



November 13, 2024

To,

BSE Limited Department of Corporate Services, P. J. Towers, Dalal Street, Mumbai – 400 001. Scrp 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 Para A of Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In compliance with Regulation 30 read with Para A of 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's presentation on the Un-audited Financial Results (Standalone & Consolidated) of the Company for the Quarter and Half Year ended September 30, 2024.

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 Sati
Company Secretary & Compliance Officer
M. No. A50020

Encl.: a/a



Nov 13, 2024

Financial Results for the quarter and half year ended Sept 30, 2024 & Company presentation

About the Company

Engaged in manufacturing of Technical & Home Textiles products

Direct Exports to Large Retailers in USA, UK & EUR region. Over 90% Revenue is Exports only. Visit <http://www.fazethree.com/> for more details

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

During the year, the company added office cum Showroom location in New York, USA to accelerate reach and efforts towards growing the business and new product categories

Technical & Home Textiles Products: Floor coverings (Bathmats / Rugs – Rubber backed), Performance & Outdoor Home Textiles made of micro polyester, Cushions, Top of the Bed Products, Blankets, Curtains, Accessories, etc.

Handloom Home Textiles Products : Bathmats, Accent Rugs, Throws, Cushions, Powerloom 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

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

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

Management Team Consists of Founder / Promoters, Professionals/CXO's 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 to finished product / merchandise

Rated A/A1(stable) for Long term/Short term reaffirmed by CARE ratings (Aug 24)

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 (60d-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



Product glimpse: refer www.fazethree.com



Home Textile Industry / Global Supply Chain : Trends & Update

India is a leading supplier of Sheets & Towels and other products under the Cotton Home Textiles Segment given the availability of Cotton in India

Floor coverings (Bathmats, Rugs, Outdoor, performance textiles), Curtains, etc. being predominantly polyester based and technical in nature are largely exported out of China. 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. The trend to reaccelerate given the outcome in US election

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

Dec 2020 & May 2024: Walmart reiterates its commitment to triple its sourcing to \$ 10 Bn p.a

(<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 in UK and EUROPE are tangibly shifting to “other than Made in China” as demonstrated from surveys / trends

Impending FTA’s with G7 countries will give a big push to India going forward

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-2 for MMF expected will establish a robust supply chain of MMF, esp. for Polyester based raw materials to make company’s final products more competitive globally. Also FTA’s with UK and other nations will aid growth

Management Comments ~ Looking forward FY 25 and FY 24

- ✓ Consol' Revenue and PAT for H1FY 25 at ~INR 305.2 Crs and INR ~14.00 Crs respectively versus ~INR 269.16 Crs and ~INR 24.96 Crs in H1FY24. EBIDTA for H1FY25 stood at INR 38.09 Crs vs INR 48.97 Crs for Q1FY24
- ✓ EDBITA & Net profit for TTM S24 have been lower owing to higher raw material costs, one time product development costs, higher initial operating costs on new product line / capacities, depreciation on recent capex, increase in Interest rates and certain one-time costs during the year.
- ✓ The Company expects Revenue growth of 15% for FY 25 versus FY 24 conservatively along with improvement in margins hereon as all external factors have turned positive and USA continues to witness a good economy and jobs market despite high interest rates over two years.
- ✓ The company has built & added new product lines and invested significantly upfront in building capacities under the home textiles category which can service significant incremental revenue expected ahead in H2 and FY 26-FY28.
- ✓ Company's well diversified product range & wide global customer base has been key factor for sustainable growth. Outcome of US Elections is expected to create significant tailwinds as it did during 2017-2020 tenure for reaccelerating China plus one sentiment which has slowed down over last 2 years in value added Textile merchandises pertaining to MMF.
- ✓ 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.
- ✓ The Company has significantly invested across all locations (brown field expansions) over last 3 years mainly to add capacity in legacy products and build new product lines in the existing locations. However, owing to low growth & inflation over couple of years after FY 22/23, certain investments and recurring costs especially relating to new product lines and development costs has had impact of margin over last 4 quarters and will continue to have some impact through this year until it crosses break-even optimum levels for each product lines as expected in the coming years with growth which would augment margin improvement owing to operating leverage on incremental business.
- ✓ The Company has allocated two non-core assets (erstwhile factory land) for divestment in Panipat location. The said divestment could result in inflow of up to INR 25 Crs within the next 6-18 months. This has been possible owing to Capex and capacity building over the last 12-15 months in other factory location.

Company's readiness to capitalize on the Global Opportunity

- ✓ Invested over ~INR 200 Crs from internal accruals across units for Expansion, new machinery, new location, new technologies, new product lines & de-bottlenecking since FY 2019.
- ✓ 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.
 - ✓ 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.
 - ✓ Ongoing expansion at Panipat (Dec 22 to Sep 24), Cotton Home Textiles division and processing unit to have 3x capacity by Dec 2024.
 - ✓ 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. Revenue potential of at-least USD 10 Mln in phase 1 within 3-4 years. Overall Investment INR 22 Crs
 - ✓ Invested INR 18 Cr in aggregate for Rooftop Solar energy 2.9 MW (captive), Clean Energy for processing (PNG) & Li-ion (Electric) Material Handling Equipment keeping company's ESG goals in the forefront. Invested in Talent acquisition and team building across units, new product developments, other green initiatives, etc.
 - ✓ Company has zero long-term debt since 2018. CARE reaffirmed credit rating at A (stable)/A1 (Aug 24). Net Debt (short term) stands at INR 104.2 Crs only as of June 30, 2024. Factories / Infrastructure current replacement value estimated > INR 550 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	TTM Sep24	FY 24	FY 23	FY 22	FY 21	FY 20	FY 19
Total Income	608.3	572.3	563.8	511.4	326.7	306.3	270.3
Total Income growth %	6.3%	1.5%	10.2%	56.5%	6.7%	13.3%	
EBIDTA	83.24	94.27	99.93	86.6	47.9	37.8	29.8
EBIDTA margin %	13.68%	16.47%	17.73%	16.93%	14.67%	12.32%	11.02%
Depreciation	23.1	20.6	14.5	10.2	8.8	8.0	5.2
Finance Cost	11.7	11.3	7.8	5.0	3.8	8.6	6.8
PBT	48.5	62.4	77.6	71.4	35.3	21.2	17.8
PAT	36.0	46.6	58.3	51.1	25.0	18.1	15.1
PAT margin %	5.92%	8.15%	10.34%	9.99%	7.7%	5.9%	5.6%
Cash Profit	59.1	67.2	72.8	61.3	33.8	26.1	20.3
Cash Profit margin %	9.7%	11.7%	12.9%	12.0%	10.4%	8.5%	7.5%
EPS (INR)	14.8	19.2	24.0	21.0	10.3	7.5	6.2
EPS growth %	-22.8%	-20.0%	14.2%	104.2%	38.0%	20.5%	
Cash EPS	24.3	27.7	29.9	25.2	13.9	10.7	8.3
Cash EPS growth %	-12.2%	-7.6%	18.8%	81.0%	29.7%	28.8%	

- ✓ 5 YRS CAGR:
 - ✓ Revenue : 15%
 - ✓ EBIDTA : 17%
 - ✓ EPS : 15%
 - ✓ CEPS : 18%

- TTM : Trailing Twelve months
- TTM Sep 24 & FY24 over FY 23 saw significant deacceleration in raw material pricing and stable currency leading to higher volume % growth over previous periods.
 - The Company expects to exceed its Revenue and EPS CAGR achieved in the last 5 years over the next 5 years period

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



Particulars	QE Sep 24	QE Jun 24	QE Sep 23	HY Sep 24	HY Sep 23
Total Income	153.7	151.5	134.9	305.3	269.2
EBIDTA	19.20	18.87	24.8	38.1	49.0
EBIDTA margin %	12.49%	12.45%	18.38%	12.48%	18.19%
Depreciation	6.12	5.83	4.96	11.95	9.48
Finance Cost	3.24	3.01	2.84	6.25	5.78
PBT	9.8	10.0	16.7	19.9	33.7
PAT	7.2	7.3	12.6	14.5	25.0
PAT margin %	4.7%	4.8%	9.2%	4.7%	9.3%
Cash Profit	13.3	13.1	17.6	26.4	34.4
Cash Profit margin %	8.7%	8.6%	13.0%	8.7%	12.8%

- ✓ Revenue for HYE Sep 24 grew over 13% compared to HYE Sep 23. Historically H1 revenue is lower than H2 given the product mix and seasonality.
- ✓ EBIDTA margin for H1 FY 25 relatively lower mainly on account of incremental one-time costs incurred during the current & previous quarter on establishment of new office cum product showroom in New York, product development costs and initial running costs of new product lines and set up costs & permission expenses incurred in north India factory (Panipat) including on moving fuel source from Agri fuel (Husk) to Natural Gas for processing. Overall Impact of INR 62.2 Mln (H1 FY25)

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



Particulars	Sep 30, 2024	Mar 31, 2024	Mar 31, 2023	Mar 31,2022	Mar 31,2021	Mar 31,2020	Mar 31,2019
Networth^	395.0	380.6	334.6	278.3	226.1	201.5	185.2
Non-Current liabilities	8.8	8.7	6.8	5.3	1.7	2.6	3.9
ST Borrowings (Net of Cash & Cash Eq)*	104.2	74.0	44.3	77.1	48.9	37.2	46.7
Current liabilities	53.1	39.4	33.1	38.7	28.4	16.7	16.9
Total Liabilities	561.0	502.6	418.8	399.3	305.1	258.0	252.7
Net Fixed Assets^	248.6	240.5	208.4	157.1	132.9	125.4	121.0
Non-Current Assets	54.0	18.4	9.3	15.6	7.4	12.4	9.2
Current Assets (Excl Cash & Cash Eq)*	258.4	243.7	201.1	226.7	164.8	120.2	122.5
Total Assets	561.0	502.6	418.8	399.3	305.1	258.0	252.7
Core Capital Employed#^	451.8	407.2	329.3	304.3	221.7	186.0	180.6
*Cash & Cash Eq /Bank/FD/Liquid Invst	54.0	82.6	116.28	80.58	42.46	16.29	17.19

^ includes INR 56.08 of Land Revaluation Reserve

Core capital employed excludes revaluation of INR 56.08 and Current Liabilities

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

^The Company has allocated non-core assets (erstwhile factory lands) for divestment in Panipat location. The said divestment could result in inflow of up to INR 25 Crs within the next 6-18 months

Key Ratios Summary (consolidated)



Return Ratios	TTM Sep 24	FY 24	FY 23	FY 22	FY21	FY20	FY19
ROE^	11%	15%	21%	23%	15%	10%	13%
Core ROCE #^	14%	20%	27%	29%	19%	13%	15%
Operating Ratios	TTM Sep 24	FY 24	FY 23	FY 22	FY21	FY20	FY19
Current Ratio	4.9	6.2	6.1	5.9	5.8	7.2	7.2
Fixed Asset Turnover Ratio	3.2	3.1	3.7	5.1	4.2	3.8	4.1
Total Asset Turnover Ratio	1.2	1.3	1.6	1.5	1.3	1.3	1.4
Inventory days	105	96	61	96	88	88	98
Debtor days	39	49	64	59	78	60	62
Payable days	16	15	12	18	17	10	13
Cash Conversion Cycle	128	130	113	137	149	138	147
Solvency Ratios	TTM Sep 24	FY 24	FY 23	FY 22	FY21	FY20	FY19
Total Outside Liabilities / Total Equity	0.40	0.30	0.23	0.42	0.34	0.27	0.34
Net Debt / Equity	0.26	0.19	0.13	0.28	0.22	0.18	0.25
Net Debt / EBIDTA	1.25	0.78	0.44	0.89	1.02	1.25	1.48
Interest Coverage Ratio	5.15	6.55	10.90	15.31	10.37	3.64	3.65

^INR 56.08 of Land Revaluation Reserve *excluded* for calculation of the said ratio. Revenue, EBIDTA and PAT considered for ROE & Core ROCE.

#Average Core Capital Employed considered for calculation of Core ROCE

Interest coverage ratio calculated on gross finance cost. Interest Income forms part of Total Income

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



Particulars	Sep-24	Mar-24	Mar-23	Mar-22	Mar-21	Mar-20	Mar-19	Cumulative (2019-J24)	Cumulative (2019-J24) %
PAT + Depn + non-cash adj	26.4	67.2	72.8	61.3	33.8	26.1	20.3	307.9	100%
working capital changes	-11.8	-43.6	27.9	-56.1	-29.0	-2.3	17.0	-98.0	-32%
CF from Operations (CFO)	14.6	23.6	100.6	5.2	4.9	23.8	37.2	209.8	68%
CF Investing & Fixed assets	-44.7	-52.7	-65.9	-34.4	-16.3	-12.4	-11.6	0.0	-77%
CF Borrowings/financing	30.2	29.7	-32.8	28.2	11.7	-9.5	-23.8	-237.9	-77%
CF Dividend				-1.2	-1.5		-1.5	33.7	11%
CF change for the year / period	0.1	0.6	2.0	-1.2	-1.2	1.9	0.3	-4.2	-1%
								1.4	

- ~30% of CFO has been invested back into working capital for self-funding growth in operations over 5 years. The said number is expected to range between ~25% sustainably
- ~Over 70% of CFO has been invested for Expansion across all locations for future growth
- CFO for FY 23 was significantly higher owing to easing of supply chain elongation & other factors from FY 22 (trend reversal). 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
- Company's current capex plan is expected to be concluded in CY25. This would make at least 40-45% of CFO available for alternative uses

- **Awards & Recognition**

Faze Three Limited was declared as the Award Winner of Dun & Bradstreet “**Business Enterprises of Tomorrow 2024**” Business Excellence Awards in Textile & Textile Articles Category (Mid-Corporate). The event took place on the eve of June 21, 2024 at Delhi. For more details kindly refer the following link: <https://www.dnb.co.in/events/business-enterprises-of-tomorrow/default.aspx>

- **Credit Rating reaffirmed CARE Ratings (Aug 2024) at A(Stable)/A2+**

Thank you, Faze Three group

For any further details please contact:

Ankit Madhwani, CFO

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.