and to comply with the provisions of Section 108 of the Companies Act, 2013.

14. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of Scrutinizer, by use of “Ballot Paper” for all those Members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

15. The results declared, along with the report of the Scrutinizer, shall be placed on the website of the Company at www.fazethree.com and on the website of NSDL at www.evoting.nsdl.com within two days of passing of resolutions at the AGM of the Company. The results shall also be immediately forwarded to BSE Limited, Mumbai where the shares of the Company are listed.

17. A brief profile of Director(s) proposed to be appointed/ re-appointed at this Annual General Meeting pursuant to Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is given hereunder:

Name of the Director	**Mrs. Rashmi Anand**	**Mr. Ajay Anand**	**Mr. Sanjay Anand**
Date of Birth	24.09.1958	16.10.1954	28.11.1961
Qualification	BA, LLB	Graduate	Graduate
Expertise	Policy making and strategic decision making, setting up of textile business, social activities.	Business Management, operations, research and development, particularly in Home and Automotive textiles business.	Operations and Business development.
Experience	25 years	More than 30 years	30 years
Disclosure of relationship with Directors inter-se	Wife of Mr. Ajay Anand, Managing Director of the Company	Husband of Mrs. Rashmi Anand, Non-Executive Director and brother of Mr. Sanjay Anand, Whole-time Director.	Brother of Mr. Ajay Anand, Managing Director
Names of other listed entities where the Director holds directorship and membership of committees of the Board	Aunde Faze Three Autofab Limited	Aunde Faze Three Autofab Limited	V.R.Woodart Limited

STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

The following Statement sets out material facts relating to the business under Item No. 3 to 6.

Item No. 3

Pursuant to provisions of Section 161 of Companies Act, 2013, the Board of Directors of the Company at its meeting held on 23rd August, 2019 appointed Mrs. Rashmi Anand (DIN: 00366258) as an Additional Director, designated as Non-Executive Director.

As per the provisions of Section 161(1) of the Act, Mrs. Rashmi Anand holds office of Additional Director up to the date of this Annual General Meeting of the Company and is eligible to be appointed as a Director. The Company has received a notice under Section 160(1) of the Act proposing her candidature for the office of Director of the Company, along with the requisite deposit.

Brief Profile of Rashmi Anand: Mrs. Rashmi Anand, Indian Inhabitant, aged 60 years, is a Law Graduate and has vast experience in policy making and strategic decision making. A socially active person, she has been instrumental in contributing towards the society well-being and uplifting through various initiatives. She has adequate expertise of the operations of textile industry and has led a number of assignments related to setting up of textile businesses independently. She is wife of the Managing Director, Mr. Ajay Anand and a member of promoter group of Faze Three Limited. She has been a part of the management of the Company in the past.

Except Mrs. Rashmi Anand, appointee Director, Mr. Ajay Anand, Managing Director and Mr. Sanjay Anand, Wholetime Director, none of the Directors or Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested in the said resolution.

The Board recommends the passing of the Resolution set out in the Notice convening the Meeting. Members are requested to approve the appointment of Mrs. Rashmi Anand as a Non-Executive Director on the Board of the Company.

Item No. 4

Mr. Ajay Anand (DIN: 00373248) was appointed as the Managing Director, through a special resolution passed by the members of the Company at their 29th Annual General Meeting held on 29th September, 2014, for a period of 5 years with effect from 1st April, 2014. Recognizing the significant role of Mr. Ajay Anand for the overall growth and progress of the Company during the period and keeping in view the role and responsibilities shouldered by him, the Board of Directors at its meeting held on 29th May, 2019, on the recommendation of the Nomination and Remuneration Committee, has approved the reappointment of Mr. Ajay Anand as the Managing Director of the Company for a period of 3 years, subject to retirement by rotation, with effect from 1st April, 2019, on the terms and conditions as set out hereunder, subject to the approval of the members.

The re-appointment of Mr. Ajay Anand for a period of 3 years and the terms of re-appointment including the payment of remuneration has been recommended by the Nomination and Remuneration Committee at its meeting held on 01st April, 2019 and approved by the Audit Committee at its meeting held on 29th May, 2019.

The general information as required under Section II, Part II of Schedule V of the Companies Act, 2013 and the disclosure as required in accordance with Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings (SS-2) issued by the ICSI has been annexed and forms part of this notice.

Members are informed that Mr. Ajay Anand is also proposed to be re-appointed as the Managing Director of Aunde Faze Three Autofab Limited, a listed Company having common Promoters, for a period of 3 years. Such re-appointment of Mr. Ajay Anand as Managing Director of both the Companies and the payment of remuneration is/ will be in conformity with Section 196, 197 of the Companies Act and Schedule V of the Companies Act, 2013.

The draft agreement, setting out the terms and conditions of the aforementioned re-appointment of Mr. Ajay Anand as Managing Director would be available for inspection by the members of the Company at the Registered Office of the Company on any working day between 11.00 A.M. and 5.00 P.M.

Except Mr. Ajay Anand, the appointee Managing Director, Mrs. Rashmi Anand, Non-Executive Director and Mr. Sanjay Anand, Whole-time Director, none of the Directors or Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested in the said resolution.

Broad particulars of the terms of re-appointment of Mr. Ajay Anand:

Basic Salary: Upto 96.00 lacs (Rupees Ninety Six lacs) per annum.

Commission: Upto 1% of annual net profits

Perquisites: In addition to the remuneration as stated above, Mr. Ajay Anand shall also be entitled, as per Rules of the Company, to perquisites like accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance together with reimbursement of expenses and / or allowances for utilisation of gas, electricity, water, furnishing and repairs, medical assistance and air passage and / or leave travel concession / allowances for self and family including dependents, personal accident insurance premium, reimbursement of club memberships and such other perquisites and allowances in accordance with the rules of the Company. The said perquisites and allowances shall be evaluated, wherever applicable, as per the provisions of Income Tax Act, 1961 or any rules thereunder or any statutory modification(s) or re-enactment(s) thereof; in the absence of any such rules, perquisites and allowances shall be evaluated at actual cost.

Retirement Benefits: The Company's contribution to provident fund, superannuation or annuity fund, gratuity payable and encashment of leave, as per the rules of the Company, shall be in addition to the remuneration above.

Reimbursement of Expenses: Expenses incurred for travelling, boarding and lodging during business trips and provision of car(s) for use on Company's business and communication expenses at residence shall be reimbursed at actuals and not considered as perquisites.

Other terms: Mr. Ajay Anand, shall be vested with substantial powers of the management subject to the supervision, control and direction of the Board. As long as Mr. Ajay Anand functions as Managing Director of the Company, no sitting fees will be paid to him for attending the meetings of the Board of Directors or Committee thereof. His office as a Managing Director shall be liable to retire by rotation, however his retirement will not break his length of service.

Item No. 5

Mr. Sanjay Anand (DIN: 01367853) was appointed as the Whole-time Director, through a special resolution passed by the members of the Company at their 29th Annual General Meeting held on 29th September, 2014, for a period of 5 years with effect from 1st April, 2014. Recognizing the contribution of Mr. Sanjay Anand in the field of production and marketing and keeping in view the role and responsibilities shouldered by him, the Board of Directors at its meeting held on 29th May, 2019, on the recommendation of the Nomination and Remuneration Committee, has approved the reappointment of Mr. Sanjay Anand as the Whole-time Director of the Company for a period of 3 years, subject to retirement by rotation, with effect from 1st April, 2019, on the terms and conditions as set out hereunder, subject to the approval of the members.

The reappointment of Mr. Sanjay Anand for a period of 3 years and the terms of re-appointment has been recommended by the Nomination and Remuneration Committee at its meeting held on 01st April, 2019 and approved by the Audit Committee at its meeting held on 29th May, 2019.

The general information as required under Section II, Part II of Schedule V of the Companies Act, 2013 and the disclosure as required in accordance with Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings (SS-2) issued by the ICSI has been annexed and forms part of this notice.

Members are informed that the re-appointment of Mr. Sanjay Anand as Whole-time Director for a further period of 3 years with effect from 1st April, 2019 and the payment of remuneration, as set out hereunder, are/ shall be in conformity with the applicable Sections and Schedule V of the Companies Act, 2013.

The draft agreement, setting out the terms and conditions of the aforementioned re-appointment of Mr. Sanjay Anand as Whole-time Director would be available for inspection by the members of the Company at the Registered Office of the Company on any working day between 09.00 A.M. and 5.00 P.M.

Except Mr. Sanjay Anand, the appointee Whole-time Director, Mr. Ajay Anand, Managing Director and Mrs. Rashmi Anand, Non-Executive Director, none of the Directors or Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested in the said resolution.

Broad particulars of the terms of re-appointment of Mr. Sanjay Anand:

Basic Salary: Upto 48.00 lacs (Rupees Forty Eight lacs) per annum.

Commission: Upto 0.50% of annual net profits

Perquisites: In addition to the remuneration as stated above, Mr. Sanjay Anand shall also be entitled, as per Rules of the Company, to perquisites like accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance together with reimbursement of expenses and / or allowances for utilisation of gas, electricity, water, furnishing and repairs, medical assistance and air passage and / or leave travel concession / allowances for self and family including dependents, personal accident insurance premium, reimbursement of club memberships and such other perquisites and allowances in accordance with the rules of the Company. The said perquisites and allowances shall be evaluated, wherever applicable, as per the provisions of Income Tax Act, 1961 or any rules thereunder or any statutory modification(s) or re-enactment(s) thereof; in the absence of any such rules, perquisites and allowances shall be evaluated at actual cost.

Retirement Benefits: The Company's contribution to provident fund, superannuation or annuity fund, gratuity payable and encashment of leave, as per the rules of the Company, shall be in addition to the remuneration above.

Reimbursement of Expenses: Expenses incurred for travelling, boarding and lodging during business trips and provision of car(s) for use on Company's business and communication expenses at residence shall be reimbursed at actuals and not considered as perquisites.

Other terms: Mr. Sanjay Anand shall be vested with such powers as may be conferred upon him by the Board of Directors from time to time. As long as Mr. Sanjay Anand functions as Whole-time Director of the Company, no sitting fees will be paid to him for attending the meetings of the Board of Directors or Committee thereof. His office as a Whole-time Director shall be liable to retire by rotation, however his retirement will not break his length of service.

Item No. 6

Faze Three Limited has entered into an exclusive manufacturing and processing agreement with Aunde Faze Three Autofab Limited for use of Faze Three Ltd's dyeing unit at Vapi for dyeing of Automotive Fabrics as per the laid down standards. The agreement also lays down terms for dealing with other units of Faze Three Limited and Aunde Faze Three Autofab Limited in case of any specific requirement of capacity or technology sharing.

Aunde Faze Three Autofab Limited is engaged into manufacturing of automotive textile fabric having its unit located in Dadra, UT of D&NH. The transactions are made in the ordinary course of business and are at arm's length price and requisite approvals have been taken from the Board and Audit Committee.

As per the requirement of Regulation 23 of SEBI (Listing Obligations & Disclosure Requirements) Regulation, 2015, all Material Related Party Transactions require approval of the Members through resolution if the transaction or transactions to be entered into individually or taken together with previous transactions during the financial year, exceeds 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company. Aunde Faze Three Autofab Limited is a Related Party and the transaction as described hereunder are likely to exceed 10% of the annual turnover of the Company as per the audited financial statements of the Company and thus, in terms of the aforesaid Regulation, the transactions would require the approval of the members by way of Ordinary Resolution:

Brief details of the proposed transaction:

S No.	Description	Details		
1	Name of the related party	Aunde Faze Three Autofab Limited		
2	Name of the related Director or KMP	Mr. Ajay Anand		
3	Nature of relationship	Entity which has common Promoter-Director as per IndAS – 24		
		31/03/2018 Actual	**31/03/2019 Actual**	**31/03/2020 Proposed**
4	Value of transactions (Dyeing income) (Amt. in crores)	12.80	24.61	25.00

None of the Directors or Key Managerial Personnel or their relatives except Mr. Ajay Anand, Managing Director and Mrs. Rashmi Anand, Non-Executive Director of the Company are in any way concerned or interested in the said resolution.

STATEMENT CONTAINING ADDITIONAL INFORMATION AS REQUIRED UNDER SCHEDULE V OF THE ACT

I. General Information

1. Nature of industry:

Faze Three Limited is engaged in manufacturing and exports of Home Textile Products, cotton handlooms, furnishing fabrics and textile made ups. It has 6 state of the art manufacturing units Silvassa, Vapi and Panipat. It has a diversified product basket which includes cotton and rubber backed bathmats, durries, tufted bed spreads and throws, hand tufted carpets and rugs made of cotton and wool, cushion covers, curtains as well as poly cotton and cotton damask table covers, napkins amongst others.

The Company caters to high end home textiles segment and the orders are custom made as per the client specifications. Majority of the revenue (93.01% in FY 2018) is derived from the international market. The key export markets include the United States of America (USA), United Kingdom (UK), Germany, Australia, Hong Kong, Canada, South Africa, Brazil and others.

2. Date or expected date of commencement of commercial production:

Not applicable since the Company is established since the year 1985.

3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:

Not applicable since the Company is established since the year 1985.

4. Financial performance based on given indicators:

The key highlights of the financial performance of the Company is as stated below: (in crores)

Particulars	For the Year ended 31.03.2019	For the Year ended 31.03.2018	For the Year ended 31.03.2017
Revenue from Operations	268.55	239.73	243.77
Profit before tax	17.82	15.54	27.27
Profit for the year	15.05	16.83	37.86

5. Foreign investments or collaborations, if any:

There is no foreign direct investment in the Company or any foreign collaboration. The business of the Company is managed and controlled by Indian Promoters.

II. Information about the appointee:

1. Background details :

Mr. Ajay Anand

Mr. Ajay Anand, Indian Inhabitant, aged 63 years, is the founder promoter of the Company and is associated with the Company since its inception. He was re-appointed as Chairman and Managing Director effective from 1st April 2014 for a period of 5 years. Mr. Ajay Anand holds graduate level qualification with expert and specialized knowledge in the field of home and automotive textiles. He has nearly 3 decades of experience in the industry and has led the Company throughout. His quest for innovation and consistency has helped the business of the Company grow year on year and become one of the most preferred vendors among the retail giants in the US and European markets in the field of Home Textiles.

Mr. Sanjay Anand

Mr. Sanjay Anand is associated with the Company since its inception and has been actively involved in the Company's manufacturing operations at Panipat, Haryana. He holds a bachelor degree and plays a key role in business development and sealing business deals and large orders with the customers, most of which are top retail giants in the key cities across the world. He has an experience of more than 3 decades in the textile industry.

2. Past remuneration

The remuneration drawn for the year 2018-19:
Mr. Ajay Anand - Rs. 68.40 lacs
Mr. Sanjay Anand – Rs. 38.40 lacs

3. Recognition or awards

None

4. Job profile and his suitability

Mr. Ajay Anand:

As a Managing Director, Mr. Ajay Anand has shouldered the Company throughout the period and is entrusted with such duties and powers as have been or may from time to time be entrusted or conferred upon him by the Board. He is a first generation entrepreneur of proven calibre and skill and has a successful experience in business management as a leader.

Mr. Sanjay Anand:

Mr. Sanjay Anand plays a key role in the business development. He has successfully explored new markets and customers overseas during the years and has been able to tap the top retailers across the world and secure orders consistently. He manages the operations of the Company’s handloom unit at Panipat, Haryana.

5. Remuneration proposed

As per item no 4 and 5 of the ‘Statement pursuant to section 102(1) of the Companies Act, 2013’ annexed to the Notice.

6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person

The Company being in a very niche segment, it is very difficult to compare the remuneration in the industry as there are very few competitors in India having similar business structure. Having regard to the type of industry, trends in the industry, size of the Company, the responsibilities, the experience, expertise, efforts and capabilities, the Company believes that the remuneration proposed to be paid to Mr. Ajay Anand as a Managing Director and Mr. Sanjay Anand as a Whole-time Director is appropriate. The executive remuneration in the industry if compared to the Companies operating in the similar/ partly similar line of business has been increasing significantly in last few years.

Considering the rich experience, competence, and the growth and development of the Company under the leadership of the above Managerial Personnel, the terms of the remuneration are considered fair and reasonable.

7. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.

Except for receiving remuneration, Mr. Ajay Anand and Mr. Sanjay Anand has no other pecuniary relationship with the Company.

III. Other information:

1. Reasons of loss or inadequate profits
The Company is making adequate profits as commensurate with the size and type of business activities. The Company expects increase in the turnover and profit margins in the coming years.

2. Steps taken or proposed to be taken for improvement
The Company is taking a number of steps including exploring new markets and customers in the US and European countries by engaging local firms in the respective countries for business development. It is also working to restrict the fixed costs so as to increase the profit margin.

3. Expected increase in productivity and profits in measurable terms
The Company expects a growth in the range of 10-12% and increase in the profit margin by 10-15% in the next two years.

By order of the Board of Directors
For Faze Three Limited

Place: Mumbai
Date: 23th August, 2019

Ankit Parekh
Company Secretary

FAZE THREE LIMITED
CIN: L99999DN1985PLC0000197
Regd. Office: Survey No. 380/1, Khanvel Silvassa Road, Dapada –396230 Union Territory of Dadra & Nagar Haveli

ATTENDANCE SLIP
(To be presented at the entrance)
34th Annual General Meeting to be held on Monday, 30th September, 2019 at 10.00 a.m.

Folio No. ________________________ DP ID No. _____________________________ Client ID No. _________________________

Name of the Member ____ Signature ___________________________

Name of the Proxyholder ____ Signature ____________________________

1. Only Member / Proxyholder can attend can attend the Meeting.
2. Member / Proxyholder should bring his / her copy of the Annual Report for reference at the Meeting.

----------------X---------------X----------------X-----------------X----------------X----------------X----------------X----------------X----------------X-----------------X------------------

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN	L99999DN1985PLC000197		
Name of the company	FAZE THREE LIMITED		
Registered office	Survey No. 380/1, Khanvel Silvassa Road, Dapada – 396230, UT of Dadra & Nagar Haveli		
Name of the member(s)			
Registered address			
E-mail Id			
Folio No/ Client Id		DP ID	

I/We, being the member (s) of ……………………. shares of the above named company, hereby appoint

Name			
Address			
E-mail Id		Signature	

OR FAILING HIM

Name			
Address			
E-mail Id		Signature	

OR FAILING HIM

Name			
Address			
E-mail Id		Signature	

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Annual General Meeting to be held on 30th September, 2019 at 10.00 a.m. at Conference Hall, Plot No. 146, Waghdhara Village Road, Dadra – 396 193, Union Territory of Dadra & Nagar Haveli and at any adjournment thereof in respect of such resolutions as are indicated below:

RESOLUTIONS	**For**	**Against**
1. To receive, consider and adopt the Audited Financial Statements (including audited consolidated financial statements) for the year ended 31st March, 2019, together with the Report of Auditors' and Directors' thereon.		
2. To appoint a Director in place of Mr. Sanjay Anand who retires by rotation and being eligible offers himself for re-appointment.		
3. Regularisation of appointment of Mrs. Rashmi Anand (DIN: 00366258) as a Non-Executive Director of the Company.		
4. Re-appointment of Mr. Ajay Anand (DIN: 00373248) as the Managing Director of the Company.		
5. Re-appointment of Mr. Sanjay Anand (DIN: 01367853) as the Whole-time Director of the Company.		
6. Approval of Related Party Transactions		

Signed this………….. day of……………… 2019

Signature of Shareholder: ……................................/

Signature of Proxy holder(s): ………………………………

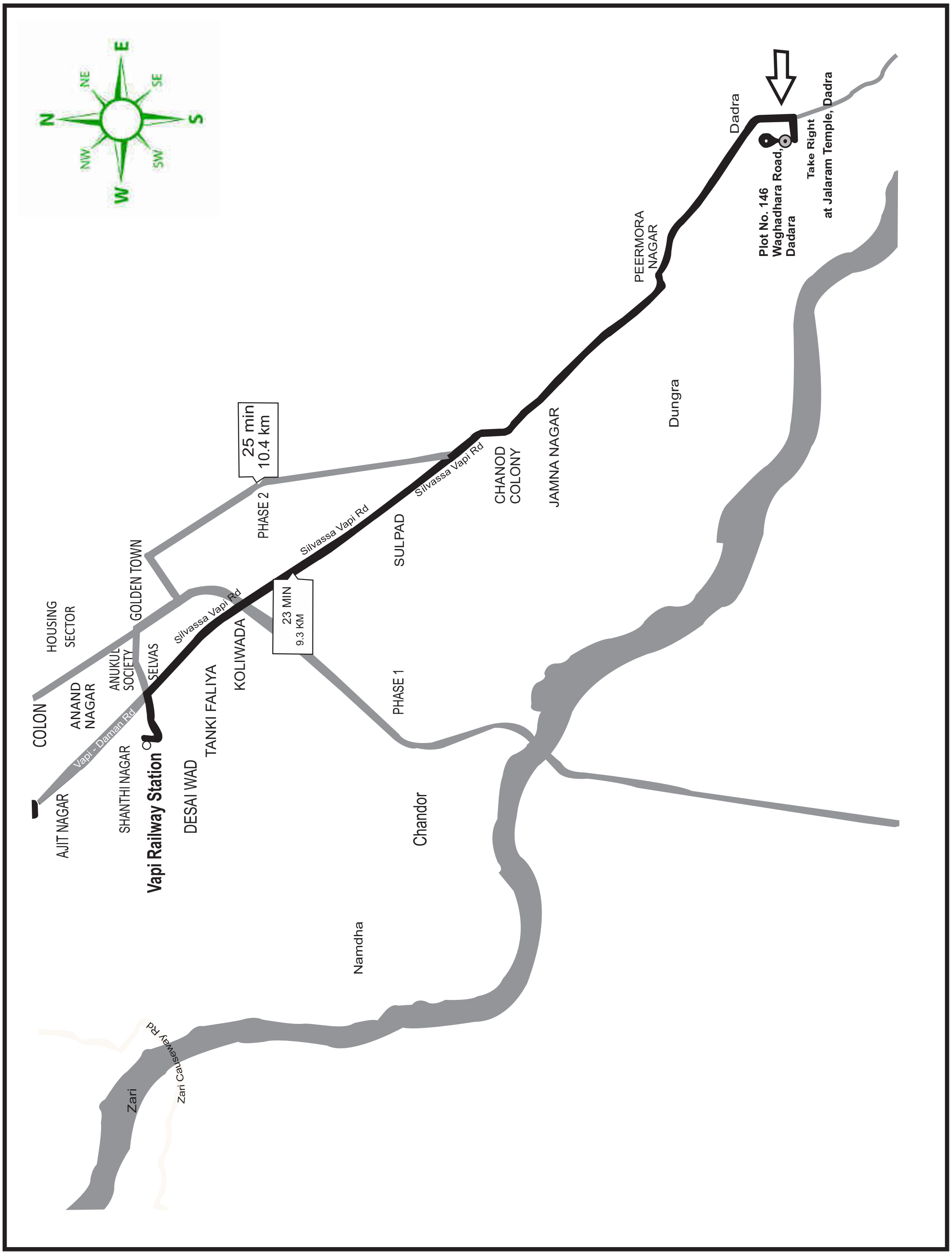
Affix
Revenue
Stamp

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

ROUTE MAP OF AGM VENUE

Vapi Railway Station to AGM VENUE

Drive 9.3 km, 23 min



DIRECTORS REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019

To,
The members of
Faze Three Limited

Your Directors are pleased to present the 34th Annual Report of your Company containing the business performance and the Audited Financial Statements for the year ended on 31st March 2019.

1. FINANCIAL PERFORMANCE (Standalone & Consolidated):

(Rs. in Crores)

Particulars	**For the Year ended 31.03.2019 (Standalone)**	**For the Year ended 31.03.2019 (Consolidated)**	**For the Year ended 31.03.2018 (Standalone)**	**For the Year ended 31.03.2018 (Consolidated)**
Revenue from Operations	265.71	268.55	239.73	239.73
Other Income	1.77	1.77	10.63	10.63
Profit before tax	**19.06**	**17.82**	**15.54**	**15.54**
Provision for taxation (incl. deferred tax)	2.77	2.77	(1.29)	(1.29)
Profit for the year	**16.29**	**15.05**	**16.83**	**16.83**
Other comprehensive income for the year	(0.17)	(0.17)	0.17	0.17
Total comprehensive income for the year	**16.12**	**14.88**	**16.66**	**16.66**

The standalone and consolidated financial statements for the financial year ended March 31, 2019, forming part of this Annual Report, have been prepared in accordance with the Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs.

2. KEY HIGHLIGHTS OF THE FINANCIAL PERFORMANCE:

During the year under review, the Company earned consolidated revenue from operations of Rs. 268.86 Crores as against Rs. 239.73 Crores in the previous year. The Company achieved consolidated Net Profit of Rs. 14.88 crores as against Net Profit of Rs. 16.66 Crores during previous year. There was no change in the nature of the business of the Company during the period.

3. DIVIDEND:

Your Directors have decided to retain the resources to fuel the growth and objectives of the Company. The Directors are confident to derive optimum utilization out of the same which shall be in the best interest of the stakeholders.

4. SHARE CAPITAL:

The Authorised Share Capital of the Company is Rs. 26,00,00,000/- divided into 2,60,00,000 equity shares of face value of Rs. 10/- each. The paid up share capital of the Company is Rs. 24,31,90,000/- divided into 2,43,19,000 equity shares of face value of Rs. 10/- each.

1,45,500 convertible equity warrants issued on 07th April, 2017 and outstanding at the beginning of the financial year were due for conversion into equity shares by 06th October, 2018. The holder of the warrants opted not to convert the same into equity shares and therefore the said warrants were cancelled and the upfront subscription money received by the Company was forfeited as per SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009. Accordingly, there was no change in the paid up share capital of the Company during the year under review.

5. RESERVES:

There were no appropriations to reserves/ general reserves during the year under review.

6. DEPOSITS:

The Company has not accepted any deposits from the public falling within the ambit of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014, or under Chapter V of the Companies Act, 2013.

7. SUBSIDIARY COMPANY:

The Company has a wholly owned subsidiary (WOS) in USA namely Faze Three US LLC which is a front office of the Company in USA and is actively engaged in sourcing local business within USA for supplying the Company's range of products to stores/ retailers. Pursuant to the provisions of Section 129(3) of the Companies Act, 2013, a statement containing salient features of financial statements of the WOS in Form AOC-1 is attached to the Consolidated Financial Statements. The separate audited financial statements in respect of the WOS are also available on the website of the Company.

There were no other Companies which have become or ceased to be Subsidiary, Associate or Joint Venture of the Company during the period under review.

8. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirements of Section 134(3)(c) of the Companies Act, 2013, with respect to the Director's Responsibility Statement, the Directors hereby confirm that:

(i) in the preparation of the Annual Financial Statements for the year ended March 31, 2019, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

(ii) such accounting policies as mentioned in Notes to Financial Statements have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2019 and of the Profit of the Company for the year ended on that date;

(iii) proper and sufficient care have been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) the Annual Financial Statements have been prepared on a going concern basis;

(v) proper internal financial controls were in place and that the financial controls were adequate and were operating effectively;

(vi) systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

9. NUMBER OF MEETINGS OF THE BOARD AND AUDIT COMMITTEE:

The Board and Committees of the Board meets at regular intervals to discuss and decide on Company / Business policy and strategy apart from other Board business. In case of a special and urgent business need, where the meeting of the Board of Directors is not envisaged, the Board's approval is taken by passing resolutions by circulation, as permitted by law, which are noted and confirmed in the subsequent Board Meeting.

The details of number of Board and Committee meetings of the Company are set out in the Corporate Governance Report which forms part of this Report.

10. CHANGES IN DIRECTORS AND/ OR KEY MANAGERIAL PERSONNEL

There was no change in the Directors or Key Managerial Personnel during the financial year 2018-19.

The Board of Directors have at its meeting held on 29th May 2019, on recommendation of the Nomination and Remuneration Committee, approved the re-appointment of Mr. Ajay Anand as the Managing Director for a period of 3 years and Mr. Sanjay Anand as the Whole-time Director for the period of 3 years subject to approval of members by passing a Special Resolution. The approval of members for the re-appointment of Mr. Ajay Anand and Mr. Sanjay Anand shall be proposed in the ensuing Annual General Meeting.

11. PERFORMANCE EVALUATION OF BOARD:

The Board of Directors has carried out an annual evaluation of its own performance, Board Committees and individual Directors pursuant to the provisions of the Companies Act, 2013 and the Corporate Governance requirements as prescribed by Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015. The same is found to be satisfactory.

The performance of the Board was evaluated by the Board after seeking inputs from all the Directors on the basis of the criteria such as the Board composition and structure, experience & competencies, attendance, effectiveness of board processes, information and functioning, independent approach, etc.

The performance of the Committees was evaluated by the Board after seeking inputs from the committee members on the basis of the criteria such as the composition of committees, attendance of the members, recommendations to the Board and their implementation, effectiveness of committee meetings, etc.

12. DECLARATION BY INDEPENDENT DIRECTORS:

The Company has received necessary declaration from each Independent Director under Section 149(7) of the Companies Act, 2013, that he / she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015.

13. FAMILIARIZATION PROGRAMME FOR THE INDEPENDENT DIRECTORS:

Pursuant to the SEBI regulations, the Company has a Familiarization Programme in place for the independent Directors, with a view to familiarize them with their role, rights and responsibilities in the Company, nature of industry in which the Company operates, business model of the Company, etc. The Board familiarization process comprises of the Induction programme for new independent Directors, sessions on business and functional issues and strategy making.

The policy for Familiarization Programme for the Independent Directors is available on website of the Company.

14. DISCLOSURE RELATING TO REMUNERATION TO DIRECTORS, KEY MANAGERIAL PERSONNEL AND PARTICULARS OF EMPLOYEES:

As required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personal) Rules, 2014, as amended from time to time, details of Remuneration to Directors and Key Managerial Personnel is provided in Form MGT-9 annexed to this Report.

The Company has no employee who- (i) if employed throughout the financial year, was in receipt of remuneration, in aggregate, more than Rs. 102.00 Lacs, or (ii) If employed for part of the financial year, was in receipt of remuneration, in aggregate, more than Rs 8.50 lacs per month.

15. AUDIT COMMITTEE:

The Audit Committee comprises of three members namely Mr. Vinit Rathod (Chairman), Mr. Manan Shah and Mr. Ajay Anand. Other details pertaining to the Audit Committee are included in the Corporate Governance Report, which forms part of this report. All the Members of the Committee are financially literate.

16. NOMINATION & REMUNERATION COMMITTEE:

The Company has constituted a Nomination & Remuneration Committee pursuant to Section 178(1) of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Nomination and Remuneration Committee is responsible for evaluating the balance of skills, experience, independence, diversity and knowledge on the Board and for drawing up selection criteria. The Board of Directors of the Company has defined a policy on Director's appointment and payment of remuneration including criteria for determining qualifications, positive attributes and independence of Directors and terms of reference of the Committee.

The Nomination & Remuneration Committee comprises of three members all being Non-Executive Directors namely Mr. Vinit Rathod (Chairman), Mr. Manan Shah and Ms. Shweta Jain. All the recommendations made by the Committee during the period were accepted by the Board.

17. CORPORATE SOCIAL RESPONSIBILITY STATEMENT (CSR):

The Company has spent Rs. 2.20 lacs towards CSR activities in the area of environment restoration and sustainability during the FY 2018-19. The Committee is in the process of identifying areas of importance for development through CSR activities and will strive to undertake more activities in the coming years for betterment of the society.

The Company has always considered Social Responsibility as an integral part of sustainable growth and has been over the years contributing towards it in various ways. The management of the Company endeavors for the upliftment of the society and the natural resources which are essential for overall economic growth. The Board of Directors has constituted a Corporate Social Responsibility Committee which comprising members of the Board for implementation and monitoring of the CSR activities in accordance with the CSR Policy of the Company. Entire time and energy being devoted towards business and related activities, the Committee and the Board of Directors could not get sufficient time for formulating and implementing the CSR Activities during the year. The Committee will strive to implement the CSR activities in the coming years, proportionate to the profitability of the Company.

The CSR Policy of the Company is placed on its website at http://www.fazethree.com/investors.html#7.

18. CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION:

The information as required under Section 134(3)(m) of The Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 with respect to conservation of energy, technology absorption and foreign exchange earnings and outgoings is annexed to this report as **Annexure I**.

19. CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

The Company has entered into transactions with related parties as defined under Section 2(76) during the financial year. All related party transactions were carried on at arm's length price. The approval of the Audit Committee has been obtained for all the transactions and the approval of the Board of Directors has been obtained wherever necessary at the beginning of the year or before entering into the transaction. The said transactions are subject to review by the Audit Committee every quarter. All material transactions with related parties during the financial year were in the ordinary course of business and at arm's length. The Company proposes to take approval of Members for the material related party transactions to be entered into in the current financial year through Ordinary Resolution.

The policy on Related Party Transactions as approved by the Board is available on the website of the Company at http://www.fazethree.com/investors.html#7.

Information on transactions with related parties pursuant to Section 134(3)(h) of the Act read with rule 8(2) of the Companies (Accounts) Rules, 2014 are given in Form AOC-2 and the same forms part of this report as **Annexure II**.

20. MATERIAL CHANGES AND COMMITMENT AFFECTING FINANCIAL POSITION OF THE COMPANY:

There are no material changes and commitments, affecting the financial position of the Company which has occurred between the end of the financial year of the Company i.e. March 31, 2019 and the date of the Directors' report.

21. VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has adopted a Whistle Blower Policy, as part of vigil mechanism as defined under Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to provide appropriate avenues to the Directors and employees to bring to the attention of the management any issue which is perceived to be in violation of or in conflict with the Code of Conduct of the Company and to report concerns about unethical behavior. The said policy has been posted on the website of the Company at http://www.fazethree.com/investors.html#7.

22. DICSLOSURE AS PER SEXUAL HARRASMENT OF WOMEN AT WORKPLACE (PREVENTION PROHIBITION AND REDRESSAL) ACT, 2013:

The Company has in place a Prevention of Sexual Harassment Policy and an Internal Complaints Committee as per the requirements of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Company has not received any complaint during the year.

23. RISK MANAGEMENT:

The Company has in place a mechanism to inform Board of Directors about the Risk assessment and risk minimization procedures and periodical reviews to ensure that risk is controlled by the management through the means of a properly laid-out framework.

24. INTERNAL FINANCIAL CONTROLS:

The Company has adequate internal control systems, commensurate with the size, scale and complexity of its operations which monitors business processes, financial reporting and compliance with applicable regulations. The systems are periodically reviewed for identification of control deficiencies and formulation of time bound action plans to improve efficiency at all the levels.

25. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

Management Discussion and Analysis Report as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is enclosed as **Annexure III**.

26. CORPORATE GOVERNANCE:

The Company is adhering to good corporate governance practices in every sphere of its operations. The Company has taken adequate steps to comply with the applicable provisions of Corporate Governance as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. A report on Corporate Governance is annexed to this report as **Annexure IV**.

27. STATUTORY AUDITOR:

M/s. MSKA & Associates Chartered Accountants (Firm Registration No. 105047W), were appointed as the Statutory Auditor by the members of the Company in the 32nd Annual General Meeting for a period of 5 years i.e. till the conclusion of the 37th Annual General Meeting. In accordance with the Companies (Amendment) Act, 2017, implemented on 7th May, 2018 by Ministry of Corporate Affairs, the appointment of Statutory Auditors is not required to be ratified at every AGM. As recommended by the Audit Committee, the appointment of M/s. MSKA & Associates as the Statutory Auditor of the Company shall continue for the FY 2019-20. M/s. MSKA & Associates has confirmed that their appointment is within the prescribed limits specified in Section 139 of the Companies Act, 2013.

28. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Details of loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 is given in the notes to the financial statements

29. FRAUD REPORTED BY THE AUDITOR, IF ANY

There is no fraud reported by the Statutory Auditor.

30. SECRETARIAL AUDITOR:

The Company has undertaken Secretarial Audit for the financial year 2018-19 which, inter alia, includes audit of compliance with the Companies Act, 2013, and the Rules made thereunder, Listing Regulations and other Regulations and Acts applicable to the Company. The Secretarial Audit Report is annexed to this report as **Annexure V.** Pursuant to the provisions of Section 204 of Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Sanjay Dholakia & Associates, Practicing Company Secretary to undertake Secretarial Audit for the financial year 2018-19.

31. OBSERVATIONS – STATUTORY AUDITOR & SECRETARIAL AUDITOR:

Statutory Auditor:
The Auditors' Report to the Members does not contain any reservation, qualification or adverse remark.

Secretarial Auditor:
The Secretarial Audit Report to the Members does not contain any reservation, qualification or adverse remark.

32. COST AUDIT AND RECORDS:

The Company maintains the cost records of its products as applicable under the Companies (Cost Records and Audit) Rules, 2014. Under Rule 4(3) (i) of the Companies (Cost Records and Audit) Rules, 2014 the requirement of Cost Audit is not applicable to the Company.

33. EXTRACT OF ANNUAL RETURN:

The details forming part of extract of the annual return in Form MGT-9 is annexed to this report as **Annexure VI**. The same is also placed on the website of the Company at www.fazethree.com as a part of the Directors Report.

34. INDIAN ACCOUNTING STANDARDS (IND AS):

The Indian Accounting Standards (IND AS) were notified by the Ministry of Corporate Affairs on February 16, 2015. The Company has adopted IND AS with effect from 1st April, 2017 with comparatives for the previous year ending 31st March, 2017. Your Company has taken adequate steps in this regard and has ensured a smooth transition to IND AS.

35. SIGNIFICANT MATERIAL ORDERS PASSED BY COURTS, IF ANY:

There are no significant material orders passed by the Regulators/ Courts which would impact the going concern status of the Company and its future operations.

36. ACKNOWLEDGMENT:

Your Directors wish to place on record their appreciation for the co-operation extended by all the employees, Bankers, Financial Institutions, various State and Central Government authorities and Stakeholders.

For and on behalf of the Board
For Faze Three Limited

Place: Mumbai — **Ajay Anand**
Date: 29th May, 2019 — **Chairman & Managing Director**

Annexure I

Statement Pursuant to Section 134 (3) of the Companies Act, 2013 read with Rule 8(3) of Chapter IX of Companies (Accounts) Rules, 2014.

CONSERVATION OF ENERGY

A. Steps taken for Conservation of energy:

The Company regularly undertakes required steps for conservation of energy leading to sustainability. The Company is also actively contributing to the Sustainability projects initiated by its customers for conservation of resources. Some of the initiatives are highlighted below:

i. Installation of new sewing machines with servo motors leading to higher productivity and lower electricity cost;
ii. Turbo fans installed in the factories instead of electrical blowers thereby cutting energy
iii. Regulated compressed air supply in factories
iv. Installation of separate regulated air line for machines which has zero % leakage
v. Electrical scooters used for transportation of goods within factory premises
vi. Transparent sheets installed for daylight exposure leading to lower use of powered lights.
vii. LED tubelights installed all over the factories replacing the fluorescent lights cutting energy consumption by 50%.

B. Steps taken by the Company for utilizing alternate sources of energy

The Company has installed solar panels around the factory areas to generate power and plans to gradually increase the alternate source of energy in the coming years.

RESEARCH & DEVELOPMENT

The research and design development is the USP of the Company due to which it enjoys a good reputation among its customers. The Company continuously strives to manufacture innovative products with innovative processes and has been able to derive sustainable benefits from the long tradition of research and development. During the year the Company continued its tradition on the development of products to preserve and strengthen its competitive position across markets. The Company's designing as well as research and development section has been instrumental in providing the Company with a sustainable competitive advantage with application of technology.

TECHNOLOGY ABSORPTION

The Company has modelled its processes in such a way that it balances the use of technology with manpower so that it results in optimum utilization of the available resources. The Company has been taking necessary steps for introducing and implementing new technology in the manufacturing processes whenever required. There was no requirement for the Company to import any technology during the last five years.

FOREIGN EXCHANGE EARNINGS AND OUTGO

Below is the detail of the foreign exchange earnings and outgo of the Company during the year in terms of INR (Crores) is as below:

Particular	Amount
Total Foreign Exchange earned	215.94
Total Foreign Exchange used	5.26

Annexure II
Form No. AOC-2

(Pursuant to clause (h) of Sub-Section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts / arrangements entered into by the company with related parties referred to in Sub-Section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

1. Details of contracts or arrangements or transactions not at arm's length basis:

Faze Three Limited (hereinafter called "the Company") has not entered into any material contract/ arrangement/ transaction with its related parties which is not in ordinary course of business or other than at arm's length during FY2018-19. The Company has laid down policies and processes/ procedures so as to ensure compliance to the subject section in the Companies Act, 2013 ("Act") and the corresponding Rules. In addition, the process goes through internal and external checking, followed by quarterly reporting to the Audit Committee.

2. Details of material contracts or arrangement or transactions at arm's length basis :

S No.	Particulars	
1	Name(s) of the related party and nature of relationship	Aunde Faze Three Autofab Limited Common Director/ Promoters
2	Nature of contracts / arrangements / transactions	Exclusive manufacturing agreement for using Company's dye-house facilities for dyeing of automotive fabrics.
3	Salient terms of the contracts or arrangements or transactions including the value, if any	Use of Company's dye-house facility for dyeing of fabrics.
4	Date of approval by the Audit Committee, if any	22nd May, 2018
5	Amount paid as advances, if any	NIL

For and on behalf of the Board
For Faze Three Limited

Place: Mumbai
Date: 29th May, 2019

Ajay Anand
Chairman & Managing Director

Annexure III

Management Discussion and Analysis Report

Management Discussion and Analysis Report for the financial year under review as stipulated in Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Global and Domestic Economy and Industry

The Global economy in the fiscal gone by has been stable with modest growth of 3-4% mainly led by USA and China alongside other emerging economies whereas EU countries and Japan continue to remain flat on growth along with negative interest rates. UK in specific grappled with Brexit and uncertainties around that. The fiscal saw flight of funds to the US Equity and Debt from Rest of the World in search better yield coupled with DXY gains. The US economy saw the positive effects of tax cuts by the Trump administration and showed robust numbers on all macro indicators. In fact, the Fed raised rates 4 times over CY 2018. While the US economy did well, the trade war between USA and China gained momentum and both sides imposed tariffs on certain goods. The quick resolution of this trade war in a win-win proposition with outcome tilting towards US economy would decide the global growth and stability of global economy over the next 12-24 months which also have significant event of USA presidential elections in Nov 2020. The global trend of negative interest rates is another area of key concern as it is an uncharted territory in the economic history of the world. Manufacturers in particular in economies with negative interest rates are at far larger advantage in the global exports as against the Manufacturers in countries with high rates like India, China, Turkey, etc. Global textile business in Apparel, Bed, Bath and overall Home Textiles seems to be growing in line with global growth while the sector has seen consolidation due to advent of e-commerce.

The Indian economy started the fiscal year 2018–19 with a healthy 8.2 percent growth in the first quarter on the back of domestic resilience. Growth eased to 7.3 percent in the subsequent quarter due to rising global volatility, largely from financial volatility, normalized monetary policy in advanced economies, externalities from trade disputes, and investment rerouting. Further, the Indian rupee suffered because of the crude price shock in the first half of the fiscal and appreciated in the second half of the fiscal. The overall volatility range during the fiscal was over 18% (65 to 74) on the USD / INR and 45% (range in the Crude price for the year). Despite softer growth, the Indian economy remains one of the fastest growing and one of the lesser affected by global turmoil. In fact, the effects of the aforementioned external shocks were contained in part by India’s strong macroeconomic fundamentals and policy changes on various fronts. Over last 5 years, India is preferred destination for business and trade due to stable political leadership and fiscal discipline alongside better effort to effect (yields) of public money utilization in the economy.

India’s textiles sector is one of the oldest industries in Indian economy dating back several centuries. India's overall textile exports during FY 2017-18 stood at US$ 39.2 billion in FY18 and it achieved export of US$ 31.65 billion in till January 2019 and is expected to increase to US$ 82.00 billion by 2021.

Increased penetration of organized retail, favorable demographics, and rising income levels are likely to drive demand for textiles. India is the world's second largest exporter of textiles and clothing. Rising government focus and favorable policies is leading to growth in the textiles and clothing industry. The Ministry of Textiles is encouraging investments through increasing focus on schemes such as Technology Up-gradation Fund Scheme (TUFS). Under the Union Budget 2018-19, Rs 2,300 (US$ 355.27 million) crore have been allocated for TUFS. Under Union Budget 2019-20, Government of India allocated around Rs 5,831.48 crore (US$ 808.24 million) for the Ministry of Textiles.

The Directorate General of Foreign Trade (DGFT) has been actively incentivizing through Merchandise Exports from India Scheme (MEIS) for the Textile Industry - Readymade garments and Made ups. Also , the Government of India has proposed increase of the basic custom duty to 20 per cent from 10 per cent on 501 textile products, to boost Make in India and indigenous production.

FTL’s overview and performance

Faze Three Limited (FTL/ the Company) undertakes design, development, manufacture & exports of Home Textile products viz. Bathmats, Rugs, Blankets, Cushions, Curtains, Throws, etc. It has 6 manufacturing facilities located at Silvassa, Panipat & Vapi.

FTL caters to high end home textiles segment and the products are custom made as per the client specifications. Significant majority of FTL's revenue is derived from the Exports. The key export markets include the United States of America (USA), United Kingdom (UK), Germany, Other EU Countries, Australia, Hong Kong, Canada, South Africa, Brazil and others.

During FY 19, the company continued realignment its product mix according to the capacities and customer mix to optimize overall profitability and capacity utilization. There has been significant change in customer mix and product mix leading to improvement in margins despite very high volatility in raw material prices and currency. In FY19, the company total operating income grew to Rs. 268.86 crore from Rs. 239.87 crore in FY18. The Company's PBIDT margins improved to 11.59% compared from FY18 margins of 9.64%.

The Company has a diversified product basket which includes cotton and rubber backed bathmats, durries, tufted bed spreads and throws, hand tufted carpets and rugs made of cotton and wool, cushion covers, curtains as well as poly cotton and cotton damask table covers, napkins amongst many others. The Company plans to manufacture outdoor (for garden, beaches) home furnishing products apart from adding capacity for existing products. During the fiscal, the company has undertaken capex towards automation and streamlining existing facilities to improve efficiency and de-bottleneck operations.

The company continues to invest in design and development of innovative product offerings within its product line for Home Textiles & is recognized by the customer for its innovation & quality service. Given the nature of its business, the product developments undertaken & being in advanced stage of process cycle of 12 months, should get desired growth over the competitive market in the segment. The company has begun business in couple of new product categories during Q4 of FY 2019 and expects the same to growth in FY 2020 thereby adding to the total revenue. The resources and efforts invested over since turnaround in April 2017 have brought the desired outcomes.

The company has achieved a modest growth of ~11.5% in total operating income along with improvement in PBIDT of ~20% over previous year. The Management expects the growth in FY 2020 to be better than FY 2019 along with further improvement in PBIDT margins. The company continues to have NIL long term debt and has significantly improved its TNW / TOL (Total Networth / Total Outside Liabilities) and Debt / Equity ratio. The company's focus is to maintain or reduce the operating cycle while adding to growth to improve cash flows from business. Also entire Capex over the last 2 years and future would continue to be funded through internal accruals of the company.

SWOT ANALYSIS

The Company operates in a competitive environment and faces competition peer suppliers in India and globally. However, being in the textile industry for more than three decades, the Company has established strong relations with all its customers and is able to secure business from them each year.

The structural changes in the Chinese economy along with Trade war effects has led to slow-down has rendered the cost of textile production in China high. This has offered an opportunity for Indian textiles sector to grab the market share in the developed world, especially the European Union and the United States, which cumulatively comprise around 60 percent of the global export market. The company is continuously investing in new technologies for improving the quality of its product and take lead in home furnishing markets.

The Key risks arise from high fluctuations in raw material prices and currency, change in government incentives / policies, high interest rates and rising labor costs, etc.,

INTERNAL CONTROL SYSTEMS AND ITS ADEQUACY

FTL's internal controls are commensurate with its size and the nature of its operations. FTL has a well-defined delegation of power with authority limits for approving contracts as well as expenditure. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use, executing transactions with proper authorization and ensuring compliance of corporate policies.

Our management assessed the effectiveness of the Company's internal control over financial reporting (as defined in Clause 17 of SEBI Regulations 2015) as of March 31, 2019.

The assessment of efficiency of internal control is carried out at the regular intervals and finding of same is submitted to audit committee for review. Based on its evaluation (as defined in section 177 of Companies Act 2013 and Clause 18 of SEBI Regulations 2015), our audit committee has concluded that, as of March 31, 2019, our internal financial controls were adequate and operating effectively.

HUMAN RESOURCES/ INDUSTRIAL RELATIONS

FTL continues its focus on employee retention. The Company's performance-driven culture with a strong focus on employees' career aspirations, rewards & recognition and total-welfare helped maintain a low attrition rate.

The Company has built a strong pool of talent by committed efforts to attract, transform and retain the best talent available. The Company continues to focus on people development by developing a continuously learning human resource base to unleash their potential.

POLLUTION AND ENVIRONMENTAL CONTROLS

The Company endeavours to impact the environment positively with sustainable production methods, use of energy efficient and environment friendly technologies, use of recycled and eco-friendly raw materials, etc., FTL believes that profitability not only depends on the actual profit but also the benefit derived by the community through the activities of the Company.

The operations of the Company are conducted in such a manner that it ensures safety and a pleasant working environment to all concerned. FTL has installed water treatment / purification plant at its dyeing facility at vapi for reuse of processed water and reduce wastage of water.

Faze Three Limited is conscious of the vulnerability and the essence of a healthy and clear environmental surrounding. The Company has framed policy for securing the quality of environment and requires its stakeholders to adhere to such policy.

CAUTIONARY STATEMENT

The Management Discussion and Analysis (MDA) report should be read in conjunction with the Audited Consolidated Financial Statements of the Company. This MDA covers Company's financial position and operational performance for the year ended 31st March, 2019.

This report contains forward-looking statements, which may be identified by their use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates' or other synonyms. All statements that address expectations or projections about the future, including but not limited to statements about the Company's strategy for growth, product development, market position, expenditures, and financial results, are forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements, on the basis of any subsequent developments, information or events.

For and on behalf of the Board
Faze Three Limited

Place: Mumbai
Date: 29th May 2019

Ajay Anand
Chairman & Managing Director

Annexure IV

Report on Corporate Governance

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

We at Faze Three Limited are committed to ethical business practices and strive to integrate good corporate governance in our day to day operations. We believe that an industry can achieve sustainable growth only when it considers human values, ethics and social responsibility as a part of its long term business plans and strategy. Faze Three Limited provides maximum service to all the stakeholders in order to enhance shareholders' value and promote national interest. The Company's Board of Directors oversees business strategies and ensures fiscal accountability, ethical corporate behaviour and fairness to all stakeholders comprising regulators, employees, customers, vendors, investors and the society at large.

2. BOARD OF DIRECTORS

i. **Profile**

Mr. Ajay Anand is the Founder-Promoter and Managing Director of the Company. He is delegated the operational conduct of business and plays a vital role in strategic decisions of the Company. He oversees the day to day operations of the Company. Mr. Ajay Anand has nearly 3 decades of experience in Textile and Technical Textiles Industry.

Mr. Sanjay Anand is a Whole Time Director of the Company. He has marketing experience of more than 25 years in Home Furnishing Products. He looks after Panipat unit of the Company and heads marketing Department.

Mr. Vinit Rathod is a Chartered Accountant by qualification and has expertise and experience of over 10 years in the field of business management, finance, taxation and legal matters.

Ms. Shweta Jain is a Chartered Accountant by qualification and has expertise and experience of more than 10 years in the field of internal audit, financial controls & policies, global financial reporting standards.

Mr. Manan Shah is a Chartered Accountant by qualification and is having experience of more than 6 years in the field of business management.

The Board plays a pivotal role in ensuring good governance and acts in a democratic manner. The Board members have complete freedom to express their opinion and decisions are taken on the basis of consensus arrived after due deliberation.

ii. **Composition of Board:**

As on March 31, 2019, the strength of the Board of Directors of the Company comprised of 5 Directors including 3 Independent Directors. The composition of the Board represents an optimal mix of professionalism, knowledge, experience and enables the Board to discharge its responsibilities and provide effective leadership to the business.

During the year under review, 5 (Five) Board Meetings were conducted on 22nd May, 2018, 7th August, 2018, 26th September, 2018, 31st October, 2018 and 8th February, 2019. The necessary quorum was present for all the meetings.

iii. None of the Directors on the Board hold directorships in more than ten public companies. Further none of them is a member of more than ten committees or chairman of more than five committees across all the public companies in which he/she is a Director.

iv. The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships and Committee Chairmanships / Memberships held by them in other public companies as on March 31, 2019 are given here below. Other directorships do not include directorships of private limited companies, foreign companies and companies under Section 8 of the Act. Chairmanships / Memberships of Board Committees shall only include Audit Committee and Stakeholders' Relationship Committee.

Name of Director	Category	Attendance		Particulars of Directorship, Committee membership /Chairmanship			Name of the listed entity where the person is a Director
		Board Meeting	Last AGM	Director	Chairman	Member	
Mr. Ajay Anand	Promoter, Executive	5	Yes	1	0	4	Aunde Faze Three Autofab Ltd – Managing Director
Mr. Sanjay Anand	Promoter, Executive	4	No	1	0	2	V.R.Woodart Limited – Whole-time Director
Mr. Manan Shah	Independent	5	No	1	0	6	Aunde Faze Three Autofab Ltd – Independent Director
Ms. Shweta Jain	Independent	2	No	1	0	2	Aunde Faze Three Autofab Ltd – Independent Director
Mr. Vinit Rathod	Independent	5	Yes	1	6	0	Aunde Faze Three Autofab Ltd – Independent Director

Mr. Ajay Anand and Mr. Sanjay Anand (Brothers) are related to each other. None of the other directors are related to each other. On the basis of the declarations received from each of the Independent Directors, the Board hereby confirms that the Independent Directors of the Company fulfills the conditions specified in the Listing Regulations and are independent of the management

v. Matrix setting out the skills/ expertise/ competence of the Directors:

Name of the Director	Industry knowledge	Operations	Management	Interpretation of Financial Statements	Understanding of laws, rules and regulations
Mr. Ajay Anand	Yes	Yes	Yes	Yes	Yes
Mr. Sanjay Anand	Yes	Yes	Yes	Yes	Yes
Mr. Manan Shah	Moderate	Moderate	Yes	Yes	Yes
Ms. Shweta Jain	Yes	Moderate	Moderate	Yes	Yes
Mr. Vinit Rathod	Moderate	Moderate	Yes	Yes	Yes

vi. The Executive Directors are liable to retire by rotation and 1/3 of the Directors retire every year and if eligible, offer themselves for reappointment.

vii. No. of Shares and convertible instruments held by Non-Executive Directors as on 31st March, 2019:

Name of the Director	Number of Shares
Mr. Manan Shah – Independent Director	NIL
Ms. Shweta Jain – Independent Director	NIL
Mr. Vinit Rathod – Independent Director	NIL

viii. During the FY 2018-19, information as mentioned in Schedule II Part A of the SEBI (LODR) Regulations, has been placed before the Board for its consideration.

ix. The terms and conditions of appointment of the Independent Directors are disclosed on the website of the Company at http://www.fazethree.com/investors.html#6.

x. During the year, the Independent Directors met once on February 8, 2019 without the presence of Executive Directors and Management representatives. The Independent Directors, inter-alia, reviewed the matters discussed and passed in the Board Meetings and Committee Meetings during the year. They also reviewed the performance of Non-Independent Directors, Chairman of the Company and the Board as a whole during the year.

xi. The details of the familiarization programme of the Independent Directors are available on the website of the Company at http://www.fazethree.com/investors.html#6.

3. COMMITTEES OF THE BOARD

A. Audit committee

i. The audit committee of the Company is constituted in line with the provisions of Regulation 18 of SEBI Listing Regulations, read with Section 177 of the Act.

ii. **The terms of reference of the audit committee:**

i. Overview of the Company's financial reporting process and the disclosure of its financial information;
ii. Review with the management of the annual financial statements;
iii. Review of Related Party Transactions;
iv. Review of Company's financial and risk management policies;
v. Review with the management of performance of statutory and internal auditors, and adequacy of the internal control systems;
vi. Review with the management of the quarterly financial statements;
vii. Recommend to the Board, the appointment, re-appointment or removal of the statutory auditor and the fixation of audit fees;
viii. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
ix. Reviewing with the Management, the Annual Financial Statements before submission to the Board;
x. Discussion with internal auditors any significant findings and follow up thereon and in particular internal control weaknesses and reviewing the adequacy of internal audit function;
xi. To review the functioning of the Whistle Blower mechanism;

iii. Audit Committee has conducted 4 (Four) Meetings during the year under review on 22nd May, 2018, 07th August, 2018, 31st October, 2018 and 8th February, 2019.

iv. **The composition of the Audit Committee and the details of meetings attended by its members are given below:**

S. No.	Name of the Member	Status	Category	No. of meetings attended
1.	Mr. Vinit Rathod	Chairman	Independent Director	4
2.	Mr. Ajay Anand	Member	Executive Director	4
3.	Mr. Manan Shah	Member	Independent Director	4

Mr. Ankit Parekh, Company Secretary acts as the Secretary to the Committee.

B. Nomination & Remuneration Committee:

i. The nomination and remuneration committee of the Company is constituted in line with the provisions of Regulation 19 of SEBI Listing Regulations, read with Section 178 of the Act.
ii. The Committee has defined the policy on Director's appointment and payment of remuneration including criteria for determining qualifications, positive attributes and independence of a Director
iii. The Committee recommend to the Board appointment of Key Managerial Personnel, oversees familiarization program for Directors and follow the terms of reference as defined from time to time.
iv. Composition of Nomination and Remuneration Committee.

S. No.	Name of the Member	Status	Category
1.	Mr. Vinit Rathod	Chairman	Independent Director
2.	Mr. Manan Shah	Member	Independent Director
3.	Ms. Shweta Jain	Member	Independent Director

v. The Committee formulates and recommend to the Board from time to time, a compensation structure for whole-time members of the Board and KMPs.

vi. The details of remuneration paid to Managing Director and Whole Time Directors during the year 2018-19 is given as follows: (No sitting fees paid to the following directors):

Director	Designation	Remuneration (Including all perquisites) (In lacs)	Service Contract
Mr. Ajay Anand	Chairman & Managing Director	68.40	5 Years
Mr. Sanjay Anand	Whole-time Director	38.40	5 Years

vii. Sitting fees of Rs. 5000/- per meeting of the Board of Directors and Rs. 2000/- per meeting of the Audit Committee is paid to the Non-Executive Directors. Details of Sitting Fees to Non-Executive Directors during the year is as follows:

Sr No.	**Name of the Member**	**Category**	**Sitting Fees** (In Rs.)
1.	Manan Shah	Independent Director	33,000
2.	Shweta Jain	Independent Director	10,000
3.	Vinit Rathod	Independent Director	33,000

C. Stakeholders Relationship Committee

i. The Stakeholders' Relationship Committee is constituted in line with the provisions of Regulation 20 of SEBI Listing Regulations read with Section 178 of the Act. The Committee consists of Mr. Vinit Rathod, Independent Director, Mr. Ajay Anand, Chairman and Managing Director and Mr. Manan Shah, Independent Director. Mr. Ankit Parekh, Company Secretary of the Company is designated as the Compliance Officer to ensure redressal of all the complaints/ queries of the shareholders of the Company.

ii. There were 4 meetings of the Committee held during the year on 22nd May, 2018, 07th August, 2018, 31st October, 2018 and 8th February, 2019. Attendance of the Directors at the Committee's meeting held during the year:

Sr No.	**Name of the Member**	**Status**	**Category**	**No. of Meetings Attended**
1.	Mr. Vinit Rathod	Chairman	Independent Director	4
2.	Mr. Ajay Anand	Member	Executive Director	4
3.	Mr. Manan Shah	Member	Independent Director	4

Details of Investor complaints received during the year under review:

Opening	**Received**	**Redressed**	**Pending**
NIL	1	1	NIL

D. Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee consists of Mr. Ajay Anand, Chairman and Managing Director, Mr. Sanjay Anand, Whole-time Director and Mr. Manan Shah, Independent Director. The constitution of the Committee is in confirmation with the provisions of Section 135 of the Act.

Attendance of the Directors at the Committee's meeting held during the year:

Sr No.	**Name of the Member**	**Status**	**Category**	**No. of Meetings Attended**
1.	Mr. Ajay Anand	Chairman	Managing Director	1
2.	Mr. Sanjay Anand	Member	Whole-time Director	1
3.	Mr. Manan Shah	Member	Independent Director	1

4. General Body Meetings:

Annual General Meetings:

Year	Date	Venue	Time	Special Resolution
2015-16	30th September, 2016	Conference Hall, Plot No. 146, Waghdhara Village Road, Dadra – 396 193, UT of Dadra & Nagar Haveli	03.30 p.m	1. Revision of remuneration of Mr. Ajay Anand, Chairman and MD of the Company 2. Approval of Related Party Transactions
2016-17	27th September, 2017	Conference Hall, Plot No. 146, Waghdhara Village Road, Dadra – 396 193, UT of Dadra & Nagar Haveli	11.30 a.m.	1.Adoption of new Articles of Association of the Company containing regulations in conformity with the Companies Act, 2013. 2. Revision of remuneration of Mr. Ajay Anand, Chairman & Managing Director of the Company 3. Approval of Related Party Transactions.
2017-18	27th September, 2017	Conference Hall, Plot No. 146, Waghdhara Village Road, Dadra – 396 193, UT of Dadra & Nagar Haveli	10.00 a.m.	No Special Resolution was passed in the meeting.

During the year under review, the Company has not passed any Special Resolution through postal ballot as per the provisions of the Companies Act, 2013 and the rules framed there under. No Extra-ordinary general meeting was held during the year under review.

5. Means of Communication:

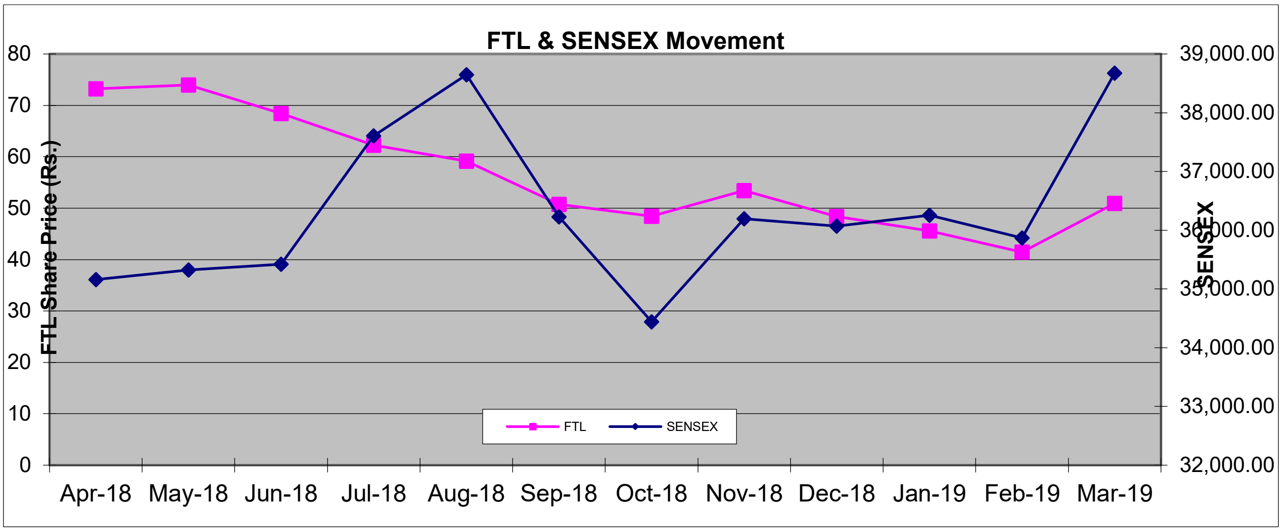
The Company publishes its annual, half yearly and the quarterly financial results in the following Newspapers:
(i) Indian Express (English) – Gujarat Edition
(ii) Financial Express (Gujarati) – Gujarat Edition
Company's results and official news releases, if any, are also displayed on the Company's website www.fazethree.com

6. General Shareholder Information :

AGM Date, Time and Venue	As per the AGM notice
Company's Financial Year	1st April, 2018 to 31st March, 2019
Financial Calendar for 2019-20 (Tentative) Adoption of Quarterly & Annual Results: June 30, 2019 September 30, 2019 December 31, 2019 Audited Results for March 31, 2020	 2nd week of August, 2019 2nd week of November, 2019 2nd week of February, 2020 Last week of May, 2020
DATE OF BOOK CLOSURE	24th September 2019 to 29th September 2019 (Both days inclusive)
LISTING ON STOCK EXCHANGE	BSE Limited, Phiroze Jeejeebhoy towers, Dalal Street, Mumbai – 400001. The listing fees has been duly paid by the Company.
STOCK CODE	530079
ISIN	INE963C01033
REGISTRAR AND TRANSFER AGENT:	Sharex Dynamic (India) Pvt. Ltd. C101, 247 Park, LBS Marg, Vikhroli (W), Mumbai – 400083. Phone: 022 2851 5606 / 5644 Website: www.sharexindia.com Email: support@sharexindia.com
SHARE TRANSFER SYSTEM:	Transfer/ transmission of shares held in physical form is handled by the Company's Registrar & Transfer Agent M/s. Sharex Dynamic (India) Pvt. Ltd.

7. MARKET PRICE DATA:

Monthly high and Low quotations along with the volume of shares traded at BSE Limited during year ended 31st March 2019.



8. Monthly high and Low compared with BSE Sensex

Month	BSE		Closing BSE Sensex
	Monthly High Price	Monthly Low Price	
Apr-18	79.90	66.55	35,160.36
May-18	80.00	67.95	35,322.38
Jun-18	73.90	63.00	35,423.48
Jul-18	69.00	55.50	37,606.58
Aug-18	65.00	53.25	38,645.07
Sep-18	59.95	41.60	36,227.14
Oct-18	56.85	40.05	34,442.05
Nov-18	59.50	47.40	36,194.30
Dec-18	55.80	41.00	36,068.33
Jan-19	50.00	41.10	36,256.69
Feb-19	45.90	37.00	35,867.44
Mar-19	62.75	39.10	38,672.91

9. Distribution of shares and shareholding as on 31st March 2019

Sr No.	No. of Equity Shares Held		Shareholders		Shareholding	
	From	To	Nos	%	Nos	%
1	Upto 100		1690	41.52	89701	0.37
2	101	200	477	11.72	81056	0.33
3	201	500	1158	28.45	365582	1.50
4	501	1000	318	7.81	253771	1.04
5	1001	5000	291	7.15	654276	2.69
6	5001	10000	58	1.43	407406	1.68
7	10001	100000	63	1.55	1681541	6.91
8	100001 and above		15	0.37	20785667	85.47
	TOTAL		**4070**	**100.00**	**24319000**	**100.00**

10. Shareholding Pattern as on 31st March, 2019.

Category Code	Category of Shareholder	Total No. of Shares	%
(A)	**Promoter and Promoter Group Holding**		
1	Indian Promoters	1,11,25,697	45.75
	Foreign Promoters	-	-
	Sub Total (A)	**1,11,25,697**	**45.75**
(B)	**Non-Promoter shareholding**		
1	Institutions		
(a)	Financial Institution / Banks	11,00,000	4.52
	Sub Total (B)	**11,00,000**	**4.52**
(C)	**Non-Institution**		
1	Private Bodies Corporate	583811	2.40
2	Individuals shareholders holding nominal share capital up to Rs 2 lakh	2029148	8.34
	Individuals shareholders holding nominal share capital above Rs. 2 Lakhs	7564511	31.11
3	NBFCs registered with RBI	2500	0.01
4	Any Other	1913333	7.87
	Sub-Total (C)	**1,20,93,303**	**49.73**
	GRAND TOTAL (A+B+C)	**2,43,19,000**	**100.00**

11. Plant Locations

1. Handloom & Made-ups Plant -Jatal Road, Anand Nagar, Panipat, Haryana
2. Weaving & Made-Ups Plant - Survey No. 380/1, Village Dapada, UT of D & NH
3. Bathmat Plant - Survey No. 356/1&2, Village Dadra, UT of D & NH
4. Dye-House - Plot No. 71, GIDC, Vapi Industrial Area, Valsad, Gujarat.

12. Address for Correspondence:

Faze Three Limited – Corporate Office
63, 6th Floor, Mittal Court, Wing C,
Nariman Point, Mumbai – 400 021
Phone: 022 6660 4600 / 4351 4444
Fax: 022 2493 6811
Website: www.fazethree.com
Email Id: investors@fazethree.com

13. Other disclosures

i. **Related party transactions:**
All material transactions entered into with related parties as defined under the Act and Regulation 23 of SEBI Listing Regulations during the financial year were in the ordinary course of business. These have been approved by the Audit Committee and all transactions with omnibus approval are reviewed quarterly by the Audit Committee. The Board has approved a policy for related party transactions which has been uploaded on the Company's website at the following link
http://www.fazethree.com/investors.html#7.

ii. Details of non-compliance by the Company, penalties, strictures imposed on the Company by the stock exchanges or the SEBI or any statutory authority, on any matter related to capital markets, during the last three years 2016-17, 2017-18 and 2018-19 respectively: Nil

iii. The Company has adopted a Whistle Blower Policy and has established the necessary vigil mechanism as defined under Regulation 22 of SEBI Listing Regulations for directors and employees to report concerns about unethical behaviour. No person has been denied access to the Chairman of the Audit Committee. The said policy has been also put up on the website of the Company at the following link http://www.fazethree.com/investors.html#7.

iv. The Company has also adopted Policy on Determination of Materiality for Disclosures and Policy for Preservation of Documents. The said policy has been also put up on the website of the Company at the following link http://www.fazethree.com/investors.html#7.

v. The Company has in place a Prevention of Sexual Harassment Policy and an Internal Complaints Committee as per the requirements of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Company has not received any complaint during the year.

vi. The total fees paid for the year to the Statutory Auditors and entities in the network firm/ network entity of which statutory auditor is a part is Rs. 12.00 lacs.

vii. Unclaimed Dividends:
Given below are the dates of declaration of of dividend and corresponding dates when unpaid/unclaimed dividends are due for transfer to IEPF.

Year	Type of Dividend	Dividend per share	Date of declaration	Due date for transfer to IEPF
2018-19	Interim	Rs. 0.50/-	May 22, 2018	June 26, 2025

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

To
The Members of Faze Three Limited
Sub: Compliances with Code of Conduct

As required under Regulation 34 of the SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct as adopted by the Board of Directors during the FY 2018-19.

Place: Mumbai
Date: 29th May, 2019

Ajay Anand
Chairman & Managing Director

CFO CERTIFICATE UNDER REGULATION 17(8) OF SEBI (LODR) REGULATIONS 2015

To,
The Board of Directors
Faze Three Limited

A. We have reviewed financial statements and the cash flow statement for the year ended 31st March 2019 and to the best of our knowledge and belief:

    1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
    2. these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or volatile of the Company's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of Company's internal control systems pertaining to financial reporting. We have not come across any reportable deficiencies in the design or operation of such internal controls.

D. We have indicated to the Auditors and the Audit Committee:

    1. that there are no significant changes in internal control over financial reporting during the year;
    2. that there are no significant changes in accounting policies during the year; and
    3. that there are no instances of significant fraud of which we have become aware.

For and on behalf of the Board
Faze Three Limited

Ajay Anand
Chairman & Managing Director

Ankit Madhwani
Chief Financial Officer

Place: Mumbai
Date: 29th May 2019

Annexure V
Form No. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st March 2019

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
FAZE THREE LIMITED
CIN: L99999DN1985PLC000197

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by FAZE THREE LIMITED (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2019 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;
(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **There were no ESOPS issued during the year under review**.
(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **There were no debt securities which are listed on the Stock Exchange**.
(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **There was no action/ event pursuant to the said Regulations;** and
The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **There were no Buy Back of its Equity shares during the year under review.**

(v) As per Management representation letter following are the laws applicable to Company:
1. Factories Act, 1948.
2. Industrial Dispute Act, 1947.
3. Workmen's Compensation Act, 1923
4. Industrial Health & Safety Act
5. The Minimum Wages Act, 1948.

6. The Payment of Wages Act, 1936.
7. Employees' State Insurance Act 1948.
8. The Employees' Provident Funds and Miscellaneous Provisions Act, 1952.
9. The Payment of Bonus Act, 1965.
10. The Payment of Gratuity Act, 1972.
11. The Contract Labour (Regulation and Abolition) Act, 1970.
12. The Maternity Benefit Act, 1961.
13. The Industrial Employment (Standing Order) Act, 1946.
14. Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959
15. The Apprentices Act, 1961.
16. The Environment (Protection) Act, 1986 [Read with The Environment (Protection) Rules, 1986].
17. The Hazardous Wastes (Management, Handling and Trans boundary Movement) Rules, 2008.
18. The Water (Prevention and Control of Pollution) Act, 1974 [Read with The Water (Prevention and Control Of Pollution) Rules, 1975].
19. The Air (Prevention and Control of Pollution) Act, 1981.

I have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards with respect to Meeting of Board of Directors (SS-1) and General Meeting (SS-2) issued by Ministry of Corporate Affairs.
(ii) SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 made effective from 1st December 2015 as amended from time to time.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decisions of the Board are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors.

I further report that as per the explanations given to me and the representations made by the Management and relied upon by me there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

This Report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this Report.

For **SANJAY DHOLAKIA & ASSOCIATES**

(SANJAY R DHOLAKIA)
Practising Company Secretary
Proprietor
Membership No. 2655 /CP No. 1798

Date: 29th May 2019
Place: Mumbai

Annexure A to Form No. MR-3

To,
The Members,
FAZE THREE LIMITED
CIN: L99999DN1985PLC000197

My report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial record. The verification was done on test basis to ensure that the correct facts are reflected in secretarial records. I believe that the practices and processes, I have followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, I have obtained management representation about the compliance of laws, rules, regulations, norms and standards and happening of events.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, norms and standards is the responsibility of management. My examination was limited to the verification of procedure on test basis.
6. The secretarial audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **SANJAY DHOLAKIA & ASSOCIATES**

(SANJAY R DHOLAKIA)
Practising Company Secretary
Proprietor
Membership No. 2655 /CP No. 1798

Date: 29th May 2019
Place: Mumbai

PRACTICING COMPANY SECRETARY CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To,
The Members of
Faze Three Limited

We have examined the compliance of conditions of Corporate Governance by Faze Three Limited as stipulated in regulation 34 (3) and Schedule V of the SEBI Listing Regulations.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of corporate governance as stipulated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or the effectiveness with which the management has conducted the affairs of the Company.

For SANJAY DHOLAKIA & ASSOCIATES

Date: 29th May, 2019
Place: Mumbai

(SANJAY R DHOLAKIA)
Practicing Company Secretary
Proprietor
Membership No. 2655 /CP No. 1798

Annexure VI
FORM NO. MGT-9
Extract of Annual Return
as on financial year ended on 31st March 2019

[Pursuant to Section 92(3) of the Companies act, 2013 read with The Companies (Management and Administration) Rules, 2014]

A. REGISTRATION AND OTHER DETAILS:

CIN:-	L99999DN1985PLC000197
Registration Date:	9th January 1985
Name of the Company:	**Faze Three Limited**
Category / Sub-Category of the Company	Company limited by shares / Indian Non - Government Company
Address of the Registered office and contact details:	Survey No. 380/1, Khanvel Silvassa Road, Village Dapada, Dapada, Dadra Nagar Haveli 396230. Phone 0260 2668539 Fax: 0260 2668501 Email: investors@fazethree.com Website: www.fazethree.com
Whether listed company	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	Sharex Dynamic (India) P Ltd. C101, 247 Park, LBS Marg, Vikhroli (W), Mumbai – 400083.. Phone: 022 2851 5606 / 5644 Website: www.sharexindia.com Email: sharexindia@vsnl.com

B. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service% to total turnover of the company	% to total turnover of the company
a.	Manufacture of made-up textile products except apparels	1392	75
b.	Manufacture of carpets and rugs	1393	25

C. PARTICULARS OF HOLDING/ SUBSIDIARY/ ASSOCIATE COMPANY

Sr. No.	Name and address of the Company	CIN/GLN	Holding/Subsidiary/Associate	% of shares held
a.	Faze Three US LLC	State of Delaware - 6526266	Wholly owned Foreign Subsidiary	100%
b.	AUNDE FAZE THREE Autofab Limited	L17120DN1997PLC000196	Associate	Nil
c.	Instyle Investments Private Limited	U67120MH1991PTC060920	Associate	Nil
d.	V R Woodart Limited	L51909MH1989PLC138292	Associate	9.76%

D. STATEMENT SHOWING SHAREHOLDING PATTERN

i. Category-wise Shareholding

Category code	Category of Shareholder	Number of shares held at Beginning of the year (01.04.2018)				Number of shares held at the end of the year (31.03.2019)				
		Demat	**Physical**	**Total**	**% of Total Shares**	**Demat**	**Physical**	**Total**	**% of Total Shares**	**% Change during the year**
(A)	**Shareholding of Promoter and Promoter Group**									
1	**Indian**									
(a)	Individuals/ HUF	8634072	-	8634072	35.50	8634072	-	8634072	35.50	0.00
(b)	Central / State Govt.	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	2491625	-	2491625	10.25	2491625	-	2491625	10.25	0.00
(d)	FI/ Banks	-	-	-	-	-	-	-	-	
(e)	Any Others(Specify)	-	-	-	-	-	-	-	-	
	Sub Total(A)(1)	**11125697**	**-**	**11125697**	**45.75**	**11125697**	**-**	**11125697**	**45.75**	**0.00**
2	**Foreign**									
A	NRI	-	-	-	-	-	-	-	-	-
B	Bodies Corporate	-	-	-	-	-	-	-	-	-
C	Institutions	-	-	-	-	-	-	-	-	-
D	Any Others(Specify)	-	-	-	-	-	-	-	-	-
	Sub Total(A)(2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)	**11125697**	**-**	**11125697**	**45.75**	**11125697**	**-**	**11125697**	**45.75**	**0.00**
(B)	**Public shareholding**									
1	**Institutions**									
(a)	Mutual Funds/ UTI	-	-	-	-	-	-	-	-	-
(b)	FI / Banks	-	-	-	-	-	-	-	-	-
(c)	Central / State Govt	-	-	-	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	-	-	-	-	-
(f)	FIIs	1100000	-	1100000	4.52	1100000	-	1100000	4.52	0.00
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	
(h)	Any Other (specify)	-	-	-	-	-	-	-	-	
	Sub-Total (B)(1)	**1100000**	**-**	**1100000**	**4.52**	**1100000**	**-**	**1100000**	**4.52**	**0.00**
B 2	**Non-institutions**									
(a)	Bodies Corporate	1462021	1011978	2473999	10.17	580811	3000	583811	2.40	(7.77)
(b)	Individuals									
I	i. Individual shareholders holding nominal share capital up to Rs 2 lakh	1937309	167505	2104814	8.66	1873293	155855	2029148	8.34	(0.32)

II	ii. Individual shareholders holding nominal share capital in excess of Rs. 2 lakh.	7429990	82000	7511990	30.89	7523511	41000	7564511	31.11	0.22
(c)	Any Other	-	-	-	-	78659	108000	186659	0.77	
(c-i)	Clearing Member	-	-	-	-	2793	0	2793	0.01	
(c-ii)	NRI	-	-	-	-	822903	900978	1723881	7.09	
(d)	NBFCs registered with RBI	2500	-	2500	0.01	2500	-	2500	0.01	0.00
	Sub-Total (B)(2)	**10831820**	**1261483**	**12093303**	**49.73**	**10884470**	**1208833**	**12093303**	**49.73**	**0.00**
(B)	**Total Public Shareholding (B)= (B)(1)+(B)(2)**	**11931820**	**1261483**	**13193303**	**54.25**	**11984470**	**1208833**	**13193303**	**54.25**	**0.00**
	TOTAL (A)+(B)	**23057517**	**1261483**	**24319000**	**100.00**	**23110167**	**1208833**	**24319000**	**100.00**	**0.00**
(C)	**Shares held by Custodians for GDRs & ADRs**									
1	Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
2	Public	-	-	-	-	-	-	-	-	-
	Sub-Total (C)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	GRAND TOTAL (A)+(B)+(C)	**23057517**	**1261483**	**24319000**	**100.00**	**23057517**	**1261483**	**24319000**	**100.00**	**0.00**

ii. Statement showing holding of securities (including shares, warrants, convertible securities) of persons belonging to the category "Promoter and Promoter Group"

Sr. No.	**Name of the shareholder**	**Details of Shareholding at the beginning of the year (01/04/2018)**			**Details of Shareholding at the end of the year (31/03/2019)**			**% change during the year**
		Number of shares held	**%**	**% of shares Pledged/ Encumbered**	**Number of shares held**	**%**	**% of shares Pledged/ Encumbered**	
1	Ajay Anand	6320412	25.99	0.00	6320412	25.99	0.00	NIL
2	Ajay Anand (HUF)	662500	2.72	0.00	662500	2.72	0.00	NIL
3	Rashmi Anand	343990	1.41	0.00	343990	1.41	0.00	NIL
4	Vishnu Anand	168875	0.69	0.00	168875	0.69	0.00	NIL
5	Rohina Anand	20875	0.09	0.00	20875	0.09	0.00	NIL
6	Sanjay Anand	1117420	4.59	0.00	1117420	4.59	0.00	NIL
7	Instyle Investments Pvt. Ltd.	2394625	9.85	0.00	2394625	9.85	0.00	NIL
8	Anadry Investments Pvt. Ltd.	9500	0.04	0.00	9500	0.04	0.00	NIL
9	Mamata Finvest Pvt. Ltd.	87500	0.36	0.00	87500	0.36	0.00	NIL
TOTAL		**9630697**	**11125697**	**45.75**	**0.00**	**45.75**	**0.00**	

iii. Change in Promoters' Shareholding (please specify, if there is no change)

Sl No.	Name of shareholder	Shareholding		Date	Increase/ Decrease in share holding	Reason	Cumulative shareholding during the year*(Refer note)*	
		No of shares as on 01.04.2018/ 31.03.2019	% of total shares of the Company *(Refer note)*				No. of shares	% of total shares of the Company
1	Ajay Anand	6320412	25.99	01.04.2018	No Change	N.A.	6320412	25.99
		6320412	25.99	31.03.2019				25.99
2	Ajay Anand (HUF)	662500	2.84	01.04.2018	No Change	N.A.	662500	2.72
		662500	2.72	31.03.2019				2.72
3	Rashmi Anand	343990	1.48	01.04.2018	No Change	N.A.	343990	1.41

		343990	1.41	31.03.2019				1.41
4	Vishnu Anand	168875	0.69	01.04.2018	No Change	N.A.	168875	0.69
		168875	0.69	31.03.2019				0.69
5	Rohina Anand	20875	0.09	01.04.2018	No Change	N.A.	20875	0.09
		20875	0.09	31.03.2019				0.09
6	Sanjay Anand	1117420	4.80	01.04.2018	No Change	N.A.	1117420	4.59
		1117420	4.59	31.03.2019				4.59
7	Instyle Investments Pvt. Ltd.	2394625	10.28	01.04.2018	No Change	N.A.	2394625	9.85
		2394625	9.85	31.03.2019				9.85
8	Anadry Investments Pvt. Ltd.	9500	0.04	01.04.2018	No Change	N.A.	9500	0.04
		9500	0.04	31.03.2019				0.04
9	Mamata Finvest Pvt. Ltd.	87500	0.38	01.04.2018	No Change	N.A.	87500	0.36
		87500	0.36	31.03.2019				0.36

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No	Name	No. of Shares at the beginning of the year **(01-04-2018)**	% of total Shares of the company	No. of Shares at end of the year **(31-03-2019)**	% of total Shares of the Company
1	SALIM PYARLI GOVANI	34,63,956	14.24	34,76,040	14.29
2	AJAY SHRIKRISHAN JINDAL	27,50,000	11.31	28,12,450	11.56
3	NEERAV HANS	15,56,297	6.40	15,56,297	6.40
4	HYPNOS FUND LIMITED	11,00,000	4.52	11,00,000	4.52
5	OWN LEASING AND FINANCE PVT LTD	2,36,302	0.97	2,42,831	0.99
6	SHREANS DAGA	2,00,000	0.82	2,00,000	0.82
7	ASHOK VISHWANATH HIREMATH	1,81,477	0.75	1,81,477	0.75
8	RAJIV RAI (HUF)	1,06,250	0.44	1,06,250	0.44
9	VIKRAM P PHILIP	1,02,500	0.42	1,02,500	0.42
10	VARUN DAGA	97,332	0.40	97,259	0.40

v. Shareholding of Directors and Key Managerial Personnel:

		Shareholding at the beginning of the year 01/04/2018		**Cumulative Shareholding during the year 31/03/2019**	
Sr. No	**Name**	**No. of shares**	**% of total shares of the company**	**No. of shares**	**% of total shares of the company**
1	AJAY ANAND	63,20,412	25.99	63,20,412	25.99
2	SANJAY ANAND	11,17,420	4.59	11,17,420	4.59
3	MANAN MANOJ SHAH	-	-	-	-
4	SHWETA JAYANTILAL JAIN	-	-	-	-
5	VINIT ARVIND RATHOD	-	-	-	-
6	ANKIT DIXIT MADHWANI	1	0.00	1	0.00
7	ANKIT DILIP PAREKH	265	0.00	265	0.00

E. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Rs. In Crores)

	Secured Loans excluding deposits	**Unsecured Loans**	**Deposits**	**Total Indebtedness**
Indebtedness at the beginning of the financial year i.e. **01/04/2018**				
i) Principal Amount	73.46	0.26	-	73.72
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not	-	-	-	-

Total (i+ii+iii)	**73.46**	**0.26**	**-**	**73.72**
Change in Indebtedness during the financial year				
• Addition	-	-	-	0
• Reduction	5.99	0.10	-	6.09
Net Change	**(5.99)**	**(0.10)**	**-**	**(6.09)**
Indebtedness at the end of the financial year i.e. **31/03/2019**				
i) Principal Amount	67.47	0.16		67.63
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not	-	-	-	-
Total (i+ii+iii)	**67.47**	**0.16**		**67.63**

F. REMUNERATION TO MANAGING DIRECTOR, WHOLE-TIME DIRECTORS AND/ OR MANAGERS:

(In lacs)

Sl. No.	**Particulars of Remuneration**	**Name of MD**	**Name of WTD**	**Total Amount**
		Mr. Ajay Anand	**Mr. Sanjay Anand**	
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	68.40	38.40	110.94
	(b) Value of perquisites u/s 17(2) Income -tax Act, 1961			
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	-as % of profit	-	-	-
	-others, specify…	-	-	-
5	Others, please specify	-	-	-
	Total (A)	**68.40**	**38.40**	**110.94**

G. REMUNERATION TO OTHER DIRECTORS

(In Actuals)

		Shweta Jain	**Manan Shah**	**Vinit Rathod**
a.	Fee for attending board meetings / committee meetings	10,000	33,000	33,000
b.	Commission	--	--	–
c.	Others, please specify	--	--	–

H. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(In Lacs)

	Particulars of Remuneration	Mr. Ankit Madhwani CFO	Mr. Ankit Parekh CS	Total
1	Gross salary (a) Gross Salary including the Value of perquisites as per provisions contained in u/s 17(1) and (2) of the Income -tax Act, 1961	43.31	8.00	
	(b) Profits in lieu of salary under u/s 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission as % of profit, others	-	-	-
	Total	**43.31**	**8.00**	

I. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Authority [RD / NCLT/ COURT]
A. COMPANY					
Penalty	N.A.				
Punishment	N.A.				
Compounding	N.A.				
B. DIRECTORS					
Penalty	N.A.				
Punishment	N.A.				
Compounding	N.A.				
C. OTHER OFFICERS IN DEFAULT					
Penalty	N.A.				
Punishment	N.A.				
Compounding	N.A.				

INDEPENDENT AUDITOR'S REPORT

To the Members of Faze Three Limited

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the standalone Ind AS financial statements of Faze Three Limited ("the Company"), which comprise the balance sheet as at March 31, 2019, and the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013 ("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, 2019, and profit (including Other Comprehensive Income), changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the standalone Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone Ind AS financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Utilisation of MAT Credit

Refer note 31 to the standalone Ind AS financial statements.
The Company has unutilised MAT Credit of Rs. 7.71 crores as on March 31, 2019. Minimum Alternate Tax (MAT) credit is recognised only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.
There is inherent uncertainty and management estimation involved in forecasting future taxable profits, which determines the extent to which MAT credit asset is recognised and carried forward.
We have considered this as Key Audit Matter due to the inherent uncertainty and management estimation involved in assessing the future taxable profits.

Our Audit Procedures in respect of this area included:

a. Evaluated whether controls over management assumptions and key estimates for utilisation of MAT Credit in the future years are appropriately designed, implemented and operating effectively by performing combination of procedures involving enquiry, reperformance and verification of evidences.

b. Evaluated management's assumptions and key estimates with respect to the projections supporting sufficient future taxable profit in order to support the carry forward of MAT credit asset.

c. Involved internal tax expert to assess eligibility of unutilised MAT credit, in the light of Income Tax Act, 1961.

Information Other than the Standalone Ind AS financial statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's Report, Management Discussion & Analysis Report, and Corporate Governance Report but does not include the standalone Ind AS financial statements and our auditor's report thereon.

Our opinion on the standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Standalone Ind AS financial statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance, changes in equity 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act 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 standalone Ind AS financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Ind AS financial statements

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.

We give in "Annexure A" a detailed description of Auditor's responsibilities for Audit of the Standalone Ind AS financial statements.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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 purposes 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 (including other comprehensive income), the Statement of Changes in Equity 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 Ind AS 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 the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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 with reference to standalone Ind AS financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure C".

(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.

3. As required by The Companies (Amendment) Act, 2017, in our opinion, according to information, explanations given to us, the remuneration paid by the Company to its directors is within the limits laid prescribed under Section 197 of the Act and the rules thereunder.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Amrish Vaidya
Partner
Membership No. 101739

Place: Mumbai
Date: May 29, 2019

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT ON EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF FAZE THREE LIMITED FOR THE YEAR ENDED MARCH 31, 2019

Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has internal financial controls with reference to standalone Ind AS financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Amrish Vaidya
Partner
Membership No. 101739

Place: Mumbai
Date: May 29, 2019

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF FAZE THREE LIMITED FOR THE YEAR ENDED MARCH 31, 2019

[Referred to in paragraph (1) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report]

i.

(a) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment.

(b) The Property, Plant and Equipment have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regards to the size of the Company and nature of its business. Pursuant to the program, a portion of property, plant and equipment has been physically verified by the management during the year and no material discrepancies were identified on such verifications.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

ii. The inventory, including stock with third parties, has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on verification between the physical stock and the book records.

iii. The Company has not granted any loans, secured or unsecured to Companies, Firms, Limited Liability Partnerships (LLP) or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly, the provisions stated in paragraph 3 (iii) (a) to (c) of the Order are not applicable to the Company.

iv. In our opinion and according to the information and explanations given to us, the Company has complied with provisions of Section 186 of the Act with respect to investments made by the Company. In our opinion and according to the information and explanations given to us, the Company has not either directly or indirectly, granted any loan to any of its directors or to any other person in whom the director is interested, in accordance with the provisions of section 185 of the Act. Accordingly, provisions stated in paragraph 3(iv) of the Order with respect to compliance of section 185 are not applicable to the Company.

v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under.

vi. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant as specified by the Central Government for the maintenance of cost records under sub-section (1) of section 148 of the Act and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii.

(a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, duty of customs, cess and any other statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears, as at March 31, 2019 for a period of more than six months from the date they became payable.

(b) According to the information and explanation given to us and the records of the Company examined by us, there are no dues of income tax, sales tax, service tax, goods and service tax, customs duty, excise duty, value added tax, cess and any other statutory dues which have not been deposited on account of any dispute.

viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to the financial institutions and banks. The Company has not taken any loan from the Government and has not issued any debentures.

ix. In our opinion and according to the information and explanations provided to us, money raised by way of term loans during the year have been applied for the purpose for which they were raised. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year.

x. During the course of our audit and our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees.

xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, the provisions stated in paragraph 3(xii) of the Order are not applicable to the Company.

xiii. 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 standalone Ind AS financial statements as required by the applicable accounting standards.

xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provisions stated in paragraph 3 (xiv) of the Order are not applicable to the Company.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, provisions stated in paragraph 3(xv) of the Order are not applicable to the Company.

xvi. 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 stated in paragraph clause 3 (xvi) of the Order are not applicable to the Company.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Amrish Vaidya
Partner
Membership No.101739

Place: Mumbai
Date: May 29, 2019

ANNEXURE C TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF FAZE THREE LIMITED FOR THE YEAR ENDED MARCH 31, 2019

[Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' 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 with reference to standalone Ind AS financial statements of Faze Three Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone Ind AS 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 with reference to standalone Ind AS financial statements 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 (ICAI) (the "Guidance Note"). 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 Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 internal financial controls with reference to standalone Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the internal financial controls with reference to standalone Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone Ind AS financial statements included obtaining an understanding of internal financial controls with reference to standalone Ind AS financial statements, 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 judgement, including the assessment of the risks of material misstatement of the standalone Ind AS 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 with reference to standalone Ind AS financial statements.

Meaning of Internal Financial Controls With Reference to Standalone Ind AS Financial Statements

A Company's internal financial control with reference to standalone Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to standalone Ind AS financial statements 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 standalone Ind AS 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 standalone Ind AS financial statements.

Inherent Limitations of Internal Financial Controls With Reference to Standalone Ind AS Financial Statements

Because of the inherent limitations of internal financial controls with reference to standalone Ind AS financial statements, 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 with reference to standalone Ind AS financial statements to future periods are subject to the risk that the internal financial control with reference to standalone Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an internal financial controls with reference to standalone Ind AS financial statements and such internal financial controls with reference to standalone Ind AS financial statements were operating effectively as at March 31, 2019, based on the internal control with reference to standalone Ind AS financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Amrish Vaidya
Partner
Membership No. 101739

Place: Mumbai
Date: May 29, 2019

Faze Three Limited
Standalone Balance Sheet as at 31 March 2019

(Amount in crores, unless otherwise stated)

	Notes	As at 31 March 2019	As at 31 March 2018
ASSETS			
Non-current assets			
Property, plant and equipment	4	120.57	113.40
Capital work-in-progress		0.39	1.16
Financial assets			
Investments	5	2.64	2.64
Other financial assets	6	1.97	0.81
Other non-current assets	7	0.70	2.23
Deferred tax asset (net)	31	5.35	4.12
Total non-current assets		**131.62**	**124.36**
Current assets			
Inventories	8	65.68	69.76
Financial assets			
Investments	5	-	0.19
Trade receivables	9	44.96	40.08
Cash and cash equivalents	10	10.92	2.22
Bank balances other than cash and cash equivalents	11	6.00	0.12
Other financial assets	12	0.07	1.22
Current tax assets (net)	13	0.04	0.88
Other current assets	14	11.84	22.22
Total current assets		**139.51**	**136.69**
Total assets		**271.13**	**261.05**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	15	24.32	24.32
Other equity	16	162.12	147.60
Total equity		**186.43**	**171.92**
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	17	2.67	0.82
Provisions	18	1.24	0.94
Total non-current liabilities		**3.91**	**1.76**
Current liabilities			
Financial liabilities			
Borrowings	19	64.27	72.90
Trade payables	20	8.30	6.75
Other financial liabilities	21	6.26	5.91
Provisions	18	1.66	1.60
Other current liabilities	22	0.30	0.21
Total current liabilities		**80.79**	**87.37**
Total equity and liabilities		**271.13**	**261.05**
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date
For **MSKA & Associates**
Chartered Accountants
ICAI Firm Registration No.:105047W

Amrish Vaidya
Partner
Membership No: 101739

Place : Mumbai
Date : May 29, 2019

For and on behalf of the Board of Directors of
Faze Three Limited
CIN: L99999DN1985PLC000197

Ajay Anand
Managing Director
DIN: 00373248

Sanjay Anand
Whole-time Director
DIN: 01367853

Ankit Madhwani
Chief Financial Officer

Ankit Parekh
Company Secretary
M No: A31990

Faze Three Limited
Standalone Statement of Profit and Loss for the year ended 31 March 2019 (Amount in crores, unless otherwise stated)

	Notes	Year ended 31 March 2019	Year ended 31 March 2018
Income			
Revenue from operations	23	265.71	239.73
Other income	24	1.77	10.63
Total income		**267.48**	**250.36**
Expenses			
Cost of material consumed	25	1116.60	116.26
Changes in inventories of finished goods and work-in-progress	26	0.18	(0.90)
Employee benefits expense	27	42.62	39.12
Finance costs	28	6.73	7.77
Depreciation and amortization expense	29	5.21	6.69
Other expenses	30	77.08	65.88
Total expenses		**248.42**	**234.82**
Profit before tax		19.06	15.54
Income tax expense			
Current tax	31	4.10	3.32
Deferred tax (net)		(1.33)	(4.61)
Total income tax expense		**2.77**	**(1.29)**
Profit for the year		**16.29**	**16.83**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement gains on defined benefit obligations		(0.25)	(0.25)
Tax relating to items that will not be reclassified to profit or loss		0.08	0.08
Other comprehensive income for the year		**(0.17)**	**(0.17)**
Total comprehensive income for the year		**16.12**	**16.66**
Earnings per share			
Basic (₹/ Share)	32	6.70	6.92
Diluted (₹/ Share)	32	6.70	6.91
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date
For **MSKA & Associates**
Chartered Accountants
ICAI Firm Registration No.:105047W

Amrish Vaidya
Partner
Membership No: 101739

Place : Mumbai
Date : May 29, 2019

For and on behalf of the Board of Directors of
Faze Three Limited
CIN: L99999DN1985PLC000197

Ajay Anand
Managing Director
DIN: 00373248

Sanjay Anand
Whole-time Director
DIN: 01367853

Ankit Madhwani
Chief Financial Officer

Ankit Parekh
Company Secretary
M No: A31990

Faze Three Limited

Statement of cash flows for the year ended 31 March 2019 (Amount in INR crores, unless otherwise stated)

	Year ended 31 March 2019	Year ended 31 March 2018
Cash flow from operating activities		
Profit before tax	19.06	15.54
Adjustments for:		
Depreciation and amortization expenses	5.21	6.69
Finance cost	5.34	5.01
Interest income	(0.50)	(0.03)
Gain on sale of Investment Property	-	(6.40)
Unreaslised (Gain)/loss on foreign exchange fluctuations (Net)	0.43	(0.22)
Operating profit before working capital changes	29.54	20.59
Changes in working capital		
Increase / (decrease) in trade payables	0.93	(16.37)
Decrease/ (increase) in inventories	4.08	1.73
Decrease/ (increase) in trade receivables	(5.30)	(0.18)
Decrease/ (increase) in other financial assets	1.15	0.22
Decrease in other current liabilities	0.09	(3.82)
Increase/ (decrease) in other financial liabilities	(0.21)	(0.40)
Increase/ (decrease) in Employee benefit obligations	0.12	0.54
Decrease/ (increase) in other financial assets	(1.11)	(1.93)
Decrease/ (increase) in other current assets	10.38	(6.74)
Cash generated used in operations	39.67	(6.36)
Income tax paid (net of refund)	(2.60)	(7.16)
Net cash flows used in operating activities (A)	37.07	(13.52)
Cash flow from Investing activities		
Payment for purchase of property, plant and equipment	(11.36)	(9.68)
Proceed from sale of Investment property	-	7.11
Investments in subsidiary	-	(2.43)
Net proceeds from sale of mutual fund	0.19	-
Payment towards capital advance	1.53	-
Proceeds from sale/ disposal of fixed assets	0.23	0.01
Net proceeds/Investment from/in fixed deposits	(5.93)	0.57
Interest received	-	0.26
Net cash flow from investing activities (B)	(15.34)	(4.16)
Cash flow from Financing activities		
Proceeds from issuance of equity share capital as share premium	-	3.78
Payment of interim dividend	(1.47)	-
Proceeds from long-term borrowings	2.55	0.43
Repayment of term loan	(0.14)	-
Financial obligation from banks	-	(3.10)
Proceeds/(repayment) from short-term borrowings	(8.63)	21.96
Interest paid	(5.34)	(5.01)
Net cash flow from financing activities (C)	(13.03)	18.06
Net increase in cash and cash equivalents (A+B+C)	8.70	0.38
Cash and cash equivalents at the beginning of the year	2.22	1.84
Cash and cash equivalents at the end of the year	10.92	2.22
Cash and cash equivalents comprise (Refer note 10)		
Balances with banks		
On current accounts	1.48	2.17
Fixed deposits with original maturity of less than 3 months	2.00	
Bank balance on EEFC account	7.40	-
Cash on hand	0.04	0.05
Total cash and bank balances at end of the year	10.92	2.22

Summary of significant accounting policies 2
The accompanying notes are an integral part of the financial statements.

As per our report of even date
For **MSKA & Associates**
Chartered Accountants
ICAI Firm Registration No.:105047W

Amrish Vaidya
Partner
Membership No: 101739

Place : Mumbai
Date : May 29, 2019

For and on behalf of the Board of Directors of
Faze Three Limited
CIN: L99999DN1985PLC000197

Ajay Anand
Managing Director
DIN: 00373248

Sanjay Anand
Whole-time Director
DIN: 01367853

Ankit Madhwani
Chief Financial Officer

Ankit Parekh
Company Secretary
M No: A31990

Faze Three Limited
Standalone Statement of changes in equity for the year ended 31 March 2019

(Amount in crores, unless otherwise stated)

(A) Equity share capital

	As at 31 March 2019		As at 31 March 2018	
	No. of shares	**Amount**	**No. of shares**	**Amount**
Equity shares of ₹ 10 each issued, subscribed and fully paid				
Opening	24,319,000	24.32	23,300,000	23.30
Add: issue during the year	-	-	1,019,000	1.02
Closing	**24,319,000**	**24.32**	**24,319,000**	**24.32**

(B) Other equity

	Reserve and surplus						Total
	Money received against Share Warrants	Capital Reserve	Asset Revaluation Reserve	Securities premium	General reserve	Retained earnings	
Balance as at 1 April 2018	**0.40**	**5.33**	**55.42**	**24.44**	**96.09**	**(34.08)**	**147.60**
Profit for the year	-	-	-	-	-	16.29	16.29
Other comprehensive income	-	-	-	-	-	(0.17)	(0.17)
Transferred to retained earnings	-	-	(0.13)	-	-	-	(0.13)
Share warrants extinguished	(0.40)	0.40	-	-	-	-	-
Distribution of interim dividend	-	-	-	-	(1.47)	-	(1.47)
Balance as at 31 March 2019	**-**	**5.73**	**55.29**	**24.44**	**94.62**	**(17.95)**	**162.12**

Particulars	Reserve and surplus							Total
	Share Application Money Pending allotment	Money received against Share Warrants	Capital Reserve	Asset Revaluation Reserve	Securities premium	General reserve	Retained earnings	
Balance as at 1 April 2017	**7.84**	**-**	**5.33**	**55.42**	**14.24**	**96.09**	**(50.74)**	**128.18**
Profit for the year	-	-	-	-	-	-	16.83	16.83
Other comprehensive income	-	-	-	-	-	-	(0.17)	(0.17)
Premium on issue of shares	-	-	-	-	10.20	-	-	10.20
Proceeds from share warrants	-	0.40	-	-	-	-	-	0.40
Transfer to reserves	(7.84)	-	-	-	-	-	-	(7.84)
Balance as at 31 March 2018	**-**	**0.40**	**5.33**	**55.42**	**24.44**	**96.09**	**(34.08)**	**147.60**

Summary of significant accounting policies 2
The accompanying notes are an integral part of the financial statements.

As per our report of even date
For **MSKA & Associates**
Chartered Accountants
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Amrish Vaidya
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Ankit Madhwani
Chief Financial Officer

Ankit Parekh
Company Secretary
M No: A31990

1. General Information

Faze Three Limited is engaged in manufacturing and exports of home furnishing items viz. bathmats, rugs, blankets, throws, cushions, etc. It has six manufacturing locations across India viz. Panipat (3), Vapi (1) and Dadra & Nagar Haveli (2). The company is a direct exporter to most retail giants mainly in US and Europe. The Company is a public company incorporated and domiciled in India and has its registered office in Dapada, Silvassa, UT of Dadra and Nagar Haveli. The company's equity shares are listed on the Bombay Stock Exchange.

2. Significant accounting policies

(A) **Statement of Compliance and basis of preparation and presentation**

These standalone or separate financial statements of Faze Three Limited ("the Company") have been prepared in accordance with the Indian Accounting Standard as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 (the 'Act') and other relevant provisions of the Act.

These standalone or separate financial statements are approved by the Company's Board of Directors and authorised for issue on 29th May, 2019

These standalone financial statements are presented in Indian National Rupees ('INR') and all values rounded to the nearest crores, except otherwise indicated.

Accounting policies have been consistently applied to all the years presented except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

(B) Basis of measurement

The standalone financial statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is calculated as per Ind AS 113 being the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether the price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company considers the characteristics of an asset or liability is market participants would take those characteristics into account for pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

(C) Use of estimates

The preparation of standalone financial statements in conformity with Ind AS requires the Management to make estimate and assumptions that affect the reported amount of assets and liabilities as at the Balance Sheet date, reported amount of revenue and expenses for the year and disclosures of contingent liabilities as at the Balance Sheet date. The estimates and assumptions used in the accompanying standalone financial statements are based upon the Management's evaluation of the relevant facts and circumstances as at the date of these financial statements. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates, if any, are recognized in the year in which the estimates are revised and future years affected.

Useful life of property, plant and equipment:

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This re-assessment may result in change in depreciation and amortisation expense in future periods.

Fair value of financial assets and liabilities and investments

The Company measures certain financial assets and liabilities on fair value basis at each balance sheet date or at the time they are assessed for impairment. Fair value measurement that are based on significant unobservable inputs (Level 3) requires estimates of operating margin, discount rate, future growth rate, terminal values, etc. based on management's best estimate about future developments.

Contingent liabilities

From time to time, the Company is subject to legal proceedings, the ultimate outcome of each being always subject to many uncertainties inherent in litigation. A provision for litigation is made when it is considered probable that a payment will be made and the amount of the loss can be reasonably estimated. Significant judgement is made when evaluating, among other factors, the probability of unfavourable outcome and the ability to make a reasonable estimate of the amount of potential loss. Litigation provisions are reviewed at each accounting period and revisions made for the change in facts and circumstances.

2.2 Property, plant and equipment

Freehold Land and Leasehold land are carried at fair value based on periodic valuation by the external independent valuers. Increase in the carrying amounts arising on revaluation of freehold and leasehold land are recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders equity. To the extent that the reserves show a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increase of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset, all other decreases are charged to profit or loss.

Property, plant and equipment are stated at original cost inclusive of incidental expenses related to acquisition net of tax / duty credit availed, net of accumulated depreciation and accumulated impairment losses, if any. Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying tangible assets upto the date the assets are ready for use.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Capital work-in-progress includes cost of property, plant and equipment under installation / under development as at balance sheet date.

Depreciation methods, estimated useful lives

The Company depreciates property, plant and equipment over their estimated useful lives using the straight line method. The estimated useful lives of assets are as follows:

Property, plant and equipment	**Useful Lives**
Leasehold land	Lease period
Factory Building	30 years
Plant & Machinery (Powerloom)	20 years
Plant & Machinery (Handloom)	15 years
Furniture and Fixtures	10 years
Office Equipment	5 years
Electrical Installations	10 years
Fire Hydrant Systems	15 years
Vehicles	8 years

Computers:	
-Servers	6 years
-End user devices such as, desktops, laptops etc.	3 years

Individual assets costing up to `Five thousand are depreciated in full in the year of purchase.
The company has adopted a policy to transfer from revaluation reserve to profit or loss, an amount equivalent to depreciation on account of gain in revaluation reserve recognised earlier, at every period end.

Based on technical evaluation, management believes that the useful life of some machines should be 20 years as that best represents the period over which the management expects to use the assets. Hence, the useful life for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

Depreciation on addition to property plant and equipment is provided on pro-rata basis from the date of acquisition. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit and loss.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.3 Investment in subsidiary

The Company accounts for its investment in subsidiaries at cost less accumulated impairment, if any.

2.4 Impairment of assets

At the end of each reporting period, the Company reviews the carrying amount of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.5 Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

2.6 Foreign currency transactions

Functional and presentation currency

Items included in the standalone financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The standalone financial statements are presented in Indian National Rupee (INR), which is the Company's functional and presentation currency.

Transactions and balances

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction. Gains/Losses arising out of fluctuation in foreign exchange rate between the transaction date and settlement date are recognised as income or expense in the period in which they arise in the Statement of Profit and Loss.

All monetary assets and liabilities in foreign currencies are restated at the year end at the exchange rate prevailing at the year end and the exchange differences are recognised in the Statement of Profit and Loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

2.7 Revenue recognition

With effect from 1st April 2018 on adoption of Ind-AS 115:

Revenue from sales of goods is measured based on the consideration received or receivable from the customer. The Company recognizes revenue when it transfers control of goods to the customer. Control is passed on to the customer when goods are dispatched from Company's premises. Revenue is reported net of taxes and duties as applicable.

Receivable is recognized when the goods are dispatched from Company's premises as this is the point in time that the consideration is unconditional because only passage of time is required before the payment is due.

Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

Revenue in respect of interest income is recognised on a basis of effective interest method as set out in Ind AS 109, Financial Instruments, and where no significant uncertainty as to measurability or collectability exists.

For the comparative year:

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates, discounts, other similar allowances and goods and service tax (GST), as applicable.

Revenue is recognized when it is earned, it can be measured reliably and no significant uncertainty exists as to its realization or collection.

Revenue on sale of products is recognized on delivery or dispatch of the products, when all significant contractual obligations have been satisfied, the property in the goods is transferred for a price, significant risks and rewards of ownership have been transferred and no effective ownership control is retained.

Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

Revenue in respect of interest income is recognised on a basis of effective interest method as set out in Ind AS 109, Financial Instruments, and where no significant uncertainty as to measurability or collectability exists.

Rendering of services:

Revenue from sale of services is recognised as per terms of the contract with customers when the outcome of the transactions involving rendering of services can be estimated reliably.

Interest income:

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in the other income in the statement of profit and loss.

Rental income

Lease agreements where the risks and rewards incident to the ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals are recognised on straight line basis as per the terms of the agreements in the statement of profit and loss.

Export incentives

Export incentives from the government is recognised when there is a reasonable assurance that (i) the company will comply with the conditions attached to them and (ii) the incentive will be received.

When the incentive relates to revenue, it is recognised as income on a systematic basis in the statement of profit or loss over the periods necessary to match them with the related income, which they relate to.

2.8 Taxes

Tax on income for the current period is determined on the basis of estimated taxable income and tax credits computed in accordance with the provisions of the relevant tax laws and based on the expected outcome of assessments / appeals.

(A) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(B) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary difference can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit not the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income, in which case, the current and deferred tax are also recognised in other comprehensive income.

2.9 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Certain arrangements convey a right to use and asset in return for a payment or series of payments. At inception of the arrangement, the Company determines whether such an arrangement is or contains a lease and separates the consideration into those for the lease and those for other elements. The lease component is accounted as per Company's accounting policy on leasing transactions.

The Company as lessor

Rental income from operating lease is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the company's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

The Company as lessee

Assets held under finance leases are initially recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payment. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rental expenses from operating leases is generally recognised on a straight line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

2.10 Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials, packaging materials and stores and spare parts are valued at lower of cost and net realizable value. Cost includes purchase price,(net of goods and service tax), freight inwards and other expenditure incurred in bringing such inventories to their present location and condition. In determining the cost, weighted average cost method is used.

Work in progress and manufactured finished goods are valued at the lower of cost and net realisable value. Cost of work in progress and manufactured finished goods comprises cost of direct material, cost of conversion and other costs incurred in bringing these inventories to their present location and condition.

Slow and non-moving material, obsolesce, defective inventories are duly provided for and valued at actual cost or estimated net realisable value whichever is lower. Materials and supplies held for use in production of inventories are not written down if the finished products in which they will be used are expected to be sold at or above cost.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and the estimated costs necessary to make the sale.

2.11 Impairment of non-financial assets

The Company assesses at each year end whether there is any objective evidence that a non financial asset or a group of non financial assets is impaired. If any such indication exists, the Company estimates the asset's recoverable amount and the amount of impairment loss.

An impairment loss is calculated as the difference between an asset's carrying amount and recoverable amount. Losses are recognized in Statement of Profit and Loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through Statement of Profit and Loss.

2.12 Provisions, contingent liabilities and contingent assets

Provisions are recognized when there is a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date.

When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

A restructuring provision is recognised when the Company has developed a detailed formal plan for restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Contingent liabilities are not recognised but disclosed in the financial statements, when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

Contingent assets are neither recognised nor disclosed in the financial statements.

2.13 Cash, cash equivalents and cash flow statements

Cash and cash equivalent in the balance sheet comprise cash at banks, cash on hand and demand deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.
For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, cash in banks and demand deposits.

2.14 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(A) Financial assets

(i) Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Financial assets are classified, at initial recognition, as financial assets measured at fair value or as financial assets measured at amortised cost.

(ii) Classification and subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:
a) at amortized cost; or
b) at fair value through other comprehensive income; or
c) at fair value through profit or loss.
The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Debt Instruments: Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments.

Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method (EIR).

Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in Statement of Profit and Loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to Statement of Profit and Loss and recognized in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. Interest income from these financial assets is included in other income.

Equity instruments: All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument- by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

(iii) Impairment of financial assets

In accordance with Ind AS 109, Financial Instruments, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on financial assets that are measured at amortized cost and FVOCI.

For recognition of impairment loss on financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent years, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12 month ECL.

Life time ECLs are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the year end.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider all contractual terms of the financial instrument (including prepayment, extension etc.) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

In general, it is presumed that credit risk has significantly increased since initial recognition if the payment is more than 30 days past due.

ECL impairment loss allowance (or reversal) recognized during the year is recognized as income/expense in the statement of profit and loss. In balance sheet ECL for financial assets measured at amortized cost is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

(iv) Derecognition of financial assets

A financial asset is derecognized only when
a) the rights to receive cash flows from the financial asset is transferred or
b) retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the financial asset is transferred then in that case financial asset is derecognized only if substantially all risks and rewards of ownership of the financial asset is transferred. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

(B) Financial liabilities

(i) Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and at amortized cost, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs.

(ii) Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the Statement of Profit and Loss.

Loans and borrowings at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in Statement of Profit and Loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the Statement of Profit and Loss.

(iii) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss as finance costs.

(C) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.15 Employee benefits

Provident fund, ESIC and Labour welfare fund
The Company's contribution paid/payable during the year to Provident fund, ESIC and Labour welfare fund are recognised in profit or loss.

Provident fund
Contributions to Provident fund are made and charged to profit or loss as incurred.

Gratuity
The Company participates in a group gratuity cum life insurance scheme administered by a Life Insurance Corporation of India. Being a defined benefit plan, annual contributions made to the scheme are as per the intimations received from the life insurance company. The Company accounts for liability for future gratuity benefits based on an actuarial valuation by an independent actuary. The net present value of the Company's obligation is determined based on the projected unit credit method as at the Balance Sheet date. Shortfall if any, between the balance in the fund with life insurance company and the actuarial valuation is expensed to the statement of profit and loss. The actuarial gains and losses are recognised in Other Comprehensive Income which gets reflected immediately in retained earnings and is not reclassified to the statement of profit or loss.

Short term employee benefits
The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by an employee is recognised during the period when the employee renders the service.

2.16 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Earnings considered in ascertaining the Company's earnings per share is the net profit or loss for the year after deducting preference dividends and any attributable tax thereto for the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year is adjusted for the effects of all dilutive potential equity shares.

2.17 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company.

2.18 Rounding off amounts

All amounts disclosed in standalone financial statements and notes have been rounded off to the nearest crores as per requirement of Schedule III of the Act, unless otherwise stated.

3. Recent accounting pronouncements

Standards issued but not yet effective:
The standards and interpretations that are issued, but not yet effective up to the date of issuance of the financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

Ind AS 116- Leases
On March 30, 2019, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 116, Leases. This Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective of the standard is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. The effective date for adoption of Ind AS 116 is financial periods beginning on or after April 1, 2019. The Company is currently evaluating the requirements of amendments. The Company believes that the adoption of this amendment will not have a material effect on its financial statements.

Faze Three Limited
Notes forming part of the Standalone Financial Statements for the year ended 31 March 2019

(Amount in crores, unless otherwise stated)

4 Property, plant and equipment

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1 April 2018	Additions/ Adjustments	Deductions/ Adjustments	As at 31 March 2019	As at 1 April 2018	For the year	Deductions/ Adjustments	As at 31 March 2019	As at 31 March 2019	As at 31 March 2018
Owned assets										
Leasehold land (refer note 4.1)	9.21	-	-	9.21	-	0.17	-	0.17	9.04	9.21
Freehold land (refer note 4.1)	52.05	-	-	52.05	-	-	-	-	52.05	52.05
Building	39.40	0.37	-	39.77	17.80	1.16	-	18.96	20.81	21.60
Plant and machinery	77.08	10.12	0.99	86.21	51.22	2.75	0.79	53.18	33.03	25.86
Furniture and fixtures	5.83	0.96	0.01	6.78	4.42	0.35	0.00	4.77	2.01	1.41
Vehicles	4.62	0.31	0.63	4.30	3.18	0.26	0.63	2.81	1.49	1.44
Office equipment	1.71	0.51	0.33	1.89	1.30	0.21	0.31	1.20	0.69	0.41
Computers	3.03	0.24	0.03	3.24	2.54	0.27	0.03	2.78	0.46	0.49
Electrical installations	5.58	0.22	0.04	5.76	4.74	0.18	0.04	4.88	0.88	0.84
Fire hydrants	0.13	0.03	-	0.16	0.04	0.01	-	0.05	0.11	0.09
Total	**198.64**	**12.76**	**2.03**	**209.37**	**85.24**	**5.36**	**1.80**	**88.80**	**120.57**	**113.40**

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1 April 2017	Additions/ Adjustments	Deductions/ Adjustments	As at 31 March 2018	As at 1 April 2017	For the year	Deductions/ Adjustments	As at 31 March 2018	As at 31 March 2018	As at 31 March 2017
Owned assets										
Leasehold land (refer note 4.1)	9.21	-	-	9.21	-	-	-	-	9.21	9.21
Freehold land (refer note 4.1)	52.05	-	-	52.05	-	-	-	-	52.05	52.05
Building	38.23	1.17	-	39.40	16.24	1.16	0.40	17.80	21.60	22.00
Plant and machinery	71.33	5.75	-	77.08	46.78	4.44	-	51.22	25.86	24.55
Furniture and fixtures	5.32	0.51	-	5.83	4.22	0.20	-	4.42	1.41	1.10
Vehicles	4.20	0.42	-	4.62	2.97	0.21	-	3.18	1.44	1.23
Office equipment	1.52	0.19	-	1.71	1.13	0.17	-	1.30	0.40	0.39
Computers	2.73	0.30	-	3.03	2.27	0.26	-	2.54	0.49	0.46
Electrical installations	5.22	0.37	0.01	5.58	4.50	0.22	-	4.74	0.85	0.72
Fire hydrants	0.13	-	-	0.13	0.03	0.01	-	0.04	0.09	0.10
Total	**189.94**	**8.71**	**0.01**	**198.64**	**78.14**	**6.67**	**0.40**	**85.24**	**113.40**	**111.80**

4.1 Fair valuation of land

The fair value of land consists of lands containing factories of the Company. Fair value of the properties were determined by estimating and arriving at the 'Prevailing Market value' by N. M. Pai & Company , an accredited independent valuer appointed by the Company for the said purpose. The valuation performed by the valuer is based on active market prices, significantly adjusted for difference in the nature, location or condition of the specific property.

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5 Financial assets- Investments	31 March 2019	31 March 2018
Investments in Equity Instruments (fully paid-up)		
Unquoted Equity Shares in Subsidiary Companies (At Cost)		
Faze Three US LLC	2.43	2.43
Investment in Others (Designated and carried at FVTPL)		
Unquoted equity shares		
2,500 (31 March, 2018: 2,500) Equity shares of ₹10 each fully paid-up in Saraswat Co-op Bank Limited.	0.00	0.00
40 (31 March, 2018 : 40) Equity shares of ₹ 25 each fully paid-up in Greater Bombay Co-operative Bank Ltd	0.00	0.00
Quoted Investments		
14,53,042 (31 March, 2018: 14,53,042) Equity shares of ₹10 each fully paid-up in V R Woodart Limited	0.21	0.21
Investments in Mutual Fund - Canara Robeco Mutual Fund (Refer footnote i)	-	0.19
Total	**2.64**	**2.83**
Current	-	0.19
Non- Current	2.64	2.64
	2.64	**2.83**
Aggregate book value of:		
Quoted investments	0.21	0.40
Unquoted investments	2.43	2.43
Aggregate market value of:		
Quoted investments	1.18	1.32

Footnotes:
i. Details of investments in mutual funds:

Particulars	Face Value (in ₹)	No. of units		Amount	
		As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Canara Robeco Capital Protection Oriented Fund - Series 4 - Regular Growth	10	-	159,990	-	0.19
		-	**159,990**	**-**	**0.19**

6 Other financial assets (non-current) (at amortised cost)	31 March 2019	31 March 2018
Security deposits	1.15	0.81
Other receivables	0.70	-
Deposit account with banks (remaining maturity of more than 12 months)	0.12	-
Total	**1.97**	**0.81**

7 Other non-current assets	31 March 2019	31 March 2018
Capital advances	0.70	2.23
Total	**0.70**	**2.23**

8 Inventories *	31 March 2019	31 March 2018
Raw material	22.07	25.29
Work in progress	19.57	23.29
Finished goods	21.98	18.43
Store and spares parts including packing material	0.96	2.03
Dyes and chemicals	1.10	0.72
Total	**65.68**	**69.76**

* Hypothecated as charge against short term - borrowings. Refer note 19.

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9	Trade receivables	31 March 2019	31 March 2018
	Unsecured		
	-Considered good	44.96	40.08
	Total	**44.96**	**40.08**
	Further classified as:		
	Receivable from related parties (Refer note 35)	15.48	1.32
	Receivable from others	29.48	38.76
		44.96	**40.08**

10	Cash and cash equivalents	31 March 2019	31 March 2018
	Balances with banks		
	In current accounts	1.48	2.17
	Fixed deposits with original maturity of less than 3 months	2.00	-
	Bank balance in EEFC account	7.40	-
	Cash on hand	0.04	0.05
	Total	**10.92**	**2.22**

11	Bank balances other than cash and cash equivalent	31 March 2019	31 March 2018
	In Fixed deposit with maturity for more than three months but less than twelve months from balance sheet date	6.00	0.12
	Total	**6.00**	**0.12**

12	Other financial assets (current)	31 March 2019	31 March 2018
	Unsecured, considered good (at amortised cost)		
	Security deposit	0.03	0.03
	Interest accrued on fixed deposits	0.04	0.00
	Advance to others	-	1.00
	Unsecured, considered good (at FVTPL)		
	MTM gain on currency forward contracts	-	0.19
	Total	**0.07**	**1.22**

13	Current tax assets (net)	31 March 2019	31 March 2018
	Advance income tax (net of provisions)	0.04	0.88
	Total	**0.04**	**0.88**

14	Other current assets	31 March 2019	31 March 2018
	Unsecured, considered good		
	Export incentive receivable	5.08	6.84
	Advance to suppliers	1.84	0.02
	Staff advances	0.25	0.19
	Refund of VAT / service tax receivable	0.97	1.73
	GST input credit	-	4.38
	GST rebate receivable	2.27	8.45
	Prepaid expenses	1.41	0.49
	Other receivables	0.02	0.12
	Total	**11.84**	**22.22**

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15 Equity share capital	**31 March 2019**	**31 March 2018**
Authorized 2,60,00,000 (31 March 2018: 2,60,00,000) Equity Shares of ₹10/- each	26.00	26.00
Total	26.00	26.00
Issued, subscribed and paid up 2,43,19,000 (31 March 2018: 2,43,19,000) Equity Shares of ₹10/- each fully paid	24.32	24.32
Total	**24.32**	**24.32**
Total	**24.32**	**24.32**

(a) Reconciliation of equity shares outstanding at the beginning and at the end of the year

	31 March 2019		31 March 2018	
	Number of shares	Amount	Number of shares	Amount
Outstanding at the beginning of the year	24,319,000	24.32	23,300,000	23.30
Add: Issued during the year	-	-	1,019,000	1.02
Outstanding at the end of the year	**24,319,000**	**24.32**	**24,319,000**	**24.32**

(b) Rights, preferences and restrictions attached to shares

The Company has only one class of equity shares having par value of ₹ 10/- per share. All the equity shares rank pari passu in all respect. Dividend if any declared is payable in Indian Rupees.

In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts in proportion of their shareholding.

(c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

Name of the shareholder	31 March 2019		31 March 2018	
	Number of shares	% of holding in the class	Number of shares	% of holding in the class
Ajay Anand	6,320,412	25.99	6,320,412	25.99
Instyle Invstements Pvt. Ltd.	2,394,625	9.85	2,394,625	9.85
Ajay Jindal	2,812,450	11.56	2,750,000	11.31
Salim Govani	3,476,040	14.29	3,463,956	14.24
Neerav Hans	1,556,297	6.40	1,556,297	6.40

As per the records of the company, including its register of shareholders / members, the above shareholding represents both legal and beneficial ownership of shares.

(d) The Company has not issued bonus shares and shares for consideration other than cash.

16 Other equity

Particulars	**31 March 2019**	**31 March 2018**
(A) Capital reserve		
Opening balance	5.33	5.33
Add: share warrants extinguished	0.40	-
Closing balance	**5.73**	**5.33**
(B) Securities premium		
Opening balance	24.44	14.24
Add : Securities premium on issue of shares	-	10.20
Closing balance	**24.44**	**24.44**

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(C)	**General reserve**		
	Opening balance	96.09	96.09
	(Less): Distribution of Interim Dividend 2017-18	(1.47)	-
	Closing balance	**94.62**	**96.09**
(D)	**Asset revaluation reserve**		
	Opening balance	55.42	55.42
	(Less): transfer to retained earnings	(0.13)	-
	Closing balance	**55.29**	**55.42**
(E)	**Money received against share warrants**		
	Opening balance	0.40	-
	Add: Money received against share warrants	-	0.40
	(Less) : Transferred to capital reserve *	(0.40)	-
	Closing balance	**-**	**0.40**
(F)	**Retained earnings**		
	Opening balance	(34.08)	(50.74)
	Add: Profit for the year	16.12	16.66
	Closing balance	**(17.96)**	**(34.08)**
	Total	**162.12**	**147.60**

* On 7 April, 2017, the Company had alloted 8,45,500 equity warrants at a price of ₹110/- each per warrant (face value of ₹10/- and Securities Premium of ₹100), the said warrants were convertible into equal number of equity shares within a period of 18 months from the date of allotment (i.e on or before 6 October, 2018), as per the terms of issue. Out of 8,45,500 equity warrants, holders of 7,00,000 warrants had exercised the option of conversion on 26 December, 2017, balance 1,45,500 equity warrant holders did not opt for conversion within the prescribed 18 months. As a result of the same, the upfront amount received by the Company prior to allotment of 1,45,500 warrants have been forfieted.

17	**Borrowings (Non current)**	**31 March 2019**	**31 March 2018**
	Term Loans (secured) (carried at amortised cost)		
	From Banks (refer note (i))	1.68	0.64
	Other Loans (Against hypothecation of vehicles) (refer note (ii)) (carried at amortised cost)	0.99	0.18
	Total	**2.67**	**0.82**

(i) Term Loan from Yes Bank :
Secured by:
(i) First pari-passu charge on the fixed assets of the company including plant and machinery and immovable assets of the company.
(ii) First pari-passu charge on the entire current assets of the company.
Terms of Repayment:
Repayable in equated quarterly instalments of ₹ 0.14 crores till January, 2023.
Rate of Interest:
March 31, 2019 : 11.70% March 31, 2018 : 11.05%
(ii) Terms and conditions of Other Loans

Particulars	**Loan 1**	**Loan 2**	**Loan 3**	**Loan 4**	**Loan 5**
Maturity date	July 5, 2021	June 5, 2020	May 15, 2020	December 15, 2021	December 15, 2021
Number of installments due	28	15	14	33	33
Amount of installments due (amount in (₹))	54,440	25,258	25,512	53,189	27,700
Rate of Interest	9.37%	8.51%	9.19%	10.35%	10.35%
Within one year (amount in (₹))	653,280	303,096	306,144	638,268	332,400
After one year but not more than five years (amount in (₹))	711,152	55,115	30,967	7,083,780	3,641,250
Name of the Financer	HDFC Bank	HDFC Bank	Tata Motors Finance Ltd	BMW Financial Services Pvt. Ltd.	BMW Financial Services Pvt. Ltd.

The company has entered into Retail Finance Agreement with BMW India Financial Services Private Limited (BMWFSPL) pursuant to which BMWFSPL has advanced loan for purchase of vehicle and subject to terms and conditions as envisaged in retail finance agreement.

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(Amount in crores, unless otherwise stated)

18 Provisions

	Non Current		Current	
	31 March 2019	**31 March 2018**	**31 March 2019**	**31 March 2018**
Provision for employee benefits (refer note 33)				
Provision for gratuity (funded)	1.24	0.94	1.66	1.60
Total	**1..24**	**0.94**	**1.66**	**1.60**

19 Borrowings (Current)

	31 March 2019	31 March 2018
Secured, from bank (carried at amortised cost)		
Packing Credit in Foreign Currency (PCFC)/Packing Credit in Rupee Scheme (PCRS) (refer footnote i)	64.11	72.64
Unsecured, Loans from related parties (refer footnote ii)	0.16	0.26
Total	**64.27**	**72.90**

Terms and conditions of loans

(i) PCRS facility from Yes Bank carry interest rate @ 10.75% (March 31, 2018 : 10.25% w.e.f 1 August, 2017). Packing Credit in Foreign Currency (PCFC) and Packing Credit in Rupee Scheme (PCRS) is secured by way of hypothecation of raw materials, work-in-progress, finished goods, spares & stores and goods meant for exports and book debts as prime security and collaterally secured by extension of the charge on the Fixed Assets of the Company to Yes Bank Limited.

The company has interest rate subvention of 3% on the aforesaid rates for Packing Credit in Rupee Scheme (PCRS)

(ii) Loan from V R Woodart, the Associate Company, as on 31 March, 2019 : ₹ 0.16 crores and 31 March, 2018 : ₹ 0.26 crores is repayable on demand.

20 Trade payables

	31 March 2019	31 March 2018
Total outstanding dues of micro enterprises and small enterprises (refer note 43) *	0.22	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	8.08	6.75
Total	**8.30**	**6.75**

* Based on the information available with the Company, there are no outstanding dues and payments made to any supplier of goods and services beyond the specified period under Micro, Small and Medium Enterprises Development Act, 2006 [MSMED Act]. There is no interest payable or paid to any suppliers under the said Act.

21 Other financial liabilities (current)

	31 March 2019	31 March 2018
(carried at amortised cost)		
Current maturities of term loan	0.56	0.08
Current maturities of vehicle loan	0.13	0.19
Salary & reimbursement payable	3.67	3.60
Expenses payable	1.90	2.04
Total	**6.26**	**5.91**

22 Other current liabilities

	31 March 2019	31 March 2018
Statutory dues payable	0.22	0.19
GST payable	0.03	-
Advance from customer	0.05	0.02
Total	**0.30**	**0.21**

23 Revenue from operations

	31 March 2019	31 March 2018
Export Sales	215.94	204.50
Domestic Sales *	30.48	15.39
Export Incentives	19.29	19.84
Total	**265.71**	**239.73**

* Revenue from operations for periods upto 30 June, 2017 includes excise duty, which is discontinued effective from 1 July, 2017 upon implementation of Goods and Service Tax (GST) in India. In accordance with Ind-AS 18 "Revenue", GST is not included in revenue from operations. In view of the aforesaid change, revenue from operations (domestic) for the year ended 31 March, 2019 are not completely comparable with previous periods.

Faze Three Limited
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24 Other income	31 March 2019	31 March 2018
Rental income	0.56	1.00
Interest income	0.50	0.03
Fair valuation adjustments of investments	-	0.01
Miscellaneous income	0.22	0.21
Job work Income	0.49	0.16
Gain on sale of fixed assets	0.00	0.00
Gain on sale of investment property	-	6.40
Gain on foreign currency fluctuation	-	2.82
Total	**1.77**	**10.63**

25 Cost of material consumed	31 March 2019	31 March 2018
Inventory at the beginning of the year	26.01	28.46
Add: Purchases	113.76	113.81
Less: Inventory at the end of the year	23.17	26.01
Total	**116.60**	**116.26**

26 Changes in inventories of finished goods and work-in-progress	31 March 2019	31 March 2018
Inventories at the beginning of the year		
-Finished goods	18.43	25.10
-Work-in-progress	23.29	15.72
	41.72	40.82
Less: Inventories at the end of the year		
-Finished goods	21.98	18.43
-Work-in-progress	19.57	23.29
	41.55	41.72
Net decrease/ (increase)	**0.18**	**(0.90)**

27 Employee benefits expense	31 March 2019	31 March 2018
Salaries, wages, bonus and other allowances	38.69	35.59
Contribution to provident fund and other funds	2.78	2.21
Staff welfare expenses	1.15	1.32
Total	**42.62**	**39.12**

28 Finance costs	31 March 2019	31 March 2018
Interest on borrowings	5.34	5.01
Bank charges	1.39	2.76
Total	**6.73**	**7.77**

29 Depreciation and amortization expense	31 March 2019	31 March 2018
Depreciation (refer note 4)	5.17	6.67
Amortisation (refer note 4)	0.17	0.02
Less: transfer to asset revaluation reserve	(0.13)	-
Total	**5.21**	**6.69**

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		31 March 2019	31 March 2018
30	**Other expenses**		
	Sewing, stitching,weaving & finishing charges	9.85	13.87
	Power & fuel	20.38	17.38
	Clearing and forwarding expenses	7.82	7.87
	Repairs & maintenance:		
	Plant & machinery	3.24	2.63
	Building	2.47	0.81
	Other manufacturing expenses	3.40	4.85
	Dyeing charges	1.45	0.46
	Water charges	2.75	2.32
	Rent, rates & taxes (Refer note 34)	2.50	1.33
	Stores and spares consumed	3.63	2.08
	Audit fees (refer note i below)	0.13	0.12
	Miscellaneous expenses	2.24	3.08
	Office & general expenses	2.88	0.20
	Security expenses	1.12	0.95
	Courier expenses	1.32	1.18
	Travelling, vehicle & conveyance expenses	2.21	2.11
	Loss on foreign currency fluctuation	4.21	-
	Legal & professional fees	2.70	2.28
	Insurance charges	0.40	0.49
	Selling & distribution expenses	2.38	1.87
	Total	**77.08**	**65.88**

Note i: The following is the break-up of Auditors remuneration (exclusive of taxes)

	31 March 2019	31 March 2018
As auditor:		
Statutory audit	0.12	0.11
Out of pocket expenses	0.01	0.01
Total	**0.13**	**0.12**

31 Income Tax

		31 March 2019	31 March 2018
(A)	**Income Tax recognised in profit or loss**		
	Current tax		
	In respect of current year	4.10	3.32
		4.10	3.32
	Deferred tax		
	In respect of current year origination and reveral of temporary differences	(1.33)	(4.61)
		(1.33)	(4.61)
	Total Income Tax recognised in profit or loss	**2.77**	**(1.29)**

(B) Deferred tax assets/ (liabilities) (net):

Particulars	**Balance as at 31 March 2018**	**Charge / (Credit) to Profit or Loss**	**Charge / (Credit) to OCI**	**Balance as at 31 March 2019**
Provision for employee benefits	1.12	(0.05)	0.08	1.07
Unabsorbed depreciation and business losses carried forward	4.46	2.11	-	2.35
Fiscal allowances on property, plant and equipment	(6.40)	(0.62)	-	(5.78)
On Temporary Difference on account of MTM on forwards	(0.08)	(0.08)	-	-
Minimum alternate tax carried forward	5.02	(2.69)	-	7.71
Total deferred tax assets / (liabilities), net	**4.12**	**(1.33)**	**0.08**	**5.35**

(D) Tax losses of (31 March 2017: ₹ 9.98 crores are available for offsetting for a maximum period of eight years against future taxable profits of the Company.

		31 March 2019	31 March 2018
(E)	**Reconciliation of tax charge**		
	Profit before tax	19.06	15.54
	Income tax expense at tax rates applicable	5.29	5.14
	Tax effects of:		
	- Long term capital loss	(2.32)	(5.21)
	- Other items	(0.20)	(1.22)
	Income tax expense	**2.77**	**(1.29)**

Faze Three Limited
Notes forming part of the Standalone Financial Statements for the year ended 31 March 2019
(Amount in crores, unless otherwise stated)

32 Earnings per share

Basic earnings per share amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the profit attributable to equity holders by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

	31 March 2019	31 March 2018
Profit attributable to equity holders	16.29	16.83
Add/Less: Transactions during the year	-	-
Profit attributable to equity holders	16.29	16.83
Weighted average number of equity shares for basic EPS	24,319,000	23,797,866
Effect of dilution:		
Convertible equity warrants	-	36,375
Weighted average number of equity shares adjusted for the effect of dilution	**24,319,000**	**23,834,241**
Basic earnings per share (INR)	6.70	6.92
Diluted earnings per share (INR)	6.70	6.91

33 Employee benefits

(A) Defined Contribution Plans

	31 March 2019	31 March 2018
During the year, the Company has recognized the following amounts in the Statement of Profit and Loss		
Employers' Contribution to Provident Fund and Other funds (Refer note 27)	1.97	1.96

(B) Defined benefit plans

a) Gratuity payable to employees

b) **Actuarial assumptions**

	31 March 2019	31 March 2018
Discount rate (per annum)	6.96%	7.35%
Rate of increase in Salary (per annum)	4.00%	4.00%
Expected average remaining working lives of employees (years)	4	4
Attrition rate		
For service 2 years and below	40%	40%
For service 3 years to 4 years	25%	25%
For service 5 years and above	15%	15%
Mortality rate during employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

ii) Changes in the present value of defined benefit obligation

	Employee's gratuity fund	
Present value of obligation at the beginning of the year	**2.54**	**2.25**
Interest cost	0.19	0.15
Current service cost	0.37	0.33
Benefits paid	(0.45)	(0.15)
Actuarial (gain)/ loss on obligations	0.25	(0.04)
Present value of obligation at the end of the year*	**2.90**	**2.54**

*Included in provision for employee benefits (Refer note 18)

iii) Expense recognized in the Statement of Profit and Loss

	Employee's gratuity fund	
Current service cost	0.37	0.32
Interest cost	0.18	0.15
Total expenses recognized in the Statement Profit and Loss*	**0.56**	**0.48**

*Included in Employee benefits expense (Refer Note 27).

Faze Three Limited
Notes forming part of the Standalone Financial Statements for the year ended 31 March 2019
(Amount in crores, unless otherwise stated)

		Employee's gratuity fund	
iv)	**Income recognized in the Other Comprehensive Income**		
	Acturial Gain on obligation for the period - Due to change in financial obligation	0.05	0.05
	Acturial Gain on obligation for the period - Due to experience	0.20	0.20
	Total expenses recognized in the Statement Profit and Loss*	**0.25**	**0.25**

		Employee's gratuity fund	
Iv)	**Assets and liabilities recognized in the Balance Sheet:**		
	Present value of unfunded obligation as at the end of the year	2.90	2.54
	Unfunded net asset / (liability) recognized in Balance Sheet*	**(2.90)**	**(2.54)**

*Included in provision for employee benefits (Refer note 18)

		31 March 2019	31 March 2018
v)	**Expected contribution to the fund in the next year**		
	Gratuity	0.61	0.56

vi) A quantitative sensitivity analysis for significant assumption as at 31 March 2019 is as shown below:

Impact on defined benefit obligation	Employee's gratuity fund	
Discount rate		
1% increase	(0.12)	(0.10)
1% decrease	0.13	0.11
Employee Turnover		
1% increase	0.01	0.01
1% decrease	(0.01)	(0.01)
Rate of increase in salary		
1% increase	0.13	0.12
1% decrease	(0.12)	(0.11)

vii) Maturity profile of defined benefit obligation

Year	From the fund	
1st Following Year	0.48	0.39
2nd Following Year	0.41	0.36
3rd Following Year	0.39	0.39
4th Following Year	0.37	0.33
5th Following Year	0.33	0.29
6 to 10 Years	1.15	1.02
Sum of 11 Years and above	1.03	0.94

34 Leases

Operating leases where Company is a lessee:

The Company has entered into lease arrangements pertaining to vehicles, warehouses, factory land and office premise. These leases are executed for a period ranging from 11 to 60 months and may be renewed for further varied periods based on mutual agreement of the parties. In respect of operating lease arrangements pertaining to vehicles, the company has an option of buy back at a fixed price at the end of lease period. The operating lease payments recognized in the Statement of Profit and Loss in 31 March 2019: amounting to ₹0.99 crores is included in Note 30.

Future minimum rentals payable under non-cancellable operating leases are, as follows:	31 March 2019	31 March 2018
Within one year	0.67	0.42
After one year but not more than five years	1.35	1.75
More than five years	-	-

Operating leases where Company is a lessor:

The Company has entered into lease arrangements pertaining to factory premise. These leases are executed for a period ranging from 12 to 60 months and may be renewed for further varied periods based on mutual agreement of the parties. The operating lease payments recognized in the Statement of Profit and Loss in 31 March 2019: amounting to ₹ 0.56 crores is included in Note 24.

Future minimum rentals receivable under non-cancellable operating leases are, as follows:	31 March 2019	31 March 2018
Within one year	0.51	0.56
After one year but not more than five years	1.53	2.24
More than five years	-	-

Faze Three Limited
Notes forming part of the Standalone Financial Statements for the year ended 31 March 2019
(Amount in crores, unless otherwise stated)

35 Related Party Disclosures:

(A) Names of related parties and description of relationship as identified and certified by the Company:

Related party where control exists

Name of related party	**Relationship**
V R Woodart Limited	Entity in which director has common control
Aunde Faze Three Autofab Limited	Entity in which director has common control
Ajay Anand (HUF)	Entity in which director has common control
Next Interiors Private Limited	Entity in which relative of director has common control
ARR Bath & Home Private Limited Instyle	Entity in which relative of director has common control
Investments Private Limited Rohina	Entity in which director has common control
Anand Khira	Daughter of Managing Director
Ashok Anand	Brother of Managing Director
Vishnu Anand	Son of Managing Director
Faze Three US LLC	Wholly owned foreign subsidiary

Key Management Personnel (KMP)

Ajay Anand	Managing Director
Sanjay Anand	Whole-time Director
Ankit Parekh	Company Secretary
Ankit Madhwani	Chief Financial Officer

(B) Details of transactions with related party in the ordinary course of business for the year ended:

	31 March 2019	31 March 2018
(i) Entity in which director has common control		
Aunde Faze Three Autofab Limited		
Sale of services	23.64	12.80
Purchase of goods	0.02	0.02
Rent income	0.46	0.33
Rent expense	-	0.03
Jobwork expense	0.02	0.09
Reimbursement of Expenses	0.03	0.18
Purchase of fixed assets	0.38	-
V R Woodart Limited		
Loans repaid during the year	0.10	0.10
ARR Bath & Home Private Limited		
Rent income	0.15	0.12
Jobwork expense	1.59	2.48
Purchase of fixed assets	0.28	-
Sale of goods	-	0.17
Next Interiors Private Limited		
Sale of goods	0.57	0.32
Reimbursement of Expenses	0.07	-
(ii) Wholly owned foreign subsidiary (Faze Three US LLC)		
Investment -	-	2.43
Sale of goods	3.58	-
(iii) Key Management Personnel (KMP)		
Compensation of key management personnel (employee benefit)	1.68	1.59
(iv) Relative of Director		
Ashok Anand (towards payment of employee benefit)	0.09	0.09
Rohina Anand (towards payment of rent)	0.06	0.06
Vishnu Anand (towards payment of employee benefit)	0.17	-

(C) Amount due to related party as on	31 March 2019	31 March 2018
V R Woodart	0.16	0.26
ARR Bath & Home Private Limited	0.38	-
Amount due from related party		
Faze Three US LLC	1.11	-
Aunde Faze Three Autofab Limited	13.92	1.32
Next Interiors Private Limited	0.45	-

Faze Three Limited
Notes forming part of the Standalone Financial Statements for the year ended 31 March 2019
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(D) Terms and conditions of transactions with related parties

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2019, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

36 Fair value measurement

The fair value of other current financial assets, cash and cash equivalents, trade receivables ,investments trade payables, short-term borrowings and other financial liabilities approximate the carrying amounts because of the short term nature of these financial instruments.

Fair value hierarchy

The following is the hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

•Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

•Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

•Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis:

	31 March 2019	31 March 2018
Level 1 (Quoted price in active markets)		
Investments in mutual funds FVTPL	-	0.19
MTM gain on currency forward contracts	-	0.19
Level 2		
Financial assets measured at fair value through profit or loss		
Investments in unquoted instruments	2.43	2.43
Investments in quoted instruments but not in active markets	0.21	0.21

Level 3	31 March 2019	31 March 2018
Financial assets measured at amortized cost		
Trade receivables	44.96	40.08
Security deposits	1.18	0.84
Other receivables	0.70	-
Deposit account with banks (remaining maturity of more than 12 months)	0.12	-
Advances to others	-	1.00

The carrying amounts of assets measured at amortised cost mentioned above is considered to approximate their fair value. They are classified as level 3 fair values in the fair value hierarchy due to inclusion of unobservable inputs.

Financial liability measured at amortized cost

Borrowings	67.63	73.99
Trade payables	8.30	6.75
Salary & reimbursement payable	3.67	3.60
Expenses payable	1.90	2.04

The carrying amounts of assets measured at amortised cost mentioned above is considered to approximate their fair value. They are classified as level 3 fair values in the fair value hierarchy due to inclusion of unobservable inputs.

37 Financial risk management objectives and policies

The Company is exposed to various financial risks. These risks are categorized into market risk, credit risk and liquidity risk. The Company's risk management is coordinated by the Board of Directors and focuses on securing long term and short term cash flows. The Company does not engage in trading of financial assets for speculative purposes.

(A) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of: interest rate risk and currency risk. Financial instruments affected by market risk include borrowings and derivative financial instruments.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

	31 March 2019	31 March 2018
Variable rate borrowings	66.35	73.35

Faze Three Limited
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Interest rate sensitivity
The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Increase/ decrease in basis points	Effect on profit before tax (₹ in Crs)
FY 2019	100 bps	0.66
FY 2018	100 bps	0.73

(ii) Foreign currency risk

The Company is exposed to foreign currency risk arising mainly on export of finished goods and import of raw material. Foreign currency exposures are managed within approved policy parameters utilising forward contracts.

The carrying amounts of Company's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:

Exposure to currency risk	31 March 2019		31 March 2018	
	INR	USD/EURO	INR	USD/EURO
Trade receivables (hedged)	0.14	-	38.53	0.59
Trade receivables (unhedged)	29.62	0.43	-	-
Trade Payables (hedged)	-	-	-	-
Trade Payables (unhedged)	-	-	0.77	0.01

The following significant rate have been applied during the year	Year End Spot Rate	
INR	31 March 2019	31 March 2018
USD 1	69.17	65.04
EURO 1	77.70	80.62

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate (or any other material currency), with all other variables held constant, of the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities).

The company realises 90% of its sales in USD, based on the hedging policy followed by the company in case of normal volatality in USD / INR, the following effect is estimated.

	Change in USD rate	Effect on profit before tax
2019		
USD / INR	1%	0.30
2018		
USD / INR	1%	0.39

(B) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

The loss allowance for trade recaivables using ECL for different ageing period are as follows:

	Less than 3 months	3 to 12 months	1 to 5 years	Total
31 March 2019				
Gross carrying amount	37.76	7.07	0.13	44.96
Less: Allowance provision	-	-	-	-
Net	37.76	7.07	0.13	44.96
31 March 2018				
Gross carrying amount	34.99	5.08	0.01	40.08
Less: Allowance provision	-	-	-	-
Net	34.99	5.08	0.01	40.08

Faze Three Limited
Notes forming part of the Standalone Financial Statements for the year ended 31 March 2019
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(C) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due.

The table below summarizes the maturity profile of the Company's financial liabilities:

	Less than 3 months	3 to 12 months	1 to 5 years	Total
31 March 2019				
Short term borrowings	48.90	15.37	-	64.27
Long-term borrowings	-	-	2.67	2.67
Trade payables	7.24	1.06	-	8.30
Other financial liabilities	5.74	0.51	-	6.26
	61.89	**16.95**	**2.67**	**81.50**
31 March 2018				
Short term borrowings	24.26	48.64	-	72.90
Long-term borrowings	-	-	0.82	0.82
Trade payables	6.15	0.59	-	6.75
Other financial liabilities	5.78	0.13	-	5.91
	36.18	**49.36**	**0.82**	**86.38**

38 Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to achieve a strong capital base to sustain stability and plan future development of business.

The Company monitors gearing ratio i.e. net debt in proportion to its overall finance. Net debt mainly comprises of current liabilities which represents - Packing Credit in INR (98% of Net Debt). The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

Particulars		31 March 2019	31 March 2018
Total equity excluding revaluation reserve	(i)	131.14	116.51
Total debt	(ii)	67.63	73.99
Overall financing	(iii) = (i) + (ii)	198.77	190.49
Gearing ratio	(ii)/ (iii)	0.34	0.39

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2019 and 31 March 2018.

39 Contingent Liability and commitments
a) Contingent liabilities (to the extent not provided for)

	31 March 2019	31 March 2018
Guarantees and Letter of Credit	0.80	2.94

b) 'The Hon'ble Supreme Court of India ("SC") by their order dated February 28, 2019, in the case of Surya Roshani Limited & others v/s EPFO, set out the principles based on which allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of Provident Fund contribution. Subsequently, a review petition against this decision has been filed and is pending before the SC for disposal.
Pending decision on the subject review petition and directions from the EPFO, the impact, if any, is not ascertainable and consequently no effect has been given in the accounts.

40 Corporate social responsibility (CSR)

A) Gross amount required to be spent by the Company towards Corporate Social Responsibility is ₹ 0.23 Crores (31 March 2018 ₹ 0.28).

B) No expenditure has been paid to a related party, in relation to CSR expenditure as per Ind-AS 24, Related Party Disclosures.

41 Segment reporting

The Company is engaged in only one segment viz 'Manufacturing of home textiles' and as such, there is no separate reportable segment as per Ind AS 108 'Operating Segments'. Presently, the Company's operations are predominantly confined in India.

42 Adoption of Ind AS 115 - Revenue from contracts with customers

Ind AS 115 Revenue from Contracts with Customers, mandatory for reporting periods beginning on or after April 1, 2018 replaces the existing revenue recognition standards. The application of Ind AS 115 did not have any significant impact on recognition and measurement of revenue and related items in financial statements of the Company.

Faze Three Limited
Notes forming part of the Standalone Financial Statements for the year ended 31 March 2019
(Amount in crores, unless otherwise stated)

Ind AS 115 Revenue from Contracts with Customers, mandatory for reporting periods beginning on or after April 1, 2018 replaces the existing revenue recognition standards. The application of Ind AS 115 did not have any significant impact on recognition and measurement of revenue and related items in consolidated financial statements of the Company. Effective April 01, 2018, the Company has applied Ind AS 115 - Revenue from Contracts with customers using modified retrospective approach for the purpose of transition. The Company is engaged in the business of manufacturing and exports of home furnishing items viz. bathmats, rugs, blankets, throws, cushions, et . The revenue is recognised upon satisfaction of the performance obligation which is typically upon dispatch/delivery. The Company has a credit evaluation policy based on which the credit limits for the trade receivables are established. The Company does not give significant credit period, hence there is no significant financing component involved.

43 Disclosure under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED)

The outstanding dues to small and medium enterprises as defined under MSMED Act, 2006 are as under:

Information as per the requirement of Section 22 of The Micro, Small and Medium Enterprises Development Act, 2006:

Particulars	**31 March 2019**	**31 March 2018**
(a) (i) The principal amount remining unpaid to any supplier at the end of accounting year included in trade payables	0.22	0.07
(ii) Interest due on above	-	-
The total of (i) and (ii)	0.22	0.07
(b) (i) The amount of interest paid by the buyer in terms of Section 16 of the Act.	-	-
(c) (i) The amount of payment made to the supplier beyond the appointed day during the accounting year.	-	-
(d) (i) The amount of interest acrrued and remaining unpaid at the end of financial year.	-	-
(e) (i) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the year) but without adding the interest specified under this Act.	-	-

44 Previous year figures have been regrouped/ reclassified to confirm presentation as per Ind AS as required by Schedule III of the Act

As per our report of even date
For **MSKA & Associates**
Chartered Accountants
ICAI Firm Registration No.:105047W

Amrish Vaidya
Partner
Membership No: 101739

Place : Mumbai
Date : May 29, 2019

For and on behalf of the Board of Directors of
Faze Three Limited
CIN: L99999DN1985PLC000197

Ajay Anand
Managing Director
DIN: 00373248

Sanjay Anand
Whole-time Director
DIN: 01367853

Ankit Madhwani
Chief Financial Officer

Ankit Parekh
Company Secretary
M No: A31990.

INDEPENDENT AUDITOR'S REPORT

To the Members of Faze Three Limited

Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying consolidated Ind AS financial statements of Faze Three Limited (hereinafter referred to as the "Holding Company") and a subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), which comprise the consolidated Balance Sheet as at March 31, 2019, the consolidated statement of Profit and Loss (including Other Comprehensive Income), the consolidated statement of changes in equity and the consolidated Cash Flow statement for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on consideration of the financial information of subsidiary, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013 ("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 consolidated state of affairs of the Group as at March 31, 2019, of consolidated profit, consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Ind AS financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated Ind AS financial statements in India in terms of the Code of Ethics issued by Institute of Chartered Accountant of India ("ICAI"), and the relevant provisions of the Act and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Utilisation of MAT Credit

Refer note 31 to the consolidated Ind AS financial statements.
The Holding Company has unutilised MAT Credit of Rs. 7.71 crores as on March 31, 2019. Minimum Alternate Tax (MAT) credit is recognised only when and to the extent there is convincing evidence that the Holding Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Holding Company will pay normal income tax during the specified period.
There is inherent uncertainty and management estimation involved in forecasting future taxable profits, which determines the extent to which MAT credit asset is recognised and carried forward.
We have considered this as Key Audit Matter due to the inherent uncertainty and management estimation involved in assessing the future taxable profits.

Our Audit Procedures in respect of this area included:

a. Evaluated whether controls over management assumptions and key estimates for utilisation of MAT Credit in the future years are appropriately designed, implemented and operating effectively by performing combination of procedures involving enquiry, reperformance and verification of evidences.

b. Evaluated management's assumptions and key estimates with respect to the projections supporting sufficient future taxable profit in order to support the carry forward of MAT credit asset.

c. Involved internal tax expert to assess eligibility of unutilised MAT credit, in the light of Income Tax Act, 1961.

Information Other than the Consolidated Ind AS financial statements and Auditor's Report Thereon

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's Report, Management Discussion & Analysis Report, and Corporate Governance Report but does not include the consolidated Ind AS financial statements and our auditor's report thereon.

Our opinion on the consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Ind AS financial statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Ind AS financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing ("SAs") will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Ind AS financial statements.
We give in "Annexure A" a detailed description of Auditor's responsibilities for Audit of the Consolidated Ind AS financial statements.

Other Matters

We did not audit the financial information of a wholly owned foreign subsidiary, whose financial information reflect total assets of Rs. 2.35 Crores as at March 31, 2019, total revenues of Rs.6.43 Crores, net loss after tax of Rs. 1.20 Crores and net cash flows amounting to Rs. 0.27 Crores for the year ended on that date, as considered in the consolidated Ind AS financial statements. This financial information is unaudited and have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, is based solely on the unaudited financial information approved by the Management. In our opinion and according to the information and explanations given to us by the Management, this financial information is not material to the Group.

Our opinion on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the financial information as certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, 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 purposes of our audit of the aforesaid consolidated Ind AS financial statements.

b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books.

c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.

d. In our opinion, the aforesaid consolidated Ind AS 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 the written representations received from the directors of the Holding Company as on March 31, 2019 taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding Company, is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

f. With respect to the adequacy of internal financial controls over financial reporting of the Holding 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 Auditor’s) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on consideration of financial information of the Subsidiary as noted in ‘Other Matters’ paragraph:

   i. There were no pending litigations which would impact the consolidated financial position of the Group.
   ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended March 31, 2019.
   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary company during the year ended March 31, 2019.

2. As required by The Companies (Amendment) Act, 2017, in our opinion, according to information, explanations given to us, the remuneration paid by the Group to its directors is within the limits laid prescribed under Section 197 of the Act and the rules thereunder.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Amrish Vaidya
Partner
Membership No. 101739

Place: Mumbai
Date: May 29, 2019

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT ON EVEN DATE ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF FAZE THREE LIMITED FOR THE YEAR ENDED MARCH 31, 2019

Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated Ind AS financial statements of which we are the independent auditors.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Amrish Vaidya
Partner
Membership No. 101739
Place: Mumbai
Date: May 29, 2019

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF FAZE THREE LIMITED FOR THE YEAR ENDED MARCH 31, 2019

[Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the Members of Faze Three Limited on the consolidated Ind AS Financial Statements for the year ended March 31, 2019]

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

In conjunction with our audit of the consolidated Ind AS financial statements of the Holding Company as of and for the year ended March 31, 2019, we have audited the internal financial controls with reference to consolidated Ind AS financial statements of Faze Three Limited (hereinafter referred to as "the Holding Company") for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Holding company is responsible for establishing and maintaining internal financial controls based on the internal control with reference to consolidated Ind AS financial statements criteria established by the Holding 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 ("the ICAI"). 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 the Holding 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated Ind AS financial statements of the Holding company 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") issued by the ICAI and the Standards on Auditing prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 internal financial controls with reference to consolidated Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the internal financial controls with reference to consolidated Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated Ind AS financial statements included obtaining an understanding of internal financial controls with reference to consolidated Ind AS financial statements, 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 judgement, including the assessment of the risks of material misstatement of the consolidated Ind AS 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 internal financial controls with reference to consolidated Ind AS financial statements of the Holding company.

Meaning of Internal Financial Controls With Reference to Consolidated Ind AS Financial Statements

A Company's internal financial control with reference to consolidated Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to consolidated Ind AS financial statements 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 consolidated Ind AS 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 consolidated Ind AS financial statements.

Inherent Limitations of Internal Financial Controls With Reference to Consolidated Ind AS financial statements

Because of the inherent limitations of internal financial controls with reference to consolidated Ind AS financial statements, 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 with reference to consolidated Ind AS financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, and to the best of our information and according to the explanations given to us, the Holding Company has in all material respects, an internal financial controls with reference to consolidated Ind AS financial statements and such internal financial controls with reference to consolidated Ind AS financial statements were operating effectively as at March 31, 2019, based on the internal control with reference to consolidated Ind AS financial statements criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated Ind AS financial statements relates only in respect of the Holding Company, as subsidiary company is incorporated out of India.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Amrish Vaidya
Partner
Membership No. 101739

Place: Mumbai
Date: May 29, 2019

Faze Three Limited
Consolidated Balance Sheet as at 31 March 2019

(Amount in crores, unless otherwise stated)

	Notes	As at 31 March 2019	As at 31 March 2018
ASSETS			
Non-current assets			
Property, plant and equipment	4	120.57	113.40
Capital work-in-progress		0.39	1.16
Financial assets			
Investments	5	0.21	0.21
Other financial assets	6	1.97	0.81
Other non-current assets	7	0.70	2.23
Deferred tax asset (net)	31	5.35	4.12
Total non-current assets		129.19	121.93
Current assets			
Inventories	8	66.64	72.13
Financial assets			
Investments	5	-	0.19
Trade receivables	9	44.91	40.08
Cash and cash equivalents	10	11.19	2.29
Bank balances other than cash and cash equivalents	11	6.00	0.12
Other financial assets	12	0.07	1.22
Current tax assets (net)	13	0.04	0.88
Other current assets	14	11.84	22.22
Total current assets		140.69	139.13
Total assets		**269.88**	**261.06**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	15	24.32	24.32
Other equity	16	160.86	147.61
Total equity		185.18	171.93
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	17	2.67	0.82
Provisions	18	1.24	0.94
Total non-current liabilities		3.91	1.76
Current liabilities			
Financial liabilities			
Borrowings	19	64.27	72.90
Trade payables	20	8.30	6.75
Other financial liabilities	21	6.26	5.91
Provisions	18	1.66	1.60
Other current liabilities	22	0.30	0.21
Total current liabilities		80.79	87.37
Total equity and liabilities		**269.88**	**261.06**

Summary of significant accounting policies 2

The accompanying notes are an integral part of the financial statements.

As per our report of even date
For **MSKA & Associates**
Chartered Accountants
ICAI Firm Registration No.:105047W

Amrish Vaidya
Partner
Membership No: 101739

Place : Mumbai
Date : May 29, 2019

For and on behalf of the Board of Directors of
Faze Three Limited
CIN: L99999DN1985PLC000197

Ajay Anand
Managing Director
DIN: 00373248

Sanjay Anand
Whole-time Director
DIN: 01367853

Ankit Madhwani
Chief Financial Officer

Ankit Parekh
Company Secretary
M No: A31990

Faze Three Limited

Consolidated Statement of Profit and Loss for the year ended 31 March 2019 (Amount in crores, unless otherwise stated)

	Notes	Year ended 31 March 2019	Year ended 31 March 2018
Income			
Revenue from operations	23	268.55	239.73
Other income	24	1.77	10.63
Total income		**270.32**	**250.36**
Expenses			
Cost of material consumed	25	118.04	118.64
Changes in inventories of finished goods and work-in-progress	26	1.59	(3.28)
Employee benefits expense	27	42.62	39.12
Finance costs	28	6.75	7.77
Depreciation and amortization expense	29	5.21	6.69
Other expenses	30	78.29	65.88
Total expenses		**252.50**	**234.82**
Profit before tax		17.82	15.54
Income tax expense			
Current tax	31	4.10	3.32
Deferred tax (net)		(1.33)	(4.61)
Total income tax expense		**2.77**	**(1.29)**
Profit for the year		**15.05**	**16.83**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement gains on defined benefit obligations		(0.25)	(0.25)
Tax relating to items that will not be reclassified to profit or loss		0.08	0.08
Other comprehensive income for the year		**(0.17)**	**(0.17)**
Total comprehensive income for the year		**14.88**	**16.66**
Earnings per share			
Basic (₹/ Share)	32	6.19	6.92
Diluted (₹/ Share)	32	6.19	6.91
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date
For **MSKA & Associates**
Chartered Accountants
ICAI Firm Registration No.:105047W

Amrish Vaidya
Partner
Membership No: 101739

Place : Mumbai
Date : May 29, 2019

For and on behalf of the Board of Directors of
Faze Three Limited
CIN: L99999DN1985PLC000197

Ajay Anand
Managing Director
DIN: 00373248

Sanjay Anand
Whole-time Director
DIN: 01367853

Ankit Madhwani
Chief Financial Officer

Ankit Parekh
Company Secretary
M No: A31990

Faze Three Limited

Statement of consolidated cash flows for the year ended 31 March 2019 (Amount in crores, unless otherwise stated)

	Year ended 31 March 2019	Year ended 31 March 2018
Cash flow from operating activities		
Profit before tax	17.82	15.54
Adjustments for:		
Depreciation and amortization expenses	5.21	6.69
Finance cost	5.34	5.01
Interest income	(0.50)	(0.03)
Gain on sale of Investment Property	-	(6.40)
Unreaslised (Gain)/loss on foreign exchange fluctuations (Net)	0.43	(0.22)
Operating profit before working capital changes	28.30	20.59
Changes in working capital		
Increase / (decrease) in trade payables	0.93	(16.37)
Decrease/ (increase) in inventories	5.47	1.80
Decrease/ (increase) in trade receivables	(5.25)	(0.18)
Decrease/ (increase) in other financial assets	1.15	0.22
Decrease in other current liabilities	0.09	(3.82)
Increase/ (decrease) in other financial liabilities	(0.21)	(0.40)
Increase/ (decrease) in Employee benefit obligations	0.12	0.54
Decrease/ (increase) in other financial assets	(1.11)	(1.93)
Decrease/ (increase) in other current assets	10.38	(6.74)
Cash generated used in operations	39.87	(6.29)
Income tax paid (net of refund)	(2.60)	(7.16)
Net cash flows used in operating activities (A)	37.27	(13.45)
Cash flow from Investing activities		
Payment for purchase of property, plant and equipment	(11.36)	(9.68)
Proceed from sale of Investment property	-	7.11
Investments in subsidiary	-	(2.43)
Net proceeds from sale of mutual fund	0.19	-
Payment towards capital advance	1.53	-
Proceeds from sale/ disposal of fixed assets	0.23	0.01
Net proceeds/Investment from/in fixed deposits	(5.93)	0.57
Interest received	-	0.26
Net cash flow from investing activities (B)	(15.34)	(4.16)
Cash flow from Financing activities		
Proceeds from issuance of equity share capital at share premium	-	3.78
Payment of interim dividend	(1.47)	-
Proceeds from long-term borrowings	2.55	0.43
Repayment of term loan	(0.14)	-
Financial obligation from banks	-	(3.10)
Proceeds/(repayment) from short-term borrowings	(8.63)	21.96
Interest paid	(5.34)	(5.01)
Net cash flow from financing activities (C)	(13.03)	18.06
Net increase in cash and cash equivalents (A+B+C)	8.90	0.45
Cash and cash equivalents at the beginning of the year	2.29	1.84
Cash and cash equivalents at the end of the year	11.19	2.29
Cash and cash equivalents comprise (Refer note 10)		
Balances with banks		
On current accounts	1.75	2.24
Fixed deposits with original maturity of less than 3 months	2.00	
Bank balance on EEFC account	7.40	-
Cash on hand	0.04	0.05
Total cash and bank balances at end of the year	11.19	2.29

Summary of significant accounting policies 2

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For **MSKA & Associates**
Chartered Accountants
ICAI Firm Registration No.:105047W

Amrish Vaidya
Partner
Membership No: 101739

Place : Mumbai
Date : May 29, 2019

For and on behalf of the Board of Directors of
Faze Three Limited
CIN: L99999DN1985PLC000197

Ajay Anand
Managing Director
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Sanjay Anand
Whole-time Director
DIN: 01367853

Ankit Madhwani
Chief Financial Officer

Ankit Parekh
Company Secretary
M No: A31990

Faze Three Limited
Consolidated Statement of changes in equity for the year ended 31 March 2019

(Amount in crores, unless otherwise stated)

(A) Equity share capital

	As at 31 March 2019		As at 31 March 2018	
	No. of shares	Amount	No. of shares	Amount
Equity shares of ₹ 10 each issued, subscribed and fully paid				
Opening	24,319,000	24.32	23,300,000	23.30
Add: issue during the year	-	-	1,019,000	1.02
Closing	**24,319,000**	**24.32**	**24,319,000**	**24.32**

(B) Other equity

	Reserve and surplus							Total
	Foreign currency translation reserve	Money received against Share Warrants	Capital Reserve	Asset Revaluation Reserve	Securities premium	General reserve	Retained earnings	
Balance as at 1 April 2018	**0.01**	**0.40**	**5.33**	**55.42**	**24.44**	**96.09**	**(34.08)**	**147.61**
Profit for the year	-	-	-	-	-	-	15.05	15.05
Other comprehensive income	-	-	-	-	-	-	(0.17)	(0.17)
Transferred to retained earnings	-	-	-	(0.13)	-	-	-	(0.13)
Share warrants extinguished	-	(0.40)	0.40	-	-	-	-	-
Distribution of interim dividend	-	-	-	-	-	(1.47)	-	(1.47)
Balance as at 31 March 2019	**0.01**	**-**	**5.73**	**55.29**	**24.44**	**94.62**	**(19.20)**	**160.86**

	Reserve and surplus							Total
	Foreign currency translation reserve	Money received against Share Warrants	Capital Reserve	Asset Revaluation Reserve	Securities premium	General reserve	Retained earnings	
Balance as at 1 April 2017	**-**	**-**	**5.33**	**55.42**	**14.24**	**96.09**	**(50.74)**	**120.34**
Profit for the year	-	-	-	-	-	-	16.83	16.83
Other comprehensive income	-	-	-	-	-	-	(0.17)	(0.17)
Premium on issue of shares	-	-	-	-	10.20	-	-	10.20
Proceeds from share warrants	-	0.40	-	-	-	-	-	0.40
Transfer to reserves	0.01	-	-	-	-	-	-	0.01
Balance as at 31 March 2018	**0.01**	**0.40**	**5.33**	**55.42**	**24.44**	**96.09**	**(34.08)**	**147.61**

Summary of significant accounting policies 2
The accompanying notes are an integral part of the financial statements.

As per our report of even date
For **MSKA & Associates**
Chartered Accountants
ICAI Firm Registration No.:105047W

Amrish Vaidya
Partner
Membership No: 101739

Place : Mumbai
Date : May 29, 2019

For and on behalf of the Board of Directors of
Faze Three Limited
CIN: L99999DN1985PLC000197

Ajay Anand
Managing Director
DIN: 00373248

Sanjay Anand
Whole-time Director
DIN: 01367853

Ankit Madhwani
Chief Financial Officer

Ankit Parekh
Company Secretary
M No: A31990

1. General Information

Faze Three Limited is engaged in manufacturing and exports of home furnishing items viz. bathmats, rugs, blankets, throws, cushions, etc. It has six manufacturing locations across India viz. Panipat (3), Vapi (1) and Dadra & Nagar Haveli (2). The company is a direct exporter to most retail giants mainly in US and Europe. The Company is a public company incorporated and domiciled in India and has its registered office in Dapada, Silvassa, UT of Dadra and Nagar Haveli. The company's equity shares are listed on the Bombay Stock Exchange.

2. Significant accounting policies

(A) **Statement of Compliance and basis of preparation and presentation**

These consolidated financial statements of Faze Three Limited ("the Company") have been prepared in accordance with the Indian Accounting Standard as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 (the 'Act') and other relevant provisions of the Act.

These consolidated financial statements are approved by the Company's Board of Directors and authorised for issue on 29th May, 2019

These consolidated financial statements are presented in Indian National Rupees ('INR') and all values rounded to the nearest crores, except otherwise indicated.

Accounting policies have been consistently applied to all the years presented except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

(B) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is calculated as per Ind AS 113 being the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether the price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company considers the characteristics of an asset or liability is market participants would take those characteristics into account for pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

(C) Use of estimates

The preparation of consolidated financial statements in conformity with Ind AS requires the Management to make estimate and assumptions that affect the reported amount of assets and liabilities as at the Balance Sheet date, reported amount of revenue and expenses for the year and disclosures of contingent liabilities as at the Balance Sheet date. The estimates and assumptions used in the accompanying consolidated financial statements are based upon the Management's evaluation of the relevant facts and circumstances as at the date of these consolidated financial statements. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates, if any, are recognized in the year in which the estimates are revised and future years affected.

Useful life of property, plant and equipment:

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This re-assessment may result in change in depreciation and amortisation expense in future periods.

Fair value of financial assets and liabilities and investments

The Company measures certain financial assets and liabilities on fair value basis at each balance sheet date or at the time they are assessed for impairment. Fair value measurement that are based on significant unobservable inputs (Level 3) requires estimates of operating margin, discount rate, future growth rate, terminal values, etc. based on management's best estimate about future developments.

Contingent liabilities

From time to time, the Company is subject to legal proceedings, the ultimate outcome of each being always subject to many uncertainties inherent in litigation. A provision for litigation is made when it is considered probable that a payment will be made and the amount of the loss can be reasonably estimated. Significant judgement is made when evaluating, among other factors, the probability of unfavourable outcome and the ability to make a reasonable estimate of the amount of potential loss. Litigation provisions are reviewed at each accounting period and revisions made for the change in facts and circumstances.

2.2 Property, plant and equipment

Freehold Land and Leasehold land are carried at fair value based on periodic valuation by the external independent valuers. Increase in the carrying amounts arising on revaluation of freehold and leasehold land are recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders equity. To the extent that the reserves show a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increase of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset, all other decreases are charged to profit or loss.

Property, plant and equipment are stated at original cost inclusive of incidental expenses related to acquisition net of tax / duty credit availed, net of accumulated depreciation and accumulated impairment losses, if any. Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying tangible assets upto the date the assets are ready for use.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Capital work-in-progress includes cost of property, plant and equipment under installation / under development as at balance sheet date.

Depreciation methods, estimated useful lives

The Company depreciates property, plant and equipment over their estimated useful lives using the straight line method. The estimated useful lives of assets are as follows:

Property, plant and equipment	Useful Lives
Leasehold land	Lease period
Factory Building	30 years
Plant & Machinery (Powerloom)	20 years
Plant & Machinery (Handloom)	15 years
Furniture and Fixtures	10 years
Office Equipment	5 years
Electrical Installations	10 years
Fire Hydrant Systems	15 years
Vehicles	8 years

Computers:	
-Servers	6 years
-End user devices such as, desktops, laptops etc.	3 years

Individual assets costing up to `Five thousand are depreciated in full in the year of purchase.
The company has adopted a policy to transfer from revaluation reserve to profit or loss, an amount equivalent to depreciation on account of gain in revaluation reserve recognised earlier, at every period end.

Based on technical evaluation, management believes that the useful life of some machines should be 20 years as that best represents the period over which the management expects to use the assets. Hence, the useful life for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

Depreciation on addition to property plant and equipment is provided on pro-rata basis from the date of acquisition. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit and loss.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.3 Investment in subsidiary

The Company accounts for its investment in subsidiaries at cost less accumulated impairment, if any.

2.4 Impairment of assets

At the end of each reporting period, the Company reviews the carrying amount of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.5 Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

2.6 Foreign currency transactions

Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Indian National Rupee (INR), which is the Company's functional and presentation currency.

Transactions and balances

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction. Gains/Losses arising out of fluctuation in foreign exchange rate between the transaction date and settlement date are recognised as income or expense in the period in which they arise in the Statement of Profit and Loss.

All monetary assets and liabilities in foreign currencies are restated at the year end at the exchange rate prevailing at the year end and the exchange differences are recognised in the Statement of Profit and Loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

2.7 Revenue recognition

With effect from 1st April 2018 on adoption of Ind-AS 115:

Revenue from sales of goods is measured based on the consideration received or receivable from the customer. The Company recognizes revenue when it transfers control of goods to the customer. Control is passed on to the customer when goods are dispatched from Company's premises. Revenue is reported net of taxes and duties as applicable.

Receivable is recognized when the goods are dispatched from Company's premises as this is the point in time that the consideration is unconditional because only passage of time is required before the payment is due.

Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

Revenue in respect of interest income is recognised on a basis of effective interest method as set out in Ind AS 109, Financial Instruments, and where no significant uncertainty as to measurability or collectability exists.

For the comparative year:

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates, discounts, other similar allowances and goods and service tax (GST), as applicable.

Revenue is recognized when it is earned, it can be measured reliably and no significant uncertainty exists as to its realization or collection.

Revenue on sale of products is recognized on delivery or dispatch of the products, when all significant contractual obligations have been satisfied, the property in the goods is transferred for a price, significant risks and rewards of ownership have been transferred and no effective ownership control is retained.

Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

Revenue in respect of interest income is recognised on a basis of effective interest method as set out in Ind AS 109, Financial Instruments, and where no significant uncertainty as to measurability or collectability exists.

Rendering of services:

Revenue from sale of services is recognised as per terms of the contract with customers when the outcome of the transactions involving rendering of services can be estimated reliably.

Interest income:
For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in the other income in the statement of profit and loss.

Rental income
Lease agreements where the risks and rewards incident to the ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals are recognised on straight line basis as per the terms of the agreements in the statement of profit and loss.

Export incentives
Export incentives from the government is recognised when there is a reasonable assurance that (i) the company will comply with the conditions attached to them and (ii) the incentive will be received.

When the incentive relates to revenue, it is recognised as income on a systematic basis in the statement of profit or loss over the periods necessary to match them with the related income, which they relate to.

2.8 Taxes

Tax on income for the current period is determined on the basis of estimated taxable income and tax credits computed in accordance with the provisions of the relevant tax laws and based on the expected outcome of assessments / appeals.

(A) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(B) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary difference can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit not the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.
Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income, in which case, the current and deferred tax are also recognised in other comprehensive income.

2.9 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Certain arrangements convey a right to use and asset in return for a payment or series of payments. At inception of the arrangement, the Company determines whether such an arrangement is or contains a lease and separates the consideration into those for the lease and those for other elements. The lease component is accounted as per Company's accounting policy on leasing transactions.

The Company as lessor

Rental income from operating lease is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the company's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

The Company as lessee

Assets held under finance leases are initially recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payment. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rental expenses from operating leases is generally recognised on a straight line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

2.10 Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials, packaging materials and stores and spare parts are valued at lower of cost and net realizable value. Cost includes purchase price,(net of goods and service tax), freight inwards and other expenditure incurred in bringing such inventories to their present location and condition. In determining the cost, weighted average cost method is used.

Work in progress and manufactured finished goods are valued at the lower of cost and net realisable value. Cost of work in progress and manufactured finished goods comprises cost of direct material, cost of conversion and other costs incurred in bringing these inventories to their present location and condition.

Slow and non-moving material, obsolesce, defective inventories are duly provided for and valued at actual cost or estimated net realisable value whichever is lower. Materials and supplies held for use in production of inventories are not written down if the finished products in which they will be used are expected to be sold at or above cost.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and the estimated costs necessary to make the sale.

2.11 Impairment of non-financial assets

The Company assesses at each year end whether there is any objective evidence that a non financial asset or a group of non financial assets is impaired. If any such indication exists, the Company estimates the asset's recoverable amount and the amount of impairment loss.

An impairment loss is calculated as the difference between an asset's carrying amount and recoverable amount. Losses are recognized in Statement of Profit and Loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through Statement of Profit and Loss.

2.12 Provisions, contingent liabilities and contingent assets

Provisions are recognized when there is a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date.

When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

A restructuring provision is recognised when the Company has developed a detailed formal plan for restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Contingent liabilities are not recognised but disclosed in the consolidated financial statements, when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

Contingent assets are neither recognised nor disclosed in the consolidated financial statements.

2.13 Cash, cash equivalents and cash flow statements

Cash and cash equivalent in the balance sheet comprise cash at banks, cash on hand and demand deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.
For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, cash in banks and demand deposits.

2.14 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(A) Financial assets

(i) Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Financial assets are classified, at initial recognition, as financial assets measured at fair value or as financial assets measured at amortised cost.

(ii) Classification and subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:
a) at amortized cost; or
b) at fair value through other comprehensive income; or
c) at fair value through profit or loss.
The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

<u>Debt Instruments</u>: Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments.

<u>Amortized cost</u>: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method (EIR).

Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in Statement of Profit and Loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to Statement of Profit and Loss and recognized in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. Interest income from these financial assets is included in other income.

Equity instruments: All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument- by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

(iii) Impairment of financial assets

In accordance with Ind AS 109, Financial Instruments, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on financial assets that are measured at amortized cost and FVOCI.

For recognition of impairment loss on financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent years, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12 month ECL.

Life time ECLs are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the year end.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider all contractual terms of the financial instrument (including prepayment, extension etc.) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

In general, it is presumed that credit risk has significantly increased since initial recognition if the payment is more than 30 days past due.

ECL impairment loss allowance (or reversal) recognized during the year is recognized as income/expense in the statement of profit and loss. In balance sheet ECL for financial assets measured at amortized cost is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

(iv) Derecognition of financial assets

A financial asset is derecognized only when
a) the rights to receive cash flows from the financial asset is transferred or
b) retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the financial asset is transferred then in that case financial asset is derecognized only if substantially all risks and rewards of ownership of the financial asset is transferred. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

(B) Financial liabilities

(i) Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and at amortized cost, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs.

(ii) Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the Statement of Profit and Loss.

Loans and borrowings at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in Statement of Profit and Loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the Statement of Profit and Loss.

(iii) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss as finance costs.

(C) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.15 Employee benefits
Provident fund, ESIC and Labour welfare fund
The Company's contribution paid/payable during the year to Provident fund, ESIC and Labour welfare fund are recognised in profit or loss.

Provident fund
Contributions to Provident fund are made and charged to profit or loss as incurred.

Gratuity
The Company participates in a group gratuity cum life insurance scheme administered by a Life Insurance Corporation of India. Being a defined benefit plan, annual contributions made to the scheme are as per the intimations received from the life insurance company. The Company accounts for liability for future gratuity benefits based on an actuarial valuation by an independent actuary. The net present value of the Company's obligation is determined based on the projected unit credit method as at the Balance Sheet date. Shortfall if any, between the balance in the fund with life insurance company and the actuarial valuation is expensed to the statement of profit and loss. The actuarial gains and losses are recognised in Other Comprehensive Income which gets reflected immediately in retained earnings and is not reclassified to the statement of profit or loss.

Short term employee benefits
The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by an employee is recognised during the period when the employee renders the service.

2.16 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Earnings considered in ascertaining the Company's earnings per share is the net profit or loss for the year after deducting preference dividends and any attributable tax thereto for the year.
For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year is adjusted for the effects of all dilutive potential equity shares.

2.17 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company.

2.18 Rounding off amounts

All amounts disclosed in consolidated financial statements and notes have been rounded off to the nearest crores as per requirement of Schedule III of the Act, unless otherwise stated.

3. Recent accounting pronouncements

Standards issued but not yet effective:
The standards and interpretations that are issued, but not yet effective up to the date of issuance of the consolidated financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

Ind AS 116- Leases
On March 30, 2019, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 116, Leases. This Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective of the standard is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. The effective date for adoption of Ind AS 116 is financial periods beginning on or after April 1, 2019. The Company is currently evaluating the requirements of amendments. The Company believes that the adoption of this amendment will not have a material effect on its consolidated financial statements.

Faze Three Limited

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2019

(Amount in crores, unless otherwise stated)

4 Property, plant and equipment

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1 April 2018	Additions/ Adjustments	Deductions/ Adjustments	As at 31 March 2019	As at 1 April 2018	For the year	Deductions/ Adjustments	As at 31 March 2019	As at 31 March 2019	As at 31 March 2018
Owned assets										
Leasehold land (refer note 4.1)	9.21	-	-	9.21	-	0.17	-	0.17	9.04	9.21
Freehold land (refer note 4.1)	52.05	-	-	52.05	-	-	-	-	52.05	52.05
Building	39.40	0.37	-	39.77	17.80	1.16	-	18.96	20.81	21.60
Plant and machinery	77.08	10.12	0.99	86.21	51.22	2.75	0.79	53.18	33.03	25.86
Furniture and fixtures	5.83	0.96	0.01	6.78	4.42	0.35	0.00	4.77	2.01	1.41
Vehicles	4.62	0.31	0.63	4.30	3.18	0.26	0.63	2.81	1.49	1.44
Office equipment	1.71	0.51	0.33	1.89	1.30	0.21	0.31	1.20	0.69	0.41
Computers	3.03	0.24	0.03	3.24	2.54	0.27	0.03	2.78	0.46	0.49
Electrical installations	5.58	0.22	0.04	5.76	4.74	0.18	0.04	4.88	0.88	0.84
Fire hydrants	0.13	0.03	-	0.16	0.04	0.01	-	0.05	0.11	0.09
Total	**198.64**	**12.76**	**2.03**	**209.37**	**85.24**	**5.36**	**1.80**	**88.80**	**120.57**	**113.40**

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1 April 2017	Additions/ Adjustments	Deductions/ Adjustments	As at 31 March 2018	As at 1 April 2017	For the year	Deductions/ Adjustments	As at 31 March 2018	As at 31 March 2018	As at 31 March 2017
Owned assets										
Leasehold land (refer note 4.1)	9.21	-	-	9.21	-	-	-	-	9.21	9.21
Freehold land (refer note 4.1)	52.05	-	-	52.05	-	-	-	-	52.05	52.05
Building	38.23	1.17	-	39.40	16.24	1.16	0.40	17.80	21.60	22.00
Plant and machinery	71.33	5.75	-	77.08	46.78	4.44	-	51.22	25.86	24.55
Furniture and fixtures	5.32	0.51	-	5.83	4.22	0.20	-	4.42	1.41	1.10
Vehicles	4.20	0.42	-	4.62	2.97	0.21	-	3.18	1.44	1.23
Office equipment	1.52	0.19	-	1.71	1.13	0.17	-	1.30	0.40	0.39
Computers	2.73	0.30	-	3.03	2.27	0.26	-	2.54	0.49	0.46
Electrical installations	5.22	0.37	0.01	5.58	4.50	0.22	-	4.74	0.85	0.72
Fire hydrants	0.13	-	-	0.13	0.03	0.01	-	0.04	0.09	0.10
Total	**189.94**	**8.71**	**0.01**	**198.64**	**78.14**	**6.67**	**0.40**	**85.24**	**113.40**	**111.80**

4.1 Fair valuation of land

The fair value of land consists of lands containing factories of the Company. Fair value of the properties were determined by estimating and arriving at the 'Prevailing Market value' by N. M. Pai & Company, an accredited independent valuer appointed by the Company for the said purpose. The valuation performed by the valuer is based on active market prices, significantly adjusted for difference in the nature, location or condition of the specific property.

Faze Three Limited
Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2019

(Amount in crores, unless otherwise stated)

5	**Financial assets- Investments**	**31 March 2019**	**31 March 2018**
	Investment in Others (Designated and carried at FVTPL)		
	Unquoted equity shares		
	2,500 (31 March, 2018: 2,500) Equity shares of ₹10 each fully paid-up in Saraswat Co-op Bank Limited.	0.00	0.00
	40 (31 March, 2018 : 40) Equity shares of ₹ 25 each fully paid-up in Greater Bombay Co-operative Bank Ltd	0.00	0.00
	Quoted Investments		
	14,53,042 (31 March, 2018: 14,53,042) Equity shares of ₹10 each fully paid-up in V R Woodart Limited	0.21	0.21
	Investments in Mutual Fund - Canara Robeco Mutual Fund (Quoted) (Refer footnote i)	-	0.19
	Total	**0.21**	**0.40**
	Current	-	0.19
	Non- Current	0.21	0.21
		0.21	**0.40**
	Aggregate book value of:		
	Quoted investments	0.21	0.40
	Unquoted investments	0.00	0.00
	Aggregate market value of:		
	Quoted investments	1.18	1.32

Footnotes:

i. Details of investments in mutual funds:

Particulars				**Amount**	
	Face Value (in ₹)	**As at 31 March 2019**	**As at 31 March 2018**	**As at 31 March 2019**	**As at 31 March 2018**
Canara Robeco Capital Protection Oriented Fund - Series 4 - Regular Growth	10	-	159,990	-	0.19
		-	**159,990**	**-**	**0.19**

6	**Other financial assets (non-current) (at amortised cost)**	**31 March 2019**	**31 March 2018**
	Security deposits	1.15	0.81
	Other receivables	0.70	-
	Deposit account with banks (remaining maturity of more than 12 months)	0.12	-
	Total	**1.97**	**0.81**

7	**Other non-current assets**	**31 March 2019**	**31 March 2018**
	Capital advance	0.70	2.23
	Total	**0.70**	**2.23**

8	**Inventories** *	**31 March 2019**	**31 March 2018**
	Raw material	22.07	25.29
	Work in progress	19.57	23.29
	Finished goods	22.94	20.80
	Store and spares parts including packing material	0.96	2.03
	Dyes and chemicals	1.10	0.72
	Total	**66.64**	**72.13**

* Hypothecated as charge against short term - borrowings. Refer note 19.

Faze Three Limited
Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2019
(Amount in crores, unless otherwise stated)

9	**Trade receivables**	**31 March 2019**	**31 March 2018**
	Unsecured		
	-Considered good	44.91	40.08
	Total	**44.91**	**40.08**
	Further classified as:		
	Receivable from related parties (Refer note 35)	14.37	1.32
	Receivable from others	30.54	38.76
		44.91	**40.08**

10	**Cash and cash equivalents**	**31 March 2019**	**31 March 2018**
	Balances with banks		
	In current accounts	1.75	2.24
	Fixed deposits with original maturity of less than 3 months	2.00	-
	Bank balance in EEFC account	7.40	-
	Cash on hand	0.04	0.05
	Total	**11.19**	**2.29**

11	**Bank balances other than cash and cash equivalent**	**31 March 2019**	**31 March 2018**
	In Fixed deposit with maturity for more than three months but less than twelve months from balance sheet date	6.00	0.12
	Total	**6.00**	**0.12**

12	**Other financial assets (current)**	**31 March 2019**	**31 March 2018**
	Unsecured, considered good (at amortised cost)		
	Security deposit	0.03	0.03
	Interest accrued on fixed deposits	0.04	0.00
	Advance to others	-	1.00
	Unsecured, considered good (at FVTPL)		
	MTM gain on currency forward contracts	-	0.19
	Total	**0.07**	**1.22**

13	**Current tax assets (net)**	**31 March 2019**	**31 March 2018**
	Advance income tax (net of provisions)	0.04	0.88
	Total	**0.04**	**0.88**

14	**Other current assets**	**31 March 2019**	**31 March 2018**
	Unsecured, considered good		
	Export incentive receivable	5.08	6.84
	Advance to suppliers	1.84	0.02
	Staff advances	0.25	0.19
	Refund of VAT / service tax receivable	0.97	1.73
	GST input credit	-	4.38
	GST rebate receivable	2.27	8.45
	Prepaid expenses	1.41	0.49
	Other receivables	0.02	0.12
	Total	**11.84**	**22.22**

Faze Three Limited
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(Amount in crores, unless otherwise stated)

15 Equity share capital	31 March 2019	31 March 2018
Authorized		
2,60,00,000 (31 March 2018: 2,60,00,000) Equity Shares of ₹10/- each	26.00	26.00
Total	**26.00**	**26.00**
Issued, subscribed and paid up		
2,43,19,000 (31 March 2018: 2,43,19,000) Equity Shares of ₹10/- each fully paid	24.32	24.32
Total	**24.32**	**24.32**
Total	**24.32**	**24.32**

(a) Reconciliation of equity shares outstanding at the beginning and at the end of the year

	31 March 2019		31 March 2018	
	Number of shares	Amount	Number of shares	Amount
Outstanding at the beginning of the year	24,319,000	24.32	23,300,000	23.30
Add: Issued during the year	-	-	1,019,000	1.02
Outstanding at the end of the year	**24,319,000**	**24.32**	**24,319,000**	**24.32**

(b) Rights, preferences and restrictions attached to shares

The Company has only one class of equity shares having par value of ₹ 10/- per share. All the equity shares rank pari passu in all respect. Dividend if any declared is payable in Indian Rupees. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts in proportion of their shareholding.

(c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

Name of the shareholder	31 March 2019		31 March 2018	
	Number of shares	% of holding in the class	Number of shares	% of holding in the class
Ajay Anand	6,320,412	25.99	6,320,412	25.99
Instyle Invstements Pvt. Ltd.	2,394,625	9.85	2,394,625	9.85
Ajay Jindal	2,812,450	11.56	2,750,000	11.31
Salim Govani	3,476,040	14.29	3,463,956	14.24
Neerav Hans	1,556,297	6.40	1,556,297	6.40

As per the records of the company, including its register of shareholders / members, the above shareholding represents both legal and beneficial ownership of shares.

(d) The Company has not issued bonus shares and shares for consideration other than cash.

16 Other equity

Particulars	31 March 2019	31 March 2018
(A) Foreign currency translation reserve		
Opening balance	0.01	-
Add: Transferred to reserves	0.00	0.01
Closing balance	**0.01**	**0.01**
(B) Capital reserve		
Opening balance	5.33	5.33
Add: share warrants extinguished	0.40	-
Closing balance	**5.73**	**5.33**
(C) Securities premium		
Opening balance	24.44	14.24
Add : Securities premium on issue of shares	-	10.20
Closing balance	**24.44**	**24.44**

Faze Three Limited
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(Amount in crores, unless otherwise stated)

(D) General reserve		
Opening balance	96.09	96.09
(Less): Distribution of Interim Dividend 2017-18	(1.47)	-
Closing balance	**94.62**	**96.09**
(E) Revaluation Reserve		
Opening balance	55.42	55.42
(Less): transfer to retained earnings	(0.13)	-
Closing balance	**55.29**	**55.42**
(F) Money received against share warrants		
Opening balance	0.40	-
Add: Money received against share warrants	-	0.40
(Less) : Transferred to capital reserve *	(0.40)	-
Closing balance	**-**	**0.40**
(G) Retained earnings		
Opening balance	(34.08)	(50.74)
Add: Profit for the year	14.88	16.66
Closing balance	**(19.20)**	**(34.08)**
Total	**160.86**	**147.61**

* On April 7,2017, the Company had alloted 8,45,500 equity warrants at a price of ₹110/- per warrant (face value of ₹10/- and Securities Premium of ₹100), the said warrants were convertible into equal number of equity shares within a period of 18 months from the date of allotment (i.e on or before October 6, 2018), as per the terms of issue. Out of 8,45,500 equity warrants, holders of 7,00,000 warrants exercised the option of conversion on December 26, 2017, balance 1,45,500 equity warrant holders did not opt for conversion within the prescribed 18 months. As a result of the same, the upfront amount received by the Company prior to allotment of 1,45,500 warrants have been forfieted.

17 **Borrowings (Non current)**	**31 March 2019**	**31 March 2018**
Term Loans (secured) (carried at amortised cost)		
From Banks (refer note (i))	1.68	0.64
Other Loans (Against hypothecation of vehicles) (refer note (ii)) (carried at amortised cost)	0.99	0.18
Total	**2.67**	**0.82**

(i) Term Loan from Yes Bank :
Secured by:
(i) First pari-passu charge on the fixed assets of the company including plant and machinery and immovable assets of the company.
(ii) First pari-passu charge on the entire current assets of the company.
Terms of Repayment:
Repayable in equated quarterly instalments of ₹ 0.14 crores till January, 2023.
Rate of Interest:
March 31, 2019 : 11.70% March 31, 2018 : 11.05%
(ii) Terms and conditions of Other Loans

Particulars	**Loan 1**	**Loan 2**	**Loan 3**	**Loan 4**	**Loan 5**
Maturity date	July 5, 2021	June 5, 2020	May 15, 2020	December 15, 2021	December 15, 2021
Number of installments due	28	15	14	33	33
Amount of installments due (amount in (`))	54,440	25,258	25,512	53,189	27,700
Rate of Interest	9.37%	8.51%	9.19%	10.35%	10.35%
Within one year (amount in (`))	653,280	303,096	357,168	638,268	332,400
After one year but not more than five years (amount in (`))	711,152	55,115	30,967	7,083,780	3,641,250
Name of the Financer	HDFC Bank	HDFC Bank	Tata Motors Finance Ltd	BMW Financial Services Pvt. Ltd.	BMW Financial Services Pvt. Ltd.

The company has entered into Retail Finance Agreement with BMW India Financial Services Private Limited (BMWFSPL) pursuant to which BMWFSPL has advanced loan for purchase of vehicle and subject to terms and conditions as envisaged in retail finance agreement.

Faze Three Limited
Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2019

(Amount in crores, unless otherwise stated)

18	**Provisions**	**Non Current**		**Current**	
		31 March 2019	**31 March 2018**	**31 March 2019**	**31 March 2018**
	Provision for employee benefits (refer note 33)				
	Provision for gratuity (funded)	1.24	0.94	1.66	1.60
	Total	**1.24**	**0.94**	**1.66**	**1.60**

19	**Borrowings (Current)**	**31 March 2019**	**31 March 2018**
	Secured, from bank (carried at amortised cost)		
	Packing Credit in Foreign Currency (PCFC)/Packing Credit in Rupee Scheme (PCRS) (refer footnote i)	64.11	72.64
	Unsecured, Loans from related parties (refer footnote ii)	0.16	0.26
	Total	**64.27**	**72.90**

Terms and conditions of loans

(i) PCRS facility from Yes Bank carry interest rate @ 10.75% (March 31, 2018 : 10.25% w.e.f 1 August, 2017). Packing Credit in Foreign Currency (PCFC) and Packing Credit in Rupee Scheme (PCRS) is secured by way of hypothecation of raw materials, work-in-progress, finished goods, spares & stores and goods meant for exports and book debts as prime security and collaterally secured by extension of the charge on the Fixed Assets of the Company to Yes Bank Limited"

The company has interest rate subvention of 3% on the aforesaid rates for Packing Credit in Rupee Scheme (PCRS)

(ii) Loan from V R Woodart, the Associate Company, for 31 March, 2019 : ₹0.16 crores and 31 March, 2018 : ₹0.26 crores is repayable on demand.

20	**Trade payables**	**31 March 2019**	**31 March 2018**
	Total outstanding dues of micro enterprises and small enterprises (refer note 43) *	0.22	0.07
	Total outstanding dues of creditors other than micro enterprises and small enterprises	8.08	6.68
	Total	**8.30**	**6.75**

* Based on the information available with the Company, there are no outstanding dues and payments made to any supplier of goods and services beyond the specified period under Micro, Small and Medium Enterprises Development Act, 2006 [MSMED Act]. There is no interest payable or paid to any suppliers under the said Act.

21	**Other financial liabilities (current)**	**31 March 2019**	**31 March 2018**
	(carried at amortised cost)		
	Current maturities of term loan	0.56	0.08
	Current maturities of vehicle loan	0.13	0.19
	Salary & reimbursement payable	3.67	3.60
	Expenses payable	1.90	2.04
	Total	**6.26**	**5.91**

22	**Other current liabilities**	**31 March 2019**	**31 March 2018**
	Statutory dues payable	0.22	0.19
	GST payable	0.03	-
	Advance from customer	0.05	0.02
	Total	**0.30**	**0.21**

23	**Revenue from operations**	**31 March 2019**	**31 March 2018**
	Export Sales	218.78	204.50
	Domestic Sales *	30.48	15.39
	Export Incentives	19.29	19.84
	Total	**268.55**	**239.73**

* Revenue from operations for periods upto 30 June, 2017 includes excise duty, which is discontinued effective from 1 July, 2017 upon implementation of Goods and Service Tax (GST) in India. In accordance with Ind-AS 18 Revenue, GST is not included in revenue from operations. In view of the aforesaid change, revenue from operations (domestic) for the year ended 31 March, 2019 are not completely comparable with previous periods.

Faze Three Limited
Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2019

(Amount in crores, unless otherwise stated)

24	**Other income**	**31 March 2019**	**31 March 2018**
	Rental income	0.56	1.00
	Interest income	0.50	0.03
	Fair valuation adjustments of investments	-	0.01
	Miscellaneous income	0.22	0.21
	Job work Income	0.49	0.16
	Gain on sale of fixed assets	0.00	0.00
	Gain on sale of investment property	-	6.40
	Gain on foreign currency fluctuation	-	2.82
	Total	**1.77**	**10.63**

25	**Cost of material consumed**	**31 March 2019**	**31 March 2018**
	Inventory at the beginning of the year	26.01	28.46
	Add: Purchases	115.20	116.19
	Less: Inventory at the end of the year	23.17	26.01
	Total	**118.04**	**118.64**

26	**Changes in inventories of finished goods and work-in-progress**	**31 March 2019**	**31 March 2018**
	Inventories at the beginning of the year		
	-Finished goods	20.81	25.10
	-Work-in-progress	23.29	15.72
		44.10	40.82
	Less: Inventories at the end of the year		
	-Finished goods	22.94	20.81
	-Work-in-progress	19.57	23.29
		42.51	44.10
	Net decrease/ (increase)	**1.59**	**(3.28)**

27	**Employee benefits expense**	**31 March 2019**	**31 March 2018**
	Salaries, wages, bonus and other allowances	38.69	35.59
	Contribution to provident fund and other funds	2.78	2.21
	Staff welfare expenses	1.15	1.32
	Total	**42.62**	**39.12**

28	**Finance costs**	**31 March 2019**	**31 March 2018**
	Interest on borrowings	5.34	5.01
	Bank charges	1.41	2.76
	Total	**6.75**	**7.77**

29	**Depreciation and amortization expense**	**31 March 2019**	**31 March 2018**
	Depreciation (refer note 4)	5.19	6.67
	Amortisation (refer note 4)	0.17	0.02
	Less: transfer to asset revaluation reserve	(0.13)	-
	Total	**5.21**	**6.69**

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2019

(Amount in crores, unless otherwise stated)

30 Other expenses

	31 March 2019	31 March 2018
Sewing, stitching,weaving & finishing charges	9.85	13.87
Power & fuel	20.38	17.38
Clearing and forwarding expenses	8.05	7.87
Repairs & maintenance:		
Plant & machinery	3.24	2.63
Building	2.47	0.81
Other manufacturing expenses	3.46	4.85
Dyeing charges	1.45	0.46
Water charges	2.75	2.32
Rent, rates & taxes (Refer note 34)	2.86	1.33
Stores and spares consumed	3.63	2.08
Audit fees (refer note i below)	0.13	0.12
Miscellaneous expenses	2.24	3.08
Office & general expenses	2.88	0.20
Security expenses	1.12	0.95
Courier expenses	1.36	1.18
Travelling, vehicle & conveyance expenses	2.21	2.11
Loss on foreign currency fluctuation	4.21	-
Legal & professional fees	3.16	2.28
Insurance charges	0.40	0.49
Selling & distribution expenses	2.44	1.87
Total	**78.29**	**65.88**

Note i: The following is the break-up of Auditors remuneration (exclusive of taxes)

	31 March 2019	31 March 2018
As auditor:		
Statutory audit	0.12	0.11
Out of pocket expenses	0.01	0.01
Total	**0.13**	**0.12**

31 Income Tax

(A) Income Tax recognised in profit or loss

	31 March 2019	31 March 2018
Current tax		
In respect of current year	4.10	3.32
	4.10	3.32
Deferred tax		
In respect of current year origination and reveral of temporary differences	(1.33)	(4.61)
	(1.33)	(4.61)
Total Income Tax recognised in profit or loss	**2.77**	**(1.29)**

(B) Deferred tax assets/ (liabilities) (net):

Particulars	Balance as at 31 March 2018	Charge / (Credit) to Profit to or Loss	Charge / (Credit) OCI	Balance as at 31 March 2019
Provision for employee benefits	1.12	(0.05)	0.08	1.07
Unabsorbed depreciation and business losses carried forward	4.46	2.11	-	2.35
Fiscal allowances on property, plant and equipment	(6.40)	(0.62)	-	(5.78)
On Temporary Difference on account of MTM on forwards	(0.08)	(0.08)	-	-
Minimum alternate tax carried forward	5.02	(2.69)	-	7.71
Total deferred tax assets / (liabilities), net	**4.12**	**(1.33)**		**5.35**

(D) Tax losses of (31 March 2017: ₹ 9.98 crores are available for offsetting for a maximum period of eight years against future taxable profits of the Company.

(E) Reconciliation of tax charge

	31 March 2019	31 March 2018
Profit before tax	17.82	15.54
Income tax expense at tax rates applicable	4.95	5.14
Tax effects of:		
- Long term capital loss	(2.32)	(5.21)
- Other items	(0.20)	(1.29)
Income tax expense	**2.43**	**(1.36)**

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2019

(Amount in crores, unless otherwise stated)

32 Earnings per share

Basic earnings per share amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the profit attributable to equity holders by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

	31 March 2019	31 March 2018
Profit attributable to equity holders	15.05	16.83
Add/Less: Transactions during the year	-	-
Profit attributable to equity holders	15.05	16.83
Weighted average number of equity shares for basic EPS	24,319,000	23,797,866
Effect of dilution:		
Convertible equity warrants	-	36,375
Weighted average number of equity shares adjusted for the effect of dilution	**24,319,000**	**23,834,241**
Basic earnings per share (INR)	6.19	6.92
Diluted earnings per share (INR)	6.19	6.91

33 Employee benefits

(A) Defined Contribution Plans

	31 March 2019	31 March 2018
During the year, the Company has recognized the following amounts in the Statement of Profit and Loss		
Employers' Contribution to Provident Fund and Other Funds (Refer note 27)	1.97	1.96

(B) Defined benefit plans

a) Gratuity payable to employees

i) Actuarial assumptions

	31 March 2019	31 March 2018
Discount rate (per annum)	6.96%	7.35%
Rate of increase in Salary (per annum)	4.00%	4.00%
Expected average remaining working lives of employees (years)	4	4
Attrition rate		
For service 2 years and below	40%	40%
For service 3 years to 4 years	25%	25%
For service 5 years and above	15%	15%
Mortality rate during employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

ii) Changes in the present value of defined benefit obligation

	Employee's gratuity fund	
Present value of obligation at the beginning of the year	**2.54**	**2.25**
Interest cost	0.19	0.15
Current service cost	0.37	0.33
Benefits paid	(0.45)	(0.15)
Actuarial (gain)/ loss on obligations	0.25	(0.04)
Present value of obligation at the end of the year*	**2.90**	**2.54**

*Included in provision for employee benefits (Refer note 18)

iii) Expense recognized in the Statement of Profit and Loss

	Employee's gratuity fund	
Current service cost	0.37	0.32
Interest cost	0.18	0.15
Total expenses recognized in the Statement Profit and Loss*	**0.56**	**0.48**

*Included in Employee benefits expense (Refer Note 27).

iv) Income recognized in the Other Comprehensive Income

	Employee's gratuity fund	
Acturial Gain on obligation for the period - Due to change in financial obligation	0.05	0.05
Acturial Gain on obligation for the period - Due to experience	0.20	0.20
Total expenses recognized in the Statement Profit and Loss*	**0.25**	**0.25**

v) Assets and liabilities recognized in the Balance Sheet:

	Employee's gratuity fund	
Present value of unfunded obligation as at the end of the year	2.90	2.54
Unfunded net asset / (liability) recognized in Balance Sheet*	**(2.90)**	**(2.54)**

*Included in provision for employee benefits (Refer note 18)

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2019

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v) Expected contribution to the fund in the next year

	31 March 2019	31 March 2018
Gratuity	0.61	0.56

vi) A quantitative sensitivity analysis for significant assumption as at 31 March 2019 is as shown below:

Impact on defined benefit obligation	Employee's gratuity fund	
Discount rate		
1% increase	(0.12)	(0.10)
1% decrease	0.13	0.11
Employee Turnover		
1% increase	0.01	0.01
1% decrease	(0.01)	(0.01)
Rate of increase in salary		
1% increase	0.13	0.12
1% decrease	(0.12)	(0.11)

vii) Maturity profile of defined benefit obligation

Year	From the fund	
1st Following Year	0.48	0.39
2nd Following Year	0.41	0.36
3rd Following Year	0.39	0.39
4th Following Year	0.37	0.33
5th Following Year	0.33	0.29
6 to 10 Years	1.15	1.02
Sum of 11 Years and above	1.03	0.94

34 Leases

Operating leases where Company is a lessee:

The Company has entered into lease arrangements pertaining to vehicles, warehouses, factory land and office premise. These leases are executed for a period ranging from 11 to 60 months and may be renewed for further varied periods based on mutual agreement of the parties. In respect of operating lease arrangements pertaining to vehicles, the company has an option of buy back at a fixed price at the end of lease period. The operating lease payments recognized in the Statement of Profit and Loss in 31 March 2019: amounting to ₹0.99 crores is included in Note 30.

Future minimum rentals payable under non-cancellable operating leases are, as follows:	31 March 2019	31 March 2018
Within one year	0.67	0.42
After one year but not more than five years	1.35	1.75
More than five years	-	-

Operating leases where Company is a lessor:

The Company has entered into lease arrangements pertaining to factory premise. These leases are executed for a period ranging from 12 to 60 months and may be renewed for further varied periods based on mutual agreement of the parties. The operating lease payments recognized in the Statement of Profit and Loss in 31 March 2019: amounting to ₹0.56 crores is included in Note 24.

Future minimum rentals receivable under non-cancellable operating leases are, as follows:	31 March 2019	31 March 2018
Within one year	0.51	0.56
After one year but not more than five years	1.53	2.24
More than five years	-	-

35 Related Party Disclosures:

(A) Names of related parties and description of relationship as identified and certified by the Company:

Related party where control exists

Name of related party	Relationship
V R Woodart Limited	Entity in which director has common control
Aunde Faze Three Autofab Limited	Entity in which director has common control
Ajay Anand (HUF)	Entity in which director has common control
Next Interiors Private Limited	Entity in which relative of director has common control
ARR Bath & Home Private Limited	Entity in which relative of director has common control
Instyle Investments Private Limited	Entity in which director has common control
Rohina Anand Khira	Daughter of Managing Director
Ashok Anand	Brother of Managing Director
Vishnu Anand	Son of Managing Director
Faze Three US LLC	Wholly owned foreign subsidiary
Key Management Personnel (KMP)	
Ajay Anand	Managing Director
Sanjay Anand	Whole-time Director
Ankit Parekh	Company Secretary
Ankit Madhwani	Chief Financial Officer

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2019

(Amount in crores, unless otherwise stated)

(B) Details of transactions with related party in the ordinary course of business for the year ended:

(i) Entity in which director has common control	31 March 2019	31 March 2018
Aunde Faze Three Autofab Limited		
Sale of services	23.64	12.80
Purchase of goods	0.02	0.02
Rent income	0.46	0.33
Rent expense	-	0.03
Jobwork expense	0.02	0.09
Reimbursement of Expenses	0.03	0.18
Purchase of fixed assets	0.38	-
V R Woodart Limited		
Loans repaid during the year	0.10	0.10
ARR Bath & Home Private Limited		
Rent income	0.15	0.12
Jobwork expense	1.59	2.48
Purchase of fixed assets	0.28	-
Sale of goods	-	0.17
Next Interiors Private Limited		
Sale of goods	0.57	0.32
Reimbursement of Expenses	0.07	-
(ii) Wholly owned foreign subsidiary (Faze Three US LLC)		
Investment -	-	2.43
Sale of goods	3.58	-
(iii) Key Management Personnel (KMP)		
Compensation of key management personnel (employee benefit)	1.68	1.59
(iv) Relative of Director		
Ashok Anand (towards payment of employee benefit)	0.09	0.09
Rohina Anand (towards payment of rent)	0.06	0.06
Vishnu Anand (towards payment of employee benefit)	0.17	-

(C) Amount due to related party as on	31 March 2019	31 March 2018
V R Woodart	0.16	0.26
ARR Bath & Home Private Limited	0.38	-
Amount due from related party		
Faze Three US LLC	1.11	-
Aunde Faze Three Autofab Limited	13.92	1.32
Next Interiors Private Limited	0.45	-

(D) Terms and conditions of transactions with related parties

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2019, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

36 Fair value measurement

The fair value of other current financial assets, cash and cash equivalents, trade receivables ,investments trade payables, short-term borrowings and other financial liabilities approximate the carrying amounts because of the short term nature of these financial instruments.

Fair value hierarchy

The following is the hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

•Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

•Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

•Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

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The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis:

	31 March 2019	31 March 2018
Level 1 (Quoted price in active markets)		
Investments in mutual funds FVTPL	-	0.19
MTM gain on currency forward contracts	-	0.19
Level 2		
Financial assets measured at fair value through profit or loss		
Investments in unquoted instruments	0.00	0.00
Investments in quoted instruments but not in active markets	0.21	0.21
Level 3	**31 March 2019**	**31 March 2018**
Financial assets measured at amortized cost		
Trade receivables	44.91	40.08
Security deposits	1.18	0.84
Other receivables	0.70	-
Deposit account with banks (remaining maturity of more than 12 months)	0.12	-
Advances to others	-	1.00

The carrying amounts of assets measured at amortised cost mentioned above is considered to approximate their fair value. They are classified as level 3 fair values in the fair value hierarchy due to inclusion of unobservable inputs.

Financial liability measured at amortized cost

	31 March 2019	31 March 2018
Borrowings	67.63	73.99
Trade payables	8.30	6.75
Salary & reimbursement payable	3.67	3.60
Expenses payable	1.90	2.04

The carrying amounts of assets measured at amortised cost mentioned above is considered to approximate their fair value. They are classified as level 3 fair values in the fair value hierarchy due to inclusion of unobservable inputs.

37 Financial risk management objectives and policies

The Company is exposed to various financial risks. These risks are categorized into market risk, credit risk and liquidity risk. The Company's risk management is coordinated by the Board of Directors and focuses on securing long term and short term cash flows. The Company does not engage in trading of financial assets for speculative purposes.

(A) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of: interest rate risk and currency risk. Financial instruments affected by market risk include borrowings and derivative financial instruments.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

	31 March 2019	31 March 2018
Variable rate borrowings	66.35	73.35

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Increase/ decrease in basis points	Effect on profit before tax (₹ in Crs)
FY 2019	100 bps	0.66
FY 2018	100 bps	0.73

(ii) Foreign currency risk

The Company is exposed to foreign currency risk arising mainly on export of finished goods and import of raw material. Foreign currency exposures are managed within approved policy parameters utilising forward contracts.

The carrying amounts of Company's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows :

Exposure to currency risk	31 March 2019		31 March 2018	
	INR	USD/EURO	INR	USD/EURO
Trade receivables (hedged)	0.14	-	38.53	0.59
Trade receivables (unhedged)	29.62	0.43	-	-
Trade Payables (hedged)	-	-	-	-
Trade Payables (unhedged)	-	-	0.77	0.01

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2019

(Amount in crores, unless otherwise stated)

The following significant rate have been applied during the year	**Year End Spot Rate**	
INR	**31 March 2019**	**31 March 2018**
USD 1	69.17	65.04
EURO 1	77.70	80.62

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate (or any other material currency), with all other variables held constant, of the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities).

The company realises 90% of its sales in USD, based on the hedging policy followed by the company in case of normal volatality in USD / INR, the following effect is estimated.

	Change in USD rate	**Effect on profit before tax**
2019		
USD / INR	1%	0.30
2018		
USD / INR	1%	0.39

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

The Loss allowance for trade receivables using ECL for different ageing period are as follows:

	Less than 3 months	**3 to 12 months**	**1 to 5 years**	**Total**
31 March 2019				
Gross carrying amount	37.76	7.07	0.13	44.91
Less: Allowance provision	-	-	-	-
Net	37.76	7.07	0.13	44.91
31 March 2018				
Gross carrying amount	34.99	5.08	0.01	40.08
Less: Allowance provision	-	-	-	-
Net	34.99	5.08	0.01	40.08

(C) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due.

The table below summarizes the maturity profile of the Company's financial liabilities:

	Less than 3 months	**3 to 12 months**	**1 to 5 years**	**Total**
31 March 2019				
Short term borrowings	48.90	15.37	-	64.27
Long-term borrowings	-	-	2.67	2.67
Trade payables	7.24	1.06	-	8.30
Other financial liabilities	5.74	0.51	-	6.26
	61.89	**16.95**	**2.67**	**81.50**
31 March 2018				
Short term borrowings	24.26	48.64	-	72.90
Long-term borrowings	-	-	0.82	0.82
Trade payables	6.15	0.59	-	6.75
Other financial liabilities	5.78	0.13	-	5.91
	36.18	**49.36**	**0.82**	**86.38**

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2019

(Amount in crores, unless otherwise stated)

38 Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to achieve a strong capital base to sustain stability and plan future development of business.

The Company monitors gearing ratio i.e. net debt in proportion to its overall finance. Total debt mainly comprises of current liabilities which represents - Packing Credit in INR (98% of Total Debt). The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

		31 March 2019	31 March 2018
Total equity excluding revaluation reserve	(i)	129.89	116.51
Total debt	(ii)	67.63	73.99
Overall financing	(iii) = (i) + (ii)	197.52	190.50
Gearing ratio	(ii)/ (iii)	0.34	0.39

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2019 and 31 March 2018.

39 Contingent Liability and commitments

a) Contingent liabilities (to the extent not provided for)

	31 March 2019	31 March 2018
Guarantees and Letter of Credit	0.80	2.94

b) The Hon'ble Supreme Court of India ("SC") by their order dated February 28, 2019, in the case of Surya Roshani Limited & others v/s EPFO, set out the principles based on which allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of Provident Fund contribution. Subsequently, a review petition against this decision has been filed and is pending before the SC for disposal. Pending decision on the subject review petition and directions from the EPFO, the impact, if any, is not ascertainable and consequently no effect has been given in the accounts.

40 Corporate social responsibility (CSR)

A) Gross amount required to be spent by the Company towards Corporate Social Responsibility is ₹ 0.23 Crores (31 March 2018 ₹ 0.28).

B) No expenditure has been paid to a related party, in relation to CSR expenditure as per Ind-AS 24, Related Party Disclosures.

41 Segment reporting

The Company is engaged in only one segment viz 'Manufacturing of home textiles' and as such, there is no separate reportable segment as per Ind AS 108 'Operating Segments'. Presently, the Company's operations are predominantly confined in India.

42 Adoption of Ind AS 115 - Revenue from contracts with customers

Ind AS 115 Revenue from Contracts with Customers, mandatory for reporting periods beginning on or after April 1, 2018 replaces the existing revenue recognition standards. The application of Ind AS 115 did not have any significant impact on recognition and measurement of revenue and related items in consolidated financial statements of the Company.
Effective April 01, 2018, the Company has applied Ind AS 115 - Revenue from Contracts with customers using modified retrospective approach for the purpose of transition. The Company is engaged in the business of manufacturing and exports of home furnishing items viz. bathmats, rugs, blankets, throws, cushions, et . The revenue is recognised upon satisfaction of the performance obligation which is typically upon dispatch/delivery. The Company has a credit evaluation policy based on which the credit limits for the trade receivables are established. The Company does not give significant credit period, hence there is no significant financing component involved.

43 Disclosure under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED)

The outstanding dues to small and medium enterprises as defined under MSMED Act, 2006 are as under:
Information as per the requirement of Section 22 of The Micro, Small and Medium Enterprises Development Act, 2006:

Particulars	**31 March 2019**	**31 March 2018**
(a) (i) The principal amount remining unpaid to any supplier at the end of accounting year included in trade payables	0.22	0.07
(ii) Interest due on above	-	-
The total of (i) and (ii)	0.22	0.07
(b) (i) The amount of interest paid by the buyer in terms of Section 16 of the Act.	-	-
(c) (i) The amount of payment made to the supplier beyond the appointed day during the accounting year.	-	-
(d) (i) The amount of interest acrrued and remaining unpaid at the end of financial year.	-	-
(e) (i) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the year) but without adding the interest specified under this Act.	-	-

44 Previous year figures have been regrouped/ reclassified to confirm presentation as per Ind AS as required by Schedule III of the Act

As per our report of even date
For **MSKA & Associates**
Chartered Accountants
ICAI Firm Registration No.:105047W

Amrish Vaidya
Partner
Membership No: 101739

Place : Mumbai
Date : May 29, 2019

For and on behalf of the Board of Directors of
Faze Three Limited
CIN: L99999DN1985PLC000197

Ajay Anand
Managing Director
DIN: 00373248

Sanjay Anand
Whole-time Director
DIN: 01367853

Ankit Madhwani
Chief Financial Officer

Ankit Parekh
Company Secretary
M No: A31990.

Form No. AOC - 1

to the financial statements for the year ended 31st March 2019

Statement containing salient features of the financial statement of Subsidiaries/ Associate Companies/ Joint Ventures

Part "A" : Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs.)

Name of the subsidiary	**Faze Three US LLC**
The date since when the subsidiary was acquired	16th October 2017
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	April 1, 2018 - March 31,2019
Reporting currency and Exchange rate as on the last date of the relevant financial year in case of foreign subsidiaries.	Reporting Currency - US Dollar (USD) Exchange Rate as on March 31, 2019 - 1 USD = ₹ 69.88
	(Amount in ₹ Crores)
Share Capital	2.44
Reserves & surplus	(1.20)
Total assets	2.22
Total liabilities	2.22
Investments	-
Turnover	6.43
Profit / (Loss) before taxation	(1.20)
Provision for taxation	-
Profit / (Loss) after taxation	(1.20)
Proposed Dividend	-
% of shareholding	100%

Note: Information under Part B is not applicable to the Company

For and on behalf of Board of Directors of

Faze Three Limited

CIN: L99999DN1985PLC000197

Ajay Anand
Managing Director
DIN: 00373248

Sanjay Anand
Whole-time Director
DIN: 01367853

Ankit Madhwani
Chief Financial Officer

Ankit Parekh
Company Secretary
M No. A31990

Placce: Mumbai
Date: May 29, 2019