

INVESTOR PRESENTATION

Q3 & 9M FY22 RESULTS

February 2022



TRIBHOVANDAS BHIMJI ZAVERI
SHRIKANT ZAVERI GROUP

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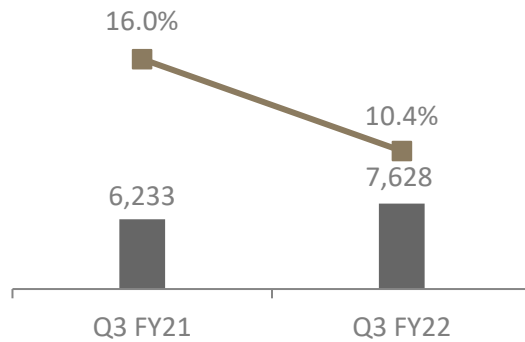
DISCUSSION SUMMARY

- [Q3 & 9M FY22 Results Update](#)
- [About Us](#)
- [Business Model](#)

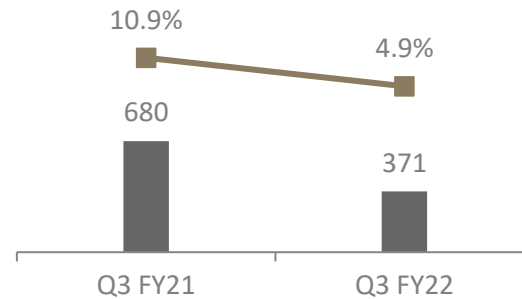
Q3 FY22 RESULT HIGHLIGHTS

In Rs Mn

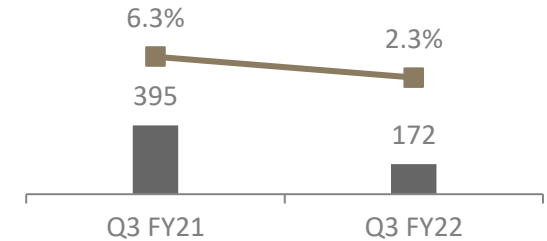
REVENUES & GROSS MARGIN



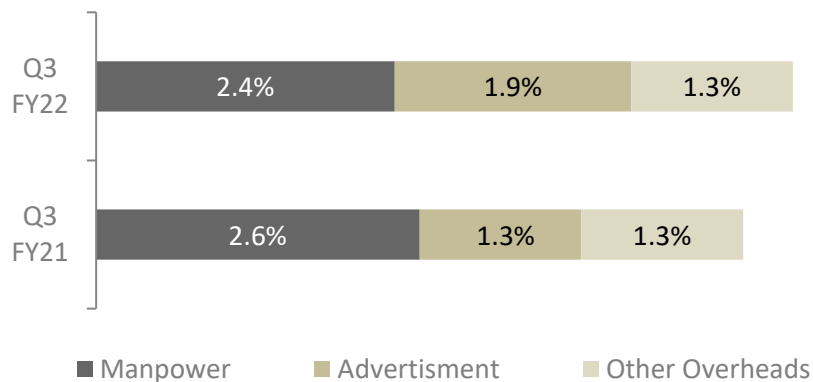
EBITDA



PAT



*OPERATING COSTS (% of Total Revenue)



Other highlights

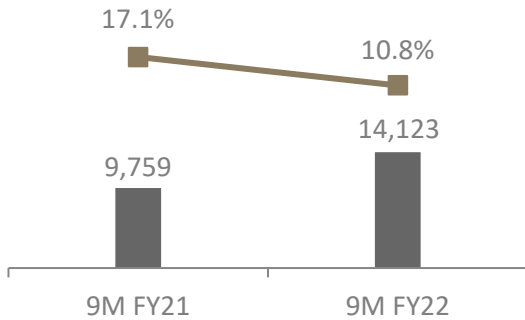
Share of Diamond Jewellery – Q3 FY22 (Q3 FY21) 21% (21%)

Increased store walk-ins by 55% vs Q2FY22

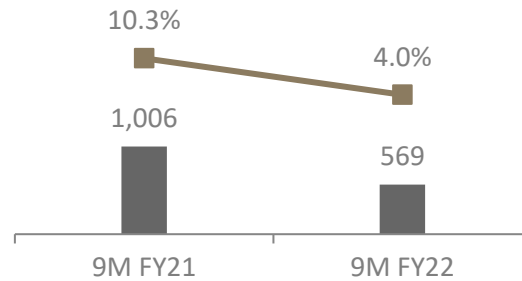
9M FY22 RESULT HIGHLIGHTS

In Rs Mn

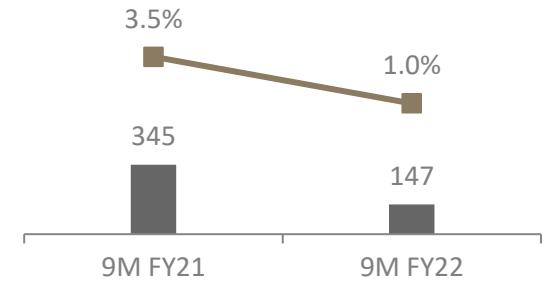
REVENUES & GROSS MARGIN



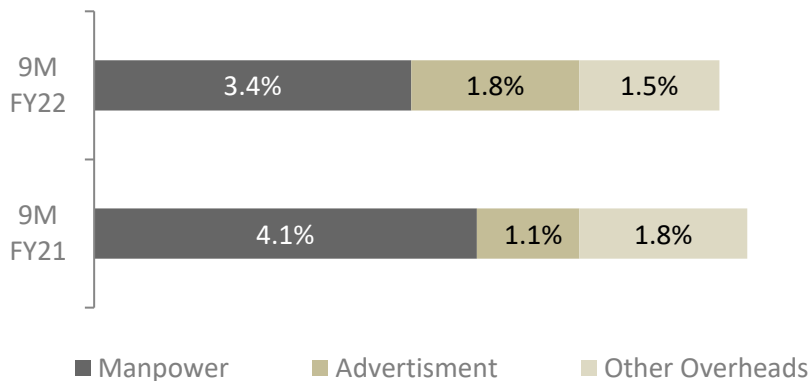
EBITDA



PAT



*OPERATING COSTS (% of Total Revenue)



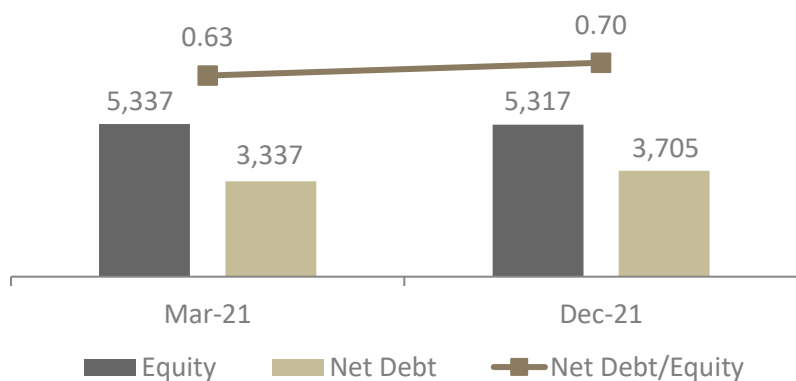
Other highlights

Share of Diamond Jewellery – 9M FY22 (9M FY21) 21% (22%)

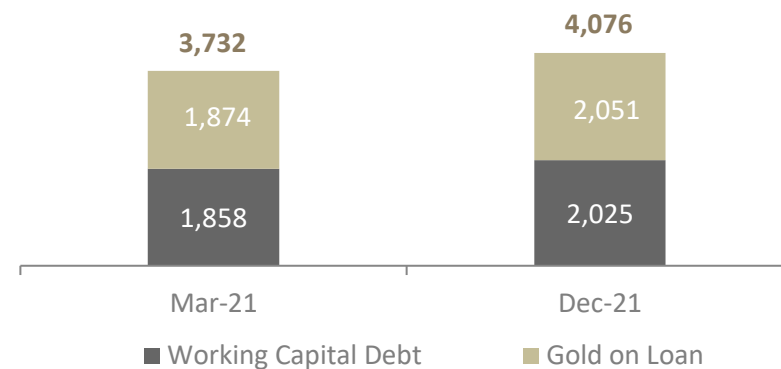
Q3 & 9M FY22 BALANCE SHEET UPDATE

In Rs Mn

LEVERAGE ANALYSIS



TOTAL DEBT BREAKUP



Notes:

1. Total net debt has increased due to higher working capital requirement on the back of higher inventory maintained for meeting festive and wedding season demand.
2. Gold on Loan is shown as part of borrowings, while some of the listed peers show it under current liabilities / trade payables.

Q3 & 9M FY22 - KEY RESULT TAKEAWAYS

REVENUE & MARGIN:

- Revenue stood at Rs.7,628 Mn in Q3 FY22, up by 22.4% YoY. 9M FY22 Revenue stood at Rs.14,123, up by 44.7% YoY. Growth in revenue was led by improved customer sentiments and higher footfalls in the stores. Encouraging festive and wedding season coupled with tactical marketing initiatives led to such growth.
- Strategic customer communication and product specific campaigns along with strengthened visibility across social media and digital channels helped in driving higher footfalls.
- Gross margin witnessed challenges due to volatile gold prices.
- Interest costs for Q3FY22 reduced by 12% YoY and for 9MFY22 interest costs were down by 35% YoY. Efficient management of debt and interest rates has resulted into such reduction.



BALANCE SHEET & CASH FLOW:

- Inventory volumes are strategically kept at adequate levels to cater to the anticipated high demand and to offer the customer wide range of designs across products.
- Net Debt – Equity Ratio remains favourable at 0.70x demonstrating underlying balance sheet strength despite challenging macro environment over the last 2 years.



Q3 & 9M FY22 - PROFIT & LOSS STATEMENT

Particulars (In Rs Mn)	Q3 FY22	Q3 FY21	YoY %	9M FY22	9M FY21	YoY %
Net Revenues	7,628	6,233	22.4%	14123	9,759	44.7%
COGS	6,832	5,236	30.5%	12601	8,094	55.7%
Gross Profit	796	997	-20.1%	1,522	1,665	-8.6%
Gross Margin (%)	10.4%	16.0%	-556bps	10.8%	17.1%	-628bps
Personnel Expenses	184	161	14.6%	487	391	24.7%
Other Expenses	241	156	54.1%	466	269	73.3%
EBITDA	371	680	-45.4%	569	1,006	-43.4%
EBITDA Margin (%)	4.9%	10.9%	-605bps	4.0%	10.3%	-627bps
Depreciation	56	67	-15.4%	169	209	-19.2%
Other Income	16	21	-23.7%	62	93	-33.6%
Interest Expenses	96	109	-11.7%	262	401	-34.7%
Profit Before Tax	235	526	-55.3%	200	489	-59.0%
Tax	63	131	-51.7%	54	144	-62.9%
PAT	172	395	-56.5%	147	345	-57.4%
Profit Margin (%)	2.3%	6.3%	-409bps	1.0%	3.5%	-249bps

Q3 & 9M FY22 - BALANCE SHEET STATEMENT

Particulars (In Rs Mn)	December-21	September-21	June-21	March-21	December-20
Shareholders Funds	5,317	5,146	5,246	5,337	5,255
Loan Funds	4,076	4,076	3,452	3,732	3,330
Gold on Loan	2,051	2,005	1,796	1,874	1,690
Working Capital Loan	2,025	2,071	1,656	1,858	1,640
Lease liability	614	544	455	483	532
Provisions	72	68	63	63	71
Other Long -Term Liabilities	1	2	3	23	82
Sources of Funds	10,080	9,835	9,219	9,638	9,270
Net Block	1,264	1,208	1,121	1,175	1,442
Other Long -Term Assets	384	404	397	358	127
Inventory	11,108	10,938	9,694	9,958	9,502
Debtors	22	25	23	34	20
Cash and Bank Balance	371	370	404	393	461
Other Current Assets	295	359	329	316	296
Current Liabilities	3,364	3,469	2,749	2,596	2,579
Net Current Assets	8,432	8,223	7,701	8,105	7,700
Application of Funds	10,080	9,835	9,219	9,638	9,270

MARKETING INITIATIVES DURING THE QUARTER

- Flat Rs.451 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 jewellery
- Launch of Bridal Jewellery starting at just Rs.1.5 lakhs
- Special campaigns for Navratri, Karwa Chauth, Dhanteras & Diwali
- Launch of “friends of bride” campaign across all platforms like You Tube, Instagram, Facebook and other digit channels which received more than 23 Mn Views
- Strengthened visibility across social media and digital channels with more than 83 Mn impressions
- Geo local targeting, community specific and product specific campaigns led to increased stores walk-ins by 55% as compared to Q2FY22
- Net Promoter Score, based on customer feedback for third quarter is at 68 and we are constantly striving at achieving better Net Promoter Score and improving customer experience

— Add Sparkle To Your Navratri —

up to
100%* off
on making charges
of **Diamond Jewellery**

FLAT
₹451/- per gm
on making charges
of all **Gold Jewellery**

100% value on
exchange of
ANY OLD GOLD

STELLA, NEAR ST. AUGASTINE CHURCH,
VASAI, PH: 9834456979

tbz[®]
The original since 1864

OUR ZAVERI BAZAR STORE WILL REMAIN OPEN ON ALL SUNDAYS TILL DIWALI

WEDDINGS
BY TBZ - THE ORIGINAL

BRIDAL COLLECTION
STARTS FROM
₹1.5 LAKHS* ONWARD

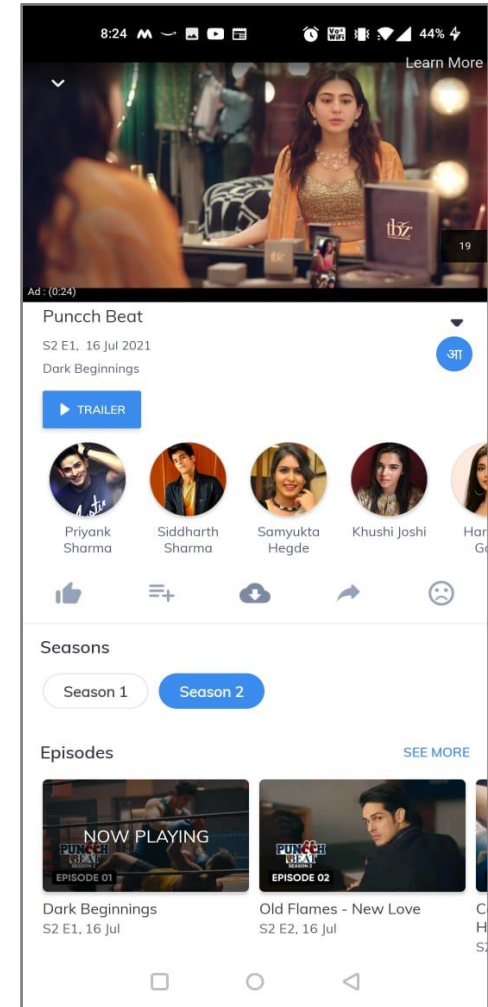
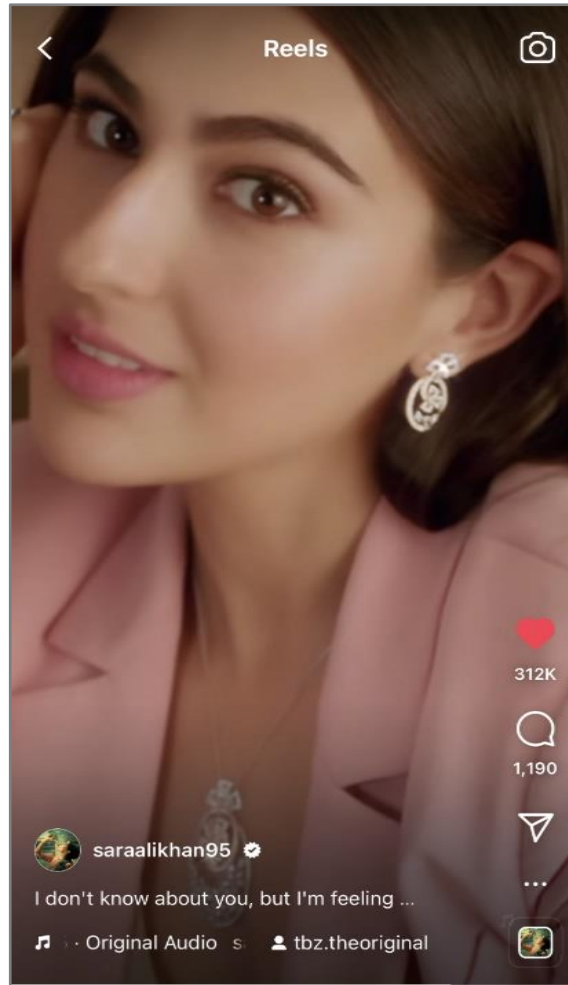
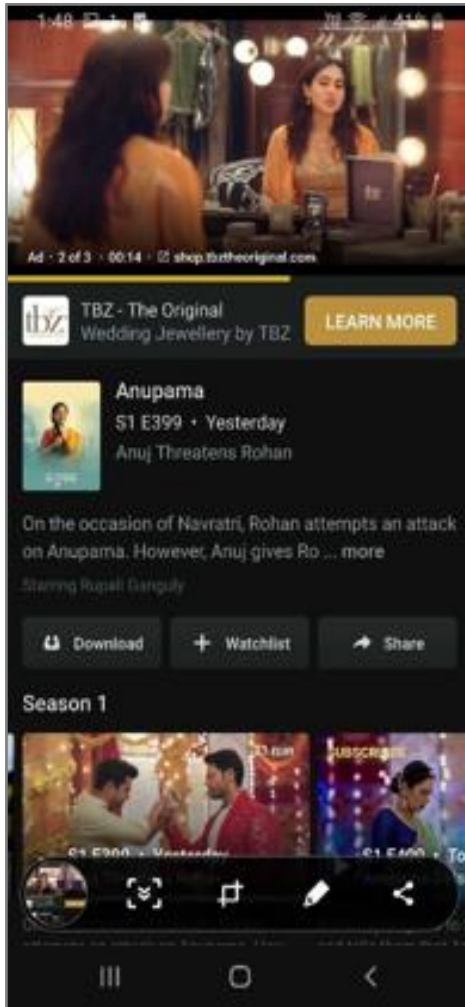
**GET HIGHEST GOLD
EXCHANGE VALUE
ON ANY OLD GOLD***

BORIVALI PH: 26901864, GHATKOPAR PH: 21028107,
MARINE DRIVE PH: 84805276/9922727272,
SANTACRUZ PH: 2979457027, THANE PH: 49783840,
VASAI PH: 9834456979, VASLI - SECTION 17
PH: 07902410240/0240 ZAVERI BAZAR PH: 40465001

tbz[®]
The original since 1864

50% New Customers acquisition during the quarter
New customer walk-ins during the quarter increased by 55%
as compared to Q2FY22

SOCIAL MEDIA CAMPAIGNS DURING THE QUARTER



Launch of Wedding Jewellery Collection

WEDDINGS
BY TBZ - THE ORIGINAL

BRIDAL JEWELLERY
STARTING AT **₹1.5 LAKHS*** ONWARD
FAIR VALUE, BEST PRICE

100% exchange value on
ANY OLD GOLD

tbz[®]
The original since 1864

NEXT TO G.P.O.,
MALVIYA ROAD, RAIPUR

100% BIS Hallmarked 22 Kt Gold Jewellery available

WEDDINGS
BY TBZ - THE ORIGINAL

Bridal Collection
Starting From
₹1.5 Lakhs* Onward

Get The Highest
Gold Exchange Value
On Any Old Gold*

Book An Appointment

SHOP.TBZTHEORIGINAL.COM
Bridal Jewellery Collection
Book your appointment

BOOK NOW

WEDDINGS
BY TBZ - THE ORIGINAL

BRIDAL JEWELLERY
STARTING AT **₹1.5 LAKHS***

NO WASTAGE

100% exchange on ANY OLD GOLD

100% BIS Hallmarked 22Kt Gold Jewellery available

7% Making charges on gold jewellery










Mangala
Temple Jewellery Collection
Available












HYDERABAD:
MOGULS COURT, BASHEERBAGH,
PH.: 040 - 40263356 | 70 GREENSLAND ROAD,
PUNJAGUTTA. PH.: 040 - 40172450

tbz[®]
The original since 1864

TBZ - The Original Bridal Jewellers Since 1864

Light weight affordable Jewellery Collection

 <p>Explore Diamond jewellery for your everyday looks!</p>		<p>Need a moment of shine but the mood keeps on changing?</p>
 <p>Balance of Diamond and Gold Stunning Shine 18k Purity</p> <p>IT'S SURPRISINGLY AFFORDABLE</p>	 <p>Chic Diamond Pendant Swirl Solitaire Twist 18k Purity</p> <p>IT'S SURPRISINGLY AFFORDABLE</p>	<p>Want some sparkle but the mood keeps on changing?</p>
 <p>Celestial Grace Tender Floral Design 22k Purity Gold</p> <p>IT'S SURPRISINGLY AFFORDABLE</p>	 <p>Grandiose Design Touch of Jade 22k Purity Gold</p> <p>IT'S SURPRISINGLY AFFORDABLE</p>	<p>SURPRISINGLY AFFORDABLE</p> 
 <p>Contemporary Finish Clean Diamond Design 18k Purity</p> <p>IT'S SURPRISINGLY AFFORDABLE</p>	 <p>Floral Bulby Arrangement 18k Purity Diamond Ring Exquisite Gold Metal</p> <p>IT'S SURPRISINGLY AFFORDABLE</p>	<p>SURPRISINGLY AFFORDABLE</p> <p>The perfect everyday expression to make ordinary days shine differently</p>

<p><i>"Look, How Far You've Come."</i></p>  <p>Say It Better With A Gift From TBZ - The Original</p>	<p><i>"I've Missed You So Much!"</i></p>  <p>Say It Better With A Gift From TBZ - The Original</p>	<p><i>"You Complete Me."</i></p>  <p>Say It Better With A Gift From TBZ - The Original</p>
<p><i>"You Get Me Like No One Else."</i></p>  <p>Say It Better With A Gift From TBZ - The Original</p>	<p>Say It Better With A Gift From TBZ - The Original</p>	<p><i>"I've Always Looked Up To You."</i></p>  <p>Say It Better With A Gift From TBZ - The Original</p>
<p><i>"I Love You The Most"</i></p>  <p>Say It Better With A Gift From TBZ - The Original</p>	<p><i>"Thank You For Having My Back Always"</i></p>  <p>Say It Better With A Gift From TBZ - The Original</p>	<p><i>"We Are Proud Of You, Beta."</i></p>  <p>Say It Better With A Gift From TBZ - The Original</p>
<p>A Gift Card That <i>Shines</i> Always!</p>  <p>Say It Better With A Gift From TBZ - The Original</p>	<p>Precious Presents For Your <i>Priceless Relationships.</i></p>  <p>Say It Better With A Gift From TBZ - The Original</p>	<p>Sparkly Diamonds, Glowing Gold Pamper Them With <i>Valuable Gifts!</i></p>  <p>Say It Better With A Gift From TBZ - The Original</p>

DISCUSSION SUMMARY

- Q3 & 9M FY22 Results Update
- About Us
- Business Model

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

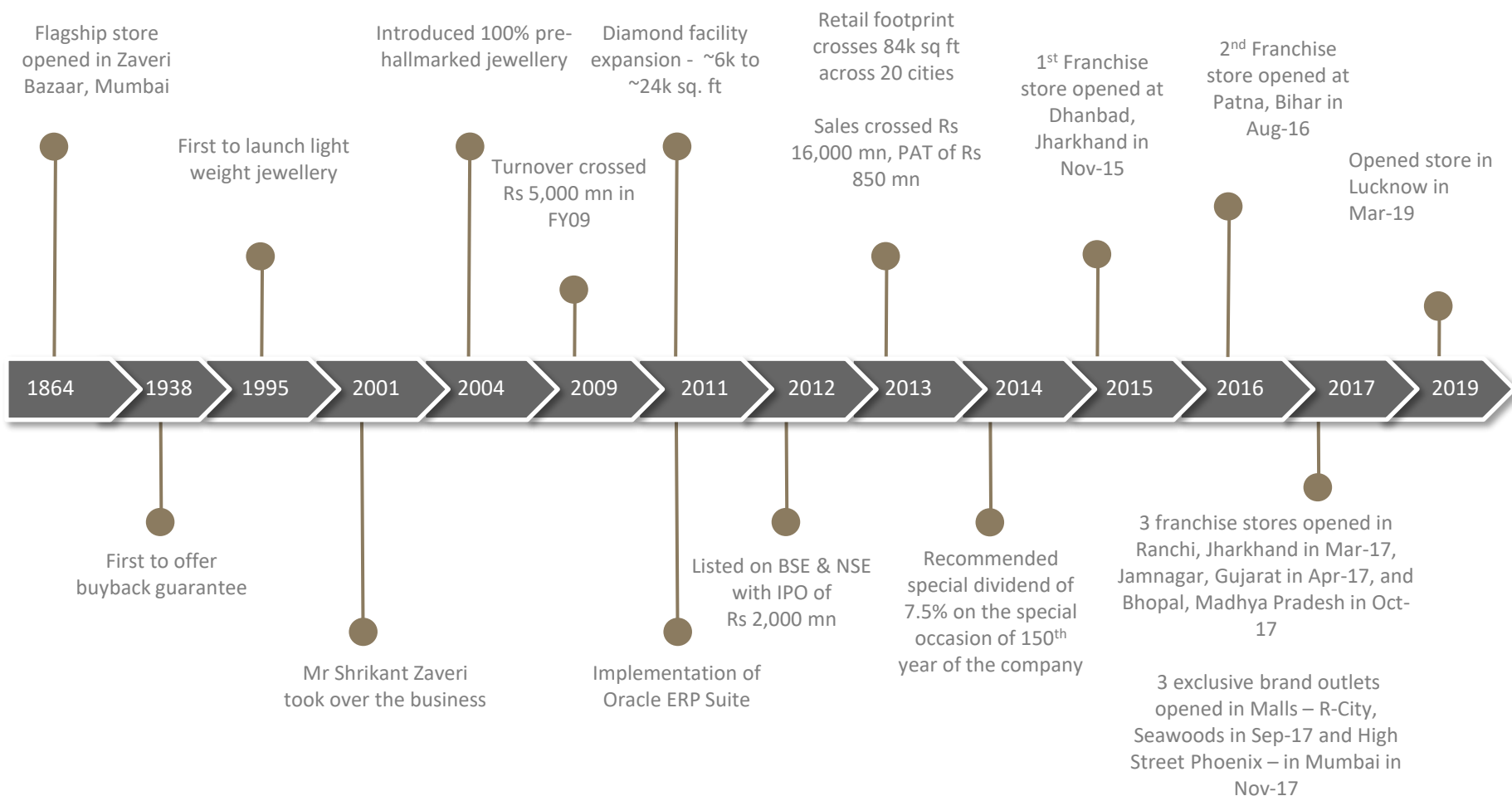
- ~ 65% of sales are wedding & wedding related purchases
- Compulsion buying
- Stable fixed budget purchases by customers

Design Exclusivity

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

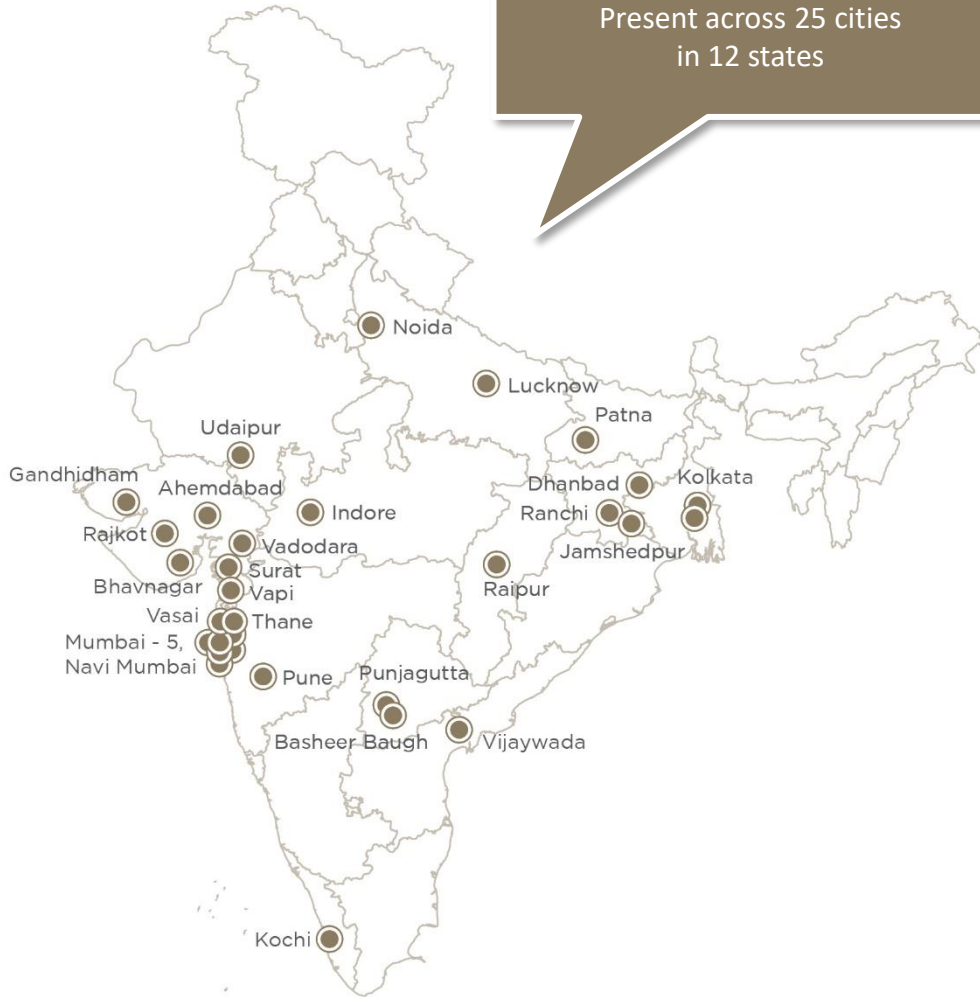
KEY MILESTONES

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



DISCUSSION SUMMARY

- **Q2 & H1 FY22 Results Update**
- **About Us**
- **Business Model**

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

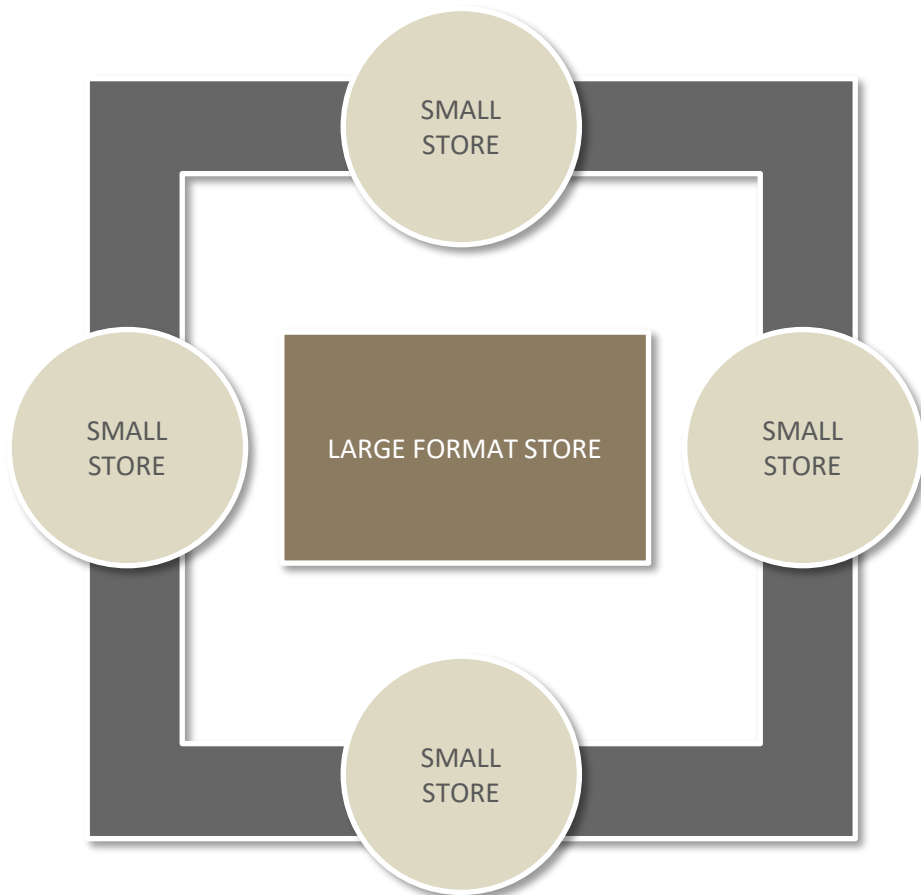
- In-house diamond jewellery manufacturing leading to exclusive designs, lower costs, and higher margins
- Manufacturing facility at Kandivali, Mumbai spread over ~24,000 sq ft with capacity of ~30,000 cts
- The facility also has capacity for 4,000 kg of gold refining and 4,500 kg of gold jewellery components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

- **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**



9M 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 1,800 cases reported, and 1,351 Calls received through helpline
- 23,279 Lives impacted through Online and community awareness sessions
- 251 Women aided through Skill Development project with an objective of empowering survivors of domestic violence and making them self-sufficient
- Partnered with NGOs across various geographies, Currently operational with following organizations:-
 - Stree Mukti Sanghatana, URJA, Srujna, Asha - Maharashtra
 - Shanti Sahyog, SPID - Delhi
 - Cultural Academy for Peace, AWAG, BCC - Gujarat
 - Bihar Voluntary Organization – Bihar
 - Cultural Academy for Peace – Kerela and many more...
- Conducted health check up camps and supported patients with medications



One call can set you free





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