

INVESTOR PRESENTATION
Q2 & H1 FY22 RESULTS
November 2021



TRIBHOVANDAS BHIMJI ZAVERI
SHRIKANT ZAVERI GROUP

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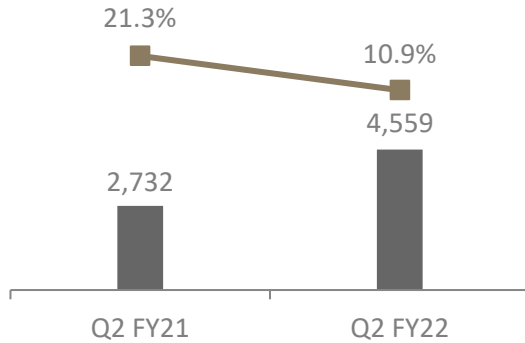
DISCUSSION SUMMARY

- [Q2 & H1 FY22 Results Update](#)
- [About Us](#)
- [Business Model](#)

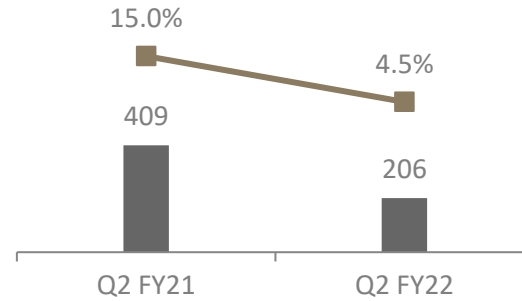
Q2 FY22 RESULT HIGHLIGHTS

In Rs Mn

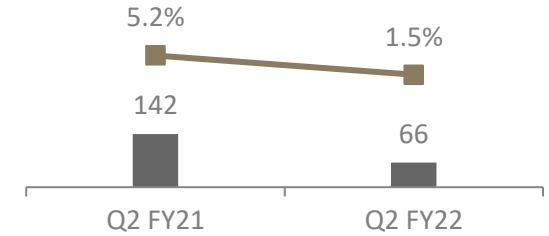
REVENUES & GROSS MARGIN



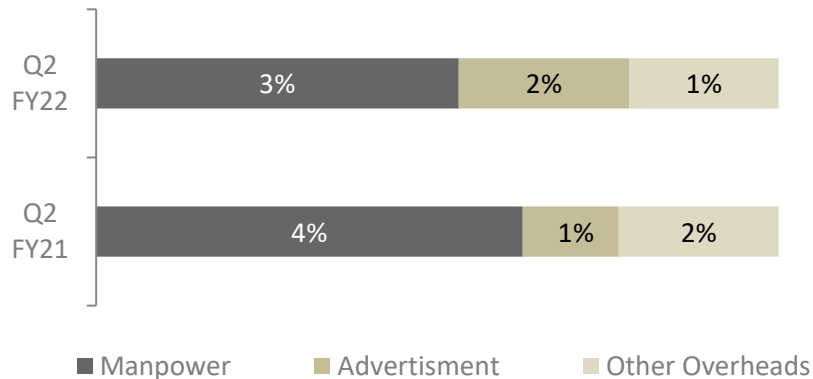
EBITDA



PAT



*OPERATING COSTS (% of Total Revenue)



Other highlights

Share of Diamond Jewellery – Q2 FY22 (Q2 FY21) 21.7% (21.2%)

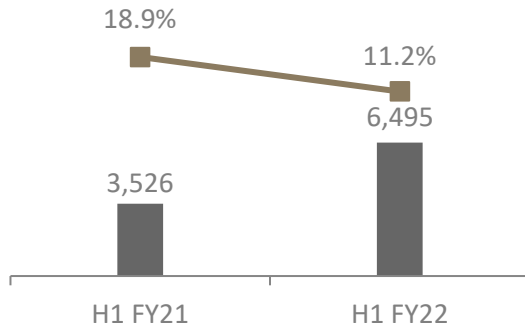
Re-opening of stores across geographies and festive season led to good customer traction

Gold Prices witness a reduction of 9% YoY

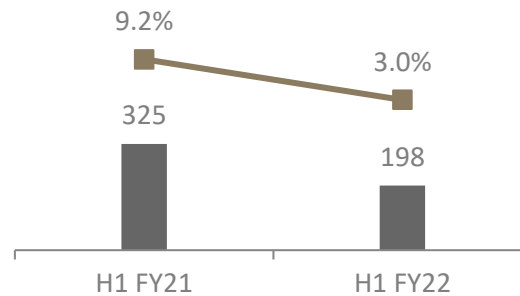
H1 FY22 RESULT HIGHLIGHTS

In Rs Mn

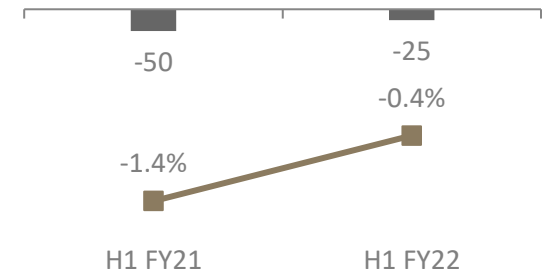
REVENUES & GROSS MARGIN



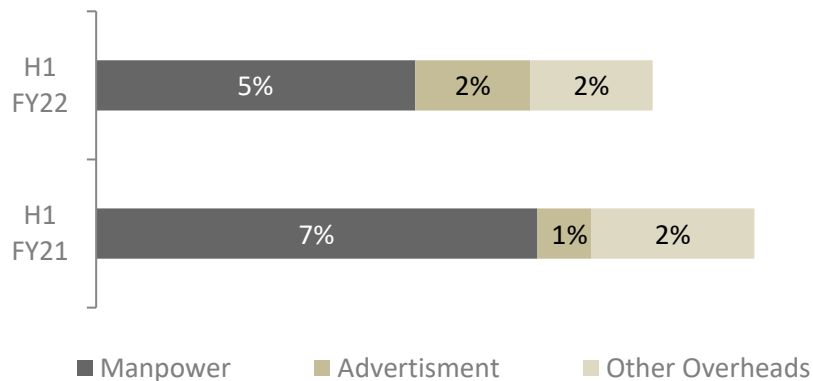
EBITDA



PAT



*OPERATING COSTS (% of Total Revenue)



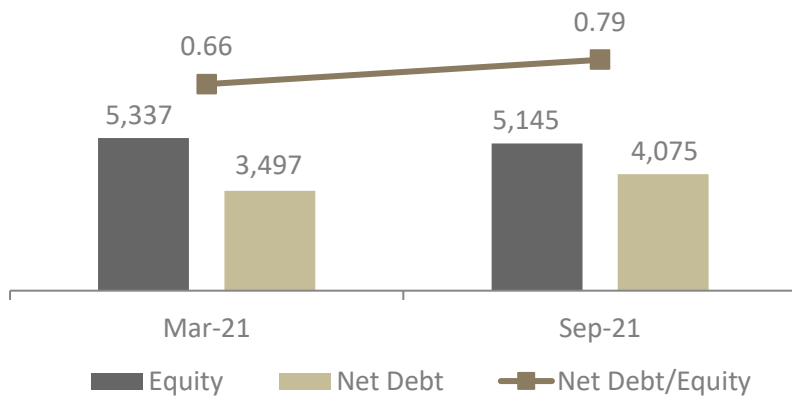
Other highlights

Share of Diamond Jewellery – H1 FY22 (H1 FY21) 21.1% (19.6)

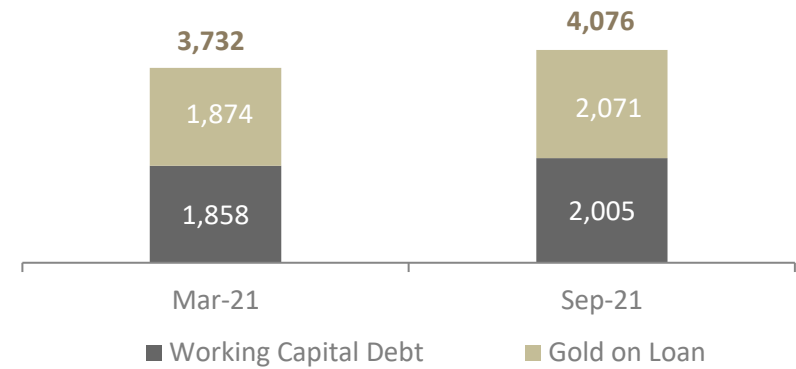
Q2 & H1 FY22 BALANCE SHEET UPDATE

In Rs Mn

LEVERAGE ANALYSIS



TOTAL DEBT BREAKUP



Notes:

- Total net debt has increased due to higher working capital requirement on the back of higher inventory requirement to service pent up demand expected during festive and wedding season
- Gold on Loan is shown as part of borrowings, while some of the listed peers show it under current liabilities / trade payables.

Q2 & H1 FY22 - KEY RESULT TAKEAWAYS

REVENUE & MARGIN:

- Revenue stood at Rs.4,559 Mn in Q2 FY22, up by 67% YoY. Strong growth in revenue was due to revival of economy and uptick in demand led by better customer sentiments.
- Strategic advertising campaigns and tactical offers were offered during the quarter to drive higher footfalls and capture customer traction which ultimately led to higher sales
- Gross margin remain subdued in Q2FY22 & H1FY22 due to volatility in gold prices. Gold prices in Q2FY22 were down by 9% YoY.
- Interest costs have seen a sharp reduction of 40% YoY due to reduction in debt, and effective management of interest rates.



BALANCE SHEET & CASH FLOW:

- Inventory volumes are strategically kept at adequate levels to cater to the anticipated spike in demand due festive and wedding season.
- Net Debt has decreased by Rs. 635 Mn YoY to Rs. 4,076 Mn in September 21 due to better working capital management.



Q2 & H1 FY22 - PROFIT & LOSS STATEMENT

Particulars (In Rs Mn)	Q2 FY22	Q2 FY21	YoY %	H1 FY22	H1 FY21	YoY %
Net Revenues	4,559	2,732	66.9%	6495	3,526	84.2%
COGS	4,064	2,151	89.0%	5769	2,859	101.8%
Gross Profit	495	581	-14.8%	726	668	8.7%
Gross Margin (%)	10.9%	21.3%	-1041bps	11.2%	18.9%	-776bps
Personnel Expenses	153	107	43.8%	303	230	31.8%
Other Expenses	135	65	106.9%	225	113	100.0%
EBITDA	206	409	-49.6%	198	325	-39.2%
EBITDA Margin (%)	4.5%	15.0%	-1045bps	3.0%	9.2%	-618bps
Depreciation	56	73	-22.8%	113	142	-21.0%
Other Income	26	27	-3.4%	45	72	-36.6%
Interest Expenses	85	142	-40.2%	165	291	-43.3%
Profit Before Tax	91	221	-58.8%	-35	-37	-
Tax	25	79	-68.9%	-10	13	-
PAT	66	142	-53.2%	-25	-50	-
Profit Margin (%)	1.5%	5.2%	-373bps	-0.4%	-1.4%	104bps

Q2 & H1 FY22 - BALANCE SHEET STATEMENT

Particulars (In Rs Mn)	September-21	June-21	March-21	December-20	September-20
Shareholders Funds	5146	5,246	5,337	5,255	4,864
Loan Funds	4076	3,452	3,732	3,330	4,711
Gold on Loan	2005	1,796	1,874	1,690	940
Working Capital Loan	2071	1,656	1,858	1,640	3,771
Lease liability	544	455	483	532	564
Provisions	68	63	63	71	-
Other Long -Term Liabilities	2	3	23	82	-
Sources of Funds	9835	9,219	9,638	9,270	10,205
Net Block	1208	1,121	1,175	1,442	1,565
Other Long -Term Assets	404	397	358	127	195
Inventory	10938	9,694	9,958	9,502	10,343
Debtors	25	23	34	20	14
Cash and Bank Balance	370	404	393	461	404
Other Current Assets	359	329	316	296	343
Current Liabilities	3469	2749	2,596	2,579	2,659
Net Current Assets	8332	7701	8,105	7,700	8,445
Application of Funds	9835	9,219	9,638	9,270	10,205

MARKETING INITIATIVES DURING THE QUARTER

- Flat 399 per gram making charges on all gold jewellery and upto 100% off on making charges of diamond jewellery
- 100% exchange value on any old gold
- Special campaigns for Raksha Bandhan, Durga Pujo & Varalakshmi
- Digital focus to promote
 - Kalpavruksha Gold block promotion
 - Video calling, SMS and tele-calling customers based on CRM data for brand recall & customer engagement
- The company's Instagram and Facebook accounts got blue tick verified - a badge for reputation & credibility. This will further help in strengthening our visibility online
- Driving walkins to stores via geo local targeting, community specific and product specific campaigns.
- Net Promoter Score, based on customer feedback for second quarter is at 70 and we are constantly striving at achieving better Net Promoter Score and improving customer experience



**New customer walk-ins increased and reached high of 51% during August 21
14% Customers who were dormant returned through winback campaign**

MARKETING INITIATIVES DURING THE QUARTER

शुद्ध शारंगीया

FLAT

50% off on making charges of **diamond jewellery**

35% off on making charges of **gold jewellery**

100% value on exchange of any old gold

tbz[®]
The Original Jeweller

Kolkata: 5 Centre Street, Ph: 033-40064900
New Pantheon, Kharagaon, Ph: 033-4006228

100% BIS Hallmarked 22 Kt Gold Jewellery available

Celebrate Varalakshmi Vratham, with

शुद्ध **Mangala** शुद्ध

TBZ Temple Jewellery Collection

NO WASTAGE

tbz[®]
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LAKHMI, VIJAYANAGAR,
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FLAT
₹399/- per gm
- MAKING CHARGES ON -
ALL GOLD JEWELLERY

100% value on exchange of
ANY OLD GOLD

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The Original Jeweller

**Bonds as eternal as gold.
Offers that match the sentiment.**

Win a holiday voucher from MMT in every purchase*

#TBZVaatHalki

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SITARA
GOLDEN CHARMING COLLECTION
BY THE ORIGINAL

Starting at ₹30,000

100% value on exchange of any old gold.

tbz[®]
The Original Jeweller

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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 110 k, Diamond – Rs 147 k

Scalability & Reach

- 31 stores (1,03,336sq. ft.)
- Presence – 25 cities, 12 states

TBZ

SUSTAINABLE COMPETITIVE ADVANTAGES

Specialty Wedding Jeweller

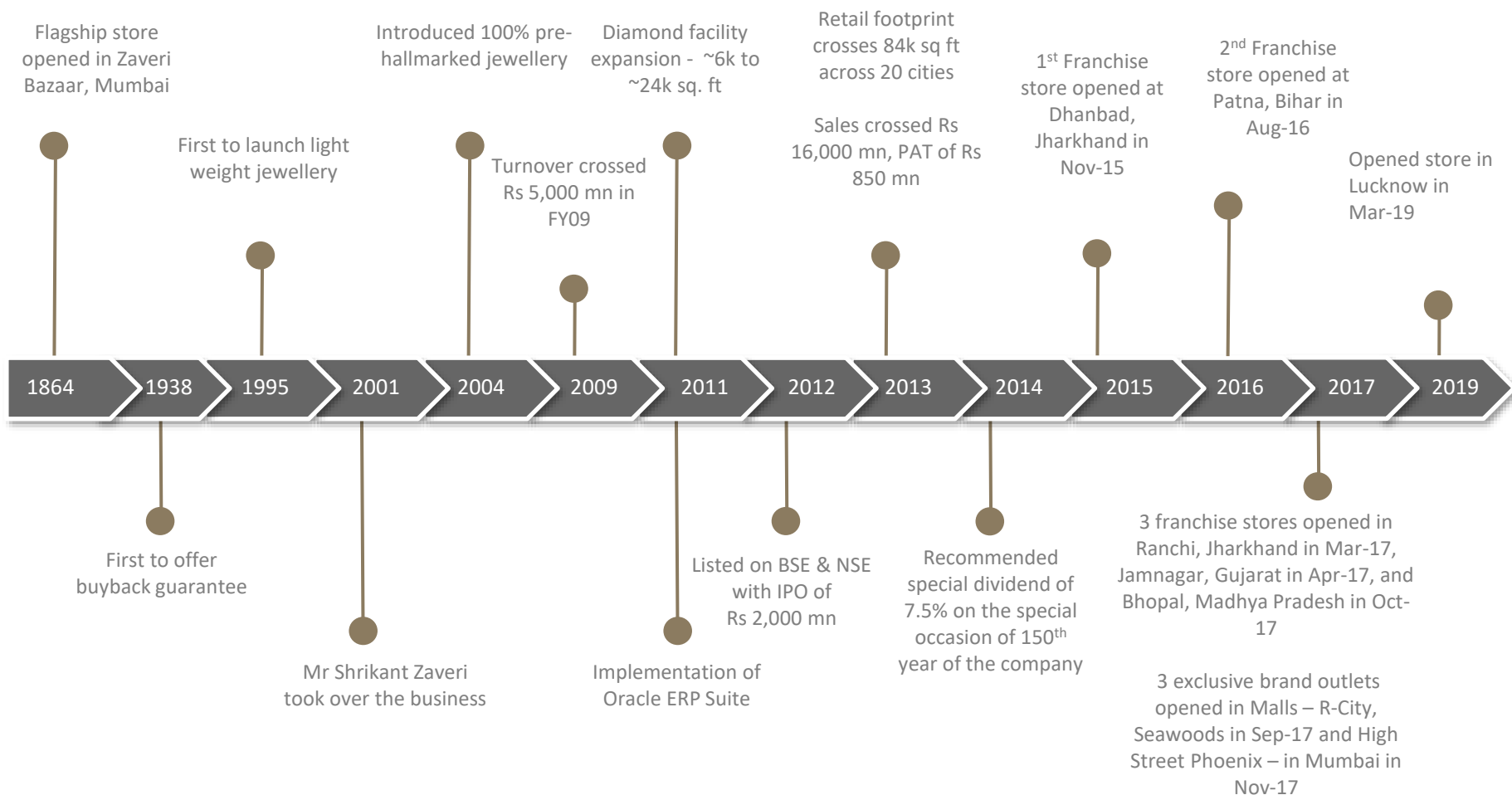
- ~ 65% of sales are wedding & wedding related purchases
- Compulsion buying
- Stable fixed budget purchases by customers

Design Exclusivity

- 29 designers (incl. 14 CAD)
- 8 - 10 new jewellery lines/year
- In-house diamond jewellery production
- Customer loyalty
- Premium pricing

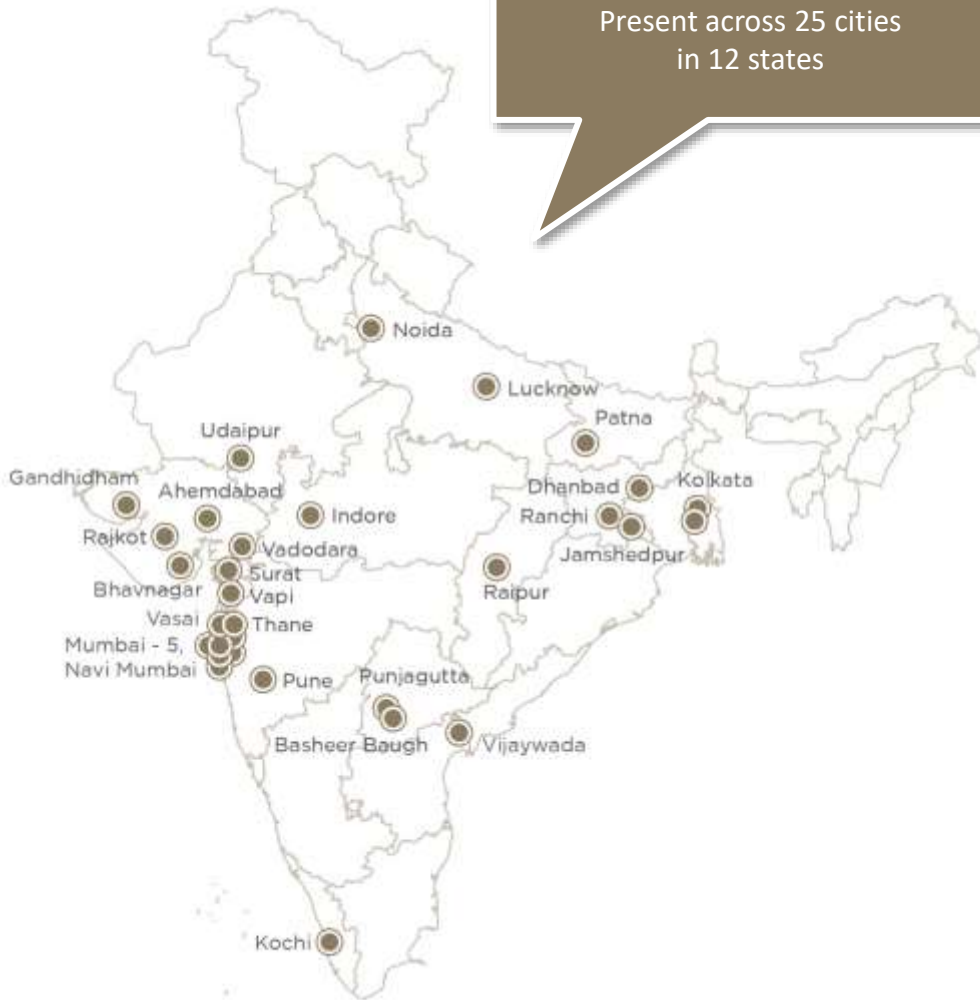
KEY MILESTONES

STRONG LEGACY OF MORE THAN 150 YEARS BUILT ON TRUST



RETAIL PRESENCE

Present across 25 cities
in 12 states



PAN-INDIA PRESENCE WITH 31 STORES
WITH A RETAIL SPACE OF ~103,336
SQ. FT. SPREAD ACROSS
25 CITIES IN 12 STATES

NUMBER OF STORES	TILL DATE
Large Format (> 2,000 sq. ft.)	28
Small Format (<= 2,000 sq. ft.)	3
Total Stores	31
Total Area	~1,03,336



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BUSINESS MODEL: MANUFACTURING

PROCUREMENT

Gold

- Raw Material - Bullion

Sources:

- Banks – Gold on loan
- Exchange & purchase of old jewellery
- Bullion dealers

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

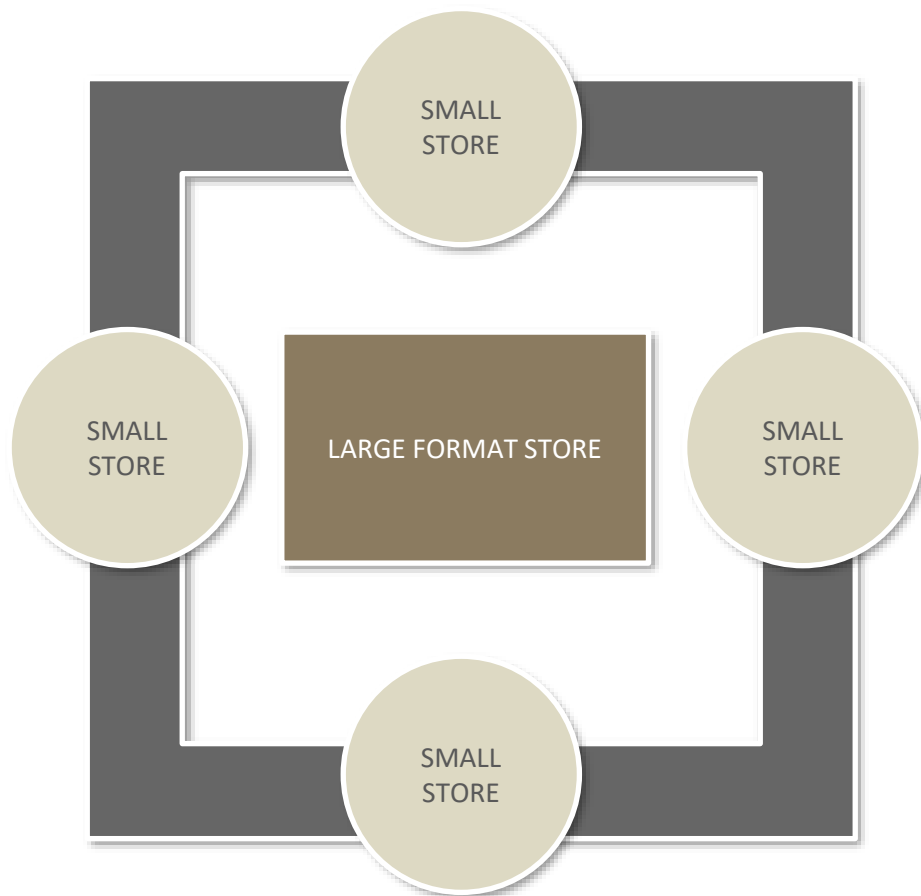
- In-house diamond jewellery manufacturing leading to exclusive designs, lower costs, and higher margins
- Manufacturing facility at Kandivali, Mumbai spread over ~24,000 sq ft with capacity of ~30,000 cts
- The facility also has capacity for 4,000 kg of gold refining and 4,500 kg of gold jewellery components 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)

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 day 1.
- 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

- BEST BRACELET DESIGN AWARD AT THE 9TH EDITION OF JJS-IJ JEWELLERS CHOICE DESIGN AWARDS 2019
- “CONTEMPORARY DIAMOND JEWELLERY AWARD” & “TREASURE OF THE OCEAN “
GJC’S NATIONAL JEWELLERY AWARD 2018
- “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



H1 FY22 CSR INITIATIVES – PROJECT PANKHI

A Project initiated by TBZ to provide Counselling & Skill Development to women impacted by Domestic Violence

- Counselors engaged in **13** different community settings in Mumbai, Vadodara, Ahmedabad, Pune, Kochi, Patna, Delhi and Hyderabad
- More than **1,200** cases reported and **828** Calls received through helpline
- **17,000** Lives impacted through Online and community awareness sessions
- With the objective of empowering survivors of domestic violence and making them self-sufficient, Project PANKHI initiated a Skill Development project from March 21
- Partnered with NGO's across various geographies, Currently operational with following organizations:-
 - Stree Mukti Sanghatana, URJA, SMS, Srujna - Mumbai
 - Shanti Sahyog, Delhi
 - Cultural Academy for Peace, Kochi
 - AWAG, Ahmedabad and many more....
 - Planned further collaboration with Labour Net & Lok Bharti-Mumbai
- Conducted health check up camps and supported patients with medications





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