35th Annual Report
2019-20

FAZE THREE LIMITED
35TH ANNUAL REPORT 2019-20

1. Day and Date of Annual General Meeting	: Wednesday, 30th September 2020
2. Time and venue	: 10.00 a.m. through Video Conferencing
3. Book Closure	: Thursday 24th September 2020 to Wednesday 30th September 2020 (both days inclusive)

Contents

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Ajay Anand
DIN: 00373248
Chairman & MD

Mr. Sanjay Anand
DIN: 01367853
Whole time Director

Mrs. Rashmi Anand
DIN: 00366258
Non-Executive Director

Mr. Manan Shah
DIN: 07589737
Independent Director

Mr. Vinit Rathod
DIN: 07589863
Independent Director

Mr. Kartik Jethwa
DIN: 08587759
Independent Director

Mr. Ankit Madhwani
Chief Financial Officer

Mr. Ankit Parekh
Company Secretary

BOARD COMMITTEES

Audit Committee	Nomination & Remuneration Committee	Stakeholders Relationship Committee	CSR Committee
Vinit Rathod (Chairman)	Vinit Rathod (Chairman)	Vinit Rathod (Chairman)	Ajay Anand (Chairman)
Ajay Anand	Rashmi Anand	Ajay Anand	Sanjay Anand
Manan Shah	Manan Shah	Manan Shah	Manan Shah

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: support@sharexindia.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
35//24, Mehrana, Panipat – 132145, Haryana

Mr. Ajay Anand and Mr. Sanjay Anand, Directors of Faze Three Limited accepting the **Dun and Bradstreet- RBL Bank SME Business Excellence Awards 2019 in the Mid-Corporate Segment for excellence in the Textiles Sector** alongside Shri Pratap Chandra Sarangi, Hon'ble Minister of State for MSME and Animal Husbandry, Dairying and Fisheries.

The RBL Bank SME Business Excellence Awards 2019 trophy

NOTICE
35TH ANNUAL GENERAL MEETING OF
FAZE THREE LIMITED

Notice is hereby given that the **THIRTY FIFTH ANNUAL GENERAL MEETING** of the Members of **FAZE THREE LIMITED** will be held on Wednesday, 30th September, 2020 at 10.00 a.m. through Video Conferencing 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, 2020 together with the Reports of the Auditors and Board of Directors thereon.

2. To appoint a Director in place of Mr. Ajay Anand (DIN: 00373248), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

3. Regularisation of appointment of Mr. Kartik Jethwa (DIN: 08587759) as an Independent 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 149, 152 and any other applicable provisions of the Companies Act, 2013 ("Act") and the Rules made there under read with Schedule IV to the Act, (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Kartik Jethwa (holding DIN: 07589863), who was appointed as an Additional (Independent) Director of the Company by the Board of Directors on 16th October, 2019 and whose term of office expires at this Annual General Meeting ('AGM') and in respect of whom the Company has received a Notice in writing from a Member alongwith the deposit of the requisite amount under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 (five) consecutive years commencing from 16th October, 2019."

By Order of the Board of Directors
For Faze Three Limited

Place: Mumbai
Date: 04th September, 2020

Ankit Parekh
Company Secretary

Notes:

1. In view of the outbreak of COVID pandemic early in the year 2020 and the restrictions on movement of people and social distancing norms which followed and which are still in place, the Ministry of Corporate Affairs allowed conducting Annual General Meetings (hereinafter referred to as 'AGM') through Video Conference (VC) or Other Audio Visual Means (OAVM) during the calendar year 2020. The Ministry vide Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020, prescribed the guidelines and manner of conducting the Annual General Meeting through VC/OAVM. Complying with the said circulars, the 35th Annual general meeting (AGM) of the members of the Company is to be held through Video conferencing (VC) where the Members can attend and participate in the AGM through the provided VC facility. The company has availed the services of National Securities Depository Limited (NSDL) for the VC and E-voting arrangements. The detailed procedure for

participating in the meeting through VC is annexed herewith (Serial No. 19) and available at the Company's website www.fazethree.com.

2. The helpline number regarding any query/assistance for participation in the AGM through VC is 1800-222-990.

3. Since the AGM is being conducted through VC, there is no provision for appointment of proxies and hence proxy form and attendance slip are not included in this notice. The members will have to make themselves available at the scheduled time if they wish to attend the meeting. The Notice of AGM along with Annual Report for the financial year 2019-20, is available on the website of the Company at www.fazethree.com, on the website of Stock Exchanges i.e. BSE Limited and on the website of NSDL at www.evoting.nsdl.com.

4. Members will be eligible to participate on first come first serve basis, as participation through VC is limited and will be closed on expiry of 15 minutes from the scheduled time of the AGM. Members can login and join 15 (fifteen) minutes prior to the scheduled time of the meeting and window for joining shall be kept open till the expiry of 15 (fifteen) minutes after the scheduled time.

5. Members who wish to raise queries/ questions shall send an email with the query/ questions at investors@fazethree.com. atleast 48 hours before the AGM scheduled time. The same will be addressed to and answered by the Company representative at the AGM.

6. Corporate members are requested to send at support@sharexindia.com or sanjayrd65@gmail.com before e-voting/ attending Annual General Meeting, a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the Annual General Meeting, pursuant to Section 113 of the Companies Act, 2013.

7. An Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, in respect of the Special Business to be transacted at the Annual General Meeting and the information pursuant to Regulation 36(3) of the SEBI (LODR) Regulations, 2015 on the appointment/ re-appointment of Directors is annexed hereto.

8. The Register of Members and Share transfer books of the Company will remain closed from Thursday, September 24, 2020 to Wednesday, September 30, 2020, both days inclusive.

9. Shareholders holding shares in identical order of names in more than one folio, are requested to write to the Company or to the office of the Registrar & Share Transfer Agent, M/s. Sharex Dynamic (India) Private Limited, C 101, 247 Park, LBS Marg, Vikhroli West, 400083 (RTA) enclosing their share certificate(s) to enable the Company to consolidate their holdings in one single folio.

10. Members holding shares in physical form are requested to notify immediately any change in their address/ mandate/ bank details to the Company or to the office of the RTA, quoting the folio number. The Members updation form is available on the website of the Company.

11. Pursuant to the provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('The Rules') notified by the Ministry of Corporate Affairs effective September 7, 2016, all shares in respect of which dividend has not been paid or claimed by the shareholders for seven consecutive years or more are to be transferred to the Investor Education and Protection Fund (IEPF) Suspense Account. As on the date of this notice, the Company has no such shares on which dividend has not been claimed or paid for a consecutive period of seven years.

12. In accordance with, the General Circular No. 20/2020 dated 5th May, 2020 issued by MCA and Circular No. SEBI/HO/CFD/ CMD1/CIR/P/2020/79 dated 12th May, 2020 issued by SEBI, the Notice of AGM and Annual Report are being sent in electronic mode to Members whose e-mail address is registered with the Company or the Depository Participant(s). Members (Physical / Demat) who have not registered their email addresses with the company can get the same registered with the company by requesting in member updation form by sending an email to support@sharexindia.com or investors@fazethree.com Please submit duly filled and signed member updation form to the abovementioned email. Upon verification of the Form the email will be registered with the Company.

13. The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, the Register of Contracts or arrangements in which the Directors are interested under Section

189 of the Companies Act, 2013 and all other documents referred to in the Notice will be available for inspection in electronic mode. Members can inspect the same by sending an email to investors@fazethree.com.

14. Pursuant to Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of Listing Regulations, the Company is pleased to provide the facility to Members to exercise their right to vote on the resolutions proposed to be passed at AGM by electronic means. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on September 23, 2020, i.e. the date prior to the commencement of book closure, being the cut-off date, are entitled to vote on the Resolutions set forth in this Notice. Members may cast their votes on electronic voting system from any place other than the venue of the meeting (remote e-voting). The remote e-voting period will commence at 9.00 Hours (IST) on Sunday, September 27, 2020 and will end at 17.00 Hours (IST) on Tuesday, September 29, 2020. In addition, the facility for voting through electronic voting system shall also be made available at the AGM and the Members attending the AGM who have not cast their vote by remote e-voting shall be eligible to vote at the AGM (Refer Serial no. 20 for detailed procedure to vote through e-voting). The Company has appointed Mr. Sanjay Dholakia–Practicing Company Secretary, to act as the Scrutinizer, to scrutinize the entire e-voting process in a fair and transparent manner. The Members desiring to vote through remote e-voting are requested to refer to the detailed procedure given at Serial no.16. Members whose email ids are not registered with the depositories for procuring user id and password and registration of email ids for e-voting for the resolutions are requested to refer the instructions provided at Serial no. 18.

15. Members who are present in meeting through video conferencing facility and have not casted their vote on resolutions through remote e-voting, shall be allowed to vote through e-voting system during the meeting.

16. The details of the process and manner for remote e-voting are explained herein 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 are 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:
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******
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**************
For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the Company. For example, if EVEN is 101456 and folio number is 001*** then user ID is 101456001***

5. Your password details are given below:
a. If you are already registered for e-Voting, then you can use 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, please follow steps mentioned below in **process for those shareholders whose email ids are not registered.**

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, **click 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 are mentioned below:

How to cast your vote electronically on NSDL e-Voting system?

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 Faze Three Limited.**
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.

17. General Guidelines for shareholders

a) 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.

b) In case of any queries , you may refer to 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.

c) The results of the electronic voting shall be declared to the Stock Exchanges after the conclusion of AGM. The results along with the Scrutinizer's Report, shall also be placed on the website of the Company at www.fazethree.com.

18. Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

a) In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to investors@fazethree.com or support@sharexindia.com.

b) In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to investors@fazethree.com or support@sharexindia.com.

c) Alternatively member may send an e-mail request to evoting@nsdl.co.in for obtaining User ID and Password by proving the details mentioned in Point (1) or (2) as the case may be.

19. The details of the process and manner for participating in Annual General Meeting through Video conferencing is explained herein below:

a) Member will be provided with a facility to attend the Meeting through VC through the NSDL e-Voting system. Members may access the same at https://www.evoting.nsdl.com under shareholders/members login by using the remote e-voting credentials. The link for VC will be available in shareholder/members login where the EVEN of Company will be displayed.

b) Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.

c) Members can participate in AGM through smart phone/laptop, however, for better experience and smooth participation it is advisable to join the Meeting through Laptops connected through broadband.

d) Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

e) Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

f) For ease of conduct, members who would like to ask questions / express their views may send their questions in advance atleast one (1) day before AGM mentioning their name demat account number/folio number, email id, mobile number at investors@fazethree.com or support@sharexindia.com. The same will be replied by the company suitably.

a) Members who need assistance before or during the AGM with use of technology, can send a request at evoting@nsdl.co.in or use Toll free no.: 1800-222-990; or Contact Mr. Amit Vishal, Senior Manager, NSDL at the designated email ID: evoting@nsdl.co.in or AmitV@nsdl.co.in.

20. The details of the process and manner for e-voting at the Annual General Meeting are explained herein below:

a) The procedure for e-Voting on the day of the Annual General Meeting is same as the instructions mentioned above for remote e-voting.

b) Only those Members/ shareholders, who will be present in the meeting through VC facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system during the Annual General Meeting.

c) Members who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the meeting.

21. Pursuant to Finance Act, 2020, dividend income will be taxable in the hands of the shareholders w.e.f. 1st April, 2020 and the Company is required to deduct tax at source ("TDS") from dividend paid to the Members at prescribed rates in the Income Tax Act, 1961 ("the IT Act"). In general, to enable compliance with TDS requirements, Members are requested to complete and / or update their Residential Status, PAN, Category as per the IT Act with their Depository Participants or in case shares are held in physical form, with the Company by sending email to the Company's email address at investors@fazethree.com.

ANNEXURE TO THE NOTICE OF THE 35TH ANNUAL GENERAL MEETING OF FAZE THREE 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 Nos. 3.

Item No. 3

Pursuant to provisions of Section 161 of Companies Act, 2013, the Board of Directors of the Company, through circular resolution passed on 16th October 2020, appointed Mr. Kartik Jethwa (DIN: 08587759) as an Additional Director, designated as Independent Director for a term of 5 years subject to approval of the members at ensuing General Meeting.

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

Brief Profile of Kartik Jethwa: Mr. Kartik Jethwa, aged 31 years, Indian inhabitant, is an Automotive Engineer with accomplished academics and varied experience. He has completed his Bachelors in Engineering-Automotive and Diploma in Mechanical Engineering. He has experience of more than 10 years in the field of mechanical engineering mainly in designing, structuring and review of automotive body parts with a strong background of Product development, Testing and Validation.

Mr. Kartik Jethwa is not related to any of the Promoters, Members of the Promoter Group and Directors of the Company.

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 Mr. Kartik Jethwa as an Independent Director on the Board of the Company.

INFORMATION PURSUANT TO SECRETARIAL STANDARDS-2 AND REGULATION 36(3) OF THE SEBI (LODR) REGULATIONS, 2015

Details of the Directors proposed to be appointed/ re-appointed and the terms of proposed remuneration of the Directors are given herein below:

Sr. No.	Particulars	Mr. Ajay Anand	Mr. Kartik Jethwa
1.	Director Identification Number	00373248	08587759
2.	Age	65 years	31 years
5.	Qualification	Graduate	Bachelors in Engineering-Automotive and Diploma in Mechanical Engineering
6.	Experience/ Expertise	Mr. Ajay Anand is a first generation entrepreneur and has more than 3 decades of experience and expertise in Business Management, Production, Research and Development, particularly in Home and Automotive textiles business.	Mr. Kartik Jethwa has good fundamental knowledge of Engineering principles, processes and their application. He has a strong background and history of Product development, Testing and Validation combined with experience in data and pattern analysis.
7.	Shareholding in the Company	NIL	NIL
8.	Relationship with Other Directors, Manager and other Key Managerial Personnel of the Company	Husband of Mrs. Rashmi Anand, Non-Executive Director and brother of Mr. Sanjay Anand, Whole-time Director.	Mr. Kartik Jethwa is not related with any other Director, Manager, and Key Managerial Personnel of the Company.
9.	The Number of Meetings of the Board attended during the year	5/6	3/3
10.	Directorship in other listed entities	Faze Three Autofab Limited (Chairman and Managing Director)	V.R.Woodart Limited (Independent Director)
11.	Memberships/ Chairmanship of Committees of other Companies	Member: Audit Committee and Stakeholders Relationship Committee – Faze Three Autofab Limited	Member: Audit Committee, Nomination & Remuneration Committee and Stakeholders Relationship committee – V.R.Woodart Limited

By order of the Board of Directors
For Faze Three Limited

Place: Mumbai
Date: 04th September, 2020

Ankit Parekh
Company Secretary

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

To,
The members of
Faze Three Limited

Your Directors are pleased to present the 35th Annual Report of your Company containing the business performance and the Audited Financial Statements for the year ended on 31st March 2020.

1. FINANCIAL PERFORMANCE (Standalone & Consolidated):

(Rs. in Crores)

Particulars	For the Year ended 31.03.2020 (Standalone)	For the Year ended 31.03.2020 (Consolidated)	For the Year ended 31.03.2019 (Standalone)	For the Year ended 31.03.2019 (Consolidated)
Revenue from Operations	302.19	302.17	265.71	268.55
Other Income	4.12	4.12	1.77	1.77
Profit before tax	**22.32**	**21.18**	**19.06**	**17.82**
Provision for taxation (incl. deferred tax)	3.04	3.04	2.77	2.77
Profit for the year	**19.28**	**18.84**	**16.29**	**15.05**
Other comprehensive income for the year	(0.25)	(0.25)	(0.17)	(0.17)
Total comprehensive income for the year	**19.03**	**17.89**	**16.12**	**14.88**

The standalone and consolidated financial statements for the financial year ended March 31, 2020, 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 achieved consolidated revenue from operations of Rs. 302.17 Crores as against Rs. 268.55 Crores in the previous year. The Company earned consolidated Net Profit of Rs. 17.89 crores as against Net Profit of Rs. 14.88 Crores during previous year. There was no change in the nature of the business of the Company during the period.

3. DIVIDEND:

The Board of Directors of the Company declared Interim Dividend for FY 2019-20 of Rs. 0.50/- per equity share of Rs. 10/- each on 2,43,19,000 fully paid equity shares with record date of 14th March 2020. The total Dividend payout amounted to Rs. 1.22 crores.

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.

During the FY 2019-20 there was no change in the share capital of the Company.

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, 2020, 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, 2020 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:

During the year under review the following changes happened in the constitution of the Board of Directors and the Board Committees:

Mrs. Rashmi Anand (DIN: 00366258) was appointed as a Non-Executive Director of the Company with effect from 23rd August, 2019. She is also inducted as a member of the Nomination and Remuneration Committee.

Ms. Shweta Jain (DIN: 07589768) resigned from the position of Independent Director on the Board and as a member of the Nomination and Remuneration Committee with effect from 23rd August, 2019 due to personal and professional commitments.

Mr. Kartik Jethwa (DIN: 08587759) was appointed as an Additional Director designated as Independent Director with effect from 16th October, 2019.

In accordance with Section 152 of the Companies Act 2013 and the rules framed thereunder, Mr. Ajay Anand, Managing Director retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

Following are the Key Managerial Personnel of the Company as on 31st March 2020:

Mr. Ajay Anand	– Chairman and Managing Director
Mr. Sanjay Anand	– Whole-time Director
Mr. Ankit Madhwani	– Chief Financial Officer
Mr. Ankit Parekh	– Company Secretary and Compliance Officer

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 performance evaluation of the non-executive directors is done by the Board annually. The performance evaluation of the Executive Directors is carried out by the Independent Directors annually. The performance is evaluated after seeking inputs from all the Directors on the basis of the criteria such as the Board composition and structure, experience and competencies, attendance, effectiveness of board processes, information and functioning, independent approach, etc. The Board of Directors expressed their satisfaction with the evaluation process.

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. The Board is of the opinion that the Independent Directors of the Company hold highest standards of integrity and possess requisite expertise and experience required to fulfill their duties as Independent Directors.

13. FAMILIARIZATION PROGRAMME FOR THE INDEPENDENT DIRECTORS:

Pursuant to the SEBI regulations, the Company organises Familiarization Programme periodically 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.

During the year under review, two such Familiarization Programmes were held, each on 14.08.2019 and 05.02.2020. 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:

As on 31st March 2020, the Audit Committee comprises of three members namely Mr. Vinit Rathod (Chairman), Mr. Ajay Anand and Mr. Manan Shah. 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 adequately literate to understand the financial and other aspects.

16. NOMINATION & REMUNERATION COMMITTEE:

The Nomination & Remuneration Committee of the Board of Directors of the Company is constituted 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 as on 31st March 2020 comprises of 3 members all being Non-Executive Directors namely Mr. Vinit Rathod (Chairman), Mrs. Rashmi Anand and Mr. Manan Shah. All the recommendations made by the Committee during the period were accepted by the Board.

17. STAKEHOLDERS RELATIONSHIP COMMITTEE:

As on 31st March 2020, the Stakeholders Relationship Committee comprises of three members namely Mr. Vinit Rathod (Chairman), Mr. Ajay Anand and Mr. Manan Shah. Other details pertaining to the Committee are included in the Corporate Governance Report, which forms part of this report.

18. CORPORATE SOCIAL RESPONSIBILITY STATEMENT (CSR):

The Company has spent Rs. 4.75 lacs towards CSR activities by way of donations for girl child education, environment restoration and eradication of hunger during the FY 2019-20 after consultation with the CSR Committee.

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 CSR spending has fall short of the required amount during the year as the primary focus of the Company was towards business growth and profitability to take the Company to new levels. In line with this, need is felt to try and retain the surplus to the maximum extent back into the Company for creating a strong equity base which can help the Company tide over uncertainties and be in a better position to fulfill CSR requirements in the coming years.

The CSR Policy of the Company is placed on its website at www.fazethree.com.

19. 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**.

20. 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 and/ or in the ordinary course of business. 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. During the FY 2020-21, there are no material related party transactions exceeding 10% of the turnover of the previous financial year proposed to be entered by the Company and hence there is no requirement of obtaining members approval under Regulation 23 of the SEBI (LODR) Regulations, 2015 in the ensuing Annual General Meeting.

The policy on Related Party Transactions as approved by the Board is available on the website of the Company at www.fazethree.com.

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**.

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

There are no material changes or 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, 2020 and the date of the Directors' report.

22. 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 www.fazethree.com.

During the year under review, no complaint or adverse reporting was received by the designated officer of the Company.

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

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

24. 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.

25. 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.

26. 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**.

27. CORPORATE GOVERNANCE:

The Company believes in transparency and 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**.

28. 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 2020-21. M/s. MSKA & Associates has confirmed that their appointment is within the prescribed limits specified in Section 139 of the Companies Act, 2013.

29. 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.

30. FRAUD REPORTED BY THE AUDITOR, IF ANY:

There is no fraud reported by the Statutory Auditor during the year.

31. SECRETARIAL AUDITOR:

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 undertaken Secretarial Audit for the financial year 2019-20 by appointing M/s. Sanjay Dholakia & Associates, Practicing Company Secretary, which, inter alia, includes audit of compliance with the Companies Act, 2013, and the Rules made thereunder, SEBI Listing Regulations and other Regulations and Acts applicable to the Company. The Secretarial Audit Report is annexed to this report as **Annexure V.**

32. OBSERVATIONS – STATUTORY AUDITOR & SECRETARIAL AUDITOR:

Statutory Auditor:
The Statutory 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.

33. 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.

34. 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.

35. 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.

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

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

37. 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
of Faze Three Limited

Place: Mumbai
Date: 04th September 2020

Ajay Anand
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 rooftop solar project at one of its Dadra unit for generation of clean energy;
ii. Installation of LED lamps in the vicinity of all factories powered by solar energy;
iii. Installation of new sewing machines with servo motors leading to higher productivity and lower electricity cost;
iv. Turbo fans installed in the factories instead of electrical blowers thereby cutting energy;
v. Regulated compressed air supply in factories;
vi. Installation of separate regulated air line for machines which has zero % leakage;
vii. Electrical scooters used for transportation of goods within factory premises;
viii. Transparent sheets installed in the warehousing walls for daylight exposure leading to lower use of powered lights;
ix. 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 recently invested and installed a 110 kWh solar power plant at one of its Dadra unit further contributing towards growth of clean energy. Further the Company has installed solar operated lights around the factory areas and have optimized the use of natural daylight by making use of transparent sheets at its facilities. The company is keen to increase the utilization of alternate energy sources.

RESEARCH & DEVELOPMENT

The Research and Development has always been the driving force of the Company. The Company stands well ahead of its competitors and ahead of time in terms of products concepts, design and development. The ability to sense the requirements and the capability of delivering it to the customer before anyone else has been the result of the life-long investment in research and development. The Company has in-house research and development team with the backing of the top management which makes it the best among the peers. The Company makes reasonable investment in research and development depending upon the customer and market trends. 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.

The R&D has benefitted the Company by way of improved quality of products, new product inventions, reduced production cycles and operations cost and has resulted into enhanced customer preference, new business opportunities, improved margins, etc.,

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 import of any technology during the last five years.

FOREIGN EXCHANGE EARNINGS AND OUTGO

The details 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	249.97
Total Foreign Exchange used	9.11

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:

The Company has not entered into any material contract/ arrangement/ transaction with related parties which is not in ordinary course of business or other than at arm's length during FY2019-20. 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 during FY 2019-20:

S No.	Particulars	
1	Name(s) of the related party and nature of relationship	Faze Three Autofab Limited Common Director/ Promoters
2	Nature of contracts / arrangements / transactions	Exclusive manufacturing agreement for providing Company's dye-house facilities to Faze Three Autofab Limited 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	29th May, 2019
5	Amount paid as advance, if any	NIL

For and on behalf of the Board
For Faze Three Limited

Place: Mumbai
Date: 04th September 2020

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

Economy and Outlook

India's GDP growth moderated ~5.5% in FY 2020 vs ~7% FY 2019 pre-pandemic. Second Term for the incumbent government at Centre in May 2019 added certainty to India Outlook however lack of investment / capex cycle in last 3-4 years with rising fiscal deficit has kept growth spirits moderated. As the Pandemic related impacts will be seen in FY 2021, the recovery depends on severity of spread of virus and stimulus measures undertaken by the Govt. of India. The Interest Rates are expected at current levels for visible future despite inflation being above ~4-6%. The USA economy in 2019 was one of the best year in the last decade, Trade uncertainties between USA and China persists with Trade Deal 1 inked in Jan 2020, EUR / UK markets are at flat growth despite being on continues support with negative interest rates and fiscal measures, etc. India / Asian Countries (ex-China) definitely benefit from supply chain diversification out of China for stability / certainty. The outcome of USA elections in Nov 2020 would decide whether these trends would continue or otherwise. India too have witnessed fall in consumption and demand, investments and exports. The World in 2020-21 is experiencing a high sense of uncertainty and shifting of demand mainly to essential products. The IMF predicts a (3.00%) contraction in the World Output, with the Advanced Economies contracting by almost (6.00%), and the emerging and developing economies by (1.00-2.00%).

Textile Industry

India is the world's second largest exporter of textiles and clothing. Increased penetration of organized retail, favorable demographics, and rising income level are likely to drive demand for textiles. India accounts for seven per cent of the global home textiles trade. Superior quality and ample availability of Cotton and Polyester makes companies in India a leader in exports – almost two-third of India's export of textiles is to US and UK. Indian products have gained a significant market share in global home textiles in the past few years. The growth in the home textiles would be supported by growing household income, increasing population and growth of end use sectors like housing, hospitality, healthcare, etc. In F.Y.19, Indian home textile industry reached US$ 4.95 billion.

India is fast emerging as a major production and export centre for home textiles. There are a number of centers that are specifically engaged in the production of traditional home textiles, while some are engaged in sourcing of raw material and value addition. Due to lack of competitive markets in US and EU, the Indian markets are favored due to cheap labor costs, supreme quality raw materials and the innovative designs which surely speak for the trend statement of the nation. China, India and Pakistan cover up maximum of the global import market constituting almost 70% of the market size. But due to rising labor costs in China and being the host for the spread of pandemic and the war driven economy of Pakistan, India, with a strong and stable government at the helm, is the only major player which can play a big role in the years to come. Several schemes in the textile sector announced by the Govt of India in the recent years will help drive the output and export market share considerably.

FAZE THREE LIMITED – COMPANY OVERVIEW

Faze Three Limited (hereinafter referred to as FTL) is engaged in manufacturing and export of superior quality high-end Home Textile products supplying to top retailers across the globe. It has a diversified product line and the main products includes Bathmats, Blankets, Rugs, Throws, Floor covering, Bed spreads, etc., The Company is known for its sheer pursuit for innovation, ideas and designs which reflects in its products and has enjoyed being a preferred vendor to most of its customers. Majority of FTL's revenue (89.66% in F.Y. 2020) is derived from the international market. The key export markets include the USA, UK, EUR, etc. Refer www.fazethree.com for more details.

PERFORMANCE - YEAR 2019-20

Financial Performance

- Financial Year 2019-20 was a good year for the Company both in terms of growth and earnings. The consolidated annual turnover of the Company crossed INR 3000 MN representing a growth of 12.38 % from the previous year.

- The PBDIT stood at INR 377.50 MN representing a growth of 26.76 % from the previous year. The operating margins improved by 12.80 % during the year.

Awards and Ratings

- The Company was awarded the Dun & Bradstreet - RBL Bank SME Business Excellence Awards 2019 in the Mid-Corporate Segment for excellence in the Textile Sector.

- The Credit Rating of the Company upgraded to CARE BBB+; Stable/CARE A3+ from CARE BBB; Stable/CARE A3+ during the year.

Products

The Company continued its focus on diversified product mix during the year. With new designs, innovations and value addition, the Company managed to be ahead of the curve in terms of bagging orders with new programs and preference among competition, which has also helped drive operating margins positively. The Company has a diversified product basket which includes cotton and rubber backed bathmats, blankets, durries, throws, hand tufted carpets and rugs made of cotton and wool, cushion covers, curtains as well as poly cotton and cotton damask table covers, amongst many others.

FTL cherishes the continuous trust and faith reposed in it by its customers during all these years and the Company always strives to deliver beyond their expectations each time. When it comes to customers, the Company enjoys the reputation of being the preferred vendor to most of the retail giants in USA, UK and EUR, etc.

Geographic distribution

The geographic distribution was stable during the year with majority of the sales derived from the customer base in US and UK. With consistent track record with the largest retailers in these markets, the Company is increasing its foothold in the other European countries and is confident of gaining reasonable market share in the region in the coming years. The ability of the Company to deliver with the quality, coupled with competitive pricing and India becoming a preferred sourcing country in the recent times will be a key factor to the contribution of further growth.

SWOT ANALYSIS

The core strengths of the Company are its long track record of operations, extensive experience of the management coupled with synergies derived through its group companies. Diversified product portfolio coupled with established relationships with reputed clients ensuring revenue visibility. Further the Company has underleveraged capital structure and comfortable interest coverage position.

The Company has a strong position in Indian textile industry buoyed by strong export demand and favorable government initiatives conducive for industry growth however; the Company faces geographic concentration risk along with moderate and fluctuating profitability margins. The threat faced by the Company would be operating in a highly competitive and fragmented industry coupled with susceptibility to volatility in raw material prices, fluctuation in foreign exchange, obsolescence due to change in trends and lastly macroeconomic downtrend caused by COVID -19 pandemic.

INTERNAL CONTROL SYSTEMS AND ITS ADEQUACY

FTL's internal controls are commensurate with its size and the nature of Company's operations and are working effectively. The affairs of the Company are managed in such a way that there is free flow of information between the management and the same is only communicated on a need to know basis. The Internal controls of the Company are designed in such a way that 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 is possible.

The Internal Control systems are quarterly assessed by the Audit Committee and the report of the same is submitted to the Board for its review. Our audit committee has concluded that, as of March 31, 2020, our internal financial controls were adequate and operating effectively.

HUMAN RESOURCES/ INDUSTRIAL RELATIONS:

The Company has 6 state-of-the-art manufacturing facilities situated at Dadra and Nagar Haveli, Vapi and Panipat in India and employs over 2500 workers directly.

We have built a sustainable and profitable business based on a high-performance culture where employees are empowered and encouraged to bring their best selves to work. We at FTL, our utmost priority have been health, safety and well-being of the people. We have been proactive and swift in ensuring safe working conditions, strict standards of personal hygiene, necessary infrastructure and equipment across all our operations. We are equally focused on protecting the lives and livelihoods of all our employees.

The operations of the Company are conducted in such a manner that it ensures safety and a pleasant working environment to all concerned.

POLLUTION AND ENVIRONMENTAL CONTROLS

The Company endeavours to have minimum impact to the environment with sustainable production methods, use of energy efficient and environment friendly technology, use of recycled and eco-friendly raw materials, etc., Sustainability has always been a culture in the Company which believes in giving back to the environment and the society.

All the manufacturing facilities of the Company have requisite permissions and certificates under the pollution and environmental laws of the state. The Company actively participates in the sustainability programs with international standards by adopting strict measures and alternatives to control the negative impact on the environment which includes optimum production methods, use of renewable energy, responsible sourcing, use of recycled materials, zero waste, high health and safety standards, etc., Such efforts by the company are regularly applauded by the customers which help them tick their responsible sourcing commitments.

The Company has recently invested and installed a 110 kWh solar power plant at one of its Dadra unit further contributing towards growth of clean energy. The Company has also invested a water treatment and purification plant at its Vapi unit in recent years.

OUTLOOK:

FY 2019-20 had been a challenging year with weakening consumer sentiment given the macro-economic conditions and finally, the COVID-19 outbreak and its terrible impact on lives and livelihoods. The human impact of the virus and the containment efforts have resulted in supply and demand disruptions, resulting in a sharper growth deceleration. The situation remains volatile with the trajectory of the virus undetermined, evolving hot spot geographies, the success of containment measures uncertain, the severity and duration of resulting economic crisis and the extent of structural damage unknown. There are many unknowns today and hence, the near-term outlook is extremely uncertain. We stand united with the nation in the fight against COVID-19 as we navigate our way through these dynamic uncertain times together. Our focus remains on safety of our people, protecting supply lines, serving demand, contributing to the society and optimising cost and cash.

Amongst such crises, there lies a ray of hope with India expected to recover faster than the other nations backed by rising consumption and demand and focus of the Government towards making India a self-reliant nation which if implemented religiously can result in unprecedented growth.

CAUTIONARY STATEMENT

Statements used in the Management Discussion and Analysis should be read in conjunction with the Company's Audited Standalone and Consolidated financials along with the auditor's report as on March 31, 2020 which forms an integral part of the annual report, describing the Company's objectives, projections, estimates and expectations, may constitute 'forward-looking statements' within the meaning of applicable laws and regulations. Although the expectations are based on reasonable assumptions, the actual results might differ.

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 more than 25 years of experience in in the field of business development in Home Textile segment. He looks after the affairs of Panipat unit of the Company and heads the business development of the Company.

Mrs. Rashmi Anand, Non-Executive Director is a Law Graduate and has vast experience in policy making and strategic decision making. 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.

Mr. Vinit Rathod, Independent Director, 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.

Mr. Kartik Jethwa, Independent Director, is an Automotive Engineer by qualification and has expertise and experience of more than 10 years in the field of mechanical engineering mainly in designing, structuring and review of automotive body parts with a strong background of Product development, Testing and Validation.

Mr. Manan Shah, Independent Director, 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, 2020, the strength of the Board of Directors of the Company comprised of 6 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, 6 (Six) Board Meetings were conducted, each on 29th May, 2019, 14th August, 2019, 23rd August, 2019, 13th November, 2019, 05th February, 2020 and 3rd March, 2020 respectively. 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 and 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 name and category 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 the Company as well as other public companies as on March 31, 2020 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	2	0	4	Faze Three Autofab Ltd. – Managing Director
Mr. Sanjay Anand	Promoter, Executive	5	No	2	0	2	V.R.Woodart Limited – Non-Executive Director
Mr. Manan Shah	Independent	5	No	2	0	4	Faze Three Autofab Ltd. – Independent Director
Ms. Shweta Jain[1]	Independent	2	No	0	0	0	NIL
Mr. Vinit Rathod	Independent	5	Yes	2	4	0	Faze Three Autofab Ltd. – Independent Director
Mrs. Rashmi Anand[2]	Promoter, Non-Executive	3	No	2	0	0	Faze Three Autofab Ltd. – Non-Executive Director
Mr. Kartik Jethwa[3]	Independent	3	N.A.	2	0	2	V.R.Woodart Limited – Independent Director

[1] *Resigned w.e.f. August 23, 2019*
[2] *Appointed w.e.f. August 23, 2019*
[3] *Appointed w.e.f. October 16, 2019*

Mr. Ajay Anand, Mr. Sanjay Anand and Mrs. Rashmi Anand 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	Good	Good	Good	Good	Good
Mr. Sanjay Anand	Good	Good	Good	Good	Good
Mr. Manan Shah	Moderate	Moderate	Good	Good	Good
Ms. Shweta Jain	Good	Moderate	Moderate	Good	Good
Mr. Vinit Rathod	Moderate	Moderate	Good	Good	Good
Mrs. Rashmi Anand	Good	Moderate	Good	Good	Good
Mr. Kartik Jethwa	Good	Good	Moderate	Moderate	Moderate

vi. The Directors, except Independent Directors are liable to retire by rotation and 1/3 of the Directors retire every year and if eligible, offer themselves for re-appointment.

vii. No. of Shares and convertible instruments held by Non-Executive Directors as on 31st March, 2020:

Name of the Director	Number of Shares
Mr. Manan Shah – Independent Director	NIL
Mr. Vinit Rathod – Independent Director	NIL
Mr. Kartik Jethwa- Independent Director	NIL
Mrs. Rashmi Anand- Non-Executive Director	3,43,990

viii. During the FY 2019-20, 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 https://www.fazethree.com/corporate-governance/.

x. During the year, the Independent Directors met once on February 05, 2020 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 https://www.fazethree.com/corporate-governance/

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:**

- Overview of the Company's financial reporting process and the disclosure of its financial information;
- Review with the management of the annual financial statements;
- Review of Related Party Transactions;
- Review of Company's financial and risk management policies;
- Review with the management of performance of statutory and internal auditors, and adequacy of the internal control systems;
- Review with the management of the quarterly financial statements;
- Recommend to the Board, the appointment, re-appointment or removal of the statutory auditor and the fixation of audit fees;
- 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;
- Reviewing with the Management, the Annual Financial Statements before submission to the Board;
- 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;
- To review the functioning of the Whistle Blower mechanism;

iii. Audit Committee has conducted 4 (four) Meetings during the year under review on 29th May, 2019, 14th August, 2019, 13th November, 2019 and 05th February, 2020.

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	3
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 as on March 31, 2020 is as mentioned below;

Sr. No.	**Name of the Member**	**Status**	**Category**
1.	Mr. Vinit Rathod	Chairman	Independent Director
2.	Mr. Manan Shah	Member	Independent Director
3.	Ms. Rashmi Anand[1]	Member	Independent Director

[1] Mrs. Rashmi Anand was appointed as a Member of the Committee w.e.f. 24th August, 2020, replacing Ms. Shweta Jain who resigned from the Board of Directors w.e.f. 23rd August, 2020.

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 Committee met 2 (two) times during the year under review i.e. on 01st April 2019 and on 19th August 2019. All the recommendations by the Committee were accepted and approved by the Board of Directors.

vii. The details of remuneration paid to Managing Director and Whole-time Directors during the year 2019-20 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	62.70	3 Years
Mr. Sanjay Anand	Whole-time Director	38.40	3 Years

viii. 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 paid to Non-Executive Directors during the year is as follows:

S 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
4.	Kartik Jethwa	Independent Director	10000

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 (four) meetings of the Committee held during the year on 29th May, 2019, 14th August, 2019, 13th November, 2019 and 05th February, 2020. Attendance of the Directors at the Committee's meeting held during the year:

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	3
3.	Mr. Manan Shah	Member	Independent Director	4

Details of Investor complaints received during the year under review:

Opening	Received	Redressed	Pending
NIL	NIL	NIL	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.

There was 1 (one) meeting of the Committee held during the year on 03rd February, 2020. Attendance of the Directors at the Committee's meeting held during the year:

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

S 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

5. **General Body Meetings:**
Annual General Meetings:

Year	Date	Venue	Time	Special Resolution
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.
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.
2018-19	30th September, 2019	Conference Hall, Plot No. 146, Waghdhara Village Road, Dadra – 396 193, UT of Dadra & Nagar Haveli	10.00 a.m.	1. Re-appointment of Mr. Ajay Anand (DIN: 00373248) as the Managing Director of the Company; 2. Re-appointment of Mr. Sanjay Anand (DIN: 01367853) as the Whole-time Director of the Company.

During the year under review, there was no resolution passed through postal ballot. No Extra-ordinary general meeting was held during the year under review.

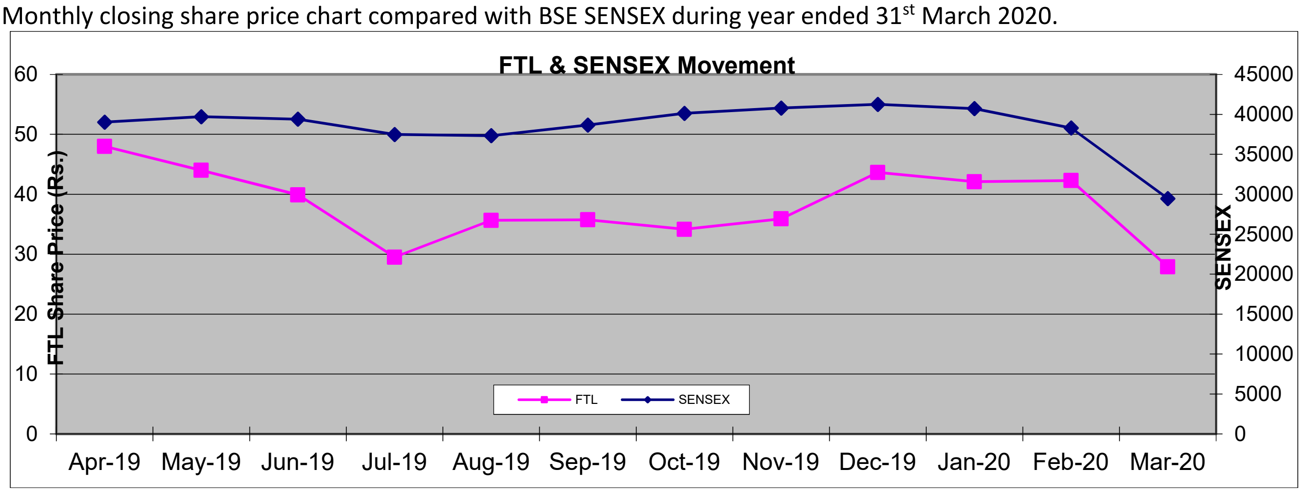
6. **Means of Communication:**
The Company publishes its annual, half yearly and the quarterly financial results in the following Newspapers:
(i) Indian Express (English) – Gujarat Edition
(ii) Financial Express (Gujarati) – Gujarat Edition
Company's results and official news releases, if any, are also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

7. **General Shareholder Information :**

AGM Date, Time and Venue	Wednesday, 30th September, 2020 at 10.00 a.m. through Video Conference (VC)
Company's Financial Year	1st April, 2019 to 31st March, 2020
Financial Calendar for 2020-21 (Tentative) <u>Adoption of Quarterly & Annual Results:</u> June 30, 2020 September 30, 2020 December 31, 2020 Audited Results for March 31, 2021	 1st week of September, 2020 2nd week of November, 2020 2nd week of February, 2021 Last week of May, 2021
DATE OF BOOK CLOSURE	24th September 2020 to 30th September 2020 (Both days inclusive)
LISTING ON STOCK EXCHANGE	BSE Limited, P.J. 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:	Transmission of shares held in physical form is handled by the Company's Registrar & Transfer Agent M/s. Sharex Dynamic (India) Pvt. Ltd.

8. **MARKET PRICE DATA:**

Monthly closing share price chart compared with BSE SENSEX during year ended 31st March 2020.



9. **Monthly high and Low compared with BSE Sensex:**

Month	BSE			Closing BSE Sensex
	Monthly High Price	Monthly Low Price	Volume (No of shares traded)	
Apr-19	57.95	43.20	80,257	39,031.55
May-19	48.85	37.00	1,11,337	39,714.20
Jun-19	43.95	35.05	47,019	39,394.64
Jul-19	42.00	28.10	69,317	37,481.12

Aug-19	36.90	26.25	3,39,996	37,332.79
Sep-19	39.25	28.50	32,135	38,667.33
Oct-19	37.95	28.30	1,05,842	40,129.05
Nov-19	37.75	33.00	27,071	40,793.81
Dec-19	45.90	33.00	1,23,458	41,253.74
Jan-20	46.55	37.00	42,513	40,723.49
Feb-20	53.50	38.00	79,547	38,297.29
Mar-20	48.40	20.35	14,50,465	29,468.49

10. **Distribution of shares and shareholding as on 31st March 2020:**

S No.	No. of Equity Shares Held		Shareholders		Shareholding	
	From	**To**	**Nos**	**%**	**Nos**	**%**
1	Upto 100		1650	42.75	85709	0.35
2	101	200	459	11.89	77901	0.32
3	201	500	1113	28.83	349090	1.43
4	501	1000	282	7.31	223815	0.92
5	1001	5000	251	6.50	566660	2.33
6	5001	10000	43	1.11	314591	1.29
7	10001	100000	44	1.14	1367606	5.62
8	100001 and above		18	0.47	21333628	87.72
	TOTAL		**3860**	**100.00**	**24319000**	**100.00**

11. **Shareholding Pattern as on 31st March, 2020.**

Category Code	Category of Shareholder	Total No. of Shares	%
(A)	**Promoter and Promoter Group Holding**		
1	Indian Promoters	11915141	49.00
	Foreign Promoters	-	-
	Sub Total (A)	**1,19,15,141**	**49.00**
(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	4,39,952	1.81
2	Individuals shareholders holding nominal share capital up to Rs 2 lakh	16,15,655	6.64
	Individuals shareholders holding nominal share capital above Rs. 2 Lakhs	67,34,880	27.69
3	NBFCs registered with RBI	2,750	0.01
4	Any Other	29,50,574	12.13
	Sub-Total (C)	**1,20,51,331**	**46.48**
	GRAND TOTAL (A+B+C)	**2,43,19,000**	**100.00**

12. **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.

13. **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

14. **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 https://www.fazethree.com/policies/

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 2017-18, 2018-19 and 2019-20 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 https://www.fazethree.com/policies/

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 https://www.fazethree.com/policies/

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. 13.00 lacs.

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

Year of declaration	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
2019-20	Interim	Rs. 0.50/-	March 03, 2020	April 08, 2027

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 2019-20.

Place: Mumbai
Date: 06th June 2020

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 the financial statements and the cash flow statement for the year ended 31st March 2020 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

Place: Mumbai
Date: 06th June 2020

Ankit Madhwani
Chief Financial Officer

Annexure V

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st March, 2020

[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

We 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 us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our 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 of the Company, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2020 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:

We 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, 2020 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 Byelaws 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;

v. 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; Not applicable to the Company during the Audit Period.

   d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; Not applicable to the Company during the Audit Period.

   e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; Not applicable to the Company during the Audit Period.

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 (Depositories and Participants) Regulations, 2018;

h. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; Not applicable to the Company during the Audit Period.

i. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; Not applicable to the Company during the Audit Period.

j. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), 2015.

vi. Laws applicable to the industry to which the Company belongs, as identified by the Management is given as under:

Factories Act, 1948
Industrial Dispute Act, 1947
The Payment of Wages Act, 1936
The Minimum Wages Act, 1948
Employees' State Insurance Act 1948
The Employees' Provident Fund and Miscellaneous Provisions Act, 1952
The Payment of Bonus Act, 1965
The Payment of Gratuity Act, 1972
The Contract Labour (Regulation and Abolition) Act, 1970
The Maternity Benefit Act, 1961
The Industrial Employment (Standing Order) Act, 1946
The Apprentices Act, 1961
The Environment (Protection) Act, 1986
The Hazardous Wastes (Management, Handling And Trans boundary Movement) Rules, 2008
The Water (Prevention and Control of Pollution) Act, 1974
The Air (Prevention and Control of Pollution) Act, 1981
The Child Labour (Prohibition and Regulation) Act, 1986
The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
The Maharashtra Shops and Establishments Act 1948
The Noise Pollution (Regulation and Control) Rules, 2000
National Textile Policy, 2000
The Textile Committee Act, 1963
The Handlooms Act, 1985
Textiles (Development and Regulation) Order, 2001

We have also examined compliance with the applicable clauses of Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India.

During the period under review, the Company has complied with the applicable provisions of the Act, Rules, Regulations and Guidelines, as mentioned above.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Non-Executive, Independent Directors. The changes in the composition of the Board of Directors / Committees of 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 where the meetings are conducted at a shorter notice, the compliance in accordance with Secretarial Standards-1 are adhered to. 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.

We further report that 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.

Further we have to state that we have not carried out the Physical Inspection of any records maintained by the Company due to prevailing lock down conditions owing to COVID 2019 across the country. We have relied on the records as made available by the Company through digital mode and also on the Management Representation Letter issued by the Company.

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
Practicing Company Secretary
Proprietor
Membership No.FCS 2655 CP 1798
Date: 04th September, 2020
Place: Mumbai
UDIN: F002655B000661051

ANNEXURE A TO SECRETARIAL AUDIT REPORT

To the Members
FAZE THREE LIMITED

Our 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. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that the correct facts are reflected in secretarial records. We believe that the practices and processes, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Account of the Company.

4. Wherever required, we 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 the Corporate and other applicable laws, rules, regulations and norms is the responsibility of management. Our examination was limited to the verification of procedure on test basis.

6. 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
Practicing Company Secretary
Proprietor
Membership No.FCS 2655/CP No.1798
Date: 04th September, 2020
Place: Mumbai
UDIN: F002655B000661051

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**

Sanjay R. Dholakia
Practicing Company Secretary
Proprietor
Membership No. FCS 2655/CP No.1798
Date: 04th September, 2020
Place: Mumbai
UDIN: F002655B000660818

Annexure VI
FORM NO. MGT-9
Extract of Annual Return
as on financial year ended on 31st March 2020

[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
1.	Faze Three US LLC	State of Delaware - 6526266	Wholly owned Foreign Subsidiary	100%

D. STATEMENT SHOWING SHAREHOLDING PATTERN:

i. Category-wise Shareholding

Category code	Category of Shareholder	Number of shares held at Beginning of the year (01.04.2019)				Number of shares held at the end of the year (31.03.2020)				
		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	9423516	-	9423516	38.75	3.25
(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**	**11915141**	**-**	**11915141**	**49.00**	**3.25**
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**	**11915141**	**-**	**11915141**	**49.00**	**3.25**
(B)	**Public shareholding**									
B 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	580811	3000	583811	2.40	436952	3000	439952	1.81	(0.59)
(b)	Individuals									

I	i. Individual shareholders holding nominal share capital up to Rs 2 lakh	1873293	155855	2029148	8.34	1468200	147455	1615655	6.64	(1.70)
II	ii. Individual shareholders holding nominal share capital in excess of Rs. 2 lakh.	7523511	41000	7564511	31.11	6734880	-	6734880	27.69	(3.42)
(c)	Any Other	78659	108000	186659	0.77	62874	108000	170874	0.70	0.07
(c-i)	Clearing Member	2793	0	2793	0.01	677832	-	677832	2.79	2.78
(c-ii)	NRI	822903	900978	1723881	7.09	760938	900978	1661916	6.83	0.26
(d)	NBFCs registered with RBI	2500	-	2500	0.01	2750	-	2750	0.01	0.00
	Sub-Total (B)(2)	**10884470**	**1208833**	**12093303**	**49.73**	**10144426**	**1159433**	**11303859**	**46.48**	**(3.25)**
(B)	**Total Public Shareholding (B)= (B 1) + (B 2)**	**11984470**	**1208833**	**13193303**	**54.25**	**11202454**	**1159433**	**12361887**	**51.00**	**(3.25)**
	TOTAL (A)+(B)	**23110167**	**1208833**	**24319000**	**100.00**	**23159567**	**1159433**	**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)	**23110167**	**1208833**	**24319000**	**100.00**	**23159567**	**1159433**	**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 (01/04/2019)**			**Details of Shareholding at the end of the year (31/03/2020)**			**% 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	7109856	29.24	0.00	3.25
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		**11125697**	**45.75**	**0.00**	**11915141**	**49.00**	**0.00**	**3.25**

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

S No.	Name of shareholder	Shareholding: No of shares as on 01.04.2019/ 31.03.2020	Shareholding: % of total shares of the Company *(Refer note)*	Date	Increase/ Decrease in share holding	Reason	Cumulative shareholding during the year *(Refer note)*: No. of shares	Cumulative shareholding during the year *(Refer note)*: % of total shares of the Company
1	Ajay Anand	6320412	25.99	01.04.2019		Market Purchase		25.99
				31.12.2019	41972		6362384	26.16
				30.03.2020	642779		7005163	28.81
				31.03.2020	104693		7109856	29.24
		7109856	29.24	31.03.2020				29.24
2	Ajay Anand (HUF)	662500	2.72	01.04.2019	No Change	N.A.	662500	2.72
		662500	2.72	31.03.2020				2.72
3	Rashmi Anand	343990	1.41	01.04.2019	No Change	N.A.	343990	1.41
		343990	1.41	31.03.2020				1.41
4	Vishnu Anand	168875	0.69	01.04.2019	No Change	N.A.	168875	0.69
		168875	0.69	31.03.2020				0.69
5	Rohina Anand	20875	0.09	01.04.2019	No Change	N.A.	20875	0.09
		20875	0.09	31.03.2020				0.09
6	Sanjay Anand	1117420	4.59	01.04.2019	No Change	N.A.	1117420	4.59
		1117420	4.59	31.03.2020				4.59
7	Instyle Investments Pvt. Ltd.	2394625	9.85	01.04.2019	No Change	N.A.	2394625	9.85
		2394625	9.85	31.03.2020				9.85
8	Anadry Investments Pvt. Ltd.	9500	0.04	01.04.2019	No Change	N.A.	9500	0.04
		9500	0.04	31.03.2020				0.04
9	Mamata Finvest Pvt. Ltd.	87500	0.36	01.04.2019	No Change	N.A.	87500	0.36
		87500	0.36	31.03.2020				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 **(01-04-2019)**	% of total Shares of the company	No. of Shares at end of the year **(31-03-2020)**	% of total Shares of the Company
1	SALIM PYARLI GOVANI	34,76,040	14.29	34,76,040	14.29
2	AJAY SHRIKRISHAN JINDAL	28,12,450	11.56	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	PENTAGON BUILDERS PRIVATE LIMITED	-	-	2,17,671	0.89
6	FALGUNI SHREANS DAGA	-	-	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	CHARANDEEP SINGH	87500	0.36	87500	0.36

v. Shareholding of Directors and Key Managerial Personnel:

Sr. No	Name	Shareholding at the beginning of the year 01/04/2019		Cumulative Shareholding during the year 31/03/2020	
		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	71,09,856	29.24
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 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

(In Crores)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year i.e. **01/04/2019**				
i) Principal Amount	67.07	0.16	-	67.23
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not	0.40	-	-	0.40
Total (i+ii+iii)	**67.47**	**0.16**	-	**67.63**
Change in Indebtedness during the financial year				
• Addition	-	-	-	-
• Reduction	12.46	0.10	-	12.56
Net Change	**(5.99)**	**(0.10)**	-	**(12.56)**
Indebtedness at the end of the financial year i.e. **31/03/2020**				
i) Principal Amount	54.67	0.06	-	54.73
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not	0.34	-	-	0.34
Total (i+ii+iii)	**55.01**	**0.06**	-	**55.07**

F. REMUNERATION TO MANAGING DIRECTOR, WHOLE-TIME DIRECTORS AND/ OR MANAGERS (FY 2019-20):

(In lacs)

S 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	62.70	38.40	101.10
	(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	**62.70**	**38.40**	**101.10**

G. REMUNERATION TO OTHER DIRECTORS:

(In Rs.)

S No.	Particulars	Shweta Jain	Manan Shah	Vinit Rathod	Kartik Jethwa
a.	Fee for attending board meetings / committee meetings	10,000	33,000	33,000	10,000
b.	Commission	--	--	--	--
c.	Others, please specify	--	--	--	--
Total		**10,000**	**33,000**	**33,000**	**10,000**

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

(In Lacs)

S No.	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	52.25	8.00	**60.25**
	(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	**52.25**	**8.00**	**60.25**

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, 2020 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, 2020 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.

Emphasis of Matter

We draw attention to Note 42 to the standalone Ind AS financial statements which states that the management has made an assessment of the impact of COVID-19 on the Company's operations, financial performance and position as at and for the year ended March 31, 2020 and has concluded that there is no impact which is required to be recognised in the standalone Ind AS financial statements. Accordingly, no adjustments have been made to the standalone Ind AS financial statements.

Our opinion is not modified in respect of this matter.

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, 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. 8.87 crores as on March 31, 2020. 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 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 inspection 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.

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 and 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, the Statement of Changes in Equity and the Statement of Cash Flows 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, 2020 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2020 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
UDIN: 20101739AAAACZ6102

Place: Mumbai
Date: June 08, 2020

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF FAZE THREE LIMITED

Auditor's Responsibilities for the Audit of the 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 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 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 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 financial statements, including the disclosures, and whether the 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 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
UDIN: 20101739AAAACZ6102

Place: Mumbai
Date: June 08, 2020

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, 2020

[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 fixed assets (Property, Plant and Equipment).

(b) All the fixed assets were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(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 has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on verification between the physical stocks 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 not granted any loan or given any guarantee or provided any security to any of its directors or to any other person in whom the director is interested, hence compliance of provisions of section 185 of the Act is not applicable to the Company. The Company has complied with the provisions of section 186 with respect to investments made by 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. Accordingly, paragraph 3 (v) of the Order is not applicable to the Company.

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 Provident Fund, Employees' State Insurance, income-tax, goods and services Tax, duty of custom, Cess and other Statutory Dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income tax, goods and service tax, customs duty, 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, and based on the records of the Company, the Company has not defaulted in repayment of dues to the financial institutions and banks. The Company does not have any amount due towards debentures.

ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, the provisions stated in paragraph 3 (ix) of the Order are not applicable to the Company.

x. During the course of our audit, 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 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
UDIN: 20101739AAAACZ6102

Place: Mumbai
Date: June 08, 2020

ANNEXURE C TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF FAZE THREE LIMITED

[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, 2020 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, 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, 2020, 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
UDIN: 20101739AAAACZ6102

Place: Mumbai
Date: June 08, 2020

Standalone Balance Sheet as at 31 March 2020

(Amount in crores, unless otherwise stated)

	Notes	As at 31 March 2020	As at 31 March 2019
ASSETS			
Non-current assets			
Property, plant and equipment	3	124.62	120.57
Capital work-in-progress		0.76	0.39
Right-of-Use Assets	34	12.14	-
Financial assets			
Investments	4	2.65	2.64
Other financial assets	5	2.32	2.00
Other non-current assets	6	1.96	1.67
Deferred tax asset (net)	31	6.30	5.35
Total non-current assets		**150.75**	**132.62**
Current assets			
Inventories	7	59.76	65.68
Financial assets			
Trade receivables	8	45.55	44.96
Cash and cash equivalents	9	14.71	10.90
Bank balances other than cash and cash equivalent	10	1.02	6.02
Other financial assets	11	0.07	0.04
Current tax assets (net)	12	1.17	0.04
Other current assets	13	14.16	10.87
Total current assets		**136.44**	**138.51**
Total assets		**287.19**	**271.13**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	14	24.32	24.32
Other equity	15	179.55	162.11
Total equity		**203.87**	**186.43**
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	16	1.20	2.67
Lease Liabilities	34	10.51	-
Provisions	17	1.44	1.24
Total non-current liabilities		**13.15**	**3.91**
Current liabilities			
Financial liabilities			
Borrowings	18	53.45	63.87
Trade payables	19	6.79	8.30
Other financial liabilities	20	6.31	6.34
Lease Liabilities	34	1.25	-
Provisions	17	1.73	1.66
Current tax liabilities (net)	21	0.05	-
Other current liabilities	22	0.59	0.62
Total current liabilities		**70.17**	**80.79**
Total equity and liabilities		**287.19**	**271.13**

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 : June 8, 2020

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

Standalone Statement of Profit and Loss for the year ended 31 March 2020

(Amount in crores, unless otherwise stated)

	Notes	Year ended 31 March 2020	Year ended 31 March 2019
Income			
Revenue from operations	23	302.19	265.71
Other income	24	4.12	1.77
Total income		**306.31**	**267.48**
Expenses			
Cost of material consumed	25	132.63	116.60
Changes in inventories of finished goods and work-in-progress	26	5.50	0.18
Employee benefits expense	27	52.26	42.62
Finance costs	28	8.61	7.19
Depreciation and amortization expense	29	7.96	5.21
Other expenses	30	77.03	76.62
Total expenses		**283.99**	**248.42**
Profit before tax		**22.32**	**19.06**
Income tax expense			
Current tax	31	4.24	4.10
Deferred tax (net)		(1.20)	(1.33)
Total income tax expense		**3.04**	**2.77**
Profit for the year		**19.28**	**16.29**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Re-measurement losses on defined benefit plans		0.35	0.25
Income tax effect		(0.10)	(0.08)
Other comprehensive income for the year		**0.25**	**0.17**
Total comprehensive income for the year		**19.03**	**16.12**
Earnings per share			
Basic (₹/ Share)	32	7.93	6.70
Diluted (₹/ Share)	32	7.93	6.70

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 : June 8, 2020

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

Statement of Standalone Cash Flows for the year ended March 31, 2020

(Rs. in Crores)

	Year ended 31 March 2020	Year ended 31 March 2019
Cash flow from operating activities		
Profit before tax	22.32	19.06
Adjustments for:		
Transfer from Revaluation Reserve	(0.14)	(0.14)
Depreciation and amortization expenses (including depreciation on right of use assets)	8.10	5.35
Finance cost (including interest on lease liabilities)	6.36	5.34
Interest income	(0.45)	(0.50)
Unrealised (Gain)/ loss on foreign exchange fluctuations (net)	(0.99)	0.43
Operating profit before working capital changes	35.20	29.54
Changes in working capital		
(Decrease)/Increase in trade payables	(1.51)	0.93
Decrease in inventories	5.94	4.08
Decrease/(Increase) in trade receivables	0.39	(5.30)
(Decrease)/Increase in other current liabilities	(0.03)	0.09
Increase/(Decrease) in other financial liabilities	0.66	(0.21)
(Increase)/ decrease in non-current financial assets	(0.57)	-
(Increase)/ decrease in current financial assets	-	0.04
(Decrease)/Increase in Employee benefit obligations	(0.08)	0.12
(Increase) in other non-current assets	(0.28)	-
(Increase)/ decrease in other current assets	(3.93)	10.38
Cash generated from operations	35.79	39.67
Income tax paid (net of refund)	(4.98)	(2.60)
Net cash generated from operating activities (A)	30.81	37.07
Cash flow from Investing activities		
Payment for purchase of property, plant and equipment	(10.51)	(9.83)
Net proceeds from sale of mutual fund	-	0.19
Investment in unquoted investment	(0.01)	-
Interest received	0.32	-
Proceeds from disposal of fixed assets	-	0.23
Proceeds from/Investment in fixed deposits	5.00	(5.95)
Net cash used in investing activities (B)	(5.20)	(15.36)
Cash flow from Financing activities		
Payment of interim dividend	(1.47)	(1.47)
Repayment of borrowings	(12.49)	(6.22)
Repayment of lease liability	(2.43)	-
Interest paid	(5.41)	(5.34)
Net cash used in financing activities (C)	(21.80)	(13.03)
Net increase in cash and cash equivalents (A+B+C)	3.81	8.68
Cash and cash equivalents at the beginning of the year	10.90	2.22
Cash and cash equivalents at the end of the period	14.71	10.90
Cash and cash equivalents comprise		
Balances with banks		
In current accounts	13.07	1.46
Fixed deposits with original maturity of less than three months	-	2.00
Bank balance on EEFC account	1.60	7.40
Cash on hand	0.04	0.04
Total cash and cash equivalents at end of the period	14.71	10.90

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 : June 8, 2020

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

Standalone Statement of changes in equity for the year ended 31 March 2020

(Amount in crores, unless otherwise stated)

(A) Equity share capital	As at March 31, 2020		As at March 31, 2019	
	No. of shares	Amount	No. of shares	Amount
Equity shares of ₹10 each issued, subscribed and fully paid				
Opening	24,319,000	24.32	24,319,000	24.32
Add: issue during the year	-	-	-	-
Closing	**24,319,000**	**24.32**	**24,319,000**	**24.32**

(B) Other equity

Particulars	Reserves and surplus					Total
	Capital Reserve	Asset Revaluation Reserve	Securities premium	General reserve	Retained earnings	
Balance as at 1 April 2019	**5.73**	**55.28**	**24.44**	**94.62**	**(17.96)**	**162.11**
Profit for the year	-	-	-	-	19.28	19.28
Other comprehensive income	-	-	-	-	(0.25)	(0.25)
Transferred to retained earnings	-	(0.14)	-	-	-	(0.14)
Dividend distributed during the year	-	-	-	(1.47)	-	(1.47)
Balance as at 31 March 2020	**5.73**	**55.16**	**24.44**	**93.15**	**1.07**	**179.55**

Particulars	Reserves 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)
Dividend distributed during the year	-	-	-	-	(1.47)	-	(1.47)
Transfer from reserves	-	0.40	-	-	-	-	0.40
Transfer to reserves	(0.40)	-	(0.14)	-	-	-	(0.54)
Balance as at 31 March 2019	**-**	**5.73**	**55.28**	**24.44**	**94.62**	**(17.96)**	**162.11**

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 : June 8, 2020

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

1. General Information

Faze Three Limited, established in 1985, is engaged in manufacturing and exports of home textiles products items viz. bathmats, rugs, blankets, throws, cushions, etc. It has six manufacturing locations across Gujarat, UT of DNHDD and Haryana in India. The company is a direct exporter to top retail store chains in in USA, UK and Europe. The Company is a public listed company incorporated and domiciled in India and has its registered office in Dapada, Silvassa, UT of DNHDD (Dadra and Nagar Haveli and Daman and Diu. 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 8th June, 2020

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.

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

Effective 1st April, 2019, the company has applied Ind AS 116 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under Ind AS 17.

The Company has adopted Indian Accounting Standard (Ind AS) 116 – 'Leases' ('the 'Standard''), with effective from April 1, 2019 using the modified retrospective method under the transitional provisions of Ind AS 116, which is the date of the first application of the standard.

As a Lessee

The Company recognizes a right-of-use asset ("ROU") and a lease liability at the lease commencement date. The ROU is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset, less any lease incentives received.

The ROU Asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and company's incremental borrowing rate. Generally, the company uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortised cost using the effective interest method, except those which is payable other than functional currency which is measured at fair value through P&L. It is re measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, or if company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is re measured in this way, a corresponding adjustment is made to the carrying amount of the ROU Asset, or is recorded in Statement of Profit or Loss if the carrying amount of the ROU Asset has been reduced to zero.

The company presents ROU Asset separately and lease liabilities in 'Financial Liabilities' in the Balance Sheet.

Short-term leases and leases of low-value assets

The Company has elected not to recognise ROU Assets and lease liabilities for

- short term leases that have a lease term of 12 months or lower and
- Leases of low value assets with annual lease rental lesser than or equal to Rs.10 lakhs.

The Company recognises the lease payments associated with these leases as an expense over the lease term.

Under Ind AS 17 for Comparative period

In the comparative period, Leases were 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.

<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).

<u>Fair value through other comprehensive income (FVOCI)</u>: 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.

<u>Fair value through profit or loss</u>: 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.

Notes forming part of the Standalone Financial Statements for the year ended 31 March 2020

(Amount in crores, unless otherwise stated)

3 Property, plant and equipment

	Gross block				Depreciation				Net block	
Particulars	**As at 1 April 2019**	**Additions/ Adjustments**	**Deductions/ Adjustments**	**As at 31 March 2020**	**As at 1 April 2019**	**For the year**	**Deductions/ Adjustments**	**As at 31 March 2020**	**As at 31 March 2020**	**As at 31 March 2019**
Owned assets										
Leasehold land	9.21	-	-	9.21	0.17	0.17	-	0.34	8.87	9.04
Freehold land	52.05	-	-	52.05	-	-	-	-	52.05	52.05
Building	39.77	0.75	-	40.52	18.96	1.16	-	20.12	20.40	20.81
Plant and machinery	86.21	6.48	-	92.69	53.18	3.00	-	56.18	36.51	33.03
Furniture and fixtures	6.78	1.01	-	7.79	4.77	0.75	-	5.52	2.27	2.01
Vehicles	4.30	0.14	-	4.44	2.81	0.28	-	3.09	1.35	1.49
Office equipment	1.89	0.29	-	2.18	1.20	0.25	-	1.45	0.73	0.69
Computers	3.24	0.24	-	3.48	2.78	0.24	-	3.02	0.46	0.46
Electrical installations	5.76	1.22	-	6.98	4.88	0.22	-	5.10	1.88	0.88
Fire hydrants	0.16	-	-	0.16	0.05	0.01	-	0.06	0.10	0.11
Total	**209.37**	**10.13**	**-**	**219.50**	**88.80**	**6.08**	**-**	**94.88**	**124.62**	**120.57**

	Gross block				Depreciation				Net block	
Particulars	**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	9.21	-	-	9.21	-	0.17	-	0.17	9.04	9.21
Freehold land	52.05	-	-	52.05	-	-	-	-	52.05	52.05
Building	39.40	0.37	-	39.77	17.80	1.16	-	18.96	20.81	21.61
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	4.31	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**

3.1 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.

Notes forming part of the Standalone Financial Statements for the year ended 31 March 2020

(Amount in crores, unless otherwise stated)

4

Financial assets- Investments	31 March 2020	31 March 2019
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		
5,000 (31 March, 2019: 2,500) Equity shares of ₹10 each fully paid-up in Saraswat Co-op Bank Limited.	0.01	0.00
40 (31 March, 2019 : 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, 2019: 14,53,042) Equity shares of ₹ 10 each fully paid-up in V.R.Woodart Limited	0.21	0.21
Total	**2.65**	**2.64**
Non- Current	**2.65**	**2.64**
	2.65	**2.64**
Aggregate book value of:		
Quoted investments	0.21	0.21
Unquoted investments	2.44	2.44
Aggregate market value of:		
Quoted investments	0.96	1.18

5

Other financial assets (non-current) (at amortised cost)	31 March 2020	31 March 2019
Security deposits	0.77	1.18
Other receivable	1.42	0.70
Deposit account with banks (remaining maturity of more than 12 months)	0.13	0.12
Total	**2.32**	**2.00**

6

Other non-current assets	31 March 2020	31 March 2019
Capital advance	1.39	0.70
Refund of VAT / service tax receivable	0.57	0.97
Total	**1.96**	**1.67**

7

Inventories *	31 March 2020	31 March 2019
Raw material	21.37	22.07
Work in progress	21.67	19.57
Finished goods	14.38	21.98
Store and spares parts including packing material	1.00	0.96
Dyes and chemicals	1.34	1.10
Total	**59.76**	**65.68**

* Hypothecated as charge against short term - borrowings. Refer note 18.

Notes forming part of the Standalone Financial Statements for the year ended 31 March 2020

(Amount in crores, unless otherwise stated)

8

Trade receivables	31 March 2020	31 March 2019
Unsecured		
-Considered good	45.55	44.96
-Considered doubtful	1.14	-
Less : Allowance for bad and doubtful debts	(1.14)	-
Total	**45.55**	**44.96**
Further classified as:		
Receivable from related parties (Refer note 35)	18.16	15.48
Receivable from others	27.39	29.48
	45.55	**44.96**

9

Cash and cash equivalents	31 March 2020	31 March 2019
Balances with banks		
In current accounts	13.07	1.46
Fixed deposits with original maturity of less than 3 months	-	2.00
Bank balance in EEFC account	1.60	7.40
Cash on hand	0.04	0.04
Total	**14.71**	**10.90**

10

Bank balances other than cash and cash equivalent	31 March 2020	31 March 2019
In Fixed deposit with maturity for more than three months but less than twelve months from balance sheet date	1.00	6.00
Dividend Bank Accounts	0.02	0.02
Total	**1.02**	**6.02**

11

Other financial assets (current)	31 March 2020	31 March 2019
Unsecured, considered good (at amortised cost)		
Interest accrued on fixed deposits	0.07	0.04
Total	**0.07**	**0.04**

12

Current tax assets (net)	31 March 2020	31 March 2019
Advance income tax (net of provisions)	1.17	0.04
Total	**1.17**	**0.04**

13

Other current assets	31 March 2020	31 March 2019
Unsecured, considered good		
Export incentive receivable	7.57	5.08
Advance to suppliers	2.60	1.84
Staff advances	0.12	0.25
GST input credit	0.85	-
GST rebate receivable	2.31	2.27
Prepaid expenses	0.69	1.41
Other receivables	0.02	0.02
Total	**14.16**	**10.87**

Notes forming part of the Standalone Financial Statements for the year ended 31 March 2020

(Amount in crores, unless otherwise stated)

14

Equity share capital	31 March 2020	31 March 2019
Authorized		
2,60,00,000 (31 March 2019: 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 2019: 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 2020		31 March 2019	
	Number of shares	Amount	Number of shares	Amount
Outstanding at the beginning of the year	24,319,000	24.32	24,319,000	24.32
Add: Issued during the year	-	-	-	-
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

	31 March 2020		31 March 2019	
	Number of shares	% of holding in the class	Number of shares	% of holding in the class
Ajay Anand	7,109,856	29.24	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.

(e) The Board of Directors at its meeting held on March 3, 2020 declared Interim Dividend for F.Y. 2019-20 of ₹ 0.50/- per fully paid equity share of ₹ 10/- each on 2,43,19,000 equity shares. The said dividend was paid to the shareholders of the Company on March 24, 2020.

Notes forming part of the Standalone Financial Statements for the year ended 31 March 2020
(Amount in crores, unless otherwise stated)

15 Other equity

	Particulars	31 March 2020	31 March 2019
(A)	**Capital reserve**		
	Opening balance	5.73	5.33
	Add/(Less): Transferred to reserves	-	0.40
	Closing balance	5.73	5.73
(B)	**Securities premium**		
	Opening balance	24.44	24.44
	Add : Securities premium credited on issue of shares	-	-
	Closing balance	24.44	24.44
(C)	**General reserve**		
	Opening balance	94.62	96.09
	Add/ (Less): Distribution of Interim Dividend	(1.47)	(1.47)
	Closing balance	93.15	94.62
(D)	**Revaluation Reserve**		
	Opening balance	55.28	55.42
	Addition / (deletion): transfer to retained earnings	(0.14)	(0.14)
	Closing balance	55.16	55.28
(E)	**Money received against share warrants**		
	Opening balance	-	0.40
	Addition: Moneys received against share warrants	-	-
	Addition / (deletion) : Transferred to capital reserve	-	(0.40)
	Closing balance	-	-
(F)	**Surplus/(deficit) in the statement of profit and loss**		
	Opening balance	(17.96)	(34.08)
	Add: Profit for the year	19.03	16.12
	Closing balance	**1.07**	**(17.96)**
	Total	**179.55**	**162.11**

16

Non-current borrowings	31 March 2020	31 March 2019
Term Loans (secured) (carried at amortised cost)		
From Banks (refer note (i))	-	1.68
Other Loans (Against hypothecation of vehicles) (refer note (ii))	1.20	0.99
Total	**1.20**	**2.67**

(i) Term Loan from Yes Bank :

During the year, the Company has made a full payment towards closure of the term loan availed from Yes Bank.

Notes forming part of the Standalone Financial Statements for the year ended 31 March 2020
(Amount in crores, unless otherwise stated)

(ii) Terms and conditions of Other Loans

Particulars	Loan 1	Loan 2	Loan 3
Maturity date	July 5, 2021	June 5, 2020	May 15, 2020
Number of installments due	16	3	2
Rate of Interest	9.37%	8.51%	9.19%
Payable within one year (amount in (₹))	602,264	74,712	50,433
Payable after one year but not more than five years (amount in (₹))	213,574	-	-
Name of the Financer	HDFC Bank	HDFC Bank	Tata Motors Finance Ltd.

Particulars	Loan 4	Loan 5	Loan 6
Maturity date	December 16, 2021	December 16, 2021	December 17, 2023
Number of installments due	21	21	45
Rate of Interest	10.35%	10.35%	10.35%
Payable within one year (amount in (₹))	18,132	13,779	5,262
Payable after one year but not more than five years (amount in (₹))	5,981,680	3,070,878	2,763,501
Name of the Financer	BMW Financial Services	BMW Financial Services	BMW Financial Services

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. The said loan is availed as the retail finance agreement which has fixed buyback amount of about 60-70% of the original value after 3-4 years of usage of the said vehicle.

17

Provisions	Long term		Short term	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Provision for employee benefits (refer note 33)				
Provision for gratuity (funded)	1.44	1.24	1.73	1.66
Total	**1.44**	**1.24**	**1.73**	**1.66**

18

Short -term borrowings	31 March 2020	31 March 2019
Secured, from bank (carried at amortised cost)		
Packing Credit in Rupee Scheme (PCRS) (refer footnote i)	53.39	63.71
Unsecured, Loans from related parties (refer note 35)	0.06	0.16
Total	**53.45**	**63.87**

Notes forming part of the Standalone Financial Statements for the year ended 31 March 2020

(Amount in crores, unless otherwise stated)

Terms and conditions of loans

(i) PCRS facility from Yes Bank carry interest rate @ 10.35% (March 31, 2019 : 10.75%).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.

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

(ii) Loan from V.R.Woodart Limited, the Associate Company, is repayable on demand.

19

Trade payables	31 March 2020	31 March 2019
Total outstanding dues of micro enterprises and small enterprises * (refer note 43)	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	6.79	8.30
Total	**6.79**	**8.30**

* 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.

20

Other financial liabilities (current) (carried at amortised cost)	31 March 2020	31 March 2019
Current maturities of term loan	-	0.56
Current maturities of vehicle loan	0.08	0.13
Interest accrued but not due	0.34	0.40
Salary & reimbursement payable	2.54	3.47
Expenses payable	3.33	1.76
Dividend payable	0.02	0.02
Total	**6.31**	**6.34**

21

Current tax liabilities (net)	31 March 2020	31 March 2019
Provision for taxation (net of advance)	0.05	-
Total	**0.05**	**-**

22

Other current liabilities	31 March 2020	31 March 2019
Statutory dues payable	0.44	0.54
GST payable (net of input credit)	-	0.03
Advance from customer	0.15	0.05
Total	**0.59**	**0.62**

Notes forming part of the Standalone Financial Statements for the year ended 31 March 2020

(Amount in crores, unless otherwise stated)

23

Revenue from operations	31 March 2020	31 March 2019
Export Sales (refer note 44)	249.97	215.94
Domestic Sales (refer note 44)	28.84	30.48
Export Incentives	23.38	19.29
Total	**302.19**	**265.71**

24

Other income	31 March 2020	31 March 2019
Rental income	0.67	0.56
Interest income	0.45	0.50
Miscellaneous income	0.05	0.22
Job work Income	0.28	0.49
Gain on foreign currency fluctuation	2.67	-
Total	**4.12**	**1.77**

25

Cost of material consumed	31 March 2020	31 March 2019
Inventory at the beginning of the year	23.17	26.01
Add: Purchases	132.17	113.76
Less: Inventory at the end of the year	22.71	23.17
Total	**132.63**	**116.60**

26

Changes in inventories of finished goods and work-in-progress	31 March 2020	31 March 2019
Inventories at the beginning of the year		
-Finished goods	21.98	18.43
-Work-in-progress	19.57	23.29
	41.55	**41.73**
Less: Inventories at the end of the year		
-Finished goods	14.38	21.98
-Work-in-progress	21.67	19.57
	36.05	41.54
Net decrease/ (increase)	**5.50**	**0.18**

27

Employee benefits expense	31 March 2020	31 March 2019
Salaries, wages, bonus and other allowances	48.20	38.69
Contribution to provident fund and other funds	2.75	2.78
Staff welfare expenses	1.31	1.15
Total	**52.26**	**42.62**

Notes forming part of the Standalone Financial Statements for the year ended 31 March 2020

(Amount in crores, unless otherwise stated)

28

Finance costs	**31 March 2020**	**31 March 2019**
Interest on borrowing	6.36	5.34
Bank charges	2.25	1.85
Total	**8.61**	**7.19**

29

Depreciation and amortization expense	**31 March 2020**	**31 March 2019**
Depreciation (refer note 3)	5.91	5.19
Depreciation on Right of Use Assets (refer note 34)	2.02	
Amortisation	0.17	0.17
Less: transfer to revaluation reserve	(0.14)	(0.14)
Total	**7.96**	**5.21**

30

Other expenses	**31 March 2020**	**31 March 2019**
Sewing, stitching,weaving & finishing charges	8.63	9.85
Power & fuel	20.41	20.38
Clearing and forwarding expenses	10.44	7.82
Repairs & maintenance:		
Plant & machinery	3.60	3.24
Building	2.25	2.47
Other manufacturing expenses	9.44	7.61
Rent, rates & taxes (Refer note 34)	2.42	2.50
Stores and spares consumed	2.91	3.63
Audit fees (refer note i below)	0.14	0.13
Miscellaneous expenses	5.53	4.65
Security expenses	1.56	1.12
Courier expenses	1.66	1.32
Travelling, vehicle & conveyance expenses	2.47	2.21
Loss on foreign currency fluctuation	-	4.21
Legal & professional fees	2.21	2.70
Insurance charges	0.54	0.40
Selling & distribution expenses	2.82	2.38
Total	**77.03**	**76.62**

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

	31 March 2020	**31 March 2019**
As auditor:		
Statutory audit	0.13	0.12
Out of pocket expenses	0.01	0.01
Total	**0.14**	**0.13**

Notes forming part of the Standalone Financial Statements for the year ended 31 March 2020
(Amount in crores, unless otherwise stated)

31 Income Tax

(A)

Income Tax recognised in profit or loss	31 March 2020	31 March 2019
Current tax		
In respect of current year	4.24	4.10
	4.24	**4.10**
Deferred tax liabilities		
In respect of current year origination and reversal of temporary differences	(1.20)	(1.33)
	(1.20)	(1.33)
Total Income Tax recognised in profit or loss	**3.04**	**2.77**

(B)

Deferred tax assets/ (liabilities) (net):				
Particulars	**Balance as at 31 March 2019**	**Charge / (Credit) to Profit or Loss & OCI**	**Utilisation of MAT Credit**	**Balance as at 31 March 2020**
Provision for employee benefits	1.07	(0.12)	-	1.19
Unabsorbed depreciation and business losses carried forward	2.35	0.02	-	2.33
Fiscal allowances on property, plant and equipment	(5.78)	0.48	-	(6.27)
On temporary difference on account of leases	-	(0.18)	-	0.18
Minimum alternate tax carried forward	7.71	(1.51)	(0.35)	8.87
Total deferred tax assets / (liabilities), net	**5.35**	**(1.30)**	**(0.35)**	**6.30**

(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 2020	31 March 2019
Profit before tax	22.32	19.06
Statutory Tax Rate	29%	29%
Income tax expense at tax rates applicable	6.50	5.55
Tax effects of:		
- B/f losses and unabsorbed depreciation not recognised as DTA in earlier years	(1.76)	(2.35)
- MAT credit available to the Company not recognised as asset in earlier years	(1.51)	-
- Other items	(0.19)	(0.43)
Income tax expense	**3.04**	**2.77**

Notes forming part of the Standalone Financial Statements for the year ended 31 March 2020
(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 2020	31 March 2019
Profit attributable to equity holders	19.28	16.29
Weighted average number of equity shares for basic EPS	24,319,000	24,319,000
Basic earnings per share (INR)	7.93	6.70
Diluted earnings per share (INR)	7.93	6.70

33 Employee benefit

(A)

Defined Contribution Plans	**31 March 2020**	**31 March 2019**
During the year, the Company has recognized the following amounts in the Statement of Profit and Loss		
Employers' Contribution to Provident Fund and ESIC (Refer note 27)	2.18	1.97
(B) Defined benefit plans		
a) Gratuity payable to employees		
i) Actuarial assumptions		
Discount rate (per annum)	5.76%	6.96%
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%
ii) Changes in the present value of defined benefit obligation	**Employee's gratuity fund**	
Present value of obligation at the beginning of the year	**2.90**	**2.54**
Interest cost	0.20	0.19
Current service cost	0.42	0.37
Benefits paid	(0.65)	(0.45)
Actuarial (gain)/ loss on obligations	0.35	0.25
Present value of obligation at the end of the year*	**3.21**	**2.90**
*Included in provision for employee benefits		
iii) Expense recognized in the Statement of Profit and Loss	**Employee's gratuity fund**	
Current service cost	0.42	0.37
Interest cost	0.20	0.18
Return on plan assets	(0.04)	-
Total expenses recognized in the Statement Profit and Loss*	**0.57**	**0.56**
*Included in Employee benefits expense		

Notes forming part of the Standalone Financial Statements for the year ended 31 March 2020
(Amount in crores, unless otherwise stated)

33 Employee benefits

iv) Assets and liabilities recognized in the Balance Sheet:	**Employee's gratuity fund**	
Present value of unfunded obligation as at the end of the year	3.21	2.90
Fair value of the plan assets at the end of the Period	(0.04)	-
Unfunded net (asset) / liability recognized in Balance Sheet*	**3.17**	**2.90**
*Included in provision for employee benefits (Refer note 17)		
	31 March 2020	**31 March 2019**
v) Expected contribution to the fund in the next year		
Gratuity	0.63	0.61
vi) A quantitative sensitivity analysis for significant assumption as at 31 March 2020 is as shown below:		
Impact on defined benefit obligation	**Employee's gratuity fund**	
Discount rate		
1% increase	(0.14)	(0.12)
1% decrease	0.15	0.13
Employee Turnover		
1% increase	0.00	0.01
1% decrease	(0.01)	(0.01)
Rate of increase in salary		
1% increase	0.16	0.13
1% decrease	(0.14)	(0.12)
vii) Maturity profile of defined benefit obligation	**From the fund**	
Year		
1st Following Year	0.51	0.48
2nd Following Year	0.43	0.41
3rd Following Year	0.41	0.39
4th Following Year	0.38	0.37
5th Following Year	0.34	0.33
Sum of Years 6 to 10	1.22	1.15
Sum of 7th Year and above	1.08	1.03

34 Leases

Leases where Company is a lessee (Ind AS 116):

The right of use assets and corresponding lease liability is recognised for leased factory, office premises & PPE where terms of lease falls within Ind AS 116 warranting this accounting treatment. Both are non-cash adjustments to the financial statements. There is no material impact on profit after tax and earnings per share for the quarter and year ended March 31, 2020, on adoption of Ind AS 116. The effect of initial recognition as per Ind AS 116 is as follows:

Particulars	**As on April 1, 2019**
Lease Liability	(9.86)
Right of Use (ROU) asset	10.75
Reduction in Prepaid Rent	(0.64)
Reduction in Security Deposit	(0.25)
Net Impact on Retained Earnings	-

Notes forming part of the Standalone Financial Statements for the year ended 31 March 2020

(Amount in crores, unless otherwise stated)

(b) The difference between the future minimum lease rental commitments towards non-cancellable operating leases reported as at March 31, 2019 compared to the lease liability as accounted as at April 1, 2019 is primarily due to contracts reassessed as lease contracts under Ind AS 116 and discounting of the lease liabilities as per the requirement of Ind AS 116 and exclusion of the commitments for the leases to which the Company has chosen to apply the practical expedient as per the standard.

(c) Following are the carrying value of Right of Use Assets for the year ended March 31, 2020:

Particulars	Leasehold Building	Vehicles	Total
Gross Block			
As at April 1, 2019	9.86	-	9.86
Reclassified on account of Ind AS 116	0.25	0.63	0.88
Additions / (Deductions)	3.06	0.36	3.42
As at March 31, 2020	13.17	0.99	14.16
Depreciation and amortisation			
As at April 1, 2019	-	-	-
Reclassified on account of Ind AS 116	-	-	-
Additions / (Deductions) for the year	1.76	0.26	2.02
As at March 31, 2020	1.76	0.26	2.02
Net Block			
As at April 1, 2019	-	-	-
As at March 31, 2020	11.41	0.73	12.14

(d) Impact of adoption of Ind AS 116 for the year ended March 31, 2020 is as follows:

Impact on Statement of Profit and Loss for FY20	Year Ended March 31,2020
Decrease in Rent Expenses by	(2.43)
Increase in Finance cost by	1.01
Increase in Depreciation and Amortization by	2.02
Net Impact on Statement of Profit and Loss	**(0.60)**

(e) Lease Expenses recognized in Statement of Profit and Loss, not included in the measurement of lease liabilities:

Particulars	Year Ended March 31,2020
Expenses relating to short-term leases	0.31
Expense relating to low value leases	0.03

(f) Maturity analysis of lease liabilities– contractual undiscounted cash flows:

Particulars	Year Ended March 31,2020
Less than one year	2.36
One to Five years	9.10
More than 5 years	4.89
Total undiscounted lease liabilities at March 31, 2020	16.35
Discounted Lease liabilities included in the statement of financial position at March 31, 2020	
Current lease liability	1.25
Non-Current lease liability	10.51

(g) The Weighted average incremental borrowing rate of 9.86% has been applied for measuring the lease liability in respect of lease liability at the date of initial application.

Notes forming part of the Standalone Financial Statements for the year ended 31 March 2020
(Amount in crores, unless otherwise stated)

(h) Amounts recognised in Statement of Cash Flows:

Particulars	Year Ended March 31,2020
Total cash outflow for leases	2.43

(i) Income from sub leasing of Right to use assets is ₹ Nil.

(j) Reconciliation of opening lease liability

Particulars	Rs. in crores
Lease commitments as at 31 March 2019	2.02
Less: Impact of discounting of lease liabilities	(0.19)
Add/(less): Contracts reassessed as lease contracts	8.67
(Less): Leases classified as low value leases/short term leases	(0.64)
Lease liabilities as on 1 April 2019	**9.86**

Leases where Company is a lessee (Ind AS 17):

(a) Future minimum rentals payable under non-cancellable operating lease

Particulars	Year Ended March 31,2020
Not later than one year	0.67
Later than one year and not later than five years	1.35
More than five years	-

(b) Operating lease payment recognised in the Statement of Profit and Loss amounts to ₹ 0.99 crores for the year ended March 31, 2019.

(c) 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.

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
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 Standalone Financial Statements for the year ended 31 March 2020
(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 2020**	**31 March 2019**
Faze Three Autofab Limited		
Sale of services	22.37	23.64
Purchase of goods	0.77	0.02
Rent income	0.64	0.46
Jobwork expense	0.01	0.02
Reimbursement of Expenses	0.10	0.03
Purchase of fixed assets	0.14	0.38
V.R.Woodart Limited		
Loans repaid during the year	0.10	0.10
ARR Bath & Home Private Limited		
Rent income	0.04	0.15
Jobwork expense	1.86	1.59
Purchase of fixed assets	-	0.28
Sale of goods	0.30	-
Reimbursement of Expenses	0.03	-
Next Interiors Private Limited		
Sale of goods	0.35	0.57
Reimbursement of Expenses	0.07	0.07
(ii) **Wholly owned foreign subsidiary (Faze Three US LLC)**		
Investment	-	-
Sale of goods	2.13	3.58
(iii) **Key Management Personnel (KMP)**		
Compensation of key management personnel (employee benefit)	1.61	1.68
(iv) **Relative of Director**		
Ashok Anand (towards payment of employee benefit)	0.09	0.09
Rohina Anand (towards payment of rent)	0.03	0.06
Vishnu Anand (towards payment of employee benefit)	0.28	0.17
(C) Amount due to related party as on	**31 March 2020**	**31 March 2019**
V.R.Woodart Limited	0.06	0.16
ARR Bath & Home Private Limited	-	0.38
Amount due from related party		
ARR Bath & Home Private Limited	0.06	-
Faze Three US LLC	1.92	1.11
Faze Three Autofab Limited	15.54	13.92
Next Interiors Private Limited	0.64	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 2020, 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.

Notes forming part of the Standalone Financial Statements for the year ended 31 March 2020
(Amount in crores, unless otherwise stated)

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.

The amortized cost using effective interest rate (EIR) of non-current financial assets consisting of security and term deposits are not significantly different from the carrying amount.

Financial assets that are neither past due nor impaired include cash and cash equivalents, security deposits, term deposits, and other financial assets.

The impact of fair value on non-current borrowing, non-current security deposits and non-current term deposits is not material and therefore not considered for above disclosure.

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 2020	31 March 2019
Level 2		
Financial assets measured at fair value through profit or loss		
Investments in unquoted instruments	2.44	2.43
Investments in quoted instruments but not in active markets	0.21	0.21
Level 3	**31 March 2020**	**31 March 2019**
Financial assets measured at amortized cost		
Trade receivables	45.55	44.96
Security deposits	0.77	1.18
Other receivable	1.42	0.70
Interest accrued on fixed deposits	0.07	0.04
Deposit account with banks (remaining maturity of more than 12 months)	0.13	0.12
The carrying amounts of trade receivables, loans and advances, interest on fixed deposits and security deposits are considered to approximate their fair values due to their short term nature. The carrying amounts of long term security deposits given are considered to approximate their fair value.		
Financial liability measured at amortized cost		
Borrowings	54.73	67.23
Trade payables	6.79	8.30
Salary & reimbursement payable	2.54	3.47
Expenses payable	3.33	1.76
Interest accrued but not due	0.34	0.40
Dividend payable	0.02	0.02
The carrying amounts of trade payables, borrowings, salary and expense payableare considered to approximate their fair values due to their short term nature. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including own and counterparty credit risk.		

Notes forming part of the Standalone Financial Statements for the year ended 31 March 2020

(Amount in crores, unless otherwise stated)

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 three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity 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 2020	31 March 2019
Variable rate borrowings	53.39	65.95

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)
F.Y. 2019	100 bps	0.53
F.Y. 2018	100 bps	0.66

(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 2020		31 March 2019	
	INR	USD	INR	USD
Trade receivables (hedged)	0.01	-	-	-
Trade receivables (unhedged)	29.52	0.38	29.76	0.43
Trade Payables (hedged)	-	-	-	-
Trade Payables (unhedged)	-	-	-	-

The following significant rate have been applied during the year	Year End Spot Rate	
INR	31 March 2020	31 March 2019
USD 1	75.39	69.17
EURO 1	83.05	77.70

Notes forming part of the Standalone Financial Statements for the year ended 31 March 2020
(Amount in crores, unless otherwise stated)

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
2020		
USD / INR	0.50%	0.15
2019		
USD / INR	0.50%	0.15

(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.

	Less than 12 months	More than 12 months	Total
31 March 2020			
Trade receivables	45.47	0.08	45.55
Security deposits	-	0.77	0.77
Other receivable	-	1.42	1.42
Interest accrued on fixed deposits	0.07	-	0.07
Deposit account with banks (remaining maturity of more than 12 months)	-	0.13	0.13
31 March 2019			
Trade receivables	44.95	0.01	44.96
Security deposits	-	1.18	1.18
Other receivable	-	0.70	0.70
Interest accrued on fixed deposits	0.04	-	0.04
Deposit account with banks (remaining maturity of more than 12 months)	-	0.12	0.12

(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:

Notes forming part of the Standalone Financial Statements for the year ended 31 March 2020

(Amount in crores, unless otherwise stated)

	Less than 12 months	More than 12 months	Total
31 March 2020			
Short term borrowings	53.53	-	53.53
Long-term borrowings	-	1.20	1.20
Trade payables	6.79	-	6.79
Salary & reimbursement payable	2.54	-	2.54
Expenses payable	3.33	-	3.33
Interest accrued but not due	0.34	-	0.34
Dividend payable	0.02	-	0.02
	66.56	**1.20**	**67.76**
31 March 2019			
Short term borrowings	64.55	-	64.55
Long-term borrowings	-	2.67	2.67
Trade payables	8.30	-	8.30
Salary & reimbursement payable	3.47	-	3.47
Expenses payable	1.76	-	1.76
Interest accrued but not due	0.40	-	0.40
Dividend payable	0.02	-	0.02
	78.51	**2.67**	**81.18**

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. total debt in proportion to its overall financing structure, i.e. equity and debt. 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 2020	31 March 2019
Total equity excluding revaluation reserve	(I)	148.71	131.15
Total debt	(ii)	54.73	67.23
Overall financing	(iii) = (i) + (ii)	203.44	198.38
Gearing ratio	(ii)/ (iii)	0.27	0.34

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2020 and 31 March 2019.

39 Contingent Liability and commitments

Contingent liabilities (to the extent not provided for)

	31 March 2020	31 March 2019
Guarantees and Letter of Credit	0.86	0.80

Notes forming part of the Standalone Financial Statements for the year ended 31 March 2020

(Amount in crores, unless otherwise stated)

40 Corporate social responsibility (CSR)

A) Gross amount required to be spent by the Company towards Corporate Social Responsibility is ₹ 0.29 Crores (31 March 2019 ₹ 0.23 Crores).

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 COVID-19 was declared a global pandemic on 11th March 2020 and consequently the Government of India declared lockdown on 23th March 2020 until May 2020. The pandemic and lockdown impacted normal operations by way of interruption in production, supply chain disruption, customer order deferrals, unavailability of personnel, etc. However, Manufacturing and Exports commenced by first week of May 2020 in all units of the company based on permissions from relevant authorities. The Management has made a detailed assessment on recoverability and carrying value of its assets comprising of Property, Plant and Equipment, Right of use assets, Investments, Deferred Tax Assets, Inventory and Trade Receivables. Based on current visibility of future business environment, economic conditions and liquidity position of the company, the company expects to recover the carrying amount of all the assets.

The management has made an assessment of the impact of COVID-19 on the Company's operations, financial performance and position as at and for the year ended March 31, 2020 and has concluded that there is no impact which is required to be recognised in the financial statements. Accordingly, no adjustments have been made to the financial statements. However, the company shall continue to closely monitor any material developments in the external business environment and future economic conditions which may have significant impact on it business."

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 2020**	**31 March 2019**
(a) (i) The principal amount remining unpaid to any supplier at the end of accounting year included in trade payables	-	-
(ii) Interest due on above	-	-
The total of (i) and (ii)	**-**	**-**
(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 accrued 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.	-	-

Notes forming part of the Standalone Financial Statements for the year ended 31 March 2020

(Amount in crores, unless otherwise stated)

44 The Company is primarily into the business of manufacture and trading of home textile products. The production is made based on orders received from the Customers and revenue is recognised upon satisfaction of performance obligation and transfer of control which is typically upon dispatch. The Company has a credit evaluation policy based on which credit limits for the trade receivable are established. The Company does not give significant credit period resulting in no significant financing component. In compliance with Ind AS 115, variable component of consideration have been recognised as deductions from Revenue.

Reconciliation of revenue as per contract price and as recognised in the statement of Profit and Loss	31 March 2020	31 March 2019
Revenue as per Contract Price	282.25	246.73
less: Sales Commission and Discounts	(3.44)	(0.31)
Revenue as per Statement of Profit and Loss (Export Sales and Domestic Sales)	278.81	246.42

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

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 : June 8, 2020

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

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 (Holding Company and a subsidiary together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2020, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated 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 unaudited financial information of a subsidiary, mentioned in the other matter paragraph of this report, 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, 2020, of consolidated profit (including Other Comprehensive Income), 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 the 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.

Emphasis of Matter

We draw attention to Note 44 to the consolidated Ind AS financial statements which states that the management has made an assessment of the impact of COVID-19 on the Company's operations, financial performance and position as at and for the year ended March 31, 2020 and has concluded that there is no impact which is required to be recognised in the consolidated Ind AS financial statements. Accordingly, no adjustments have been made to the consolidated Ind AS financial statements.

Our opinion is not modified in respect of this matter.

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 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 33 to the consolidated Ind AS financial statements.

The Company has unutilised MAT Credit of Rs. 8.87 crores as on March 31, 2020. 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 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 inspection 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.

Information Other than the Consolidated 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 and 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 Matter

We did not audit the financial information of a wholly owned foreign subsidiary whose financial information reflect total assets of Rs. 1.99 crores as at March 31, 2020, total revenue of Rs. 3.58 crores, net loss after tax of Rs. 1.13 crores and net cash inflow amounting to Rs. 0.29 crores for the year ended March 31, 2020, as considered in the consolidated Ind AS financial statements. This financial information is unaudited and have been furnished to us by the Board of Directors 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 such unaudited financial information. In our opinion and according to the information and explanations given to us by the Board of Directors, 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 financial information certified by the Board of Directors.

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 Statement of Cash Flow 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, 2020 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, 2020 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 Group 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:

    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, 2020.

    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.

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
UDIN: 20101739AAAADA1798

Place: Mumbai
Date: June 08, 2020

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF FAZE THREE LIMITED

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 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 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 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
UDIN: 20101739AAAADA1798

Place: Mumbai
Date: June 08, 2020

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, 2020

[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, 2020]

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 Company as of and for the year ended March 31, 2020, 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").

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Holding company, are 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 respective companies 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 respective 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 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, have, in all material respects, 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, 2020, 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 Matter

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 insofar relates to the Holding Company, as subsidiary company is incorporated outside India.

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

Amrish Vaidya
Partner
Membership No.101739
UDIN: 20101739AAAADA1798

Place: Mumbai
Date: June 08, 2020

Consolidated Balance Sheet as at 31 March 2020 (Amount in crores, unless otherwise stated)

	Notes	As At 31 March 2020	As At 31 March 2019
ASSETS			
Non-current assets			
Property, plant and equipment	3	124.62	120.57
Capital work-in-progress		0.76	0.39
Right-of-Use Assets	34	12.14	-
Financial assets			
Investments	4	0.21	0.21
Other financial assets	5	2.32	2.01
Other non-current assets	6	1.96	1.67
Deferred tax asset (net)	31	6.30	5.35
Total non-current assets		**148.31**	**130.20**
Current assets			
Inventories	7	60.77	66.64
Financial assets			
Trade receivables	8	44.00	44.91
Cash and cash equivalents	9	15.27	11.17
Bank balances other than cash and cash equivalent	10	1.02	6.02
Other financial assets	11	0.07	0.04
Current tax assets (net)	12	1.17	0.04
Other current assets	13	14.16	10.86
Total current assets		**136.46**	**139.68**
Total assets		**284.77**	**269.88**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	14	24.32	24.32
Other equity	15	177.13	160.86
Total equity		**201.45**	**185.18**
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	16	1.20	2.67
Lease Liabilities	34	10.51	-
Provisions	17	1.44	1.24
Total non-current liabilities		**13.15**	**3.91**
Current liabilities			
Financial liabilities			
Borrowings	18	53.45	63.87
Trade payables	19	6.79	8.30
Other financial liabilities	20	6.31	6.34
Lease Liabilities	34	1.25	-
Provisions	17	1.73	1.66
Current tax liabilities (net)	21	0.05	-
Other current liabilities	22	0.59	0.62
Total current liabilities		**70.17**	**80.79**
Total equity and liabilities		**284.77**	**269.88**

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 : June 8, 2020

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

Consolidated Statement of Profit and Loss for year Ended 31st March 2020

(Amount in crores, unless otherwise stated)

	Notes	Year ended 31 March 2020	Year ended 31 March 2019
Income			
Revenue from operations	23	302.17	268.55
Other income	24	4.12	1.77
Total income		**306.29**	**270.32**
Expenses			
Cost of material consumed	25	132.56	118.04
Changes in inventories of finished goods and work-in-progress	26	5.51	1.59
Employee benefits expense	27	52.26	42.62
Finance costs	28	8.61	6.75
Depreciation and amortization expense	29	7.96	5.21
Other expenses	30	78.21	78.29
Total expenses		**285.11**	**252.50**
Profit before tax		**21.18**	**17.82**
Income tax expense			
Current tax	31	4.24	4.10
Deferred tax (net)		(1.20)	(1.33)
Total income tax expense		**3.04**	**2.77**
Profit for the year		**18.14**	**15.05**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Re-measurement losses on defined benefit plans		0.35	0.25
Income tax effect		(0.10)	(0.08)
Other comprehensive income for the year		**0.25**	**0.17**
Total comprehensive income for the year		**17.89**	**14.88**
Earnings per share			
Basic (₹/ Share)	32	7.46	6.19
Diluted (₹/ Share)	32	7.46	6.19

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 : June 8, 2020

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

Statement of Consolidated Cash Flows for the year ended March 31, 2020

(Rs. in Crores)

	Year ended March 31, 2020	Year ended March 31, 2019
Cash flow from operating activities		
Profit before tax	21.18	17.82
Adjustments for:		
Transfer from Revaluation Reserve	(0.14)	(0.14)
Depreciation and amortization expenses (including depreciation on right of use assets)	8.10	5.35
Finance cost (including interest on lease liabilities)	6.36	5.34
Interest income	(0.45)	(0.50)
Unrealised (Gain)/ loss on foreign exchange fluctuations (net)	(0.99)	0.43
Operating profit before working capital changes	34.06	28.30
Changes in working capital		
(Decrease)/Increase in trade payables	(1.51)	0.93
Decrease in inventories	5.85	5.47
Decrease/(Increase) in trade receivables	1.91	(5.25)
(Decrease)/Increase in other current liabilities	(0.03)	0.09
Increase/(Decrease) in other financial liabilities	0.66	(0.21)
(Increase)/ decrease in non-current financial assets	(0.57)	-
(Increase)/ decrease in current financial assets	-	0.04
(Decrease)/Increase in Employee benefit obligations	(0.08)	0.12
(Increase) in other non-current assets	(0.28)	-
(Increase)/ decrease in other current assets	(3.93)	10.38
Cash generated from operations	**36.08**	**39.87**
Income tax paid (net of refund)	(4.98)	(2.60)
Net cash generated from operating activities (A)	**31.10**	**37.27**
Cash flow from Investing activities		
Payment for purchase of property, plant and equipment	(10.51)	(9.83)
Net proceeds from sale of mutual fund	-	0.19
Investment in unquoted investment	(0.01)	-
Interest received	0.32	-
Proceeds from disposal of fixed assets	-	0.23
Proceeds from/Investment in fixed deposits	5.00	(5.95)
Net cash used in investing activities (B)	**(5.20)**	**(15.36)**
Cash flow from Financing activities		
Payment of interim dividend	(1.47)	(1.47)
Repayment of borrowings	(12.49)	(6.22)
Repayment of lease liability	(2.43)	-
Interest paid	(5.41)	(5.34)
Net cash used in financing activities (C)	**(21.80)**	**(13.03)**
Net increase in cash and cash equivalents (A+B+C)	**4.10**	**8.88**
Cash and cash equivalents at the beginning of the year	11.17	2.29
Cash and cash equivalents at the end of the period	15.27	11.17
Cash and cash equivalents comprise		
Balances with banks		
In current accounts	13.63	1.73
Fixed deposits with original maturity of less than three months	-	2.00
Bank balance on EEFC account	1.60	7.40
Cash on hand	0.04	0.04
Total cash and cash equivalents at end of the period	**15.27**	**11.17**

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 : June 8, 2020

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

Consolidated Statement of changes in equity for the year ended 31 March 2020

(Amount in crores, unless otherwise stated)

(A) Equity share capital	As at 31 March 2020		As at 31 March 2019	
	No. of shares	Amount	No. of shares	Amount
Equity shares of ₹10 each issued, subscribed and fully paid				
Opening	24,319,000	24.32	24,319,000	24.32
Add: issue during the year	-	-	-	-
Closing	**24,319,000**	**24.32**	**24,319,000**	**24.32**

(B) Other equity

Particulars	Reserves 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 2019	**0.01**	**-**	**5.73**	**55.28**	**24.44**	**94.62**	**(19.20)**	**160.86**
Profit for the year	-	-	-	-	-	-	18.14	18.14
Other comprehensive income	-	-	-	-	-	-	(0.25)	(0.25)
Transferred to retained earnings	-	-	-	(0.14)	-	-	-	(0.14)
Dividend distributed during the year	-	-	-	-	-	(1.47)	-	(1.47)
Transfer to reserves	(0.06)	-	-	-	-	-	-	(0.06)
Balance as at 31 March 2020	**(0.05)**	**-**	**5.73**	**55.16**	**24.44**	**93.15**	**(1.31)**	**177.13**

Particulars	Reserves 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)
Dividend distributed during the year	-	-	-	-	-	(1.47)	-	(1.47)
Transfer from reserves	-	-	0.40	-	-	-	-	0.40
Transfer to reserves	-	(0.40)	-	(0.14)	-	-	-	(0.54)
Balance as at 31 March 2019	**0.01**	**-**	**5.73**	**55.28**	**24.44**	**94.62**	**(19.20)**	**160.86**

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 : June 8, 2020

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

1. General Information

Faze Three Limited, established in 1985, is engaged in manufacturing and exports of home textiles products items viz. bathmats, rugs, blankets, throws, cushions, etc. It has six manufacturing locations across Gujarat, UT of DNHDD and Haryana in India. The company is a direct exporter to top retail store chains in in USA, UK and Europe. The Company is a public listed company incorporated and domiciled in India and has its registered office in Dapada, Silvassa, UT of DNHDD (Dadra and Nagar Haveli and Daman and Diu. 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 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 consolidated or separate financial statements are approved by the Company's Board of Directors and authorised for issue on 8th June, 2020

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 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 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:

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2020

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.

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

Effective 1st April, 2019, the company has applied Ind AS 116 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under Ind AS 17.
The Company has adopted Indian Accounting Standard (Ind AS) 116 – 'Leases' ('the 'Standard''), with effective from April 1, 2019 using the modified retrospective method under the transitional provisions of Ind AS 116, which is the date of the first application of the standard.

As a Lessee

The Company recognizes a right-of-use asset (“ROU”) and a lease liability at the lease commencement date. The ROU is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset, less any lease incentives received.

The ROU Asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and company’s incremental borrowing rate. Generally, the company uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortised cost using the effective interest method, except those which is payable other than functional currency which is measured at fair value through P&L. It is re measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company’s estimate of the amount expected to be payable under a residual value guarantee, or if company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is re measured in this way, a corresponding adjustment is made to the carrying amount of the ROU Asset, or is recorded in Statement of Profit or Loss if the carrying amount of the ROU Asset has been reduced to zero.

The company presents ROU Asset separately and lease liabilities in ‘Financial Liabilities’ in the Balance Sheet.

Short-term leases and leases of low-value assets

The Company has elected not to recognise ROU Assets and lease liabilities for

- short term leases that have a lease term of 12 months or lower and
- Leases of low value assets with annual lease rental lesser than or equal to Rs.10 lakhs.

The Company recognises the lease payments associated with these leases as an expense over the lease term.

Under Ind AS 17 for Comparative period

In the comparative period, Leases were 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 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.

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2020

(Amount in crores, unless otherwise stated)

3 Property, plant and equipment

	Gross block				Depreciation				Net block	
Particulars	**As at 1 April 2019**	**Additions/ Adjustments**	**Deductions/ Adjustments**	**As at 31 March 2020**	**As at 1 April 2019**	**For the year**	**Deductions/ Adjustments**	**As at 31 March 2020**	**As at 31 March 2020**	**As at 31 March 2019**
Owned assets										
Leasehold land	9.21	-	-	9.21	0.17	0.17	-	0.34	8.87	9.04
Freehold land	52.05	-	-	52.05	-	-	-	-	52.05	52.05
Building	39.77	0.75	-	40.52	18.96	1.16	-	20.12	20.40	20.81
Plant and machinery	86.21	6.48	-	92.69	53.18	3.00	-	56.18	36.51	33.03
Furniture and fixtures	6.78	1.01	-	7.79	4.77	0.75	-	5.52	2.27	2.01
Vehicles	4.30	0.14	-	4.44	2.81	0.28	-	3.09	1.35	1.49
Office equipment	1.89	0.29	-	2.18	1.20	0.25	-	1.45	0.73	0.69
Computers	3.24	0.24	-	3.48	2.78	0.24	-	3.02	0.46	0.46
Electrical installations	5.76	1.22	-	6.98	4.88	0.22	-	5.10	1.88	0.88
Fire hydrants	0.16	-	-	0.16	0.05	0.01	-	0.06	0.10	0.11
Total	**209.37**	**10.13**	**-**	**219.50**	**88.80**	**6.08**	**-**	**94.88**	**124.62**	**120.57**

	Gross block				Depreciation				Net block	
Particulars	**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	9.21	-	-	9.21	-	0.17	-	0.17	9.04	9.21
Freehold land	52.05	-	-	52.05	-	-	-	-	52.05	52.05
Building	39.40	0.37	-	39.77	17.80	1.16	-	18.96	20.81	21.61
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	4.31	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**

3.1 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.

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2020

(Amount in crores, unless otherwise stated)

4

Financial assets- Investments	**31 March 2020**	**31 March 2019**
Investment in Others (Designated and carried at FVTPL)		
Unquoted equity shares		
5,000 (31 March, 2019: 2,500) Equity shares of ₹10 each fully paid-up in Saraswat Co-op Bank Limited.	0.01	0.00
40 (31 March, 2019 : 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, 2019: 14,53,042) Equity shares of ₹ 10 each fully paid-up in V.R.Woodart Limited	0.21	0.21
Total	**0.21**	**0.21**
Non- Current	0.21	0.21
	0.21	**0.21**
Aggregate book value of:		
Quoted investments	0.21	0.21
Unquoted investments	0.01	0.00
Aggregate market value of:		
Quoted investments	0.96	1.18

5

Other financial assets (non-current) (at amortised cost)	**31 March 2020**	**31 March 2019**
Security deposits	0.77	1.18
Other receivable	1.42	0.70
Deposit account with banks (remaining maturity of more than 12 months)	0.13	0.13
Total	**2.32**	**2.01**

6

Other non-current assets	**31 March 2020**	**31 March 2019**
Capital advance	1.39	0.70
Refund of VAT / service tax receivable	0.57	0.97
Total	**1.96**	**1.67**

7

Inventories *	**31 March 2020**	**31 March 2019**
Raw material	22.40	23.03
Work in progress	21.67	19.57
Finished goods	14.37	21.98
Store and spares parts including packing material	0.99	0.96
Dyes and chemicals	1.34	1.10
Total	**60.77**	**66.64**

* Hypothecated as charge against short term - borrowings. Refer note 18.

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2020

(Amount in crores, unless otherwise stated)

8

Trade receivables	31 March 2020	31 March 2019
Unsecured		
-Considered good	44.00	44.91
-Considered doubtful	1.14	-
Less : Allowance for bad and doubtful debts	(1.14)	-
Total	**44.00**	**44.91**
Further classified as:		
Receivable from related parties (Refer note 35)	16.24	14.37
Receivable from others	27.76	30.54
	44.00	**44.91**

9

Cash and cash equivalents	31 March 2020	31 March 2019
Balances with banks		
In current accounts	13.63	1.73
Fixed deposits with original maturity of less than 3 months	-	2.00
Bank balance in EEFC account	1.60	7.40
Cash on hand	0.04	0.04
Total	**15.27**	**11.17**

10

Bank balances other than cash and cash equivalent	31 March 2020	31 March 2019
In Fixed deposit with maturity for more than three months but less than twelve months from balance sheet date	1.00	6.00
Dividend Bank Accounts	0.02	0.02
Total	**1.02**	**6.02**

11

Other financial assets (current)	31 March 2020	31 March 2019
Unsecured, considered good (at amortised cost)		
Interest accrued on fixed deposits	0.07	0.04
Total	**0.07**	**0.04**

12

Current tax assets (net)	31 March 2020	31 March 2019
Advance income tax (net of provisions)	1.17	0.04
Total	**1.17**	**0.04**

13

Other current assets	31 March 2020	31 March 2019
Unsecured, considered good		
Export incentive receivable	7.57	5.08
Advance to suppliers	2.60	1.84
Staff advances	0.12	0.25
GST input credit	0.85	-
GST rebate receivable	2.31	2.27
Prepaid expenses	0.69	1.41
Other receivables	0.02	0.02
Total	**14.16**	**10.86**

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2020

(Amount in crores, unless otherwise stated)

14

Equity share capital	31 March 2020	31 March 2019
Authorized		
2,60,00,000 (31 March 2019: 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 2019: 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 2020		31 March 2019	
	Number of shares	Amount	Number of shares	Amount
Outstanding at the beginning of the year	24,319,000	24.32	24,319,000	24.32
Add: Issued during the year	-	-	-	-
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 Shareholder	31 March 2020		31 March 2019	
	Number of shares	% of holding in the class	Number of shares	% of holding in the class
Ajay Anand	7,109,856	29.24	6,320,412	25.99
Instyle Investments 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.

(e) The Board of Directors at its meeting held on March 3, 2020 declared Interim Dividend for F.Y. 2019-20 of ₹ 0.50/- per fully paid equity share of ₹ 10/- each on 2,43,19,000 equity shares. The said dividend was paid to the shareholders of the Company on March 24, 2020.

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2020

(Amount in crores, unless otherwise stated)

15 Other equity

	Particulars	31 March 2020	31 March 2019
(A)	**Foreign currency translation reserve**		
	Opening Balance	0.01	0.01
	Add: Transfer to reserves	(0.06)	-
	Closing Balance	(0.05)	0.01
(B)	**Capital reserve**		
	Opening balance	5.73	5.33
	Add/(Less): Transferred to reserves	-	0.40
	Closing balance	5.73	5.73
(C)	**Securities premium**		
	Opening balance	24.44	24.44
	Add : Securities premium credited on issue of shares	-	-
	Closing balance	24.44	24.44
(D)	**General reserve**		
	Opening balance	94.62	96.09
	Add/ (Less): Distribution of Interim Dividend	(1.47)	(1.47)
	Closing balance	93.15	94.62
(E)	**Revaluation Reserve**		
	Opening balance	55.28	55.42
	Addition / (deletion): transfer to retained earnings	(0.14)	(0.14)
	Closing balance	55.16	55.28
(F)	**Money received against share warrants**		
	Opening balance	-	0.40
	Addition: Moneys received against share warrants	-	-
	Addition / (deletion) : Transferred to capital reserve *	-	(0.40)
	Closing balance	-	-
G)	**Surplus/(deficit) in the statement of profit and loss**		
	Opening balance	(19.20)	(34.08)
	Add: Profit for the year	17.89	14.88
	Closing balance	(1.30)	(19.20)
	Total	**177.13**	**160.86**

16

Non-current borrowings	31 March 2020	31 March 2019
Term Loans (secured) (carried at amortised cost)		
From Banks (refer note (i))	-	1.68
Other Loans (Against hypothecation of vehicles) (refer note (ii))	1.20	0.99
Total	**1.20**	**2.67**

(i) Term Loan from Yes Bank :

During the year, the Company has made a full payment towards closure of the term loan availed from Yes Bank.

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2020

(Amount in crores, unless otherwise stated)

(ii) Terms and conditions of Other Loans

Particulars	Loan 1	Loan 2	Loan 3
Maturity date	July 5, 2021	June 5, 2020	May 15, 2020
Number of installments due	16	3	2
Rate of Interest	9.37%	8.51%	9.19%
Payable within one year (amount in (₹))	602,264	74,712	50,433
Payable after one year but not more than five years (amount in (₹))	213,574	-	-
Name of the Financer	HDFC Bank	HDFC Bank	Tata Motors Finance Ltd.

Particulars	Loan 4	Loan 5	Loan 6
Maturity date	December 16, 2021	December 16, 2021	December 17, 2023
Number of installments due	21	21	45
Rate of Interest	10.35%	10.35%	10.35%
Payable within one year (amount in (₹))	18,132	13,779	5,262
Payable after one year but not more than five years (amount in (₹))	5,981,680	3,070,878	2,763,501
Name of the Financer	BMW Financial Services	BMW Financial Services	BMW Financial Services

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. The said loan is availed as the retail finance agreement which has fixed buyback amount of about 60-70% of the original value after 3-4 years of usage of the said vehicle.

17

Provisions	**Long term**		**Short term**	
	31 March 2020	**31 March 2019**	**31 March 2020**	**31 March 2019**
Provision for employee benefits (refer note 33)				
Provision for gratuity (funded)	1.44	1.24	1.73	1.66
Total	**1.44**	**1.24**	**1.73**	**1.66**

18

Short -term borrowings	**31 March 2020**	**31 March 2019**
Secured, from bank (carried at amortised cost)		
Packing Credit in Rupee Scheme (PCRS) (refer footnote i)	53.39	63.71
Unsecured, Loans from related parties (refer note 35)	0.06	0.16
Total	**53.45**	**63.87**

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2020

(Amount in crores, unless otherwise stated)

Terms and conditions of loans

(i) PCRS facility from Yes Bank carry interest rate @ 10.35% (March 31, 2019 : 10.75%).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.
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, is repayable on demand.

19

Trade payables	31 March 2020	31 March 2019
Total outstanding dues of micro enterprises and small enterprises * (refer note 43)	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	6.79	8.30
Total	**6.79**	**8.30**

* 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.

20

Other financial liabilities (current) (carried at amortised cost)	31 March 2020	31 March 2019
Current maturities of term loan	-	0.56
Current maturities of vehicle loan	0.08	0.13
Interest accrued but not due	0.34	0.40
Salary & reimbursement payable	2.54	3.47
Expenses payable	3.33	1.76
Dividend payable	0.02	0.02
Total	**6.31**	**6.34**

21

Current tax liabilities (net)	31 March 2020	31 March 2019
Provision for taxation (net of advance)	0.05	-
Total	**0.05**	**-**

22

Other current liabilities	31 March 2020	31 March 2019
Statutory dues payable	0.44	0.54
GST payable (net of input credit)	-	0.03
Advance from customer	0.15	0.05
Total	**0.59**	**0.62**

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2020

(Amount in crores, unless otherwise stated)

23

Revenue from operations	31 March 2020	31 March 2019
Export Sales (refer note 44)	249.95	218.78
Domestic Sales (refer note 44)	28.84	30.48
Export Incentives	23.38	19.29
Total	**302.17**	**268.55**

24

Other income	31 March 2020	31 March 2019
Rental income	0.67	0.56
Interest income	0.45	0.50
Miscellaneous income	0.05	0.22
Job work Income	0.28	0.49
Gain on foreign currency fluctuation	2.67	-
Total	**4.12**	**1.77**

25

Cost of material consumed	31 March 2020	31 March 2019
Inventory at the beginning of the year	24.13	28.41
Add: Purchases	132.17	113.76
Less: Inventory at the end of the year	23.74	24.13
Total	**132.56**	**118.04**

26

Changes in inventories of finished goods and work-in-progress	31 March 2020	31 March 2019
Inventories at the beginning of the year		
-Finished goods	21.98	19.85
-Work-in-progress	19.57	23.29
	41.55	**43.14**
Less: Inventories at the end of the year		
-Finished goods	14.37	21.98
-Work-in-progress	21.67	19.57
	36.04	41.55
Net decrease/ (increase)	**5.51**	**1.59**

27

Employee benefits expense	31 March 2020	31 March 2019
Salaries, wages, bonus and other allowances	48.20	38.69
Contribution to provident fund and other funds	2.75	2.78
Staff welfare expenses	1.31	1.15
Total	**52.26**	**42.62**

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2020

(Amount in crores, unless otherwise stated)

28

Finance costs	31 March 2020	31 March 2019
Interest on borrowing	6.36	5.34
Bank charges	2.25	1.41
Total	**8.61**	**6.75**

29

Depreciation and amortization expense	31 March 2020	31 March 2019
Depreciation (refer note 3)	5.91	5.19
Depreciation on Right of Use Assets (refer note 34)	2.02	-
Amortisation	0.17	0.17
Less: transfer to revaluation reserve	(0.14)	(0.14)
Total	**7.96**	**5.21**

30

Other expenses	31 March 2020	31 March 2019
Sewing, stitching,weaving & finishing charges	8.63	9.85
Power & fuel	20.41	20.38
Clearing and forwarding expenses	10.65	8.05
Repairs & maintenance:		
Plant & machinery	3.60	3.24
Building	2.25	2.47
Other manufacturing expenses	9.44	7.66
Rent, rates & taxes (Refer note 34)	2.89	2.86
Stores and spares consumed	2.91	3.63
Audit fees (refer note i below)	0.14	0.13
Miscellaneous expenses	5.53	5.12
Security expenses	1.56	1.12
Courier expenses	1.66	1.36
Travelling, vehicle & conveyance expenses	2.47	2.21
Loss on foreign currency fluctuation	-	4.21
Legal & professional fees	2.68	3.16
Insurance charges	0.54	0.40
Selling & distribution expenses	2.85	2.44
Total	**78.21**	**78.29**

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

	31 March 2020	31 March 2019
As auditor:		
Statutory audit	0.13	0.12
Out of pocket expenses	0.01	0.01
Total	**0.14**	**0.13**

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2020
(Amount in crores, unless otherwise stated)

31 Income Tax
(A)

Income Tax recognised in profit or loss	31 March 2020	31 March 2019
Current tax		
In respect of current year	4.24	4.10
	4.24	4.10
Deferred tax liabilities		
In respect of current year origination and reversal of temporary differences	(1.20)	(1.33)
	(1.20)	(1.33)
Total Income Tax recognised in profit or loss	**3.04**	**2.77**

(B)

Deferred tax assets/ (liabilities) (net):				
Particulars	**Balance as at 31 March 2019**	**Charge / (Credit) to Profit or Loss & OCI**	**Utilisation of MAT Credit**	**Balance as at 31 March 2020**
Provision for employee benefits	1.07	(0.12)	-	1.19
Unabsorbed depreciation and business losses carried forward	2.35	0.02	-	2.33
Fiscal allowances on property, plant and equipment	(5.78)	0.48	-	(6.27)
On Temporary Difference on account of leases	-	(0.18)	-	0.18
Minimum alternate tax carried forward	7.71	(1.51)	(0.35)	8.87
Total deferred tax assets / (liabilities), net	**5.35**	**(1.30)**	**(0.35)**	**6.30**

(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 2020**	**31 March 2019**
Profit before tax	21.18	17.82
Statutory Tax Rate	29%	29%
Income tax expense at tax rates applicable	6.17	5.19
Tax effects of:		
- B/f losses and unabsorbed depreciation not recognised as DTA in earlier years	(1.76)	(2.35)
- MAT credit available to the Company not recognised as asset in earlier years	(1.51)	-
- Other items	0.15	(0.07)
Income tax expense	**3.04**	**2.77**

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2020
(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 2020	31 March 2019
Profit attributable to equity holders	18.14	15.05
Weighted average number of equity shares for basic EPS	24,319,000	24,319,000
Basic earnings per share (INR)	7.46	6.19
Diluted earnings per share (INR)	7.46	6.19

33 Employee benefits

(A) Defined Contribution Plans	**31 March 2020**	**31 March 2019**
During the year, the Company has recognized the following amounts in the Statement of Profit and Loss		
Employers' Contribution to Provident Fund and ESIC (Refer note 27)	2.18	1.97
(B) Defined benefit plans		
a) Gratuity payable to employees		
i) Actuarial assumptions		
Discount rate (per annum)	5.76%	6.96%
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%
ii) Changes in the present value of defined benefit obligation	**Employee's gratuity fund**	
Present value of obligation at the beginning of the year	**2.90**	**2.54**
Interest cost	0.20	0.19
Current service cost	0.42	0.37
Benefits paid	(0.65)	(0.45)
Actuarial (gain)/ loss on obligations	0.35	0.25
Present value of obligation at the end of the year*	**3.21**	**2.90**
*Included in provision for employee benefits		
iii) Expense recognized in the Statement of Profit and Loss	**Employee's gratuity fund**	
Current service cost	0.42	0.37
Interest cost	0.20	0.18
Return on plan assets	(0.04)	-
Total expenses recognized in the Statement Profit and Loss*	**0.57**	**0.56**
*Included in Employee benefits expense		

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2020

(Amount in crores, unless otherwise stated)

33 Employee benefits

iv) Assets and liabilities recognized in the Balance Sheet:	Employee's gratuity fund	
Present value of unfunded obligation as at the end of the year	3.21	2.90
Fair value of the plan assets at the end of the Period	(0.04)	-
Unfunded net (asset) / liability recognized in Balance Sheet*	**3.17**	**2.90**
*Included in provision for employee benefits (Refer note 17)		
	31 March 2020	**31 March 2019**
v) Expected contribution to the fund in the next year		
Gratuity	0.63	0.61
vi) A quantitative sensitivity analysis for significant assumption as at 31 March 2020 is as shown below:		
Impact on defined benefit obligation	**Employee's gratuity fund**	
Discount rate		
1% increase	(0.14)	(0.12)
1% decrease	0.15	0.13
Employee Turnover		
1% increase	0.00	0.01
1% decrease	(0.01)	(0.01)
Rate of increase in salary		
1% increase	0.16	0.13
1% decrease	(0.14)	(0.12)
vii) Maturity profile of defined benefit obligation	**From the fund**	
Year		
1st Following Year	0.51	0.48
2nd Following Year	0.43	0.41
3rd Following Year	0.41	0.39
4th Following Year	0.38	0.37
5th Following Year	0.34	0.33
Sum of Years 6 to 10	1.22	1.15
Sum of 7th Year and above	1.08	1.03

34 Leases

Leases where Company is a lessee (Ind AS 116):

The right of use assets and corresponding lease liability is recognised for leased factory, office premises & PPE where terms of lease falls within Ind AS 116 warranting this accounting treatment. Both are non-cash adjustments to the financial statements. There is no material impact on profit after tax and earnings per share for the quarter and year ended March 31, 2020, on adoption of Ind AS 116. The effect of initial recognition as per Ind AS 116 is as follows:

Particulars	As on April 1, 2019
Lease Liability	(9.86)
Right of Use (ROU) asset	10.75
Reduction in Prepaid Rent	(0.64)
Reduction in Security Deposit	(0.25)
Net Impact on Retained Earnings	-

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2020

(Amount in crores, unless otherwise stated)

(b) The difference between the future minimum lease rental commitments towards non-cancellable operating leases reported as at March 31, 2019 compared to the lease liability as accounted as at April 1, 2019 is primarily due to contracts reassessed as lease contracts under Ind AS 116 and discounting of the lease liabilities as per the requirement of Ind AS 116 and exclusion of the commitments for the leases to which the Company has chosen to apply the practical expedient as per the standard.

(c) Following are the carrying value of Right of Use Assets for the year ended March 31, 2020:

Particulars	Leasehold Building	Vehicles	Total
Gross Block			
As at April 1, 2019	9.86	-	9.86
Reclassified on account of Ind AS 116	0.25	0.63	0.88
Additions / (Deductions)	3.06	0.36	3.42
As at March 31, 2020	13.17	0.99	14.16
Depreciation and amortisation			
As at April 1, 2019	-	-	-
Reclassified on account of Ind AS 116	-	-	-
Additions / (Deductions) for the year	1.76	0.26	2.02
As at March 31, 2020	1.76	0.26	2.02
Net Block			
As at April 1, 2019	-	-	-
As at March 31, 2020	11.41	0.73	12.14

(d) Impact of adoption of Ind AS 116 for the year ended March 31, 2020 is as follows:

Impact on Statement of Profit and Loss for F.Y.20	Year Ended March 31,2020
Decrease in Rent Expenses by	(2.43)
Increase in Finance cost by	1.01
Increase in Depreciation and Amortization by	2.02
Net Impact on Statement of Profit and Loss	(0.60)

(e) Lease Expenses recognized in Statement of Profit and Loss, not included in the measurement of lease liabilities:

Particulars	Year Ended March 31,2020
Expenses relating to short-term leases	0.31
Expense relating to low value leases	0.03

(f) Maturity analysis of lease liabilities– contractual undiscounted cash flows:

Particulars	Year Ended March 31,2020
Less than one year	2.36
One to Five years	9.10
More than 5 years	4.89
Total undiscounted lease liabilities at March 31, 2020	16.35
Discounted Lease liabilities included in the statement of financial position at March 31, 2020	
Current lease liability	1.25
Non-Current lease liability	10.51

(g) The Weighted average incremental borrowing rate of 9.86% has been applied for measuring the lease liability in respect of lease liability at the date of initial application.

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2020

(Amount in crores, unless otherwise stated)

(h) Amounts recognised in Statement of Cash Flows:

Particulars	Year Ended March 31,2020
Total cash outflow for leases	2.43

(i) Income from sub leasing of Right to use assets is ₹ Nil. ..

(j) Reconciliation of opening lease liability

Particulars	Rs. in crores
Lease commitments as at 31 March 2019	2.02
Less: Impact of discounting of lease liabilities	(0.19)
Add/(less): Contracts reassessed as lease contracts	8.67
(Less): Leases classified as low value leases/short term leases	(0.64)
Lease liabilities as on 1 April 2019	**9.86**

Leases where Company is a lessee (Ind AS 17):

(a) Future minimum rentals payable under non-cancellable operating lease

Particulars	Year Ended March 31,2020
Not later than one year	0.67
Later than one year and not later than five years	1.35
More than five years	-

(b) Operating lease payment recognised in the Statement of Profit and Loss amounts to ₹ 0.99 crores for the year ended March 31, 2019.

(c) 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.

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
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
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 2020

(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 2020**	**31 March 2019**
Faze Three Autofab Limited		
Sale of services	22.37	23.64
Purchase of goods	0.77	0.02
Rent income	0.64	0.46
Jobwork expense	0.01	0.02
Reimbursement of Expenses	0.10	0.03
Purchase of fixed assets	0.14	0.38
V.R.Woodart Limited		
Loans repaid during the year	0.10	0.10
ARR Bath & Home Private Limited		
Rent income	0.04	0.15
Jobwork expense	1.86	1.59
Purchase of fixed assets	-	0.28
Sale of goods	0.30	-
Reimbursement of Expenses	0.03	-
Next Interiors Private Limited		
Sale of goods	0.35	0.57
Reimbursement of Expenses	0.07	0.07
(ii) **Key Management Personnel (KMP)**		
Compensation of key management personnel (employee benefit)	1.61	1.68
(iii) **Relative of Director**		
Ashok Anand (towards payment of employee benefit)	0.09	0.09
Rohina Anand (towards payment of rent)	0.03	0.06
Vishnu Anand (towards payment of employee benefit)	0.28	0.17

(C) Amount due to related party as on	**31 March 2020**	**31 March 2019**
V.R.Woodart Limited	0.06	0.16
ARR Bath & Home Private Limited	-	0.38
Amount due from related party		
ARR Bath & Home Private Limited	0.06	-
Faze Three Autofab Limited	15.54	13.92
Next Interiors Private Limited	0.64	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 2020, 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.

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2020

(Amount in crores, unless otherwise stated)

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.

The amortized cost using effective interest rate (EIR) of non-current financial assets consisting of security and term deposits are not significantly different from the carrying amount.

Financial assets that are neither past due nor impaired include cash and cash equivalents, security deposits, term deposits, and other financial assets.

The impact of fair value on non-current borrowing, non-current security deposits and non-current term deposits is not material and therefore not considered for above disclosure.

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 2020	31 March 2019
Level 2		
Financial assets measured at fair value through profit or loss		
Investments in unquoted instruments	0.01	0.00
Investments in quoted instruments but not in active markets	0.21	0.21
Level 3	**31 March 2020**	**31 March 2019**
Financial assets measured at amortized cost		
Trade receivables	44.00	44.91
Security deposits	0.77	1.18
Other receivable	1.42	0.70
Interest accrued on fixed deposits	0.07	0.04
Deposit account with banks (remaining maturity of more than 12 months)	0.13	0.13
The carrying amounts of trade receivables, loans and advances, interest on fixed deposits and security deposits are considered to approximate their fair values due to their short term nature. The carrying amounts of long term security deposits given are considered to approximate their fair value.		
Financial liability measured at amortized cost		
Borrowings	54.73	67.23
Trade payables	6.79	8.30
Salary & reimbursement payable	2.54	3.47
Expenses payable	3.33	1.76
Interest accrued but not due	0.34	0.40
Dividend payable	0.02	0.02
The carrying amounts of trade payables, borrowings, salary and expense payable are considered to approximate their fair values due to their short term nature. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including own and counterparty credit risk.		

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2020

(Amount in crores, unless otherwise stated)

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 three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity 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 balance portfolio of fix and variable rate loans and borrowing.

	31 March 2020	**31 March 2019**
Variable rate borrowings	53.39	65.95

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)**
F.Y. 2019	100 bps	0.53
F.Y. 2018	100 bps	0.66

(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 2020**		**31 March 2019**	
	INR	**USD**	**INR**	**USD**
Trade receivables (hedged)	0.01	-	-	-
Trade receivables (unhedged)	29.52	0.38	29.76	0.43
Trade Payables (hedged)	-	-	-	-
Trade Payables (unhedged)	-	-	-	-

The following significant rate have been applied during the year	**Year End Spot Rate**	
INR	**31 March 2020**	**31 March 2019**
USD 1	75.39	69.17
EURO 1	83.05	77.70

(Amount in crores, unless otherwise stated)

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
2020		
USD / INR	0.50%	0.15
2019		
USD / INR	0.50%	0.15

(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.

	Less than 12 months	More than 12 months	Total
31 March 2020			
Trade receivables	43.92	0.08	44.00
Security deposits	-	0.77	0.77
Other receivable	-	1.42	1.42
Interest accrued on fixed deposits	0.07	-	0.07
Deposit account with banks (remaining maturity of more than 12 months)	-	0.13	0.13
31 March 2019			
Trade receivables	44.90	0.01	44.91
Security deposits	-	1.18	1.18
Other receivable	-	0.70	0.70
Interest accrued on fixed deposits	0.04	-	0.04
Deposit account with banks (remaining maturity of more than 12 months)	-	0.13	0.13

(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:

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2020

(Amount in crores, unless otherwise stated)

	Less than 12 months	More than 12 months	Total
31 March 2020			
Short term borrowings	53.53	-	53.53
Long-term borrowings	-	1.20	1.20
Trade payables	6.79	-	6.79
Salary & reimbursement payable	2.54	-	2.54
Expenses payable	3.33	-	3.33
Interest accrued but not due	0.34	-	0.34
Dividend payable	0.02	-	0.02
	66.56	**1.20**	**67.76**
31 March 2019			
Short term borrowings	64.55	-	64.55
Long-term borrowings	-	2.67	2.67
Trade payables	8.30	-	8.30
Salary & reimbursement payable	3.47	-	3.47
Expenses payable	1.76	-	1.76
Interest accrued but not due	0.40	-	0.40
Dividend payable	0.02	-	0.02
	78.51	**2.67**	**81.18**

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. total debt in proportion to its overall financing structure, i.e. equity and debt. 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 2020	31 March 2019
Total equity excluding revaluation reserve	(i)	146.29	129.90
Total debt	(ii)	54.73	67.23
Overall financing	(iii) = (i) + (ii)	201.02	197.13
Gearing ratio	(ii)/ (iii)	0.27	0.34

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2020 and 31 March 2019.

39 Contingent Liability and commitments

Contingent liabilities (to the extent not provided for)

	31 March 2020	31 March 2019
Guarantees and Letter of Credit	0.86	0.80

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2020

(Amount in crores, unless otherwise stated)

40 Corporate social responsibility (CSR)

A) Gross amount required to be spent by the Company towards Corporate Social Responsibility is ₹ 0.29 Crores (31 March 2019 ₹ 0.23 crores).

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 COVID-19 was declared a global pandemic on 11th March 2020 and consequently the Government of India declared lockdown on 23rd March 2020 until May 2020. The pandemic and lockdown impacted normal operations by way of interruption in production, supply chain disruption, customer order deferrals, unavailability of personnel, etc. However, Manufacturing and Exports commenced by first week of May 2020 in all units of the company based on permissions from relevant authorities. The Management has made a detailed assessment on recoverability and carrying value of its assets comprising of Property, Plant and Equipment, Right of use assets, Investments, Deferred Tax Assets, Inventory and Trade Receivables. Based on current visibility of future business environment, economic conditions and liquidity position of the company, the company expects to recover the carrying amount of all the assets.

The management has made an assessment of the impact of COVID-19 on the Company's operations, financial performance and position as at and for the year ended March 31, 2020 and has concluded that there is no impact which is required to be recognised in the financial statements. Accordingly, no adjustments have been made to the financial statements. However, the company shall continue to closely monitor any material developments in the external business environment and future economic conditions which may have significant impact on it business.

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 2020	31 March 2019
(a) (i) The principal amount remining unpaid to any supplier at the end of accounting year included in trade payables	-	-
(ii) Interest due on above	-	-
The total of (i) and (ii)	**-**	**-**
(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 accrued 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.	-	-

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2020

(Amount in crores, unless otherwise stated)

44 The Company is primarily into the business of manufacture and trading of home textile products. The production is made based on orders received from the Customers and revenue is recognised upon satisfaction of performance obligation and transfer of control which is typically upon dispatch. The Company has a credit evaluation policy based on which credit limits for the trade receivable are established. The Company does not give significant credit period resulting in no significant financing component. In compliance with Ind AS 115, variable component of consideration have been recognised as deductions from Revenue.

Reconciliation of revenue as per contract price and as recognised in the statement of Profit and Loss	**31 March 2020**	**31 March 2019**
Revenue as per Contract Price	282.23	249.57
less: Sales Commission and Discounts	(3.44)	(0.31)
Revenue as per Statement of Profit and Loss (Export Sales and Domestic Sales)	**278.79**	**249.26**

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

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 : June 8, 2020

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

Form No. AOC - 1
to the financial statements for the year ended 31st March 2020

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 INR)

Name of the subsidiary	**Faze Three US LLC** (Foreign Wholly owned subsidiary)
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, 2019 - March 31,2020
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, 2020 - 1 USD = INR 75.3859
	(Amount in INR Crores)
Share Capital	2.44
Reserves & surplus	(2.75)
Total assets	1.99
Total liabilities	1.99
Investments	-
Turnover	3.58
Profit / (Loss) before taxation	(1.13)
Provision for taxation	-
Profit / (Loss) after taxation	(1.13)
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

Place: Mumbai
Date: June 08, 2020