



FAZE THREE LIMITED

Transcript of the 40th Annual General Meeting of the Company held on September 05, 2025 at 05:00 P.M. (IST) through Video Conferencing:

Mr. Akram Sati, Company Secretary and Compliance Officer:
Dear Shareholders,

We are starting the Meeting, so I welcome you all to the 40th Annual General Meeting of Faze Three Limited. This Meeting is conducted as per the applicable SEBI Regulation; Companies Act and MCA Circulars. I request all the Members to join and keep themselves on mute, as and when the opportunities arise, we will unmute everyone, everybody will be joining on first come first serve basis, there is no proxy register or no attendance register since this Meeting is conducted through Video Conferencing. If anybody wants to verify the Registers as required under the Companies Act, then they can e-mail to the Company at cs@fazethree.com.

I will introduce Members and Board of Directors and Management Committee Members who are present at the Meeting.

So, we have,

Mr. Ajay Anand, Chairman and Managing Director of the Company
Mr. Sanjay Anand, Whole Time Director of the Company
Mrs. Rashmi Anand, Non-Executive Director of the Company
Mr. Berry Leonard, Non-Executive Director and Independent Director of the Company
Mr. Chuji Kondo, Independent Director of the company
Mr. Devajyoti Bhattacharya, Independent Director of the Company
Mr. Vinit Rathod, Independent Director and Chairman of Audit and NRC Committee and,
Mr. Manan Shah, Independent Director

From Auditors we have,

1. Mr. Rajesh Murarka and Mr. Taikhoom Dawoodkhan who are representing our Statutory Auditors, and,
2. Mr. Sanjay Dholakia who is our Secretarial Auditor

along with them we have,

Mr. Ankit Madhwani CFO of the Company
and Mr. Vishnu Anand President, Marketing

So, the requisite Quorum being present, I will request Mr. Anand to start with the proceedings and welcome the Members.

Mr. Anand over to you

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Mr. Ajay Anand:

Hello everybody, all I can say is that the Company is on good standings, unfortunately the impression that we are getting from the tariff is not so encouraging. However, we are very hopeful that this will definitely come to an end in the next few months till then we are working very closely together with all the customers in the US and taking things forward in a very positive manner. All in all, this coming quarter looks encouraging, but we have to be conscious about the times to come thereafter. I am of course elated that the company has taken this opportunity of this adversity that has come up with the US business that we have been in touch with some of our customers in Europe and UK and some very encouraging results are coming back but we will take it positively. Well, thank you very much for attending and if there is anything that I can help to answer your queries, I will be more than happy. Thank you!

Mr. Akram Sati:

Thank you, Mr. Anand,

So, I will take the questions from certain shareholders who have sent us the questions. I will read out those questions and then will allow the speakers who have registered themselves to ask their questions one by one and then we will summarize the questions. And, then management will response to all these questions at the end.

So, first question has been asked by Mr. Himanshu Trivedi who has asked what is our Capex plan for next couple of years and who are our leading competitors?

The next question has been asked by Mr. Pratyush Mittal. He has broadly asked us what are our top 5 products segment currently and what have been our growth and product mix for last three years, what are the products we have introduced in current year and going forward, what is competition intensity in the segment both domestically and from China and Vietnam?

The next question is on our EBITDA margin has been in the range of ten to eleven percent for the last six Quarter vs fifteen to seventeen percent earlier? What are the key reasons for the same and we see the pressure on the gross margin and can we talk about the challenges and our expectations going forward and in annual report we have mention one time product development cost- how much was it?

Then, the next question is what are the significant year on year dip business in India and UK and with the UK FTA coming in, what is our expectation going forward on the same?

The next question is our business from USA and Europe has grown really well year on year and financial year 25. However, with fifty percent tariff on India from US. Are we seeing pressure in our USA business and with fifty percent tariff, aren't we in unfavourable position vs. China and isn't the cost and tariff arbitrage neutralized between India and China under Home textiles & other key segments of Faze three? Does this impact our guidance of 850+ Crore sales in FY26?

The next question is on subsidiary, in our subsidiary is Mats and More, we have done 28 Cr sales and we see a potential to do 150 Cr Can you please talk more on the opportunity in this segment?

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How many customers and from which region are we catering as of now? What kind of margins can we expect from this segment? What kind of scale-up can we expect in FY26 & FY27? Do we have confirmation of tie-up with customers?

The next question is in FY26 Other manufacturing expenses were higher. Any specific reasons? We have opened an office cum showroom in New York. Can you please help guide us more on the strategy here? And Turnover rate for permanent employees and workers has been a little higher compared to our last 2-3 years trend. Any specific reasons or challenges?

So, I will ask speaker shareholders who have registered themselves to unmute themselves. So, Yashasvi Kothari, I request you to kindly unmute yourself and ask questions.

Yashasvi Kothari:

Hello, am I audible?

Mr. Akram Sati:

Yes Yashasvi, you are audible.

Yashasvi Kothari:

So, thank you for the opportunity as many of my questions have been covered in these, I'll just go through them once. So, first of all, like mentioned in the opening comment, we had a good commentary on the tariff scenario but in little detail if we can mention about how the new customers are panning out in UK and Europe like how much contribution are we expecting to increase? And a little what kind of conversation like we are having with our customers from US regarding the tariff scenario like are we reducing our orders size or are we sharing any margin load with them or something? So, we can have a detailed light on what is happening there. Then regarding the questions that have been covered like one-time cost that have occurred. So, like from FY-19 we have been doing aggressive CAPEX. So, what is the utilisations on those CAPEX as of now and what are our plan on financial year 2026 regarding CAPEX and revenue potential from those? So, if we can throw some lights on those questions and current order book position and order visibility from customers.

Akram Sati:

Okay Yashasvi, we have noted down the questions. Once all the questions are finished then we will answer those questions one by one.

Yashasvi Kothari:

Thank you.

Akram Sati:

The next speaker is Mr. Pratyush Mittal. Mr. Pratyush Mittal I think you have only sent all those questions also. I request you to kindly unmute yourself and ask your questions.

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Mr. Pratyush Mittal:

Hey, so thanks for the opportunity. Sir has read out all the questions, so in the interest of time I don't want to repeat those questions here and we will expect detailed answer on each of these as that will help us to understand more about the evolving situation especially given the US tariff that we have in. I wish you all the very best for the upcoming projects and congratulations on the good performance so far.

Mr. Akram Sati:

Thank you, Mr. Mittal. We will take all the questions and management will try to answer them if it's not possible due to permission of time, then separately we can have individual meeting next week at our office, depending on management's time. Next is Mr. Ankit Gupta. I request Mr. Ankit Gupta to unmute himself and ask his questions.

Mr. Ankit Gupta:

Thanks for the opportunity. So, I'll not repeat the questions which have been asked. So, can you provide us, how our customers dealing with the fifty percent tariff, so have we seen any cancellation of orders if not, you know, as you are saying Q2 is not much impacted, but let's say Q3, Q4 or for FY-27? Have you seen any, cancellation of orders from some of our large customers like Target, Walmart or TGX Group? How are the customers asking for the burden sharing of the tariff with us? If yes, what impact do you see, do you see on our margin if they are asking for burden sharing? Given China is the main competitor in the segment, its tariff currently even higher than us. So, have some of the retailers passed on the tariff to the customers by increasing the end product prices? Which countries, except India and China, have large capacities built on the manmade fibre front and when this country's benefit from the lower tariff and see shift in the business from India and China to countries like can we see the shift towards countries like Turkey. How much time does it take to get approval and start supplying to large US retailers? Do you see the tariff and overall slowdown in US markets impacting demand for our products, if one reads the last quarter conc. call -Target and Walmart they are very abide about the demand and don't see any reduction in the retail demand, what is our view of the same.

This last question on the tariff part, let's say if tariff settles between twenty-twenty five percent for India. How will the burden be shared between us and their customers? What impact do you see on the operating margins and on the same line what are the impact do you see on the growth forward of the Company? The tariff set between twenty-twenty five percent for us. For India what will be its impact on the business for us? Now, since you know the rest of the situation, next set off question is on normalize tariff. If and if the tariff settles between fifteen to twenty five percent. So, you know, till 2018 we were facing challenges and we started investing from 2019 and we have invested close to two seventy crores till date. So, can you elaborate on the reasons we have such large investment sign up plus one and how do you see opportunities for us? Walmart has announced sourcing of around ten billion dollars from India to next two to three years and Walmart is one of our big customers. How do you see our business scaling up with them in next two to three years? Similarly, can you talk about how do we see scale up with our business with some of our large customer like Target and TGX and how opportunities available with them? Mr. Anand, you know, give an update on, as we derive twenty five percent of our business from UK and

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how do you see the business growing over the next two-three years give that you know way India sign FTA with UK and you know new FTA is also expected be signed soon. So, any views on how this business growing for us? Even the investment we have done on product development cost, operating cost, new investment opening up showroom in US and high employee cost for the preparation for next is growth that we are anticipating by FI26 and FI27 and FI28 also. Let's say, you know, if revenues increase 20-25% in the next two three years. Can we see our EBITDA margin touching in 17-18% or even high in 3 years? What is your view, you know, on the margin for our Company in next two to three years? Can you elaborate on the new products that we have introduced in past 2-3 years in our planning to launch on to next year also? The potential labour for that. And the last question is on CAPEX, you know, given- assuming the tariff situation normalizes what are our CAPEX plans for FY 26 -27?

Mr. Akram Sati:

Okay Ankit, Thank you. And the Next speaker is Mr. Yusuf Rangwala. If Mr. Yusuf, you are available kindly unmute yourself and ask your question.

Mr. Yusuf has not joined the meeting; the next speaker is Mr. Satish Shah. Mr. Satish Shah if you have joined, kindly unmute yourself.

Mr. Satish Shah is also not available. The next speaker is Mr. Anil Mehta. Mr. Anil Mehta if you have joined the meeting, kindly unmute yourself and ask the question.

Mr. Anil Mehta has also not joined the meeting. The next speaker is Mr. Anil Parekh. Mr. Anil Parekh if you have joined the meeting, please kindly unmute yourself.

The last speaker is Mr. Himanshu Trivedi who has already sent two questions. Mr. Trivedi if you have joined the meeting, kindly unmute yourself and ask the questions.

Mr. Himanshu Trivedi has also not joined the meeting. So, I will call next Mr. Ankit Madhwani, CFO who will answer the questions. Since there are so many questions, we will try to answer as many questions as possible and due to permit of time we are not able to answer all the question, then we can have you in our corporate office next week or next to next week, based on availability of management and we can answer your questions.

Ankit over to you.

Mr. Ankit Madhwani:

Good evening, everyone and welcome all the shareholders. To summarize the situation on the tariffs, as Mr. Anand mentioned that the relationship with all the large customers in the USA over three decades and all the conversations that we have had over the last thirty days has been extremely encouraging, during these challenging times. As we have also covered in our quarterly note issued on 12th of August, even as of today, all the shipments which were planned have been executed on time and they have been shipped out. The same situation is expected in the September and even in October because most of the shipments are in advance stages. In terms of the questions

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as regards, burden sharing and cost sharing- wherever possible in terms of savings on raw materials and manufacturing efficiency, we have worked out some cost reductions and passed it on the customers, which is obviously the bare minimum that we can do. In these challenging times, the customers also understand and are willing to co-operate to work along. As a measure to take care of this situation over the next couple of months we have also worked out product engineering measures, which will help us to save some significant cost on the production, which ultimately can be passed on to customer in case the situation lasts for about two to three months. So, these are the kind of steps we are taking and we are definitely in constant touch with our customers to find a solution to this.

Secondly, as you all are aware and we have mentioned it in our quarterly notes, the Company basically undertakes a business model “make to order” business. So, every production and every order that we are executing is based on an order. And all the shipments are FOB basis. So that’s just for information of all the Shareholders in terms of credit rating. In terms of the further questions about whether the business can move to other country and how quickly it can move, well, since the relationship is so vintage, with all the customers and the capacity required to set up/ to establish a home textile business is substantially large. Overnight, or even in a medium term it is not so easy to have entire manufacturing moved out for any competition, say of any Asian Country. So those conversations have not yet happened with any of the customers and it’s too early to comment on this. On the 25% additional tariffs, I’d like to mentioned, that those are applicable from 17th of September, since as the notification itself mentions “the vessels reaching till 17th of September are exempt” so, the base line expectation is, if there is any dissolution by 18th of September or in next two- six weeks. We are hopeful that some kind of dissolution should be there. At the same time, in case this situation lasts longer than that, as we I mentioned that we do have product re-engineering options, which similar options were pursued in 2022 in complete sync with the Customers to relieve us some savings at the time of significant inflation period during the year 2021-22, on the count of cotton, container and various other issues, these exercises are happening with the customers. As regards to the details of the Product mix and Customer mix, these are the micro details which as a policy we do not divulge much about. All the product categories and Global Export information are mentioned on our website, so broadly, this is our stance on the information. By this, we have covered all the products that we do through our quarterly notes and website, but the micro details wouldn’t be possible to divulge. In terms of the capital expenditure as mentioned in the 12th August note, the current year CAPEX plan is close to between 50 to 60 Crore and that plan continues as on date, as we expect dissolution of Tariffs in a medium term, we are assuming these Tariffs are moved out over the next few months, would be significantly left behind in case the time lines are not met. Therefore, the plan continues as it is. Other than this, in terms of UK and Europe, as Mr. Anand mentioned, the Conversations have been extremely encouraging with the UK Customs and the European FTA is also expected very soon as we saw some update on that a couple of days back from the Commerce Ministry. And we do have some substantially large customers which have acquired over the last few years, as a policy I would not like to name them, as they are significant customers. And over a period of time, we can definitely improve the revenue share from UK and Europe. However, our base case would be to grow in UK and Europe alongside the USA. In terms of margin, I would like to correct, our consolidated EBITA margin has been about 13% over the last couple of quarters and we have

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covered in our quarterly note that we have incurred certain one-time cost which were detailed in our quarterly note, which now as the growth has kicked in, we expect to reduce over a period of time. Through Operating leverage, we will have some improvement in the margins. Had this Tariff situation not occurred, we were definitely on a good EBITA as we mentioned. The current year revenue guidance that we have given, we would provide an update in a quarter 2 presentation, which will come out in some time in end of October or first week of November. I think that it pretty much covers all the questions those we had. Any further questions as Akram mentioned, you will be most welcomed to have a conversation with us. Thank you so much.

Mr. Akram Sati:

Thank you Ankit. So, we request the shareholders that if they have any further question they can visit us. I will proceed with the AGM. I will let all shareholder know that we had provided the e-voting facility via NSDL to the Shareholders to cast their votes. e-voting of NSDL was started on Tuesday 2nd September, 9:00 AM and which concluded on 4th September evening 5:00 PM. Any shareholder who has not voted on the resolutions, they can currently vote on those resolutions and the voting line will continue till 15 minutes after the conclusion of current AGM. We have appointed Mr. Sanjay Dholakia as a scrutinizer for providing the results on the voting report which will be submitted after 2 days and which will be submitted to stock exchanges and NSDL. Since notice and Director's report which has been circulated to all the shareholders, it has been taken as the read. Also, there is no qualification or adverse remark on auditor's report. Hence, the same is not required to be read. We confirm the voting result of the AGM will be circulated to Stock Exchanges and NSDL in 2 days. There being no other agenda items, I will read down the AGM resolution on which voting is required.

The first resolution is an Ordinary Resolution. It's to receive, consider and adopt the Audited Standalone Financial Statements the Financial Year ended on March 31, 2025 together with the Reports of the Board of Directors and Auditors thereon and the Audited Consolidated Financial Statements of the Company for Financial Year ended March 31, 2025 together with the report of Auditors thereon.

The second resolution is an Ordinary Resolution, to appoint Director in place of Mrs. Rashmi Anand, who retires by rotation, being eligible, offers herself for re-appoint as a Director of the Company.

The third resolution is to appoint Mr. Sanjay Dholakia of M/s. Sanjay Dholakia and Associate, Practicing Company Secretaries as the Secretarial Auditor of the Company for the term of five consecutive years.

All these Resolutions set out in the notice, shall be deemed to be passed today subject to the receipt of requisite Members of votes.

I would like to thank all the Shareholders for their continuous support and all the Management Members and Directors who have joined the Meeting today for taking out of your time.

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Here we hereby conclude the Meeting.

Thank you everyone.

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