



September 07, 2022

To,  
**Department of Corporate Services,**  
BSE Limited,  
P. J. Towers, Dalal Street,  
Mumbai – 400 001.

Dear Sir/Ma'am,

**Sub: Submission of 37<sup>th</sup> Annual Report for the Financial Year 2021-22 and Notice of 37<sup>th</sup> Annual General Meeting ('AGM') of the Company.**

**Ref: Faze Three Limited (STOCK CODE: 530079)**

Pursuant to Regulation 34(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are submitting herewith the 37<sup>th</sup> Annual Report of the Company for the Financial Year 2021-22 along with the Notice convening the 37<sup>th</sup> AGM of the Company scheduled to be held on Friday, September 30, 2022 at 10:30 a.m. IST through Video Conferencing (VC) mode.

The aforesaid Notice and Annual Report has been sent to all the members of the Company whose email addresses are registered with the Company and/or Depository Participant(s) and the same is also available on the Company's website at <https://www.fazethree.com/wp-content/files/FAZE3ANNUALREPORT2122.pdf>

You are requested to kindly take the same on record.

Thanking you,

Yours faithfully  
For **Faze Three Limited**

**Ankit Madhwani**  
**Chief Financial Officer**

Encl: A/a

FAZE THREE LIMITED

(CIN: L99999DN1985PLC000197)

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

Corporate Office: 63/64, 6<sup>th</sup> Floor, Wing C, Mittal Court, Nariman Point, Mumbai - 400021.

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



**37<sup>th</sup> Annual Report  
2021-22**

**FAZE THREE LIMITED**  
**37<sup>TH</sup> ANNUAL REPORT 2021-22**

1. Day and Date of Annual General Meeting : Friday, September 30, 2022
2. Time and venue : 10.30 a.m. through Video Conferencing
3. Book Closure : Saturday, September 24, 2022 to  
Friday, September 30, 2022  
(both days inclusive)

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## **BOARD OF DIRECTORS AND MANAGEMENT TEAM**

**Mr. Ajay Anand**  
(DIN: 00373248)  
Chairman & Managing Director

**Mr. Sanjay Anand**  
(DIN: 01367853)  
Whole-time Director

**Mrs. Rashmi Anand**  
(DIN: 00366258)  
Non-Executive Director

**Mr. Ankit Madhwani**  
Chief Financial Officer

**Mr. Akram Sati**  
Company Secretary & Compliance Officer

## **INDEPENDENT DIRECTORS**

**Mr. Vinit Rathod**  
(DIN: 07589863)

**Mr. Manan Shah**  
(DIN: 07589737)

**Mr. Kartik Jethwa**  
(DIN: 08587759)

## **BOARD COMMITTEES**

### **Audit Committee**

Mr. Vinit Rathod (Chairman)  
Mr. Ajay Anand  
Mr. Manan Shah

### **Nomination & Remuneration Committee**

Mr. Vinit Rathod (Chairman)  
Mrs. Rashmi Anand  
Mr. Manan Shah

### **Stakeholders Relationship Committee**

Mr. Vinit Rathod (Chairman)  
Mr. Ajay Anand  
Mr. Manan Shah

### **CSR Committee**

Mr. Ajay Anand (Chairman)  
Mr. Sanjay Anand  
Mr. Manan Shah

## **BANKERS**

Yes Bank Limited  
HDFC Bank Limited  
ICICI Bank Limited  
Standard Chartered Bank Limited  
Federal Bank Limited

## **STATUTORY AUDITORS**

M/s. MSKA & Associates,  
Chartered Accountants, Mumbai.

## **SECRETARIAL AUDITORS**

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

## **REGISTRAR AND SHARE TRANSFER AGENT**

M/s. Link Intime India Pvt. Ltd.  
C-101, 247 Park, LBS Marg, Vikhroli (West),  
Mumbai – 400 083.  
Phone: 022 - 4918 6270 / 1800 1020 878  
Website: <https://linkintime.co.in/>  
Email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

## **CORPORATE OFFICE**

63, Mittal Court, Wing C, Nariman Point,  
Mumbai – 400 021.  
Phone: 022 4351 4444/400

## **MANUFACTURING UNITS**

### **Dapada (Reg. Office)**

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

### **Dadra**

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

### **Vapi**

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

### **Panipat**

**Unit 1:** Jatal Road, Anand Nagar, Panipat, Haryana

**Unit 2:** G.T. Road, Opposite B.B.M.B. Residency Colony,  
Panipat 132103, Haryana

**Unit 3:** Panipat Gohana National Highway -71A, Village  
Mehrana Distt., Panipat-132103, Haryana

### **Aurangabad**

H- 33, MIDC Waluj,  
Aurangabad – 431 136, India



**Faze Three Limited has been declared as the Award Winner of Dun & Bradstreet – Business Enterprises of Tomorrow Awards 2021 under Best Global Business Category (Mid-Corporates).**



**The Dun & Bradstreet Business Enterprises of Tomorrow Awards 2021 Trophy**

The award presentation can be viewed at:  
<https://youtu.be/EwWKfyHEwPw>



The RBL Bank SME Business Excellence Awards 2019 trophy



# LEADING MID-CORPORATES OF INDIA

• 2020 •

Faze Three Limited being part of Leading Mid Corporates of India 2020 published in India by Dun & Bradstreet Information Services India Pvt. Ltd.

The Publication can be viewed at

<https://www.dnb.co.in/events/business-enterprises-of-tomorrow/#aboutPub>



Mr. Ajay Anand and Mr. Sanjay Anand, Directors of Faze Three Limited accepting the **Dun and Bradstreet- RBL Bank SME Business Excellence Awards 2019 in the Mid-Corporate Segment for excellence in the Textiles Sector** alongside Shri Pratap Chandra Sarangi, Hon'ble Minister of State for MSME and Animal Husbandry, Dairying and Fisheries.

NOTICE  
37<sup>TH</sup> ANNUAL GENERAL MEETING OF  
**FAZE THREE LIMITED**

Notice is hereby given that the **THIRTY SEVENTH ANNUAL GENERAL MEETING** of the Members of **FAZE THREE LIMITED** will be held on Friday, 30<sup>th</sup> September, 2022 at 10.30 a.m. through Video Conferencing to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Financial Statements (including Audited Consolidated Financial Statements) for the financial year ended 31<sup>st</sup> March, 2022 together with the Reports of the Auditors and Board of Directors thereon.
2. To appoint a Director in place of Mrs. Rashmi Anand (DIN: 00366258), who retires by rotation and being eligible, offers herself for re-appointment.
3. **To re-appoint M/s. MSKA & Associates, Chartered Accountants as the Statutory Auditors of the Company and to fix their remuneration.**

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

**“RESOLVED THAT** pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, [including any statutory modification(s) or re-enactment(s) thereof for time being in force] and on the recommendation of the Audit Committee and Board of Directors of the Company, M/s. MSKA & Associates (Firm Registration No. 105047W), Chartered Accountants, Mumbai, be and are hereby re-appointed as Statutory Auditors of the Company for a period of 5 consecutive years, to hold the office from the conclusion of this 37<sup>th</sup> Annual General Meeting of the Company till the conclusion of the 42<sup>nd</sup> Annual General Meeting of the Company to be held in the calendar year 2027, at such remuneration as may be mutually agreed between the Board of Directors and the Auditors;

**RESOLVED FURTHER THAT** the Board of Directors and/ or a duly constituted Committee thereof and/or the Company Secretary of the Company be and are hereby severally authorized to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds, matters and things as may be considered necessary or expedient for giving effect to this resolution, inter-alia, filings of required forms / documents with the Ministry of Corporate Affairs and Stock Exchanges and / or other authorities as may be required.”

**SPECIAL BUSINESS:**

4. **Approval for payment of remuneration to Mr. Vishnu Anand, President Marketing, holding the place of profit**

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

**“RESOLVED THAT** pursuant to the provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Meeting of Board and Its Powers) Rules, 2014 [including statutory modification(s) or re-enactment(s) thereof for the time being in force] and on recommendation of Nomination and Remuneration Committee and Board of Directors of the Company, the consent of the Members of the Company be and is hereby accorded for the payment of remuneration of upto INR 100 lakhs per annum (excluding reimbursement of expenses, if any) to Mr. Vishnu Anand for FY 2022-23 and

onwards, holding office or place of profit, as President - Marketing or with such designation as the Board of Directors of the Company may, from time to time, decide, being son of Mr. Ajay Anand, Chairman & Managing Director and Mrs. Rashmi Anand, Non-Executive Director of the Company.

**RESOLVED FURTHER THAT** the Nomination and Remuneration Committee/Board of Directors of the Company be and hereby authorized to alter and vary such remuneration including to promote him and/or to sanction him increments and/or accelerated increments in accordance with the provisions of the Companies Act, 2013, within overall limit of INR 100 Lakhs per annum which shall be deemed to form part hereof with liberty and authority to the Board of Directors to alter and vary the terms and conditions of the said appointment and remuneration from time to time, within the limits approved by the Members and subject to such approvals, as may be necessary, on basis of the annual performance report of Mr. Vishnu Anand and to effect change in his designation and responsibilities;

**RESOLVED FURTHER THAT** for the purpose of giving effect to the foregoing Resolution, the Board of Directors of the Company and Key Managerial Personnel be and is hereby authorized to do all such acts, deeds, matters and things, as may be considered necessary, proper or desirable in the said regard including filling of returns with any authority."

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

**Place:** Mumbai  
**Date:** 30<sup>th</sup> August, 2022

Sd/-  
**Akram Sati**  
Company Secretary



**Notes:**

1. An Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013 (the “Act”), in respect of businesses to be transacted at the Annual General Meeting (“AGM”), as set out under Item No(s). 3 and 4 above and the relevant details of the Director retiring by rotation as mentioned under Item No. 2 above as required by Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) and as required under Secretarial Standards – 2 on General Meetings issued by the Institute of Company Secretaries of India, is annexed thereto.
2. In view of the outbreak of COVID 19 pandemic early in the year 2020 and the restrictions on movement of people and social distancing norms which followed and which are still in place, the Ministry of Corporate Affairs allowed conducting Annual General Meetings (hereinafter referred to as ‘AGM’) through Video Conference (VC) or Other Audio Visual Means (OAVM) during the calendar year 2022. Therefore, pursuant to the general circular no. 2/2022 dated 5<sup>th</sup> May, 2022 read with general circular nos.21/2021 dated 14<sup>th</sup> December, 2021, no. 02/2021 dated 13<sup>th</sup> January, 2021, no. 14/2020 dated 8<sup>th</sup> April, 2020, no. 17/2020 dated 13<sup>th</sup> April, 2020 and no. 20/2020 dated 5<sup>th</sup> May, 2020 issued by the Ministry of Corporate Affairs (“MCA circulars”), the 37<sup>th</sup> Annual General Meeting (AGM) of the members of the Company is being conducted through video conferencing (VC) where the Members can attend and participate in the AGM through the provided VC facility. The Company has availed the services of National Securities Depository Limited (NSDL) for the VC and E-voting arrangements. The detailed procedure for participating in the meeting through VC is annexed herewith (Serial no. 20).
3. In accordance with, MCA circulars and circular no. SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated 13<sup>th</sup> May, 2022 issued by the Securities and Exchange Board of India (“SEBI circular”), the Notice of AGM and Annual Report are being sent in electronic mode to Members whose e-mail address is registered with the Company or the Depository Participant(s). The Notice of AGM along with Annual Report for the financial year 2021-22, is available on the website of the Company at [www.fazethree.com](http://www.fazethree.com), on the website of Stock Exchange i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com) and on the website of NSDL at [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
4. Since the AGM is being conducted through VC, there is no provision for appointment of proxies and hence proxy form and attendance slip are not included in this notice. The members will have to make themselves available at the scheduled time if they wish to attend the meeting.
5. Members will be eligible to participate on first come first serve basis, as participation through VC is limited and will be closed on expiry of 15 minutes from the scheduled time of the AGM. Members can login and join 15 (fifteen) minutes prior to the scheduled time of the meeting and window for joining shall be kept open till the expiry of 15 (fifteen) minutes after the scheduled time.
6. The Register of Members and Share transfer books of the Company will remain closed from Saturday, 24<sup>th</sup> September, 2022 to Friday, 30<sup>th</sup> September, 2022, both days inclusive.
7. Shareholders holding shares in identical order of names in more than one folio, are requested to write to the Company or to the office of the Registrar & Share Transfer Agent, M/s. Link Intime India Private Limited, C 101, 247 Park, LBS Marg, Vikhroli West, 400 083 (RTA) enclosing their share certificate(s) to enable the Company to consolidate their holdings in one single folio.
8. The members holding shares in physical form are requested to register their email address by filing form ISR-1 with the Registrar and Transfer Agent, Link Intime India Private Limited. Pursuant to the SEBI circular No. SEBI/ HO/MIRSD/MIRSD\_RTAMB/P/CIR/2021/655 dated 3<sup>rd</sup> November, 2021 (as amended), the Company has sent letters to the shareholders holding shares in physical form to furnish KYC details which are not registered in their respective folios. Further, the shareholders can also access the relevant forms

on the Company's website at <https://www.fazethree.com/important-announcement-for-physical-shareholders/>.

9. Members holding shares in dematerialised mode are requested to register their email addresses with their respective Depository Participant.
10. Pursuant to the provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('The Rules') notified by the Ministry of Corporate Affairs effective September 7, 2016, all shares in respect of which dividend has not been paid or claimed by the shareholders for seven consecutive years or more are to be transferred to the Investor Education and Protection Fund (IEPF) Suspense Account. As on the date of this notice, the Company has no such shares on which dividend has not been claimed or paid for a consecutive period of seven years.
11. The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, the Register of Contracts or arrangements in which the Directors are interested under Section 189 of the Companies Act, 2013 and all other documents referred to in the Notice will be available for inspection in electronic mode. Members can inspect the same by sending an email to [cs@fazethree.com](mailto:cs@fazethree.com).
12. Pursuant to Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of Listing Regulations, the Company is pleased to provide the facility to the Members to exercise their right to vote on the resolutions proposed to be passed at the AGM by electronic means. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on Friday, 23<sup>rd</sup> September, 2022, i.e. the date prior to the commencement of book closure, being the cut-off date, are entitled to vote on the Resolutions set forth in this Notice. Members may cast their votes on electronic voting system from any place other than the venue of the meeting (remote e-voting). The remote e-voting period will commence at 9.00 a.m. (IST) on Tuesday, 27<sup>th</sup> September, 2022 and will end at 5.00 p.m. (IST) on Thursday, 29<sup>th</sup> September, 2022.
13. The Board of Directors has appointed M/s. Sanjay Dholakia & Associates, Practicing Company Secretaries (Membership No. 2655, CP No. 1798), as the Scrutinizer for scrutinizing the voting process for the AGM in a fair and transparent manner and he has communicated his willingness to be appointed for the said purpose.
14. The Scrutinizer shall, after scrutinizing the votes cast through e-voting during the meeting and through remote e-voting, not later than two working days from the conclusion of the Meeting, make a Scrutinizer's Report and submit the same to the Chairperson / Company Secretary who shall declare the results. Results of the voting will be declared by placing the same along with the Scrutinizer's report on the Company's website at [www.fazethree.com](http://www.fazethree.com) and on the website of NSDL at [www.evoting.nsdl.com](http://www.evoting.nsdl.com) and will also be communicated to BSE Limited at [www.bseindia.com](http://www.bseindia.com).
15. Members who are present in meeting through video conferencing facility and have not casted their vote on resolutions through remote e-voting, shall be allowed to vote through e-voting system during the meeting.
16. The attendance of the Members attending the AGM through VC will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
17. Members who would like to share their views, ask queries/ questions on the Annual Report/ Financial Statements/ affairs of the Company, etc., may send an email from their registered email address mentioning their name, DP ID and Client ID/folio number and mobile number to [cs@fazethree.com](mailto:cs@fazethree.com), at

least 48 hours before the AGM scheduled time which shall be addressed at the AGM suitably.

18. Since the 37<sup>th</sup> AGM is being conducted through VC facility, the Route Map is not annexed in this Notice.

19. **THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING ARE AS UNDER: -**

The remote e-voting period begins on **Tuesday, 27<sup>th</sup> September, 2022 at 9:00 A.M. IST and ends on Thursday, 29<sup>th</sup> September, 2022 at 5:00 P.M. IST**. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the **record date (cut-off date) i.e. Friday, 23<sup>rd</sup> September, 2022**, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being **Friday, 23<sup>rd</sup> September, 2022**.

#### **How do I vote electronically using NSDL e-Voting system?**

*The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:*





#### **Step 1: Access to NSDL e-Voting system**

#### **A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode**

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> <li>Existing <b>IDeAS</b> user can visit the e-Services website of NSDL Viz. <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. On the e-Services home page click on the "<b>Beneficial Owner</b>" icon under "<b>Login</b>" which is available under '<b>IDeAS</b>' section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on "<b>Access to e-Voting</b>" under e-Voting services and you will be able to see e-Voting page. Click on company name or <b>e-Voting service provider i.e. NSDL</b> and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>If you are not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select "<b>Register Online for IDeAS Portal</b>" or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> </ol>

	<p>3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or <b>e-Voting service provider i.e. NSDL</b> and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p> <p>4. Shareholders/Members can also download NSDL Mobile App “<b>NSDL Speede</b>” facility by scanning the QR code mentioned below for seamless voting experience.</p> <p><b>NSDL Mobile App is available on</b></p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>App Store</p>  </div> <div style="text-align: center;">  <p>Google Play</p>  </div> </div>
Individual Shareholders holding securities in demat mode with CDSL	<p>1. Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi.</p> <p>2. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of <b>e-Voting service provider i.e. NSDL</b>. Click on <b>NSDL</b> to cast your vote.</p> <p>3. If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></p> <p>4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. <b>NSDL</b> where the e-Voting is in progress.</p>

Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
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**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.**

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 or 022-23058542-43

**B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.**

**How to Log-in to NSDL e-Voting website?**

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.  
*Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.*
4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID  For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID  For example if your Beneficiary ID is 12***** then your user ID is 12*****
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company  For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below:
- If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
  - How to retrieve your 'initial password'?
    - If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
    - If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered**.
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
- Click on "**Forgot User Details/Password?**" (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - Physical User Reset Password?** (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
  - Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
8. Now, you will have to click on “Login” button.
9. After you click on the “Login” button, Home page of e-Voting will open.

**Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.**

**How to cast your vote electronically and join General Meeting on NSDL e-Voting system?**

1. After successful login at Step 1, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select “EVEN” of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on “VC/OAVM” link placed under “Join Meeting”.
3. Now you are ready for e- Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
5. Upon confirmation, the message “Vote cast successfully” will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**General Guidelines for shareholders**

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [sanjayrd65@gmail.com](mailto:sanjayrd65@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on “Upload Board Resolution/ Authority Letter” displayed under “e- voting” tab in their login.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “[Forgot User Details/Password?](#)” or “[Physical User Reset Password?](#)” option available on [www.Evoting.nsdl.com](http://www.Evoting.nsdl.com) to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to Ms. Soni Singh, Asst. Manager at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).



**20. PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL IDS ARE NOT REGISTERED WITH THE DEPOSITORIES FOR PROCURING USER ID AND PASSWORD AND REGISTRATION OF E MAIL IDS FOR E-VOTING FOR THE RESOLUTIONS SET OUT IN THIS NOTICE:**

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to [cs@fazethree.com](mailto:cs@fazethree.com).
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to [cs@fazethree.com](mailto:cs@fazethree.com).
3. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A)** i.e. **Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.**
4. Alternatively shareholder/members may send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for procuring user id and password for e-voting by providing above mentioned documents.

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

**21. THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:**

- i. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
- ii. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
- iii. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
- iv. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

**22. INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

- i. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of "VC/OAVM link" placed under **"Join meeting"** menu against company name. You are requested to click on VC/OAVM link placed under Join Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
- ii. Members are encouraged to join the Meeting through Laptops for better experience.



- iii. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
  - iv. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
23. Pursuant to Finance Act, 2020, dividend income will be taxable in the hands of the shareholders w.e.f. 1<sup>st</sup> April, 2020 and the Company is required to deduct tax at source ("TDS") from dividend paid to the Members at prescribed rates in the Income Tax Act, 1961 ("the IT Act"). In general, to enable compliance with TDS requirements, Members are requested to complete and / or update their Residential Status, PAN, Category as per the IT Act with their Depository Participants or in case shares are held in physical form, with the Company by sending email to the Company's email address at [cs@fazethree.com](mailto:cs@fazethree.com).
24. **OTHERS:**
- i. Members may please note that SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2022/8 dated January 25, 2022 has mandated the listed companies to issue securities in dematerialized form only while processing service requests viz. Issue of duplicate securities certificate; claim from unclaimed suspense account; renewal/ exchange of securities certificate; endorsement; sub-division/splitting of securities certificate; consolidation of securities certificates/folios; transmission and transposition. Accordingly, Members are requested to make service requests by submitting a duly filled and signed forms as available on the website of the RTA at <https://web.linkintime.co.in/client-downloads.html> and on the website of the Company at <https://www.fazethree.com/important-announcement-for-physical-shareholders-2/>
- It may be noted that any service request can be processed only after the folio is KYC Compliant.
- ii. SEBI has, vide the Circular No. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2021/655 dated November 3, 2021, mandated the furnishing of PAN, Address with PIN, email address, mobile number, bank account details and nomination by holders of physical securities. Folios wherein any one of the cited document / details are not available on or after April 1, 2023, shall be frozen by the Registrars and Transfer Agent of the Company (RTA). The Shareholders are hereby requested to kindly furnish their PAN, Address with PIN, email address, mobile number, bank account details and nomination by holders of physical securities. The forms are duly available on the official website of the RTA of the Company at <https://web.linkintime.co.in/KYC-downloads.html> and on the website of the Company at <https://www.fazethree.com/important-announcement-for-physical-shareholders/>
  - iii. Members are requested to intimate changes, if any, pertaining to their name, postal address, e-mail address, telephone / mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DPs if the shares are held by them in demat form and to Company's RTA if the shares are held by them in physical form in prescribed Form ISR-1 and other forms pursuant to SEBI Circular No. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2021/655 dated November 3, 2021.
  - iv. During the 37<sup>th</sup> AGM, the Chairman shall, respond to the questions raised by the Members in advance sent through email.

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

**Place:** Mumbai  
**Date:** 30<sup>th</sup> August, 2022

**Sd/-**  
**Akram Sati**  
Company Secretary

**ANNEXURE TO THE NOTICE OF THE 37<sup>TH</sup> ANNUAL GENERAL MEETING OF FAZE THREE LIMITED**
**EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013**
**ITEM NO. 3**

The Members of the Company at the 32<sup>nd</sup> Annual General Meeting (“AGM”) of the Company held on 27<sup>th</sup> September 2017 had approved the appointment of M/s. MSKA & Associates, Chartered Accountants, Mumbai, (Firm Registration No. 105047W) as the Statutory Auditors of the Company for a term of five consecutive years to hold office from the conclusion of the 32<sup>nd</sup> AGM of the Company till the conclusion of 37<sup>th</sup> AGM of the Company. In terms of the provisions of Section 139 of the Companies Act, 2013 (“the Act”), the Companies (Audit and Auditors) Rules, 2014, and other applicable provisions, the Company can appoint or reappoint an audit firm as statutory auditors for not more than two (2) terms of five (5) consecutive years. M/s. MSKA & Associates, Chartered Accountants, is eligible for re-appointment for a further period of five years.

Based on the recommendations of the Audit Committee, the Board of Directors, at its meeting held on 21<sup>st</sup> May, 2022, proposed the reappointment of M/s. MSKA & Associates, Chartered Accountants, as the statutory auditors of the Company to hold office for a second term of five consecutive years from the conclusion of the ensuing AGM until the conclusion of the 42<sup>nd</sup> AGM to be held in the calendar year 2027.

M/s. MSKA & Associates, Chartered Accountants, have consented their appointment as the Statutory Auditors and have confirmed that the appointment, if made, would be within the limits specified under Section 141(3)(g) of the Act and that they are not disqualified to be appointed as the Statutory Auditors in terms of the provisions of Section 139 and 141 of the Act and the Rules framed thereunder.

The proposed remuneration to be paid to M/s. MSKA & Associates, Chartered Accountants, for audit services for the financial year ending 31<sup>st</sup> March, 2023, is up to INR 18,50,000 (Rupees Eighteen Lakhs and Fifty Thousand only) plus applicable taxes and out of pocket expenses.

The Board of Directors based on the recommendations of the Audit Committee may approve revisions to the remuneration of the statutory auditors for the remaining part of the tenure. The Board of Directors, in consultation with the audit committee, may alter and vary the terms and conditions of appointment, including remuneration, in such manner and to such extent as may be mutually agreed with the statutory auditors.

**Brief profile of M/s. MSKA & Associates**

M/s. MSKA & Associates is a Chartered Accountancy Firm registered with Institute of Chartered Accountants of India (ICAI) having Firm Registration No. 105047W. Its head office is at Mumbai and nine (9) branches in Pune, Bengaluru, Hyderabad, Gurgaon, Kolkata, Goa, Kochi, Chennai, and Ahmedabad. It provides Audit & Assurance, Tax and Consultancy Services.

The firm holds the ‘Peer Review’ certificate as issued by Institute of Chartered Accountants of India.

The Audit Committee and Board considered various parameters like the capability to serve a diverse business landscape as that of the Company, audit experience in the Company’s operating segments, market standing of the firm, technical knowledge, etc. and found M/s. MSKA & Associates to be best suited to handle the scale and diversity associated with the audit of the financial statements of the Company.

The Board of Directors of the Company recommends passing of the resolution set out in Item No. 3 of the notice as an **Ordinary Resolution**.

None of the Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested, financially or otherwise in passing of the resolution set out at Item No. 3 of this Notice.

#### **ITEM NO. 4**

On the recommendation of the Nomination and Remuneration Committee and Audit Committee, the Board of Directors of the Company at its meeting held on 21<sup>st</sup> May, 2022, approved the payment of remuneration to Mr. Vishnu Anand, holding office or place of profit, as President - Marketing of the Company, up to INR 100 Lakhs for the FY 2022-23 and onwards, subject to the approval of the Members of the Company. The said transaction is in ordinary course of business and at arm's length basis.

Pursuant to the provision of Section 188 of the Companies Act, 2013 ("the Act"), Mr. Vishnu Anand holds office or place or profit in the Company, being son of Mr. Ajay Anand, Chairman & Managing Director and Mrs. Rashmi Anand, Non-Executive Director of the Company.

Further, as per Section 188 of the Act, the approval of the Members of the Company by way of an ordinary resolution is required for payment of remuneration exceeding INR 2,50,000/- per month, to an individual holding office or place of profit in the Company.

Mr. Vishnu Anand has completed his education from Northeastern University in USA, and has been working with the Faze Three Group since 2016-17 in various capacities and at various levels and has been an instrumental part in the growth of the company throughout these years.

Pursuant to SEBI circular no. SEBI/HO/CFD/CMD1/CIR/P/2021/662 dated 22<sup>nd</sup> November, 2021 and Rule 15 of the Companies (Meeting of Board and its Power) Rules, 2014, the minimum information to be placed before the Members for consideration of Related Party Transaction is as under:

Sr. No.	Particulars	Details
1.	Name of the related party	Mr. Vishnu Anand
2.	Nature of relationship [including nature of its interest (financial or otherwise)]	Relative of Key Managerial Personnel and Director
3.	Type of proposed transaction	Payment of Remuneration/ employee benefit
4.	Material terms and particulars of the proposed transaction	Payment of salary against the services rendered by Mr. Vishnu Anand as per the terms of his appointment letter and such other modifications as may be approved by the Board or committee of Board thereon from time to time.
5.	Tenure of the proposed transaction	Annually from FY 2022-23 and onwards.
6.	Value of the proposed transaction	Based on remuneration determined by the Board and subsequent Annual Increments as determined by the Board within overall limit of INR 100 Lakhs per annum from FY 2022-23 onwards
7.	The percentage of the listed entity's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided)	0.19%

8.	Justification as to why the RPT is in the interest of the listed entity.	Mr. Vishnu Ajay Anand joined the company in 2016-17. He has worked across product development, international marketing, key raw materials purchases / creating supply chain, HR, Strategy, etc. functions in the organisation. He leads the company's relationship management across key customers especially new product development. He has been an instrumental part in the growth of the company over these years and deep understanding of micro details across product lines. Prior to joining the company, he has completed his graduation from North Eastern University in USA.
9.	A statement that the valuation or other external report, if any, relied upon by the listed entity in relation to the proposed transaction will be made available through the registered email address of the shareholders.	Not applicable
10.	Whether the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary.	No
11.	Following additional disclosures to be made in case loans, inter-corporate deposits, advances or investments made or given by the Company or its Subsidiary	
A.	Source of funds	Not applicable
B.	In case any financial indebtedness is incurred to make or give loans, intercorporate deposits, advances or investment: • nature of indebtedness • cost of funds and • tenure of the indebtedness	Not applicable
C.	Applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security.	Not applicable
D.	The purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.	Not applicable

The Board of Directors of the Company recommends passing of the resolution set out in Item No. 4 of the notice as an **Ordinary Resolution**.

Except for Mr. Ajay Anand, Mrs. Rashmi Anand and Mr. Sanjay Anand, none of the Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested, financially or otherwise in passing of the resolution set out at Item No. 4 of this Notice.

**INFORMATION PURSUANT TO SECRETARIAL STANDARDS-2 AND REGULATION 36(3) OF THE SEBI (LODR) REGULATIONS, 2015**

Details of the Directors proposed to be appointed/ re-appointed and the terms of proposed remuneration of the Directors are given herein below:

**Details of Director eligible to retire by rotation – Mrs. Rashmi Anand (Item No.:2)**

Sr. No.	Particulars	Mrs. Rashmi Anand		
1.	Director Identification Number	00366258		
2.	Age	63 years		
3.	Date of Birth	24 <sup>th</sup> September, 1958		
4.	Qualification	B.A., LLB		
5.	Brief Resume & Experience/ Expertise	Brief resume with qualifications, experience and nature of expertise of Mrs. Rashmi Anand is stated in the Directors Profile section and List of Skills & expertise section of the Corporate Governance Report.		
6.	Terms and conditions of appointment or re-appointment	Mrs. Rashmi Anand (DIN: 00366258), retires by rotation and being eligible, offers herself for re-appointment to the members at the ensuing Annual General Meeting of the Company.		
7.	Date of first appointment on the Board	From 28/11/1996 up to 17/06/2014 and again appointed on 23/08/2019		
8.	Remuneration to be paid	NIL		
9.	The last drawn remuneration	NIL		
10.	Shareholding in the Company including beneficial ownership as on date	3,43,990 (1.41%) Equity shares		
11.	Relationship with Other Directors, Manager and other Key Managerial Personnel of the Company	Mrs. Rashmi Anand is wife of Mr. Ajay Anand (Promoter and Managing Director) and sister in law of Mr. Sanjay Anand (Promoter & Whole-time Director) of the Company.		
12.	The Number of Meetings of the Board attended during FY 2021-22	4 out of 6		
13.	Directorship in other listed entities as on date	Faze Three Autofab Limited – Non-Executive Non-Independent Director V.R.Woodart Limited – Whole-time Director		
14.	Resignation from listed entity, if any in the past three years	None		
15.	Memberships / Chairmanship of Committees of other Companies as on date	Position	Committee	Company
		Member	Nomination & Remuneration	Faze Three Autofab
		Member	Corporate Social Responsibility	Limited

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

**Place:** Mumbai

**Date:** 30<sup>th</sup> August, 2022

**Sd/-  
Akram Sati  
Company Secretary**

**DIRECTORS' REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2022**

To,  
The members of  
**Faze Three Limited**

Your Directors are pleased to present the 37<sup>th</sup> Annual Report of your Company containing the business performance and the Audited Financial Statements for the year ended on 31<sup>st</sup> March, 2022.

**1. FINANCIAL PERFORMANCE (Standalone & Consolidated):**

(INR in Crores)

Particulars	For the Year ended 31.03.2022 (Standalone)	For the Year ended 31.03.2022 (Consolidated)	For the Year ended 31.03.2021 (Standalone)	For the Year ended 31.03.2021 (Consolidated)
Revenue from Operations	505.01	504.46	323.95	324.59
Other Income	6.98	6.98	2.35	2.13
<b>Profit before tax</b>	<b>71.39</b>	<b>71.40</b>	<b>35.41</b>	<b>35.33</b>
Provision for taxation (incl. deferred tax)	20.32	20.32	10.40	10.40
<b>Profit for the year</b>	<b>51.07</b>	<b>51.08</b>	<b>25.01</b>	<b>24.93</b>
Other comprehensive income for the year	1.23	1.00	(0.14)	(0.11)
<b>Total comprehensive income for the year</b>	<b>52.30</b>	<b>52.08</b>	<b>24.87</b>	<b>24.82</b>

The standalone and consolidated financial statements for the financial year ended 31<sup>st</sup> March, 2022, forming part of this Annual Report, have been prepared in accordance with the Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs.

**2. KEY HIGHLIGHTS OF THE FINANCIAL PERFORMANCE/ STATE OF THE COMPANY'S AFFAIRS:**

During the year under review, the Company achieved consolidated revenue from operations of INR 504.46 Crores as against INR 324.59 Crores in the previous year.

The total Standalone Income for the Quarter ended (QE) March 2022 stood at INR 157.06 Crores versus INR 108.67 Crores for QE March 2021. The Results for the quarter ended March 2022 of the Company reported the highest ever quarterly Total Income and Net Profit figures since its inception.

The Company's Standalone Net Profit after Tax (NPAT) for year ended 31<sup>st</sup> March, 2022 stood at INR 51.07 Crores versus INR 25.01 Crores for year ended 31<sup>st</sup> March, 2021, depicting a growth of 104% y-o-y basis. And the Consolidated NPAT for year ended 31<sup>st</sup> March, 2022 stood at INR 51.08 Crores as against NPAT of INR 24.93 Crores for year ended 31<sup>st</sup> March, 2021.

The Total Income & NPAT for the Year Ended 31<sup>st</sup> March, 2022 are the highest yearly figures recorded by the Company and the Company expects positive movement in the above based on the current visibility and pipeline customers.

There was no change in the nature of the business of the Company during the period.

**3. DIVIDEND:**

During the year under review, your Directors have decided to retain the resources to fuel the growth and objectives of the Company. The Directors are confident to derive optimum utilization out of the same, which shall be in the best interest of the stakeholders.

**4. SHARE CAPITAL:**

The Authorised Share Capital of the Company is INR 26,00,00,000/- divided into 2,60,00,000 equity shares of face value of INR 10/- each. The paid-up share capital of the Company is INR 24,31,90,000/- divided into 2,43,19,000 equity shares of face value of INR 10/- each.

During the F.Y. 2021-22 there was no change in the share capital of the Company.

**5. RESERVES:**

There were no appropriations to reserves/ general reserves during the year under review. The closing balance of the free reserves of the Company for FY 2021-22 was INR 169.90 Crores.

**6. DEPOSITS/ LOANS FROM DIRECTORS:**

The Company has not accepted any deposits from the public falling within the ambit of Section 73 and 76 of the Companies Act, 2013 ("the Act") and the Companies (Acceptance of Deposits) Rules, 2014, or under Chapter V of the Act. Your Company has not accepted any deposit or any loan from the directors during the year under review.

**7. SUBSIDIARY OR ASSOCIATE OR JOINT VENTURE COMPANY:**

The Company has two wholly owned subsidiaries as on 31<sup>st</sup> March, 2022, namely:

**i. Faze Three US LLC**

The Company has a wholly owned subsidiary (WOS) in USA namely Faze Three US LLC which is a front office of the Company in USA and is actively engaged in sourcing local business within USA for supplying the Company's range of products to stores/ retailers.

The Total Income for FY 2021-22 stood at USD 1.37 MN vs USD 1.03 MN for FY 2020-21. The PBT for FY 2021-22 stood at USD MN 0.004 as against PBT USD MN 0.003 during previous year.

**ii. Mats and More Private Limited**

During the Financial Year 2021-22, the Company has incorporated a wholly owned subsidiary named "Mats and More Private Limited" on March 11, 2022. The WOS is engaged in the business of manufacturing, import, export and dealing in patio mats, floor covering, indoor and outdoor furnishing products including other furnishing products.

Pursuant to the provisions of Section 129(3) of the Act, a statement containing salient features of financial statements of the WOS in Form AOC-1 is attached to the Consolidated Financial Statements. The separate audited financial statements in respect of the WOS are also available on the website of the Company at <https://www.fazethree.com/financial-result/>.

There were no other companies, which have become or ceased to be Subsidiary, Associate or Joint Venture of the Company during the period under review.

#### **8. DIRECTORS' RESPONSIBILITY STATEMENT:**

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

- (i) in the preparation of the Annual Financial Statements for the year ended 31<sup>st</sup> March, 2022, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- (ii) such accounting policies as mentioned in Notes to Financial Statements have been selected and applied consistently and judgements 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 31<sup>st</sup> March, 2022 and of the Profit of the Company for the year ended on that date;
- (iii) proper and sufficient care have been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the Annual Financial Statements have been prepared on a going concern basis;
- (v) proper internal financial controls were in place and that the financial controls were adequate and were operating effectively;
- (vi) proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

#### **9. NUMBER OF MEETINGS OF THE BOARD AND ITS COMMITTEES:**

The Board and Committees of the Board meets at regular intervals to discuss and decide on Company/ Business policy and strategy apart from other Board business. In case of a special and urgent business need, where the meeting of the Board of Directors is not envisaged, the Board's approval is taken by passing resolutions by circulation, as permitted by law, which are noted and confirmed in the subsequent Board Meeting.

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

#### **10. CHANGES IN DIRECTORS AND/ OR KEY MANAGERIAL PERSONNEL:**

In accordance with Section 152 of the Act, Mrs. Rashmi Anand - Non-Executive Director (DIN: 00366258) is liable to retire by rotation and being eligible has offered herself for re-appointment. The Board recommends her re-appointment to the shareholders at the ensuing Annual General Meeting.

During the year under review following changes took place in the position of Directorship and Key Managerial Personnel:

- i. Mr. Ajay Anand (DIN: 00373248) was re-appointed as the Managing Director of the Company for a period of three (3) years with effect from 1<sup>st</sup> April, 2022 to 31<sup>st</sup> March, 2025.



- ii. Mr. Sanjay Anand (DIN: 01367853) was re-appointed as the Whole-time Director of the Company for a period of three (3) years with effect from 1<sup>st</sup> April, 2022 to 31<sup>st</sup> March, 2025.
- iii. Mr. Vinit Rathod (DIN: 07589863) and Mr. Manan Shah (DIN: 07589737) were re-appointed as Independent Directors of the Company for a second term of five (5) years commencing from 12<sup>th</sup> August, 2021 to 11<sup>th</sup> August, 2026.

There were no other changes in the composition of the Board of Directors, Key Managerial Personnel and the Board Committees during the year under review.

Following are the Key Managerial Personnel as on 31<sup>st</sup> March, 2022:

Mr. Ajay Anand	– Managing Director
Mr. Sanjay Anand	– Whole-time Director
Mr. Ankit Madhwani	– Chief Financial Officer
Mr. Akram Sati	– Company Secretary and Compliance Officer

The Company has complied with the requirements of having Key Managerial Personnel as per the provisions of Section 203 of the Act.

## 11. PERFORMANCE EVALUATION OF BOARD:

Pursuant to Section 178 of the Act read with Schedule IV thereto and Regulation 17 of the Securities and Exchange Board of India (“SEBI”) (Listing Obligations and Disclosure Requirements), Regulations 2015 (“Listing Regulations”), a formal evaluation of Board’s performance and that of its Committees and individual directors has been carried out by the Board.

The evaluation of all the directors including independent directors was carried out by the entire Board, except for the director being evaluated. The performance is evaluated after seeking inputs from all the Directors on the basis of the criteria such as the Board composition and structure, experience and competencies, attendance, effectiveness of board processes, information and functioning, independent approach, etc. The above criteria are broadly based on the Guidance Note on Board Evaluation issued by the SEBI on 5<sup>th</sup> January, 2017.

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, attendance of the members, recommendations to the Board and their implementation, effectiveness of committee meetings, etc.

The Independent Directors at their meeting held on March 15, 2022 evaluated the performance of the Non-Independent Directors, the Chairman and Board as a whole.

The Board of Directors expressed their satisfaction to the outcome of the aforesaid evaluations.

## 12. DECLARATION BY INDEPENDENT DIRECTORS:

The Company has received necessary declaration from each Independent Director under Section 149(7) of the Act, that they meet the criteria of independence laid down in Section 149(6) of the Act and Regulation 25 of Listing Regulations and they have registered themselves with the Independent Director’s Database maintained by the Indian Institute of Corporate Affairs.

The Board is of the opinion that the Independent Directors of the Company hold highest standards of integrity and possess requisite expertise and experience (including proficiency) required to fulfill their duties as Independent Directors.

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

The Board members are provided with necessary documents, reports and internal policies to enable them to familiarise with the Company's procedures and practices.

Pursuant to the SEBI regulations, the Company organises Familiarization Programme periodically 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 Board familiarization process comprises of the induction programme for new independent Directors, sessions on business and functional issues and strategy making. Periodic presentations are made at the Board and Committee meetings on business and performance updates of the Company including finance, sales, and overview of business operations, business strategy and risks involved.

During the year under review, apart from regular briefing at various meetings as well as periodical reports, one separate familiarization programme was held on February 11, 2022. The policy for Familiarization Programme for the Independent Directors is available on website of the Company at <https://www.fazethree.com/corporate-governance/>.

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

Disclosure pertaining to remuneration of employees as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed to the Report as **Annexure I**.

The information required pursuant to Section 197 of the Act read with Rule 5(2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, will be provided on request. In terms of Section 136 of the Act, the reports and accounts are being sent to the shareholders and others entitled thereto, excluding the said information, which will be made available for inspection by the shareholders in electronic mode, up to the date of AGM. Members can inspect the same by sending an email to the Company Secretary in advance at [cs@fazethree.com](mailto:cs@fazethree.com).

As on 31<sup>st</sup> March, 2022, the Company has no employee who:

- (i) if employed throughout the financial year, was in receipt of remuneration, in aggregate of INR 102.00 Lakhs or more, per annum or
- (ii) if employed for part of the financial year, was in receipt of remuneration, in aggregate of INR 8.50 lakhs or more, per month
- (iii) if employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company.

**15. ANNUAL RETURN:**

Pursuant to the provisions of Sections 134(3)(a) and 92(3) of the Act read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the Annual Return as on 31<sup>st</sup> March, 2022, is placed on the website of the Company at <https://www.fazethree.com/corporate-governance/>

**16. AUDIT COMMITTEE:**

The Audit Committee of the Board of Directors of the Company is duly constituted pursuant to Section 177 of the Act and Regulation 18 of Listing Regulations.

As on 31<sup>st</sup> March, 2022, the Audit Committee comprises of 3 (three) members namely Mr. Vinit Rathod (Chairman), Mr. Ajay Anand (Member) and Mr. Manan Shah (Member). Other details pertaining to the Audit Committee are included in the Corporate Governance Report, which forms part of this report. All the Members of the Committee are adequately literate to understand the financial and other aspects. All the recommendations made by the Committee during the period were accepted by the Board.

**17. NOMINATION AND REMUNERATION COMMITTEE:**

The Nomination and Remuneration Committee of the Board of Directors of the Company is duly constituted pursuant to Section 178(1) of the Act and Regulation 19 of Listing Regulations.

The Nomination and Remuneration Committee is responsible for evaluating the balance of skills, experience, independence, diversity and knowledge on the Board and for drawing up selection criteria. The Board of Directors of the Company has defined a policy on Director's appointment and payment of remuneration including criteria for determining qualifications, positive attributes and independence of Directors and terms of reference of the Committee which is available on the website of the Company at <https://www.fazethree.com/policies/>.

As on 31<sup>st</sup> March, 2022, the Nomination & Remuneration Committee comprised of 3 (three) members all being Non-Executive Directors namely Mr. Vinit Rathod (Chairman), Mrs. Rashmi Anand (Member) and Mr. Manan Shah (Member). All the recommendations made by the Committee during the period were accepted by the Board.

**18. STAKEHOLDERS' RELATIONSHIP COMMITTEE:**

Stakeholders' Relationship Committee of the Board of Directors of the Company is duly constituted pursuant to Section 178(5) of the Act and Regulation 20 of the Listing Regulations.

As on 31<sup>st</sup> March, 2022, the Stakeholders Relationship Committee comprises of 3 (three) members namely Mr. Vinit Rathod (Chairman), Mr. Ajay Anand (Member) and Mr. Manan Shah (Member). Other details pertaining to the Committee are included in the Corporate Governance Report, which forms part of this report.

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

Business cannot exist in isolation and for a business to be profitable, it needs to consider the Social Responsibility in order to build a positive synergy between the two. The Company has always considered Social Responsibility as an integral part of sustainable growth and has been over the years contributing towards it in various ways. The management of the Company endeavors for the upliftment of the society and the natural resources which are essential for overall economic growth.

The Company was entitled to spend INR 51,11,794/- (Fifty One Lakhs Eleven Thousand Seven Hundred and Ninety Four only) towards the CSR activities. However, considering the fund size of projects selected for CSR and on recommendation of CSR Committee, the Company made CSR contribution of INR 1,48,00,000/- (One Crore Forty Eight lakhs only) during FY 2021-22, towards CSR activities by way of donations for promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects and promoting health care including preventive health care and sanitation.

The brief outline of the Corporate Social Responsibility (CSR) policy of the Company and the initiatives undertaken by the Company on CSR activities during the year are set out in **Annexure II** of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014.

The CSR policy has been posted on the website of the Company at <https://www.fazethree.com/policies/>.

## 20. CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION:

The information as required under Section 134(3)(m) of the Act 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 III**.

## 21. CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

The Company has entered into transactions with related parties as defined under Section 2(76) during the financial year. All related party transactions were carried out at arm's length price and/ or in the ordinary course of business. The approval of the Audit Committee has been obtained for all the transactions and the approval of the Board of Directors has been obtained wherever necessary at the beginning of the year or before entering into the transaction. The said transactions are subject to review by the Audit Committee every quarter. There were no material related party transactions with related parties during the financial year. The Company doesn't foresee material related party transactions in FY 2022-23 requiring members approval under Section 188 of the Act read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 23 of the Listing Regulations.

The policy on Related Party Transactions as approved by the Board is available on the website of the Company at <https://www.fazethree.com/policies/>.

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 IV**.

## 22. MATERIAL CHANGES AND COMMITMENT AFFECTING FINANCIAL POSITION OF THE COMPANY:

There are no material changes or commitments, affecting the financial position of the Company which has occurred between the end of the financial year of the Company i.e. 31<sup>st</sup> March, 2022 and the date of the Directors' report.

## 23. VIGIL MECHANISM / WHISTLE BLOWER POLICY:

The Company has a Whistle Blower Policy and has established the necessary vigil mechanism for directors and employees in confirmation with Section 177(9) of the Act and Regulation 22 of Listing Regulations, to report concerns about unethical behavior and provide appropriate avenues to the Directors and

employees to bring to the attention of the management any issue which is perceived to be in violation of or in conflict with the Code of Conduct of the Company and 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 at <https://www.fazethree.com/policies/>.

During the year under review, no complaint or adverse reporting was received by the designated officer of the Company.

**24. DISCLOSURE AS PER SEXUAL HARRASMENT OF WOMEN AT WORKPLACE (PREVENTION PROHIBITION AND REDRESSAL) ACT, 2013:**

The Company has zero tolerance towards sexual harassment at the workplace. The Company has adopted Prevention of Sexual Harassment Policy in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder.

The Company has complied with the provisions relating to the constitution of the Internal Committee as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The Company has not received any complaint or adverse reporting during the year.

**25. RISK MANAGEMENT:**

The Company has in place a mechanism to inform Board of Directors about the Risk assessment and risk minimization procedures and periodical reviews to ensure that risk is controlled by the management through the means of a properly laid-out framework. The Audit Committee has additional oversight in the area of financial risks and controls. The major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

**26. INTERNAL FINANCIAL CONTROLS:**

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

**27. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**

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

**28. CORPORATE GOVERNANCE:**

The Company believes in transparency and 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 Listing Regulations. A report on Corporate Governance is annexed to this report as **Annexure VI**.

## 29. AUDITORS AND THEIR REPORT:

### A. STATUTORY AUDITORS AND AUDITORS' REPORT

M/s. MSKA & Associates, Chartered Accountants (Firm Registration No. 105047W), were appointed as the Statutory Auditor by the members of the Company in the 32<sup>nd</sup> Annual General Meeting ("AGM") of the Company for a period of 5 years i.e. till the conclusion of the ensuing 37<sup>th</sup> AGM.

As per the provision of Section 139 of the Act, the Board of Directors on the recommendation of Audit Committee, approved the re-appointment of M/s. MSKA & Associates, Chartered Accountants as the Statutory Auditors of the Company, for second term to hold the office for further period of 5 (five) consecutive years, from the conclusion of the ensuing 37<sup>th</sup> AGM of the Company till the conclusion of the 42<sup>nd</sup> AGM of the Company to be held in the year 2027, subject to approval of Members of the Company at the ensuing 37<sup>th</sup> AGM.

M/s. MSKA & Associates, Chartered Accountants, (i) have expressed their willingness to be reappointed for a further term of five years, (ii) have submitted their confirmation to the effect that they continue to satisfy the criteria provided in Section 141 of the Act and (iii) that their appointment is within the limits prescribed under Section 141(3)(g) of the Act.

A resolution proposing re-appointment of M/s. MSKA & Associates, Chartered Accountants as the Statutory Auditors of the Company and their remuneration pursuant to Section 139 of the Act, along with the explanatory statement, forms part of the Notice of 37<sup>th</sup> AGM.

The Auditor's Report on IND AS financial statements of the Company for the FY 2021-22, as submitted by M/s. MSKA & Associates, Chartered Accountants, did not contain any qualifications, reservations or adverse remarks and are self-explanatory.

There have been no instances of fraud reported by the Auditors under Section 143(12) of the Act and Rules framed thereunder either to the Company or to the Central Government.

### B. SECRETARIAL AUDIT REPORT:

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 undertaken Secretarial Audit for the FY 2021-22 by appointing M/s. Sanjay Dholakia & Associates, Practicing Company Secretary, which, inter alia, includes audit of compliance with the Companies Act, 2013, and the Rules made thereunder, SEBI Listing Regulations and other Regulations and Acts applicable to the Company. The Secretarial Audit Report is annexed to this report as **Annexure VII**.

The observation or remarks provided by the Secretarial Auditor in the Secretarial Audit Report are self-explanatory. There is no fraud reported by the Secretarial Auditor during the year under review as per Section 143(12) of the Act and Rules framed thereunder either to the Company or to the Central Government.

The Board of Directors at their meeting held on 21<sup>st</sup> May, 2022 has appointed M/s. Sanjay Dholakia & Associates, Practicing Company Secretaries (Certificate of Practice No. 1798), as the Secretarial Auditor for FY 2022-23.

**30. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS:**

Details of loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 is given in the notes to the financial statements.

**31. DISCLOSURE ON ACCOUNTING TREATMENT:**

The Company has not used any differential treatment which is not in compliance with Accounting Standards and the financials of the Company depict a true and fair view of the state of affairs of the Company.

**32. FRAUD REPORTED BY THE AUDITORS, IF ANY:**

There is no fraud reported by the Auditors during the year under review as per Section 143(12) of the Companies Act, 2013.

**33. OBSERVATIONS – STATUTORY AUDITOR & SECRETARIAL AUDITOR:****Statutory Auditor:**

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

**Secretarial Auditor:**

The observation or remarks provided by the Secretarial Auditor in the Secretarial Audit Report are self-explanatory.

**34. COST AUDIT AND RECORDS:**

The Company maintains the cost records of its products as per the provisions of sub-section (1) of Section 148 of the Act. Pursuant to the provisions of Rule 4(3)(i) of the Companies (Cost Records and Audit) Rules, 2014 the requirement of Cost Audit is not applicable to the Company.

**35. SECRETARIAL STANDARDS:**

During the year under review, the Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

**36. SIGNIFICANT MATERIAL ORDERS PASSED BY COURTS, IF ANY:**

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

**37. DETAILS OF APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 DURING THE YEAR ALONG WITH THEIR STATUS AS AT THE END OF THE FINANCIAL YEAR:**

No application has been made under the Insolvency and Bankruptcy Code. The requirement to disclose the details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 during the year along with their status as at the end of the financial year is not applicable.

**38. THE DETAILS OF THE DIFFERENCE BETWEEN THE AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE-TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING A LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS ALONG WITH THE REASONS THEREOF:**

The above is not applicable during the year under review.

**39. BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT ("BRSR"):**

Pursuant to Regulation 34(2)(f) of the Listing Regulations, the initiatives taken by the Company from an environmental, social and governance perspective, are provided in the Business Responsibility and Sustainability Report ("BRSR") which is included as a separate section in the Annual Report.

**40. POLICIES UNDER LISTING REGULATIONS:**

The SEBI Listing Regulations mandated the formulation of certain policies for all listed Companies which are as under.

- a. Documents Retention & Archival Policy' as per Regulation 9 and Regulation 30 which may be viewed at <https://www.fazethree.com/policies/>
- b. Policy for determining Materiality of events / information' as per Regulation 30 which may be viewed at <https://www.fazethree.com/policies/>
- c. Policy for determining material subsidiary' as per Regulation 16(1)(c) of the Listing Regulations which may be viewed at <https://www.fazethree.com/policies/>

**41. OTHER DISCLOSURES:**

- The Company has not issued any shares with differential voting during the year under review.
- There were no revisions in the financial statements from the end of the Financial Year to date of the Director Report.
- The Company has neither issued any shares nor granted any Stock Options nor any Sweat Equity Shares during the year.

**42. ACKNOWLEDGEMENT:**

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

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

**Date:** 21<sup>st</sup> May, 2022  
**Place:** Mumbai

**Sd/-  
Ajay Anand  
Chairman & Managing Director  
DIN: 00373248**



## ANNEXURE I

**Statement of Disclosure of Remuneration under Section 197 of Companies Act, 2013 and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.**

1. The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year:

Name of Director	Designation	Ratio to median remuneration of the Employees
Mr. Ajay Anand	Managing Director	22.50:1
Mr. Sanjay Anand	Whole time Director	12.67:1

**Note:** Since Non-Executive and Independent Directors received no remuneration, except sitting fees for attending Board / Committee meetings, the required details are not applicable.

2. The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:

Name	Designation	% Increase / Decrease of remuneration in 2022 as compared to 2021
Mr. Ajay Anand	Managing Director	NIL
Mr. Sanjay Anand	Whole Time Director	NIL
Mr. Ankit Madhwani	Chief Financial Officer	NIL
Mr. Akram Sati*	Company Secretary	N.A.

\*Mr. Akram Sati was appointed as Company Secretary and Compliance Officer w.e.f. March 07, 2021, hence not comparable with FY 2021-22

3. The percentage increase in median remuneration of employees in the financial year 1.67%
4. There were **566** permanent employees except employees on the rolls of the Company as on 31<sup>st</sup> March, 2022.
5. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

*The median percentage increase made in the salaries of employees other than managerial remuneration was in the range of **12-15 %** whereas the increase in the remuneration of Managerial personnel was **Nil**.*

6. We hereby affirm that the remuneration paid during the year ended 31<sup>st</sup> March, 2022 is as per the Remuneration Policy of the Company.

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

**Date:** 21<sup>st</sup> May, 2022  
**Place:** Mumbai

**Sd/-  
Ajay Anand  
Chairman & Managing Director  
DIN: 00373248**

## Annexure II

## ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

## 1. Brief outline on CSR Policy of the Company

The Company has always recognized that its business is a part of the community where it operates. The CSR activities/projects are aligned to assist weaker and underprivileged sections of the society. The Company strives to implement its CSR programmes directly or in collaboration with other associations/trusts/NGO registered with concerned regulatory authorities who has expertise as well as establish presence in area for effective implementation of projects / use of funds.

The Company has undertaken various CSR initiatives so far including promoting skill and education among children and the down trodden especially scheduled castes, scheduled tribes, minorities, BPL's and other backward communities etc. The Company will continue to contribute in these areas and will simultaneously explore the opportunities to contribute towards other social causes through its CSR program.

## 2. Composition of CSR Committee:

Sr. No.	Name of the Director	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. Ajay Anand	Chairperson/Executive Director	2	2
2.	Mr. Manan Shah	Member/Independent Director	2	2
3.	Mr. Sanjay Anand	Member/Executive Director	2	2

3. The web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company. : Committee Composition: <https://www.fazethree.com/board-committees/>  
CSR Policy: <https://www.fazethree.com/policies/>

4. Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report). : Not Applicable

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:

Sr. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be set-off for the financial year, if any (in Rs)
Not Applicable			

6. Average net profit of the company as per section 135(5): INR 25,55,89,699/-

7. (a) Two percent of average net profit of the company as per section 135(5): INR 51,11,794 /-
- (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil
- (c) Amount required to be set off for the financial year, if any: Nil
- (d) Total CSR obligation for the financial year (7a+7b-7c): INR 51,11,794 /-
8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in INR)	Amount Unspent (in INR)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of Transfer	Name of Fund	Amount	Date of Transfer
1,48,00,000	Nil	N.A.	N.A.	Nil	N.A.

- (b) Details of CSR amount spent against **ongoing projects** for the financial year: **Not applicable**
- (c) Details of CSR amount spent against **other than ongoing projects** for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Amount spent for the project (in INR)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration Number
1.	Contribution for Schedule VII activities (Donation to Charitable Trust)	(ii) Promoting education	No	Maharashtra	Mumbai	25,000	No	Rotary Club of Worli Bombay Trust	CSR00004993
		(ii) Promoting education	No	Maharashtra	Mumbai	25,000		Helping Hands Foundation	CSR00005639
		(ii) Promoting education	No	Gujarat	Surendranagar	85,00,000		Shri Jagatbharti Education and Cheritable Trust.	CSR00007065
		(ii) Promoting education	No	Gujarat	Narmada	62,50,000		Sports and Adventure Association of Narmada	CSR00009253

- (d) Amount spent in Administrative Overheads : Nil

- (e) Amount spent on Impact Assessment, if applicable : **Not Applicable**
- (f) Total amount spent for the Financial Year (8b+8c+8d+8e) : INR 1,48,00,000/-
- (g) Excess amount for set off, if any : INR 96,88,206/-

Sr. No.	Particular	Amount (in INR)
(i)	Two percent of average net profit of the company as per Section 135(5)	51,11,794 /-
(ii)	Total amount spent for the Financial Year	1,48,00,000/-
(iii)	Excess amount spent for the financial year [(ii)-(i)]	96,88,206/-
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	96,88,206/-

9. (a) Details of Unspent CSR amount for the preceding three financial years: **Not Applicable**

(b) Details of CSR amount spent in the financial year for **ongoing projects** of the preceding financial year(s):  
**Not Applicable**

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year - **Not Applicable**

11. Amount of CSR spent for creation or acquisition of capital asset - **Not Applicable**

12. Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. - **Not Applicable**

13. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5) - **Not Applicable**

For and on behalf of Board of Directors  
Faze Three Limited

Date: 21<sup>st</sup> May, 2022  
Place: Mumbai

Sd/-  
Ajay Anand  
Chairman & Managing Director  
DIN: 00373248

Sd/-  
Sanjay Anand  
Whole Time Director  
DIN: 00366258

### Annexure III

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

#### CONSERVATION OF ENERGY

##### A. Steps taken for Conservation of energy and for utilizing alternate sources of energy:

The Company regularly undertakes required steps for conservation of energy leading to sustainability. All manufacturing processes and products are designed for minimising carbon footprints are being continuously upgraded to consistently accomplish this goal. The company has continued its quest to make its process and product environment friendly and energy efficient. The Company is also actively contributing to the Sustainability projects initiated by its customers for conservation of resources.

Our manufacturing operations fulfil energy requirements from a variety of sources like electricity from the grid, natural gas, diesel, LPG, and solar power. The Company has Installed 110 kWh of rooftop solar project at its Dadra property for generation of renewable energy. The Company has further commissioned installation of 1.0 MW of Solar Rooftop at Silvassa units in Apr 2022 which would generate around 30% of current electricity consumption at said units. Apart from being cost effective, it enhances goal & commitment towards ESG.

The Company has also continued its effort for rain water harvesting at all units in west India, the water collected from water harvesting is helping recharge the ground water levels as well as stored for future use. These efforts are ensuring increase in ground water around the factory premises as well as availability of water throughout the year for operations as well.

The Company has also continued its efforts to save energy through various initiatives of increase in use of LED lamps in vicinity of factory as well as installation of LED lights at factories. Installation of transparent sheets around warehouse and at the roof top of factory to save the energy. The newly built expanded capacity at Silvassa consist of lithium Ion MHE (warehouse truck & forklifts) leading to efficiency, energy saving and further additions towards ESG goals.

##### B. Capital investment on energy conservation equipments:

The Company is always reviewing its process to make them more sustainable. The new machines are reviewed from the point of view of energy consumption as well along-with production efficiency and output while making purchase decisions. Energy consumption and sustainability were at the core of new expansions of various units. The newly built expanded capacity at Silvassa consist of lithium Ion MHE (warehouse truck & forklifts) leading to efficiency, energy saving. Further, as informed earlier, your company has also commissioned installation of 1.0 MW of Solar Rooftop at Silvassa units to use alternative energy source.

#### RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION

The Research & Development along-with Technology Absorption is continued function. Your Company is always looking at developing new products. Your company operates in industry where innovative design and new ideas are continuous process. The Company has in-house design, R&D, new development team backed by production across all product lines. Development team work closely with the business to create exciting innovations that help us win with our consumers. FTL has continued its pursuit for creative ideas, innovative designs and value additions to stay ahead of the curve.

As on outcome of Covid-19 there has been an upswing in categories like health & hygiene around the world, FTL has continued to develop innovative range of products in various categories it operates under Floor covering,

top of the Beds and other indoor & outdoor products. Your Company has strong pipeline of relevant products to attract new customers and meet new demands of its existing customers. FTL continuously engage with existing customers to understand their requirements as well as market dynamic to stay prepared for changing environment in market and stay ahead of the curve.

Your Company has always recognized technology's strategic importance as critical component in this changing environment. Your company continue to strive to absorb new technology and upgrade its existing capabilities and manufacturing processes. We are committed to investments in scaling and upgrading our production process and supply chain network with a view to enabling sustainable long-term business growth. Company has taken various initiative during expansion process to upgrade its existing process.

The Company has modelled its processes in such a way that it balances the use of technology with manpower so that it results in optimum utilization of the available resources. The Company has been taking necessary steps for introducing and implementing new technology in the manufacturing processes whenever required. There was no import of any technology during the last five years.

#### FOREIGN EXCHANGE EARNINGS AND OUTGO

The details of the foreign exchange earnings and outgo of the Company during the year in terms of INR (Crores) is as below:

Particular	Amount
Total Foreign Exchange earned	442.09
Total Foreign Exchange used	25.01

For and on behalf of Board of Directors  
Faze Three Limited

Date: 21<sup>st</sup> May, 2022  
Place: Mumbai

Sd/-  
Ajay Anand  
Chairman & Managing Director  
DIN: 00373248

## Annexure IV

## Form No. AOC-2

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

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

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

Sr. No.	Particulars	
1.	Name(s) of the related party and nature of relationship	N.A.
2.	Nature of contracts / arrangements / transactions	N.A.
3.	Duration of the Contracts/ arrangements/ transactions	N.A.
4.	Salient terms of the contracts or arrangements or transactions including the value, if any	N.A.
5.	Justification for entering into such contracts or arrangements or transaction	N.A.
6.	Date of approval by the Board	N.A.
7.	Amount paid as advance, if any	N.A.
8.	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	N.A.

**2. Details of material contracts or arrangement or transactions at arm's length basis during FY 2021-22:**

Sr. No.	Particulars	
1.	Name(s) of the related party and nature of relationship	N.A.
2.	Nature of contracts / arrangements / transactions	N.A.
3.	Duration of Contracts/arrangement/Transactions	N.A.
4.	Salient terms of the contracts or arrangements or transactions including the value, if any	N.A.
5.	Date of approval by the Audit Committee, if any	N.A.
6.	Amount paid as advance, if any	Nil

For and on behalf of Board of Directors  
Faze Three Limited

Date: 21<sup>st</sup> May, 2022  
Place: Mumbai

Sd/-  
Ajay Anand  
Chairman & Managing Director  
DIN: 00373248

## Annexure V

### Management Discussion and Analysis Report

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

#### ECONOMY AND OUTLOOK

India's GDP is expected to grow at over 7% in Financial Year (FY) 23 versus average global rate of 3-4% of growth. India has overcome COVID crises quite remarkably thanks to indigenous vaccination. Apart from recovering, India has capitalized well on the available opportunities for attracting FDI in various sectors and been a preferred destination for global investors.

India's overall exports (Merchandise and Services) touch an all-time high of USD 669.65 Billion in April-March 2021-22. India remains a preferred destination for manufacturing / services exports given the availability of talent and stable government at helm apart from demonstrated performance over last 2 decades becoming 3<sup>rd</sup> largest economy in PPP terms and 5/6<sup>th</sup> largest in \$ terms globally.

To provide an impetus to manufacturing in India and boost exports from the country, Government announced Production-Linked Incentive (PLI) scheme in ten key sectors (in addition to the three sectors approved earlier) for five years. The scheme will also have beneficial spillover effects by creating a wide supplier base for the anchor units established under the scheme.

The agriculture sector has shown resilience to the pandemic and is estimated to grow at 3.9% in FY2022, mainly due to a good monsoon, adequate availability of fertilisers and seeds, increased acreage, and efficient procurement of food grains. The manufacturing sector is expected to grow by 12.5% over FY2022 and by 4.4% over the pre-pandemic level owing to the boost in domestic and export demand. The services sector's output is estimated to remain 0.8% below the pre-pandemic level, although growing 8.2% over the FY2021 level. Trade, hotels, transport, communication and services related to broadcasting have witnessed a decline of 8.5% from the pre-pandemic level, indicating slow recovery in contact-based services and sensitivity to pandemic resurgence.

India is likely to reap the benefits of improved vaccination coverage in FY2023 in the form of higher consumer confidence, improved labour supply and normalisation of supply chains. Government revenues are likely to improve based on economic recovery and tax efficiency gains. Government is also focusing on developing modern infrastructure, the proposed plan is driven by seven engines viz. roads, railways, airports, ports, mass transport, waterways, and logistics infrastructure for economic transformation, seamless multimodal connectivity and logistics efficiency. The government is also working on digital infrastructure such as RBI digital rupee, digital banking and payment systems, digitisation of land and health records, e-passport, etc.

#### TEXTILE INDUSTRY

The textile industry in India is one of the oldest in the country and is a big one. With hand-woven, hand-spun, and various mills, the textile sector is extremely varied. Since it is one of the biggest sectors, the industry has about 4.5 crore employed workers which also includes 35.22 lakh handloom workers all across the nation. India is leading exporter of textiles and clothing after China. Increased penetration of organized retail, favorable demographics, and rising income level are likely to drive demand for textiles. Superior quality and ample availability of Cotton and Polyester makes companies in India a leader in exports – almost two-third of India's export of textiles is to US and UK. Indian products have gained a significant market share in global home textiles in the past few years.



The domestic apparel & textile industry in India contributes 5% to the country's GDP, 7% of industry output in value terms, and 12% of the country's export earnings. India is the 6th largest exporter of textiles and apparel in the world. India scaled its highest ever exports tally at US\$ 44.4 Bn in Textiles and Apparel (T&A) including Handicrafts in FY 2021-22, indicating a substantial increase of 41% and 26% over corresponding figures in FY 2020-21 and FY 2019-20, respectively.

Home textiles are the third largest segment of Indian textile industry after apparels and technical textiles. Bed linen and bath linen are the two largest selling products and together account for two-third of home textile market. Kitchen linens, curtains, upholstery, and rugs / carpets are the other major products in the sector. India is one of the leading exporters of home textile products including bed linen, curtains & drapes, and other home furnishing articles. The market penetration achieved by Indian home textile sector in developed markets is a mark of its quality standards, which is on par with global standards. Development of textile manufacturing infrastructure in the country with various Government initiatives together with a market-friendly regulatory framework has helped in creating a world class textile manufacturing infrastructure.

### **FAZE THREE LIMITED – COMPANY OVERVIEW**

Faze Three Limited (hereinafter referred to as FTL) is engaged in manufacturing and export of superior quality high-end Home Textile products supplying to top retailers across the globe. It has a diversified product line, main products include Bathmats, Bath Rugs, Chairpads, Blankets, Rugs, Throws, Floor covering, Bed spreads, etc., The Company is known for its sheer pursuit for innovation, ideas and designs which reflects in its products and has enjoyed being a preferred vendor to most of its customers. Majority of FTL's revenue (90%) is derived from Exports to USA, UK and Europe region. The company has six facilities to manufacture home textiles situated at Dadra and Nagar Haveli, Vapi (Gujarat) and Panipat (Haryana) in India. Refer [www.fazethree.com](http://www.fazethree.com) for more details.

### **PERFORMANCE - YEAR 2020-21**

#### **Financial Performance**

- 1) Total Income for the Quarter ended 31<sup>st</sup> March, 2022 stood at INR 157.06 Crores versus INR 108.67 Crores for QE 31<sup>st</sup> March, 2021. Growth of 45% q-o-q.
- 2) Total Income for year ended 31<sup>st</sup> March 2022 stood at INR 511.99 Crores vs INR 326.30 Crores for year ended 31<sup>st</sup> March, 2021. Growth of 57% y-o-y.
- 3) Net Profit before Tax for year ended 31<sup>st</sup> March, 2022 stood at INR 71.39 Crores vs INR 35.41 Crores for year ended 31<sup>st</sup> March, 2021. Growth of ~102% y-o-y.
- 4) Net Profit after Tax for year ended 31<sup>st</sup> March, 2022 stood at INR 51.07 Crores vs INR 25.01 Crores for year ended 31<sup>st</sup> March, 2021. Growth of ~104% y-o-y.
- 5) Earnings Per Share for year ended 31<sup>st</sup> March, 2022 INR 21.00 per share versus INR 10.28 per share for year ended 31<sup>st</sup> March, 2021.

#### **Awards and Ratings**

- The Company was recognized as one of the Best Global Business Category (Mid-Corporates) in India – 2021 by Dun and Bradstreet's Business Excellence Awards 2021 on 24<sup>th</sup> November, 2021.

- The Company was recognized as one of the leading Mid-Corporates in India - 2020 by Dun and Bradstreet's premier publication released on 25<sup>th</sup> November 2020.
- The Company was awarded the Dun & Bradstreet - RBL Bank SME Business Excellence Awards 2019 in the Mid- Corporate Segment for excellence in the Textile Sector.
- The Credit Rating of the Company was upgraded to CARE A-; Stable/ CARE A2+ (in August 2021).

### Products

The Company has a diversified product basket which includes cotton and rubber backed bathmats, blankets, durries, throws, hand tufted carpets and rugs made of cotton and wool, cushion covers, curtains as well as poly cotton and cotton mask, table covers, amongst many others under the technical textiles' ambit.

### Geographic distribution

Majority (~90%) of Revenue is derived from direct exports to organized retail in USA, UK and Europe region, of which USA ranges from 55-65%.

### SWOT ANALYSIS

The core strengths of the Company are its long track record of business with existing customers, in-house design and development pedigree, extensive experience of the management team, global benchmarked Manufacturing facilities / Infrastructure, etc. Diversified product portfolio coupled with established relationships with reputed clients ensuring stable revenue visibility and growth opportunities. The company undertakes order backed manufacturing only and does direct exports to the customer. Further the Company is long term debt free and has strong capital structure.

The Eureka moment of 2008-09 in demand for Sheets and Towels from India leading to India being a leader today within a decade, is NOW here also for categories other than Sheets and Towels which includes Floor coverings, TOB, window curtains, value added products etc. The Company is well positioned to make most of the products in the said categories which were dominant out of China, estimates suggest about 15-20 times of India over last decade. The giant shift is underway alongside normal growth in coming years. India has level playing field on Manufacturing costs, import tariffs and most importantly Customer Mindset which has changed in fact in India's favour for reasons well known.

The Company is well positioned to cater the increased demand as Company has concluded Expansion at Silvassa factory in April 2022 which will have 3x capacity on existing spare land, under Floor coverings / Rugs segment. Company has also commenced expansion for Top of Bed / Blankets segment in November 2021 to increase capacity to 3x of existing capacity, backed by commitments from various customers, the expansion is expected to be fully ready by Oct 2022. The Company has also commenced expansion at Handloom Home Textiles division located at Panipat for expanding capacity to 3x from current capacity which is expected to be completed by June 2023.

Tangible shift of demand to India from China as elaborated above and transforming consumer spending trends have resulted into higher demand of home textile products.

FY22 faced many exogenous surprises to tackle. Mainly, retrospective reduction on govt incentives, interest subvention, etc. having an overall impact of over 3.5%/4% on margins. Further only coal and fuel costs impact has been ~ 1.5% during the year. All other factors on account of RM prices, supply chain, etc. being inherent in business ought to have mitigations. Most of the supply chain has been passing on increasing costs since start of 2022, Russia-Ukraine conflict in Feb 22 has only accelerated that process and customers are well aware of the cost pressures and the need to pass on to the end consumer, which is where strong jobs/labour market across

developed economies is a big blessing. Inflation & Rates rising leading to currency depreciation viv other competing countries is a partial hedge to cost pressures.

The Company has a strong position in Indian textile industry buoyed by strong export demand and favorable government initiatives conducive for industry growth however; the Company faces geographic concentration risk. The threat faced by the Company would be operating in a highly competitive and fragmented industry coupled with susceptibility to volatility in raw material prices, fluctuation in foreign exchange, obsolescence due to change in trends and lastly macroeconomic downtrend caused by COVID -19 pandemic.

However, the Company has an operational track record of more than three decades (being incorporated in 1985) which indicates its ability to survive economic and business cycles.

#### **INTERNAL CONTROL SYSTEMS AND ITS ADEQUACY**

FTL's internal controls are commensurate with its size and the nature of Company's operations and are working effectively. The affairs of the Company are managed in such a way that there is free flow of information between the management and the same is only communicated on a need to know basis. The Internal controls of the Company are designed in such a way that 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 is possible.

The Internal Control systems are quarterly assessed by the Audit Committee and the report of the same is submitted to the Board for its review. Our audit committee has concluded that, as of 31<sup>st</sup> March, 2022, our internal financial controls were adequate and operating effectively.

#### **HUMAN RESOURCES/ INDUSTRIAL RELATIONS**

The Company has 7 state-of-the-art manufacturing facilities situated at Dadra and Nagar Haveli, Gujarat, Haryana and Maharashtra in India and employs over 3000 workers directly and indirectly.

The coronavirus outbreak is first and foremost a humanitarian crisis. The number-one priority for Company was health and safety of employees and customers. The company has taken various initiatives during Covid-19 outbreak for well-being of the employees. The Company has tackled downturns and unforeseen circumstances during Pandemic to continue and normalize operations.

The Company is led by an experienced management team with vast domain knowledge. The operations are overlooked by its directors / professional management who are highly qualified and have extensive industry experience. The management is also backed by well-defined second-tier management with designated functional heads for each department. The long standing presence in the industry along with experience of the management has helped the Company to scale up its operations even during Covid times. The Company has continued its investment in Human Resource and Talent acquisition during last year.

#### **POLLUTION AND ENVIRONMENTAL CONTROLS**

The Company endeavors to have minimum impact to the environment with sustainable production methods, use of energy efficient and environment friendly technology, use of recycled and eco-friendly raw materials, etc., Sustainability has always been a culture in the Company which believes in giving back to the environment and the society. It 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 Company is moving towards processes and machines which are more sustainable and reduce energy use. The new machines are reviewed from the point of view of energy consumption as well along-with production efficiency and output while making purchase decisions. The newly built expanded capacity at Silvassa consist of lithium Ion MHE (warehouse truck & forklifts) leading to efficiency, energy saving and further additions towards ESG goals. The company has continued its sustainable practice with implementation of Rain Water harvesting system at all the units which reduces dependency on external sources during summer as well as saving the water. The Company has also taken various steps to conserve energy such as Installation of Low Kwh LED lights across the units, installation of transparent sheets in warehouses to receive natural daylight minimizing use of power lights, Electric scooters to transport goods within unit, installation of Turbo ventilators in the roofs of the units.

The Company is continuously looking for ways to replace fossil fuel energy with renewable energy. The Company has already invested and installed a 110-kWh solar power plant at one of its Dadra unit. The company has further commenced installation of 1.0 MW of Solar Rooftop at Silvassa units in Apr-May 2022, which would generate around 30% of current electricity consumption at said units. Apart from being cost effective, it enhances goal & commitment towards ESG. Along with collection and processing, your Company is also progressing towards making plastics packaging circular by eliminating unwanted plastics by moving from Conventional polybag to Recycled polybags as well as ensuring there is 0% plastic wastage at all the units.

All the manufacturing facilities of the Company have requisite permissions and certificates under the pollution and environmental laws of the state. The Company actively participates in the sustainability programs with international standards by adopting strict measures and alternatives to control the negative impact on the environment which includes optimum production methods, use of renewable energy, responsible sourcing, use of recycled materials, zero waste, high health and safety standards, etc., Such efforts by the company are regularly applauded by the customers which help them tick their responsible sourcing commitments.

## OUTLOOK

Superior quality makes companies in India a leader in export, almost two-third of India's export of textiles is to US and UK. Furthermore, the growth in the home textiles would be supported by growing household income, increasing population and growth of end use sectors like housing, hospitality, healthcare, etc. in India and overseas market. Overall outlook for Home textiles from India is very positive. It is up to the incumbent manufacturers to be able to benefit this given their own SWOTs.

The Company is looking at pipeline of opportunities in all of our core business categories, the growth potential is immense based on customer's projections subject to one's ability to manufacture, bandwidth across design & development to turnaround faster. The Company is looking at very encouraging feedbacks from customer on our enhanced ability to now deliver larger volumes in our core focus on value added home & technical textiles.

## KEY FINANCIAL RATIOS

Sr. No.	Ratios	2021-22	2020-21	Explanation for significant change
1.	Debtor Turnover Ratio (times)	5.98	5.19	Not applicable
2.	Inventory Turnover Ratio (times)	2.51	2.39	Not applicable
3.	Current Ratio (times)	1.58	1.75	Not applicable
4.	Debt Equity Ratio (times)	0.38	0.23	Growth revenue was funded through incremental working capital leading to increase in ratio

5.	Interest Coverage Ratio (times)	13.28	9.98	Growth revenue was funded through incremental working capital leading to increase in ratio
6.	Operating Profit Margin (%)	12	10	Not applicable
7.	Net Profit Margin (%)	0.11	0.08	Significant growth in revenue alongwith improved margins leading to higher asset turnover lead to rise in ratio
8.	Return on Net Worth (times)	0.27	0.17	Significant growth in revenue alongwith improved margins leading to higher asset turnover lead to rise in ratio

#### CAUTIONARY STATEMENT

Statements used in the Management Discussion and Analysis should be read in conjunction with the Company's Audited Standalone and Consolidated financials along with the auditor's report as on 31<sup>st</sup> March, 2022 which forms an integral part of the annual report, describing the Company's objectives, projections, estimates and expectations, may constitute 'forward-looking statements' within the meaning of applicable laws and regulations. Although the expectations are based on reasonable assumptions, the actual results might differ.

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

**Date:** 21<sup>st</sup> May, 2022  
**Place:** Mumbai

**Sd/-**  
**Ajay Anand**  
**Chairman & Managing Director**  
**DIN: 00373248**

## Annexure VI

## Report on Corporate Governance

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

We at Faze Three Limited are committed to ethical business practices and strive to integrate good corporate governance in our day to day operations. We believe that an industry can achieve sustainable growth only when it considers human values, ethics and social responsibility as a part of its long term business plans and strategy. The principles of Corporate Governance are based on transparency, accountability and focus on the sustainable success of the Company over the long-term. Faze Three Limited provides maximum service to all the stakeholders in order to enhance shareholders' value and promote national interest. The Company's Board of Directors oversees business strategies and ensures fiscal accountability, ethical corporate behaviour and fairness to all stakeholders comprising regulators, employees, customers, vendors, investors and the society at large.

## 2. BOARD OF DIRECTORS

The Board of Directors have ultimate responsibility for the management, general affairs, direction, performance and long-term success of business as a whole. The Board plays a crucial role in overseeing how the management serves the short and long-term interests of shareholders and other stakeholders. The Board has delegated the operational conduct of the business to the Chairman and Managing Director of the Company. The Managing Director along-with Whole Time Director, KMP's, Plant heads, Senior Management, Functional heads etc. look after the management of the day-to-day affairs of the Company.

## i. Profile

**Mr. Ajay Anand**, is Founder & Promoter of the Company currently designated as Chairman and Managing Director. He has diverse knowledge and experience in textiles and technical textiles and having more than three decades of experience in the industry, Mr. Ajay Anand oversees day-to-day management and administration and plays a vital role in decision making of the Company. His expertise and contribution towards product innovation and business development has led the Company to become one of the most preferred and reliable vendor by the customers over the years. His enormous contribution towards business growth & establishing long-term relationships with both Domestic & Global OEM's in Automotive Textile Industry has helped Faze Three Group to become a major supplier in the Automotive fabric market India.

**Mr. Sanjay Anand**, is a Whole-time Director of the Company. He has experience of more than 3 decades in the textile industry. He heads the Marketing team of the company along-with administering the Panipat units of the Company and plays a key role in business development and seizing deals with the customers, most of which are top retail giants in the key cities across the world. He is Brother of the Managing Director, Mr. Ajay Anand and a member of promoter group of Faze Three Limited.

**Mrs. Rashmi Anand**, is a Law Graduate and is designated as Non-Executive Non-Independent Director. She has vast experience in policy making and strategic decision making. A socially active person, she has been instrumental in contributing towards the society well-being and uplifting through various initiatives. She has adequate expertise in the operations of textile industry and has led a number of assignments related to setting up of textile business independently. She is wife of the Managing Director, Mr. Ajay Anand and a member of promoter group of Faze Three Limited.

**Mr. Vinit Rathod**, Independent Director of the Company is a Chartered Accountant and has sound exposure of Taxation and Finance. He has rich work experience as a professional as well as an entrepreneur. His

association with the Company has helped derive independent valuable insights and perspectives to the Board for deliberation on taxation and financial matters besides good corporate governance practices.

**Mr. Kartik Jethwa**, Independent Director of the Company, is an Automotive Engineer with accomplished academics and varied experience. He has completed his Bachelors in Engineering-Automotive and Diploma in Mechanical Engineering. He has experience of more than 10 years in the field of mechanical engineering mainly in designing, structuring and review of automotive body parts with a strong background of Product development, Testing and Validation.

**Mr. Manan Shah**, Independent Director of the Company is a Chartered Accountant by profession and has a comprehensive experience in business management. He plays an active role in the implementation of good corporate governance standards and provides valuable insights on management and administration.

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

ii. **Composition of Board:**

The Board of your Company has a good and diverse mix of Executive and Non-Executive Directors with majority of Board comprising of Non-Executive Directors including half of the Board Members comprising Independent Directors and the same is also in line with the applicable provisions of Companies Act, 2013 ('the Act') and Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'). As on 31<sup>st</sup> March, 2022, the strength of the Board of Directors of the Company comprised of 6 Directors including 3 Independent Directors. The composition of the Board represents an optimal mix of professionalism, knowledge, experience and enables the Board to discharge its responsibilities and provide effective leadership to the business.

iii. **Board Meetings:**

The Board meets at regular intervals to discuss and decide on Company/business policy and strategy apart from other Board businesses. The Board/Committee Meetings are pre- Scheduled. However, in case of a special and urgent business need, the Board's approval is taken by passing resolutions by circulation, as permitted by law, which are noted and confirmed in the subsequent Board Meeting. The notice of Board/Committee Meetings is given well in advance to all the Directors. Usually, Meetings of the Board are held in Mumbai. The Agenda of the Board/Committee Meetings is set by the Company Secretary in consultation with the Chairman and Managing Director of the Company. Prior approval from the Board is obtained for circulating the agenda items with shorter notice for matters that form part of the Board and Committee Agenda and are considered to be in the nature of Unpublished Price Sensitive Information.

During the year under review, 6 (Six) Board Meetings were conducted, each on 30<sup>th</sup> June, 2021, 12<sup>th</sup> August, 2021, 29<sup>th</sup> September, 2021, 2<sup>nd</sup> November, 2021, 10<sup>th</sup> January, 2022, and 11<sup>th</sup> February, 2022. The necessary quorum was present for all the meetings. The maximum interval between any two Meetings was well within the maximum allowed gap of 120 days.

- iv. None of the Directors on the Board hold directorships in more than ten public companies and 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.
- v. The name and category 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 the



Company as well as other public companies as on 31<sup>st</sup> March, 2022 are given here below. Other directorships do not include directorships of private limited companies, foreign companies and companies under Section 8 of the Act. Chairmanships / Memberships of Board Committees shall only include Audit Committee and Stakeholders' Relationship Committee.

Name of Director	Category	Attendance		Particulars of Directorship, Committee membership / Chairmanship			Name of the listed entity where the person is a Director
		Board Meeting	Last AGM	Director	Chairman	Member	
Mr. Ajay Anand	Promoter, Executive	5	Yes	2	0	4	Faze Three Autofab Ltd. – Managing Director
Mr. Sanjay Anand	Promoter, Executive	6	Yes	2	0	2	V.R.Woodart Ltd. – Non-Executive Director
Mr. Manan Shah	Independent	6	Yes	3	2	6	Faze Three Autofab Ltd. – Independent Director V.R.Woodart Limited – Independent Director
Mr. Vinit Rathod	Independent	6	Yes	3	4	6	Faze Three Autofab Ltd. – Independent Director V.R.Woodart Ltd. – Independent Director
Mrs. Rashmi Anand	Promoter, Non-Executive	4	No	3	0	0	Faze Three Autofab Ltd. – Non-Executive Director V.R.Woodart Ltd. – Whole-time Director
Mr. Kartik Jethwa	Independent	3	No	3	0	0	Faze Three Autofab Ltd. – Independent Director V.R.Woodart Ltd. – Independent Director

Mr. Ajay Anand, Mr. Sanjay Anand and Mrs. Rashmi Anand are related to each other. None of the other directors are related to each other. On the basis of the declarations received from each of the Independent Directors, the Board hereby confirms that the Independent Directors of the Company fulfills the conditions specified in the Listing Regulations and are independent of the management.

vi. Matrix setting out the skills/ expertise/ competence of the Directors:

The Board comprises of qualified members who possess required skills, expertise and competencies that allow them to make effective contributions to the Board and its Committees.

Name of the Director	Industry knowledge	Operations	Management	Interpretation of Financial Statements	Understanding of laws, rules and regulations
Mr. Ajay Anand	Good	Good	Good	Good	Good
Mr. Sanjay Anand	Good	Good	Good	Good	Good
Mr. Manan Shah	Moderate	Moderate	Good	Good	Good



Mr. Vinit Rathod	Moderate	Moderate	Good	Good	Good
Mrs. Rashmi Anand	Good	Moderate	Good	Good	Good
Mr. Kartik Jethwa	Good	Good	Moderate	Moderate	Moderate

The following skills / expertise / competencies have been identified for the effective functioning of the Company and are currently available with the Board:

Sr. No.	Name of Director	Area of Expertise
1.	Mr. Ajay Anand	<ul style="list-style-type: none"> <li>Leadership / Operational experience</li> <li>Strategic Planning</li> <li>Industry Knowledge, Research &amp; Development and Innovation</li> <li>Dealing with large Multinational Retail Corporation</li> <li>Global Business &amp; Marketing</li> <li>Financial, Regulatory / Legal &amp; Risk Management</li> <li>Corporate Governance</li> </ul>
2.	Mr. Sanjay Anand	<ul style="list-style-type: none"> <li>Leadership / Operational experience</li> <li>Strategic Planning</li> <li>Industry Knowledge, Research &amp; Development and Innovation</li> <li>Dealing with large Multinational Retail Corporation</li> <li>Global Business &amp; Marketing</li> <li>Corporate Governance</li> </ul>
3.	Mr. Manan Shah	<ul style="list-style-type: none"> <li>Leadership</li> <li>Strategic Planning</li> <li>Finance, Taxation Regulatory / Legal &amp; Risk Management</li> <li>Corporate Governance</li> </ul>
4.	Mr. Vinit Rathod	<ul style="list-style-type: none"> <li>Leadership</li> <li>Strategic Planning</li> <li>Finance, Taxation, Commodity, Forex, Regulatory / Legal &amp; Risk Management</li> <li>Corporate Governance</li> </ul>
5.	Mrs. Rashmi Anand	<ul style="list-style-type: none"> <li>Industry Knowledge, Research &amp; Development and Innovation</li> <li>Global Business &amp; Marketing</li> <li>Financial, Regulatory / Legal &amp; Risk Management</li> <li>Corporate Governance</li> </ul>
6.	Mr. Kartik Jethwa	<ul style="list-style-type: none"> <li>Leadership / Operational experience</li> <li>Strategic Planning</li> <li>Regulatory &amp; Risk Management</li> <li>Corporate Governance</li> </ul>

vii. The Directors, except Independent Directors are liable to retire by rotation and 1/3 of the Directors retire every year and if eligible, offer themselves for re-appointment.

viii. No. of Shares and convertible instruments held by Non-Executive Directors as on 31<sup>st</sup> March, 2022:

Name of the Director	Number of Shares
Mr. Manan Shah – Independent Director	NIL
Mr. Vinit Rathod – Independent Director	NIL

Mr. Kartik Jethwa- Independent Director	NIL
Mrs. Rashmi Anand- Non-Executive Director	3,43,990

- ix. During the FY 2021-22, information as mentioned in Schedule II Part A of the SEBI (LODR) Regulations, has been placed before the Board for its consideration.
- x. The terms and conditions of appointment of the Independent Directors are disclosed on the website of the Company at <https://www.fazethree.com/corporate-governance/>.
- xi. During the year, the Independent Directors met once on March 15, 2022 without the presence of Executive Directors and Management representatives. The Independent Directors, inter-alia, reviewed the matters discussed and passed in the Board Meetings and Committee Meetings during the year. They also reviewed the performance of Non-Independent Directors, Chairman of the Company and the Board as a whole during the year.
- xii. The Independent Directors inter alia discuss the issues arising out of Committee meetings and Board discussion including the quality, quantity and timely of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties. In addition to these formal meetings, interactions outside the Board Meetings also take place with Independent Directors.
- xiii. The details of the familiarization programme of the Independent Directors are available on the website of the Company at <https://www.fazethree.com/corporate-governance/>.
- xiv. **Criteria for performance evaluation of Directors:**

The Board of Directors has approved the criteria for performance evaluation of Directors (including Independent Directors) as recommended by the Nomination & Remuneration Committee. The said criteria *inter alia*, includes following:

- Attendance at the Board meetings.
- Active participation in the meetings.
- Understanding the critical issues affecting the Company.
- Prompts Board discussion on strategic issues.
- Brings relevant experience to the Board and uses it effectively.
- Understands and evaluates the risk environment of the organization.
- Conducts himself/herself in a manner that is ethical and consistent with the laws of the land.
- Maintain confidentiality wherever required.
- Communicates in an open and constructive manner.
- Seeks satisfaction and accomplishment through serving on the Board.

### 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 Listing Regulations, read with Section 177 of the Act.
- ii. **The terms of reference of the audit committee:**

The terms of reference as stipulated by the Board of Directors for the Audit Committee covers all matters specified under the Listing Regulations and the Act.

Terms of Reference of the Committee *inter alia* include the following:

- a. Overview of the Company's financial reporting process and the disclosure of its financial information;
  - b. Review with the management of the annual financial statements;
  - c. Review of Related Party Transactions;
  - d. Review of Company's financial and risk management policies;
  - e. Review with the management the performance of statutory and internal auditors, and adequacy of the internal control systems;
  - f. Review with the management of the quarterly financial statements;
  - g. Recommend to the Board, the appointment, re-appointment or removal of the statutory auditor and the fixation of audit fees;
  - h. 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;
  - i. Reviewing with the Management, the Annual Financial Statements before submission to the Board;
  - j. 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;
  - k. To review the functioning of the Whistle Blower mechanism.
- iii. During the year under review, total 6 (six) Meetings were held of Audit Committee on 15<sup>th</sup> May, 2021, 14<sup>th</sup> June, 2021, 30<sup>th</sup> June, 2021, 12<sup>th</sup> August, 2021, 02<sup>nd</sup> November, 2021, and 11<sup>th</sup> February, 2022.
  - iv. Mr. Vinit Rathod, Chairman of the Committee was present at the Annual General Meeting held on 9<sup>th</sup> August, 2021.
  - v. **The composition of the Audit Committee as 31<sup>st</sup> March, 2022 and the details of meetings attended by its members are given below:**

Sr. No.	Name of the Member	Designation	Category	No. of meetings attended
1.	Mr. Vinit Rathod	Chairman	Independent Director	6
2.	Mr. Ajay Anand	Member	Executive Director	4
3.	Mr. Manan Shah	Member	Independent Director	6

- vi. All the recommendations by the Committee were accepted and approved by the Board of Directors. Company Secretary of the Company acts as the Secretary to the Committee.

#### **B. Nomination & Remuneration Committee:**

- i. The Nomination and Remuneration Committee of the Company is constituted in line with the provisions of Regulation 19 of Listing Regulations read with Section 178(1) of the Act.
- ii. **The terms of reference of the Nomination & Remuneration committee:**

The terms of reference as stipulated by the Board of Directors for Nomination and Remuneration Committee cover all matters specified under the Listing Regulations and the Act.

Terms of Reference of the Committee *inter alia* include the following:

- a. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel ("KMP") and other employees;
  - b. Specification of manner and criteria for effective evaluation of performance of Board, its committees and individual directors, to be carried out either by the board or by an independent external agency and review its implementation and compliance;
  - c. Devising a policy on diversity of board of directors;
  - d. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal;
  - e. Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
  - f. To evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director;
  - g. Recommend to the board, all remuneration, in whatever form, payable to senior management.
- iii. 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 and the same is also disseminated on the website of the Company at <https://www.fazethree.com/policies/>.
  - iv. The Committee recommends to the Board appointment of Key Managerial Personnel, oversees familiarization program for Directors and follow the terms of reference as defined from time to time;
  - v. The Committee shall also specify criteria for making payments to non-executive directors, which forms the part of the Nomination & Remuneration Policy of the Company and the said Policy is disseminated on the website of the Company at <https://www.fazethree.com/policies/>.
  - vi. The Committee formulates and recommend to the Board from time to time, a compensation structure for whole-time members of the Board and KMPs.
  - vii. **Composition of Nomination and Remuneration Committee as on 31<sup>st</sup> March, 2022 is as mentioned below:**

Sr. No.	Name of the Member	Designation	Category
1.	Mr. Vinit Rathod	Chairman	Independent Director
2.	Mr. Manan Shah	Member	Independent Director
3.	Mrs. Rashmi Anand	Member	Non-Executive Director
  - viii. The Committee met 1 (one) time during the year under review i.e. on 30<sup>th</sup> June, 2021 and all the Committee members were present at the meeting. All the recommendations by the Committee were accepted and approved by the Board of Directors.
  - ix. Mr. Vinit Rathod, Chairman of the Committee was present at the Annual General Meeting held on 9<sup>th</sup> August, 2021.
  - x. The details of remuneration paid to Managing Director and Whole Time Directors during the year 2021-22 is given as follows: (No sitting fees paid to the following directors):

(Amount in INR)			
Sr. no.	Particulars	Mr. Ajay Anand (Chairman & Managing Director)	Mr. Sanjay Anand (Whole-time Director)
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	68,61,600	38,40,000
	(b) Value of perquisites u/s 17(2) Income -tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission	-	-
5.	Others, please specify	-	-
	<b>TOTAL</b>	<b>68,61,600</b>	<b>38,40,000</b>

- xi. The tenure of office of the Managing Director and Whole-time Directors is for 3 (three) years from their respective date of appointment. There is no separate provision for payment of severance fees. The Company does not have a scheme to grant stock options.
- xii. Sitting fees of INR. 25,000/- per annum is paid to the Non-Executive Directors.
- xiii. Details of Sitting Fees paid to Non-Executive Directors during the year is as follows:

Sr. No.	Name of the Member	Category	Sitting Fees (In INR)
1.	Manan Shah	Independent Director	25,000
2.	Vinit Rathod	Independent Director	25,000
3.	Kartik Jethwa	Independent Director	25,000
4.	Rashmi Anand	Non-Executive & Non-Independent	Nil

- xiv. During the year, there were no other pecuniary relationships or transactions of Non-Executive Directors with the Company. The Company has not granted any stock options to its Non- Executive Directors.

#### C. Stakeholders Relationship Committee:

- i. The Stakeholders' Relationship Committee of the Company is constituted in line with the provisions of Regulation 20 of Listing Regulations read with Section 178(5) of the Act.
- ii. Terms of Reference of the Committee *inter alia* include the following:
  - a. To consider and resolve the grievance of all the security holders related to transfer/ transmission of shares, non-receipts of annual reports and non-receipts of declared dividends, issue of new duplicate certificates, general meetings etc.;
  - b. To review the measures taken for effective exercise of voting rights by shareholders;
  - c. To review the adherence to service standards adopted by the company in respect of various services being rendered by the Share Transfer Agent;

- d. To review various measures and initiatives undertaken by the company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company;
  - e. To review and act upon such other grievances as the Board of Directors delegate to the Committee from time to time.
- iii. The Committee met 1 (one) time during the year under review i.e. on 11<sup>th</sup> February, 2022 and all the Committee members were present at the meeting.
- iv. Mr. Vinit Rathod, Chairman of the Committee was present at the Annual General Meeting held on 9<sup>th</sup> August, 2021.
- v. **Composition of Stakeholders Relationship Committee as on 31<sup>st</sup> March, 2022 is as mentioned below:**

Sr. No.	Name of the Member	Designation	Category
1.	Mr. Vinit Rathod	Chairman	Independent Director
2.	Mr. Ajay Anand	Member	Executive Director
3.	Mr. Manan Shah	Member	Independent Director

- vi. Details of Investor complaints received during the year under review:

Complaints Pending as on 01/04/2021	Complaints Received during the year	Complaints Resolved during the year	Complaints Pending as on 31/03/2022
Nil	Nil	Nil	Nil

- vii. Name and Designation of Compliance Officer:

<b>Name and Designation of the Compliance Officer</b>	Mr. Akram Sati – Company Secretary & Compliance Officer
<b>Address for correspondence</b>	63-64, Mittal Court, C Wing, Nariman Point, Mumbai 400 021
<b>Telephone Number</b>	022 4351 4444/400
<b>E-mail</b>	cs@fazethree.com

#### D. Corporate Social Responsibility Committee:

- i. The Corporate Social Responsibility Committee (“CSR”) of the Company is constituted in line with the provisions of Section 135 of the Act.
- ii. Terms of Reference of the Committee *inter alia* include the following:
  - a. To formulate and recommend to the Board, a CSR Policy indicating the activities to be undertaken by the Company as specified in Schedule VII of the Act;
  - b. To recommend to the Board the annual action plan;
  - c. To recommend the amount of expenditure to be incurred on the activities mentioned in the CSR Policy;
  - d. To monitor the CSR Policy.
- iii. During the year under review, the Committee met twice (2) i.e. on 2<sup>nd</sup> November, 2021 and 11<sup>th</sup> February, 2022.

- vii. **The composition of the CSR Committee as on 31<sup>st</sup> March, 2022 and the details of meetings attended by its members are given below:**

Sr. No.	Name of the Member	Designation	Category	No. of Meetings Attended
1.	Mr. Ajay Anand	Chairman	Managing Director	2
2.	Mr. Sanjay Anand	Member	Whole-time Director	2
3.	Mr. Manan Shah	Member	Independent Director	2

**E. Management Committee:**

- The Board of Directors of the Company constituted a Management Committee, for the ease of carrying out day to day Business transactions.
- The terms of reference of the Management Committee inter alia includes, review of borrowing requirements, investment of surplus funds, Acquisitions, divestments, business development, oversee routine operations that arise in the normal course of the business, such as decision on banking relations, delegation of operational powers, authorizing officers to act on behalf of company for various purpose from time to time and any other items as may be decided by the Board from time to time.
- As on the date of the report, the Composition of the Committee is as mentioned below:

Sr. No.	Name of the Member	Designation	Category
1.	Mr. Ajay Anand	Chairman	Managing Director
2.	Mr. Sanjay Anand	Member	Whole-time Director
3.	Mr. Ankit Madhwani	Member	Chief Financial Officer

- During the year under the review, 3 (three) meetings of the Committee were held on 19<sup>th</sup> January, 2022, 17<sup>th</sup> February, 2022 and 28<sup>th</sup> March, 2022.

**4. General Body Meetings:**

**Annual General Meetings:**

Year	Date	Venue	Time	Special Resolution
2018-19 34 <sup>th</sup> AGM	30 <sup>th</sup> September, 2019	Conference Hall, Plot No. 146, Waghdhara Village Road, Dadra – 396 193, UT of Dadra & Nagar Haveli	10.00 a.m.	1. Re-appointment of Mr. Ajay Anand (DIN: 00373248) as the Managing Director of the Company;  2. Re-appointment of Mr. Sanjay Anand (DIN: 01367853) as the Whole-time Director of the Company.
2019-20 35 <sup>th</sup> AGM	30 <sup>th</sup> September, 2020	Through Video Conferencing	10.00 a.m.	No Special Resolution was passed in the meeting.

2020-21 36 <sup>th</sup> AGM	9 <sup>th</sup> August, 2021	Through Video Conferencing	10.00 a.m.	<ol style="list-style-type: none"> <li>1. Re-appointment of Mr. Ajay Anand (DIN: 00373248) as the Managing Director of the Company;</li> <li>2. Re-appointment of Mr. Sanjay Anand (DIN: 01367853) as the Whole-time Director of the Company;</li> <li>3. Re-appointment of Mr. Vinit Rathod (DIN: 07589863) as Independent Director of the Company;</li> <li>4. Re-appointment of Mr. Manan Shah (DIN: 07589737) as Independent Director of the Company</li> </ol>
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Neither any postal ballot was conducted during the financial year 2021-22 nor any extra-ordinary general meeting were held during the said period.

No special resolution is proposed to be passed through Postal Ballot as on the date of this Report.

#### 5. Means of Communication:

The Company's quarterly/ half yearly/ annual financial results are published in following newspapers:

- i. Indian Express (English) – Gujarat Edition
- ii. Financial Express (Gujarati) – Gujarat Edition

Company's results and official news releases, if any, are sent to BSE Limited and also displayed on the Company's website [www.fazethree.com](http://www.fazethree.com)

The Annual Report of the Company is also available on the website of the Company in a user friendly and downloadable form at [www.fazethree.com](http://www.fazethree.com)

No presentations were made to the institutional investors and to the analysts during the FY 2021-22.

#### 6. General Shareholder Information:

AGM Date, Time and Venue	Pursuant to the General circular no. 2/2022 dated 5 <sup>th</sup> May, 2022 issued by Ministry of Corporate Affairs, the 37 <sup>th</sup> Annual General Meeting of the Company for FY 2021-22, is scheduled to be held on Friday, 30 <sup>th</sup> September, 2022 at 10.30 a.m. through video conferencing.
Company's Financial Year	1 <sup>st</sup> April – 31 <sup>st</sup> March
Dividend Payment Date	N.A.

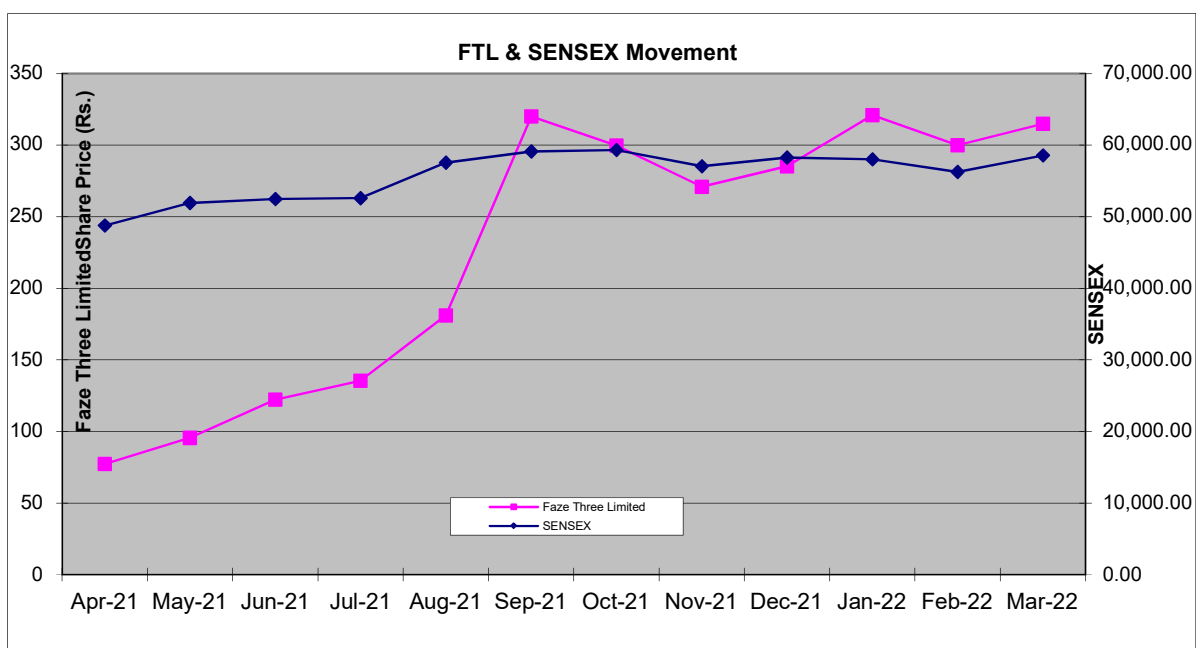


Financial Calendar For 2022-23 (Tentative) <u>Adoption of Quarterly &amp; Annual Results:</u> June 30, 2022 September 30, 2022 December 31, 2022 Audited Results for March 31, 2023	2 <sup>nd</sup> week of August, 2022 2 <sup>nd</sup> week of November, 2022 2 <sup>nd</sup> week of February, 2022 3 <sup>rd</sup> week of May, 2023
Date of Book Closure	24 <sup>th</sup> September, 2022 to 30 <sup>th</sup> September 2022 (Both days inclusive)
Listing on Stock Exchange	BSE Limited, Phiroze Jeejeebhoy towers, Dalal Street, Mumbai – 400001. The listing fees has been duly paid by the Company for the F.Y. 2021-22
Stock Code	530079
ISIN	INE963C01033
Registrar and Transfer Agent	Link Intime India Private Limited C 101, 247 Park, LBS Marg, Vikhroli (W), Mumbai – 400083. Phone: 022 - 4918 6270 Website: <a href="http://www.linkintime.co.in">www.linkintime.co.in</a> Email: <a href="mailto:rnt.helpdesk@linkintime.co.in">rnt.helpdesk@linkintime.co.in</a>
Share Transfer System	In terms of requirements of Regulation 40 of the Listing Regulations, the request for transfer of securities shall not be processed unless the securities are held in the dematerialised form with Depositories. While the request for transmission or transposition of securities held in physical or dematerialised form shall be effected only in dematerialised form. The transactions of the shares held in Demat and Physical form are handled by the Company's Depository Registrar M/s. Link Intime India Private Limited.
Credit ratings	CARE has reaffirmed the credit rating of the Company on August 17, 2021 as following: Long Term Bank Facilities at 'CARE A-; stable' (Single A Minus and outlook stable) & Short Term rating has been reaffirmed at 'CARE A2+' (A Two Plus).
Commodity price risk or foreign exchange risk and hedging activities	The major raw material for company is yarn (Cotton and Polyester). The entire raw material is sourced locally. The Senior Management is involved in acquisition and negotiation of cost based on order size.

	<p>The raw material sourcing is planned in advance as per requirement at each location and depending on order size and quantum, material is acquired either individually at each plant location or in bulk by senior management.</p> <p>A robust planning and strategy ensure that Company's interests are protected despite volatility in Commodity prices.</p> <p>The Company manages foreign exchange risk with appropriate hedging activities.</p> <p>The Company uses forward exchange contracts to hedge against its foreign currency exposures relating to firm commitment.</p> <p>The coverage of foreign exchange exposure through forward contracts are decided based on orders in hand, market conditions, movement of exchange rate and accordingly foreign exchange exposure is hedged and kept uncovered.</p> <p>The details of foreign exchange exposures as on 31<sup>st</sup> March, 2022 are disclosed in Note No. 39 to the notes forming part of the standalone financial statements.</p>
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## 7. MARKET PRICE DATA:

Monthly closing share price chart compared with BSE SENSEX during year ended 31<sup>st</sup> March, 2022.



**8. Monthly high and Low compared with BSE Sensex:**

Month	BSE			Closing BSE Sensex
	Monthly High Price	Monthly Low Price	Volume (No of shares traded)	
Apr-21	83.00	65.00	1,71,370	48,782.36
May-21	98.95	73.00	2,96,361	51,937.44
Jun-21	127.80	90.50	14,00,383	52,482.71
Jul-21	160.00	115.00	8,62,233	52,586.84
Aug-21	189.95	128.20	15,64,256	57,552.39
Sep-21	336.00	172.00	32,45,404	59,126.36
Oct-21	352.20	275.00	7,82,078	59,306.93
Nov-21	343.00	270.00	2,67,140	57,064.87
Dec-21	319.75	261.00	1,85,167	58,253.82
Jan-22	413.00	280.10	7,43,723	58,014.17
Feb-22	358.00	272.30	2,39,937	56,247.28
Mar-22	375.00	286.05	2,31,400	58,568.51

**9. Distribution of shares and shareholding as on 31<sup>st</sup> March, 2022:**

Sr No.	No. of Equity Shares Held		Shareholders		Shareholding	
	From	To	Nos	%	Nos	%
1	Upto 100		4,824	66.25	1,63,234	0.67
2	101	200	693	9.52	1,12,024	0.46
3	201	500	1,127	15.48	3,52,996	1.45
4	501	1000	284	3.90	2,26,749	0.93
5	1001	5000	240	3.30	5,02,604	2.07
6	5001	10000	51	0.70	3,79,408	1.56
7	10001	100000	40	0.55	12,67,484	5.21
8	100001 and above		23	0.32	2,13,14,501	87.65
	<b>Total</b>		<b>7,282</b>	<b>100.00</b>	<b>2,43,19,000</b>	<b>100.00</b>

**10. Shareholding Pattern as on 31<sup>st</sup> March, 2022:**

Category Code	Category of Shareholder	Total No. of Shares	%
<b>(A)</b>	<b>Promoter and Promoter Group Holding</b>		
1	Indian Promoters	1,24,71,706	51.28
	Foreign Promoters	-	-
	<b>Sub Total (A)</b>	<b>1,24,71,706</b>	<b>51.28</b>
<b>(B)</b>	<b>Non-Promoter shareholding</b>		
<b>1</b>	<b>Institutions</b>	-	-
	<b>Sub Total (B1)</b>	-	-
<b>2</b>	<b>Non-Institution</b>		
i.	Individuals shareholders holding nominal share capital up to Rs. 2 lakhs	17,05,216	7.01
	Individuals shareholders holding nominal share capital above Rs. 2 Lakhs	73,37,615	30.17
ii.	NBFCs registered with RBI	250	0.00

iii.	Any Other		
a.	Bodies Corporate	7,46,181	3.07
b.	Clearing members	17,813	0.07
c.	HUF	2,12,071	0.87
d.	Non-Resident Indian	16,40,657	6.75
e.	LLP	1,87,491	0.77
	<b>Sub Total (B2)</b>	<b>1,18,47,294</b>	<b>48.72</b>
	<b>GRAND TOTAL (A+B1+B2)</b>	<b>2,43,19,000</b>	<b>100.00</b>

**11. Dematerialization of shares and liquidity:**

Sr. No.	Type	Total Folios	Total Shares
1.	Physical Holding	481	11,54,033
2.	CDSL Holding	4,096	1,43,31,482
3.	NSDL Holding	2,705	88,33,485

**12. Plant Locations:**

- Handloom & Made-ups Plant -Jatal Road, Anand Nagar, Panipat, Haryana;
- Handloom & Made-ups Plant - G.T. Road, Opposite B.B.M.B. Residency Colony, Panipat 132103, Haryana;
- Handloom & Made-ups Plant - Panipat Gohana National Highway -71A, Village Mehrana Distt. Panipat, Panipat-132103, Haryana;
- Weaving & Made-Ups Plant - Survey No. 380/1, Village Dapada, UT of Dadra & Nagar Haveli and Daman & Diu;
- Bathmat Plant - Survey No. 356/1&2, Village Dadra, UT of Dadra & Nagar Haveli and Daman & Diu;
- Dye-House - Plot No. 71, GIDC, Vapi Industrial Area, Valsad, Gujarat.
- Mats and other floor coverings (Mats and More Private Limited) - H- 33, MIDC Waluj Aurangabad – 431 136, India.

**13. Address for Correspondence:**

Faze Three Limited – Corporate Office  
63, 6<sup>th</sup> Floor, Mittal Court, Wing C,  
Nariman Point, Mumbai – 400 021  
Phone: 022 4351 4444/400  
Fax: 022 2493 6811  
Website: [www.fazethree.com](http://www.fazethree.com)  
Email Id: [cs@fazethree.com](mailto:cs@fazethree.com)

**14. Other disclosures:****i. Related party transactions:**

All related party transactions entered into with related parties as defined under the Act and Regulation 23 of Listing Regulations during the financial year were in the ordinary course of business and at arm's length basis. These have been approved by the Audit Committee and all transactions with omnibus approval are reviewed quarterly 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 <https://www.fazethree.com/policies/>

- 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 i.e 2019-20, 2020-21 and 2021-22 respectively: **NIL**

During the year 2021-22, Mr. Ajay Anand - Promoter & Managing Director designated person of the Company had informed the Compliance Officer vide his letter dated 11.06.2021 that his DP had inadvertently sold 2620 Equity shares of the Company on 10.06.2021 and immediately rectified it by squaring it off on 10.06.2021, when the trading window in dealing of the securities of the Company was closed for the quarter/year ended 31.03.2021.

The above matter was placed before the Audit Committee and it was noted that the said transaction was a punching error by the terminal operator of the DP which was squared off immediately to rectify the error and there was no monetary gain from said transaction. However, the Audit Committee, acting within the framework of the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015 and the Company's Code of Conduct for prevention of Insider Trading has issued a warning and imposed a penalty of Rs. 10,000/- with warning letter. The said penalty amount was paid by Mr. Ajay Anand to the Company and the Company thereafter deposited the same with SEBI - IPEF on 14<sup>th</sup> June, 2021. The detailed disclosure of said violation was reported by the Company to BSE Limited on 14<sup>th</sup> June, 2021.

- iii. The Company has adopted a Whistle Blower Policy and has established the necessary vigil mechanism as defined under Regulation 22 of 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 <https://www.fazethree.com/policies/>.
- 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 <https://www.fazethree.com/policies/>.
- v. The Company has also adopted Policy on Determining Material Subsidiaries and the same is hosted on the website of the Company at <https://www.fazethree.com/policies/>
- vi. The Company has in place a Prevention of Sexual Harassment Policy and an Internal Complaints Committee as per the requirements of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Company has not received any complaint during the year.
- vii. Total fees paid to statutory auditor for all services rendered on consolidated basis by listed entity is INR 16,50,000/- (Indian Rupees Sixteen Lakh Fifty Thousand Only).
- viii. The Independent Directors have confirmed that they meet the criteria of Independence as stipulated under the Act and the Listing Regulations along with a confirmation that they have been registered under the database of Independent Directors and comply with sub-rule (1) and sub-rule (2) of Rule 6 of Companies (Appointment and qualification of Directors) fifth amendment Rules, 2019. The Board hereby confirms that in the opinion of the Board, all the Independent Directors fulfill the conditions specified in Listing Regulations and are independent of the Management of the Company.
- ix. The Company has implemented the mandatory requirements of Corporate Governance as set out in the Listing Regulations. The Company has adopted the following discretionary requirements of the Listing Regulations:

- The Company follows the regime of financial statements with unmodified audit opinion.

- The internal auditor reports directly to the Audit Committee as well as the Board of Directors.

x. The disclosure of commodity price risks and commodity hedging activities:

The Company is not dealing in commodity price and commodity hedging activities hence there is no risk related to commodity price or commodity hedging activities.

- xi. Compliance Certificate as stipulated in Chapter IV of Listing Regulations obtained from Practicing Company Secretary, certifying the Compliance by the Company with the provisions of Corporate Governance of the Listing Regulations is given as an Annexure to this Report.
- xii. The Company has complied with corporate governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI Listing Regulations.
- xiii. The Company did not raise any funds through preferential allotment or qualified institutions placement during the Financial Year 2021-22.
- xiv. There were no instances where the recommendations made by any of the Committees of the Board were not accepted by the Board.
- xv. Disclosure by listed entity and its subsidiaries of 'Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount': **Not applicable**
- xvi. On an annual basis, the Company obtains from each Director, details of the Board and Board Committee positions he / she occupies in other Companies, and changes if any regarding their Directorships. The Company has obtained a certificate from Sanjay Dholakia & Associates, Practicing Company Secretary (CP No.1798), under Regulation 34(3) and Schedule V Para C Clause (10) (i) of Listing Regulations confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Company by the SEBI and Ministry of Corporate Affairs or any such authority.
- xvii. Unclaimed Dividends:

Given below are the dates of declaration of dividend and corresponding dates when unpaid/unclaimed dividends are due for transfer to IEPF.

Year of declaration	Type of Dividend	Dividend per share	Date of declaration	Due date for transfer to IEPF
2018-19	Interim	Rs. 0.50/-	May 22, 2018	June 26, 2025
2019-20	Interim	Rs. 0.50/-	March 03, 2020	April 08, 2027

For and on behalf of Board of Directors  
Faze Three Limited

Date: 21<sup>st</sup> May, 2022  
Place: Mumbai

Sd/-  
Ajay Anand  
Chairman & Managing Director  
DIN: 00373248

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

To  
**The Members of Faze Three Limited**

Sub: Compliances with Code of Conduct

I hereby confirm that:

The Company has obtained from all the members of the Board and Senior Management Personnel, affirmation(s) that they have complied with the Code of Conduct for Board Members and Senior Management Personnel, for the financial year ended 31<sup>st</sup> March, 2022.

**For and on behalf of the Board**

Place: Mumbai  
Date: 21<sup>st</sup> May, 2022

**Sd/-  
Ajay Anand  
Chairman & Managing Director**

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

To,  
The Board of Directors  
**Faze Three Limited**

- A. We have reviewed financial statements and the cash flow statement for the year ended 31<sup>st</sup> March, 2022 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:
1. that there are no significant changes in internal control over financial reporting during the year;
  2. that there are no significant changes in accounting policies during the year; and
  3. that there are no instances of significant fraud of which we have become aware.

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

Place: Mumbai  
Date: 21<sup>st</sup> May, 2022

**Sd/-  
Ajay Anand  
Chairman & Managing Director**

**Sd/-  
Ankit Madhwani  
Chief Financial Officer**

## PRACTISING COMPANY SECRETARY CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To,  
The Members of  
**Faze Three Limited**  
**CIN: L99999DN1985PLC000197**

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 Obligations and Disclosure Requirements) Regulations, 2015.

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 reported below)

Sr. No.	Compliance Requirement (Regulations/Circulars/Guidelines including specific clause)	Deviations	Observations/Remarks Of The Practising Company Secretary
1	SEBI (Prohibition of Insider Trading) Regulations, 2015 ("the SEBI Regulations") read with SEBI Circular No. SEBI/HO/ISD/ISD/CIR/P/2020/135 dated July 23, 2020 and the Company's Insider Trading Policy which restricts designated person to deal in securities of the company when trading window is closed	Mr. Ajay Anand, Promoter & Managing Director & designated person of the company had informed the Compliance Officer vide his letter dated 11.06.2021 that his DP had inadvertently sold 2620 Equity shares of the company on 10.06.2021 and immediately rectified it by squaring it off on 10.06.2021, when the trading window in dealing of the securities of the Company was closed for the quarter/year ended 31.03.2021.	The Audit committee noted that the said transaction was a punching error by the terminal operator of the DP, <u>The transaction was immediately squared off by the DP to rectify the error and there was no monetary gain arisen out of it.</u> However, the Audit Committee, acting within the framework of the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015 and the Company's Code of Conduct for prevention of Insider Trading has issued a warning and imposed a penalty of Rs. 10,000/- with warning letter. The aforesaid penalty was remitted to the Investor Protection and Education Fund (IPEF) on 14.06.2021.



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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**

**Sd/-**

**(SANJAY DHOLAKIA)**

Practicing Company Secretary

Proprietor

Membership No. FCS 2655

CP No.1798

Place: Mumbai

Date: 21<sup>st</sup> May, 2022

UDIN: F002655D000359011

### CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

**(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)**

To,  
The Members of  
**FAZE THREE LIMITED**  
**CIN: L99999DN1985PLC000197**

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **FAZE THREE LIMITED** having CIN L99999DN1985PLC000197 and having registered office at Survey No. 380/1, Khanvel Silvassa Road, Village Dapada, Dadra & Nagar Haveli 396230, (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status on the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company and its officers, I hereby certify that none of the Directors on the Board of the Company for the Financial Year as ending as on 31<sup>st</sup> March, 2022 have been debarred or disqualified from being appointed or continuing as Directors of the Company by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company
1	Ajay Anand	00373248	20/06/2013
2	Sanjay Anand	01367853	01/12/2009
3	Rashmi Ajay Anand	00366258	23/08/2019
4	Manan Manoj Shah	07589737	12/08/2016
5	Vinit Arvind Rathod	07589863	12/08/2016
6	Kartik Ramesh Jethwa	08587759	16/10/2019

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **SANJAY DHOLAKIA & ASSOCIATES**

**Sd/-**  
**(SANJAY DHOLAKIA)**  
Practicing Company Secretary  
Proprietor

Membership No. 2655  
C P No.: 1798

Place: Mumbai  
Date: 21<sup>st</sup> May, 2022  
UDIN F002655D000359055

## Annexure VII

## Form No. MR-3

## SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> March, 2022

[Pursuant to section 204(1) of the Companies Act, 2013 and rule no. 9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

The Members

**FAZE THREE LIMITED**

CIN: L99999DN1985PLC000197

We 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 us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit of the Company, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2022 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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2022 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 Byelaws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; Not applicable to the Company during the Audit Period
  - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; Not applicable to the Company during the Audit Period
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; Not applicable to the Company during the Audit Period
  - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g. The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 ;
  - h. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; Not applicable to the Company during the Audit Period.
  - i. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; Not applicable to the Company during the Audit Period.

- j. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- vi. Laws applicable to the industry to which the Company belongs, as identified by the Management is given as under:
- Factories Act, 1948
  - Industrial Dispute Act, 1947
  - The Payment of Wages Act, 1936
  - The Minimum Wages Act, 1948
  - Employees' State Insurance Act 1948
  - The Employees' Provident Fund and Miscellaneous Provisions Act, 1952
  - The Payment of Bonus Act, 1965
  - The Payment of Gratuity Act, 1972
  - The Contract Labour (Regulation and Abolition) Act, 1970
  - The Maternity Benefit Act, 1961
  - The Industrial Employment (Standing Order) Act, 1946
  - The Apprentices Act, 1961
  - The Environment (Protection) Act, 1986
  - The Hazardous Wastes (Management, Handling And Trans boundary Movement) Rules, 2008
  - The Water (Prevention and Control of Pollution) Act, 1974
  - The Air (Prevention and Control of Pollution) Act, 1981
  - The Child Labour (Prohibition and Regulation) Act, 1986
  - The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
  - The Maharashtra Shops and Establishments Act 1948
  - The Noise Pollution (Regulation and Control) Rules, 2000
  - National Textile Policy, 2000
  - The Textile Committee Act, 1963
  - The Handlooms (Reservation of Articles for Production) Act, 1985
  - Textiles (Development and Regulation) Order, 2001

We have also examined compliance with the applicable clauses of Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India.

During the period under review, the Company has complied with the applicable provisions of the Act, Rules, Regulations and Guidelines, as mentioned above (\*except reported below)

Sr. No.	Compliance Requirement (Regulations/Circulars/Guidelines including specific clause)	Deviations	Observations/Remarks Of The Practising Company Secretary
1	SEBI (Prohibition of Insider Trading) Regulations, 2015 ("the SEBI Regulations") read with SEBI Circular No. SEBI/HO/ISD/ISD/CIR/P/2020/135 dated July 23, 2020 and the Company's Insider Trading Policy which restricts designated person to deal in securities of the company when trading window is closed	Mr. Ajay Anand, Promoter & Managing Director & designated person of the company had informed the Compliance Officer vide his letter dated 11.06.2021 that his DP had inadvertently sold 2620 Equity shares of the company on 10.06.2021 and immediately rectified it by squaring it off on 10.06.2021,	The Audit committee noted that the said transaction was a punching error by the terminal operator of the DP, <u>the transaction was immediately squared off by the DP to rectify the error and there was no monetary gain arisen out of it.</u> However, the Audit

		<p><i>when the trading window in dealing of the securities of the Company was closed for the quarter/year ended 31.03.2021.</i></p>	<p><i>Committee, acting within the framework of the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015 and the Company's Code of Conduct for prevention of Insider Trading has issued a warning and imposed a penalty of Rs. 10,000/- with warning letter. The aforesaid penalty was remitted to the Investor Protection and Education Fund (IPEF) on 14.06.2021.</i></p>
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We 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. There were no changes in the composition of the Board of Directors / Committees of Board of Directors that took place during the period under review.

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 where the meetings are conducted at a shorter notice, the compliance in accordance with Secretarial Standards-1 are adhered to. 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.

We 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**

**Sd/-**

(SANJAY DHOLAKIA)

**Practicing Company secretary**

Proprietor

Membership No. 2655

C P No.: 1798

Place: Mumbai

Date: 21<sup>st</sup> May, 2022

UDIN: F002655D000359077

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**ANNEXURE A TO SECRETARIAL AUDIT REPORT**

To  
The Members  
**FAZE THREE LIMITED**

Our 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. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that the correct facts are reflected in secretarial records. We believe that the practices and processes, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we 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 the Corporate and other applicable laws, rules, regulations and norms is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. 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.

**For SANJAY DHOLAKIA & ASSOCIATES**

Sd/-  
(SANJAY DHOLAKIA)  
**Practicing Company secretary**  
Proprietor

Membership No. 2655  
C P No.: 1798

Place: Mumbai  
Date: 21<sup>st</sup> May, 2022

UDIN: F002655D000359077

## Business Responsibility and Sustainability Report for FY 2021-22

### SECTION A: GENERAL DISCLOSURES

#### I. Details of the listed entity

1. Corporate Identity Number (CIN) of the Listed Entity: L99999DN1985PLC000197
2. Name of the Listed Entity: Faze Three Limited
3. Year of incorporation: 1985
4. Registered office address: Survey No. 380/1, Khanvel Silvassa Road, Village Dapada Dapada DADRA & NAGAR HAVELI DN 396230 IN
5. Corporate address: 63/64, 6th Floor, Wing C, Mittal Court, Nariman Point, Mumbai - 400021.
6. E-mail: cs@fazethree.com
7. Telephone: +91 (22) 43514444/ 400
8. Website: www.fazethree.com
9. Financial year for which reporting is being done: Financial year 2021-22
10. Name of the Stock Exchange(s) where shares are listed: BSE Limited
11. Paid-up Capital: 24,31,90,000
12. Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report: Mr. Ankit Madhwani, Chief Financial Officer  
Telephone no. : +91 (22) 43514444/400; Email id: cs@fazethree.com
13. Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together) - The disclosures under this report are made on standalone basis for Faze Three Limited.

#### II. Products / services

##### 14. Details of business activities (accounting for 90% of the turnover)

S. No.	Description of Main Activity	Description of Business Activity	% of the Turnover of the entity
1	Manufacturing	Home & Technical Textile Products	More than 90%

##### 15. Products/Services sold by the entity (accounting for 90% of the entity's Turnover)

S. No.	Description of Main Activity	Description of Business Activity	% of the Turnover of the entity
1	Manufacturing of made-up textiles products except apparels	1392	More than 90%

#### III. Operations

##### 16. Number of locations where plants and / or operations / offices of the entity are situated

Location	Number of Plants	Number of offices	Total
National	6	2	8
International	-	-	-

**17. Markets served by the entity****a. Number of locations**

Location	Number
National (No. of states)	0
International (No. of countries)	Mainly North America & Europe and balance rest of world

**b. What is the contribution of exports as a percentage of the total turnover of the entity ? Approx 90%****c. A brief on types of customers**

Faze Three Limited has its registered office at Silvassa and is engaged in the business of manufacturing home & technical textiles furnishing products. The Company generates over 90% of its total revenue from Exports. The Company manufactures bath mats, chairpads, rugs, cushions, cushion covers, table cloth, curtains and other home furnishing etc. The Company caters to a wide range of vendors, wholesalers and distributors. The Company supplies to gaint global retailers.

**18. EMPLOYEES**

Details as at the end of Financial Year 31<sup>st</sup> March, 2022

**a. Employees and workers (including differently abled) :**

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
	EMPLOYEES AND WORKERS					
1	Permanent (D)	1753	1385	79.01	368	20.99
2	Other than Permanent (E)	692	567	81.94	125	18.06
3	Total employees and Workers (D + E)	2445	1952	79.84	493	20.16

**b. Differently abled Employees and workers**

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
	EMPLOYEES AND WORKERS					
1	Permanent (D)	3	3	100	0	0
2	Other than Permanent (E)	0	0	0	0	0
3	Total differently abled employees and workers (D + E)	3	3	100	0	0

**19. Participation / Inclusion / Representation of women**

	Total (A)	No. and percentage of Female	
		No. (B)	% (B/A)
Board of Directors	6	1	16.67%
Key Management Personel	2	NII	NIL



**20. Turnover rate for permanent employees and workers**

(Disclose trends for the past 3 years)

	FY 2021-22			FY 2020-21			FY 2019-20		
	(Turnover rate in current FY)			(Turnover rate in previous FY)			(Turnover rate in the year prior to the previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
<b>Permanent Employees &amp; Workers</b>	<b>10.69</b>	<b>7.07</b>	<b>9.93</b>	<b>13.33</b>	<b>14.80</b>	<b>13.58</b>	<b>13.89</b>	<b>8.94</b>	<b>13.08</b>

**V. Holding, Subsidiary and Associate Companies (Including joint ventures)****21 (a) Names of holding/subsidiary/associate companies/joint ventures**

<b>S. No.</b>	Name of the holding / subsidiary / associate companies / joint ventures (A)	Indicate whether holding / subsidiary/ Associate / Joint Venture	% of Shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	Faze Three US LLC	Wholly owned Foreign Subsidiary	100%	No
2	Mats and More Private Limited	Wholly owned Indian Subsidiary	99.96%	No

**II. CSR Details**

22. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No) - YES
- (ii) Turnover (in Rs.) for FY 2021-22 : INR 5,05,33,81,527.97
- (iii) Net worth (in Rs.) for FY 2021-22 : INR 2,24,37,64,171.18

## 23. Transparency and Disclosures Compliances

Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in place (Yes/No) (If yes, then provide web-link for grievance redress policy)	FY 2021-22			FY 2020-21		
		Current Financial Year			Current Financial Year		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	The Company has deployed its employees at each factory location who regularly visit the communities and interact with people to ascertain and address community concerns, if any.	NIL	NIL	NIL	NIL	NIL	NIL
Investors (other than shareholders)	NIL						
Shareholders	The Company has Stakeholders Relationship Committee ("SRC") to examine and redress complaints by shareholders. SRC meets as and when required and atleast once a year to resolve shareholders grievances. Scores platform is also available for shareholders to raise any complaints ( <a href="https://scores.gov.in/admin/Welcome.html">https://scores.gov.in/admin/Welcome.html</a> )	NIL	NIL	NIL	NIL	NIL	NIL
Employee	<a href="https://www.fazethree.com/policies/">https://www.fazethree.com/policies/</a>	NIL	NIL	NIL	NIL	NIL	NIL
Workers	<a href="https://www.fazethree.com/policies/">https://www.fazethree.com/policies/</a>	NIL	NIL	NIL	NIL	NIL	NIL
Customers	The Company operates into B2B Model and exports manufactured products to large retailers around the world. Each customer has a dedicated key account manager for 360 degree communication.	NIL	NIL	NIL	NIL	NIL	NIL

## 24. Overview of the entity's material responsible business conduct issues

Material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to the business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications.

Sr.No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	Natural Resource availability	Risk and Opportunity	Natural capital being a essential part of our value creation model, drives us towards meeting our business needs by creating sustainable products and solutions with minimum impact on the natural ecosystem.	<ol style="list-style-type: none"> <li>1. Company has invested in 1.0 MW of Solar Rooftop at Silvassa units in Apr 2022 which would generate around 30% of current electricity consumption at said units. Apart from being cost effective, it enhances goal &amp; commitment towards ESG.</li> <li>2. Plant wise plan/actions implemented for alternate sources of water like borewell, tanker water supply, effluent treatment plant water re-use, rainwater usage and achieving water neutrality.</li> </ol>	<p>Positive: Scope to increase reliability on renewal energy.</p> <p>Negative: Unavailability can impact service to customer.</p> <p>Scarcity/ shortage of raw material leads to high production cost.</p>
2	Environment risk	Risk and Opportunity	Changes in existing regulations/ emerging regulations impacting sourcing of materials, emissions, waste generation, storage and use of material or quality of finished goods	<ol style="list-style-type: none"> <li>1. The Company continues to monitor all emerging regulations, incidents, developments and map it for compliance.</li> <li>2. Regular training and discussion with employees is conducted to keep themselves updated about regulatory changes.</li> <li>3. Data mapping and records are kept in organised manner.</li> </ol>	<p>Positive: Scope for product innovation to meet new regulatory requirements and explore new sources of raw materials.</p> <p>Negative: Increased expenses in transiting towards meeting new regulations.</p>
3	Handling Hazardous Material / Waste	Risk	Handling hazardous material/waste in business operations with care to avoid any threats posed to the health and well-being of our employees and to our surrounding environment	<ol style="list-style-type: none"> <li>1. Conducts risk assessments, safety audits and safety inspections at a prescribed frequency.</li> <li>2. Regular training is imparted to employees, workers and contractors on workplace hazards, associated risks and arrangements to mitigate them.</li> <li>3. Having a appropriate emergency response procedures and contingency plans.</li> </ol>	Negative: Impact on health and well-being of employees/ workers at the plants & community near by.
4	Health and safety risk	Risk and Opportunity	The manufacturing operations of the Company require employees to interact with plant, machinery, and material handling equipment, all of which carry an inherent risk of injury	<ol style="list-style-type: none"> <li>1. Training of employees for operating machines, procedure, SOP etc Compliance with all applicable health and safety legislations and relevant standards.</li> <li>2. Keep upgrading the health and safety standards.</li> </ol>	<p>Positive: Adoption of latest safety related protocols and measures to create a safe work environment.</p> <p>Negative: Impact on health and well-being of employees of the Company.</p>
5	Labour strikes/ disputes	Risk and Opportunity	Disruption in manufacturing due to labour strikes	<ol style="list-style-type: none"> <li>1. Knowledge sharing sessions on labour laws.</li> <li>2. Physical and Mental Wellness sessions conducted on regular basis.</li> </ol>	<p>Positive: Opportunity to develop stronger relationship and engagement with labour and labour unions.</p> <p>Negative: Labour unavailability can impact manufacturing.</p>
6	Reputation	Opportunity	Bad publicity arising out of any act/ inaction by the Company on social media or any other platform	<ol style="list-style-type: none"> <li>1. Actively addressing product complaints.</li> <li>2. Ensuring product delivery as promised.</li> <li>3. Compliance with all regulatory norms.</li> <li>4. Strengthening corporate governance norms, including adherence to the code of conduct by all.</li> </ol>	Positive: Opportunity to improve brand presence and reputation through proactively managing possible issues.

## SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

Disclosure questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
<b>Policy and management process</b>									
1. a. Whether your entity's policy / policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	No		Yes
b. Has the policy been approved by the Board? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	No		Yes
c. Web Link of the Policies, if available	Refer Note 1								
2. Whether the entity has translated the policy into procedures. (Yes / No)	Yes	Yes	Yes	Yes	Yes	Yes	No		Yes
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	The policies followed by the Company as applicable to value chain partners are listed on the Company's website. The value chain partners are expected to follow the applicable policies.								
4. Name of the national and international codes/certifications/labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	Fair Trade USA, GOTS, Oeko-Tex, STeP (Sustainable Textile Production), MIG label(Made in Green ), ISO9001:2015, SA8000:2014, SMETA.	ISO9001:2015, Fair Trade USA, Oeko-Tex, STeP (Sustainable Textile Production), MIG label(Made in Green )	SMETA, SA8000: 2014	No. Company has not adopted any certification / label / standard, however through its internal policies it strives to follow the principle	SA8000: 2014	Fair Trade USA, GOTS, Oeko-Tex, MIG label(Made in Green )	N.A.	No. Company has not adopted any certification / label / standard, however through its internal policies it strives to follow the principle	
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	The Company is in compliance with all applicable laws & regulations and is committed & working regularly to further improve the current standards.								
6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	The Board of Directors of the Company has empowered the Senior Management at each location to ensure the compliance with the Principles and to review it periodically and strive to improve the current standards.								
<b>Governance, leadership and oversight</b>									
7. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	The Board of Directors of the Company through top management oversee the implementation of the Business Responsibility policies.								
8. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	No								

**Note1**

Principles	Applicable Policies	Link for Policies
PRINCIPLE 1 - Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable	Code of Conduct for Directors and Senior Management Personnel, Insider Trading Policy, Policy on dealing with and materiality of Related Party Transactions, Vigil Mechanism/ Whistle Blower Policy	<a href="https://www.fazethree.com/policies/">https://www.fazethree.com/policies/</a>
PRINCIPLE 2 - Businesses should provide goods and services in a manner that is sustainable and safe	Environment, Health and Safety Policy	<a href="https://www.fazethree.com/policies/">https://www.fazethree.com/policies/</a>
PRINCIPLE 3 - Businesses should respect and promote the well-being of all employees, including those in their value chains	Code of Conduct for Employees, HR Policy, Policy on Prevention of Sexual Harassment (POSH) of women at the workplace	<a href="https://www.fazethree.com/policies/">https://www.fazethree.com/policies/</a>
PRINCIPLE 4 - Businesses should respect the interests of and be responsive to all its stakeholders	Corporate Social Responsibility Policy	<a href="https://www.fazethree.com/policies/">https://www.fazethree.com/policies/</a>
PRINCIPLE 5 - Businesses should respect and promote human rights	Code of Conduct for Employees, HR Policy	<a href="https://www.fazethree.com/policies/">https://www.fazethree.com/policies/</a>
PRINCIPLE 6 - Businesses should respect and make efforts to protect and restore the environment	Environment, Health and Safety Policy, Corporate Social Responsibility Policy	<a href="https://www.fazethree.com/policies/">https://www.fazethree.com/policies/</a>
PRINCIPLE 7 - Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent	NA	NA
PRINCIPLE 8 - Businesses should promote inclusive growth and equitable development	Corporate Social Responsibility Policy	<a href="https://www.fazethree.com/policies/">https://www.fazethree.com/policies/</a>
PRINCIPLE 9 - Businesses should engage with and provide value to their consumers in a responsible manner	Customer Policy	<a href="https://www.fazethree.com/policies/">https://www.fazethree.com/policies/</a>

**9. Details of Review of NGRBCs by the Company:**

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board / any other committee								
	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against above policies and follow up action	Yes								
Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances	The Company is in continuous compliance with all the applicable statutory requirements								

Subject for Review	Frequency (Annually / Half Yearly / Quarterly / Any other - please specify)								
	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against above policies and follow up action	Annually								
Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances	Quarterly								

**10. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency**

P1	P2	P3	P4	P5	P6	P7	P8	P9
The processes & compliances may be subject to scrutiny by internal auditors and regulatory compliances, as applicable. From a best practices perspective as well as from a risk perspective, policies are periodically evaluated and approved by Senior Management/ Board, as the case may be.								

**11. If answer to question (1) above is “No” i.e. not all Principles are covered by a policy, reasons to be stated:**

Questions	P7	Remarks
The entity does not consider the Principles material to its business (Yes/No)	No	The Company may share its knowledge / knowhow to assist in the formulation of public policy, but it does not directly engage in advocacy activities. The Company is committed to extend financial literacy, employment generation, equal opportunity, increasing investor awareness, among others.
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)	No	
The entity does not have the financial or/ human and technical resources available for the task (Yes/No)	No	
It is planned to be done in the next financial year (Yes/No)	No	

**PRINCIPLE 1: Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.**

#### ESSENTIAL INDICATORS

**1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year: 2021-22**

Segment	Total number of training and awareness programmes held	Topics /principles covered under the training and its impact	%age of persons in respective category covered by the awareness programmes
Board of Directors	3 (as part of Board Meeting)	Updates and awareness related to regulatory changes are conducted for the Board of Directors & KMPs. Topics covered includes: 1) Corporate Governance 2) Companies Act 3) SEBI Listing Requirements	83%
Key Managerial Personal			100%
Employees other than BoD and KMPs	3 Sessions	1. Code of conduct for Employees 2. Anti-Bribery and Anti-Corruption Policy 3. Vigil Mechanism / Whistle Blower Policy 4. Policy on Prevention of Sexual Harassment (POSH) of women at the workplace	More than 80% of intended target audience
Workers	Health and Safety related training and awareness sessions are being conducted and provided to the workers at regular intervals.		

**2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year. - None**

**3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed. Not applicable**

**4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy:**

Yes, the Company has an Anti-Bribery and Anti-Corruption Policy. This policy applies to all persons associated with the Company and who may be acting on behalf of the Company.

The policy is available on the Company's website at <https://www.fazethree.com/policies>

**5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption: None**

**6. Details of complaints with regard to conflict of interest: None**

**7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest: Not applicable**

#### LEADERSHIP INDICATORS

**1. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same.**

Yes, the Company has a Code of Conduct for Board of Directors and senior management personnel which provides clear guidelines for avoiding and disclosing actual or potential conflict of interest with the Company. The Company receives an annual declaration from its Board of Directors and senior management personnel on compliance with the code, and ensures requisite approvals as required under the applicable laws are taken prior to entering into transactions with each entities.

The policy is available on the Company's website at <https://www.fazethree.com/policies/>.



**PRINCIPLE 2: Businesses should provide goods and services in a manner that is sustainable and safe**
**ESSENTIAL INDICATORS**
**1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.**

Environmental and Social impact assessment is one of the key inputs for the new product development/ process changes. Capital expenditure and R&D spends incurred by the Company embeds cost incurred to mitigate environmental & social hazards. These are inseparable cost of the products and hence separately identifying such cost is not feasible.

The Company regularly undertakes required steps for conservation of energy leading to sustainability. The Company is also actively contributing to the Sustainability projects for conservation of resources. Some of the initiatives are highlighted below:

- i. Installation of rooftop solar project at its Dadra location for generation of renewable energy;
- ii. Installation of LED lamps in the vicinity of all factories powered by solar energy;
- iii. Installation of new sewing machines with servo motors leading to higher productivity and lower electricity cost;
- iv. Turbo fans installed in the factories instead of electrical blowers thereby cutting energy;
- v. Regulated compressed air supply in factories as well as Installed Separate regulated Air Line to Machines without any 0% Air leakage;
- vi. Installation of separate regulated air line for machines which has zero % leakage;
- vii. Electrical scooters used for transportation of goods within factory premises;
- viii. Transparent sheets installed in the warehousing walls and roof for daylight exposure leading to lower use of powered lights;
- ix. LED tubelights installed all over the factories replacing the fluorescent lights cutting energy consumption by 50%;
- x. Using 20 W Led Tube lights instead of using 40w Fluorescent Tube rod with chowk which cuts 50 % power consumption;
- xi. Boiler and Thermopac conversion from furnace oil to natural gas for reducing of co2 emission, power consumption, low maintenance cost;

**2. a. Does the entity have procedures in place for sustainable sourcing? - Yes**

**b. If yes, what percentage of inputs were sourced sustainably? ~10%**

**3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.**

The Company undertake efforts to reduce / minimize environmental impact in following areas –

1. Vendors – As a matter of policy the Company increasingly works with vendors who have integrated facility for effluent treatment or subscribe to a common treatment/ discharge facility.
2. Customers – The Products are manufactured as per requirement of company's customers, who further encourages the final consumer to re-use and recycle the products. Various tags and information for same is also provided on products.
3. Plastics – The Company encourages its customers to replace Plastics Tags with FSC Paper Tag and other recyclable material.
4. Product Packaging – The Recycling details are provided on product supplied to customers wherever applicable.
5. E-waste – All IT related disposal are done through E-waste certified supplier who ensures safe disposal with minimal environmental impact.

**4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same. - Not applicable**



## LEADERSHIP INDICATORS

1. **Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?**

Given the diversity of our products, Company has not undertaken LCA. However, the Company is exploring various initiatives to assess Carbon Footprint and reduce the same.

2. **If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.**

Name of Product / Service	Description of the risk / concern	Action Taken
Raw Material	Waste Generation	The Company encourages its customers to place orders for products which are sustainable and manufactured with recycled material.
Oil	Carbon emission	The Company has in place effluent treatment/ discharge facility for proper disposal of oil.
Fuel	Carbon emission	Expanding use of CNG, Solar Energy, Electrical Vehicles and other renewable energy source
Coal produced electricity	Carbon emission	i. Installation of rooftop solar project at its Dadra location for generation of renewable energy. ii. Installation of LED lamps in the vicinity of all factories powered by solar energy. iii. Installation of new sewing machines with servo motors leading to higher productivity and lower electricity cost; iv. Turbo fans installed in the factories instead of electrical blowers thereby cutting energy.
Waste disposal	Water pollution / soil and land pollution	The Company increasingly works with vendors who have integrated facility for effluent treatment or subscribe to a common treatment/ discharge facility.

3. **Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).**

Indicate input material	Recycled on re-used input material to total material	
	FY 2021-22	FY 2020-21
	Current Financial Year	Previous Financial Year
Plastic Bags	6.63	4.22
Yarn	6.73	5.05
Spun Poly Yarn	3.04	5.58
Fiber	100	100
Chindi	100	100

4. **Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed.**

The Company operates into B2B Model and exports manufactured products to large retailers around the world and these products are not reclaimed by the Company directly, however Company encourages customers to purchase sustainable products.

5. **Reclaimed products and their packaging materials (as percentage of products sold) for each product category. - Not applicable**

**PRINCIPLE 3 : Business should respect and promote the well-being of all employees, including those in their value chains**

## ESSENTIAL INDICATORS

### 1. a. Details of measures for the well-being of employees and workers :

% of employees and workers covered by											
Category	Total A	Health Insurance		Accident Insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent employees and workers											
Male	1385	1129	81.25	1385	100	0	0	1385	100	1221	88.16
Female	368	252	68.48	368	100	368	100	0	0	368	100
Total	1753	1381	78.78	1753	100	368	20.99	1385	79.00	1589	90.64
Other than Permanent employees and workers											
Male	567	567	100	567	100	0	0	567	100	467	82.36
Female	125	125	100	125	100	125	100	0	0	125	100
Total	692	692	100	692	100	125	18.06	567	81.94	592	85.55

### 2. Details of retirement benefits, for Current Financial Year and Previous Financial Year

Benefits	FY 2021-22 Current Financial Year			FY 2020-21 Previous Financial Year		
	No. of employees covered as a % of total employees	No of workers covered as a % of total employees	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF*	100	100	Y	100	100	Y
Gratuity	100	100	Y	100	100	Y
ESI*	100	100	Y	100	100	Y
Other - please specify	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

\*The Employees and Workers are covered as per the threshold limit as prescribed under the various applicable law.

### 3. Accessibility of workplaces

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirement of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard - The Company's corporate office and factory floor is accessible to differently abled employees and workers.

### 4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

The Company is committed to provide equal employment opportunities without any discrimination on the grounds of race, religion, national origin, ethnic origin, color, gender, age, citizenship, veteran status marital status or a disability. The Company's Code of Conduct for employees specifically calls out for no discrimination on any grounds. The Code of Conduct can be accessed at the following link on our website at [www.fazethree.com](http://www.fazethree.com)

### 5. Return to work and Retention rates of permanent employees and workers that took parental leave: Not Applicable.

**6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.**

	Yes / No (If yes, then give details of the mechanism in brief)
Permanent Workers	The Company aims to provide a safe, friendly and conducive work environment to all of its employees and associates. Employees are encouraged to share their concerns with their Reporting Manager or the members of the senior management. The Company has formulated whistle blower policy which allows all our employees to report any kind of suspected or actual misconduct in the organisation in an anonymous manner. In addition, Policy on Prevention of Sexual Harassment at Workplace for prevention, prohibition and redressal of sexual harassment at workplace has been formulated and Internal Complaints Committee has also been set up to redress any such complaints received.
Other than Permanent Workers	
Permanent Employees	
Other than Permanent Employees	

**7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:**

Category	FY 2021-22 Current Financial Year			FY 2020-21 Previous Financial Year		
	Total employees/ workers in respective category (A)	No. of employees / workers irrespective category, who are part of association(s) or Union(B)	% (B/A)	Total employees workers in respective category (C)	No. of employees / workers in respective category, who are part of association(s) or Union(D)	% (D/C)
<b>Total Permanent Employees</b>	NIL					
- Male						
- Female						
<b>Total Permanent Workers</b>						
Male						
- Female						

**8. Details of training given to employees and workers:**

Category	FY 2021-22 Current Financial Year					FY 2020-21 Previous Financial Year				
	Total (A)	On health and safety measure		On skill upgradation		Total (D)	On health and safety measure		On skill upgradation	
		No. (B)	%(B/A)	No. (C)	%(C/A)		No. (E)	%(E/D)	No. (F)	%(F/D)
Employees and Workers										
Male	1952	1753	89.81	693	35.50	1676	773	46.12	298	17.78
Female	493	386	78.30	170	34.48	405	274	67.65	130	32.10
Total	2445	2139	87.48	863	35.30	2081	1047	50.31	428	20.57

**9. Details of performance and career development reviews of employees and worker:** 100% of eligible employees have received performance and career development reviews.

**10. Health and safety management system:**

**a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system?**

The Company has in place Environmental, Health and Safety Policy for protection of the employees from work related hazards. This Health and Safety Policy covers all the operating/ factory sites of Company. The health and safety management system broadly covers the following:

1. Risk assessments, safety audits and safety inspections at a prescribed frequency
2. Formation of contingency plan

3. Ensure that each employee, workers and visitors comply with all safety rules and regulations framed for the operation.

**b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?**

Periodic inspections are carried out at plant site to identify work related hazards. The Company is committed to provide safe and healthy working conditions for the prevention of work-related injury and ill health of employees and workers. Periodic training is given to the workers/ employees on dealing with hazardous goods.

The Company regularly updates the health and safety standards.

**c. Whether you have processes for workers to report the work related hazards and to remove themselves from such risks. (Y/N) - YES**

**d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No) - YES**

**11. Details of safety related incidents, in the following format:**

Safety Incident / Number	Category	FY 2021-22 Current Financial Year	FY 2020-21 Previous Financial Year
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	NIL	
	Workers		
Total injuries recordable work-related	Employees		
	Workers		
No. of fatalities	Employees		
	Workers		
High consequence work-related injury or ill-health (excluding fatalities)	Employees		
	Workers		

**12. Describe the measures taken by the entity to ensure a safe and healthy work place.**

The Company has in place Health and Safety Policy which covers all the operating/ factory sites of Company.

The Company has taken following measures to ensure a safe and healthy work place:

1. Implementation of Health and Management System
2. Systematic process in place for identification of work-related hazards.
3. Imparting trainings to the workers/ employees on dealing with hazardous goods.
4. Conducting mock drills for workers/ employees.
5. Adequate system in place to identify work related hazards and to formulate contingency plan and to eliminate or mitigate the hazards.
6. Ensures that all activities across the value chain are conducted as per the defined health and safety procedures.
7. Risk assessment is done on a periodic basis and actions are taken to maintain the risks.
8. Providing patient-centered, culturally appropriate, and individual holistic care and checkups, including sickness checkups and regular follow-ups to factory worker/ employees.
9. Conducts weekly checkups of employees working in Hazardous areas.
10. Maintenance of accurate medical records.

**13. Number of Complaints on the following made by employees and workers:**

	FY 2021-22			FY 2020-21		
	Current Financial Year			Previous Financial Year		
	Filed During the year	Pending resolution at the end of year	Remarks	Filed During the year	Pending resolution at the end of year	Remarks
Working Conditions	NIL			NIL		
Health & Safety						

**14. Assessments for the year**

	% of your plants and offices that were assessed (By entity or statutory authority or third parties)
Health & Safety practice	100% of locations covered through internal/external audits and social audits conducted by Customers/ Vendors
Working Conditions	

**15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health:**

- Thermography Scanning:** Thermography scanning is conducted at all plants.
- Installation of instruments to prevent fire injury & Emergency Exit:** To prevent any injury from fire, the Company has installed various instruments as prescribed by the Department of Fire and Emergency Services at all plants and compliance with respect to emergency exit requirements is ensured. Further, the fire drills are carried out at regular intervals.
- Masks:** It is mandatory for the workers even before Covid-19 Pandemic, to wear mask at the time of processing raw cotton, in order to prevent any respiratory disorders caused due to inhalation of dust produced by raw cotton.
- Machine guards and censors:** The machine guards and censors are installed to protect the machine operator and other employees in the work area from hazards created during the machine's normal operation.

**LEADERSHIP INDICATORS**

- Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).**

The employees and workers of the Company are covered under ESIC and Workmen Compensation Policy.

- Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.**

The Company ensure that statutory dues are paid within timeline by the Company and regularly follows up with the value chain partners for the same. The Company is regular in paying the statutory dues.

- Provide the number of employees / workers having suffered high consequence work- related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:**  
NONE

- Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No) - YES**

- Details on assessment of value chain partners:**

	% of value chain partners (by value of business done with such partners) that were assessed
Health & Safety practice	100% through internal / external audits and social audits conducted by Customers / Vendors
Working Conditions	

**6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.**

During the year under review, there were no major health and safety related risks.

**PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders**

**ESSENTIAL INDICATORS**

**1. Describe the processes for identifying key stakeholder groups of the entity.**

The key stakeholder group identified by the Company includes Employees, Shareholders & Investors, Vendors and Communities.

**2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group**

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Employees	No	As needed: Email, in person meeting, calls	At regular intervals	<ol style="list-style-type: none"> <li>1. Career Management and Growth Prospects</li> <li>2. Learning opportunities</li> <li>3. Compensation structure</li> <li>4. Flexible working hours</li> </ol>
Shareholders & Investors	No	As needed: Presentation, email advisories.	<ol style="list-style-type: none"> <li>1. Quarterly: Financial statements in IndAS and Company's presentation on Financial results</li> <li>2. Annual: Annual General Meeting; Annual Report</li> </ol>	<ol style="list-style-type: none"> <li>1. Understanding shareholder expectations</li> <li>2. Addressing their concerns</li> </ol>
Vendors	No	As needed: calls and meetings, emails, presentations, reviews.	At regular intervals	<ol style="list-style-type: none"> <li>1. Quality Management</li> <li>2. Pricing of products</li> <li>3. Purchase orders</li> <li>4. Supply chain management</li> </ol>
Communities	Yes	As needed: reviews, calls and meetings, surveys	Annual	<ol style="list-style-type: none"> <li>1. Sustainable ways of doing business</li> <li>2. Community welfare</li> <li>3. Business concerns</li> </ol>

## LEADERSHIP INDICATORS

1. **Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.**

The Company actively engages with its key stakeholders. A continuous engagement with the stakeholders helps the Company to meet its stakeholders' needs and expectations. The Board is kept abreast on recent developments and feedback on the same is sought from the Directors on regular basis.

2. **Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.**

Continuous engagement with stakeholders helps in aligning expectations, thereby enabling the Company to better serve its stakeholders. The Company does take into consideration the material inputs/ feedbacks received from the customers. The Company recognises the importance of stakeholder consultation and hence stakeholder interactions are important. The Company is in compliance with the environmental guidelines with respect to the operations, waste management, effluent treatment and energy conservation.

3. **Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.**

All the CSR initiatives of the Company are undertaken for the benefit and upliftment of disadvantaged and marginalised section of the society. Kindly refer to the Corporate Social Responsibility Report given separately in Annual Report.

## PRINCIPLE 5: Businesses should respect and promote human rights

### ESSENTIAL INDICATORS

1. **Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:**

	FY 2021-22 Current Financial Year			FY 2020-21 Previous Financial Year		
	Total (A)	No. employees Workers Covered (B)	% (B/A)	Total (C)	No. employees Workers Covered (D)	% (D/C)
<b>Employees</b>						
Permanent	566	566	100	562	560	100
Other than permanent	0	0	0	0	0	0
<b>Total Employees</b>	<b>566</b>	<b>566</b>	<b>100</b>	<b>562</b>	<b>562</b>	<b>100</b>
<b>Workers</b>						
Permanent	1187	1187	100	1039	1039	100
Other than permanent	692	692	100	480	480	100
<b>Total Workers</b>	<b>1879</b>	<b>1879</b>	<b>100</b>	<b>1519</b>	<b>1519</b>	<b>100</b>



## 2. Details of minimum wages paid to employees and workers.

The Company is providing more than the statutorily required minimum wages to all its employees and workers whether permanent or temporary and ensures equal remuneration for equal work

## 3. Details of remuneration/ salary/ wages, in the following format:

	Male		Female	
	Number	Median remuneration/ salary/wages of respective category	Number	Median remuneration/ salary/wages of respective category
Board of Directors (BoD)*	2	4,46,875	0	NIL
Key Managerial Personnel	2	3,47,500	0	NIL
Employees other than BoD and KMP	537	25,000	25	30,975
Workers	1411	12,716	468	11,046

\*Directors not drawing remuneration are excluded in computation of median remuneration.

## 4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No) - YES

## 5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

The Company is committed to providing a safe and positive work environment. The Company regards respect for human rights as one of its fundamental and core values and strives to support, protect and promote human rights to ensure that fair & ethical business and employment practices are followed. The Company is committed to providing a work environment that ensures that every employee/ worker is treated with dignity, respect and afforded equitable treatment. The Company is also committed to promoting a work environment that is conducive to the professional growth of its employees and encourages equality of opportunity. The Company strictly prohibits sexual harassment, harassment based on race, religion, national origin, ethnic origin, color, gender, age, citizenship, veteran status marital status or a disability. The employees can raise the concern for the violation of human rights/ harassment to their reporting Manager or Senior Management.

The Company also has zero tolerance towards and prohibits all forms of slavery, coerced labour, child labour, human trafficking, violence or physical, sexual, psychological or verbal abuse.

## 6. Number of Complaints on the following made by employees and workers:

	FY 2021-22 Current Financial Year			FY 2020-21 Previous Financial Year		
	Filed During the year	Pending resolution at the end of year	Remarks	Filed During the year	Pending resolution at the end of year	Remarks
Sexual Harassment	NIL			NIL		
Discrimination at workplace						
Child Labour						
Forced Labour/ Involuntary Labour						
Wages						
Other humanrights related issues						



**7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.**

- a. Internal Complaints Committee constituted as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, receives, investigates the complaints and provide independent judgement.
- b. Whistle Blower Policy of the Company provides adequate safeguard against the whistle blower and no one is denied access to the Chairman of the Audit Committee or in exceptional cases to the Board of Directors for appropriate relief.

**8. Do human rights requirements form part of your business agreements and contracts? (Yes/No) - YES**

**9. Assessments for the year:**

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child Labour	The Company is in compliance with the applicable laws and monitors at regular intervals the compliance for all applicable laws and policies.
Forced Labour/ Involuntary Labour	
Sexual harassment	
Discrimination at workplace	
Wages	
Other please specify	

**10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above. - Not applicable**

**LEADERSHIP INDICATORS**

**1. Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.**

During the reporting period, no business processes were required to be modified or introduced for addressing human rights grievances/complaints.

**2. Details of the scope and coverage of any Human rights due-diligence conducted.**

The Company is committed to protecting and respecting Human Rights as well as remedying rights violations in case they are identified. The Company has constituted Internal Complaints Committee to receive and investigate the complaints with respect to Sexual Harassment of Women at Workplace. The Company has also framed Whistle Blower/ Vigil Mechanism Policy which provides adequate safeguard against the whistle blower and no one is denied access to the Chairman of the Audit Committee or in exceptional cases to the Board of Directors for appropriate relief. As an equal opportunity employer, we have zero tolerance towards the discrimination on the basis of race, colour, religion, sex, national origin, gender identity, gender expression, sexual orientation or disability status.

**3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?**

The Company's corporate office and factory floor is accessible to differently abled Visitors.

**4. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above. - Not applicable**

**PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment****ESSENTIAL INDICATORS****1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:**

Parameter	FY 2021-22	FY 2020-21
	Current Financial Year	Previous Financial Year
Total electricity consumption (A) in Kwh	13981971.55	11782559.05
Total fuel consumption (B)		
Coal (Ton)	13388.1	10619.75
Diesel and other oil (Litre)	497711	669366
Energy consumption through other sources (C) in Kwh	41888	40568
<b>Total energy consumption (A+C)</b>	<b>14023859.55</b>	<b>11823127.05</b>
Energy intensity per rupee of turnover	0.0027 Kwh/Rs	0.0036 Kwh/Rs

*Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. NO*

**2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any. Not Applicable**

**3. Provide details of the following disclosures related to water, in the following format:**

Parameter	FY 2021-22 Current Financial Year	FY 2020-21 Previous Financial Year
<b>Water withdrawal by source (in kilolitres)</b>		
(i) Surface water	-	-
(ii) Groundwater	294960.1	287618.7
(iii) Third party water	430723	379008
(iv) Seawater / desalinated water	-	-
(v) Others	-	-
<b>Total volume of water withdrawal (in kilolitres) (i+ii+iii+iv+v)</b>	<b>725683.1</b>	<b>666626.7</b>
<b>Total volume of water consumption (in kilolitres)</b>	<b>725683.1</b>	<b>666626.7</b>
<b>Water intensity per rupee of turnover (Water consumed/turnover)</b>	<b>0.00014 KL/₹</b>	<b>0.00020 KL/₹</b>

*Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.: No*

**4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.**

Recognizing the importance of water as a resource, we undertake several initiatives to optimize the consumption and reduce resultant wastewater generation through our reuse or recycle schemes. Such wastewater is further recovered and used back in process.

**5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:**

Parameter	Please specify unit	FY 2021-22 Current Financial Year	FY 2020-21 Previous Financial Year
NOx	mg/Nm <sup>3</sup>	109.38	111.24
SOx	mg/Nm <sup>3</sup>	270.01	260.59
Particulate matter (PM)	mg/Nm <sup>3</sup>	375.20	377.10
Persistent organic pollutants (POP)		-	-
Volatile organic compounds (VOC)		-	-
Hazardous air pollutants (HAP)		-	-
Others – please specify		-	-

**\*Other air emissions i.e. Persistent Organic Pollutants (POP), Volatile Organic Compounds (VOC), Hazardous Air Pollutants (HAP), are not being monitored currently.**

**Note:** Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. - NO

**6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:**

Parameter	Unit	FY 2021-22 Current Financial Year	FY 2020-21 Previous Financial Year
<b>Total Scope 1 emissions</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub> equivalent	Not Available	Not Available
<b>Total Scope 2 emissions</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub> equivalent	Not Available	Not Available
<b>Total Scope 1 and Scope 2 emissions per rupee of turnover</b>		Not Applicable	Not Applicable
<b>Total Scope 1 and Scope 2 emission intensity (optional)</b>		Not Applicable	Not Applicable

**Note:** Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. - NO

**7. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.**

The Company aims to reduce the green house gas emission and increase use of alternative / clear energy source.

The Company has invested and installed a 110-kWh solar power plant at its unit in Dadra, further contributing towards the growth of clean energy. The Company has also commenced investment for Installation of another Solar power plant with capacity of 1 MW in Apr 2022 which would generate around 30% of current electricity consumption at said units.

Company has invested in lithium Ion MHE (warehouse truck & forklifts) during Jan 2022 leading to efficiency, energy saving. With above efforts Company has reduced its emission levels.

**8. Provide details related to waste management by the entity, in the following format:**

Parameter	FY 2021-22 Current Financial Year	FY 2020-21 Previous Financial Year
<b>Total Waste generated (in metric tonnes)</b>		
Plastic waste (A)	-	-
E-waste (B)	0.450	0.600
Bio-medical waste (C)	-	-
Construction and demolition waste (D)	-	-
Battery waste (E)	-	-
Radioactive waste (F)	-	-
Other Hazardous waste. Please specify, if any. (G)	-	-
Other Non-hazardous waste generated (H). Please specify, if any (such as process & other waste, sludge etc)	18.365	17.82
<b>Total (A+B + C + D + E + F + G + H)</b>	<b>18.815</b>	<b>18.420</b>
<b>For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)</b>		
<b>Category of waste</b>		
(i) Recycled	-	-
(ii) Re-used	-	-
(iii) Other recovery operations	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)</b>		
<b>Category of waste</b>		
(i) Incineration	-	-
(ii) Landfilling	-	-
(iii) Other disposal operations	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.- No**

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

Waste generation being an inevitable part of manufacturing process, efforts have been taken to create value from waste. With an aim to divert a significant quantum of waste from going to the landfills, the Company has adopted systems and procedures that helps repurpose used material and reintroduce excess material into the production process. The Company follows legally prescribed procedures and applies environmentally sound disposal techniques for disposing hazardous waste whereas the non-hazardous waste is sold to authorised recyclers/ government authorities/ government agents. Safety and environmental sustainability are integral parts of strong product development processes established by the Company.

10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required. Not applicable
11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year: Not applicable
12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). YES

#### LEADERSHIP INDICATORS

1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:

Parameter	FY 2021-22 Current Financial Year	FY 2020-21 Previous Financial Year
<b>From renewable sources</b>		
Total electricity consumption (A)	145465.55 Kwh	90008.05 Kwh
Total fuel consumption (B)	NIL	NIL
Energy consumption through other sources (C)	NIL	NIL
<b>Total energy consumed from renewable sources (A+B+C)</b>	<b>145465.55 Kwh</b>	<b>90008.05 Kwh</b>
<b>From non-renewable sources</b>		
Total electricity consumption (D) - in Kwh	13836506 kWh	11692551 kWh
Total fuel consumption (E)		
Coal (Ton)	13388.1	10619.75
Diesel and other oil (Litre)	497711	669366
Energy consumption through other sources (F)	65539 kWh	60598 kWh
<b>Total energy consumed from non-renewable sources (D+F)</b>	<b>13902045</b>	<b>11753149</b>

**Note:** Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.- NO

**2. Provide the following details related to water discharged:**

Parameter	FY 2021-22 (Current Financial Year)	FY 2020-21 (Previous Financial Year)
<b>Water discharge by destination and level of treatment (in kilolitres)</b>		
(i) To Surface water		
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(ii) To Groundwater		
- No treatment	38235.1	20813.7
- With treatment – please specify level of treatment	246324	249450
	ETP TREATMENT	ETP TREATMENT
(iii) To Seawater		
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(iv) Sent to third-parties		
- No treatment	-	-
- With treatment – please specify level of treatment	272760	246830
	ETP TREATMENT	ETP TREATMENT
(v) Others		
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
<b>Total water discharged (in kilolitres)</b>	<b>556819.1</b>	<b>517093.7</b>

**Note:** Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. - NO

**3. Please provide details of total Scope 3 emissions & its intensity, in the following format:**

Parameter	Unit	FY 2021-22 Current Financial Year	FY 2020-21 Previous Financial Year
Total Scope 3 emissions (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub> equivalent	Not Available	Not Available
Total Scope 3 emissions per rupee of turnover		Not Applicable	Not Applicable
Total Scope 3 emission intensity (optional)		Not Applicable	Not Applicable

**Note:** Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No

- 4. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities. - Not applicable**
- 5. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives.**

The Company regularly undertakes required steps for conservation of energy leading to sustainability. The Company is also actively contributing to the Sustainability projects for conservation of resources. Some of the initiatives are highlighted below:

- Installation of rooftop solar project at its Dadra location for generation of renewable energy;
- Installation of LED lamps in the vicinity of all factories powered by solar energy;

- iii. Installation of new sewing machines with servo motors leading to higher productivity and lower electricity cost;
- iv. Turbo fans installed in the factories instead of electrical blowers thereby cutting energy;
- v. Regulated compressed air supply in factories as well as Installed Separate regulated Air Line to Machines without any 0% Air leakage;
- vi. Installation of separate regulated air line for machines which has zero % leakage;
- vii. Electrical scooters used for transportation of goods within factory premises;
- viii. Transparent sheets installed in the warehousing walls and roof for daylight exposure leading to lower use of powered lights;
- ix. LED tubelights installed all over the factories replacing the fluorescent lights cutting energy consumption by 50%;
- x. Using 20 W Led Tube lights instead of using 40w Fluorescent Tube rod with chowk which cuts 50 % power consumption;
- xi. Boiler and Thermopac conversion from furnace oil to natural gas for reduces of co2 emission, power consumption, low maintenance cost.

#### 6. Does the entity have a business continuity and disaster management plan?

Emergency plan is prepared at all plants and mock drills are conducted at regular intervals.

Following are the major components of the emergency plan:

- All probable hazards, their place, potential, damaging capacity and areas in case of all accidents, dangerous occurrence, emergencies and disasters happening in or affecting the jurisdiction at any time detailed emergency response for each hazard scenario.
- Emergency response team on site consisting of site main controller, incident controller, firefighting team, first aiders, communications team, power and utility teams.
- Responsibilities and functions of key member's emergency response team and alternates.
- Emergency control centre and minimum infrastructure required in emergency control centre.
- List of Regulatory agencies with names and telephone Numbers.
- List of Telephone numbers of Local Hospitals and telephone numbers

**PRINCIPLE 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent**

#### ESSENTIAL INDICATORS

##### 1. a. Number of affiliations with trade and industry chambers/ associations.

The Company is affiliated with six (6) trade and industry chambers/associations.

##### b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.

Sr. No.	Name of the trade and industry chambers/ association	Reach of trade and industry chambers/associations (State/National)
1	Cotton Textiles Export Promotion Council	National
2	Synthetic and Rayon Textiles Export Promotion Council	National
3	Handloom Export Promotion Council	National
4	Carpet Export Promotion Council	National
5	Textiles Committee	National
6	ASMECHEM - Chamber of Commerce and Industry of India	National



2. **Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.**

No adverse order was received by the Company from regulatory authorities during the financial year 2021-22, hence no corrective action was required to be taken.

## LEADERSHIP INDICATORS

1. Details of public policy positions advocated by the entity: Not applicable

## PRINCIPLE 8: Businesses should promote inclusive growth and equitable development

### ESSENTIAL INDICATORS

1. **Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year - Not applicable**
2. **Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by the entity. Not applicable**
3. **Describe the mechanisms to receive and redress grievances of the community.**

The Company has deployed its factory employees who regularly visit the communities and interact with people to ascertain and address community concerns, if any. Based on these interactions, we have not encountered any specific grievances from the community at present.

4. **Percentage of input material (inputs to total inputs by value) sourced from suppliers:**

	FY 2021-22 Current Financial Year	FY 2020-21 Previous Financial Year
Directly sourced from MSMEs/ small producers	6.16%	5.72%
Sourced directly from within the district and neighbouring districts	The Company has setup its manufacturing unit at location where major Raw Materials are available locally in surrounding area hence priority is given to suppliers in local community.	

## LEADERSHIP INDICATORS

1. **Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above): Not applicable**
2. **Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies.**

S.No.	State	Aspirational District	Amount spent (In INR)
1	Gujarat	Narmada	62,50,000

3. (a) **Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No) -**

Yes. The Company works with small producers based on their quality, operational efficiency and design capability of the vendors. The Company also provides opportunity to various marginalized /vulnerable community residing in the surrounding area of the factory to whom various hand made work can be delegated.

- (b) **From which marginalized /vulnerable groups do you procure?**

Widows / Women Workers/ Tribal Community.



**(c) What percentage of total procurement (by value) does it constitute?**

The constant efforts are made by the Company to engage rural women residing.

**\* No breakup is available at present.**

**4. Details of beneficiaries of CSR Projects:**

The Company carry out its CSR activities through Trusts. During FY 2021-22 the Company has made total CSR contribution of Rs. 1,48,00,000/- by way of donations to Trusts for promoting education, including special education among children, women, elderly and the differently abled.

**PRINCIPLE 9: Businesses should engage with and provide value to their consumers in a responsible manner****ESSENTIAL INDICATORS****1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.**

The Company has business-to-business (B2B) model. The Company sell it's products to vendors which ultimately sell the products to the end consumers. The Company has in place a mechanism for each consumer, where they can raise complaint and provide feedback to the Merchandiser.

**2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:**

	As a percentage to total turnover
Environmental and social parameters product relevant to the (Energy Used, Water Consumed, No. of People involve in production etc)*	-
Safe and responsible usage	100
Recycling and/or safe disposal	100

\*The Company operates into B2B Model and exports manufactured products to large retailers around the world, hence product specifications & other details are provided as instructed by the Customers.

**3. Number of consumer complaints in respect of the following:**

	FY 2021-22 Current Financial Year			FY 2020-21 Previous Financial Year		
	Received during the year	Pending resolution at the end of year	Remarks	Received during the year	Pending resolution at the end of year	Remarks
Data privacy	NIL			NIL		
Advertising						
Cyber-security						
Delivery of essential services						
Restrictive Trade Practices						
Unfair Trade Practices						
Other						

**4. Details of instances of product recalls on account of safety issues :**

	Number	Reasons for recall
Voluntary recalls	NIL	N.A.
Forced recalls		

5. **Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.**

Yes, the Company has Cyber Security Policy and same can be accessed on the website of the Company at <https://www.fazethree.com/policies/>

6. **Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services - NONE**

## LEADERSHIP INDICATORS

1. **Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).** Information relating to all the products provided by the Company are available on the Company's website at <https://www.fazethree.com/>
2. **Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.**

Labels on safe and responsible usage are printed on the products.

3. **Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services**  
- Not applicable
4. **Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief.**

Yes. The Company displays all requisite production formation on the product as per the applicable laws.

**Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No) -**  
Not applicable since the Company operates through business-to-business (B2B) model.

5. **Provide the following information relating to data breaches:**
- Number of instances of data breaches along-with impact - NIL
  - Percentage of data breaches involving personally identifiable information of customers - Not applicable

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## INDEPENDENT AUDITOR'S REPORT

To the Members of Faze Three Limited

### Report on the Audit of the Standalone Financial Statements

#### Opinion

We have audited the standalone financial statements of **Faze Three Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2022, and the Statement of Profit and Loss, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

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 Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, and profit, changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Director's Report, Management Discussion and Analysis Report and Corporate Governance Report but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent

with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of 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, changes in equity 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 Standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone financial statements.

We give in "Annexure A" a detailed description of Auditor's responsibilities for Audit of the Standalone Financial Statements.

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**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (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, the Statement of Changes in Equity and the Statement of Cash Flow 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 the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2022 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 with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure C".
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company does not have any pending litigations which would impact its financial position
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv.

- (1) The Management has represented that, to the best of it's knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (2) The Management has represented that, to the best of it's knowledge and belief, no funds have been received by the Company from any person or entities, including foreign entities, with the understanding, whether recorded in writing or otherwise, as on the date of this audit report, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (3) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances and according to the information and explanations provided to us by the Management in this regard, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) as provided under (1) and (2) above, contain any material mis-statement.

v. The Company has neither declared nor paid any dividend during the year.

3. As required by The Companies (Amendment) Act, 2017, in our opinion, according to information, explanations given to us, the remuneration paid by the Company to its directors is within the limits laid prescribed under Section 197 of the Act and the rules thereunder.

**For M S K A & Associates**

**Chartered Accountants**

ICAI Firm Registration No. 105047W

**Amrish Vaidya**

Partner

Membership No. 101739

UDIN: 22101739AJDSY7360

Place: Mumbai

Date: May 21, 2022

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**ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT ON EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF FAZE THREE LIMITED****Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and

other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**For M S K A & Associates**

**Chartered Accountants**

ICAI Firm Registration No. 105047W

**Amrish Vaidya**

Partner

Membership No. 101739

**UDIN:** 22101739AJDSY7360

Place: Mumbai

Date: May 21, 2022



**ANNEXURE B TO INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF FAZE THREE LIMITED FOR THE YEAR ENDED MARCH 31, 2022**

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report]

i.

(a) A. The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment.

B. The Company has maintained proper records showing full particulars of intangible assets.

(b) Property, Plant and Equipment have been physically verified by the management at reasonable intervals during the year and no material discrepancies were identified on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favor of the lessee) as disclosed in the financial statements are held in the name of the Company.

(d) According to the information and explanations given to us, the Company has revalued land under property, plant and Equipment (including Right of Use assets) which is based on the valuation by Registered Valuer. However, the change is less than 10% in value in aggregate value of net carrying amount for each class of Property, plant and Equipment.

(e) According to the information and explanations given to us, no proceeding has been initiated or pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder. Accordingly, the provisions stated in paragraph 3(i) (e) of the Order are not applicable to the Company.

ii.

(a) The inventory (excluding stocks with third parties) has been physically verified during the year by the management. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency, coverage and procedure of such verification is reasonable. No material discrepancies were noticed on such verification.

(b) The Company has been sanctioned working capital limits in excess of Rs. 5 crores in aggregate from Banks on the basis of security of Inventories, Trade Receivables, Trade Payables, Export Incentive Receivable, GST Rebate and GST Input Credit. Quarterly statements are filed with such Banks which are in agreement with the books of account.

iii. According to the information explanation provided to us, the Company has not made any investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other

parties. Hence, the requirements under paragraph 3(iii) of the Order are not applicable to the Company.

- iv. In our opinion and according to the information and explanations given to us, the Company has not either directly or indirectly, granted any loan to any of its directors or to any other person in whom the director is interested, in accordance with the provisions of section 185 of the Act and the Company has not made investments through more than two layers of investment companies in accordance with the provisions of section 186 of the Act. Accordingly, provisions stated in paragraph 3(iv) of the Order are not applicable to the Company.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under.
- vi. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant as specified by the Central Government for the maintenance of cost records under sub-section (1) of section 148 of the Act and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii.
  - (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, duty of custom, cess have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.
  - (b) According to the information and explanation given to us and the records of the Company examined by us, there are no dues of income tax, goods and service tax, customs duty, cess and any other statutory dues which have not been deposited on account of any dispute.
- viii. According to the information and explanations given to us, there are no transactions which are not accounted in the books of account which have been surrendered or disclosed as income during the year in Tax Assessment of the Company. Also, there are no previously unrecorded income which has been now recorded in the books of account. Hence, the provision stated in paragraph 3(viii) of the Order is not applicable to the Company.
- ix.
  - (a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings or in payment of interest thereon to any lender.

- (b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.
- (c) In our opinion and according to the information explanation provided to us, no money was raised by way of term loans in previous year. Accordingly, the provision stated in paragraph 3(ix)(c) of the Order is not applicable to the Company.
- (d) According to information and explanation given to us, and the procedures performed by us, and on an overall examination of the standalone financial statements of the Company, we report that no funds raised on short-term basis have been used for long term purposes by the Company.
- (e) According to the information explanation given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from an any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its securities, joint ventures or associate companies.

x.

- (a) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the provisions stated in paragraph 3 (x)(a) of the Order are not applicable to the Company.
- (b) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully, partly or optionally convertible debentures during the year. Accordingly, the provisions stated in paragraph 3 (x)(b) of the Order are not applicable to the Company.

xi.

- (a) During the course of our audit, examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company nor on the Company.
- (b) We have not come across of any instance of material fraud by the Company or on the Company during the course of audit of the standalone financial statement for the year ended March 31, 2022, accordingly the provisions stated in paragraph (xi)(b) of the Order is not applicable to the Company.
- (c) As represented to us by the management, there are no whistle-blower complaints received by the Company during the course of audit. Accordingly, the provisions stated in paragraph (xi)(c) of the Order is not applicable to Company.

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- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, the provisions stated in paragraph 3(xii) (a) to (c) of the Order are not applicable to the Company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable and details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- xiv.
- (a) In our opinion and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.
  - (b) We have considered internal audit reports issued by internal auditors during our audit.
- xv. According to the information and explanations given to us, in our opinion during the year the Company has not entered into non-cash transactions with directors or persons connected with its directors and hence, provisions of section 192 of the Act are not applicable to Company. Accordingly, the provisions stated in paragraph 3(xv) of the Order are not applicable to the Company.
- xvi.
- (a) In our opinion, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions stated in paragraph clause 3 (xvi)(a) of the Order are not applicable to the Company.
  - (b) In our opinion, the Company has not conducted any Non-Banking Financial or Housing Finance activities without any valid Certificate of Registration from Reserve Bank of India. Hence, the reporting under paragraph clause 3 (xvi)(b) of the Order are not applicable to the Company
  - (c) The Company is not a Core investment Company (CIC) as defined in the regulations made by Reserve Bank of India. Hence, the reporting under paragraph clause 3 (xvi)(c) of the Order are not applicable to the Company.
  - (d) The Company does not have any CIC as part of its group. Hence the provisions stated in paragraph clause 3 xvi (d) of the order are not applicable to the Company.
- xvii. According to the information explanation provided to us, the Company has not incurred cash losses in the current financial year and in the immediately preceding financial year. Hence, the provisions stated in paragraph clause 3 (xvii) of the Order are not applicable to the Company.
- xviii. There has been no resignation of the statutory auditors during the year. Hence, the provisions stated in paragraph clause 3 (xviii) of the Order are not applicable to the Company.
- xix. According to the information and explanations given to us and based on our examination of financial ratios, ageing and expected date of realisation of financial assets and payment of

liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans, we are of the opinion that no material uncertainty exists as on the date of audit report and the Company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.

- xx. According to the information and explanations given to us, the provisions of section 135 of the Act are applicable to the Company. The Company has made the required contributions during the year and there are no unspent amounts which are required to be transferred to the special account as on the date of our audit report. Accordingly, the provisions of paragraph (xx)(a) to (b) of the Order are not applicable to the Company.
- xxi. The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of standalone financial statements. Accordingly, no comment in respect of the said clause has been included in this report.

**For M S K A & Associates**

**Chartered Accountants**

ICAI Firm Registration No. 105047W

**Amrish Vaidya**

Partner

Membership No. 101739

**UDIN:22101739AJDSY736**

Place: Mumbai

Date: May 21, 2022

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**ANNEXURE C TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF FAZE THREE LIMITED**

[Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the Members of Faze Three Limited on the Financial Statements for the year ended March 31, 2022]

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

We have audited the internal financial controls with reference to standalone financial statements of Faze Three Limited ("the Company") as of March 31, 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2022, based on the internal control with reference to standalone financial statements 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) (the "Guidance Note").

**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 with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 Act.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 with reference to standalone financial statements 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 with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone financial statements, 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 standalone 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 with reference to standalone financial statements.

#### **Meaning of Internal Financial Controls With reference to Standalone Financial Statements**

A Company's internal financial control with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to standalone financial statements 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 standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

#### **Inherent Limitations of Internal Financial Controls With reference to Standalone financial statements**

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

#### **For M S K A & Associates Chartered Accountants**

ICAI Firm Registration No. 105047W

#### **Amrish Vaidya**

Partner

Membership No. 101739

UDIN: 22101739AJDSY7360

Place: Mumbai

Date: May 21, 2022

**Standalone Balance Sheet as at 31 March 2022**

(Amount in crores, unless otherwise stated)

Particulars	Notes	As at 31 March 2022	As at 31 March 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	160.79	140.85
Capital work-in-progress	4	3.95	1.04
Intangible Assets	5	0.02	-
Financial assets			
Investments	6	2.75	2.65
Other financial assets	7	1.73	2.42
Deferred tax asset (net)	33	-	2.00
Other non-current assets	8	13.60	2.71
<b>Total non-current assets</b>		<b>182.84</b>	<b>151.67</b>
<b>Current assets</b>			
Inventories	9	109.53	67.23
Financial assets			
Investments	6	10.21	-
Trade receivables	10	87.36	72.38
Cash and cash equivalents	11	5.29	1.88
Bank balances other than cash and cash equivalent	12	50.51	40.02
Other financial assets	13	2.32	1.15
Current tax assets (net)	14	0.07	1.42
Other current assets	15	41.36	22.78
<b>Total current assets</b>		<b>306.65</b>	<b>206.86</b>
<b>Total assets</b>		<b>489.49</b>	<b>358.53</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	16	24.32	24.32
Other equity	17	256.43	204.28
<b>Total equity</b>		<b>280.75</b>	<b>228.60</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
Borrowings	18	0.27	0.28
Lease Liabilities	36	7.69	9.01
Other financial liabilities	19	0.14	-
Provisions	20	1.58	1.37
Deferred tax liability (net)	33	3.33	-
<b>Total non-current liabilities</b>		<b>13.01</b>	<b>10.66</b>
<b>Current liabilities</b>			
Financial liabilities			
Borrowings	21	157.64	91.35
Lease Liabilities	36	1.32	1.49
Trade payables	22	-	0.23
(a) Total outstanding dues of micro enterprises and small enterprises		-	0.23
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		21.09	12.63
Other financial liabilities	19	10.69	10.35
Other current liabilities	23	2.77	0.86
Provisions	20	2.22	1.88
Current tax liabilities (net)	24	-	0.48
<b>Total current liabilities</b>		<b>195.73</b>	<b>119.26</b>
<b>Total liabilities</b>		<b>208.74</b>	<b>129.92</b>
<b>Total equity and liabilities</b>		<b>489.49</b>	<b>358.53</b>

See accompanying notes to the financial statements

1-59

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For **MSKA & Associates**

Chartered Accountants

ICAI Firm Registration No.:105047W

**Amrish Vaidya**

Partner

Membership No: 101739

Place : Mumbai

Date : 21 May 2022

For and on behalf of Board of Directors of

**Faze Three Limited**

CIN: L99999DN1985PLC000197

**Ajay Anand**

Managing Director

DIN: 00373248

**Ankit Madhwani**

Chief Financial Officer

**Sanjay Anand**

Whole-time Director

DIN: 01367853

**Akram Sati**

Company Secretary

M No: A50020



**Standalone Statement of Profit and Loss for the year ended 31 March 2022**

(Amount in crores, unless otherwise stated)

Particulars	Notes	Year ended 31 March 2022	Year ended 31 March 2021
<b>Income</b>			
Revenue from operations	25	505.01	323.95
Other income	26	6.98	2.35
<b>Total income</b>		<b>511.99</b>	<b>326.30</b>
<b>Expenses</b>			
Cost of material consumed	27	250.41	160.65
Changes in inventories of finished goods and work-in-progress	28	(28.78)	(9.04)
Employee benefits expense	29	65.19	51.29
Finance costs	30	4.99	3.77
Depreciation and amortization expense	31	10.19	8.84
Other expenses	32	138.60	75.38
<b>Total expenses</b>		<b>440.60</b>	<b>290.89</b>
<b>Profit before tax</b>		<b>71.39</b>	<b>35.41</b>
<b>Tax expense</b>			
Current tax	33	20.26	9.62
Deferred tax		0.06	0.78
<b>Total income tax expense</b>		<b>20.32</b>	<b>10.40</b>
<b>Profit for the year</b>		<b>51.07</b>	<b>25.01</b>
<b>Other comprehensive income</b>			
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>			
(a) Re-measurement on net defined benefit plans		0.36	0.20
(b) Revaluation of land		(1.50)	-
(c) Income tax effect on the above		(0.09)	(0.06)
<b>Total other comprehensive income for the year</b>		<b>(1.23)</b>	<b>0.14</b>
<b>Total comprehensive income for the year</b>		<b>52.30</b>	<b>24.87</b>
<b>Earnings per share</b>			
Basic ( ₹/ Share)	34	21.00	10.28
Diluted ( ₹/ Share)	34	21.00	10.28

See accompanying notes to the financial statements 1-59  
The accompanying notes are an integral part of the financial statements.

As per our report of even date  
For **MSKA & Associates**  
Chartered Accountants  
ICAI Firm Registration No.:105047W

**Amrish Vaidya**  
Partner  
Membership No: 101739

**Place : Mumbai**  
**Date : 21 May 2022**

For and on behalf of Board of Directors of  
**Faze Three Limited**  
CIN: L99999DN1985PLC000197

**Ajay Anand**  
Managing Director  
DIN: 00373248

**Ankit Madhwani**  
Chief Financial Officer

**Sanjay Anand**  
Whole-time Director  
DIN: 01367853

**Akram Sati**  
Company Secretary  
M No: A50020

**Standalone Statement of changes in equity for the year ended 31 March 2022**

(Amount in crores, unless otherwise stated)

<b>(A) Equity share capital</b>			<b>31 March 2022</b>	
<b>Particulars</b>	<b>No. of shares</b>	<b>Amount</b>		
<b>Equity shares of ₹10 each issued, subscribed and fully paid</b>				
Balance as at 01 April 2021	2,43,19,000	24.32		
Changes in equity share capital during the year	-	-		
<b>Balance as at 31 March 2022</b>	<b>2,43,19,000</b>	<b>24.32</b>		

			<b>31 March 2021</b>	
<b>Particulars</b>	<b>No. of shares</b>	<b>Amount</b>		
<b>Equity shares of ₹10 each issued, subscribed and fully paid</b>				
Balance as at 01 April 2020	2,43,19,000	24.32		
Changes in equity share capital during the year	-	-		
<b>Balance as at 31 March 2021</b>	<b>2,43,19,000</b>	<b>24.32</b>		

**(B) Other equity**

<b>Particulars</b>	<b>Reserves and surplus</b>					<b>Items of other comprehensive income</b>	<b>Total</b>
	<b>Capital Reserve</b>	<b>Revaluation Reserve</b>	<b>Securities premium</b>	<b>General reserve</b>	<b>Retained earnings</b>	<b>Re-measurement losses on defined benefit plans</b>	
<b>Balance as at 1 April 2021</b>	5.73	55.02	24.44	93.15	26.93	(1.01)	204.28
Profit for the year	-	-	-	-	51.07	-	51.07
Transferred to retained earnings	-	(0.15)	-	-	-	-	(0.15)
Other comprehensive income	-	1.50	-	-	-	(0.36)	1.14
Tax impact on other comprehensive income/(loss)	-	-	-	-	-	0.09	0.09
<b>Balance as at 31 March 2022</b>	<b>5.73</b>	<b>56.37</b>	<b>24.44</b>	<b>93.15</b>	<b>78.00</b>	<b>(1.28)</b>	<b>256.43</b>

<b>Particulars</b>	<b>Reserves and surplus</b>					<b>Items of other comprehensive income</b>	<b>Total</b>
	<b>Capital Reserve</b>	<b>Revaluation Reserve</b>	<b>Securities premium</b>	<b>General reserve</b>	<b>Retained earnings</b>	<b>Re-measurement losses on defined benefit plans</b>	
<b>Balance as at 1 April 2020</b>	5.73	55.16	24.44	93.15	1.92	(0.85)	179.55
Profit for the year	-	-	-	-	24.93	-	25.01
Transfer to retained earnings	-	(0.14)	-	-	-	-	(0.14)
Other comprehensive income	-	-	-	-	-	(0.20)	(0.20)
Tax impact on other comprehensive income/(loss)	-	-	-	-	-	0.06	0.06
<b>Balance as at 31 March 2021</b>	<b>5.73</b>	<b>55.02</b>	<b>24.44</b>	<b>93.15</b>	<b>26.93</b>	<b>(1.01)</b>	<b>204.28</b>

See accompanying notes to the financial statements 1-59  
The accompanying notes are an integral part of the financial statements.

As per our report of even date

For **MSKA & Associates**

Chartered Accountants

ICAI Firm Registration No.:105047W

**Amrith Vaidya**

Partner

Membership No: 101739

**Place : Mumbai**

**Date : 21 May 2022**

For and on behalf of Board of Directors of

**Faze Three Limited**

CIN: L99999DN1985PLC000197

**Ajay Anand**

Managing Director

DIN: 00373248

**Ankit Madhwani**

Chief Financial Officer

**Sanjay Anand**

Whole-time Director

DIN: 01367853

**Akram Sati**

Company Secretary

M No: A50020

**Statement of Standalone Cash Flow for the year ended 31 March 2022**

(Amount in crores, unless otherwise stated)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
<b>Cash flow from operating activities</b>		
Profit before tax	71.39	35.41
Adjustments for:		
Depreciation and amortization expenses	10.19	8.84
Finance cost	3.95	5.68
Interest income	(2.31)	(1.57)
Unrealised foreign exchange gain/ (loss) (net)	-	0.74
<b>Operating profit before working capital changes</b>	<b>83.22</b>	<b>49.10</b>
<b>Changes in working capital</b>		
Increase in trade payables	8.23	6.17
Increase in inventories	(42.30)	(7.47)
Increase in trade receivables	(14.98)	(27.57)
Increase in other current liabilities	1.91	0.27
Increase in other financial liabilities	0.48	2.98
Increase in non-current financial assets	(0.47)	(0.10)
(Decrease)/Increase in employee benefit obligation	0.19	(0.12)
Increase in other non-current assets	(10.89)	(0.01)
Increase in other current assets	(18.58)	(8.64)
<b>Cash generated from operations</b>	<b>6.81</b>	<b>14.61</b>
Income tax paid (net of refund)	(13.32)	(5.67)
<b>Net cash generated from / (used in) operating activities (A)</b>	<b>(6.51)</b>	<b>8.94</b>
<b>Cash flows from Investing activities</b>		
Purchase of property, plant and equipment	(32.64)	(14.18)
Proceeds from sale of property, plant and equipment	0.12	0.25
Investment in quoted investment	(10.11)	-
Investment in un-quoted investment	(0.10)	-
Interest received	2.30	0.30
Investment in fixed deposits (having original maturity of more than 3 months and upto 12 months)	(10.49)	(38.99)
<b>Net cash used in investing activities (B)</b>	<b>(50.92)</b>	<b>(52.62)</b>
<b>Cash flows from Financing activities</b>		
Proceeds from borrowings (net)	66.28	37.79
Repayment of Lease Liabilities	(1.49)	(2.48)
Interest paid	(3.95)	(4.45)
<b>Net cash generated from financing activities (C)</b>	<b>60.84</b>	<b>30.86</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>3.41</b>	<b>(12.82)</b>
Cash and cash equivalents at the beginning of the year	1.88	14.71
Effect of exchange rate changes on cash and cash equivalents	-	(0.01)
<b>Cash and cash equivalents at the end of the year (refer note 11)</b>	<b>5.29</b>	<b>1.88</b>

The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard (Ind AS) 7, Statement of Cash Flows as specified in the Companies (Indian Accounting Standards), Rules, 2015 (as amended).

Cash comprises cash on hand, Current Accounts, EEFC accounts and deposits with banks. Cash equivalents are short term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of change in value.

See accompanying notes to the financial statements 1-59

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For **MSKA & Associates**

Chartered Accountants

ICAI Firm Registration No.:105047W

**Amrish Vaidya**

Partner

Membership No: 101739

**Place : Mumbai**

**Date : 21 May 2022**

For and on behalf of Board of Directors of

**Faze Three Limited**

CIN: L99999DN1985PLC000197

**Ajay Anand**

Managing Director

DIN: 00373248

**Ankit Madhwani**

Chief Financial Officer

**Sanjay Anand**

Whole-time Director

DIN: 01367853

**Akram Sati**

Company Secretary

M No: A50020

## Notes forming part of the Standalone Financial Statements for the year ended 31 March 2022

### 1. General Information

Faze Three Limited, established in 1985, is engaged in manufacturing and exports of home textiles products items viz. bathmats, rugs, blankets, throws, cushions, etc. It has seven manufacturing locations across Gujarat, Union territories (UT) of (Dadra and Nagar Haveli and Daman and Diu) DNHDD, Haryana and Maharashtra in India. The Company is a direct exporter to top retail store chains in USA, UK and Europe. The Company is a public listed company incorporated and domiciled in India and has its registered office in Dapada, Silvassa, UT of DNHDD. The Company's equity shares are listed on the Bombay Stock Exchange.

### 2. Significant accounting policies

#### (A) Statement of Compliance and basis of preparation and presentation

These standalone or separate financial statements of Faze Three Limited ("the Company") have been prepared in accordance with Ind AS notified under Section 133 of the Companies Act, 2013 (the 'Act') read with Rule 3 of Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III) and other relevant provisions of the Act.

These standalone or separate financial statements are approved by the Company's Board of Directors and authorised for issue on 21 May, 2022.

These standalone financial statements are presented in Indian National Rupees ('INR') and all values rounded to the nearest crores, except otherwise indicated.

Accounting policies have been consistently applied to all the years presented except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

#### (B) Basis of measurement

The standalone financial statements have been prepared on a historical cost convention on accrual basis, except for the following assets and liabilities which have been measured at fair value or revalued amount:

- Land classified under property, plant and equipment at Fair value
- Derivative financial instruments,
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments),

A historical cost is a measure of value used in accounting in which the value of an asset on the balance sheet is recorded at its original cost when acquired by the company.

**Fair Value Measurement :-** Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the entity.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Entity uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

## Notes forming part of the Standalone Financial Statements for the year ended 31 March 2022

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, the entity has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

The management determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for sale in discontinued operations. The Valuation Committee comprises of the head of the investment properties segment, heads of the Entity's internal mergers and acquisitions team, the head of the risk management department, financial controllers and chief finance officer.

External valuers are involved for valuation of Freehold & Leasehold land. Involvement of external valuers is decided upon reasonable interval by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the entities accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

On an interim basis, the management present the valuation results to the Audit Committee and the Independent Auditors. This includes a discussion of the major assumptions used in the valuations.

### (C) Use of estimates

The preparation of standalone financial statements in conformity with Ind AS requires the Management to make estimate and assumptions that affect the reported amount of assets and liabilities as at the Balance Sheet date, reported amount of revenue and expenses for the year and disclosures of contingent liabilities as at the Balance Sheet date. The estimates and assumptions used in the accompanying standalone financial statements are based upon the Management's evaluation of the relevant facts and circumstances as at the date of these financial statements. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates, if any, are recognized in the year in which the estimates are revised and future years affected.

#### Useful life of property, plant and equipment:

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value. Increasing an asset's expected life or its residual value would result in a reduced depreciation charge in the statement of profit and loss. The useful lives of the Company's assets are determined by management at the time the asset is acquired and reviewed at least annually for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

#### Defined benefit obligations

The cost of defined benefit gratuity plans and post retirement medical benefit is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

## Notes forming part of the Standalone Financial Statements for the year ended 31 March 2022

### **Contingent liabilities**

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation in respect of which a reliable estimate can be made.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Contingent liabilities are disclosed in the notes.

### **2.2 Property, plant and equipment**

Property, plant and equipment are stated at original cost inclusive of incidental expenses related to acquisition net of tax / duty credit availed, net of accumulated depreciation and accumulated impairment losses, if any. Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying tangible assets upto the date the assets are ready for use. Subsequent expenditures are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance are charged to the statement of profit and loss during the reporting period in which they are incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for provisions are met.

Freehold Land and Leasehold land are carried at fair value based on periodic valuation by the external independent valuers. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value. An annual transfer from the revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred directly to retained earnings. Increase in the carrying amounts arising on revaluation of freehold and leasehold land are recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders equity.

Property, plant and equipment not ready for their intended use as on the balance sheet date are disclosed as "Capital work-in-progress". Such items are classified to the appropriate category of property, plant and equipment when completed and ready for their intended use. Advances given towards acquisition / construction of property, plant and equipment outstanding at each balance sheet date are disclosed as Capital Advances under "Other non-current assets".

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of the profit and loss when the asset is derecognised.

### **Depreciation methods, estimated useful lives**

The Company depreciates property, plant and equipment using the straight line method over their estimated useful lives of assets which are determined based on technical parameters / assessment.

### **Useful life of property, plant and equipment:**

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This re-assessment may result in change in depreciation and amortisation expense in future periods. The estimated useful lives of assets are as follows:



## Notes forming part of the Standalone Financial Statements for the year ended 31 March 2022

Property, plant and equipment	Useful Lives
Leasehold land	Lease period
Factory Building	10-15 years
Plant & Machinery (Powerloom)	2-15 years
Plant & Machinery (Handloom)	2-15 years
Furniture and Fixtures	2-10 years
Office Equipment	2-8 years
Electrical Installations	2-20 years
Fire Hydrant Systems	15 years
Vehicles	8-10 years
<b>Computers:</b>	
- Servers	2-5 years
- End user devices such as, desktops, laptops etc.	2-3 years

Individual assets costing up to ₹ Five thousand are depreciated in full in the year of purchase.

The Company has adopted a policy to transfer from revaluation reserve to profit or loss, an amount equivalent to depreciation on account of gain in revaluation reserve recognised earlier, at every period end.

Based on technical assessment made by technical expert and management estimate, depreciates certain items of building, plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Depreciation on addition to property plant and equipment is provided on pro-rata basis from the date of acquisition. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit and loss.

The residual value of Property, plant and Equipment are within the limit specified in Schedule II (Part C) of Companies act 2013. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

### 2.3 Intangible Asset

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Intangible assets purchased are measured at cost as at the date of acquisition, as applicable, less accumulated amortisation and accumulated impairment, if any.

Intangible assets consist of software licences. The estimated useful life of asset is as follows:

Intangible assets	Useful Lives
Software licences	6 Years

Intangible assets are amortised on a straight-line basis over the period of its economic useful life. Intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair

## Notes forming part of the Standalone Financial Statements for the year ended 31 March 2022

value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets.

### 2.4 Impairment of Non Financial Assets

At the end of each reporting period, the Company reviews the carrying amount of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest entity of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

### 2.5 Investment in subsidiary

Subsidiaries are entities that are controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the investee. Investments in subsidiaries are accounted at cost less impairment, if any.

### 2.6 Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

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 capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

### 2.7 Foreign currency transactions

#### Functional and presentation currency

Items included in the standalone financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The standalone financial statements are presented in Indian National Rupee (INR), which is the Company's functional and presentation currency.

#### Transactions and balances

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction. Gains/Losses arising out of fluctuation in foreign exchange rate between the transaction date and settlement date are recognised as income or expense in the period in which they arise in the Statement of Profit and Loss.



## Notes forming part of the Standalone Financial Statements for the year ended 31 March 2022

All monetary assets and liabilities in foreign currencies are restated at the year end at the exchange rate prevailing at the year end and the exchange differences are recognised in the Statement of Profit and Loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

### 2.8 Revenue recognition

#### Sale of goods

##### With effect from 1st April 2018 on adoption of Ind-AS 115:

The Company recognizes revenue when it transfers control of goods to the customer. Control is passed on to the customer when goods are dispatched from Company's premises at this point in time that the consideration is unconditional because only passage of time is required before the payment is due.

Revenue is measured based on the transaction price, which is the consideration received or receivable, adjusted for volume discounts if any, as specified in the contract with the customer. Revenue is reported net of taxes and duties as applicable. Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur.

#### Rendering of services:

Revenue from sale of services is recognised as per terms of the contract with customers when the outcome of the transactions involving rendering of services can be estimated reliably.

#### Rebate / Drawback of Taxes and Duties

Export incentives from the government is recognised when there is a reasonable assurance that

- (i) the Company will comply with the conditions attached to them and
- (ii) the incentive will be received.

When the incentive relates to revenue, it is recognised as income on a systematic basis in the statement of profit or loss over the periods necessary to match them with the related income, which they relate to.

#### Other Income

##### Interest income:

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in the other income in the statement of profit and loss.

Other Incomes are recognised on accrual basis except financial instruments measured at amortised cost which are recognised using the effective interest rate (EIR).

Dividend income is recorded when the right to receive payment is established.

##### Rental income

Lease agreements where the risks and rewards incident to the ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals are recognised on straight line basis as per the terms of the agreements in the statement of profit and loss.

### 2.9 Taxes

Tax expense comprises current income tax and deferred income tax and includes any adjustments related to past periods in current and / or deferred tax adjustments that may become necessary due to certain developments or reviews during the relevant period. Current and deferred taxes are recognised in statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

## Notes forming part of the Standalone Financial Statements for the year ended 31 March 2022

### (A) Current tax

Current income tax is measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside the statement of profit and loss is recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis.

### (B) Deferred tax

Deferred income tax is recognised using the balance sheet approach. Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all deductible temporary differences. Deferred tax assets are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary difference can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, to the extent it would be available for set off against future current income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income, in which case, the current and deferred tax are also recognised in other comprehensive income.

### (C) Minimum Alternate Tax (MAT)

Minimum Alternate Tax ('MAT') credit entitlement is recognized as a deferred tax asset if it is probable that MAT credit will reverse in the foreseeable future and taxable profit will be available against which the deferred tax asset can be utilised.

## 2.10 Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116.

### Company as a Lessee :

#### a) Right-of-use asset (ROU):

The Company recognizes a right-of-use asset ("ROU") and a lease liability at the lease commencement date (i.e the date the underlying asset is available for use). The ROU is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement

## Notes forming part of the Standalone Financial Statements for the year ended 31 March 2022

date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset, less any lease incentives received.

The ROU Asset is subsequently depreciated using the straight-line method over the shorter of the lease term and the estimated useful life of the asset from the commencement date to the end of the lease term.

### b) Lease Liabilities

At the commencement date of the lease, the entity recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the entity and payments of penalties for terminating the lease, if the lease term reflects the entity exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the entity uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company presents ROU Asset separately and lease liabilities in 'Financial Liabilities' in the Balance Sheet.

### c) Short-term leases and leases of low-value assets

The Company has elected not to recognise ROU Assets and lease liabilities for

- short term leases that have a lease term of 12 months or lower and
- Leases of low value assets with annual lease rental lesser than or equal to Rs.10 lakhs.

The Company recognises the lease payments associated with these leases as an expense over the lease term.

### d) Company as a lessor:

Leases in which the Entity does not transfer substantially all the risks and rewards incidental to ownership of an asset is classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

## 2.11 Inventories

Inventories are valued at the lower of cost and net realisable value.

Cost of raw materials, packaging materials and stores and spare parts comprises cost of purchases on weighted average basis.

Cost of work-in progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition.

Costs are assigned to individual items of inventory moving weighted average basis. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs

## Notes forming part of the Standalone Financial Statements for the year ended 31 March 2022

necessary to make the sale.

Slow and non-moving material, obsolesce, defective inventories are duly provided for and valued at actual cost or estimated net realisable value whichever is lower. Materials and supplies held for use in production of inventories are not written down if the finished products in which they will be used are expected to be sold at or above cost.

### 2.12 Provisions, contingent liabilities and contingent assets

**Provisions :-** Provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date.

When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

**Contingent liabilities :-** Contingent Liabilities are not recognised but disclosed in the financial statements, when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

**Contingent Asset :-** Contingent asset is not recognised in financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognised.

### 2.13 Cash and cash equivalents & bank balances

Cash and cash equivalent in the balance sheet comprise cash at banks, cash on hand and fixed deposits with an original maturity of less than three months, which are subject to an insignificant risk of changes in value.

Bank Balances other than cash and cash equivalents in the balance sheet comprise of unpaid dividend accounts and fixed deposits with an original maturity of more than three months and less than twelve months, which are subject to an insignificant risk of changes in value.

### 2.14 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### (A) Financial assets

##### (i) Initial recognition and measurement

All financial assets are recognised initially at fair value plus transaction cost, if any, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Financial assets are classified, at initial recognition, as financial assets measured at fair value or as financial assets measured at amortised cost.

##### (ii) Classification and subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

- a) at amortized cost; or
- b) at fair value through other comprehensive income; or
- c) at fair value through profit or loss.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

## Notes forming part of the Standalone Financial Statements for the year ended 31 March 2022

Debt Instruments: Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments.

Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method (EIR).

Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in Statement of Profit and Loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to Statement of Profit and Loss and recognized in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. Interest income from these financial assets is included in other income.

Equity investments: All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

### (iii) Impairment of financial assets

In accordance with Ind AS 109, Financial Instruments, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on financial assets that are measured at amortized cost and FVTOCI.

For recognition of impairment loss on financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent years, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12 month ECL.

Life time ECLs are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the year end.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider all contractual



## Notes forming part of the Standalone Financial Statements for the year ended 31 March 2022

terms of the financial instrument (including prepayment, extension etc.) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

In general, it is presumed that credit risk has significantly increased since initial recognition if the payment is more than 30 days past due.

ECL impairment loss allowance (or reversal) recognized during the year is recognized as income/expense in the statement of profit and loss. In balance sheet ECL for financial assets measured at amortized cost is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

(iv) **Derecognition of financial assets**

A financial asset is derecognized only when

a) the rights to receive cash flows from the financial asset is transferred or

b) retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the financial asset is transferred then in that case financial asset is derecognized only if substantially all risks and rewards of ownership of the financial asset is transferred. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

## **(B) Financial liabilities**

(i) **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and at amortized cost, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs.

(ii) **Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

### **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the Statement of Profit and Loss.

### **Loans and borrowings at amortised cost**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in Statement of Profit and Loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the Statement of Profit and Loss.

### **Equity instruments**

An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the Entity are recognised at the proceeds received net of direct issue cost.

## Notes forming part of the Standalone Financial Statements for the year ended 31 March 2022

### (iii) **Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss as finance costs.

### (C) **Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

#### **Fair value of financial assets and liabilities and investments**

The Company measures certain financial assets and liabilities on fair value basis at each balance sheet date or at the time they are assessed for impairment. Fair value measurement that are based on significant unobservable inputs (Level 3) requires estimates of operating margin, discount rate, future growth rate, terminal values, etc. based on management's best estimate about future developments.

## 2.15 **Employee benefits**

### **Provident fund, ESIC and Labour welfare fund**

The Company's contribution paid/payable during the year to Provident fund, ESIC and Labour welfare fund are recognised in profit or loss.

#### **Provident fund**

Contributions to Provident fund are made and charged to profit or loss as incurred.

#### **Defined benefit plans (gratuity benefits)**

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds where remaining maturity of such bond correspond to expected term of defined benefit obligation. For plans operated outside India, the management considers the interest rates of high quality corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries.

#### **Short term employee benefits**

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by an employee is recognised during the period when the employee renders the service.

## Notes forming part of the Standalone Financial Statements for the year ended 31 March 2022

### 2.16 Current Asset and Current Liability

Current Asset – “An entity shall classify an asset as current when:

- (a) it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;
- (b) it holds the asset primarily for the purpose of trading;
- (c) it expects to realise the asset within twelve months after the reporting period;
- (d) the asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. An entity shall classify all other assets as non-current.

Current Liability – “An entity shall classify a liability as current when:

- (a) it expects to settle the liability in its normal operating cycle;
- (b) it holds the liability primarily for the purpose of trading;
- (c) the liability is due to be settled within twelve months after the reporting period; or
- (d) it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. An entity shall classify all other liabilities as non-current.”

### 2.17 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Earnings considered in ascertaining the Company's earnings per share is the net profit or loss for the year after deducting preference dividends and any attributable tax thereto for the year.

Diluted earnings per share are computed by dividing the profit after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on conversion of all dilutive potential equity shares.

### 2.18 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM)(Managing Director) of the Company. The Managing Director is responsible for allocating resources and assessing performance of the operating segments of the company.

During the period, entity was engaged in the business of home textile products, which is the only operating segment as per Ind AS 108.

### 2.19 Rounding off amounts

All amounts disclosed in standalone financial statements and notes have been rounded off to the nearest crores as per requirement of Schedule III of the Act, unless otherwise stated.

### 2.20 Recent Accounting Developments

Ministry of Corporate Affairs (“MCA”) notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1st January 2022. MCA issued notifications dated 24th March, 2021 to amend Schedule III to the Companies Act, 2013 to enhance the disclosures required to be made by the Company in its financial statements. These amendments are applicable to the Company for the financial year starting 1st January 2022.



## Notes forming part of the Standalone Financial Statements for the year ended 31 March 2022

## 3 Property, plant and equipment

(Amount in crores, unless otherwise stated)

Particulars	Gross block				Depreciation				Net block	
	As at 1 April 2021	Additions/ Adjustments	Deductions/ Adjustments	Changes due to Revaluation	As at 31 March 2022	For the year	Deductions/ Adjustments	Changes due to Revaluation	As at 31 March 2022	As at 31 March 2021
<b>Owned assets</b>										
Leasehold land	9.21	-	-	-	9.21	0.17	-	-	0.68	8.54
Freehold land	52.05	-	-	1.50	53.55	-	-	-	-	53.55
Building	41.37	1.90	-	-	43.27	1.29	-	-	22.61	20.66
Plant and machinery	101.42	21.00	0.15	-	122.28	4.79	0.03	-	63.44	42.75
Furniture and fixtures	8.34	3.05	-	-	11.39	0.65	-	-	6.78	4.61
Vehicles	4.76	0.55	-	-	5.30	0.29	-	-	3.54	1.76
Office equipment	2.43	0.27	-	-	2.71	0.28	-	-	2.00	0.71
Computers	3.65	0.56	-	-	4.21	0.28	-	-	3.51	0.70
Electrical installations	7.52	1.53	-	-	9.05	0.47	-	-	5.55	3.50
Fire hydrants	0.16	0.05	-	-	0.21	0.01	-	-	0.08	0.12
Right-of-use Assets	12.14	-	-	-	12.14	2.11	-	-	4.33	7.80
<b>Total</b>	<b>243.05</b>	<b>28.92</b>	<b>0.15</b>	<b>1.50</b>	<b>273.31</b>	<b>10.35</b>	<b>0.03</b>	<b>-</b>	<b>112.52</b>	<b>160.79</b>
										<b>140.85</b>

Particulars	Gross block				Depreciation				Net block	
	As at 1 April 2020	Additions/ Adjustments	Deductions/ Adjustments	Changes due to Revaluation	As at 31 March 2021	For the year	Deductions/ Adjustments	Changes due to Revaluation	As at 31 March 2021	As at 31 March 2020
<b>Owned assets</b>										
Leasehold land	9.21	-	-	-	9.21	0.17	-	-	0.51	8.70
Freehold land	52.05	-	-	-	52.05	-	-	-	-	52.05
Building	40.52	0.85	-	-	41.37	1.20	-	-	21.32	20.40
Plant and machinery	92.69	10.02	1.29	-	101.42	3.64	1.15	-	58.67	36.51
Furniture and fixtures	7.79	0.55	-	-	8.34	0.61	-	-	6.13	2.27
Vehicles	4.44	0.47	0.15	-	4.76	0.28	0.12	-	3.25	1.35
Office equipment	2.18	0.25	-	-	2.43	0.27	-	-	1.72	0.73
Computers	3.48	0.17	-	-	3.65	0.21	-	-	3.23	0.46
Electrical installations	6.98	0.95	0.41	-	7.52	0.37	0.39	-	5.08	1.88
Fire hydrants	0.16	-	-	-	0.16	0.01	-	-	0.07	0.10
Right-of-use Assets	12.14	-	-	-	12.14	2.22	-	-	2.22	12.14
<b>Total</b>	<b>231.66</b>	<b>13.26</b>	<b>1.85</b>	<b>-</b>	<b>243.05</b>	<b>8.98</b>	<b>1.66</b>	<b>-</b>	<b>102.20</b>	<b>136.76</b>
										<b>140.85</b>

Notes forming part of the Standalone Financial Statements for the year ended 31 March 2022 (Amount in crores, unless otherwise stated)

**3.1 Property, plant and equipment pledged as security**

Refer to Note 21 for information on property, plant and equipment pledged as security by the Company.

**4 Capital-Work-in Progress (CWIP)**

**Capital work-in-progress ageing schedule**

**31 March 2022**

CWIP	Amount in CWIP for a period of			Total
	Less than 1 year	1-2 years	More than 3 years	
Projects in progress	3.95	-	-	3.95

**31 March 2021**

CWIP	Amount in CWIP for a period of			Total
	Less than 1 year	1-2 years	More than 3 years	
Projects in progress	1.04	-	-	1.04

**5 Intangible assets**

Particulars	Gross block			Depreciation			Net block	
	As at 1 April 2021	Additions/ Adjustments	Deductions/ Adjustments	As at 31 March 2022	As at 1 April 2021	For the year	Deductions/ Adjustments	As at 31 March 2022
Intangible Assets	-	0.03	-	0.03	-	0.01	-	0.02
Software	-	0.03	-	0.03	-	0.01	-	-

## Notes forming part of the Standalone Financial Statements for the year ended 31 March 2022

(Amount in INR crores, unless otherwise stated)

6	Financial assets- Investments	31 March 2022	31 March 2021
	<b>Investments in Equity Instruments (fully paid-up)</b>		
	<b>Unquoted Equity Shares in Subsidiary Companies (At Cost)</b>		
	3,75,000 (31 March, 2021: 3,75,000) Equity shares of USD 1 each in Faze Three US LLC	2.43	2.43
	1,00,000 (31 March, 2021: NIL) Equity shares of ₹ 10 each in Mats and More Private Limited	0.10	-
	<b>Investments in Mutual Funds</b>		
	<b>(Designated and carried at fair value through profit or loss)</b>		
	Investments in Nippon Ind ETF Gold Bees (Quoted) (Refer footnote i)	7.31	-
	Investment in Nippon India Silver ETF Fund (Quoted) (Refer footnote i)	2.90	-
	<b>Investment in Others</b>		
	<b>(Designated and carried at fair value through profit or loss)</b>		
	<b>Quoted Investments</b>		
	14,53,042 (31 March, 2021: 14,53,042) Equity shares of ₹ 10 each fully paid-up in V R Woodart Limited	0.21	0.21
	<b>Unquoted equity shares</b>		
	5,000 (31 March, 2021: 5,000) Equity shares of ₹10 each fully paid-up in Saraswat Co-op Bank Limited	0.01	0.01
	40 (31 March, 2021 : 40) Equity shares of ₹ 25 each fully paid-up in Greater Bombay Co-operative Bank Limited *	0.00	0.00
	<b>Total</b>	<b>12.96</b>	<b>2.65</b>
	Current	10.21	-
	Non- Current	2.75	2.65
		<b>12.96</b>	<b>2.65</b>
	<b>Aggregate book value of:</b>		
	Quoted investments	10.42	0.21
	Unquoted investments	2.54	2.44
	<b>Aggregate market value of:</b>		
	Quoted investments	10.94	0.86
	Unquoted investments	2.54	2.44

\* Amounts represented by '0' (zero) construes value less than ₹ fifty thousand.

**Footnotes:****i. Details of Investments in Mutual Funds (Designated and carried at FVTPL):**

Particulars	Quantity		Amount	
	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021
Nippon India ETF Gold Bees	16,61,500	-	7.31	-
Nippon India Silver ETF Fund	4,37,000	-	2.90	-
<b>Total</b>	<b>20,98,500</b>	<b>-</b>	<b>10.21</b>	<b>-</b>

**Notes forming part of the Standalone Financial Statements for the year ended 31 March 2022**

(Amount in INR crores, unless otherwise stated)

<b>7</b>	<b>Other financial assets (non-current)</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
	Security deposits	0.93	0.76
	Deposit account with banks (Deposits with maturity for more than 12 months from balance sheet date)	0.12	0.10
	Other receivable	0.68	1.56
	<b>Total</b>	<b>1.73</b>	<b>2.42</b>
<b>8</b>	<b>Other non-current assets</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
	Capital advance	13.47	2.12
	Balance with Government authorities	0.13	0.57
	Other receivables	-	0.02
	<b>Total</b>	<b>13.60</b>	<b>2.71</b>
<b>9</b>	<b>Inventories * (At lower or cost or net realisable value)</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
	Raw material	31.86	19.33
	Work in progress	38.65	21.22
	Finished goods	35.22	18.00
	Store and spares parts	2.22	1.41
	Dyes and chemicals	1.57	1.40
	Goods in transit	-	5.87
	<b>Total</b>	<b>109.53</b>	<b>67.23</b>
* Hypothecated as charge against short term - borrowings. Refer note 21.			
<b>10</b>	<b>Trade receivables</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
	Secured, considered good	-	-
	Unsecured		
	-Considered good	87.36	72.38
	-Considered doubtful	-	0.02
	Less : Allowance for bad and doubtful debts	-	(0.02)
	<b>Total</b>	<b>87.36</b>	<b>72.38</b>
	Further classified as:		
	Receivable from related parties (Refer note 37)	7.59	9.01
	Receivable from others	79.77	63.37
		<b>87.36</b>	<b>72.38</b>
	Footnote i : Include due from following Companies in which the Company is having a common directors / relative of directors:		
	Faze Three Autofab Limited	-	3.08
	ARR Bath & Home Private Limited	-	0.64
	Next Interiors Private Limited	-	0.05
		<b>-</b>	<b>3.77</b>

**Notes forming part of the Standalone Financial Statements for the year ended 31 March 2022**  
(Amount in crores, unless otherwise stated)

**Ageing of Trade Receivables as on 31 March 2022**

Particulars	Outstanding for following periods from due date of Receipts			
	Less than 6 months	6 months - 1 year	1-2 years	Total
(i) Undisputed Trade receivables – considered good	84.03	3.30	0.03	87.36
(ii) Undisputed Trade Receivables –which have significant increase in credit risk	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-
(iv) Disputed Trade Receivables –considered good	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-
Less: Allowance for bad and doubtful debts (Disputed + Undisputed)	-	-	-	-
<b>Total</b>	<b>84.03</b>	<b>3.30</b>	<b>0.03</b>	<b>87.36</b>

**Ageing of Trade Receivables as on 31 March 2021**

Particulars	Outstanding for following periods from due date of Receipts			
	Less than 6 months	6 months - 1 year	1-2 years	Total
(i) Undisputed Trade receivables – considered good	72.27	0.10	0.01	72.38
(ii) Undisputed Trade Receivables –which have significant increase in credit risk	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-
(iv) Disputed Trade Receivables –considered good	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-
Less: Allowance for bad and doubtful debts (Disputed + Undisputed)	-	-	-	-
<b>Total</b>	<b>72.27</b>	<b>0.10</b>	<b>0.01</b>	<b>72.38</b>

## Notes forming part of the Standalone Financial Statements for the year ended 31 March 2022

(Amount in crores, unless otherwise stated)

<b>11</b>	<b>Cash and cash equivalents</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
	<u>Balances with banks</u>		
	In current accounts	2.12	0.68
	In EEFC accounts	3.11	1.14
	Cash on hand	0.06	0.05
	<b>Total</b>	<b>5.29</b>	<b>1.88</b>
<b>12</b>	<b>Bank balances other than cash and cash equivalent</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
	Fixed deposit with banks (original maturity more than 3 months and upto 12 months)	50.49	40.00
	Unpaid Dividend Accounts	0.02	0.02
	<b>Total</b>	<b>50.51</b>	<b>40.02</b>
<b>13</b>	<b>Other financial assets (current)</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
	Security deposits	0.21	-
	<u>Unsecured, considered good (at amortised cost)</u>		
	Interest accrued on fixed deposits	0.47	1.15
	Interest receivable from banks (under interest equalisation scheme)	1.64	-
	<b>Total</b>	<b>2.32</b>	<b>1.15</b>
<b>14</b>	<b>Current tax assets (net)</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
	Advance income tax (net of provisions ₹ 33.51 crores (31 March 2021 - ₹ 14.20 crores))	0.07	1.42
	<b>Total</b>	<b>0.07</b>	<b>1.42</b>
<b>15</b>	<b>Other current assets</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
	<b>Unsecured, considered good</b>		
	<u>Balance with Government authorities</u>		
	Rebate / Drawback of taxes and duties receivable	20.81	9.75
	GST input credit	6.38	2.30
	GST rebate receivable	8.00	5.42
	Advance to suppliers	3.87	3.98
	Staff advances	0.52	0.40
	Prepaid expenses	0.87	0.93
	MTM profit on currency forward contracts	0.90	-
	<b>Total</b>	<b>41.36</b>	<b>22.78</b>

**Notes forming part of the Standalone Financial Statements for the year ended 31 March 2022**

(Amount in crores, unless otherwise stated)

16	Equity share capital	31 March 2022	31 March 2021
	<b>Authorized</b>		
	2,60,00,000 (31 March 2021: 2,60,00,000) Equity Shares of ₹ 10/- each	26.00	26.00
	<b>Total</b>	<b>26.00</b>	<b>26.00</b>
	<b>Issued, subscribed and paid up</b>		
	2,43,19,000 (31 March 2021: 2,43,19,000) Equity Shares of ₹10/- each fully paid	24.32	24.32
	<b>Total</b>	<b>24.32</b>	<b>24.32</b>
	<b>Total</b>	<b>24.32</b>	<b>24.32</b>

**(a) Reconciliation of equity shares outstanding at the beginning and at the end of the year**

	31 March 2022		31 March 2021	
	Number of shares	Amount	Number of shares	Amount
Outstanding at the beginning of the year	2,43,19,000	24.32	2,43,19,000	24.32
Add: Issued during the year	-	-	-	-
Outstanding at the end of the year	<b>2,43,19,000</b>	<b>24.32</b>	<b>2,43,19,000</b>	<b>24.32</b>

**(b) Rights, preferences and restrictions attached to shares**

Equity Shares: The Company has only one class of equity shares having par value of ₹ 10 per share. Each shareholder is entitled to one vote per share held. They entitle the holders to participate in dividends and dividend, if any declared is payable in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**(c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company**

Name of Shareholder	31 March 2022		31 March 2021	
	Number of shares	% of holding in the class	Number of shares	% of holding in the class
Ajay Anand	76,66,421	31.52	72,30,485	29.73
Ajay Jindal	28,12,450	11.56	28,12,450	11.56
Instyle Investments Pvt. Ltd.	23,94,625	9.85	23,94,625	9.85
Salim Govani	16,91,837	6.96	34,76,040	14.29
Neerav Hans	15,56,297	6.40	15,56,297	6.40

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

**Notes forming part of the Standalone Financial Statements for the year ended 31 March 2022**  
(Amount in crores, unless otherwise stated)

**(d) Details of Shares held by Promoters at the end of the year**

Promoter Name	31 March 2022			31 March 2021		
	No. of shares	% of total shares	% Change during the year	No. of shares	% of total shares	% Change during the year
Ajay Anand	76,66,421	31.52%	1.79%	72,30,485	29.73%	3.57%
Instyle Investments Private Limited	23,94,625	9.85%	-	23,94,625	9.85%	-
Sanjay Anand	10,17,420	4.18%	(0.41)%	11,17,420	4.59%	-
Ajay Anand (HUF)	6,62,500	2.72%	-	6,62,500	2.72%	-
Rashmi Anand	3,43,990	1.41%	-	3,43,990	1.41%	-
Vishnu Anand	2,68,875	1.11%	0.42%	1,68,875	0.69%	-
Mamata Finvest Private Limited	87,500	0.36%	-	87,500	0.36%	-
Rohina Anand	20,875	0.09%	-	20,875	0.09%	-
Anadry Investments Private Limited	9,500	0.04%	-	9,500	0.04%	-

- (e) No class of shares have been issued as bonus shares or for consideration other than cash by the Company during the period of five years immediately preceding the current year end.
- (f) No class of shares have been bought back by the Company during the period of five years immediately preceding the current year end.

**17 Other equity**

Particulars	31 March 2022	31 March 2021
Capital reserve	5.73	5.73
Securities premium	24.44	24.44
General reserve	93.15	93.15
Revaluation reserve	56.37	55.02
Other Comprehensive Income	(1.28)	(1.01)
Retained earnings	78.03	26.94
<b>Total</b>	<b>256.43</b>	<b>204.28</b>

**Nature and purpose of reserves**

**A Capital reserve**

Particulars	31 March 2022	31 March 2021
Opening balance	5.73	5.73
Add/(Less): Transferred to reserves	-	-
<b>Closing balance</b>	<b>5.73</b>	<b>5.73</b>



**Notes forming part of the Standalone Financial Statements for the year ended 31 March 2022**  
(Amount in crores, unless otherwise stated)

**B Securities Premium Reserve**

Particulars	31 March 2022	31 March 2021
Opening balance	24.44	24.44
Add/(Less): Transferred to reserves	-	-
<b>Closing balance</b>	<b>24.44</b>	<b>24.44</b>

This reserve represents the premium on issue of shares and can be utilised in accordance with the provisions of the Companies Act, 2013.

**C General reserve**

Particulars	31 March 2022	31 March 2021
Opening balance	93.15	93.15
Add/(Less): Transferred to reserves	-	-
<b>Closing balance</b>	<b>93.15</b>	<b>93.15</b>

The Company created a general reserve in earlier years pursuant to the provisions of the Companies Act, 1956 wherein certain percentage of profits were required to be transferred to general reserve before declaring dividends. As per the Companies Act 2013, the requirement to transfer profits to general reserve is not mandatory. General reserve is a free reserve available to the entity.

**D Revaluation reserve**

Particulars	31 March 2022	31 March 2021
Opening balance	55.02	55.13
Add/(Less): Transferred to reserves	1.35	(0.14)
<b>Closing balance</b>	<b>56.37</b>	<b>55.02</b>

This reserve represents the cumulative gains and losses arising on the revaluation of leasehold land and freehold land on the balance sheet date measured at fair value through other comprehensive income.

**E Other comprehensive income**

Particulars	31 March 2022	31 March 2021
Opening balance	(1.01)	(0.85)
Add/(Less): Transferred to reserves	(0.27)	(0.14)
<b>Closing balance</b>	<b>(1.28)</b>	<b>(1.01)</b>

This represents the cumulative gains and losses arising on remeasurement of defined employee benefit plans (net of taxes).

**F Retained earnings**

Particulars	31 March 2022	31 March 2021
Opening balance	26.93	1.92
Add/(Less): Transferred to reserves	51.07	25.01
<b>Closing balance</b>	<b>78.03</b>	<b>26.93</b>

This reserve represents undistributed accumulated earnings of the entity as on the balance sheet date.

**Notes forming part of the Standalone Financial Statements for the year ended 31 March 2022**  
(Amount in crores, unless otherwise stated)

<b>18</b>	<b>Non-Current Borrowings</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
	Term Loans (secured) (carried at amortised cost)		
	Other Loans (Against hypothecation of vehicles) (refer note (i))	0.27	0.28
	<b>Total</b>	<b>0.27</b>	<b>0.28</b>

**(i) Terms and conditions of Other Loans**

Particulars	Loan Details	
	31 March 2022	31 March 2021
Maturity date	17 December 2023	17 December 2023
Number of installments due	9	21
Rate of Interest	10.35%	10.35%
Payable within one year (amount in ₹)	6,403	5,805
Payable after one year but not more than five years (amount in ₹)	27,51,294	27,57,696

<b>19</b>	<b>Other financial liabilities</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
	<b>(A) Non-current</b>		
	Security deposits	0.14	-
	<b>Subtotal (A)</b>	<b>0.14</b>	<b>-</b>
	<b>(B) Current</b>		
	Current maturities of vehicle loan	0.00	0.91
	Interest accrued but due	0.24	0.16
	Salary & reimbursement payable	4.29	4.47
	Expenses payable	4.67	4.38
	Dividend payable	0.02	0.02
	Capital Creditors	1.46	0.41
	<b>Subtotal (B)</b>	<b>10.69</b>	<b>10.35</b>
	<b>Total ((A) + (B))</b>	<b>10.83</b>	<b>10.35</b>

<b>20</b>	<b>Provisions</b>	<b>Long term</b>		<b>Short term</b>	
		<b>31 March 2022</b>	<b>31 March 2021</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
	Provision for employee benefits (refer note 35)				
	Provision for gratuity (funded)	1.58	1.37	2.22	1.88
	<b>Total</b>	<b>1.58</b>	<b>1.37</b>	<b>2.22</b>	<b>1.88</b>

**Notes forming part of the Standalone Financial Statements for the year ended 31 March 2022**

(Amount in crores, unless otherwise stated)

Movement in Provision	Long term		Short term	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Opening	1.37	1.44	1.88	1.73
Charged/ (Credited) to statement of profit and loss				
Additional provision recognised	0.21	(0.07)	0.79	0.85
Amounts used during the year	-	-	(0.45)	(0.70)
<b>Closing</b>	<b>1.58</b>	<b>1.37</b>	<b>2.22</b>	<b>1.88</b>

<b>21</b>	<b>Short -term borrowings</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
	<b>Secured, from bank (carried at amortised cost)</b>		
	Packing Credit in Rupee Scheme (PCRS) (refer footnote (i))	131.23	89.45
	Packing Credit Foreign Currency (PCFC) (refer footnote (ii))	26.41	-
	Bank Overdraft (refer footnote (iii))	-	1.90
	<b>Total</b>	<b>157.64</b>	<b>91.35</b>

**Terms and conditions of loans**

- (i) PCRS facility from Bank carry interest rate as per the below mentioned table. Packing Credit in Rupee Scheme (PCRS) is secured by way of hypothecation of raw materials, work-in-progress, finished goods, spares & stores and goods meant for exports and book debts as prime security and collaterally secured by extension of the charge on the Property, plant and equipment of the Company.

Name of the Bank	Rate of Interest	
	2022	2021
Yes Bank Limited	6.60%	7.60%
HDFC Bank Limited	6.99%	6.99%
ICICI Bank Limited	6.50%	7.50%
Standard Chartered Bank	7.15%	7.15%
Federal Bank Limited	6.00%	-
Yes Bank Limited *	6.25%	7.50%
HDFC Bank Limited *	5.40%	5.40%
ICICI Bank Limited *	5.75%	-

\* The above mentioned PCRS is secured by way of lien over Fixed Deposits to be excersised at the time of release of funds.

- (ii) The Company has obtained PCFC Loans from Yes Bank Limited carry interest rate of 1.50% which are secured by way of hypothecation of raw materials, work-in-progress, finished goods, spares & stores and goods meant for exports and book debts as prime security and collaterally secured by extension of the charge on the Property, plant and equipment of the Company.
- (iii) Temporary Overdraft facility from Standard Chartered Bank was availed and subsequently repaid on 03 April 2021.
- (iv) Assets Pledged as Security

**Notes forming part of the Standalone Financial Statements for the year ended 31 March 2022**

(Amount in crores, unless otherwise stated)

The carrying amounts of assets pledged as security for current borrowings are:

Particulars	31 March 2022	31 March 2021
Current assets		
Inventories	109.53	67.23
Trade receivables	87.36	72.38
Export incentive receivable	20.81	9.75
GST input credit	6.38	2.30
GST rebate receivable	8.00	5.42
<b>Total Current assets pledged as security</b>	<b>246.01</b>	<b>157.07</b>
Non-Current assets		
Property, plant and equipment	152.99	130.93
<b>Total Non-Current assets pledged as security</b>	<b>152.99</b>	<b>130.93</b>
<b>Total Assets pledged as security</b>	<b>399.00</b>	<b>288.00</b>

Borrowings from Yes Bank Limited, ICICI Bank Limited, HDFC Bank Limited, Standard Chartered Bank and Federal Bank Limited which are secured by way of hypothecation of raw materials, work-in-progress, finished goods, spares & stores and goods meant for exports and book debts as prime security and collaterally secured by extension of the charge on the Property, plant and equipment of the Company.

<b>22 Trade payables</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
Total outstanding dues of micro enterprises and small enterprises (refer note 49)	-	0.23
Total outstanding dues of creditors other than micro enterprises and small enterprises	21.09	12.63
<b>Total</b>	<b>21.09</b>	<b>12.86</b>

**Ageing of Trade Payables as on 31 March 2022**

Particulars	Outstanding for following periods from due date of Payment				
	Less than 1 year	1-2 years	2-3years	More than 3 years	Total
(i) MSME	-	-	-	-	-
(ii) Disputed dues – MSME	-	-	-	-	-
(iii) Others	20.95	0.11	0.03	-	21.09
(iv) Disputed dues - Others	-	-	-	-	-
<b>Total</b>	<b>20.95</b>	<b>0.11</b>	<b>0.03</b>	<b>-</b>	<b>21.09</b>

**Ageing of Trade Payables as on 31 March 2021**

Particulars	Outstanding for following periods from due date of Payment				
	Less than 1 year	1-2 years	2-3years	More than 3 years	Total
(i) MSME	0.23	-	-	-	0.23
(ii) Disputed dues – MSME	-	-	-	-	-
(iii) Others	12.45	0.03	0.03	0.12	12.63
(iv) Disputed dues - Others	-	-	-	-	-
<b>Total</b>	<b>12.68</b>	<b>0.03</b>	<b>0.03</b>	<b>0.12</b>	<b>12.86</b>

**Notes forming part of the Standalone Financial Statements for the year ended 31 March 2022**

(Amount in crores, unless otherwise stated)

<b>23</b>	<b>Other current liabilities</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
	Statutory dues payable	0.71	0.53
	Advance from customer		
	- Advance from related parties	1.93	-
	- Others	0.14	0.31
	MTM on currency forward contracts	-	0.02
	<b>Total</b>	<b>2.77</b>	<b>0.86</b>
<b>24</b>	<b>Current tax liabilities (net)</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
	Provision for taxation (net of advance tax 31 March 2021- ₹ 5.63 crores)	-	0.48
	<b>Total</b>	<b>-</b>	<b>0.48</b>
<b>25</b>	<b>Revenue from operations</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
	Revenue from contracts with customers		
	Sale of manufactured products		
	- Export Sales	442.10	281.40
	- Domestic Sales	35.68	24.58
	Other operating revenues		
	- Rebate / Drawback of Taxes and Duties	27.23	17.97
	<b>Total</b>	<b>505.01</b>	<b>323.95</b>
<b>26</b>	<b>Other income</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
	Rental income	0.77	0.40
	Interest income on financial assets designated at amortised cost		
	- on fixed deposits	2.20	1.43
	- on others	0.11	0.14
	Income from sale of Investments	0.27	-
	Miscellaneous income	0.36	0.22
	Job work Income	-	0.04
	Gain on sale of Property, plant and equipment	-	0.12
	Gain on foreign currency fluctuation	3.27	0.00
	<b>Total</b>	<b>6.98</b>	<b>2.35</b>
<b>27</b>	<b>Cost of material consumed</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
	Inventories at the beginning of the year	20.73	22.71
	Add: Purchases during the year	263.11	158.67
	Less: Inventories at the end of the year	33.43	20.73
	<b>Total</b>	<b>250.41</b>	<b>160.65</b>

**Notes forming part of the Standalone Financial Statements for the year ended 31 March 2022**

(Amount in crores, unless otherwise stated)

<b>28</b>	<b>Changes in inventories of finished goods and work-in-progress</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
	Inventories at the beginning of the year		
	-Finished goods	18.00	14.38
	-Work-in-progress	21.22	21.67
	-Goods-in-transit	5.87	-
		<b>45.09</b>	<b>36.05</b>
	<b>Less: Inventories at the end of the year</b>		
	-Finished goods	35.22	18.00
	-Work-in-progress	38.65	21.22
	-Goods-in-transit	-	5.87
		<b>73.87</b>	<b>45.09</b>
	<b>Net decrease/ (increase)</b>	<b>(28.78)</b>	<b>(9.04)</b>

<b>29</b>	<b>Employee benefits expense</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
	Salaries, wages, bonus and other allowances	61.33	47.75
	Contribution to provident fund and other funds	2.13	1.75
	Gratuity expenses (Refer Note 35)	0.63	0.63
	Staff welfare expenses	1.10	1.15
	<b>Total</b>	<b>65.19</b>	<b>51.29</b>

<b>30</b>	<b>Finance costs</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
	Interest on borrowing	3.95	2.54
	Interest Expense on lease liability	1.04	1.23
	<b>Total</b>	<b>4.99</b>	<b>3.77</b>

<b>31</b>	<b>Depreciation and amortization expense</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
	Depreciation (refer note 3)	8.05	6.80
	Depreciation on Right of Use Assets (refer note 3)	2.11	2.02
	Amortisation	0.17	0.17
	Less: transfer to revaluation reserve	(0.14)	(0.14)
	<b>Total</b>	<b>10.19</b>	<b>8.84</b>

**Notes forming part of the Standalone Financial Statements for the year ended 31 March 2022**

(Amount in crores, unless otherwise stated)

<b>32</b>	<b>Other expenses</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
	Sewing, stitching, weaving & finishing charges	13.12	9.28
	Power & fuel	30.99	19.48
	Clearing and forwarding expenses	21.57	12.84
	Repairs & maintenance:		
	Plant & machinery	5.49	3.81
	Building	6.84	4.06
	Other manufacturing expenses	30.07	6.71
	Rent, rates & taxes	2.23	1.07
	Stores and spares consumed	5.08	3.28
	Audit fees (refer note i below)	0.18	0.15
	Miscellaneous expenses	3.54	1.71
	Fair Valuation of License in Hand	2.01	-
	Fair valuation adjustments of investments	0.06	-
	Bank charges	2.74	1.91
	Corporate Social Responsibility Expenditure (refer note 47)	1.48	0.38
	Security expenses	1.93	1.60
	Courier expenses	2.12	1.83
	Travelling, vehicle & conveyance expenses	1.64	0.84
	Loss on sale of Property, plant and equipment	0.00	-
	Loss on foreign currency fluctuation	-	1.39
	Legal & professional fees	4.73	2.26
	Insurance charges	0.84	0.68
	Selling & distribution expenses	1.94	2.08
	<b>Total</b>	<b>138.60</b>	<b>75.38</b>

Note i: The following is the break-up of Auditors remuneration (exclusive of taxes)

	<b>31 March 2022</b>	<b>31 March 2021</b>
<b>As auditor:</b>		
Statutory audit fees (including for quarterly limited reviews)	0.17	0.15
Reimbursement of expenses	0.01	-
<b>Total</b>	<b>0.18</b>	<b>0.15</b>

**33 Income Tax**

<b>(A)</b>		<b>31 March 2022</b>	<b>31 March 2021</b>
	Income Tax recognised in profit or loss		
	<b>Current tax</b>		
	In respect of current year	20.26	9.62
		20.26	9.62
	<b>Deferred tax liabilities</b>		
	In respect of current year origination and reversal of temporary differences	0.06	0.78
		0.06	0.78
	<b>Total Income Tax recognised in profit or loss</b>	<b>20.32</b>	<b>10.40</b>



**Notes forming part of the Standalone Financial Statements for the year ended 31 March 2022**

(Amount in crores, unless otherwise stated)

**(B) Deferred tax assets/ (liabilities) (net):**

Particulars	Balance as at 1 April 2021	Charge / (Credit) to Profit or Loss	Utilisation of MAT Credit	Balance as at 31 March 2022
<b>Deferred tax assets</b>				
Provision for employee benefits	1.22	(0.02)	-	1.24
Unabsorbed depreciation and business losses carried forward	2.33	-	-	2.33
On Temporary Difference on account of leases	0.17	(0.13)	-	0.30
Minimum alternate tax carried forward	5.36	-	(5.36)	-
Other	-	(0.01)	-	0.01
<b>Deferred tax liabilities</b>				
Fiscal allowances on property, plant and equipment	(7.07)	0.14	-	(7.21)
<b>Total deferred tax assets /(liabilities), net</b>	<b>2.00</b>	<b>(0.02)</b>	<b>(5.36)</b>	<b>(3.33)</b>

Particulars	Balance as at 1 April 2020	Charge / (Credit) to Profit or Loss	Utilisation of MAT Credit	Balance as at 31 March 2021
<b>Deferred tax assets</b>				
Provision for employee benefits	1.19	(0.03)	-	1.22
Unabsorbed depreciation and business losses carried forward	2.33	-	-	2.33
On Temporary Difference on account of leases	0.18	0.01	-	0.17
Minimum alternate tax carried forward	8.87	-	(3.51)	5.36
<b>Deferred tax liabilities</b>				
Fiscal allowances on property, plant and equipment	(6.27)	0.80	-	(7.07)
<b>Total deferred tax assets/(liabilities),net</b>	<b>6.30</b>	<b>0.78</b>	<b>(3.51)</b>	<b>2.00</b>

**(C)** The Company has utilized MAT credit of ₹ 5.36 crores in the current financial year.**(D)** Capital Tax losses of 31 March 2017: ₹ 9.98 crores are available for offsetting for a maximum period of eight years against future taxable profits of the Company.

<b>(E) Reconciliation of tax charge</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
Profit before tax	71.39	35.41
Statutory Tax Rate	29.12%	29.12%
Income tax expense at tax rates applicable	20.79	10.31
Tax effects of:		
- B/f losses and unabsorbed depreciation not recognised as DTA in earlier years	-	-
- MAT credit available to the Company not recognised as asset in earlier years	-	-
- Other items	(0.47)	0.09
<b>Income tax expense</b>	<b>20.32</b>	<b>10.40</b>

**Notes forming part of the Standalone Financial Statements for the year ended 31 March 2022**

(Amount in crores, unless otherwise stated)

**34 Earnings per share**

Basic earnings per share amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the profit attributable to equity holders by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

	31 March 2022	31 March 2021
Profit attributable to equity holders	51.07	25.01
Weighted average number of shares outstanding during the year	2,43,19,000	2,43,19,000
Basic earnings per share (₹) (Equity share of ₹ 10 each)	21.00	10.28
Diluted earnings per share (₹) (Equity share of ₹ 10 each)	21.00	10.28

**35 Employee benefits**

(A)	Defined Contribution Plans	31 March 2022	31 March 2021
	During the year, the Company has recognized the following amounts in the Statement of Profit and Loss		
	Employers' Contribution to Provident Fund and Employee State Insurance Corporation (Refer note 29)	2.13	1.75
(B)	<b>Defined benefit plans</b> <p>The Company provides for gratuity for employees as per the Payment of Gratuity Act, 1972. The amount of gratuity shall be payable to an employee on the termination of employment after rendering continuous service for not less than five years, or on their superannuation or resignation. However, in case of death of an employee, the minimum period of five years shall not be required. The amount of gratuity payable on retirement / termination is the employee's last drawn basic salary per month computed proportionately for 15 days salary multiplied by the number of years of service completed. The gratuity plan is a funded plan administered by a separate fund that is legally separated from the entity. The Company does not fully fund the liability and maintains the funding from time to time based on estimations of expected gratuity payments.</p> <p>These plans typically expose the Company to the following actuarial risks:</p> <p><b>Investment risk</b> - The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.</p> <p><b>Interest risk</b> - A fall in the discount rate, which is linked, to the G-Sec rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.</p> <p><b>Salary risk</b> - The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.</p> <p><b>Asset Liability matching risk</b> - The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.</p> <p><b>Mortality risk</b> - Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.</p> <p><b>Concentration risk</b> - Plan is having a concentration risk as all the assets are invested with the insurance company and a default will wipe out all the assets. Although probability of this is very less as insurance companies have to follow regulatory guidelines.</p> <p>The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out at 31 March 2022 by M/S K. A. Pandit Consultants &amp; Actuaries. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.</p>		

## Notes forming part of the Standalone Financial Statements for the year ended 31 March 2022

(Amount in crores, unless otherwise stated)

	31 March 2022	31 March 2021
a) Gratuity payable to employees		
i) <b>Actuarial assumptions</b>		
Discount rate (per annum)	6.09%	5.58%
Rate of increase in Salary (per annum)	4.00%	4.00%
<b>Attrition rate</b>		
For service 2 years and below	40%	40%
For service 3 years to 4 years	25%	25%
For service 5 years and above	15%	15%
Mortality rate during employment	Indian Assured Lives Mortality 2012-14 (Urban)	Indian Assured Lives Mortality (2006-08) Ultimate
ii) <b>Changes in the present value of defined benefit obligation</b>	<b>Employee's gratuity fund</b>	
<b>Present value of obligation at the beginning of the year</b>	3.30	3.21
Interest cost	0.18	0.19
Current service cost	0.45	0.45
Benefits paid	(0.45)	(0.75)
Actuarial (gain)/ loss on obligations	0.36	0.20
<b>Present value of obligation at the end of the year*</b>	<b>3.85</b>	<b>3.30</b>
*Included in provision for employee benefits (refer note 20)		
iii) <b>Expense recognized in the Statement of Profit and Loss</b>	<b>Employee's gratuity fund</b>	
Current service cost	0.45	0.45
Interest cost	0.18	0.18
Return on plan assets	-	-
<b>Total expenses recognized in the Statement Profit and Loss*</b>	<b>0.63</b>	<b>0.63</b>
*Included in Employee benefits expense (Refer note 29). Actuarial Loss of ₹ 0.36 crores (31 March 2021 - ₹ 0.20) is included in other comprehensive income.		
iv) <b>Assets and liabilities recognized in the Balance Sheet:</b>	<b>Employee's gratuity fund</b>	
Present value of unfunded obligation as at the end of the year	3.85	3.30
Fair value of the plan assets at the end of the year	(0.05)	(0.05)
<b>Unfunded net (asset) / liability recognized in Balance Sheet*</b>	<b>3.80</b>	<b>3.25</b>
*Included in provision for employee benefits (Refer note 20)		
v) Expected contribution to the fund in the next year		
Gratuity	0.75	0.63
vi) A quantitative sensitivity analysis for significant assumption as at 31 March 2022 and 31 March 2021 is as shown below:		
Impact on defined benefit obligation	<b>Employee's gratuity fund</b>	
Discount rate		
1% increase	(0.16)	(0.15)
1% decrease	0.18	0.16

**Notes forming part of the Standalone Financial Statements for the year ended 31 March 2022**

(Amount in crores, unless otherwise stated)

vii)	Employee Turnover		
	1% increase	0.01	0.00
	1% decrease	(0.01)	(0.01)
	Rate of increase in salary		
	1% increase	0.18	0.16
	1% decrease	(0.17)	(0.15)
	Maturity profile of defined benefit obligation	<b>Employee's Gratuity Fund</b>	
	Projected Benefits Payable in Future Years From the Date of Reporting		
	1st Following Year	0.59	0.49
	2nd Following Year	0.53	0.45
	3rd Following Year	0.51	0.42
	4th Following Year	0.48	0.39
	5th Following Year	0.41	0.37
	Sum of Years 6 to 10	1.56	1.28
	Sum of 11 and above	1.25	1.07

**36 Leases****a) As Lessee**

(a) Following are the carrying value of Right of Use Assets:

Particulars	Category of ROU Asset		
	Leasehold Building	Vehicles	Total
<b>Balance as at 01 April 2020</b>	<b>11.41</b>	<b>0.73</b>	<b>12.14</b>
Depreciation	1.91	0.31	2.22
<b>Balance as at 31 March 2021</b>	<b>9.50</b>	<b>0.42</b>	<b>9.92</b>
Depreciation	1.84	0.27	2.11
<b>Balance as at 31 March 2022</b>	<b>7.66</b>	<b>0.15</b>	<b>7.80</b>

(b) The following is the movement in lease liabilities during the year ended 31 March 2022 and 31 March 2021:

Particulars	Category of ROU Asset
	Leasehold Building
<b>Balance as at 1 April 2020</b>	<b>11.76</b>
Additions	-
Lease Payments	(1.26)
<b>Balance as at 31 March 2021</b>	<b>10.50</b>
Additions	-
Lease Payments	(1.49)
<b>Balance as at 31 March 2022</b>	<b>9.01</b>

**Notes forming part of the Standalone Financial Statements for the year ended 31 March 2022**

(Amount in crores, unless otherwise stated)

- (c) Lease Expenses recognized in Statement of Profit and Loss, not included in the measurement of lease liabilities:

Particulars	Year Ended 31 March 2022	Year Ended 31 March 2021
Expenses relating to short-term leases	0.73	0.33

- (d) The table below provides details regarding the contractual maturities of lease liabilities as at 31 March 2022 on an undiscounted basis:

Particulars	Year Ended 31 March 2022	Year Ended 31 March 2021
Less than one year	2.15	2.46
One to Five years	9.37	9.03
More than 5 years	-	2.50
<b>Total</b>	<b>11.52</b>	<b>13.99</b>

- (e) The following is the break-up of current and non-current lease liabilities as at 31 March 2022 and 31 March 2021

Particulars	Year Ended 31 March 2022	Year Ended 31 March 2021
Current lease liability	1.32	1.49
Non-Current lease liability	7.69	9.01

- (f) Amounts recognised in Statement of Cash Flows:

Particulars	Year Ended 31 March 2022	Year Ended 31 March 2021
Total cash outflow for leases	2.47	2.48

**37 Related Party Disclosures:**

- (A) Names of related parties and description of relationship as identified and certified by the Company:

**Names of the related parties where control exists****Name of related party****Relationship**

Faze Three US LLC

Wholly owned subsidiary

Mats and More Private Limited

Wholly owned subsidiary

V R Woodart Limited

Entity in which director has common control

Faze Three Autofab Limited

Entity in which director has common control

Ajay Anand (HUF)

Entity in which director has common control

Instyle Investments Private Limited

Entity in which director has common control

Next Interiors Private Limited

Entity in which relative of director has common control

ARR Bath &amp; Home Private Limited

Entity in which relative of director has common control

Mamata Finvest Private Limited

Wholly Owned Subsidiary of Instyle Investment Private Limited

Anadry Investments Private Limited

Wholly Owned Subsidiary of Instyle Investment Private Limited

**Others****Name of related party****Relationship**

Rohina Anand Khira

Daughter of Managing Director

Ashok Anand

Brother of Managing Director

Vishnu Anand

Son of Managing Director

**Key Management Personnel (KMP)**

In accordance with Ind AS 24 - Related Party Disclosures and the Companies Act, 2013, following personnels are considered as KMP.

**Notes forming part of the Standalone Financial Statements for the year ended 31 March 2022**

(Amount in crores, unless otherwise stated)

<b>Name of related party</b>	<b>Relationship</b>
Ajay Anand	Managing Director
Sanjay Anand	Whole-time Director
Akram Sati	Company Secretary
Ankit Madhwani	Chief Financial Officer

**(B) Details of transactions with related party in the ordinary course of business for the year ended:**

	<b>31 March 2022</b>	<b>31 March 2021</b>
<b>(i) Wholly owned subsidiary</b>		
<b><u>Faze Three US LLC</u></b>		
Sale of goods	10.74	7.23
<b><u>Mats and More Private Limited</u></b>		
Investment	0.10	-
<b>(ii) Entity in which director has common control</b>		
<b><u>Faze Three Autofab Limited</u></b>		
Sale of goods and service	23.75	18.65
Purchase of goods	0.40	0.07
Rent income	0.24	0.35
Jobwork expense	0.01	0.06
Reimbursement of Expenses	0.13	0.03
<b><u>V R Woodart Limited</u></b>		
Loans repaid during the year	-	0.06
<b><u>ARR Bath &amp; Home Private Limited</u></b>		
Jobwork expense	-	0.56
Purchase of Property, plant and equipment	-	4.20
Sale of goods	3.35	1.51
Reimbursement of Expenses	-	0.05
<b><u>Next Interiors Private Limited</u></b>		
Sale of goods	0.75	0.46
Reimbursement of Expenses	0.78	0.07
<b>(iii) Others</b>		
Ashok Anand (towards payment of employee benefit)	0.09	0.09
Vishnu Anand (towards payment of employee benefit)	0.72	0.30
<b>(iv) Amount due to related party as on</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
<b>Entity in which director has common control</b>		
Faze Three Autofab Limited	1.93	-
<b>Amount due from related party</b>		
<b>Wholly owned subsidiary</b>		
Faze Three US LLC	7.59	5.23
<b>Entity in which director has common control</b>		
ARR Bath & Home Private Limited	-	0.64
Faze Three Autofab Limited	-	3.08
Next Interiors Private Limited	-	0.05
<b>(v) Key Management Personnel (KMP)</b>		
Compensation of key management personnel (Short term employee benefits)	1.77	1.77

**Notes forming part of the Standalone Financial Statements for the year ended 31 March 2022**

(Amount in crores, unless otherwise stated)

**(D) Terms and conditions of transactions with related parties**

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2022, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

**38 Fair value measurement**

The fair value of other current financial assets, cash and cash equivalents, trade receivables, investments, trade payables, short-term borrowings and other financial liabilities approximate the carrying amounts because of the short term nature of these financial instruments.

The amortized cost using effective interest rate (EIR) of non-current financial assets consisting of security and term deposits are not significantly different from the carrying amount.

Financial assets that are neither past due nor impaired include cash and cash equivalents, security deposits, term deposits, and other financial assets.

The impact of fair value on non-current borrowing, non-current security deposits and non-current term deposits is not material and therefore not considered for above disclosure.

**Fair value hierarchy**

The following is the hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis:

	31 March 2022	31 March 2021
<b>Level 1 (Quoted price in active markets)</b>		
Investments in mutual funds FVTPL	10.21	-
<b>Level 2</b>		
<u>Financial assets measured at fair value through profit or loss</u>		
Investments in quoted instruments but not in active markets (refer note 6)	0.21	0.21
Investments in unquoted instruments (refer note 6)	2.54	2.44
<b>Level 3</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
<u>Financial assets measured at amortized cost</u>		
Trade receivables (refer note 10)	87.36	72.38
Security deposits (refer note 7)	0.93	0.76
Other receivable (refer note 7)	0.68	1.56
Interest accrued on fixed deposits (refer note 13)	0.47	1.15
Deposit account with banks (remaining maturity of more than 12 months) (refer note 7)	0.12	0.10
The carrying amounts of trade receivables, loans and advances, interest on fixed deposits and security deposits are considered to approximate their fair values due to their short term nature. The carrying amounts of long term security deposits given are considered to approximate their fair value.		



**Notes forming part of the Standalone Financial Statements for the year ended 31 March 2022**

(Amount in crores, unless otherwise stated)

<u>Financial liability measured at amortized cost</u>		
Borrowings (refer note 18)	157.92	92.54
Trade payables (refer note 22)	21.09	12.86
Salary & reimbursement payable (refer note 19)	4.29	4.47
Expenses payable (refer note 19)	4.67	4.38
Interest accrued but not due (refer note 19)	0.24	0.16
Dividend payable (refer note 19)	0.02	0.02
The carrying amounts of trade payables, borrowings, salary and expense payable are considered to approximate their fair values due to their short term nature. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including own and counter party credit risk.		

**39 Financial risk management objectives and policies**

The Company is exposed to various financial risks. These risks are categorized into market risk, credit risk and liquidity risk. The Company's risk management is coordinated by the Board of Directors and focuses on securing long term and short term cash flows. The Company does not engage in trading of financial assets for speculative purposes.

**(A) Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include borrowings and derivative financial instruments.

**(i) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The company manages its interest rate risk by having balanced portfolio of fixed and variable rate loans and borrowings.

	<b>31 March 2022</b>	<b>31 March 2021</b>
Variable rate borrowings	107.16	51.35

**Interest rate sensitivity**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	<b>Increase/ decrease in basis points</b>	<b>Effect on profit before tax (₹ in Crs)</b>
F.Y. 2022	100 bps	1.07
F.Y. 2021	100 bps	0.51

**(ii) Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company operating activities.

The Company is exposed to foreign currency risk arising mainly on export of finished goods and import of raw material. Foreign currency exposures are managed within approved policy parameters utilising forward contracts.

The carrying amounts of Company's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:



**Notes forming part of the Standalone Financial Statements for the year ended 31 March 2022**

(Amount in crores, unless otherwise stated)

Exposure to currency risk	31 March 2022		31 March 2021	
	INR	USD/EURO/ GBP	INR	USD/EURO/ GBP
Trade receivables (hedged)	60.95	0.81	11.13	0.15
Trade receivables (unhedged)	-	0.58	56.94	0.81
Capital Creditors (hedged)	-	-	0.32	-
Trade Payables (unhedged)	0.81	0.01	-	-

The following significant rate have been applied during the year	Year End Spot Rate	
	31 March 2022	31 March 2021
INR		
USD 1	75.81	73.50
EURO 1	84.66	86.10
GBP 1	99.94	100.92

**Foreign currency sensitivity**

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate (or any other material currency), with all other variables held constant, of the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities).

The company realises 90% of its sales in USD, based on the hedging policy followed by the company in case of normal volatility in USD / INR, the following effect is estimated.

	Change in USD rate	Effect on profit before tax
2022		
USD / INR	0.50%	-
2021		
USD / INR	0.50%	0.27

**(B) Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

	Less than 12 months	More than 12 months	Total
<b>31 March 2022</b>			
Trade receivables	87.33	0.03	87.36
Security deposits	-	0.93	0.93
Other receivable	-	0.68	0.68
Interest accrued on fixed deposits	0.47	-	0.47
Deposit account with banks (remaining maturity of more than 12 months)	-	0.12	0.12
<b>31 March 2021</b>			
Trade receivables	72.38	-	72.38
Security deposits	-	0.76	0.76
Other receivable	-	1.56	1.56
Interest accrued on fixed deposits	1.15	-	1.15
Deposit account with banks (remaining maturity of more than 12 months)	-	0.10	0.10

**Notes forming part of the Standalone Financial Statements for the year ended 31 March 2022**

(Amount in crores, unless otherwise stated)

**(C) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due.

The table below summarizes the maturity profile of the Company's financial liabilities:

	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
<b>31 March 2022</b>					
Short term borrowings	90.49	67.15	-	-	157.64
Long-term borrowings	-	-	0.27	-	0.27
Trade payables	19.01	1.95	0.13	-	21.09
Salary & reimbursement payable	4.29	-	-	-	4.29
Expenses payable	4.67	-	-	-	4.67
Interest accrued but not due	0.24	-	-	-	0.24
Dividend payable	0.02	-	-	-	0.02
	<b>118.73</b>	<b>69.10</b>	<b>0.40</b>	<b>-</b>	<b>188.23</b>
<b>31 March 2021</b>					
Short term borrowings	53.55	38.71	-	-	92.26
Long-term borrowings	-	-	0.28	-	0.28
Trade payables	12.47	0.21	0.18	-	12.86
Salary & reimbursement payable	4.47	-	-	-	4.47
Expenses payable	4.38	-	-	-	4.38
Interest accrued but not due	0.16	-	-	-	0.16
Dividend payable	0.02	-	-	-	0.02
	<b>75.05</b>	<b>38.92</b>	<b>0.46</b>	<b>-</b>	<b>114.43</b>

**40 Reconciliation of quarterly returns or statements of current assets filed with banks or financial institutions 31 March 2022**

Quarter	Name of bank	Particulars of Securities Provided	Amount as per books of account	Amount as reported in the quarterly return/ statement	Amount of difference	Reason for material discrepancies
June 2021	Yes Bank Limited, ICICI Bank Limited, HDFC Bank Limited, Standard Chartered Bank, Federal Bank Limited	Raw materials, work-in-progress, finished goods, spares & stores, goods meant for exports, Trade Receivables, GST Input, GST Rebate, Export Incentive and Trade Payables	142.94	142.94	-	-
September 2021			172.56	172.56	-	-
December 2021			177.75	177.75	-	-
March 2022			210.99	210.99	-	-

**Notes forming part of the Standalone Financial Statements for the year ended 31 March 2022**

(Amount in crores, unless otherwise stated)

**31 March 2021**

Quarter	Name of bank	Particulars of Securities Provided	Amount as per books of account	Amount as reported in the quarterly return/ statement	Amount of difference	Reason for material discrepancies
June 2020	Yes Bank Limited, ICICI Bank Limited, HDFC Bank Limited, Standard Chartered Bank, Federal Bank Limited	Raw materials, work-in-progress, finished goods, spares & stores, goods meant for exports, Trade Receivables, GST Input, GST Rebate, Export Incentive and Trade Payables	105.11	105.11	-	-
September 2020			116.57	116.57	-	-
December 2020			124.38	124.38	-	-
March 2021			144.22	144.22	-	-

**41 Relationship with Struck off Companies under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956,**

The Company does not have any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956.

**42 Registration of charges or satisfaction with Registrar of Companies**

The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

**43 Compliance with number of layers of companies**

The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.

**Notes forming part of the Financial Statements for the year ended 31 March 2022** (Amount in INR crores, unless otherwise stated)

**44 Ratios**

Sr. No.	Ratio	Unit	Formula	Particulars		March 31, 2022		March 31, 2021		Ratio as on		Variation	Reason (if variation is more than 25%)
				Numerator	Denominator	Numerator	Denominator	Numerator	Denominator	March 31, 2022	March 31, 2021		
(a)	Current Ratio	No. of times	Current Assets / Current Liabilities	Current Assets = Inventories + Trade Receivable + Cash & Cash Equivalents + Other Current Assets + Contract Assets + Assets held for Sale	Current Liability = Short term borrowings + Trade Payables + Other financial Liability + Current tax (Liabilities) + Contract Liabilities + Provisions + Other Current Liability	306.57	194.41	205.44	117.07	1.58	1.75	-10%	NA
(b)	Debt-Equity Ratio	No. of times	Debt / Equity	Debt = long term borrowing + current maturities of long-term borrowings - Fixed deposit with banks (original maturity more than 3 months and upto 12 months)	Equity = Equity + Reserve and Surplus	107.43	280.75	52.54	228.60	0.38	0.23	67%	Growth in revenue was funded through incremental working capital leading to increase in ratio.
(c)	Debt Service Coverage Ratio	No. of times	Net Operating Income / Debt Service	Net Operating Income = Net profit after taxes + Non-cash operating expenses + finance cost	Debt Service = Interest & Lease Payments + Principal Repayments - Fixed deposit with banks (original maturity more than 3 months and upto 12 months)	66.25	112.42	37.62	55.40	0.59	0.68	-13%	NA
(d)	Return on Equity Ratio	%	Profit after tax less pref. Dividend x 100 / Shareholder's Equity	Net Income = Net Profits after taxes - Preference Dividend	Shareholder's Equity	51.07	280.75	25.01	228.60	0.18	0.11	66%	Significant growth in revenue alongwith improved margins leading to higher asset turnover lead to rise in ratio.
(e)	Inventory Turnover Ratio	No. of times	Cost of Goods Sold / Average Inventory	Cost of Goods Sold	(Opening Inventory + Closing Inventory)/2	221.63	88.38	151.61	63.49	2.51	2.39	5%	NA
(f)	Trade Receivables Turnover Ratio	No. of times	Net Credit Sales / Average Trade Receivables	Net Credit Sales	(Opening Trade Receivables + Closing Trade Receivable)/2	477.78	79.87	305.98	58.97	5.98	5.19	15%	NA
(g)	Trade Payables Turnover Ratio	No. of times	Net Credit Purchases / Average Trade Payables	Net Credit Purchases	(Opening Trade Payables + Closing Trade Payables)/2	263.11	16.97	158.67	9.78	15.50	16.23	-5%	NA
(h)	Net Capital Turnover Ratio	No. of times	Revenue / Average Working Capital	Revenue	Average Working Capital = Average of Current assets - Current liabilities	505.01	112.16	323.95	88.37	4.50	3.67	23%	NA
(i)	Net Profit Ratio	%	Net Profit / Net Sales	Net Profit	Net Sales	51.07	477.78	25.01	305.98	0.11	0.08	31%	Significant growth in revenue alongwith improved margins leading to higher asset turnover lead to rise in ratio.
(j)	Return on Capital Employed	No. of times	EBIT / Capital Employed	EBIT = Earnings before interest and taxes	Capital Employed = Total Assets - Current Liability	76.38	280.75	39.18	228.60	0.27	0.17	59%	Significant growth in revenue alongwith improved margins leading to higher asset turnover lead to rise in ratio.
(k)	Return on Investment	%	Net Profit / Net Investment	Net Profit	Net Investment = Net Equity	51.07	280.75	25.01	228.60	0.18	0.11	66%	Significant growth in revenue alongwith improved margins leading to higher asset turnover lead to rise in ratio.

**Notes forming part of the Standalone Financial Statements for the year ended 31 March 2022**

(Amount in crores, unless otherwise stated)

**45 Utilisation of Borrowed funds**

- (I) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
- (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
  - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (ii) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
- (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
  - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

**46 Undisclosed income**

The Company does not have any undisclosed income which is not recorded in the books of account that has been surrendered or disclosed as income during the year (previous year) in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

**47 Corporate Social Responsibility**

As per Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The areas for CSR activities are mainly for environmental sustainability, promotion of education, health care, etc. A CSR committee has been formed by the company as per the Act. The funds are utilized through the year on these activities which are specified in Schedule VII of the Companies Act, 2013.

<b>A. Particulars</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
Gross Amount required to be spent as per Section 135 of the Act	0.51	0.33
Add: Amount Unspent from previous years	-	-
Total Gross amount required to be spent during the year	0.51	0.33
<b>Amount approved by the Board to be spent during the year</b>	<b>1.48</b>	<b>0.38</b>

<b>B. Amount spent during the year on</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
(i) Construction/acquisition of an asset	-	-
(ii) On purposes other than (i) above - Towards CSR contribution	1.48	0.38

<b>C. Details related to amount spent/ unspent</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
<b>Particulars</b>		
<b>Contribution to following Trust</b>		
1. Sports and adventure Association of Narmada	0.63	-
2. Helping Hands Foundation India	0.00	-
3. Rotary Club of Worli Bombay Trust	0.00	-
4. Shri Jagatbharti Education and Cheritable Trust	0.85	0.33
5. Jan Jagrati Sevarth Sansthan		0.05
<b>Accrual towards unspent obligations in relation to:</b>		
Ongoing projects	-	-
Other than Ongoing projects	-	-
<b>TOTAL</b>	<b>1.48</b>	<b>0.38</b>

**Notes forming part of the Standalone Financial Statements for the year ended 31 March 2022**

(Amount in crores, unless otherwise stated)

**D. Details of CSR expenditure in respect of other than ongoing projects**

Nature of Activity	Balance unspent as at 1 April 2021	Amount deposited in Specified Fund of Schedule VII of the Act within 6 months	Amount required to be spent during the year	Amount spent during the year	Balance unspent as at 31 March 2022
Contribution for Schedule VII activities through Donation to Charitable Trusts (Promoting Education)	-	-	0.51	1.48	-

Nature of Activity	Balance unspent as at 1 April 2020	Amount deposited in Specified Fund of Schedule VII of the Act within 6 months	Amount required to be spent during the year	Amount spent during the year	Balance unspent as at 31 March 2022
Contribution for Schedule VII activities through Donation to Charitable Trusts (Promoting Education)	-	-	0.33	0.38	-

**E. Details of CSR expenditure**

Nature of Activity	Balance excess as at 1 April 2021	Amount required to be spent during the year	Amount spent during the year	Balance excess as at 31 March 2022
Contribution for Schedule VII activities through Donation to Charitable Trusts (Promoting Education)	-	(0.51)	(1.48)	0.97

**F. Contribution to Related Parties/ CSR Expenditure incurred with Related Parties- Not Applicable****G. Disclosures on Shortfall**

Particulars	31 March 2022	31 March 2021
Amount Required to be spent by the Company during the year	0.51	0.33
Actual Amount Spent by the Company during the year	1.48	0.38
Shortfall at the end of the year	-	-
Total of previous years shortfall	-	-
Reason for shortfall - State reasons for shortfall in expenditure	NA	NA

**48 Details of Crypto Currency or Virtual Currency**

The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

**49 Disclosure under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED)**

The outstanding dues to small and medium enterprises as defined under MSMED Act, 2006 are as under:

**Notes forming part of the Standalone Financial Statements for the year ended 31 March 2022**

(Amount in crores, unless otherwise stated)

Information as per the requirement of Section 22 of The Micro, Small and Medium Enterprises Development Act, 2006:

Particulars	31 March 2022	31 March 2021
(a) (i) The principal amount remining unpaid to any supplier at the end of accounting year included in trade payables	-	0.23
(ii) Interest due on above	-	-
<b>The total of (i) and (ii)</b>	<b>-</b>	<b>0.23</b>
(b) (i) The amount of interest paid by the buyer in terms of Section 16 of the Act.	-	-
(c) (i) The amount of payment made to the supplier beyond the appointed day during the accounting year.	-	-
(d) (i) The amount of interest accrued and remaining unpaid at the end of financial year.	-	-
(e) (i) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the year) but without adding the interest specified under this Act.	-	-

**50 Details of Benami Property held**

There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

**51 Wilful Defaulter**

The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

**52 Revaluation of Property, Plant and Equipment**

Revaluation of Land (Leasehold and Freehold Land) has been carried out by 3P Consulting Engineers LLP (Registered Valuer) vide report dated 09 May 2022 which is in compliance with rule 2 of the Companies (Registered Valuers and Valuation) Rules, 2017.

**53 Capital management**

For the purpose of the Company's capital management, capital includes issued equity capital, convertible preference shares, share premium and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximize the shareholder value and to ensure the Company's ability to continue as a going concern.

The Company has not distributed any dividend to its shareholders. The Company monitors gearing ratio i.e. total debt in proportion to its overall financing structure, i.e. equity and debt. Total debt mainly comprises of current liabilities which represents - Packing Credit. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

		31 March 2022	31 March 2021
Total equity excluding revaluation reserve	(i)	224.38	173.58
Total debt		157.92	92.54
Less: Fixed deposits liened (refer note 12)		50.49	40.00
Less: Cash and cash equivalents (refer note 11)		5.29	1.88
Total net debt	(ii)	<b>102.13</b>	<b>50.66</b>
Overall financing	(iii) = (i) + (ii)	326.51	224.24
Gearing ratio	(ii)/ (iii)	0.31	0.23

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2022 and 31 March 2021.



**Notes forming part of the Standalone Financial Statements for the year ended 31 March 2022**

(Amount in crores, unless otherwise stated)

**54 Contingent Liability and commitments****Contingent liabilities (to the extent not provided for)**

	31 March 2022	31 March 2021
Bank Guarantees	1.01	0.91

**55 Segment reporting**

(a) The Company is engaged in only one segment viz 'Manufacturing of home textiles' such as bathmat, rugs, throws, curtains, etc., there is no separate reportable segment as per Ind AS 108 'Operating Segments'. Presently, the Company's operations are predominantly confined in India.

**(b) Geographical Information**

The revenues from operation have been allocated to countries based on location of the customers as shown below:

	31 March 2022	31 March 2021
(a) Within India (including rebate/drawback of Taxes and Duties)	62.91	42.55
(b) Outside India		
United States of America (USA)	307.76	153.22
United Kingdom	101.71	74.70
Europe	25.97	17.37
Rest of the world	6.65	36.11

**(c) Information about major customers**

The following table gives details in respect of percentage of revenue generated (sale of products) from the top ten customers.

Particulars	31 March 2022	31 March 2021
	%	%
Revenue from top 10 Customers	63%	65%

**56** The Code on Social Security 2020 ('the Code') relating to employee benefits, during the employment and post-employment, has received Presidential assent on 28 September 2020. The Code has been published in the Gazette of India. Further, the Ministry of Labour and Employment has released draft rules for the Code on 13 November 2020. However, the effective date from which the changes are applicable is yet to be notified and rules for quantifying the financial impact are also not yet issued.

The Company will assess the impact of the Code and will give appropriate impact in the financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

**57 Events after the reporting period**

There are no significant subsequent events between the year ended 31 March 2022 and signing of financial statements as on 21 May 2022 which have material impact on the financials of the Company.

**58 Approval of financial statements**

The financial statements were approved for issue by the board of directors on 21 May 2022.

**59** Previous year figures have been regrouped/ reclassified to conform presentation as per Ind AS as required by Schedule III of the Act.

As per our report of even date  
For **MSKA & Associates**  
Chartered Accountants  
ICAI Firm Registration No.:105047W

**Amrish Vaidya**  
Partner  
Membership No: 101739

**Place : Mumbai**  
**Date : 21 May 2022**

For and on behalf of Board of Directors of  
**Faze Three Limited**  
CIN: L99999DN1985PLC000197

**Ajay Anand**  
Managing Director  
DIN: 00373248

**Ankit Madhwani**  
Chief Financial Officer

**Sanjay Anand**  
Whole-time Director  
DIN: 01367853

**Akram Sati**  
Company Secretary  
M No: A50020

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**INDEPENDENT AUDITOR'S REPORT****To the Members of Faze Three Limited****Report on the Audit of the Consolidated Financial Statements****Opinion**

We have audited the accompanying consolidated financial statements of Faze Three Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2022, and the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of unaudited financial information of subsidiaries, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 as amended and other accounting principles generally accepted in India, of their consolidated state of affairs of the Group as at March 31, 2022, of consolidated profit, consolidated changes in equity and its consolidated cash flows for the year then ended.

**Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by Institute of Chartered Accountant of India ("ICAI"), and the relevant provisions of the Act and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Information Other than the Consolidated Financial Statements and Auditor's Report Thereon**

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the Director's Report, Management Discussion and Analysis Report and Corporate Governance Report but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise

appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Those Charged with Governance\* for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing ("SAs") will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

We give in "Annexure A" a detailed description of Auditor's responsibilities for Audit of the Consolidated Financial Statements.

## Other Matters

We did not audit the financial information of two subsidiaries, whose financial information reflect total assets of Rs. 7.50 Crores as at March 31, 2022, total revenues of Rs. 10.19 Crores and net cash inflows amounting to Rs. 0.08 Crores for the year ended on that date, as considered in the consolidated financial statements. These financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, financial information are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the financial information certified by the Board of Directors.

## Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
  - c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2022 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, none of the directors of the Group companies, are disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f. With respect to the adequacy of internal financial controls over financial reporting of the Group 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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. There were no pending litigations which would impact the consolidated financial position of the Group.
- ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies incorporated in India.
- iv.
- (1) The respective Managements of the Holding Company and its subsidiaries which are companies incorporated in India and outside India , whose financial information are unaudited and presented to us by the management, and based on the information and explanation provided, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiaries, to or in any other person or entities, including foreign entities with the understanding, whether recorded in writing or otherwise, as on the date of this audit report, that such parties shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
  - (2) The respective Management of the Holding Company and its subsidiaries which are companies incorporated in India and outside India The respective Managements of the Holding Company and its subsidiaries, whose financial information are unaudited, and presented to us by the management and based on the information and explanation provided, no funds have been received by the Holding Company or any of such subsidiaries, from any person or entities, including foreign entities with the understanding, whether recorded in writing or otherwise, as on the date of this audit report, that the Holding Company or any of such subsidiaries, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
  - (3) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and based on unaudited financial statements of subsidiaries whose financial information was provided by the Management, and according to the information and explanations provided to us by the Management of the Holding company and its subsidiary companies in this regard nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) as provided under (1) and (2) above, contain any material mis-statement.

2. As required by The Companies (Amendment) Act, 2017, in our opinion, according to information, explanations given to us, the remuneration paid by the Group to its directors is within the limits laid prescribed under Section 197 of the Act and the rules thereunder.
3. According to the information and explanations given to us and based on the CARO reports issued by us for the Holding Company included in the consolidated financial statements to which reporting under CARO is applicable, we report that there are no Qualifications/adverse remarks.

**For M S K A & Associates**

**Chartered Accountants**

ICAI Firm Registration No. 105047W

**Amrish Vaidya**

Partner

Membership No. 101739

**UDIN:22101739AJCNO9620**

Place: Mumbai

Date: May 21, 2022

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**ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT ON EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF FAZE THREE LIMITED****Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.



We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**For M S K A & Associates**

**Chartered Accountants**

ICAI Firm Registration No. 105047W

**Amrish Vaidya**

Partner

Membership No. 101739

**UDIN: 22101739AJCNO9620**

Place: Mumbai

Date: May 21, 2022

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**ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF FAZE THREE LIMITED**

[Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the Members of Faze Three Limited on the consolidated Financial Statements for the year ended March 31, 2022]

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2022, we have audited the internal financial controls with reference to consolidated financial statements of **Faze Three Limited** (hereinafter referred to as "the Holding Company").

In our opinion, and to the best of our information and according to the explanations given to us, the Holding Company, its subsidiary companies, which are companies incorporated in India & incorporated outside India, have, in all material respects, an adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2022, based on the internal control with reference to consolidated financial statements criteria established by the respective companies 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 ("the ICAI").

**Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding Company are responsible for establishing and maintaining internal financial controls based on the internal control with reference to consolidated financial statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note. 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 the respective 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 Act.

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### **Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements of the Holding Company 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") issued by the ICAI and the Standards on Auditing prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 with reference to consolidated financial statements 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 with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, 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 consolidated 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 internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiaries which are incorporated in India and outside India.

### **Meaning of Internal Financial Controls With Reference to Consolidated Financial Statements**

A company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated financial statements 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 consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

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**Inherent Limitations of Internal Financial Controls With Reference to Consolidated Financial Statements**

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

**Other Matters**

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to only in respect of the Holding Company, as one subsidiary company is incorporated out of India and another subsidiary is not in the purview of internal financial controls.

**For M S K A & Associates****Chartered Accountants**

ICAI Firm Registration No. 105047W

**Amrish Vaidya**

Partner

Membership No. 101739

UDIN: 22101739AJJCNO9620

Place: Mumbai

Date: May 21, 2022

**Consolidated Balance Sheet as at 31 March 2022**

(Amount in crores, unless otherwise stated)

Particulars	Notes	As At 31 March 2022	As At 31 March 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	160.79	140.85
Capital work-in-progress	4	3.95	1.04
Intangible Assets	5	0.02	-
Financial assets			
Investments	6	0.21	0.21
Other financial assets	7	1.73	2.42
Deferred tax asset (net)	33	-	2.00
Other non-current assets	8	13.60	2.71
<b>Total non-current assets</b>		<b>180.30</b>	<b>149.23</b>
<b>Current assets</b>			
Inventories	9	115.07	69.83
Financial assets			
Investments	6	10.21	-
Trade receivables	10	81.83	69.66
Cash and cash equivalents	11	5.93	2.44
Bank balances other than cash and cash equivalent	12	50.51	40.02
Other financial assets	13	2.32	1.15
Current tax assets (net)	14	0.07	1.42
Other current assets	15	41.36	22.78
<b>Total current assets</b>		<b>307.30</b>	<b>207.30</b>
<b>Total assets</b>		<b>487.60</b>	<b>356.53</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	16	24.32	24.32
Other equity	17	253.98	201.81
<b>Total equity</b>		<b>278.30</b>	<b>226.13</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
Borrowings	18	0.27	0.28
Lease Liabilities	36	7.69	9.01
Other financial liabilities	19	0.14	-
Provisions	20	1.58	1.37
Deferred tax liability (net)	33	3.33	-
<b>Total non-current liabilities</b>		<b>13.01</b>	<b>10.66</b>
<b>Current liabilities</b>			
Financial liabilities			
Borrowings	21	157.64	91.35
Lease Liabilities	36	1.32	1.49
Trade payables	22	-	0.23
(a) Total outstanding dues of micro enterprises and small enterprises		-	0.23
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises"		21.65	13.10
Other financial liabilities	19	10.69	10.35
Other current liabilities	23	2.77	0.86
Provisions	20	2.22	1.88
Current tax liabilities (net)	24	-	0.48
<b>Total current liabilities</b>		<b>196.29</b>	<b>119.74</b>
<b>Total liabilities</b>		<b>209.30</b>	<b>130.40</b>
<b>Total equity and liabilities</b>		<b>487.60</b>	<b>356.53</b>

See accompanying notes to the financial statements 1-59

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For **MSKA & Associates**

Chartered Accountants

ICAI Firm Registration No.:105047W

**Amrish Vaidya**

Partner

Membership No: 101739

Place : Mumbai

Date : 21 May 2022

For and on behalf of Board of Directors of

**Faze Three Limited**

CIN: L99999DN1985PLC000197

**Ajay Anand**

Managing Director

DIN: 00373248

**Ankit Madhwani**

Chief Financial Officer

**Sanjay Anand**

Whole-time Director

DIN: 01367853

**Akram Sati**

Company Secretary

M No: A50020

**Consolidated Statement of Profit and Loss for year Ended 31 March 2022**

(Amount in crores, unless otherwise stated)

Particulars	Notes	Year ended 31 March 2022	Year ended 31 March 2021
<b>Income</b>			
Revenue from operations	25	504.46	324.37
Other income	26	6.98	2.35
<b>Total income</b>		<b>511.44</b>	<b>326.72</b>
<b>Expenses</b>			
Cost of material consumed	27	247.42	159.77
Changes in inventories of finished goods and work-in-progress	28	(28.63)	(8.96)
Employee benefits expense	29	65.19	51.29
Finance costs	30	4.99	3.77
Depreciation and amortization expense	31	10.19	8.84
Other expenses	32	140.88	76.68
<b>Total expenses</b>		<b>440.04</b>	<b>291.39</b>
<b>Profit before tax</b>		<b>71.40</b>	<b>35.33</b>
<b>Tax expense</b>			
Current tax	33	20.26	9.62
Deferred tax		0.06	0.78
<b>Total income tax expense</b>		<b>20.32</b>	<b>10.40</b>
<b>Profit for the year</b>		<b>51.08</b>	<b>24.93</b>
<b>Other comprehensive income</b>			
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>			
Re-measurement on net defined benefit plans		0.36	0.20
Revaluation of land		(1.50)	-
Income tax effect on the above		(0.09)	(0.06)
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>			
Exchange difference on translation of a foreign operation		0.28	(0.03)
Income tax relating to above		(0.05)	-
		(1.00)	0.11
<b>Total other comprehensive income for the year</b>		<b>(1.00)</b>	<b>0.11</b>
<b>Total comprehensive income for the year</b>		<b>52.08</b>	<b>24.82</b>
Earnings per share			
Basic ( ₹/ Share)	34	21.00	10.25
Diluted ( ₹/ Share)	34	21.00	10.25

See accompanying notes to the financial statements 1-59

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For **MSKA & Associates**

Chartered Accountants

ICAI Firm Registration No.:105047W

**Amrish Vaidya**

Partner

Membership No: 101739

**Place : Mumbai****Date : 21 May 2022**

For and on behalf of Board of Directors of

**Faze Three Limited**

CIN: L99999DN1985PLC000197

**Ajay Anand**

Managing Director

DIN: 00373248

**Ankit Madhwani**

Chief Financial Officer

**Sanjay Anand**

Whole-time Director

DIN: 01367853

**Akram Sati**

Company Secretary

M No: A50020

**Consolidated Statements of changes in equity for the year ended 31 March 2022**

(Amount in crores, unless otherwise stated)

(A) Equity share capital		31 March 2022	
Particulars	No. of shares	Amount	
Equity shares of ₹10 each issued, subscribed and fully paid			
Balance as at 01 April 2021	2,43,19,000	24.32	
Changes in equity share capital during the year	-	-	
Balance as at 31 March 2022	2,43,19,000	24.32	

	31 March 2021	
Particulars	No. of shares	Amount
Equity shares of ₹10 each issued, subscribed and fully paid		
Balance as at 01 April 2020	2,43,19,000	24.32
Changes in equity share capital during the year	-	-
Balance as at 31 March 2021	2,43,19,000	24.32

<b>(B) Other equity</b>								
<b>Particulars</b>	<b>Reserves and Surplus</b>					<b>Items of other comprehensive income</b>		<b>Total</b>
	<b>Capital Reserve</b>	<b>Revaluation Reserve</b>	<b>Securities premium</b>	<b>General reserve</b>	<b>Retained earnings</b>	<b>Foreign currency translation reserve</b>	<b>Re-measurement losses on defined benefit plans</b>	
<b>Balance as at 1 April 2021</b>	5.73	55.02	24.44	93.15	24.52	(0.05)	(1.01)	201.81
Profit for the year	-	-	-	-	51.34	-	-	51.34
Transferred to retained earnings	-	(0.15)	-	-	-	-	-	(0.15)
Other comprehensive income	-	1.50	-	-	-	(0.28)	(0.36)	0.86
Tax impact on other comprehensive income/(loss)	-	-	-	-	-	0.05	0.09	0.14
<b>Balance as at 31 March 2022</b>	<b>5.73</b>	<b>56.37</b>	<b>24.44</b>	<b>93.15</b>	<b>75.86</b>	<b>(0.28)</b>	<b>(1.28)</b>	<b>253.98</b>

<b>Particulars</b>	<b>Reserves and Surplus</b>					<b>Items of other comprehensive income</b>		<b>Total</b>
	<b>Capital Reserve</b>	<b>Revaluation Reserve</b>	<b>Securities premium</b>	<b>General reserve</b>	<b>Retained earnings</b>	<b>Foreign currency translation reserve</b>	<b>Re-measurement losses on defined benefit plans</b>	
<b>Balance as at 1 April 2020</b>	5.73	55.16	24.44	93.15	(0.41)	(0.08)	(0.85)	177.14
Profit for the year	-	-	-	-	24.93	-	-	24.93
Transfer to retained earnings	-	(0.14)	-	-	-	-	-	(0.14)
Other comprehensive income	-	-	-	-	-	0.03	(0.20)	(0.17)
Tax impact on other comprehensive income/(loss)	-	-	-	-	-	-	0.06	0.06
<b>Balance as at 31 March 2021</b>	<b>5.73</b>	<b>55.02</b>	<b>24.44</b>	<b>93.15</b>	<b>24.52</b>	<b>(0.05)</b>	<b>(1.01)</b>	<b>201.81</b>

See accompanying notes to the financial statements 1-59  
The accompanying notes are an integral part of the financial statements.

As per our report of even date  
For **MSKA & Associates**  
Chartered Accountants  
ICAI Firm Registration No.:105047W

**Amrish Vaidya**  
Partner  
Membership No: 101739

**Place : Mumbai**  
**Date : 21 May 2022**

For and on behalf of Board of Directors of  
**Faze Three Limited**  
CIN: L99999DN1985PLC000197

**Ajay Anand**  
Managing Director  
DIN: 00373248  
**Ankit Madhwani**  
Chief Financial Officer

**Sanjay Anand**  
Whole-time Director  
DIN: 01367853  
**Akram Sati**  
Company Secretary  
M No: A 50020



**Statement of Consolidated Cash Flows for the year ended 31 March 2022**

(Amount in crores, unless otherwise stated)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
<b>Cash flow from operating activities</b>		
Profit before tax	71.40	35.33
Adjustments for:		
Depreciation and amortization expenses	10.19	8.84
Finance cost	3.95	5.68
Interest income	(2.31)	(1.57)
Unrealised foreign exchange gain/ (loss) (net)	-	0.74
<b>Operating profit before working capital changes</b>	<b>83.23</b>	<b>49.02</b>
<b>Changes in working capital</b>		
Increase in trade payables	8.79	6.63
Increase in inventories	(48.42)	(4.88)
Increase in trade receivables	(9.45)	(30.54)
Increase in other current liabilities	1.91	0.27
Increase in other financial liabilities	0.48	2.98
Increase in non-current financial assets	(0.47)	(0.10)
(Decrease)/Increase in employee benefit obligation	0.19	(0.12)
Increase in other non-current assets	(10.89)	(0.01)
Increase in other current assets	(18.58)	(8.64)
<b>Cash generated from operations</b>	<b>6.79</b>	<b>14.61</b>
Income tax paid (net of refund)	(13.32)	(5.67)
<b>Net cash generated from / (used in) operating activities (A)</b>	<b>(6.53)</b>	<b>8.94</b>
<b>Cash flows from Investing activities</b>		
Purchase of property, plant and equipment	(32.64)	(14.18)
Proceeds from sale of property, plant and equipment	0.12	0.25
Investment in quoted investment	(10.11)	-
Interest received	2.30	0.30
Investment in fixed deposits (having original maturity of more than 3 months and upto 12 months)	(10.49)	(38.99)
<b>Net cash used in investing activities (B)</b>	<b>(50.82)</b>	<b>(52.62)</b>
<b>Cash flows from Financing activities</b>		
Proceeds from borrowings (net)	66.28	37.79
Repayment of Lease Liabilities	(1.49)	(2.48)
Interest paid	(3.95)	(4.45)
<b>Net cash generated from financing activities (C)</b>	<b>60.84</b>	<b>30.86</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>3.49</b>	<b>(12.82)</b>
Cash and cash equivalents at the beginning of the year	2.44	15.27
Effect of exchange rate changes on cash and cash equivalents	-	(0.01)
<b>Cash and cash equivalents at the end of the year (refer note 11)</b>	<b>5.93</b>	<b>2.44</b>

The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard (Ind AS) 7, Statement of Cash Flows as specified in the Companies (Indian Accounting Standards), Rules, 2015 (as amended).

Cash comprises cash on hand, Current Accounts, EEFC accounts and deposits with banks. Cash equivalents are short term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of change in value.

See accompanying notes to the financial statements 1-59

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For **MSKA & Associates**

Chartered Accountants

ICAI Firm Registration No.:105047W

**Amrish Vaidya**

Partner

Membership No: 101739

**Place : Mumbai**

**Date : 21 May 2022**

For and on behalf of Board of Directors of

**Faze Three Limited**

CIN: L99999DN1985PLC000197

**Ajay Anand**

Managing Director

DIN: 00373248

**Ankit Madhwani**

Chief Financial Officer

**Sanjay Anand**

Whole-time Director

DIN: 01367853

**Akram Sati**

Company Secretary

M No: A50020

**Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2022**
**1. General Information**

The consolidated financial statements comprise financial statements of Faze Three Limited (the "Company") and its subsidiaries (collectively, the Group) for the year ended 31 March 2022. Faze Three Limited, established in 1985, is engaged in manufacturing and exports of home textiles products items viz. bathmats, rugs, blankets, throws, cushions, etc. It has seven manufacturing locations across Gujarat, Union territories (UT) of (Dadra and Nagar Haveli and Daman and Diu) DNHDD, Haryana and Maharashtra in India. The Company is a direct exporter to top retail store chains in USA, UK and Europe. The Company is a public listed company incorporated and domiciled in India and has its registered office in Dapada, Silvassa, UT of DNHDD. The Company's equity shares are listed on the Bombay Stock Exchange.

**2. Significant accounting policies**
**(A) Statement of compliance**

The consolidated financial statements have been prepared in accordance with Ind AS notified under Section 133 of the Companies Act, 2013 (the 'Act') read with Rule 3 of Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III) and other relevant provisions of the Act. Accounting policies have been consistently applied to all the years presented except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, The Group has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

**(B) Basis of preparation and presentation**

The Balance sheet and the Statement of profit and loss are prepared and presented in the format prescribed in the Division II of Schedule III to the Act. The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7, Statement of Cash Flows. The disclosure requirements with respect to items in the Balance sheet and Statement of profit and loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified Indian Accounting Standards and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

These aforesaid Consolidated Financial Statements for the year ended 31 March, 2022 are approved by the Company's Board of Directors and authorised for issue in the meeting held on 21 May, 2022.

These consolidated financial statements are presented in Indian National Rupees ('INR') and all values rounded to the nearest crores, except otherwise indicated.

**(C) Basis of measurement**

The consolidated financial statements have been prepared on an accrual basis and a historical cost convention, except for the following assets and liabilities which have been measured at fair value or revalued amount:

- Land classified under property, plant and equipment at Fair value
- Derivative financial instruments,
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments),

A historical cost is a measure of value used in accounting in which the value of an asset on the balance sheet is recorded at its original cost when acquired by the group.

**(D) Fair Value Measurement :**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, the entity has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

The management determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for sale in discontinued operations. The Valuation Committee comprises of the head of the investment properties segment, heads of the Entity's internal mergers and acquisitions team, the head of the risk management department, financial controllers and chief finance officer.

External valuers are involved for valuation of Freehold & Leasehold land. Involvement of external valuers is decided upon reasonable interval by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the entities accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

On an interim basis, the management present the valuation results to the Audit Committee and the Independent Auditors. This includes a discussion of the major assumptions used in the valuations.

#### **(E) Use of estimates**

The preparation of consolidated financial statements in conformity with Ind AS requires the Management to make estimate and assumptions that affect the reported amount of assets and liabilities as at the Balance Sheet date, reported amount of revenue and expenses for the year and disclosures of contingent liabilities as at the Balance Sheet date. The estimates and assumptions used in the accompanying consolidated financial statements are based upon the Management's evaluation of the relevant facts and circumstances as at the date of these financial statements. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates, if any, are recognized in the year in which the estimates are revised and future years affected.

#### **Useful life of property, plant and equipment:**

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value. Increasing an asset's expected life or its residual value would result in a reduced depreciation charge in the statement of profit and loss. The useful lives of the Group's assets are determined by management at the time the asset is acquired and reviewed at least annually for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

#### **Defined benefit obligations**

The cost of defined benefit gratuity plans and post retirement medical benefit is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount

rates, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

### **Contingent liabilities**

A provision is recognised when the Group has a present obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation in respect of which a reliable estimate can be made.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Contingent liabilities are disclosed in the notes.

## **2.2 Basis of consolidation**

The consolidated financial statements comprise the financial statements of the group and its subsidiaries as at 31 March 2022.

### **Subsidiaries**

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity where the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent group, i.e., year ended on 31 March. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intergroup transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated balance sheet, consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

## **2.3 Property, plant and equipment**

Property, plant and equipment are stated at original cost inclusive of incidental expenses related to acquisition net of tax / duty credit availed, net of accumulated depreciation and accumulated impairment losses, if any. Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying tangible assets upto the date the assets are ready for use. Subsequent expenditures are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance are charged to the statement of profit and loss during the reporting period in which they are incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for provisions are met.

Freehold Land and Leasehold land are carried at fair value based on periodic valuation by the external independent valuers. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value. An annual transfer from the revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred directly to retained earnings. Increase in the carrying amounts arising on revaluation of freehold and leasehold land are recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders equity.

Property, plant and equipment not ready for their intended use as on the balance sheet date are disclosed as "Capital work-in-progress". Such items are classified to the appropriate category of property, plant and equipment when completed and ready for their intended use. Advances given towards acquisition / construction of property, plant and equipment outstanding at each balance sheet date are disclosed as Capital Advances under "Other non-current assets".

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of the profit and loss when the asset is derecognised.

#### **Depreciation methods, estimated useful lives**

The Group depreciates property, plant and equipment using the straight line method over their estimated useful lives of assets which are determined based on technical parameters / assessment.

#### **Useful life of property, plant and equipment:**

The Group reviews the useful life of property, plant and equipment at the end of each reporting period. This re-assessment may result in change in depreciation and amortisation expense in future periods. The estimated useful lives of assets are as follows:

<b><u>Property, plant and equipment</u></b>	<b><u>Useful Lives</u></b>
Leasehold land	Lease period
Factory Building	10-15 years
Plant & Machinery (Powerloom)	2-15 years
Plant & Machinery (Handloom)	2-15 years
Furniture and Fixtures	2-10 years
Office Equipment	2-8 years
Electrical Installations	2-20 years
Fire Hydrant Systems	15 years
Vehicles	8-10 years
Computers:	
-Servers	2-5 years
-End user devices such as, desktops, laptops etc.	2-3 years



Individual assets costing up to ` Five thousand are depreciated in full in the year of purchase.

The Group has adopted a policy to transfer from revaluation reserve to profit or loss, an amount equivalent to depreciation on account of gain in revaluation reserve recognised earlier, at every period end.

Based on technical assessment made by technical expert and management estimate, depreciates certain items of building, plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Depreciation on addition to property plant and equipment is provided on pro-rata basis from the date of acquisition. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit and loss.

The residual value of Property, plant and Equipment are within the limit specified in Schedule II (Part C) of Companies act 2013. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

## 2.4 Intangible Asset

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Intangible assets purchased are measured at cost as at the date of acquisition, as applicable, less accumulated amortisation and accumulated impairment, if any.

Intangible assets consist of software licences. The estimated useful life of asset is as follows:

<u>Intangible assets</u>	<u>Useful Lives</u>
Software licences	6 Years

Intangible assets are amortised on a straight-line basis over the period of its economic useful life. Intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets.

## 2.5 Impairment of Non Financial Assets

At the end of each reporting period, the Group reviews the carrying amount of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to

estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest entity of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

## **2.6 Borrowing costs**

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

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 capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

## **2.7 Foreign currency transactions**

### **Functional and presentation currency**

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Indian National Rupee (INR), which is the Group's functional and presentation currency.

### **Transactions and balances**

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction. Gains/Losses arising out of fluctuation in foreign exchange rate between the transaction date and settlement date are recognised as income or expense in the period in which they arise in the Statement of Profit and Loss.

All monetary assets and liabilities in foreign currencies are restated at the year end at the exchange rate prevailing at the year end and the exchange differences are recognised in the Statement of Profit and Loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

### **Group companies**

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the date of that balance sheet
- income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- All resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

## **2.8 Revenue recognition**

### **Sale of goods**

#### **With effect from 1st April 2018 on adoption of Ind-AS 115:**

The Group recognizes revenue when it transfers control of goods to the customer. Control is passed on to the customer when goods are dispatched from Company's premises at this point in time that the consideration is unconditional because only passage of time is required before the payment is due.

Revenue is measured based on the transaction price, which is the consideration received or receivable, adjusted for volume discounts if any, as specified in the contract with the customer. Revenue is reported net of taxes and duties as applicable. Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur.

### **Rendering of services:**

Revenue from sale of services is recognised as per terms of the contract with customers when the outcome of the transactions involving rendering of services can be estimated reliably.

### **Rebate / Drawback of Taxes and Duties**

Export incentives from the government is recognised when there is a reasonable assurance that

- (i) the Group will comply with the conditions attached to them and
- (ii) the incentive will be received.

When the incentive relates to revenue, it is recognised as income on a systematic basis in the statement of profit or loss over the periods necessary to match them with the related income, which they relate to.

### **Other Income**

#### **Interest income:**

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in the other income in the statement of profit and loss.

Other Incomes are recognised on accrual basis except financial instruments measured at amortised cost which are recognised using the effective interest rate (EIR).

Dividend income is recorded when the right to receive payment is established.

### **Rental income**

Lease agreements where the risks and rewards incident to the ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals are recognised on straight line basis as per the terms of the agreements in the statement of profit and loss.

## **2.9 Taxes**

Tax expense comprises current income tax and deferred income tax and includes any adjustments related to past periods in current and / or deferred tax adjustments that may become necessary due to certain developments or reviews during the relevant period. Current and deferred taxes are recognised in statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

### **(A) Current tax**

Current income tax is measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside the statement of profit and loss is recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis.

**(B) Deferred tax**

Deferred income tax is recognised using the balance sheet approach. Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all deductible temporary differences. Deferred tax assets are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary difference can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit not the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, to the extent it would be available for set off against future current income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income, in which case, the current and deferred tax are also recognised in other comprehensive income.

**(C) Minimum Alternate Tax (MAT)**

Minimum Alternate Tax ('MAT') credit entitlement is recognized as a deferred tax asset if it is probable that MAT credit will reverse in the foreseeable future and taxable profit will be available against which the deferred tax asset can be utilised.

**2.10 Leases**

The Group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116.

## Group as a Lessee:

### a) Right-of-use asset (ROU):

The Group recognizes a right-of-use asset ("ROU") and a lease liability at the lease commencement date (i.e the date the underlying asset is available for use). The ROU is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset, less any lease incentives received.

The ROU Asset is subsequently depreciated using the straight-line method over the shorter of the lease term and the estimated useful life of the asset from the commencement date to the end of the lease term.

### b) Lease Liabilities

At the commencement date of the lease, the entity recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the entity and payments of penalties for terminating the lease, if the lease term reflects the entity exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group presents ROU Asset separately and lease liabilities in 'Financial Liabilities' in the Balance Sheet.

### c) Short-term leases and leases of low-value assets

The Group has elected not to recognise ROU Assets and lease liabilities for

- short term leases that have a lease term of 12 months or lower and
- Leases of low value assets with annual lease rental lesser than or equal to Rs.10 lakhs.

The Group recognises the lease payments associated with these leases as an expense over the lease term.

**d) Group as a lessor:**

Leases in which the Entity does not transfer substantially all the risks and rewards incidental to ownership of an asset is classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

**2.11 Inventories**

Inventories are valued at the lower of cost and net realisable value.

Cost of raw materials, packaging materials and stores and spare parts comprises cost of purchases on weighted average basis.

Cost of work-in progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition.

Costs are assigned to individual items of inventory moving weighted average basis. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Slow and non-moving material, obsolesce, defective inventories are duly provided for and valued at actual cost or estimated net realisable value whichever is lower. Materials and supplies held for use in production of inventories are not written down if the finished products in which they will be used are expected to be sold at or above cost.

**2.12 Provisions, contingent liabilities and contingent assets**

**Provisions :-** Provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date.

When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

**Contingent liabilities :-** Contingent Liabilities are not recognised but disclosed in the financial statements, when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.



**Contingent Asset :-** Contingent asset is not recognised in financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognised.

### 2.13 Cash and cash equivalents & bank balances

Cash and cash equivalent in the balance sheet comprise cash at banks, cash on hand and fixed deposits with an original maturity of less than three months, which are subject to an insignificant risk of changes in value.

Bank Balances other than cash and cash equivalents in the balance sheet comprise of unpaid dividend accounts and fixed deposits with an original maturity of more than three months and less than twelve months, which are subject to an insignificant risk of changes in value.

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, cash in banks and short-term deposits net of bank overdraft.

### 2.14 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### (A) Financial assets

##### (i) Initial recognition and measurement

All financial assets are recognised initially at fair value plus transaction cost, if any, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Financial assets are classified, at initial recognition, as financial assets measured at fair value or as financial assets measured at amortised cost.

##### (ii) Classification and subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

- a) at amortized cost; or
- b) at fair value through other comprehensive income; or
- c) at fair value through profit or loss.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Debt Instruments: Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments.

Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A

gain or loss on a debt investment that is subsequently measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method (EIR).

Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in Statement of Profit and Loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to Statement of Profit and Loss and recognized in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. Interest income from these financial assets is included in other income.

Equity investments: All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument- by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

(iii) Impairment of financial assets

In accordance with Ind AS 109, Financial Instruments, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on financial assets that are measured at amortized cost and FVTOCI.

For recognition of impairment loss on financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent years, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12 month ECL.

Life time ECLs are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the year end.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider all contractual terms of the financial instrument (including prepayment, extension etc.) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

In general, it is presumed that credit risk has significantly increased since initial recognition if the payment is more than 30 days past due.

ECL impairment loss allowance (or reversal) recognized during the year is recognized as income/expense in the statement of profit and loss. In balance sheet ECL for financial assets measured at amortized cost is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write off criteria, the Group does not reduce impairment allowance from the gross carrying amount.

(iv) **Derecognition of financial assets**

A financial asset is derecognized only when

- a) the rights to receive cash flows from the financial asset is transferred or
- b) retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the financial asset is transferred then in that case financial asset is derecognized only if substantially all risks and rewards of ownership of the financial asset is transferred. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

**(B) Financial liabilities**

(i) **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and at amortized cost, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs.

(ii) **Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

### **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the Statement of Profit and Loss.

### **Loans and borrowings at amortised cost**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in Statement of Profit and Loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the Statement of Profit and Loss.

### **Equity instruments**

An equity instrument is a contract that evidences residual interest in the assets of the group after deducting all of its liabilities. Equity instruments issued by the Entity are recognised at the proceeds received net of direct issue cost.

### **(iii) Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss as finance costs.

### **(C) Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

### **Fair value of financial assets and liabilities and investments**

The Group measures certain financial assets and liabilities on fair value basis at each balance sheet date or at the time they are assessed for impairment. Fair value measurement that are based on significant unobservable inputs (Level 3) requires estimates of operating margin, discount rate, future growth rate, terminal values, etc. based on management's best estimate about future developments.

## 2.15 Employee benefits

### Provident fund, ESIC and Labour welfare fund

The Group's contribution paid/payable during the year to Provident fund, ESIC and Labour welfare fund are recognised in profit or loss.

### Provident fund

Contributions to Provident fund are made and charged to profit or loss as incurred.

### Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds where remaining maturity of such bond correspond to expected term of defined benefit obligation. For plans operated outside India, the management considers the interest rates of high quality corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries.

### Short term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by an employee is recognised during the period when the employee renders the service.

## 2.16 Current Asset and Current Liability

Current Asset – "An entity shall classify an asset as current when:

- (a) it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;
- (b) it holds the asset primarily for the purpose of trading;
- (c) it expects to realise the asset within twelve months after the reporting period;

(d) the asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. An entity shall classify all other assets as non-current.

Current Liability – “An entity shall classify a liability as current when:

- (a) it expects to settle the liability in its normal operating cycle;
- (b) it holds the liability primarily for the purpose of trading;
- (c) the liability is due to be settled within twelve months after the reporting period; or
- (d) it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. An entity shall classify all other liabilities as non-current.”

## **2.17 Earnings per share**

Basic earnings per share is computed by dividing the net profit for the period attributable to the equity shareholders of The Group by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the year and for all the years presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

## **2.18 Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM)(Managing Director) of the Group. The Managing Director is responsible for allocating resources and assessing performance of the operating segments of the group.

During the period, entity was engaged in the business of home textile products, which is the only operating segment as per Ind AS 108.

## **2.19 Rounding off amounts**

All amounts disclosed in consolidated financial statements and notes have been rounded off to the nearest crores as per requirement of Schedule III of the Act, unless otherwise stated.

## **2.20 Recent Accounting Developments**

Ministry of Corporate Affairs (“MCA”) notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1st January 2022. MCA issued notifications dated 24th March, 2021 to amend Schedule III to the Companies Act, 2013 to enhance the disclosures required to be made by the Group in its financial statements. These amendments are applicable to the Group for the financial year starting 1st January 2022.

## Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2022

## 3 Property, plant and equipment

(Amount in crores, unless otherwise stated)

Particulars	Gross block				Depreciation				Net block	
	As at 1 April 2021	Additions/ Adjustments	Deductions/ Adjustments	Changes due to Revaluation	As at 31 March 2022	For the year	Deductions/ Adjustments	Changes due to Revaluation	As at 31 March 2022	As at 31 March 2021
<b>Owned assets</b>										
Leasehold land	9.21	-	-	-	9.21	0.17	-	-	0.68	8.54
Freehold land	52.05	-	-	1.50	53.55	-	-	-	-	53.55
Building	41.37	1.90	-	-	43.27	1.29	-	-	22.61	20.66
Plant and machinery	101.42	21.00	0.15	-	122.28	4.79	0.03	-	63.44	58.84
Furniture and fixtures	8.34	3.05	-	-	11.39	0.65	-	-	6.78	4.61
Vehicles	4.76	0.55	-	-	5.30	0.29	-	-	3.54	1.76
Office equipment	2.43	0.27	-	-	2.71	0.28	-	-	2.00	0.71
Computers	3.65	0.56	-	-	4.21	0.28	-	-	3.51	0.70
Electrical installations	7.52	1.53	-	-	9.05	0.47	-	-	5.55	3.50
Fire hydrants	0.16	0.05	-	-	0.21	0.01	-	-	0.08	0.12
Right-of-use Assets	12.14	-	-	-	12.14	2.11	-	-	4.33	7.80
<b>Total</b>	<b>243.05</b>	<b>28.92</b>	<b>0.15</b>	<b>1.50</b>	<b>273.31</b>	<b>10.35</b>	<b>0.03</b>	<b>-</b>	<b>112.52</b>	<b>160.79</b>
										<b>140.85</b>
Particulars	Gross block				Depreciation				Net block	
	As at 1 April 2020	Additions/ Adjustments	Deductions/ Adjustments	Changes due to Revaluation	As at 31 March 2021	For the year	Deductions/ Adjustments	Changes due to Revaluation	As at 31 March 2021	As at 31 March 2020
<b>Owned assets</b>										
Leasehold land	9.21	-	-	-	9.21	0.17	-	-	0.51	8.70
Freehold land	52.05	-	-	-	52.05	-	-	-	-	52.05
Building	40.52	0.85	-	-	41.37	1.20	-	-	21.32	20.06
Plant and machinery	92.69	10.02	1.29	-	101.42	3.64	1.15	-	58.67	36.51
Furniture and fixtures	7.79	0.55	-	-	8.34	0.61	-	-	6.13	2.21
Vehicles	4.44	0.47	0.15	-	4.76	0.28	0.12	-	3.25	1.51
Office equipment	2.18	0.25	-	-	2.43	0.27	-	-	1.72	0.73
Computers	3.48	0.17	-	-	3.65	0.21	-	-	3.23	0.46
Electrical installations	6.98	0.95	0.41	-	7.52	0.37	0.39	-	5.08	1.88
Fire hydrants	0.16	-	-	-	0.16	0.01	-	-	0.07	0.10
Right-of-use Assets	12.14	-	-	-	12.14	2.22	-	-	2.22	9.92
<b>Total</b>	<b>231.66</b>	<b>13.26</b>	<b>1.85</b>	<b>-</b>	<b>243.05</b>	<b>8.98</b>	<b>1.66</b>	<b>-</b>	<b>102.20</b>	<b>136.76</b>
										<b>140.85</b>



## Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2022

### 3.1 Property, plant and equipment pledged as security

Refer to Note 21 for information on property, plant and equipment pledged as security by the Group.

### 4 Capital-Work-in Progress (CWIP)

#### Capital work-in-progress ageing schedule

31 March 2022

CWIP	Amount in CWIP for a period of			Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years
Projects in progress	3.95	-	-	3.95

31 March 2021

CWIP	Amount in CWIP for a period of			Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years
Projects in progress	1.04	-	-	1.04

### 5 Intangible assets

Particulars	Gross block			Depreciation			Net block	
	As at 1 April 2021	Additions/ Adjustments	Deductions/ Adjustments	As at 31 March 2022	As at 1 April 2021	For the year	As at 31 March 2022	As at 31 March 2021
Intangible Assets Software	-	0.03	-	0.03	-	0.01	0.02	-

**Notes forming part of the Consolidated Financial Statement for the year ended 31 March 2022.**

(Amount in INR crores, unless otherwise stated)

6	Financial assets- Investments	31 March 2022	31 March 2021
	<b>Investments in Mutual Funds (Designated and carried at fair value through profit or loss)</b>		
	Investments in Nippon Ind ETF Gold Bees (Quoted) (Refer footnote i)	7.31	-
	Investment in Nippon India Silver ETF Fund (Quoted) (Refer footnote i)	2.90	-
	<b>Investment in Others (Designated and carried at fair value through profit or loss)</b>		
	<b><u>Quoted Investments</u></b>		
	14,53,042 (31 March, 2021: 14,53,042) Equity shares of ₹ 10 each fully paid-up in V R Woodart Limited	0.21	0.21
	<b><u>Unquoted equity shares</u></b>		
	5,000 (31 March, 2021: 5,000) Equity shares of ₹10 each fully paid-up in Saraswat Co-op Bank Limited	0.01	0.01
	40 (31 March, 2021 : 40) Equity shares of ₹ 25 each fully paid-up in Greater Bombay Co-operative Bank Limited*	0.00	0.00
	<b>Total</b>	<b>10.42</b>	<b>0.21</b>
	Current	10.21	-
	Non- Current	0.21	0.21
		10.42	0.21
	<b>Aggregate book value of:</b>		
	Quoted investments	10.42	0.21
	Unquoted investments	0.01	0.01
	<b>Aggregate market value of:</b>		
	Quoted investments	10.94	0.86
	Unquoted investments	0.01	0.01

\* Amounts represented by '0' (zero) construes value less than ₹ fifty thousand.

**Footnotes:****i. Details of Investments in Mutual Funds (Designated and carried at FVTPL):**

Particulars	Quantity		Amount	
	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021
Nippon India ETF Gold Bees	16,61,500	-	7.31	-
Nippon India Silver ETF Fund	4,37,000	-	2.90	-
<b>Total</b>	<b>20,98,500</b>	<b>-</b>	<b>10.21</b>	<b>-</b>

**Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2022**

(Amount in crores, unless otherwise stated)

<b>7</b>	<b>Other financial assets (non-current)</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
	Security deposits	0.93	0.76
	Deposit account with banks (Deposits with maturity for more than 12 months from balance sheet date)	0.12	0.10
	Other receivable	0.68	1.56
	<b>Total</b>	<b>1.73</b>	<b>2.42</b>
<b>8</b>	<b>Other non-current assets</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
	Capital advance	13.47	2.12
	Balance with Government authorities	0.13	0.57
	Other receivables	-	0.02
	<b>Total</b>	<b>13.60</b>	<b>2.71</b>
<b>9</b>	<b>Inventories * (At lower or cost or net realisable value)</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
	Raw material	37.40	22.01
	Work in progress	38.65	21.22
	Finished goods	35.22	17.92
	Store and spares parts	2.22	1.41
	Dyes and chemicals	1.57	1.40
	Goods in transit	-	5.87
	<b>Total</b>	<b>115.07</b>	<b>69.83</b>
* Hypothecated as charge against short term - borrowings. Refer note 21.			
<b>10</b>	<b>Trade receivables</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
	Secured, considered good	-	-
	Unsecured		
	-Considered good	81.83	69.66
	-Considered doubtful	-	0.02
	Less : Allowance for bad and doubtful debts	-	(0.02)
	<b>Total</b>	<b>81.83</b>	<b>69.66</b>
	Further classified as:		
	Receivable from related parties (Refer note 37)	-	3.77
	Receivable from others	81.83	65.89
		<b>81.83</b>	<b>69.66</b>
	Footnote i : Include due from following Companies in which the Company is having a common directors / relative of directors:		
	Faze Three Autofab Limited	-	3.08
	ARR Bath & Home Private Limited	-	0.64
	Next Interiors Private Limited	-	0.05
		<b>-</b>	<b>3.77</b>

**Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2022**

(Amount in crores, unless otherwise stated)

**Ageing of Trade Receivables as on 31 March 2022**

Particulars	Outstanding for following periods from due date of Receipts			
	Less than 6 months	6 months - 1 year	1-2 years years	Total
(i) Undisputed Trade receivables – considered good	81.80	-	0.03	81.83
(ii) Undisputed Trade Receivables –which have significant increase in credit risk	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-
(iv) Disputed Trade Receivables –considered good	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-
Less: Allowance for bad and doubtful debts (Disputed + Undisputed)	-	-	-	-
<b>Total</b>	<b>81.80</b>	<b>-</b>	<b>0.03</b>	<b>81.83</b>

**Ageing of Trade Receivables as on 31 March 2021**

Particulars	Outstanding for following periods from due date of Receipts			
	Less than 6 months	6 months - 1 year	1-2 years years	Total
(i) Undisputed Trade receivables – considered good	69.55	0.10	0.01	69.66
(ii) Undisputed Trade Receivables –which have significant increase in credit risk	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-
(iv) Disputed Trade Receivables –considered good	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-
Less: Allowance for bad and doubtful debts (Disputed + Undisputed)	-	-	-	-
<b>Total</b>	<b>69.55</b>	<b>0.10</b>	<b>0.01</b>	<b>69.66</b>

**Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2022**

(Amount in crores, unless otherwise stated)

<b>11</b>	<b>Cash and cash equivalents</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
	Balances with banks		
	In current accounts	2.76	1.24
	In EEFC accounts	3.11	1.15
	Cash on hand	0.06	0.05
	<b>Total</b>	<b>5.93</b>	<b>2.44</b>
<b>12</b>	<b>Bank balances other than cash and cash equivalent</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
	Fixed deposit with banks (original maturity more than 3 months and upto 12 months)	50.49	40.00
	Unpaid Dividend Accounts	0.02	0.02
	<b>Total</b>	<b>50.51</b>	<b>40.02</b>
<b>13</b>	<b>Other financial assets (current)</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
	Security deposits	0.21	-
	Unsecured, considered good (at amortised cost)		
	Interest accrued on fixed deposits	0.47	1.15
	Interest receivable from banks (under interest equalisation scheme)	1.64	-
	<b>Total</b>	<b>2.32</b>	<b>1.15</b>
<b>14</b>	<b>Current tax assets (net)</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
	Advance income tax (net of provisions ₹ 33.51 crores (31 March 2021 - ₹ 14.20 crores))	0.07	1.42
	<b>Total</b>	<b>0.07</b>	<b>1.42</b>
<b>15</b>	<b>Other current assets</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
	<b>Unsecured, considered good</b>		
	<b><u>Balance with Government authorities</u></b>		
	Rebate / Drawback of taxes and duties receivable	20.81	9.75
	GST input credit	6.38	2.30
	GST rebate receivable	8.00	5.42
	Advance to suppliers	3.87	3.98
	Staff advances	0.52	0.40
	Prepaid expenses	0.87	0.93
	MTM profit on currency forward contracts	0.90	-
	<b>Total</b>	<b>41.36</b>	<b>22.78</b>

**Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2022**

(Amount in crores, unless otherwise stated)

<b>16</b>	<b>Equity share capital</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
	<b>Authorized</b>		
	2,60,00,000 (31 March 2021: 2,60,00,000) Equity Shares of ₹ 10/- each	26.00	26.00
	<b>Total</b>	<b>26.00</b>	<b>26.00</b>
	<b>Issued, subscribed and paid up</b>		
	2,43,19,000 (31 March 2021: 2,43,19,000) Equity Shares of ₹10/- each fully paid	24.32	24.32
	<b>Total</b>	<b>24.32</b>	<b>24.32</b>
	<b>Total</b>	<b>24.32</b>	<b>24.32</b>

**(a) Reconciliation of equity shares outstanding at the beginning and at the end of the year**

Particulars	31 March 2022		31 March 2021	
	Number of shares	Amount	Number of shares	Amount
Outstanding at the beginning of the year	2,43,19,000	24.32	2,43,19,000	24.32
Add: Issued during the year	-	-	-	-
Outstanding at the end of the year	<b>2,43,19,000</b>	<b>24.32</b>	<b>2,43,19,000</b>	<b>24.32</b>

**(b) Rights, preferences and restrictions attached to shares**

Equity Shares: The Company has only one class of equity shares having par value of ₹ 10 per share. Each shareholder is entitled to one vote per share held. They entitle the holders to participate in dividends and dividend, if any declared is payable in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**(c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company**

Particulars	31 March 2022		31 March 2021	
	Number of shares	% of holding in the class	Number of shares	% of holding in the class
Ajay Anand	76,66,421	31.52	72,30,485	29.73
Ajay Jindal	28,12,450	11.56	28,12,450	11.56
Instyle Investments Pvt. Ltd.	23,94,625	9.85	23,94,625	9.85
Salim Govani	16,91,837	6.96	34,76,040	14.29
Neerav Hans	15,56,297	6.40	15,56,297	6.40

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

**Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2022**

(Amount in crores, unless otherwise stated)

**(d) Details of Shares held by Promoters at the end of the year**

Promoter Name	31 March 2022			31 March 2021		
	No. of shares	% of total shares	% Change during the year	No. of shares	% of total shares	% Change during the year
Ajay Anand	76,66,421	31.52%	1.79%	72,30,485	29.73%	3.57%
Instyle Investments Private Limited	23,94,625	9.85%	-	23,94,625	9.85%	-
Sanjay Anand	10,17,420	4.18%	(0.41)%	11,17,420	4.59%	-
Ajay Anand (HUF)	6,62,500	2.72%	-	6,62,500	2.72%	-
Rashmi Anand	3,43,990	1.41%	-	3,43,990	1.41%	-
Vishnu Anand	2,68,875	1.11%	0.42%	1,68,875	0.69%	-
Mamata Finvest Private Limited	87,500	0.36%	-	87,500	0.36%	-
Rohina Anand	20,875	0.09%	-	20,875	0.09%	-
Anadry Investments Private Limited	9,500	0.04%	-	9,500	0.04%	-

- (e) No class of shares have been issued as bonus shares or for consideration other than cash by the Company during the period of five years immediately preceding the current year end.
- (f) No class of shares have been bought back by the Company during the period of five years immediately preceding the current year end.

**17 Other equity**

Particulars	31 March 2022	31 March 2021
Capital reserve	5.73	5.73
Securities premium	24.44	24.44
General reserve	93.15	93.15
Revaluation reserve	56.37	55.02
Retained earnings	75.86	24.52
<b>Items of other comprehensive income</b>		
Re-measurement losses on defined benefit plans	(1.28)	(1.01)
Foreign currency translation reserve	(0.28)	(0.05)
<b>Total</b>	<b>253.98</b>	<b>201.81</b>

**Nature and purpose of reserves****A Capital reserve**

Particulars	31 March 2022	31 March 2021
Opening balance	5.73	5.73
Add/(Less): Transferred to reserves	-	-
<b>Closing balance</b>	<b>5.73</b>	<b>5.73</b>



**Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2022**

(Amount in crores, unless otherwise stated)

**B Securities Premium**

Particulars	31 March 2022	31 March 2021
Opening balance	24.44	24.44
Add/(Less): Transferred to reserves	-	-
<b>Closing balance</b>	<b>24.44</b>	<b>24.44</b>

This reserve represents the premium on issue of shares and can be utilised in accordance with the provisions of the Companies Act, 2013.

**C General reserve**

Particulars	31 March 2022	31 March 2021
Opening balance	93.15	93.15
Add/(Less): Transferred to reserves	-	-
<b>Closing balance</b>	<b>93.15</b>	<b>93.15</b>

The Group created a general reserve in earlier years pursuant to the provisions of the Companies Act, 1956 wherein certain percentage of profits were required to be transferred to general reserve before declaring dividends. As per the Companies Act 2013, the requirement to transfer profits to general reserve is not mandatory. General reserve is a free reserve available to the entity.

**D Revaluation reserve**

Particulars	31 March 2022	31 March 2021
Opening balance	55.02	55.13
Add/(Less): Transferred to reserves	1.35	(0.14)
<b>Closing balance</b>	<b>56.37</b>	<b>55.02</b>

This reserve represents the cumulative gains and losses arising on the revaluation of leasehold land and freehold land on the balance sheet date measured at fair value through other comprehensive income.

**E Retained earnings**

Particulars	31 March 2022	31 March 2021
Opening balance	26.93	1.92
Add/(Less): Transferred to reserves	51.07	25.01
<b>Closing balance</b>	<b>78.03</b>	<b>26.93</b>

This reserve represents undistributed accumulated earnings of the entity as on the balance sheet date.

**F Re-measurement losses on defined benefit plans**

Particulars	31 March 2022	31 March 2021
Opening balance	(1.01)	(0.85)
Add/(Less): Transferred to reserves	(0.27)	(0.14)
<b>Closing balance</b>	<b>(1.28)</b>	<b>(1.01)</b>

This represents the cumulative gains and losses arising on remeasurement of defined employee benefit plans (net of taxes).

## Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2022

(Amount in crores, unless otherwise stated)

**G Foreign currency translation reserve**

Particulars	31 March 2022	31 March 2021
Opening balance	(0.05)	(0.08)
Add/(Less): Transferred to reserves	(0.23)	0.03
<b>Closing balance</b>	<b>(0.28)</b>	<b>(0.05)</b>

Exchange differences related to the translation of the results and net assets of the Group's foreign operations from their functional currency to the Group's presentation currency (that is, INR) are recognised directly in the Other Comprehensive Income and accumulated in Foreign Currency Translation Reserve. Exchange difference accumulated in the Foreign Currency Translation Reserve are to be reclassified to Profit and Loss on the disposal of the foreign operation.

<b>18 Non-current borrowing</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
Term Loans (secured) (carried at amortised cost)		
Other Loans (Against hypothecation of vehicles) (refer note (i))	0.27	0.28
<b>Total</b>	<b>0.27</b>	<b>0.28</b>

**(i) Terms and conditions of Other Loans**

Particulars	Loan Details	
	31 March 2022	31 March 2021
Maturity date	17 December 2023	17 December 2023
Number of installments due	9	21
Rate of Interest	10.35%	10.35%
Payable within one year (amount in ₹)	6,403	5,805
Payable after one year but not more than five years (amount in ₹)	27,51,294	27,57,696

<b>19 Other financial liabilities</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
<b>(A) Non-current</b>		
Security deposits	0.14	-
<b>Subtotal (A)</b>	<b>0.14</b>	<b>-</b>
<b>(B) Current</b>		
Current maturities of vehicle loan	0.00	0.91
Interest accrued but due	0.24	0.16
Salary & reimbursement payable	4.29	4.47
Expenses payable	4.67	4.38
Dividend payable	0.02	0.02
Capital Creditors	1.46	0.41
<b>Subtotal (B)</b>	<b>10.69</b>	<b>10.35</b>
<b>Total ((A) + (B))</b>	<b>10.83</b>	<b>10.35</b>

<b>20 Provisions</b>	Long term		Short term	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Provision for employee benefits (refer note 35)				
Provision for gratuity (funded)	1.58	1.37	2.22	1.88
<b>Total</b>	<b>1.58</b>	<b>1.37</b>	<b>2.22</b>	<b>1.88</b>

**Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2022**

(Amount in crores, unless otherwise stated)

Movement in Provision	Long term		Short term	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Opening	1.37	1.44	1.88	1.73
Charged/ (Credited) to statement of profit and loss				
Additional provision recognised	0.21	(0.07)	0.79	0.85
Amounts used during the year	-	-	(0.45)	(0.70)
<b>Closing</b>	<b>1.58</b>	<b>1.37</b>	<b>2.22</b>	<b>1.88</b>

<b>21</b>	<b>Short -term borrowings</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
	<b>Secured, from bank (carried at amortised cost)</b>		
	Packing Credit in Rupee Scheme (PCRS) (refer footnote (i))	131.23	89.45
	Packing Credit Foreign Currency (PCFC) (refer footnote (ii))	26.41	-
	Bank Overdraft (refer footnote (iii))	-	1.90
	<b>Total</b>	<b>157.64</b>	<b>91.35</b>

**Terms and conditions of loans**

- (i) PCRS facility from Bank carry interest rate as per the below mentioned table. Packing Credit in Rupee Scheme (PCRS) is secured by way of hypothecation of raw materials, work-in-progress, finished goods, spares & stores and goods meant for exports and book debts as prime security and collaterally secured by extension of the charge on the Property, plant and equipment of the Group.

Name of the Bank	Rate of Interest	
	2022	2021
Yes Bank Limited	6.60%	7.60%
HDFC Bank Limited	6.99%	6.99%
ICICI Bank Limited	6.50%	7.50%
Standard Chartered Bank	7.15%	7.15%
Federal Bank Limited	6.00%	-
Yes Bank Limited *	6.25%	7.50%
HDFC Bank Limited *	5.40%	5.40%
ICICI Bank Limited *	5.75%	-

\* The above mentioned PCRS is secured by way of lien over Fixed Deposits to be excersised at the time of release of funds.

- (ii) The Company has obtained PCFC Loans from Yes Bank Limited carry interest rate of 1.50% which are secured by way of hypothecation of raw materials, work-in-progress, finished goods, spares & stores and goods meant for exports and book debts as prime security and collaterally secured by extension of the charge on the Property, plant and equipment of the Company.
- (iii) Temporary Overdraft facility from Standard Chartered Bank was availed and subsequently repaid on 03 April 2021.
- (iv) Assets Pledged as Security

**Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2022**

(Amount in crores, unless otherwise stated)

The carrying amounts of assets pledged as security for current borrowings are:

Particulars	31 March 2022	31 March 2021
Current assets		
Inventories	109.53	67.23
Trade receivables	87.36	72.38
Export incentive receivable	20.81	9.75
GST input credit	6.38	2.30
GST rebate receivable	8.00	5.42
<b>Total Current assets pledged as security</b>	<b>246.02</b>	<b>157.08</b>
Non-Current assets		
Property, plant and equipment	152.99	130.93
<b>Total Non-Current assets pledged as security</b>	<b>152.99</b>	<b>130.93</b>
<b>Total Assets pledged as security</b>	<b>399.00</b>	<b>288.00</b>

Borrowings from Yes Bank Limited, ICICI Bank Limited, HDFC Bank Limited, Standard Chartered Bank and Federal Bank Limited which are secured by way of hypothecation of raw materials, work-in-progress, finished goods, spares & stores and goods meant for exports and book debts as prime security and collaterally secured by extension of the charge on the Property, plant and equipment of the Group.

<b>22 Trade payables</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
Total outstanding dues of micro enterprises and small enterprises (refer note 48)	-	0.23
Total outstanding dues of creditors other than micro enterprises and small enterprises	21.65	13.10
<b>Total</b>	<b>21.65</b>	<b>13.33</b>

**Ageing of Trade Payables as on 31 March 2022**

Particulars	Outstanding for following periods from due date of Payment				
	Less than 1 year	1-2 years	2-3years	More than 3 years	Total
(i) MSME	-	-	-	-	-
(ii) Disputed dues – MSME	-	-	-	-	-
(iii) Others	20.95	0.11	0.03	-	21.65
(iv) Disputed dues - Others	-	-	-	-	-
<b>Total</b>	<b>20.95</b>	<b>0.11</b>	<b>0.03</b>	<b>-</b>	<b>21.65</b>

**Ageing of Trade Payables as on 31 March 2021**

Particulars	Outstanding for following periods from due date of Payment				
	Less than 1 year	1-2 years	2-3years	More than 3 years	Total
(i) MSME	0.23	-	-	-	0.23
(ii) Disputed dues – MSME	-	-	-	-	-
(iii) Others	12.45	0.03	0.03	0.59	13.10
(iv) Disputed dues – Others	-	-	-	-	-
<b>Total</b>	<b>12.68</b>	<b>0.03</b>	<b>0.03</b>	<b>0.59</b>	<b>13.33</b>

**Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2022**

(Amount in crores, unless otherwise stated)

<b>23</b>	<b>Other current liabilities</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
	Statutory dues payable	0.71	0.53
	Advance from customer		
	- Advance from related parties	1.93	-
	- Others	0.14	0.31
	MTM on currency forward contracts	-	0.02
	<b>Total</b>	<b>2.77</b>	<b>0.86</b>
<b>24</b>	<b>Current tax liabilities (net)</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
	Provision for taxation (net of advance tax 31 March 2021- ₹ 5.63 crores)	-	0.48
	<b>Total</b>	<b>-</b>	<b>0.48</b>
<b>25</b>	<b>Revenue from operations</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
	<b>Revenue from contracts with customers</b>		
	<b>Sale of manufactured products</b>		
	- Export Sales	441.55	281.82
	- Domestic Sales	35.68	24.58
	<b>Other operating revenues</b>		
	- Rebate / Drawback of Taxes and Duties	27.23	17.97
	<b>Total</b>	<b>504.46</b>	<b>324.37</b>
<b>26</b>	<b>Other income</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
	Rental income	0.77	0.40
	Interest income on financial assets designated at amortised cost		
	- on fixed deposits	2.20	1.43
	- on others	0.11	0.14
	Income from sale of Investments	0.27	-
	Miscellaneous income	0.36	0.22
	Job work Income	-	0.04
	Gain on sale of Property, plant and equipment	-	0.12
	Gain on foreign currency fluctuation	3.27	0.00
	<b>Total</b>	<b>6.98</b>	<b>2.35</b>
<b>27</b>	<b>Cost of material consumed</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
	Inventories at the beginning of the year	23.41	23.74
	Add: Purchases during the year	246.70	159.44
	Less: Inventories at the end of the year	22.69	23.41
	<b>Total</b>	<b>247.42</b>	<b>159.77</b>

**Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2022**

(Amount in crores, unless otherwise stated)

<b>28</b>	<b>Changes in inventories of finished goods and work-in-progress</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
	<b>Inventories at the beginning of the year</b>		
	-Finished goods	17.92	14.37
	-Work-in-progress	21.22	21.67
	-Goods-in-transit	5.86	-
		<b>45.00</b>	<b>36.04</b>
	<b>Less: Inventories at the end of the year</b>		
	-Finished goods	34.98	17.92
	-Work-in-progress	38.65	21.22
	-Goods-in-transit	-	5.86
		<b>73.63</b>	<b>45.00</b>
	<b>Net decrease/ (increase)</b>	<b>(28.63)</b>	<b>(8.96)</b>

<b>29</b>	<b>Employee benefits expense</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
	Salaries, wages, bonus and other allowances	61.33	47.75
	Contribution to provident fund and other funds	2.13	1.75
	Gratuity expenses (Refer Note 35)	0.63	0.63
	Staff welfare expenses	1.10	1.15
	<b>Total</b>	<b>65.19</b>	<b>51.29</b>

<b>30</b>	<b>Finance costs</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
	Interest on borrowing	3.95	2.54
	Interest Expense on lease liability	1.04	1.23
	<b>Total</b>	<b>4.99</b>	<b>3.77</b>

<b>31</b>	<b>Depreciation and amortization expense</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
	Depreciation (refer note 3)	8.05	6.80
	Depreciation on Right of Use Assets (refer note 3)	2.11	2.02
	Amortisation	0.17	0.17
	Less: transfer to revaluation reserve	(0.14)	(0.14)
	<b>Total</b>	<b>10.19</b>	<b>8.84</b>

**Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2022**

(Amount in crores, unless otherwise stated)

32	Other expenses	31 March 2022	31 March 2021
	Sewing, stitching, weaving & finishing charges	13.12	9.28
	Power & fuel	30.99	19.48
	Clearing and forwarding expenses	22.80	12.93
	Repairs & maintenance:		
	Plant & machinery	5.49	3.81
	Building	6.84	4.06
	Other manufacturing expenses	30.07	6.71
	Rent, rates & taxes	3.21	2.09
	Stores and spares consumed	5.08	3.28
	Audit fees (refer note i below)	0.18	0.15
	Miscellaneous expenses	3.54	1.72
	Fair Valuation of License in Hand	2.01	-
	Fair valuation adjustments of investments	0.06	-
	Bank charges	2.75	1.91
	Corporate Social Responsibility Expenditure (refer note 46)	1.48	0.38
	Security expenses	1.93	1.60
	Courier expenses	2.12	1.83
	Travelling, vehicle & conveyance expenses	1.64	0.84
	Loss on sale of Property, plant and equipment	0.00	-
	Loss on foreign currency fluctuation	-	1.39
	Legal & professional fees	4.79	2.44
	Insurance charges	0.84	0.68
	Selling & distribution expenses	1.94	2.08
	<b>Total</b>	<b>140.88</b>	<b>76.68</b>

Note i: The following is the break-up of Auditors remuneration (exclusive of taxes)

	31 March 2022	31 March 2021
<b>As auditor:</b>		
Statutory audit fees (including for quaterly limited reviews)	0.17	0.15
Reimbursement of expenses	0.01	-
<b>Total</b>	<b>0.18</b>	<b>0.15</b>

**33 Income Tax**

(A)		31 March 2022	31 March 2021
	Income Tax recognised in profit or loss		
	<b>Current tax</b>		
	In respect of current year	20.26	9.62
		20.26	9.62
	<b>Deferred tax liabilities</b>		
	In respect of current year origination and reversal of temporary differences	0.06	0.78
		0.06	0.78
	<b>Total Income Tax recognised in profit or loss</b>	<b>20.32</b>	<b>10.40</b>

**Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2022**

(Amount in crores, unless otherwise stated)

**(B) Deferred tax assets/ (liabilities) (net):**

Particulars	Balance as at 1 April 2021	Charge / (Credit) to Profit or Loss	Utilisation of MAT Credit	Balance as at 31 March 2022
<b>Deferred tax assets</b>				
Provision for employee benefits	1.22	(0.02)	-	1.24
Unabsorbed depreciation and business losses carried forward	2.33	-	-	2.33
On Temporary Difference on account of leases	0.17	(0.13)	-	0.30
Minimum alternate tax carried forward	5.36	-	(5.36)	-
Other	-	(0.01)	-	0.01
<b>Deferred tax liabilities</b>				
Fiscal allowances on property, plant and equipment	(7.07)	0.14	-	(7.21)
<b>Total deferred tax assets /(liabilities), net</b>	<b>2.00</b>	<b>(0.02)</b>	<b>(5.36)</b>	<b>(3.33)</b>

Particulars	Balance as at 1 April 2020	Charge / (Credit) to Profit or Loss	Utilisation of MAT Credit	Balance as at 31 March 2021
<b>Deferred tax assets</b>				
Provision for employee benefits	1.19	(0.03)	-	1.22
Unabsorbed depreciation and business losses carried forward	2.33	-	-	2.33
On Temporary Difference on account of leases	0.18	0.01	-	0.17
Minimum alternate tax carried forward	8.87	-	(3.51)	5.36
<b>Deferred tax liabilities</b>				
Fiscal allowances on property, plant and equipment	(6.27)	0.80	-	(7.07)
<b>Total deferred tax assets/(liabilities), net</b>	<b>6.30</b>	<b>0.78</b>	<b>(3.51)</b>	<b>2.00</b>

**(C)** The Group has utilized MAT credit of ₹ 5.36 crores in the current financial year.**(D)** Capital Tax losses of 31 March 2017: ₹ 9.98 crores are available for offsetting for a maximum period of eight years against future taxable profits of the Company.

<b>(E) Reconciliation of tax charge</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
Profit before tax	71.40	35.33
Statutory Tax Rate	29.12%	29.12%
Income tax expense at tax rates applicable	20.79	10.29
Tax effects of:		
- B/f losses and unabsorbed depreciation not recognised as DTA in earlier years	-	-
- MAT credit available to the Company not recognised as asset in earlier years	-	-
- Other items	(0.47)	0.09
<b>Income tax expense</b>	<b>20.32</b>	<b>10.38</b>



**Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2022**

(Amount in crores, unless otherwise stated)

**34 Earnings per share**

Basic earnings per share amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the profit attributable to equity holders by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

	31 March 2022	31 March 2021
Profit attributable to equity holders	51.08	24.93
Weighted average number of shares outstanding during the year	2,43,19,000	2,43,19,000
Basic earnings per share (₹) (Equity share of ₹ 10 each)	21.00	10.25
Diluted earnings per share (₹) (Equity share of ₹ 10 each)	21.00	10.25

**35 Employee benefits**

(A) Defined Contribution Plans	31 March 2022	31 March 2021
During the year, the Group has recognized the following amounts in the Statement of Profit and Loss		
Employers' Contribution to Provident Fund and Employers' State Insurance Corporation (Refer note 29)	2.13	1.75

**(B) Defined benefit plans**

The Group provides for gratuity for employees as per the Payment of Gratuity Act, 1972. The amount of gratuity shall be payable to an employee on the termination of employment after rendering continuous service for not less than five years, or on their superannuation or resignation. However, in case of death of an employee, the minimum period of five years shall not be required. The amount of gratuity payable on retirement / termination is the employee's last drawn basic salary per month computed proportionately for 15 days salary multiplied by the number of years of service completed. The gratuity plan is a funded plan administered by a separate fund that is legally separated from the entity. The Group does not fully fund the liability and maintains the funding from time to time based on estimations of expected gratuity payments.

These plans typically expose the Group to the following actuarial risks:

**Investment risk** - The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

**Interest risk** - A fall in the discount rate, which is linked, to the G-Sec rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.

**Salary risk** - The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

**Asset Liability matching risk** - The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.

**Mortality risk** - Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

**Concentration risk** - Plan is having a concentration risk as all the assets are invested with the insurance company and a default will wipe out all the assets. Although probability of this is very less as insurance companies have to follow regulatory guidelines.

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out at 31 March 2022 by M/S K. A. Pandit Consultants & Actuaries. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

**Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2022**

(Amount in crores, unless otherwise stated)

	31 March 2022	31 March 2021
a) Gratuity payable to employees		
i) <b>Actuarial assumptions</b>		
Discount rate (per annum)	6.09%	5.58%
Rate of increase in Salary (per annum)	4.00%	4.00%
<b>Attrition rate</b>		
For service 2 years and below	40%	40%
For service 3 years to 4 years	25%	25%
For service 5 years and above	15%	15%
Mortality rate during employment	Indian Assured Lives Mortality 2012-14 (Urban)	Indian Assured Lives Mortality (2006-08) Ultimate
ii) <b>Changes in the present value of defined benefit obligation</b>	<b>Employee's gratuity fund</b>	
<b>Present value of obligation at the beginning of the year</b>	<b>3.30</b>	<b>3.21</b>
Interest cost	0.18	0.19
Current service cost	0.45	0.45
Benefits paid	(0.45)	(0.75)
Actuarial (gain)/ loss on obligations	0.36	0.20
<b>Present value of obligation at the end of the year*</b>	<b>3.85</b>	<b>3.30</b>
*Included in provision for employee benefits (refer note 20)		
iii) <b>Expense recognized in the Statement of Profit and Loss</b>	<b>Employee's gratuity fund</b>	
Current service cost	0.45	0.45
Interest cost	0.18	0.18
Return on plan assets	-	-
<b>Total expenses recognized in the Statement Profit and Loss*</b>	<b>0.63</b>	<b>0.63</b>
*Included in Employee benefits expense (Refer note 29). Actuarial Loss of ₹ 0.36 crores (31 March 2021 - ₹ 0.20) is included in other comprehensive income.		
iv) <b>Assets and liabilities recognized in the Balance Sheet:</b>	<b>Employee's gratuity fund</b>	
Present value of unfunded obligation as at the end of the year	3.85	3.30
Fair value of the plan assets at the end of the year	(0.05)	(0.05)
<b>Unfunded net (asset) / liability recognized in Balance Sheet*</b>	<b>3.80</b>	<b>3.25</b>
*Included in provision for employee benefits (Refer note 20)		
v) Expected contribution to the fund in the next year		
Gratuity	0.75	0.63
vi) A quantitative sensitivity analysis for significant assumption as at 31 March 2022 and 31 March 2021 is as shown below:		
Impact on defined benefit obligation	<b>Employee's gratuity fund</b>	
Discount rate		
1% increase	(0.16)	(0.15)
1% decrease	0.18	0.16

**Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2022**

(Amount in crores, unless otherwise stated)

vii)	Employee Turnover		
	1% increase	0.01	0.00
	1% decrease	(0.01)	(0.01)
	Rate of increase in salary		
	1% increase	0.18	0.16
	1% decrease	(0.17)	(0.15)
	Maturity profile of defined benefit obligation	<b>Employee's Gratuity Fund</b>	
	Projected Benefits Payable in Future Years From the Date of Reporting		
	1st Following Year	0.59	0.49
	2nd Following Year	0.53	0.45
	3rd Following Year	0.51	0.42
	4th Following Year	0.48	0.39
	5th Following Year	0.41	0.37
	Sum of Years 6 to 10	1.56	1.28
	Sum of 11 and above	1.25	1.07

**36 Leases****a) As Lessee**

(a) Following are the carrying value of Right of Use Assets:

Particulars	Category of ROU Asset		
	Leasehold Building	Vehicles	Total
<b>Balance as at 01 April 2020</b>	<b>11.41</b>	<b>0.73</b>	<b>12.14</b>
Depreciation	1.91	0.31	2.22
<b>Balance as at 31 March 2021</b>	<b>9.50</b>	<b>0.42</b>	<b>9.92</b>
Depreciation	1.84	0.27	2.11
<b>Balance as at 31 March 2022</b>	<b>7.66</b>	<b>0.15</b>	<b>7.80</b>

(b) The following is the movement in lease liabilities during the year ended 31 March 2022 and 31 March 2021:

Particulars	Category of ROU Asset
	Leasehold Building
<b>Balance as at 1 April 2020</b>	<b>11.76</b>
Additions	-
Lease Payments	(1.26)
<b>Balance as at 31 March 2021</b>	<b>10.50</b>
Additions	-
Lease Payments	(1.49)
<b>Balance as at 31 March 2022</b>	<b>9.01</b>

**Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2022**

(Amount in crores, unless otherwise stated)

- (c) Lease Expenses recognized in Statement of Profit and Loss, not included in the measurement of lease liabilities:

Particulars	Year Ended 31 March 2022	Year Ended 31 March 2021
Expenses relating to short-term leases	0.73	0.33

- (d) The table below provides details regarding the contractual maturities of lease liabilities as at 31 March 2022 on an undiscounted basis:

Particulars	Year Ended 31 March 2022	Year Ended 31 March 2021
Less than one year	2.15	2.46
One to Five years	9.37	9.03
More than 5 years	-	2.50
<b>Total</b>	<b>11.52</b>	<b>13.99</b>

- (e) The following is the break-up of current and non-current lease liabilities as at 31 March 2022 and 31 March 2021

Particulars	Year Ended 31 March 2022	Year Ended 31 March 2021
Current lease liability	1.32	1.49
Non-Current lease liability	7.69	9.01

- (f) Amounts recognised in Statement of Cash Flows:

Particulars	Year Ended 31 March 2022	Year Ended 31 March 2021
Total cash outflow for leases	2.47	2.48

**37 Related Party Disclosures:**

- (A) Names of related parties and description of relationship as identified and certified by the Group:

**Names of the related parties where control exists****Name of related party****Relationship**

V R Woodart Limited

Entity in which director has common control

Faze Three Autofab Limited

Entity in which director has common control

Ajay Anand (HUF)

Entity in which director has common control

Instyle Investments Private Limited

Entity in which director has common control

Next Interiors Private Limited

Entity in which relative of director has common control

ARR Bath &amp; Home Private Limited

Entity in which relative of director has common control

Mamata Finvest Private Limited

Wholly Owned Subsidiary of Instyle Investment Private Limited

Anadry Investments Private Limited

Wholly Owned Subsidiary of Instyle Investment Private Limited

**Others****Name of related party****Relationship**

Rohina Anand Khira

Daughter of Managing Director

Ashok Anand

Brother of Managing Director

Vishnu Anand

Son of Managing Director

**Key Management Personnel (KMP)**

In accordance with Ind AS 24 - Related Party Disclosures and the Companies Act, 2013, following personnels are considered as KMP.

**Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2022**

(Amount in crores, unless otherwise stated)

<b>Name of related party</b>	<b>Relationship</b>
Ajay Anand	Managing Director
Sanjay Anand	Whole-time Director
Akram Sati	Company Secretary
Ankit Madhwani	Chief Financial Officer

**(B) Details of transactions with related party in the ordinary course of business for the year ended:**

<b>(i)</b>	<b>Entity in which director has common control</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
	<b><u>Faze Three Autofab Limited</u></b>		
	Sale of goods and services	23.75	18.65
	Purchase of goods	0.40	0.07
	Rent income	0.24	0.35
	Jobwork expense	0.01	0.06
	Reimbursement of Expenses	0.13	0.03
	<b><u>V R Woodart Limited</u></b>		
	Loans repaid during the year	-	0.06
	<b><u>ARR Bath &amp; Home Private Limited</u></b>		
	Jobwork expense	-	0.56
	Purchase of Property, plant and equipment	-	4.20
	Sale of goods	3.35	1.51
	Reimbursement of Expenses	-	0.05
	<b><u>Next Interiors Private Limited</u></b>		
	Sale of goods	0.75	0.46
	Reimbursement of Expenses	0.78	0.07
<b>(ii)</b>	<b>Others</b>		
	Ashok Anand (towards payment of employee benefit)	0.09	0.09
	Vishnu Anand (towards payment of employee benefit)	0.72	0.30
<b>(iii)</b>	<b>Amount due to related party as on</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
	<b>Entity in which director has common control</b>		
	Faze Three Autofab Limited	1.93	-
	<b>Entity in which director has common control</b>		
	ARR Bath & Home Private Limited	-	0.64
	Faze Three Autofab Limited	-	3.08
	Next Interiors Private Limited	-	0.05
<b>(iv)</b>	<b>Key Management Personnel (KMP)</b>		
	Compensation of key management personnel (Short term employee benefits)	1.77	1.77

**Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2022**

(Amount in crores, unless otherwise stated)

**(C) Terms and conditions of transactions with related parties**

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2022, the Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

**38 Fair value measurement**

The fair value of other current financial assets, cash and cash equivalents, trade receivables, investments, trade payables, short-term borrowings and other financial liabilities approximate the carrying amounts because of the short term nature of these financial instruments.

The amortized cost using effective interest rate (EIR) of non-current financial assets consisting of security and term deposits are not significantly different from the carrying amount.

Financial assets that are neither past due nor impaired include cash and cash equivalents, security deposits, term deposits, and other financial assets.

The impact of fair value on non-current borrowing, non-current security deposits and non-current term deposits is not material and therefore not considered for above disclosure.

**Fair value hierarchy**

The following is the hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis:

	31 March 2022	31 March 2021
<b>Level 1 (Quoted price in active markets)</b>		
Investments in mutual funds FVTPL	10.21	-
<b>Level 2</b>		
<u>Financial assets measured at fair value through profit or loss</u>		
Investments in quoted instruments but not in active markets (refer note 6)	0.21	0.21
Investments in unquoted instruments (refer note 6)	0.01	0.01
<b>Level 3</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
<u>Financial assets measured at amortized cost</u>		
Trade receivables (refer note 10)	81.83	69.66
Security deposits (refer note 7)	0.93	0.76
Other receivable (refer note 7)	0.68	1.56
Interest accrued on fixed deposits (refer note 13)	0.47	1.15
Deposit account with banks (remaining maturity of more than 12 months) (refer note 7)	0.12	0.10
The carrying amounts of trade receivables, loans and advances, interest on fixed deposits and security deposits are considered to approximate their fair values due to their short term nature. The carrying amounts of long term security deposits given are considered to approximate their fair value.		

**Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2022**

(Amount in crores, unless otherwise stated)

<u>Financial liability measured at amortized cost</u>		
Borrowings (refer note 18)	157.92	92.54
Trade payables (refer note 22)	21.65	13.33
Salary & reimbursement payable (refer note 19)	4.29	4.47
Expenses payable (refer note 19)	4.67	4.38
Interest accrued but not due (refer note 19)	0.24	0.16
Dividend payable (refer note 19)	0.02	0.02
The carrying amounts of trade payables, borrowings, salary and expense payable are considered to approximate their fair values due to their short term nature. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including own and counter party credit risk.		

**39 Financial risk management objectives and policies**

The Group is exposed to various financial risks. These risks are categorized into market risk, credit risk and liquidity risk. The Group's risk management is coordinated by the Board of Directors and focuses on securing long term and short term cash flows. The Group does not engage in trading of financial assets for speculative purposes.

**(A) Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include borrowings and derivative financial instruments.

**(i) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

	<b>31 March 2022</b>	<b>31 March 2021</b>
Variable rate borrowings	107.16	51.35

**Interest rate sensitivity**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

	<b>Increase/ decrease in basis points</b>	<b>Effect on profit before tax (₹ in Crs)</b>
F.Y. 2022	100 bps	1.07
F.Y. 2021	100 bps	0.51

**(ii) Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group operating activities.

The Group is exposed to foreign currency risk arising mainly on export of finished goods and import of raw material. Foreign currency exposures are managed within approved policy parameters utilising forward contracts.

The carrying amounts of Group's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:



**Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2022**

(Amount in crores, unless otherwise stated)

Exposure to currency risk	31 March 2022		31 March 2021	
	INR	USD/EURO/ GBP	INR	USD/EURO/ GBP
Trade receivables (hedged)	60.95	0.81	11.13	0.15
Trade receivables (unhedged)	-	0.58	56.94	0.81
Capital Creditors (hedged)	-	-	0.32	-
Trade Payables (unhedged)	0.81	0.01	-	-

The following significant rate have been applied during the year	Year End Spot Rate	
	31 March 2022	31 March 2021
INR		
USD 1	75.81	73.50
EURO 1	84.66	86.10
GBP 1	99.94	100.92

**Foreign currency sensitivity**

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate (or any other material currency), with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities).

The Group realises 90% of its sales in USD, based on the hedging policy followed by the Group in case of normal volatility in USD / INR, the following effect is estimated.

	Change in USD rate	Effect on profit before tax
2022		
USD / INR	0.50%	-
2021		
USD / INR	0.50%	0.27

**(B) Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Group assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

	Less than 12 months	More than 12 months	Total
<b>31 March 2022</b>			
Trade receivables	81.80	0.03	81.83
Security deposits	-	0.93	0.93
Other receivable	-	0.68	0.68
Interest accrued on fixed deposits	0.47	-	0.47
Deposit account with banks (remaining maturity of more than 12 months)	-	0.12	0.12
<b>31 March 2021</b>			
Trade receivables	69.66	-	69.66
Security deposits	-	0.76	0.76
Other receivable	-	1.56	1.56
Interest accrued on fixed deposits	1.15	-	1.15
Deposit account with banks (remaining maturity of more than 12 months)	-	0.10	0.10



**Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2022**

(Amount in crores, unless otherwise stated)

**(C) Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they become due. The Group manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due.

The table below summarizes the maturity profile of the Group's financial liabilities:

	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
<b>31 March 2022</b>					
Short term borrowings	90.49	67.15	-	-	157.64
Long-term borrowings	-	-	0.27	-	0.27
Trade payables	19.01	1.95	0.69	-	21.65
Salary & reimbursement payable	4.29	-	-	-	4.29
Expenses payable	4.67	-	-	-	4.67
Interest accrued but not due	0.24	-	-	-	0.24
Dividend payable	0.02	-	-	-	0.02
	<b>118.73</b>	<b>69.10</b>	<b>0.96</b>	<b>-</b>	<b>188.79</b>
<b>31 March 2021</b>					
Short term borrowings	53.55	38.71	-	-	92.26
Long-term borrowings	-	-	0.28	-	0.28
Trade payables	12.94	0.21	0.18	-	13.33
Salary & reimbursement payable	4.47	-	-	-	4.47
Expenses payable	4.38	-	-	-	4.38
Interest accrued but not due	0.16	-	-	-	0.16
Dividend payable	0.02	-	-	-	0.02
	<b>75.52</b>	<b>38.92</b>	<b>0.46</b>	<b>-</b>	<b>114.90</b>

**40 Reconciliation of quarterly returns or statements of current assets filed with banks or financial institutions 31 March 2022**

Quarter	Name of bank	Particulars of Securities Provided	Amount as per books of account	Amount as reported in the quarterly return/ statement	Amount of difference	Reason for material discrepancies
June 2021	Yes Bank Limited, ICICI Bank Limited, HDFC Bank Limited, Standard Chartered Bank, Federal Bank Limited	Raw materials, work-in-progress, finished goods, spares & stores, goods meant for exports, Trade Receivables, GST Input, GST Rebate, Export Incentive and Trade Payables	142.94	142.94	-	-
September 2021			172.56	172.56	-	-
December 2021			177.75	177.75	-	-
March 2022			210.99	210.99	-	-

**Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2022**

(Amount in crores, unless otherwise stated)

**31 March 2021**

Quarter	Name of bank	Particulars of Securities Provided	Amount as per books of account	Amount as reported in the quarterly return/ statement	Amount of difference	Reason for material discrepancies
June 2020	Yes Bank Limited, ICICI Bank Limited, HDFC Bank Limited, Standard Chartered Bank, Federal Bank Limited	Raw materials, work-in-progress, finished goods, spares & stores, goods meant for exports, Trade Receivables, GST Input, GST Rebate, Export Incentive and Trade Payables	105.11	105.11	-	-
September 2020			116.57	116.57	-	-
December 2020			124.38	124.38	-	-
March 2021			144.22	144.22	-	-

**41 Relationship with Struck off Companies under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956,**

The Group does not have any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956.

**42 Registration of charges or satisfaction with Registrar of Companies**

The Group does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

**43 Compliance with number of layers of companies**

The Group has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.

**44 Utilisation of Borrowed funds**

- (i) The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
  - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (ii) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
  - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

**45 Undisclosed income**

The Group does not have any undisclosed income which is not recorded in the books of account that has been surrendered or disclosed as income during the year (previous year) in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

**46 Corporate Social Responsibility**

As per Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The areas for CSR activities are mainly for environmental sustainability, promotion of education, health care, etc. A CSR committee has been formed by the company as per the Act. The funds are utilized through the year on these activities which are specified in Schedule VII of the Companies Act, 2013.

**Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2022**

(Amount in crores, unless otherwise stated)

A. Particulars	31 March 2022	31 March 2021
Gross Amount required to be spent as per Section 135 of the Act	0.51	0.33
Add: Amount Unspent from previous years	-	-
Total Gross amount required to be spent during the year	0.51	0.33
<b>Amount approved by the Board to be spent during the year</b>	<b>1.48</b>	<b>0.38</b>

B. Amount spent during the year on	31 March 2022	31 March 2021
(i) Construction/acquisition of an asset	-	-
(ii) On purposes other than (i) above - <b>Towards CSR contribution</b>	1.48	0.38

**C. Details related to amount spent/ unspent**

Particulars	31 March 2022	31 March 2021
<b>Contribution to following Trust</b>		
1. Sports and adventure Association of Narmada	0.63	-
2. Helping Hands Foundation India	0.00	-
3. Rotary Club of Worli Bombay Trust	0.00	-
4. Shri Jagatbharti Education and Cheritable Trust	0.85	0.33
5. Jan Jagrati Sevarth Sansthan		0.05
<b>Accrual towards unspent obligations in relation to:</b>		
Ongoing projects	-	-
Other than Ongoing projects	-	-
<b>TOTAL</b>	<b>1.48</b>	<b>0.38</b>

**D. Details of CSR expenditure in respect of other than ongoing projects**

Nature of Activity	Balance unspent as at 1 April 2021	Amount deposited in Specified Fund of Schedule VII of the Act within 6 months	Amount required to be spent during the year	Amount spent during the year	Balance unspent as at 31 March 2022
Contribution for Schedule VII activities through Donation to Charitable Trusts (Promoting Education)	-	-	0.51	1.48	-

**Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2022**

(Amount in crores, unless otherwise stated)

Nature of Activity	Balance unspent as at 1 April 2020	Amount deposited in Specified Fund of Schedule VII of the Act within 6 months	Amount required to be spent during the year	Amount spent during the year	Balance unspent as at 31 March 2021
Contribution for Schedule VII activities through Donation to Charitable Trusts (Promoting Education)	-	-	0.33	0.38	-

**E. Details of excess CSR expenditure**

Nature of Activity	Balance excess as at 1 April 2021	Amount required to be spent during the year	Amount spent during the year	Balance excess as at 31 March 2022
Contribution for Schedule VII activities through Donation to Charitable Trusts (Promoting Education)	-	(0.51)	(1.48)	0.97

**F. Contribution to Related Parties/ CSR Expenditure incurred with Related Parties- Not Applicable****G. Disclosures on Shortfall**

Particulars	31 March 2022	31 March 2021
Amount Required to be spent by the Company during the year	0.51	0.33
Actual Amount Spent by the Company during the year	1.48	0.38
Shortfall at the end of the year	-	-
Total of previous years shortfall	-	-
Reason for shortfall - State reasons for shortfall in expenditure	NA	NA

**47 Details of Crypto Currency or Virtual Currency**

The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

**48 Disclosure under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED)**

The outstanding dues to small and medium enterprises as defined under MSMED Act, 2006 are as under:

Information as per the requirement of Section 22 of The Micro, Small and Medium Enterprises Development Act, 2006:

**Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2022**

(Amount in crores, unless otherwise stated)

Particulars	31 March 2022	31 March 2021
(a) (i) The principal amount remining unpaid to any supplier at the end of accounting year included in trade payables	-	0.23
(ii) Interest due on above	-	-
<b>The total of (i) and (ii)</b>	-	<b>0.23</b>
(b) (i) The amount of interest paid by the buyer in terms of Section 16 of the Act.	-	-
(c) (i) The amount of payment made to the supplier beyond the appointed day during the accounting year.	-	-
(d) (i) The amount of interest accrued and remaining unpaid at the end of financial year.	-	-
(e) (i) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the year) but without adding the interest specified under this Act	-	-

**49 Details of Benami Property held**

There are no proceedings initiated or are pending against the Group for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

**50 Wilful Defaulter**

The Group has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

**51 Revaluation of Property, Plant and Equipment**

Revaluation of Land (Leasehold and Freehold Land) has been carried out by 3P Consulting Engineers LLP (Registered Valuer) vide report dated 09 May 2022 which is in compliance with rule 2 of the Companies (Registered Valuers and Valuation) Rules, 2017.

**52 Capital management**

For the purpose of the Group's capital management, capital includes issued equity capital, convertible preference shares, share premium and all other equity reserves attributable to the equity holders. The primary objective of the Group's capital management is to maximize the shareholder value and to ensure the Group's ability to continue as a going concern.

The Group has not distributed any dividend to its shareholders. The Group monitors gearing ratio i.e. total debt in proportion to its overall financing structure, i.e. equity and debt. Total debt mainly comprises of current liabilities which represents - Packing Credit. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

		31 March 2022	31 March 2021
Total equity excluding revaluation reserve	(i)	221.93	171.11
Total debt		157.92	92.54
Less: Fixed deposits liened (refer note 12)		50.49	40.00
Less: Cash and cash equivalents (refer note 11)		5.93	2.44
Total net debt	(ii)	<b>101.49</b>	<b>50.10</b>
Overall financing	(iii) = (i) + (ii)	323.42	221.21
Gearing ratio	(ii)/ (iii)	0.31	0.23

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2022 and 31 March 2021.

**Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2022**

(Amount in crores, unless otherwise stated)

**53 Contingent Liability and commitments****Contingent liabilities (to the extent not provided for)**

	31 March 2022	31 March 2021
Bank Guarantees	1.01	0.91

**54 Segment reporting**

- (a) The Group is engaged in only one segment viz 'Manufacturing of home textiles' such as bathmat, rugs, throws, curtains, etc., there is no separate reportable segment as per Ind AS 108 'Operating Segments'. Presently, the Group's operations are predominantly confined in India.

- (b) Geographical Information

The revenues from operation have been allocated to countries based on location of the customers as shown below:

	31 March 2022	31 March 2021
(a) Within India (including rebate/drawback of Taxes and Duties)	62.91	42.55
(b) Outside India		
United States of America (USA)	307.76	153.22
United Kingdom	101.71	74.70
Europe	25.97	17.37
Rest of the world	6.10	36.53

- (c) Information about major customers

The following table gives details in respect of percentage of revenue generated (sale of products) from the top ten customers.

Particulars	31 March 2022	31 March 2021
	%	%
Revenue from top 10 Customers	63%	65%

- 55** The Code on Social Security 2020 ('the Code') relating to employee benefits, during the employment and post-employment, has received Presidential assent on 28 September 2020. The Code has been published in the Gazette of India. Further, the Ministry of Labour and Employment has released draft rules for the Code on 13 November 2020. However, the effective date from which the changes are applicable is yet to be notified and rules for quantifying the financial impact are also not yet issued.

The Group will assess the impact of the Code and will give appropriate impact in the financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

**56 Events after the reporting period**

There are no significant subsequent events between the year ended 31 March 2022 and signing of financial statements as on 21 May 2022 which have material impact on the consolidated financials statements of the Company.

**57 Approval of financial statements**

The consolidated financial statements were approved for issue by the board of directors on 21 May 2022.

**Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2022**

(Amount in crores, unless otherwise stated)

**58 Statutory Group Information**

Name of the entity in the group	Net Assets, i.e., total assets minus total liabilities		Share in profit and loss		Share in other Comprehensive income		Share in total Comprehensive income	
	As % of consolidated net assets	INR	As % of consolidated profit and loss	INR	As % of consolidated other comprehensive income	INR	As % of consolidated total comprehensive income	INR
<b>Parent</b>								
Faze Three Limited								
Balance as at 31 March 2022	100.88%	280.75	99.98%	51.07	123.51%	1.23	100.42%	52.30
Balance as at 31 March 2021	101.09%	228.60	100.32%	25.01	131.56%	(0.14)	100.19%	24.87
<b>Subsidiaries</b>								
<b>Indian</b>								
Mats and More Private Limited								
Balance as at 31 March 2022	0.04%	0.10	-	-	-	-	-	-
Balance as at 31 March 2021	-	-	-	-	-	-	-	-
<b>Foreign</b>								
Faze Three US LLC								
Balance as at 31 March 2022	(0.92)%	(2.55)	0.02%	0.01	(23.52)%	(0.23)	(0.42)%	(0.22)
Balance as at 31 March 2021	(1.09)%	(2.47)	(0.32)%	(0.08)	(31.55)%	0.03	(0.19)%	(0.05)
<b>Total</b>								
<b>Balance as at 31 March, 2022</b>	<b>100.00%</b>	<b>278.30</b>	<b>100.00%</b>	<b>51.08</b>	<b>100.00%</b>	<b>1.00</b>	<b>100.00%</b>	<b>52.08</b>
<b>Balance as at 31 March, 2021</b>	<b>100.00%</b>	<b>226.13</b>	<b>100.00%</b>	<b>24.93</b>	<b>100.00%</b>	<b>(0.11)</b>	<b>100.00%</b>	<b>24.82</b>

**59** Previous year figures have been regrouped/ reclassified to conform presentation as per Ind AS as required by Schedule III of the Act.

As per our report of even date  
For **MSKA & Associates**  
Chartered Accountants  
ICAI Firm Registration No.:105047W

**Amrish Vaidya**  
Partner  
Membership No: 101739

**Place : Mumbai**  
**Date : 21 May 2022**

For and on behalf of Board of Directors of  
**Faze Three Limited**  
CIN: L99999DN1985PLC000197

**Ajay Anand**  
Managing Director  
DIN: 00373248

**Ankit Madhwani**  
Chief Financial Officer

**Sanjay Anand**  
Whole-time Director  
DIN: 01367853

**Akram Sati**  
Company Secretary  
M No: A50020

**Form No. AOC – 1**

(Pursuant to First proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

**Statement containing salient features of the financial statement of Subsidiaries/ Associate Companies/ Joint Ventures**

**Part "A": Subsidiaries;**

Name of the subsidiary	<b>Faze Three US LLC</b> (Foreign Wholly owned subsidiary)	<b>Mats and More Private Limited*</b> (Indian Wholly owned subsidiary)
The date since when the subsidiary was acquired	16 <sup>th</sup> October, 2017	11 <sup>th</sup> March, 2022
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	1 <sup>st</sup> April, 2021 – 31 <sup>st</sup> March, 2022	11 <sup>th</sup> March, 2022 – 31 <sup>st</sup> March, 2022
Reporting currency and Exchange rate as on the last date of the relevant financial year in case of foreign subsidiaries.	Reporting Currency - US Dollar (USD) Exchange Rate as on 31 <sup>st</sup> March, 2022 - 1 USD = INR 75.8071	-
	<b>(Amount in INR Crores)</b>	<b>(Amount in INR Crores)</b>
Share Capital	2.44	0.10
Reserves & surplus	(2.58)	-
Total assets	7.40	0.10
Total liabilities	7.40	0.10
Investments	-	-
Turnover	10.19	-
Profit / (Loss) before taxation	0.16	-
Provision for taxation	-	-
Profit / (Loss) after taxation	0.16	-
Proposed Dividend	-	-
% of shareholding	100%	100%

**\*Incorporated on 11<sup>th</sup> March, 2022.**

Note: Information under Part B is not applicable to the Company.

**For and on behalf of Board of Directors of**

**Faze Three Limited**

CIN: L99999DN1985PLC000197

Sd/-

**Ajay Anand**

Chairman & Managing Director

DIN: 00373248

Sd/-

**Sanjay Anand**

Whole Time Director

DIN: 01367853

Sd/-

**Ankit Madhwani**

Chief Financial Officer

Sd/-

**Akram Sati**

Company Secretary

M No. A50020

**Date:** 21<sup>st</sup> May, 2022

**Place:** Mumbai