



May 23, 2023

To,

<b>BSE Limited</b> Department of Corporate Services, P. J. Towers, Dalal Street, Mumbai - 400 001. <b>Scrip Code: 530079</b>	<b>National Stock Exchange of India Limited</b> Listing Compliance Department, Exchange Plaza, Plot No. C/ 1, G Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051. <b>Symbol: FAZE3Q</b>
--	--

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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the Company presentation on Audited Financial Results of the Company for the Quarter and Financial Year ended March 31, 2023.

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**

**Samruddhi Varadkar**  
**Company Secretary & Compliance Officer**  
**M. No.: A57168**

Encl: a/a



May 23, 2023

Financial Results for year ended March 31, 2023 & 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 made of micropolyester, 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

Equal capabilities, expertise & share between Cotton & Polyester /MMF products currently. Share of Polyester/ MMF expected to rise in future given the global trend

## 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 95% domestic raw materials
- Faster order turnaround times (75d-120d)
- Moderate MOQ's, flexibility across products / Colours, designs

## 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 of the company

## 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 multiple product lines across Handloom, Technical & Home Textiles products.
- Most Peers have one of the many products
- Adequate opportunity & customer appetite for all the existing Indian peers in the product categories of the company
- Chinese competition: erstwhile headwind has become a tailwind
- Cost & tariff arbitrage neutralised between India & China under Home textiles

Our Valued Customers



REJUVENATION



MATALAN



M&S

WILLIAMS SONOMA CALIFORNIA

POTTERY BARN  
pottery barn kids



Sainsbury's



west elm



Garnet Hill  
Beautiful, Naturally.™

POTTERY BARN | teen



sam's club

Debenhams

Dillard's  
The Style of Your Life.

COUNTRY ROAD

Marshalls



LANDS' END



ANTHROPOLOGIE

HomeGoods

ZARA HOME



CALVIN KLEIN

MYER

SHINSEGAE



GRUND



MY STORE



AQUANOVA



Product glimpse: refer [www.fazethree.com](http://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

Dec 2020: Walmart committed to triple its sourcing to \$ 10 Bn from India

(<https://corporate.walmart.com/newsroom/2020/12/10/walmart-commits-to-sourcing-10-billion-of-india-made-goods-each-year-by-2027>)

May 2023: Walmart CEO Doug McMillon reiterates \$ 10 Bn sourcing Goal in meeting with PM Modi

Similarly Other Large Customers 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 ~ FY 23 and way forward

- ✓ Significant focus into new product categories, innovative offerings and timely expansions post covid since Dec 2020 has enabled your company to double its Revenue and quadruple its EPS within 4 year period including the COVID period. The company is much better placed and fully geared to continue its growth journey to deliver on the opportunity ahead.
- ✓ FY 23 begun with retailers guiding slowdown / inventory pile ups and high prices of key raw materials (both cotton & polyester) whereas H2 FY 23 has seen significant reduction in inventory levels, cotton prices have halved & polyester prices are falling gradually as the Ukraine crises ages. Furthermore, the container costs and transit times are below pre-covid levels. These tailwinds have improved sentiments across customers starting from Q1CY23. The company expects this positive momentum to result into a much better demand scenario ahead compared to FY23.
- ✓ The company reported Revenue and PAT for full year FY 23 with a modest growth of 10.2% and 14.4% at INR 563 Crs and INR 58.4 Crs over FY 22 respectively. The year gone by was at best a pitstop in the high growth momentum of the sector / company and not a pause as all major retailers / supply chains are looking to move supply chains to India in great hurry. The very recent meeting of Walmart CEO with PM Modi and goals stated are a testimony to the aforesaid momentum.
- ✓ Order visibility / pipeline 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 kick in 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 has evidently repeated this fiscal.
- ✓ All Capex planned in western India is concluded and currently capex at north India unit is underway as per original schedule. The Company strongly believes that it would be better served & well prepared to deliver to its customers as revival & higher demand kicks during FY 24 as a base case.
- ✓ USA continues to witness a strong job market alongside rising wages / salaries, etc. This being more relevant metrics for company's segment of products. The slowdown in USA Housing is a headwind for home interiors segment whereas a tailwind for home improvement / home textile ~ merchandising segment.
- ✓ The 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 137 Crs from internal accruals across units for Expansion, new machinery, new technologies & de-bottlenecking from FY 2019. ~INR 100 Crs of INR 137 Crs invested since Dec 2020
- ✓ 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, Performance Rugs, Technical & Outdoor Textile products . Overall Investment of INR 35 Crs
  - ✓ Concluded 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 and processing unit to have 3x capacity by Jan 2024. Overall Investment INR 40 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
  - ✓ Invested INR 7.5 Cr in Rooftop Solar energy (captive), Clean Energy for processing (PNG) & Li-ion (Electric) Material Handling Equipment keeping company's ESG goals. Invested in Talent acquisition across units, new product development, other green initiatives, etc.
  - ✓ Company has zero long term debt since 2018. Rated A- (positive) Sep 22. Net Debt stands at INR 44 Crs only as of March 31, 2023. Factories / Infrastructure current replacement value estimated > INR 450 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

## Profit and Loss Summary - Annual (consolidated) (figures in INR Crs)



Particulars	FY 23	FY 22	FY 21	FY 20	FY 19
Total Income	563.8	511.4	326.7	306.3	270.3
Total Income growth %	10.2%	56.5%	6.7%	13.3%	
EBIDTA	99.98	86.6	47.9	37.8	29.8
EBIDTA margin %	17.7%	16.9%	14.7%	12.3%	11.0%
Depreciation	14.5	10.2	8.8	8.0	5.2
Finance Cost	7.7	5.0	3.8	8.6	6.8
PBT	77.8	71.4	35.3	21.2	17.8
PAT	58.3	51.1	25.0	18.1	15.1
PAT margin %	10.34%	9.99%	7.7%	5.9%	5.6%
Cash Profit	72.8	61.3	33.8	26.1	20.3
Cash Profit margin %	12.9%	12.0%	10.4%	8.5%	7.5%
EPS (INR)	24.0	21.0	10.3	7.5	6.2
EPS growth %	14.2%	104.2%	38.0%	20.5%	

- ✓ Over a 5 year period from (FY 19 to FY 23):
  - ✓ CAGR Revenue : ~16%
  - ✓ CAGR EBIDTA : ~27%
  - ✓ CAGR EPS : ~31%
- ✓ FY 21 being COVID year was the lowest positive revenue growth year at 6.7% in the said 5 year period
- ✓ For FY 23, the company reported its highest ever Revenue, EBIDTA & PAT since its inception

## Profit and Loss Summary - Quarterly (consolidated) (figures in INR Crs)



Particulars	QE Mar-23	QE Dec-22	QE Mar-22
<b>Total Income</b>	<b>143.6</b>	<b>134.2</b>	<b>156.7</b>
EBIDTA	25.8	24.9	24.1
EBIDTA margin %	18.0%	18.6%	15.4%
Depreciation	4.08	3.67	2.60
Finance Cost	2.77	1.88	0.90
<b>PBT</b>	<b>19.0</b>	<b>19.4</b>	<b>20.6</b>
<b>PAT</b>	<b>14.8</b>	<b>14.5</b>	<b>15.8</b>
PAT margin %	10.3%	10.8%	10.1%
Cash Profit	18.9	18.2	18.4
Cash Profit margin %	13.2%	13.5%	11.7%

- ✓ Revenue for QE Mar 23 grew 7% over QE Dec 22 whereas de-grew 8.3% over QE Mar 22
- ✓ PAT QE Mar 23 grew 3.7% over QE Dec 22 whereas de-grew 5% over QE Mar 22
- ✓ EBIDTA Margin for QE Mar 23 improved to 18% from 15.4% in QE Mar 22

## Balance Sheet Summary Annual (consolidated) (figures in INR Crs)



Particulars	Mar 31,2023	Mar 31,2022	Mar 31,2021	Mar 31,2020	Mar 31,2019
Networth^	334.6	278.3	226.1	201.5	185.2
Non-Current liabilities	6.8	5.3	1.7	2.6	3.9
ST Borrowings (Net of Cash & Cash Eq)*	44.5	77.1	48.9	37.2	46.7
Current liabilities	32.9	38.7	28.4	16.7	16.9
Total Liabilities	418.8	399.3	305.1	258.0	252.7
Net Fixed Assets^	208.4	157.1	132.9	125.4	121.0
Non-Current Assets	9.4	15.6	7.4	12.4	9.2
Current Assets (Excl Cash & Cash Eq)*	201.1	226.7	164.8	120.2	122.5
Total Assets	418.8	399.3	305.1	258.0	252.7
<b>Core Capital Employed#^</b>	<b>329.5</b>	<b>304.3</b>	<b>221.7</b>	<b>186.0</b>	<b>180.6</b>
*Cash & Cash Eq /Bank/FD/Liquid Invst	116.28	80.58	42.46	16.29	17.19

^ includes INR 56.37 of Land Revaluation Reserve

# Core capital employed excludes revaluation of INR 56.37 and Current Liabilities

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

\*FY22: INR 80.58 Crs included INR 13.93 Crs of e-Scripts

## Key Ratios Summary (consolidated)



Return Ratios	Mar 31,2023	Mar 31,2022	Mar 31, 2021	Mar 31, 2020	Mar 31, 2019
ROE <sup>^</sup>	21%	23%	15%	10%	13%
Core ROCE # <sup>^</sup>	27%	29%	19%	13%	15%
Operating Ratios	Mar 31,2023	Mar 31,2022	Mar 31, 2021	Mar 31, 2020	Mar 31, 2019
Current Ratio	6.1	5.9	5.8	7.2	7.2
Fixed Asset Turnover Ratio	3.7	5.1	4.2	3.8	4.1
Total Asset Turnover Ratio	1.6	1.5	1.3	1.3	1.4
Inventory days	61	96	88	88	98
Debtor days	64	59	78	60	62
Payable days	12	18	17	10	13
Cash Conversion Cycle	113	137	149	138	147
Solvency Ratios	Mar 31,2023	Mar 31,2022	Mar 31, 2021	Mar 31, 2020	Mar 31, 2019
Total Outside Liabilities / Total Equity	0.23	0.42	0.34	0.27	0.34
Net Debt / Equity	0.13	0.28	0.22	0.18	0.25
Net Debt / EBIDTA	0.44	0.89	1.02	1.25	1.48
Interest Coverage Ratio	11.06	15.31	10.37	3.64	3.65

<sup>^</sup>INR 56.41 of Land Revaluation Reserve *excluded* for calculation of the said ratio

#Average Core Capital Employed considered for calculation of Core ROCE

## Cash Flows Update (Consolidated) (figures in INR Crs)



Particulars	Mar 31, 2023	Mar 31, 2022	Mar 31, 2021	Mar 31, 2020	Mar 31, 2019	Cumulative (FY 19- FY 23)	% of CFO
PAT + Depn	72.8	61.3	33.8	26.1	20.3	214.2	
working capital changes	27.6	(56.1)	(29.0)	(2.3)	17.0	(42.9)	20%
CF from Operations (CFO)	100.4	5.2	4.9	23.8	37.2	171.4	
CF Investing - Fixed assets	(65.8)	(34.4)	(16.3)	(12.4)	(11.6)	(140.5)	66%
CF Borrowings	(32.6)	28.2	11.7	(9.5)	(23.8)	(26.0)	12%
CF Dividends		(1.2)	(1.5)		(1.5)	(4.2)	2%
<b>CF change for the year</b>	<b>2.0</b>	<b>(2.2)</b>	<b>(1.2)</b>	<b>1.9</b>	<b>0.3</b>	<b>0.7</b>	

\* 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 retrospective policy changes from FY 21 during FY 22

~22% of CFO has been invested back into working capital for funding growth in operations. The said number is expected to range between 22%-25% sustainably

~64% of CFO has been invested for Expansion across all locations for future growth

Company's current capex plan is expected to be concluded by end of FY 24. This would make ~40-45% of CFO available for alternative uses

## 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:

Ankit Madhwani, CFO

[ankit@fazethree.com](mailto:ankit@fazethree.com) 022 43514444

Corporate office: 63, C wing, Mittal Court Nariman Point, Mumbai 400021

# Disclaimer



The information contained in this presentation is provided by Faze Three Limited (the “Company”), although care has been taken to ensure that the information in this presentation is accurate, and that the opinions expressed are fair and reasonable, the information is subject to change without notice, its accuracy, fairness or completeness is not guaranteed and has not been independently verified and no express or implied warranty is made thereto. You must make your own assessment of the relevance, accuracy and adequacy of the information contained in this presentation and must make such independent investigation as you may consider necessary or appropriate for such purpose. Neither the Company nor any of its directors assume any responsibility or liability for, the accuracy or completeness of, or any errors or omissions in, any information or opinions contained herein. Neither the Company nor any of its directors, officers, employees or affiliates nor any other person accepts any liability (in negligence, or otherwise) whatsoever for any loss howsoever arising from any use of this presentation or its contents or otherwise arising in connection therewith. The statements contained in this document speak only as at the date as of which they are made, and the Company expressly disclaims any obligation or undertaking to supplement, amend or disseminate any updates or revisions to any statements contained herein to reflect any change in events, conditions or circumstances on which any such statements are based. By preparing this presentation, none of the Company, its management, and their respective advisers undertakes any obligation to provide the recipient with access to any additional information or to update this presentation or any additional information or to correct any inaccuracies in any such information which may become apparent. This document is for informational purposes and does not constitute or form part of a prospectus, a statement in lieu of a prospectus, an offering circular, offering memorandum, an advertisement, and should not be construed as an offer to sell or issue or the solicitation of an offer or an offer document to buy or acquire or sell securities of the Company or any of its subsidiaries or affiliates under the Companies Act, 2013, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, both as amended, or any applicable law in India or as an inducement to enter into investment activity. No part of this document should be considered as a recommendation that any investor should subscribe to or purchase securities of the Company or any of its subsidiaries or affiliates and should not form the basis of, or be relied on in connection with, any contract or commitment or investment decision whatsoever. This document is not financial, legal, tax, investment or other product advice. This presentation contains statements of future expectations and other forward-looking statements which involve risks and uncertainties. These statements include descriptions regarding the intent, belief or current expectations of the Company or its officers with respect to the consolidated results of operations and financial condition, and future events and plans of the Company. These statements can be recognized by the use of words such as “expects,” “plans,” “will,” “estimates,” or words of similar meaning. Such forward-looking statements are not guarantees of future performance and actual results, performances or events may differ from those in the forward-looking statements as a result of various factors and assumptions. You are cautioned not to place undue reliance on these forward looking statements, which are based on the current view of the management of the Company on future events. No assurance can be given that future events will occur, or that assumptions are correct. The Company does not assume any responsibility to amend, modify or revise any forward-looking statements, on the basis of any subsequent developments, information or events, or otherwise.