

Date: 2nd November, 2018

To,
The Manager,
Compliance Department,
National Stock Exchange of India Limited
Exchange Plaza, Plot No. C/1,
G Block, Bandra-Kurla Complex,
Bandra (East), Mumbai - 400 051.

To,
The Manager,
Compliance Department,
BSE Limited
Corporate Service Department,
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400 001.

Dear Sir / Madam,

Re: **Tribhovandas Bhimji Zaveri Limited. Script Code & ID: 534369 / TBZ**
Sub: **Investors / Analysts' Presentation {Disclosure of Material Event/
Information under Regulation 30 of SEBI (Listing Obligations and
Disclosure Requirements) Regulations, 2015}**

Further to our letter dated 26th October, 2018 on the Conference Call, and pursuant to Regulation 30(6) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a copy of the Earnings Presentation that we propose to make during the Conference Call for analyst and investors scheduled to be held on Friday, 2nd November, 2018 at 4.00 p.m. (IST) is enclosed and the said Earnings Presentation has also been uploaded on the Company's Website at www.tbztheoriginal.com.

We request you to kindly take the same on record.

Thanking You.

Yours faithfully,
For Tribhovandas Bhimji Zaveri Limited

Niraj Oza
Head - Legal & Company Secretary



Encl: as above

tbz[®]
The original since 1864
TRIBHOVANDAS BHIMJI ZAVERI LTD.

CIN No : L27205MH2007PLC172598

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INVESTOR PRESENTATION
Q2 & H1 FY19 RESULTS
OCTOBER 2018



The original since 1864

TRIBHOVANDAS BHIMJI ZAVERI
SHRIKANT ZAVERI GROUP

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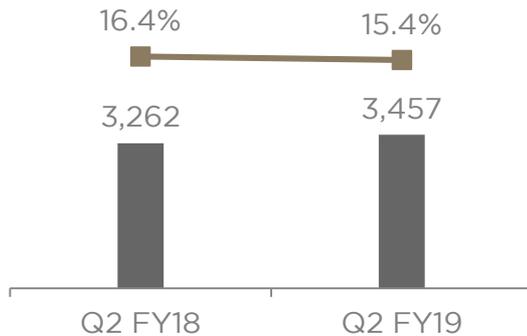
DISCUSSION SUMMARY

- Q2 & H1 FY19 Results Update
- About Us
- Operational Summary
- Business Model

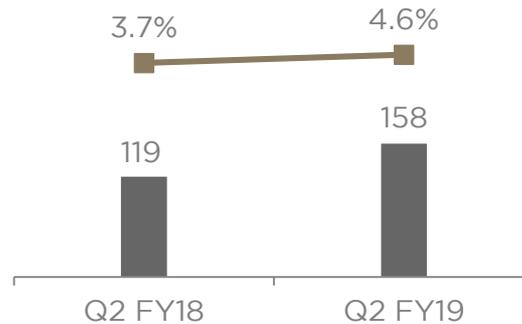
Q2 FY19 RESULT HIGHLIGHTS

In Rs Mn

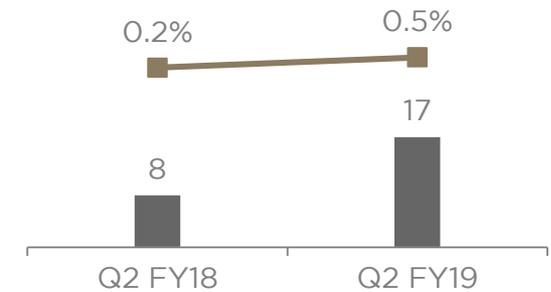
REVENUES * & GROSS MARGIN



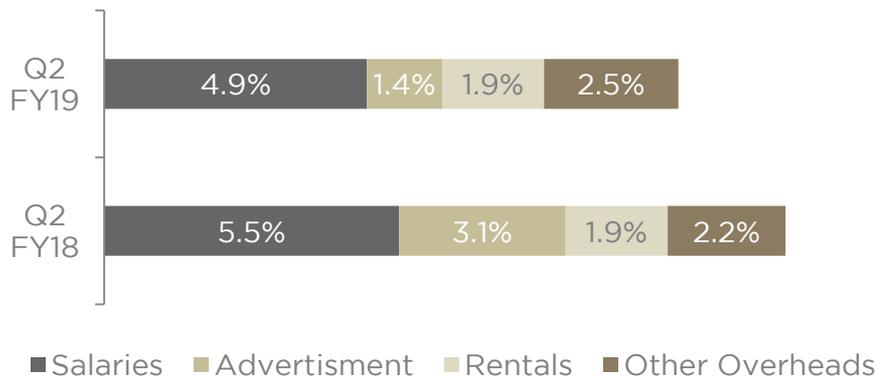
EBITDA & EBITDA MARGIN



PAT & PAT MARGIN



OPERATING COSTS (%)



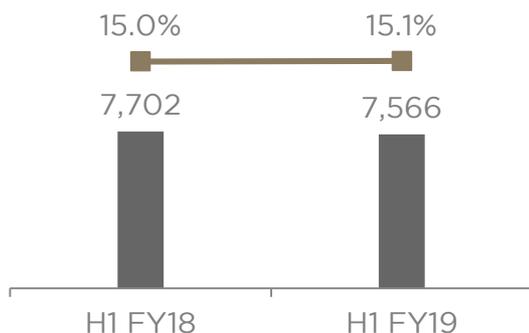
REVENUE ANALYSIS

Total Revenue Growth % - Q2 FY19	6.0%
Same Store Sales Growth % - Q2 FY19	7.8%
Share of Diamond Jewellery - Q2 FY19 (Q2 FY18)	20.7% (23.4%)

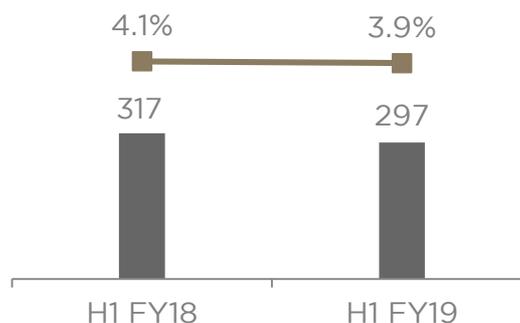
H1 FY19 RESULT HIGHLIGHTS

In Rs Mn

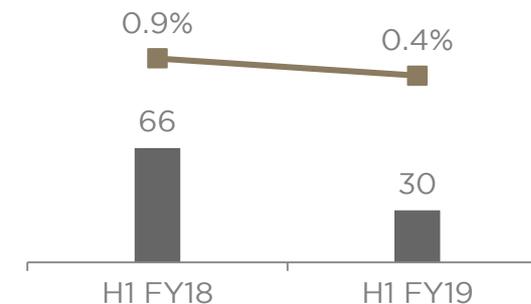
REVENUES * & GROSS MARGIN



EBITDA & EBITDA MARGIN

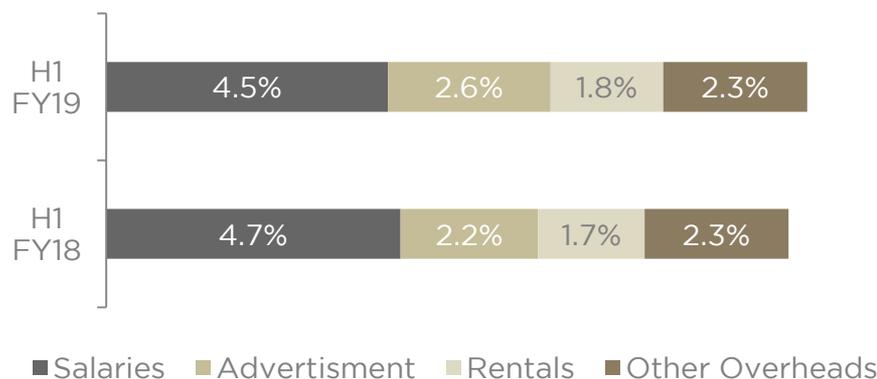


PAT & PAT MARGIN



* Net of Excise Duty

OPERATING COSTS (%)

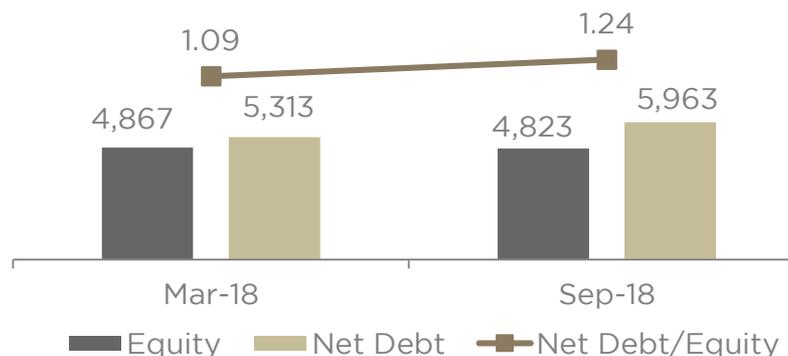


REVENUE ANALYSIS

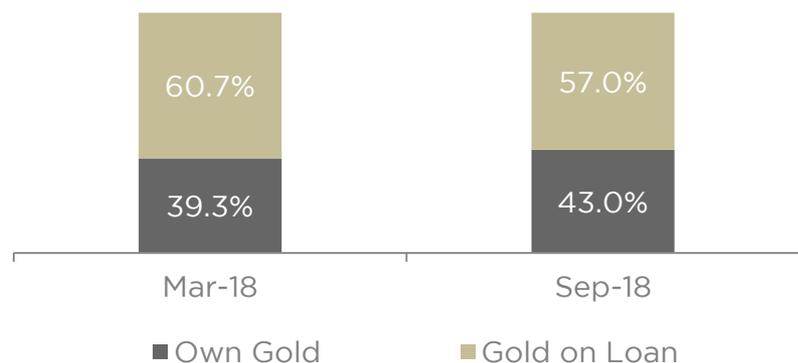
Total Revenue Growth % - H1 FY19	-1.8%
Same Store Sales Growth % - H1 FY19	1.6%
Share of Diamond Jewellery - H1 FY19 (H1 FY18)	22.4% (25.8%)

Q2 FY19 BALANCE SHEET UPDATE

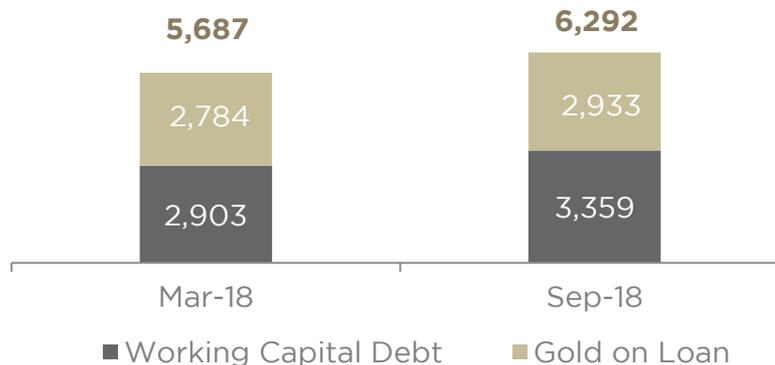
LEVERAGE ANALYSIS (RS MN)



GOLD INVENTORY BREAKUP (%)



TOTAL DEBT BREAKUP (RS MN)



Note: Gold on Loan is shown as part of short term borrowings, while some of the listed peers show it under current liabilities / trade payables

Q2 FY19 - KEY RESULT TAKEAWAYS

REVENUES:

- Revenues increased by 6.0% YoY
 - Led by 7.8% same store sales growth
 - Q2 FY18 included one-time inventory sale to franchise

MARGINS:

- Gross margin declined YoY from 16.4% to 15.4% in Q2 FY19 due to change in product mix and higher share of gold jewellery sales
- EBITDA increased by 32.2% YoY and EBITDA margin increased from 3.7% to 4.6%, led by growth in sales and strict control on operating costs

BALANCE SHEET:

- Inventory increased during the quarter due to (i) two new store openings – one large format store (3,000 sq. ft.) in Noida in August and one small format store (1,500 sq. ft.) in Pune in October and (ii) build-up ahead of festival season
- Total Debt grew from Rs 5,687 Mn in Mar-18 to Rs 6,292 Mn in Sep-18, inline with the increase in inventory
- Finance Cost marginally increased inline with incremental debt. The average cost of debt was 7.5%
- With opening of two new stores in Noida and Pune, total store count increased to 39 stores with a retail area of ~115,166 sq. ft. spread across 27 cities in 12 states



Q2 & H1 FY19 - PROFIT & LOSS STATEMENT

Particulars (In Rs Mn) – Standalone	Q2 FY19	Q2 FY18	YoY %	H1 FY19	H1 FY18	YoY %	FY18
Net Revenues	3,457	3,262	6.0%	7,566	7,702	-1.8%	17,514
COGS	2,925	2,727	7.3%	6,422	6,544	-1.9%	15,053
Gross Profit	531	535	-0.7%	1,144	1,158	-1.2%	2,461
Gross Margin (%)	15.4%	16.4%	-103 bps	15.1%	15.0%	8 bps	14.1%
Personnel Expenses	170	181	-5.8%	343	363	-5.6%	730
Other Expenses	203	235	-13.5%	504	478	5.5%	1,000
EBITDA	158	119	32.3%	297	317	-6.4%	731
EBITDA Margin (%)	4.6%	3.7%	91 bps	3.9%	4.1%	-19 bps	4.2%
Depreciation	23	21	10.1%	44	42	6.1%	85
Other Income	7	16	-53.1%	18	30	-40.0%	70
Interest Expenses	116	100	16.9%	224	202	11.1%	397
Profit Before Tax	26	14	77.6%	46	103	-55.3%	319
Tax	9	6	32.5%	16	37	-56.7%	108
PAT	17	8	114.1%	30	66	-54.4%	211
PAT Margin (%)	0.5%	0.24%	25 bps	0.4%	0.86%	-46 bps	1.2%

Q2 & H1 FY19 - BALANCE SHEET

Particulars (In Rs Mn) – Standalone	September-18	June-18	March-18	December-17	September-17
Shareholders Funds	4,823	4,879	4,867	4,803	4,730
Loan Funds	6,292	6,082	5,687	5,283	6,041
Gold on Loan	2,933	2,975	2,784	2,595	3,043
Working Capital Loan	3,359	3,107	2,903	2,688	2,998
Other Long Term Liabilities	76	70	62	73	71
Sources of Funds	11,191	11,031	10,615	10,159	10,842
Net Block	1,024	994	1,001	1,022	1,033
Other Long Term Assets	252	268	258	251	257
Inventory	11,558	10,765	10,218	10,377	11,145
Debtors	221	111	230	209	70
Cash and Bank Balance	328	415	374	436	570
Other Current Assets	401	170	116	125	176
Current Liabilities	2,593	1,692	1,581	2,261	2,410
Net Current Assets	9,915	9,769	9,357	8,886	9,552
Application of Funds	11,191	11,031	10,615	10,159	10,842

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WHY IS TBZ DIFFERENT ?

Pedigree

- 150+ years in jewellery business
- First jeweller to offer buyback guarantee in 1938
- Professional organisation spearheaded by 5th generation of the family

Strong Brand Value

- Healthy sales productivity
- High footfalls conversion - 80%
- High ticket size - Gold - Rs 91 k, Diamond - Rs 129 k

Scalability & Reach

- 39 stores (1,15,166 sq. ft.)
- Presence - 27 cities, 12 states

Expansion Plan -

- ~150,000 sq. ft. (75% of expansion through franchise route)

TBZ

SUSTAINABLE COMPETITIVE ADVANTAGES

Specialty Wedding Jeweller

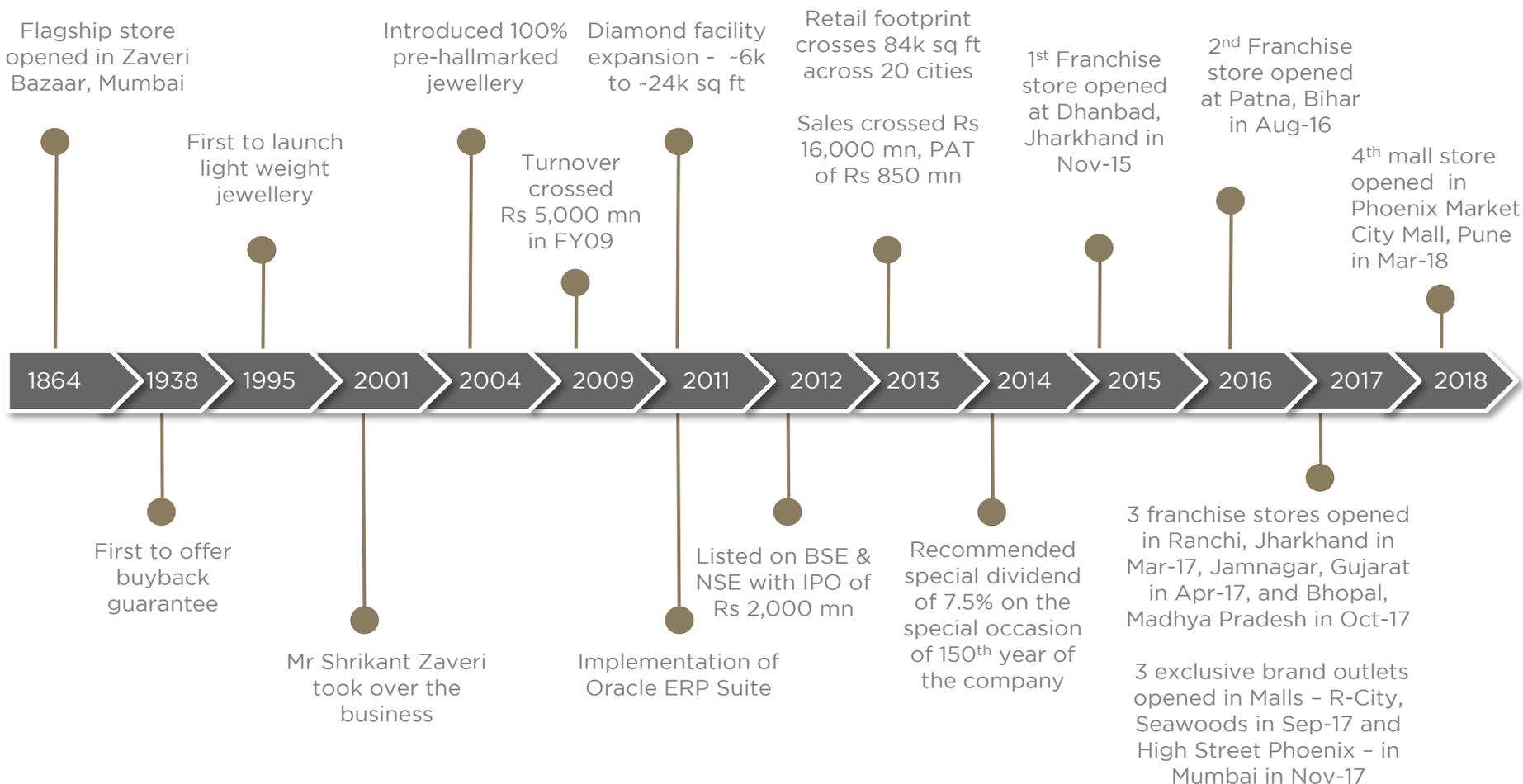
- ~ 65% of sales are wedding & wedding related purchases
- Compulsion buying
- Stable fixed budget purchases by customers

Design Exclusivity

- 35 designers (incl. 16 CAD)
- 8 - 10 new jewellery lines/year
- In-house diamond jewellery production
- Customer loyalty
- Premium pricing

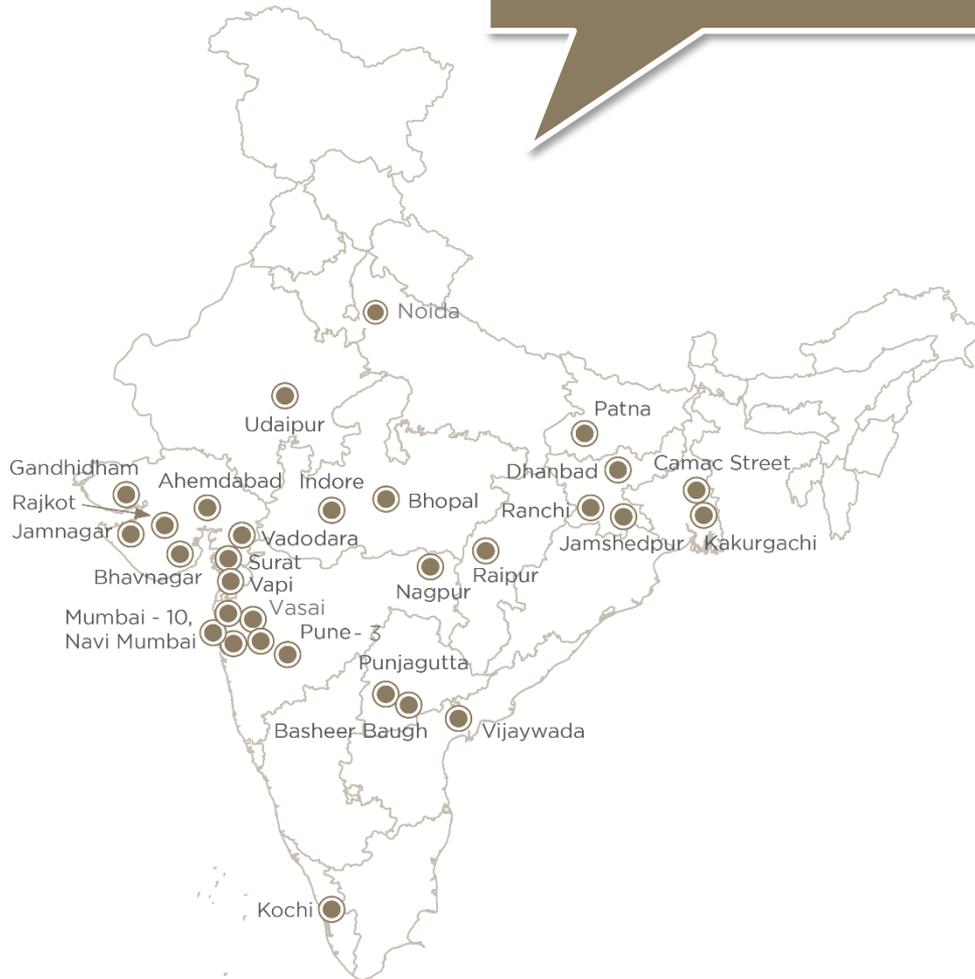
KEY MILESTONES

STRONG LEGACY OF MORE THAN 150 YEARS BUILT ON TRUST



RETAIL PRESENCE

Present across 27 cities
in 12 states

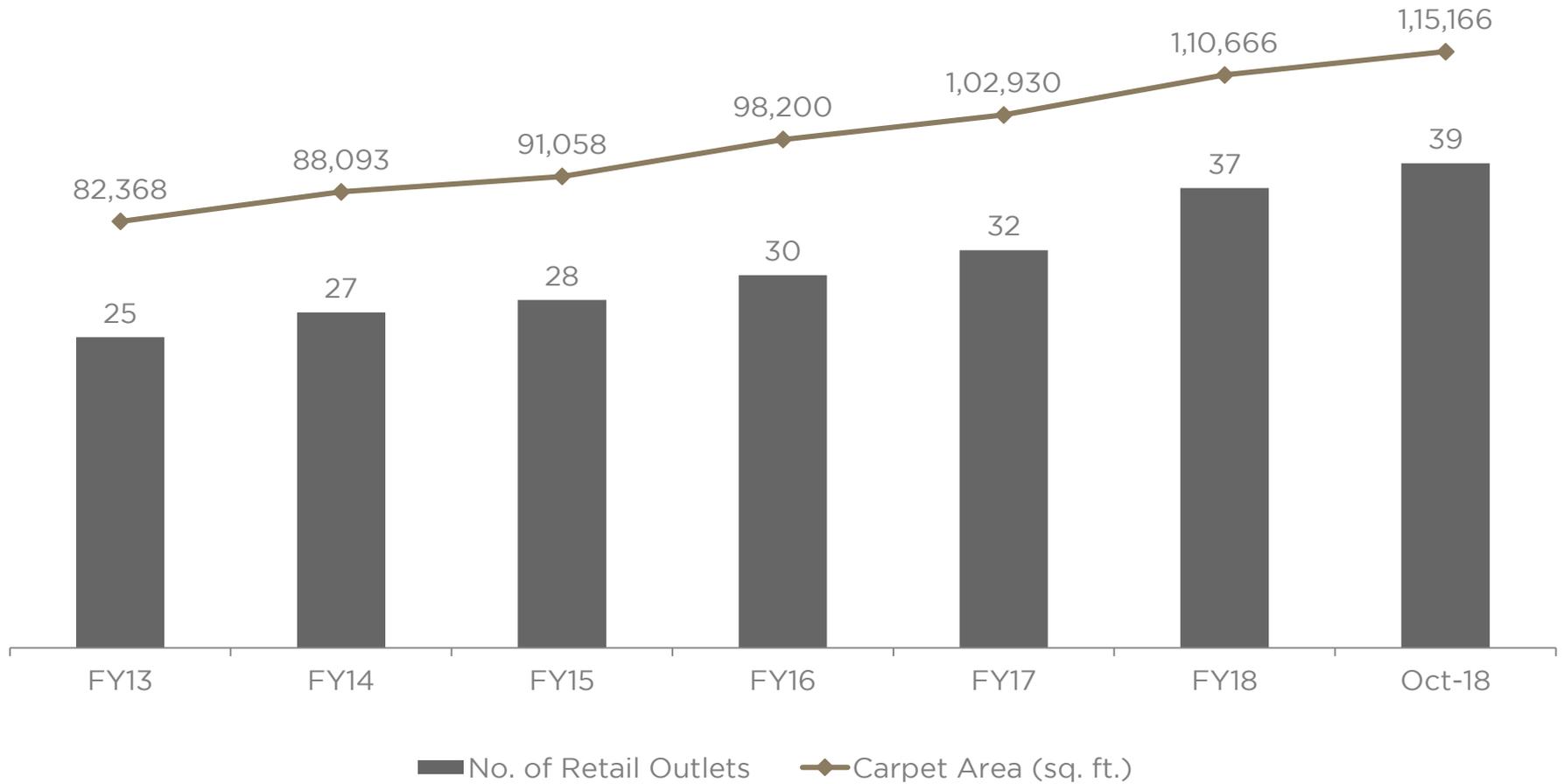


PAN-INDIA PRESENCE WITH 39 STORES
WITH A RETAIL SPACE OF ~1,15,166
SQ. FT. SPREAD ACROSS
27 CITIES IN 12 STATES

NUMBER OF STORES	TILL DATE
Large Format (> 2,000 sq. ft.)	29
Small Format (<= 2,000 sq. ft.)	10
Total Stores	39
Total Area	~1,15,166



RETAIL FOOTPRINT EXPANSION

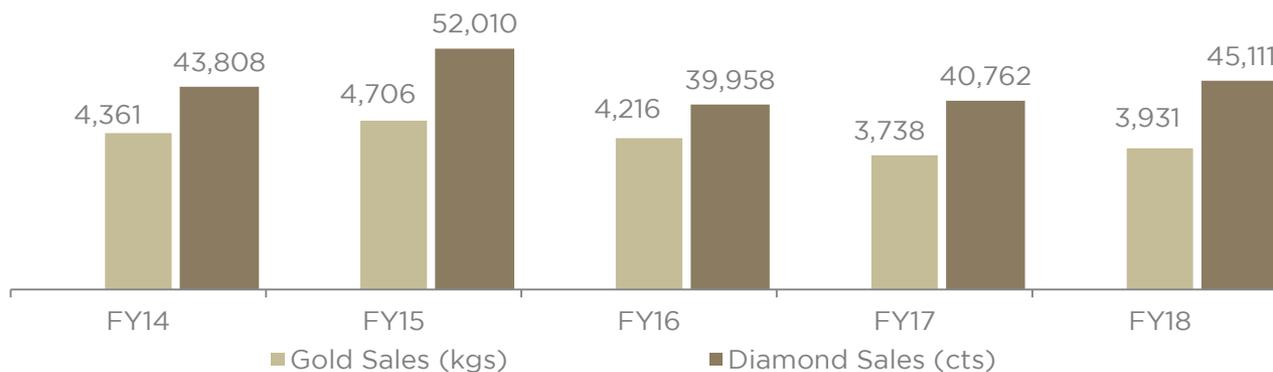


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OPERATIONAL SUMMARY

GOLD & DIAMOND VOLUMES

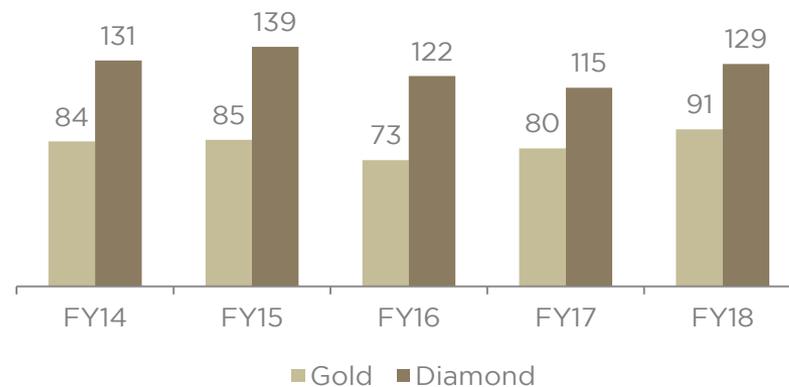


SSSG - TOTAL (%)



SSSG: Same store sales value growth

AVERAGE TICKET SIZE (RS '000)



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BUSINESS MODEL: MANUFACTURING

PROCUREMENT

Gold

- Raw Material - Bullion
- Sources:
- Exchange & purchase of old jewellery
 - Bullion dealers
 - Banks - imported gold
 - Banks - domestic gold (gold deposits) on loan

MANUFACTURING

- Gold jewellery manufacturing is outsourced.
- Vast nation-wide network of 150 vendors
- Each vendor has an annual gold processing capacity of more than 100 kg.
- These vendors are associated with TBZ since generations and are experts in handmade regional jewellery designs.



BUSINESS MODEL: MANUFACTURING

PROCUREMENT

Diamond

- Raw Material - Cut & polished diamonds

Sources:

- DTC site holders

MANUFACTURING

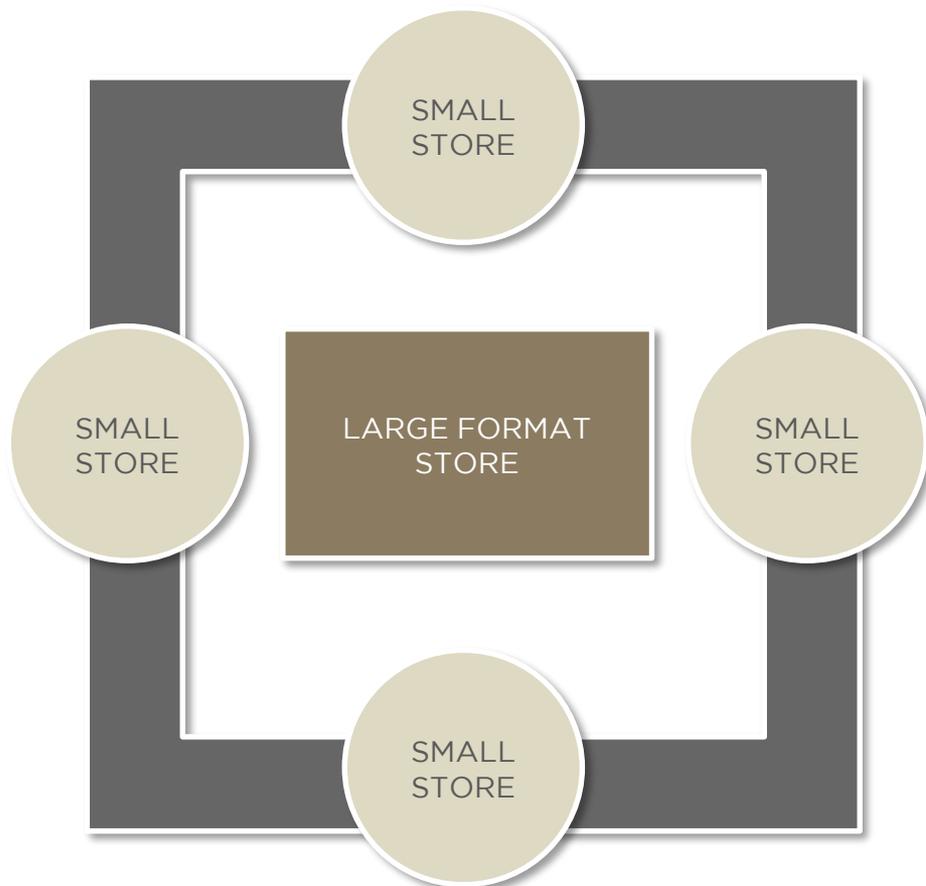
- In-house diamond jewellery manufacturing leading to exclusive designs, lower costs, and higher margins
- Manufacturing facility at Kandivali, Mumbai spread over ~24,000 sq ft with capacity of ~200,000 cts (on dual shift basis).
- The facility also has capacity for 4,000 kg of gold refining and 4,500 kg of gold jewellery components manufacturing.



BUSINESS MODEL: RETAIL

EFFICIENT INVENTORY MANAGEMENT

HUB & SPOKE MODEL - ROI OPTIMISATION



SMALL STORES

- $\leq 2,000$ sq ft
- Across the city
- Smaller range
- Lower price points (up to Rs 500k)

LARGE STORES

- $> 2,000$ sq ft
- Standalone high street - heart of city
- Wider range
- Higher price points (up to Rs 2,000k)

BUSINESS MODEL: SCALABILITY

- TBZ has an expansion plan to increase its retail space from ~1,15,166 sq. ft. at present to around 1,50,000 sq. ft. over near term.
- TBZ plans to carry out 75% of the expansion through the franchisee route and balance 25% through the addition of its own stores.
- All the prospective expansion locations have already been identified backed by 2 years of extensive market research.

	FY12	Till Date	Target
Number of Stores	14	39	
Retail Sq ft	~48,000	~1,15,166	~1,50,000
Number of Cities	10	27	



GOLD METAL LOAN: EFFICIENT SOURCING CHANNEL

GOLD METAL LOAN ORIGINATION

- TBZ takes 10 kg gold from a bank on lease on day 0.
- The contract for gold lease is 180 days.
- TBZ provides a bank guarantee worth 110% of gold leased.
- Total Financing cost (interest on gold lease plus bank guarantee commission) to TBZ is ~3.5% p.a.

GOLD METAL LOAN REPAYMENT

- TBZ repays the gold daily based on actual sales of gold jewellery.
- The bank converts 1 kg of gold on lease as a sale to TBZ at a reference rate set by them as on day 1.
- TBZ books a purchase of 1 kg of gold.
- The balance 9 kg worth of gold continues to remain on lease.
- TBZ again replenishes the inventory by taking 1 kg of gold on lease from bank on day1.
- Since TBZ's gold jewellery inventory turns 2-3 times, it repays the gold lease before 180 days.

GOLD METAL LOAN ADVANTAGES

- **Interest Cost Savings:** Borrowing cost on gold lease is significantly lower compared to working capital borrowing cost.
- **No Commodity Risk:** Since gold is taken on lease, there is no gain if gold prices increase or loss if gold prices decrease.

GOLD METAL LOAN LIMITATIONS

- **Sharp increase in gold prices:** Gold lease is marked to market on a daily basis. So any increase in gold price will cause TBZ to top up its bank guarantee.
- **Bank Guarantee limitations:** Bank guarantee issued by the bank to TBZ is based on the drawing power enjoyed by TBZ.
- **Contract Period:** If TBZ is unable to sell the gold on lease within 180 days, then they will have to convert the balance unutilized gold to purchase.

AWARDS & RECOGNITION

- “DIAMOND VIVAH JEWELLERY OF THE YEAR”
Retail Jeweller India Awards - 2018
- “INDIA’S MOST PREFERRED JEWELLERY BRAND”
UBM India - 2017
- “BEST RING DESIGN OVER Rs. 2,50,000”
JJS-IJ Jewellers Choice Design Awards - 2016
- “TV CAMPAIGN OF THE YEAR”
12th Gemfields Retail Jeweller India Awards - 2016
- “DIAMOND JEWELLERY OF THE YEAR”
12th Gemfields Retail Jeweller India Awards - 2016
- “BEST NECKLACE DESIGN AWARD- 2016 ”
JJS-IJ Jewellers’ Choice Design Award - 2016
- “ASIA’S MOST POPULAR BRANDS - 2014 ”
World Consulting & Research Corporation (WCRC) -
2014
- “BEST JEWELLERY COMPANY AWARD”
Gems & Jewellery Trade Council of India Excellence
Awards - 2014





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