

INVESTOR PRESENTATION  
Q2 FY23 RESULTS



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TRIBHOVANDAS BHIMJI ZAVERI  
SHRIKANT ZAVERI GROUP

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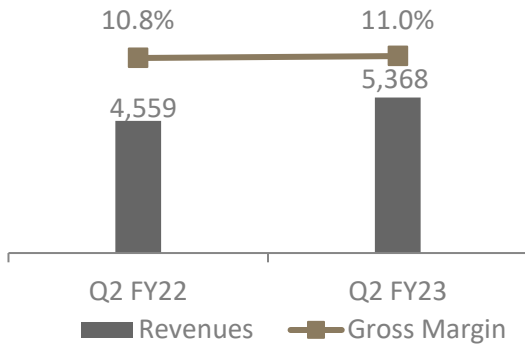
## DISCUSSION SUMMARY

- [Q2 & H1FY23 Results Update](#)
- [About Us](#)
- [Business Model](#)

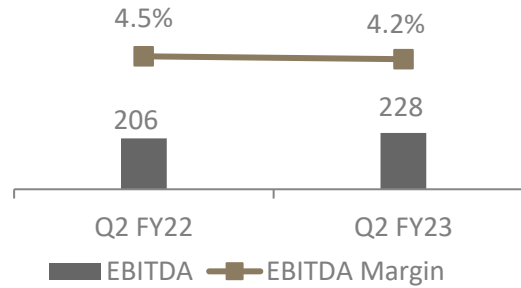
# Q2 FY23 RESULT HIGHLIGHTS

In Rs Mn

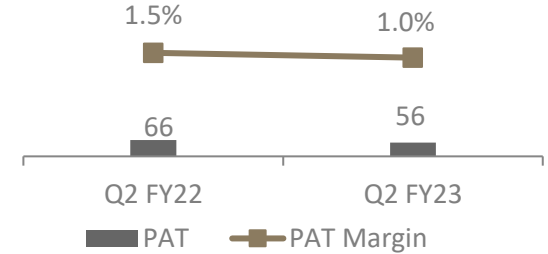
## REVENUES & GROSS MARGIN



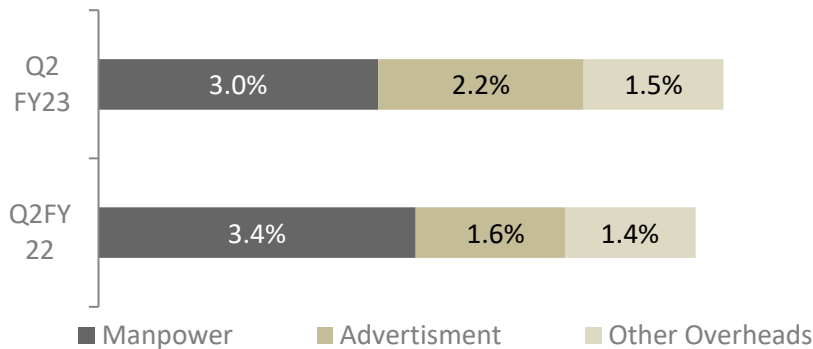
## EBITDA & EBITDA Margin (%)



## PAT & PAT Margin (%)



## OPERATING COSTS (% of Total Revenue)



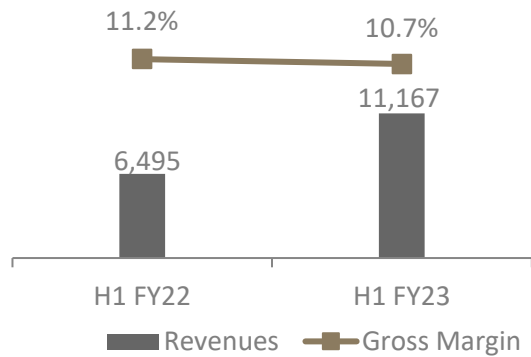
## Other highlights

Share of Diamond Jewellery – Q2 FY23 (Q2 FY22) 24.3% (21.2%)

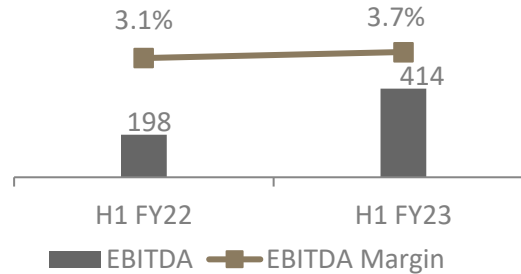
# H1 FY23 RESULT HIGHLIGHTS

In Rs Mn

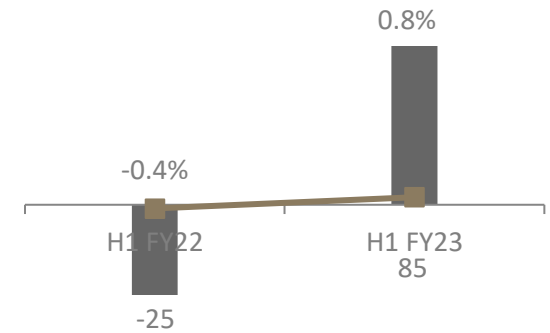
## REVENUES & GROSS MARGIN



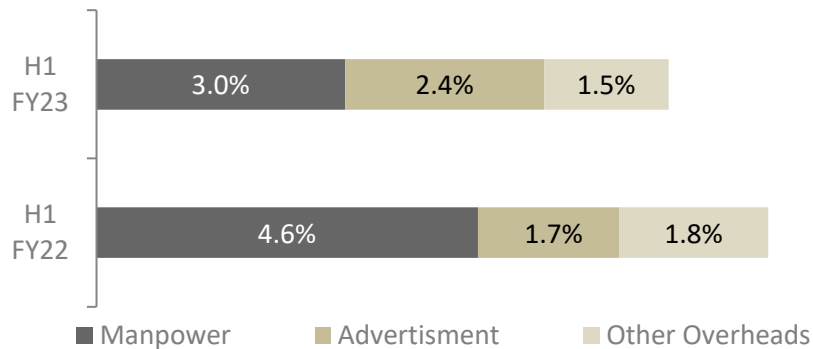
## EBITDA & EBITDA Margin (%)



## PAT & PAT Margin (%)



## OPERATING COSTS (% of Total Revenue)



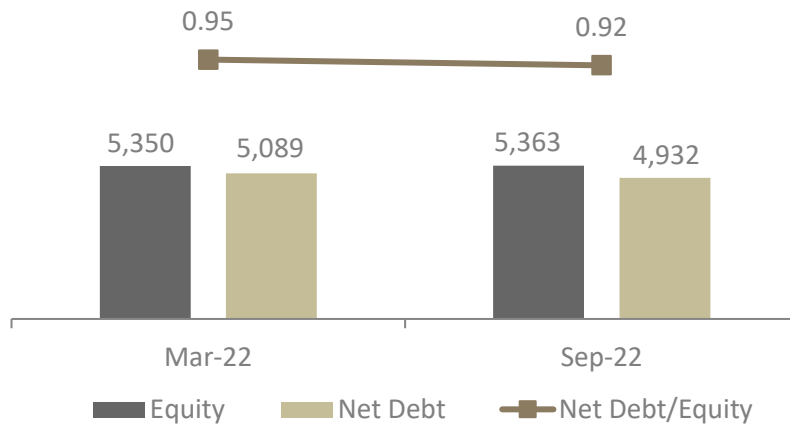
## Other highlights

Share of Diamond Jewellery – H1 FY23 (H1 FY22) 22.0% (20.8%)

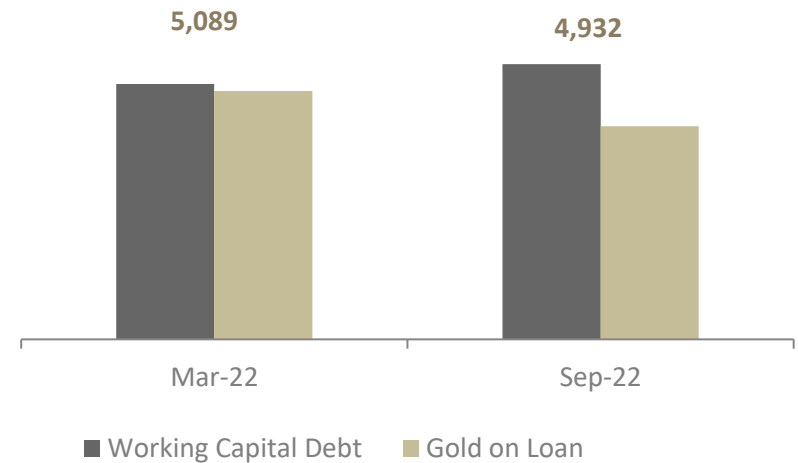
# Q2 & FY23 BALANCE SHEET UPDATE

In Rs Mn

## LEVERAGE ANALYSIS



## TOTAL DEBT BREAKUP



Notes:

1. Net debt reduced from 5,089 mn in Mar-22 to Rs. 4,932 mn in Sept – 22.
2. Gold on Loan is shown as part of borrowings, while some of the listed peers show it under current liabilities / trade payables

## Q2 FY23 - KEY RESULT TAKEAWAYS

### **REVENUE & MARGIN:**

- Revenue in Q2FY23 was up by 17.8% YoY, on account of higher footfalls and consistent conversion.
- Gross margins also improved marginally and stood at 11% in Q2FY23.
- EBITDA stood at ₹228 mn during Q2FY23, up from ₹ 206 mn in Q2FY22.
- Aggressive advertising and marketing campaigns were activated for the 2<sup>nd</sup> quarter to attract higher walk-ins in the festival and wedding season.
- Product mix remained in line with last year. With the upcoming festive and marriage season, several new and appealing designs are being added to the product portfolio.



### **BALANCE SHEET & CASH FLOW:**

- Inventory volumes have been further rationalized during Q2FY23, as part of our overall strategy to rationalize our Inventory this quarter.
- Inventory levels are higher in Q2FY23 as a part of the preparation for the upcoming festive and wedding season, and for stocking the new store.



## Q2 & H1FY23 - PROFIT & LOSS STATEMENT

Particulars (In Rs Mn)	Q2FY23	Q2FY22	YoY %	H1FY23	H1FY22	YoY %
Net Revenues	5,368	4,559	17.7%	11,167	6,495	71.9%
COGS	4,780	4,064	17.6%	9,974	5,769	72.9%
Gross Profit	588	495	18.9%	1,193	726	64.4%
Gross Margin (%)	11.0%	10.8%	11 bps	10.7%	11.2%	-49 bps
Personnel Expenses	163	153	6.6%	339	303	11.9%
Other Expenses	197	135	46.1%	440	225	95.3%
EBITDA	227	206	10.3%	414	198	109.4%
EBITDA Margin (%)	4.2%	4.5%	-29 bps	3.7%	3.0%	66 bps
Depreciation	62	56	10.2%	118	113	0
Other Income	12	26	-53.7%	37	45	-19.6%
Interest Expenses	101	85	19.2%	217	165	31.4%
Profit Before Tax	76	91	-16%	116	-35	-435%
Tax	20	25	-0.2	31	-10	-419.5%
PAT	56	66	-15%	85	-25	-441%
Profit Margin (%)	1.0%	1.5%	-41 bps	0.76%	-0.4%	114 bps



## Q2 FY23 - BALANCE SHEET STATEMENT

Particulars (In Rs Mn)	September-22	June-22	March-22	December-21	September-21
Shareholders Funds	5,363	5,378	5,350	5,317	5,146
Loan Funds	4,932	4,833	5,089	4,076	4,076
Gold on Loan	2155	2,088	2,509	2,051	2,005
Working Capital Loan	2777	2,745	2,580	2,025	2,071
Lease liability	582	513	607	614	544
Provisions	73	72	68	72	68
Other Long -Term Liabilities	3	3	1	1	2
<b>Sources of Funds</b>	<b>10,953</b>	<b>10,799</b>	<b>11,114</b>	<b>10,080</b>	<b>9,835</b>
Net Block	1,299	1,294	1,301	1,264	1,208
Other Long -Term Assets	519	495	486	384	404
Inventory	12,052	11,782	12,058	11,108	10,938
Debtors	39	29	16	22	25
Cash and Bank Balance	411	386	453	371	370
Other Current Assets	321	252	342	295	359
Current Liabilities	3,688	3,466	3,542	3,364	3,469
Net Current Assets	9,135	9,010	9,328	8,432	8,223
<b>Application of Funds</b>	<b>10,953</b>	<b>10,799</b>	<b>11,114</b>	<b>10,080</b>	<b>9,835</b>

# NEW STORE LAUNCH IN KALYAN



## MARKETING INITIATIVES DURING THE QUARTER

- TBZ - The Original tied up with SBI Card during the quarter for the festive offer, where the bank funded cashbacks to customers (up to Rs.5,000 on minimum purchase of Rs.50,000) via SBI.
- Pan-India campaigns for blocking the gold rate and redeeming during the festive season during September (to start advance bookings) were run before Navratri.
- A Sara Ali Khan promotional shoot was carried out in August for the festive season, for both Gold & Diamond festive Jewellery. Content included reels shots for digital content, and wishing on social media
- Promotion of No Making Charges on Diamond Jewellery was run in the month of July, along with 50% off on making of Gold Jewelry run in August during Independence Day week.
- NPS for the quarter was again higher at 71. TBZ is constantly striving at achieving better NPS customer feedback and improve customer experience.



# MARKETING INITIATIVES DURING THE QUARTER

ONE TBZ PROMISE 153

**FLAT**  
**50% OFF**  
ON MAKING CHARGES OF ALL GOLD JEWELLERY\*

100% value on exchange of ANY OLD GOLD

\*Valid only on purchase of Gold. T&Cs. Conditions apply.

**tbz**<sup>®</sup>  
The original since 1864

This advertisement features a dark red background. At the top right is the 'ONE TBZ PROMISE 153' logo. The central text is enclosed in a white-bordered box, announcing a 50% flat discount on making charges for all gold jewelry. Below this, it states a 100% value on exchange for any old gold. A large, ornate gold necklace with circular and floral motifs is displayed at the bottom. The 'tbz' logo and 'The original since 1864' tagline are at the bottom left.

ONE TBZ PROMISE 153  
TRUST OF

\*Conditions Apply

**NO MAKING CHARGES**  
ON DIAMOND JEWELLERY\*

**tbz**<sup>®</sup>  
The original since 1864

This advertisement has an orange-to-red gradient background. It features a woman in a light pink blazer looking towards the camera. To her left, a pair of diamond hoop earrings is shown. The text 'NO MAKING CHARGES ON DIAMOND JEWELLERY' is prominently displayed. A 'ONE TBZ PROMISE 153 TRUST OF' logo is in the top right, and the 'tbz' logo with 'The original since 1864' is at the bottom left. A small note '\*Conditions Apply' is on the left side.

HAPPY  
*Onam*

**tbz**<sup>®</sup>  
The original since 1864  
TRIBHOVANDAS BHIMJI ZAVERI  
SIRIKANT ZAVERI GROUP

This advertisement features a woman in a vibrant red saree with gold borders, adorned with traditional jewelry including a necklace, earrings, bangles, and a ring. She is smiling and has her hands clasped. A play button icon is overlaid on her chest. The text 'HAPPY Onam' is at the top. The 'tbz' logo and 'The original since 1864' tagline are at the bottom. The background is a soft, light-colored gradient.

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- Business Model

# WHY IS TBZ DIFFERENT ?

## Pedigree

- 157+ years in jewellery business
- First jeweller to offer buyback guarantee in 1938
- Professional organisation spearheaded by 5<sup>th</sup> generation of the family

## Strong Brand Value

- Healthy sales productivity
- High footfalls conversion

## Scalability & Reach

- 32 stores (1,00,000 +. ft.)
- Presence – 25 cities, 12 states

## TBZ

SUSTAINABLE  
COMPETITIVE  
ADVANTAGES

## Specialty Wedding Jeweller

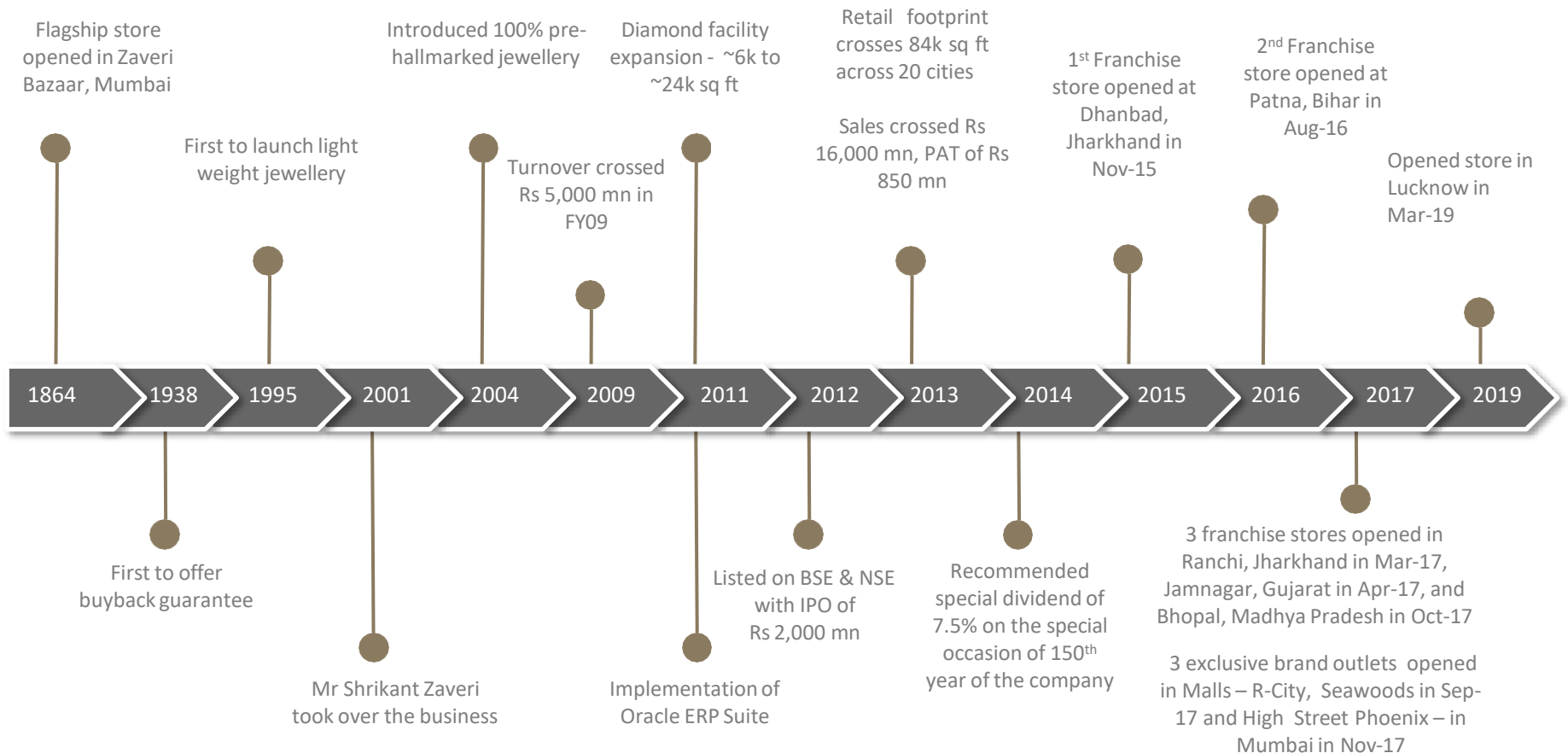
- ~ 65% of sales are wedding & wedding related purchases
- Compulsion buying
- Stable fixed budget purchases by customers

## Design Exclusivity

- 8 - 10 new jewellery lines/year
- In-house diamond jewellery production
- Customer loyalty
- Premium pricing

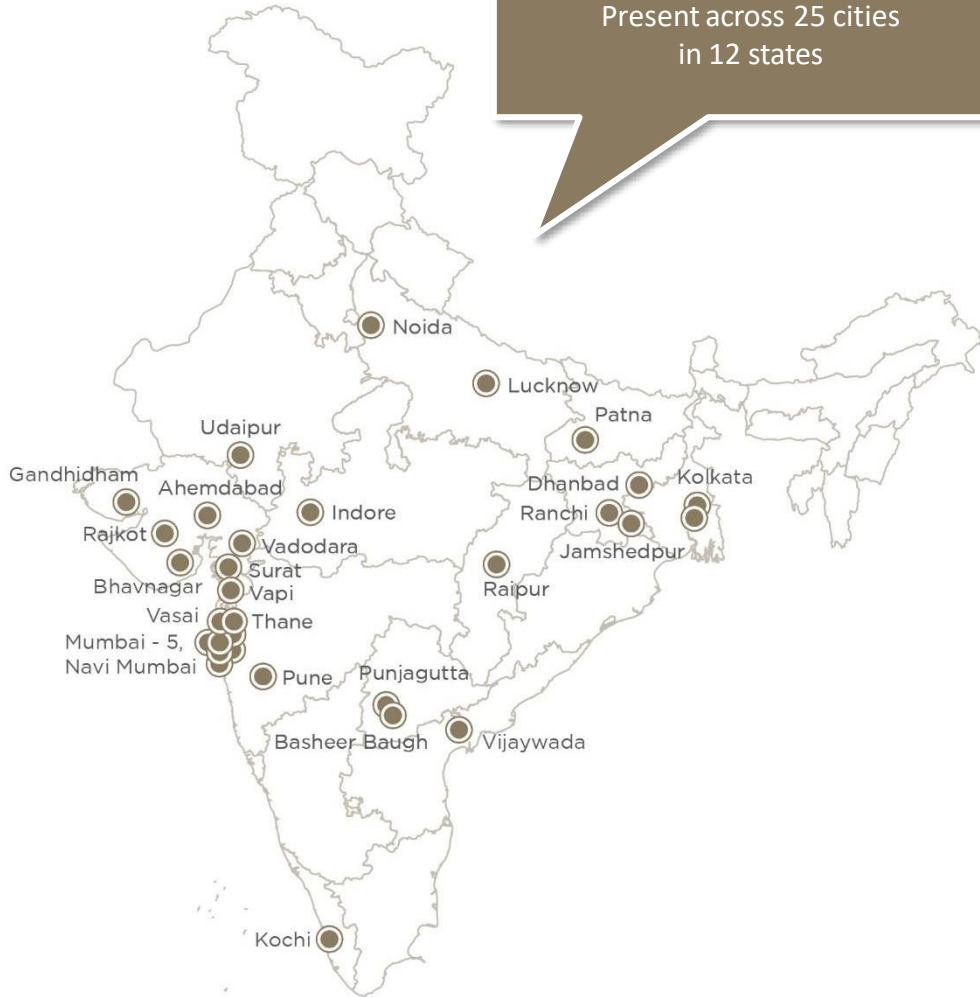
# KEY MILESTONES

## STRONG LEGACY OF MORE THAN 150 YEARS BUILT ON TRUST



# RETAIL PRESENCE

Present across 25 cities in 12 states



PAN-INDIA PRESENCE WITH 32 STORES WITH A RETAIL SPACE OF ~100,000+ SQ. FT. SPREAD ACROSS 25 CITIES IN 12 STATES

NUMBER OF STORES	TILL DATE
Large Format (> 2,000 sq. ft.)	29
Small Format (<= 2,000 sq. ft.)	3
Total Stores	32
Total Area ( sq. ft)	~1,00,000+





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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

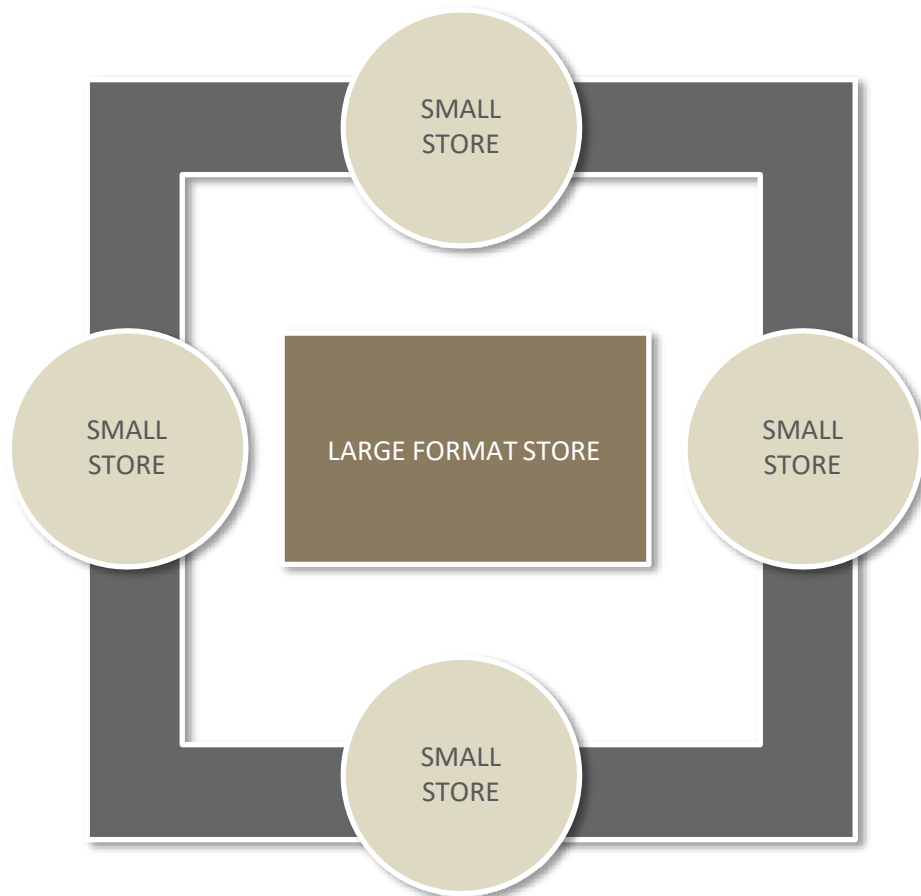
- In-house diamond jewellery manufacturing leading to exclusive designs, lower costs, and higher margins
- Manufacturing facility at Kandivali, Mumbai
- The facility also has a sizeable capacity for gold refining and matching capacity for jewellery components manufacturing.



# 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 ~4.25% 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 9<sup>TH</sup> 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



## CSR INITIATIVES – PROJECT PANKHI

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

- Counsellors engaged in **15** different community settings in Mumbai, Vadodara, Ahmedabad, Pune, Kochi, Patna, Delhi and Hyderabad
- **831** cases reported
- **447** Calls received through helpline
- **5,524** Lives impacted through Online and community awareness sessions
- Partnership with NGOs in different cities –Mumbai, Kochi and Ahmedabad
- **6** Women aided through Telephonic counselling
- Operational with the following organizations:-
  - Stree Mukti Sanghatana, Mumbai
  - Urja, Mumbai
  - Cultural Academy for Peace, Kochi
  - AWAG, Ahmedabad
- Expansion with five new programmes- AWAG, BCC, CORO, MCF, URJA Jogeswari & Urja Dadar



*One call can set you free*





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