

INVESTOR PRESENTATION
Q4 & FY18 RESULTS
MAY 2018



TRIBHOVANDAS BHIMJI ZAVERI
SHRIKANT ZAVERI GROUP

DISCLAIMER

This presentation has been prepared by Tribhovandas Bhimji Zaveri Limited (“TBZ”) for informational purposes only and does not constitute or form any part of any offer, invitation or recommendation to purchase or subscribe for any securities in any jurisdiction, and no part of it shall form the basis of, or be relied upon in connection with, any contract or commitment on the part of any person to proceed with any transaction.

The information contained in this presentation has not been independently verified. No representation or warranty, express or implied, is made and no reliance should be placed on the accuracy, fairness or completeness of the information presented or contained in these materials.

Any forward-looking statements in this presentation are subject to risks and uncertainties that could cause actual results to differ materially from those that may be inferred to being expressed in, or implied by, such statements. Such forward-looking statements are not indicative or guarantees of future performance. Any forward-looking statements, projections and industry data made by third parties included in this presentation are not adopted by the Company and the Company is not responsible for such third party statements and projections.

This presentation may not be all inclusive and may not contain all of the information that you may consider material. The information presented or contained in these materials is subject to change without notice and its accuracy is not guaranteed. Neither the Company nor any of its affiliates, advisers or representatives accepts liability whatsoever for any loss howsoever arising from any information presented or contained in these materials. This presentation cannot be used, reproduced, copied, distributed, shared or disseminated in any manner. No person is authorized to give any information or to make any representation not contained in and not consistent with this presentation and, if given or made, such information or representation must not be relied upon as having been authorized by or on behalf of TBZ.

DISCUSSION SUMMARY

- Q4 & FY18 Results Update
- About Us
- Operational Summary
- Business Model

KEY HIGHLIGHTS

Revenues

- Q4 FY18 Revenues **grew by 13% YoY to Rs 4,336 Mn**
- FY18 Revenues **grew by 3% YoY to Rs 17,557 Mn**

EBITDA

- Q4 FY18 EBITDA **grew by 139% YoY to Rs 190 Mn**
- FY18 EBITDA **grew by 4% YoY to Rs 731 Mn**

Finance Cost

- Q4 FY18 Finance Cost **declined by 4% YoY to Rs 99 Mn**
- FY18 Finance Cost **declined by 21% YoY to Rs 397 Mn**

PBT

- Q4 FY18 PBT **improved to Rs 101 Mn** (loss Rs 3.2 Mn in Q4 FY17)
- FY18 PBT **grew by 104% YoY to Rs 319 Mn**

PAT

- Q4 FY18 PAT **improved to Rs 70 Mn** (loss Rs 0.5 Mn in Q4 FY17)
- FY18 PAT **grew by 26% YoY to Rs 211 Mn**

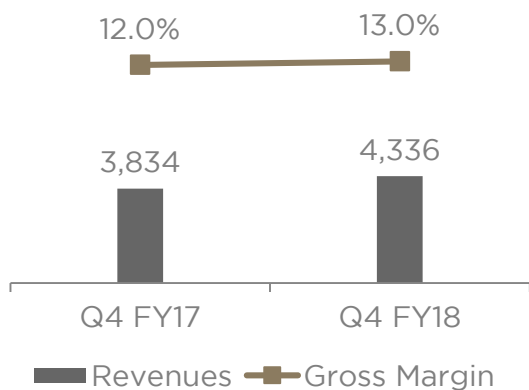
Dividend

- **Rs 60.2 Mn Dividend** declared for FY18, which translates into **28.6% Dividend Payout Ratio** (incl. DDT)

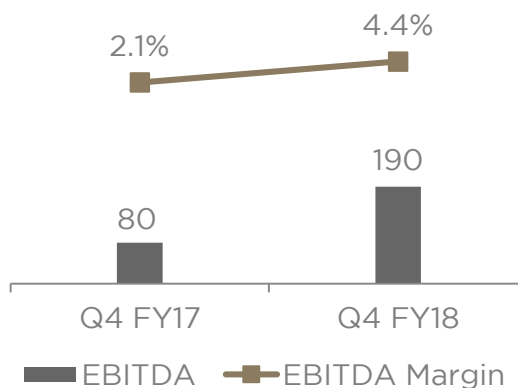
Q4 FY18 RESULT HIGHLIGHTS

In Rs Mn

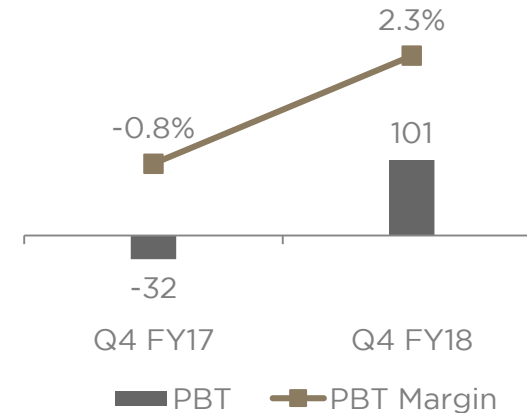
REVENUES & GROSS MARGIN



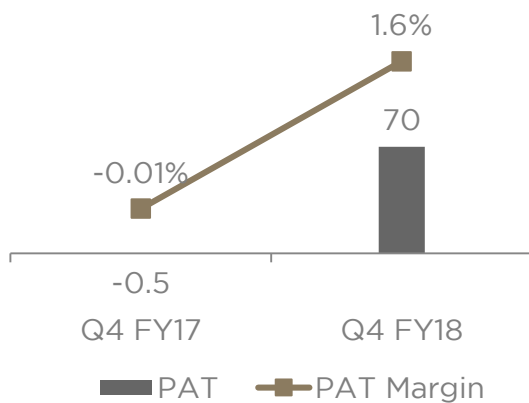
EBITDA & EBITDA MARGIN



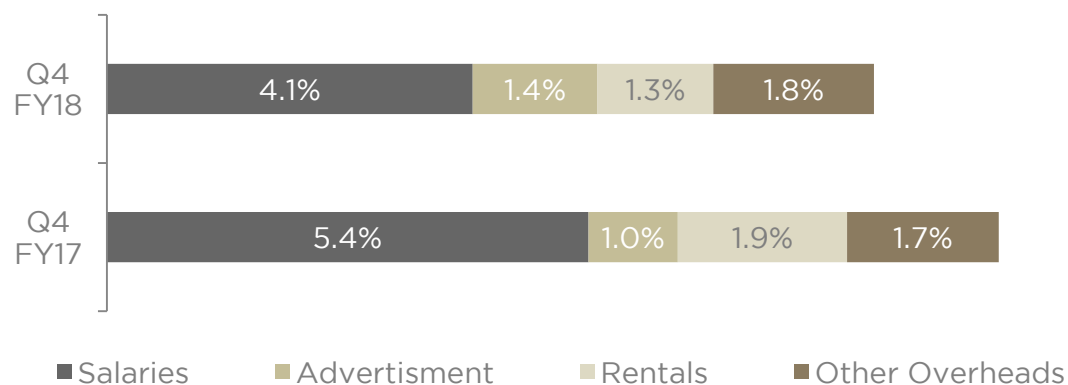
PBT & PBT MARGIN



PAT & PAT MARGIN



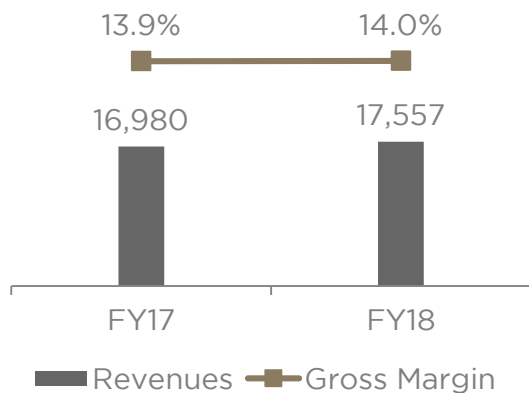
OPERATING COSTS (%)



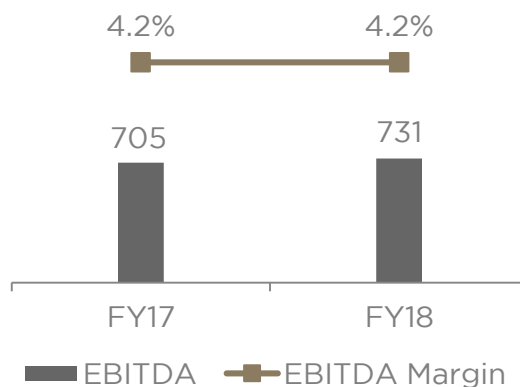
FY18 RESULT HIGHLIGHTS

In Rs Mn

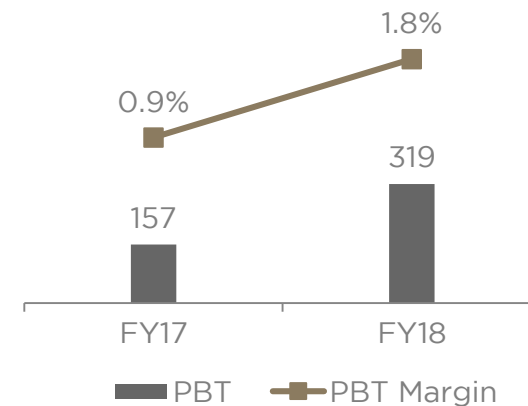
REVENUES & GROSS MARGIN



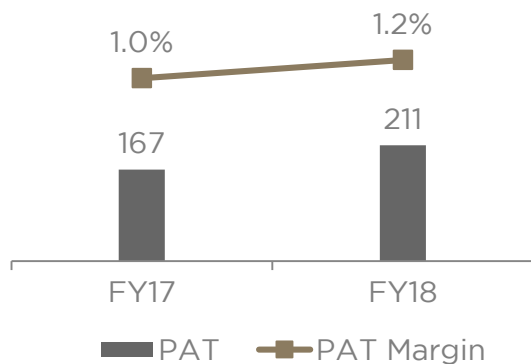
EBITDA & EBITDA MARGIN



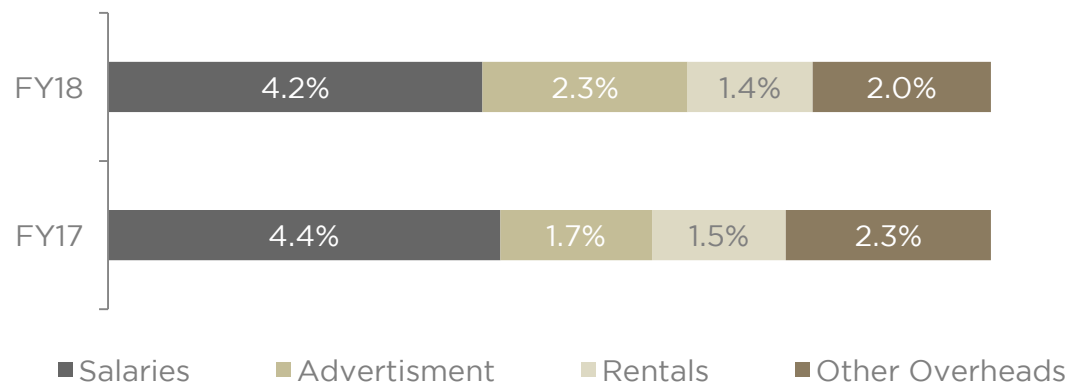
PBT & PBT MARGIN



PAT & PAT MARGIN



OPERATING COSTS (%)



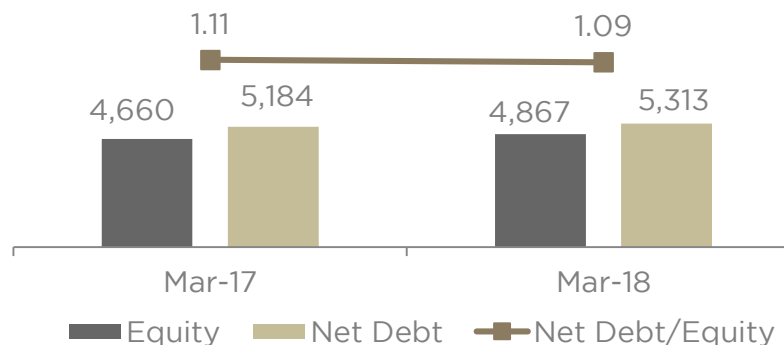
Q4 & FY18 REVENUE ANALYSIS

REVENUE ANALYSIS

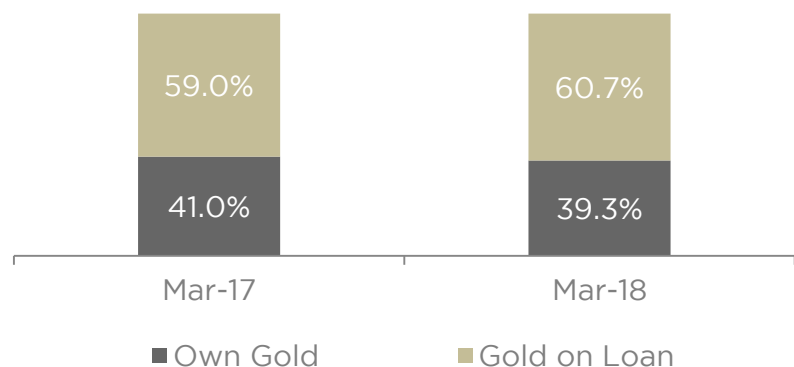
Total Revenue Growth % - Q4 FY18	13.1%
Same Store Sales Growth % - Q4 FY18	9.6%
Share of Diamond Jewellery - Q4 FY18 (Q4 FY17)	20.9% (21.2%)
<hr/>	
Total Revenue Growth % - FY18	3.4%
Same Store Sales Growth % - FY18	Stable
Share of Diamond Jewellery - FY18 (FY17)	23.4% (21.9%)
<hr/>	

FY18 BALANCE SHEET UPDATE

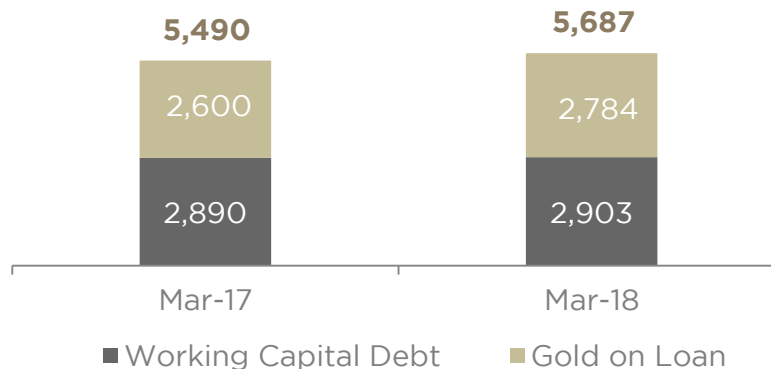
LEVERAGE ANALYSIS (RS MN)



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

Q4 & FY18 - KEY RESULT TAKEAWAYS

REVENUES:

- Q4 FY18 revenues grew by 13.1% YoY.
 - Jewellery sales gained traction on the back of ongoing wedding season.
- FY18 revenues grew by 3.4% YoY.
 - Share of diamond jewellery increased from 21.9% to 23.4%.

MARGINS:

- Q4 FY18 gross margin increased to 13.0% compared to 12.0% in Q4 FY17.
- Advertising & marketing expense grew in line with continued investment in marketing and brand building activities in FY18 and the benefits of this will accrue in near term.
- Other operating expenses were kept under strict control.
- Q4 FY18 EBITDA increased by 138.5% and EBITDA margin increased to 4.4% compared to 2.1% in Q4 FY17.



Q4 & FY18 - KEY RESULT TAKEAWAYS

BALANCE SHEET:

- Inventory remained stable on YoY basis; the inventory at 4 mall stores, opened in FY18, was carved out from existing inventory.
- Total Debt grew from Rs 5,490 Mn in Mar-17 to Rs 5,687 Mn in Mar-18, primarily due to increase in Gold on Loan. Working Capital debt was stable on YoY basis.
- Net Debt / Equity marginally improved from 1.11x in Mar-17 to 1.09x in Mar-18.
- FY18 Finance Cost declined by 21% YoY driven by lower proportion of avg. working capital debt utilised in FY18. The average cost of debt was 7.1% in FY18 compared to 8.4% in FY17.

RETAIL SPACE ADDITION:

- We opened our 37th store in Phoenix Market City Mall, Pune in March 2018 with an area of 996 sq. ft.



Q4 & FY18 - PROFIT & LOSS STATEMENT

Particulars (In Rs Mn) – Standalone	Q4 FY18	Q4 FY17	YoY %	FY18	FY17	YoY %
Net Revenues	4,336	3,834	13.1%	17,557	16,980	3.4%
COGS	3,774	3,373	11.9%	15,096	14,612	3.3%
Gross Profit	562	461	21.8%	2,461	2,368	3.9%
Gross Margin (%)	13.0%	12.0%	93 bps	14.0%	13.9%	7 bps
Personnel Expenses	177	205	-13.6%	730	743	-1.7%
Other Expenses	195	176	10.5%	1,000	920	8.7%
EBITDA	190	80	138.5%	731	705	3.6%
EBITDA Margin (%)	4.4%	2.1%	230 bps	4.2%	4.2%	1 bps
Depreciation	21	20	7.3%	85	87	-2.4%
Other Income	32	11	189.4%	70	41	73.3%
Interest Expenses	99	103	-3.7%	397	502	-20.9%
Profit Before Tax	101	-32	-	319	157	103.6%
PBT Margin (%)	2.3%	-0.8%	317 bps	1.8%	0.9%	89 bps
Tax	31	-31	-	108	-11	-
PAT	70	-0.5	-	211	167	25.8%
PAT Margin (%)	1.6%	-0.01%	164 bps	1.2%	1.0%	21 bps

Q4 & FY18 - BALANCE SHEET

Particulars (In Rs Mn) – Standalone	March-18	December-17	September-17	June-17	March-17
Shareholders Funds	4,867	4,803	4,730	4,739	4,660
Loan Funds	5,687	5,283	6,041	5,511	5,490
Gold on Loan	2,784	2,595	3,043	2,685	2,600
Working Capital Loan	2,903	2,688	2,998	2,827	2,890
Other Long Term Liabilities	62	73	71	57	42
Sources of Funds	10,615	10,159	10,842	10,307	10,191
Net Block	1,001	1,022	1,033	1,021	1,011
Other Long Term Assets	258	251	257	233	232
Inventory	10,218	10,377	11,145	10,293	10,272
Debtors	230	209	70	84	22
Cash and Bank Balance	374	436	570	420	306
Other Current Assets	116	125	176	107	99
Current Liabilities	1,581	2,261	2,410	1,851	1,751
Net Current Assets	9,357	8,886	9,552	9,053	8,948
Application of Funds	10,615	10,159	10,842	10,307	10,191

DISCUSSION SUMMARY

- Q4 & FY18 Results Update
- About Us
- Operational Summary
- 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 91 k, Diamond - Rs 129 k

Scalability & Reach

- 37 stores (~1,10,666 sq. ft.)
- Presence - 26 cities, 11 states

Expansion Plan -

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

TBZ

SUSTAINABLE COMPETITIVE ADVANTAGES

Specialty Wedding Jeweller

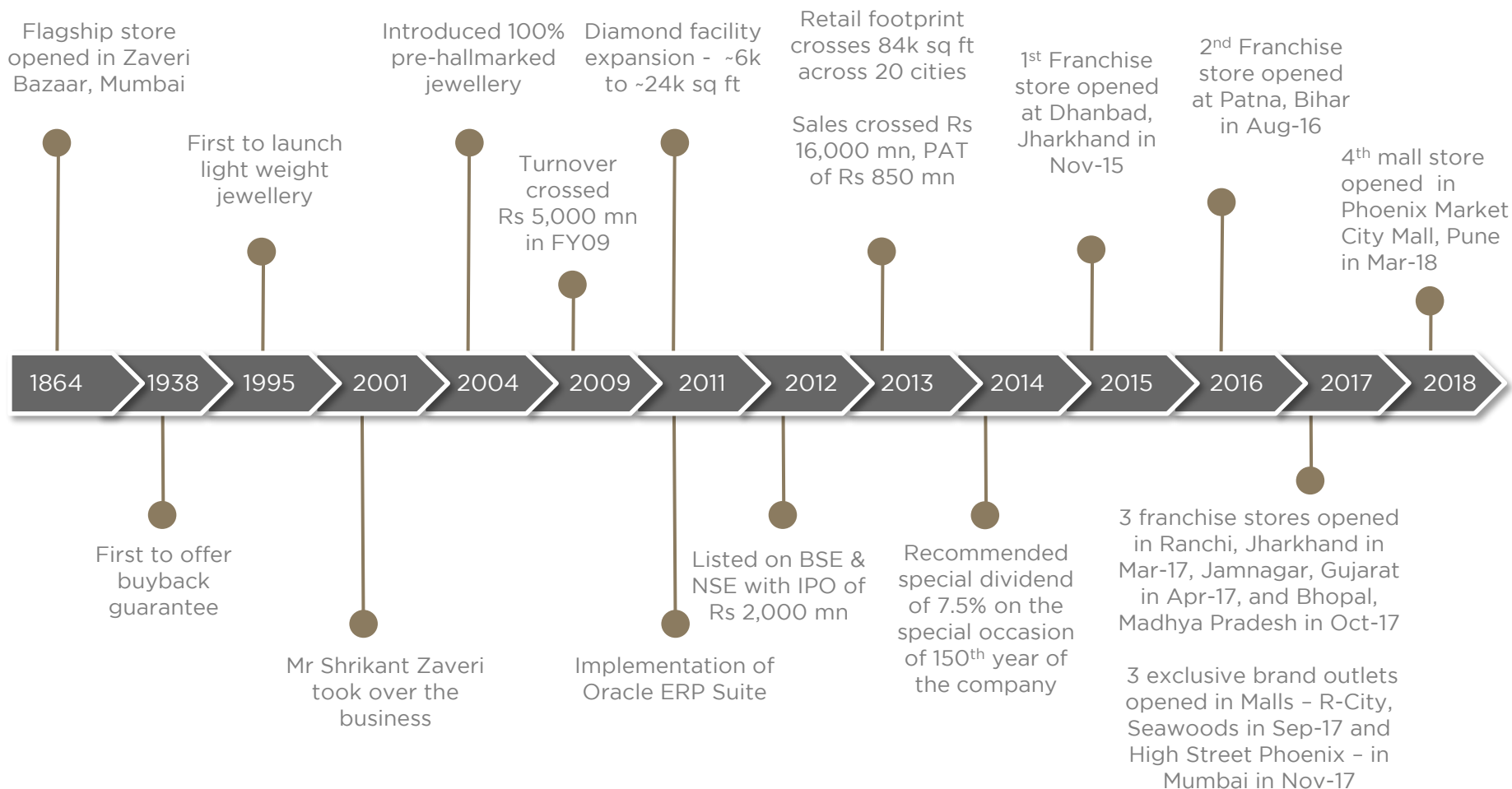
- ~ 65% of sales are wedding & wedding related purchases
- Compulsion buying
- Stable fixed budget purchases by customers

Design Exclusivity

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

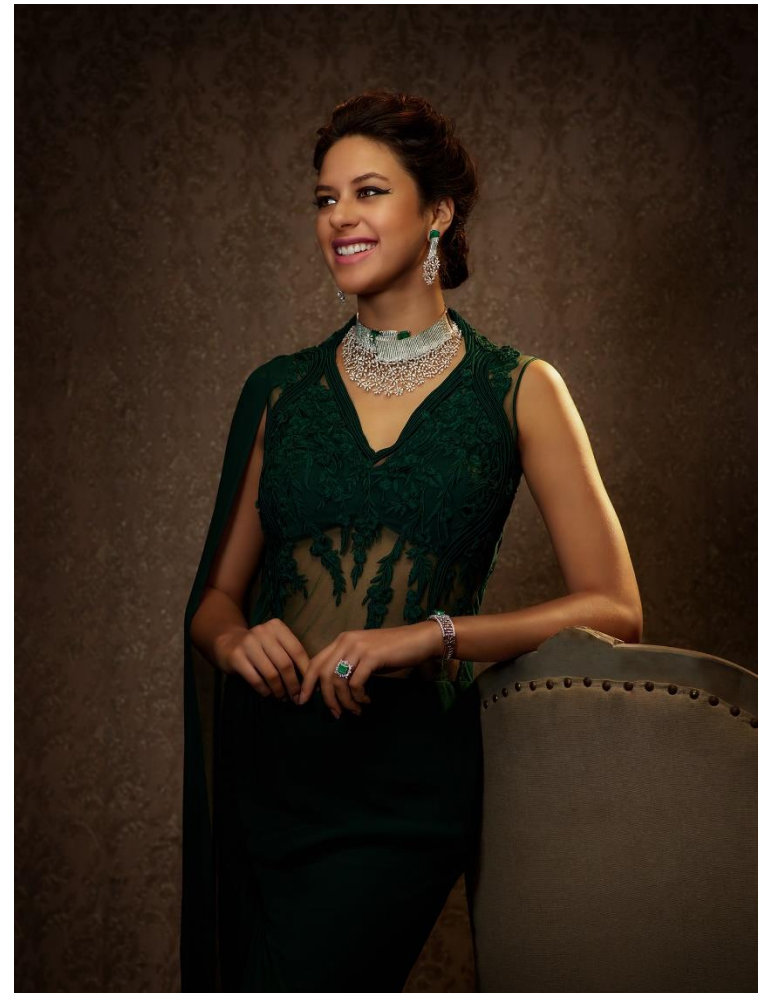
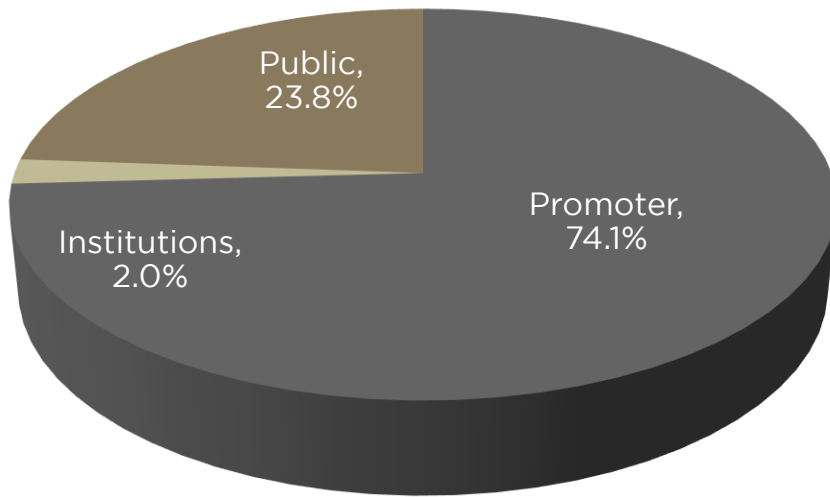
KEY MILESTONES

STRONG LEGACY OF MORE THAN 150 YEARS BUILT ON TRUST



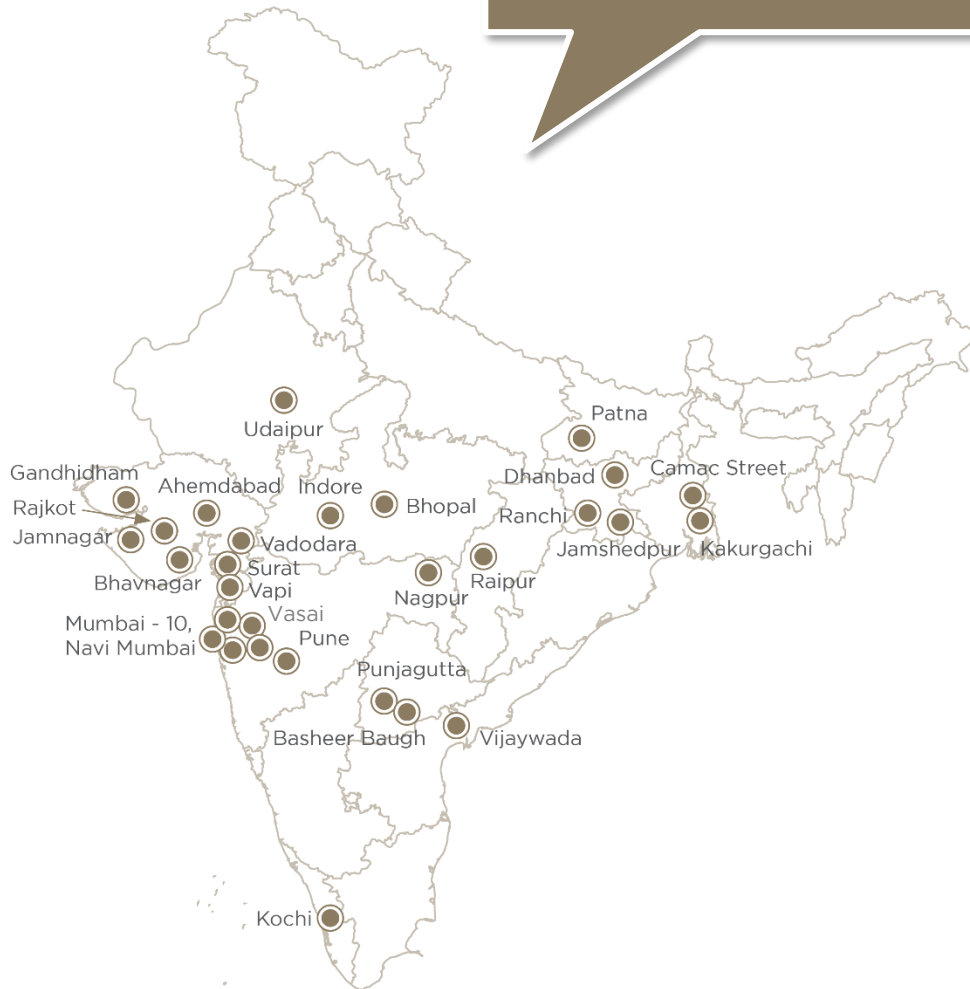
KEY MILESTONES

SHAREHOLDING PATTERN - MARCH 2018



RETAIL PRESENCE

Present across 26 cities
in 11 states

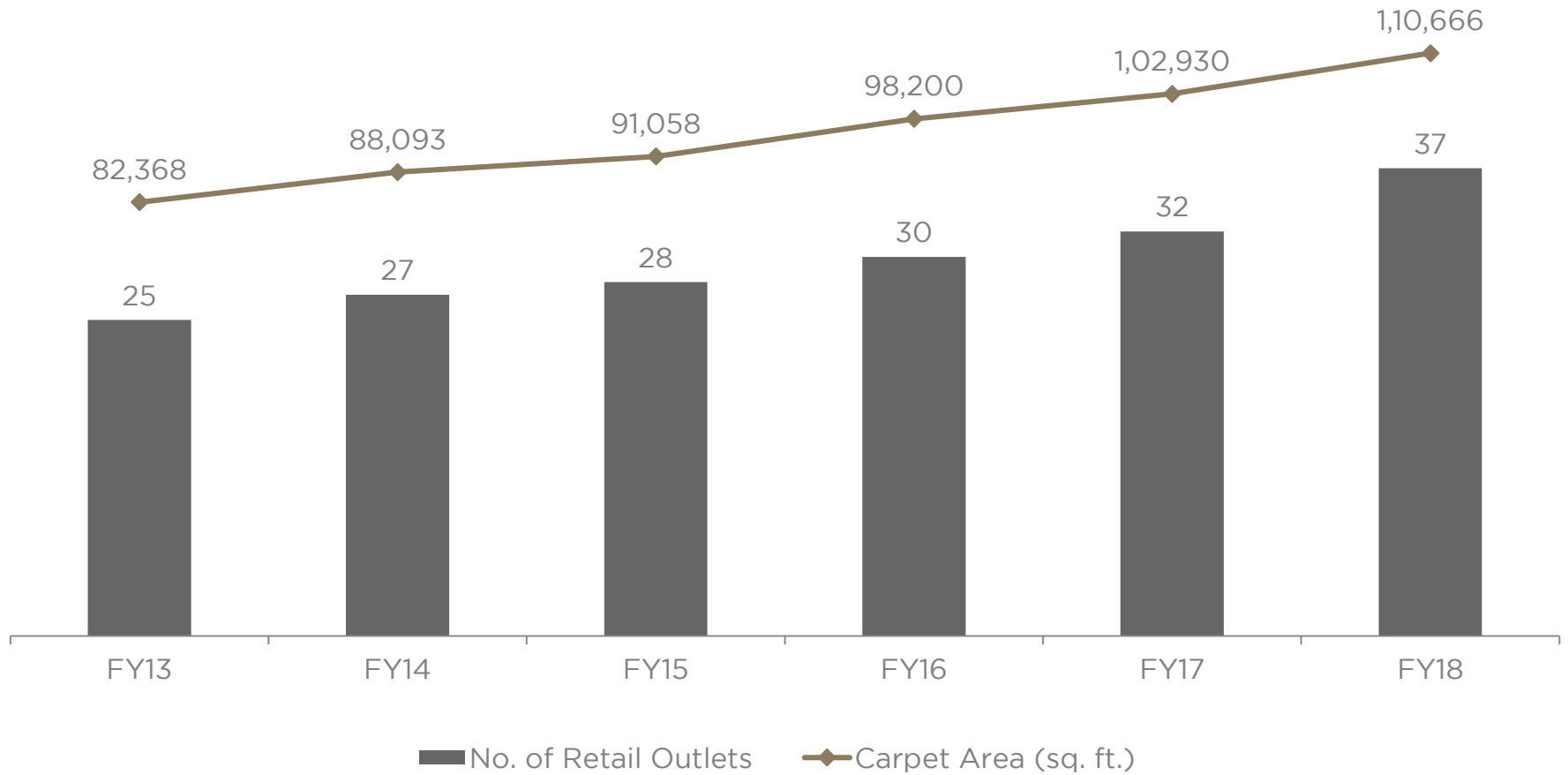


PAN-INDIA PRESENCE WITH 37 STORES
WITH A RETAIL SPACE OF ~1,10,666
SQ. FT. SPREAD ACROSS
26 CITIES IN 11 STATES

NUMBER OF STORES	TILL DATE
Large Format (> 2,000 sq. ft.)	28
Small Format (<= 2,000 sq. ft.)	9
Total Stores	37
Total Area	~1,10,666



RETAIL FOOTPRINT EXPANSION

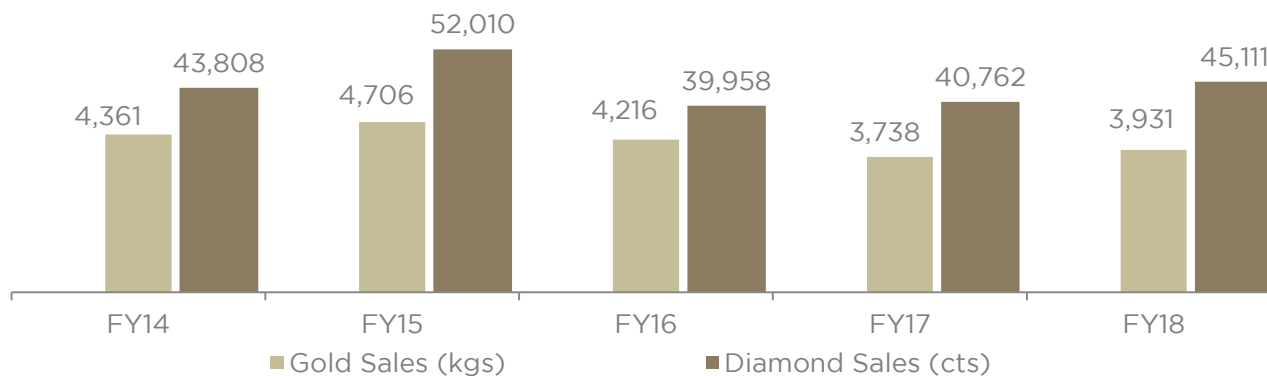


DISCUSSION SUMMARY

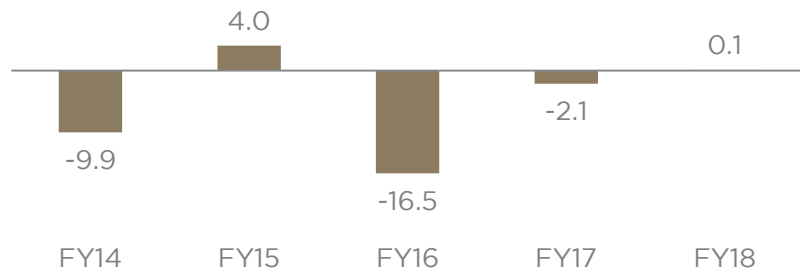
- Q4 & FY18 Results Update
- About Us
- Operational Summary
- Business Model

OPERATIONAL SUMMARY

GOLD & DIAMOND VOLUMES

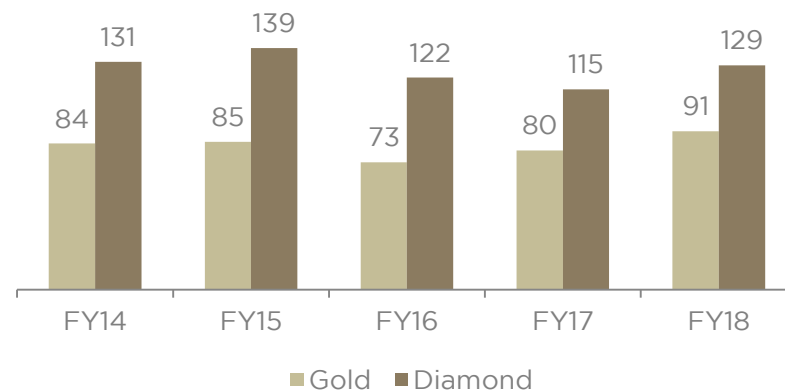


SSSG - TOTAL (%)



SSSG: Same store sales value growth

AVERAGE TICKET SIZE (RS '000)



DISCUSSION SUMMARY

- Q4 & FY18 Results Update
- About Us
- Operational Summary
- Business Model

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

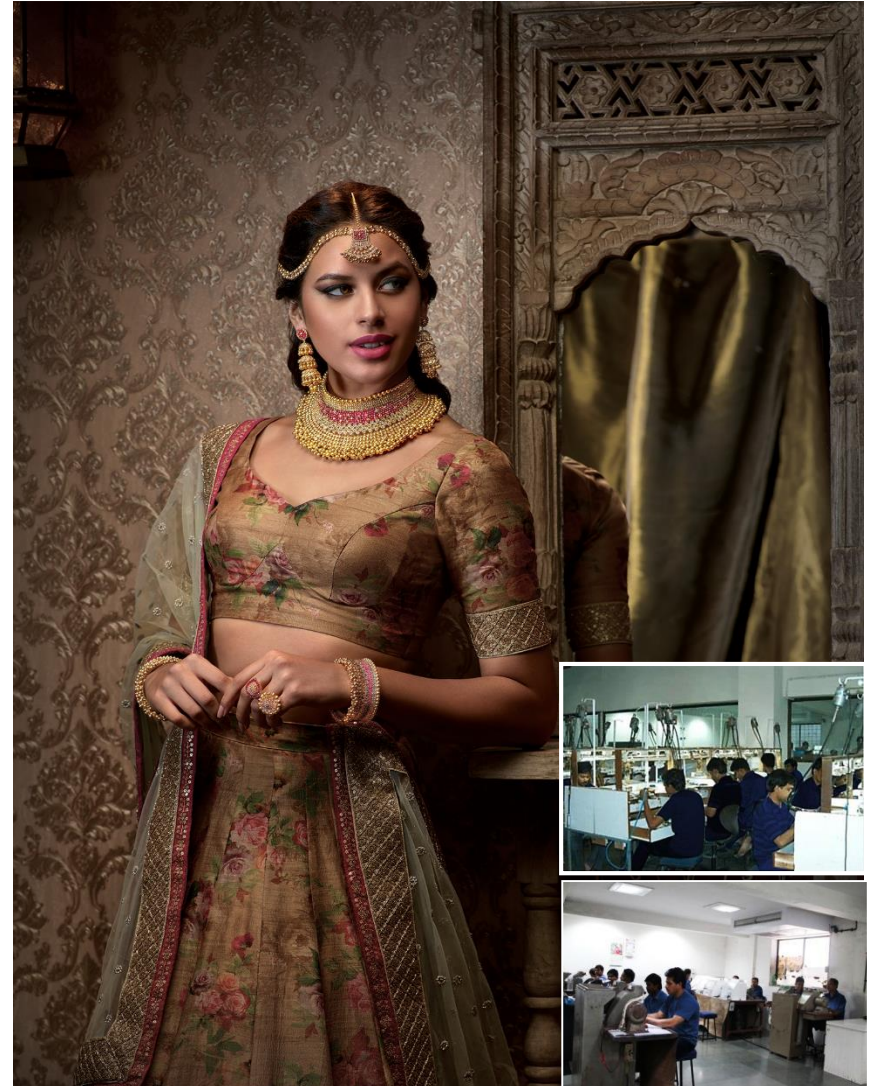
- Raw Material - Cut & polished diamonds

Sources:

- DTC site holders

MANUFACTURING

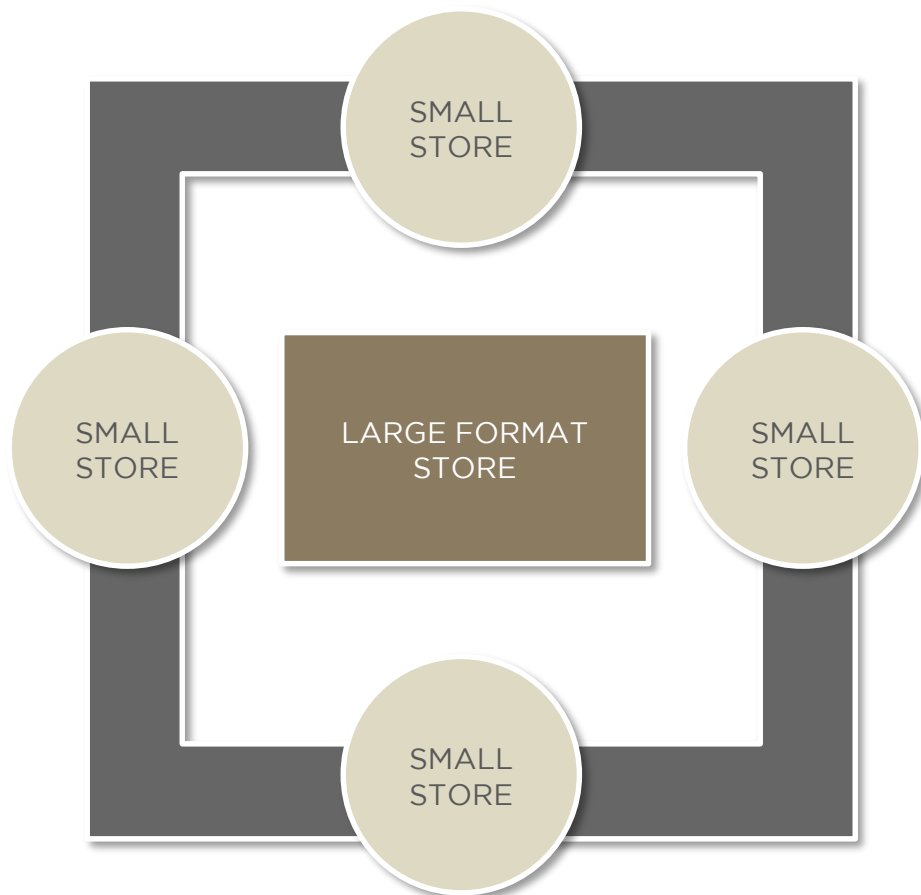
- In-house diamond jewellery manufacturing leading to exclusive designs, lower costs, and higher margins
- Manufacturing facility at Kandivali, Mumbai spread over ~24,000 sq ft with capacity of ~200,000 cts (on dual shift basis).
- The facility also has capacity for 4,000 kg of gold refining and 4,500 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 ~1,10,666 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	37	
Retail Sq ft	~48,000	~1,10,666	~1,50,000
Number of Cities	10	26	



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

- “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
- “BEST DIAMOND JEWELLERY & BRACELET
DESIGN”
Indian Jeweller Jeweller’s Choice Design Award -
2014





Saurav Banerjee
Chief Financial Officer

Tribhovandas Bhimji Zaveri Limited
+91 022 30735000
saurav.banerjee@tbzoriginal.com



Nilesh Dalvi
IR Consultant
Dickenson Seagull IR
+91 9819289131
nilesh.dalvi@dickensonir.com