



November 02, 2021

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

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.

Ref: Faze Three Limited (Scrip Code: 530079)

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 half year ended September 30, 2021.

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

AKRAM
HASAN SATI

Digitally signed by
AKRAM HASAN SATI
Date: 2021.11.02
16:01:37 +05'30'

Akram Sati
Company Secretary & Compliance Officer
M No. A50020

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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Financial Results for Quarter & Half Year Ended Sep 2021 & Company presentation

Nov 2, 2021

About the Company



Engaged in Technical & Home Textiles and Handloom Home Textiles Manufacturing

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, Accessories, etc.

Handloom Home Textiles Products : Bathmats, Accent Rugs, Cushions, Powerloom rugs, Accessories, etc.

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

Established in 1985

Listed in 1995

Focused only on Home & Technical Textiles manufacturing since its Inception

7 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

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

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

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

Vertically integrated operations for all products.

Business model

- Direct exports to customers
- Order backed manufacturing only
- Inhouse Capability from Design to Delivery : Yarn to Finished Product
- 95% domestic raw materials
- Own offering across product lines & also capability to replicate customer needs
- Moderate MOQ's, flexibility across products / Colours

Markets & Customers

- USA 60%, 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 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

Our Valued Customers



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

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 uncompetitive.

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 have also faced challenges leading to customer preference towards India

Company's readiness to capitalize on the Opportunity



- ✓ Invested over INR 40 Crs from internal accruals across units for new machinery, new technologies & de-bottlenecking from 2017-2020
- ✓ Planned Expansions:
 - ✓ Commenced Expansion at Silvassa in Dec 2020 to have 2.5x capacity by Mar 2022 on existing spare land, under Floor coverings / Rugs segment. Overall Investment of INR 30 Crs (Of which INR 20 Crs already incurred).
 - ✓ Plan to commence expansion in Top of Bed & Blankets segment (Nov 2021 to June 2022) to increase capacity to 3x of existing capacity, backed by commitments from various customers. Overall investment INR 15 Crs.
 - ✓ Commenced Expansion at Panipat, Handloom Home Textiles division to have 3x capacity by Dec 2022. Overall Investment INR 30 Crs.
 - ✓ 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-” Long term & A2+ Short term (Aug 2021).
- ✓ Significant ability 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 350 Crs, poses significant entry barrier for new entrants
- ✓ All Investments / Expansions keeping green initiatives & sustainable manufacturing as core principle
- ✓ Focus on reducing costs and being most competitive manufacturer for the customer 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
- ✓ Total Income grew over 32% (Oct 20 to Sep 21) during TTM (trailing twelve months) versus FY 21 during the Covid recovery period giving confidence to undertake the aforesaid expansions for the visible demand horizon
- ✓ EBIDTA margins sustained ~16% during TTM despite challenges of uncertainty on Export incentives (impact 2.75%), significant Inflation pressure (coal, chemicals, freight, cotton, polyester) in last 9 months (impact 2%) & Covid related supply chain issues.
- ✓ All Expansions undertaken based on Tangible opportunity at hand & visibility / comforts from existing customers

Profit and Loss Summary (INR Crs) – Annual figures update



Particulars	6m Ended 30 Sept 2021	01 Oct 20 to 30 Sep 2021	FY 21	FY 20	FY 19
	<i>Half Year</i>	<i>(Trailing Twelve months)</i>			
Total Income	226.0	431.8	326.3	306.3	267.4
growth %		32%	7%	15%	7%
EBIDTA	39.1	69.2	48.02	38.9	31.5
EBIDTA margin	17.3%	16.0%	14.7%	12.7%	11.8%
Depreciation	4.9	9.6	8.8	8.0	5.2
Interest	1.6	3.4	3.8	8.6	7.2
PBT	32.5	56.2	35.4	22.3	19.1
PAT	22.7	39.4	25.0	19.3	16.3
PAT margin %	10.02%	9.1%	7.7%	6.3%	6.1%
Cash Profit	27.6	49.0	33.9	27.2	21.5
Cash Profit margin %	12.2%	11.4%	10.4%	8.9%	8.0%
EPS (INR)	9.32[^]	16.2	10.3	7.9	6.7
growth %		58%	30%	18%	

- ✓ Total Income and Profit After Tax for the period of Oct 01, 2020 to Sep 30, 2021 (TTM – Trailing Twelve months) grew 32% and 58% respectively over full Financial Year 2021
- ✓ Total Income of INR 431.8 Crs and Net profit of INR 39.4 Crs is highest ever TTM tally for the company
- ✓ PAT margin of 9.1% during TTM & 10% in HYE Sep 2021 versus 7.7% in FY 21

[^]EPS for 6 months ended 30 Sep 2021, INR 9.32 per share (not annualised).

Total Income, EBIDTA & Profit Before Tax for the Half Year Ended Sept 2021 includes INR 1.55 Crs of RODTEP (Remission of Duties & Taxes on Exported Products) pertaining to Jan 2021 to March 2021. The company accounted for the said income in the current quarter as per Govt of India notification issued in Sep 2021. Profit After Tax includes INR 1.09 Crs of RODTEP Income pertaining to Jan to March 2021.

Profit and Loss Summary (INR Crs) – Quarterly update



Particulars	QE Sept 2021	QE June 2021	QE Sept 2020
Total Income	122.9	103.1	80.3
<i>growth %</i>	<i>19%</i>	<i>28%</i>	
EBIDTA	22.6	16.4	11.7
EBIDTA margin	18.4%	15.9%	14.5%
Depreciation	2.3	2.5	2.1
Interest	0.8	0.8	0.9
PBT	19.5	13.1	8.7
PAT	13.6	9.1	6.1
PAT margin %	11.1%	8.8%	7.6%
Cash Profit	15.9	11.7	8.2
Cash Profit margin %	13.0%	11.3%	10.2%
EPS (INR)	5.6	3.7	2.51

Total Income and Profit After Tax for the Quarter Ended Sept 2021 are highest ever quarterly figure recorded by the company.

Total Income, EBIDTA & Profit Before Tax for the Quarter Ended Sept 2021 includes INR 3.15 Crs of RODETP Income pertaining to Jan 2021 to June 2021 period. The company accounted for the said income in the current quarter as per Govt of India notification issued in Aug 2021.
Profit After Tax includes ~INR 2.20 Crs of RODETP Income pertaining to Jan to June 2021. (refer note 6 to financial results)

Balance Sheet Summary (INR Crs)



Particulars	Sept 30, 2021	Mar 31, 2021	Mar 31, 2020	Mar 31, 2019
Networth^	251	229	204	186
ST Borrowings (Net of Cash & Cash Eq)*	71	51	53	57
Current liabilities	45	39	30	22
Total Liabilities	367	319	286	265
Net Fixed Assets^	151	142	137	121
Net Current Assets (Excl Cash & Cash Eq)*	216	177	149	144
Total Assets	367	319	286	265
Core Capital Employed#	267	225	201	188

^includes INR 55.02 of Land Revaluation Reserve created as on March 31, 2017 on transition to IND AS

*Cash and Cash Equivalents INR 50.04 Crs as on Sept 30, 2021

#Core capital employed excludes revaluation of INR 55.02 and Current Liabilities of INR 45 Crs as on Sep 30, 2021 & relevant previous years presented.

Ratios Summary

Solvency Ratios	Sept 30, 2021	Mar 31, 2021	Mar 31, 2020	Mar 31, 2019
Total Outside Liabilities / Total Equity	0.46	0.39	0.40	0.42
Net Debt / Equity	0.28	0.22	0.26	0.31
Net Debt / EBIDTA*	1.03	1.06	1.35	1.81
EBIT / Interest	17.44	10.39	3.59	3.65
Operating Ratios	Sept 30, 2021	Mar 31, 2021	Mar 31, 2020	Mar 31, 2019
Current Ratio	4.81	4.54	4.99	6.67
Fixed Asset Turnover Ratio^	2.49	1.91	1.83	1.76
Total Asset Turnover Ratio^	1.41	1.21	1.25	1.13
Inventory days	79	84	77	97
Debtor days	69	81	54	61
Payable days	15	16	9	12
Cash Conversion Cycle	132	149	122	146
Return Ratios				
ROE^*	20.1%	14.4%	13.0%	12.4%
Core ROCE (Pre Tax)^*#	24.3%	18.4%	15.9%	13.9%

*EBIDTA / EBIT / PAT for TTM period (Oct 20 to Sep 21) considered for the calculation

^INR 55.02 of Land Revaluation Reserve excluded for calculation of said ratios.

#Average Capital Employed considered calculation of Core ROCE



Thank you

Wish you a very Happy Diwali &
Prosperous New Year

Faze Three group

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Disclaimer



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