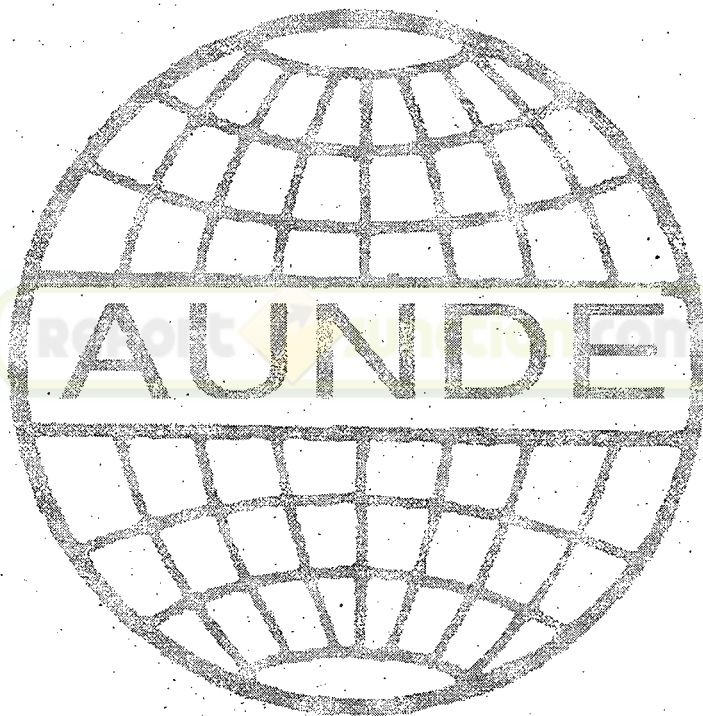


AUNDE Faze Three Autofab Limited



TENTH ANNUAL REPORT . 2006-2007

As part of Company's objective to fulfill its Corporate Social Responsibility, this Annual Report has been printed using Environment-Friendly paper without compromising with the quality of contents. This exercise has resulted in saving of about Rs. 27,500/-. AUNDE Faze Three Autofab Limited has added an equal amount contribution and donated the total amount of Rs. 55,000/- to Shanti Anand Foundation, a non profit charitable trust actively involved in education, up-liftment and medical assistance to poor sections of the society.



AUNDE Faze Three Autofab Limited

ANNUAL REPORT FOR THE YEAR ENDED 30TH JUNE, 2007

1. Date of Annual General Meeting : Friday, 28th December, 2007
2. Time and Venue : 12.30 p.m. at Plot No. 146, Waghdhara Village Road,
Dadra – 396 191
Union Territory of Dadra & Nagar Haveli.
3. Book Closure : Friday, 21st December 2007 to Friday, 28th December
2007 (Both Days inclusive)
4. Investors' Complaints may be : Corporate Office
addressed to AUNDE Faze Three Autofab Limited,
102, Shiv Smriti Chambers, 49-A,
Dr. Annie Besant Road, Worli, Mumbai – 400 018
Phone : 022 6660 4600
Email: investors@aundefaze3.com

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Board of Directors

Mr. Ajay Anand
Managing Director

Mr. Rolf Konigs
Director

Mr. G. G. Prabhu
Director

Mr. Kapil Sethi
Director

Company Secretary

Gaurav Tongia - AGM- Legal & Company Secretary

Registered Office

Plot No. 146, Waghdhara Village Road,
Dadra – 396 191
Union Territory of Dadra & Nagar Haveli.

Corporate Office

102, Shiv Smriti Chambers,
49-A, Dr Annie Besant Road,
Worli, Mumbai – 400 018.

Auditors

M/s Majibail & Co.
Chartered Accountants
Mumbai

Solicitors

Mahimkar & Mahimkar

Registrars And Share Transfer Agent

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

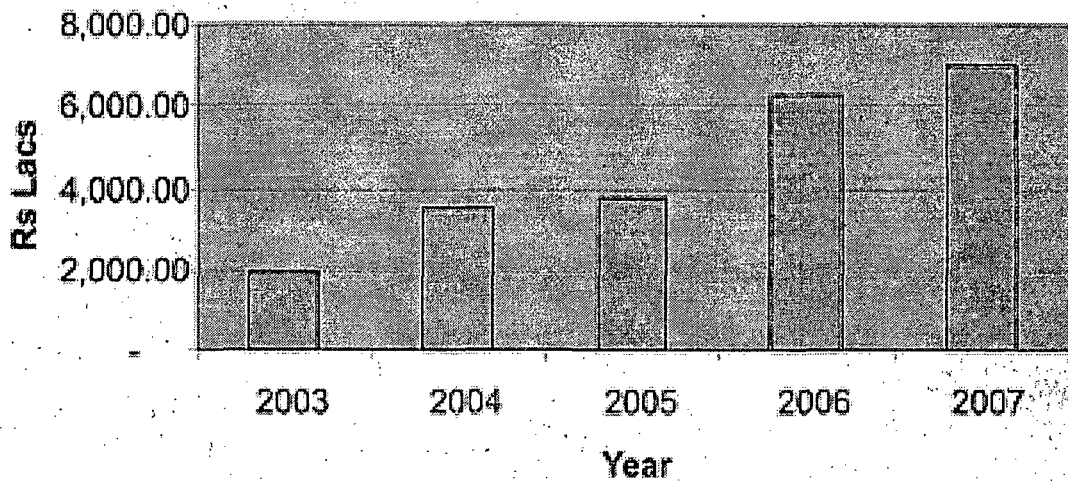
Bankers

Canara Bank
IDBI

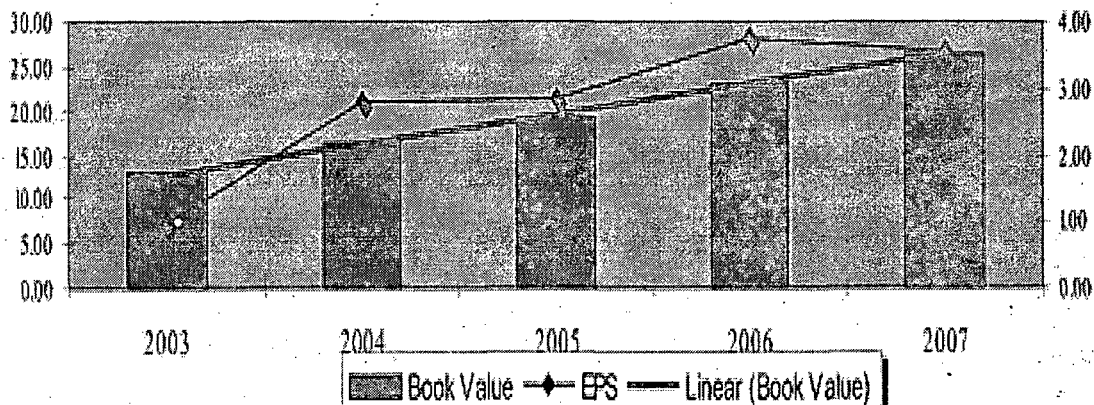


AUNDE Faze Three Autofab Limited

NET SALES



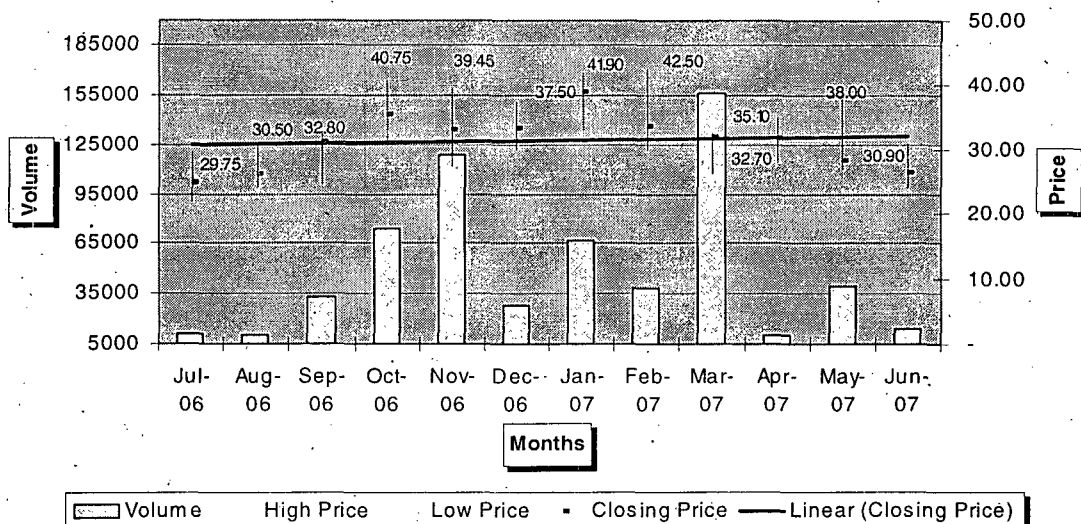
EPS and Book Value (Rs. Per Share)



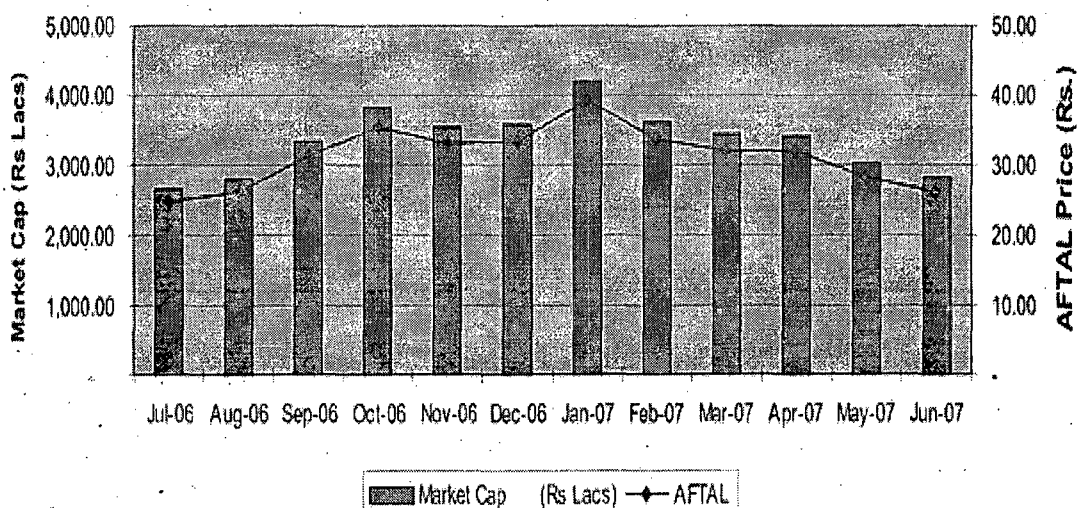


10th Annual Report 2006-2007

The Performance of Company's Stock over the year



The Stock Performance vis-a-vis Market Cap





AUNDE Faze Three Autofab Limited

NOTICE

NOTICE is hereby given that the Tenth Annual General Meeting of Members of AUNDE Faze Three Autofab Limited, will be held on Friday, 28th December 2007 at the Plot No. 146, Waghdhara Village Road, Dadra – 396 191, Union Territory of Dadra & Nagar Haveli at 12.30 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 30th June 2007 and the Balance Sheet as at that date together with the Report of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Kapil S  thi, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration.

By order of the Board of Directors
For AUNDE Faze Three Autofab Limited

Place: Mumbai

Date : November 16, 2007

Gaurav Tongia
AGM – Legal & Company Secretary

Notes:

1. A MEMBER ENTITLED TO ATTEND & VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The instrument appointing a Proxy, in order to be effective, should be deposited with the Registered Office of the Company not less than 48 hours before the commencement of the meeting. Completion and return of the form of proxy will not prevent a member from attending the meeting and voting in person if he or she so wishes. A form of proxy is given at the end of the Annual Report.
3. The Register of Members and the Share Transfer Registers of the Company shall remain closed from Friday, 21st December 2007 to Friday, 28th December 2007 (both days inclusive).
4. Members are requested to intimate any change in their address to the Registrar and the Share Transfer Agent, viz. Sharex Dynamic (India) Pvt. Ltd., Unit-1, Luthra Industrial Premises, Andheri – Kurla Road, Safed Pool, Andheri (East), Mumbai - 400 072. The Company or its Registrar cannot act on any request for change in the address received directly from the shareholders holding shares in electronic form. Such changes are to be advised only to the Depository Participant of the respective shareholders.
5. Documents referred to in any of the items in the Notice are available for inspection at the Registered Office of Company on any working day during Business Hours between 11.00 am to 1.00 pm.
6. Queries on accounts and operations of the Company, if any, may please be sent to the Company seven days in advance of the meeting so that the answers may be made available at the meeting.
7. Members are requested to address all the correspondence/documents, invariably quoting their Registered Folio No. / Client ID relating to the Equity Shares held by them, directly to our Registrar and Share Transfer Agent, viz. Sharex Dynamic (India) Pvt. Ltd., Unit-1, Luthra Industrial Premises, Andheri – Kurla Road, Safed Pool, Andheri (East), Mumbai - 400 072.
8. Members are requested to bring their copy of this Annual Report to the Meeting.
9. Members/Proxies should bring the attendance slip duly filled in for attending the Meeting.
10. Brief resume of Mr. Kapil Sethi, Director retiring by rotation, and eligible for re-appointment is given under the Corporate Governance Report.



10th Annual Report 2006-2007

DIRECTORS' REPORT

To the Members

On behalf of the Board of Directors, I have great pleasure in presenting to you the Tenth Annual Report on the working of the Company, together with the Audited Accounts for the year ended 30th June 2007.

HIGHLIGHTS:-

FINANCIAL

	2006-07	2005-06
Sales	6999.73	6309.84
Profit before taxation	432.02	443.12
Less: Provision for Taxation	48.48	41.13
Profit After Taxation	383.54	401.99
Balance brought forward from Previous Year	291.27	189.76
Profit available for appropriation	674.82	591.75
Less: Short Provision for Income Tax	0.30	0.48
Prior Period Charges	-	-
Transfer to General Reserve	300.00	300.00
Balance carried over to the next year	374.52	291.27

TURNOVER

Your Company has registered a consistent performance during the year despite of challenges faced by the Auto Fabric Industry. The total turnover accounted Rs. 6999.73 Lacs as compared to Rs. 6309.84 Lacs in 2005-06, thus recording a growth of about 11%. The Company has earned a profit before tax of Rs. 432.02 Lacs as compared to Rs. 443.12 in the year 2005-2006 and bringing in a net profit after tax of Rs. 383.54 Lacs against Rs. 401.99 Lacs in the year 2005-2006.

FUTURE OUTLOOK

The Company is fully sentient of the fact that the need of the hour is to reassert revenue and profit to higher level and to achieve this, every effort has been initiated by adding more products, customers and market. Vigorous marketing efforts and ceaseless cost reduction activities shall continue with more thirst and vigor to accomplish these goals. Efforts are intensified to sustain the market position, by constantly upgrading the products to match transforming trends in the Auto fabric sector by maintaining the superiority in quality and adopting the contemporary technology in production.

The strategic deployment of the Plant & Machinery will foster the production capacities, doorway to the diversified field in the auto fabric industry and magnetize prospective clientele.

DIVIDEND

In order to conserve resources for strengthening the on-going project(s), your Directors do not recommend any dividend for the year under review.

DELISTING

With the extensive networking of the Bombay Stock Exchange Limited (BSE), investors have access to online dealings in equity shares of the Company across the country. The bulk of the trading in the Company's equity shares in any case, takes place on the BSE and the depth and liquidity of trading in the Company's Equity Shares on other Stock Exchanges were not significant.

In view of this and pursuant to the resolution passed by the Members at the Annual General Meeting of the Company held on 31.03.2004, the equity shares of the Company have been delisted from the Ahmedabad Stock Exchange w.e.f. 15.06.2007, in accordance with the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003. Delisting of shares from the Delhi Stock Exchange Association Limited is under process. However the equity shares of the Company will continue to be listed on Bombay Stock Exchange Limited (BSE).

FIXED DEPOSITS

Your Company has not accepted any deposits from public in terms of the Companies (Acceptance of Deposits) Rules, 1975, and no amount of principal or interest was outstanding on the date of the Balance Sheet.



AUNDE Faze Three Autofab Limited

DIRECTORS

Mr. Kapil Sethi, Director of the Company retires by rotation at the ensuing Annual General Meeting pursuant to the provisions the Companies Act, 1956 and Articles of Association of the Company and is eligible for re-appointment. Your Directors recommend re-appointment of the said Director. A brief resume of Mr. Kapil Sethi is forming part of the Corporate Governance report.

PARTICULARS OF EMPLOYEES

There are no employees drawing salary as required to be mentioned under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Details of energy conservation, research and development activities undertaken by the Company alongwith the information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are given as an Annexure to the Directors' Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, your Directors confirm that:

- (i) in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed alongwith proper explanation relating to material departures, if any;
- (ii) the Company has selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- (iii) the Company has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) these Accounts have been prepared on a "going concern basis".

CORPORATE GOVERNANCE

A separate section on Corporate Governance is included in the Annual Report and the Certificate from the Company's auditors confirming the compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges, forms part of this Annual Report.

AUDITORS

M/s Majibail & Company, Chartered Accountants, Statutory Auditors of the Company, hold office until the ensuing Annual General Meeting. It is proposed to re-appoint them to examine and audit the accounts of the Company for the Fiscal year 2007-08. M/s Majibail & Company have, under Section 224(1B) of the Companies Act, 1956, furnished the certificate of their eligibility for re-appointment.

ACKNOWLEDGEMENT

The Directors gratefully acknowledge the valuable guidance and support extended by the Bankers.

The employees of the Company have continued to display their total commitment towards the pursuit of excellence. The Directors wish to convey their appreciation to all of the Company's employees for their enormous personal efforts as well as their collective contribution to the Company's performance.

The Directors are also thankful to the shareholders for their faith and continued support in the endeavors of the Company.

For and on behalf of the Board

Place: Mumbai

Date: 16th November 2007

Ajay Anand
Managing Director



10th Annual Report 2006-2007

ANNEXURE TO DIRECTORS' REPORT

Information pursuant to the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988 forming part of Directors' Report for the year ended 30th June 2007.

1. RESEARCH AND DEVELOPMENT (R & D)

(i) Specific area in which R & D is carried by the Company:

- Introduction of New Products and improving the processes of existing products.
- Development of new technology for our Autofab products.
- Making new Designs acceptable to customers.

(ii) Benefits derived as a result of R & D activities:

- Product Range Extension
- Improvement of Quality and yield
- Cost reduction leading to improved competitiveness
- Development of various designs as well as new products, with high standards.
- Reduction in Cost and Time cycle, better effluent management and utilizing indigenous products for offering finished products.

(iii) Future Plan of Action

- Development of Products for indigenous market.
- Substitute Development of new designs of high value Autofab products, which are currently imported.

2. CONSERVATION OF ENERGY

The particulars with respect to Conservation of Energy etc. pursuant to the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 under section 217 (1) (e) of the Companies Act, 1956 are set out as under:

A. (i) Electricity	For the year 2006-07	For the year 2005-06
A) Purchased		
Units (Lakhs)	32.18	28.48
Total Cost (Rs. in Lakhs)	88.50	78.37
Rate Per Unit (Rs.)	2.75	2.75
B) Own Generation (Thru DG Set)		
Units (Lakhs)	0.67	0.57
Total Cost (Rs. in Lakhs)	9.20	8.73
Rate Per Unit (Rs.)	13.73	15.24
(ii) Coal, Firewood, Rice Husk etc. (Qty in Qntls)	NIL	NIL
Total Cost (Rs. in Lakhs)	NIL	NIL
Rate per Qntl. (Rs.)	NIL	NIL

B. FOREIGN EXCHANGE EARNINGS AND OUTGO

(Rs. in Lakhs)

	2006-2007	2005-06
Total Foreign Exchange Earnings Earned	1.88	NIL
Total Foreign Exchange Used	2062.19	1023.17

For and on behalf of the Board
For AUNDE Faze Three Autofab Limited

Place: Mumbai
Date: November 16 2007

Ajay Anand
Managing Director

AUNDE Faze Three Autofab Limited



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

ECONOMY & BUSINESS OVERVIEW

The GDP growth for the fiscal year ending March 2007 was 9.4% as against 8.4% during previous year. With the economy growing the automotive industry has flourished like never before in the recent years. This extra-ordinary growth that the Indian automotive industry has witnessed is a result of a two major factors namely, the improvement in the living standards of the middle class, and an increase in their disposable incomes.

Moreover, the liberalization steps, such as, relaxation of the foreign exchange and equity regulations, reduction of tariffs on imports, and refining the banking policies, initiated by the Government of India, have played an equally important role in bringing the Indian Automotive industry to great heights. It is estimated that the sale of passenger cars have tripled compared to their sale in the last five years. Thus, the sale of cars has reached a figure of 1 million users and is expected to increase further.

Technical textiles are textile materials used for functional properties in a wide range of industries from infrastructure to auto to sport to healthcare to agriculture. The world market for technical textiles was estimated to be worth \$107 billion in 2005, which is expected to increase to \$127 billion by 2010. The consumption of technical textiles in India has been low, mainly because much of these products are imported, making them costly. Many of the products such as webbings for seat belt, high altitude protective clothing are imported to a great extent. According to estimates, the domestic technical textile sector is likely to grow at 14% from Rs 23,000 crore in 2005-06 to Rs 78,000 crore by 2014-15.

The technical textiles are an emerging area for investment in India. Though India is the second-largest textile economy in the world after China, its contribution in the global technical textiles industry is still very small. The global market size of technical textiles is estimated to have a volume of 16.71 million metric tons (mmt) with a value of \$110 billion and is expected to increase to 23.77 mmt with a value of \$127 billion by the year 2010. Technical textiles account for more than 25 percent of all fibers consumed and almost 50 percent of the total textile activity in certain industrialized countries. The consumption in India is much lower. According to Indian market experts, this may be at least 7 percent, if one considers ropes, tire cords, belting products and tarpaulins to be part of the sector. And for non- woven, the share is only about 1 percent compared to yarn volumes.

The textile ministry has recommended that use of fire retardant textile be made mandatory in all public places. It would take up the matter with the ministries of home affairs and railways soon. In a bid to boost the domestic technical textile sector, the ministry of textile has made a set of recommendations to make use of technical textile (used as fire retardant material) mandatory in several areas. The ministry has also proposed that flame-and heat-resistant uniforms be made compulsory for fire fighters and employees working near furnaces or other similar places.

Further, major auto Companies are contemplating to move their production base from their respective home countries to India, as cheaper cost of resources including labour would result into enhanced profit margins. This will offer gigantic market for production and sales of Cars in India and hence for the Auto Fabric Industry.

The Auto fabric industry is focusing on exports to the US market that is seeing as many as 16-17 million new passenger cars on roads every year. As for domestic market that is seeing a growth of 1.1 million passenger cars annually and is expected to see double the numbers in next three years.