FAZE 3 LIMITED

36th Annual Report
2020-21

FAZE THREE LIMITED

36TH ANNUAL REPORT 2020-21

1. Day and Date of Annual General Meeting : Monday, 09th August, 2021

2. Time and venue : 10.00 a.m. through Video Conferencing

3. Book Closure : Tuesday, 03rd August, 2021 to Monday, 09th August, 2021 (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 (Appointed w.e.f. 08.03.2021)	Mr. Ankit Parekh Company Secretary (Upto 07.03.2021)

INDEPENDENT DIRECTORS

Mr. Vinit Rathod (DIN: 07589863)	Mr. Manan Shah (DIN: 07589737)	Mr. Kartik Jethwa (DIN: 08587759)

BOARD COMMITTEES

Audit Committee	Nomination & Remuneration Committee	Stakeholders Relationship Committee	CSR Committee
Vinit Rathod (Chairman)	Vinit Rathod (Chairman)	Vinit Rathod (Chairman)	Ajay Anand (Chairman)
Ajay Anand	Rashmi Anand	Ajay Anand	Sanjay Anand
Manan Shah	Manan Shah	Manan Shah	Manan Shah

BANKERS

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

STATUTORY AUDITORS

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

SECRETARIAL AUDITORS

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

REGISTRAR AND TRANSFER AGENT

M/s. Linkintime 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

CORPORATE OFFICE

63, Mittal Court, Wing C, Nariman Point,
Mumbai – 400 021.
Phone : 022 6660 4600 / 4351 4444

MANUFACTURING UNITS

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

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

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

PANIPAT
Jatal Road, Anand Nagar, Panipat, Haryana;

G.T. Road, Opposite B.B.M.B. Residency Colony,
Panipat 132103, Haryana;

Panipat Gohana National Highway -71A, Village
Mehrana Distt. Panipat, Panipat-132103, Haryana;

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 viewd 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
36TH ANNUAL GENERAL MEETING OF
FAZE THREE LIMITED

Notice is hereby given that the **THIRTY SIXTH ANNUAL GENERAL MEETING** of the Members of **FAZE THREE LIMITED** will be held on Monday, 9th August, 2021 at 10.00 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 31st March, 2021 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.

SPECIAL BUSINESS:

3. **Re-appointment of Mr. Ajay Anand (DIN: 00373248) as Managing Director of the Company**

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

   "**RESOLVED THAT** pursuant to the provisions of Sections 196, 197 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), approval of the members be and is hereby accorded for re-appointment of Mr. Ajay Anand (DIN: 00373248), as the Managing Director of the Company for a period of three (3) years with effect from April 1, 2022 to March 31, 2025 on such terms and conditions and such remuneration, including the remuneration to be paid in the event of absence or inadequacy of profits in any financial year during the tenure of his appointment, as set out in the Explanatory Statement annexed to this Notice with liberty to the Board of Directors to alter and vary the said terms and conditions of re-appointment and / or remuneration and / or increments and / or any other components of the remuneration, as may be necessary from time to time within the maximum limits of remuneration for Managing Director approved by the Members of the Company subject to the same being as per compliance of Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof;

   RESOLVED FURTHER THAT when in any financial year, the Company has no profits or its profits are inadequate during the tenure of services of Mr. Ajay Anand (DIN: 00373248), the remuneration including the perquisites as approved by the Board of Directors (including committees thereof) shall be paid to him in accordance with the applicable provisions of the Companies Act, 2013 read with the Rules thereunder and Schedule V of the Companies Act, 2013.

   RESOLVED FURTHER THAT the Board of Directors or a duly constituted Committee thereof and/or the Company Secretary, be and are hereby authorized to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution."

4. **Re-appointment of Mr. Sanjay Anand (DIN: 01367853) as Whole-time Director of the Company**

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

   "**RESOLVED THAT** pursuant to the provisions of Sections 196, 197 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), approval of the members be and is hereby accorded for re-appointment of Mr. Sanjay Anand (DIN: 01367853),

as the Whole-time Director of the Company for a period of three (3) years with effect from April 1, 2022 to March 31, 2025 on such terms and conditions and such remuneration, including the remuneration to be paid in the event of absence or inadequacy of profits in any financial year during the tenure of his appointment, as set out in the Explanatory Statement annexed to this Notice with liberty to the Board of Directors to alter and vary the said terms and conditions of re-appointment and / or remuneration and / or increments and / or any other components of the remuneration, as may be necessary from time to time, within the maximum limits of remuneration for whole-time Director approved by the Members of the Company subject to the same being as per compliance of Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof;

RESOLVED FURTHER THAT when in any financial year, the Company has no profits or its profits are inadequate during the tenure of services of Mr. Sanjay Anand (DIN: 01367853), the remuneration including the perquisites as approved by the Board of Directors (including committees thereof) shall be paid to him in accordance with the applicable provisions of the Companies Act, 2013 read with the Rules thereunder and Schedule V of the Companies Act, 2013.

RESOLVED FURTHER THAT the Board of Directors or a duly constituted Committee thereof and/or the Company Secretary, be and are hereby authorized to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution."

5. Re-appointment of Mr. Vinit Rathod (DIN: 07589863) as Independent Director of the Company

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

"**RESOLVED THAT** pursuant to Sections 149, 150, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors), Rules 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any amendments, modifications, variations or re-enactments thereof and recommendation of the Nomination and Remuneration Committee of Directors and the Board of Directors of the Company, Mr. Vinit Rathod (DIN:07589863), be and is hereby re-appointed for a second term as an Independent Director of the Company to hold office for a period of five (5) years commencing from August 12, 2021 to August 11, 2026 and that he shall not be liable to retire by rotation and that he shall be paid sitting fees and reimbursed expenses as may be permissible under the law from time to time.

RESOLVED FURTHER THAT the Board of Directors or a duly constituted Committee thereof and/or the Company Secretary, be and are hereby authorized to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution."

6. Re-appointment of Mr. Manan Shah (DIN: 07589737) as Independent Director of the Company

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

"**RESOLVED THAT** pursuant to Sections 149, 150, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors), Rules 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any amendments, modifications, variations or re-enactments thereof and recommendation of the Nomination and Remuneration Committee of Directors and the Board of Directors of the Company, Mr. Manan Shah (DIN: 07589737), be and is hereby re-appointed for a second term as an Independent Director of the Company to hold office for a period of five (5) years commencing from August 12, 2021 to August 11, 2026 and that he shall not be liable to retire by rotation and that he shall be paid sitting fees and reimbursed expenses as may be permissible under the law from time to time.

RESOLVED FURTHER THAT the Board of Directors or a duly constituted Committee thereof and/or the Company

Secretary, be and are hereby authorized to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution."

By Order of the Board of Directors
For Faze Three Limited

Place: Mumbai
Date: 30th June, 2021

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 to 6 above and the relevant details of the Directors as mentioned under Item No(s). 3 to 6 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 2021. The Ministry vide Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020, Circular No. 02/2021 dated January 13, 2021 prescribed the guidelines and manner of conducting the Annual General Meeting through VC/OAVM. Complying with the said circulars, the 36th Annual general meeting (AGM) of the members of the Company is to be held 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. 19).

3. 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. The Notice of AGM along with Annual Report for the financial year 2020-21, is available on the website of the Company at www.fazethree.com, on the website of Stock Exchanges i.e. BSE Limited and on the website of NSDL at www.evoting.nsdl.com.

4. 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.

5. Members who wish to raise queries/ questions shall send an email with the query/ questions at cs@fazethree.com along-with their name, demat account number/folio number, at least 48 hours before the AGM scheduled time. The same will be addressed to and answered by the Company representative at the AGM.

6. Corporate members are requested to send at rnt.helpdesk@linkintime.co.in or sanjayrd65@gmail.com before e-voting/ attending Annual General Meeting, a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the Annual General Meeting, pursuant to Section 113 of the Companies Act, 2013.

7. The Register of Members and Share transfer books of the Company will remain closed from Tuesday, August 03, 2021 to Monday, August 09, 2021, both days inclusive.

8. 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.

9. Members holding shares in physical form are requested to notify immediately any change in their address/ mandate/ bank details to the Company or to the office of the RTA, quoting the folio number. The Members updation form is available on the website of the Company.

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. In accordance with, the General Circular No. 20/2020 dated 5th May, 2020 issued by MCA and Circular No. SEBI/HO/CFD/ CMD2/CIR/P/2021/11 dated 15th January, 2021 issued by SEBI, 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). Members (Physical / Demat) who have not registered their email addresses with the company can get the same registered with the company by requesting in member updation form by sending an email to rnt.helpdesk@linkintime.co.in or cs@fazethree.com. Upon receipt of the member updation form, please submit the duly filled and signed member updation form to the abovementioned email ids. Post verification of the Form the email id will be registered with the Company.

12. 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.

13. 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 August 02, 2021, 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 Hours (IST) on Friday, August 06, 2021 and will end at 17.00 Hours (IST) on Sunday, August 08, 2021.

14. 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.

15. 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.

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

The remote e-voting period begins on Friday, August 06, 2021 at 09:00 A.M. and ends on Sunday, August 08, 2021 at 17:00 P.M. 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. August 02, 2021, 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 August 02, 2021.

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 09, 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.	1. Existing **IDeAS** user can visit the e-Services website of NSDL Viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the "**Beneficial Owner"** icon under **"Login"** which is available under **'IDeAS'** 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 **"Access to e-Voting"** under e-Voting services and you will be able to see e-Voting page. Click on company name or **e-Voting service provider i.e. NSDL** 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 & voting during the meeting. 2. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select **"Register Online for IDeAS Portal"** or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3. 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. 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 **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. 4. Shareholders/Members can also download NSDL Mobile App "**NSDL Speede**" facility by scanning the QR code mentioned below for seamless voting experience.

	NSDL Mobile App is available on App Store Google Play
Individual Shareholders holding securities in demat mode with CDSL.	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 https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi. 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 **e-Voting service provider i.e. NSDL.** Click on **NSDL** to cast your vote. 3. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration 4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be provided links for the respective ESP i.e. **NSDL** where the e-Voting is in progress.
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.

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 evoting@nsdl.co.in 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 helpdesk.evoting@cdslindia.com 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:
   a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
   b) 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.
   c) How to retrieve your 'initial password'?
      (i) 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'.
      (ii) 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:
   a) 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.
   b) **Physical User Reset Password**?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
   c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
   d) 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 General 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.

17. General Guidelines for shareholders:

a) 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 to reset the password.

b) In case of any queries , you may refer to the Frequently Asked Questions (FAQs) for Shareholders and e- voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request at evoting@nsdl.co.in.

c) The results of the electronic voting shall be declared to the Stock Exchanges after the conclusion of AGM. The results along with the Scrutinizer's Report, shall also be placed on the website of the Company at www.fazethree.com.

18. **Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of email ids for e-voting for the resolutions set out in this notice**:

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).

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). 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**.

Alternatively shareholder/members may send a request to 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.

19. **INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC ARE AS UNDER:**

1. Member will be provided with a facility to attend the EGM/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 General meeting"** menu against company name. You are requested to click on VC/OAVM link placed under Join General 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.

2. Members are encouraged to join the Meeting through Laptops for better experience.

3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

4. 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.

5. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at (cs@fazethree.com). The same will be replied by the company suitably.

20. Pursuant to Finance Act, 2020, dividend income will be taxable in the hands of the shareholders w.e.f. 1st 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.

21. Others:

a) As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from, 1st April, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form.

b) The Securities and Exchange Board of India (SEBI) vide its circular dated 20th April, 2018 has mandated registration

of Permanent Account Number (PAN) and Bank Account Details for all securities holders. Members holding shares in physical form are therefore, requested to submit their PAN and Bank Account Details to Link Intime India Pvt. Ltd./ Investor Services Department of the Company by sending a duly signed letter along with self-attested copy of PAN Card and original cancelled cheque through email at cs@fazethree.com. The original cancelled cheque should bear the name of the Member. In the alternative, Members are requested to submit a copy of bank passbook / statement attested by the bank. Members holding shares in demat form are requested to submit the aforesaid information to their respective Depository Participant.

c) During the 36th AGM, the Chairman shall, response to the questions raised by the Members in advance at the 36th AGM.

ANNEXURE TO THE NOTICE OF THE 36TH ANNUAL GENERAL MEETING OF FAZE THREE LIMITED

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

The following Statement sets out material facts relating to the business under Item No. 3 to Item No. 6

Item No. 3

The Members at the 34th Annual General Meeting of the Company held on September 30, 2019 had approved the re-appointment of Mr. Ajay Anand (DIN: 00373248) as the Managing Director of the Company for a period of 3 (three) years commencing from April 01, 2019 to March 31, 2022. Recognizing the significant role of Mr. Ajay Anand for the overall growth and progress of the Company during the period and keeping in view the role and responsibilities shouldered by him, the Board of Directors at its meeting held on 30th June, 2021, on the recommendation of the Nomination and Remuneration Committee, has approved the re-appointment of Mr. Ajay Anand as the Managing Director of the Company for a further period of 3 years, who shall be liable to retirement by rotation, with effect from April 1, 2022 to March 31, 2025 on the terms and conditions as set out hereunder, subject to the approval of the Members. The Company has also received a notice under Section 160 of the Act from a Member of the Company signifying his candidature as a Managing Director of the Company.

Members are informed that Mr. Ajay Anand is also the Managing Director of Faze Three Autofab Limited, a listed Company having common Promoters. Such role of Mr. Ajay Anand as Managing Director of both the Companies and the terms and payment of remuneration is/ will be in conformity with Section 196, 197 and Schedule V of the Companies Act, 2013.

Except Mr. Ajay Anand (the appointee Managing Director), Mrs. Rashmi Anand (Non-Executive Director) and Mr. Sanjay Anand (Whole-time Director) none of the Directors, Key Managerial Personnel and their relatives are in any way, concerned or interested, financially or otherwise, in this resolution, except to the extent of their respective shareholdings, in the Company. This statement may also be regarded as an appropriate disclosure under the Listing Regulations.

Broad particulars of the terms of re-appointment of Mr. Ajay Anand:

Basic Salary: INR 96.00 Lakhs (Rupees Ninety Six Lakhs) per annum with an annual increase based on the recommendation of the Nomination and Remuneration Committee and approval of the Board, subject to a maximum of INR 120.00 Lakhs per annum;

Commission: Upto 1% of annual net profits.

Performance linked bonus: Managing Director shall be paid Performance Linked Bonus as may be decided by the Board of Directors or a Committee thereof from year to year, based on achievement of such performance parameters as may be determined by the Board of Directors or a Committee thereof from time to time.

Perquisites: In addition to the remuneration as stated above, Mr. Ajay Anand shall also be entitled, as per the Rules of the Company, to perquisites like accommodations (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance together with reimbursement of expenses and / or allowances for utilisation of gas, electricity, water, furnishing and repairs, medical assistance and air passage and / or leave travel concession / allowances for self and family including dependents, personal accident insurance premium, reimbursement of club memberships and such other perquisites and allowances in accordance with the rules of the Company. The said perquisites and allowances shall be evaluated, wherever applicable, as per the provisions of Income Tax Act, 1961 or any rules thereunder or any statutory modification(s) or reenactment(s) thereof; in the absence of any such rules, perquisites and allowances shall be evaluated at actual cost.

Retirement Benefits: The Company's contribution to provident fund, superannuation or annuity fund, gratuity payable and encashment of leave, as per the rules of the Company, shall be in addition to the remuneration above.

Reimbursement of Expenses: Expenses incurred for travelling, boarding and lodging during business trips and provision of car(s) for use on Company's business and communication expenses at residence shall be reimbursed at actuals and not considered as perquisites.

Other terms: Mr. Ajay Anand, shall be vested with substantial powers of the management subject to the supervision, control and direction of the Board. As long as Mr. Ajay Anand functions as Managing Director of the Company, no sitting fees will be paid to him for attending the meetings of the Board of Directors or Committee thereof. His office as a Managing Director shall be liable to retire by rotation, however his retirement will not break his length of service.

In the absence, or, inadequacy of the profits in any financial year, the remuneration will be paid to the Managing Director(s) in accordance with the applicable provisions of Schedule V of the Act.

The Board recommends the Special Resolution as set out in Item No. 3 of the Notice, for approval of the Members.

Item No. 4

The members at the 34th Annual General Meeting of the Company held on September 30, 2019 had approved the re-appointment of Mr. Sanjay Anand (DIN: 01367853) as Whole-time Director of the Company for a period of 3 (three) years commencing from April 01, 2019 to March 31, 2022. Recognizing the significant role of Mr. Sanjay Anand for the overall growth and progress of the Company during the period and keeping in view the role and responsibilities shouldered by him, the Board of Directors at its meeting held on 30th June, 2021, on the recommendations of the Nomination and Remuneration Committee, has approved the re-appointment of Mr. Sanjay Anand as the Whole-time Director of the Company for a further period of 3 years, who shall be liable to retirement by rotation, with effect from April 1, 2022 to March 31, 2025 on the terms and conditions as set out hereunder, subject to the approval of the members. The Company has also received a notice under Section 160 of the Act from a Member of the Company signifying his candidature as a Whole-time Director of the Company.

Except Mr. Sanjay Anand (the appointee Whole-time Director), Mrs. Rashmi Anand (Non-Executive Director) and Mr. Ajay Anand (Managing Director), none of the Directors, Key Managerial Personnel and their relatives are in any way, concerned or interested, financially or otherwise, in this resolution, except to the extent of their respective shareholdings, in the Company. This statement may also be regarded as an appropriate disclosure under the Listing Regulations.

Broad particulars of the terms of re-appointment of Mr. Sanjay Anand:

Basic Salary: INR 48.00 Lakhs (Rupees Forty Eight Lakhs) per annum with an annual increase based on the recommendation of the Nomination and Remuneration Committee and approval of Board, subject to a maximum of INR 75.00 Lakhs per annum;

Commission: Upto 0.50% of annual net profits.

Performance linked bonus: Whole-time Director shall be paid Performance Linked Bonus as may be decided by the Board of Directors or a Committee thereof from year to year, based on achievement of such performance parameters as may be determined by the Board of Directors or a Committee thereof from time to time.

Perquisites: In addition to the remuneration as stated above, Mr. Sanjay Anand shall also be entitled, as per the Rules of the Company, to perquisites like accommodations (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance together with reimbursement of expenses and / or allowances for utilisation of gas, electricity, water, furnishing and repairs, medical assistance and air passage and / or leave travel concession / allowances for self and family including dependents, personal accident insurance premium, reimbursement of club memberships and such other perquisites and allowances in accordance with the rules of the Company. The said perquisites and allowances shall be evaluated, wherever applicable, as per the provisions of Income Tax Act, 1961 or any rules thereunder or any statutory modification(s) or reenactment(s) thereof; in the absence of any such rules, perquisites and allowances shall be evaluated at actual cost.

Retirement Benefits: The Company's contribution to provident fund, superannuation or annuity fund, gratuity payable and encashment of leave, as per the rules of the Company, shall be in addition to the remuneration above.

Reimbursement of Expenses: Expenses incurred for travelling, boarding and lodging during business trips and provision of car(s) for use on Company's business and communication expenses at residence shall be reimbursed at actuals and not considered as perquisites.

Other terms: Mr. Sanjay Anand shall be vested with such powers as may be conferred upon him by the Board of Directors from time to time. As long as Mr. Sanjay Anand functions as Whole-time Director of the Company, no sitting fees will be paid to him for attending the meetings of the Board of Directors or Committee thereof. His office as a Whole-time Director shall be liable to retire by rotation, however his retirement will not break his length of service.

In the absence, or, inadequacy of the profits in any financial year, the remuneration will be paid to the Whole-time Director(s) in accordance with the applicable provisions of Schedule V of the Act.

The Board recommends the Special Resolution as set out in Item No. 4 of the Notice, for approval of the Members.

STATEMENT CONTAINING ADDITIONAL INFORMATION AS REQUIRED UNDER SCHEDULE V OF THE ACT FOR ITEM NO 3 & 4:

I. General Information

1. Nature of industry:
Faze Three Limited is engaged in manufacturing and exports of Home Textile Products, cotton handlooms, furnishing fabrics and textile made ups. It has 6 state of the art manufacturing units Silvassa, Vapi and Panipat. It has a diversified product basket which includes cotton and rubber backed bathmats, durries, chairpads, tufted bed spreads and throws, hand tufted carpets and rugs made of cotton and wool, cushion covers, curtains as well as poly cotton and cotton damask table covers, napkins amongst others.

The Company caters to high end home textiles segment and the orders are custom made as per the client specifications. Majority of the revenue (~90% FY 2021) is derived from the international market. The key export markets include the United States of America (USA), United Kingdom (UK), Germany, Australia, Hong Kong, Canada, South Africa, Brazil and others.

2. Date or expected date of commencement of commercial production:
Not applicable since the Company is established since the year 1985.

3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:
Not applicable since the Company is established since the year 1985.

4. Financial performance based on given indicators:

The key highlights of the financial performance of the Company is as stated below: (in crores)

Particulars	For the Year ended 31.03.2021	For the Year ended 31.03.2020	For the Year ended 31.03.2019
Total Income	326.72	306.29	268.55
Profit before tax	35.33	21.18	17.82
Profit for the year	24.93	18.14	15.05
Total comprehensive income for the year	24.82	17.89	14.88

5. Foreign investments or collaborations, if any:
There is no foreign direct investment in the Company or any foreign collaboration. The business of the Company is managed and controlled by Indian Promoters.

II. Information about the appointee:

1. Background details:

Mr. Ajay Anand

Mr. Ajay Anand, Indian Inhabitant, aged 65 years, is the founder promoter of the Company and is associated with the Company since its inception. He was re-appointed as Managing Director effective from 1st April 2019 for a period of 3 years and also acts as a Chairman to the Board of Directors. Mr. Ajay Anand holds graduate level qualification with expert and specialized knowledge in the field of home and automotive textiles. He has more than 3 decades of experience in the industry and has led the Company throughout. His quest for innovation and consistency has helped the business of the Company grow year on year and become one of the most preferred vendors among the retail giants in the US and European markets in the field of Home Textiles.

Mr. Sanjay Anand

Mr. Sanjay Anand is associated with the Company since its inception and has been actively involved in the Company's manufacturing operations at Panipat, Haryana. He was re-appointed as whole-time Director effective from 1st April 2019 for a period of 3 years. He holds a bachelor degree and plays a key role in business development and sealing business deals and large orders with the customers, most of which are top retail giants in the key cities across the world. He has an experience of more than 3 decades in the textile industry.

2. Past remuneration:

The remuneration drawn for the financial year 2020-21:
Mr. Ajay Anand - INR 68.61 Lakhs
Mr. Sanjay Anand – INR 38.40 Lakhs

3. Recognition or Awards:

On 20th November 2019, the Company, under the leadership of Mr. Ajay Anand and Mr. Sanjay Anand, was awarded Dun and Bradstreet- RBL Bank SME Business Excellence Awards 2019 in the Mid-Corporate Segment for excellence in the Textiles Sector.

The company was recognised as one of the leading Mid-Corporates in India - 2020 by Dun and Bradstreet's premier publication released on 25th November 2020.

4. Job profile and his suitability:

Mr. Ajay Anand:
As a Managing Director, Mr. Ajay Anand has shouldered the Company throughout the period and is entrusted with such duties and powers as have been or may from time to time be entrusted or conferred upon him by the Board. He is a first generation entrepreneur of proven calibre and skill and has a successful experience in business management as a leader.

Mr. Sanjay Anand:
Mr. Sanjay Anand plays a key role in the business development. He has successfully explored new markets and customers overseas during the years and has been able to tap the top retailers across the world and secure orders consistently. He manages the operations of the Company's handloom unit at Panipat, Haryana.

5. Remuneration proposed:

As per item no 3 and 4 of the 'Statement pursuant to section 102(1) of the Companies Act, 2013' annexed to the Notice.

6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person:

The Company being in a very niche segment, it is very difficult to compare the remuneration in the industry as there are very few competitors in India having similar business structure. Having regard to the type of industry, trends in the industry, size of the Company, the responsibilities, the experience, expertise, efforts and capabilities, the Company believes that the remuneration proposed to be paid to Mr. Ajay Anand as a Managing Director and Mr. Sanjay Anand as a Whole-time Director for the responsibility shouldered by Mr. Ajay Anand and Mr. Sanjay Anand in navigating the business in these challenging times, the Committee and Board of Directors of the Company considers that the remuneration proposed for Mr. Ajay Anand and Mr. Sanjay Anand is justified and commensurate with other organizations of the similar type, size and nature.

7. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any:

Mr. Ajay Anand is Husband of Mrs. Rashmi Anand (Promoter & Non-Executive Director) and brother of Mr. Sanjay Anand (Promoter & Whole-time Director) of the Company and Mr. Sanjay Anand is Brother of Mr. Ajay Anand, (Promoter & Managing Director) and brother in law of Mrs. Rashmi Anand (Promoter & Non-Executive Director) of the Company. None of the other Directors, Key Managerial Personnel and their relatives are in any way, concerned or interested, financially or otherwise.

Except for receiving remuneration and to the extent of their respective shareholdings, Mr. Ajay Anand and Mr. Sanjay Anand has no other pecuniary relationship with the Company.

III. Other information:

1. Reasons of loss or inadequate profits:
The Company is making adequate profits as commensurate with the size and type of business activities. The Company expects increase in the turnover and profit margins in the coming years.

2. Steps taken or proposed to be taken for improvement:
The Company is taking a number of steps including exploring new products, new markets and customers in the US and European countries by engaging local firms in the respective countries for business development. It is also working to restrict the fixed costs so as to increase the profit margin.

3. Expected increase in productivity and profits in measurable terms:
The Company expects a growth in the range of 18-20% and increase in the profit margin by 10-15% in the next two years.

Item No. 5 & 6

The members at the 31st Annual General Meeting of the Company held on September 30, 2016 had approved the appointment of Mr. Vinit Rathod (DIN: 07589863) & Manan Shah (DIN: 07589737) as Independent Directors of the Company for a period of 5 (five) consecutive years commencing from August 12, 2016 to August 11, 2021. The Board of Directors of the Company in its meeting held on June 30, 2021, on the recommendations of the Nomination and Remuneration Committee, has approved the re-appointment of Mr. Vinit Rathod & Mr. Manan Shah for a second term of 5 (five) consecutive years commencing from August 12, 2021 to August 11, 2026 as an Independent Director of the Company, subject to the approval of the members at the 36th AGM. It may be noted that Section 149 of the Companies Act, 2013 allows independent directors to be appointed for two consecutive terms of maximum five years each, subject to approval of members by Special Resolution for the appointment for second such term. The Company has also received a notice under Section 160 of the Act from a Member signifying the candidatures of Mr. Vinit Rathod & Mr. Manan Shah as Independent Directors of the Company.

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

The Company has received declarations from Mr. Manan Shah and Mr. Vinit Rathod that they meet the criteria of independence as provided under section 149(6) of the Act. In the opinion of the Board, each of these directors fulfill the conditions specified in the Act and the Rules framed thereunder for appointment as Independent Director and they are independent of the Management. In compliance with the provisions of section 149 & 150 read with Schedule IV of the Act and Regulation 16 of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 the proposal for the re-appointment as Independent Directors is now being placed before the Members for their approval.

Except Mr. Vinit Rathod & Mr. Manan Shah, the appointee Independent Directors, none of the Directors, Key Managerial Personnel and their relatives are in any way, concerned or interested, financially or otherwise, in these resolutions, except to the extent of their respective shareholdings, in the Company. This statement may also be regarded as an appropriate disclosure under the Listing Regulations.

The Board recommends the Special Resolution as set out in Item No. 5 & 6 of the Notice, for approval of the Members.

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:

Item No.: 3 & 4

Sr. No.	Particulars	Mr. Ajay Anand	Mr. Sanjay Anand
1.	Director Identification Number	00373248	01367853
2.	Age	67 years	60 years
3.	Qualification	Graduate	Graduate
4.	Brief Resume & Experience/ Expertise	Mr. Ajay Anand is Founder & Promoter of the Company and is 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-	Mr. Sanjay Anand is 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 and looking after overall functioning of the Panipat units of FTL. Mr. Sanjay Anand plays a key role in

		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 FTL to become one of the most preferred and reliable vendor by the customers throughout the years.	business development and seizing deals with the customers, most of which are top retail giants such as Wal-Mart, Target, Costco, J C Penny, M & S etc. in the key cities across the world.
5.	Terms and conditions of appointment or re-appointment	Appointment for a period of 3 years commencing from April 01, 2022 to March 31, 2025, subject to the approval of the Members at the ensuing Annual General Meeting (AGM) of the Company.	Appointment for a period of 3 years commencing from April 01, 2022 to March 31, 2025, subject to the approval of the Members at the ensuing Annual General Meeting (AGM) of the Company.
6.	Remuneration last drawn	Rs. 68,61,000 p.a.	Rs. 38,40,000 p.a.
7.	Date of first appointment on the Board	09/01/1985	01/12/2009
8.	Relationship with Other Directors, Manager and other Key Managerial Personnel of the Company	Husband of Mrs. Rashmi Anand (Promoter & Non-Executive Director) and brother of Mr. Sanjay Anand (Promoter & Whole-time Director) of the Company.	Brother of Mr. Ajay Anand, (Promoter & Managing Director) and brother in law of Mrs. Rashmi Anand (Promoter & Non-Executive Director) of the Company.
9.	The Number of Meetings of the Board attended during the year	9/9	7/9
10.	Directorship in other listed entities	Faze Three Autofab Limited (Chairman and Managing Director)	V.R.Woodart Limited (Non-Executive Director)

11.	Memberships/ Chairmanship of Committees of other Companies	**Position**	**Committee**	**Company**	**Position**	**Committee**	**Company**
		Chairman	Corporate Social Responsibility	Faze Three Autofab Limited	Chairman	Nomination & Remuneration	V.R. Woodart Limited
		Member	Audit		Member	Audit	
		Member	Stakeholders Relationship		Member	Stakeholders Relationship	

Item No.: 5 & 6

Sr. No.	Particulars	Mr. Vinit Rathod	Mr. Manan Shah
1.	Director Identification Number	07589863	07589737
2.	Age	32 years	29 years
3.	Qualification	Chartered Accountant	Chartered Accountant
4.	Brief Resume & Experience/ Expertise	Mr. Vinit Rathod is a Chartered Accountant and has sound exposure of Taxation & Finance and has rich work experience as a professional as well as an entrepreneur. Besides better corporate governance, his association provides valuable insights and perspectives to the Board for deliberation on complex financial matters.	Mr. Manan Shah is a Chartered Accountant and has a comprehensive experience in business management. He has diverse knowledge of Packing Industry from manufacturing to supply chain to sales. His association with the company would help the company to have an independent

			approach helping it to enhance industry & manufacturing best practices.
5.	Terms and conditions of appointment or re-appointment	Appointment for a period of 5 years commencing from August 12, 2021 to August 11, 2026, subject to the approval of the Members at the ensuing Annual General Meeting (AGM) of the Company.	Appointment for a period of 5 years commencing from August 12, 2021 to August 11, 2026, subject to the approval of the Members at the ensuing Annual General Meeting (AGM) of the Company.
6.	Date of first appointment on the Board	12/08/2016	12/08/2016
7.	Shareholding in the Company including beneficial ownership	Nil	Nil
8.	Relationship with Other Directors, Manager and other Key Managerial Personnel of the Company	Mr. Vinit Rathod is not related to any of the Promoters, Members of the Promoter Group and Directors of the Company.	Mr. Manan Shah is not related to any of the Promoters, Members of the Promoter Group and Directors of the Company
9.	The Number of Meetings of the Board attended during the year	8/9	8/9
10.	Shareholding in the Company including beneficial ownership	Nil	Nil
11.	Directorship in other listed entities	Faze Three Autofab Limited (Independent Director)	Faze Three Autofab Limited (Independent Director)

12.	Memberships/ Chairmanship of Committees of other Companies	**Position**	**Committee**	**Company**	**Position**	**Committee**	**Company**
		Chairman	Audit	Faze Three Autofab Limited	Member	Audit	Faze Three Autofab Limited
		Chairman	Stakeholders Relationship		Member	Stakeholders Relationship	
		Chairman	Nomination & Remuneration		Member	Nomination & Remuneration	
					Member	Corporate Social Responsibility	

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	62 years
3.	Qualification	Law Graduate
4.	Brief Resume & Experience/ Expertise	Mrs. Rashmi Anand, a Law Graduate 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 of 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.

5.	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.		
6.	Date of first appointment on the Board	From 28/11/1996 upto 17/06/2014 and again appointed on 23/08/2019		
7.	Shareholding in the Company including beneficial ownership	3,43,990 (1.41%) Equity shares		
8.	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.		
9.	The Number of Meetings of the Board attended during the year	7/9		
10.	Directorship in other listed entities	Faze Three Autofab Limited – Non-Executive Non-Independent Director V.R.Woodart Limited – Whole-time Director		
11.	Memberships/ Chairmanship of Committees of other Companies	**Position**	**Committee**	**Company**
		Member	Nomination & Remuneration	Faze Three Autofab Limited
		Member	Corporate Social Responsibility	

By order of the Board of Directors
For Faze Three Limited

Place: Mumbai
Date: 30th June, 2021

Akram Sati
Company Secretary

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021

To,
The members of
Faze Three Limited

Your Directors are pleased to present the 36th Annual Report of your Company containing the business performance and the Audited Financial Statements for the year ended on 31st March 2021.

1. FINANCIAL PERFORMANCE (Standalone & Consolidated):

(Rs. in Crores)

Particulars	For the Year ended 31.03.2021 (Standalone)	For the Year ended 31.03.2021 (Consolidated)	For the Year ended 31.03.2020 (Standalone)	For the Year ended 31.03.2020 (Consolidated)
Revenue from Operations	324.17	324.59	302.19	302.17
Other Income	2.13	2.13	4.12	4.12
Profit before tax	**35.41**	**35.33**	**22.32**	**21.18**
Provision for taxation (incl. deferred tax)	10.40	10.40	3.04	3.04
Profit for the year	**25.01**	**24.93**	**19.28**	**18.84**
Other comprehensive income for the year	(0.14)	(0.14)	(0.25)	(0.25)
Total comprehensive income for the year	**24.87**	**24.82**	**19.03**	**17.89**

The standalone and consolidated financial statements for the financial year ended March 31, 2021, 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 324.59 Crores as against INR 302.17 Crores in the previous year. Total Income for Apr-June quarter of FY 21 was affected owing to COVID lockdown. The Revenue for the said Q1 was ~INR 40 Crores versus INR 95 Crores, being average quarterly revenue for last 3 quarters for FY 21. Revenue for 01 July 2020 to 31 March 2021 (9 months) was ~INR 285 Cr.

Total Income for the Quarter ended (QE) March 2021 stood at INR 108.67 Crores versus INR 73.91 Crores for QE March 2020. Growth of 47% q-o-q. (Results for March 2021 quarter were the highest ever quarterly Total Income and Net Profit in the company since inception. The capex undertaken in last 4 years has enabled company to service higher volumes)

The Company earned Standalone Net Profit after Tax for year ended 31 March 2021 at INR 25.01 Crores vs INR 19.28 Crores for year ended 31 March 2020. Growth of ~29.7% y-o-y. The Consolidated Net Profit of INR 24.82 crores as against Net Profit of INR 17.89 Crores during previous year.

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

During the F.Y. 2020-21 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 retained earnings of the Company for FY 2020-21 was INR 119.08 Crores.

6. DEPOSITS:

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

7. SUBSIDIARY OR ASSOCIATE OR JOINT VENTURE COMPANY:

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. Pursuant to the provisions of Section 129(3) of the Companies Act, 2013, 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.

The Total Income for FY 2020-21 stood at USD 1.03 MN vs USD 0.29 MN for FY 2019-20. The PBT was positive at USD 0.003 MN vs loss of USD 0.169 MN during FY 2019-20.

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 Companies Act, 2013, 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 31st March 2021, 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 31st March 2021 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) systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

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

The 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:

During the year under review, there were no changes that took place in the constitution of the Board of Directors and the Board Committees.

In accordance with Section 152 of the Companies Act 2013 and the rules framed thereunder, Mrs. Rashmi Anand - Non-Executive Director (DIN: 00366258) retires by rotation at the ensuing Annual General Meeting and being eligible offers herself for re-appointment.

The Members of the Company at 34th Annual General Meeting had passed special resolution for re-appointment of Mr. Ajay Anand (DIN: 00373248) as the Managing Director and Mr. Sanjay Anand (DIN: 01367853) as the Whole - time Director of the Company for a period of three (3) years with effect from April 1, 2019 upto March 31, 2022. The Board of Directors of the Company at its meeting held on June 30, 2021, on recommendation of the Nomination and Remuneration Committee, approved the re-appointment of Mr. Ajay Anand as the Managing Director for a period of 3 years and Mr. Sanjay Anand as the Whole-time Director for the period of 3 years subject to approval of members by passing a Special Resolution. The approval of members for the re-appointment of Mr. Ajay Anand and Mr. Sanjay Anand is proposed at the ensuing Annual General Meeting of the Company.

Mr. Vinit Rathod (DIN: 07589863) and Mr. Manan Shah (DIN: 07589737) were appointed as an independent directors for the first term of 5 (Five) years effective August 12, 2016. Their office of directorship is due for retirement on August 11, 2021. After taking into account their performance evaluation and considering the knowledge, acumen, expertise, experience and the substantial contribution, the Nomination and Remuneration Committee has recommended the re-appointment of Mr. Vinit Rathod and Mr. Manan Shah to the Board for a second term of 5 (Five) years. The Board, at its meeting held on June 30, 2021, approved the re-appointment of Mr. Vinit Rathod and Mr. Manan Shah as independent directors of the Company with effect from August 12, 2021 to August 11, 2026, whose office shall not be liable to retire by rotation, subject to members approval. The Board proposes their re-appointment to the Members at the ensuing Annual General Meeting of the Company by passing a Special Resolution.

Your directors would like to confirm that all the Independent Directors of the Company meet the required levels of integrity, expertise and experience for discharging their duties efficiently.

Mr. Akram Sati (M No. 50020) was appointed as Company Secretary and Compliance Officer of the Company with effect from March 08, 2021 in place of Mr. Ankit Parekh, erstwhile Company Secretary of the Company who served upto March 07, 2021.

11. PERFORMANCE EVALUATION OF BOARD:

The Board of Directors has carried out an annual evaluation of its own performance, Board Committees and individual Directors pursuant to the provisions of the Companies Act, 2013 and the Corporate Governance requirements as prescribed by Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015.

The performance evaluation of the non-executive directors is done by the Board annually. The performance evaluation of the Executive Directors is carried out by the Independent Directors annually. 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 Securities and Exchange Board of India on January 5, 2017. The Board of Directors expressed their satisfaction with the evaluation process.

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.

12. DECLARATION BY INDEPENDENT DIRECTORS:

The Company has received necessary declaration from each Independent Director under Section 149(7) of the Companies Act, 2013, that he / she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015. The Board is of the opinion that the Independent Directors of the Company hold highest standards of integrity and possess requisite expertise and experience 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 05.02.2021. 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:

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

As on 31st March 2021, the Company has no employee who- (i) if employed throughout the financial year, was in receipt of remuneration, in aggregate, more than Rs. 102.00 Lacs, or (ii) If employed for part of the financial year, was in receipt of remuneration, in aggregate, more than Rs 8.50 lacs per month.

15. AUDIT COMMITTEE:

As on 31st March 2021, the Audit Committee comprises of three members namely Mr. Vinit Rathod (Chairman), Mr. Ajay Anand and Mr. Manan Shah. 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.

16. NOMINATION & REMUNERATION COMMITTEE:

The Nomination & Remuneration Committee of the Board of Directors of the Company is duly constituted pursuant to Section 178(1) of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. 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 March 31, 2021, the Nomination & Remuneration Committee comprised of 3 members all being Non-Executive Directors namely Mr. Vinit Rathod (Chairman), Mrs. Rashmi Anand and Mr. Manan Shah. All the recommendations made by the Committee during the period were accepted by the Board.

17. STAKEHOLDERS RELATIONSHIP COMMITTEE

As on March 31, 2021, the Stakeholders Relationship Committee comprises of three members namely Mr. Vinit Rathod (Chairman), Mr. Ajay Anand and Mr. Manan Shah. Other details pertaining to the Committee are included in the Corporate Governance Report, which forms part of this report.

18. CORPORATE SOCIAL RESPONSIBILITY STATEMENT (CSR):

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 Rs. 37,80,847/- (Thirty Seven Lacs eighty thousand eight hundred and forty seven only) towards the CSR activities and the Company has honored its complete obligation towards the same.

The Company has spent Rs. 38,00,000/- (Thirty Eight lacs only) 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 during the F.Y. 2020-21 after consultation with the CSR Committee.

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 I** of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014.

During the financial year ended March 31, 2021, the Committee had recommended to the Board to approve the amendments to its CSR Policy in view of the recent changes/ amendments to CSR provisions in Companies Act, 2013, which was duly approved by the Board. The said policy is placed on its website of the Company at https://www.fazethree.com/policies/.

19. CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION:

The information as required under Section 134(3)(m) of The Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 with respect to conservation of energy, technology absorption and foreign exchange earnings and outgoings is annexed to this report as **Annexure II**.

20. 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 on 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 financial year 2021-22 requiring members approval under Section 188 of the Companies Act, 2013 read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 23 of the SEBI (LODR) Regulations, 2015.

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 III**.

21. 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. March 31, 2021 and the date of the Directors' report.

22. 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. 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.

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

The Company has a Prevention of Sexual Harassment Policy and an Internal Complaints Committee in place as per the requirements of 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.

24. 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.

25. 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.

26. 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 IV**.

27. 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. A report on Corporate Governance is annexed to this report as **Annexure V**.

28. STATUTORY AUDITOR:

M/s. MSKA & Associates Chartered Accountants (Firm Registration No. 105047W), were appointed as the Statutory Auditor by the members of the Company in the 32nd Annual General Meeting for a period of 5 years i.e. till the conclusion of the 37th Annual General Meeting. In accordance with the Companies (Amendment) Act, 2017, implemented on 7th May, 2018 by Ministry of Corporate Affairs, the appointment of Statutory Auditors is not required to be ratified at every AGM. As recommended by the Audit Committee, the appointment of M/s. MSKA & Associates as the Statutory Auditor of the Company shall continue for the F.Y. 2021-22. M/s. MSKA & Associates has confirmed that their appointment is within the prescribed limits specified in Section 139 of the Companies Act, 2013.

29. 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.

30. FRAUD REPORTED BY THE AUDITOR, IF ANY

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

31. SECRETARIAL AUDITOR:

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 financial year 2020-21 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 VI.**

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

32. 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 Secretarial Audit Report to the Members does not contain any reservation, qualification or adverse remark.

33. COST AUDIT AND RECORDS:

The Company maintains the cost records of its products as applicable under the Companies (Cost Records and Audit) Rules, 2014. Under Rule 4(3) (i) of the Companies (Cost Records and Audit) Rules, 2014 the requirement of Cost Audit is not applicable to the Company.

34. WEB ADDRESS AND EXTRACT OF ANNUAL RETURN:

The details forming part of extract of the annual return in Form MGT-9 is annexed to this report as **Annexure VII**. The same is also placed on the website of the Company at www.fazethree.com as a part of the Directors Report.

The Annual Return of the Company as referred in sub-section (3) of Section 92 has been placed on the Company's website viz. www.fazethree.com.

35. 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.

36. 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 the Board

Date: June 30, 2021
Place: Mumbai

Ajay Anand
Chairman & Managing Director

Annexure I

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 align 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 dalits, 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) : Rs. 18,90,42,337/-

7. (a) Two percent of average net profit of the company as per section 135(5) : Rs. 37,80,847/-

   (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) : Rs. 37,80,847/-

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in Rs.)	Amount Unspent (in Rs.)				
	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
38,00,000	Nil	Nil	Nil	Nil	Nil

(b) Details of CSR amount spent against **ongoing projects** for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
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		Project duration	Amount allocated for the project (in Rs.)	Amount spent in the current Financial Year (in Rs.)	Amount Transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.).	Mode of Implementa-tion - Direct (Yes/ No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration Number
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 Rs.).	Mode of Implementa tion - 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)	Yes	Gujarat	Surendranagar	33,00,000	Through Trust	Jagat Bharti Education and Charitable Trust.	CSR00007065
		(ii) (i)	No	Rajasthan	- Dholpur	5,00,000	Through Trust	Jan Jagrati Sevarth Sansthan	Registration in process

(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) : 38,00,000/-

(g) Excess amount for set off, if any : Nil

Sr. No.	Particular	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per Section 135(5)	37,80,847/-
(ii)	Total amount spent for the Financial Year	38,00,000/-
(iii)	Excess amount spent for the financial year [(ii)-(i)]	19,153/-
(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)]	19,153/-

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sr. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under Section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years (in Rs.)
				Name of the Fund	Amount (in Rs)	Date of transfer	
1.	2017-18	N.A.	0	N.A.	N.A.	N.A.	NIL
2.	2018-19	N.A.	2,20,000	N.A.	N.A.	N.A.	NIL
3.	2019-20	N.A.	4,75,000	N.A.	N.A.	N.A.	NIL

(b) Details of CSR amount spent in the financial year for **ongoing projects** of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sr. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in Rs.)	Amount spent on the project in the reporting Financial Year (in Rs)	Cumulative amount spent at the end of reporting Financial Year. (in Rs.)	Status of the project - Completed /Ongoing.
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. 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 the Board

Place: Mumbai
Date: June 30, 2021

Ajay Anand
Chairman & Managing Director

Annexure II

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

CONSERVATION OF ENERGY

A. Steps taken for Conservation of energy:

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

i. Installation of rooftop solar project at its Dadra property 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 reduces of co2 emission, power consumption, low maintenance cost;

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

Besides setting up a solar power plant at one of its unit, the Company has taken a number of initiatives for using sustainable energy. Some of the initiatives are installation of solar operated lights around the factory areas, optimized use of natural daylight by making use of transparent sheets at its facilities, installation of Turbine which helps reduce pressure for processes and also generates electricity and so on. The Company has also replaced LPG IR burner to NG burner to reduce emission of greenhouse gases. The Company is keen to increase the alternate source.

RESEARCH & DEVELOPMENT

The Covid-19 pandemic has driven significant changes in consumer habits and demands which requires rapid evolution of portfolio and continued innovations to remain relevant and competitive. FTL has continued its pursuit for creative ideas, innovative designs and value additions to stay ahead of the curve. Your Company continues to derive sustainable benefit from the strong foundation and long tradition of R&D. 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. As on outcome of Covid-19 there has been an upswing in categories like health & hygiene around the world, FTL has introduced Germieshield for its home textiles and bath products. GermieShield is a bacteria, microbes and virus free solution induced into the polyester/polypropylene fiber during the spinning procedure results in killing of Microorganisms/Bacteria. Company had also developed F3 Germieshield Masks.

FTL has a strong pipeline of relevant innovations and are staying close to consumers by proactively spotting consumer insights & capturing potential trends to adapt to the emerging demand patterns in the short-term and prepare for any structural changes in the medium term. FTL is also innovating our products to make them more eco-conscious with recyclable polyester, antimicrobial finish, boost yarn etc. Our focused innovations include smart packaging solutions and right pack price architecture to suit last mile logistics. Our strategy and our business plans are designed to ensure that resources are prioritised towards high growth segments.

TECHNOLOGY ABSORPTION

In just a few months' time, the COVID-19 crisis has brought about years of change in the way companies in all sectors and regions do business. Your Company has always recognized technology's strategic importance as critical component in this changing environment. Covid-19 has speeded the adoption of digital technology. Your Company has transformed working on remote environment more quickly than thought possible before the crisis due to its approach over the years to engage with its work force for technology driven solutions. To improve production and quality, Company is in continuous process of converting manual process to automotive process on under various production procedure (R&D of Auto stitching, online setting machine, online mending and rolling machine)

FTL has significantly upgraded its production capabilities with new technology as well as continuous training of work force over the years towards this upgradation which has let advanced people, processes and technologies which has helped in meeting the demand surges, ensure that production schedules are met and conduct critical repairs when a piece of equipment is down which has made huge difference between meeting demand and missing deadlines.

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	281.40
Total Foreign Exchange used	12.21

Annexure III

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:

The Company has not entered into any material contract/ arrangement/ transaction with related parties which is not in ordinary course of business or other than at arm's length during F.Y. 2020-21. The Company has laid down policies and processes/ procedures so as to ensure compliance to the subject section in the Companies Act, 2013 ("Act") and the corresponding Rules. In addition, the process goes through internal and external checking, followed by quarterly reporting to the Audit Committee.

2. Details of material contracts or arrangement or transactions at arm's length basis during FY 2020-21:

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

For and on behalf of the Board

Place: Mumbai
Date: June 30, 2021

Ajay Anand
Chairman & Managing Director

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

As required under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct as adopted by the Board of Directors during the FY 2020-21.

For and on behalf of the Board

Place: Mumbai
Date: June 30, 2021

Ajay Anand
Chairman & Managing Director

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

To,
The Board of Directors
Faze Three Limited

A. We have reviewed financial statements and the cash flow statement for the year ended 31st March 2021 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

Place: Mumbai
Date: June 30, 2021

Ajay Anand
Chairman & Managing Director

Ankit Madhwani
Chief Financial Officer

Annexure IV

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 rebounding in FY 22 from contraction in FY 21 due to COVID crises. The sectoral recovery story is not uniform, overall, FY 22 is expected to be much better than FY 21 for all sectors. Exports sector catering to USA, UK & Europe did very well in H2 of FY 21 owing to pent up demand and supply chain disruption from China. Western Governments and Central banks have coordinated fiscal and monetary measures of unprecedented magnitude to ensure that demand is not destroyed and businesses are not shut down. Also unemployment benefits have been generous. The aforesaid has contributed to robust exports demand and the trend is accelerating in FY 22.

Domestically agriculture, infrastructure and essential good have grown with support from government. Commodity prices viz Steel, Crude, Cement, Cotton, etc. are at multi-year highs posing risk to pace of recovery. However jury is still out on whether this is temporary supply chain disruption and will stabilize over medium term or otherwise. Indian economy by and large has been robust except travel, tourism, hospitality, etc. sector which has acute stress and needs urgent attention. Availability of labor / talent is back to normal as vaccination rate improves. Last 12-15 months have seen huge foreign inflows in new generation technology businesses and manufacturing set ups. China plus One initiative has accelerated a tangible move across sectors into India. Global companies have preferred India over other South Asian peers owing to stable government, size of economy, availability of talent, incentives / policies, lower income tax rates, etc.

India is seeing a paradigm shift in business moving from informal sector to formal sector on the supply side. This shift comes with its share of stress in the informal sector as India has for long relied on its informal economy however one can expect this shift to be long term structurally positive for the economy.

The equity markets have been buoyant tracking its global peers. The increase in retail participation across the globe has grown ~2-3x of pre-covid times. Banking credit have been adequate and timely with support from governments is aiding businesses. However, going forward Businesses should budget a higher rate and tighter credit given the inflation risk on the horizon.

Overall India is in a bright spot to benefit from global recovery and enjoys patronage from global investors and companies as a preferred partner. Locally demand is picking up and stable government in its second term is expected to accelerate growth engine while keeping worries on fiscal and inflation as second priorities. The Reserve bank under the current governor has done a phenomenal navigation under this crises on Financial Stability, Interest Rates, Policies and exchange. India's exchange reserves are over $ 600 Bn and provide confidence to Western governments / investors on India's stability.

TEXTILE INDUSTRY

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.

India is the second largest exporter of Textile and Apparel Exporters ("T&A") after China. Vietnam, Bangladesh, Germany & Italy are in close proximity around ~40 Bln per annum each with India versus ~$135 Bln from China. However China is no longer the competitive manufacturing destination as it was in previous decade. Furthermore, Ongoing Trade issues between US-China from 2018 leading to higher tariffs and China Plus One initiative have accelerated the movement of business out of China into India, Vietnam, Bangladesh, etc. It is expected that India will be main beneficiary for the Textile sector given the availability of factors of production and right government policies on Textiles.

On the organized retail front under Home Textiles category, India is already a leading exporter of sheets and towels to USA, UK & Europe region. Whereas in other products like Technical textiles, floor coverings, etc., China is estimated to be at-least 10x of India's share until recently. There is a tangible shift in demand in this sector similar to sheets and towels in the previous decade. Existing manufacturing set-ups in India with ongoing business with organized retail will greatly benefit from this movement.

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 for more details.

PERFORMANCE - YEAR 2020-21

Financial Performance

1) Total Income for the Quarter ended March 31, 2021 stood at INR 108.67 Crores versus INR 73.91 Crores for QE March 31, 2020. Growth of 47% q-o-q.

2) Total Income for year ended 31 March 2021 stood at INR 326.30 Crores vs INR 306.31 Crores for year ended March 31, 2020. Growth of 6.5% y-o-y.

3) Total Income for Apr-June quarter of FY 21 was affected owing to COVID lockdown. The Revenue for the said Quarter was ~INR 40 Crores versus INR 95 Crores, being average quarterly revenue for last 3 quarters for FY 21. Revenue for 01 July 20 to 31 March 21 (9 months) Revenue of ~INR 285 Crores.

4) PBDIT for the year ended March 31, 2021 stood at INR 49.93 Crores vs INR 38.39 Crores for previous year. Growth of ~28% y-o-y.

5) Net Profit before Tax for year ended March 31, 2021 stood at INR 35.41 Crores vs INR 22.32 Crores for year ended March 31, 2020. Growth of ~58% y-o-y.

6) Net Profit after Tax for year ended March 31, 2021 stood at INR 25.01 Crores vs INR 19.28 Crores for year ended March 31, 2020. Growth of ~29.7% y-o-y.

7) Company has opted to continue with the old Corporate Income Tax regime for the current year. The effective tax rate for FY 2020-21 is ~29.5% versus ~13.64% for FY 2019-20).

8) Earnings Per Share for year ended March 31, 2021 INR 10.25 per share versus INR 7.46 per share for year ended March 31, 2020.

Awards and Ratings

- The company was recognized as one of the leading Mid-Corporates in India - 2020 by Dun and Bradstreet's premier publication released on 25th 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 re-affirmed to CARE BBB+; Stable/CARE A3+ (in July 2020).

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. Further the Company is long term debt free and has strong capital structure.

The long-standing presence of the Company of over three decades in the textile industry has helped FTL to establish strong relationship with its customers. An increase in disposable income and improvements in living standards in emerging countries along with a rise in affinity of consumers toward home decor products are growing the home furnishing market.

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.

The second wave of the pandemic unfolded with predictions of a third wave in the offing poses major threat due to lockdown like restrictions & supply chain disruptions. FTL is predominantly an export player sourcing majority of its revenue from overseas market of USA and Europe thus making its operations vulnerable to geographic concentration risks. Government restrictions on account of the COVID-19 pandemic could affect smooth operation of business activities.

The Company has made investment in fixed assets during last few years from internal accruals, Limited profitability on high capital investments may result in lesser return on investments as well as restricting the Company from realizing the benefits of economies of scale. Thus, the ability of the Company to increase its scale of operations remains crucial. The management believes that its established relation with reputed clients is not likely to adversely impact demand from its customers in these geographies.

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 along with moderate and fluctuating profitability margins. 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.

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 March 31, 2021, our internal financial controls were adequate and operating effectively.

HUMAN RESOURCES/ INDUSTRIAL RELATIONS

The Company has 6 state-of-the-art manufacturing facilities situated at Dadra and Nagar Haveli, Vapi and Panipat 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.

We have built a sustainable and profitable business based on a high-performance culture where employees are empowered and encouraged to bring their best selves to work. We at FTL, our utmost priority have been health, safety and well-being of the people. We have been proactive and swift in ensuring safe working conditions, strict standards of personal hygiene, necessary infrastructure and equipment across all our operations. We are equally focused on protecting the lives and livelihoods of all our employees.

The operations of the Company are conducted in such a manner that it ensures safety and a pleasant working environment to all concerned.

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.

The Company is moving towards processes and machines which are more sustainable and reduce energy use. We have installed Rain Water harvesting system at our processing unit which reduces dependency on external sources during summer as well as saving the water. The Company has also invested a water treatment and purification plant at its Vapi unit in recent years. 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 recently invested and installed a 110 kWh solar power plant at one of its Dadra unit further contributing towards growth of clean energy. 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

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.

On the business front, your company weathered the pandemic very well thanks to the support from all stakeholders especially employees and vendors.

Further, in order to take full advantage of visible inflow of business, the company is under process of expansion at two of its manufacturing locations (West and North) and double capacity at both locations. The additional capacity at west would be fully available by March 22 and North in later half of CY 22. The said expansion and capex shall enable the company to be fully prepared to meet the projected demand & achieve its goal to double its Total Income of FY 21 within 3 year period. The company as per its policy funds entire capex and expansion through internal accruals.

Based on confirmed orders on hand, management estimates & projections:

a) Total Income (TI) for FY 2022 is estimated / projected to grow to at least ~18% over FY 2021.

b) Net Profit after Tax (NPAT) for FY 2022 is estimated / projected to exceed FY 2021 by around 20% at approx. 8% - 9% of Total Income versus 7.66% in FY 2021 subject to clarity on export incentives expected soon from the government.

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 March 31, 2021 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 the Board

Place: Mumbai
Date: June 30, 2021

Ajay Anand
Chairman & Managing Director

Annexure V

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 throughout the years. As well as his enormous contribution towards business growth & establishing long-term relationships with both Domestic & Global OEM's in Automotive Textile Industry and 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. As 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 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 March 31, 2021, 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, 9 (Nine) Board Meetings were conducted, each on 08th June, 2020, 13th August, 2020, 04th September, 2020, 07th September, 2020, 03rd November, 2020, 01st December 2020, 05th February 2021, 24th February 2021 and 8th March, 2021. 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 March 31, 2021 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	9	Yes	2	0	4	Faze Three Autofab Ltd. – Managing Director
Mr. Sanjay	Promoter,	7	No	2	0	2	V.R.Woodart Limited – Non-

Anand	Executive						Executive Director
Mr. Manan Shah	Independent	8	Yes	2	0	4	Faze Three Autofab Ltd. – Independent Director
Mr. Vinit Rathod	Independent	8	Yes	2	4	0	Faze Three Autofab Ltd. – Independent Director
Mrs. Rashmi Anand	Promoter, Non-Executive	7	No	3	0	0	Faze Three Autofab Ltd. – Non-Executive Director V.R.Woodart Limited – Additional Director designated as Whole-time Director
Mr. Kartik Jethwa	Independent	6	No	2	0	2	V.R.Woodart Limited – 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	• Leadership / Operational experience • Strategic Planning • Industry Knowledge, Research & Development and Innovation • Dealing with large Multinational Retail Corporation • Global Business & Marketing • Financial, Regulatory / Legal & Risk Management • Corporate Governance
2.	Mr. Sanjay Anand	• Leadership / Operational experience • Strategic Planning • Industry Knowledge, Research & Development and Innovation • Dealing with large Multinational Retail Corporation • Global Business & Marketing • Corporate Governance
3.	Mr. Manan Shah	• Leadership • Strategic Planning • Finance, Taxation Regulatory / Legal & Risk Management • Corporate Governance
4.	Mr. Vinit Rathod	• Leadership

		• Strategic Planning • Finance, Taxation, Commodity, Forex, Regulatory / Legal & Risk Management • Corporate Governance
5.	Mrs. Rashmi Anand	• Industry Knowledge, Research & Development and Innovation • Global Business & Marketing • Financial, Regulatory / Legal & Risk Management • Corporate Governance
6.	Mr. Kartik Jethwa	• Leadership / Operational experience • Strategic Planning • Regulatory & Risk Management • Corporate Governance

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 31st March, 2021:

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 F.Y. 2020-21, 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 February 05, 2021 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 between the Chairman and 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/

3. COMMITTEES OF THE BOARD

A. Audit committee

i. The audit committee of the Company is constituted in line with the provisions of Regulation 18 of SEBI Listing Regulations, read with Section 177 of the Act.

ii. **The terms of reference of the audit committee:**

(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 of 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. Audit Committee has conducted 4 (four) Meetings during the year under review on 08th June, 2020, 07th September, 2020, 03rd November, 2020 and 05th February, 2021.

iv. **The composition of the Audit Committee and the details of meetings attended by its members are given below:**

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

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 SEBI Listing Regulations, read with Section 178 of the Act;
ii. The Committee has defined the policy on Director's appointment and payment of remuneration including criteria for determining qualifications, positive attributes and independence of a Director;
iii. The Committee recommend 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;
iv. The Committee shall also specify criteria for making payments to non-executive directors and the same is also disseminated on the website of the Company at https://www.fazethree.com/policies/.

v. Composition of Nomination and Remuneration Committee as on March 31, 2021 is as mentioned below;

Sr. No.	Name of the Member	Status	Category
1.	Mr. Vinit Rathod	Chairman	Independent Director
2.	Mr. Manan Shah	Member	Independent Director
3.	Mrs. Rashmi Anand	Member	Non-Executive Director

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. The Committee met 1 (one) time during the year under review i.e. on 08th March 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.

viii. The details of remuneration paid to Managing Director and Whole Time Directors during the year 2020-21 is given as follows: (No sitting fees paid to the following directors):

Director	Designation	Remuneration (Including all perquisites) (In lacs)	Service Contract
Mr. Ajay Anand	Chairman & Managing Director	68.61	3 Years
Mr. Sanjay Anand	Whole-time Director	38.40	3 Years

ix. Sitting fees of INR. 25,000/- per annum is paid to the Non-Executive Directors.

x. 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 Rs.)
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

C. Stakeholders Relationship Committee:

i. Consider and resolve the grievances of security holders;

ii. Consider and approve issue of share certificates, transfer and transmission of securities, etc;

iii. The Stakeholders' Relationship Committee is constituted in line with the provisions of Regulation 20 of SEBI Listing Regulations read with Section 178 of the Act. The Committee consists of Mr. Vinit Rathod, Independent Director & Chairman of the Committee, Mr. Ajay Anand, Managing Director and Mr. Manan Shah, Independent Director. Mr. Akram Sati was appointed as Company Secretary of the Company w.e.f. 08th March 2021 in place of Mr. Ankit Parekh and is designated as the Compliance Officer to ensure redressal of all the complaints/ queries of the shareholders of the Company.

iv. There were 3 (three) meetings of the Committee held during the year on 07th September, 2020, 03rd November, 2020 and 05th February, 2021. Attendance of the Directors at the Committee's meeting held during the year:

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

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

Opening	Received	Redressed	Pending
NIL	NIL	NIL	NIL

D. Corporate Social Responsibility Committee:

i. 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;

ii. Recommend the amount of expenditure to be incurred on the activities mentioned in the CSR Policy;

iii. Monitor the CSR Policy;

iv. The Corporate Social Responsibility Committee consists of Mr. Ajay Anand, Chairman and Managing Director, Mr. Sanjay Anand, Whole-time Director and Mr. Manan Shah, Independent Director. The constitution of the Committee is in confirmation with the provisions of Section 135 of the Act.

v. There were 2 (two) meetings of the Committee held during the year on 08th March, 2021 and 22nd March 2021.

vi. Attendance of the Directors at the Committee's meeting held during the year:

Sr No.	Name of the Member	Status	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

4. General Body Meetings:

Annual General Meetings:

Year	Date	Venue	Time	Special Resolution
2017-18	27th September, 2018	Conference Hall, Plot No. 146, Waghdhara Village Road, Dadra – 396 193, UT of Dadra & Nagar Haveli	10.00 a.m.	No Special Resolution was passed in the meeting.
2018-19	30th 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	30th September, 2020	Through Video Conferencing	10.00 a.m.	No Special Resolution was passed in the meeting.

During the year under review, there was no resolution passed through postal ballot. No Extra-ordinary general meeting was held during the year under review.

5. Means of Communication:

The Company publishes its annual, half yearly and the quarterly financial results in the following Newspapers:
(i) Indian Express (English) – Gujarat Edition
(ii) Financial Express (Gujarati) – Gujarat Edition
Company's results and official news releases, if any, are also displayed on the Company's website www.fazethree.com

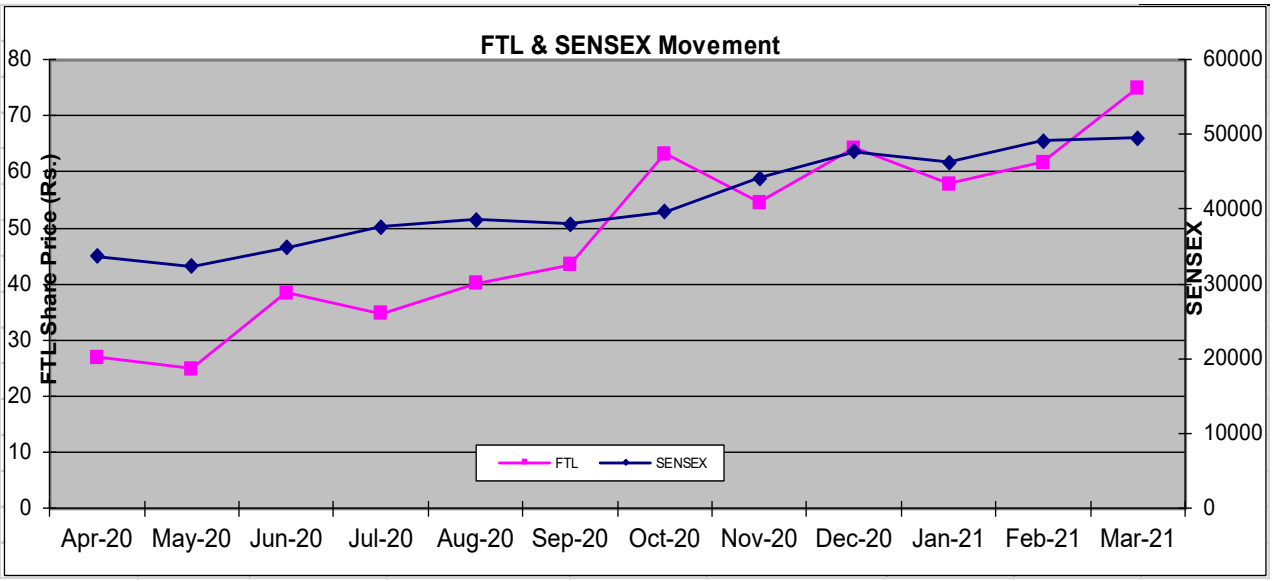
6. General Shareholder Information :

AGM Date, Time And Venue	Monday, 09th August, 2021 at 10.00 a.m. Through Video Conference (VC)
Company's Financial Year	1st April, 2020 to 31st March, 2021
Financial Calendar For 2021-22 (Tentative) Adoption Of Quarterly & Annual Results: June 30, 2021 September 30, 2021 December 31, 2021 Audited Results For March 31, 2022	 1st week of August, 2021 2nd week of November, 2021 2nd week of February, 2022 Last week of May, 2022
Date of Book Closure	3rd August 2021 to 9th August 2021 (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. 2020-21
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: www.linkintime.co.in Email: rnt.helpdesk@linkintime.co.in
Share Transfer System:	Transfer/ transmission of shares held in physical form is handled by the Company's Registrar & Transfer Agent M/s. Link Intime India Private Limited
Credit ratings	CARE has reaffirmed the credit rating of the Company on July 22, 2020 as following: Long Term Bank Facilities at 'CARE BBB+' (Triple B Plus). And Short Term rating has been reaffirmed at 'CARE A3+' (A Three Plus).

7. MARKET PRICE DATA:

Monthly closing share price chart compared with BSE SENSEX during year ended 31st March 2021.



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-20	33.90	25.30	29,750	33,717.62
May-20	28.90	23.50	68,820	32,424.10
Jun-20	51.00	24.05	3,37,847	34,915.80
Jul-20	45.25	33.00	1,08,926	37,606.89
Aug-20	50.00	33.60	2,78,427	38,628.29
Sep-20	45.85	37.00	1,33,992	38,067.93
Oct-20	71.95	41.30	3,50,355	39,614.07
Nov-20	65.00	49.60	1,80,797	44,149.72
Dec-20	68.00	50.00	2,55,103	47,751.33
Jan-21	67.50	53.00	64,629	46,285.77

Feb-21	74.75	52.55	2,99,467	49,099.99
Mar-21	82.90	60.90	4,44,983	49,509.15

9. Distribution of shares and shareholding as on 31st March, 2021:

Sr No.	No. of Equity Shares Held		Shareholders		Shareholding	
	From	To	Nos	%	Nos	%
1	Upto 100		1788	46.06	85960	0.35
2	101	200	462	11.90	78968	0.32
3	201	500	1037	26.71	321785	1.32
4	501	1000	270	6.96	213661	0.88
5	1001	5000	235	6.05	520421	2.15
6	5001	10000	30	0.77	220454	0.91
7	10001	100000	43	1.11	1248671	5.13
8	100001 and above		17	0.44	21629080	88.94
	Total		**3882**	**100.00**	**24319000**	**100.00**

10. Shareholding Pattern as on 31st March, 2021.

Category Code	Category of Shareholder	Total No. of Shares	%
(A)	**Promoter and Promoter Group Holding**		
1	Indian Promoters	1,20,35,770	49.49
	Foreign Promoters	-	-
	Sub Total (A)	**1,20,35,770**	**49.49**
(B)	**Non-Promoter shareholding**		
1	Institutions		
(a)	Financial Institution / Banks	11,00,000	4.52
	Sub Total (B)	**11,00,000**	**4.52**
(C)	**Non-Institution**		
1	Private Bodies Corporate	4,31,343	1.77
2	Individuals shareholders holding nominal share capital up to Rs 2 lakh	15,39,652	6.33
	Individuals shareholders holding nominal share capital above Rs. 2 Lakhs	73,69,880	30.31
3	NBFCs registered with RBI	250	0.00
4	Any Other	22,73,448	9.35
	Sub-Total (C)	**1,11,83,230**	**45.99**
	GRAND TOTAL (A+B+C)	**2,43,19,000**	**100.00**

11. Dematerialization of shares and liquidity:

Sr. No.	Type	Total Folios	Total Shares
1.	Physical Holding	487	1158133
2.	CDSL Holding	1517	7367852
3.	NSDL Holding	1878	15793015

12. Plant Locations:

1. Handloom & Made-ups Plant -Jatal Road, Anand Nagar, Panipat, Haryana;
2. Handloom & Made-ups Plant - G.T. Road, Opposite B.B.M.B. Residency Colony, Panipat 132103, Haryana;
3. Handloom & Made-ups Plant - Panipat Gohana National Highway -71A, Village Mehrana Distt. Panipat, Panipat-132103, Haryana;
4. Weaving & Made-Ups Plant - Survey No. 380/1, Village Dapada, UT of Dadra & Nagar Haveli and Daman & Diu;
5. Bathmat Plant - Survey No. 356/1&2, Village Dadra, UT of Dadra & Nagar Haveli and Daman & Diu;
6. Dye-House - Plot No. 71, GIDC, Vapi Industrial Area, Valsad, Gujarat.

13. Address for Correspondence:

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

14. Other disclosures:

i. Related party transactions:

All material transactions entered into with related parties as defined under the Act and Regulation 23 of SEBI Listing Regulations during the financial year were in the ordinary course of business. These have been approved by the Audit Committee 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 2018-19, 2019-20 and 2020-21 respectively: Nil

iii. The Company has adopted a Whistle Blower Policy and has established the necessary vigil mechanism as defined under Regulation 22 of SEBI Listing Regulations for directors and employees to report concerns about unethical behaviour. No person has been denied access to the Chairman of the Audit Committee. The said policy has been also put up on the website of the Company at the following link 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. The total fees paid for the year to the Statutory Auditors and entities in the network firm/ network entity of which statutory auditor is a part is INR 15.00 Lakhs.

viii. The Independent Directors have confirmed that they meet the criteria of Independence as stipulated under the Companies Act, 2013 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.

ix. The Company has implemented the mandatory requirements of Corporate Governance as set out in the Listing Regulations. In respect of compliance with the non-mandatory requirements, the internal auditor reports directly to the Audit Committee as well as the Board of Directors.

x. Compliance Certificate as stipulated in Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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.

xi. 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.

xii. The requirement of reporting of details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32(7A) is not applicable to the Company.

xiii. 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, Practising 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.

xiv. 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	INR 0.50/-	May 22, 2018	June 26, 2025
2019-20	Interim	INR 0.50/-	March 03, 2020	April 08, 2027

Annexure VI

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st March, 2021

[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 31st March, 2021 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 31st March, 2021 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.

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. The 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.

Further we have to state that we have not carried out the Physical Inspection of any records maintained by the Company due to prevailing lock down conditions owing to COVID 19 across the country. We have relied on the records as made

available by the Company through digital mode and also on the Management Representation Letter issued by the Company.

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

For **Sanjay Dholakia & Associates**

Sanjay R. Dholakia
Practising Company Secretary
Proprietor
Membership No.FCS 2655 CP 1798
Date: June 30, 2021
Place: Mumbai
UDIN: F002655C000545670

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**

Sanjay R. Dholakia
Practising Company Secretary
Proprietor
Membership No.FCS 2655 CP 1798
Date: June 30, 2021
Place: Mumbai
UDIN: F002655C000545670

PRACTISING COMPANY SECRETARY CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To,
The Members of
Faze Three Limited

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

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

For **Sanjay Dholakia & Associates**

Sanjay R. Dholakia
Practising Company Secretary
Proprietor
Membership No.FCS 2655/CP No.1798
Date: June 30, 2021
Place: Mumbai
UDIN: F002655C000545703

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), as amended

To,
The Members of
FAZE THREE LIMITED
CIN: L99999DN1985PLC000197

I 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, as amended.

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) as considered necessary and explanations furnished to me by the Company andits officers, I hereby certify that none of the Directors on the Board of the Company for the Financial Year as ending as on 31stMarch, 2021 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 Affairsor any such other statutory authority.

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.

Further we have to state that we have not carried out the Physical Inspection of any records maintained by the Company due to prevailing lock down conditions owing to COVID 2019 across the country. We have relied on the records as made available by the Company through digital mode and also on the Management Representation Letter issued by the Company.

For **SANJAY DHOLAKIA & ASSOCIATES**

(SANJAY DHOLAKIA)
Practising Company Secretary
Proprietor
Place: Mumbai
Date: June 30, 2021
Membership No. FCS 2655 CP 1798
UDIN: F002655C000545637

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

as on financial year ended on 31st March 2021

[Pursuant to Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

A. REGISTRATION AND OTHER DETAILS:

CIN:-	L99999DN1985PLC000197
Registration Date:	9th January 1985
Name of the Company:	**Faze Three Limited**
Category / Sub-Category of the Company	Company limited by shares / Indian Non - Government Company
Address of the Registered office and contact details:	Survey No. 380/1, Khanvel Silvassa Road, Village Dapada, Dapada, Dadra & Nagar Haveli 396230. Phone 0260 2668539 Fax: 0260 2668501 Email: investors@fazethree.com Website: www.fazethree.com
Whether listed company	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited C 101, 247 Park, L.B.S. Marg, Vikhroli (W), Mumbai – 400083. Phone: 022 2851 5606 / 5644 Website: www.linkintime.co.in Email: rnt.helpdesk@linkintime.co.in

B. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
a.	Manufacture of made-up textile products except apparels	1392	69.11
b.	Manufacture of carpets and rugs	1393	30.89

C. PARTICULARS OF HOLDING/ SUBSIDIARY/ ASSOCIATE COMPANIES:

Sr. No.	Name and address of the Company	CIN/GLN	Holding/Subsidiary/Associate	% of shares held
1.	Faze Three US LLC	State of Delaware - 6526266	Wholly owned Foreign Subsidiary	100%

D. STATEMENT SHOWING SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Shareholding

Category code	Category of Shareholder	Number of shares held at Beginning of the year (01.04.2020)				Number of shares held at the end of the year (31.03.2021)				
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	% Change during the year
(A)	**Shareholding of Promoter and Promoter Group**									
1	**Indian**									
(a)	Individuals/ HUF	9423516	-	9423516	38.75	9544145	-	9544145	39.25	0.50
(b)	Central / State Govt.	-	-	-	-					-
(c)	Bodies Corporate	2491625	-	2491625	10.25	2491625	-	2491625	10.25	0.00
(d)	FI/ Banks	-	-	-	-	-	-	-	-	-
(e)	Any Others(Specify)	-	-	-	-	-	-	-	-	-
	Sub Total(A)(1)	**11915141**	**-**	**11915141**	**49.00**	**12035770**	**-**	**12035770**	**49.49**	**0.49**
2	**Foreign**									
A	NRI	-	-	-	-					
B	Bodies Corporate	-	-	-	-					
C	Institutions	-	-	-	-					
D	Any Others(Specify)	-	-	-	-					
	Sub Total(A)(2)	**-**	**-**	**-**	**-**					
	Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)	**11915141**	**-**	**11915141**	**49.00**	**12035770**	**-**	**12035770**	**49.49**	**0.49**
(B)	**Public shareholding**									
1	**Institutions**									
(a)	Mutual Funds/ UTI	-	-	-	-	-	-	-	-	-
(b)	FI / Banks	-	-	-	-	-	-	-	-	-
(c)	Central / State Govt	-	-	-	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	-	-	-	-	-
(f)	FIIs	1100000	-	1100000	4.52	1100000	-	1100000	4.52	0.00
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(h)	Any Other (specify)	-	-	-	-	-	-	-	-	-
	Sub-Total (B)(1)	**1100000**	**-**	**1100000**	**4.52**	**1100000**	**-**	**1100000**	**4.52**	**0.00**
B 2	**Non-institutions**									
(a)	Bodies Corporate	436952	3000	439952	1.81	428343	3000	431343	1.77	(0.04)
(b)	Individuals									
I	i. Individual shareholders holding nominal share capital up to Rs 2 lakh	1468200	147455	1615655	6.64	1393497	146155	1539652	6.33	(0.31)

II	ii. Individual shareholders holding nominal share capital in excess of Rs. 2 lakh.	6734880	-	6734880	27.69	7369880	-	7369880	30.30	2.61
(c)	Any Other	62874	108000	170874	0.70	63565	108000	171565	0.71	0.01
(c-i)	Clearing Member	677832	-	677832	2.79	33035	-	33035	0.14	(2.65)
(c-ii)	NRI	760938	900978	1661916	6.83	736527	900978	1637505	6.73	(0.1)
(d)	NBFCs registered with RBI	2750	-	2750	0.01	250	-	250	0.00	(0.01)
	Sub-Total (B)(2)	**10144426**	**1159433**	**11303859**	**46.48**	**10025097**	**1158133**	**11183230**	**45.99**	**(0.49)**
(B)	**Total Public Shareholding (B)= (B)(1)+(B)(2)**	**11202454**	**1159433**	**12361887**	**51.00**	**11125097**	**1158133**	**12283230**	**50.51**	**(0.49)**
	TOTAL (A)+(B)	**23159567**	**1159433**	**24319000**	**100.00**	**23160867**	**1158133**	**24319000**	**100.00**	**0.00**
(C)	**Shares held by Custodians for GDRs & ADRs**									
1	Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
2	Public	-	-	-	-	-	-	-	-	-
	Sub-Total (C)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	GRAND TOTAL (A)+(B)+(C)	**23159567**	**1159433**	**24319000**	**100.00**	**23160867**	**1158133**	**24319000**	**100.00**	**0.00**

ii. Statement showing holding of securities (including shares, warrants, convertible securities) of persons belonging to the category "Promoter and Promoter Group"

Sr. No.	**Name of the shareholder**	**Details of Shareholding at the beginning of the year (01/04/2020)**			**Details of Shareholding at the end of the year (31/03/2021)**			**% change during the year**
		Number of shares held	**%**	**% of shares Pledged/ Encumbered**	**Number of shares held**	**%**	**% of shares Pledged/ Encumbered**	
1	Ajay Anand	7109856	29.24	0.00	7230485	29.73	0.00	0.49
2	Ajay Anand (HUF)	662500	2.72	0.00	662500	2.72	0.00	NIL
3	Rashmi Anand	343990	1.41	0.00	343990	1.41	0.00	NIL
4	Vishnu Anand	168875	0.69	0.00	168875	0.69	0.00	NIL
5	Rohina Anand	20875	0.09	0.00	20875	0.09	0.00	NIL
6	Sanjay Anand	1117420	4.59	0.00	1117420	4.59	0.00	NIL
7	Instyle Investments Pvt. Ltd.	2394625	9.85	0.00	2394625	9.85	0.00	NIL
8	Anadry Investments Pvt. Ltd.	9500	0.04	0.00	9500	0.04	0.00	NIL
9	Mamata Finvest Pvt. Ltd.	87500	0.36	0.00	87500	0.36	0.00	NIL
TOTAL		**11913141**	**48.99**	**0.00**	**12035770**	**49.49**	**0.00**	**0.49**

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

Sr. No.	**Name of shareholder**	**Shareholding**		**Date**	**Increase/ Decrease in share holding**	**Reason**	**Cumulative shareholding during the year*(Refer note)***	
		No of shares as on 01.04.2020/ 31.03.2021	**% of total shares of the Company *(Refer note)***				**No. of shares**	**% of total shares of the Company**
1	Ajay Anand	7109859	29.24	01.04.2020		Market Purchase		29.24
				27.06.2020	47488		7157344	29.43
				20.11.2020	26123		7183467	29.54
				31.12.2020	10518		7193985	29.58
				03.03.2021	36500		7230485	29.73

		7230485	29.73	31.03.2021				29.73
2	Ajay Anand (HUF)	662500	2.72	01.04.2020	No Change	N.A.	662500	2.72
		662500	2.72	31.03.2021				2.72
3	Rashmi Anand	343990	1.41	01.04.2020	No Change	N.A.	343990	1.41
		343990	1.41	31.03.2021				1.41
4	Vishnu Anand	168875	0.69	01.04.2020	No Change	N.A.	168875	0.69
		168875	0.69	31.03.2021				0.69
5	Rohina Anand	20875	0.09	01.04.2020	No Change	N.A.	20875	0.09
		20875	0.09	31.03.2021				0.09
6	Sanjay Anand	1117420	4.59	01.04.2020	No Change	N.A.	1117420	4.59
		1117420	4.59	31.03.2021				4.59
7	Instyle Investments Pvt. Ltd.	2394625	9.85	01.04.2020	No Change	N.A.	2394625	9.85
		2394625	9.85	31.03.2021				9.85
8	Anadry Investments Pvt. Ltd.	9500	0.04	01.04.2020	No Change	N.A.	9500	0.04
		9500	0.04	31.03.2021				0.04
9	Mamata Finvest Pvt. Ltd.	87500	0.36	01.04.2020	No Change	N.A.	87500	0.36
		87500	0.36	31.03.2021				0.36

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No	Name	No. of Shares at the beginning of the year (01-04-2020)	% of total Shares of the company	No. of Shares at end of the year (31-03-2021)	% of total Shares of the Company
1	Salim Pyarli Govani	34,76,040	14.29	34,76,040	14.29
2	Ajay Shrikrishan Jindal	28,12,450	11.56	28,12,450	11.56
3	Neerav Hans	15,56,297	6.40	15,56,297	6.40
4	Hypnos Fund Limited	11,00,000	4.52	11,00,000	4.52
5	Pentagon Builders Private Limited	2,17,671	0.89	2,17,671	0.89
6	Falguni Shreans Daga	2,00,000	0.82	2,00,000	0.82
7	Ashok Vishwanath Hiremath	1,81,477	0.75	1,76,477	0.73
8	Rajiv Rai (Huf)	1,06,250	0.44	1,06,250	0.44
9	Vikram P Philip	1,02,500	0.42	1,02,500	0.42
10	Varun Daga	87500	0.36	87500	0.36

v. Shareholding of Directors and Key Managerial Personnel:

		Shareholding at the beginning of the year 01/04/2020		Cumulative Shareholding during the year 31/03/2021	
Sr. No	Name	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Ajay Anand	71,09,856	29.24	72,30,485	29.73
2	Sanjay Anand	11,17,420	4.59	11,17,420	4.59
3	Rashmi Anand	3,43,990	1.41	3,43,990	1.41
4	Manan Manoj Shah	-	-	-	-
5	Kartik Ramesh Jethwa	-	-	-	-
6	Vinit Arvind Rathod	-	-	-	-
7	Ankit Dixit Madhwani	1	0.00	1	0.00
8	Ankit Dilip Parekh	265	0.00	65	0.00
9	Akram Hasan Sati	1	0.00	1	0.00

E. INDEBTEDNESS

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

(Rs. In Crores)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year i.e. **01/04/2020**				
i) Principal Amount	54.67	0.06		54.73
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not	0.34	-	-	0.34
Total (i+ii+iii)	**55.01**	**0.06**		**55.07**
Change in Indebtedness during the financial year				
• Addition	37.68	-	-	37.62
• Reduction	-	0.06	-	0.06
Net Change	37.68	0.06	-	37.56
Indebtedness at the end of the financial year i.e. **31/03/2021**				
i) Principal Amount	92.53	-		92.53
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not	0.16	-	-	0.16
Total (i+ii+iii)	**92.69**	-		**92.69**

F. REMUNERATION TO MANAGING DIRECTOR, WHOLE-TIME DIRECTORS AND/ OR MANAGERS (FY 2020-21):

(In Lakhs)

Sl. No.	Particulars of Remuneration	Name of MD	Name of WTD	Total Amount
		Mr. Ajay Anand	Mr. Sanjay Anand	
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	68.61	38.40	107.01
	(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	-	-	-
	-as % of profit	-	-	-
	-others, specify…	-	-	-
5	Others, please specify	-	-	-
	Total	**68.61**	**38.40**	**107.01**

G. REMUNERATION TO OTHER DIRECTORS

(In INR)

	INDEPENDENT DIRECTORS	Manan Shah	Vinit Rathod	Kartik Jethwa	Total
a.	Fee for attending board meetings / committee meetings	25,000	25,000	25,000	75,000
b.	Commission	--	--	--	--
c.	Others, please specify	--	--	--	--

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

(In Lakhs)

	Particulars of Remuneration	Mr. Ankit Madhwani CFO	Mr. Ankit Parekh CS	Mr. Akram Sati CS	Total
1	Gross salary (a) Gross Salary including the Value of perquisites as per provisions contained in u/s 17(1) and (2) of the Income -tax Act, 1961	61.80	7.48*	0.4**	**69.68**
	(b) Profits in lieu of salary under u/s 17(3) Income-tax Act, 1961	-	-		-
2	Stock Option	-	-		-
3	Sweat Equity	-	-		-
4	Commission as % of profit, others	-	-		-
	Total	61.80	7.48*	0.4**	**69.68**

*upto 7th March, 2021
**from 8th March, 2021

I. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

For and on behalf of the Board

Date: June 30, 2021
Place: Mumbai

Ajay Anand
Chairman & Managing Director

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, 2021 and the Statement of Profit and Loss (including Other Comprehensive Income), 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, 2021 and profit (including Other Comprehensive Income), 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.

Emphasis of Matter

We draw attention to Note 42 to the Standalone Financial Statements which states that the management has made an assessment of the impact of COVID-19 on the Company's operations, financial performance and position as at and for the year ended March 31, 2021 and has concluded that there is no impact which is required to be recognised in the Standalone Financial Statements. Accordingly, no adjustments have been made to the Standalone Financial Statements.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements of the current year. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Utilisation of MAT Credit

Refer note 31 to the Standalone Financial Statements.

The Company has unutilised MAT Credit of Rs. 5.36 crores as on March 31, 2021. Minimum Alternate Tax (MAT) credit is recognised only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

There is inherent uncertainty and management estimation involved in forecasting future taxable profits, which determines the extent to which MAT credit asset is recognised and carried forward.

We have considered this as Key Audit Matter due to the uncertainty and management estimation involved in assessing the future taxable profits.

Our Audit Procedures in respect of this area included:

a. Evaluated whether controls over management assumptions and key estimates for utilisation of MAT Credit in the future years are appropriately designed, implemented and operating effectively by performing combination of procedures involving enquiry, reperformance and verification of evidence.

b. Evaluated management's assumptions and key estimates with respect to the projections supporting sufficient future taxable profit in order to support the carry forward of MAT credit asset.

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 information included in 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 Statements 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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "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 Flows 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, 2021 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2021 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.

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 MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Place: Mumbai
Date: June 30, 2021

Amrish Vaidya
Partner
Membership No.101739
UDIN: 21101739AAAAEG9978

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current period and are therefore, the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Place: Mumbai
Date: June 30, 2021

Amrish Vaidya
Partner
Membership No. 101739
UDIN: 21101739AAAAEG9978

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

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

i.

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

(b) All the Property, Plant and Equipment were physically verified by the management in FY 18-19 in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having

regard to the size of the Company and the nature of its assets. No material discrepancies were noticed 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 are held in the name of the Company.

ii. All inventory (excluding stocks with third parties and stock lying at warehouse) has been physically verified by the management during the year. In respect of inventory lying with third parties and stock lying at warehouse, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on verification between the physical stocks and the book records.

iii. The Company has not granted any loans, secured or unsecured to Companies, Firms, Limited Liability Partnerships (LLP) or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly, the provisions stated in paragraph 3 (iii) (a) to (c) 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, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, duty of customs, cess and any other statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and services tax, duty of custom, Cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the information and explanations 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. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to the financial institution, bank or debenture holders.

ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, the provisions stated in paragraph 3 (ix) of the Order are not applicable to the Company.

x. 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 or on the Company by its officers or employees.

xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

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) 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 Financial Statements as required by the applicable accounting standards.

xiv. 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 or partly convertible debentures during the year. Accordingly, the provisions stated in paragraph 3 (xiv) of the Order are not applicable to the Company.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, provisions stated in paragraph 3(xv) of the Order are not applicable to the Company.

xvi. In our opinion, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions stated in paragraph clause 3 (xvi) of the Order are not applicable to the Company.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Place: Mumbai
Date: June 30, 2021

Amrish Vaidya
Partner
Membership No. 101739
UDIN: 21101739AAAAEG9978

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]

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

We have audited the internal financial controls with reference to Standalone Financial Statements of Faze Three Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control 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"). 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 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 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.

Opinion

In our opinion, the Company has, in all material respects, 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, 2021, 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.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Place: Mumbai
Date: June 30, 2021

Amrish Vaidya
Partner
Membership No. 101739
UDIN: 21101739AAAAEG9978

Standalone Balance Sheet as at 31 March 2021 (Amount in crores, unless otherwise stated)

Particulars	Notes	As at 31 March 2021	As at 31 March 2020
ASSETS			
Non-current assets			
Property, plant and equipment	3	130.93	124.62
Capital work-in-progress		1.04	0.76
Right-of-Use Assets	34	9.92	12.14
Financial assets			
Investments	4	2.65	2.65
Other financial assets	5	2.42	2.32
Other non-current assets	6	2.71	1.98
Deferred tax asset (net)	31	2.00	6.30
Total non-current assets		**151.67**	**150.77**
Current assets			
Inventories	7	67.23	59.76
Financial assets			
Trade receivables	8	72.38	45.55
Cash and cash equivalents	9	1.88	14.71
Bank balances other than cash and cash equivalent	10	40.02	1.02
Other financial assets	11	1.15	0.07
Current tax assets (net)	12	1.42	1.17
Other current assets	13	22.78	14.14
Total current assets		**206.86**	**136.42**
Total assets		**358.53**	**287.19**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	14	24.32	24.32
Other equity	15	204.28	179.54
Total equity		**228.60**	**203.86**
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	16	0.28	1.20
Lease Liabilities	34	9.01	10.51
Provisions	17	1.37	1.44
Total non-current liabilities		**10.66**	**13.15**
Current liabilities			
Financial liabilities			
Borrowings	18	91.35	53.45
Trade payables	19	12.86	6.69
Other financial liabilities	20	10.35	6.41
Lease Liabilities	34	1.49	1.25
Provisions	17	1.88	1.73
Current tax liabilities (net)	21	0.48	0.05
Other current liabilities	22	0.86	0.59
Total current liabilities		**119.27**	**70.17**
Total equity and liabilities		**358.53**	**287.19**

Summary of significant accounting policies 2
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 : June 30, 2021

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

Ajay Anand
Managing Director
DIN: 00373248

Sanjay Anand
Whole-time Director
DIN: 01367853

Ankit Madhwani
Chief Financial Officer

Akram Sati
Company Secretary
M No: A50020

Standalone Statement of Profit and Loss for the year ended 31 March 2021

(Amount in crores, unless otherwise stated)

Particulars	Notes	Year ended 31 March 2021	Year ended 31 March 2020
Income			
Revenue from operations	23	324.17	302.19
Other income	24	2.13	4.12
Total income		**326.30**	**306.31**
Expenses			
Cost of material consumed	25	160.65	132.63
Changes in inventories of finished goods and work-in-progress	26	(9.04)	5.50
Employee benefits expense	27	51.29	52.26
Finance costs	28	5.68	8.61
Depreciation and amortization expense	29	8.84	7.96
Other expenses	30	73.47	77.03
Total expenses		**290.89**	**283.99**
Profit before tax		35.41	22.32
Income tax expense			
Current tax	31	9.62	4.24
Deferred tax (net)		0.78	(1.20)
Total income tax expense		**10.40**	**3.04**
Profit for the year		**25.01**	**19.27**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Re-measurement losses on defined benefit plans		0.20	0.35
Income tax effect		(0.06)	(0.10)
Other comprehensive income for the year		**0.14**	**0.25**
Total comprehensive income for the year		**24.87**	**19.02**
Earnings per share			
Basic (₹/ Share)	32	10.28	7.93
Diluted (₹/ Share)	32	10.28	7.93

Summary of significant accounting policies 2

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 : June 30, 2021

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

Ajay Anand
Managing Director
DIN: 00373248

Sanjay Anand
Whole-time Director
DIN: 01367853

Ankit Madhwani
Chief Financial Officer

Akram Sati
Company Secretary
M No: A50020

Statement of Standalone Cash Flow for the year ended 31 March, 2021

(Amount in crores, unless otherwise stated)

	Year ended 31 March 2021	Year ended 31 March 2020
Cash flow from operating activities		
Profit before tax	35.41	22.32
Adjustments for:		
Depreciation and amortization expenses (including depreciation on right of use assets)	8.84	7.96
Finance cost (including interest on lease liabilities)	5.68	6.37
Interest income	(1.57)	(0.45)
Unrealised (Gain)/ loss on foreign exchange fluctuations (net)	0.74	(0.99)
Operating profit before working capital changes	**49.10**	**35.20**
Changes in working capital		
(Decrease)/Increase in trade payables	6.17	(1.51)
(Increase)/Decrease in inventories	(7.47)	5.94
(Increase)/Decrease in trade receivables	(27.57)	0.39
Increase/(Decrease) in other current liabilities	0.27	(0.03)
Increase in other financial liabilities	2.98	0.66
(Increase) in non-current financial assets	(0.10)	(0.57)
(Decrease)/Increase in Employee benefit obligations	(0.12)	(0.08)
(Increase) in other non-current assets	(0.01)	(0.28)
(Increase) in other current assets	(8.64)	(3.93)
Cash generated from operations	**14.61**	**35.79**
Income tax paid (net of refund)	(5.67)	(4.98)
Net cash generated from operating activities (A)	**8.94**	**30.81**
Cash flow from Investing activities		
Payment for purchase of property, plant and equipment	(14.18)	(10.51)
Proceeds from sale of property, plant and equipment	0.25	-
Investment in unquoted investment	-	(0.01)
Interest received	0.30	0.32
Proceeds from/Investment in fixed deposits	(38.99)	5.00
Net cash used in investing activities (B)	**(52.62)**	**(5.20)**
Cash flow from Financing activities		
Payment of interim dividend	-	(1.47)
Proceeds / (Repayment) of borrowings (net)	37.79	(12.49)
Repayment of Lease Liabilities	(2.48)	(2.43)
Interest paid	(4.45)	(5.41)
Net cash generated from / (used in) financing activities (c)	30.86	(21.80)
Net increase in cash and cash equivalents (A+B+C)	(12.82)	3.81
Cash and cash equivalents at the beginning of the year	14.71	10.90
Effect of exchange rate changes on cash and cash equivalents	(0.01)	-
Cash and cash equivalents at the end of the year	1.88	14.71
Cash and cash equivalents comprise		
Balances with banks		
In current accounts	0.68	13.07
Bank balance on EEFC account	1.15	1.60
Cash on hand	0.05	0.04
Total cash and cash equivalents at end of the year	**1.88**	**14.71**

Summary of significant accounting policies 2

The accompanying notes are an integral part of the financial statements

The above Cash flow statement has been prepared under the indirect method set out in IND AS 7, "Cash Flow Statement" notified under section 133 of the Companies Act 2013" as a footnote to Cashflow Statement

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 : June 30, 2021

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

Ajay Anand
Managing Director
DIN: 00373248

Sanjay Anand
Whole-time Director
DIN: 01367853

Ankit Madhwani
Chief Financial Officer

Akram Sati
Company Secretary
M No: A50020

Standalone Statement of changes in equity for the year ended 31 March 2021

(Amount in crores, unless otherwise stated)

(A) Equity share capital	As at March 31, 2021		As at March 31, 2020	
	No. of shares	Amount	No. of shares	Amount
Equity shares of ₹10 each issued, subscribed and fully paid				
Opening	2,43,19,000	24.32	2,43,19,000	24.32
Add: issue during the year	-	-	-	-
Closing	**2,43,19,000**	**24.32**	**2,43,19,000**	**24.32**

(B) Other equity

Particulars	Reserves and surplus					Total
	Capital Reserve	Asset Revaluation Reserve	Securities premium	General reserve	Retained earnings	
Balance as at 1 April 2020	**5.73**	**55.16**	**24.44**	**93.15**	**1.07**	**179.55**
Profit for the year	-	-	-	-	25.01	25.01
Other comprehensive income	-	-	-	-	(0.14)	(0.14)
Transferred to retained earnings	-	(0.14)	-	-	-	(0.14)
Balance as at 31 March 2021	**5.73**	**55.02**	**24.44**	**93.15**	**25.93**	**204.28**

Particulars	Reserves and surplus					Total
	Capital Reserve	Asset Revaluation Reserve	Securities premium	General reserve	Retained earnings	
Balance as at 1 April 2019	**5.73**	**55.28**	**24.44**	**94.62**	**(17.96)**	**162.11**
Profit for the year	-	-	-	-	19.27	19.27
Other comprehensive income	-	-	-	-	(0.25)	(0.25)
Dividend distributed during the year	-	-	-	(1.47)	-	(1.47)
Transfer to reserves	-	(0.14)	-	-	-	(0.14)
Balance as at 31 March 2020	**5.73**	**55.16**	**24.44**	**93.15**	**1.07**	**179.55**

Summary of significant accounting policies 2

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 : June 30, 2021

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

Ajay Anand
Managing Director
DIN: 00373248

Sanjay Anand
Whole-time Director
DIN: 01367853

Ankit Madhwani
Chief Financial Officer

Akram Sati
Company Secretary
M No: A50020

Notes forming part of the Standalone Financial Statements for the year ended 31 March 2021

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 six manufacturing locations across Gujarat, Union territories (UT) of (Dadra and Nagar Haveli and Daman and Diu) DNHDD and Haryana 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 the Indian Accounting Standard as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 (the 'Act') 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 30 June, 2021.

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 certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is calculated as per Ind AS 113 being 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, regardless of whether the price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company considers the characteristics of an asset or liability is market participants would take those characteristics into account for pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 116, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Notes forming part of the Standalone Financial Statements for the year ended 31 March 2021

(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 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.

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.

Contingent liabilities

From time to time, the Company is subject to legal proceedings, the ultimate outcome of each being always subject to many uncertainties inherent in litigation. A provision for litigation is made when it is considered probable that a payment will be made and the amount of the loss can be reasonably estimated. Significant judgement is made when evaluating, among other factors, the probability of unfavourable outcome and the ability to make a reasonable estimate of the amount of potential loss. Litigation provisions are reviewed at each accounting period and revisions made for the change in facts and circumstances.

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.

Freehold Land and Leasehold land are carried at fair value based on periodic valuation by the external independent valuers. 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. To the extent that the reserves show a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increase of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset, all other decreases are charged to profit or loss.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Capital work-in-progress includes cost of property, plant and equipment under installation / under development as at balance sheet date.

Depreciation methods, estimated useful lives

The Company depreciates property, plant and equipment over their estimated useful lives using the straight-line method.

Notes forming part of the Standalone Financial Statements for the year ended 31 March 2021

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:

Property, plant and equipment	Useful Lives
Leasehold land	Lease period
Factory Building	30 years
Plant & Machinery (Powerloom)	20 years
Plant & Machinery (Handloom)	15 years
Furniture and Fixtures	10 years
Office Equipment	5 years
Electrical Installations	10 years
Fire Hydrant Systems	15 years
Vehicles	8 years
Computers:	
-Servers	6 years
-End user devices such as, desktops, laptops etc.	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 evaluation, management believes that the useful life of some machines should be 20 years as that best represents the period over which the management expects to use the assets. Hence, the useful life for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

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 Investment in subsidiary

The Company accounts for its investment in subsidiaries at cost less accumulated impairment, if any.

2.4 Impairment of assets

At the end of each reporting period, the Company reviews the carrying amount of its tangible 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 group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Notes forming part of the Standalone Financial Statements for the year ended 31 March 2021

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 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.

2.6 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.

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.

2.7 Revenue recognition

Sale of goods

With effect from 1st April 2018 on adoption of Ind-AS 115:

Revenue from sales of goods is measured based on the consideration received or receivable from the customer. 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. Revenue is reported net of taxes and duties as applicable.

Notes forming part of the Standalone Financial Statements for the year ended 31 March 2021

Receivable is recognized when the goods are dispatched from Company's premises as this is the point in time that the consideration is unconditional because only passage of time is required before the payment is due.

Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

Revenue in respect of interest income is recognised on a basis of effective interest method as set out in Ind AS 109, Financial Instruments, and where no significant uncertainty as to measurability or collectability exists.

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.

Export incentives
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.

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.

2.8 Taxes

Tax on income for the current period is determined on the basis of estimated taxable income and tax credits computed in accordance with the provisions of the relevant tax laws and based on the expected outcome of assessments / appeals.

(A) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(B) Deferred tax

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 taxable 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

Notes forming part of the Standalone Financial Statements for the year ended 31 March 2021

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.

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.

2.9 Leases

The Company has adopted Indian Accounting Standard (Ind AS) 116 – 'Leases' ('the 'Standard''), with effective from 1st April 2019 using the modified retrospective method under the transitional provisions of Ind AS 116, which is the date of the first application of the standard.

As a Lessee

The Company recognizes a right-of-use asset ("ROU") and a lease liability at the lease commencement date. 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 from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortised cost using the effective interest method, except those which is payable other than functional currency which is measured at fair value through P&L. It is re measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, or if company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is re measured in this way, a corresponding adjustment is made to the carrying amount of the ROU Asset, or is recorded in Statement of Profit or Loss if the carrying amount of the ROU Asset has been reduced to zero.

The Company presents ROU Asset separately and lease liabilities in 'Financial Liabilities' in the Balance Sheet.

Notes forming part of the Standalone Financial Statements for the year ended 31 March 2021

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.

2.10 Inventories

Raw materials, packaging materials, stores and spare parts, work in progress and finished goods are stated 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.

2.11 Provisions, contingent liabilities and contingent assets

Provisions are recognized when there is a present obligation 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 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 assets are neither recognised nor disclosed in the financial statements.

2.12 Cash, cash equivalents and cash flow statements

Cash and cash equivalent in the balance sheet comprise cash at banks, cash on hand and fixed deposits with an original maturity of more than three months but 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 demand deposits.

Notes forming part of the Standalone Financial Statements for the year ended 31 March 2021

2.13 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, 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 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 instruments: 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.

Notes forming part of the Standalone Financial Statements for the year ended 31 March 2021

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 FVOCI.

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 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.

Notes forming part of the Standalone Financial Statements for the year ended 31 March 2021

(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.

(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.

2.14 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.

Notes forming part of the Standalone Financial Statements for the year ended 31 March 2021

Gratuity

The Company participates in a group gratuity cum life insurance scheme administered by a Life Insurance Corporation of India. Being a defined benefit plan, annual contributions made to the scheme are as per the intimations received from the life insurance company. The Company accounts for liability for future gratuity benefits based on an actuarial valuation by an independent actuary. The net present value of the Company's obligation is determined based on the projected unit credit method as at the Balance Sheet date. Shortfall if any, between the balance in the fund with Life Insurance Company and the actuarial valuation is expensed to the statement of profit and loss. The actuarial gains and losses are recognised in Other Comprehensive Income which gets reflected immediately in retained earnings and is not reclassified to the statement of profit or loss.

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.

2.15 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.

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.

2.16 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company.

2.17 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.

Notes forming part of the Standalone Financial Statements for the year ended 31 March 2021

3 Property, plant and equipment

(Amount in crores, unless otherwise stated)

	Gross block				Depreciation				Net block	
Particulars	As at 1 April 2020	Additions/ Adjustments	Deductions/ Adjustments	As at 31 March 2021	As at 1 April 2020	For the year	Deductions/ Adjustments	As at 31 March 2021	As at 31 March 2021	As at 31 March 2020
Owned assets										
Leasehold land	9.21	-	-	9.21	0.34	0.17	-	0.51	8.70	8.87
Freehold land	52.05	-	-	52.05	-	-	-	-	52.05	52.05
Building	40.52	0.85	-	41.37	20.12	1.20	-	21.32	20.05	20.40
Plant and machinery	92.69	10.02	1.29	101.42	56.18	3.64	1.15	58.67	42.75	36.51
Furniture and fixtures	7.79	0.55	-	8.34	5.52	0.61	-	6.13	2.21	2.27
Vehicles	4.44	0.47	0.15	4.76	3.09	0.28	0.12	3.25	1.51	1.35
Office equipment	2.18	0.25	-	2.43	1.45	0.27	-	1.72	0.71	0.73
Computers	3.48	0.17	-	3.65	3.02	0.21	-	3.23	0.42	0.46
Electrical installations	6.98	0.95	0.41	7.52	5.10	0.37	0.39	5.08	2.44	1.88
Fire hydrants	0.16	-	-	0.16	0.06	0.01	-	0.07	0.09	0.10
Total	**219.50**	**13.26**	**1.85**	**230.91**	**94.88**	**6.76**	**1.66**	**99.98**	**130.93**	**124.62**

	Gross block				Depreciation				Net block	
Particulars	As at 1 April 2019	Additions/ Adjustments	Deductions/ Adjustments	As at 31 March 2020	As at 1 April 2019	For the year	Deductions/ Adjustments	As at 31 March 2020	As at 31 March 2020	As at 31 March 2019
Owned assets										
Leasehold land	9.21	-	-	9.21	0.17	0.17	-	0.34	8.87	9.04
Freehold land	52.05	-	-	52.05	-	-	-	-	52.05	52.05
Building	39.77	0.75	-	40.52	18.96	1.16	-	20.12	20.40	20.81
Plant and machinery	86.21	6.48	-	92.69	53.18	3.00	-	56.18	36.51	33.03
Furniture and fixtures	6.78	1.01	-	7.79	4.77	0.75	-	5.52	2.27	2.01
Vehicles	4.30	0.14	-	4.44	2.81	0.28	-	3.09	1.35	1.49
Office equipment	1.89	0.29	-	2.18	1.20	0.25	-	1.45	0.73	0.69
Computers	3.24	0.24	-	3.48	2.78	0.24	-	3.02	0.46	0.46
Electrical installations	5.75	1.22	-	6.98	4.88	0.22	-	5.10	1.88	0.88
Fire hydrants	0.16	-	-	0.16	0.05	0.01	-	0.06	0.10	0.11
Total	**209.37**	**10.13**	**-**	**219.50**	**88.80**	**6.08**	**-**	**94.88**	**124.62**	**120.57**

3.1 Fair valuation of land

The fair value of land consists of lands containing factories of the Company. Fair value of the properties were determined by estimating and arriving at the 'Prevailing Market value' by N. M. Pai & Company, an Accredited independent valuer appointed by the Company for the said purpose.

Notes forming part of the Standalone Financial Statements for the year ended 31 March 2021

(Amount in crores, unless otherwise stated)

4	Financial assets- Investments	31 March 2021	31 March 2020
	Investments in Equity Instruments (fully paid-up)		
	Unquoted Equity Shares in Subsidiary Companies (At Cost)		
	Faze Three US LLC	2.43	2.43
	Investment in Others (Designated and carried at FVTPL)		
	Unquoted equity shares		
	5,000 (31 March, 2020: 5,000) Equity shares of ₹10 each fully paid-up in Saraswat Co-op Bank Limited.	0.01	0.01
	40 (31 March, 2020 : 40) Equity shares of ₹ 25 each fully paid-up in Greater Bombay Co-operative Bank Ltd	0.00	0.00
	Quoted Investments		
	14,53,042 (31 March, 2020: 14,53,042) Equity shares of ₹ 10 each fully paid-up in V R Woodart Limited	0.21	0.21
	Total	**2.65**	**2.65**
	Non- Current	2.65	2.65
	Aggregate book value of:		
	Quoted investments	0.21	0.21
	Unquoted investments	2.44	2.44
	Aggregate market value of:		
	Quoted investments	0.86	0.96

5	Other financial assets (non-current) (at amortised cost)	31 March 2021	31 March 2020
	Security deposits	0.76	0.77
	Other receivable	1.56	1.42
	Deposit account with banks (remaining maturity of more than 12 months)	0.10	0.13
	Total	**2.42**	**2.32**

6	Other non-current assets	31 March 2021	31 March 2020
	Capital advance	2.12	1.39
	Refund of VAT / service tax receivable	0.57	0.57
	Other receivables	0.02	0.02
	Total	**2.71**	**1.98**

7	Inventories *	31 March 2021	31 March 2020
	Raw material	19.33	21.37
	Work in progress	21.22	21.67
	Finished goods	18.00	14.38
	Store and spares parts	1.41	1.00
	Dyes and chemicals	1.40	1.34
	Goods in transit	5.87	-
	Total	**67.23**	**59.76**

* Hypothecated as charge against short term - borrowings. Refer note 18.

Notes forming part of the Standalone Financial Statements for the year ended 31 March 2021

(Amount in crores, unless otherwise stated)

8	Trade receivables	31 March 2021	31 March 2020
	Unsecured		
	-Considered good	72.38	45.55
	-Receivable from related parties (refer note 35)	9.01	18.16
	-Receivable from others	63.37	27.39
	-Considered doubtful	0.02	1.14
	Less : Allowance for bad and doubtful debts	(0.02)	(1.14)
	Total	**72.38**	**45.55**

9	Cash and cash equivalents	31 March 2021	31 March 2020
	Balances with banks		
	In current accounts	0.68	13.07
	Bank balance in EEFC account	1.15	1.60
	Cash on hand	0.05	0.04
	Total	**1.88**	**14.71**

10	Bank balances other than cash and cash equivalent	31 March 2021	31 March 2020
	In Fixed deposit with maturity for more than three months but less than twelve months from balance sheet date	40.00	1.00
	Dividend Bank Accounts	0.02	0.02
	Total	**40.02**	**1.02**

11	Other financial assets (current)	31 March 2021	31 March 2020
	Unsecured, considered good (at amortised cost)		
	Interest accrued on fixed deposits	1.15	0.07
	Total	**1.15**	**0.07**

12	Current tax assets (net)	31 March 2021	31 March 2020
	Advance income tax (net of provisions)	1.42	1.17
	Total	**1.42**	**1.17**

13	Other current assets	31 March 2021	31 March 2020
	Unsecured, considered good		
	Export incentive receivable	9.75	7.57
	Advance to suppliers	3.98	2.60
	Staff advances	0.40	0.12
	GST input credit	2.30	0.85
	GST rebate receivable	5.42	2.31
	Prepaid expenses	0.93	0.69
	Total	**22.78**	**14.41**

Notes forming part of the Standalone Financial Statements for the year ended 31 March 2021

(Amount in crores, unless otherwise stated)

14 Equity share capital	31 March 2021	31 March 2020
Authorized		
2,60,00,000 (31 March 2020: 2,60,00,000) Equity Shares of ₹ 10/- each	26.00	26.00
Total	**26.00**	**26.00**
Issued, subscribed and paid up		
2,43,19,000 (31 March 2020: 2,43,19,000) Equity Shares of ₹10/- each fully paid	24.32	24.32
Total	**24.32**	**24.32**

(a) Reconciliation of equity shares outstanding at the beginning and at the end of the year

	31 March 2021		31 March 2020	
	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	**2,43,19,000**	**24.32**	**2,43,19,000**	**24.32**

(b) Rights, preferences and restrictions attached to shares

The Company has only one class of equity shares having par value of ₹ 10/- per share. All the equity shares rank pari passu in all respect. Dividend if any declared is payable in Indian Rupees.

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

(C) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

Name of Shareholder	31 March 2021		31 March 2020	
	Number of shares	% of holding in the class	Number of shares	% of holding in the class
Ajay Anand	72,30,485	29.73	71,09,856	29.24
Instyle Investments Pvt. Ltd.	23,94,625	9.85	23,94,625	9.85
Ajay Jindal	28,12,450	11.56	28,12,450	11.56
Salim Govani	34,76,040	14.29	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.

(d) The Company has not issued bonus shares and shares for consideration other than cash.

Notes forming part of the Standalone Financial Statements for the year ended 31 March 2021

(Amount in crores, unless otherwise stated)

15	Other equity	31 March 2021	31 March 2020
(A)	**Capital reserve**		
	Opening balance	5.73	5.73
	Add/(Less): Transferred to reserves	-	-
	Closing balance	**5.73**	**5.73**
(B)	**Securities premium**		
	Opening balance	24.44	24.44
	Add : Securities premium credited on issue of shares	-	-
	Closing balance	**24.44**	**24.44**
(C)	**General reserve**		
	Opening balance	93.15	94.62
	Add/ (Less): Distribution of Interim Dividend	-	(1.47)
	Closing balance	**93.15**	**93.15**
(D)	**Revaluation Reserve**		
	Opening balance	55.16	55.28
	Addition / (deletion): transfer to retained earnings	(0.14)	(0.14)
	Closing balance	**55.02**	**55.16**
(E)	**Surplus/(deficit) in the statement of profit and loss**		
	Opening balance	1.07	(17.96)
	Add: Profit for the year	24.87	19.02
	Closing balance	25.94	1.07
	Total	**204.28**	**179.54**

16	Non-current borrowings	31 March 2021	31 March 2020
	Term Loans (secured) (carried at amortised cost)		
	Other Loans (Against hypothecation of vehicles) (refer note (i))	0.28	1.20
	Total	**0.28**	**1.20**

Notes forming part of the Standalone Financial Statements for the year ended 31 March 2021

(Amount in crores, unless otherwise stated)

(i) Terms and conditions of Other Loans

Particulars	Loan 1
Maturity date	December 17, 2023
Number of installments due	21
Rate of Interest	10.35%
Payable within one year (amount in (₹))	5,805
Payable after one year but not more than five years (amount in (₹))	27,57,696
Name of the Financer	BMW Financial Services

The Company has entered into Retail Finance Agreement with BMW India Financial Services Private Limited (BMWFSPL) pursuant to which BMWFSPL has advanced loan for purchase of vehicle and subject to terms and conditions as envisaged in retail finance agreement. The said loan is availed as the retail finance agreement which has fixed buyback amount of about 60-70% of the original value after 3-4 years of usage of the said vehicle.

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Provisions	Long term		Short term	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Provision for employee benefits (refer note 33)				
Provision for gratuity (funded)	1.37	1.44	1.88	1.73
Total	**1.37**	**1.44**	**1.88**	**1.73**

18

Short -term borrowings	31 March 2021	31 March 2020
Secured, from bank (carried at amortised cost)		
Packing Credit in Rupee Scheme (PCRS) (refer footnote (i))	89.45	53.39
Bank Overdraft (refer footnote (ii))	1.90	-
Unsecured, Loans from related parties (refer note 35)	-	0.06
Total	**91.35**	**53.45**

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.

The Company has interest rate subvention of 5% with effect from 1st July, 2020 (PY 3%) on the aforesaid rates for Packing Credit in Rupee Scheme (PCRS).

Name of the Bank	Rate of Interest	
	2021	2020
Yes Bank Limited	7.60%	10.35%
Yes Bank Limited *	7.50%	-
HDFC Bank Limited *	5.40%	-
ICICI Bank Limited	7.50%	-

* The above mentioned PCRS is secured by way of lien over Fixed Deposits to be excersised at the time of release of funds.

Notes forming part of the Standalone Financial Statements for the year ended 31 March 2021

(Amount in crores, unless otherwise stated)

(ii) Temporary Overdraft facility from Bank carry interest rate at 7.65% from Standard Chartered Bank. Overdraft 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. The same was subsequently repaid on April 3, 2021.

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Trade payables	31 March 2021	31 March 2020
Total outstanding dues of micro enterprises and small enterprises (refer note 43)	0.23	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	12.63	6.69
Total	**12.86**	**6.69**

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Other financial liabilities (current) (carried at amortised cost)	31 March 2021	31 March 2020
Current maturities of vehicle loan	0.91	0.08
Interest accrued but due	0.16	0.34
Salary & reimbursement payable	4.47	2.54
Expenses payable	4.38	3.33
Dividend payable	0.02	0.02
Capital Creditors	0.41	0.10
Total	**10.35**	**6.41**

21

Current tax liabilities (net)	31 March 2021	31 March 2020
Provision for taxation (net of advance)	0.48	0.05
Total	**0.48**	**0.05**

22

Other current liabilities	31 March 2021	31 March 2020
Statutory dues payable	0.53	0.44
Advance from customer	0.31	0.15
MTM loss on currency forward contracts	0.02	-
Total	**0.86**	**0.59**

23

Revenue from operations	31 March 2021	31 March 2020
Export Sales (refer note 44)	281.40	249.97
Domestic Sales (refer note 44)	24.80	28.84
Export Incentives	17.97	23.38
Total	**324.17**	**302.19**

Notes forming part of the Standalone Financial Statements for the year ended 31 March 2021

(Amount in crores, unless otherwise stated)

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Other income	31 March 2021	31 March 2020
Rental income	0.40	0.67
Interest income	1.57	0.45
Miscellaneous income	0.00	0.05
Job work Income	0.04	0.28
Gain on sale of Property, plant and equipment	0.12	-
Gain on foreign currency fluctuation	-	2.67
Total	**2.13**	**4.12**

25

Cost of material consumed	31 March 2021	31 March 2020
Inventory at the beginning of the year	22.71	23.17
Add: Purchases	158.67	132.17
Less: Inventory at the end of the year	20.73	22.71
Total	**160.65**	**132.63**

26

Changes in inventories of finished goods and work-in-progress	31 March 2021	31 March 2020
Inventories at the beginning of the year		
-Finished goods	14.38	21.98
-Work-in-progress	21.67	19.57
	36.05	**41.55**
Less: Inventories at the end of the year		
-Finished goods	18.00	14.38
-Work-in-progress	21.22	21.67
-Goods-in-transit	5.87	-
	45.09	**36.05**
Net decrease/ (increase)	**(9.04)**	**5.50**

27

Employee benefits expense	31 March 2021	31 March 2020
Salaries, wages, bonus and other allowances	47.75	48.20
Contribution to provident fund and other funds	2.39	2.75
Staff welfare expenses	1.15	1.31
Total	**51.29**	**52.26**

28

Finance costs	31 March 2021	31 March 2020
Interest on borrowing	2.54	5.23
Interest on financial obligation	1.23	1.13
Bank charges	1.91	2.25
Total	**5.68**	**8.61**

Notes forming part of the Standalone Financial Statements for the year ended 31 March 2021

(Amount in crores, unless otherwise stated)

29	Depreciation and amortization expense	31 March 2021	31 March 2020
	Depreciation (refer note 3)	6.59	5.91
	Depreciation on Right of Use Assets (refer note 34)	2.22	2.02
	Amortisation	0.17	0.17
	Less: transfer to revaluation reserve	(0.14)	(0.14)
	Total	**8.84**	**7.96**

30	Other expenses	31 March 2021	31 March 2020
	Sewing, stitching,weaving & finishing charges	9.28	8.63
	Power & fuel	19.48	20.41
	Clearing and forwarding expenses	12.84	10.44
	Repairs & maintenance:		
	Plant & machinery	3.81	3.60
	Building	4.06	2.25
	Other manufacturing expenses	6.71	9.44
	Rent, rates & taxes (Refer note 34)	1.07	2.42
	Stores and spares consumed	3.28	2.91
	Audit fees (refer note i below)	0.15	0.14
	Miscellaneous expenses	1.73	5.48
	Corporate Social Responsibility Expenditure (refer note 40)	0.38	0.05
	Security expenses	1.60	1.56
	Courier expenses	1.83	1.66
	Travelling, vehicle & conveyance expenses	0.84	2.47
	Loss on foreign currency fluctuation	1.39	-
	Legal & professional fees	2.26	2.21
	Insurance charges	0.68	0.54
	Selling & distribution expenses	2.08	2.82
	Total	**73.47**	**77.03**

Note i: The following is the break-up of Auditors remuneration (exclusive of taxes)

	31 March 2021	31 March 2020
As auditor:		
Statutory audit	0.15	0.13
Out of pocket expenses	0.00	0.01
Total	**0.15**	**0.14**

Notes forming part of the Standalone Financial Statements for the year ended 31 March 2021

(Amount in crores, unless otherwise stated)

31 Income Tax

(A)

Income Tax recognised in profit or loss	31 March 2021	31 March 2020
Current tax		
In respect of current year	9.62	4.24
	9.62	**4.24**
Deferred tax liabilities		
In respect of current year origination and reversal of temporary differences	0.78	(1.20)
	0.78	**(1.20)**
Total Income Tax recognised in profit or loss	**10.40**	**3.04**

(B) **Deferred tax assets/ (liabilities) (net):**

Particulars	Balance as at 31 March 2020	Charge / (Credit) to Profit or Loss & OCI	Utilisation of MAT Credit	Balance as at 31 March 2021
Provision for employee benefits	1.19	(0.03)	-	1.22
Unabsorbed depreciation and business losses carried forward	2.33	-	-	2.33
Fiscal allowances on property, plant and equipment	(6.27)	0.80	-	(7.07)
On Temporary Difference on account of leases	0.18	0.01	-	0.17
Minimum alternate tax carried forward	8.87	-	(3.51)	5.36
Total deferred tax assets / (liabilities), net	**6.30**	**0.78**	**(3.51)**	**2.00**

(C) Deferred tax assets includes net of Deferred tax liabilities and MAT credit available as per the requirements of "Ind AS 12- Income Taxes". The Company has utilized MAT credit of ₹ 3.51 crores in the current financial year. The Management believes that balance, MAT credit of ₹ 5.36 crores (March 31, 2020 of ₹ 8.87 crores) shall be utilized in the stipulated time, considering the Company foresees future taxable profits.

(D) 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.

(E)

Reconciliation of tax charge	31 March 2021	31 March 2020
Profit before tax	35.41	22.32
Statutory Tax Rate	29%	29%
Income tax expense at tax rates applicable	10.31	6.50
Tax effects of:		
- B/f losses and unabsorbed depreciation not recognised as DTA in earlier years	-	(1.76)
- MAT credit available to the Company not recognised as asset in earlier years	-	(1.51)
- Other items	0.09	(0.19)
Income tax expense	**10.40**	**3.04**

Notes forming part of the Standalone Financial Statements for the year ended 31 March 2021

(Amount in crores, unless otherwise stated)

32 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 2021	31 March 2020
Profit attributable to equity holders	25.01	19.27
Weighted average number of equity shares for basic EPS	2,43,19,000	2,43,19,000
Basic earnings per share (INR)	10.28	7.92
Diluted earnings per share (INR)	10.28	7.92

33 Employee benefits

(A)	**Defined Contribution Plans**	**31 March 2021**	**31 March 2020**
	During the year, the Company has recognized the following amounts in the Statement of Profit and Loss		
	Employers' Contribution to Provident Fund and ESIC (Refer note 27)	1.75	2.18
(B)	**Defined benefit plans**		
	a) Gratuity payable to employees		
i)	**Actuarial assumptions**		
	Discount rate (per annum)	5.58%	5.76%
	Rate of increase in Salary (per annum)	4.00%	4.00%
	Expected average remaining working lives of employees (years)	4.00%	4.00%
	Attrition rate		
	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%
ii)	**Changes in the present value of defined benefit obligation**	**Employee's gratuity fund**	
	Present value of obligation at the beginning of the year	**3.21**	**2.90**
	Interest cost	0.19	0.20
	Current service cost	0.45	0.42
	Benefits paid	(0.75)	(0.65)
	Actuarial (gain)/ loss on obligations	0.20	0.35
	Present value of obligation at the end of the year*	**3.30**	**3.21**
	*Included in provision for employee benefits		
iii)	**Expense recognized in the Statement of Profit and Loss**	**Employee's gratuity fund**	
	Current service cost	0.45	0.42
	Interest cost	0.18	0.20
	Return on plan assets	-	(0.04)
	Total expenses recognized in the Statement Profit and Loss*	**0.63**	**0.57**
	*Included in Employee benefits expense		

Notes forming part of the Standalone Financial Statements for the year ended 31 March 2021

(Amount in crores, unless otherwise stated)

33 Employee benefits

iv)	**Assets and liabilities recognized in the Balance Sheet:**	**Employee's gratuity fund**	
	Present value of unfunded obligation as at the end of the year	3.30	3.21
	Fair value of the plan assets at the end of the Period	(0.05)	(0.04)
	Unfunded net (asset) / liability recognized in Balance Sheet*	**3.25**	**3.17**
	*Included in provision for employee benefits (Refer note 17)		
		31 March 2021	**31 March 2020**
v)	Expected contribution to the fund in the next year		
	Gratuity	0.63	0.63
vi)	A quantitative sensitivity analysis for significant assumption as at 31 March 2020 is as shown below:		
	Impact on defined benefit obligation	**Employee's gratuity fund**	
	Discount rate		
	1% increase	(0.15)	(0.14)
	1% decrease	0.16	0.15
	Employee Turnover		
	1% increase	0.00	0.00
	1% decrease	(0.01)	(0.01)
	Rate of increase in salary		
	1% increase	0.16	0.16
	1% decrease	(0.15)	(0.14)
vii)	Maturity profile of defined benefit obligation	**From the fund**	
	Year		
	1st Following Year	0.49	0.51
	2nd Following Year	0.45	0.43
	3rd Following Year	0.42	0.41
	4th Following Year	0.39	0.38
	5th Following Year	0.37	0.34
	Sum of Years 6 to 10	1.28	1.22
	Sum of 7th Year and above	1.07	1.08

34 Leases

Leases where Company is a lessee (Ind AS 116):

(a) Following are the carrying value of Right of Use Assets:

	Category of ROU Asset		
Particulars	**Leasehold Building**	**Vehicles**	**Total**
Balance as at April 1, 2019	**9.86**	**-**	**9.86**
Reclassified on account of Ind AS 116	0.25	0.63	0.88
Additions	3.06	0.36	3.42
Deletion	-	-	-
Depreciation	1.76	0.26	2.02
Balance as at March 31, 2020	**11.41**	**0.73**	**12.14**
Additions	-	-	-
Deletion	-	-	-
Depreciation	1.91	0.31	2.22
Balance as at March 31, 2021	**9.50**	**0.42**	**9.92**

Notes forming part of the Standalone Financial Statements for the year ended 31 March 2021

(Amount in crores, unless otherwise stated)

(b) Impact of adoption of Ind AS 116 for the year end is as follows:

Impact on Statement of Profit and Loss for the year	Year Ended March 31,2021	Year Ended March 31,2020
Decrease in Rent Expenses by	(2.68)	(2.43)
Increase in Finance cost by	1.23	1.01
Increase in Depreciation and Amortization by	2.22	2.02
Net Impact on Statement of Profit and Loss	**(0.77)**	**(0.60)**

(c) Lease Expenses recognized in Statement of Profit and Loss, not included in the measurement of lease liabilities:

Particulars	Year Ended March 31,2021	Year Ended March 31,2020
Expenses relating to short-term leases	0.33	0.31
Expense relating to low value leases	-	0.03

(d) Maturity analysis of lease liabilities– contractual undiscounted cash flows:

Particulars	Year Ended March 31,2021	Year Ended March 31,2020
Less than one year	2.46	2.36
One to Five years	9.03	9.10
More than 5 years	2.50	4.89
Total undiscounted lease liabilities at March 31, 2021	13.99	16.35
Discounted Lease liabilities included in the statement of financial position as at year end	**Year Ended March 31,2021**	**Year Ended March 31,2020**
Current lease liability	1.49	1.25
Non-Current lease liability	9.01	10.51

(e) The Weighted average incremental borrowing rate of 9.86% has been applied for measuring the lease liability in respect of lease liability at the date of initial application.

(f) Amounts recognised in Statement of Cash Flows:

Particulars	Year Ended March 31,2021	Year Ended March 31,2020
Total cash outflow for leases	2.48	2.43

(g) Income from sub leasing of Right to use assets is ₹ Nil.

35 Related Party Disclosures:

(A) Names of related parties and description of relationship as identified and certified by the Company:

Related party 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
Next Interiors Private Limited	Entity in which relative of director has common control
ARR Bath & Home Private Limited	Entity in which relative of director has common control
Instyle Investments Private Limited	Entity in which director has common control
Mamata Finvest Private Limited	Wholly Owned Subsidiary of Instyle Investments Private Limited
Anadry Investments Private Limited	Wholly Owned Subsidiary of Instyle Investments Private Limited
Rohina Anand Khira	Daughter of Managing Director
Ashok Anand	Brother of Managing Director
Vishnu Anand	Son of Managing Director
Faze Three US LLC	Wholly owned foreign subsidiary

Notes forming part of the Standalone Financial Statements for the year ended 31 March 2021

(Amount in crores, unless otherwise stated)

Key Management Personnel (KMP)

Ajay Anand	Managing Director
Sanjay Anand	Whole-time Director
Ankit Parekh	Company Secretary (resigned on March 7, 2021)
Akram Sati	Company Secretary (appointed on March 8, 2021)
Ankit Madhwani	Chief Financial Officer

(B) Details of transactions with related party in the ordinary course of business for the year ended:

	Entity in which director has common control	**31 March 2021**	**31 March 2020**
	Faze Three Autofab Limited		
	Sale of goods and services	18.65	22.37
	Purchase of goods	0.07	0.77
	Rent income	0.24	0.64
	Jobwork expense	0.06	0.01
	Reimbursement of Expenses	0.03	0.10
	Purchase of Property, plant and equipment	-	0.14
	V.R.Woodart Limited		
	Loans repaid during the year	0.06	0.10
	ARR Bath & Home Private Limited		
	Rent income	-	0.04
	Jobwork expense	0.56	1.86
	Purchase of Property, plant and equipment	4.20	-
	Sale of goods	1.51	0.30
	Reimbursement of Expenses	0.05	0.03
	Next Interiors Private Limited		
	Sale of goods	0.46	0.35
	Reimbursement of Expenses	0.07	0.07
(ii)	**Wholly owned foreign subsidiary (Faze Three US LLC)**		
	Investment	-	-
	Sale of goods	7.23	2.13
(iii)	**Key Management Personnel (KMP)**		
	Compensation of key management personnel (employee benefit)	1.77	1.61
(iv)	**Relative of Director**		
	Ashok Anand (towards payment of employee benefit)	0.09	0.09
	Rohina Anand (towards payment of rent)	-	0.03
	Vishnu Anand (towards payment of employee benefit)	0.30	0.28
(C)	**Amount due to related party as on**	**31 March 2021**	**31 March 2020**
	V.R.Woodart Limited	-	0.06
	Amount due from related party		
	ARR Bath & Home Private Limited	0.64	0.06
	Faze Three US LLC	5.23	1.92
	Faze Three Autofab Limited	3.08	15.54
	Next Interiors Private Limited	0.05	0.64

(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 2021, the Company has not recorded any impairment of receivables relating to amounts owed by related 0parties. 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.

Notes forming part of the Standalone Financial Statements for the year ended 31 March 2021

(Amount in crores, unless otherwise stated)

36 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 2021	31 March 2020
Level 2		
Financial assets measured at fair value through profit or loss		
Investments in unquoted instruments	2.44	2.44
Investments in quoted instruments but not in active markets	0.21	0.21
Level 3	**31 March 2021**	**31 March 2020**
Financial assets measured at amortized cost		
Trade receivables	72.38	45.55
Security deposits	0.76	0.77
Other receivable	1.56	1.42
Interest accrued on fixed deposits	1.15	0.07
Deposit account with banks (remaining maturity of more than 12 months)	0.10	0.13
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.		
Financial liability measured at amortized cost		
Borrowings	92.54	54.73
Trade payables	12.86	6.69
Salary & reimbursement payable	4.47	2.54
Expenses payable	4.38	3.33
Interest accrued but not due	0.16	0.34
Dividend payable	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.		

Notes forming part of the Standalone Financial Statements for the year ended 31 March 2021

(Amount in crores, unless otherwise stated)

37 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 a balanced portfolio of fixed and variable rate loans and borrowings.

	31 March 2021	31 March 2020
Variable rate borrowings	91.35	53.40

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:

	Increase/ decrease in basis points	Effect on profit before tax (₹ in Crs)
F.Y. 2021	100 bps	0.91
F.Y. 2020	100 bps	0.53

(ii) Foreign currency risk

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:

Exposure to currency risk	31 March 2021		31 March 2020	
	INR	USD	INR	USD
Trade receivables (hedged)	11.13	0.15	0.01	0.00
Trade receivables (unhedged)	56.94	0.81	29.52	0.38
Capital Creditors (hedged)	0.32	0.00	-	-
Trade Payables (unhedged)	-	-	0.00	0.00

The following significant rate have been applied during the year	Year End Spot Rate	
INR	31 March 2021	31 March 2020
USD 1	73.50	75.39
EURO 1	86.10	83.05

Notes forming part of the Standalone Financial Statements for the year ended 31 March 2021

(Amount in crores, unless otherwise stated)

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 volatality in USD / INR, the following effect is estimated.

	Change in USD rate	Effect on profit before tax
2021		
USD / INR	0.50%	0.28
2020		
USD / INR	0.50%	0.15

(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**
March 31 2021			
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
March 31 2020			
Trade receivables	45.54	0.01	45.55
Security deposits	-	0.77	0.77
Other receivable	-	1.42	1.42
Interest accrued on fixed deposits	0.07	-	0.07
Deposit account with banks (remaining maturity of more than 12 months)	-	0.13	0.13

(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.

Notes forming part of the Standalone Financial Statements for the year ended 31 March 2021

(Amount in crores, unless otherwise stated)

The table below summarizes the maturity profile of the Company's financial liabilities:

	Less than 12 months	More than 12 months	Total
March 31 2021			
Short term borrowings	92.26	-	92.26
Long-term borrowings	-	0.28	0.28
Trade payables	12.86	-	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
	114.12	**0.31**	**114.43**
March 31 2020			
Short term borrowings	53.53	-	53.53
Long-term borrowings	-	1.20	1.20
Trade payables	6.69	-	6.69
Salary & reimbursement payable	2.54	-	2.54
Expenses payable	3.33	-	3.33
Interest accrued but not due	0.34	-	0.34
Dividend payable	0.02	-	0.02
	66.46	**1.20**	**67.66**

38 Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to achieve a strong capital base to sustain stability and plan future development of business.

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 in INR (98% of Total Debt). 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 2021	31 March 2020
Total equity excluding revaluation reserve	(i)	173.58	148.71
Total debt		92.54	54.73
Less: Fixed deposits liened		40.00	-
Total net debt	(ii)	52.54	54.73
Overall financing	(iii) = (i) + (ii)	226.12	203.44
Gearing ratio	(ii)/ (iii)	0.23	0.27

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2021 and 31 March 2020.

39 Contingent Liability and commitments

Contingent liabilities (to the extent not provided for)

	31 March 2021	31 March 2020
Guarantees and Letter of Credit	0.91	0.86

Notes forming part of the Standalone Financial Statements for the year ended 31 March 2021

(Amount in crores, unless otherwise stated)

40 Corporate social responsibility (CSR)

A) Gross amount required to be spent by the Company towards Corporate Social Responsibility is ₹ 0.37 Crores (31 March 2020 ₹ 0.29 crores).

B) The actual amount spent by the Company towards CSR is ₹ 0.37 crores (March 31, 2020 ₹ 0.05 crores).

C) No expenditure has been paid to a related party, in relation to CSR expenditure as per Ind-AS 24, Related Party Disclosures.

41 Segment reporting

The Company is engaged in only one segment viz 'Manufacturing of home textiles' and as such, there is no separate reportable segment as per Ind AS 108 'Operating Segments'. Presently, the Company's operations are predominantly confined in India.

42 The management has made an assessment of the impact of COVID-19 on the Company's operations, financial performance and position as at and for the year ended March 31, 2021 and has concluded that there is no impact which is required to be recognised in the financial statements. Accordingly, no adjustments have been made to the financial statements. However, the Company shall continue to closely monitor any material developments in the external business environment and future economic conditions which may have significant impact on its business.

43 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:

	Particulars	31 March 2021	31 March 2020
(a)	(i) The principal amount remaining unpaid to any supplier at the end of accounting year included in trade payables	0.23	-
	(ii) Interest due on above	-	-
	The total of (i) and (ii)	**0.23**	**-**
(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 acrrued 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.	-	-

Notes forming part of the Standalone Financial Statements for the year ended 31 March 2021

(Amount in crores, unless otherwise stated)

44 The Company is primarily into the business of manufacture and trading of home textile products. The production is made based on orders received from the customers and revenue is recognised upon satisfaction of performance obligation and transfer of control which is typically upon dispatch. The Company has a credit evaluation policy based on which credit limits for the trade receivable are established. The Company does not give significant credit period resulting in no significant financing component. In compliance with Ind AS 115, variable component of consideration have been recognised as deductions from Revenue.

Reconciliation of revenue as per contract price and as recognised in the statement of Profit and Loss	**31 March 2021**	**31 March 2020**
Revenue as per Contract Price	310.36	282.25
less: Sales Commission and Discounts	(4.16)	(3.44)
Revenue as per Statement of Profit and Loss **(Export Sales and Domestic Sales)**	306.20	278.81

45 The Indian Parliament has approved the Code on Social Security 2020 which would impact the contributions by the Company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code of Social Security on November 13, 2020 and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which the Code becomes effective and the related rules to determine the financial impact.

46 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 : June 30, 2021

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

Ajay Anand
Managing Director
DIN: 00373248

Sanjay Anand
Whole-time Director
DIN: 01367853

Ankit Madhwani
Chief Financial Officer

Akram Sati
Company Secretary
M No: A50020

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 a subsidiary (Holding Company and a subsidiary together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2021, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), 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 a subsidiary, mentioned in the other matter paragraph of this report, 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 / Companies (Accounts) Rules, 2014 as amended and other accounting principles generally accepted in India, of their consolidated state of affairs of the Group as at March 31, 2021, of consolidated profit (including Other Comprehensive Income), 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.

Emphasis of Matter

We draw attention to Note 42 to the Consolidated financial statements which states that the management has made an assessment of the impact of COVID-19 on the Group's operations, financial performance and position as at and for the year ended March 31, 2021 and has concluded that there is no impact which is required to be recognized in the Statement. Accordingly, no adjustments have been made to the Statement.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated financial statements of the current period. These matters were addressed in the context of our audit of the Consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Utilisation of MAT Credit

Refer note 31 to the Consolidated financial statements.

The Holding Company has unutilised MAT Credit of Rs. 5.36 crores as on March 31, 2021. Minimum Alternate Tax (MAT) credit is recognised only when and to the extent there is convincing evidence that the Holding Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

There is inherent uncertainty and management estimation involved in forecasting future taxable profits, which determines the extent to which MAT credit asset is recognised and carried forward.

We have considered this as Key Audit Matter due to the uncertainty and management estimation involved in assessing the future taxable profits.

Our Audit Procedures in respect of this area included:

a. Evaluated whether controls over management assumptions and key estimates for utilisation of MAT Credit in the future years are appropriately designed, implemented and operating effectively by performing combination of procedures involving enquiry, reperformance and verification of evidence.

b. Evaluated management's assumptions and key estimates with respect to the projections supporting sufficient future taxable profit in order to support the carry forward of MAT credit asset.

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 information included in the Director's report and Annexures thereof, 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 a wholly owned foreign subsidiary whose financial information reflect total assets of Rs. 5.85 crores as at March 31, 2021, total revenues of Rs. 7.65 crores and net cash inflows amounting to Rs. 0.01 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 subsidiary and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiary, is based solely on 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 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, 2021 taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding Company, is disqualified as on March 31, 2021 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 Auditors) 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 during the year ended March 31, 2021.

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 company.

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.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Place: Mumbai
Date: June 30, 2021

Amrish Vaidya
Partner
Membership No.101739
UDIN: 21101739AAAAEF3645

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.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Place: Mumbai
Date: June 30, 2021

Amrish Vaidya
Partner
Membership No.101739
UDIN: 21101739AAAAEF3645

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, 2021]

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

In conjunction with our audit of the Consolidated financial statements of the Company as of and for the year ended March 31, 2021, we have audited the internal financial controls with reference to Consolidated financial statements of Faze Three Limited (hereinafter referred to as "the Holding Company").

Management's Responsibility for Internal Financial Controls

The 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 on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("the ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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.

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 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 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.

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.

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.

Opinion

In our opinion, and to the best of our information and according to the explanations given to us, the Holding Company, have, in all material respects, 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, 2021, 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 issued by the ICAI.

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 subsidiary Company is incorporated out of India.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Place: Mumbai
Date: June 30, 2021

Amrish Vaidya
Partner
Membership No.101739
UDIN: 21101739AAAAEF3645

Consolidated Balance Sheet as at 31 March 2021 (Amount in crores, unless otherwise stated)

	Notes	As At 31 March 2021	As At 31 March 2020
ASSETS			
Non-current assets			
Property, plant and equipment	3	130.93	124.62
Capital work-in-progress		1.04	0.76
Right-of-Use Assets	34	9.92	12.14
Financial assets			
Investments	4	0.21	0.21
Other financial assets	5	2.42	2.32
Other non-current assets	6	2.71	1.98
Deferred tax asset (net)	31	2.00	6.30
Total non-current assets		**149.23**	**148.33**
Current assets			
Inventories	7	69.83	60.77
Financial assets			
Trade receivables	8	69.66	44.00
Cash and cash equivalents	9	2.44	15.27
Bank balances other than cash and cash equivalent	10	40.02	1.02
Other financial assets	11	1.15	0.07
Current tax assets (net)	12	1.42	1.17
Other current assets	13	22.78	14.14
Total current assets		**207.30**	**136.44**
Total assets		**356.53**	**284.77**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	14	24.32	24.32
Other equity	15	201.81	177.13
Total equity		**226.13**	**201.45**
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	16	0.28	1.20
Lease Liabilities	34	9.01	10.51
Provisions	17	1.37	1.44
Total non-current liabilities		**10.66**	**13.15**
Current liabilities			
Financial liabilities			
Borrowings	18	91.35	53.45
Trade payables	19	13.33	6.69
Other financial liabilities	20	10.35	6.41
Lease Liabilities	34	1.49	1.25
Provisions	17	1.88	1.73
Current tax liabilities (net)	21	0.48	0.05
Other current liabilities	22	0.86	0.59
Total current liabilities		**119.74**	**70.17**
Total equity and liabilities		**356.53**	**284.77**

Summary of significant accounting policies 2

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 : June 30, 2021

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

Ajay Anand
Managing Director
DIN: 00373248

Sanjay Anand
Whole-time Director
DIN: 01367853

Ankit Madhwani
Chief Financial Officer

Akram Sati
Company Secretary
M No: A50020

Consolidated Statement of Profit and Loss for year Ended 31 March 2021

(Amount in crores, unless otherwise stated)

	Notes	Year ended 31 March 2021	Year ended 31 March 2020
Income			
Revenue from operations	23	324.59	302.17
Other income	24	2.13	4.12
Total income		**326.72**	**306.29**
Expenses			
Cost of material consumed	25	159.77	132.56
Changes in inventories of finished goods and work-in-progress	26	(8.96)	5.51
Employee benefits expense	27	51.29	52.26
Finance costs	28	5.68	8.61
Depreciation and amortization expense	29	8.84	7.96
Other expenses	30	74.77	78.21
Total expenses		**291.39**	**285.11**
Profit before tax		**35.33**	**21.18**
Income tax expense			
Current tax	31	9.62	4.24
Deferred tax (net)		0.78	(1.20)
Total income tax expense		**10.40**	**3.04**
Profit for the year		**24.93**	**18.14**
Other comprehensive income not to be reclassified to profit or loss in subsequent year			
Re-measurement losses on defined benefit plans		0.20	0.35
Income tax effect		(0.06)	(0.10)
		0.14	0.25
Other comprehensive income to be reclassified to profit or loss in subsequent year			
Exchange difference on translation of a foreign operation		0.03	-
Income tax effect		-	-
		0.03	-
Other comprehensive income for the year		**0.11**	**0.25**
Total comprehensive income for the year		**24.82**	**17.89**
Earnings per share			
Basic (₹/ Share)	32	10.25	7.46
Diluted (₹/ Share)	32	10.25	7.46

Summary of significant accounting policies 2

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 : June 30, 2021

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

Ajay Anand
Managing Director
DIN: 00373248

Sanjay Anand
Whole-time Director
DIN: 01367853

Ankit Madhwani
Chief Financial Officer

Akram Sati
Company Secretary
M No: A50020

Statement of Consolidated Cash Flows for the year ended 31 March 2021

(Amount in crores, unless otherwise stated)

	Year ended March 31, 2021	Year ended March 31, 2020
Cash flow from operating activities		
Profit before tax	35.33	21.18
Adjustments for:		
Depreciation and amortization expenses (including depreciation on right of use assets)	8.84	7.96
Finance cost (including interest on lease liabilities)	5.68	6.36
Interest income	(1.57)	(0.45)
Unrealised (Gain)/ loss on foreign exchange fluctuations (net)	0.74	(0.99)
Operating profit before working capital changes	49.02	34.06
Changes in working capital		
(Decrease)/Increase in trade payables	6.63	(1.51)
(Increase)/Decrease in inventories	(4.88)	5.85
(Increase)/Decrease in trade receivables	(30.54)	1.91
Increase/(Decrease) in other current liabilities	0.27	(0.03)
Increase in other financial liabilities	2.98	0.66
(Increase) in non-current financial assets	(0.10)	(0.57)
(Decrease)/Increase in Employee benefit obligations	(0.12)	(0.08)
(Increase) in other non-current assets	(0.01)	(0.28)
(Increase) in other current assets	(8.64)	(3.93)
Cash generated from operations	14.61	36.08
Income tax paid (net of refund)	(5.67)	(4.98)
Net cash generated from operating activities (A)	8.94	31.10
Cash flow from Investing activities		
Payment for purchase of property, plant and equipment	(14.18)	(10.51)
Proceeds from sale of property, plant and equipment	0.25	-
Investment in unquoted investment	-	(0.01)
Interest received	0.30	0.32
Proceeds from/Investment in fixed deposits	(38.99)	5.00
Net cash used in investing activities (B)	(52.62)	(5.20)
Cash flow from Financing activities		
Payment of interim dividend	-	(1.47)
Proceeds / (Repayment) of borrowings (net)	37.79	(12.49)
Repayment of Lease Liabilities	(2.48)	(2.43)
Interest paid	(4.45)	(5.41)
Net cash generated from / (used in) financing activities (c)	30.86	(21.80)
Net increase in cash and cash equivalents (A+B+C)	(12.82)	4.10
Cash and cash equivalents at the beginning of the year	15.27	11.17
Effect of exchange rate changes on cash and cash equivalents	(0.01)	-
Cash and cash equivalents at the end of the year	2.44	15.27
Cash and cash equivalents comprise		
Balances with banks		
In current accounts	1.24	13.63
Bank balance on EEFC account	1.15	1.60
Cash on hand	0.05	0.04
Total cash and cash equivalents at end of the year	2.44	15.27

Summary of significant accounting policies 2

The accompanying notes are an integral part of the financial statements

The above Cash flow statement has been prepared under the indirect method set out in IND AS 7, "Cash Flow Statement" notified under section 133 of the Companies Act 2013" as a footnote to Cash flow Statement

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

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Partner
Membership No: 101739

Place : Mumbai
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Whole-time Director
DIN: 01367853

Ankit Madhwani
Chief Financial Officer

Akram Sati
Company Secretary
M No: A50020

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2021

(Amount in crores, unless otherwise stated)

(A) Equity share capital	As at 31 March 2021		As at 31 March 2020	
	No. of shares	Amount	No. of shares	Amount
Equity shares of ₹10 each issued, subscribed and fully paid				
Opening	2,43,19,000	24.32	2,43,19,000	24.32
Add: issue during the year	-	-	-	-
Closing	**2,43,19,000**	**24.32**	**2,43,19,000**	**24.32**

(B) Other equity

Particulars	Reserves and surplus						Total
	Foreign currency translation reserve	Capital Reserve	Asset Revaluation Reserve	Securities premium	General reserve	Retained earnings	
Balance as at 1 April 2020	**(0.05)**	**5.73**	**55.16**	**24.44**	**93.15**	**(1.31)**	**177.13**
Profit for the year	-	-	-	-	-	24.93	24.93
Other comprehensive income	-	-	-	-	-	(0.11)	(0.11)
Transferred to retained earnings	-	-	(0.14)	-	-	-	(0.14)
Balance as at 31 March 2021	**(0.05)**	**5.73**	**55.02**	**24.44**	**93.15**	**23.50**	**201.81**

Particulars	Reserves and surplus						Total
	Foreign currency translation reserve	Capital Reserve	Asset Revaluation Reserve	Securities premium	General reserve	Retained earnings	
Balance as at 1 April 2019	**0.01**	**5.73**	**55.28**	**24.44**	**94.62**	**(19.20)**	**160.86**
Profit for the year	-	-	-	-	-	18.14	18.14
Other comprehensive income	-	-	-	-	-	(0.25)	(0.25)
Dividend distributed during the year	-	-	-	-	(1.47)	-	(1.47)
Transfer to reserves	(0.06)	-	(0.14)	-	-	-	(0.20)
Balance as at 31 March 2020	**(0.05)**	**5.73**	**55.16**	**24.44**	**93.15**	**(1.31)**	**177.13**

Summary of significant accounting policies 2

The accompanying notes are an integral part of the financial statements

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Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2021

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 six manufacturing locations across Gujarat, Union territories (UT) of (Dadra and Nagar Haveli and Daman and Diu) DNHDD and Haryana 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 consolidated or separate financial statements of Faze Three Limited ("the Company") have been prepared in accordance with the Indian Accounting Standard as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 (the 'Act') and other relevant provisions of the Act.

These consolidated or separate financial statements are approved by the Company's Board of Directors and authorised for issue on June 30, 2021.

These consolidated 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 consolidated financial statements have been prepared on a historical cost convention on accrual basis, except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is calculated as per Ind AS 113 being 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, regardless of whether the price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company considers the characteristics of an asset or liability is market participants would take those characteristics into account for pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 116, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2021

(C) 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 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.

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.

Contingent liabilities

From time to time, the Company is subject to legal proceedings, the ultimate outcome of each being always subject to many uncertainties inherent in litigation. A provision for litigation is made when it is considered probable that a payment will be made and the amount of the loss can be reasonably estimated. Significant judgement is made when evaluating, among other factors, the probability of unfavourable outcome and the ability to make a reasonable estimate of the amount of potential loss. Litigation provisions are reviewed at each accounting period and revisions made for the change in facts and circumstances.

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.

Freehold Land and Leasehold land are carried at fair value based on periodic valuation by the external independent valuers. 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. To the extent that the reserves show a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increase of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset, all other decreases are charged to profit or loss.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Capital work-in-progress includes cost of property, plant and equipment under installation / under development as at balance sheet date.

Depreciation methods, estimated useful lives

The Company depreciates property, plant and equipment over their estimated useful lives using the straight-line method.

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2021

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:

Property, plant and equipment	Useful Lives
Leasehold land	Lease period
Factory Building	30 years
Plant & Machinery (Powerloom)	20 years
Plant & Machinery (Handloom)	15 years
Furniture and Fixtures	10 years
Office Equipment	5 years
Electrical Installations	10 years
Fire Hydrant Systems	15 years
Vehicles	8 years
Computers:	
-Servers	6 years
-End user devices such as, desktops, laptops etc.	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 evaluation, management believes that the useful life of some machines should be 20 years as that best represents the period over which the management expects to use the assets. Hence, the useful life for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

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 Investment in subsidiary

The Company accounts for its investment in subsidiaries at cost less accumulated impairment, if any.

2.4 Impairment of assets

At the end of each reporting period, the Company reviews the carrying amount of its tangible 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 group 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

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2021

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 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.

2.6 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 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.

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.

2.7 Revenue recognition

Sale of goods

With effect from April 01,2018 on adoption of Ind-AS 115:
Revenue from sales of goods is measured based on the consideration received or receivable from the customer. 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. Revenue is reported net of taxes and duties as applicable.

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2021

Receivable is recognized when the goods are dispatched from Company's premises as this is the point in time that the consideration is unconditional because only passage of time is required before the payment is due.

Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

Revenue in respect of interest income is recognised on a basis of effective interest method as set out in Ind AS 109, Financial Instruments, and where no significant uncertainty as to measurability or collectability exists.

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.

Export incentives
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.

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.

2.8 Taxes

Tax on income for the current period is determined on the basis of estimated taxable income and tax credits computed in accordance with the provisions of the relevant tax laws and based on the expected outcome of assessments / appeals.

(A) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(B) Deferred tax

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 taxable 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

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2021

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.

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.

2.9 Leases

The Company has adopted Indian Accounting Standard (Ind AS) 116 – 'Leases' ('the 'Standard''), with effective from April 01,2019 using the modified retrospective method under the transitional provisions of Ind AS 116, which is the date of the first application of the standard.

As a Lessee

The Company recognizes a right-of-use asset ("ROU") and a lease liability at the lease commencement date. 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 from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortised cost using the effective interest method, except those which is payable other than functional currency which is measured at fair value through P&L. It is re measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, or if company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is re measured in this way, a corresponding adjustment is made to the carrying amount of the ROU Asset, or is recorded in Statement of Profit or Loss if the carrying amount of the ROU Asset has been reduced to zero.

The Company presents ROU Asset separately and lease liabilities in 'Financial Liabilities' in the Balance Sheet.

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2021

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.

2.10 Inventories

Raw materials, packaging materials, stores and spare parts, work in progress and finished goods are stated 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.

2.11 Provisions, contingent liabilities and contingent assets

Provisions are recognized when there is a present obligation 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 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 assets are neither recognised nor disclosed in the financial statements.

2.12 Cash, cash equivalents and cash flow statements

Cash and cash equivalent in the balance sheet comprise cash at banks, cash on hand and fixed deposits with an original maturity of more than three months but less than twelve months, which are subject to an insignificant risk of changes in value.

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2021

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, cash in banks and demand deposits.

2.13 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, 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 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 instruments: 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 FVOCI.

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 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.

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2021

(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.

(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.

2.14 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.

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2021

Gratuity

The Company participates in a group gratuity cum life insurance scheme administered by a Life Insurance Corporation of India. Being a defined benefit plan, annual contributions made to the scheme are as per the intimations received from the life insurance company. The Company accounts for liability for future gratuity benefits based on an actuarial valuation by an independent actuary. The net present value of the Company's obligation is determined based on the projected unit credit method as at the Balance Sheet date. Shortfall if any, between the balance in the fund with Life Insurance Company and the actuarial valuation is expensed to the statement of profit and loss. The actuarial gains and losses are recognised in Other Comprehensive Income which gets reflected immediately in retained earnings and is not reclassified to the statement of profit or loss.

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.

2.15 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.

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.

2.16 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company.

2.17 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.

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2021

(Amount in crores, unless otherwise stated)

3 Property, plant and equipment

	Gross block				Depreciation				Net block	
Particulars	**As at 1 April 2020**	**Additions/ Adjustments**	**Deductions/ Adjustments**	**As at 31 March 2021**	**As at 1 April 2020**	**For the year**	**Deductions/ Adjustments**	**As at 31 March 2021**	**As at 31 March 2021**	**As at 31 March 2020**
Owned assets										
Leasehold land	9.21	-	-	9.21	0.34	0.17	-	0.51	8.70	8.87
Freehold land	52.05	-	-	52.05	-	-	-	-	52.05	52.05
Building	40.52	0.85	-	41.37	20.12	1.20	-	21.32	20.05	20.40
Plant and machinery	92.69	10.02	1.29	101.42	56.18	3.64	1.15	58.67	42.74	36.51
Furniture and fixtures	7.79	0.55	-	8.34	5.52	0.61	-	6.13	2.21	2.27
Vehicles	4.44	0.47	0.15	4.76	3.09	0.28	0.12	3.25	1.51	1.35
Office equipment	2.18	0.25	-	2.43	1.45	0.27	-	1.72	0.71	0.73
Computers	3.48	0.17	-	3.65	3.02	0.21	-	3.23	0.42	0.46
Electrical installations	6.98	0.95	0.41	7.52	5.10	0.37	0.39	5.08	2.44	1.88
Fire hydrants	0.16	-	-	0.16	0.06	0.01	-	0.07	0.09	0.10
Total	**219.51**	**13.26**	**1.85**	**230.91**	**94.88**	**6.76**	**1.66**	**99.98**	**130.93**	**124.62**

	Gross block				Depreciation				Net block	
Particulars	**As at 1 April 2019**	**Additions/ Adjustments**	**Deductions/ Adjustments**	**As at 31 March 2020**	**As at 1 April 2019**	**For the year**	**Deductions/ Adjustments**	**As at 31 March 2020**	**As at 31 March 2020**	**As at 31 March 2019**
Owned assets										
Leasehold land	9.21	-	-	9.21	0.17	0.17	-	0.34	8.87	9.04
Freehold land	52.05	-	-	52.05	-	-	-	-	52.05	52.05
Building	39.77	0.75	-	40.52	18.96	1.16	-	20.12	20.40	20.81
Plant and machinery	86.21	6.48	-	92.69	53.18	3.00	-	56.18	36.51	33.03
Furniture and fixtures	6.78	1.01	-	7.79	4.77	0.75	-	5.52	2.27	2.01
Vehicles	4.30	0.14	-	4.44	2.81	0.28	-	3.09	1.35	1.49
Office equipment	1.89	0.29	-	2.18	1.20	0.25	-	1.45	0.73	0.69
Computers	3.24	0.24	-	3.48	2.78	0.24	-	3.02	0.46	0.46
Electrical installations	5.76	1.22	-	6.98	4.88	0.22	-	5.10	1.88	0.88
Fire hydrants	0.16	-	-	0.16	0.05	0.01	-	0.06	0.10	0.11
Total	**209.38**	**10.13**	**-**	**219.51**	**88.80**	**6.08**	**-**	**94.88**	**124.62**	**120.57**

3.1 Fair valuation of land

The fair value of land consists of lands containing factories of the Company. Fair value of the properties were determined by estimating and arriving at the 'Prevailing Market value' by N. M. Pai & Company , an Accredited independent valuer appointed by the Company for the said purpose.

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2021

(Amount in crores, unless otherwise stated)

4	Financial assets- Investments	31 March 2021	31 March 2020
	Investment in Others (Designated and carried at FVTPL)		
	Unquoted equity shares		
	5,000 (31 March, 2020: 5,000) Equity shares of ₹10 each fully paid-up in Saraswat Co-op Bank Limited.	0.01	0.01
	40 (31 March, 2020 : 40) Equity shares of ₹ 25 each fully paid-up in Greater Bombay Co-operative Bank Ltd.	0.00	0.00
	Quoted Investments		
	14,53,042 (31 March, 2020: 14,53,042) Equity shares of ₹ 10 each fully paid-up in V.R.Woodart Limited	0.21	0.21
	Total	**0.21**	**0.21**
	Non- Current	0.21	0.21
	Aggregate book value of:		
	Quoted investments	0.21	0.21
	Unquoted investments	0.01	0.01
	Aggregate market value of:		
	Quoted investments	0.86	0.96

5	Other financial assets (non-current) (at amortised cost)	31 March 2021	31 March 2020
	Security deposits	0.76	0.77
	Other receivable	1.56	1.42
	Deposit account with banks (remaining maturity of more than 12 months)	0.10	0.13
	Total	**2.42**	**2.32**

6	Other non-current assets	31 March 2021	31 March 2020
	Capital advance	2.12	1.39
	Refund of VAT / service tax receivable	0.57	0.57
	Other receivables	0.02	0.02
	Total	**2.71**	**1.98**

7	Inventories *	31 March 2021	31 March 2020
	Raw material	22.01	22.40
	Work in progress	21.22	21.67
	Finished goods	17.92	14.37
	Store and spares parts	1.41	0.99
	Dyes and chemicals	1.40	1.34
	Goods in transit	5.87	-
	Total	**69.83**	**60.77**

* Hypothecated as charge against short term - borrowings. Refer note 18.

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2021

(Amount in crores, unless otherwise stated)

8	Trade receivables	31 March 2021	31 March 2020
	Unsecured		
	-Considered good	69.66	44.00
	-Receivable from related parties (refer note 35)	3.77	16.24
	-Receivable from others	65.89	27.76
	-Considered doubtful	0.02	1.14
	Less : Allowance for bad and doubtful debts	(0.02)	(1.14)
	Total	**69.66**	**44.00**

9	Cash and cash equivalents	31 March 2021	31 March 2020
	Balances with banks		
	In current accounts	1.24	13.63
	Bank balance in EEFC account	1.15	1.60
	Cash on hand	0.05	0.04
	Total	**2.44**	**15.27**

10	Bank balances other than cash and cash equivalent	31 March 2021	31 March 2020
	In Fixed deposit with maturity for more than three months but less than twelve months from balance sheet date	40.00	1.00
	Dividend Bank Accounts	0.02	0.02
	Total	**40.02**	**1.02**

11	Other financial assets (current)	31 March 2021	31 March 2020
	Unsecured, considered good (at amortised cost)		
	Interest accrued on fixed deposits	1.15	0.07
	Total	**1.15**	**0.07**

12	Current tax assets (net)	31 March 2021	31 March 2020
	Advance income tax (net of provisions)	1.42	1.17
	Total	**1.42**	**1.17**

13	Other current assets	31 March 2021	31 March 2020
	Unsecured, considered good		
	Export incentive receivable	9.75	7.57
	Advance to suppliers	3.98	2.60
	Staff advances	0.40	0.12
	GST input credit	2.30	0.85
	GST rebate receivable	5.42	2.31
	Prepaid expenses	0.93	0.69
	Total	**22.78**	**14.14**

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2021

(Amount in crores, unless otherwise stated)

14 Equity share capital	31 March 2021	31 March 2020
Authorized		
2,60,00,000 (31 March 2020: 2,60,00,000) Equity Shares of ₹ 10/- each	26.00	26.00
Total	**26.00**	**26.00**
Issued, subscribed and paid up		
2,43,19,000 (31 March 2020: 2,43,19,000) Equity Shares of ₹10/- each fully paid	24.32	24.32
Total	**24.32**	**24.32**

(a) Reconciliation of equity shares outstanding at the beginning and at the end of the year

	31 March 2021		31 March 2020	
	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	**2,43,19,000**	**24.32**	**2,43,19,000**	**24.32**

(b) Rights, preferences and restrictions attached to shares

The Company has only one class of equity shares having par value of ₹ 10/- per share. All the equity shares rank pari passu in all respect. Dividend if any declared is payable in Indian Rupees.

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

(C) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

Name of Shareholder	31 March 2021		31 March 2020	
	Number of shares	% of holding in the class	Number of shares	% of holding in the class
Ajay Anand	72,30,485	29.73	71,09,856	29.24
Instyle Investments Pvt. Ltd.	23,94,625	9.85	23,94,625	9.85
Ajay Jindal	28,12,450	11.56	28,12,450	11.56
Salim Govani	34,76,040	14.29	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.

(d) The Company has not issued bonus shares and shares for consideration other than cash.

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2021

(Amount in crores, unless otherwise stated)

15 Other equity

	Particulars	31 March 2021	31 March 2020
(A)	**Foreign currency translation reserve**		
	Opening balance	(0.05)	0.01
	Add/(Less): Transferred to reserves	0.00	(0.06)
	Closing balance	(0.05)	(0.05)
(B)	**Capital reserve**		
	Opening balance	5.73	5.73
	Add/(Less): Transferred to reserves	-	-
	Closing balance	5.73	5.73
(C)	**Securities premium**		
	Opening balance	24.44	24.44
	Add : Securities premium credited on issue of shares	-	-
	Closing balance	24.44	24.44
(D)	**General reserve**		
	Opening balance	93.15	94.62
	Add/ (Less): Distribution of Interim Dividend	-	(1.47)
	Closing balance	93.15	93.15
(E)	**Revaluation Reserve**		
	Opening balance	55.16	55.28
	Addition / (deletion): transfer to retained earnings	(0.14)	(0.14)
	Closing balance	55.02	55.16
(F)	**Surplus/(deficit) in the statement of profit and loss**		
	Opening balance	(1.30)	(19.20)
	Add: Profit for the year	24.82	17.89
	Closing balance	23.52	(1.30)
	Total	**201.81**	**177.13**

16	Non-current borrowings	31 March 2021	31 March 2020
	Term Loans (secured) (carried at amortised cost)		
	Other Loans (Against hypothecation of vehicles) (refer note (i))	0.28	1.20
	Total	**0.28**	**1.20**

(i) Terms and conditions of Other Loans

Particulars	Loan 1
Maturity date	December 17, 2023
Number of installments due	21
Rate of Interest	10.35%
Payable within one year (amount in (₹))	5,805
Payable after one year but not more than five years (amount in (₹))	27,57,696
Name of the Financer	BMW Financial Services

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2021

(Amount in crores, unless otherwise stated)

The company has entered into Retail Finance Agreement with BMW India Financial Services Private Limited (BMWFSPL) pursuant to which BMWFSPL has advanced loan for purchase of vehicle and subject to terms and conditions as envisaged in retail finance agreement. The said loan is availed as the retail finance agreement which has fixed buyback amount of about 60-70% of the original value after 3-4 years of usage of the said vehicle.

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Provisions	Long term		Short term	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Provision for employee benefits (refer note 33)				
Provision for gratuity (funded)	1.37	1.44	1.88	1.73
Total	**1.37**	**1.44**	**1.88**	**1.73**

18

Short -term borrowings	31 March 2021	31 March 2020
Secured, from bank (carried at amortised cost)		
Packing Credit in Rupee Scheme (PCRS) (refer footnote (i))	89.45	53.39
Bank Overdraft (refer footnote (ii))	1.90	-
Unsecured, Loans from related parties (refer note 35)	-	0.06
Total	**91.35**	**53.45**

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.

The Company has interest rate subvention of 5% with effect from 1st July, 2020 (PY 3%) on the aforesaid rates for Packing Credit in Rupee Scheme (PCRS).

Name of the Bank	Rate of Interest	
	2021	2020
Yes Bank Limited	7.60%	10.35%
Yes Bank Limited *	7.50%	-
HDFC Bank Limited *	5.40%	-
ICICI Bank Limited	7.50%	-

* The above mentioned PCRS is secured by way of lien over Fixed Deposits to be excersised at the time of release of funds.

(ii) Temporary Overdraft facility from Bank carry interest rate at 7.65% from Standard Chartered Bank. Overdraft 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. The same was subsequently repaid on April 3, 2021.

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2021

(Amount in crores, unless otherwise stated)

19

Trade payables	31 March 2021	31 March 2020
Total outstanding dues of micro enterprises and small enterprises (refer note 43)	0.23	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	13.10	6.69
Total	**13.33**	**6.69**

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Other financial liabilities (current) (carried at amortised cost)	31 March 2021	31 March 2020
Current maturities of vehicle loan	0.91	0.08
Interest accrued but due	0.16	0.34
Salary & reimbursement payable	4.47	2.54
Expenses payable	4.38	3.33
Dividend payable	0.02	0.02
Capital Creditors	0.41	0.10
Total	**10.35**	**6.41**

21

Current tax liabilities (net)	31 March 2021	31 March 2020
Provision for taxation (net of advance)	0.48	0.05
Total	**0.48**	**0.05**

22

Other current liabilities	31 March 2021	31 March 2020
Statutory dues payable	0.53	0.44
Advance from customer	0.31	0.15
MTM loss on currency forward contracts	0.02	-
Total	**0.86**	**0.59**

23

Revenue from operations	31 March 2021	31 March 2020
Export Sales (refer note 44)	281.82	249.95
Domestic Sales (refer note 44)	24.80	28.84
Export Incentives	17.97	23.38
Total	**324.59**	**302.17**

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2021

(Amount in crores, unless otherwise stated)

24	Other income	31 March 2021	31 March 2020
	Rental income	0.40	0.67
	Interest income	1.57	0.45
	Miscellaneous income	0.00	0.05
	Job work Income	0.04	0.28
	Gain on sale of property, plant and equipment	0.12	-
	Gain on foreign currency fluctuation	-	2.67
	Total	**2.13**	**4.12**

25	Cost of material consumed	31 March 2021	31 March 2020
	Inventory at the beginning of the year	23.74	24.13
	Add: Purchases	159.44	132.17
	Less: Inventory at the end of the year	23.41	23.74
	Total	**159.77**	**132.56**

26	Changes in inventories of finished goods and work-in-progress	31 March 2021	31 March 2020
	Inventories at the beginning of the year		
	-Finished goods	14.37	21.98
	-Work-in-progress	21.67	19.57
		36.04	**41.55**
	Less: Inventories at the end of the year		
	-Finished goods	17.92	14.37
	-Work-in-progress	21.22	21.67
	-Goods-in-transit	5.86	-
		45.00	**36.04**
	Net decrease/ (increase)	**(8.96)**	**5.51**

27	Employee benefits expense	31 March 2021	31 March 2020
	Salaries, wages, bonus and other allowances	47.75	48.20
	Contribution to provident fund and other funds	2.39	2.75
	Staff welfare expenses	1.15	1.31
	Total	**51.29**	**52.26**

28	Finance costs	31 March 2021	31 March 2020
	Interest on borrowing	2.54	5.23
	Interest on financial obligation	1.23	1.13
	Bank charges	1.91	2.25
	Total	**5.68**	**8.61**

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2021

(Amount in crores, unless otherwise stated)

29	Depreciation and amortization expense	31 March 2021	31 March 2020
	Depreciation (refer note 3)	6.59	5.91
	Depreciation on Right of Use Assets (refer note 34)	2.22	2.02
	Amortisation	0.17	0.17
	Less: transfer to revaluation reserve	(0.14)	(0.14)
	Total	**8.84**	**7.96**

30	Other expenses	31 March 2021	31 March 2020
	Sewing, stitching,weaving & finishing charges	9.28	8.63
	Power & fuel	19.48	20.41
	Clearing and forwarding expenses	12.93	10.65
	Repairs & maintenance:		
	Plant & machinery	3.81	3.60
	Building	4.06	2.25
	Other manufacturing expenses	6.71	9.44
	Rent, rates & taxes (Refer note 34)	2.09	2.89
	Stores and spares consumed	3.28	2.91
	Audit fees (refer note i below)	0.15	0.14
	Miscellaneous expenses	1.74	5.48
	Corporate Social Responsilbility Expenditure	0.38	0.05
	Security expenses	1.60	1.56
	Courier expenses	1.83	1.66
	Travelling, vehicle & conveyance expenses	0.84	2.47
	Loss on foreign currency fluctuation	1.39	-
	Legal & professional fees	2.44	2.68
	Insurance charges	0.68	0.54
	Selling & distribution expenses	2.08	2.85
	Total	**74.77**	**78.21**

Note i: The following is the break-up of Auditors remuneration (exclusive of taxes)

	31 March 2021	31 March 2020
As auditor:		
Statutory audit	0.15	0.13
Out of pocket expenses	0.00	0.01
Total	**0.15**	**0.14**

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2021

(Amount in crores, unless otherwise stated)

31 Income Tax

(A)

Income Tax recognised in profit or loss	31 March 2021	31 March 2020
Current tax		
In respect of current year	9.62	4.24
	9.62	4.24
Deferred tax liabilities		
In respect of current year origination and reversal of temporary differences	0.78	(1.20)
	0.78	(1.20)
Total Income Tax recognised in profit or loss	**10.40**	**3.04**

(B) **Deferred tax assets/ (liabilities) (net):**

Particulars	Balance as at 31 March 2020	Charge / (Credit) to Profit or Loss & OCI	Utilisation of MAT Credit	Balance as at 31 March 2021
Provision for employee benefits	1.19	(0.03)	-	1.22
Unabsorbed depreciation and business losses carried forward	2.33	-	-	2.33
Fiscal allowances on property, plant and equipment	(6.27)	0.80	-	(7.07)
On Temporary Difference on account of leases	0.18	0.01	-	0.17
Minimum alternate tax carried forward	8.87	-	(3.51)	5.36
Total deferred tax assets / (liabilities), net	**6.30**	**0.78**	**(3.51)**	**2.00**

(C) Deferred tax assets includes net of Deferred tax liabilities and MAT credit available as per the requirements of "Ind AS 12- Income Taxes". The Company has utilized MAT credit of ₹ 3.51 crores in the current financial year. The management believes that balance, MAT credit of ₹ 5.36 crores (March 31, 2020 of ₹ 8.87 crores) shall be utilized in the stipulated time, considering the Company foresees future taxable profits.

(D) Tax losses of March 31, 2017: ₹ 9.98 crores are available for offsetting for a maximum period of eight years against future taxable profits of the Company.

(E)

Reconciliation of tax charge	31 March 2021	31 March 2020
Profit before tax	35.33	21.18
Statutory Tax Rate	29%	29%
Income tax expense at tax rates applicable	10.29	6.17
Tax effects of:		
- B/f losses and unabsorbed depreciation not recognised as DTA in earlier years	-	(1.76)
- MAT credit available to the Company not recognised as asset in earlier years	-	(1.51)
- Other items	0.11	0.15
Income tax expense	**10.40**	**3.04**

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2021

(Amount in crores, unless otherwise stated)

32 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 2021	31 March 2020
Profit attributable to equity holders	24.93	18.14
Weighted average number of equity shares for basic EPS	2,43,19,000	2,43,19,000
Basic earnings per share (INR)	10.25	7.46
Diluted earnings per share (INR)	10.25	7.46

33 Employee benefits

(A)	**Defined Contribution Plans**	**31 March 2021**	**31 March 2020**
	During the year, the Company has recognized the following amounts in the Statement of Profit and Loss		
	Employers' Contribution to Provident Fund and ESIC (Refer note 27)	1.75	2.18
(B)	**Defined benefit plans**		
	a) Gratuity payable to employees		
i)	**Actuarial assumptions**		
	Discount rate (per annum)	5.58%	5.76%
	Rate of increase in Salary (per annum)	4.00%	4.00%
	Expected average remaining working lives of employees (years)	4.00%	4.00%
	Attrition rate		
	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%
ii)	**Changes in the present value of defined benefit obligation**	**Employee's gratuity fund**	
	Present value of obligation at the beginning of the year	**3.21**	**2.90**
	Interest cost	0.19	0.20
	Current service cost	0.45	0.42
	Benefits paid	(0.75)	(0.65)
	Actuarial (gain)/ loss on obligations	0.20	0.35
	Present value of obligation at the end of the year*	**3.30**	**3.21**
	*Included in provision for employee benefits		
iii)	**Expense recognized in the Statement of Profit and Loss**	**Employee's gratuity fund**	
	Current service cost	0.45	0.42
	Interest cost	0.18	0.20
	Return on plan assets	-	(0.04)
	Total expenses recognized in the Statement Profit and Loss*	**0.63**	**0.57**
	*Included in Employee benefits expense		

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2021

(Amount in crores, unless otherwise stated)

33 Employee benefits

iv)	**Assets and liabilities recognized in the Balance Sheet:**	**Employee's gratuity fund**	
	Present value of unfunded obligation as at the end of the year	3.30	3.21
	Fair value of the plan assets at the end of the Period	(0.05)	(0.04)
	Unfunded net (asset) / liability recognized in Balance Sheet*	**3.25**	**3.17**
	*Included in provision for employee benefits (Refer note 17)		
		31 March 2021	**31 March 2020**
v)	Expected contribution to the fund in the next year		
	Gratuity	0.63	0.63
vi)	A quantitative sensitivity analysis for significant assumption as at 31 March 2020 is as shown below:		
	Impact on defined benefit obligation	**Employee's gratuity fund**	
	Discount rate		
	1% increase	(0.15)	(0.14)
	1% decrease	0.16	0.15
	Employee Turnover		
	1% increase	0.00	0.00
	1% decrease	(0.01)	(0.01)
	Rate of increase in salary		
	1% increase	0.16	0.16
	1% decrease	(0.15)	(0.14)
vii)	Maturity profile of defined benefit obligation	**From the fund**	
	Year		
	1st Following Year	0.49	0.51
	2nd Following Year	0.45	0.43
	3rd Following Year	0.42	0.41
	4th Following Year	0.39	0.38
	5th Following Year	0.37	0.34
	Sum of Years 6 to 10	1.28	1.22
	Sum of 7th Year and above	1.07	1.08

34 Leases

Leases where Company is a lessee (Ind AS 116):

(a) Following are the carrying value of Right of Use Assets:

	Category of ROU Asset		
Particulars	**Leasehold Building**	**Vehicles**	**Total**
Balance as at April 1, 2019	**9.86**	**-**	**9.86**
Reclassified on account of Ind AS 116	0.25	0.63	0.88
Additions	3.06	0.36	3.42
Deletion	-	-	-
Depreciation	1.76	0.26	2.02
Balance as at March 31, 2020	**11.41**	**0.73**	**12.14**
Additions	-	-	-
Deletion	-	-	-
Depreciation	1.91	0.31	2.22
Balance as at March 31, 2021	**9.50**	**0.42**	**9.92**

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2021

(Amount in crores, unless otherwise stated)

(b) Impact of adoption of Ind AS 116 for the year end is as follows:

Impact on Statement of Profit and Loss for the year	Year Ended March 31,2021	Year Ended March 31,2020
Decrease in Rent Expenses by	(2.68)	(2.43)
Increase in Finance cost by	1.23	1.01
Increase in Depreciation and Amortization by	2.22	2.02
Net Impact on Statement of Profit and Loss	(0.77)	(0.60)

(c) Lease Expenses recognized in Statement of Profit and Loss, not included in the measurement of lease liabilities:

Particulars	Year Ended March 31,2021	Year Ended March 31,2020
Expenses relating to short-term leases	0.33	0.31
Expense relating to low value leases	-	0.03

(d) Maturity analysis of lease liabilities– contractual undiscounted cash flows:

Particulars	Year Ended March 31,2021	Year Ended March 31,2020
Less than one year	2.46	2.36
One to Five years	9.03	9.10
More than 5 years	2.50	4.89
Total undiscounted lease liabilities at March 31, 2021	13.99	16.35
Discounted Lease liabilities included in the statement of financial position as at year end	**Year Ended March 31,2021**	**Year Ended March 31,2020**
Current lease liability	1.49	1.25
Non-Current lease liability	9.01	10.51

(e) The Weighted average incremental borrowing rate of 9.86% has been applied for measuring the lease liability in respect of lease liability at the date of initial application.

(f) Amounts recognised in Statement of Cash Flows:

Particulars	Year Ended March 31,2021	Year Ended March 31,2020
Total cash outflow for leases	2.48	2.43

(g) Income from sub leasing of Right to use assets is ₹ Nil.

35 Related Party Disclosures:

(A) Names of related parties and description of relationship as identified and certified by the Company:

Related party 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
Next Interiors Private Limited	Entity in which relative of director has common control
ARR Bath & Home Private Limited	Entity in which relative of director has common control
Instyle Investments Private Limited	Entity in which director has common control
Mamata Finvest Private Limited	Wholly Owned Subsidiary of Instyle Investments Private Limited
Anadry Investments Private Limited	Wholly Owned Subsidiary of Instyle Investments Private Limited
Rohina Anand Khira	Daughter of Managing Director
Ashok Anand	Brother of Managing Director
Vishnu Anand	Son of Managing Director
Faze Three US LLC	Wholly owned foreign subsidiary

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2021

(Amount in crores, unless otherwise stated)

Key Management Personnel (KMP)

Ajay Anand	Managing Director
Sanjay Anand	Whole-time Director
Ankit Parekh	Company Secretary (resigned on March 7, 2021)
Akram Sati	Company Secretary (appointed on March 8, 2021)
Ankit Madhwani	Chief Financial Officer

(B) Details of transactions with related party in the ordinary course of business for the year ended:

	Entity in which director has common control	31 March 2021	31 March 2020
	Faze Three Autofab Limited		
	Sale of goods and services	18.65	22.37
	Purchase of goods	0.07	0.77
	Rent income	0.24	0.64
	Jobwork expense	0.06	0.01
	Reimbursement of Expenses	0.03	0.10
	Purchase of property, plant and equipment	-	0.14
	V.R.Woodart Limited		
	Loans repaid during the year	0.06	0.10
	ARR Bath & Home Private Limited		
	Rent income	-	0.04
	Jobwork expense	0.56	1.86
	Purchase of property, plant and equipment	4.20	-
	Sale of goods	1.51	0.30
	Reimbursement of Expenses	0.05	0.03
	Next Interiors Private Limited		
	Sale of goods	0.46	0.35
	Reimbursement of Expenses	0.07	0.07
(ii)	**Key Management Personnel (KMP)**		
	Compensation of key management personnel (employee benefit)	1.77	1.61
(iii)	**Relative of Director**		
	Ashok Anand (towards payment of employee benefit)	0.09	0.09
	Rohina Anand (towards payment of rent)	-	0.03
	Vishnu Anand (towards payment of employee benefit)	0.30	0.28
(C)	**Amount due to related party as on**	**31 March 2021**	**31 March 2020**
	V.R.Woodart Limited	-	0.06
	Amount due from related party		
	ARR Bath & Home Private Limited	0.64	0.06
	Faze Three Autofab Limited	3.08	15.54
	Next Interiors Private Limited	0.05	0.64

(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 2021, 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.

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2021

(Amount in crores, unless otherwise stated)

36 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 2021	31 March 2020
Level 2		
Financial assets measured at fair value through profit or loss		
Investments in unquoted instruments	0.01	0.00
Investments in quoted instruments but not in active markets	0.21	0.21
Level 3	**31 March 2021**	**31 March 2020**
Financial assets measured at amortized cost		
Trade receivables	69.66	44.00
Security deposits	0.76	0.77
Other receivable	1.56	1.42
Interest accrued on fixed deposits	1.15	0.07
Deposit account with banks (remaining maturity of more than 12 months)	0.10	0.13
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.		
Financial liability measured at amortized cost		
Borrowings	92.54	54.73
Trade payables	13.33	6.69
Salary & reimbursement payable	4.47	2.54
Expenses payable	4.38	3.33
Interest accrued but not due	0.16	0.34
Dividend payable	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.		

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2021

(Amount in crores, unless otherwise stated)

37 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 a balanced portfolio of fixed and variable rate loans and borrowings.

	31 March 2021	31 March 2020
Variable rate borrowings	91.35	53.39

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:

	Increase/ decrease in basis points	Effect on profit before tax (₹ in Crs)
F.Y. 2021	100 bps	0.91
F.Y. 2020	100 bps	0.53

(ii) Foreign currency risk

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:

Exposure to currency risk	31 March 2021		31 March 2020	
	INR	USD	INR	USD
Trade receivables (hedged)	11.13	0.15	0.01	0.00
Trade receivables (unhedged)	54.25	0.81	29.52	0.38
Capital Creditors (hedged)	0.32	0.00	-	-
Trade Payables (unhedged)	-	-	0.00	0.00

The following significant rate have been applied during the year	Year End Spot Rate	
INR	31 March 2021	31 March 2020
USD 1	73.50	75.39
EURO 1	86.10	83.05

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2021

(Amount in crores, unless otherwise stated)

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 volatality in USD / INR, the following effect is estimated.

	Change in USD rate	Effect on profit before tax
2021		
USD / INR	0.50%	0.27
2020		
USD / INR	0.50%	0.15

(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
March 31 2021			
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
March 31 2020			
Trade receivables	43.99	0.01	44.00
Security deposits	-	0.77	0.77
Other receivable	-	1.42	1.42
Interest accrued on fixed deposits	0.07	-	0.07
Deposit account with banks (remaining maturity of more than 12 months)	-	0.13	0.13

(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.

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2021

(Amount in crores, unless otherwise stated)

The table below summarizes the maturity profile of the Company's financial liabilities:

	Less than 12 months	More than 12 months	Total
March 31 2021			
Short term borrowings	92.26	-	92.26
Long-term borrowings	-	0.28	0.28
Trade payables	13.33	-	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
	114.59	**0.31**	**114.90**
March 31 2020			
Short term borrowings	53.53	-	53.53
Long-term borrowings	-	1.20	1.20
Trade payables	6.69	-	6.69
Salary & reimbursement payable	2.54	-	2.54
Expenses payable	3.33	-	3.33
Interest accrued but not due	0.34	-	0.34
Dividend payable	0.02	-	0.02
	66.46	**1.20**	**67.66**

38 Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to achieve a strong capital base to sustain stability and plan future development of business.

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 in INR (98% of Total Debt). 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 2021	31 March 2020
Total equity excluding revaluation reserve	(i)	171.12	146.29
Total debt		92.54	54.73
Less: Fixed deposits liened		40.00	-
Total net debt	(ii)	52.54	54.73
Overall financing	(iii) = (i) + (ii)	223.65	201.02
Gearing ratio	(ii)/ (iii)	0.23	0.27

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2021 and 31 March 2020.

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2021

(Amount in crores, unless otherwise stated)

39 Contingent Liability and commitments

Contingent liabilities (to the extent not provided for)	31 March 2021	31 March 2020
Guarantees and Letter of Credit	0.91	0.86

40 Corporate social responsibility (CSR)

A) Gross amount required to be spent by the Company towards Corporate Social Responsibility is ₹ 0.37 Crores (31 March 2020 ₹ 0.29 crores).

B) The actual amount spent by the Company towards CSR is ₹ 0.37 crores (31 March, 2020 ₹ 0.05 crores).

C) No expenditure has been paid to a related party, in relation to CSR expenditure as per Ind-AS 24, Related Party Disclosures.

41 Segment reporting

The Company is engaged in only one segment viz 'Manufacturing of home textiles' and as such, there is no separate reportable segment as per Ind AS 108 'Operating Segments'. Presently, the Company's operations are predominantly confined in India.

42 The management has made an assessment of the impact of COVID-19 on the Company's operations, financial performance and position as at and for the year ended March 31, 2021 and has concluded that there is no impact which is required to be recognised in the financial statements. Accordingly, no adjustments have been made to the financial statements. However, the Company shall continue to closely monitor any material developments in the external business environment and future economic conditions which may have significant impact on its business.

43 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:

		Particulars	31 March 2021	31 March 2020
(a)	(i)	The principal amount remaining unpaid to any supplier at the end of accounting year included in trade payables	0.23	-
	(ii)	Interest due on above	-	-
		The total of (i) and (ii)	**0.23**	**-**
(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.	-	-

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2021

(Amount in crores, unless otherwise stated)

44 The Company is primarily into the business of manufacture and trading of home textile products. The production is made based on orders received from the Customers and revenue is recognised upon satisfaction of performance obligation and transfer of control which is typically upon dispatch. The Company has a credit evaluation policy based on which credit limits for the trade receivable are established. The Company does not give significant credit period resulting in no significant financing component. In compliance with Ind AS 115, variable component of consideration have been recognised as deductions from Revenue.

Reconciliation of revenue as per contract price and as recognised in the statement of Profit and Loss	**31 March 2021**	**31 March 2020**
Revenue as per Contract Price	310.78	282.24
less: Sales Commission and Discounts	(4.16)	(3.44)
Revenue as per Statement of Profit and Loss (Export Sales and Domestic Sales)	306.62	278.79

45 The Indian Parliament has approved the Code on Social Security 2020 which would impact the contributions by the Company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code of Social Security on November 13, 2020 and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which the Code becomes effective and the related rules to determine the financial impact.

46 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 : June 30, 2021

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

Ajay Anand
Managing Director
DIN: 00373248

Sanjay Anand
Whole-time Director
DIN: 01367853

Ankit Madhwani
Chief Financial Officer

Akram Sati
Company Secretary
M No: A50020

Form No. AOC - 1
to the financial statements for the year ended 31st March 2021

Statement containing salient features of the financial statement of Subsidiaries/ Associate Companies/ Joint Ventures

Part "A" : Subsidiaries
(Information in respect of each subsidiary to be presented with amounts in INR)

Name of the subsidiary	**Faze Three US LLC** (Foreign Wholly owned subsidiary)
The date since when the subsidiary was acquired	16th October 2017
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	April 1, 2020 - March 31,2021
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 March 31, 2021 - 1 USD = INR 73.5047
	(Amount in INR Crores)
Share Capital	2.44
Reserves & surplus	(2.74)
Total assets	5.85
Total liabilities	5.85
Investments	-
Turnover	7.64
Profit / (Loss) before taxation	0.001
Provision for taxation	-
Profit / (Loss) after taxation	0.001
Proposed Dividend	-
% of shareholding	100%

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

Ajay Anand
Managing Director
DIN: 00373248

Sanjay Anand
Whole-time Director
DIN: 01367853

Ankit Madhwani
Chief Financial Officer

Akram Sati
Company Secretary
M No. A50020

Place: Mumbai
Date: June 30, 2021