



**32nd Annual Report
2016-2017**

FAZE THREE LIMITED
32ND ANNUAL REPORT 2016-17

1. Date of Annual General Meeting : 27th September, 2017
2. Time and Venue : 11.30 am. Conference Hall,
Plot No. 146
Waghdhara Village Road
Dadra – 396 193
UT of Dadra & Nagar Haveli
3. Book Closure : Thursday, 21st September, 2017
to Wednesday, 27th September, 2017
(both days inclusive)

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BOARD OF DIRECTORS

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

*Appointed w.e.f 12th August, 2016

Appointed w.e.f 15th July, 2016

BANKERS

Canara Bank
Yes Bank Limited
Allahabad Bank

ADVOCATES & SOLICITORS

Vikram Philip & Associates

STATUTORY AUDITORS

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

SECRETARIAL AUDITORS

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

REGISTRAR AND TRANSFER AGENT

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

REGISTERED OFFICE

Survey No. 380/1, Khanvel Silvassa Road,
Dapada – 396230,
UT of Dadra & Nagar Haveli.
Ph: +91(0) 260 6634500
Email: investors@fazethree.com
Website: www.fazethree.com

CORPORATE OFFICE

63/64, Mittal Court, Wing C,
Nariman Point,
Mumbai – 400 021.
Phone : 022 6242 1313 / 4351 4444
Fax : 022 2287 2637

MANUFACTURING UNITS

DAPADA

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

DADRA

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

VAPI

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

PANIPAT

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

NOTICE
32ND ANNUAL GENERAL MEETING

Notice is hereby given that the **THIRTY SECOND ANNUAL GENERAL MEETING** of the Members of **FAZE THREE LIMITED** will be held on Wednesday, 27th September, 2017 at 11.30 am at the Conference Hall, Plot No. 146, Waghdhara Village Road, Dadra – 396 193, UT of Dadra & Nagar Haveli, to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Statement of Profit and Loss, Cash Flow Statement, for the financial year ended 31st March, 2017, the Balance Sheet as at that date, the Report of the Auditors and the Report of Board of Directors thereon.
2. To appoint a Director in place of Mr. Bheemanna Chikkerur (DIN: 07371496), who retires by rotation and has expressed his unwillingness to continue as director of the Company and vacates his office from the conclusion of this Annual General Meeting.
3. To appoint the Auditors of the Company and to fix their remuneration and in this regard to pass 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, read with rules under the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, M/s. MSKA & Associates (Firm Registration No. 105047W), Chartered Accountants, Mumbai, be and are hereby appointed as Statutory Auditors of the Company in place of M/s. Thakur Vaidyanath Aiyar & Co., Chartered Accountants, (Firm Regn. No. 000038N), the retiring Statutory Auditors and to hold office for a period of 5 years from the conclusion of this 32nd Annual General Meeting till the conclusion of the 37th Annual General Meeting to be held during the calendar year 2022 subject to ratification by the members at every Annual General Meeting, on a remuneration to be decided by the Board of Directors in consultation with the Auditors.

FURTHER RESOLVED THAT the Board of Directors of the Company be and are hereby authorized for and on behalf of the Company to take all necessary steps and to do all such acts, deeds, matters and things which it may deem necessary in this behalf.”

SPECIAL BUSINESS:

4. **Adoption of new Articles of Association of the Company containing regulations in conformity with the Companies Act, 2013**

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

“RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 and rules made thereunder (including any statutory modification (s) or reenactment thereof, for the time being in force) the draft Articles as contained in the Articles of Association, submitted to this meeting be and are hereby approved and adopted in substitution, and to the entire exclusion, of the provisions contained in the existing Articles of Association of the Company.

5. **Revision of remuneration of Mr. Ajay Anand, Chairman & Managing Director of the Company**

To consider and if thought fit, to pass with or without modification, the following resolution as a **Special Resolution:**

“RESOLVED THAT pursuant to the provisions of Section 196,197,198 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder as amended from time to time and other Government/other regulatory approvals as may be required from time to time and with partial modification of the resolution passed by the members of the Company in their respective meetings held on 27th September, 2014 and 30th September 2016, the Company hereby approves the revision of remuneration of Mr. Ajay Anand as Chairman and Managing Director of the Company w.e.f 01st April, 2016 for a period of 3 years i.e. till the remaining term of his contract upto 31st March, 2019.

RESOLVED FURTHER THAT the yearly remuneration (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the tenure of his appointment) and perquisites to be paid to Mr. Ajay Anand, Chairman and Managing Director, for a period of three years with effect from 1st April, 2016 shall be as under:

Remuneration:

Salary: Upto Rs. 96,00,000/-(Rupees Ninety Six lacs) per annum (In grade of 5% increase every year)

Commission:

Upto 1% of net profits.

Perquisites:

Benefits, perquisites and allowances as per the existing terms of his contract

RESOLVED FURTHER THAT the aforesaid monthly payment and monetary value of perquisites to be included in the remuneration for the purpose of Section 197 of the Companies Act, 2013 read with Schedule V shall be within the limits as specified in the event of absence or inadequacy of profits computed in the manner provided under the said provisions.”

RESOLVED FURTHER that the Board of Directors be and is hereby authorized to do all the necessary acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

6. Approval of Related Party Transactions

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to provisions of Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 188 of the Companies Act, 2013 and rules made thereunder as amended from time to time, 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 Limited (CIN: L17120DN1997PLC000196), a ‘Related Party’ as defined under Section 2(76) of the Companies Act, 2013 and Regulation 2 (1) (zb) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.”

“RESOLVED FURTHER THAT the consent be and is hereby accorded for existing Material Related Party Transaction between the Company and Aunde India Limited as per the details mentioned under Item No. 6 of the Explanatory Statement annexed to this Notice.”

By Order of the Board of Directors
For Faze Three Limited

Place: Mumbai
Date: 1st September, 2017

Ankit Parekh
Company Secretary

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (AGM) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS/ HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
The instrument appointing the proxy, in order to be effective, must be deposited at the Company’s Registered Office, duly completed and signed, not less than 48 hours before the commencement of the AGM. Proxies submitted on behalf of limited companies, societies etc., must be supported by appropriate resolutions / authority, as applicable. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder of the Company. Proxy form is annexed to this report.
2. Corporate Members intending to send their authorized representatives to attend the meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company a certified copy of the relevant Board resolution together with the specimen signatures of their authorized representatives to attend and vote on their behalf at the meeting.
3. Explanatory statement pursuant to Section 102 of the Companies Act, 2013, in respect of Special Business set out in the notice is annexed hereto.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, 20th September, 2017 to Wednesday, 27th September, 2017 (both days inclusive).
5. Members are requested to hand over the enclosed Attendance Slip, duly signed in accordance with their specimen signature(s) registered with the Company for admission to the meeting hall. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for identification. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
6. In accordance with Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015, the Company

has fixed Wednesday, 20th September, 2017 as the “cut-off date” to determine the eligibility to vote by electronic means or in the general meeting. A person whose name is recorded in the Register of Members or in the register of beneficial owners maintained by the Depositories as on the cut-off date, i.e. 20th September, 2017, shall be entitled to avail the facility of remote e-voting or voting in the general meeting.

7. Electronic copy of the Annual Report including Notice of the 32nd Annual General Meeting of the Company inter alia indicating the process and manner of e-Voting along with Attendance Slip and Proxy Form is being sent to all the Members whose email IDs are registered with the Company/ Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same.

In order to receive copies of Annual Reports and other communication through e-mail, Members are requested to register their e-mail addresses with the Company by sending an e-mail to investors@fazethree.com. To support the 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.

8. In case of joint holders attending the AGM, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.

Members are requested:

- i. To write to the Company at least 7 days before the date of the meeting, in case they desire any information as regards to the Audited Accounts for the financial year ended 31st March 2017, so as to enable the Company to keep the information ready.
 - ii. To bring their copy of Attendance slip and their photo identity proof at the Annual General Meeting.
 - iii. To inform to the Registrar & Transfer Agent (R&TA) of the Company immediately, about any change in their address, where the shares are held in electronic form, such change is to be informed to the Depository Participant (DP) and not to the Company/ R&TA.
 - iv. To quote Registered Folio No. or DP ID / Client ID No. in all their correspondence.
 - v. To approach the R&TA of the Company for consolidation of folios.
 - vi. To avail Nomination facility by filing in and forwarding the nomination form to the R&TA, if not already done.
 - vii. To send all share transfer lodgments (physical mode)/ correspondence to the R&TA of the Company, Sharex Dynamic (India) Pvt. Ltd. Unit-1, Luthra Industrial Premises, Andheri – Kurla Road, Safed Pool, Andheri (East), Mumbai – 400 072 upto the date of book closure.
9. The shares of the Company are listed on the BSE Limited. The listing fees till date have been paid.
10. All the documents referred to in the Notice are open for inspection at the Registered Office of the Company between 10:00 a.m. to 5:00 p.m. on all working days except Saturdays, Sundays and Public Holidays until the date of the Annual General Meeting or any adjournment(s) thereof.
11. i. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by National Securities Depository Limited (NSDL), on all the resolutions set forth in this Notice. The instructions for e-voting are given herein below. Resolution(s) passed by Members through e-voting is/are deemed to have been passed as if they have been passed at the AGM.
- ii. The facility for voting through ballot paper shall be made available at the AGM and the Members attending the meeting who have not cast their vote by e-voting shall be able to exercise their right at the meeting through ballot paper.
 - iii. The Members who have cast their vote by e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
 - iv. The e-voting period commences on Sunday, 24th September, 2017 (9:00 am) and ends on Tuesday, 26th September, 2017 (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, Wednesday, 20th September, 2017, 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.

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For Members receiving e-mail on their registered e-mail ID from NSDL:

- a. Open the attached PDF file "e-Voting.pdf" giving your Client ID (in case you are holding shares in demat mode) or Folio No. (in case you are holding shares in physical mode) as password, which contains your "User ID" and "Password for e-voting". Please note that the password is an initial password.
- b. Launch internet browser by typing the URL <https://www.evoting.nsdl.com>
- c. Click on "Shareholder -Login".
- d. If you are already registered with NSDL for e-voting, then you can use your existing user ID and password for casting your vote.
- e. 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. 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.
- f. Home page of "e-Voting" opens. Click on e-Voting: Active Voting Cycles.
- g. Select "EVEN" (E-voting Event Number) of FAZE THREE LIMITED.
- h. Now you are ready for "e-Voting" as "Cast Vote" page opens.
- i. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm", when prompted.
- j. Upon confirmation, the message "Vote cast successfully" will be displayed.
- k. Kindly note that vote once casted cannot be modified.
- l. Members can cast their vote online from 9.00 am on Sunday, 24th September, 2017 till Tuesday, 26th September, 2017, 5.00 pm.
- m. E-Voting shall not be allowed beyond 5.00 pm on Tuesday, 26th September, 2017.
- n. Institutional shareholders (i.e., other than Individuals, HUF, NRI etc.) are also 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 : sanjayrd65@gmail.com with a copy marked to evoting@nsdl.co.in.
- o. In case of any queries, you may refer the Frequently Asked Questions (FAQs) and e-voting user manual for shareholders available at the Downloads section of www.evoting.nsdl.com or call on toll free no: 1800-222-990.
- p. 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).
- q. 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, 20th September, 2017.
- r. Any person, who acquires shares of the Company and become Member of the Company after dispatch of the notice and holding shares as of the date, 20th September 2017 (cut-off date), 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, 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.

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For Members whose e-mail ID is not registered:

1. Initial password is provided separately in the Annual report posted for the AGM: EVEN (e-voting Event Number) USER ID PASSWORD
2. Please follow all steps from Sl. No. 11 (iv) (b) to Sl. No. (o) Above, to cast vote.
3. If you are already registered with NSDL for remote e-voting, you can use your existing user ID and password/PIN for casting your vote.
12. The route map showing directions to reach the venue of the 32nd AGM is annexed hereto.
13. The Company has appointed Mr. Sanjay Dholakia, Practicing Company Secretary (Membership No. FCS- 2655 and CP No.1798) as the Scrutinizer to count the votes cast in favour or against the resolutions proposed from item No. 1 to 6 of the Notice and to comply with the provisions of Section 108 of the Companies Act, 2013.
14. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of Scrutinizer, by use of "Ballot Paper" for all those Members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
15. The results declared, along with the report of the Scrutinizer, shall be placed on the website of the Company at www.fazethree.com and on the website of NSDL at www.evoting.nsdl.com within two days of passing of resolutions at the AGM of the Company. The results shall also be immediately forwarded to BSE Limited, Mumbai where the shares of the Company are listed.
17. A brief resume of Directors proposed to be appointed/re-appointed, if any at this Annual General Meeting pursuant to Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements), 2015 is given in the explanatory statement to this notice as well as the Corporate Governance Report which forms a part of the Annual Report:

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

As required by Section 102(1) of the Companies Act, 2013, the following Explanatory Statement sets out material facts relating to the business under items 4-6.

Item No. 4

The Articles of Association of the Company as currently in force were adopted under the Companies Act, 1956, prevalent at that time. Further amendments were adopted from time to time, over the past years including the substantial changes as per Companies Act, 1956. The references to specific Sections of the Companies Act, 1956 in the existing Articles of Association are no longer in conformity with the Companies Act, 2013. Considering that substantive Sections of the Companies Act, 2013 which deal with the general working of the Companies stand notified, it is proposed to amend the existing Articles of Association of the Company to align it with the provisions of the Companies Act, 2013 including the Rules framed thereunder and adoption of specific Sections from Table "F" to Schedule I to the Companies Act, 2013 which sets out the model Articles of Association for a Company limited by shares.

Certain provisions of existing Articles of Association have been simplified by providing reference to relevant provisions of the Companies Act, 2013 and the Rules framed thereunder, to avoid repetition in its entirety.

The draft articles, proposed to be passed in this meeting are open for inspection at the Registered Office of the Company during the office hours between 10.00 A.M. and 5.00 P. M. on all working days except Sundays up to the date of the Meeting and shall also be available at the venue.

Provisions of the company law make it mandatory to seek approval of shareholders by way of special resolution to amend the articles of the company.

None of the Directors and Key Managerial Personnel is interested in this resolution.

Item No. 5

The members of the Company at the 31st Annual General Meeting held on 30th September, 2016, had approved the revision of remuneration of Mr. Ajay Anand as Chairman and Managing Director of the Company w.e.f 1st April, 2016 till the remainder of his contract term i.e. 31st March, 2019.

Now, in supersession of the resolution passed on 30th September, 2016 it has been proposed to increase the remuneration of Mr. Ajay Anand as Chairman and Managing Director of the Company w.e.f. 01st April, 2016 till the remaining term of his contract.

The Nomination and Remuneration committee in its meeting held on 06th May, 2017 has considered and recommended for increase in remuneration of Mr. Ajay Anand as Chairman and Managing Director at a remuneration as set out in resolution given in item No. 5.

Mr. Ajay Anand is founder and promoter of the Company and is associated with the Company since its inception. He has diverse knowledge and experience in textiles and technical textiles, particularly in home furnishing products and automotive fabrics. Having more than two decades of experience in the industry, Mr. Ajay Anand oversees day-to-day management and administration and plays a vital role in decision making of the Company. His thirst for developing products first-hand, craftsmanship and business development skills has made the Company being recognized amongst the most sought after brand in home furnishing category in the US and UK markets. Under his continuous leadership, guidance and efforts the Company boasts itself of an established supplier to customers and retail giants having worldwide presence. It is his vision that has led the Company achieve constant growth over the years. Keeping in view the dedication and contribution of Mr. Ajay Anand in the Company's performance, it is proposed to re-appoint him for a period of three years and increase his remuneration as stated in the resolution.

None of Directors or Key Managerial Personnel except Mr. Ajay Anand, himself and Mr. Sanjay Anand, Director of the Company, being relative of Mr. Ajay Anand is interested in this resolution.

Item No. 6

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

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

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

S No.	Description	Details		
1	Name of the related party	M/s. Aunde India Limited		
2	Name of the related Director or KMP	Mr. Ajay Anand		
3	Nature of relationship	Associate as defined in AS-18		
		31/03/2016 Actual	31/03/2017 Actual	31/03/2018 Proposed
4	Value of transactions (Dyeing income)	28.57	13.32	20.00

None of the Directors except Mr. Ajay Anand, Managing Director of the Company is interested in the said resolution.

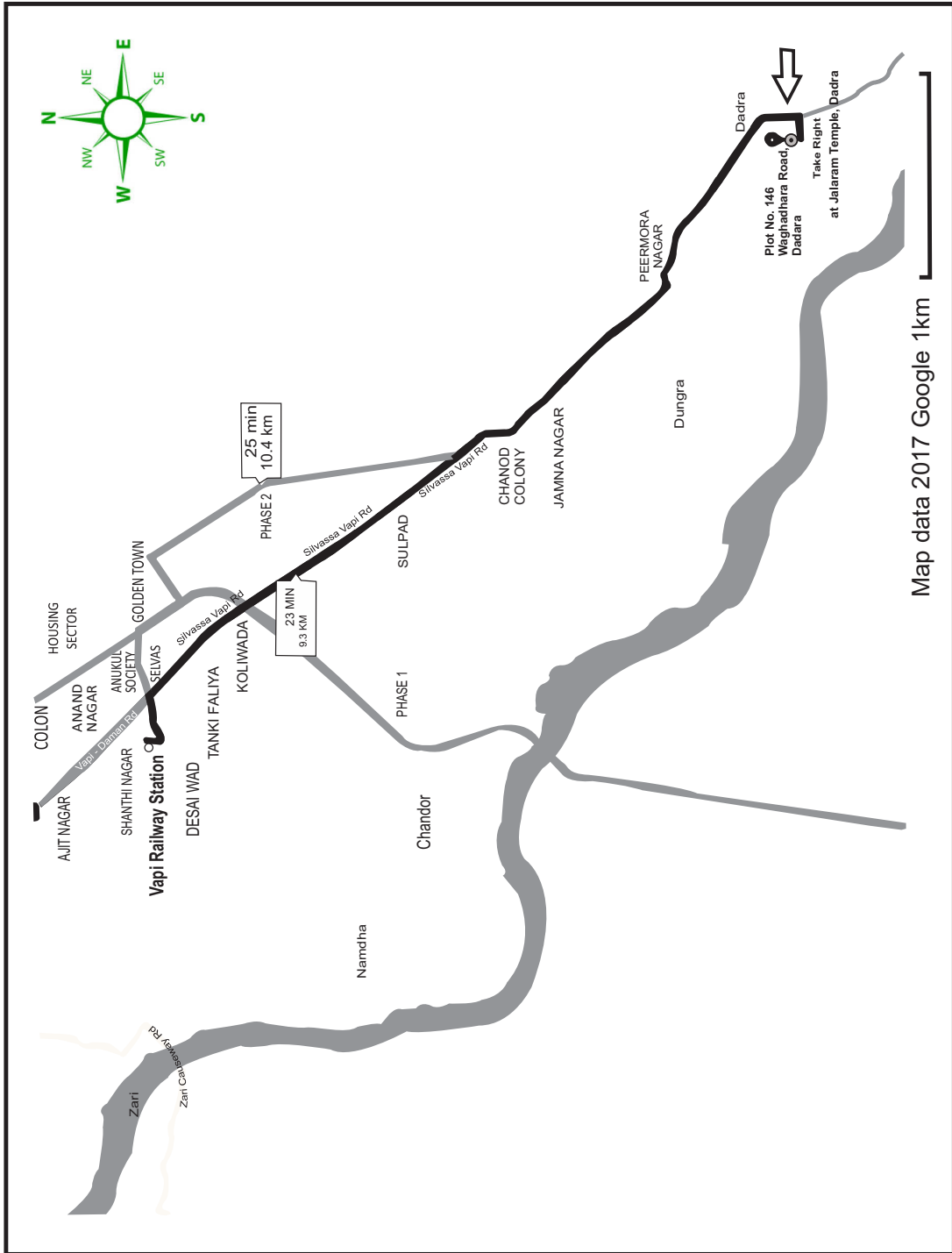
By Order of the Board of Directors
For Faze Three Limited

Place: Mumbai
Date: 1st September, 2017

Ankit Parekh
Company Secretary

ROUTE MAP OF AGM VENUE
Vapi Railway Station to AGM VENUE

Drive 9.3 km, 23 min



Map data 2017 Google 1km

DIRECTORS' REPORT

To
The Members of
Faze Three Limited

Your Directors have pleasure in presenting the 32nd Annual Report of your Company and the Audited Financial Statements for the year ended on 31st March 2017.

1. FINANCIAL RESULTS: (Rs. in Lacs)

Particulars	For the Year ended 31.03.2017	For the Year ended 31.03.2016
Revenue from Operations	24376.80	24153.46
Other Income	1866.27	128.58
Profit before Interest, Tax, Depreciation & Amortization and Exceptional Items	4312.12	2975.96
Less: Depreciation & Amortization	695.96	1424.99
Less: Finance Cost	799.04	1398.39
Profit before tax	2815.12	152.58
Provision for taxation (incl. deferred tax)	(11.12)	-
Profit after tax	3929.41	152.58

2. PERFORMANCE

During the year under review, the Company's revenue from operations increased marginally to Rs. 24376.80Lacs as against Rs. 24153.46Lacs in the previous year. The Profit Before Tax stood at Rs. 2815.12Lacs as against Rs. 152.58 during previous financial year. The Company achieved Net Profit of Rs. 3929.41 Lacs as against Net Profit of Rs. 152.58 Lacs during previous year.

The Company achieved operational profit of Rs. 4312.12 Lacs (including other income) as compared to Rs. 2975.96 Lacs in the previous year.

We are pleased to inform you that during the year the impending long term liabilities of corporate guarantee for its subsidiary and FCCB redemption was concluded as per agreed terms with respective parties. For making repayment of these long term liabilities, the company raised fresh equity capital from investors and promoters.

3. DIVIDEND:

In order to conserve the resources of the Company for reinvestment, the Board of Directors have not recommended any dividend for the year under review.

4. SHARE CAPITAL

During the year under review, the Company made a Preferential Issue and Allotment of 81,00,000 Equity Shares and 30,11,203 Convertible Equity Warrants on October 15, 2016 pursuant to the approval of members in the Extra-ordinary General Meeting held on 30th September, 2016. The 30,11,203 Convertible Equity Warrants were converted into equal number of Equity Shares on February 15, 2017. The authorised capital of the Company as on 31st March 2017 was Rs. 2600.00 lacs and the paid up Equity Share capital of the Company was Rs. 2330.00 lacs comprising of 2,33,00,000 Equity Shares of face value of Rs. 10/- each.

The members of the Company in the Extra-ordinary General Meeting held on 22nd March, 2017 approved another Preferential Issue of 319000 equity shares and 845500 Convertible Equity Warrants. The said shares and convertible warrants were allotted on 07th April, 2017.

5. RESERVES:

The Company has transferred 39.29 crores as surplus of its Profit and Loss account to reserves and Rs. 11.11 crores on account of Securities premium on issue of equity capital as approved in EGM dated 30th September, 2016.

6. DEPOSITS:

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

7. SUBSIDIARY COMPANY:

The Company does not have any Subsidiary as on March 31, 2017.

8. DIRECTORS' RESPONSIBILITY STATEMENT:

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

- (i) that in the preparation of the Annual Financial Statements for the year ended March 31, 2017, 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 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, 2017 and of the Profit of the Company for the year ended on that date;
- (iii) that proper and sufficient care have been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Annual Financial Statements have been prepared on a going concern basis;
- (v) that 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.

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

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

10. PERFORMANCE EVALUATION OF BOARD:

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

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

The performance of the committees was evaluated by the Board after seeking inputs from the committee members on the basis of the criteria such as the composition of committees, effectiveness of committee meetings, etc.

11. DECLARATION FROM INDEPENDENT DIRECTORS:

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

12. FAMILIARIZATION PROGRAMME FOR THE INDEPENDENT DIRECTORS:

Pursuant to the SEBI regulations, the Company has worked out a Familiarization Programme for the independent Directors, with a view to familiarize them with their role, rights and responsibilities in the Company, nature of industry in which the Company operates, business model of the Company, etc.

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

13. DISCLOSURE RELATING TO REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONEL AND PARTICULARS OF EMPLOYEES:

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

The Company has no employee who- (i) if employed throughout the financial year, was in receipt of remuneration, in aggregate, more than Rs 60 Lacs, or (ii) If employed for part of the financial year, was in receipt of remuneration, in aggregate, more than Rs 5 lacs per month.

14. AUDIT COMMITTEE:

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

15. REMUNERATION COMMITTEE:

The Company has constituted a Remuneration Committee pursuant to Section 178(1) of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and has defined the policy on Director's appointment and payment of remuneration including criteria for determining qualifications, positive attributes and independence of Directors.

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

16. CORPORATE SOCIAL RESPONSIBILITY STATEMENT (CSR):

The Company has formed a CSR Committee comprising Mr. Ajay Anand as the Chairman and Mr. Sanjay Anand and Mr. Manan Shah as other members.

The said Committee has formulated and recommended to the Board of Directors, a CSR Policy indicating the activities to be undertaken by the Company, monitoring and implementation of the framework of the CSR Policy.

17. 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 as **Annexure I**.

18. RELATED PARTY TRANSACTIONS:

All transactions entered into with related party as defined under Section 188(3) of the Companies Act, 2013 and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the financial year were in the ordinary course of business and on arm's 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 Members regarding related party transactions proposed to be entered into with related parties in next financial year through Special Resolution

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

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

19. VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has framed whistleblower policy and has established the necessary vigil mechanism as defined under Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for Directors and

employees to report concerns about unethical behavior. No person has been denied access to the Chairman of the audit committee. The said policy has been posted on the website of the Company i.e. www.fazethree.com.

20. RISK MANAGEMENT:

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

21. INTERNAL FINANCIAL CONTROLS:

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

22. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

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

23. CORPORATE GOVERNANCE:

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

24. STATUTORY AUDITORS:

As per the provisions of the Companies Act, 2013, M/s. Thakur Vaidyanath Aiyar & Co., Chartered Accountants, Mumbai (Firm Regn. No. 000038N) Statutory Auditors of the Company have completed their term of office and are not eligible for re-appointment. Based on the recommendation of the Audit Committee, the Company seeks approval for the appointment of M/s. MSKA & Associates (Firm Registration No. 105047W), Chartered Accountants, Mumbai as Statutory Auditors of the Company to hold office from the conclusion of this 32nd Annual General Meeting upto the conclusion of 37th Annual General Meeting to be held in the calendar year 2022.

25. SECRETARIAL AUDITORS:

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

26. OBSERVATIONS – STATUTORY AUDITOR & SECRETARIAL AUDITOR:

Statutory Auditor:

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

Secretarial Auditor:

With reference to the remark of the Secretarial Auditor in his report regarding delay in appointing Independent Directors, your Directors would like to inform that it was necessary to appoint candidates having necessary skills and expertise which could enable them to discharge their duties in the best interests of the Company. In view of this, the Board, after appropriate rounds of consultations and discussions appointed Independent Directors which resulted in postponement in their appointment.

With reference to the remark regarding appointment of Chief Financial Officer as the Compliance Officer of the Company for the period from 01st April, 2016 to 14th July, 2016, your Directors would like to inform that for prompt dissemination of material information to the stakeholders of the Company and for ensuring better Corporate Governance, the Board appointed the CFO as the Compliance Officer of the Company in absence of Company Secretary for the mentioned period. The absence of the Company Secretary was due to the resignation of the erstwhile Company Secretary of the Company on 27th March, 2016 which was filled by the Company on 15th July, 2016.

32nd Annual Report 2016-2017

Your Directors are pleased to inform that during the period under review, the Company ensured compliance of applicable provisions of the Companies Act, 2013, Listing Obligations and other laws and strived to achieve best practices and better Corporate Governance.

27. **COST AUDIT AND 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.

Vide notification issued by Government on 31st December 2014, the Company is not required to conduct Cost Audit.

28. **EXTRACT OF ANNUAL RETURN:**

The details forming part of extract of the annual return in Form MGT -9 is annexed to this report as **Annexure VI**.

29. **INDIAN ACCOUNTING STANDARD (IND AS):**

The Indian Accounting Standards (IND AS) were notified by the Ministry of Corporate Affairs on February 16, 2015. These standards will become applicable to the Company with effect from 1st April, 2017 with comparatives for the previous year ending 31st March, 2016. Your Company has taken adequate steps in this regard to ensure a smooth transition to IND AS.

30. **SIGNIFICANT MATERIAL ORDER PASSED BY COURTS:**

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

31. **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: 6th May, 2017

Ajay Anand
Chairman & Managing Director

Annexure I

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

CONSERVATION OF ENERGY

a. Steps taken for Conservation of energy:

The Company has undertaken a number of steps for conservation of energy. Some of which are highlighted below:

- i. Installation of LED lightings across all factories consuming less energy
- ii. Regulated compressed air supply in factories
- iii. Introduction of separate regulated air line for machines which has zero % leakage
- iv. Installation of new energy saving equipments and appliances across all factories

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

The Company has started installing solar lights around the factory areas and plans to gradually increase the alternate source of energy in the coming times.

RESEARCH & DEVELOPMENT

Your Company continues to derive the sustainable benefits from the long tradition of research and development. During the year the Company continued its tradition on the development of products to preserve and strengthen its competitive position across markets. The Company's designing as well as research and development section has been instrumental in providing the Company with a sustainable competitive advantage through application of technology.

TECHNOLOGY ABSORPTION

The Company has automated few processes with the help of technology which has resulted into lower consumption of energy as well as other resources such as water. The Company has not imported any technology during the last five years.

FOREIGN EARNINGS AND OUTGO

The details of Foreign Earnings and Outgo are furnished in Note Nos. 34 & 36 to the financial statements.

Annexure II

Form No. AOC-2

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

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

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

Faze Three Limited (hereinafter called "the Company") has not entered into any contract/arrangement/transaction with its related parties which is not in ordinary course of business or other than at arm's length during FY2016-17. The Company has laid down policies and processes/procedures so as to ensure compliance to the subject section in the Companies Act, 2013 ("Act") and the corresponding Rules. In addition, the process goes through internal and external checking, followed by quarterly reporting to the Audit Committee.

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

S No	Particulars	
	Name(s) of the related party and nature of relationship	Aunde India Limited
	Nature of contracts / arrangements / transactions	Exclusive manufacturing agreement for using dyeing facilities of the Company
	Duration of the contracts / arrangements / transactions	Perpetual
	Salient terms of the contracts or arrangements or transactions including the value, if any	Use of Company's dye-house facility for dyeing of fabrics.
	Date(s) of approval by the Board, if any	6th May, 2017
	Amount paid as advances, if any	NIL

For and on behalf of the Board
For Faze Three Limited

Place: Mumbai
Date: 6th May, 2017

Ajay Anand
Chairman & Managing Director

Annexure III**Management Discussion and Analysis Report**

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

ECONOMY AND INDUSTRY

India is one of the fastest growing economies in the world. Also with positive Government reforms like demonetisation, Goods and Service Tax (GST), the overall business environment is favorable for good businesses. Investors and Lenders are moving towards quality companies giving them clear distinction and treatment over the rest. The Government's focus on the agricultural and rural sector is expected to boost the economic health of rural India which will have tremendous long term benefits.

The Indian textiles industry has inherent linkage with agriculture and with the culture and traditions of the country making for its versatile spread of products appropriate for both domestic and international markets. With over 45 million people employed directly, the textile industry is one of the largest sources of employment generation in the country. The Indian textiles industry, currently estimated at around US\$ 120 billion, is expected to reach US\$ 230 billion by 2020. It contributes to 10% of manufacturing production, 4% of India's GDP and 15% of country's export earnings. Indian exports of locally made retail and lifestyle products grew at a compound annual growth rate (CAGR) of 10 per cent from 2013 to 2017, mainly led by bedding, bath and home decor products and textiles. India was the largest producer of cotton in 2016-17, therefore, there is natural advantage over other exporting nations. The industry (including dyed and printed) attracted Foreign Direct Investment (FDI) worth US\$ 2.47 billion during April 2000 to March 2017.

FTL'S OVERVIEW AND PERFORMANCE

Faze Three Limited (FTL/ the Company) undertakes design, development, manufacture & exports of Home Textile products viz. Bathmats, Rugs, Blankets, Cushions, Curtains, Throws, etc. It has 6 manufacturing facilities located at Silvassa, Panipat & Vapi. In FY17, the company reported a total operating income of Rs. 246.38 crore versus Rs. 242.24 crore in FY16. The company's operating margin has been in the range of 11-12% for the last 3 years. Profit After Tax for the year stood at Rs.39.29 crore versus profit after tax of Rs.1.53 crore in FY16. The profit after tax for the year includes a remission of liability of Rs 13.45 crores and deferred tax liability reversal of Rs 11.12 crores.

During FY17, the company was able to resolve and fully repay the liability on account of corporate guarantee for its subsidiary PANA Textil in Germany and FCCB redemption as per agreed terms. The company raised fresh equity capital for the aforesaid repayment & redemption from Investors and promoters. On the back of strong operational performance and aforesaid developments, FTL's Networth turned positive from Rs (37.79) Crores on March 31, 2016 to Rs. 94.83 Crores as on March 31, 2017. The Company's capital structure has improved significantly as reflected by overall gearing as on March 31, 2017.

Approximately 90% of the total income of the company is derived from Exports. FTL is a direct exporter to large retail chains in USA UK and expanding its customer base across Europe. Presently FTL's top 10 customers are out of USA & UK contributing around 70% to the total revenues. The same has been the composition for the last 5 years and also the turnover of customers in the top 10 has been very low. The company has got niche place amongst the top retailers in its product line owing to continuous innovation, quality performance, timely execution & strong end customer ratings over 2 decades. The company was awarded as Innovative Vendor of the Year in the Home (Bath) segment by Sainsbury UK. All the manufacturing locations of the company are maintained as per global standards and are regularly audited by customers and third party auditors for quality and manufacturing standards. The company procures Yarn / Fibre and thereafter the entire processing until the finished product is done at the locations.

Given the turnaround in the FY 17, significantly improved financial position, strong existing customer base, robust design & product pipeline, the company expects to grow rapidly over the next 4-5 years without significant capital expenditure. The company expects the growth to significantly improve the operating metrics leading to improved operating margin in the coming years. The company grew moderately over last 4 years owing to its constrained working capital availability and financials, which also led to reduction in operating margins over the years. However, during the last 4 years, the company has made significant investment in designs, developments, key human resources, plants, supply value chain, etc. which is expected to payback and service the growth in the coming years.

The business attracted by the company to fuel the growth is mainly owing to the innovation & quality and preference given by the top retailers to the company over other sources of supply in its product line including competition from India and China. China is becoming expensive by the day, lack of innovation and trade policies towards China in the US has opened opportunities for India at large and in our segment the shift is more relevant as innovation plays a very important role.

SWOT ANALYSIS

The company has clear focus and strategy to capitalize & grow on the existing strong business relationships with large retailers within the same product line. This would also allow the company to invest in newer products while the growth comes in from the existing products. Since the current operations are relatively smaller as compared to some of its large peers, the company does not face any major risk on the growth side. The company faces risk of Chinese vendors and suppliers who might get unfairly subsidized by the government. The company may face challenges in terms of weaker USD / INR a short period of time, significantly volatile raw material prices, etc.

Given the consistent performance over 2 decades with the large retailers across the world, multiple newer opportunities in terms of new line of product or business are always a possibility. Recently company has been working with some large customers to develop outdoor performance textile products out of India which are currently sourced out of China. Also in another project the company is working towards developing and testing universal usage technical textile applications. Each new product line has a minimum of USD 100 million of sourcing across all retailers in those markets. In case of any such new product line getting crystalized, the company would have to evaluate alternative plans for having capacity and infrastructure to be able to service the business opportunity on hand.

INTERNAL CONTROL SYSTEMS AND ITS ADEQUACY

FTL's internal controls are commensurate with its size and the nature of its operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use, executing transactions with proper authorization and ensuring compliance of corporate policies.

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

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

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

POLLUTION AND ENVIRONMENTAL CONTROLS

FTL believes that profitability not only depends on the actual profit but also the benefit derived by the community through the activities of the Company. The operations of the Company are conducted in such a manner that it ensures safety 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.

For and on behalf of the Board
For Faze Three Limited

Place: Mumbai
Date: 6th May, 2017

Ajay Anand
Chairman & Managing Director

Annexure IV

Report on Corporate Governance

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Faze Three Limited (FTL) is committed to good Corporate Governance providing maximum service to all the stakeholders in order to enhance shareholders' value and promote national interest. The Company's philosophy on corporate governance oversees business strategies and ensures fiscal accountability, ethical corporate behavior and fairness to all stakeholders comprising regulators, employees, customers, vendors, investors and the society at large.

2. BOARD OF DIRECTORS

i. Profile

Mr. Ajay Anand is Promoter and Managing Director of the Company. He oversees the day to day operations of the Company and plays a vital role in strategic decisions of the Company. Mr. Ajay Anand has more than 2 decades of experience in Textile and Technical Textiles Industry.

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

Mr. Bheemanna Chikkerur, Executive Director of the Company, who retires by rotation and has expressed his inability to continue as Director of the Company due to personal reasons and vacates his office from conclusion of this Annual General Meeting.

Mr. Vinit Rathod is a Chartered Accountant by qualification and has expertise and experience of over 8 years in the field of business management, finance, taxation and legal matters.

Ms. Shweta Jain is a Chartered Accountant by qualification and has expertise and experience of more than 8 years in the field of internal audit, financial controls & policies, global financial reporting standards

Mr. Manan Shah is a Chartered Accountant by qualification and is having experience of more than 4 years in the field of business management

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

ii. Composition of Board:

As on March 31, 2017, the strength of the Board of Directors comprised of 6 Directors including Independent Directors.

During the year under review, 12 (Twelve) Board Meetings were conducted on 26th April, 2016, 2nd May, 2016, 15th July, 2016, 12th August, 2016, 3rd September, 2016, 15th October, 2016, 14th November, 2016, 5th December, 2016, 26th December, 2016, 21st January, 2017, 15th February, 2017 and 24th February, 2017.

The necessary quorum was present for all the meetings.

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

iv. The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships and Committee Chairmanships / Memberships held by them in other public companies (Including Faze Three Limited) as on March 31, 2017 are given here below. Other directorships do not include directorships of private limited companies, foreign companies and companies under Section 8 of the Act. Chairmanships / Memberships of Board Committees shall only include Audit Committee and Stakeholders' Relationship Committee.

Name of Director	Category	Attendance		Particulars of Directorship, Committee membership / Chairmanship		
		Board Meeting	Last AGM	Director	Chairman	Member
Mr. Ajay Anand	Promoter, Executive	12	Yes	3	0	6
Mr. Sanjay Anand	Promoter, Executive	5	No	2	0	2
Mr. Bheemanna Chikkerur	Non-promoter, Executive	11	Yes	2	0	0
Mr. Rajiv Rai Sachdev <i>(retired on 30th September, 2016)</i>	Non-Promoter, Non Executive	1	No	0	0	0
Mr. Vasudeva Rao <i>(resigned on 03rd September, 2016)</i>	Independent	4	No	0	0	0
Mrs. G K Kalsi <i>(resigned on 15th February, 2017)</i>	Independent	2	No	0	0	0
Mr. Manan Shah <i>(appointed w.e.f 12th August, 2016)</i>	Independent	4	No	2	0	4
Ms. Shweta Jain <i>(appointed w.e.f 12th August, 2016)</i>	Independent	2	No	2	0	0
Mr. Vinit Rathod <i>(appointed w.e.f 12th August, 2016)</i>	Independent	4	Yes	2	4	0

Mr. Ajay Anand and Mr. Sanjay Anand being brothers are related to each other. None of the other directors are related to each other.

- v. The Executive Non Independent Directors are liable to retire by rotation and 1/3 of the Directors retires every year and if eligible, offer themselves for reappointment.
- vi. No. of Shares and convertible instruments held by Non-Executive Directors as on 31st March, 2017:

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

- vii. During the year 2016-17, information as mentioned in Schedule II Part A of the SEBI (LODR) Regulations, has been placed before the Board for its consideration.
- viii. The terms and conditions of appointment of the Independent Directors are disclosed on the website of the Company.
- ix. During the year, one meeting of the Independent Directors was held on March 03, 2017. The Independent Directors, inter-alia, reviewed the performance of Non-Independent Directors, Chairman of the Company and the Board as a whole.
- x. The Board periodically reviews the compliance reports of all laws applicable to the Company, prepared by the Company.
- xi. The details of the familiarization programme of the Independent Directors are available on the website of the Company

3. COMMITTEES OF THE BOARD

A. Audit committee

- i. The audit committee of the Company is constituted in line with the provisions of Regulation 18 of SEBI Listing Regulations, read with Section 177 of the Act.
- ii. **The terms of reference of the audit committee:**
 - Overview of the Company's financial reporting process and the disclosure of its financial information;
 - Review with the management of the annual financial statements;
 - Review of Related Party Transactions;

- Review of Company's financial and risk management policies;
 - Review with the management of performance of statutory and internal auditors, and adequacy of the internal control systems;
 - Review with the management of the quarterly financial statements;
 - Recommend to the Board, the appointment, re-appointment or removal of the statutory auditor and the fixation of audit fees;
 - Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
 - Reviewing with the Management, the Annual Financial Statements before submission to the Board;
 - Discussion with internal auditors any significant findings and follow up thereon and in particular internal control weaknesses and reviewing the adequacy of internal audit function;
 - To review the functioning of the Whistle Blower mechanism;
- iii. The composition of the Audit Committee and the details of meetings attended by its members are given below:

S. No.	Name of the Member	Status	Category	No. of Meetings Attended
1.	Mr. Vasudeva Rao (upto 3 rd Sept 2016)	Chairman	Non-Executive & Independent	2
2.	Mr. Vinit Rathod (appointed w.e.f 3 rd Sept 2016)	Chairman	Non-Executive & Independent	2
3.	Mr. Ajay Anand	Member	Executive & Non-Independent	3
4.	Mrs. G K Kalsi (upto 15 th Feb 2017)	Member	Non-Executive & Independent	2
5.	Mr. Manan Shah (w.e.f 3 rd Sept 2016)	Member	Non-Executive & Independent	2

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

- iv. Audit Committee has conducted 4 (Four) Meetings during the year under review, on 26th April, 2016, 12th August, 2016, 14th November, 2016 and 21st January, 2017.

B. Nomination & Remuneration Committee:

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

Sr. No.	Name of the Member	Status	Category
1.	Mr. Vinit Rathod (appointed w.e.f 3 rd Sep, 2016)	Chairman	Non-Executive & Independent
2.	Mr. Manan Shah (appointed w.e.f 3 rd Sep, 2016)	Member	Non-Executive & Independent
3.	Ms. Shweta Jain (appointed w.e.f 3 rd Sep, 2016)	Member	Non-Executive & Non-Independent

- vii. 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 26th April, 2016 to consider revision of remuneration of Mr. Ajay Anand, Chairman & Managing Director of the Company, on 6th July 2016 to recommend appointment of Company Secretary and on 3rd August 2016 to recommend appointment of Mr. Manan Shah, Ms. Shweta Jain and Mr. Vinit Rathod as Additional (Independent) Directors.

- viii. The details of remuneration paid to Managing Director and Whole Time Directors during the year 2016-2017 is given as follows: (No sitting fees paid to the following directors):

(Rs. In Lacs)

Director	Designation	Remuneration (including all perquisites)	Service Contract
Mr. Ajay Anand	Chairman & Managing Director	68.40	5 years
Mr. Sanjay Anand	Whole Time Director	38.40	5 years
Mr. Bheemanna Chikkerur	Executive Director	8.28	-

Apart from sitting fees for 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.

- ix. Details of Sitting Fees to Non-Executive Directors

Sr. No.	Name of the Member	Category	Sitting Fees
1.	Mr. Vasudeva Rao	Independent Director	16,000
2.	Mr. Rajiv Rai Sachdev	Non-Executive Director	4,000
3.	Mrs. Gurinder Kaur Kalsi	Independent Director	8,000
4.	Mr. Manan Shah	Independent Director	16,000
5.	Ms. Shweta Jain	Independent Director	8,000
6.	Mr. Vinit Rathod	Independent Director	16,000

C. Stakeholders' Relationship Committee:

- The Stakeholders' Relationship Committee is constituted in line with the provisions of Regulation 20 of SEBI Listing Regulations read with section 178 of the Act.
- Composition of Stakeholders' Relationship Committee:

Sr. No.	Name of the Member	Status	Category	No. of Meetings Attended
1.	Mr. Vinit Rathod (appointed w.e.f 3 rd Sep, 2016)	Chairman	Independent Director	2
2.	Mr. Ajay Anand	Member	Executive Director	3
3.	Mr. Manan Shah (appointed w.e.f 3 rd Sep, 2016)	Member	Independent Director	2
4.	Mrs. Gurinder Kaur Kalsi (upto 15 th Feb, 2017)	Member	Independent Director	2
5.	Mr. Vasudeva Rao (upto 3 rd Sep, 2016)	Chairman	Independent Director	2

4. General Body Meetings :

Annual General Meetings

Year	Date	Venue	Time	Special Resolution
2012-13	30 th September 2013	Survey No. 380/1, Khanvel Silvassa Road, Dapada 396230, UT of Dadra & Nagar Haveli	11.30 am	1. Appointment of Mr. Sanjay Anand as Whole-time Director 2. Appointment of Mrs. Rashmi Anand as Whole-time Director
2013-14	27 th September 2014	Survey No. 380/1, Khanvel Silvassa Road, Dapada 396230, UT of Dadra & Nagar Haveli	10.30 am	1. Appointment of Mr. Vasudeva Rao as an Independent Director 2. Appointment of Mr. Ajay Anand as Chairman & 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.

2014-15	29 th September 2015	Conference Hall, Plot No. 146, Waghdhara Village Road, Dadra – 396 193, UT of Dadra & Nagar Haveli	12.00 Noon	1. Appointment of Mrs. Gurinder Kaur Kalsi as Non-Executive & Independent Director 2. Approval of Related Party Transactions
2015-16	30 th September 2016	Conference Hall, Plot No. 146, Waghdhara Village Road, Dadra – 396 193, UT of Dadra & Nagar Haveli	03.30 pm	1. Revision of remuneration of Mr. Ajay Anand, Chairman and MD of the Company 2. Approval of Related Party Transactions

- There were two Extra-ordinary General Meetings held during the year on 30th September, 2016 and 22nd March, 2017 respectively;
- No postal Ballot was conducted during the year.

5. Means of Communication:

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

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

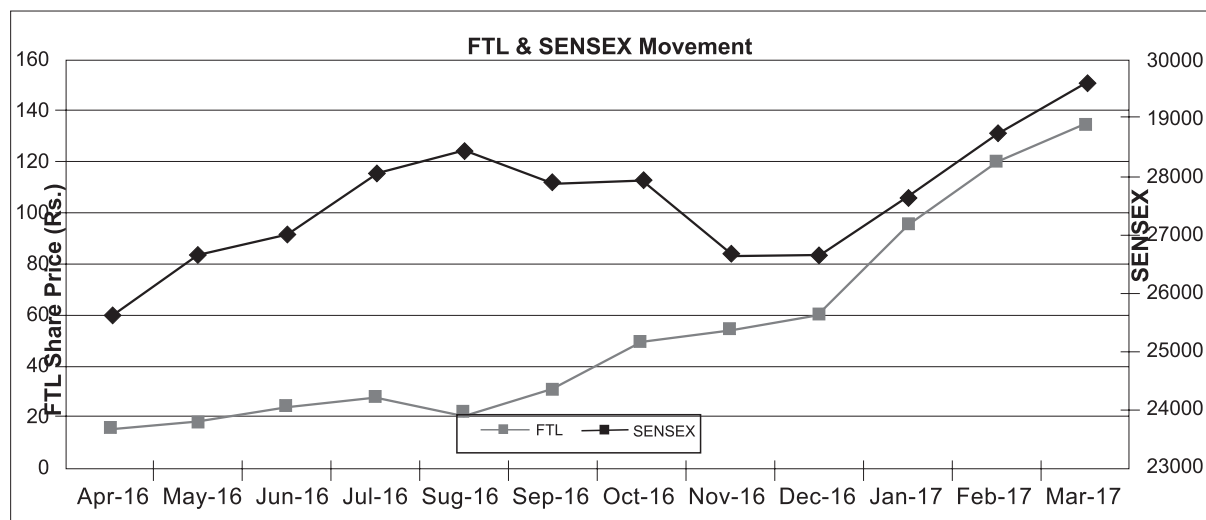
Company's results and official news releases, if any, are also displayed on the Company's website www.fazethree.com

6. General Shareholder Information:

AGM Date, Time and Venue	Wednesday, 27th September, 2017 11.30 a.m. Conference Hall, Plot No. 146, Wagdhara Village Road, Dadra – 396 193, UT of Dadra & Nagar Haveli
COMPANY'S FINANCIAL YEAR	1 st April to 31 st March
FINANCIAL CALENDAR FOR 2017-18 (TENTATIVE) Adoption of Quarterly & Annual Results:	
June 30, 2017	2nd week of August 2017
September 30, 2017	2nd week of November 2017
December 31, 2017	2nd week of February 2018
Audited results for March 31, 2018	Last week of May 2018
DATE OF BOOK CLOSURE	From 21 st September, 2017 to 27 th September, 2017 (Both days inclusive)
LISTING ON STOCK EXCHANGES	BSE Limited
STOCK CODE	530079
ISIN	INE 963C01033
REGISTRAR AND TRANSFER AGENT:	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:	Transfer of shares held in physical form is handled by the Company's Registrar & Transfer Agent M/s. Sharex Dynamic (India) Pvt. Ltd.

7. Market Price Data

Monthly high and Low quotations along with the volume of shares traded at BSE Limited during year ended 31st March 2017



8. Monthly high and Low compared with BSE Sensex

Month	BSE		Closing BSE Sensex
	Monthly High Price	Monthly Low Price	
Apr-16	15.40	13.25	25,606.62
May-16	21.00	16.00	26,667.96
Jun-16	24.50	16.20	26,999.72
Jul-16	34.10	24.55	28,051.86
Aug-16	36.60	17.50	28,452.17
Sep-16	34.00	19.00	27,865.96
Oct-16	49.25	32.00	27,930.21
Nov-16	63.40	46.30	26,652.81
Dec-16	60.00	45.00	26,626.46
Jan-17	95.75	55.30	27,655.96
Feb-17	129.90	97.25	28,743.32
Mar-17	144.00	115.15	29,620.50

9. Distribution of shares and shareholding as on 31st March 2017

Sr.	No. of Equity Shares held		Shareholders		Shareholding	
	No.	From To	Nos.	%	Nos.	%
1	Up to 100		1793	42.15	97708	0.42
2	101	200	536	12.60	92013	0.39
3	201	500	1236	29.06	389455	1.67
4	501	1000	269	6.32	218135	0.94
5	1001	5000	283	6.65	640860	2.75
6	5001	10000	63	1.48	455208	1.95
7	10001	100000	60	1.41	1521717	6.53
8	100001 and above		14	0.33	19884904	85.34
	TOTAL		4254	100.00	23300000	100.00

10. Shareholding Pattern as on 31st March, 2017

Category code	Category of Shareholder	Total no. of shares	%
(A)	Promoter and Promoter Group Holding		
1	Indian Promoters	96,30,697	41.33
	Foreign Promoters	NIL	NIL
	Sub Total (A)	96,30,697	41.33
(B)	Non-Promoter shareholding		
1	Institutions		
(a)	FII	11,00,000	4.72
2	Non-institutions		
(a)	Private Bodies Corporate	5,29,282	2.27
(b)	Individuals (Indian Public)	1,03,06,897	44.24
(c)	Any Other (Clearing Member)	95,111	0.41
(d)	NRI / OCBs	16,38,013	7.03
	Sub-Total (B)	1,36,69,303	58.67
	GRAND TOTAL (A)+(B)	2,33,00,000	100.00

11. Plant Locations

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

12. Address for correspondence:

Faze Three Limited
63/64, 6th Floor, Mittal Court, Wing C,
Nariman Point, Mumbai – 400 021
Phone: 022 6660 4600 / 4351 4444
Fax: 022 2493 6811
Website: www.fazethree.com
Email Id: investors@fazethree.com

13. Other disclosures

- Related party transactions
All material transactions entered into with related parties as defined under the Act and Regulation 23 of SEBI Listing Regulations during the financial year were in the ordinary course of business. These have been approved by the audit committee. The Board has approved a policy for related party transactions which has been uploaded on the Company's website at the following link <http://www.fazethree.com/investor/5policies.html>
- Details of non-compliance by the Company, penalties, strictures imposed on the Company by the stock exchanges or the SEBI or any statutory authority, on any matter related to capital markets, during the last three years 2014-15, 2015-16 and 2016-17 respectively: Nil
- The Company has adopted a Whistle Blower Policy and has established the necessary vigil mechanism as defined under Regulation 22 of SEBI Listing Regulations for directors and employees to report concerns about unethical behaviour. No person has been denied access to the Chairman of the audit committee. The said policy has been also put up on the website of the Company at the following link <http://www.fazethree.com/investor/5policies.html>
- The Company has also adopted Policy on Determination of Materiality for Disclosures and Policy for Preservation of Documents. The said policy has been also put up on the website of the Company at the following link <http://www.fazethree.com/investor/5policies.html>

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

To the Members of Faze Three Limited

Sub: Compliances with Code of Conduct

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 : 6th May, 2017

Ajay Anand
Chairman & Managing Director

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

To,

The Board of Directors

Faze Three Limited

- A. We have reviewed financial statements and the cash flow statement for the year ended 31st March 2017 and to the best of our knowledge and belief:
- (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (2) these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or volatile of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of Company's internal control systems pertaining to financial reporting. We have not come across any reportable deficiencies in the design or operation of such internal controls.
- D. We have indicated to the Auditors and the Audit Committee:
- (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 & Managing Director

Ankit Madhwani
Chief Financial Officer

CERTIFICATE ON CORPORATE GOVERNANCE BY PRACTICING COMPANY SECRETARY

To
The Members of
Faze Three Limited

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

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

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

1. Composition of Board of Directors was short by 2 Independent Directors upto 12th August, 2016.
2. Chief Financial Officer was appointed as Compliance Officer upto 15th July, 2016 in absence of Company Secretary.

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

For **SANJAY DHOLAKIA & ASSOCIATES**

(Sanjay R. Dholakia)
Proprietor

Practicing Company Secretary
Membership No.2655/C.P. No. 1798

Place: Mumbai
Date: 6th May, 2017

Annexure V
Form No. MR-3
Secretarial Audit Report

FOR THE FINANCIAL YEAR ENDED 31st March 2017

[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 LIMITED
CIN: L99999DN1985PLC000197

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

Based on my verification of the Company of 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 2017 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 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 / The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (effective October 28, 2014); There were no ESOPS issued during the year under review.
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; There were no debt securities which are listed on the Stock Exchange.
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; 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 Trans boundary 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.

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

- (i) Secretarial Standards with respect to Meeting of Board of Directors (SS-1) and General Meeting (SS-2) issued by the Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with the BSE Limited and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015.

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

1. ***Pursuant to the provisions of sub section (4) of Section 149 of the Companies Act, 2013 and as per Regulation 17(1)(b) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015, Composition of Board of Director was in compliance from 12th August 2016 on appointment of additional 2 (two) Independent Directors.***
2. ***As per regulations 6(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company appointed a Company Secretary cum Compliance Officer w.e.f 15th July, 2016 in compliance with the applicable regulations. Prior to that, the company had appointed Chief Financial officer to act as Compliance officer for the period 1st April, 2016 to 14th July, 2016.***

I further report that-

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

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

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

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

I further report that during the audit period, the Company had the following events having bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.:

- The Company has pursuant to approval of Shareholders at their Meeting held on 30th September, 2016 and Board meeting held on 15th October, 2016 issued and allotted 81,00,000 Equity shares of face value of Rs. 10/- each, at

a price of Rs. 20/- each aggregating up to Rs. 16,20,00,000/- including premium to Non Promoter Investors and 30,11,203 Convertible Warrants on Preferential Basis to Promoter/Promoter Group convertible into 30,11,203 Equity Shares (One Equity Share for one warrant issued) of the Company of face value of Rs. 10/- each at a price of Rs. 20/- each aggregating up to Rs. 6,02,24,060/- including premium of Rs. 10/- per equity warrant.

- Subsequently the holders of 30,11,203 warrants exercised their rights for conversion of warrants in to Equity Shares of the Company by paying the balance amount and the Board at their meeting held on 15th February, 2017 allotted 30,11,203 Equity Shares of the Company.

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

For SANJAY DHOLAKIA & ASSOCIATES

Place: Mumbai
Date: 6th May, 2017

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

Annexure to Secretarial Auditors' Report

To,
The Members,
FAZE-THREE LIMITED
CIN: L99999DN1985PLC000197

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

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

Date: 6th May, 2017
Place: Mumbai

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

Annexure VI
Extract of Annual Return
FORM NO. MGT-9

As on financial year ended 31st March, 2017

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

A. REGISTRATION AND OTHER DETAILS:

CIN:	L99999DN1985PLC000197
Registration Date:	09.01.1985
Name of the Company:	Faze Three Limited
Category / Sub-Category of the Company	Company limited by shares / Indian Non - Government Company
Address of the Registered office and contact details:	Survey No. 380/1, Khanvel Silvassa Road, Village Dapada, Dapada, Dadra Nagar Haveli - 396230. Phone 0260 2668539 Fax: 0260 2668501 Email: investors@fazethree.com Website: www.fazethree.com
Whether listed company	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	Sharex Dynamic (India) 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.	Manufacture of made-up textile products except apparels	1392	74
b.	Manufacture of carpets and rugs	1393	26

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.	N.A.	N.A.	N.A.	N.A.

D. SHAREHOLDING PATTERN:

(i) Category-wise Share Holding

Category code	Category of Shareholder	Number of shares held at Beginning of the year (01.04.2016)				Number of shares held at the end of the year (31.03.2017)				% change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
(A)	Shareholding of Promoter and Promoter Group									
1	Indian									
(a)	Individuals/ HUF	4127869	-	4127869	33.87	7139072	-	7139072	30.64	-3.23
(b)	Central / State Govt.	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	2491625	-	2491625	20.44	2491625	-	2491625	10.69	-9.75
(d)	FI/ Banks	-	-	-	-	-	-	-	-	-
(e)	Any Others(Specify)	-	-	-	-	-	-	-	-	-
	Sub Total(A)(1)	6619494	-	6619494	54.31	9630697	-	9630697	41.33	-12.98

Category code	Category of Shareholder	Number of shares held at Beginning of the year (01.04.2016)				Number of shares held at the end of the year (31.03.2017)				% change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
2	Foreign									
a	NRI	-	-	-	-	-	-	-	-	-
b	Bodies Corporate	-	-	-	-	-	-	-	-	-
c	Institutions	-	-	-	-	-	-	-	-	-
d	Any Others(Specify)	-	-	-	-	-	-	-	-	-
	Sub Total(A)(2)	-	-	-	-	-	-	-	-	-
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	6619494	-	6619494	54.31	9630697	-	9630697	41.33	-12.98
(B)	Public shareholding									
1	Institutions									
(a)	Mutual Funds/ UTI	-	-	-	-	-	-	-	-	-
(b)	FI / Banks	-	-	-	-	-	-	-	-	-
(c)	Central / State Govt	-	-	-	-	-	-	-	-	-
(d)	Venture Capital Funds	250	-	250	0.00	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	-	-	-	-	-
(f)	FIs	-	-	-	-	1100000	-	1100000	4.72	4.72
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(h)	Any Other (specify)	-	-	-	-	-	-	-	-	-
	Sub-Total (B)(1)	250	-	250	0.00	1100000	-	1100000	4.72	4.72
B 2	Non-institutions									
(a)	Bodies Corporate	1362940	1798497	3161437	25.94	703109	1559297	2262406	9.71	-16.27
(b)	Individuals									
I	i. Individual shareholders holding nominal share capital up to Rs2 lakh	1318745	180105	1498850	12.30	1892394	178855	2071249	8.89	-3.41
II	ii. Individual shareholders holding nominal share capital in excess of Rs. 2 lakh.	802516	106250	908766	7.45	8047398	188250	8235648	35.35	27.90
(c)	Any Other									
(c-i)	Clearing Member	-	-	-	-	-	-	-	-	-
(c-ii)	NRI	-	-	-	-	-	-	-	-	-
	Sub-Total (B)(2)	3484201	2084852	5569053	45.69	10642901	1926402	12569303	53.95	8.26
(B)	Total Public Shareholding (B)= (B)(1)+(B)(2)	3484451	2084852	5569303	45.69	11742901	1926402	13669303	58.67	12.98
	TOTAL (A)+(B)	10103945	2084852	12188797	100.00	21373598	1926402	23300000	100.00	

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(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 (01.04.2016)			Details of Shareholding at the end of the year (31.03.2017)			% change during the year
		Number of shares held	%	% of shares Pledged/ Encumbered	Number of shares held	%	% of shares Pledged/ Encumbered	
1	Ajay Anand	2964209	24.32	0.00	4975412	21.35	0.00	-2.97
2	Ajay Anand (HUF)	662500	5.44	0.00	662500	2.84	0.00	-2.59
3	Rashmi Anand	343990	2.82	0.00	343990	1.48	0.00	-1.34
4	Vishnu Anand	18875	0.15	0.00	18875	0.08	0.00	-0.07
5	Rohina Anand	20875	0.17	0.00	20875	0.90	0.00	-0.08
6	Sanjay Anand	117420	0.96	0.00	1117420	4.80	0.00	3.84
7	Instyle Investments Pvt. Ltd.	2394625	19.65	0.00	2394625	10.28	0.00	-9.37
8	Anadry Investments Pvt. Ltd.	9500	0.08	0.00	9500	0.04	0.00	-0.04
9	Mamata Finvest Pvt. Ltd.	87500	0.72	0.00	87500	0.38	0.00	-0.34
	TOTAL	6619494	54.31	0.00	9630697	41.33	0.00	

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

SI No.	Name of shareholder	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative shareholding during the year(Refer note)	
		No of shares as on 01.04.2016/ 31.03.2017	% of total shares of the Company (Refer note)				No. of shares	% of total shares of the Company
1	Ajay Anand	2964209	24.32	01.04.2016			2964209	24.32
				15.02.2017	2011203	Preferential allotment	4975412	21.35
		4975412	21.35	31.03.2017			4975412	21.35
2	Ajay Anand (HUF)	662500	5.44	01.04.2016	No Change	N.A.	662500	5.44
		662500	2.84	31.03.2017				2.84
3	Rashmi Anand	343990	2.82	01.04.2016	No Change	N.A.	343990	2.82
		343990	1.48	31.03.2017				1.48
4	Vishnu Anand	18875	0.15	01.04.2016	No Change	N.A.	18875	0.15
		18875	0.08	31.03.2017				0.08
5	Rohina Anand	20875	0.17	01.04.2016	No Change	N.A.	20875	0.17
		20875	0.09	31.03.2017				0.09
6	Sanjay Anand	117420	0.96	01.04.2016			117420	0.96
				15.02.2017	1000000	Preferential allotment	1117420	4.80
		1117420	4.80	31.03.2017			1117420	4.80
7	Instyle Investments Pvt. Ltd.	2394625	19.65	01.04.2016	No Change	N.A.	2394625	19.65
		2394625	10.28	31.03.2017				10.28
8	Anadry Investments Pvt. Ltd.	9500	0.08	01.04.2016	No Change	N.A.	9500	0.08
		9500	0.04	31.03.2017				0.04
9	Mamata Finvest Pvt. Ltd.	87500	0.72	01.04.2016	No Change	N.A.	87500	0.72
		87500	0.38	31.03.2017				0.38

Note: Cumulative and year end percentage is arrived considering Preferential Allotment of 8100000 equity shares by the Company on 15th October, 2016 and 3011203 equity shares on conversion of convertible equity warrants on 15th February, 2017.

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(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 (01.04.2016)	% of total Shares of the company	No. of Shares at end of the year (31.03.2017)	% of total Shares of the company
1	Ajay Jindal	-	-	4000000	17.17
2	Salim Govani	114631	0.94	2964631	12.72
3	Neerav Hans	-	-	1556297	6.68
4	Hypnos Fund Limited	-	-	1100000	4.72
5	Own Leasing & Finance Pvt Ltd	-	-	236302	1.01
6	Shreans Daga	-	-	200000	0.86
7	Ashok Vishwanath Hiremath	-	-	124977	0.54
8	Rajiv Rai (HUF)	106250	0.872	106250	0.38
9	Vikram Philip	2500	0.02	102500	0.44
10	Mahendra Girdharilal	151755	1.25	81135	0.35

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Name	Shareholding at the beginning of the year 01.04.2016		Cumulative Shareholding during the year 31.03.2017	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Ajay Anand	2964209	24.32	4975412	21.35
2	Sanjay Anand	117420	0.96	1117420	4.80
3	Bheemanna Chikkerur	-	-	10	0.00
4	Manan Shah	-	-	-	-
5	Shweta Jain	-	-	-	-
6	Vinit Rathod	-	-	-	-
7	Ankit Madhwani	1	0.00	1	0.00
8	Ankit Parekh	-	-	10	0.00

E. INDEBTEDNESS

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

(Rs. in Crores)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	59.88	121.82	-	181.70
ii) Interest due but not paid	-	27.54	-	27.54
iii) Interest accrued but not	-	-	-	-
Total (i+ii+iii)	59.88	149.36	-	209.24
Change in Indebtedness during the financial year				
• Addition	-	-	-	-
• Reduction	8.58	149.03	-	157.61
Net Change	(8.58)	(149.03)	-	(157.61)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the end of the financial year				
i) Principal Amount	51.30	0.33	-	51.63
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not	-	-	-	-
Total (i+ii+iii)	51.30	0.33	-	51.63

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

(Rs. In lacs)

Sl. No.	Particulars of Remuneration	Name of MD	Name of WTD	Name of Executive Director	Total Amount
		Mr. Ajay Anand	Mr. Sanjay Anand	Mr. B. Chikkerur	
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 including value of perquisites u/s 17(2) Income -tax Act, 1961	68.40	38.40	8.28	115.08
	(b) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	-as % of profit	-	-	-	-
	-others, specify...	-	-	-	-
5	Others, please specify	-	-	-	-
	Total (A)	68.40	38.40	8.28	115.08

G. REMUNERATION TO OTHER DIRECTORS

(In Rs.)

		Vasudeva Rao	G K Kalsi
a.	Fee for attending board meetings/ committee meetings	16,000	8,000
b.	Commission	--	--
c.	Others, please specify	--	--
		Rajiv Rai Sachdev	Manan Shah
a.	Fee for attending board meetings / committee meetings	4,000	16,000
b.	Commission	--	--
c.	Others, please specify	--	--
		Shweta Jain	Vinit Rathod
a.	Fee for attending board meetings / committee meetings	8,000	16,000
b.	Commission	--	--
c.	Others, please specify	--	--

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

(Rs. in Lacs)

	Particulars of Remuneration	Mr. Ankit Madhwani CFO	Mr. Ankit Parekh CS (appointed w.e.f. 15 th July, 2016)	Total
1	Gross salary (a) Gross Salary including the Value of perquisites as per provisions contained in u/s 17(1) and (2) of the Income -tax Act, 1961	42.53	4.27	46.80
	(b) Profits in lieu of salary under u/s 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission as % of profit, others	-	-	-
	Total	42.53	4.27	46.80

I. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCE:

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

Independent Auditor's Report

To the Members of Faze Three Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Faze Three Limited ('the Company'), which comprise the balance sheet as at March 31, 2017, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation 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; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

We 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.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the 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 31 March 2017 and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

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- (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 Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) on the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in “Annexure B”; and
- (g) with respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position
 - ii. The company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. The company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November,2016 to 30th December,2016 and the same are in accordance with the books of accounts maintained by the company.

For Thakur Vaidyanath Aiyar & Co,
Chartered Accountants
Firm Regn No. 000038N

C.V. Parameswar
Partner
M. No. 11541

Place: Mumbai.
Date: 6th May, 2017.

“ANNEXURE A” TO INDEPENDENT AUDITORS’ REPORT

Referred to in paragraph 1 under the heading of “report on other legal and regulatory requirement” of our report of even date to the financial statements of the company for the year ended March 31, 2017

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) The Fixed Assets have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed asset has been physically verified by the management during the year and no material discrepancies between the books records and the physical fixed assets have been noticed.
- (c) The title deeds of immovable properties are held in the name of the company.
- ii. (a) The management has conducted the physical verification of inventory at reasonable intervals.
- (b) The discrepancies noticed on physical verification of the inventory as compared to books records which has been properly dealt with in the books of account were not material.
- iii. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company and hence not commented upon.
- iv. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 In respect of loans, investments, guarantees, and security.
- v. The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- vi. As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company.
- vii. (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2017 for a period of more than six months from the date on when they become payable.
- (b) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute.

Particulars	Assessment years to which the matter pertains to	Forum where dispute is pending	Amount (₹ in Lakhs)
Income Tax	2003-2004	High Court	26.43

- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. The Company has not taken any loan either from financial institutions or from the government and has not issued any debentures.
- ix. Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.
- x. Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.

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- xi. Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;
- xii. In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.
- xiii. In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- xiv. Based upon the audit procedures performed and the information and explanations given by the management, the company has issued 81,00,000 equity shares of ₹ 10/- each at a premium of ₹ 10/- per share on preferential basis to non-promoter investors and 30,11,203 convertible equity warrants of ₹ 10/- each at a premium of ₹ 10/- per share on preferential basis to promoter and promoter group.
- xv. Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
- xvi. In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

For Thakur Vaidyanath Aiyar & Co,
Chartered Accountants
Firm Regn No. 000038N

Place: Mumbai.
Date: 6th May, 2017.

C.V. Parameswar
Partner
M. No. 11541

“ANNEXURE B” TO THE INDEPENDENT AUDITOR’S REPORT

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

We have audited the internal financial controls over financial reporting of Faze Three Limited (“the Company”) as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Thakur Vaidyanath Aiyar & Co,
Chartered Accountants
Firm Regn No. 000038N

C.V. Parameswar
Partner
M. No. 11541

Place: Mumbai.
Date: 6th May, 2017.

Balance Sheet as at 31st March, 2017

(₹ in Crores)

PARTICULARS	Notes	As at March 31, 2017	As at March 31, 2016
EQUITY AND LIABILITIES			
Shareholders' funds			
Share Capital	2	23.30	12.19
Reserves and Surplus	3	63.70	(49.98)
		87.00	(37.79)
Share Application Money Pending Allotment	4	7.83	-
Non-current liabilities			
Long-term Borrowings	5	0.47	0.04
Deferred Tax Liabilities (Net)	6	2.78	13.90
Other Long Term Liabilities	7	3.10	5.60
Long-term Provisions	8	2.16	2.77
		8.51	22.31
Current liabilities			
Short-term Borrowings	9	50.56	59.17
Trade Payables	10	22.43	18.43
Other Current Liabilities	11	0.98	163.10
Short-term Provisions	12	6.87	7.67
		80.84	248.37
Total		184.18	232.89
ASSETS			
Non-current assets			
Fixed Assets	13	57.07	65.39
Non-current Investments	14	0.37	0.37
Long-term Loans and Advances	15	1.27	1.16
		58.71	66.92
Current assets			
Inventories	16	71.49	81.52
Trade Receivables	17	37.91	51.91
Cash and cash equivalents	18	2.53	2.14
Short-term Loans and Advances	19	0.14	0.33
Other Current Assets	20	13.40	30.07
		125.47	165.97
Total		184.18	232.89
Significant accounting policies and other notes	1 to 39		

The Accompanying notes are an integral part of the financial statements

As per our report of even date

For THAKUR, VAIDYANATH AIYAR & CO.

CHARTERED ACCOUNTANTS

Firm Registration No- 000038N

C V Parameswar

Partner

M.No.11541

Place : Mumbai

Date : 6th May, 2017

For and on behalf of Board of Directors of
Faze Three Limited

Ajay Anand
Managing Director
DIN - 00373248

Ankit Madhwani
Chief Financial Officer

Sanjay Anand
Whole-time Director
DIN - 01367853

Ankit Parekh
Company Secretary

Statement of profit and loss for the year ended 31st March, 2017

(₹ in Crores)

PARTICULARS	Notes	For the Year Ended March 31, 2017	For the Year Ended March 31, 2016
Income			
Revenue from Operations	21	243.77	241.53
Other Income	22	18.66	1.29
Total Revenue		262.43	242.82
Expenses			
Cost of Raw materials consumed	23	113.53	117.25
Changes in inventories of Finished goods & Work-in-progress	24	10.36	(7.93)
Employee Benefits Expense	25	33.67	30.57
Other expenses	26	61.75	73.17
Total Expenses		219.31	213.06
Profit before Finance cost, Depreciation and Tax		43.12	29.76
Depreciation	27	6.96	14.25
Finance costs	28	7.99	13.98
Profit / (Loss) before Tax		28.17	1.53
Current tax (MAT)		1.70	-
Less: Mat Credit Entitlement		(1.70)	-
Tax Expense		(11.12)	-
Profit/(Loss) after Tax		39.29	1.53
Earnings per equity share [nominal value of share ₹ 10]	29		
Basic		24.12	1.25
Diluted		24.12	1.25
Significant accounting policies and other notes	1 to 39		

The Accompanying notes are an integral part of the financial statements

As per our report of even date

For THAKUR, VAIDYANATH AIYAR & CO.

CHARTERED ACCOUNTANTS

Firm Registration No- 000038N

C V Parameswar

Partner

M.No.11541

Place : Mumbai

Date : 6th May, 2017

For and on behalf of Board of Directors of
Faze Three Limited

Ajay Anand

Managing Director

DIN - 00373248

Ankit Madhwani

Chief Financial Officer

Sanjay Anand

Whole-time Director

DIN - 01367853

Ankit Parekh

Company Secretary

Cash Flow Statement for the year ended 31st March, 2017

(₹ in Crores)

PARTICULARS	For the Year Ended March 31, 2017	For the Year Ended March 31, 2016
Profit before tax from continuing operations	28.17	1.53
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation / amortization from continuing operation	6.96	14.25
Interest Expense	7.99	13.98
Interest Income	(0.07)	(0.56)
Profit / Loss on sale / liquidation of Investment	(0.10)	-
Profit / Loss on sale / liquidation of Asset	(2.20)	-
Operating profit before working capital changes	40.75	29.20
Movements in Working Capital :		
Increase / (decrease) in trade payables	4.00	(22.56)
Increase / (decrease) in Long term provisions	(0.62)	0.38
Increase / (decrease) in short term provisions	(0.78)	(0.61)
Increase / (decrease) in current liabilities	(99.12)	8.16
(Increase) / decrease in trade receivables	13.99	1.10
(Increase) / decrease in inventories	10.01	4.69
(Increase) / decrease in long term loans and advances	(0.10)	0.08
(Increase) / decrease in short term loans and advances	0.20	4.09
(Increase) / decrease in other current assets	16.66	4.59
Increase / (Decrease) in Long Term Liabilities	(2.50)	(6.27)
Net Cash flow from / (used in) operating activities (A)	(17.51)	22.87
Cash Flow From Investing Activities		
Purchase of Fixed Assets, CWIP and capital advances	(4.25)	(3.66)
Proceeds from Sale / liquidation of assets	8.08	-
Proceeds of sale / maturity Investments	0.10	-
Interest received	0.07	0.56
Net cash flow from / (used in) investing activities (B)	4.01	(3.10)
Cash flow from Financing Activities		
Proceeds from issuance of share capital	11.11	-
Proceeds from issuance of share capital (share premium)	11.11	-
Proceeds from share application money	7.83	-
Proceeds from Long term borrowings (net)	0.43	(0.59)
Proceeds from short term borrowings	(8.60)	(4.90)
Interest paid	(7.99)	(13.98)
Net cash flow from / (used in) Financing activities (C)	13.89	(19.48)
Net increase / (decrease) in cash and cash equivalents (a+b+c)	0.39	0.29
Cash and cash equivalents at the beginning of the year	2.14	1.85
Cash and cash equivalents at the end of the year	2.53	2.14
Components of Cash and cash equivalents		
Cash on hand	0.07	0.09
With Banks		
On current accounts	1.73	1.34
On deposit account	0.69	0.67
EEFC Account	0.04	0.04
Total cash and cash equivalents (note 18)	2.53	2.14

The Accompanying notes are an integral part of the financial statements

As per our report of even date

For THAKUR, VAIDYANATH AIYAR & CO.

CHARTERED ACCOUNTANTS

Firm Registration No- 000038N

C V Parameswar

Partner

M.No.11541

Place : Mumbai

Date : 6th May, 2017

For and on behalf of Board of Directors of

Faze Three Limited

Ajay Anand
Managing Director
DIN - 00373248

Sanjay Anand
Whole-time Director
DIN - 01367853

Ankit Madhwani
Chief Financial Officer

Ankit Parekh
Company Secretary

Notes Forming Part of Financial Statements for the Year Ended March 31, 2017**Corporate Information**

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

1. Basis of Accounting

The Financial statements of the company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP). The Company has prepared these financial statements to comply in 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. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year except the following:

1.1 Summary of significant accounting policies**a. Change in accounting policy of depreciation of fixed assets**

Plant and machinery represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of company's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as change in technology.

During the current year, based on technical evaluation, the Company has revised the estimated useful life of certain plant and machinery (Tufting Machines) from 15 years to 20 years. The same has resulted in depreciation for the full year being lower by ₹ 2.79 crores (PY – Nil).

b. Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

c. Tangible and Intangible Fixed Assets

Tangible Fixed assets are stated at cost less accumulated depreciation and impairment provisions. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

d. Depreciation on Tangible Fixed Assets

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The company has used the following rates to provide depreciation on its fixed assets. Individual assets costing up to ₹ Five thousand are depreciated in full in the year of purchase.

Asset Description	Useful Life in years
Factory Building	30
Residential & Office Building	60
Plant and Machinery (Tufting Machines)	20
Plant and Machinery (Others)	15
Laboratory Equipments	10
Furniture and fixtures	10
Office Equipments	5
Computers	3
Computer Server	6
Electrical Installations	10
Fire Hydrant Systems	15
Vehicles	8

e. Intangible Assets

Intangible Assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The company uses a presumption that the useful life of an intangible asset will not exceed five years from the date when the asset is available for use. If the persuasive evidence exists to the effect that useful life of an intangible asset exceeds five years, the company amortizes the intangible asset over the best estimate of its useful life.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized. Intangible assets are considered as such only if amounts involved are significant.

f. Borrowing Costs

Borrowing costs includes interest, amortisation of ancillary costs incurred in connection with arranging the borrowings.

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

g. 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. The recoverable amount is higher of the asset's net selling price or value in use, which means the present value of future cash flows expected to arise from continuing use of the asset and its eventual disposal. An impairment loss is reversed, if and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognised. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

h. Government grants and subsidies

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 expected useful life of the related asset.

i. 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 investments. All other investments are classified as long-term investments.

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 recognize 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.

j. Inventories

Raw materials, Work-in-progress, packing materials, traded items and finished goods are valued at lower of weighted average cost or net realisable value. Cost of finished goods includes material and packaging cost, proportion of manufacturing overheads based on normal operating capacity and excise duty. Custom duty on stock lying in bonded warehouses is included in cost. Cost of traded items includes cost of purchase and other cost

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

Due allowances are made in respect of slow moving, non moving and obsolete inventory based on estimates made by the management

k. 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.

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. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

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.

l. Leases

Where the assets are given on lease

Assets subject to operating leases are included in fixed assets. Lease income in respect of operating leases is recognised in the Statement of Profit and Loss on a straight-line method over the lease term in accordance with Accounting Standard 19 on 'Leases' as notified under the Companies (Accounting Standards) Rules, 2006. Maintenance costs including depreciation are recognised as an expense in the Statement of Profit and Loss.

m. Foreign Currency Transaction and balances

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.

n. Income taxes

Tax expense comprises 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 jurisdictions where the company operates. The tax rates and tax laws used to compute the amount 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 rates and the tax laws enacted or substantively enacted at the reporting date.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset 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 asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The company reviews the "MAT credit entitlement" asset 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.

o. 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.

The company provides for gratuity, a defined benefit plan covering eligible employees. 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.

p. Segment reporting

The company has a single reportable segment.

q. Earnings per Share

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

For the purpose of calculating diluted earnings per share, the net profit or loss after taxes 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.

r. 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.

s. Contingent liabilities / Assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

t. Cash and Cash Equivalents

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

u. Measurement of EBITDA

As permitted by the Guidance note on the revised schedule III to the Companies Act, 2013, the company has elected to present earnings before interest tax, depreciation and amortization (EBITDA) as a separate line items 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 March 31, 2017

All amounts in Financial Statements are presented in ₹ crores, except for per Equity share data and as otherwise stated. The previous year figures have been regrouped / reclassified, wherever necessary to conform to the current year presentation

2. Share capital

Particulars	As at March 31, 2017	As at March 31, 2016
Authorised		
Equity Shares, ₹ 10/- each (March 31, 2017 26000000, March 31, 2016 17000000 equity shares)	26.00	17.00
Issued, Subscribed & Fully paid up		
Equity Shares of ₹ 10/- each (March 31, 2017 23300000 March 31, 2016 12188797)	23.30	12.19
	23.30	12.19

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

Particulars	As at March 31, 2017		As at March 31, 2016	
	No of shares	₹ crores	No of shares	₹ crores
At the beginning of the year	12,188,797	12.19	12,188,797	12.19
Issued during the year	11,111,203	11.11	-	-
Bought back during the year	-	-	-	-
Outstanding at the end of the year	23,300,000	23.30	12,188,797	12.19

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

c. 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 preceding the reporting date.

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

Name of Shareholder	March 31, 2017		March 31, 2016	
	No. of shares	% Held	No. of shares	% Held
Equity Shares of ₹ 10/- each fully paid				
Ajay Anand	4,975,412	21.35	2,964,209	24.32
Ajay Anand (HUF) *	-	-	662,500	5.44
Instyle Investments Pvt. Ltd.	2,394,625	10.28	2,394,625	19.65
Ajay Jindal	4,000,000	17.17	-	-
Salim Govani	2,964,631	12.72	-	-
Neerav Hans	1,556,297	6.68	-	-
Whitley Willows Overseas Ltd	-	-	1,638,297	13.44

* Equity Shares held by Ajay Anand (HUF) as on March 31, 2017 is 6,62,500 i.e. 2.84%.

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

Notes Forming Part of Financial Statements for the Year Ended March 31, 2017

3. Reserves & surplus

Particulars	As at March 31, 2017	As at March 31, 2016
Capital reserves	5.33	5.33
Securities premium		
Opening Balance	3.13	3.13
Add / Less : Current year transfer	11.11	-
Closing Balance	14.24	3.13
General reserve		
Opening Balance	31.40	31.40
Add / Less : Current year transfer	63.28	-
Closing Balance	94.68	31.40
Surplus / Deficit - opening balance	(89.84)	(91.37)
Profit/(Loss) for the current year	39.29	1.53
Surplus / Deficit - closing balance	(50.55)	(89.84)
Total	63.70	(49.98)

4. Share Application Money Pending Allotment

Particulars	As at March 31, 2017	As at March 31, 2016
319,000 Equity Shares of ₹ 10/- each to be Alloted	0.32	-
Securities Premium of ₹ 100/- each on 319,000 Equity Shares to be allotted	3.19	-
845,500 Convertible Equity Warrants of ₹ 10/- each with a premium of ₹ 100/- each to be allotted	4.32	-
Total	7.83	-

a. The Equity Shares and Warrants against Share Application money are allotted on April 7, 2017.

b. Terms/rights attached to Equity Shares

The Equity Shares to be issued and allotted will rank pari-passu with the existing Equity Shares of the Company in all respects. The Equity Shares shall be subject to lock-in as provided under the provisions of the SEBI Regulations.

c. **Terms/rights attached to Warrants**

The company has issued convertible equity warrants on preferential basis to promoter / promoter group. The Equity Shares to be so allotted on exercise of the Warrants shall upon conversion rank pari-passu with the existing equity shares of the Company, in such form and manner and upon such terms and conditions as may be determined by the Board in accordance with the ICDR Regulations or other applicable laws as may be prevailing at the time. The warrants and equity shares allotted pursuant to exercise of such warrants shall be subject to lock-in for such period as specified under Chapter VII of ICDR Regulations. In the event the warrant holders does not exercise the warrants within 18 months from the date of allotment, the warrant shall lapse and the amount paid shall stand forfeited by the Company.

Notes Forming Part of Financial Statements for the Year Ended March 31, 2017

5. Long Term Borrowings

Particulars	As at	As at	As at	As at
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	Non-Current Maturities		Current Maturities	
Secured				
(a) Term loan from banks	-	-	-	0.60
(b) Other Loans Against Hypothecation of Vehicles (Refer note 5.1)	0.47	0.04	0.27	0.07
Total	0.47	0.04	0.27	0.67

Note 5.1:

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

Particulars	Loan 1	Loan 2	Loan 3	Loan 4
Period of Maturity	1st January 2018	5th February 2019	24th April 2019	23rd June 2021
Number of installments due	10	23	24	51
Amount of installments due	16310	57195	15111	12207
Rate of Interest	10.74%	9.37%	10.75%	10.75%
Name of the Fiancier	ICICI Bank	HDFC Bank	Corporation Bank	Corporation Bank

Particulars	Loan 5	Loan 6	Loan 7
Period of Maturity	30th June 2021	5th July 2021	13th July 2021
Number of installments due	51	52	52
Amount of installments due	53066	54440	17440
Rate of Interest	10.75%	9.37%	10.75%
Name of the Fiancier	Corporation Bank	HDFC Bank	Corporation Bank

6. Deferred tax liability

Particulars	As at	As at
	March 31, 2017	March 31, 2016
Difference in WDV between books of accounts and income tax records	2.78	13.90
Total	2.78	13.90

7. Other Long Term liabilities

Particulars	As at	As at
	March 31, 2017	March 31, 2016
Lease Equalisation (Secured Term Loan) (refer note 7.1)	2.82	-
Deposits and Retentions	0.28	5.60
Total	3.10	5.60

Note No. 7.1: Company has given its Worli Office (erstwhile Corporate office of the company) on Lease to Bank of Maharashtra for a period of 10 years for establishing their Worli Branch. The monthly lease rental income is Rs 4.67 lakh with escalation of 25% from the 6th year. The company has discounted the lease rentals and availed a term loan from Punjab National Bank. Lease Equalisation (Term Loan) is secured by primary charge of assignment of future lease rental receivable as aforesaid. Term Loan from Punjab National Bank carries interest rate of 10.90% p.a. i.e MCLR (5year) + 2.90% - 0.75% as per L & A Cir 26/2016 and 67/2016, 5 year MCLR being 8.75% presently. The loan is repayable in monthly instalments of Rs 2.71 lakhs from April 2017 for a period of 116 months.

Notes Forming Part of Financial Statements for the Year Ended March 31, 2017
8. Long Term Provisions

Particulars	As at March 31, 2017	As at March 31, 2016
Provision for Gratuity (refer note 8.1)	2.16	2.77
Total	2.16	2.77

Note no. 8.1 - The company provides for gratuity, a defined benefit plan covering eligible employees. 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.

9. Short Term Borrowings

Particulars	As at March 31, 2017	As at March 31, 2016
PCFC / PCRS from Banks (refer note 9.1)	50.56	59.17
Total	50.56	59.17

Note No. 9.1

Packing Credit in Foreign Currency (PCFC) and Packing Credit in Rupees (PCRS) is secured by way of hypothecation of Raw Materials, WIP, Finished Goods, Spares & Stores and Goods meant for exports and Book Debts as prime security and collaterally secured by extension of the charge on the Fixed Assets of the company to Canara Bank and Allahabad Bank jointly as a part of consortium.

PCFC and PCRS facilities from Canara Bank carry interest rate of (LIBOR + 350 bps) and MCLR + 0.75% respectively.

PCRS facility from Allahabad Bank carry interest rate @ 10.70%

PCFC is availed in US Dollars, Outstanding balance as at the year end has been restated at rate prevailing on March 31, 2017.

10. Trade Payables

Particulars	As at March 31, 2017	As at March 31, 2016
Total outstanding dues of micro and small enterprises	-	-
Total outstanding dues to creditors other than of micro and small enterprises	22.43	18.43
Total	22.43	18.43

11. Other Current Liabilities

Particulars	As at March 31, 2017	As at March 31, 2016
Current maturities of Term Loan	-	0.60
Current maturities of Other loan	0.27	0.07
Current maturities of Lease Equalisation	0.33	-
Foreign Currency Convertible Bonds (Refer note 11.1)	-	103.30
Corporate Guarantee Liability (Refer note 11.2)	-	46.06
Other liabilities	0.38	13.07
Total	0.98	163.10

Notes Forming Part of Financial Statements for the Year Ended March 31, 2017

Note No. 11.1 Foreign Currency Convertible Bonds

As per the agreed terms with the Bondholders in Oct 2016, the company has redeemed the FCCBs before March 31, 2017 for total payout of USD 6.09 Mln during the year for buyback of principal value of USD 8 Million plus redemption premium and accrued interest until March 2016. The entire principal outstanding FCCB bonds has been bought back and extinguished as on March 31, 2017. The difference between the payout made by the company and total amount outstanding as on March 31, 2016 has been written back to reserves during the year.

Note No. 11.2 Corporate Guarantee Liability

As per the approval from Canara Bank London, during the year, ₹ 18.92 crores was paid to Canara Bank over and above accumulation in the fixed deposits as on March 31, 2016 being ₹ 14.32 Crs. The aggregate payment of ₹ 33.24 crores (Equivalent to Euro 4.4 Mln principal value) was made on account of corporate guarantee given by the company to Canara Bank London for the working capital loan given by the Bank to the German subsidiary of the company. On payment of the full principal amount as approved, the Bank approved waiver of unapplied interest, penal interest and other charges levied, etc. An amount of ₹ 13.47 crores has been written back and credited to Other Income during the year being difference of total outstanding as on March 31, 2016 and aggregate amount paid.

12. Short Term Provisions

Particulars	As at March 31, 2017	As at March 31, 2016
(a) Provision for employee benefits		
Salary & Reimbursements	2.42	2.11
Contribution to PF and other funds	0.13	0.14
(b) Others		
TDS Payable	0.20	0.21
Expenses Payable	4.12	4.79
Others	-	0.42
Total	6.87	7.67

Notes forming part of Financial Statements for the year ended March 31, 2017

13. Tangible Fixed Assets

Particulars	Freehold Land	Leasehold Land	Building	Plant & Machinery	Furniture & Fixtures	Vehicles	Office Equipments	Computer	Electrical Installation	Fire Hydrants	Total Tangible Assets
Gross Block as at April 1, 2016	6.99	1.31	42.53	69.71	5.88	3.30	1.23	2.43	5.02	0.13	138.53
Additions during the year (net)	(2.46)	-	(2.77)	1.62	(0.55)	0.90	0.29	0.30	0.20	-	(2.47)
Gross Block as at March 31, 2017	4.53	1.31	39.76	71.33	5.33	4.20	1.52	2.73	5.22	0.13	136.06
Accumulated Depreciation as at April 1, 2016	-	-	16.11	42.44	4.75	2.79	0.89	2.08	4.06	0.02	73.14
Charge for the year (net)	-	-	0.91	4.42	(0.52)	0.16	0.24	0.19	0.44	0.01	5.85
Accumulated Depreciation as at March 31, 2017	-	-	17.02	46.86	4.23	2.95	1.13	2.27	4.50	0.03	78.99
Net Block value as at April 1, 2016	6.99	1.31	26.42	27.27	1.13	0.51	0.34	0.35	0.96	0.11	65.39
Net Block value as at March 31, 2017	4.53	1.31	22.74	24.47	1.10	1.25	0.39	0.46	0.72	0.10	57.07

Note

13.1 Assets individually costing ₹ 5000/- or less are fully depreciated in the year of acquisition.

13.2 During the current year, based on technical evaluation, the Company has revised the estimated useful life of certain plant and machinery (Tufting Machines) from 15 years to 20 years. The same has resulted in depreciation for the full year being lower by ₹ 2.79 Crs.

Notes Forming Part of Financial Statements for the Year Ended March 31, 2017
14. Non-current investments

Particulars	As at March 31, 2017	As at March 31, 2016
<u>Non Trade Investments (at cost)</u>		
<u>Preference Shares (unquoted)</u>		
452,000 (452,000) 5% Non-cumulative preference shares of ₹ 100 each fully paid up of V. R. Woodart Ltd.	-	4.52
Less : diminution in value of investment provided on the above in accordance with AS-13. (refer note 14. 1)	-	4.52
	-	-
<u>Equity shares (unquoted)</u>		
Saraswat Co-op Bank Ltd. (2500 equity shares of Rs. 10 each, fully paid up)	0.00	0.00
Greater Bombay Co-operative Bank Limited (40 equity shares of Rs.25 each, fully paid up)	0.00	0.00
Investment in Mutual Fund - Canara Robeco Mutual Fund	0.16	0.16
<u>Equity shares (quoted)</u>		
V. R. Woodart Ltd. (1,456,612 equity shares of Rs. 10 each, fully paid up) (Market Value as on March 31, 2017: ₹ 4,661,158)	1.17	1.17
Less: diminution in value of investment provided on the above in accordance with AS-13. (refer note 14. 1)	0.96	0.96
	0.21	0.21
Total	0.37	0.37
Aggregate value of Quoted Investment	1.17	1.17
Market value of Quoted Investment	0.47	0.27
Aggregate value of Unquoted Investment	0.16	4.68
Aggregate provision for diminution in value of Investment	0.96	5.48

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	As at March 31, 2017	As at March 31, 2016
a. Capital advances		
Unsecured, considered good	0.23	0.09
b. Security Deposits		
Electricity Deposit	0.80	0.80
Pollution Control Board Deposit	0.02	0.02
Deposit for house rent	0.07	0.06
Others	0.15	0.19
Total	1.27	1.16

Notes Forming Part of Financial Statements for the Year Ended March 31, 2017
16. Inventories (valued at lower of cost or net realizable value)

Particulars	As at March 31, 2017	As at March 31, 2016
Raw Materials and components	27.73	27.44
Work-in-progress	15.72	18.06
Finished goods	25.10	33.12
Stores and spares	2.22	2.21
Dyes and Chemicals	0.72	0.69
Total	71.49	81.52

17. Trade Receivables

Particulars	As at March 31, 2017	As at March 31, 2016
Unsecured, considered good		
Trade receivables outstanding for a period exceeding six months from the date they are due for payment	3.31	2.72
Others *	34.60	49.19
Total	37.91	51.91

*Trade receivables include amounts due to parties covered under AS 18, refer note 29

18. Cash and cash equivalents

Particulars	As at March 31, 2017	As at March 31, 2016
Balances with banks	1.73	1.34
Cash on hand	0.07	0.09
Bank deposits with Less than 3 months maturity	0.69	0.67
Bank balance in EEFC account	0.04	0.04
Total	2.53	2.14

19. Short-term loans and advances

Particulars	As at March 31, 2017	As at March 31, 2016
Staff Advances	0.14	0.14
Advance to Suppliers	-	0.19
Total	0.14	0.33

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Notes Forming Part of Financial Statements for the Year Ended March 31, 2017

20. Other Current Assets

Particulars	As at March 31, 2017	As at March 31, 2016
Export Incentive receivable	7.84	4.33
Advance Income tax (net of provision)	0.23	3.53
Prepaid Expenses	0.74	0.54
Excise/ Service Tax/ Cenvat	4.36	5.70
Interest Receivable	0.23	0.34
Receivable from PF Authorities	-	0.03
Non Current Cash & Cash Equivalents	-	1.28
Deposit against Corporate Guarantee (refer note 11.2)	-	14.32
Total	13.40	30.07

21. Revenue from operations

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Sales		
Exports	197.71	190.42
Domestic	19.38	35.96
Less : Excise Duty on Domestic Sales	(0.24)	(6.06)
Export Incentives	26.92	21.21
Total	243.77	241.53

22. Other income

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest Income	0.07	0.56
Job work Income	0.19	0.15
Miscellaneous income	0.28	0.58
Write back on Corporate Guarantee	13.47	-
Rent Income	0.68	-
Foreign Exchange fluctuation gain (net)	1.67	-
Profit on sale of Assets	2.20	-
Profit on sale of Investment	0.10	-
Total	18.66	1.29

23. Cost of Raw Materials consumed

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Inventory at the beginning of the year	28.13	40.13
Add: Purchases	113.86	105.25
Less: Inventory at the end of the Year	28.46	28.13
	113.53	117.25

Notes Forming Part of Financial Statements for the Year Ended March 31, 2017

Note 23.1 Cost of raw materials consumed comprises of

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Yarn	89.25	98.79
Others	24.28	18.46
	113.53	117.25

24. Changes in inventories of finished goods, work-in-progress and Stock-in-Trade

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016	(Increase) / Decrease
Inventory at the end of the year			
Work in Progress	15.72	18.06	2.34
Finished Goods	25.10	33.12	8.02
	40.82	51.18	10.36
Inventory at the beginning of the year			
Work in Progress	18.05	12.41	(5.64)
Finished Goods	33.12	30.83	(2.29)
	51.17	43.24	(7.93)

25. Employee Benefits Expense

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Salaries and incentives	30.09	27.28
Contributions to - Provident fund , E.S.I.C. and other funds	2.00	1.74
Other expenses and provisions	1.58	1.55
Total	33.67	30.57

26. Other Expenses

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Sewing, Stitching, Processing & Finishing Charges	11.91	13.23
Power & Fuel	16.12	16.19
Clearing and Forwarding	7.33	7.81
Repairs & Maintenance:		
Plant & Machinery	2.46	2.23
Building	0.88	0.72
Other Manufacturing Expenses (refer note 26.2)	11.17	10.02
Rent, Rates & Taxes	1.47	1.66
Stores and spares consumed	1.64	2.26
Audit Fees (refer note 26.1)	0.09	0.08
Miscellaneous expenses	2.67	5.59

Notes Forming Part of Financial Statements for the Year Ended March 31, 2017

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Travelling, Vehicle & Conveyance	2.58	2.52
Legal & Professional Fees	2.12	1.87
Insurance Charges	0.49	0.61
Foreign Exchange fluctuation loss (net)	-	7.41
Selling & Distribution	0.82	0.98
Total	61.75	73.17

26.1 Details of Payments to the auditor

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
a. for statutory audit	0.06	0.06
b. for taxation matters	0.01	0.01
c. for limited review	0.01	0.01
d. for certification	0.01	-
Total	0.09	0.08

26.2 Details of Other Manufacturing Expenses

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Dyeing Charges	1.30	0.89
Water Charges	2.39	2.30
Packing Material	0.26	2.17
Testing Charges	0.89	1.12
Weaving Charges	2.55	1.88
Others	3.78	1.66
Total	11.17	10.02

27. Depreciation expense

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Depreciation on tangible assets (refer note 13.1)	6.96	14.25
Total	6.96	14.25

28. Finance Costs

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest expense	4.90	11.09
Bank Charges	3.09	2.89
Total	7.99	13.98

Notes Forming Part of Financial Statements for the Year Ended March 31, 2017
29. Related Party Transactions
a. Related parties where control exists

<u>Name of the related party</u>	<u>Relationship</u>
V R Woodart Limited	Associate
Aunde India Limited	Associate
Ajay Anand (HUF)	Associate
Instyle Investments Private Limited	Associate
Rohina Anand Khira	Daughter of Managing Director
Ashok Anand	Brother of Managing Director
Key Management Personnel (KMP)	
Ajay Anand	Managing Director
Sanjay Anand	Whole-time Director
Ankit Parekh	Company Secretary
Ankit Madhwani	Chief Financial Officer
Bheemanna Chikerrur	Executive Director

b. Related parties with whom transactions have taken place

i. Sale / purchase of goods and services		
Particulars	Aunde India Limited	
	March 31, 2017	March 31, 2016
Sale of services	13.32	28.36
Purchase of goods	0.06	0.52
Rent Income	0.40	0.32
Rent Expense	0.12	0.12
Balance at the year end (Net Debit)	3.69	4.44
ii. Loans		
Particulars	V R Woodart Ltd	
	March 31, 2017	March 31, 2016
Loans Received	-	-
Loans Repaid / Adjusted	0.03	0.06
Balance at the year end (Net Credit)	0.36	0.40
iii. Particulars		
	March 31, 2017	March 31, 2016
Remuneration paid to KMP	1.62	1.17
Total	1.62	1.17

c. Other transactions

Lease rent of ₹ 0.06 Crores (PY ₹ 0.06 Crores) has been paid to Rohina Anand for use of premises and Salary to Ashok Anand ₹ 0.08 Crores (PY ₹ 0.08 Crores). Apart from sale/purchase of goods and services ₹ 0.24 Crores (PY ₹ 0.08 Crores) is paid to Aunde India Limited for reimbursement of Expenses and job work expenses ₹ 0.05 Crores (PY ₹ Nil)

Notes Forming Part of Financial Statements for the Year Ended March 31, 2017
30 Disclosure on Specified Bank Notes (SBNs)

During the year, the company had specified bank notes or other denomination note as defined in the MCA notification G. S. R. 308 (E) dated March 30, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination of SBN's and other denomination notes as per the notification is given below:

in ₹

Particulars	SBN's	Other Denomination Notes	Total
Closing cash in hand as on November 8, 2016	45,000	578,270	623,270
(+) Permitted Receipts	-	2,777,108	2,777,108
(-) Permitted Payments	34,000	2,451,816	2,485,816
(-) Amount deposited in Banks	11,000	-	11,000
Closing cash in hand as on December 30, 2016	-	903,562	903,562

* Permitted receipts include amount of ₹ 24,04,000 of other denomination notes withdrawn from bank during the specified period at 6 plant locations across India and ₹ 3,73,108 of other denomination notes received against staff advances / imprest.

31 Earnings per share

Particulars	March 31, 2017	March 31, 2016
Profit after Tax (₹)	39.29	1.53
Number of Shares Outstanding	16288260	12188797
Basic & Diluted EPS (₹)	24.12	1.25

32 Contingent liabilities

Particulars	March 31, 2017	March 31, 2016
(i) Contingent Liabilities		
(a) Claims against the company not acknowledged as debt	0.30	0.30
(b) Guarantees and Letter of Credit	3.21	3.50
(c) Other money for which the company is contingently liable	9.26	2.81
(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

33 Value of imports calculated on CIF basis

Particulars	March 31, 2017	March 31, 2016
Raw materials	2.50	2.95
Stores and spares	0.53	0.64
Total	3.03	3.59

Notes Forming Part of Financial Statements for the Year Ended March 31, 2017
34 Expenditure in Foreign currency

Particulars	March 31, 2017	March 31, 2016
Travelling	0.56	0.21
Interest	-	6.36
Professional fees	0.06	0.18
Total	0.62	6.75

35 Imported and indigenous raw materials and spare parts consumed

Particulars	March 31, 2017		March 31, 2016	
	% of Total consumption	Value	% of Total consumption	Value
Raw materials				
Imported	2.20	2.50	2.52	2.95
Indigenous	97.80	111.05	97.48	114.31
Total	100	113.55	100	117.26
Spare parts				
Imported	32.32	0.53	28.39	0.64
Indigenous	67.68	1.11	71.61	1.62
Total	100	1.64	100	2.26

36 Earnings in Foreign currency

Year of remittance ending on	March 31, 2017	March 31, 2016
Exports at F.O.B value	196.38	188.93

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

38 Debit / Credit balances are subject to confirmation and reconciliation

39 Previous year figures have been regrouped / reclassified wherever necessary to correspond with the current period classification / disclosure.

The Accompanying notes are an integral part of the financial statements

As per our report of even date

For THAKUR, VAIDYANATH AIYAR & CO.

CHARTERED ACCOUNTANTS

Firm Registration No- 000038N

For and on behalf of Board of Directors of

Faze Three Limited

Ajay Anand

Managing Director

DIN - 00373248

Sanjay Anand

Whole-time Director

DIN - 01367853

C V Parameswar

Partner

M.No.11541

Place : Mumbai

Date : 6th May, 2017

Ankit Madhwani

Chief Financial Officer

Ankit Parekh

Company Secretary

FAZE THREE LIMITED

CIN: L99999DN1985PLC0000197

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

ATTENDANCE SLIP

(To be presented at the entrance)

32nd Annual General Meeting to be held on Wednesday, 27th September, 2017 at 11.30 a.m.

FolioNo. _____ DPIDNo. _____ ClientIDNo. _____

Name of the Member _____ Signature _____

Name of the Proxyholder _____ Signature _____

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

PROXY FORM

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

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

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

Name			
Address			
E-mail Id		Signature	

OR FAILING HIM

Name			
Address			
E-mail Id		Signature	

OR FAILING HIM

Name			
Address			
E-mail Id		Signature	

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Annual General Meeting to be held on 27th September, 2017 at 11.30 a.m. at Conference Hall, Plot No. 146, Waghdhara Village Road, Dadra – 396 193, Union Territory of Dadra & Nagar Haveli and at any adjournment thereof in respect of such resolutions as are indicated below:

RESOLUTIONS	For	Against
1. To receive, consider and adopt the Audited Financial Statements for the year ended 31st March, 2017, together with the Report of Auditors' and Directors' thereon.		
2. To appoint a Director in place of Mr. Bheemanna Chikkerur who retires by rotation.		
3. Re-appointment of Auditors.		
4. Adoption of new Articles of Association of the Company.		
5. Revision of remuneration of Mr. Ajay Anand, Chairman and Managing Director of the Company.		
6. Approval of Related Party Transactions		

Signed this..... day of..... 2017

Signature of Shareholder:

Signature of Proxy holder(s):

Affix Revenue Stamp

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