



October 4, 2016

Corporate Relationship Department,  
BSE Limited,  
New Trading Wing,  
Rotunda Building, P J Towers,  
Dalal Street, Fort,  
Mumbai – 400 001.

Dear Sir(s),

**Sub: 31<sup>st</sup> Annual Report**

**Ref: FAZE THREE LIMITED (STOCK CODE: 530079)**

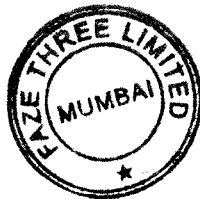
Pursuant to Regulation 34 of the SEBI (LODR) Regulations, 2015 please find enclosed copy of 31<sup>st</sup> Annual Report of the Company, which was approved and adopted as per the provisions of Companies Act, 2013 at the 31<sup>st</sup> Annual General Meeting of the Company held on 30<sup>th</sup> September, 2016.

You are requested to kindly take the same on record and bring it to the notice of your constituents.

Thanking you,

Yours faithfully,  
**For Faze Three Limited**

*A.D. Parekh*  
Ankit Parekh  
Company Secretary



FAZE THREE LIMITED

(CIN: L99999DN1985PLC000197)

Regd. Office: Survey 380/1, Khanvel Silvassa Road, Dapada, Silvassa – 396 230, UT of D&NH

Corporate Office 1-2 Shiv Smruti Chambers, 49-A, Dr. Annie Besant Road, Worli, Mumbai – 400 018

Tel. : 91 (22) 43514444, 66604600 \* Fax : 91 (22) 24936811 \* E-mail : [info@fazethree.com](mailto:info@fazethree.com) \* Website : [www.fazethree.com](http://www.fazethree.com)



**31st Annual Report  
2015-2016**

## FAZE THREE LIMITED

### 31ST ANNUAL REPORT FOR THE YEAR ENDED 31ST MARCH 2016

1. Date of Annual General Meeting : Friday, 30th September, 2016
2. Time and Venue : 3.30 p.m. - Plot No. 146,  
Waghdhara Village Road, Dadra – 396 193  
UT of Dadra & Nagar Haveli
3. Book Closure : Saturday, 24th September 2016 to Friday,  
30th September, 2016 (both days inclusive)
4. e-voting : Tuesday, 27 September 2016 (9.00 a.m.) to  
Thursday 29, September 2016 (5.00 p.m.)

CONTENTS:	PAGE No.
Notice	3
Directors' Report	13
Management Discussion & Analysis Report	20
Corporate Governance Report	24
Secretarial Auditors' Report	33
Extract of Annual Return	37
Independent Auditors' Report	43
Balance Sheet	49
Profit & Loss Account	50
Cash Flow Statement	51
Notes on Accounts	52

## 31st Annual Report 2015-2016

---

### BOARD OF DIRECTORS AND MANAGEMENT TEAM

<b>Mr. Ajay Anand</b>	Chairman & Managing Director
<b>Mr. Sanjay Anand</b>	Whole time Director
<b>Mr. Bheemanna Chikkerur</b>	Executive Director (Appointed w.e.f. 21st December 2015)
<b>Mr. Rajiv Rai Sachdev</b>	Non-Executive Director
<b>Mr. Vasudeva Rao</b>	Independent Director
<b>Mrs. Gurinder Kaur Kalsi</b>	Independent Director (Appointed w.e.f. 12th August 2015)
<b>Mr. Ankit Madhwani</b>	Chief Financial Officer (Appointed w.e.f. 1st July 2015)
<b>Mr. Martin Golla</b>	Sr. VP- Legal & Company Secretary (Resigned w.e.f. 26th March 2016)

### BANKERS

Canara Bank  
Allahabad Bank

### STATUTORY AUDITORS

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

### SECRETARIAL AUDITORS

M/s. Sanjay Dholakia & Associates,  
Company Secretaries.

### REGISTERED OFFICE

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

### CORPORATE OFFICE

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

### REGISTRAR AND TRANSFER AGENTS:

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

### BOARD COMMITTEES

#### Audit Committee

Mr. Vasudeva Rao	Chairman
Mr. Ajay Anand	Member
Mrs. Gurinder Kaur Kalsi	Member

#### Nomination & Remuneration Committee

Mr. Vasudeva Rao	Chairman
Mr. Rajiv Rai Sachdev	Member
Mrs. Gurinder Kaur Kalsi	Member

#### Stakeholders Relationship Committee

Mr. Rajiv Rai Sachdev	Chairman
Mr. Vasudeva Rao	Member
Mr. Ajay Anand	Member
Mrs. Gurinder Kaur Kalsi	Member

## NOTICE

### 31ST ANNUAL GENERAL MEETING

Notice is hereby given that the 31st Annual General Meeting of Members of Faze Three Limited will be held on Friday, 30th September, 2016 at 3.30 p.m. at Plot No. 146, Waghdhara Village Road, Dadra – 396 193, Union Territory of Dadra & Nagar Haveli, to transact the following business:

#### ORDINARY BUSINESS:

**1. Adoption of Financial Statements**

To receive, consider and adopt the Audited Financial Statements including Audited Balance Sheet and Statement of Profit and Loss for the year ended 31st March, 2016 together with the Report of the Auditors' and Directors' thereon.

**“RESOLVED THAT** the Financial Statements of the Company including Audited Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss of the Company for the year ended as on that date together with the Auditors' Report and Directors' Report thereon be and are hereby received, considered and adopted.”

**2. Appointment of a Director**

To appoint a Director in place of Mr. Rajiv Rai Sachdev (holding DIN: 00910936), who is liable to retire 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. Appointment of Auditor**

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

**“RESOLVED THAT** pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time and read with rules under the Companies (Audit and Auditors) Rules, 2014, the Company's Auditors M/s. Thakur Vaidyanath Aiyar & Co., Chartered Accountants, Mumbai (Firm Rgn. No. 000038N), who holds office up to the date of this Annual General Meeting being eligible, offer themselves for re-appointment, be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the next Annual General Meeting of the Company at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Auditors.”

#### SPECIAL BUSINESS

**4. Appointment of Mr. Bheemanna Chikkerur as Executive Director**

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

**“RESOLVED THAT** pursuant to the provisions of Section 152, 161 and any other applicable provisions of the Companies Act, 2013 (“Act”) and the Rules made there under (including any statutory modification(s) or re-enactments thereof for the time being in force), Mr. Bheemanna Chikkerur (holding DIN: 07371496) who was appointed as an Additional Director of the Company by the Board of Directors at its meeting held on 21st December 2015, pursuant to the provisions of Section 161 of the Act and who holds office up to date of this Annual General Meeting (“AGM”) and in respect of whom the Company has received a notice in writing from him along with the deposit of requisite amount under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation”.

**“RESOLVED FURTHER THAT** in accordance with the provisions of Section 196, 197, 198 and 203 read with Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, under (including any statutory modification(s) or re-enactments thereof for the time being in force), approval of the Company be and is hereby accorded to appoint Mr. Bheemanna Chikkerur, as Executive Director of the Company, for a period of 5 (five) years w.e.f. 21.12.2015, on the terms and conditions including remuneration as setout in statement annexed to the Notice”

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this Resolution.”

## 31st Annual Report 2015-2016

---

### 5. Appointment of Mr. Manan Shah as an Independent Director

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

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 (“Act”) and the Rules made there under read with Schedule IV to the Act, (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Manan Shah (holding DIN: 07589737), who was appointed as an Additional (Independent) Director of the Company by the Board of Directors at its meeting held on 12th August, 2016 and whose term of office expires at this Annual General Meeting ('AGM') and in respect of whom the Company has received a Notice in writing from a Member alongwith the deposit of the requisite amount under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 (five) consecutive years commencing from 12th August, 2016 and to hold office until the 36th Annual General Meeting of the Company.”

### 6. Appointment of Ms. Shweta Jain as an Independent Director

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

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 (“Act”) and the Rules made there under read with Schedule IV to the Act, (including any statutory modification(s) or re-enactment thereof for the time being in force), Ms. Shweta Jain (holding DIN: 07589768), who was appointed as an Additional (Independent) Director of the Company by the Board of Directors at its meeting held on 12th August, 2016 and whose term of office expires at this Annual General Meeting ('AGM') and in respect of whom the Company has received a Notice in writing from a Member along with the deposit of the requisite amount under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director and who has submitted a declaration that she meets the criteria for independence as provided in Section 149(6) of the Act, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 (five) consecutive years commencing from 12th August, 2016 and to hold office until the 36th Annual General Meeting of the Company.”

### 7. Appointment of Mr. Vinit Rathod as an Independent Director

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

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 (“Act”) and the Rules made there under read with Schedule IV to the Act, (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Vinit Rathod (holding DIN: 07589863), who was appointed as an Additional (Independent) Director of the Company by the Board of Directors at its meeting held on 12th August, 2016 and whose term of office expires at this Annual General Meeting ('AGM') and in respect of whom the Company has received a Notice in writing from a Member along with the deposit of the requisite amount under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 (five) consecutive years commencing from 12th August, 2016 and to hold office until the 36th Annual General Meeting of the Company.”

### 8. Revision of remuneration of Mr. Ajay Anand, Chairman & Managing Director of the Company

To consider and if thought fit, to pass with or without modifications(s), the following Resolution as a Special Resolution:

**“RESOLVED THAT** in partial modification of Resolution passed at the Annual General Meeting of the Company held on 27th September 2014 for the appointment and terms of remuneration of Mr. Ajay Anand, Managing Director of the Company and pursuant to the provisions of Sections 196, 197 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) and the Rules made thereunder, as amended from time to time, read with Schedule V to the Act, consent of the Company be and is hereby accorded to the revision in the terms of remuneration of Mr. Ajay Anand as the Managing Director of the Company, by way of change in the maximum amount of basic salary payable to Mr. Ajay Anand (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) with authority to the Board of Directors (hereinafter referred to as the “Board”, which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to fix his salary within such maximum amount, increasing thereby, proportionately, all benefits related to the quantum of salary, with effect from 1st April 2016 for the remainder of the tenure of his contract, as set out in the Explanatory Statement annexed to the Notice convening this meeting.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this Resolution.”

#### 9. 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 proposed to be entered into and carried out in ordinary course of business and at arm's length price with Aunde India Ltd., having its Registered office Plot No. 146, Waghdhara Village Road, Dadra – 396 193, Union Territory of Dadra & Nagar Haveli, 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. 9 of the Explanatory Statement annexed to this Notice.”

By order of the Board of Directors

Place: Mumbai

Date : 12th August, 2016

Ankit Parekh  
Company Secretary

#### Notes:

1. Member entitled to attend and vote at the Annual General Meeting (AGM) is entitled to appoint a proxy to attend and vote instead of himself 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.
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 is annexed hereto. The relevant details as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), of the person seeking appointment / re-appointment as Director under Item No. 4, 5, 6 and 7 of the Notice, are given in the explanatory statement.
4. The Register of Member and the Share Transfer Books of the Company will remain closed from Saturday, 24th September, 2016 to Friday, 30th September, 2016 (both days inclusive).
5. Members, Proxies and Authorised Representatives are requested to bring to the meeting, the Attendance Slip enclosed herewith, duly completed and signed, mentioning therein details of their DP ID and Client ID /Folio No.

## 31st Annual Report 2015-2016

---

6. In accordance with Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015, the Company has fixed 23rd September, 2016 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. 23rd September, 2016, shall be entitled to avail the facility of remote e-voting or voting in the Annual General Meeting.

7. Members may be aware that the Companies Act, 2013, permits service of the Notice of the Annual General Meeting through electronic mode. Electronic copy of the Annual Report including Notice of the 31st 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](mailto:investors@fazethree.com). The Ministry of Corporate Affairs has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliances by Companies and has issued circulars stating that the service of notice / documents including Annual Report can be sent by e-mail to its Members. To support this Green Initiative of the Government in full measures, members who have not registered their e-mail address are requested to register their e-mail address and 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 2016, 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).
  - 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 Company has listed its shares on 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 11:00 a.m. to 3:00 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 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 Tuesday, 27th September, 2016 (9:00 a.m.) and ends on Thursday, 29th September, 2016 (5:00 p.m.). During this period, Members' of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date, Friday, 23rd September, 2016, 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.

**For Members receiving e-mail on their registered email ids 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 which is 105368.
- 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 cast cannot be modified.
- l. Members can cast their vote online from 9.00 a.m. on Tuesday, 27th September, 2016 till Thursday, 29th September, 2016, 5.00 p.m.
- m. E-Voting shall not be allowed beyond 5.00 p.m. on Thursday, 29th September, 2016.
- 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](mailto:sanjayrd65@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto: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](http://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, 23rd September, 2016.
- 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, 30th August 2016 (cut-off date), may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto: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](http://www.evoting.nsdl.com) or contact NSDL at the following toll free no.: 1800-222-990.

## 31st Annual Report 2015-2016

---

### **For Members whose e-mail address 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 Company has appointed Mr. Sanjay Dholakia, Practising 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 9 of the Notice for point No. 11 as mentioned hereinabove and to comply with the provisions of Section 108 of the Companies Act, 2013.
13. 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.
14. The Scrutinizer shall, after the conclusion of voting at the Annual General Meeting, first count the votes cast at the meeting and thereafter unblock the votes cast through ballot paper in the presence of at least two witnesses, not in the employment of the Company, and shall make, not later than three days of the conclusion of the AGM, a consolidated Scrutinizer's report of the total votes cast in favor or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
15. The results declared, along with the report of the Scrutinizer, shall be placed on the website of the Company and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to BSE Limited, Mumbai.
16. The route map showing directions to reach the venue of the 31st AGM is annexed hereto.
17. A brief resume of Directors proposed to be appointed/re-appointed at this Annual General Meeting pursuant to Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements), 2015 is given under explanatory statement :

Place: Mumbai  
Date : 12th August, 2016

By order of the Board of Directors

Ankit Parekh  
Company Secretary

## Explanatory Statement

As required by Section 102 of the Companies Act, 2013, the following Explanatory Statements sets out material facts relating to the business under items 4-9.

### Item No. 4

Mr. Bheemanna Chikkerur was appointed as an Additional Director of the Company with effect from 21st December, 2015 by the Board of Directors. In terms of Section 161(1) of the Companies Act, 2013, Bheemanna Chikkerur holds office upto the date of this Annual General Meeting but is eligible for the appointment as a Director. The Company has received a Notice from Members in writing along with requisite deposit under Section 160 of the Act, proposing his candidature for the office of Director.

Mr. Bheemanna Chikkerur is graduated in Commerce from Karnataka University and he is an Inter CA. He joined Faze Three Limited on 4th May 2009 as Plant Head of dyeing unit and he oversees the entire operation of the Unit. He has wide range of experience entailing all aspects of textile industry and specially dying process. He gives valued insights to the Board regarding improvements in the process and operations of the Unit. The Board expects that the association of Mr. Bheemanna Chikkerur on Board of the Company would be immense benefit to the Company. Members are requested to approve the appointment of Mr. Bheemanna Chikkerur as an Executive Director of the Company.

The details of his remuneration are as follows:

- (i) Salary of ₹ 69,000/- per month

The annual increments which will be effective from 1st April each year, will be decided by the Board and will be merit-based and take into account the Company's Performance.

- (ii) Benefits, perquisites and allowances as per Company's policy

None of the Directors or key managerial personnel of the Company except Mr. Bheemanna Chikkerur is concerned or interested in the Resolution. The Board recommends the passing of the Resolution set out in the Notice convening the Meeting.

### Item No. 5, 6, 7

The Board of Directors of the Company had appointed Mr. Manan Shah, Ms. Shweta Jain and Mr. Vinit Rathod as Additional (Independent) Directors with effect from 12th August, 2016 pursuant to provisions of Section 161 of the Companies Act, 2013, who shall hold the office of Director up to the date of the ensuing Annual General Meeting.

The Company has received consent from appointees in writing to act as Directors in form DIR -2 pursuant to Rule 8 of Companies (Appointment and Qualification of Directors) Rules, 2014 and intimation in Form DIR-8 in terms of Companies (Appointment and Qualification of Directors) Rules, 2014 to the effect that he/she is not disqualified under sub-section 2 of Section 164 of the Companies Act, 2013.

The Company has received notices in writing from Members along with the requisite deposit pursuant to Section 160 of the Act, proposing the candidature of Mr. Manan Shah, Ms. Shweta Jain and Mr. Vinit Rathod for the office of Directors of the Company, to be appointed as such under the provisions of Section 149 of the Act.

Further, the provisions of the Companies Act, 2013 with respect to appointment and tenure of the Independent Directors have come into force with effect from April 1, 2014 which requires every Public Company fulfilling the prescribed criteria as laid down in Rule 4 of Companies (Appointment and Qualification of Directors) Rules, 2014 to appoint an Independent Director on its Board and the Independent Director shall not be included in the total number of directors for retirement by rotation. Accordingly, in terms of provisions of Sections 149, 150, 152, Schedule IV of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014, the Board of Directors of the Company had appointed (subject to the approval of the members at the Annual General Meeting), Mr. Manan Shah, Ms. Shweta Jain and Mr. Vinit Rathod as Independent Directors of the Company within the meaning of Section 2(47) read with Section 149(6) of the Companies Act, 2013 for a term of 5 consecutive years commencing from 12th August 2016 and to hold office till 36th AGM.

Mr. Manan Shah, Ms. Shweta Jain and Mr. Vinit Rathod, directors, have given a declaration to the Board that they meet the criteria of independence as provided under section 149(6) of the Act. In the opinion of the Board, each of these directors fulfill the conditions specified in the Act and the Rules framed thereunder for appointment as Independent Director and they are independent of the management. In compliance with the provisions of section 149 read with Schedule IV of the Act, the

## 31st Annual Report 2015-2016

---

appointment of these directors as Independent Directors is now being placed before the Members for their approval.

The terms and conditions of appointment of the above Directors shall be open for inspection by the Members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

A brief profile of the Independent Directors to be appointed is given below:

Mr. Manan Shah graduated in Commerce from Mumbai University and is a member of the Institute of Chartered Accountants of India. He has about 5 years of comprehensive expertise in management of various domestic and international taxation matters.

Ms. Shweta Jain is a qualified Chartered Accountant from Institute of Chartered Accountants of India. She has good working experience in the area of Audit, Assurance, Mergers & Acquisitions etc. Ms. Shweta Jain has worked on various engagements involving strategic and private equity investment across Canada, Germany, UK and Australia, covering a wide range of industries including consumer business, business services and health care and energy resources.

Mr. Vinit Rathod graduated in Commerce from Mumbai University and is a member of the Institute of Chartered Accountants of India. He has worked in the field of tax audits and corporate taxation and has hands on experience in handling legal tax matters.

The directors will provide valued insights and perspectives to the Board deliberations on complex financial, internal control and taxation issues. The Board will draw on their experience and skills in the areas of accounts, taxation and finance. The Board expects that the association of Mr. Manan Shah, Ms. Shweta Jain and Mr. Vinit Rathod would be immense benefit to the Company. Members are requested to approve the appointment of independent directors.

None of the Directors or key managerial personnel of the Company except Mr. Manan Shah, Ms. Shweta Jain and Mr. Vinit Rathod is concerned or interested in the Resolution. The Board recommends the passing of the Resolution set out in the Notice convening the Meeting.

### Item No. 8

The Members at the 29th Annual General Meeting of the Company held on 27th September, 2014, had approved the appointment of Mr. Ajay Anand as Chairman and Managing Director of the Company and the terms of remuneration payable to him for the period of 5 years from 1st April, 2014 to 31st March, 2019.

The members had inter alia approved payment of remuneration with the authority to the Board to pay annual increment based on Company's performance and increment policy. The details of his remuneration are as follows:

(I) Salary of ₹ 2,00,000/- per month

The annual increments which will be effective from 1st April each year, will be decided by the Board and will be merit-based and take into account the Company's Performance.

(ii) Commission @ 1% of net profits

(iii) Benefits, perquisites and allowances as per the terms of his appointment.

The Board of Directors at their meeting held on April 26, 2016 has resolved to pay Mr. Ajay Anand an increased remuneration, subject to the approval of the Members at the General Meeting, based on the industry standards, responsibilities handled by the Managing Director and contributions made by him towards growth of the Company. Considering his expertise in textile segment and more than 2 decades of experience in the industry, the Board of Directors unanimously approved to increase Mr. Ajay Anand's remuneration from ₹ 38,40,000/- per annum, to ₹ 68,40,000/- per annum. The details are given here below.

(I) Salary : Maximum of ₹ 5,50,000/- per month

The annual increments which will be effective from 1st April each year, will be decided by the Board and will be merit-based and take into account the Company's Performance.

(ii) Commission @ 1% of net profits

(iii) Benefits, perquisites and allowances as per the terms of his appointment.

All other conditions of appointment of Mr. Ajay Anand remain unchanged. Terms of remuneration proposed are in conformity with the relevant provisions of the Companies Act, 2013, read with Schedule V to the said the Companies Act, 2013.

None of the Directors or Key Managerial personnel of the Company except Mr. Ajay Anand and Mr. Sanjay Anand is concerned or interested in the Resolution. The Board recommends the passing of the Resolution set out in the Notice convening the Meeting.

#### Item No. 9

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

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 and requisite approvals have been taken from the Board and Audit Committee.

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

Sr. No.	Description	Details			
1	Name of the Related Party	M/s. Aunde India Limited			
2	Name of the Director or KMP who is related	Mr. Ajay Anand			
3	Nature of relationship	Associate as defined in AS - 18			
			Actual	Actual	Proposed
4	Material transactions (₹ in Lacs)	Year Ended	31st March 2015	31st March 2016	31st March 2017
		Sale of Goods	Nil	0.14	5.00
		Dyeing Income	1791.00	2857.00	3000.00
		Lease Rental Income	19.33	36.78	40.00
		Lease Rental Expense	Nil	12.86	15.00

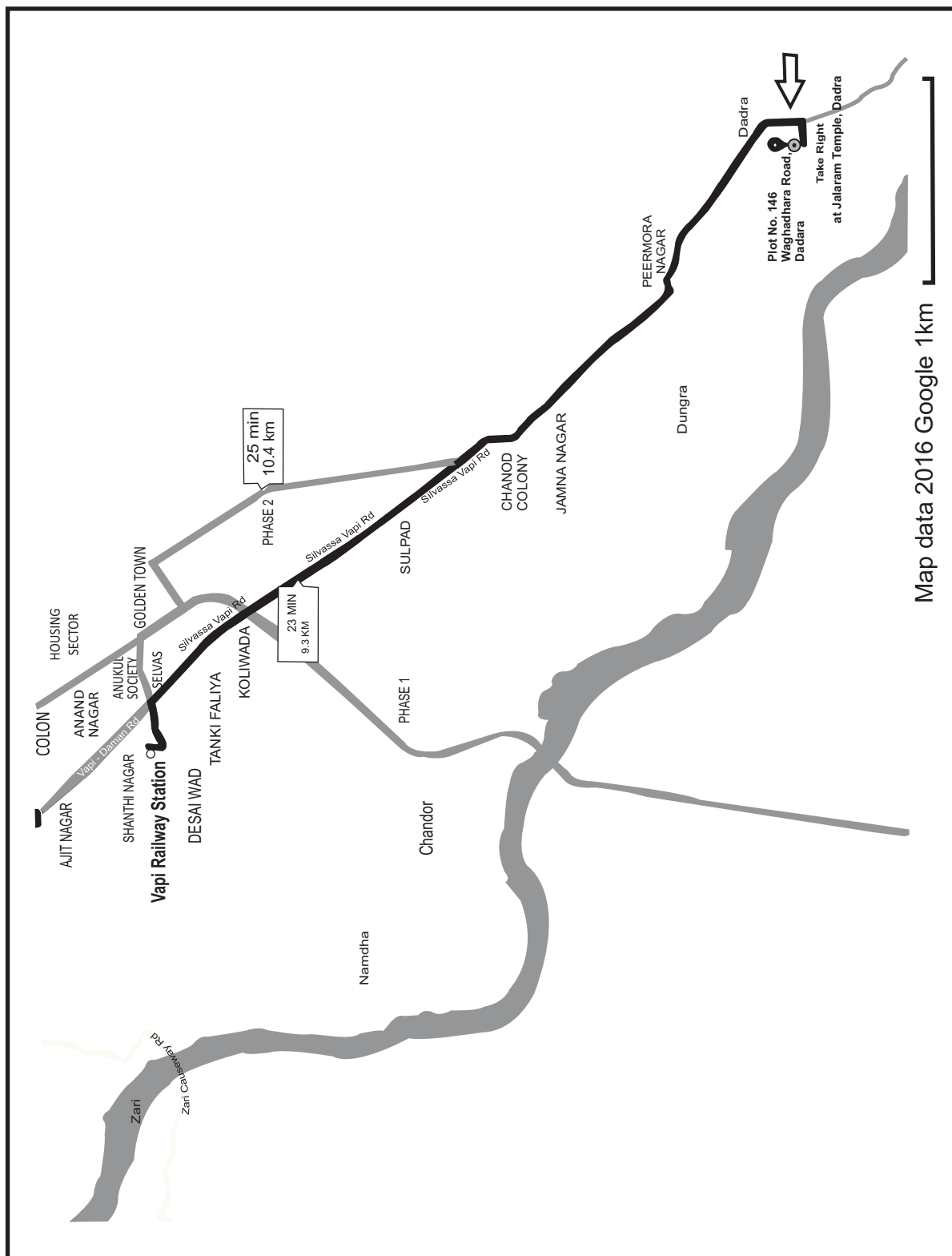
By order of the Board of Directors

Place: Mumbai  
Date : 12th August, 2016

Ankit Parekh  
Company Secretary

ROUTE MAP OF AGM VENUE  
Vapi Railway Station to Aunde India Ltd

Drive 9.3 km, 23 min



## DIRECTORS' REPORT

Dear Members,

Your Directors are presenting the 31st Annual Report of your Company and the Audited Financial Statements for the year ended 31st March 2016.

### FINANCIAL HIGHLIGHTS

Particulars	(₹ Lacs)	
	For the Year ended 31.03.2016	For the Year ended 31.03.2015
Revenue from Operations	24153.46	21762.07
Other Income	128.58	231.14
Profit before Depreciation & Amortization,	2975.96	1806.10
Finance Cost and Exceptional Items		
Less: Depreciation & Amortization	1424.99	492.05
Less: Finance Cost	1398.39	1418.45
Less: Exceptional Items	-	325.79
Profit / (Loss) before taxation	152.58	(430.19)
Provision for taxation (incl. deferred tax)	-	-
Profit/ (Loss) for the year carried to Balance Sheet	152.58	(430.19)

#### 2. OPERATIONAL PERFORMANCE

During the year under review, the Company's revenue from operations increased to ₹ 24153.46 Lacs as against ₹ 21762.07 Lacs in the previous year registering a growth of 10.98%. The Profit Before Tax stood at ₹ 152.58 Lacs as compared to Loss of ₹ 430.19 in the previous financial year. The Company has earned a Net Profit of ₹ 152.58 Lacs for the financial year ended 31.03.2016 as against Net Loss of ₹ 430.19 Lacs in the previous financial year

#### 3. CHANGE IN THE NATURE OF THE BUSINESS:

There were no changes in the nature of business during the year under review as prescribed in Rule 8 of the Companies (Accounts) Rules, 2014.

#### 4. DIVIDEND:

In order to conserve the resources of the Company, the Board of Directors do not recommend any dividend for the Financial Year.

#### 5. RESERVES:

The Company has not transferred any amount to reserves during current financial year.

#### 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 COMPANIES:

The Company's Wholly Owned Subsidiary Company M/s. Pana Textil GmbH had filed an insolvency petition in the German Court in 2010. The liquidation process has been completed and the Company has been wound up.

The Company had incorporated another Wholly Owned Subsidiary Faze Three Netherlands B.V., in Netherland as Special Purpose Vehicle (SPV) to hold 100% stake in Pana Textil GmbH and due to liquidation of Pana Textil GmbH, the Company had become a Dormant Company. Faze Three Limited has written off the investment made in aforesaid Companies in previous financial years and hence it has not consolidated the financial statements of the aforesaid Companies pursuant to provision of Section 129(3) of the Companies Act, 2013.

#### 8. DIRECTORS' RESPONSIBILITY STATEMENT:

To the best of their knowledge and belief and according to the information and explanations obtained by them,

## 31st Annual Report 2015-2016

---

your Directors make the following statement in terms of Section 134 (3) (c) of the Companies Act, 2013:

- (i) that in the preparation of the Annual Financial Statements for the year ended March 31, 2016, 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 such 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, 2016 and of the Profit of the Company for the year ended on that date;
- (iii) that proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Annual Financial Statements have been prepared on a going concern basis;
- (v) that the proper internal financial controls were in place and that the financial controls were adequate and were operating effectively;
- (vi) that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

### 9. DIRECTORS

Mr. Rajiv Rai Sachdev, Non-Executive Director of the Company, who retires by rotation at ensuring Annual General Meeting and is not willing to continue as Director of the Company. The Board has approved the same and Mr. Sachdev shall vacate his office at the conclusion of the ensuring Annual General Meeting.

The information of Directors seeking appointment as required pursuant to Regulation 36(3) of SEBI (LODR) Regulations, 2015, is provided in the notice covering the Annual General Meeting of the Company.

### 10. NUMBER OF MEETINGS OF THE BOARD AND AUDIT COMMITTEE:

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

### 11. PERFORMANCE EVALUATION OF BOARD:

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

### 12. 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.

### 13. FAMILIARIZATION PROGRAMME FOR THE INDEPENDENT DIRECTORS:

Pursuant to the SEBI regulations, the Company has framed a familiarisation 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 familiarisation programme for the Independent Directors is available on website of the Company.

**14. DISCLOSURE RELATING TO REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND PARTICULARS OF EMPLOYEES:**

As required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial 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 ₹ 60 Lacs, or (ii) If employed for part of the financial year, was in receipt of remuneration, in aggregate, more than ₹ 5 Lacs per month. Hence, the information required to be given pursuant to the provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time, is not applicable to the Company.

**15. AUDIT COMMITTEE:**

The Audit Committee comprises of 3 members namely, Mr. Vasudeva Rao (Chairman), Mrs. Gurinder Kaur Kalsi and Mr. Ajay Anand. Other details pertaining to Audit Committee are given in the Corporate Governance Report.

**16. NOMINATION & REMUNERATION COMMITTEE:**

The Company has constituted a Nomination and 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 Nomination & Remuneration Committee comprises of three Members all being Non-Executive Directors namely, Mr. Vasudeva Rao (Chairman), Mr. Rajiv Rai Sachdev and Mrs. Gurinder Kaur Kalsi. The recommendations, made by the Committee were accepted by the Board.

**17. CORPORATE SOCIAL RESPONSIBILITY STATEMENT (CSR):**

The provisions of the section 135 of Companies Act, 2013 along with rules made in this behalf is not applicable to the Company as Company is not meeting the eligibility criteria set out in aforesaid provisions.

**18. 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.

**19. RELATED PARTY TRANSACTIONS:**

All transactions entered into with related party as defined under Section 188(1) 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.

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.

**20. VIGIL MECHANISM / WHISTLE BLOWER POLICY**

The Company has framed Whistle Blower Policy and has established the necessary Vigil Mechanism as

## 31st Annual Report 2015-2016

---

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.

### 21. RISK MANAGEMENT POLICY:

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

### 22. INTERNAL FINANCIAL CONTROLS:

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

### 23. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

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

### 24. CORPORATE GOVERNANCE:

The Company is adhering to good Corporate Governance practices in every sphere of its operations. The Company has taken adequate steps to comply with the applicable provisions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement entered into with the Stock Exchange and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. A separate report on Corporate Governance is annexed to this report as Annexure IV.

### 25. STATUTORY AUDITORS:

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

### 26. SECRETARIAL AUDIT:

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

### 27. OBSERVATIONS – STATUTORY AUDITOR & SECRETARIAL AUDITOR:

Statutory Auditor: The Auditors' Report to the Members does not contain any reservation, qualification or adverse remarks.

Secretarial Auditor: As mentioned in the report, the Company was required to appoint a Chief Financial Officer and a Woman Director on the Board. Your Directors would like to inform you that the Company has appointed Chief Financial Officer w.e.f. 1st July, 2015 and Woman Director on 12th August, 2015 in compliance with the provisions of Section 203 of Companies Act, 2013.

As regards to Appointment of Company Secretary as Compliance Officer and Appointment of Independent Director, Your Company is in process of appointment of Company Secretary and Independent Director.

The Board of Directors believes that any Director and KMP should be appointed for their skills and not just for mere fulfill the requirement of the Law. The delay in appointment of Company Secretary as Compliance Officer and Appointment of Independent Director is caused due to the Company was unable to find right candidate with required qualifications and experience.

### 28. 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.

As regards to cost audit, vide notification issued by Government on 31st December 2014, Faze Three Limited is exempted from cost audit as Company is having more than 75% of its revenue from exports and in foreign currency.

**29. 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.

**30. 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.

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

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

**32. 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.

By order of the Board of Directors

Place: Mumbai  
Date : 26th April, 2016

Ajay Anand  
Chairman & Managing Director

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

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

#### a. Research & Development

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

#### b. Conversation of Energy

A.	(i) Electricity	For the year ended March 31st 2016	For the year ended March 31st 2015
	a) Purchased		
	Units (Lacs)	104.48	101.64
	Total Cost (₹ in Lacs)	715.46	672.21
	Rate Per Unit (₹)	6.84	6.61
	b) Own Generation (Through DG Set)		
	Units (Lacs)	5.76	7.30
	Total Cost (₹ in Lacs)	110.64	139.57
	Rate Per Unit (₹)	19.20	19.12
	(ii) Coal, Firewood, Rice Husk etc.		
	(Qty in Qntls)	1.31	1.69
	Total Cost (₹ in Lacs)	733.88	885.25
	Rate per Qntl. (₹)	557.49	523.81
<b>B.</b>	<b>Foreign Excahnge Earnings and Outgo (₹ in Lacs)</b>		
	Total Foreign Exchange Earnings Earned	18892.71	17633.33
	Total Foreign Exchange Used	1034.50	887.39

## Annexure II

### FORM 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 at arm's length during FY 2015-16. 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.

- (a) Name(s) of the related party and nature of relationship: NotApplicable
- (b) Nature of contracts/arrangements/transactions: NotApplicable
- (c) Duration of the contracts / arrangements/transactions: NotApplicable
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any: NotApplicable
- (e) Justification for entering into such contracts or arrangements or transactions: NotApplicable
- (f) Date(s) of approval by the Board: NotApplicable
- (g) Amount paid as advances, if any: NotApplicable
- (h) Date on which the special resolution was passed in general meeting as required under first proviso to Section 188: NotApplicable

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

- a. Name(s) of the related party and nature of relationship: Aunde India Limited
- b. Nature of contracts / arrangements / transactions: Job Process of Dyeing Fabric
- c. Duration of the contracts / arrangements / transactions: NotApplicable
- d. Salient terms of the contracts or arrangements or transactions including the value, if any: NotApplicable
- e. Date(s) of approval by the Board, if any: 30th May, 2015.
- f. Amount paid as advances, if any: None

Place : Mumbai  
Date : 26th April, 2016

On behalf of the Board of Directors

Ajay Anand  
Chairman & Managing Director

**Annexure III****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)

**GLOBAL ECONOMIC REVIEW**

The global economic activity remained subdued in 2016. Growth in emerging market and developing economies declined for the fifth consecutive year. The disappointing performance was mainly due to a continued deceleration of economic activity in emerging and developing economies amid weakening commodity prices, global trade, and capital flows. Going forward, global growth is projected at around 2.9% in 2016 and 3.1 percent in 2017. The forecast is subject to sluggish growth in advanced economies, low commodity prices, weak global trade and diminishing capital flows.

In advanced economies, a modest and uneven recovery is expected to continue, with a gradual further narrowing of output gaps. The picture for emerging market and developing economies is diverse but in many cases challenging. The slowdown and rebalancing of the Chinese economy, lower commodity prices, and strains in some large emerging market economies will continue to weigh on growth prospects in 2016–17. The projected pickup in growth in the next two years, despite the ongoing slowdown in China, primarily reflects forecasts of a gradual improvement of growth rates in countries currently in economic distress, notably Brazil, Russia, and some countries in the Middle East, though even this projected partial recovery could be frustrated by new economic or political distress.

The global outlook remain grim and relate to ongoing adjustments in the global economy: a generalized slowdown in emerging market economies, China's rebalancing, lower commodity prices, and the gradual exit from extraordinarily accommodative monetary conditions in the United States. If these key challenges are not successfully managed, global growth could be derailed.

(source: IMF Report January 2016)

**INDIAN ECONOMIC REVIEW**

The Indian economy has continued to exhibit resilience and the strength of its domestic absorption to register a growth of 7.2% during H1 FY16. That this has been attained, despite the highly tentative global economic environment that has not shown credible signs of improvement and despite sub-par monsoon rains that for the second year in succession resulted in low growth in agriculture sector, is indeed an encouraging development. In addition to robust growth, the year thus far has witnessed macro-economic stability aided by favourable factors such as comforting inflation indicators, benign fiscal situation and improving external current account balance. All these factors have resulted in India emerging as the fastest growing economy among the large economies.

India has emerged as the fastest growing major economy in the world as per the Central Statistics Organisation (CSO) and International Monetary Fund (IMF). According to the Economic Survey 2015-16, the Indian economy will continue to grow more than 7% in 2016-17. The improvement in India's economic fundamentals has accelerated in the year 2015 with the combined impact of strong government reforms and RBI's inflation focus supported by benign global commodity prices.

**Global textile industry:**

The global textile industry is currently valued at USD467 billion. Nominal textile and clothing sales fell by 4% in 2015 due to unusually low commodity prices and multiple currency depreciations, particularly in the emerging markets. In terms of market leadership, the Asia Pacific region, particularly China, has always had a dominant position in the global textile markets. But in recent times, doing business in China is proving to be prohibitive due to rising costs of labour and increased competition from low-cost nations.

Over the past 50 years, the global textile industry has witnessed various geographical transitions, with the industry being mostly dominated by the United States, Japan, and Germany in the 1970s, and then by Taiwan, Indonesia, Korea and Thailand in 1980s, before finally shifting its base to China, India and other developing nations in 1990s. It is anticipated that this dominance will continue at a moderate pace over the years to come. The global home textiles market is likely to grow its sales at a CAGR of 5.0% over FY12-17. The global market size of home textiles is likely to reach to USD 96 billion in FY17 from USD 74 billion in FY12.

**Indian textile industry**

The Indian textile industry is one of the largest in the world with a massive raw material and textiles manufacturing base. Our economy is largely dependent on the textile manufacturing and trade in addition to other major industries. About

27% of the foreign exchange earnings are on account of export of textiles and clothing alone. The textiles and clothing sector contributes about 14% to the industrial production and 3% to the gross domestic product of the country. Around 8% of the total excise revenue collection is contributed by the textile industry. So much so, the textile industry accounts for as large as 21% of the total employment generated in the economy. Around 35 million people are directly employed in the textile manufacturing activities. Indirect employment including the manpower engaged in agricultural based raw-material production like cotton and related trade and handling could be stated to be around another 60 million.

The future for the Indian textile industry looks promising, buoyed by both strong domestic consumption as well as export demand. With consumerism and disposable income on the rise, the retail sector has experienced a rapid growth in the past decade with the entry of several international players like Marks & Spencer, Guess and Next into the Indian market. The organized apparel segment is expected to grow at a Compound Annual Growth Rate (CAGR) of more than 13 per cent over a 10-year period.

### **Indian Home Textile Industry**

India is globally recognized and appreciated for its wide variety and exquisite designs in home textiles & furnishing fabrics. The country is on the verge of a big boom in the affordable housing sector and there is good growth in employment opportunities, especially in the services sector and hence high disposable incomes in the hands of young consumers. A combined result of these factors has seen the demand for home textile products growing by a healthy 30-40% per annum. India's home textiles market is projected to grow at a CAGR of 10.5% to USD 9.9 billion in 2017 on account of increased exports growth at a CAGR of 8.4% to USD 6.0 billion in 2017. Bed and bath linen together constitute about 67% of the home textile industry. The market for home textiles and furnishing fabrics in India is extremely wide and varied, in terms of prices, designs and colors. While affluent consumers prefer international brands for their quality and design, with price not a constraint any more, the mid and economy segment consumers have shown an inclination for reasonably priced products. With growing awareness regarding factors like environment, safety, hygiene and functionality, the demand for better quality home textiles with features like stain-resistance, anti-inflammability, and fragrance among others is increasing.

### **Business Overview**

Faze Three Limited is engaged in the manufacture and export of home textiles, cotton handlooms, furnishing fabrics and textile made-ups. FTL has diversified product basket which includes cotton and rubber backed and tufted bathmats, durries, bed spreads and throws, quilts and baby blankets, hand tufted rugs and mats made of cotton, cushion & cushion covers and theme based shower curtains. The main revenue generating products are as flows:

Bathmats – forms 50% of its total revenue

Rugs – forms 25% of its total revenue

Other products like cushions, shower curtains, throws generates 25% of total revenue

FTL's revenue is mostly derived from the International Market. The key export market includes United States, United Kingdom, Canada, Germany, Australia, South Africa & Brazil. The Company has reputed clients like Wal-Mart, ASDA Stores, Marks & Spencer's, Mother Care, William Sonoma, Dollar General etc.

FTL had set up its factory unit at Dadra, exclusively manufactures Bathmats, considering the substantial growth in demand of floor covering products in European and American Markets. The Company has introduced variety of products in Bathmat segments under Brand names called Eazylon, Easydry, which are successfully registered as trademarks in US. The Company has introduced technologically improved Bathmats like all round colorfastness bathmats, anti-fade bathmats under trade names like Memory Micro™, Nano Micro™ and bathmats which meets Oeko-tex standard. FTL is also certified producer of Oeko-tex Bathmats.

FTL's standalone cotton hand loom facility is located in Panipat. The unit contributes to about 50 % of total revenue. The major products are hand tufted bathmats, rugs, mats, durries, etc.. The entire products get exported to countries US, Canada & UK etc.

The company caters to high end fashion segment and the orders are custom made as per the customer specifications. The company gets regular theme based orders for seasons like Christmas, Easter, summer, spring etc. The company develops products as per customers' requirements to deliver customized products to its buyers and to meet buyer's expectations.

## 31st Annual Report 2015-2016

---

The overall scenario of company's growth during the year is positive as Faze three products are well placed in the international market and due to its customized concept the company is well placed to achieve sustainable growth in the coming years.

### RISK MANAGEMENT

Risk management at FTL is an essential part of the business model, concerned with moderating the adverse influence of risks and threats on the Company's business goals. The Company adopts an intensive and well formulated risk management approach in tandem with prudential standards, well-thought-out reporting and effective control mechanisms. The Company exports home textiles to more than 15 countries globally, hence always subject to the risk of foreign currency fluctuations. Mitigation: Currency risks are managed by continuously monitoring exposures and limiting the same in view of applicable margins under the relevant market segments. Also, a sufficient portion of the foreign currency is hedged to mitigate any adverse movements in currency valuations.

Global economic risk The Company's global presence makes it vulnerable to an economic slowdown in across regions of its presence - it could impact business flow from these regions. Mitigation: The Company's revenue spread across a number of developed and developing nations. This ensures that there is no over dependence on a single nation for its revenue.

Input sourcing risk The Company's key inputs : cotton yarn and polyester. Their availability and prices depend on climatic vagaries. Inability to source the right quantity at the right price could impact business profitability. Mitigation: The Company has been in the textile space for more than two decades during which it has forged strong business alliance with cotton growers & traders and yarn suppliers. This ensures adequate yarn supplies. Besides, being a significantly large buyer, the Company is able to negotiate prices with cotton vendors.

### CHALLENGES AND THREATS

Weaknesses and threats for the home textiles industry International competition: Competition from countries like China, Pakistan and Turkey is fierce in the home textiles segment. The rising government focus and favorable policies is leading to growth in the textiles and clothing industry, foreign direct investment (FDI) in textile sector increased to US\$ 1,587.8 million in FY15 from US\$ 1,424.9 million in FY14. The Ministry of Textiles is encouraging investments through increasing focus on schemes such as Technology Up-gradation Fund Scheme (TUFS).. As per the 12th Five Year Plan, the Government plans to provide a budgetary support of US\$ 4.25 billion to textiles. Free trade with ASEAN countries and proposed agreement with European Union will also help boost exports.

Fluctuating cotton prices: Fluctuating cotton prices lead to inventory losses. The Company developed a robust risk management system to mitigate most of the risks arising out of fluctuating cotton prices.

Other threats: The biggest challenge facing the Indian textile industry is competition from the other low cost neighboring countries which attract more business from the international market because of lower production costs, ease in doing business and easier trade routes, according to an industry expert. Ramping up domestic demand within the country as another major challenge for the industry. Depending on foreign markets for Indian products may prove challenging. Risks of further global slowdown and turbulence are also another challenge.

### 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.

Our management assessed the effectiveness of the Company's internal control over financial reporting (as defined in Clause 17 of SEBI Regulations 2015) as of March 31, 2016. The assessment involved self review, peer review and external audit. A robust internal check process is deployed to prevent and limit risk of non-compliance. The compliance cell within HR continues to track Acts / Laws in all countries of operation in the field of immigration, employment and labour laws. The Company approaches compliance from the stand point of reactive as well as proactive intervention.

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**

The Company 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.

Environment, Health & Safety (EHS) at FTL is an important business function, employed to address business continuity risk at manufacturing sites due to fire, environmental mishap, and to drive environmental friendly initiatives that reduce wastage in terms of water, waste and energy. For Health & Safety of Employees at various locations, Company has taken various precautionary and preventive measures. Inspection and review are also conducted regularly. Company has taken various insurance policies also for employees.

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

## **POLLUTION AND ENVIRONMENTAL CONTROLS**

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

## **CAUTIONARY STATEMENT**

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

Place : Mumbai  
Date : 26th April, 2016

On behalf of the Board of Directors

Ajay Anand  
Chairman & Managing Director

## Annexure IV

## REPORT ON CORPORATE GOVERNANCE

## 1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

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

Pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") the Company has executed fresh Listing Agreements with BSE Limited. The Company is in compliance with the requirements stipulated under Clause 49 of the Listing Agreement and regulation 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI Listing Regulations, as applicable, with regard to Corporate Governance.

## 2. BOARD OF DIRECTORS

## Profile

Sr. No.	Name of the Director	Profile
1	Mr. Ajay Anand	Mr. Ajay Anand took over as Chairman & Managing Director w.e.f. 01.04.2014. He has an illustrious career spanning nearly three decades in textile and technical textiles industry. As a promoter of the Company, he has made enormous contribution towards growth of the Company. His visionary leadership and innate ability to work through complexity and focus on core issues, helped bring transformational changes in Faze Three Limited. He oversees the day to day operations of the Company and plays a vital role in strategic decisions of the Company.
2	Mr. Sanjay Anand	Mr. Sanjay Anand serves as a Whole Time Director of the Company. He has more than 2 decades of experience in textile industry and expertise in the field of promotion & marketing. He is heading the entire operations of handloom textile unit located at Panipat which currently contributes 50% of the turnover. He also heads the marketing team and frames strategies for marketing of company's products to international buyers.
3	Mr. Bheemanna B. Chikkerur	Mr. Bheemanna B. Chikkerur was appointed as an Additional and Executive Director of the Company w.e.f. 21st December 2015. He is an Inter CA and has expertise in accounts, finance & administration. He was appointed as Plant Head of dying Unit on 4th May 2009 and since then he is handling the operations of the dyeing unit.
4	Mr. Rajiv Rai Sachdev	Mr. Rajiv Rai Sachdev, is an eminent and well known industrialist in the Entertainment industry. He has had a very distinguished career in the film industry and ranks amongst the doyens of this glamorous business.
5	Mr. Vasudeva Rao	Mr. Vasudeva Rao is a Chartered Accountant by profession. Mr. Vasudeva Rao is a Non-Executive and Independent Director of the Company. He has more than 55 years of comprehensive experience in areas of accounts, finance and taxation.
6	Mrs. Gurinder Kaur Kalsi	Mrs. Gurinder Kaur Kalsi is a Non-Executive and Independent Director of the Company. Mrs. Gurinder Kaur Kalsi has academic qualification in B.A. and has relevant textile sector knowledge.

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.

i. Composition of Board:

As on March 31, 2016, the Company has Six Directors.

During the year under review, the Company has conducted 9 (Nine) Board Meetings on 30.05.2015, 06.06.2015, 09.07.2015, 12.08.2015, 02.11.2015, 10.11.2015, 21.12.2015, 12.02.2016 and 21.03.2016.

The necessary quorum was present for all the meetings.

ii. None of the Directors on the Board hold directorship 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.

iii. 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, 2016 are given here below. the Particulars of 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	9	No	3	0	6
Mr. Sanjay Anand	Promoter Executive	5	No	2	0	2
Mr. Vasudeva Rao	Non-Executive & Independent	5	No	1	1	1
Mr. Rajiv Rai Sachdev	Non-Executive & Non -Independent	5	No	1	1	0
Mrs. Gurinder Kaur Kalsi*	Non-Executive & Independent	2	No	2	0	4
Mr. Bheemanna Chikkerur**	Executive & Non -Independent	2	No	2	0	0

\*Mrs. Gurinder Kaur Kalsi was appointed as Non-Executive & Independent Director w.e.f. 12th August, 2015.

\*\*Mr. Bheemanna Chikkerur was appointed as an Additional Director w.e.f. 21st December, 2015.

v. The Executive & Non Independent Directors are liable to retire by rotation and 1/3 of the Directors retires every year and if eligible, offers themselves for reappointment.

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

Name of the Director	Name of the Company	Position	Number of Shares Held in Faze Three Limited
Mr. Ajay Anand	AUNDE India Limited V R Woodart Limited	Managing Director Director	29,64,209
Mr. Sanjay Anand	V R Woodart Limited	Director	1,17,420
Mr. Vasudeva Rao	Nil	Nil	Nil
Mr. Rajiv Rai Sachdev	Nil	Nil	37,500
Mrs. Gurinder Kaur Kalsi	AUNDE India Limited	Director	Nil
Mr. Bheemanna Chikkerur	AUNDE India Limited	Director	Nil

## 31st Annual Report 2015-2016

- vii. During the year 2015-16, information as mentioned in Schedule II Part A of the SEBI Listing 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 November 10, 2015. 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 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:

Sr. No.	Name of the Member	Status	Category	No. of Meetings Attended
1.	Mr. Vasudeva Rao	Chairman	Non-Executive & Independent	4
2.	Mrs. Gurinder Kaur Kalsi*	Member	Non-Executive & Independent	2
3.	Mr. Rajiv Rai Sachdev	Member	Non-Executive & Non-Independent	2
4.	Mr. Ajay Anand	Member	Executive & Non-Independent	4
5.	Mr. Sanjay Anand	Member	Executive & Non-Independent	0

\* Appointed as Member on 12th August, 2015

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

- iv. Audit Committee has conducted 4 (Four) Meetings during the year under review, on 30th May, 2015, 12th August, 2015, 10th November, 2015 and 12th February, 2016.

**B. Nomination & Remuneration Committee:**

- 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 Companies Act, 2013.
- 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.
- Recommend to the Board appointment of Key Managerial Personnel
- Oversee familiarization program for Directors.

**v. Composition of Nomination and Remuneration Committee:**

Sr. No.	Name of the Member	Status	Category
1.	Mr. Vasudeva Rao	Chairman	Non-Executive & Independent
2.	Mrs. Gurinder Kaur Kalsi*	Member	Non-Executive & Independent
3.	Mr. Rajiv Rai Sachdev	Member	Non-Executive & Non-Independent

\* Appointed as Member on 12th August, 2015

- 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 3 times during the year :

- 1st July, 2015 to recommend appointment of Chief Financial Officer.
- 1st August, 2015 to recommend appointment of Woman Director.
- 14th December, 2015 to recommend appointment of Mr. Bheemanna Chikkerur as Executive Director and remuneration payable to Mr. Bheemanna Chikkerur.

- The details of remuneration paid to Managing Director and Whole-Time Directors during the year 2015-2016 is given as follows: (No sitting fees paid to the following Directors): (₹ in Lacs)

Director	Designation	Remuneration	Service Contract
Mr. Ajay Anand	Chairman & Managing Director	38.40	5 years
Mr. Sanjay Anand	Whole Time Director	38.40	5 years
Mr. Bheemanna Chikkerur	Executive Director	2.10*	5 years

\*Salary paid for period from 21.12.2015 to 31.03.2016.

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

- Details of Sitting Fees payable to Non-Executive Directors

Sr. No.	Name of the Member	Category	Sitting Fees
1.	Mr. Vasudeva Rao	Non-Executive & Independent	43,000/-
2.	Mr. Rajiv Rai Sachdev	Non-Executive & Non-Independent	38,000/-
3.	Mrs. Gurinder Kaur Kalsi	Non-Executive & Independent	14,000/-

**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.

**ii. Composition of Nomination and Remuneration Committee:**

Sr. No.	Name of the Member	Status	Category	No. of Meetings Attended
1.	Mr. Rajiv Rai Sachdev	Chairman	Non-Executive & Non-Independent	4
2.	Mr. Ajay Anand	Member	Executive & Non-Independent	4
3.	Mr. Vasudeva Rao	Member	Non-Executive & Independent	4
4.	Mrs. Gurinder Kaur Kalsi*	Member	Non-Executive & Independent	3

\* Appointed as Member on 12th August, 2015

## 31st Annual Report 2015-2016

iii. Details of investor complaints received and redressed during the year 2015- 16 are as follows:

Opening Balance	Received during the year	Resolved during the year	Closing Balance
Nil	Nil	Nil	Nil

### D. General Body Meetings :

Year	Date	Venue	Time	Special Resolution
2012-13	30th September 2013	Survey No. 380/1, Khanvel Silvassa Road, Dapada 396230, Union Territory of Dadra & Nagar Haveli	11.30 a.m.	1. Appointment of Mr. Sanjay Anand as Whole-time Director 2. Appointment of Mrs. Rashmi Anand as Whole-time Director
2013-14	27th September 2014	Survey No. 380/1, Khanvel Silvassa Road, Dapada 396230, Union Territory of Dadra & Nagar Haveli	10.30 a.m.	1. Appointment of Mr. Vasudeva Rao as an Independent Director 2. Appointment of Mr. Ajay Anand as Chairman & Managing Director 3. Appointment of Mr. Sanjay Anand as Whole Time Director 4. Borrowing in excess of paid up capital & free reserves. 5. To create mortgage, hypothecation, pledge against the properties of the Company.
2014-15	29th September 2015	Plot No. 146, Waghdhara Village Road, Dadra – 396 193, Union Territory 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

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

### E. 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](http://www.fazethree.com)

### F. General Shareholder Information:

AGM, Date, Time and Venue

Friday, 30th September, 2016  
3.30 p.m.

Plot No. 146, Waghdhara Village Road, Dadra – 396 193  
Union Territory of Dadra & Nagar Haveli

**COMPANY'S FINANCIAL YEAR**

1st April to 31st March

**FINANCIAL CALENDAR FOR 2016-17 (TENTATIVE)**

Adoption of Quarterly &amp; Annual Results :

June 30, 2016

2nd week of August 2016

September 30, 2016

2nd week of November 2016

December 31, 2016

2nd week of February 2017

Audited results for March 31, 2017

Last week of May 2017

**DATE OF BOOK CLOSURE**

From 24th September, 2016 to 30th September, 2016  
(both days inclusive)

**LISTING ON STOCK EXCHANGES**

BSE Limited  
Luxembourg Stock Exchange

**STOCK CODE**

530079 on BSE Limited  
027941079 on Luxembourg Stock Exchange (FCCBs)

**DEMAT ISIN No. FOR NSDL AND CDSL**

INE 963C01033

**REGISTRAR AND TRANSFER AGENTS:**

Sharex Dynamic (India) Pvt. Ltd. Unit-1,  
Luthra Industrial Premises, Andheri – Kurla Road,  
Safed Pool, Andheri (East), Mumbai – 400 072.

Phone: 022 2851 5606 / 5644

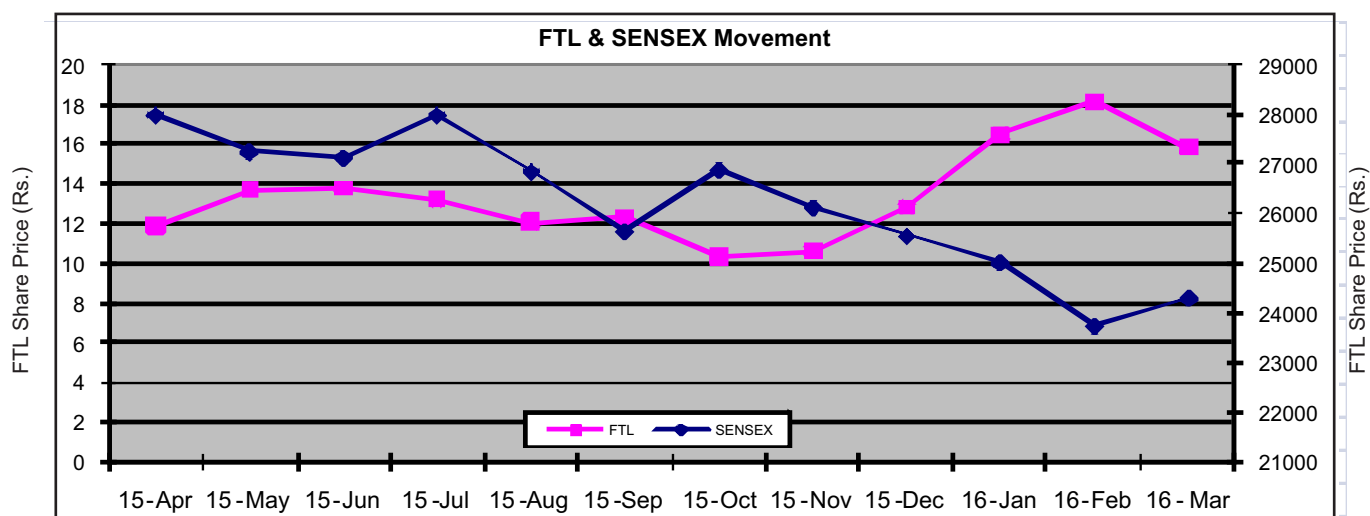
Website: [www.sharexindia.com](http://www.sharexindia.com)

Email: [sharexindia@vsnl.com](mailto:sharexindia@vsnl.com)
**SHARE TRANSFER SYSTEM:**

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

**G. MARKET PRICE DATA**

Monthly high and Low quotations along with the volume of shares traded at BSE Limited during financial year 2015- 2016.



## 31st Annual Report 2015-2016

### H. Monthly High and Low compared with BSE Sensex

Month	BSE		Volume	BSE Sensex High	BSE Sensex Low
	Month's High Price	Month's Low Price			
Apr-15	15.12	8.75	16595	29094.61	26897.54
May-15	15	12.5	5089	28071.16	26423.99
Jun-15	14.9	12.79	3997	27968.75	26307.07
Jul-15	15.17	11.32	21901	28578.33	27416.39
Aug-15	13.11	11.13	72871	28417.59	25298.42
Sep-15	13.38	11.38	13424	26471.82	24833.54
Oct-15	11.55	9.15	15017	27618.14	26168.71
Nov-15	11.85	9.5	9049	26824.3	25451.42
Dec-15	14.67	11.02	32241	26256.42	24867.73
Jan-16	19.07	14.01	214131	26197.27	23839.76
Feb-16	19.7	16.68	14564	25002.32	22494.61
Mar-16	17	14.75	8176	25479.62	23133.18

### I. Distribution of shares and shareholding as on 31st March 2016

Sr. No.	No. of Equity Shares held		Shareholders		Shareholding	
	From	To	Nos.	%	Nos.	%
1	Upto	100	1638	41.74	92224	0.76
2	101	200	513	13.07	88251	0.72
3	201	500	1232	31.40	383099	3.14
4	501	1000	245	6.24	198292	1.63
5	1001	5000	226	5.76	496312	4.07
6	5001	10000	26	0.66	185704	1.52
7	10001	100000	30	0.76	826391	6.78
8	100001 and above		14	0.36	9918524	81.37
		<b>TOTAL</b>	<b>3924</b>	<b>100</b>	<b>12188797</b>	<b>100.00</b>

### J. Shareholding Pattern as on 31st March 2016

Category code	Category of Shareholder	Total no. of shares	%
<b>(A)</b>	<b>Promoter and Promoter Group Holding</b>		
1	Indian Promoters	6566994	53.88
	Foreign Promoters	NIL	NIL
	<b>Sub Total (A)</b>	<b>6566994</b>	<b>53.88</b>
<b>(B)</b>	<b>Non-Promoter shareholding</b>		
<b>1</b>	<b>Institutions</b>		
(a)	Venture Capital Funds	250	0.002
	<b>Sub-Total (B)</b>	<b>250</b>	<b>0.002</b>
<b>(C)</b>	<b>Non-institutions</b>		
(a)	Private Bodies Corporate	3275959	26.88
	Individuals -i. Individual shareholders holding nominal share capital up to Rs 2 lakh	1336542	10.97
(b)	ii. Individual shareholders holding nominal share capital in excess of Rs. 2 lakh.	950064	7.79
(c)	Any Other (Clearing Member)	3589	0.03
(d)	NRI	55399	0.45
	<b>Sub-Total (C)</b>	<b>5621553</b>	<b>46.12</b>
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>12188797</b>	<b>100.00</b>

#### **K. Plant Locations**

1. Handloom & Made-ups Unit: Jatal Road, Anand Nagar, Near Old Canal, Panipat 132 103, Haryana
2. Weaving & Made-Ups Unit: Survey No. 380/1, Khanvel, Silvassa Road, Village Dapada, Silvassa 396 230 UT D & NH
3. Bathmat Unit: Survey No. 356/1-2, Village Dadra 396 193UT D & NH
4. Dye-House: Plot No. 71, Phase-I, GIDC, Vapi Industrial Area, Distt. Valsad, Gujarat.

#### **L. Address for correspondence and Investor Grievances:**

Faze Three Limited  
 1-2, Shiv Smriti Chambers, 49-A,  
 Dr. Annie Besant Road, Worli,  
 Mumbai – 400 018  
 Phone : 022 6660 4600 / 4351 4444  
 Fax : 022 2493 6811  
 Website: [www.fazethree.com](http://www.fazethree.com)  
 Email Id: [investors@fazethree.com](mailto:investors@fazethree.com)

#### **M. Other disclosures**

- i. Related party transactions  
 All material transactions entered into with related parties as defined under the Act and Regulation 23 of SEBI Listing Regulations during the financial year were in the ordinary course of business. These have been approved by the audit committee. 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>
- ii. Details of non-compliance by the Company, penalties, strictures imposed on the Company by the stock exchanges or the SEBI or any statutory authority, on any matter related to capital markets, during the last three years 2013-14, 2014-15 and 2015-16 respectively: Nil
- iii. The Company has adopted a Whistle Blower Policy and has established the necessary Vigil Mechanism as defined under Regulation 22 of SEBI Listing Regulations for directors and employees to report concerns about unethical behaviour. No person has been denied access to the Chairman of the audit committee. The said policy has been also put up on the website of the Company at the following link <http://www.fazethree.com/investor/5policies.html>
- iv. The Company has also adopted Policy on Determination of Materiality for Disclosures and Policy for Preservation of Documents. The said policy has been also put up on the website of the Company at the following link <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**

##### **Faze Three Limited**

Sub: Compliance 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 : 26th April, 2016**

**Ajay Anand**

**Chairman & Managing Director**

## 31st Annual Report 2015-2016

---

### 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 2016 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  
Managing Director

Mr. 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. Woman Director was not appointed by the Company until 12th August, 2015
2. Composition of Board of Directors was short by 1 Independent Director from 21st December 2015 till 31st March 2016

No investor grievance(s) is/ are pending for a period exceeding one month against the Company.

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: 26th April, 2016

**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31st March 2016

[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 compliance 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 2016 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 2016 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; The same is not applicable as there were no transactions during the year under review.
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (upto May 14, 2015) and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (effective May 15, 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).
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.
  - (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.
- (vi) As per Management representation letter following are laws applicable to Company:

## 31st Annual Report 2015-2016

---

1. The Factories Act, 1948.
2. The Industrial Dispute Act, 1947.
3. The Payment of Wages Act, 1936.
4. The Sick Companies (Special Provisions) Act, 1985.
5. The Minimum Wages Act, 1948.
6. The Payment of Wages Act, 1936.
7. The Employees' State Insurance Act 1948.
8. The Employees' Provident Funds and Miscellaneous Provisions Act, 1952.
9. The Payment of Bonus Act, 1965.
10. The Payment of Gratuity Act, 1972.
11. The Contract Labour (Regulation and Abolition) Act, 1970.
12. The Maternity Benefit Act, 1961.
13. The Industrial Employment (Standing Order) Act, 1946.
14. The Apprentices Act, 1961.
15. The Environment (Protection) Act, 1986 [Read with The Environment (Protection) Rules, 1986].
16. The Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008.
17. The Water (Prevention and Control of Pollution) Act, 1974 [Read with The Water (Prevention and Control Of Pollution) Rules, 1975].
18. The Air (Prevention and Control Of Pollution) Act, 1981.
19. The Central Excise Act, 1944.
20. The Indian Customs Act, 1962.
21. Central Sales Tax Act, 1956.
22. Chapter V of Finance Act, 1994.
23. The Foreign Trade (Development And Regulation) Act, 1992.
24. The Child Labour (Prohibition and Regulation) Act, 1986
25. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
26. The Maharashtra Shops and Establishment Act 1948
27. The Noise Pollution (Regulation and Control) Rules, 2000
28. National Textile Policy, 2000
29. The Textiles Committee Act, 1963
30. The Handlooms Act, 1985
31. Textiles (Development and Regulation) Order, 2001

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 and made effective from 1st July 2015.
- (ii) The Listing Agreements entered into by the Company with BSE Limited and the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements), Regulations 2015 (effective from 1st December 2015) except the following:

1. ***Women Director was not appointed on the Board as per Clause 49(II)(A)(1) of the Listing Agreement and Regulation 17(1)(a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Pursuant to the provisions of sub section (1) of Section 149 of the Companies Act, 2013 till 12th August 2015.***

2. ***Composition of the Board is not in accordance with clause 49(II)(A)(2) of the Listing Agreement and Regulation 17(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Pursuant to the provisions of sub section (4) of Section 149 of the Companies Act, 2013 till 13th August 2015***
3. ***Composition of the Audit Committee fall short of One Independent Director as per Clause (49)(III)(A)(1) of Listing Agreement and Regulation 18(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Pursuant to Section 177 of the Companies Act, 2013 till 13th August 2015.***
4. ***Composition of the Nomination & Remuneration Committee fall short of One Independent Director as per Clause (49)(IV)(A) of Listing Agreement and Regulation 19(1)(a) and 19(1)(c) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Pursuant to Section 178 of the Companies Act, 2013 till 13th August 2015.***
5. ***As per regulations 6(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company Secretary should act as Compliance Officer; however, the company had appointed Chief Financial officer to act as Compliance officer for the period 26th March 2016 to 31st March 2016.***

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 Section 203 of the Companies Act, 2013 Company had not appointed Chief Financial Officer (CFO) till 30th June 2015.***

I further report that

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

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

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

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

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

**For SANJAY DHOLAKIA & ASSOCIATES**

**Place: Mumbai**  
**Secretary**  
**Date: 26th April, 2016**

**(Sanjay R. Dholakia)**  
**Practicing Company**

**Proprietor**

## **31st Annual Report 2015-2016**

---

### **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**

**Place: Mumbai  
Date: 26th April, 2016**

**(Sanjay R. Dholakia)  
Practicing Company Secretary  
Proprietor  
Membership No.2655/C.P. No. 1798**

## Annexure VI

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

As on financial year ended 31.03.2016  
[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, Union Territory of Dadra and Nagar Haveli 396230. Phone 0260 2668539, Fax: 0260 2668501 Email: investors@fazethree.com Website: www.fazethree.com
Whether listed company	YES
Name, Address and Contact details of Registrar and Transfer Agent, if any	Sharex Dynamic (India) P Ltd. 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	% to total turnover of the company
a.	Weaving and finishing of cotton textiles on handlooms.	2330	38.56%
b.	Weaving and finishing of cotton textiles on power looms.	2340	19.43%
c.	Manufacture of blankets, shawls, carpets, rugs, and other similar textile products	2630	23.52%

#### 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.

## 31st Annual Report 2015-2016

### D. SHAREHOLDING PATTERN :

#### (I) Category -wise Share Holding

Category code	Category of Shareholder	Number of shares held at Beginning of the year (01.07.2015)				Number of shares held at the end of the year (31.03.2016)				% change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total		
(A)	Shareholding of Promoter and Promoter Group									
1	Indian									
(a)	Individuals/ HUF	4127869	0	4127869	33.87	4127869	0	4127869	33.87	0.00
(b)	Central / State Govt.	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Bodies Corporate	2439125	0	2439125	20.01	2491625	0	2491625	20.44	0.43
(d)	FI/ Banks	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Any Others(Specify)	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub Total(A)(1)</b>	<b>6566994</b>	<b>0</b>	<b>6566994</b>	<b>53.88</b>	<b>6619494</b>	<b>0.00</b>	<b>6619494</b>	<b>54.31</b>	<b>0.43</b>
2	Foreign									
a	NRI	0	0	0	0.00	0	0	0	0.00	0.00
b	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
c	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
d	Any Others(Specify)	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub Total(A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>	<b>6566994</b>	<b>0</b>	<b>6566994</b>	<b>53.88</b>	<b>6619494</b>	<b>0.00</b>	<b>6619494</b>	<b>54.31</b>	<b>0.43</b>
(B)	Public shareholding									
1	Institutions	0	0	0	0	0	0	0	0.00	0.00
(a)	Mutual Funds/ UTI	0	0	0	0.00	0	0	0	0.00	0.00
(b)	FI / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Central / State Govt	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Venture Capital Funds	250	0	250	0.00	250	0	250	0.00	0.00
(e)	Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
(f)	FIs	0	0	0	0.00	0	0	0	0.00	0.00
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Any Other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total (B)(1)</b>	<b>250</b>	<b>0</b>	<b>250</b>	<b>0.00</b>	<b>250</b>	<b>0</b>	<b>250</b>	<b>0.00</b>	<b>0.00</b>
B 2	Non-institutions									
(a)	Bodies Corporate	1477462	1798497	3275959	26.88	1362940	1798497	3161437	25.94	-0.94
(b)	Individuals									
I	i. Individual shareholders holding nominal share capital up to ₹ 1 lac	1155937	180605	1336542	10.97	1170890	180105	1350995	11.08	0.11
II	ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lac	843814	106250	950064	7.79	950371	106250	1056621	8.67	0.87
(c)	Any Other							0		0.00
(c-i)	Clearing Member	3589	0	3589	0.00	0	0	0	0.00	0.00
(c-ii)	NRI	55399	0	55399	0.45	0	0	0	0.00	-0.45
	<b>Sub-Total (B)(2)</b>	<b>3536201</b>	<b>2085352</b>	<b>5621553</b>	<b>46.12</b>	<b>3484201</b>	<b>2084852</b>	<b>5569053</b>	<b>45.69</b>	<b>-0.43</b>
(B)	<b>Total Public Shareholding</b>									
	<b>(B)= (B)(1)+(B)(2)</b>	<b>3536451</b>	<b>2085352</b>	<b>5621803</b>	<b>46.12</b>	<b>3484451</b>	<b>2084852</b>	<b>5569303</b>	<b>45.69</b>	<b>-0.43</b>
	<b>TOTAL (A)+(B)</b>	<b>10103445</b>	<b>2085352</b>	<b>12188797</b>	<b>100</b>	<b>10103945</b>	<b>2084852</b>	<b>12188797</b>	<b>100.00</b>	<b>-</b>

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 period(01/04/2015)			Details of Shareholding at the end of the period (31/03/2016)			% 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	2964209	24.32	0.00	0.00
2	Ajay Anand (HUF)	662500	5.44	0.00	662500	5.44	0.00	0.00
3	Rashmi Anand	343990	2.82	0.00	343990	2.82	0.00	0.00
4	Vishnu Anand	18875	0.15	0.00	18875	0.15	0.00	0.00
5	Rohina Anand	20875	0.17	0.00	20875	0.17	0.00	0.00
6	Sanjay Anand	117420	0.96	0.00	117420	0.96	0.00	0.00
7	Instyle Investments Pvt. Ltd.	2394625	19.65	0.00	2394625	19.65	0.00	0.00
8	Anadry Investments Pvt. Ltd.	9500	0.08	0.00	9500	0.08	0.00	0.00
9	Mamata Finvest Pvt. Ltd.	35000	0.29	0.00	87500	0.72	0.00	0.43
	<b>TOTAL</b>	<b>6566744</b>	<b>53.88</b>	<b>0.00</b>	<b>6619494</b>	<b>54.31</b>	<b>0.00</b>	<b>0.43</b>

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

SI No.	Shareholder's Name	Details of Shareholding at the beginning of the period (01/04/2015)		Details of Shareholding at the end of the period (31/03/2016)	
		No. of Shares	%	No. of Shares	%
1	Mamata Finvest Pvt. Ltd.	35000	0.29	87500	0.72

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 (01-04-2015)	% of total Shares of the company	No. of Shares at end of the year (31-03-2016)	% of total Shares of the company
1	Whitley Willows Overseas Ltd.	1638297	13.441	1638297	13.441
2	Makarand Exim Pvt. Ltd.	544415	4.467	544415	4.467
3	Hemambar Investments Pvt. Ltd.	403810	3.313	403810	3.313
4	Joint Producers Pvt. Ltd.	347162	2.848	347162	2.848
5	Mahendra Girdharilal	159455	1.308	151755	1.245
6	Kishorkumar Mansukhlal Shah	129845	1.065	129845	1.065
7	Salim Pyarli Govani	114631	0.94	114631	0.94
8	Rajiv Rai (HUF)	106250	0.872	106250	0.872
9	Pandya Lataben	0	0.00	84284	0.691
10	Shubhangi A Hatwar	0	0.00	62456	0.512

## 31st Annual Report 2015-2016

### (v) Shareholding of Directors and Key Managerial Personnel:

Name	Shareholding at the beginning the year 01/04/2015		Cumulative Shareholding during the year 31/03/2016	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
Ajay Anand	2964209	24.32	2964209	24.32
Rajiv Rai Sachdev	37500	0.308	37500	0.308
Sanjay Anand	117420	0.96	117420	0.96
Vasudeva Rao	Nil	Nil	Nil	Nil
Gurinder Kalsi	Nil	Nil	Nil	Nil
Bheemanna Chikkerur	Nil	Nil	Nil	Nil
Ankit Madhwani	Nil	Nil	1	0.00

### E. INDEBTEDNESS

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

(₹ in Lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	407.70	11712.01	-	12119.71
ii) Interest due but not paid	NIL	1991.50	-	1991.50
iii) Interest accrued but not	NIL	-	-	-
<b>Total (i+ii+iii)</b>	<b>407.70</b>	<b>13703.51</b>		<b>14111.21</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	NIL	1232.07	-	1232.07
• Reduction	336.99	-	-	336.99
<b>Net Change</b>	<b>(336.99)</b>	<b>1232.07</b>	<b>-</b>	<b>895.07</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	70.72	12181.12	-	12251.83
ii) Interest due but not paid	NIL	2754.46	-	2754.46
iii) Interest accrued but not	NIL	-	-	-
<b>Total (i+ii+iii)</b>	<b>70.72</b>	<b>14935.58</b>		<b>15006.29</b>

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

(₹ in Lacs)

Sr.No.	Particulars of Remuneration	MD	WTD	Executive Director	Total Amount
		Mr. Ajay Anand	Mr. Sanjay Anand	Mr. Bheemanna Chikkerur	
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	36.80	36.46	1.96	75.22
	(b) Value of perquisites u/s 17(2) Income -tax Act, 1961	1.60	1.94	0.14	3.68
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-		-
2	Stock Option	-	-		-
3	Sweat Equity	-	-		-
4	Commission	-	-		-
	-as % of profit	-	-		-
	-others, specify...	-	-		-
5	Others, please specify	-	-		-
	<b>Total</b>	<b>38.40</b>	<b>38.40</b>	<b>2.10</b>	<b>78.90</b>

**G. Remuneration to other directors:**

A.	Independent Directors	Mr. Vasudeva Rao	Mrs. Gurinder Kaur kalsi
	• Fee for attending board meetings/ committee meetings	33,000/-	14,000/-
	• Commission	—	—
	• Others, please specify	—	—
	<b>Total</b>	<b>33,000/-</b>	<b>14,000/-</b>
B	Other Non-Executive Directors	Mr. Rajiv Rai Sachdev	
	• Fee for attending board meetings / committee meetings	29,000/-	
	• Commission	—	
	• Others, please specify	—	
	<b>Total</b>	<b>29,000/-</b>	

## 31st Annual Report 2015-2016

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

(₹ in Lacs)

	Particulars of Remuneration	Key Managerial Personnel	Key Managerial Personnel	Total
		Company Secretary Mr. Martin Golla	Chief Financial Officer Mr. Ankit Madhwani	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	15.00	31.10	46.10
	(b) Value of perquisites u/s 17(2) Income -tax Act, 1961	1.56	3.66	5.22
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961			
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission -as % of profit -others, specify... Others, please specify	-	-	-
	<b>Total</b>	<b>16.56</b>	<b>34.76</b>	<b>51.32</b>

### I. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

## INDEPENDENT AUDITORS' REPORT

To The Members  
Faze Three Ltd  
Mumbai

### Report on the Financial Statement

We have audited the accompanying (Standalone) financial statements of **FAZE THREE LIMITED** ("the Company") which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the (Standalone) Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these (Standalone) 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 (Standalone) 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, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 (Standalone) financial statements

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid (Standalone) 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 March 31, 2016, and its Profit and its Cash Flow 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"), as amended, 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 paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:

## **31st Annual Report 2015-2016**

---

- a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c. the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
- d. in our opinion, the aforesaid (Standalone) 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 written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 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".
- 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.

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

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

Place: Mumbai

Dated: 26.04.2016

## **“ANNEXURE A” TO THE INDEPENDENT AUDITORS' REPORT**

Referred to in paragraph 1 under the heading ‘Report on Other Legal & Regulatory Requirement’ of our report of even date to the financial statements of the Company for the year ended March 31, 2016:

- 1) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) As explained to us the major Fixed Assets have been physically verified by the Management at reasonable intervals during the year. As per the information given to us no material discrepancy has been noticed on such verification.
- (c) The title deeds of immovable properties are held in the name of the Company.
- 2) The inventory has been physically verified by the management during the year. In our opinion the frequency of verification is reasonable. The discrepancies noticed on physically verification of inventory as compared to book records were not material.
- 3) Based on the audit procedures applied by us and according to the information and explanations given to us the company has not granted any loans to companies, firms, Limited Liability Partnerships or other parties listed in the register maintained under section 189 of the Companies Act 2013.
- 4) 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.
- 5) 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.
- 6) We have broadly reviewed the books of accounts maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under sub section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have however not made a detailed examination of the records with a view to determine whether they are accurate or complete.
- 7) (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, 2016 for a period of more than six months from the date on when they became payable.

(b) According to the information and explanations given to us there are no dues of Sales Tax, Income Tax, Service Tax, Duty of Custom, Duty of Excise, Value Added Tax and cess which have not been deposited on account of dispute other than following:-

<b>Particulars</b>	<b>Assessment years to which the matter pertains to</b>	<b>Forum where dispute is pending</b>	<b>Amount (₹ In Lakhs)</b>
Income tax	2003-2004	High Court	26.43
Income tax	2007-2008	High Court	53.63

- 8) According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the balance sheet date.

## **31st Annual Report 2015-2016**

---

- 9) 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 not availed term loans during the year. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.
- 10) 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.
- 11) The Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- 12) 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.
- 13) 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.
- 14) Based upon the audit procedures performed and the information and explanations given by the management, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.
- 15) 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.
- 16) In our opinion, the Company is not required to be registered under section 45 1A 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 Registration No. 000038N**

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

Place: Mumbai

Dated: 26.04.2016

---

## **“Annexure B” to the Independent Auditor's Report of even date on the Standalone Financial Statements of FAZE THREE LIMITED**

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, 2016 in conjunction with our audit of the standalone 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 ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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

## **31st Annual Report 2015-2016**

---

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, 2016, based on 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 Registration No. 000038N**

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

Place: Mumbai

Dated: 26.04.2016

<b>BALANCE SHEET</b>	<b>Notes</b>	<b>As At March 31, 2016 (₹ in Lacs)</b>	<b>As At March 31, 2015 (₹ in Lacs)</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share Capital	2	1,218.88	1,218.88
Reserves and Surplus	3	(4,997.59)	(5,150.17)
		<b>(3,778.71)</b>	<b>(3,931.29)</b>
<b>Non-current liabilities</b>			
Long-term Borrowings	4	4.04	63.33
Deferred Tax Liabilities (Net)	5	1,390.04	1,390.04
Other Long Term Liabilities	6	560.06	1,187.48
Long-term Provisions	7	276.92	238.63
		<b>2,231.06</b>	<b>2,879.48</b>
<b>Current liabilities</b>			
Short-term Borrowings	8	5,916.77	6,406.80
Trade Payables	9	1,843.16	4,099.06
Other Current Liabilities	10	16,308.97	15,492.64
Short-term Provisions	11	766.55	827.59
		<b>24,835.45</b>	<b>26,826.09</b>
<b>Total</b>		<b>23,287.80</b>	<b>25,774.28</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed Assets	12	6,538.14	7,597.05
Non-current Investments	13	37.09	37.09
Long-term Loans and Advances	14	116.60	124.90
		<b>6,691.83</b>	<b>7,759.04</b>
<b>Current assets</b>			
Inventories	15	8,151.19	8,620.43
Trade Receivables	16	5,190.78	5,301.16
Cash and cash equivalents	17	213.89	185.24
Short-term Loans and Advances	18	33.38	442.73
Other Current Assets	19	3,006.73	3,465.68
		<b>16,595.97</b>	<b>18,015.24</b>
<b>Total</b>		<b>23,287.80</b>	<b>25,774.28</b>
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 Rgn. No-000038N

**C. V. Parameswar**  
Partner  
M.No.: 11541  
Place : Mumbai  
Dated : 26th April, 2016

**For and on behalf of Board of directors of  
Faze Three Limited**

**Ajay Anand**  
Managing Director  
DIN - 373248

**Sanjay Anand**  
Whole Time Director  
DIN - 1367853

**Ankit Madhwani**  
Chief Financial Officer

## 31st Annual Report 2015-2016

Statement of Profit & Loss	Notes	For the Year Ended March 31, 2016 (₹ in Lacs)	For the Year Ended March 31, 2015 (₹ in Lacs)
<b>Income</b>			
Revenue from Operations	20	24,153.46	21,762.07
Other Income	21	128.58	231.14
<b>Total Revenue</b>		<b>24,282.04</b>	<b>21,993.21</b>
<b>Expenses</b>			
Cost of Raw materials consumed	22	11,725.94	10,987.67
Changes in inventories of Finished goods & Work-in-progress	23	(793.78)	(927.46)
Employee Benefits Expense	24	3,056.65	2,402.81
Other expenses	25	7,317.27	7,724.09
<b>Total Expenses</b>		<b>21,306.08</b>	<b>20,187.11</b>
<b>Profit before Finance cost, Depreciation and Exceptional items</b>		<b>2,975.96</b>	<b>1,806.10</b>
Depreciation expense	26	1,424.99	492.05
Finance costs	27	1,398.39	1,418.45
Exceptional items		-	325.79
<b>Profit / (Loss) before Tax</b>		<b>152.58</b>	<b>(430.19)</b>
Tax Expense		-	-
<b>Profit/(Loss) after Tax</b>		<b>152.58</b>	<b>(430.19)</b>
<b>Earnings per equity share [nominal value of share 10]</b>			
Basic		1.25	(3.53)
Diluted		1.25	(3.53)

Summary of significant accounting policies 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 Rgn. No-000038N

**C. V. Parameswar**  
Partner  
M.No.: 11541  
Place : Mumbai  
Dated : 26th April, 2016

**For and on behalf of Board of directors of  
Faze Three Limited**

**Ajay Anand**  
Managing Director  
DIN - 373248

**Sanjay Anand**  
Whole Time Director  
DIN - 1367853

**Ankit Madhwani**  
Chief Financial Officer

**Cash Flow Statement For The Year Ended March 31, 2016**

(₹ in Lacs)

	For the Year Ended March 31, 2016	For the Year Ended March 31, 2015
Profit/(Loss) before tax from continuing operations	152.58	(430.19)
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation / amortization from continuing operation	1424.99	492.05
Interest Expense	1398.39	1,418.45
Interest Income	(55.50)	(105.77)
Profit / Loss on sale / liquidation of Asset	0.00	(2.31)
Operating profit before working capital changes	2,920.45	1,372.23
<b>Movements in Working Capital :</b>		
Increase / (decrease) in trade payables	(2255.90)	(150.34)
Increase / (decrease) in Long term provisions	38.29	3.17
Increase / (decrease) in short term provisions	(61.04)	123.11
Increase / (decrease) in current liabilities	816.32	2,789.55
(Increase) / decrease in trade receivables	110.14	(705.11)
(Increase) / decrease in inventories	469.25	278.66
(Increase) / decrease in long term loans and advances	8.29	162.88
(Increase) / decrease in short term loans and advances	409.36	(37.76)
(Increase) / decrease in other current assets	458.96	(455.52)
Increase /(Decrease) in Long Term Liabilities	(627.42)	(347.88)
<b>Net Cash flow from / (used in) operating activities (A)</b>	<b>2,286.70</b>	<b>3,032.99</b>
<b>Cash Flow From Investing Activities</b>		
Purchase of Fixed Assets, CWIP and capital advances	(365.85)	(433.59)
Proceeds from Sale / liquidation of assets	0.00	4.61
Purchase of Investments	0.00	(14.00)
Interest received	55.50	105.77
<b>Net cash flow from / (used in) investing activities (B)</b>	<b>(310.35)</b>	<b>(337.21)</b>
<b>Cash flow from Financing Activities</b>		
Proceeds from Long term borrowings (net)	(59.30)	(518.22)
Proceeds from short term borrowings	(490.03)	(760.15)
Interest paid	(1398.39)	(1,418.45)
<b>Net cash flow from / (used in) Financing activities (C)</b>	<b>(1,947.71)</b>	<b>(2,696.82)</b>
Net increase / (decrease) in cash and cash equivalents (a+b+c)	28.65	(1.04)
Cash and cash equivalents at the beginning of the year	185.24	186.28
<b>Cash and cash equivalents at the end of the year</b>	<b>213.89</b>	<b>185.24</b>
<b>Components of Cash and cash equivalents</b>		
Cash on hand	8.86	11.75
With Banks		
On current accounts	133.84	104.82
On deposit account	67.05	67.57
EEFC Account	4.14	1.10
Unpaid dividend account	-	-
<b>Total cash and cash equivalents (note 17)</b>	<b>213.89</b>	<b>185.24</b>

As per our report of even date.

**For Thakur Vaidyanath Aiyar & Co.**

Chartered Accountants

Firm Rgn. No-000038N

**C. V. Parameswar**

Partner

M.No.: 11541

Place : Mumbai

Dated : 26th April, 2016

**For and on behalf of Board of directors of  
Faze Three Limited**
**Ajay Anand**

Managing Director

DIN - 373248

**Sanjay Anand**

Whole Time Director

DIN - 1367853

**Ankit Madhwani**

Chief Financial Officer

## 31st Annual Report 2015-2016

---

### Notes Forming Part of Financial Statements for the Year Ended March 31, 2016

---

#### Corporate Information

Faze Three Ltd. 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 with all material respects with the Accounting Standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014. 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 for change in accounting policy as explained below:

##### 1.1 Summary of significant accounting policies

##### Change in accounting policy - Depreciation on fixed assets

Till the year ended March 31, 2014, Schedule XIV to the Companies Act, 1956, prescribed requirements concerning depreciation of fixed assets. From the year ended March 31, 2015, Schedule XIV has been replaced by Schedule II to the Companies Act, 2013. The company has adopted the same change from the current year ended March 31, 2016. The applicability of Schedule II has resulted in the following changes related to depreciation of fixed assets. Unless stated otherwise, the impact mentioned for the current year is likely to hold good for future years also.

##### Useful lives/ depreciation rates

Depreciation rates prescribed under Schedule XIV of the Companies Act, 1956, were treated as minimum rates and the company was not allowed to charge depreciation at lower rates even if such lower rates were justified by the estimated useful life of the asset. Schedule II to the Companies Act 2013 prescribes useful lives for fixed assets which, in many cases, are different from lives prescribed under the erstwhile Schedule XIV. However, Schedule II allows companies to use higher/ lower useful lives and residual values if such useful lives and residual values can be technically supported and justification for difference is disclosed in the financial statements.

Considering the applicability of Schedule II, the management has re-estimated useful lives and residual values of all its fixed assets. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets, though these rates in certain cases are different from lives prescribed under Schedule II. Hence, this change in accounting policy did not have any material impact on financial statements of the company

##### a. 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.

##### b. 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

---

**Notes Forming Part of Financial Statements for the Year Ended March 31, 2016**


---

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.

**c. 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.

<b>Asset Description</b>	<b>Useful Life in years</b>
Factory Building	30
Residential & Office Building	60
Plant and Machinery	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

**d. 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 rebuttable 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

## 31st Annual Report 2015-2016

---

### Notes Forming Part of Financial Statements for the Year Ended March 31, 2016

---

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.

**e. 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.

**f. Impairment of Tangible Fixed Assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. 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

**g. 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.

**h. Investments**

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

**i. Inventories**

Raw materials, 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.

---

**Notes Forming Part of Financial Statements for the Year Ended March 31, 2016**


---

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

**j. Revenue Recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

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.

**k. 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.

**l. 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 Alternate 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

## 31st Annual Report 2015-2016

---

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.

**m. 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 retirement 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. The company has provided gratuity as per Payment of Gratuity Act, 1972 on a full liability basis.

**n. Segment reporting**

The company has a single reportable segment.

**o. Earnings per Share**

Basic earnings per share are calculated by dividing the net profit and loss 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.

**p. Provisions**

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

**q. Contingent liabilities / Assets**

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.

**r. 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.

**s. 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 account. 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, 2016

All amounts in Financial Statements are presented in lacs, 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, 2016	March 31, 2015
<b>Authorised</b>		
17000000 Equity Shares of 10/- each	1,700.00	1,700.00
<b>Issued, Subscribed &amp; Fully paid up</b>		
12188797 Equity Shares of 10/- each	1,218.88	1,218.88

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

Particulars	As at March 31, 2016		As at March 31, 2015	
	No of shares	₹ lacs	No of shares	₹ lacs
At the beginning of the year	12,188,797	1,218.88	12,188,797	1,218.88
Issued during the year	-	-	-	-
Bought back during the year	-	-	-	-
Outstanding at the end of the year	12,188,797	1,218.88	12,188,797	1,218.88

#### b. Terms/rights attached to Equity Shares

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

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

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

Name of Shareholder	As At			
	March 31, 2016		March 31, 2016	
	No. of shares	% Held	No. of shares	% Held
<b>Equity Shares of 10/- each fully paid</b>				
Ajay Anand	2,964,209	24.32	2,964,209	24.32
Ajay Anand (HUF)	662,500	5.44	662,500	5.44
Instyle Investments Pvt. Ltd.	2,394,625	19.65	2,394,625	19.65
Whitley Willows Overseas Ltd	1,638,297	13.44	1,638,297	13.44

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

## 31st Annual Report 2015-2016

Notes forming part of financial statements for the year ended March 31, 2016

### 3 Reserves & Surplus

Particulars	As at	
	March 31, 2016	March 31, 2015
Capital reserves	533.32	533.32
Securities premium	312.74	312.74
General reserve	3,140.31	3,140.31
Deficit - opening balance	(9,136.54)	(8,706.35)
Profit/Loss for the current year	152.58	(430.19)
Deficit - closing balance	(8,983.96)	(9,136.54)
<b>Total</b>	<b>(4,997.59)</b>	<b>(5,150.17)</b>

### 4. Long Term Borrowings

Particulars	As at March 31, 2016		As at March 31, 2016	
	Non-Current Maturities		Current Maturities	
<b>Secured</b>				
<b>(a) Term loan</b>				
from banks	-	52.43	60.00	333.48
<b>(b) Other Loans</b>				
Against Hypothecation of Vehicles	4.04	10.90	6.68	10.89
<b>Total</b>	<b>4.04</b>	<b>63.33</b>	<b>66.68</b>	<b>344.37</b>

#### Note 4.1:

The term loan is secured by Hypothecation of specific Plant and Machineries and other movable fixed assets and pari passu charge by way of EMT of Land & Building. The office property situated at Worli is exclusively charged to Canara Bank (Comprising built up area 1983 sq. ft.)

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

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

Particulars	Loan 1	Loan 2	Loan 3	Loan 4
Period of Maturity	July 1, 2016	November 1, 2016	January 1, 2018	April 24, 2019
Number of installments due	4	8	22	36
Amount of installments due	43315	16200	16310	15111
Rate of Interest	9.61%	10.28%	10.74%	10.75%
Name of the Fianancier	ICICI Bank	ICICI Bank	ICICI Bank	Corporation Bank

### 5. Deferred tax liabilities

Particulars	As at	
	March 31, 2016	March 31, 2015
Difference in WDV between books of accounts and income tax records	1,390.04	1,390.04
<b>Total</b>	<b>1,390.04</b>	<b>1,390.04</b>

### 6. Other Long Term liabilities

Particulars	As at	
	March 31, 2016	March 31, 2015
Deposits and Retentions	560.06	1,187.48
<b>Total</b>	<b>560.06</b>	<b>1,187.48</b>

## Notes forming part of financial statements for the year ended March 31, 2016

### 7. Long Term Provisions

Particulars	As at	
	March 31, 2016	March 31, 2015
Provision for Gratuity	276.92	238.63
<b>Total</b>	<b>276.92</b>	<b>238.63</b>

**Note no. 7.1** - Short term maturities on gratuity provision have not been segregated. The company has covered its gratuity liability with Life Insurance Corporation of India and the contribution as advised are made to LIC based on the actuarial valuation carried out by LIC. As done in the previous year, the company has provided gratuity as per Payment of Gratuity Act, 1972 on a full liability basis.

### 8. Short Term Borrowings

Particulars	As at	
	March 31, 2016	March 31, 2015
PCFC / PCRS from Banks (refer note 8.1)	5,916.77	6,406.80
<b>Total</b>	<b>5,916.77</b>	<b>6,406.80</b>

#### Note No.8.1

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

PCFC and PCRS facilities from Canara Bank carry interest rate of (LIBOR + 350 bps) for PCFC facility and 10.70% for PCRS facility from Allahabad Bank.

PCFC is availed in US Dollars, Outstanding balance as at the year end has been restated at rate prevailing on March 31, 2016.

### 9. Trade Payable

Particulars	As at	
	March 31, 2016	March 31, 2015
Total outstanding dues of micro and small enterprises		
Total outstanding dues to creditors other than of micro and small enterprises	1,843.16	4,099.06
<b>Total</b>	<b>1,843.16</b>	<b>4,099.06</b>

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

### 10. Other Current Liabilities

Particulars	As at	
	March 31, 2016	March 31, 2015
Current maturities of Term Loan	60.00	333.48
Current maturities of Other loan	6.68	10.89
Foreign Currency Convertible Bonds (Refer note 10.1)	10,329.68	9,139.37
Corporate Gaurantee Liability (Refer note 10.2)	4,605.90	4,564.14
Other liabilities	1,306.71	1,444.76
<b>Total</b>	<b>16,308.97</b>	<b>15,492.64</b>

## 31st Annual Report 2015-2016

Notes forming part of financial statements for the year ended March 31, 2016

### Note No. 10.1 Foreign Currency Convertible Bonds

The principal outstanding of the Foreign Currency Convertible Bonds is USD 8 Mln. The said bonds were convertible into Equity Shares of the company at 85 per share as per the terms of the offer on or prior to 27th December 2011 at the option of the holders. Since the said bonds were not converted / previously redeemed prior to the redemption date, they become due for redemption along with redemption premium and applicable interest thereon. The company has provided for the aforesaid premium and interest payable year on year and classified here along with principal value of FCCBs outstanding.

### Note No. 10.2 Corporate Guarantee Liability

The Company had given Corporate Guarantee to Canara Bank London for grant of credit facilities by the Bank to PANA Textil GmbH ('PANA'), sub-subsidiary of the company for principal value 4.4 Mln Euros. Due to the European crises and overall adverse economic scenario in 2009-10, PANA filed for bankruptcy in 2010. The bankruptcy court ruled that PANA to be wound up and appointed the official administrator during FY 2012. Owing to the liquidation, the entire principal liability along with applicable interest thereon and other charges devolved onto the company as per the terms of the corporate guarantee agreement with Canara Bank London. The Liabilities on account of the aforesaid as claimed by the Bank from time to time have been classified here. Pending conclusion of the terms and compliance for resolution of the said liability, the company has discontinued annual provision of accrued overdue interest on the said liability and the same is disclosed as contingent liability. As per the sanction of credit facilities from Canara Bank, a 5% retention (cut back) on every export bill discounted is kept as Fixed deposit (retention) for recovery of this liability. The balance in the retention account of 1211.15 Lacs was classified as non-current Cash and Cash equivalent in FY 2015 (Refer Note 19). The balance as on March 31, 2015 along with additions during the year in the retention account amounting of 1431.83 Lacs has been paid to Canara Bank London during the year are classified under Other Current Assets (Refer Note 19).

## 11. Short Term Provisions

Particulars	As at	
	March 31, 2016	March 31, 2015
<b>(a) Provision for employee benefits</b>		
Salary & Reimbursements	210.51	174.91
Contribution to PF and other funds	13.96	10.92
<b>(b) Others</b>		
Professional Tax Payable	0.27	0.35
Service Tax Payable	0.01	5.90
TDS Payable	20.98	22.42
Expenses Payable	478.85	583.13
Others	41.97	29.96
<b>Total</b>	<b>766.55</b>	<b>827.59</b>

**Notes forming part of Financial Statements for the Year Ended March 31, 2016**  
**12. 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, 2015	699.41	130.86	4,223.18	6,722.57	574.49	329.83	107.60	213.36	472.02	13.40	13,486.71
Additions during the year (net)	-	-	29.60	248.12	12.66	-	15.52	29.81	30.14	-	365.85
<b>Gross Block as at March 31, 2016</b>	<b>699.41</b>	<b>130.86</b>	<b>4,252.78</b>	<b>6,970.69</b>	<b>587.14</b>	<b>329.83</b>	<b>123.12</b>	<b>243.17</b>	<b>502.16</b>	<b>13.40</b>	<b>13,852.56</b>
Accumulated Depreciation as at April 1, 2015	-	-	1,482.21	3,206.15	404.00	266.82	43.76	197.97	287.36	1.42	5,889.69
Charge for the year (net)	-	-	128.65	1,037.05	71.20	12.11	45.30	10.50	119.05	0.89	1,424.74
<b>Accumulated Depreciation as at March 31, 2016</b>	<b>-</b>	<b>-</b>	<b>1,610.85</b>	<b>4,243.21</b>	<b>475.19</b>	<b>278.93</b>	<b>89.05</b>	<b>208.46</b>	<b>406.41</b>	<b>2.31</b>	<b>7,314.42</b>
Net Block value as at April 1, 2015	699.41	130.86	2,740.97	3,516.42	170.49	63.02	63.84	15.39	184.66	11.97	7,597.05
<b>Net Block value as at March 31, 2016</b>	<b>699.41</b>	<b>130.86</b>	<b>2,641.93</b>	<b>2,727.47</b>	<b>111.96</b>	<b>50.91</b>	<b>34.08</b>	<b>34.72</b>	<b>95.75</b>	<b>11.08</b>	<b>6,538.14</b>

**Note**

12.1 During the year, pursuant to the notification of Schedule II of the Companies Act, 2013, with effect from April 1, 2015, the Company has revised the estimated useful life of its assets to align the useful life with those specified in Schedule II. An amount of 892 Lacs has been charged to the profit and loss account for the year being the difference in WDV based on the adoption of revised method.

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

## 31st Annual Report 2015-2016

Notes forming part of financial statements for the year ended March 31, 2016

### 13. Non-current investments

Particulars	As at	
	March 31, 2016	March 31, 2015
<b>Non Trade Investments (at cost)</b>		
<b>Preference Shares (unquoted)</b>		
452,000 (452,000) 5% Non-cumulative preference shares of ₹ 100 each fully paid up of V. R. Woodart Ltd.	452.00	452.00
Less : diminution in value of investment provided on the above in accordance with AS-13. (refer note 13. 1)	452.00	452.00
<b>Equity shares (unquoted)</b>	—	—
Saraswat Co-op Bank Ltd. (2500 equity shares of ₹ 10 each, fully paid up)	0.25	0.25
Greater Bombay Co-operative Bank Limited (40 equity shares of ₹ 25 each, fully paid up)	0.01	0.01
Investment in Mutual Fund - Canara Robeco - Mutual Fund	16.00	16.00
<b>Equity shares (quoted)</b>		
V. R. Woodart Ltd. (1,456,612 equity shares of ₹10 each, fully paid up) (Market Value as on March 31, 2016: ₹ 2,673,597)	116.70	116.70
Less: diminution in value of investment provided on the above in accordance with AS-13. (refer note 13. 1)	95.87	95.87
	20.83	20.83
<b>Total</b>	<b>37.09</b>	<b>37.09</b>
Aggregate value of Quoted Investment	116.70	116.70
Market value of Quoted Investment	26.74	28.11
Aggregate value of Unquoted Investment	468.26	468.26
Aggregate provision for diminution in value of Investment	547.87	547.87

#### Note No.13.1

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

### 14. Long Term Loans and Advances

Particulars	As at	
	March 31, 2016	March 31, 2015
<b>a. Capital advances</b>		
Unsecured, considered good	8.78	37.49
<b>b. Security Deposits</b>		
Electricity Deposit	80.33	50.51
Pollution Control Board Deposit	2.10	2.10
Deposit for house rent	6.48	6.88
Others	18.91	27.92
<b>Total</b>	<b>116.60</b>	<b>124.90</b>

**Notes forming part of financial statements for the year ended March 31, 2016**
**15. Inventories (valued at lower of cost or net realizable value)**

Particulars	As at	
	March 31, 2016	March 31, 2015
Raw Materials and components	2,744.03	3,941.84
Work-in-progress	1,806.02	1,241.31
Finished goods	3,311.71	3,082.64
Stores and spares	220.77	283.18
Dyes and Chemicals	68.66	71.46
<b>Total</b>	<b>8,151.19</b>	<b>8,620.43</b>

**16. Trade Receivables**

Particulars	As at	
	March 31, 2016	March 31, 2015
<b><u>Unsecured, considered good</u></b>		
Trade receivables outstanding for a period exceeding six months from the date they are due for payment	272.15	271.64
Others *	4,918.63	5,029.52
<b>Total</b>	<b>5,190.78</b>	<b>5,301.16</b>

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

**17. Cash and cash equivalents**

Particulars	As at	
	March 31, 2016	March 31, 2015
Balances with banks	133.84	104.82
Cash on hand	8.86	11.75
Bank deposits with Less than 12 months maturity	67.05	67.57
Bank balance in EEFC account	4.14	1.10
<b>Total</b>	<b>213.89</b>	<b>185.24</b>

**18. Short-term loans and advances**

Particulars	As at	
	March 31, 2016	March 31, 2015
Staff Advances	14.73	39.39
Advance to Suppliers	18.65	114.04
Others	-	289.30
<b>Total</b>	<b>33.38</b>	<b>442.73</b>

**19. Other Current Assets**

Particulars	As at	
	March 31, 2016	March 31, 2015
Export Incentive receivable	432.68	876.95
Advance Income tax (net of provision)	353.03	319.31
Claims Recoverable	-	2.18
Prepaid Expenses	53.70	67.78
Excise/ Service Tax/ Cenvat	570.23	820.09
Interest Receivable	33.73	80.05
Receivable from PF Authorities	3.38	88.17
Non Current Cash & Cash Equivalents	128.15	1,211.15
Deposit against Corporate Gaurantee (refer note 10.2)	1,431.83	-
<b>Total</b>	<b>3,006.73</b>	<b>3,465.68</b>

## 31st Annual Report 2015-2016

Notes forming part of financial statements for the year ended March 31, 2016

### 20. Revenue from operations

Particulars	For the year ended	
	March 31, 2016	March 31, 2015
Sales		
Exports	19,041.55	17,772.25
Domestic	3,596.03	2,702.10
Less : Excise Duty on Domestic Sales	(605.53)	(119.03)
Other Operating revenues (Export Incentives)	2,121.41	1,406.75
<b>Total</b>	<b>24,153.46</b>	<b>21,762.07</b>

### 21. Other income

Particulars	For the year ended	
	March 31, 2016	March 31, 2015
Interest Income	55.50	105.77
Job work Income	15.35	69.34
Miscellaneous income	57.73	56.03
<b>Total</b>	<b>128.58</b>	<b>231.14</b>

### 22. Cost of Raw Materials consumed

Particulars	For the year ended	
	March 31, 2016	March 31, 2015
Inventory at the beginning of the year	4,013.30	5,237.89
Add: Purchases	10,525.32	9,763.08
Less: Inventory at the end of the Year	2,812.68	4,013.30
	<b>11,725.94</b>	<b>10,987.67</b>

Note 22.1 Cost of raw materials comprises of

Particulars	For the year ended	
	March 31, 2016	March 31, 2015
Yarn	9,880.28	9,258.21
Others	1,845.66	1,729.46
	<b>11,725.94</b>	<b>10,987.67</b>

### 23. Changes in inventories of finished goods work-in-progress and Stock-in-Trade

Particulars	For the year ended		(Increase) / Decrease
	March 31, 2016	March 31, 2015	
Inventory at the end of the year			March 31, 2016
Work in Progress	1,806.02	1,241.31	(564.71)
Finished Goods	3,311.71	3,082.64	(229.07)
	<b>5,117.73</b>	<b>4,323.96</b>	<b>(793.78)</b>
Inventory at the beginning of the year			March 31, 2015
Work in Progress	1,241.31	1,032.60	(208.71)
Finished Goods	3,082.64	2,363.90	(718.74)
	<b>4,323.96</b>	<b>3,396.50</b>	<b>(927.46)</b>

### 24. Employee Benefits Expense

Particulars	For the year ended	
	March 31, 2016	March 31, 2015
Salaries and incentives	2,727.17	2,104.25
Contributions to - Provident fund , E.S.I.C. and other funds	174.39	148.23
Other expenses and provisions	155.09	150.33
<b>Total</b>	<b>3,056.65</b>	<b>2,402.81</b>

Notes forming part of financial statements for the year ended March 31, 2016

**25. Other Expenses**

Particulars	For the year ended	
	March 31, 2016	March 31, 2015
Sewing, Stitching, Processing & Finishing Charges	1,322.81	1,399.11
Power & Fuel	1,618.95	1,779.77
Clearing and Forwarding	781.01	739.20
Repairs & Maintenance:		
Plant & Machinery	223.13	154.69
Building	71.68	50.90
Other Manufacturing Expenses (refer note 25.3)	1,001.92	1,219.24
Rent, Rates & Taxes	166.06	165.41
Stores and spares consumed	225.81	106.75
Audit Fees (refer note 25.1)	6.18	6.66
Miscellaneous expenses (refer note 25.2)	558.57	775.45
Travelling, Vehicle & Conveyance	252.03	186.81
Legal & Professional Fees	188.91	478.59
Insurance Charges	61.12	22.57
Foreign Exchange fluctuation loss (net)	741.40	478.93
Selling & Distribution	97.69	101.76
Excise duty	-	58.25
<b>Total</b>	<b>7,317.27</b>	<b>7,724.09</b>

**25.1 Details of Payments to the auditor**

Particulars	For the year ended	
	March 31, 2016	March 31, 2015
a. as auditor	3.50	3.50
b. for taxation matters	0.80	0.80
c. for certification	1.20	1.20
d. for reimbursement of expenses	0.68	1.16
<b>Total</b>	<b>6.18</b>	<b>6.66</b>

**25.2 Details of Miscellaneous Expenses**

Particulars	For the year ended	
	March 31, 2016	March 31, 2015
Repairs & Maintenance (Others)	43.31	34.45
Books and periodicals	11.99	8.00
Security Expenses	83.60	77.02
Courier Charges	108.07	95.02
Telephone, telex and fax	39.01	37.08
Printing & Stationery	28.87	26.56
Office and General Expenses	124.85	79.02
Commission & Brokerage	24.97	13.31
Compensation on Corporate Guarantee	-	174.26
Others	93.91	230.74
<b>Total</b>	<b>558.57</b>	<b>775.45</b>

## 31st Annual Report 2015-2016

Notes forming part of financial statements for the year ended March 31, 2016

### 25.3 Details of Other Manufacturing Expenses

Particulars	For the year ended	
	March 31, 2016	March 31, 2015
Dyeing Charges	88.79	74.75
Water Charges	230.31	202.77
Packing Material	217.02	214.70
Testing Charges	112.04	100.60
Weaving Charges	66.11	149.11
Wages	122.17	317.34
Others	165.48	159.97
<b>Total</b>	<b>1,001.92</b>	<b>1,219.24</b>

### 26. Depreciation expense

Particulars	For the year ended	
	March 31, 2016	March 31, 2015
Depreciation on tangible assets (refer note 12.2)	1,424.99	492.05
<b>Total</b>	<b>1,424.99</b>	<b>492.05</b>

### 27. Finance Costs

Particulars	For the year ended	
	March 31, 2016	March 31, 2015
Interest expense	1,109.29	1,172.28
Bank Charges	289.10	246.17
<b>Total</b>	<b>1,398.39</b>	<b>1,418.45</b>

### 28. Exceptional items

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

### 29. Related Party Transactions

#### a. Related parties where control exists

<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 Whole - time Director
<b>Key Management Personnel (KMP)</b>	
Ajay Anand	Managing Director
Sanjay Anand	Whole-time Director
Martin Golla	Sr. VP - Legal & Company Secretary (resigned w.e.f 26/03/2016)
Ankit Madhwani	Chief Financial Officer (w.e.f 09/07/2015)

Notes forming part of financial statements for the year ended March 31, 2016

**b. Related parties with whom transactions have taken place**

**i. Sale / purchase of goods and services**

Particulars	Aunde India Limited	
	March 31, 2016	March 31, 2015
Sale of goods	0.14	2.25
Sale of services	2,836.31	2,351.60
Purchase of goods	52.32	0.76
Rent Income	32.41	32.34
Rent Expense	11.74	-
Balance at the year end	444.42	372.65

**ii. Loans and interest payment**

Particulars	V R Woodart Ltd	
	March 31, 2016	March 31, 2015
Loans Received	-	-
Loans Repaid / Adjusted	5.92	0.38
Balance at the year end	39.62	45.54

iii. Particulars	March 31, 2016	March 31, 2015
Remuneration paid to KMPs	116.52	87.98
<b>Total</b>	<b>116.52</b>	<b>87.98</b>

**c. Other transactions**

Lease rent of 6.00 Lacs (PY 6.00 Lacs) has been paid to Rohina Anand for rent of premises and Salary to Ashok Anand 8.14 Lacs (PY 8.14 Lacs). Apart from sale/purchase of goods and services 7.76 Lacs (PY 5.32 Lacs) is paid to Aunde India Limited for reimbursement of Expenses.

**30 Contingent liabilities**

Particulars	March 31, 2016	March 31, 2015
<b>(i) Contingent Liabilities</b>		
(a) Claims against the company not acknowledged as debt	30.13	30.13
(b) Guarantees and Letter of Credit	350.41	261.19
(c) Other money for which the company is contingently liable	280.63	724.75
<b>(ii) Commitments</b>		
(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

**31 Value of imports calculated on CIF basis**

Particulars	March 31, 2016	March 31, 2015
Raw materials	295.34	200.01
Stores and spares	64.11	50.80
<b>Total</b>	<b>359.45</b>	<b>250.81</b>

## 31st Annual Report 2015-2016

### Notes forming part of financial statements for the year ended March 31, 2016

#### 32 Expenditure in Foreign currency on accrual basis

Particulars	March 31, 2016	March 31, 2015
Travelling	21.17	17.96
Interest	636.21	600.95
Professional fees	17.67	17.67
<b>Total</b>	<b>675.05</b>	<b>636.58</b>

#### 33. Imported and indigenous raw materials, components and spare parts consumed

Particulars	March 31, 2016		March 31, 2015	
	% of Total consumption	Value	% of Total consumption	Value
<b>Raw materials</b>				
Imported	2.52	295.34	1.82	200.01
Indigenous	97.48	11,430.60	98.18	10,787.67
<b>Total</b>	<b>100</b>	<b>11,725.94</b>	<b>100</b>	<b>10,987.68</b>
<b>Spare parts</b>				
Imported	28.39	64.11	47.59	50.80
Indigenous	71.61	161.70	52.41	55.95
<b>Total</b>	<b>100</b>	<b>225.81</b>	<b>100</b>	<b>106.75</b>

#### 34 Earnings in Foreign currency

Year of remittance ending on	March 31, 2016	March 31, 2015
Exports at F.O.B value	18,892.71	17,633.33

35 The Company does not have any current tax liability for the year

#### 36 Going Concern

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

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

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

As per our report of even date.

**For Thakur Vaidyanath Aiyar & Co.**

Chartered Accountants  
Firm Rgn. No-000038N

**C. V. Parameswar**

Partner  
M.No.: 11541

Place : Mumbai

Dated : 26th April, 2016

**For and on behalf of Board of directors of  
Faze Three Limited**

**Ajay Anand**

Managing Director  
DIN - 373248

**Sanjay Anand**

Whole Time Director  
DIN - 1367853

**Ankit Madhwani**  
Chief Financial Officer

# 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)

**31st Annual General Meeting on Friday, 30th September, 2016 at 3.30 p.m.**

Folio No. \_\_\_\_\_ DP ID No. \_\_\_\_\_ Client ID No. \_\_\_\_\_

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.

.....>g.....

## 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	L99999DN1985PLC0000197		
Name of the Company	FAZE THREE LIMITED		
Registered office	Survey No. 380/1, Khanvel Silvassa Road, Dapada –396230 Union Territory 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 Thirty First Annual General Meeting to be held on Friday, 30th September, 2016 at 3.30 p.m. at Plot No. 146, Waghdhara Village Road, Dadra- 396193, Union Territory of Dadra & Nagar Haveli and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.:	For	Against
1. Adoption of Financial Statements for the year ended 31st March, 2016.		
2. Re-appointment of Statutory Auditors.		
3. Appointment of Mr. Bheemanna B. Chikkerur as an Executive Director.		
4. Appointment of Mr. Manan Shah as an Independent Director.		
5. Appointment of Ms. Shweta Jain as an Independent Director.		
6. Appointment of Mr. Vinit Rathod as an Independent Director.		
7. Approval of Remuneration payable to Mr. Ajay Anand, Managing Director		
8. Approval of Related Party Transactions.		

Signed this..... day of..... 2016

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.