



February 02, 2023

To,

BSE Limited

Department of Corporate Services,

P. J. Towers, Dalal Street,

Mumbai – 400 001.

Scrip Code: 530079

National Stock Exchange of India Limited

Listing Compliance Department,

Exchange Plaza, Plot No. C/ 1, G Block,

Bandra Kurla Complex, Bandra (E), Mumbai – 400 051.

Symbol: FAZE3Q

Dear Sir/Ma'am,

Sub: Disclosure of information pursuant to Regulation 30 read with Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In compliance with Regulation 30 read with Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith Company presentation on Un-Audited Financial Results of the Company for the Quarter and Nine Months ended December 31, 2022.

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

Thanking you,

Yours Sincerely,

For **Faze Three Limited**

Ajay Anand
Managing Director
DIN: 00373248

Encl. A/a

FAZE THREE LIMITED

(CIN: L99999DN1985PLC000197)

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

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

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February 02, 2023

Financial Results for Quarter ended December 2022 & Company presentation

About the Company

Engaged in manufacturing of Technical & Home Textiles

Direct Exports to Large Retailers in USA, UK & EUR region. Over 90% Revenue is Exports only

Visit <http://www.fazethree.com/> for more details

Automotive Technical Textiles (Passenger Car Fabrics) under Faze Three Autofab Limited.

Technical & Home Textiles Products : Floor coverings (Bathmats / Rugs – Rubber backed), Performance & Outdoor Home Textiles, Cushions, Top of the Bed Products, Blankets, Curtains, Accessories, etc. Handloom Home Textiles Products : Bathmats, Accent Rugs, Cushions, Power-loom rugs, Accessories, etc.

China plus One: Eureka moment this decade for above categories akin to Sheets and Towels in 2008-09 wherein India is leader today aided by move from China

PLI scheme for MMF in India is recognition to the opportunity, will build optimum supply chain for company's products

Established in 1985
Listed in 1995
Focused on Home & Technical Textiles
manufacturing since its Inception

8 factory locations including captive process houses.

Factory Locations: Silvassa (2) (UT of DN&DD) and Vapi (1) (Guj.) for Home & Technical Textiles. Panipat (4) (Haryana) for Handloom Home Textiles. (1) in Aurangabad, Maharashtra

Factories built and operated as per globally mandated / acceptable standards of infrastructure and operation.

Company has capability to offer every product other than sheets and towels under Home Textile segment. Currently floor covering segment is the dominant product category

Management Team Consists of Founder / Promoters, Professionals heading core functions in each factories

Inhouse capability for Design, Development & Innovations across all the product offerings

Vertically integrated operations for all products starting from Yarn

Business Model

- Inhouse Capability from Design to Delivery : Yarn to Finished Product
- Significant engagement with customer prior to order confirmation on Design, development, etc.
- Order backed manufacturing only
- Direct exports to customers, ~95% FOB
- Over 90% domestic raw materials
- Faster order turnaround times (75d-120d)
- Moderate MOQ's, flexibility across products / Colours

Markets & Customers

- USA 65%, UK/EUR 30%, Bal ROW
- Strong relationship with Top 15 customers over last 2 decades. Consistent business across product lines
- Top 15 customers contribute around 80% of Revenue
- Any single Customer revenue < 15% of Revenue of the company
- Most customers procure multiple products across factories

Business Potential

- Top 15 Customers comprise of very large retail chains in USA, UK, EUR
- Customer appetite is at-least 10x across all product lines given their global sourcing including in India
- Tangible move for sourcing to India from erstwhile China across Company's products amongst company's Customers
- Huge un-fulfilled demand within existing customer base / product mix offered by company

Competition / Peer Exporters

- Company is uniquely placed to have Handloom, Technical & Rubber backed floorcoverings under one umbrella. Organised / well positioned
- Most Peers have one of the many products
- Competition in core product : Bathmats is fragmented / privately owned out of India
- Major suppliers out of China ranging from ~\$ 150Mln - \$ 250 Mln in the core category
- Cost arbitrage is largely neutralised between India & China in the sector

Our Valued Customers



REJUVENATION



MATALAN



M&S

WILLIAMS SONOMA CALIFORNIA

POTTERY BARN



Sainsbury's



west elm

pottery barn kids



Garnet Hill Beautiful, Naturally.™

POTTERY BARN | teen



Debenhams

Dillard's The Style of Your Life.

COUNTRY ROAD

Marshalls



LANDS' END



ANTHROPOLOGIE



ZARA HOME



CALVIN KLEIN

MYER

SHINSEGAE



GRUND



MY STORE



AQUANOVA



Product glimpse: refer www.fazethree.com



Home Textile Industry / Global Supply Chain : Trends & Update

India is a leading supplier of Sheets & Towels under the Home Textiles Segment (Bed & Bath) given the availability of Cotton. Budget 2023 allocates funds for improving long staple Cotton production in India.

Floor coverings (Bathmats, Rugs, Outdoor, performance textiles) being predominantly polyester based and technical in nature were largely exported out of China until 2018/2019 & estimated exports are said to be at least 20 times of India

Post 2019, Tariffs imposed on China textiles exports, rising labour & power costs, pollution crackdowns, diminishing incentives, etc made the Chinese exports relatively expensive

In 2020/21 owing to COVID Pandemic, supply chain disruptions & strong momentum towards “China Plus One” has led to demand shift from Top Organised Retailers across the Globe towards India, being a natural ally & having reliably delivered over the years

Owing to Domestic challenges & demand scenario, many known contemporary suppliers out of China in range of USD 150 Mln – 250 Mln annual revenue have downsized / diversified out of business

Customer preference across USA, UK & EUR has tangibly shifted to “other than Made in China” as demonstrated from surveys / trends

Incumbent suppliers in India have a huge demand tailwind from above factors. Effective expeditious execution by brownfield / green field expansion is the key to tap demand momentum

Other Supplier countries likes Turkey, Egypt, Portugal, Pakistan, Bangladesh have also faced challenges leading to customer preference towards India

PLI for MMF will establish a robust supply chain of MMF, esp. for Polyester based raw materials to make company’s final products more competitive globally

Management Comments ~ YTD December 2022

- ✓ Revenue for YTD Dec 22 grew 18% over YTD Dec 21 i.e ~INR 4,201 Mln for YTD Dec 22 over PY YTD Dec 21~INR 3,547 Mln.
- ✓ Profit After Tax grew 23% for YTD Dec 22 over YTD Dec 21
- ✓ The significant push into new product categories, innovative offerings and timely expansions post covid have aided the growth of 18% in this fiscal despite very challenging backdrop all through FY 23.
- ✓ FY 23 begun with retailers guiding slowdown / inventory pile ups and high prices of key raw materials (both cotton & polyester) whereas H2 of FY 23 has seen significant improvement in inventory levels with retailers, cotton prices have halved & polyester prices are falling gradually. Further the container costs are back to pre-covid levels and energy costs have moderated. However these tailwinds are yet to result into high demand owing to noise around recession / rate hikes in the USA. Whereas EU/UK is looking encouraging since last 2 months given the cool off in energy prices and clarity on availability.
- ✓ Order visibility / pipeline for Q4 FY 23 & FY 24 next year are encouraging and indicating moderate growth as base case across all existing product lines, while new products / development pipeline / orders are expected to spur incremental additional revenue. Company's well diversified product range & wide customer base has been a strong antidote against direct impact of slowdowns in the past, the same is evidently playing out this fiscal.
- ✓ All Capex planned in western India is concluded and currently planned capex at north India unit is underway as per original schedule. The Company strongly believes that it would be better served & well prepared to service customers once the revival of sentiment & higher demand kicks in during FY 24 as base case.
- ✓ USA continues to witness a strong job market alongside soaring wages / salaries, low delinquency on retail loans, healthy individual b/s etc. This being more relevant metrics for company's segment of products. The slowdown in US Housing is a headwind for home interiors segment whereas a tailwind for home improvement / home textile ~ merchandising segment.
- ✓ Company's products largely positioned in the band at \$10-25\$ per piece / per set band for sale by retailers which empirically have not seen significant reduction in demand in tough times. In fact, benefits accrue from pocket share saved on larger items which is expended on smaller merchandise, though counter-intuitive.
- ✓ Big picture, China plus one sentiment continues to improve in India's favour overall and especially in value added Textile merchandises pertaining to MMF. Ban on cotton from China is now fully implemented globally.

Company's readiness to capitalize on the Global Opportunity

- ✓ Invested over ~INR 120 Crs from internal accruals across units for Expansion, new machinery, new technologies & de-bottlenecking from 2019 - Dec 2022
- ✓ Concluded / Ongoing Expansions:
 - ✓ Concluded Expansion at Silvassa April 2021 - June 2022 to have 3x capacity of earlier (brown field) on existing spare land, under Floor coverings / Rugs segment. Overall Investment of INR 35 Crs
 - ✓ Expansion under Top of Bed & Blankets segment (Nov 2021 to Nov 2022) is concluded to increase capacity to 3x of existing capacity on existing land (brownfield), backed by commitments from various customers. Overall investment INR 25 Crs
 - ✓ Ongoing expansion at Panipat, Cotton Home Textiles division to have 3x capacity by Oct 2023. Overall Investment INR 35 Crs (estimated).
 - ✓ Investment in subsidiary Mats and More Pvt Limited (Aurangabad) to cater to a new category under floor coverings being patio mats including outdoors to cater to the existing customers based on business visibility. Investment of INR 12 Crs over July 2022- June 2023, building a revenue potential of at-least USD 10 Mln in phase 1 within 3-4 years
 - ✓ All of the above expansions shall be funded from Internal Cash Accruals
 - ✓ Company is also under process of evaluating / exploring relevant / ready to use for manufacturing (brownfield opportunities) from time to time.
- ✓ Invested in Talent acquisition across units, new product development, green initiatives, etc.

Company's readiness to capitalize on the Opportunity

- ✓ Comfortable Capital Structure. Rated “A-” “Positive” Long term & A2+ Short term (Sept 2022). Significant ability to withstand supply chain pressures on working capital. Entire internal accruals directed towards accelerated expansion & growth in operations
- ✓ Zero Long term debt since 2018. Factories / Infrastructure current replacement value estimated > INR ‘425 Crs, poses significant entry barrier for new entrants
- ✓ Focus on reducing costs, being innovative and most competitive manufacturer for the customer globally while maintaining budgeted net profit margins
- ✓ Strong partnerships with Key Domestic Suppliers / Vendors (being large corporates) with assured business certainty and upfront payment terms to secure quality and timely supplies from best in business
- ✓ Commenced Rooftop Solar of 1.1 MW during the quarter at Silvassa location for captive consumption contributing up to 33% of existing electricity units consumed. Company’s finished goods warehouses (capacity upto 130 HQ containers at a time) are operated by fully Electric lithium-ion fleet of forklifts / reach trucks. Both these initiatives are conscious efforts towards ESG goals of the company with sustainable capital paybacks

Profit and Loss Summary ~ YTD December and TTM (trailing twelve months) / Annual Trend
(INR in Crs.)



Particulars	YTD Dec 2022 (9Months)	TTM (Trailing Twelve Months) (Jan 22 to Dec 22)	FY 22	FY 21	FY 20
Total Income	420.2	577.0	512.0	326.3	306.3
Total Income growth %		13%	57%	7%	15%
EBIDTA	74.2	98.3	86.6	48.0	38.9
EBIDTA margin %	17.7%	17.0%	16.9%	14.7%	12.7%
Depreciation	10.4	13.0	10.2	8.8	8.0
Finance Cost	5.1	6.0	5.0	3.8	8.6
PBT	58.7	79.3	71.4	35.4	22.3
PAT	43.5	59.2	51.1	25.0	19.3
PAT margin %	10.35%	10.27%	9.97%	7.7%	6.3%
Cash Profit	53.9	72.2	61.3	33.8	27.2
Cash Profit margin %	12.8%	12.5%	12.0%	10.4%	8.9%
EPS (INR) annualised*		24.4	21.0	10.3	7.9
EPS growth %		16.0%	104.2%	29.7%	18.4%

Profit and Loss Summary (INR in Crs.) – YTD and Quarterly update



Particulars	YTD Dec 22	YTD Dec 21	% growth	QE Dec 22	QE Dec 21
Total Income	420.19	354.71	18%	134.18	132.69
EBIDTA	74.17	62.48	19%	24.90	23.43
EBIDTA margin %	17.7%	17.6%		18.6%	17.7%
Depreciation	10.39	7.59		3.67	2.69
Finance Cost	5.07	4.09		1.88	2.25
PBT	58.7	50.8	16%	19.4	18.5
PAT	43.47	35.31	23%	14.51	12.65
PAT margin %	10.3%	10.0%		10.8%	9.5%
Cash Profit	53.9	42.9	26%	18.2	15.3
Cash Profit margin %	12.8%	12.1%		13.5%	11.6%

- ✓ Revenue for YTD Dec 22 grew 18% over YTD Dec 21 i.e ~INR 4,201 Mln for YTD Dec 22 over PY YTD Dec 21~INR 3,547 Mln
- ✓ Profit After Tax grew 23% for YTD Dec 22 over YTD Dec 21
- ✓ Revenue & PAT for QE Dec 22 over QE Dec 21 has been at similar levels.

Balance Sheet Summary (INR in Crs)

Particulars	Dec 31,2022	Mar 31,2022	Mar 31,2021	Mar 31,2020	Mar 31,2019
Networth [^]	317.9	280.7	228.6	203.9	186.4
ST Borrowings (Net of Cash & Cash Eq)*	64.7	77.7	50.4	37.7	58.2
Current liabilities	58.1	51.1	37.7	29.9	20.4
Total Liabilities	440.7	409.5	316.6	271.5	265.1
Net Fixed Assets [^]	203.1	164.8	141.9	137.5	121.0
Net Current Assets (Excl Cash & Cash Eq & others)*	237.6	244.8	174.7	133.9	144.1
Total Assets	440.7	409.5	316.6	271.5	265.1
Core Capital Employed ^{#^}	326.3	302.1	223.9	186.6	189.6

*Cash and Cash Equivalents	94.21	79.95	41.90	15.73	6.07
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[^]includes INR 56.41 of Land Revaluation Reserve

*Excludes Cash and Cash Equivalents (which includes cash and bank balances and current investments in liquid securities)

Core capital employed excludes revaluation of INR 56.41 and Current Liabilities

Ratios Summary



Return Ratios	Dec 31,2022	Mar 31,2022	Mar 31, 2021	Mar 31, 2020	Mar 31, 2019
ROE [^]	22.6%	22.8%	14.4%	13.0%	12%
Core ROCE # [^]	27.1%	29.0%	19.1%	16.4%	14%
Operating Ratios	Dec 31,2022	Mar 31,2022	Mar 31, 2021	Mar 31, 2020	Mar 31, 2019
Current Ratio	4.09	4.79	4.64	4.48	7.05
Fixed Asset Turnover Ratio*	3.93	4.72	3.76	3.71	4.06
Total Asset Turnover Ratio*	1.50	1.45	1.25	1.42	1.27
Inventory days*	71	91	85	77	97
Debtor days*	65	63	81	55	62
Payable days*	13	18	17	9	13
Cash Conversion Cycle*	123	136	149	123	146
Solvency Ratios	Dec 31,2022	Mar 31,2022	Mar 31, 2021	Mar 31, 2020	Mar 31, 2019
Total Outside Liabilities / Total Equity	0.39	0.46	0.39	0.33	0.42
Net Debt / Equity	0.20	0.28	0.22	0.19	0.31
Net Debt / EBIDTA*	0.66	0.90	1.05	0.97	1.85
Interest Coverage Ratio	14.28	15.31	10.39	3.59	3.65

*TTM (Trailing Twelve Month) Profit / Loss account figures used for said ratios for Dec 2022

[^]INR 56.41 of Land Revaluation Reserve *excluded* for calculation of the said ratio

#Average Capital Employed considered for calculation of Core ROCE

Cash Flows Update (YTD/Annual)



Particulars	Dec 31, 2022	Mar 31, 2022	Mar 31, 2021	Mar 31, 2020	Mar 31, 2019	Cumulative (FY 19- Dec 22)	% of OP
Profit Before Tax	58.7	71.4	35.4	22.3	19.1	206.9	
Operating Profit (OP)	71.0	83.2	49.1	35.2	29.5	268.1	
working capital changes	20.5	(76.4)	(34.5)	0.6	10.1	(79.7)	29.7%
CFO (gross)	91.5	6.8	14.6	35.8	39.7	188.3	
CFO (net of tax)	78.7	(6.5)	8.9	30.8	37.1	149.0	
		-					
CF Investing - Fixed assets	(46.6)	(40.4)	(13.6)	(10.2)	(9.4)	(120.2)	44.9%
CF Investing - liquid assets	(20.8)	(10.5)	(39.0)	5.0	(5.9)	(71.3)	
CF Financing	(5.2)	60.8	30.9	(21.8)	(13.0)	51.7	
		-					
CF changes	6.0	3.4	(12.8)	3.8	8.7	9.2	
		-					
Cash / Bank Balance	11.4	5.3	1.9	14.7	10.9		

CFO for FY21,FY22 was lower owing to supply chain elongation primarily due to container / shipping delays and delayed receipts of govt incentives for exports due to policy changes.

~30% of OP has been invested back into working capital and ~45% of OP has been invested back for expansion for future growth over last 5 years

The Company's capex plan would be concluded during FY 24. This would make ~40-45% of CFO generated available for alternative uses from H2FY 24 for other purposes.

Company Update

Listing on National Stock Exchange

Faze Three Limited has Listed its equity shares on National Stock Exchange of India Limited (NSE), w.e.f. from the trading hours of Friday, November 18, 2022 on Main Board of NSE. Your Company is now Listed on both Major Stock Exchanges in India i.e. NSE & BSE Limited.

Awards & Recognition

-Faze Three Limited was declared as the Award Winner of Dun & Bradstreet “Business Enterprises of Tomorrow 2022” Business Excellence Awards in Textile & Textile Articles Category (Mid-Corporate). The event took place on the eve of November 29, 2022 at Mumbai

For more details kindly refer the following link: <https://www.dnb.co.in/events/business-enterprises-of-tomorrow/default.aspx>

-Faze Three Limited was declared as the Award Winner of Dun & Bradstreet – Business Excellence Awards 2021 under Best Global Business Category (Mid-Corporates). The event took place virtually on November 24, 2021.

Thank you

Faze Three group

For any further details please contact:

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Disclaimer



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