July 09, 2026

To,

BSE Limited Department of Corporate Services, P. J. Towers, Dalal Street, Mumbai – 400 001. Scrip 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: Intimation regarding reaffirmation of the Credit Rating

Ref: Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

We hereby inform you that CARE Ratings Ltd. has reaffirmed the Company's Long-term & Short-term Bank Facilities aggregating to Rs. 280.00 crores as CARE A; Stable & Care A1, respectively.

A detailed rationale for rating and rating action is also enclosed herewith for the kind information and record of the exchange and the stakeholders.

Thanking you,

Yours Sincerely,
For **Faze Three Limited**

Akram Hasan Sati
Digitally signed by Akram Hasan Sati
Date: 2026.07.09 11:44:03 +05'30'

Akram Sati
Company Secretary & Compliance Officer
M. No.: A50020

Encl: a/a

Faze Three Limited

July 08, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	40.00	CARE A; Stable	Assigned
Long Term / Short Term Bank Facilities	240.00 (Enhanced from 210.00)	CARE A; Stable / CARE A1	Reaffirmed and removed from Rating Watch with Negative Implications; Stable outlook assigned

Details of instruments/facilities in Annexure-1.

The list of facilities / instruments falling under the purview of various financial sector regulators (FSRs), along with the names of respective FSRs has been disclosed under Annexure-7.

Rationale and key rating drivers

Reaffirmation of ratings and removal of the Rating Watch with Negative Implications considers the significant improvement in Faze Three Limited's (FTL's) scale of operations with ~34% y-o-y growth in revenue to ₹923 crore in FY26 (PY: ₹690 crore), despite global geopolitical uncertainties and challenges around imposition of trade tariffs for seven months in FY26, supported by significant growth in sales volume across key product categories and addition of new products, while maintaining adequate capital structure and coverage metrics. CARE Ratings Limited's (CareEdge Ratings') expects sustenance of performance over the coming years aided by long-standing relationships with customers. CareEdge Ratings had placed FTL's ratings under Rating Watch with Negative Implications in September 2025 owing to the uncertainty around the impact of the additional 25% tariff levied by the US Government on import of textiles from India from August 27, 2025 on the company's revenue and profitability given that FTL derives over 50% of its revenue from exports to the US. While FTL's revenue grew in FY26, its profit before interest, lease rent, depreciation and taxation (PBILDT) margin moderated by ~300 bps y-o-y to 10.12% in FY26 (FY25: 13.03%) with the company absorbing part of the incremental tariffs and other operational costs owing to the disruption. With removal of the US tariffs, FTL's profitability has recovered in Q4FY26 and is expected to improve further, despite ongoing headwinds of a steep rise in fuel prices and supply chain bottlenecks owing to the West Asia conflict. CareEdge Ratings also notes that the company has incurred capex of over ₹300 crore in the last four years towards addition of capacity for new and existing products, funded mainly through internal accruals. The company also has received approval from the Government of India, ministry of Textiles for production-linked incentive manmade fibres (PLI MMF) on July 01, 2026. Going forward, the company's ability to ramp-up its capacity utilisation leading to margin expansion and improvement in debt coverage metrics remains a key monitorable.

Ratings continue to derive strength from the company's established track record in the home textile industry, diversified product portfolio across floor coverings and top-of-the-bed products and relationships with reputed customers with a track record of repeat business. Ratings also derive strength from FTL's adequate capital structure, as reflected by its overall gearing and total outside liabilities to tangible net worth (TOL/TNW) at 0.69x and 0.89x, respectively, in FY26, despite incremental borrowings to fund working capital, and healthy debt coverage metrics, despite moderation in FY26 owing to pressure on profitability due to external factors. However, ratings remain constrained by FTL's high geographical concentration risk, with over 60% of revenue derived from exports to the US in the last five years, working capital intensive operations and exposure to fluctuations in raw material prices and foreign exchange rates, which could impact profitability and cash flows.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustained increase in scale of operations with PBILDT margin above 15% translating to healthy cash flow from operations.

Negative factors

- Significantly declining revenue or profitability impacting the debt coverage indicators and liquidity on a sustained basis.
- Large unanticipated debt-funded capex or acquisition resulting in deteriorating capital structure.
- Deteriorating working capital cycle leading to increasing total debt/PBILDT above 2.00x.

Analytical approach: Consolidated

While arriving at ratings, CareEdge Ratings has considered the consolidated financial risk profile of FTL, and its subsidiaries, owing to the significant managerial, operational, and financial linkages between them, as detailed in Annexure-6.

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Outlook: Stable

The Stable outlook CareEdge Ratings' expectations that FTL will maintain adequate debt coverage metrics in the medium term while benefitting from its established industry presence and long-standing customer relationships.

Detailed description of key rating drivers:

Key strengths

Comfortable capital structure and debt coverage metrics

FTL's capital structure continues to remain comfortable, supported by its healthy net worth base and sustained accruals, translating into overall gearing remained and TOL/TNW at 0.69x and 0.89x, respectively, as on March 31, 2026 (PY: 0.52x and 0.84x, respectively), despite increase in borrowings to fund incremental working capital requirements. Its debt coverage metrics also remain adequate, despite some moderation in FY26 due to pressure on profitability owing to the heightened tariffs levied on imports from India by the US Government, with PBILDT interest cover at 3.08x in FY26 (PY: 3.74x). CareEdge Ratings notes that while FTL's total debt/PBILDT deteriorated to 2.95x in FY26, above the negative sensitivity threshold of 2.0x, largely owing to lower profitability on partial absorption of the incremental US tariffs levied on imports from India, which is expected to normalise in the coming quarters and remains a monitorable. Going forward, with no major debt-funded capex plans and expectations of growth in cash accruals from operations, the company is expected to maintain a comfortable financial risk profile.

Established relationships with reputed clientele

The company's major customers include global big-box retailers in the US, the UK, and Europe such as Walmart, Target, TJMaxx and Action, among others. The company benefits from its established and long-term relationships with key customers, which are expected to result in high repeat orders and increasing wallet share, supporting revenue visibility. FTL's revenue is fairly diversified across customers with no single customer accounting for over 20% of revenue and the contribution from top 10 customers at 50-60% revenue in the last four years. Comfort is also drawn from the stringent and long vendor approval process with regular audits undertaken by customers, ensuring stickiness.

Expanding product portfolio supporting volume growth

The company has a wide product portfolio, including bathmats, bath rugs, blankets, curtains, patio mats, chair pads, carpets, beach towels, and other top-of-the-bed products, with top five products accounting for 50-60% of total operating income in the last four years. FTL invested over ₹300 crore in the last four years towards building additional capacities for existing and new products, funded mainly through internal accruals. In the last two years, the company ramped-up sales for new product categories including blankets, pillows, patio mats, rugs, among others, which has contributed to growth in revenue. Owing to the recent capex, the company has sizeable headroom for revenue growth without major additional investment. While bath and bed linen continue to constitute the company's key product segments, benefiting from recurring replacement demand and significant usage in the hospitality industry, addition of new products and customers is expected to continue to support healthy volume growth for the company in the coming years.

Experienced promoters with long track record in home textile industry

FTL was founded by Ajay Anand in 1985, who currently serves as its Chairman and Managing Director. The promoter group also includes his brother, Sanjay Anand and Vishnu Ajay Anand since 2017. FTL's promoters have over three decades of diverse knowledge and experience in the home and technical textiles industry and international marketing of home interiors and furnishings fabrics and made ups. Promoters are supported by a team of qualified senior managerial personnel.

Key weaknesses

Geographical concentration risk and exposure to geopolitical risks

The company depends on exports to the US, which is the world's largest home textile market, for over 50% of its revenue, exposing its revenue and profitability to disruptions from evolving geopolitical landscape. The tariffs levied by the US Government on imports from India impacted the company's profitability in FY26 owing to partial absorption of incremental costs. The West Asia conflict leading to a steep spike in fuel prices and logistics costs could have a transient impact on FTL's margins in H1 FY27. While the company has taken steps to expand its presence in new markets including the UK and other European countries, the company depends on the US for a sizeable portion of its revenue, exposing FTL to the risks arising from loss of major customer and evolving demand prospects in the US. Going forward, the company's ability to improve its geographical diversification of revenue remains a key monitorable.

High working capital intensity of operations

FTL has an elongated working capital cycle owing to large inventory holding requirements due to vertically integrated operations from yarn to finished products and based on its business model fundamental of manufacturing on order basis. The company has inventory levels of 90-100 days based on these factors to meet delivery timelines. Average collection period from customers has remained at 50-60 days in the last three years. The company's working capital though elongated has improved to 116 days in FY26 (PY: 134 days). With expectations of increasing scale, working capital requirements are expected to increase, partly funded by incremental borrowings and business accruals.

Susceptible to raw material price and forex rate fluctuation

The company's revenue and earnings remain exposed to risks arising from volatility in cotton and polyester prices. However, the risk is mitigated to a certain extent by the order-based procurement policy, which aids in passing on the raw material price volatility to customers, despite with a lag of two quarters or so. The company is inherently exposed to foreign currency fluctuation risk due to its export-oriented business. However, it has a defined hedging policy which mitigates the risk to an extent.

Liquidity: Adequate

Liquidity is marked adequate with expected gross cash accruals of ₹90–120 crore pa in the next 1-2 years against scheduled repayment obligations of ₹9–12 crore pa (including lease liabilities) and planned capex of ₹50-75 crore pa The company demonstrated consistent ability to generate positive cash flows from operations in the last four years with cash flow from operations of ₹35 crore in FY26 (FY25: ₹7.03 crore). FTL had free cash and liquid investments of ₹31 crore as on March 31, 2026, with average utilisation of sanctioned working capital limits at 90% for 12 months ended March 31, 2026, indicating adequate liquidity buffer. The company maintained an adequate current ratio of 1.26x as on March 31, 2026 (PY: 1.36x).

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks:

Environmental: FTL has in-house effluent treatment plant at its factory in Silvassa and Panipat for treatment of wastewater generated from its dyeing unit. The company has 3.5 MW of rooftop solar power capacity installed at its factory at Silvassa, which reduces its overall carbon footprint. Tightening and/or non-compliance with pollution control norms could lead to material financial impact on the company.

Social: To promote women empowerment, FTL increase its female workforce over the years, which comprised ~20% of the total employees on company's payroll as on March 31, 2025. FTL also strictly complies with Prohibition and Prevention of Sexual Harassment (POSH) regulations. FTL is also engaged in assisting the employees' family and relatives among others for finding out employment opportunities in separate manufacturing units of the company to increase income levels of its workers' families and build loyalty among the workforce at the same time.

Governance: Majority representation of board members constitutes of independent directors, including two foreign directors.

Applicable criteria

Consolidation
Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Cotton Textile
Short Term Instruments
Manmade Yarn-Methodology

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Textiles	Textiles and apparels	Other textile products

Promoted by Ajay Anand in 1985, FTL is a manufacturer and exporter of home furnishing textile products, mainly floor coverings, bathmats, rugs, towels, blankets, throws, and cushions. They have diversified their product mix and have included chair pads, floor covering, curtains, and kitchen textiles in the last few years. FTL has six manufacturing units at Panipat, Silvassa, and Vapi. FTL exports its home furnishings mainly to the US, the UK and in major European countries.

Brief Financials (₹ crore) (Consolidated)	March 31, 2025 (A)	March 31, 2026 (A)
Total operating income	689.94	923.07
PBILDT*	89.93	93.46
Profit after tax (PAT)	40.64	33.57
Overall gearing (x)	0.52	0.69
Interest coverage (x)	3.74	3.08

A: Audited; Note: these are latest available financial results
*PBILDT: Profit before interest, lease rentals, depreciation and tax

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	18-12-2030	40.00	CARE A; Stable
Fund-based/Non-fund-based-LT/ST		-	-	-	235.13	CARE A; Stable / CARE A1
Fund-based/Non-fund-based-LT/ST		-	-	-	4.87	CARE A; Stable / CARE A1

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2026-2027	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024
1	Fund-based/Non-fund-based-LT/ST	LT/ST	235.13	CARE A; Stable / CARE A1	-	1)CARE A / CARE A1 (RWN)	1)CARE A; Stable / CARE A1	1)CARE A; Stable / CARE A1

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2026-2027	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024
						(08-Sep-25)	(02-Aug-24)	(07-Aug-23)
2	Fund-based/Non-fund-based-LT/ST	LT/ST	4.87	CARE A; Stable / CARE A1	-	1)CARE A / CARE A1 (RWN) (08-Sep-25)	1)CARE A; Stable / CARE A1 (02-Aug-24)	1)CARE A; Stable / CARE A1 (07-Aug-23)
3	Fund-based - LT-Term Loan	LT	40.00	CARE A; Stable				

LT/ST: Long term/Short term; LT: Long term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based/Non-fund-based-LT/ST	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Faze Three US LLC	Full	Wholly owned subsidiary
2	Mats and More Private Limited	Full	Wholly owned subsidiary

Note: As on March 31, 2026

Annexure-7: List of facilities/instruments and FSRs

As required by SEBI Circular dated February 10, 2026, to Credit Rating Agencies (CRAs), the list of activities or instruments falling under the purview of various FSRs, along with the names of respective FSRs, is disclosed below:

Sr. No.	Facilities/Instruments Name	Regulator of the Instruments[2]
1.	Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities)	SEBI
2.	Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities)	MCA
3.	Listed PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	SEBI
4.	Listed PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	SEBI
5.	Unlisted PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	RBI
6.	Listed Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
7.	Unlisted Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
8.	Loan Facilities (Fund / Non-Fund Based) From Banks / NBFCs / NHB / FIs ^	RBI
9.	External Commercial Borrowings and Other Similar Borrowings	RBI

[2]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority.

Sr. No.	Facilities/Instruments Name	Regulator of the Instruments[2]
10.	Certificates of Deposit	RBI
11.	Fixed Deposits Raised by Banks, NBFCs, HFCs, FIs	RBI
12.	Fixed Deposits Raised by Corporates Other Than Banks, NBFCs, HFCs, FIs	MCA
13.	Inter Corporate Deposits / Loans Extended by Corporates	MCA
14.	Borrowing Programme ~	-
15.	Issuer Ratings #	-
16.	Credit Ratings for Capital Protection Oriented Schemes (By Mutal Funds and AIFs)	SEBI
17.	Credit Quality Ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18.	Listed Security Receipts	SEBI
19.	Unlisted Security Receipts	RBI
20.	Independent Credit Evaluation (ICE)	RBI
21.	Expected Loss Ratings (For Loan Facilities (Fund / Non-Fund Based) from Banks / NBFCs / NHB / FIs)	RBI
22.	Expected Loss Ratings (Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities))	SEBI
23.	Expected Loss Ratings (Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities))	MCA
24.	Unlisted PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	Investor-side regulator such as IRDAI, PFRDA @

* Includes securitisation transactions involving assignee payout, acquirer's payout.

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), among others. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In the press releases subsequent to issuance(s), CareEdge Ratings shall separately capture the rated quantum details along with names of respective regulators.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

@ These ratings were assigned in regulatory regime prior to introduction of SEBI CRA Circular dated February 10, 2026, and the investor side regulators have accordingly been included.

Note: For facilities / instruments falling under the purview of FSRs other than SEBI, the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

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About us:

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