

Limited Review Report

Review Report to
The Board of Directors of
Faze Three Limited

1. We have reviewed the accompanying Statement of unaudited financial results ('the Statement') for the quarter and six months ended September 30, 2017 and financial position as on September 30, 2017 ('the Statement') of Faze Three Limited ('the Company'), being submitted by the Company pursuant to the requirements of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016 (Listing Regulations).

This Statement, which is the responsibility of the Company's Management and has been approved by the Board of Directors, has been prepared in accordance with Ind AS 34 'Interim Financial Reporting', prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other recognized accounting practices and policies generally accepted in India. Our responsibility is to issue a report on the Statement based on our review.

2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement and financial position which are prepared in accordance with Ind AS 34, prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of the Listing Regulations including the manner in which it is to be disclosed, or that it contains any material misstatement.
4. The comparative financial information of the Company for the corresponding quarter and six months ended September 30, 2016 included in these accompanying statement of quarterly and six months standalone financial results of the Company, are based on the previously issued standalone financial results prepared in accordance with the recognition and measurement principles of Accounting Standard 25 "Interim Financial Reporting", as specified under section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other accounting principles generally accepted in India and reviewed by the predecessor auditor whose report for the corresponding quarter and six months ended September 30, 2016 dated November 11, 2016 expressed an unmodified opinion on those standalone financial results, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have not been reviewed by us.



MSKA

& Associates

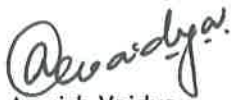
Chartered Accountants

The unaudited financial results for quarter ended June 30, 2017, included in the Statement, were reviewed by the predecessor auditor whose report dated September 13, 2017 expressed an unmodified conclusion on those unaudited financial results.

For MSKA & Associates (Formerly known as MZSK & Associates)

Chartered Accountants

ICAI Firm Registration No. 105047W



Amrish Vaidya

Membership No.: 101739



Place: Mumbai

Date: December 11, 2017



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Statement of unaudited financial results for the quarter and half year ended September 30, 2017

₹ in Crores

Particulars	Quarter Ended			Half Year Ended	
	2017	2017	2016	2017	2016
	30.09.2017	30.06.2017	30.09.2016	30.09.2017	30.09.2016
I Revenue from Operations	57.39	60.12	56.02	117.51	114.42
II Other Income	0.49	3.18	0.63	3.66	1.30
III Total Income (I + II)	57.88	63.30	56.65	121.17	115.72
IV Expenses					
(a) Cost of materials consumed and other inputs	30.26	27.64	23.07	57.90	48.84
(b) Changes in inventories of finished goods and work-in-progress	(4.38)	3.34	1.74	(1.04)	8.26
(c) Employee benefits expense	9.61	8.86	8.42	18.48	16.45
(d) Finance costs	2.12	1.72	0.26	3.84	4.01
(e) Depreciation and amortisation expense	1.77	1.66	2.78	3.43	5.71
(f) Other expenses	16.21	18.43	15.53	34.43	32.63
Total expenses (IV)	55.59	61.65	51.80	117.04	115.90
V Profit / (Loss) before exceptional items and tax (III-IV)	2.29	1.65	4.85	4.13	(0.18)
VI Exceptional Items	-	-	-	-	-
VII Profit / (Loss) before tax (V-VI)	2.29	1.65	4.85	4.13	(0.18)
VIII Tax expense					
(a) Current Tax (MAT)	0.54	0.31	-	0.85	-
Less: Mat Credit Entitlement	(0.54)	(0.31)	-	(0.85)	-
(b) Deferred Tax	(0.07)	(0.01)	0.17	(0.58)	0.35
Total tax expense	(0.07)	(0.01)	0.17	(0.58)	0.35
IX Profit / (Loss) for the period (VII - VIII)	2.36	1.66	4.68	4.71	(0.53)
X Other comprehensive income					
Items that will not be reclassified to profit or loss					
(a) Remeasurement of the net defined benefit plans	-	0.17	0.09	0.17	0.18
(b) Tax relating to items that will not be reclassified to profit or loss	-	(0.05)	(0.03)	(0.05)	(0.06)
Other comprehensive income for the period (X)	-	0.12	0.06	0.12	0.12
Total comprehensive income (IX - X)	2.36	1.54	4.62	4.59	(0.65)
Paid-up Equity Share capital (Face Value ₹ 10 per Share)	23.62	23.62	12.19	23.62	12.19
Earnings per share (₹ 10/- per Equity Share)					
Basic	1.25	0.70	3.79	1.95	(0.54)
Diluted	1.20	0.67	3.79	1.88	(0.54)

Notes as annexed to this Financial Results



By Order of the Board
For Faze Three Limited

Ajay Anand
Chairman & Managing Director
DIN: 00373248

Mumbai
December 11, 2017





Statement of Assets & Liabilities as at September 30, 2017

(₹ In Crores)

		As at September 30, 2017 Unaudited
Particulars		
A	ASSETS	
1	Non-current assets	
	(a) Property, Plant and Equipment	58.16
	(b) Capital work-in-progress	0.79
	(c) Investment Property	0.72
	(d) Financial Assets	
	(i) Investments	0.42
	(ii) Deposits	1.03
	(e) Non-current Tax Assets (net)	0.27
	(f) Other non-current assets	1.02
	(g) Deferred Tax Assets	1.41
	Sub-total	63.82
2	Current assets	
	(a) Inventories	71.28
	(b) Financial Assets	
	(i) Trade Receivables	36.86
	(ii) Cash and Cash Equivalents	5.10
	(iii) Bank Balances other than Cash and Cash Equivalents	0.78
	(iv) Other Financial Assets	1.15
	(c) Other current assets	16.49
	Sub-total	131.66
	TOTAL - ASSETS	195.48
B	EQUITY AND LIABILITIES	
1	Equity	
	(a) Equity Share Capital	23.62
	(b) Other Equity	75.89
	Sub-total	99.51
2	Non-Current Liabilities	
	(a) Financial Liabilities	
	(i) Borrowings	0.48
	(ii) Other Financial Liabilities	2.70
	(iii) Deposits	0.28
	(b) Provisions	2.55
	Sub-total	6.01
3	Current Liabilities	
	(a) Financial Liabilities	
	(i) Borrowings	62.90
	(ii) Trade Payables	15.02
	(iii) Other Financial Liabilities	4.48
	(b) Provisions	7.56
	Sub-total	89.96
	TOTAL - EQUITY AND LIABILITIES	195.48

By Order of the Board
For Faze Three Limited


Ajay Anand
Chairman & Managing Director
DIN: 00373248

Mumbai
December 11, 2017



Notes to financial results for quarter and half year ended September 30, 2017

1. The Company adopted Indian Accounting Standards ("Ind AS") from April 01, 2017 and accordingly these financial results have been prepared in accordance with the recognition and measurement principles laid down in Ind-AS 34 "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 read with the relevant rules issued thereunder and the other accounting principles generally accepted in India. Consequently, the results for the comparative quarter and six months ended September 30, 2016 have been restated to comply with Ind-AS to make them comparable.
2. The statement of financial results, have been approved by the Board of Directors at its meeting held on December 11, 2017 and has been subjected to a limited review by Statutory Auditors of the Company.
3. The format for unaudited financial results as prescribed in SEBI's circular CIR/CFD/CMD/25/2015 dated November 30, 2015 has been modified to comply with the requirements of SEBI's circular dated July 5, 2016, Ind AS and Schedule III (Division II) of the Companies Act, 2013 which are applicable to companies that are required to comply with Ind AS.
4. The Company operates in only one reportable segment viz. manufacturing of home textiles.
5. Revenue from operations for periods upto June 30, 2017 includes excise duty, which is discontinued effective July 1, 2017 upon implementation of Goods and Service Tax (GST) in India. In accordance with Ind-AS 18 "Revenue", GST is not included in Revenue from operations. In view of the aforesaid change, revenue from operations (domestic) for the quarter and six months ended September 30, 2017 are not completely comparable with previous periods.
6. Reconciliation between financial results, as previously reported and as restated under Ind-AS are as under (₹ in crores):

Particulars	Quarter ended September 30, 2016	Half year ended September 30, 2016
Net Profit after tax as reported under previous GAAP	4.32	(1.22)
Remeasurement of employee defined obligations reclassified to other Comprehensive Income	0.09	0.18
Mark-to-market gain on forward contract derivatives	0.43	0.85
Gain on Fair Value of investments	0.01	0.02
Tax effect on above adjustments	(0.17)	0.32
Profit for the period as per Ind-AS	4.68	(0.53)
Other Comprehensive Income (net of Tax)	(0.06)	(0.12)
Total Comprehensive Income as per Ind-AS	4.62	(0.65)

7. The Finance Act 2017 added sub-section (2A) & (2C) to section 115JB(2), notified on Aug 22, 2017, specified additional adjustments to compute the book profit of companies for the convergence year to Ind-AS. The said provision requires the book profit for the convergence year to be increased / decreased by the transition amount adjusted to the other equity of the previous financial year on account of adoption of Ind-AS. The increase / decrease of book profit on account of transition amount is required to be adjusted equally over convergence year and each of four following previous years. The said transition amount for the previous year is ₹ 1.83 Crs and accordingly ₹ 0.36 Crs shall be the MAT liability thereon. Accordingly, an amount of ₹ 0.07 Crs (1/5th of ₹ 0.36 lakhs) shall be paid during the current year over and above the MAT for the current year.
8. Other Income includes foreign exchange gain on realisation of accounts receivables. An amount ₹ 2.91 crores and ₹ 0.85 crores pertains to aforesaid in the half year ended September 30, 2017 and September 30, 2016 respectively.
9. Finance cost for the quarter ended September 30, 2016 included a reversal of provision for interest on FCCBs for quarter ended June 30, 2016, ₹ 1.64 Crs. Furthermore, the provision for interest on FCCBs was discontinued from quarter ended September 30, 2016 as the company had settled the FCCBs as per agreement with all bondholders on October 10, 2016. The figures for quarter ended September 30, 2017 are not comparable to that extent.
10. The figures for the previous quarter/period have been regrouped / reclassified wherever necessary, to make them comparable.

Mumbai
December 11, 2017



By Order of the Board
For Faze Three Limited


Ajay Anand
Chairman & Managing Director
DIN: 00373248