May 21, 2022

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 Audited Financial Results of the Company for the Quarter and Financial Year ended March 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**

FAZE THREE LTD. MUMBAI

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.
Tel. : 91 (22) 43514444, 66604600 * Fax : 91 (22) 24936811 * E-mail : cs@fazethree.com * Website : www.fazethree.com

FAZE THREE LIMITED

Financial Results for Year ended March 2022 & Company presentation

May 21, 2022

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

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

Established in 1985
Listed in 1995
Focused 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

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.

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 10 customers contribute around 80% of Revenue
- Any single Customer revenue < 18% 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
- 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
- Adequate business flow for all peer competition in the segment

Our Valued Customers

FAZ3E LIMITED

LIDL
TARGET
Walmart
COSTCO WHOLESALE
JCPenney
DOLLAR GENERAL
REJUVENATION
next
MATALAN
M&S
WILLIAMS SONOMA CALIFORNIA
ASDA
Dunelm
Pier1
Sainsbury's
Argos
west elm
POTTERY BARN
pottery barn kids
BED BATH & BEYOND
KOHL'S
Beautiful, Naturally. Garnet Hill
POTTERY BARN | teen
VOSSEN
TJ·maxx
sam's club
Debenhams
Dillard's The Style of Your Life.
COUNTRY ROAD
Marshalls
RESTORATION HARDWARE
emart
DKNY DONNA KARAN NEW YORK
LANDS' END
Loblaws
ANTHROPOLOGIE
HomeGoods
ZARA HOME
MIGROS
FRONTGATE
CALVIN KLEIN
MYER MY STORE
SHINSEGAE
GRUND
HBC
freedom
JYSK
AQUANOVA
spirella
kas australia

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 home textile product categories experiencing a paradigm shift very similar to Sheets and Towels move in 2008-09, making India a leading supplier within earlier decade

Management comment:

Ajay Brijlal Anand, CMD

The Eureka moment of 2008-09 in demand for Sheets and Towels from India leading to India being a leader today within a decade, is NOW here also for categories other than Sheets and Towels which includes Floor coverings, TOB, window curtains, value added products etc. Faze3 happened to be well positioned to make most of the products in the said categories which were dominant out of China, estimates suggest about 15-20 times of India over last decade. The giant shift is underway alongside normal growth for us, now that India has level playing field on Manufacturing costs, import tariffs and most importantly Customer Mindset which has changed in fact in India's favour for reasons well known.

FY 22 has been a quintessential year to catapult Faze3 into next phase. The company has added significant capacities, management bandwidth, new products, customers & substantial value across all stakeholders.

At the same time, I would call FY as most challenging by far on account of pressures / constraints from RM prices, Coal/Fuel costs, Containers availability, shipping costs, etc. making business challenging to estimate cost of goods sold even in near term

With the expansions concluded at couple of factories in FY22 & underway in others during FY 23, we have readied ourselves as a company to service multiple times of the current volumes across all categories. We are seeing very encouraging feedbacks from customer on our enhanced ability to now deliver larger volumes in our core focus on value added home & technical textiles.

Last couple of weeks has seen headlines in USA on Inflation and Retailer equity prices slump, etc. However fine print reveals that retail sales remain strong in necessities and essentials while there is slow down / inventory pile up in white goods/discretionary products across retailers, which is logical. Its a Deja Vu of 2001, 2008, 2020 wherein there were much larger concerns on USA retail sales than today however each time Home textiles has emerged better than expected. USA has a very strong labour/jobs market in addition after a very long time which is comforting to see.

We personally believe that 2022/23 will play out well for the company as we maintain our strong financials to withstand any potential fall outs from global market.

Management comment:

Vishnu Ajay Anand, Executive President

Our ability to be equally innovative on cotton & polyester value added New products under larger home textile ambit in last 2 years has been super encouraging and have put the company at the top of customer's mind for anything unique & new. FY22 has been most challenging, encouraging & exciting at the same time in last five years for me. I am really looking forward for some of the new product categories in pipeline to fruition in next 12-18 months which adds parallel engine to growth

Sanjay Brijlal Anand, Whole Time Director

The pipeline of opportunities in all our core business categories has never been better in last 32 years of my experience. Pre-2018/19, customers discussed 20-30% growth at best, which is now 2x-3x year on year subject to one's ability to manufacture, bandwidth across design & development to turnaround faster. The single focus investment of our group over last 37 years in Home textiles ~ floor Coverings, TOB & Allied products is paying rich dividends now that the tide has turned well and truly in India's favour.

Its been a blessing in disguise this year that share of replenishment (long term fixed commitment) has been always under 10-15% and most of our business are seasonal and promotional, which adds to Design & Development effort, however allows you to be price competitive at most times. Also 95% plus business being FOB thereby insulating us from any significant cost pressures from shipping costs.

Ankit Madhwani, CFO

Our core focus remains on Growth funded internally alongside being profitable incrementally & remaining LT debt free so that Growth is truly sustainable & returns justify the long term investment and the value in business. Revenue growth of over 57% Y-O-Y is Kudos to the entire team's effort on having the right strategy and executing it. Profit growth of over 100% YOY at ~ 9.97% of Revenue is commendable owing to the most challenging business environment on cost front in FY22.

FY22 faced many exogenous surprises to tackle. Mainly, retrospective reduction on govt incentives, interest subvention, etc. having an overall impact of over 3.5% on margins. Further only coal and fuel costs impact has been ~ 1.5% during the year. All other factors on account of RM prices, supply chain, etc. being inherent in business ought to have mitigations. The net profit margin would have been significantly higher given the growth in revenue had the exogenous factors manifested prospectively.

Most of the supply chain has been passing on increasing costs since start of 2022, Russia-Ukraine conflict in Feb 22 has only accelerated that process and customers are well aware of the cost pressures and the need to pass on to the end consumer, which is where strong jobs/labour market across developed economies is a big blessing. Inflation & Rates rising leading to currency depreciation viv other competing countries is a partial hedge to cost pressures.

We look forward to FY 23 being start of utilizations of our already expanded capacities, adding new products and potential benefits accruing from peaking input costs sometime during the year.

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
- ✓ Concluded / Ongoing Expansions:
  - ✓ Concluded Expansion at Silvassa in Apr 2022, to have 3x capacity on existing spare land, under Floor coverings / Rugs segment. Overall Investment of INR 32 Crs
  - ✓ Commenced expansion Top of Bed / Blankets segment in Nov 2021 to increase capacity to 3x of existing capacity, backed by commitments from various customers. Overall investment incurred already ~ INR 12 Crs. To be fully ready by July 2022, additional investment ~INR 6 Crs
  - ✓ Commenced Expansion at Panipat, Handloom Home Textiles division for 3x capacity by Apr 2023. Overall Investment INR 35 Crs.
  - ✓ All of the above expansions are 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.
- ✓ 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

Company’s readiness to capitalize on the Opportunity

- ✓ Comfortable Capital Structure. Rated “A-” Long term & A2+ Short term (Aug 2021). 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 400 Crs, poses significant entry barrier for new entrants
- ✓ Focus on reducing costs and being most competitive manufacturer for the customer while maintaining budgeted net profit margins
- ✓ Company has invested in 1.0 MW of Solar Rooftop at Silvassa units in Apr 2022 which would generate around 30% of current electricity consumption at said units. Apart from being cost effective, it enhances goal & commitment towards ESG
- ✓ Company has invested in lithium Ion MHE (warehouse truck & forklifts) during Jan 2022 leading to efficiency, energy saving and further additions towards ESG goals

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

Particulars	FY 22	FY 21	FY 20
Total Income#	**512.0**	**326.3**	**306.3**
Total Income growth %	*56.9%*	*6.5%*	*14.5%*
EBIDTA	86.6	48.0	38.9
EBIDTA margin %	16.9%	14.7%	12.7%
Depreciation	10.2	8.8	8.0
Finance Cost	5.0	3.8	8.6
PBT#	**71.4**	**35.4**	**22.3**
PAT#	**51.1**	**25.0**	**19.3**
PAT margin %	*9.97%*	7.7%	6.3%
Cash Profit	61.3	33.8	27.2
Cash Profit margin %	*12.0%*	10.4%	8.9%
EPS (INR)^	**21.0**	**10.3**	**7.9**
EPS growth %	*104.2%*	*29.7%*	*18.4%*

- ✓ Total Income and Profit After Tax for the FY 2022 grew 56.9% and 104.2% respectively over Financial Year 2021
- ✓ Total Income of INR 512 Crs and Net profit of INR 51.1 Crs.
- ✓ PAT margin of 9.97% during FY-2022 versus 7.7% in FY-2021

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

Particulars	QE Mar 2022 (Current Qtr)	QE Dec 2021 *(Previous Qrt)*	QE Mar 2021 (Same period Last Year)
Total Income #	**157.1**	**128.9**	**108.7**
TI growth %	21.8%	4.9%	12.0%
EBIDTA	24.2	23.3	16.3
EBIDTA margin %	15.4%	18.1%	15.0%
Depreciation	2.6	2.7	2.4
Finance Cost ^	0.9	2.5	1.6
PBT #	**20.7**	**18.1**	**12.3**
PAT #	**15.9**	**12.5**	**8.6**
PAT margin %	10.1%	9.7%	7.9%
Cash Profit	18.5	15.2	11.0
Cash Profit margin %	11.8%	11.8%	10.1%
EPS (INR)	6.5	5.1	3.5

Total Income & PAT for the Year Ended Mar 2022 are highest ever quarterly figure recorded by the company.

^ Finance Cost for YE Mar 22 includes Rs 0.84 Cr incremental impact on account of pending extension of Interest Equalization Scheme for Exports from Oct 1st, 2021 by Min of Commerce / Reserve Bank of India. To this extent the Finance cost for QE Mar 22 & QE Dec 21 and QE Mar 21, QE Dec 21 are not comparable to the previous reported periods.

#The company has provided for realisation loss of INR 2.01 Crs on scripts of RODETP/ROSCTL based on market value during the current quarter. CSR expenditure obligation under S. 135 of Companies Act, INR 1.48 Crs has been spent and accounting in the current quarter

Balance Sheet Summary (INR in Crs)(standalone)

Particulars	Mar 31,2022	Mar 31,2021	Mar 31,2020
Networth^	280.7	228.6	203.9
ST Borrowings (Net of Cash & Cash Eq & others)*	77.7	50.4	37.7
Current liabilities	51.1	37.7	29.9
Total Liabilities	**409.5**	**316.6**	**271.5**
Net Fixed Assets^	164.8	141.9	137.5
Net Current Assets (Excl Cash & Cash Eq & others)*	244.8	174.7	133.9
Total Assets	**409.5**	**316.6**	**271.5**
Core Capital Employed#^	302.1	223.9	186.6

^ *includes* INR 56.37 as on Mar 31, 2022 on account of Land Revaluation Reserve.
* Cash and Cash Equivalents being INR 55.81 Crs, E-Scrips at 13.93 Crs and Liquid investments at 10.21 Crs
# Core capital employed excludes revaluation of INR 56.37 and Current Liabilities of INR 51.1 Crs as on Mar 31, 2022

Ratios Summary

Solvency Ratios	Mar 31,2022	Mar 31, 2021	Mar 31, 2020
Total Outside Liabilities / Total Equity	0.46	0.39	0.33
Net Debt / Equity	0.28	0.22	0.19
Net Debt / EBIDTA	0.90	1.05	0.97
Interest Coverage Ratio	15.31	10.39	3.59
Operating Ratios	**Mar 31,2022**	**Mar 31, 2021**	**Mar 31, 2020**
Current Ratio	4.79	4.64	4.48
Fixed Asset Turnover Ratio^	4.72	3.76	3.71
Total Asset Turnover Ratio^	1.45	1.25	1.42
Inventory days	91	85	77
Debtor days	63	81	55
Payable days	18	17	9
Cash Conversion Cycle	136	149	123
Return Ratios	**Mar 31,2022**	**Mar 31, 2021**	**Mar 31, 2020**
ROE^	22.8%	14.4%	13.0%
Core ROCE (Pre Tax)#^	29.0%	19.1%	16.4%

^INR 56.37 of Land Revaluation Reserve *excluded* for calculation of the ratios.
#Average Capital Employed considered for calculation of Core ROCE

Company Update

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 24th November 2021.

For more details on the Business Excellence Awards kindly refer the following link https://www.dnb.co.in/events/businessenterprises-of-tomorrow/default.aspx

Link for award presentation to the Company: https://youtu.be/EwWKfyHEwPw

Thank you

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Faze Three group

For any further details please contact:

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Disclaimer

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