

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 nine months ended December 31, 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 nine months ended December 31, 2016 included in these accompanying statement of quarterly and nine 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 audited by the predecessor auditor whose report for the corresponding quarter and nine months ended December 31, 2016 dated January 21, 2017 expressed an unmodified opinion providing an emphasis of matter on those standalone financial results regarding write back of outstanding amounts of Foreign Currency Convertible Bonds (FCCB's), being a contingent liability, 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.



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: February 09, 2018



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Statement of financial results for the quarter and nine months ended December 31, 2017

₹ in Crores

Particulars	Quarter Ended			Nine months Ended	
	December 31, 2017	September 30, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	Unaudited	Unaudited	Audited	Unaudited	Audited
I Revenue from Operations	60.45	57.39	64.59	177.96	179.01
II Other Income	0.33	0.49	21.42	3.99	21.85
III Total Income (I + II)	60.78	57.88	86.01	181.95	200.86
IV Expenses					
(a) Cost of materials consumed and other inputs	28.31	30.26	31.98	86.21	80.83
(b) Changes in inventories of finished goods and work-in-progress	1.01	(4.38)	0.81	(0.03)	9.08
(c) Employee benefits expense	9.65	9.61	7.66	28.13	24.11
(d) Finance costs	1.70	2.12	2.00	5.54	6.00
(e) Depreciation and amortisation expense	1.72	1.77	2.37	5.15	8.08
(f) Other expenses	15.99	16.21	16.32	50.42	48.96
Total expenses (IV)	58.38	55.59	61.14	175.42	177.06
V Profit before exceptional items and tax (III-IV)	2.40	2.29	24.87	6.53	23.80
VI Exceptional Items	-	-	-	-	-
VII Profit before tax (V-VI)	2.40	2.29	24.87	6.53	23.80
VIII Tax expense					
(a) Current Tax (MAT)	0.55	0.54	0.80	1.40	0.80
Less: MAT Credit Entitlement	(0.55)	(0.54)	(0.80)	(1.40)	(0.80)
(b) Deferred Tax - Credit	(0.21)	(0.07)	(11.10)	(0.79)	(11.04)
Total tax expense	(0.21)	(0.07)	(11.10)	(0.79)	(11.04)
IX Profit for the period (VII - VIII)	2.61	2.36	35.97	7.32	34.84
X Other comprehensive income					
Items that will not be reclassified to profit or loss					
(a) Remeasurement of the net defined benefit plans	0.09	-	0.09	0.26	0.27
(b) Tax relating to items that will not be reclassified to profit or loss	(0.04)	-	(0.03)	(0.09)	(0.09)
Other comprehensive income for the period (X)	0.05	-	0.06	0.17	0.18
Total comprehensive income (IX - X)	2.56	2.36	35.91	7.15	34.66
Paid-up Equity Share capital (Face Value ₹ 10 per Share)	24.32	23.62	20.29	24.32	20.29
Earnings per share (₹ 10/- per Equity Share)					
Basic	1.09	1.25	18.92	3.03	18.30
Diluted	1.08	1.20	18.32	3.03	17.71

Notes as annexed to this Financial Results

By Order of the Board
For Faze Three Limited


Ajay Anand
Chairman & Managing Director
DIN: 00373248

Mumbai
February 9, 2018



Notes to financial results for quarter and nine months ended December 31, 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 nine months ended December 31, 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 February 9, 2018 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 nine months ended December 31, 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 December 31, 2016	Nine months ended December 31, 2016
Net Profit after tax as reported under previous GAAP	35.91	34.69
Add: Remeasurement of employee defined obligations reclassified to other Comprehensive Income	0.09	0.27
Less: Mark-to-market on forward contract derivatives	(0.02)	(0.06)
Add: Gain on Fair Value of investments	0.01	0.02
Less: Tax effect on above adjustments	(0.02)	(0.08)
Profit for the period as per Ind-AS	35.97	34.83
Less: Other Comprehensive Income (net of tax)	(0.06)	(0.18)
Total Comprehensive Income as per Ind-AS	35.91	34.66

7. Other Income for the corresponding quarter and nine months ended December 31, 2016 includes amount of ₹ 13.47 crores which pertains to write back of waiver of unapplied interest, penal interest and other charges levied, by Canara Bank London on account of corporate guarantee liability for grant of credit facilities to PANA Textil GmbH (PANA) i.e. sub-subsidiary of the Company.
8. During the corresponding quarter and nine months ended December 31, 2016, as per the agreed terms with the Bondholders in Oct 2016, the Company had to redeem the FCCBs for a maximum amount of USD 6.25 million on or before March 31, 2017 as full payment for satisfaction of all dues on account of FCCBs being outstanding principal of USD 8 Million plus redemption premium and accrued interest till that date. The aforesaid payout was to be done in 2 tranches, viz, USD 2.25 Million by October 2016, the same was already paid. The balance of USD 4 Mn (₹ 27 crores approx.) was payable on or before March 31, 2017 and was classified under other current liabilities. In the event of default in payment of the balance amount, the agreed terms with the bondholders would have been voidable at the option of the bondholders and entire amount due would have been re-instated as if the settlement was void-ab-initio. The total outstanding on account of Foreign Current Convertible Bonds as on March 31, 2016 was ₹ 103.30 crores (USD 15.90 Mn). An amount of ₹ 61.28 crores had been written back being difference of total outstanding on account of FCCBs as on March 31, 2016 and amount payable as agreed with the holders. The said amount written back was treated as contingent liability in the financial statements until the payment of the balance amount.
9. During the quarter ended December 31, 2017, the Company has incorporated Faze Three US LLC, a wholly owned subsidiary (WOS) to pursue new opportunities and for furtherance of existing business of the Company. The said subsidiary would be a front end for the Company in USA and also actively engage in sourcing local business within US for supplying Home Textile products and allied items to Stores/Retailers.
10. The figures for the previous quarter/period have been regrouped / reclassified wherever necessary, to make them comparable.

Mumbai
February 9, 2018



By Order of the Board
For Faze Three Limited

Ajay Anand
Chairman & Managing Director
DIN: 00373248

