

06 February 2013

CMP: Rs.7.14

Industry: Textiles - Cotton

BSE group: B

Promoters

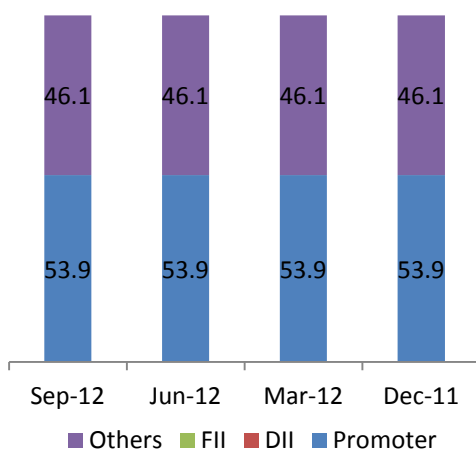
Ajay Anand and his family members

Key Data (as on 21 Jan' 13)

BSE	530079
ISIN	INE963C01033
Face Value (Rs.)	10.0
Mkt Cap (Rs. mn)	87.0
Current P/E	negative
Current P/BV	negative
52 week low-high	6.60-19.00
30 days avg daily trading volume	932
Equity capital (Rs mn)	121.9
Net worth (Rs mn)	(119.7)

Note - The current P/E is negative on account of an overall negative EPS for the trailing twelve months (TTM).

Shareholding Pattern (%)



Initiation Report:
[Faze Three Limited](#)

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Company business

Faze Three Exports Limited ('FTL') is engaged in the manufacture and sale of home furnishing items. The company has a diversified product portfolio comprising of bathmats, bed linen, blankets, floor coverings, carpets, cushions, curtains, tablemats and placemats. The company has four processing facilities spread across the north-western belt of India – Weaving unit (Dapada, Dadra and Nagar Haveli), Bathmat unit (Dadra, Dadra and Nagar Haveli), Handloom unit (Panipat, Haryana) and Dyeing unit (Vapi, Gujarat). FTL is primarily export-oriented and generates more than 90% of its revenues from international markets like USA and the European Union.

Recent developments

In July 2012, Ajay Anand, the managing director resigned from the company. Subsequently in September 2012, the company filed a reference with the Board for Industrial and Financial Reconstruction (BIFR) under section 15 (1) of Sick Industrial Companies (Special Provisions), Act, 1985.

Financials

Particulars (Rs in mn)	Jul '12 to Sep '12	Jul '11 to Sep '11	% Change ¹	Apr '12 to Jun '12	% Change ²
Total income	509.8	461.9	10.4%	494.0	3.2%
Total expenditure	469.4	409.8	14.5%	400.7	17.1%
EBIDTA	40.4	52.1	(22.5%)	93.3	(56.7%)
EBIDTA margin	7.9%	11.3%	(29.7%)	18.9%	(58.0%)
PBT	(10.2)	18.8	-	(30.8)	-
PAT	(7.7)	18.8	-	(30.8)	-
PAT margin	negative	4.1%	-	negative	-
Cash accruals	4.8	29.6	(83.8%)	(16.6)	-
EPS	--	1.5	-	--	-

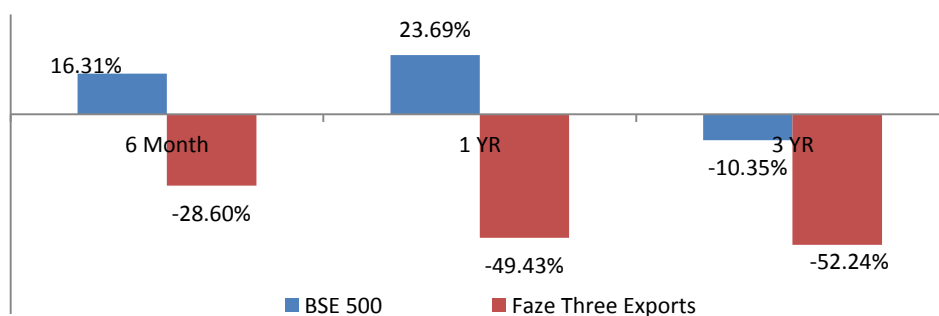
¹ compared to corresponding quarter in the previous year **Source: Moneycontrol, Company**

² sequential comparisons

Financial Performance

The cost of raw materials increased during the quarter to Rs.231.6 mn. In the same period last year, the raw material costs were Rs.209.8 mn. This, coupled with a 70% rise in interest expenses (Rs.38.2 mn) deeply impacted the company's margins and FTL reported a net loss of Rs.7.7 mn for the quarter.

Share Price Performance



Financials

P&L (Rs. mn)	FY10	FY11	FY12
Total income	1,441	1,569	1,516
EBIDTA	207	147	(309)
EBIDTA margin	14%	9%	(20%)
Depreciation	52	56	108
EBIT	155	91	(417)
Interest	107	88	238
PBT	48	3	(655)
Tax	-	1	31
PAT	48	3	(686)
PAT Margin	3%	0%	(45%)
Dividend	-	-	-
Dividend Payout	0%	0%	0%
Valuation ratios	FY10	FY11	FY12
P/E	3.2	62.6	(0.3)
P/BV	0.3	0.3	(1.7)

Balance Sheet (Rs. mn)	FY10	FY11	FY12
Share Capital	122	122	122
Reserves & Surplus	442	444	(242)
Net worth	564	566	(120)
Borrowings	1,254	1,314	692
Other liabilities	431	566	1,539
Total liabilities	2,249	2,446	2,112
Net fixed assets	1,004	966	832
Other non-current assets	58	57	8
Loans and Advances	282	349	214
Current Assets	905	1,075	1,057
Total assets	2,249	2,446	2,112
Cash Flow (Rs.mn)	FY10	FY11	FY12
PBT	48	3	(655)
CF from Operation	120	20	477
CF from Investment	35	(3)	(6)
CF from Financing	159	205	14
Inc/(dec) Cash	20	(10)	28
Closing Balance	35	25	53

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