

September 15, 2010

CARE ASSIGNS 'CARE BB+' AND 'PR4' RATINGS TO BANK FACILITIES OF FAZE THREE LTD**Ratings Assigned**

Facilities/Instruments	Amount (Rs. crore)	Ratings¹	Remarks
Long-term Bank Facilities	82.12	'CARE BB+' (Double B Plus)	Assigned
Short-term Bank Facilities	27.25	'PR4' (PR Four)	Assigned
Total Facilities	109.37		

Rating Rationale

The ratings are constrained by the moderate financial profile of Faze Three Ltd (FTL) characterised by high leverage position, long working capital cycle, poor liquidity indicators and net loss in FY09. Further, refinance risk arising out of imminent FCCB redemption (if not converted) in December 2011 and intense competition from other countries acts as a rating constraint.

The rating derives strength from FTL's experienced management, affiliation with established international retailers and its extended reach of European markets through a subsidiary company in Germany.

The ability of FTL to maintain healthy profitability margins in the external environment characterized by forex volatility & intense competition and arrange for timely refinance for FCCB liability (in the event of FCCB holders not opting for conversion into equity) remains the key rating sensitivities.

Company Profile

Faze Three Limited (FTL) is a manufacturer and exporter of home furnishing textile products mainly floor coverings i.e. bathmats, rugs and top of the bed i.e. blankets and throws with manufacturing facilities at Panipat, Silvassa and Vapi.

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications



Press Release

FTL recorded net sales of Rs.139.12 crore with a net loss of Rs.18.95 crore in FY09. During 9MFY10, FTL reported net sales of Rs.100.43 crore with PAT of Rs.1.59 crore.

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CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries /regulators or others are welcome to write to care@careratings.com for any clarifications.

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