



**30th Annual Report
2014-2015**

BOARD OF DIRECTORS AND MANAGEMENT TEAM

Mr. Ajay Anand	Chairman & Managing Director
Mr. Sanjay Anand	Whole Time Director
Mr. Vasudeva Rao	Director
Mr. Rajiv Rai Sachdev	Director
Mr. Martin Golla	Sr. VP-Legal & Company Secretary

STATUTORY AUDITORS

M/s Thakur Vaidyanath Aiyar & Co.
Chartered Accountants, Mumbai.

ADVOCATES & SOLICITORS

Vikram Philip & Associates

BOARD COMMITTEES

Audit Committee

Vasudeva Rao	Chairman
Sanjay Anand	Member
Rajiv Rai Sachdev	Member
Ajay Anand	Member

Share Transfer Committee

Rajiv Rai Sachdev	Chairman
Vasudeva Rao	Member
Sanjay Anand	Member

Shareholders/ Investors

Grievances Committee

Rajiv Rai Sachdev	Chairman
Vasudeva Rao	Member
Ajay Anand	Member

Remuneration Committee

Vasudeva Rao	Chairman
Rajiv Rai Sachdev	Member

BANKERS

Canara Bank
Allahabad Bank

REGISTERED OFFICE

Survey No. 380/1, Khanvel Silvassa Road,
Dapada – 396230
Union Territory of Dadra & Nagar Haveli.
Ph: +91(0) 260 2699323
Fax: +91(0) 260 2699322
Email: investors@fazethree.com
Website: www.fazethree.com

CORPORATE OFFICE

1-2, Shiv Smriti Chambers, 49-A, Dr. Annie
Besant Road, Worli, Mumbai – 400 018.
Phone : 022 6660 4600 / 4351 4444
Fax : 022 2493 6811

REGISTRAR AND TRANSFER AGENTS:

Sharex Dynamic (India) Pvt. Ltd.
Unit-1, Luthra Industrial Premises,
Andheri – Kurla Road, Safed Pool,
Andheri (East), Mumbai – 400 072.
Phone: 022 2851 5606 / 5644
Website: www.sharexindia.com
Email: sharexindia@vsnl.com

FAZE THREE LIMITED

30th ANNUAL REPORT FOR THE YEAR ENDED 31ST MARCH 2015

SHAREHOLDER INFORMATION

1. Date of Annual General Meeting : Tuesday, 29th September, 2015
2. Time and Venue : 12.00 Noon - Plot No. 146,
Waghdhara Village Road,
Dadra – 396 191
UT of Dadra & Nagar Haveli
3. Book Closure : Wednesday, 23rd September 2015 to Tuesday,
29th September, 2015 (Both Days Inclusive)
4. Investors' Complaints Addressed To : Corporate Office:
Faze Three Limited,
1-2, Shiv Smriti Chambers, 49-A,
Dr. Annie Besant Road, Worli,
Mumbai – 400 018
Phone : 022 6660 4600 / 4351 4444
Fax : 022 2493 6811
Website: www.fazethree.com
Email Id: Investors@fazethree.com

CONTENTS:	PAGE No.
Notice	2
Directors' Report	7
Management Discussion & Analysis Report	12
Corporate Governance Report	14
CEO / CFO Certificate	21
Secretarial Auditors' Report	22
Independent Auditors' Report	31
Balance Sheet	34
Profit & Loss Account	35
Cash Flow Statement	36
Notes on Accounts	37

NOTICE

30TH ANNUAL GENERAL MEETING

Notice is hereby given that the 30th Annual General Meeting of the Shareholders of Faze Three Limited will be held on Tuesday, 29th September, 2015 at 12.00 Noon at Plot No. 146, Waghdhara Village Road, Dadra – 396 191, Union Territory of Dadra & Nagar Haveli, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements for the year ended 31st March, 2015 together with the Report of the Directors' and Auditors' thereon.
"RESOLVED THAT the Financial Statements of the Company including Audited Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss of the Company for the year ended as on that date together with the Auditors' Report and Directors' Report thereon be and are hereby received, considered and adopted."
2. To appoint a Director in place of Mr. Sanjay Anand, (holding DIN: 01367853), who retires by rotation and who is not disqualified to become a director under the Companies Act, 2013 and being eligible, offers himself for re-appointment.
"RESOLVED THAT Mr. Sanjay Anand (holding DIN: 01367853), who retires by rotation and being eligible, offers himself for re-appointment, be and is hereby re-appointed as Director of the Company."
3. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed there under, as amended from time to time and read with rules under the Companies (Audit and Auditors) Rules, 2014, the Company's Auditors, M/s. Thakur Vaidyanath Aiyar & Co., Chartered Accountants, Mumbai (Firm Rgn. No. 000038N), who hold office up to the date of this Annual General Meeting being eligible, offer themselves for re-appointment, be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the 31st Annual General Meeting of the Company at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Auditors."

SPECIAL BUSINESS

4. To Consider and if, thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution.
"RESOLVED THAT Mrs. Gurinder Kaur Kalsi (holding DIN: 01008698), who was appointed as an Additional and Independent Director of the Company by the Board of Directors at their meeting held on 12th August, 2015, pursuant to provisions of Section 149, Section 152, Section 161(1) and other applicable provisions of the Companies Act, 2013 and the rules framed thereunder read with Schedule IV to the Act, as amended from time to time, and who has submitted a declaration that she meets the criteria for Independence as provided in section 149(6) of Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a member proposing her candidature for the office of Director, be and is hereby appointed as an additional and Independent Director of the Company for a period of five years w.e.f. 12th August, 2015 and to hold office until the 35th Annual General Meeting of the Company."
5. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution :
" RESOLVED THAT pursuant to provisions of Clause 49 (VII) of the Listing Agreement, entered into with the Stock Exchanges (including any statutory modification(s) or amendment(s) or re-enactment thereof for the time being in force), approval of the members be and is hereby accorded to the Material Related Party transactions entered into and carried out in ordinary course of business and at arm's length price with Aunde India Ltd., Dadra and Nagar Haveli, a 'Related Party ' as defined under Section 2(76) of the Companies Act, 2013 and Clause 49 (VII) of the Listing Agreement:

By Order of the Board of Directors
For **Faze Three Limited**

Place: Mumbai
Date : 12th August, 2015

Martin Golla
Sr. VP-Legal & Company Secretary

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY, OR, WHERE THAT IS ALLOWED, ONE OR MORE PROXIES, TO ATTEND AND VOTE INSTEAD OF HIMSELF, AND THAT A PROXY NEED NOT BE A MEMBER. Pursuant to Section 105 of the Companies Act, 2013 and Rule 19 of the Companies (Management and Administration) Rules, 2014, a person can act as a proxy on behalf of members not exceeding 50 and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
2. Explanatory statement pursuant to Section 102 of the Companies Act, 2013, in respect of Special Business is annexed hereto.
3. Proxies, in order to be effective, must be received at the Registered office of the Company at Survey No. 380/1, Khanvel Silvassa Road, Dapada – 396 230, UT of Dadra & Nagar Haveli, not less than 48 hours before the commencement of the AGM.
4. The Register of Members and Transfer Books of the Company will be closed from Wednesday, 23rd September, 2015 to Tuesday, 29th September, 2015 (both days inclusive).
5. Members are requested to furnish bank details, Email address, change of address etc. to Sharex Dynamic (I) Pvt. Ltd, Unit-1, Luthra Industrial Premises, Andheri Kurla Road, Safed Pool, Andheri (E), Mumbai - 400 072, who are the Company's Registrar and Share Transfer Agents. In respect of members holding shares in electronic mode, the details as would be furnished by the Depositories.
6. In order to receive copies of Annual Reports and other communication through e-mail, Members are requested to register their e-mail addresses with the Company by sending an e-mail to investors@fazethree.com. The Ministry of Corporate Affairs has taken a "Green Initiative in the corporate governance" by allowing paperless compliances by companies and has issued circulars stating that the service of notice / documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measures, members who have not registered their e-mail address are requested to register their e-mail address in respect of electronic holdings with the Depository through their concerned Depository Participants.
7. All documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company on all working days up to the date of the Annual General Meeting.
8. Members are requested to bring their copy of this Annual Report to the Meeting.
9. Members/Proxies should bring their attendance slips duly completed for attending the Meeting.
10. Brief resume of Mr. Sanjay Anand, Whole Time Director retiring by rotation is given under the Corporate Governance Report.
11. Investor Grievance Redressal:
The Company has designated an exclusive e-mail id viz. investors@fazethree.com to enable Investors to register their complaints, if any.
12. E-voting
 - i. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Clause 35B of the Listing Agreement, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the 30th Annual General Meeting by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system will be provided by National Securities Depository Limited (NSDL).
 - ii. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by e-voting shall be able to exercise their right at the meeting through ballot paper.
 - iii. The members who have cast their vote by e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

iv. The e-voting period commences on Saturday, 26th September, 2015 (9:00 am) and ends on Monday, 28th September, 2015 (5:00 pm). During this period members' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 22nd September, 2015, may cast their vote by e-voting. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

A. In case a Member receives an e-mail from NSDL (for Members whose e-mail addresses are registered with the Company/Depositories):

- i. Open the e-mail and also open PDF file namely "FTL-evoting" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for e-voting. Please note that the password is an initial password.
- ii. Open the internet browser and type the following URL: <https://www.evoting.nSDL.com>.
- iii. Click on Shareholder — Login.
- iv. If you are already registered with NSDL for e-voting then you can use your existing user ID and password.
- v. If you are logging in for the first time, please enter the user ID and password provided in the PDF file attached with the e-mail as initial password.
- vi. The Password Change Menu will appear on your screen. Change to a new password of your choice, making sure that it contains a minimum of 8 digits or characters or a combination of both. Please take utmost care to keep your password confidential.
- vii. Once the e-voting home page opens, click on e-voting> Active Voting Cycles.
- viii. Select "EVEN" (E-Voting Event Number) of Faze Three Limited. Now you are ready for e-voting as Cast Vote page opens.
- ix. Members can cast their vote online from 9.00 am hrs. on Saturday, 26th September, 2015 upto 5.00 pm hrs. on Monday, 28th September, 2015.
- x. E-Voting shall not be allowed beyond 5.00 pm hrs. on Monday, 28th September, 2015.
- xi. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when, prompted.
- xii. Upon confirmation, the message "Vote cast successfully" will be displayed.
- xiii. Once the vote on the resolution is cast, the Member shall not be allowed to change it subsequently.
- xiv. Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG format) of the relevant Board Resolution/Authority letter etc., together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to sanjayrd65@gmail.com with a copy marked to evoting@nsdl.co.in.
- xv. In case a Member receives physical copy of the Notice of AGM (for Members whose email addresses are not registered with the Company/ Depositories):

1. Initial password, is provided as below, in the enclosed ballot form:

EVEN (E-Voting Event Number)	User ID	Password

2. Please follow all steps from Sl. No. (ii) to Sl. No. (xiii) above, to cast vote.

- xvi. In case of any queries, you may refer the Frequently Asked Questions (FAQs) - Shareholders and e-voting user manual – Shareholders, available at the downloads section of www.evoting.nSDL.com.
- xvii. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- xviii. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 22nd September, 2015
- xix. Any person, who acquires shares of the Company and become member of the Company after dispatch of the Notice may obtain the login ID and password by sending a request at evoting@nsdl.co.in or Issuer/RTA. However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and

password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.

- xx. A member may participate in the AGM even after exercising his right to vote through e-voting but shall not be allowed to vote again at the AGM.
 - xxi. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
13. The Company has appointed Mr. Sanjay Dholakia, Practising Company Secretary (FCS 2655) and CP 1798 as the Scrutinizer to count the votes cast in favour or against the resolutions proposed from item No. 1 to 5 of the Notice for point No. 12 as mentioned hereinabove and to comply with the provisions of Section 108 of the Companies Act, 2013.
 14. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "e-voting" or "Ballot Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
 15. The Scrutinizer shall after the conclusion of voting at the annual general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
 16. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company at www.fazethree.com and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai.

By order of the Board of Directors
For **Faze Three Limited**

Place: Mumbai
Date : 12th August, 2015

Martin Golla
Sr. VP-Legal & Company Secretary

ANNEXURE TO THE NOTICE

As required by Section 102 of the Companies Act, 2013, the following Explanatory Statements sets out material facts relating to the business under items 4-5.

Item No. 4

The Board of Directors at their Meeting held on 12th August, 2015 appointed Mrs. Gurinder Kaur Kalsi as an Additional Director of the Company. The Board has also appointed her as an Independent Director for a period of five years and hold office until the conclusion of 35th Annual General Meeting pursuant to the provisions of Section 149(1) of the Companies Act, 2013 and amended Clause 49 of the Listing Agreement.

Mrs. Gurinder Kaur Kalsi has academic qualification in B.A. and has textile industry knowledge. The Board expects that the association of Mrs. Gurinder Kaur Kalsi would be immense benefit to the Company. Members are requested to approve the appointment of Mrs. Gurinder Kaur Kalsi as an Additional Director and Independent Director of the Company.

Item No. 5

M/s. Aunde India Limited is a Public limited Company having its Registered office and manufacturing facilities at Dadra. The Company is into manufacturing of Automotive textiles fabrics specialized in Car Seat Fabric. The Company caters to OEM's like Maruti, Ford, Nissan, Mahindra & Mahindra, Hyundai etc.

Faze Three Limited and Aunde India Limited has entered into an Exclusive Manufacturing Agreement under which Aunde India is using Faze Three dyeing unit facilities for dyeing of its fabric.

As per the requirement of Section 188 of the Companies Act, 2013, all material Related Party Transactions shall require approval of the shareholders through Special Resolution if the transaction or transactions to be entered into individually or taken together with previous transactions during the financial year, exceeds 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company. Aunde India Limited is a Related Party and the transaction as described hereunder are likely to exceed 10% of the annual turnover of the Company (2013-2014 and 2014 -2015) as per the audited financial statements of the Company and thus, in terms of the Section, the transactions would require the approval of the members by way of Special Resolution:

Sr. No.	Description	Details		
1	Name of the Related Party	Aunde India Limited		
2.	Name of the Director or KMP who is related	Mr. Ajay Anand		
3.	Nature of relationship	Mr. Ajay Anand is holding 5.27% of shareholding		
4.	Material transactions (₹ in Lacs)	Year Ended	March 2015	March 2016
		Sale of Goods	2.25	5.00
		Sale of Services	2351.60	3000.00
		Lease Rental Income	32.34	35.00

Place: Mumbai
Date : 12th August, 2015

By order of the Board of Directors
For **Faze Three Limited**

Martin Golla
Sr. VP-Legal & Company Secretary

DIRECTORS' REPORT

Dear Shareholders,

Your Directors are presenting the 30th Annual Report of your Company and the Audited Financial Statements for the year ended 31st March 2015.

1. FINANCIAL RESULTS:

Particulars	For the Year ended 31.03.2015	For the Year ended 31.03.2014
	(₹ in Lacs)	
Revenue from Operations	21762.07	23068.95
Other Income	231.14	253.37
Profit before Depreciation & Amortization, Finance Cost and Exceptional Items	1806.10	2549.02
Less:		
Depreciation & Amortization	492.05	494.49
Finance Cost	1418.45	1475.66
Exceptional Items	325.79	716.79
Profit / (Loss) before taxation	(430.19)	(137.91)
Provision for taxation (incl. deferred tax)	-	15.48
Profit/ (Loss) for the year carried to Balance Sheet	(430.19)	(153.39)

2. OPERATIONS:

During the year under review, the Company's revenue from operations stood at Rs. 21762.07 Lacs as against Rs. 23068.95 Lacs in the previous year. The Loss Before Tax stood at Rs. 430.19 Lacs. The Company has suffered a Net Loss of Rs. 430.19 Lacs for the financial year ended 31.03.2015.

The Company had operational profit of Rs. 1806.10 Lacs as compared to Rs. 2549.02 Lacs in the previous year. The reduction of operational profit is due to reduction in turnover of the Company by 6% as compared to previous year.

As reported in earlier years the company is having liabilities towards Foreign Currency Convertible Bonds of US \$ 8 Mln and towards invocation of Corporate Guarantee given by the Company to its Wholly owned subsidiary company M/s. Pana Textil GmbH of Euro 4.4 Mln, which is under liquidation process. Company has provided the liabilities in the books of accounts towards applicable annual charge & forex fluctuation on the said liabilities as claimed by the Bank from time to time. Due to the said provisions the company's profitability has been adversely affected.

3. DIVIDEND:

Due to financial losses, your company has not recommended any dividend for the year.

4. RESERVES:

The Company has not transferred any amount to reserves due to losses in current financial year.

5. 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.

6. RELATED PARTY TRANSACTIONS:

All transactions entered into with related party as defined under Section 188(3) of the Companies Act, 2013 and Clause 49 of the Listing agreement during the financial year were in the ordinary course of business and on arms length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013. There were no

materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company. Suitable disclosure as required by the Accounting Standards (AS18) has been made in the notes to the Financial Statements. The Company has proposed to take approval of shareholders regarding related party transactions entered into by the Company during financial year and propose to be enter into with related parties in next financial year through Special Resolution.

7. INTERNAL FINANCIAL CONTROLS:

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations.

8. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

For the financial year under review as stipulated in Clause 49 of the Listing Agreement entered into with the Stock Exchange, Management Discussion and Analysis Report is Annexed thereto.

9. CORPORATE GOVERNANCE:

The Company is adhering to good corporate governance practices in every sphere of its operations. The Company has taken adequate steps to comply with the applicable provisions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement entered into with the Stock Exchange. A separate report on Corporate Governance is Annexed thereto.

10. BOARD MEETINGS:

During the year under review, the Company has conducted 8 (Eight) Board Meetings on 1st April, 2014, 28th April, 2014, 9th May, 2014, 29th May, 2014, 14th August, 2014, 14th November, 2014, 29th December, 2014 and 13th February, 2015.

11. AUDIT COMMITTEE:

The Audit Committee comprises of four members namely Mr. Vasudeva Rao (Chairman), Mr. Rajiv Rai Sachdev, Mr. Ajay Anand and Mr. Sanjay Anand. All the recommendations made by the Audit Committee were accepted by the Board.

The Audit Committee met 4 (Four) times in the year on 29th May, 2014, 14th August, 2014, 14th November, 2014 and 13th February, 2015.

12. REMUNERATION COMMITTEE:

The Company has constituted a Remuneration Committee pursuant to Section 178(1) of the Companies Act, 2013 and has defined the policy on Director's appointment and payment of remuneration including criteria for determining qualifications, positive attributes and independence of a Directors.

The Remuneration Committee comprises of two members namely Mr. Vasudeva Rao (Chairman) and Mr. Rajiv Rai Sachdev. All the recommendations made by the Committee were accepted by the Board.

13. SUBSIDIARY COMPANY:

The Company's Wholly owned subsidiary company M/s. Pana Textil GmbH has filed an insolvency petition in the German Court. The German court has completed the insolvency proceedings and the company is in the process of liquidation.

14. EXTRACT OF ANNUAL RETURN:

The details forming part of extract of the annual return in Form MGT - 9 is Annexed to this report.

15. DIRECTORS' RESPONSIBILITY STATEMENT:

To the best of their knowledge and belief and according to the information and explanations obtained by them, your directors make the following statement in terms of Section 134 (3) (c) of the Companies Act, 2013:

- (i) that in the preparation of the Annual Financial Statements for the year ended March 31, 2015, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

- (ii) that such accounting policies as mentioned in Notes to Financial Statements have been selected and applied consistently and made 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, 2015 and of the loss of the Company for the year ended on that date;
- (iii) that proper and sufficient care 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) that the Annual Financial Statements have been prepared on a going concern basis;
- (v) that the proper internal financial controls were in place and that the financial controls were adequate and were operating effectively;
- (vi) that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

16. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION ETC. & FOREIGN EXCHANGE EARNINGS AND OUTGOINGS:

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.

17. RISK MANAGEMENT POLICY:

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.

18. CORPORATE RESPONSIBILITY STATEMENT (CSR):

The company is not required to comply with section 135 of Companies Act, 2013 along with rules made in this behalf as company is having negative Networth and is incurring losses since last 4 years.

19. PERFORMANCE EVALUATION OF BOARD:

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit, Remuneration and other Committees. The same is found to be satisfactory.

20. DECLARATION FROM INDEPENDENT DIRECTORS:

The Company has received necessary declaration from Independent Director of the Company Mr. Vasudeva Rao. Under Section 149(7) of the Companies Act, 2013, he meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013.

21. STATUTORY AUDITORS:

M/s. Thakur Vaidyanath Aiyar & Co., Chartered Accountants, Mumbai (Firm Rgn. No. 000038N) being eligible offer themselves for re-appointment. M/s. Thakur Vaidyanath Aiyar & Co. has confirmed that the appointment will be within the prescribed limits specified in Section 139 of the Companies Act, 2013. Members are requested to appoint the auditors.

22. SECRETARIAL AUDIT:

Pursuant to the provisions of Section 204 of Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Sanjay Dholakia & Associates, Practising Company Secretary to undertake Secretarial Audit. The Report is annexed to this Annual Report.

23. OBSERVATIONS – AUDITOR & SECRETARIAL AUDITOR:

Statutory Auditor:

As regards to qualifications contained in the Auditors Report, the Auditor's views are self-explanatory. The Board of Directors shall take necessary steps towards depreciation calculation as per Companies Act, 2013 in the following Financial year.

Secretarial Auditor:

As mentioned in the report, the Company was required to appoint a Chief Financial Officer (CFO as KMP) and a Woman Director on the Board. Your Directors would like to inform you that the Company is still in the process of appointing the same.

24. COST RECORDS:

Pursuant to the directives of the Central Government under the provisions of Section 148(1) of Companies Act, 2013, Company has maintained cost records and included the same in Books of Accounts.

25. ACKNOWLEDGMENT:

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

For and on behalf of the Board
FOR FAZE THREE LIMITED

Place: Mumbai
Date : 30th May, 2015

Ajay Anand
Chairman & Managing Director

ANNEXURE TO THE DIRECTORS REPORT

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

a. Research & Development

- (i) Specific area in which R & D is carried out by the Company:
- Introduction of New Products and Improving the Processes of existing products.
 - Making new Designs acceptable to international customers.
- (ii) Benefits derived as a result of R & D activities:
- Product Range Extension
 - Improvement of Quality and yield
 - Cost reduction leading to competitiveness
 - Development of Various Designs as well as new products, with high standard in international market.
 - Reduction in Cost and Time cycle, better effluent management and utilizing only indigenous products for offering finished products in export market.
 - Reduction in Cost and Time cycle, better effluent management.
- (iii) Future Plan of Action
- Development of Products for indigenous market.
 - Substitute Development of new designs for Export of high value products, which are currently imported.
 - Expanding the market by going in for diversification in the home product range.
 - Developing new products range to have edge over others with high standards of quality and unique design to compete with other indigenous manufacturers to improve the export turnover base.

b. Conversation of Energy

A.	(i) Electricity	For the year ended March 31st 2015	For the year ended March 31st 2014
	A) Purchased		
	Units (Lacs)	101.64	99.40
	Total Cost (Rs. in Lacs)	672.21	623.16
	Rate Per Unit (Rs.)	6.61	6.27
	B) Own Generation (Thru DG Set)		
	Units (Lacs)	7.30	7.88
	Total Cost (Rs. in Lacs)	139.57	138.22
	Rate Per Unit (Rs.)	19.12	17.54
	(ii) Coal, Firewood, Rice Husk etc.		
	(Qty in Qntls)	1.69	1.70
	Total Cost (Rs. in Lacs)	885.25	854.54
	Rate per Qntl. (Rs.)	523.81	502.67
B.	Foreign Exchange Earnings and Outgo (Rs. in Lacs)		
	Total Foreign Exchange Earnings Earned	17633.33	18917.25
	Total Foreign Exchange Used	887.39	618.68

Management Discussion and Analysis Report

Management Discussion and Analysis Report for the financial year under review as stipulated in Clause 49 of the Listing Agreement

ECONOMY OVERVIEW

The global economy grew by 3.4% in 2014 as per the world economic outlook report by IMF released in April, 2015. Economies at global level are being challenged by both temporary weather-induced setbacks, and the dampening of confidence related to the fallout from Greece's latest debt struggle, and the renewed decline in global stock market valuations, especially in China. The World Economic Situation and Prospects 2014 had projected a higher growth in January 2014, but due to a number of factors, the current projection stands at 3.2% for 2015. Although there has been a gradual recovery in the economies of both developing and developed countries, the effects of the financial crisis of 2007-08 are still having an impact on the prospects of these economies.

Among the world's other large economies, the U.K. will lead its European counterparts by a substantial margin. India should post the strongest growth rate internationally this year and next. Both nations are being supported by stronger domestic demand conditions. Euro zone activity is slowly gaining momentum, led by Spain and Ireland, which are benefiting from their respective competitive revivals, and Germany, which continues to witness relatively balanced growth. After another slow start this year, the U.S. economy appears to be regaining some momentum. Consumers have been progressively loosening their purse strings.

According to UNCTAD's World Investment Report 2015, India ranks third among most prospective host economy for 2015-17 (after China and the US) in the world, as per a survey among Multi National Enterprises. India's rank also improved to ninth among the top countries ranked by FDI inflows in 2014, compared to 15 in 2013. The Government of India and Asian Development Bank (ADB) have signed a US\$ 300 million loan to support the National Urban Health Mission (NUHM), the Central government's flagship program to improve the health of country's urban population. Along with the loan, the two parties also signed the accompanying capacity building technical assistance of US\$ 2 million, financed by the Japan Fund for Poverty Reduction.

INDUSTRY OVERVIEW AND OUTLOOK

There have been positive signals with the new BJP led government coming to power in 2014, the macroeconomic recovery is still very gradual. Admittedly, there have been moves in right directions. Home furnishings witnessed current value growth of 11% in 2014. The growing popularity of purchasing indoor furniture through internet retailing also enticed consumers with a wider choice and hassle-free delivery, thus helping drive growth in this category within India. The textile sector contributes about 14% to India's industrial production and 13% to the country's export earnings. The textile sector is one of the largest providers of employment along with agriculture. With a bumper cotton production the world-over exceeding the projected consumption and China deciding to use up its stocks with slowing down its imports, current cotton year 14-15 is a cotton surplus year. Prices have declined since last year.

An Expert Committee was constituted under the chairpersonship of Shri Ajay Shankar, Member Secretary, National Manufacturing Competiveness Council (NMCC) to formulate a new National Textile Policy. The Expert Committee submitted its draft report. The draft policy has been discussed further with concerned stakeholders. The revised draft New Textile Policy is under process for approval by the Government.

A 'Make in India' campaign covering 25 sectors, including textile and garment industry, has been unveiled by Prime Minister in the presence of big names from the corporate world of India and abroad at a ceremony in New Delhi. Under 'Make in India' initiative, investment opportunities for foreign companies and entrepreneurs are available across the entire value chain of synthetics, value-added and speciality fabrics, fabric processing set-ups for all kinds of natural and synthetic textiles, technical textiles, garments and retail brands.

OPPORTUNITIES, CHALLENGES AND THREATS

The Cotton Textiles Exports Promotion Council (TEXPROCIL) has welcomed the inclusion of exports of cotton fabrics - both woven and knitted - to Bangladesh and Sri Lanka under the Merchandise Exports from India Scheme (MEIS). The Director General of Foreign Trade announced a new list of textile items eligible for export sops, last week. MEIS was introduced in the Foreign Trade Policy 2015-20 announced recently. The scheme allows duty credit scrips at the prescribed rates of 2 per cent, 3 per cent and 5 per cent on exports of products to notified countries classified under Group A, B and C.

According to The Cotton Textiles Exports Promotion Council (TEXPROCIL) the industry faces the challenges of high tariffs barriers on account of preferential tariff arrangements. Duty sops of 2% only were granted to the mainstream cotton textile products, while higher rates were given for handlooms, carpets, coir products under the merchandise exports from India scheme (MEIS).

The current labour laws have been a major reason behind the inability of the sector to expand and acquire global scale. The labour involvement is maximum compared to other steps of manufacturing value chain. In order to attract large-scale investments, acquire global scale and bring the Indian sector at par with other competing countries, there is an immediate need to review the labour laws to make them investor and labour friendly. Ideally the 44 labour laws, most of which drafted in the earlier part of the last century, need to be repealed and replaced by one, or at best a few user friendly law(s) suited to the conditions of the 21st century.

Global home furnishing market has witnessed ups and downs in the last few years due to 2009 euro crisis and its post economic crisis. The global market has been growing at a slower rate but with the rise in income of the consumers and changing lifestyle, the market is expected to grow at a higher rate in future. Europe accounts for the largest market for home furnishing followed by Unites States and Asia Pacific.

FTL continues to focus on exploring new emerging markets the world over in order to spread its presence across various markets and reap the benefits. A headstart in emerging markets, the Company is also exploring innovative raw materials for enhanced customer satisfaction and better margins.

INTERNAL CONTROL SYSTEMS AND ITS ADEQUACY

The company has formed a proper internal control and audit mechanism to protect the assets and other valuables from unauthorized access, use or disposal. Internal control and audit program is constructed as per the rules and policies of companies which enables the smooth functioning of business operations.

The company has constituted an audit committee of Board of Directors, to overview the financial statements, assets, and functioning of statutory auditors as well as directors of the company.

HUMAN RESOURCES/ INDUSTRIAL RELATIONS

Employee productivity continuous to be critical focus area for Faze Three Ltd. Company believes in continuous development of its human resources, engagement and drives competitive advantage. The company is dedicated to enhancing and retaining top talent through superior learning and organizational development, as this being the pillar to support the company's growth and sustainability in future. The operative functions of HR are to maintain health, safety, welfare and social security of employees to ensure hygienic workplace, integration of employment relations, grievance and discipline.

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

POLLUTION AND ENVIRONMENTAL CONTROLS

Company believes that profitability not only depends on the actual profit but also the benefit derived by the community through the activities of the Company. The operations of the Company are conducted in such a manner that it ensures safety to all concerned and a pleasant working environment. Faze Three Limited is conscious of the vulnerability and the essence of a healthy and clear environmental surrounding. The Company has framed policy for securing the quality of environment and requires its stakeholders to adhere to such policy.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company's objective, projections, estimates, expectations or predictions may be forward looking statements within the meaning of the applicable corporate laws and regulation. It may be noted that the actual results may differ from that expressed or implied herein.

Date : 30th May, 2015
Place: Mumbai

For and on behalf of the Board

Ajay Anand
Chairman & Managing Director

REPORT ON CORPORATE GOVERNANCE

(Pursuant to Clause 49 of the Listing Agreement with Stock Exchange)

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Faze Three Limited (FTL) is committed to good Corporate Governance in order to enhance shareholders' value and promote national interest. Company believes that to enhance stakeholder's value transparency, accountability and integrity are the three basic tools of Corporate Governance.

2. BOARD OF DIRECTORS

The names of the Directors and the category to which they belong to, along with their attendance at Board Meetings during the period under review and at the last Annual General Meeting and the number of directorships and committee memberships held by them in other companies are as herein below:-

Name of Director	Category	Attendance		Particulars of Directorship, Committee membership / Chairmanship		
		Board Meeting	Last AGM	Director	Chairman	Member
Mr. Ajay Anand	Promoter, Executive	8	No	2	--	9
Mr. Sanjay Anand	Non-promoter Executive	5	No	2	--	4
Mr. Vasudeva Rao	Non-Executive & Independent	7	Yes	1	2	2
Mr. Rajiv Rai Sachdev	Non-Executive & Non-Independent	6	No	2	2	2

None of the Directors hold directorships in more than the permissible number of companies under the relevant provisions. Further, none of the directors on the Board is a member of more than ten committees or Chairman of more than five committees.

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

Details of other Directorship held by the Directors of the Companies:

Name of the Director	Name of the Company	Position
Mr. Ajay Anand	1. AUNDE India Limited. 2. V R Woodart Limited. 3. Instyle Investments Pvt. Ltd. 4. Madhyam Vinimay Pvt. Ltd.	Managing Director Director Director Director
Mr. Sanjay Anand	1. V R Woodart Limited.	Director
Mr. Vasudeva Rao	Nil	Nil
Mr. Rajiv Rai Sachdev	1. Trimurti Films Private Limited.	Director

Board Meeting and Procedures:

During the year under review, the Company has conducted 8 (Eight) Board Meetings on 1st April, 2014, 28th April, 2014, 9th May, 2014, 29th May, 2014, 14th August, 2014, 14th November, 2014, 19th December, 2014 & 13th February, 2015.

The Board periodically reviews compliance reports of laws applicable to the Company. Steps are taken by the Company to rectify instances of non-compliance, if any.

DETAILS OF DIRECTORS SEEKING APPOINTMENT AT THE ANNUAL GENERAL MEETING

Particulars	Mr. Sanjay Anand
Date of Birth	28.11.1961
Date of appointment	01.04.2014
Qualifications	Graduate
Expertise in specific functional area	Wide experience in Textile Industry
Directorship held in other Companies	1
Membership/chairmanship of committees of other Public Companies	3

AUDIT COMMITTEE

Composition, Meetings and Attendance:

The Audit Committee comprises of four members namely Mr. Vasudeva Rao (Chairman), Mr. Rajiv Rai Sacdev, Mr. Ajay Anand and Mr. Sanjay Anand.

The Audit Committee met 4 (Four) times in the year on 29th May 2014, 14th August, 2014, 14th November, 2014 and 13th February, 2015.

Attendance :-

S. No.	Name of the Member	Status	Category	No. of Meetings Attended
1.	Mr. Vasudeva Rao	Chairman	Non-Executive & Independent	4
2.	Mr. Sanjay Anand	Member	Executive & Non-Independent	4
3.	Mr. Rajiv Rai Sachdev	Member	Non-Executive & Non-Independent	4
4.	Mr. Ajay Anand	Member	Executive & Non-Independent	4

Mr. Martin Golla, Sr. VP- Legal and Company Secretary acts as the Secretary to the Committee.

The terms of reference are broadly as under:

1. Overview of the Company's financial reporting process and the disclosure of its financial information;
2. Review with the management of the annual financial statements;
3. Review of Related Party Transactions;
4. Review of Company's financial and risk management policies;
5. Review with the management of performance of statutory and internal auditors, and adequacy of the internal control systems;
6. Review with the management of the quarterly financial statements;
7. Recommend to the Board, the appointment, re-appointment or removal of the statutory auditor and the fixation of audit fees;
8. 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;
9. Reviewing with the Management, the Annual Financial Statements before submission to the Board;
10. 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;
11. To review the functioning of the Whistle Blower mechanism;

SHARE TRANSFER COMMITTEE

The Share Transfer Committee headed by Mr. Rajiv Rai Sachdev, a Non-executive Non-Independent Director, Mr. Vasudeva Rao and Mr. Ajay Anand are the other members of the committee. The Committee looks into the matters of share transfers, transmissions, dematerialization, issue of duplicate share certificates and related matters.

Mr. Martin Golla, Sr. VP – Legal and Company Secretary acts as the Secretary to the Committee and is the Compliance Officer.

SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE:

The Shareholders' / Investors' Grievance Committee is headed by Mr. Rajiv Rai Sachdev, a Non-Executive Non-Independent Director. Mr. Vasudeva Rao and Mr. Ajay Anand are the other members of the Committee.

Mr. Martin Golla, Sr. VP - Legal & Company Secretary acts as the Secretary to the Committee and is the Compliance Officer.

REMUNERATION COMMITTEE:-

The Company has constituted a Remuneration Committee pursuant to Section 178(1) of the Companies Act, 2013 and has defined the policy on Director's appointment and payment of remuneration including criteria for determining qualifications, positive attributes and independence of a Director.

Composition :

S. No.	Name of the Member	Status	Category
1.	Mr. Vasudeva Rao	Chairman	Non-Executive & Independent
3.	Mr. Rajiv Rai Sachdev	Member	Non-Executive & Non-Independent

The Committee is constituted to formulate and recommend to the Board from time to time, a compensation structure for whole-time members of the Board and KMPs. The Committee met on 1st April 2014 to decide the remuneration payable to the Mr. Ajay Anand Chairman & Managing Director and Mr. Sanjay Anand , Whole Time Director.

The details of remuneration paid to Managing Director and Whole Time Directors during the year 2014-2015 is given as follows: (No sitting fees paid to the following directors):

(₹ in Lacs)

Director	Designation	Remuneration (including all perquisites)	Service Contract
Mr. Ajay Anand	Chairman & Managing Director	38.40	5years
Mr. Sanjay Anand	Whole Time Director	38.40	5years

Apart from sitting fees for the attending Board / Committee meetings, no other fees / compensation is paid to Non-Executive Directors. Your Company does not have any stock option scheme for its Directors and employees.

Details of Sitting Fees payable:

S. No.	Name of the Member	Category	Sitting Fees
1.	Mr. Vasudeva Rao	Non-Executive & Independent	43,000/-
3.	Mr. Rajiv Rai Sachdev	Non-Executive & Non-Independent	38,000/-

Location and time for the last three AGMs:

Year	Date	Venue	Time	Special Resolution
2011-12	29 th September 2012	Survey No. 380/1, Khanvel Silvassa Road, Dapada - 396230, Union Territory of Dadra & Nagar Haveli	10.00 am	NIL
2012-13	30 th September 2013	Survey No. 380/1, Khanvel Silvassa Road, Dapada - 396230, Union Territory of Dadra & Nagar Haveli	11.30 am	1. Appointment of Mr. Sanjay Anad as Whole- time Director 2. Appointment of Mr. Rashmi Anad as Whole- time Director
2013-14	27 th September 2014	Survey No. 380/1, Khanvel Silvassa Road, Dapada - 396230, Union Territory of Dadra & Nagar Haveli	10.30 am	1. Appointment of Mr. Vasudeva Rao as an Independent Director 2. Regularisation of Mr. Ajay Anand as Director 3. Appointment of Mr. Ajay Annad as Managing Director 4. Appointment of Mr. Sanjay Anand as Whole Time Director 5. Borrowing in excess of paid up capital & free reserves. 6. To create mortgage, hypothecation, pledge against the properties of the company.

- No postal Ballot was conducted during the year.
- No Extraordinary General Meeting was held during the year.

Board Evaluation :

Performance Evaluation of Non-executive and Independent Directors

The Board evaluates the performance of Non-executive and Independent Directors every year. All the Non-executive and Independent Directors are eminent personalities having wide experience in the field of business, industry and administration. Their presence on the Board is advantageous and fruitful in taking business decisions.

Independent Directors:

The Company has complied with the definition of Independence as per Clause 49 of the Listing Agreement and according to the Provisions of section 149(6) of the Companies Act, 2013. The Company has also obtained declarations from all the Independent Directors pursuant to section 149 (7) of the Companies Act, 2013.

Training of Independent Directors:

Whenever new Non-executive and Independent Directors are inducted in the Board they are introduced to our Company's culture through appropriate orientation session and they are also introduced to our organization structure, our business, constitution, Board procedures, our major risks and management strategy.

Disclosures:

a) Risk Management Framework:

The Company has in place 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.

b) Code of Conduct:

The Company has laid down a code of conduct for the Board of Directors and Senior Management personnel of the Company. The code of conduct is available on the website of the Company www.fazethree.com.

The declaration of Chairman & Managing Director is given below:

To the Shareholders of Faze Three Limited

Sub: Compliances with Code of Conduct

I hereby declare that the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct as adopted by the Board of Directors.

Place : Mumbai

Date : 30th May, 2015

Ajay Anand
Chairman & Managing Director

Prevention of Insider Trading:

The Company has framed a code of conduct for prevention of Insider Trading based on SEBI (Insider Trading) Regulations, 1992. This code is applicable to all Directors/Designated Employees. The code ensures the prevention of dealing in Company's shares by persons having access to unpublished price sensitive information.

Others Disclosures:

- (i) All related party transactions have been entered into in the ordinary course of business and were placed periodically before the audit committee in summary form. There were no material individual transactions with related parties which were not in the normal course of business, required to be placed before the Audit committee and that may have potential conflict with the interest of the Company at large. All individual transactions with related parties or others were on an arm's length basis. Transactions with related parties as per requirements of Accounting Standard (AS) 18 – 'Related Party Information' are disclosed in Note No.29 to the Financial Statements.
- (ii) All Accounting Standards mandatorily required have been followed without exception in preparation of the Financial statements.
- (iii) No money was raised by the Company through any public issue, rights issue, preferential issue, etc. in the last financial year.
- (iv) Management Discussion and Analysis Report forms part of the Annual Report to the shareholders and it includes discussion on matters as required under the provisions of clause 49 of the Listing Agreement entered into with Stock Exchange.
- (v) There were no material financial & commercial transactions by Senior Management as defined in Clause 49 of the Listing Agreement where they have any personal interest that may have a potential conflict with the interests of the Company at large requiring disclosure by them to the Board of Directors of the Company.
- (vi) No penalties or strictures have been imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years. There are no materially significant transactions made by the Company with its promoters, Directors or Management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large.
- (vii) The Company has a process in place that meets the objectives of the Whistle blower policy. The Board annually reviews the findings and action taken, if any, on matters initiated through this mode. In the opinion of the Board there are no cases where a person was denied access to the grievance process set up by the Company.

MEANS OF COMMUNICATION: -

The Company publishes its annual, half yearly and the quarterly financial results in the following Newspapers:

- (i) Times of India (English) – Surat Edition
- (ii) Economic Times (Gujarati) – Gujarat Edition

Company's results and official news releases, if any, are also displayed on the Company's website www.fazethree.com

SHAREHOLDERS INFORMATION

AGM, Date, Time and Venue

Saturday, 29th September, 2015
12.00 Noon
Plot No. 146, Wagdhara Village Road,
Dadra – 396 191
Union Territory of Dadra & Nagar Haveli

COMPANY'S FINANCIAL YEAR

1st April to 31st March

FINANCIAL CALENDAR FOR 2015-16 (TENTATIVE)

Adoption of Quarterly & Annual Results :

June 30 , 2015

2nd week of August 2015

September 30, 2015

2nd week of November 2015

December 31, 2015

2nd week of February 2016

Audited results for March 31, 2016

Last week of May 2016

DATE OF BOOK CLOSURE

From 23rd September, 2015 to 29th September, 2015
(Both days inclusive)

LISTING ON STOCK EXCHANGES

The Bombay Stock Exchange Limited
Luxemburg Stock Exchange

STOCK CODE

530079 on Bombay Stock Exchange
027941079 Luxemburg Stock Exchange

DEMAT ISIN No. FOR NSDL AND CDSL

INE 963C01033

REGISTRAR AND TRANSFER AGENTS:

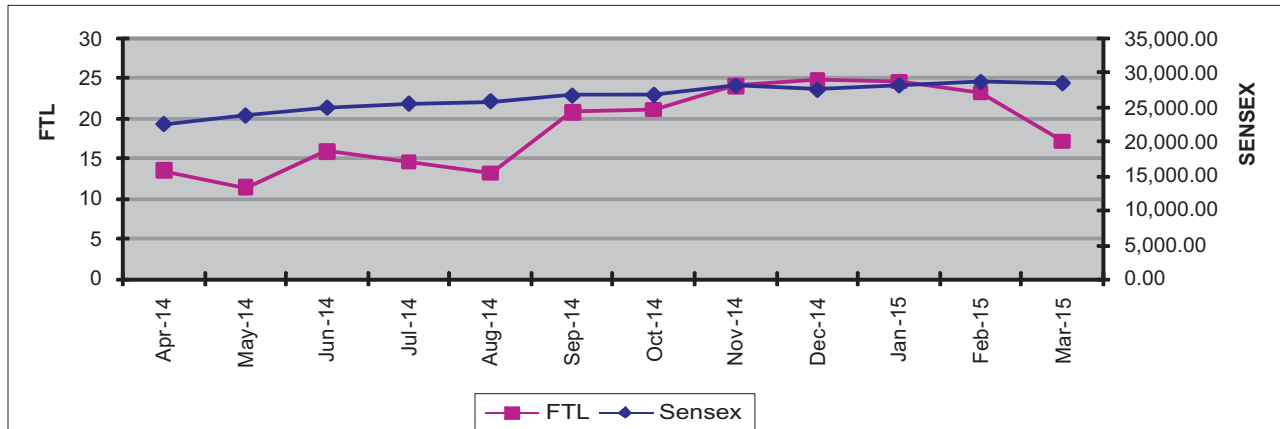
Sharex Dynamic (India) Pvt. Ltd.
Unit-1, Luthra Industrial Premises,
Andheri – Kurla Road, Safed Pool,
Andheri (East), Mumbai – 400 072.
Phone: 022 2851 5606 / 5644
Website: www.sharexindia.com
Email: sharexindia@vsnl.com

SHARE TRANSFER SYSTEM:

The transactions of the shares held in Demat and Physical form are handled by the Company's Depository Registrar M/s. Sharex Dynamic (India) Pvt. Ltd.

MARKET PRICE DATA:

Monthly High and Low quotations along with the volume of shares traded at Bombay Stock Exchange Ltd during the year ended 31st March 2015:



Monthly High and Low compared with BSE Sensex

Month	BSE		Volume	BSE Sensex High	BSE Sensex Low
	Month's High Price	Month's Low Price			
April, 2014	9.94	7.34	13651	22939.3	22197.51
May, 2014	8.4	6	12969	25375.6	22277.04
June, 2014	12.01	7.95	31427	25725.1	24270.2
July, 2014	11.1	7.11	10273	26300.2	24892
August, 2014	9.84	6.71	5077	26674.4	25232.82
September, 2014	16.55	8.75	148115	27355	26220.49
October, 2014	15.23	12.01	18587	27894.3	25910.77
November, 2014	18	12.54	71414	28822.4	27739.56
December, 2014	18.99	12.01	44621	28809.6	26469.42
January, 2015	18.5	12.65	17807	29844.2	26776.12
February, 2015	17.6	11.6	12647	29560.3	28044.49
March, 2015	13	8.55	14730	30024.7	27248.45

Distribution of shares and shareholding as on 31st March 2015

Sr. No.	No. of Equity Shares held		Shareholders		Shareholding	
	From	To	Nos.	%	Nos.	%
1	Upto 100		1697	42.05	96001	0.78
2	101	200	537	13.30	92395	0.75
3	201	500	1258	31.17	391025	3.20
4	501	1000	259	6.41	208215	1.70
5	1001	5000	214	5.30	465570	3.81
6	5001	10000	26	0.64	183495	1.50
7	10001	100000	30	0.74	825872	6.77
8	100001 and above		14	0.34	9926224	81.43
TOTAL			4035	100	12188797	100.00

Shareholding Pattern as on 31st March 2015

Category code	Category of Shareholder	Total no. of shares	%
(A)	Promoter and Promoter Group Holding		
1	Indian Promoters	6566994	53.88
	Foreign Promoters	NIL	NIL
	Sub Total (A)	6566994	53.88
(B)	Non-Promoter shareholding		
1	Institutions		
(a)	Venture Capital Funds	250	0.002
	Sub-Total (B)	250	0.002
(C)	Non-institutions		
(a)	Private Bodies Corporate	3275959	26.88
(b)	Individuals -i. Individual shareholders holding nominal share capital up to Rs 1 lakh	1336542	10.97
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	950064	7.79
(c)	Any Other (Clearing Member)	3589	0.03
(d)	NRI	55399	0.45
	Sub-Total (C)	5621553	46.12
	GRAND TOTAL (A)+(B)+(C)	12188797	100.00

CEO / CFO CERTIFICATE UNDER CLAUSE 49 (IX)

To,
The Board of Directors
Faze Three Limited

1. We have reviewed financial statements and the cash flow statement of Faze Three Limited for the year ended 31st March 2015 and to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. 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 violative of the Company's Code of Conduct.
3. 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.
4. We have indicated to the Auditors and the Audit Committee:
 - (i) that there are no significant changes in internal control over financial reporting during the year;
 - (ii) that there are no significant changes in accounting policies during the year; and
 - (iii) that there are no instances of significant fraud of which we have become aware.

Ajay Anand
Chairman and Managing Director

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF FAZE THREE LIMITED

Auditor's Certificate on Compliance with the conditions of Corporate Governance under Clause 49 of The Listing Agreement

To the Members of Faze Three Limited

We have examined the compliance of conditions of Corporate Governance by Faze- Three Limited, for the period ended on 31st March 2015, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange(s) in India.

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 the 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 and the representations made by the Director and Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement(s) except that.

In case of the Composition of Board,

- 1. The Company has not appointed a woman Director to the Board till 31st March 2015.*
- 2. The Company's Board was short of one Independent director throughout the year.*

Others.

- 3. The Audit Committee is not properly constituted in so far as there was a shortfall of two Independent director in aforesaid committee throughout the year.*
- 4. Letter of Appointment of Independent directors not posted on the website of the company.*

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

For THAKUR, VAIDYANATH AIYAR & CO.
Chartered Accountants
Firm Rgn. No. 000038N
C. V. PARAMESWAR
Partner
M.No.11541

Place: Mumbai
Date: 30th May, 2015

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st March 2015
[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies
(Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
FAZE THREE LTD

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2015 according to the provisions of:

- The Companies Act, 2013 (the Act) and the rules made thereunder;
- The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; The same is not applicable as there were no transactions during the year under review.
- (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, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; There were no further issue of securities during the year under review.
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (Not Applicable to the Company during the Audit Period); There were no ESOPS issued during the year under review.
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; There were no debts raised during the year under review.
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; There were no proposals for delisting of its Equity shares during the year under review.
- and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; There were no Buy Back of its Equity shares during the year under review.
- (vi) As per Management representation letter following are laws applicable to Company:
- 1. Factories Act, 1948.
 - 2. Industrial Dispute Act, 1947.
 - 3. The Payment of Wages Act, 1936.
 - 4. Sick Companies (Special Provisions) Act, 1985.
 - 5. The Minimum Wages Act, 1948.
 - 6. The Payment of Wages Act, 1936.
 - 7. Employees' State Insurance Act 1948.
 - 8. The Employees' Provident Funds and Miscellaneous Provisions Act, 1952.
 - 9. The Payment of Bonus Act, 1965.
 - 10. The Payment of Gratuity Act, 1972.
 - 11. The Contract Labour (Regulation and Abolition) Act, 1970.
 - 12. The Maternity Benefit Act, 1961.
 - 13. The Industrial Employment (Standing Order) Act, 1946.
 - 14. The Apprentices Act, 1961.
 - 15. The Environment (Protection) Act, 1986 [Read with The Environment (Protection) Rules, 1986].
 - 16. The Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008.
 - 17. The Water (Prevention and Control of Pollution) Act, 1974 [Read with The Water (Prevention and Control Of Pollution) Rules, 1975].
 - 18. The Air (Prevention and Control Of Pollution) Act, 1981.
 - 19. The Companies Act, 1956 and The Companies Act, 2013.
 - 20. The Income Tax Act, 1961.
 - 21. The Central Excise Act, 1944.
 - 22. The Central Excise Tariff Act, 1985.
 - 23. The Indian Customs Act, 1962.
 - 24. Central Sales Tax Act, 1956.
 - 25. Chapter V of Finance Act, 1994.
 - 26. The Wealth Tax Act, 1957.

27. Cenvat Credit Rules, 2004.
28. The Foreign Exchange Management Act 1999.
29. The Foreign Trade (Development And Regulation) Act, 1992.
30. The Securities and Exchange Board of India Act, 1992.
31. The Securities Contract (Regulation) Act, 1956.
32. BSE - Equity Listing Agreement.
33. Sale of Goods Act, 1930.
34. Indian Contract Act, 1872.
35. Indian Stamp Act, 1899.
36. The Bombay Stamp Act, 1958.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India. The same was not notified till 31st March, 2015
- (ii) The Listing Agreements entered into by the Company with the Stock Exchange(s), if applicable; - The Company has complied with the various provisions of Listing Agreement with BSE where the securities of the company is Listed except the following:
 1. ***Woman Director was not appointed on the Board as on 31st March 2015 as per Clause 49(II)(A)(1) of Listing Agreement.***
 2. ***Company fall short of One Independent Director as per Clause 49(I)(A) of Listing Agreement.***
 3. ***Company fall short of Two Independent Directors as per Clause 49(II)(A) of Listing Agreement i.e Composition of Audit Committee.***

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations and Guidelines mentioned above subject to the following qualifications:

1. ***Pursuant to the provisions of sub section (1) of Section 149 of the Companies Act, 2013 Company had not appointed Woman Director till 31st March 2015.***
2. ***Pursuant to the provisions of Section 203 of the Companies Act, 2013 Company had not appointed Chief Financial Officer (CFO) till 31st March 2015.***
3. ***Pursuant to the provisions of Section 149 of the Companies Act, 2013 Company fall short of One Independent Director.***
4. ***Pursuant to Section 177 of the Companies Act, 2013 the Audit committee is not properly constituted, the Company falls short of Two Independent Director in the aforesaid committee.***

I further report that

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

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

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

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

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

For SANJAY DHOLAKIA & ASSOCIATES

Place: Mumbai
Date: 30th May, 2015

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

Annexure A

**To,
The Members,
FAZE-THREE LTD
Dadra Nagar Haveli.**

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

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

For SANJAY DHOLAKIA & ASSOCIATES

(SANJAY R DHOLAKIA)

Practising Company Secretary
Proprietor

Membership No. 2655 /CP No. 1798

Date: 30th May, 2015
Place: Mumbai

**EXTRACT OF ANNUAL RETURN
FORM NO. MGT-9**

As on financial year ended 31.03.2015
[Pursuant to Section 92(3) of the Companies Act, 2013 read with
[The Companies (Management and Administration) Rules, 2014] FORM NO. MGT-9

A. REGISTRATION AND OTHER DETAILS:

CIN:-	L99999DN1985PLC000197
Registration Date:	09.01.1985
Name of the Company:	Faze Three Ltd.
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, Dadar Nagar Haveli 396230. Phone 0260 2668539 Fax: 0260 2668501 Email: investors@fazethree.com Website: www.fazethree.com
Whether listed company	Yes, Listed
Name, Address and Contact details of Registrar and Transfer Agent, if any	Sharex Dynamic (India) Pvt. Ltd. Unit-1, Luthra Industrial Premises, Andheri – Kurla Road, Safed Pool, Andheri (East), Mumbai – 400 072. Phone: 022 2851 5606 / 5644 Website: www.sharexindia.com Email: sharexindia@vsnl.com

B. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the Business activities contributing 10% or more of the total turnover of the Company;

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
a.	Weaving and finishing of cotton textiles on handlooms.	2330	38.22%
b.	Weaving and finishing of cotton textiles on power looms.	2340	20.72%
c.	Manufacture of blankets, shawls, carpets, rugs, and other similar textile products	2630	24.09%

C. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and address of the company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares held
a.	V R Woodart Limited	L51909MH1989PLC138292	Associate	18.79%
b.	Aunde India Limited	L17120DN1997PLC000196	Associate	Nil
c.	Instyle Investments Pvt.Ltd.	U67120MH1991PTC060920	Associate	Nil

D. SHAREHOLDING PATTERN :

(i) Category - wise Share Holding

Category code	Category of Shareholder	Number of shares held at Beginning of the year (01.04.2014)				Number of shares held at the end of the year (31.03.2015)			
		Number of Shareholders	number of shares	dematerialized form	percent age of Shareholding	Number of Shareholders	number of shares	dematerialized form	percentage of Shareholding
(A)	Shareholding of Promoter and Promoter Group²								
1	Indian								
(a)	Individuals/ HUF	6	4127869	4127869	33.87	6	4127869	4127869	33.87
(b)	Central / State Govt.	0	0	0	0	0	0	0	0
(c)	Bodies Corporate	3	2439125	2439125	20.01	3	2439125	2439125	20.01
(d)	FI/ Banks	0	0	0	0	0	0	0	0
(e)	Any Others(Specify)	0	0	0	0	0	0	0	0
	Sub Total(A)(1)	9	6566994	6566994	53.88	9	6566994	6566994	53.88
2	Foreign								
a	NRI	0	0	0	0	0	0	0	0
b	Bodies Corporate	0	0	0	0	0	0	0	0
c	Institutions	0	0	0	0	0	0	0	0
d	Any Others(Specify)	0	0	0	0	0	0	0	0
	Sub Total(A)(2)	0	0	0	0.00	0	0	0	0.00
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	9	6566994	6566994	53.88	9	6566994	6566994	53.88
(B)	Public shareholding								
1	Institutions								
(a)	Mutual Funds/ UTI	0	0	0	0	0	0	0	0
(b)	FI / Banks	0	0	0	0	0	0	0	0
(c)	Central / State Govt	0	0	0	0	0	0	0	0
(d)	Venture Capital Funds	1	250	250	0.00	1	250	250	0.00
(e)	Insurance Companies	0	0	0	0	0	0	0	0
(f)	FIs	0	0	0	0	0	0	0	0
(g)	Foreign Venture Capital Investors	0	0	0	0	0	0	0	0
(h)	Any Other (specify)	0	0	0	0	0	0	0	0
	Sub-Total (B)(1)	1	250	250	0.00	1	250	250	0.00
B 2	Non-institutions								
(a)	Bodies Corporate	101	3324595	1526098	27.28	94	3275959	1477462	26.88
(b)	Individuals								
	i. Individual shareholders holding nominal share capital up to Rs 1 lakh	4070	1378233	1193628	11.31	3824	1336542	1155937	10.97
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	19	861155	754905	7.07	21	950064	843814	7.79
(c)	Any Other								
(c-i)	Clearing Member	5	2779	2779	0.00	3	3589	3589	0.00
(c-ii)	NRI	20	55041	55041	0.45	20	55399	55399	0.45
	Sub-Total (B)(2)	4215	5621803	3532451	46.12	3962	5621553	3536201	46.12
	Total Public Shareholding (B)= (B)(1)+(B)(2)	4216	5622053	3532701	46.12	3963	5621803	3536451	46.12
(B)	TOTAL (A)+(B)	4225	12188797	10099445	100.00	3972	12188797	10103445	100.00

(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 (01/04/2014)			Details of Shareholding at the end of the year (31/03/2015)		
		Number of shares held	%	% of shares Pledged/ Encumbered	Number of shares held	%	% of shares Pledged/ Encumbered
1	Ajay Anand	2964209	24.32	0.00	2964209	24.32	0.00
2	Ajay Anand (HUF)	662500	5.44	0.00	662500	5.44	0.00
3	Rashmi Anand	343990	2.82	0.00	343990	2.82	0.00
4	Vishnu Anand	18875	0.15	0.00	18875	0.15	0.00
5	Rohina Anand	20875	0.17	0.00	20875	0.17	0.00
6	Sanjay Anand	117170	0.96	0.00	117420	0.96	0.00
7	Instyle Investments Pvt. Ltd.	2394625	19.65	0.00	2394625	19.65	0.00
8	Anadry Investments Pvt. Ltd.	9500	0.08	0.00	9500	0.08	0.00
9	MamataFinvest Pvt. Ltd.	35000	0.29	0.00	35000	0.29	0.00
	TOTAL	6566744	53.88	0.00	6566994	53.88	0.00

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

SI No.	Shareholder's Name	Details of Shareholding at the beginning of the year (01/04/2014)		Details of Shareholding at the end of the year (31/03/2015)	
		No. of Shares	%	No. of Shares	%
1	Sanjay Anand	117170	0.96	117420	0.96

(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 (01-04-2014)	% of total Shares of the company	No. of Shares at end of the year (31-03-2015)	% of total Shares of the company
1	WHITLEY WILLOWS OVERSEAS LTD.	1638297	13.441	1638297	13.441
2	MAKARAND EXIM PVT. LTD.	412215	3.382	412215	3.382
3	HEMAMBAR INVESTMENTS PVT. LTD.	403810	3.313	403810	3.313
4	JOINT PRODUCERS PVT. LTD.	347162	2.848	347162	2.848
5	MAHENDRA GIRDHARILAL	160822	1.319	159455	1.308
6	MAKARAND EXIM PVT. LTD.	132200	1.085	132200	1.085
7	KISHORKUMAR MANSUKHLAL SHAH	129845	1.065	129845	1.065
8	SALIM PYARLI GOVANI	114631	0.94	114631	0.94
9	RAJIV RAI (HUF)	106250	0.872	106250	0.872
10	SHUB LABH INDIA MARKETING AND CONSULTANTS PVT. LTD.	80000	0.656	88785	0.728

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Name	Shareholding at the beginning of the year 01/04/2014		Cumulative Shareholding during the year 31/03/2015	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	AJAY ANAND	2964209	24.32	2964209	24.32
2	RAJIV RAI SACHDEV	37500	0.308	37500	0.308
3	SANJAY ANAND	117170	0.96	117420	0.96
4	VASUDEVA RAO	Nil	Nil	Nil	Nil
5	MARTIN GOLLA	201	0.00	201	0.00

E. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment
(₹ in Lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	977.80	10496.76	-	11474.56
ii) Interest due but not paid	NIL	1328.85	-	1328.85
iii) Interest accrued but not	NIL	-	-	-
Total (i+ii+iii)	977.80	11825.62		12803.42
Change in Indebtedness during the financial year				
• Addition	NIL	1877.89	-	1877.89
• Reduction	570.10	-	-	570.10
Net Change	(570.10)	1877.89		1307.79
Indebtedness at the end of the financial year				
i) Principal Amount	407.70	11712.01	-	12119.71
ii) Interest due but not paid	NIL	1991.50	-	1991.50
iii) Interest accrued but not	NIL	-	-	-
Total (i+ii+iii)	407.70	13703.51		14111.21

F. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(₹ in Lacs)

Sl.no.	Particulars of Remuneration	Name of MD	Name of WTD	Total Amount
		Mr. Ajay Anand	Mr. Sanjay Anand	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	36.80	36.46	73.26
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	1.60	1.94	3.54
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify...	-	-	-
5	Others, please specify	-	-	-
	Total (A)	38.40	38.40	76.80

G. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of Directors Manager
	1. Independent Directors	Mr. Vasudeva Rao
	• Fee for attending board meetings/ committee meetings	43,000/-
	• Commission	-
	• Others, please specify	-
	Total (1)	43,000/-
	2. Other Non-Executive Directors	Mr. Rajiv Rai Sachdev
	• Fee for attending board meetings / committee meetings	38,000/-
	• Commission	-
	• Others, please specify	-
	Total (2)	38,000/-
	Total (B)=(1+2)	81,000/-

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

(₹ in Lacs)

	Particulars of Remuneration	Key Managerial Personnel	Total
		Company Secretary Mr. Martin Golla	
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (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	11.26 1.10 -	11.26 1.10 -
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission - as % of profit - others, specify... Others, please specify	- - -	- - -
	Total	12.36	12.36

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]
Penalty	N.A				
Punishment	N.A				
Compounding	N.A				
C. OTHER OFFICERS IN DEFAULT					
Penalty	N.A				
Punishment	N.A				
Compounding	N.A				

INDEPENDENT AUDITORS' REPORT

To the Members of Faze Three Limited.

Report on the Financial Statements

1. We have audited the accompanying financial statements of Faze Three Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements, that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Emphasis of Matter

6. The Financial Statements have been prepared on a going concern basis.
Attention is drawn to Note No. 37 of the Notes forming part of the Financial Statements stating the reasons and background for the Company preparing the financial statements on a going concern basis.

Our opinion is not modified in respect of this matter.

Basis of Qualified Opinion

As referred Note No. 36 of the Notes forming part of the Financial Statements the Company has not ascertained the useful life of its Fixed Assets and not worked out depreciation as per Schedule II of the Companies Act, 2013. The depreciation charged in the books is as per Schedule XIV of the Companies Act, 1956. The impact on the results for the year ended 31st March 2015 and the impact, if any, on the retained earnings has not been ascertained.

Qualified Opinion

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

Report on Other Legal and Regulatory Requirements.

8. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
9. As required by section 143(3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

-
- b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the aforesaid financial statements comply with the applicable Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014
 - e. on the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164(2) of the Act
 - f. With respect to 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. As per the management on the basis of opinion taken, the Company is of the view that the ongoing litigations which are not of material nature as at the reporting date would not have a material impact on 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 has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company.

For THAKUR VAIDYANATH AIYAR & CO.
CHARTERED ACCOUNTANTS
Firm Registration No. 000038N

C.V.PARAMESWAR
PARTNER
M.No.11541

Place: Mumbai

Dated: 30th May 2015

ANNEXURE TO INDEPENDENT AUDITORS' REPORT REFERRED TO IN PARAGRAPH 7 UNDER THE HEADING OF "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENT" OF OUR REPORT OF EVEN DATE.

- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its Fixed Assets. The records for the financial year 2014-15 are in the process of being updated.
 - (b) As explained to us the major Fixed Assets have been physically verified by the Management at reasonable intervals during the year. As per the information given to us no material discrepancy has been noticed on such verification.
- ii. (a) The inventory has been physically verified by the management during the year. In our opinion the frequency of verification is reasonable.
 - (b) In our opinion the procedure of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) On the basis of our examination of inventory records in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed during the physical verification have been properly dealt with in the books of accounts.
- iii. (a) Based on the audit procedures applied by us and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to Companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
 - (b) In view of our comment in (a) above Clause (iii) (a) and (b) of the Order are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
- v. In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits. Consequently, the directives issued by Reserve Bank of India and the provisions of Section 73 to 76 of the Act and the rules framed there under are not applicable.
- vi. We have broadly reviewed the books of accounts maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under sub-section (1) of Section 148 of the Companies Act 2013, and are of the opinion that prima facie, the prescribed accounts and records have been

made and maintained. We have, however, not 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 based on the records of the Company examined by us, the Company is regular in depositing the undisputed statutory dues including Provident Fund, Employees State Insurance, Income- Tax, Sales-Tax, Wealth- tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess, Service Tax and other material statutory dues, as applicable, with the appropriate authorities in India;
- (b) According to the information and explanation given to us there are no dues of Sales Tax, Income Tax, Service Tax, Duty of Custom, Wealth Tax, Duty of Excise, Value Added Tax and cess which have not been deposited on account of dispute other than the following:-

Particulars	Assessment years to which the matter pertains to	Forum where dispute is pending	Amount (Rs. In Lacs)
Income tax	2003-2004	High Court	26.43
Income tax	2004-2005	ITAT (Mumbai)	20.99
Income tax	2007-2008	ITAT (Mumbai)	53.63

- (c) There has been no delay in transferring amount, required to be transferred to Investor Education and Protection Fund, by the Company.
- viii. The accumulated loss at the end of the financial year exceeded the Company's net worth. The Company has not incurred cash loss during the year and in the immediately preceding financial year.
- ix. Based on our audit procedures carried out by us and on the basis of the information and explanations provided by the management we are of the opinion that the Company has not defaulted in repayment of dues to banks or financial institutions.
- x. The Company had given a guarantee for a loan taken by a subsidiary from a bank. In our opinion the terms and conditions of the guarantee are not prejudicial to the interest of the Company.
- xi. According to the information and explanations given to us, in our opinion, term loans availed by the Company were, prima facie, applied by the Company for the purpose for which the loans were obtained.
- xii. During the course of our examination of the books and records of the Company carried out in accordance with 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 on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the management.

**For THAKUR VAIDYANATH AIYAR & CO.
CHARTERED ACCOUNTANTS
Firm Registration No. 000038N**

**C.V.PARAMESWAR
PARTNER
M.No.11541**

Place: Mumbai
Dated: 30th May 2015

BALANCE SHEET		Notes	As At	As At
as at 31 March, 2015			31st March 2015	31st March 2014
			(₹ in Lacs)	(₹ in Lacs)
EQUITY AND LIABILITIES				
Shareholders' funds				
(a)	Share Capital	3	1,218.88	1,218.88
(b)	Reserves and Surplus	4	<u>(5,150.17)</u>	<u>(4,719.98)</u>
			(3,931.29)	(3,501.10)
Non-current liabilities				
(a)	Long-term Borrowings	5	63.33	581.56
(b)	Deferred Tax Liabilities (Net)	6	1,390.04	1,390.04
(c)	Other Long Term Liabilities	7	1,187.48	1,535.36
(d)	Long-term Provisions	8	<u>238.63</u>	<u>235.46</u>
			2,879.48	3,742.42
Current liabilities				
(a)	Short-term Borrowings	9	6,406.80	7,166.95
(b)	Trade Payables	10	4,099.06	4,249.40
(c)	Other Current Liabilities	11	15,492.64	12,703.09
(d)	Short-term Provisions	12	<u>827.59</u>	<u>704.48</u>
			26,826.09	24,823.92
			25,774.28	25,065.24
ASSETS				
Non-current assets				
(a)	Fixed Assets			
	(i) Tangible Assets	13	7,597.05	7,657.82
(b)	Non-current Investments	14	37.09	23.09
(c)	Long-term Loans and Advances	15	<u>124.90</u>	<u>287.78</u>
			7,759.04	7,968.69
Current assets				
(a)	Inventories	16	8,620.43	8,899.09
(b)	Trade Receivables	17	5,301.16	4,596.05
(c)	Cash and cash equivalents	18	185.24	186.28
(d)	Short-term Loans and Advances	19	442.73	404.97
(e)	Other Current Assets	20	<u>3,465.68</u>	<u>3,010.16</u>
			18,015.24	17,096.55
			25,774.28	25,065.24

Significant accounting policies and other notes 1 to 40

The Accompanying notes are an integral part of the financial statements

As per our report of even date.

Thakur Vaidyanath Aiyar & Co.

Chartered Accountants

Firm Rgn. No-000038N

C. V. Parameswar

Partner

M.No.: 11541

Place : Mumbai

Dated : 30th May, 2015

For and on behalf of the Board

Faze Three Limited

Ajay Anand

Managing Director

Sanjay Anand

Whole Time Director

Martin Golla

Sr. VP-Legal & Company Secretary

30th Annual Report 2014-2015



Statement of Profit & Loss For The Year Ended 31st March 2015	Notes	For the Year Ended 31st March 2015 (₹ in Lacs)	For the Year Ended 31st March 2014 (₹ in Lacs)
Income			
Revenue from Operations	21	21,881.10	23,649.89
Less : Excise Duty on Domestic Sales		(119.03)	(580.95)
Other Income	22	231.14	253.37
Total Revenue (I)		21,993.21	23,322.31
Expenses			
Cost of materials consumed	23	10,987.67	10,582.21
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade [(Increase) / decrease]	24	(927.46)	290.64
Employee Benefits Expense	25	2,402.81	2,091.98
Other expenses	28	7,724.09	7,808.46
Total (II)		20,187.11	20,773.29
Profit before interest, tax, depreciation and amortisation, Finance Costs and Exceptional items (EBIDTA) (I) - (II)		1,806.10	2,549.02
Depreciation and amortization expense	27	492.05	494.49
Finance costs	26	1,418.45	1,475.66
Exceptional items		325.79	716.79
Profit / (loss) before tax but after interest, depreciation and amortisation and Exceptional items		(430.19)	(137.92)
Tax Expenses			
Deferred tax Originated / (Reversed)		-	15.48
Total Tax Expense		-	15.48
Profit/(Loss) for the period from continuing operations (A)		(430.19)	(153.40)
Profit/(loss) from discontinuing operations		-	-
Tax expense of discontinuing operations		-	-
Profit/(loss) from Discontinuing operations (after tax) (B)		-	-
Profit/(Loss) for the period (A + B)		(430.19)	(153.40)
Earnings per equity share [nominal value of share ₹ 10]			
Basic		(3.53)	(1.26)
Diluted		(3.53)	(1.26)
Summary of significant accounting policies	1 to 40		

The Accompanying notes are an integral part of the financial statements

As per our report of even date.

Thakur Vaidyanath Aiyar & Co.

Chartered Accountants

Firm Rgn. No-000038N

C. V. Parameswar

Partner

M.No.: 11541

Place : Mumbai

Dated : 30th May, 2015

For and on behalf of the Board

Faze Three Limited

Ajay Anand

Managing Director

Sanjay Anand

Whole Time Director

Martin Golla

Sr. VP-Legal & Company Secretary

Cash Flow Statement For The Year Ended 31st March 2015

(₹ in Lacs)

	Year ended 31st March 2015	Year ended 31st March 2014
Profit before tax from continuing operations	(430.19)	(137.91)
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation / amortization from continuing operation	492.05	494.49
Interest Expense	1418.45	1,475.66
Interest Income	(105.77)	(85.82)
Profit / Loss on sale of Asset	(2.31)	(1.37)
Operating profit before working capital changes	1,372.23	1,745.05
Movements in Working Capital :		
Increase / (decrease) in trade payables	(150.34)	837.06
Increase / (decrease) in Long term provisions	3.17	36.71
Increase / (decrease) in short term provisions	123.11	214.63
Increase / (decrease) in current liabilities	2789.55	1,660.67
(Increase) / decrease in trade receivables	(705.11)	(1,301.28)
(Increase) / decrease in inventories	278.66	(1,616.11)
(Increase) / decrease in long term loans and advances	162.88	(231.15)
(Increase) / decrease in short term loans and advances	(37.76)	20.59
(Increase) / decrease in other current assets	(455.52)	(1,416.98)
Increase / (Decrease) in Long Term Liabilities	(347.88)	73.79
Net Cash flow from / (used in) operating activities (A)	3,032.99	22.98
Cash Flow From Investing Activities		
Purchase of Fixed Assets, CWIP and capital advances	(433.59)	(209.95)
Proceeds from Sale of Fixed assets	4.61	14.35
Purchase of Investments	(14.00)	(2.00)
Interest received	105.77	85.82
Net cash flow from / (used in) investing activities (B)	(337.21)	(111.78)
Cash flow from Financing Activities		
Proceeds from Long term borrowings (net)	(518.22)	40.64
Proceeds from short term borrowings	(760.15)	1,061.37
Interest paid	(1418.45)	(1,475.66)
Net cash flow from / (used in) Financing activities (C)	(2,696.82)	(373.65)
Net increase / (decrease) in cash and cash equivalents (a+b+c)	(1.04)	(462.45)
Cash and cash equivalents at the beginning of the year	186.28	648.73
Cash and cash equivalents at the end of the year	185.24	186.28
Components of Cash and cash equivalents		
Cash on hand	11.75	10.23
With Banks		
On current accounts	104.82	106.82
On deposit account	67.57	66.77
EEFC Account	1.10	0.76
Unpaid dividend account	-	1.70
Total cash and cash equivalents (note 18)	185.24	186.28

The Accompanying notes are an integral part of the financial statements

As per our report of even date.
Thakur Vaidyanath Aiyar & Co.
 Chartered Accountants
 Firm Rgn. No-000038N

For and on behalf of the Board
Faze Three Limited

C. V. Parameswar
 Partner
 M.No.: 11541

Ajay Anand
 Managing Director

Sanjay Anand
 Whole Time Director

Place : Mumbai
 Dated : 30th May, 2015

Martin Golla
 Sr. VP-Legal & Company Secretary

Notes Forming Part of Financial Statements for the Year Ended 31st March, 2015

1. Corporate Information

Faze Three Limited (the company) is a public company domiciled in India and incorporated under the provisions of Indian Companies Act, 1956. The company's equity shares are listed for trading on the Bombay Stock Exchange. The company is engaged in manufacturing of Home furnishing items.

2. Basis of Accounting

The Financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP). The company has prepared these financial statements to comply with all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014.

2.1 Summary of Significant Accounting policies:

a. Presentation and disclosure of financial statements

The revised schedule III notified under the Companies Act, 2013, is applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed in preparation of financial statements. However, it has significant impact on presentation and disclosures made in financial statements.

b. Use of estimates

The preparation of financial statements in conformity with the Indian GAAP requires estimates and assumptions to be made that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, as of the date of the reporting period. These estimates are based on management's best knowledge of current events and actions, uncertainty about these assumptions could result in outcomes different from the estimates. Difference between actual results and estimates are recognised in the period in which results are known or materialized.

c. Tangible and Intangible Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The cost comprises of purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.

Intangible assets are considered as such only if amounts involved are significant.

d. Depreciation on Tangible fixed assets

Depreciation on original cost has been provided under the Straight Line Method in the manner and at the rates prescribed by Schedule XIV to the Companies Act, 1956 except for Motor Vehicles, which is charged on Written down value method. In the case of re-valued assets, depreciation is charged on re-valued amount. While depreciation on original cost is charged to the Profit and Loss Account, on the re-valued amount it is adjusted against the Revaluation Reserve. Loom accessories, which are of replacement in nature, are expensed.

e. Borrowing costs

Borrowing costs include interest, amortisation of ancillary costs incurred in connection with arranging the borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

f. Impairment of tangible fixed assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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

Notes Forming Part of Financial Statements for the Year Ended 31st March, 2015

the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss, except for previously revalued tangible fixed assets, where the revaluation was taken to revaluation reserve. In this case, the impairment is also recognized in the revaluation reserve up to the amount of any previous revaluation.

After impairment depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

g. Government grants, subsidies and Export Incentives

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the company will comply with the conditions attached to them, and (ii) the grant/ subsidy will be received.

When the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the useful life of the related asset.

Where the company receives non-monetary grants, the asset is accounted for on the basis of its acquisition cost. In case a non-monetary asset is given free of cost, it is recognized at a nominal value.

Government grants of the nature of promoter's contribution are credited to capital reserves and treated as a part of the shareholders' funds.

Export incentives are accounted for on accrual basis.

h. Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investment. All other investments are classified as long term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current Investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

Notes Forming Part of Financial Statements for the Year Ended 31st March, 2015

i. Inventories

a) Raw materials are valued at cost or net realizable value whichever is lower, b) Work in process are valued at cost, c) Finished products are valued at cost or net realizable value whichever is lower. Cost is ascertained on a weighted average basis. Cost of work in process and finished products comprises expenditure incurred in the normal course of business in bringing such inventories to its present location and includes allowable overheads based on normal level of activity and excise duty where applicable.

j. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.

Sale of goods

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of goods have been passed to the buyer, usually on delivery of the goods. Domestic sales are inclusive of excise duty.

Interest

Interest income is recognized on a time proportion basis taking into account outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

k. Foreign Currency Transaction

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency on the date of the transaction.

Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined. The exchange differences arising on restatement of monetary items are recognized as income or as expenses in the period in which they arise in the statement of profit and loss.

l. Retirement and other employee benefits

Retirement benefit in the form of provident fund and family pension fund is a defined contribution scheme and is charged to the statement of profit and loss. The company has no other obligation, other than the contribution payable to the provident fund and family pension fund.

m. Income taxes

Tax expense comprise of current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdiction where the company operates. The tax rate and tax laws used to compute the amount due are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rate and the tax laws enacted or substantively enacted at the reporting date. Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all

Notes Forming Part of Financial Statements for the Year Ended 31st March, 2015

deferred tax assets are recognized only if there is a virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

Minimum alternate tax (MAT) paid in the year is charged to the statement of profit and loss as current tax. The company recognized MAT credit available as an assets only to the extent that there is convincing evidence that the company will be charged normal income tax during the specified period i.e., the period for which MAT credit is allowed to be carried forward to the next year in which company recognises MAT credit as an assets in accordance with the Guidance Note on Accounting for credit available in respect of Minimum Alternative Tax under the income tax Act, 1961, the said assets is created by way of credit to the statement of Profit & loss and shown as “MAT credit Entitlement.” The company reviews the “MAT credit entitlement” assets at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

n. Segment reporting

The company has a single reportable segment.

o. Earnings per share

Basic earnings per share are calculated by dividing the net profit and loss for the period attributable to equity share holders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus elements in right issue, share split, and reverse shares split(consolidation of shares) that have changed the number of equity shares outstanding without a corresponding change in resources.

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

p. Provisions

Provisions are recognized when there is a present obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligations and reliable estimate can be made of the amount of obligation. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimate.

q. Contingent liabilities / Assets

Claims against the company where the possibility of outflow of resources is remote in the settlement of obligation are not disclosed as contingent liabilities. Contingent liabilities are not recognised but are disclosed and contingent assets are neither recognised nor disclosed in the financial statements.

r. Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short –term investments with an original maturity of three months or less.

s. Current and Non-current

All Assets and liabilities are presented as current or non-current as per the company's normal operating cycle and other criteria set out in the revised schedule III of the Companies Act , 2013. Based on the nature of products and the time between the acquisition of assets of processing and the realisation. The company has ascertained its operating cycle as 12 months for the purpose of current / non-current assets / liabilities.

t. Measurement of EBIDTA

As permitted by the Guidance note on the revised schedule III to the Company Act, 2013, the company has elected to present earnings before interest tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of the profit & loss. The company measured EBITDA on the basis of Profit & loss for continuing operation. In its measurement, the company does not include depreciation and amortization expense, finance costs, exceptional items and tax expense.

Notes Forming Part of Financial Statements for the Year Ended 31st March, 2015

3. Share Capital

Particulars	31st March 2015		31st March 2014	
	Number	₹ in Lacs	Number	₹ in Lacs
Authorised				
Equity Shares of ₹ 10/- each	17,000,000	1,700.00	17,000,000	1,700.00
	<u>17,000,000</u>	<u>1,700.00</u>	<u>17,000,000</u>	<u>1,700.00</u>
Issued, Subscribed & Fully paid up				
Equity Shares of ₹ 10/- each	12,188,797	1,218.88	12,188,797	1,218.88
Total Issued, Subscribed & Fully paid up	<u>12,188,797</u>	<u>1,218.88</u>	<u>12,188,797</u>	<u>1,218.88</u>

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	31st March 2015		31st March 2014	
	Number	₹ in Lacs	Number	₹ in Lacs
At the beginning of the year	12,188,797	1,218.88	12,188,797	1,218.88
Issued during the year	-	-	-	-
Bought back during the year	-	-	-	-
Outstanding at the end of the year	12,188,797	1,218.88	12,188,797	1,218.88

b. Terms/rights attached to Equity Shares.

The Company has only one class of Equity Shares having a par value of ₹ 10/- per share. All the Equity Shares rank pari passu in all respect.

c. The company has not issued bonus shares and shares for consideration other than cash nor the company has bought back any shares during the period of five years immediately preceeding the reporting date.

d. Details of shareholders holding more than 5% shares in the Company.

Name of Shareholder	31st March 2015		31st March 2014	
	No. of Shares held	% of Holding in the class	No. of Shares held	% of Holding in the class
Equity Shares of ₹ 10/- each fully paid				
Ajay Anand	2,964,209	24.32	2,964,209	24.32
Ajay Anand (HUF)	662,500	5.44	662,500	5.44
Instyle Investments Pvt. Ltd.	2,394,625	19.65	2,394,625	19.65
Whitley Willows Overseas Ltd	1,638,297	13.44	1,638,297	13.44

As per records of the company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

Notes Forming Part of Financial Statements for the Year Ended 31st March, 2015

4. Reserves & Surplus

Particulars	31st March 2015	31st March 2014
	₹ in Lacs	₹ in Lacs
a. Capital Reserves	533.32	533.32
b. Securities Premium Account	312.74	312.74
c. General Reserve	3,140.31	3,140.31
d. Surplus / (deficit) in statement of profit & loss		
Balance as per last financial statements	(8,706.35)	(8,552.96)
Profit/Loss for the current year	(430.19)	(153.39)
Net Deficit in the statement of profit and loss	(9,136.54)	(8,706.35)
Total reserves and surplus	(5,150.17)	(4,719.98)

5. Long Term Borrowings

Particulars	31.03.2015	31.03.2014	31.03.2015	31.03.2014
	₹ in Lacs	₹ in Lacs	₹ in Lacs	₹ in Lacs
	Non Current Portion		Current Maturities	
Secured				
(a) Term loans				
from banks	52.43	570.34	333.48	373.78
(b) Other Loans				
(Against Hypothecation of Vehicles)	10.90	11.22	10.89	22.46
	63.33	581.56	344.37	396.24

Note No.5.1

The term loan is secured by pari passu charge by way of EMT of Land & Building and hypothecation of specific Plant and Machineries and other movable fixed assets in respect of the expansion / new projects as prime security and collaterally secured by way of extension of the first charge on the existing fixed assets of the company excluding office property at Worli. The office property is exclusively charged to Canara Bank. (Comprising built up area 1983 sq. ft.)

Demand Promissory Note (DPN) Loan from Canara Bank included above carries interest of (BPLR + 2.05%).

Term Loan from Allahabad Bank included above carries interest of (Base Rate + 4.5%). The same Loan was taken from FY 2010 and is repayable in quarterly installments by 2016. There is no default in repayment of the term loans.

Terms and conditions of Long Term maturities of finance lease / obligations

Particulars	Loan 1	Loan 2	Loan 3	Loan 4
Period of Maturity	1st July 2016	1st November 2016	1st January 2018	24th April 2019
Number of installments due	16	20	34	48
Amount of installments due	43315	16200	16310	15111
Rate of Interest	9.61%	10.28%	10.74%	10.75%
Name of the Fianancier	ICICI Bank	ICICI Bank	ICICI Bank	Corporation Bank

6. Deferred tax liabilities (Net)

Particulars	31st March 2015	31st March 2014
	₹ in Lacs	₹ in Lacs
Difference in WDV between Books of Accounts and Income tax records	1,390.04	1,390.04
	1,390.04	1,390.04

Notes Forming Part of Financial Statements for the Year Ended 31st March, 2015

7. Other Long Term liabilities

Particulars	31st March 2015 ₹ in Lacs	31st March 2014 ₹ in Lacs
Other Deposits and retentions payable	1,187.48	1,535.36
	1,187.48	1,535.36

8. Long Term Provisions

Particulars	31st March 2015 ₹ in Lacs	31st March 2014 ₹ in Lacs
Provision for employee benefits Gratuity	238.63	235.46
	238.63	235.46

Note no. 8.1 - Short term maturities on gratuity provision have not been segregated. The company has covered its gratuity liability with Life Insurance Corporation of India and the contribution as advised are made to LIC based on the actuarial valuation carried out by LIC. As done in the previous year, the company has provided gratuity as per Payment of Gratuity Act, 1972 on a full liability basis.

9. Short Term Borrowings

Particulars	31st March 2015 ₹ in Lacs	31st March 2014 ₹ in Lacs
Loans repayable on demand from banks (secured) (refer note 9.1)	6406.80	7166.95
	6406.80	7166.95

Note No.9.1

Packing Credit Foreign Currency (PCFC) and Packing Credit Rupees (PCRS) is secured by way of hypothecation of Current Assets (Raw Materials, WIP, Finished Goods, Spares & Stores and Goods meant for exports, Book Debts etc) as prime security and collaterally secured by extension of the charge on the Fixed Assets of the company excluding Office property at Worli. The office property at Worli is exclusively charged to Canara Bank. (Comprising built up area 1983 sq.ft).

PCFC and PCRS facilities are from Canara Bank carrying interest rate of (LIBOR + 350 bps) for PCFC facility and 10.70 % for PCRS facility from Allahabad Bank. However, PCRS facility is eligible for interest subvention of 3 %.

Working Capital Loan is availed as PCFC / PCRS. PCFC is availed in US Dollars and the same has been restated at rate prevailing on 31st March 2015.

10. Trade Payable

Particulars	31st March 2015 ₹ in Lacs	31st March 2014 ₹ in Lacs
Trade Payable (including acceptances) (refer note 37 for details of dues to micro and small enterprises.)	4,099.06	4,249.40
	4,099.06	4,249.40

Trade payables include some amounts due to parties covered under AS 18, refer note 29

Notes Forming Part of Financial Statements for the Year Ended 31st March, 2015

11. Other Current Liabilities

Particulars	31st March 2015	31st March 2014
	₹ in Lacs	₹ in Lacs
(a) Current maturities of Term Loan	333.48	373.78
(b) Current maturities of Other loan	10.89	22.46
(c) Foreign Currency Convertible Bonds (Refer note 11.1)	9,139.37	8,192.25
(d) Invocation of Corporate Gaurantee (Refer note 11.2)	4,564.14	3,633.37
(e) Other liabilities	1,444.76	481.23
	15,492.64	12,703.09

Note No. 11.1 Foreign Currency Convertible Bonds

The principal outstanding of the Foreign Currency Convertible Bonds is USD8 Mln. The said bonds were convertible into Equity Shares of the company as per the terms of the offer on or prior to 27th December 2011 at the option of the holders. Since the said bonds were not converted / previously redeemed prior to the redemption date, they become due for redemption along with redemption premium and applicable interest thereon. The company has provided for the aforesaid premium and interest payable and classified here along with principal value of FCCBs.

Note No. 11.2 Invocation of Corporate Guarantee

The Company had given Corporate Guarantee to Canara Bank London for grant of working capital facilities by the Bank to PANA Textil GmbH ('PANA'), sub-subsidiary of the company for principal value 4.4 Mln Euros. Due to the European crises and overall adverse economic scenario in 2009-10, PANA filed for bankruptcy in 2010. The bankruptcy court ruled that PANA to be wound up and appointed the official administrator during FY 2012. Owing to the liquidation, the entire principal liability along with applicable interest thereon and other charges devolved onto the company as per the terms of the corporate guarantee agreement with Canara Bank London. The Liabilities on account of the aforesaid as claimed by the Bank from time to time have been classified here.

12. Short Term Provisions

Particulars	31st March 2015	31st March 2014
	₹ in Lacs	₹ in Lacs
(a) Provision for employee benefits		
Salary & Reimbursements	174.91	135.27
Contribution to PF and other funds	10.92	9.13
(b) Others		
Professional Tax Payable	0.35	0.34
Service Tax Payable	5.90	14.28
TDS Payable	22.42	22.47
Expenses Payable	583.13	459.14
Sales Tax Payable	-	14.09
Others	29.96	49.76
	827.59	704.48

Notes Forming Part of Financial Statements for the Year Ended 31st March, 2015
13. Tangible Fixed Assets

Tangible assets particulars	Gross block			Accumulated depreciation and impairment					Net block	
	Balance as at 1st April, 2014	Additions	Disposals	Balance as at 31st March, 2015	Balance as at 1st April, 2014	Depreciation/ amortisation expense for the year	Eliminated on disposal of assets	Impairment Provision recognised in statement of profit and loss	Balance as at 31st March, 2015	Balance as at 31st March, 2014
(a) Land Freehold Leasehold	699.41 130.86	- -	- -	699.41 130.86	- -	- -	- -	- -	699.41 130.86	699.41 130.86
(b) Buildings Owned	3,904.25	318.93	-	4,223.18	1,361.54	120.67	-	1,482.21	2,740.97	2,542.71
(c) Plant and Equipment Owned	6,663.00	61.30	1.73	6,722.57	2,914.36	292.89	1.10	3,206.15	3,516.43	3,748.64
(d) Furniture and Fixtures Owned	557.58	17.80	0.89	574.49	374.13	30.22	0.35	404.00	170.50	183.47
(e) Vehicles Owned	331.17	7.81	9.15	329.83	255.15	19.69	8.02	266.82	63.02	76.03
(f) Office equipment Owned	101.41	6.19	-	107.60	38.76	5.00	-	43.76	63.84	62.65
(g) Computer Owned	199.84	13.52	-	213.36	191.85	6.12	-	197.97	15.39	7.99
(h) Electrical Installation Owned	467.40	4.62	-	472.02	270.44	16.92	-	287.36	184.66	196.97
(i) Fire Hydrants Owned	9.97	3.42	-	13.39	0.88	0.54	-	1.42	11.97	9.09
Total	13,064.89	433.59	11.77	13,486.71	5,407.11	492.05	9.47	5,889.69	7,597.05	7,657.82
Previous year	12,882.98	209.95	28.04	13,064.89	4,927.67	494.49	15.06	5,407.10	7,657.82	7,657.82

Note 13.1

The value of Intangible assets are negligible and immaterial, hence, have not be been separately classified.

Notes Forming Part of Financial Statements for the Year Ended 31st March, 2015
14. Non-current investments

Particulars	<u>31st March 2015</u> ₹ in Lacs	<u>31st March 2014</u> ₹ in Lacs
Non Trade Investments (At Cost)		
Preference Shares (unquoted)		
452,000 (4,52,000) 5% Non-cumulative preference shares of Rs. 100 each fully paid up of V. R. Woodart Ltd.	452.00	452.00
Less : diminution in value of investment provided on the above in accordance with AS-13. (refer note 13. 1 and note 27)	452.00	452.00
	-	-
Equity shares (unquoted)		
Saraswat Co-op Bank Ltd. (2500 equity shares of Rs. 10 each, fully paid up)	0.25	0.25
Greater Bombay Co-operative Bank Limited (40 equity shares of Rs.25 each, fully paid up)	0.01	0.01
Investment in Mutual Fund - Canara Robeco - Mutual Fund - Equity Plan	16.00	2.00
Equity shares (quoted)		
V. R. Woodart Ltd. (1,456,612 equity shares of Rs. 10 each, fully paid up) (Market Value as on 31st March 2015 : ₹ 2,811,261)	116.70	116.70
Less: diminution in value of investment provided on the above in accordance with AS-13. (refer note 14. 1)	95.87	95.87
	20.83	20.83
	37.09	23.09

Note No.14.1

The diminution in value of the said investment is provided in accordance with AS - 13.

15. Long Term Loans and Advances

Particulars	<u>31st March 2015</u> ₹ in Lacs	<u>31st March 2014</u> ₹ in Lacs
a. Capital advances		
Unsecured, considered good	37.49	215.04
b. Security Deposits		
Unsecured, considered good	87.41	72.74
	124.90	287.78

16. Inventories (valued at lower of cost and net realizable value)

Particulars	<u>31st March 2015</u> ₹ in Lacs	<u>31st March 2014</u> ₹ in Lacs
a. Raw Materials and components	3,941.84	5,089.51
b. Work-in-progress	1,241.31	1,032.60
c. Finished goods	3,082.64	2,363.90
d. Stores and spares	283.18	264.70
e. Dyes and Chemicals	71.46	148.38
	8,620.43	8,899.09

Notes Forming Part of Financial Statements for the Year Ended 31st March, 2015

17. Trade Receivables

Particulars	31st March 2015 ₹ in Lacs	31st March 2014 ₹ in Lacs
Unsecured, considered good		
Trade receivables outstanding for a period exceeding six months from the date they are due for payment	271.64	278.46
Others (Refer Note 29)	5,029.52	4,317.59
	5,301.16	4,596.05

18. Cash and Cash Equivalents

Particulars	31st March 2015 ₹ in Lacs	31st March 2014 ₹ in Lacs
a. Balances with banks	104.82	106.82
b. Cash on hand	11.75	10.23
c. Bank deposits with Less than 12 months maturity	67.57	66.77
d. Bank balance on EEFC account	1.10	0.76
e. Unclaimed dividend account	-	1.70
	185.24	186.28

19. Short-term loans and advances

Particulars	31st March 2015 ₹ in Lacs	31st March 2014 ₹ in Lacs
Staff Advances	39.39	15.21
Advance to Suppliers	114.04	89.83
Others	289.30	299.93
	442.73	404.97

20. Other Current Assets

Particulars	31st March 2015 ₹ in Lacs	31st March 2014 ₹ in Lacs
Export Incentive receivable	876.95	1,315.95
Advance Income tax (net of provision)	319.31	204.45
Claims Recoverable	2.18	22.49
Prepaid Expenses	67.78	25.05
Excise/ Service Tax/ Cenvat	820.09	509.90
Interest Receivable	80.05	64.49
Recivable from PF Authorities	88.17	88.17
Non Current Cash & Cash Equivalents	1,211.15	779.66
	3,465.68	3,010.16

Notes Forming Part of Financial Statements for the Year Ended 31st March, 2015
21. Revenue from operations

Particulars	<u>31st March 2015</u> ₹ in Lacs	<u>31st March 2014</u> ₹ in Lacs
Sales		
Exports	17,772.25	19,135.22
Domestic	2,583.07	2,480.29
Other Operating revenues (Export Incentives)	1,406.75	1,453.43
	<u>21,762.07</u>	<u>23,068.94</u>

22. Other income

Particulars	<u>31st March 2015</u> ₹ in Lacs	<u>31st March 2014</u> ₹ in Lacs
Interest Income	105.77	85.82
Job work Income	69.34	106.12
Miscellaneous income	53.72	59.91
Gain arising from foreign exchange difference	-	0.15
Profit on sale of Assets	2.31	1.37
	<u>231.14</u>	<u>253.37</u>

23. Cost of materials consumed

Particulars	<u>31st March 2015</u> ₹ in Lacs	<u>31st March 2014</u> ₹ in Lacs
Inventory at the beginning of the year	5,237.89	3,399.57
Add: Purchases	9,763.08	12,420.53
Less: Inventory at the end of the Year	4,013.30	5,237.89
Cost of material and components consumed (Refer Note 23.1)	<u>10,987.67</u>	<u>10,582.21</u>

Note 23.1 Cost of material includes the cost of yarn ₹ 925.82 Mn (P.Y. ₹ 905.21 Mn) and others ₹ 172.95 (P.Y. ₹ 153.01 Mn)

24. Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-trade

Particulars	<u>31st March 2015</u> ₹ in Lacs	<u>31st March 2014</u> ₹ in Lacs
Inventory at the end of the year	4,323.96	3,396.50
Inventory at the beginning of the Year	3,396.50	3,687.14
Changes in inventories of finished goods work-in-progress and Stock-in-Trade	<u>(927.46)</u>	<u>290.64</u>

25. Employee Benefits Expense

Particulars	<u>31st March 2015</u> ₹ in Lacs	<u>31st March 2014</u> ₹ in Lacs
(a) Salaries and incentives	2,104.25	1,815.70
(b) Contributions to - Provident fund , E.S.I.C. and other funds	148.23	117.73
(c) Other expenses and provisions	150.33	158.55
	<u>2,402.81</u>	<u>2,091.98</u>

Notes Forming Part of Financial Statements for the Year Ended 31st March, 2015

26. Finance Costs

Particulars	31st March 2015	31st March 2014
	₹ in Lacs	₹ in Lacs
Interest expense	1,172.28	1,187.95
Bank Charges	246.17	287.71
	1,418.45	1,475.66

27. Depreciation and amortization expense

Particulars	31st March 2015	31st March 2014
	₹ in Lacs	₹ in Lacs
Depreciation on tangible assets	492.05	494.49
	492.05	494.49

28. Other Expenses

Particulars	31st March 2015	31st March 2014
	₹ in Lacs	₹ in Lacs
Sewing, Stitching, Processing & Finishing Charges	1,399.11	1,583.98
Power & Fuel	1,779.77	1,726.86
Clearing and Forwarding expenses	739.20	847.85
Repairs & Maintenance:		
Plant & Machinery	154.69	123.93
Building	50.90	51.55
Other Manufacturing Expenses	1,219.24	867.57
Rent, Rates & Taxes	165.41	197.96
Stores and spares consumed	106.75	104.53
Audit Fees (refer note 28.1)	6.66	6.21
Miscellaneous expenses	775.45	668.32
Travelling, Vehicle & Conveyance expenses	186.81	151.74
Legal & Professional Fees	478.59	176.77
Insurance Charges	22.57	38.17
Foreign Exchange fluctuation loss (net)	478.93	789.78
Selling & Distribution Expenses	101.76	91.37
Excise duty	58.25	381.87
	7,724.09	7,808.46

28.1 Details of Payments to the Auditor

Particulars	31st March 2015	31st March 2014
	₹ in Lacs	₹ in Lacs
a. as auditor	3.50	3.50
b. for taxation matters	0.80	0.80
c. for certification	1.20	1.20
d. for reimbursement of expenses	1.16	0.71
	6.66	6.21

Notes Forming Part of Financial Statements for the Year Ended 31st March, 2015

28. Exceptional items

The company has given Corporate guarantee to Canara Bank London for grant of working capital facilities by the Bank to PANA Textil GmbH ('PANA'), sub-subsidiary of the company for principal value 4.4 Million Euros. Due to the European crises and overall adverse economic scenario in 2009-2010, PANA filed for bankruptcy in 2010. The bankruptcy court ruled that PANA to be wound up and appointed the official administrator during FY 2012. Owing to the liquidation, the entire principal liability along with applicable interest thereon and other charges devolved onto the company as per the terms of the corporate guarantee agreement with Canara Bank London. The applicable annual charge & forex fluctuation on the said liability as claimed by the Bank from time to time have been provided.

29. Related party Transactions

A) Related parties where control exists

Relationship	Name / Entity
Associates	V R Woodart Limited Aunde India Limited Ajay Anand (HUF) Instyle Investments Pvt. Ltd.
Key Management personnel (KMP)	Ajay Anand (Additional Director w.e.f.1/10/13) Sanjay Anand (Whole Time Director)

B) Related parties with whom transactions have taken place

Relationship	Name / Entity
Daughter of Ajay Anand	Rohina Anand

a. Sale / purchase of goods and services (₹ in Lacs)

Name	Year ended	Sale of goods	Sale of services	Lease Rental Income	Purchase of goods	Lease Rent Expenses	Purchase of services	Amount owed to related parties
AUNDE India Limited	March 2015	2.25	2351.60	32.34	0.76	Nil	Nil	Nil
	March 2014	4.31	2423.03	28.78	1.20	Nil	Nil	Nil

b. Loans and interest payments (₹ in Lacs)

Name	Year ended	Loans Received	Loan Repaid/ Adjusted	Loan given	Loan Refund Received	Interest received	Interest Paid	Balance at year end
<u>Associates</u>	March 2015	Nil	0.38	Nil	Nil	Nil	Nil	45.54
V.R.Woodart Ltd	March 2014	Nil	77.07	Nil	Nil	Nil	Nil	45.92

Notes Forming Part Of Financial Statements For The Year Ended March 2015

c. Remuneration to key managerial personnel

Particulars	31st March 2015	31st March 2014
	₹ in Lacs	₹ in Lacs
Ajay Anand	38.40	Nil
Sanjay Anand	38.40	Nil
	76.80	Nil

d. Other transactions

Lease rent of ₹ 6.00 Lacs (PY ₹ 6.00 Lacs) has been paid to Rohina Anand for rent of premises and Salary to Ashok Anand ₹ 8.14 Lacs (PY ₹ 9.24 Lacs). Apart from sale/purchase of goods and services ₹ 5.32 Lacs (PY ₹ 5.31 Lacs) is paid to Aunde India Limited for reimbursement of Expenses.

30. Contingent liabilities

Particulars	31st March 2015	31st March 2014
	₹ in Lacs	₹ in Lacs
(i) Contingent Liabilities		
(a) Claims against the company not acknowledged as debt	30.13	27.30
(b) Guarantees and Letter of Credit	261.19	183.18
(c) Other money for which the company is contingently liable	724.75	215.33
(d) Legal charges and other expenses / dues on account of liquidation of Pana Textil GmbH	NIL	600.00
(ii) Commitments		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	NIL	NIL
(b) Uncalled liability on shares and other investments partly paid	NIL	NIL
(c) Other commitments (specify nature)	NIL	NIL

31. Miscellaneous expenses under Note 27 'Other Expenses' mainly includes net -write offs of ₹ 8.84 Mn (PY ₹ 12.18 Mn), Security expenses ₹ 7.70 Mn (PY ₹ 6.43 Mn), compensation to canara bank on invocation of corporate guarantee ₹ 17.43 Mn (PY ₹ 22.23 Mn) etc.

32. Value of imports calculated on CIF basis

Particulars	31st March 2015	31st March 2014
	₹ in Lacs	₹ in Lacs
Raw materials	200.01	224.44
Stores and spares	50.80	24.45
	250.81	248.89

33. Expenditure in Foreign currency

Particulars	31st March 2015	31st March 2014
	₹ in Lacs	₹ in Lacs
Travelling and conveyance	17.96	17.09
Interest	600.95	583.39
Professional fees	17.67	18.20
	636.58	618.68

Notes Forming Part Of Financial Statements For The Year Ended March 2015
34. Imported and indigenous raw materials, components and spare parts consumed (₹ in Lacs)

Particulars	% of Total consumption 31st March 2015	Value 31st March 2015	% of Total consumption 31st March 2014	Value 31st March 2014
Raw materials				
Imported	1.82	200.01	2.12	224.44
Indigenous	98.18	1,0787.67	97.88	1,0357.75
Total	100	1,0987.68	100	1,0582.19
Spare parts				
Imported	47.59	50.80	23.39	24.45
Indigenous	52.41	55.95	76.61	80.08
Total	100	106.75	100	104.53

35. Earnings in Foreign currency

Particulars	31st March 2015 ₹ in Lacs	31st March 2014 ₹ in Lacs
Exports at F.O.B value	1,7633.33	1,8917.25

36. Depreciation on Tangible fixed assets

The Company has not ascertained the useful life of its Fixed Assets and not worked out depreciation as per Schedule II of the Companies Act 2013. The depreciation charged in the books is as per Schedule XIV of the Companies Act 1956.

37. Going Concern

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. The management believes that it is appropriate to prepare these financial statements on 'going concern' basis, for the following reasons:

- The company has not made operating losses during the year. Besides, there are sufficient orders on hand pending execution. The management is fully seized of the matter and is of the view that going concern assumption holds true and that the company will be able to discharge / resolve its liabilities in the normal course of business.
- As the Net worth of the company was eroded in the previous years, it became mandatory under section 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985 to file a reference to BIFR for revival and rehabilitation of the company. Accordingly, the company has filed reference with BIFR on 23-08-2012 which has been registered by BIFR on 04-09-2012.

38. There are no outstanding dues to small and medium enterprises as defined under MSME Act, 2006.

39. Debit / Credit balances are subject to confirmation and reconciliation

40. Previous period figures

The Company has reclassified previous year figures to conform to this year's classification.

As per our report of even date.

Thakur Vaidyanath Aiyar & Co.

Chartered Accountants

Firm Rgn. No-000038N

C. V. Parameswar

Partner

M.No.: 11541

For and on behalf of the Board

Ajay Anand

Managing Director

Sanjay Anand

Whole Time Director

Place : Mumbai

Dated : 30th May, 2015

Martin Golla

Sr. VP-Legal & Company Secretary

