

INVESTOR PRESENTATION
Q1 FY23 RESULTS
August 2022



TRIBHOVANDAS BHIMJI ZAVERI
SHRIKANT ZAVERI GROUP

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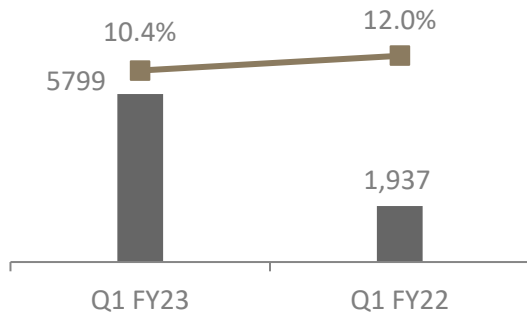
DISCUSSION SUMMARY

- [Q1 FY23 Results Update](#)
- About Us
- Business Model

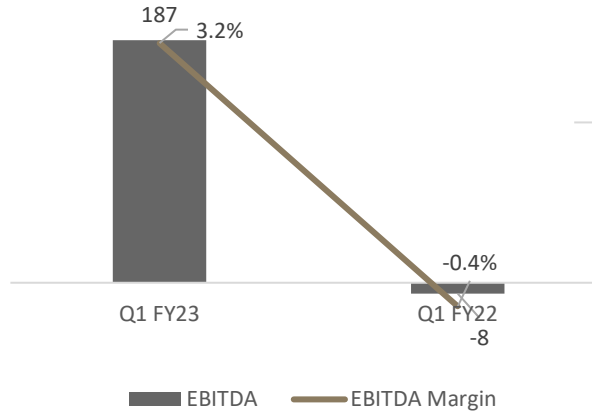
Q1 FY23 RESULT HIGHLIGHTS

In Rs Mn

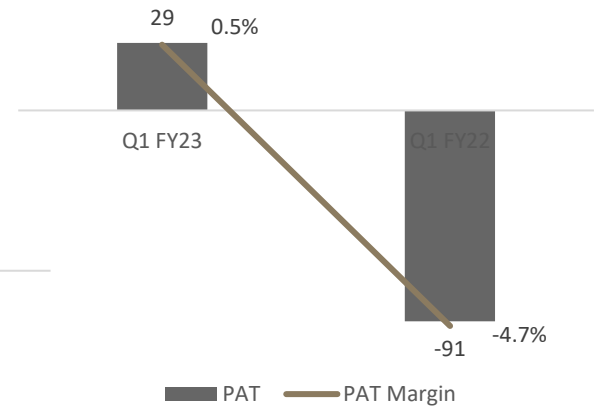
REVENUES & GROSS MARGIN



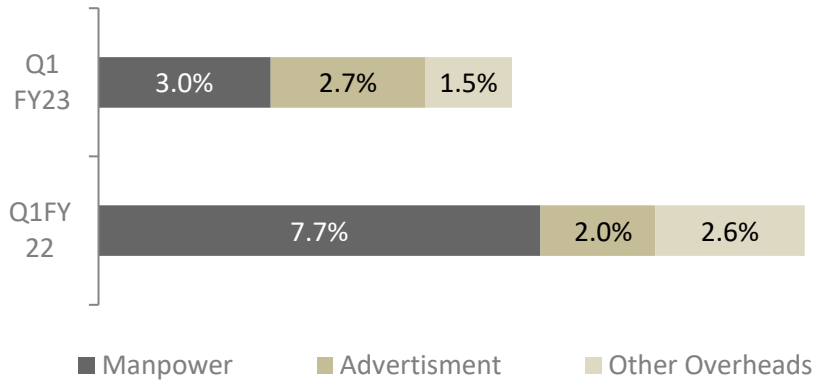
EBITDA & EBITDA Margin (%)



PAT & PAT Margin (%)



OPERATING COSTS (% of Total Revenue)



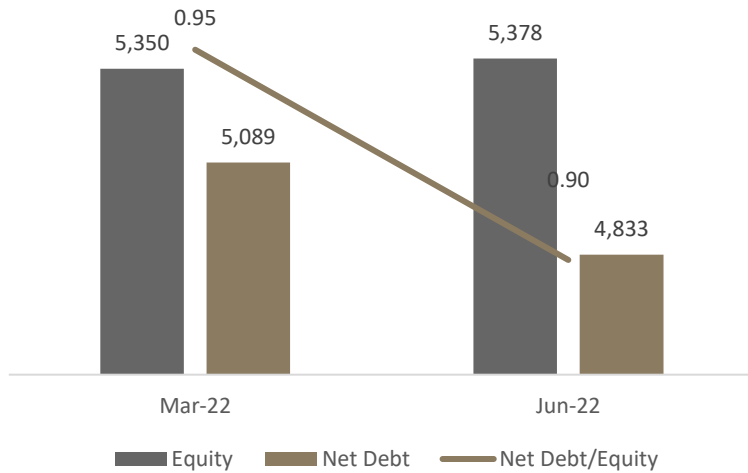
Other highlights

Share of Diamond Jewellery – Q1 FY23 (Q1 FY22) 20.4% (20.5%)

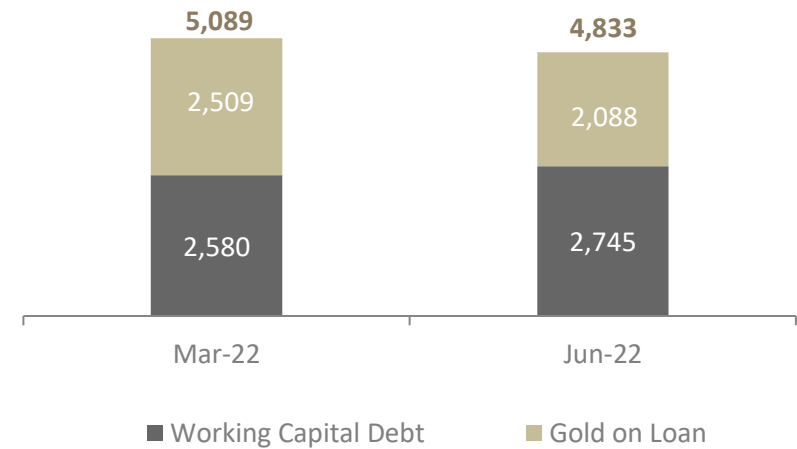
Q1 & FY23 BALANCE SHEET UPDATE

In Rs Mn

LEVERAGE ANALYSIS



TOTAL DEBT BREAKUP



Notes:

1. Net debt reduced by 255.8 mn from Q4 FY 22 to Q1 FY 23 to Rs. 4833 ml.
2. Gold on Loan is shown as part of borrowings, while some of the listed peers show it under current liabilities / trade payables

Q1 FY23 - KEY RESULT TAKEAWAYS

REVENUE & MARGIN:

- Revenue in Q1 FY23 was up by 199% YoY, on account of higher footfalls and consistent conversion. The results - mark the return to pre-COVID business levels.
- Gross margins were marginally impacted due to gold price volatility, however, better operating leverage led to higher EBITDA in Q1FY23.
- EBITDA stood at ₹187mn during Q1FY23 from ₹8 mn loss in Q1FY22.
- Aggressive advertising and marketing campaigns were put out for the 1st quarter to attract higher walk-ins.
- Product mix remained in line with last year, however with the upcoming festive and marriage season the product mix is expected to turn more favourable.



BALANCE SHEET & CASH FLOW:

- Inventory volumes have been further rationalized during Q1FY23, as a part of our overall strategy on Inventory Management this quarter.
- Debt has reduced by ₹255.8 Mn from Q4FY22 to ₹4,833 Mn in Q1FY23.
- This has led to a reduction in overall borrowings by 5% QoQ.



Q1 FY23 - PROFIT & LOSS STATEMENT

Particulars (In Rs Mn)	Q1 FY23	Q1 FY22	YoY %	FY22	FY21	YoY %
Net Revenues	5,799	1,937	199.43%	18,438	13,420	37.4%
COGS	5,194	1,705	204.63%	16,466	11,283	45.9%
Gross Profit	605	232	161.43%	1,973	2,137	-7.7%
Gross Margin (%)	10.4%	12%	-1300bps	10.7%	15.9%	-523 bps
Personnel Expenses	175	150	17%	635	549	15.6%
Other Expenses	243	90	170%	614	378	62.3%
EBITDA	187	-8	N.A	724	1,210	-40.2%
EBITDA Margin (%)	3.22%	-0.4%	N.A	3.9%	9.0%	-509 bps
Depreciation	56	56	-1%	223	263	-15.5%
Other Income	25	20	24%	84	129	-35.0%
Interest Expenses	116	80	45.3%	356	478	-25.6%
Profit Before Tax	39	-125	N.A	229	597	-61.7%
Tax	10	-34	N.A	58	166	-65.3%
PAT	29	-91	N.A	171	431	-60.3%
Profit Margin (%)	0.50%	-4.7%	N.A	0.9%	3.2%	-228 bps

Q1 FY23 - BALANCE SHEET STATEMENT

Particulars (In Rs Mn)	June-22	March-22	December-21	September-21	June-21
Shareholders Funds	5,378	5,350	5,317	5,146	5,246
Loan Funds	4,833	5,089	4,076	4,076	3,452
Gold on Loan	2,088	2,509	2,051	2,005	1,796
Working Capital Loan	2,745	2,580	2,025	2,071	1,656
Lease liability	513	607	614	544	455
Provisions	72	68	72	68	63
Other Long -Term Liabilities	3	1	1	2	3
Sources of Funds	10,799	11,114	10,080	9,835	9,219
Net Block	1,294	1,301	1,264	1,208	1,121
Other Long -Term Assets	495	486	384	404	397
Inventory	11,782	12,058	11,108	10,938	9,694
Debtors	29	16	22	25	23
Cash and Bank Balance	386	453	371	370	404
Other Current Assets	252	342	295	359	329
Current Liabilities	3,466	3,542	3,364	3,469	2,749
Net Current Assets	9,010	9,328	8,432	8,223	7,701
Application of Funds	10,799	11,114	10,080	9,835	9,219

MARKETING INITIATIVES DURING THE QUARTER

- PAN India campaign for Akshaya Tritiya on Gold and Diamond Jewellery (upto 50% off on making charges of Gold & Diamond Jewellery) with the theme of showcasing Indian brides of different cultures.
- Bridal campaign with Aabha bridal Jewellery was carried till May first in ATL and then across primarily through BTL.
- Gold making starting from Rs. 299 and select stores at Flat Rs. 299 making of Gold primarily led via BTL activities like exhibitions , society activations , SMS's, WhatsApps
- Net Promoter Score, based on customer feedback for first quarter is at 67 (up 7% since 2019- pre covid level) and we are constantly striving at achieving higher Net Promoter Score and improving customer experience.



New customer walk-ins increased by 30% QoQ in Q1 FY23
12% Customers who were dormant returned through winback campaign

MARKETING INITIATIVES DURING THE QUARTER

ONE TBZ PROMISE: TRUST OF **158** YEARS

This Akshaya Tritiya, get
50% OFF
on making charges of
GOLD and DIAMOND Jewellery*

Riwayat by **tbz**
BRIDAL JEWELLERY

100% value on exchange of ANY OLD GOLD

ICICI Bank Summer Bonanza

Flat ₹2,500 / ₹5,000 cashback on minimum purchase of ₹50,000 / ₹1 lakh respectively on ICICI Bank Credit Cards
Valid from: 22nd April - 31st May 2022

ONE TBZ PROMISE: TRUST OF **158** YEARS

આ અક્ષય ત્રિતિયા મેળવો
તમામ ગોલ્ડ અને ડાયમંડ જવેલરીની
ધડામણ પર **50%** સુધી ની છૂટ

Riwayat by **tbz**
BRIDAL JEWELLERY

શેષપણ જૂના સોના ના એક્સચેન્જ પર 100% વહેલ્યું

ICICI Bank Summer Bonanza

Flat ₹2,500 / ₹5,000 cashback on minimum purchase of ₹50,000 / ₹1 lakh respectively on ICICI Bank Credit Cards
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ONE TBZ PROMISE: TRUST OF **158** YEARS

tbz[®]
The original since 1864

aabha
BRIDAL JEWELLERY

Starting at ₹1.5 lakhs

100% value on exchange of ANY OLD GOLD*

ICICI Bank Summer Bonanza

Flat ₹2,500 / ₹5,000 cashback on minimum purchase of ₹50,000 / ₹1 lakh respectively on ICICI Bank Credit Cards
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WHY IS TBZ DIFFERENT ?

Pedigree

- 157+ 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

Scalability & Reach

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

TBZ

SUSTAINABLE COMPETITIVE ADVANTAGES

Specialty Wedding Jeweller

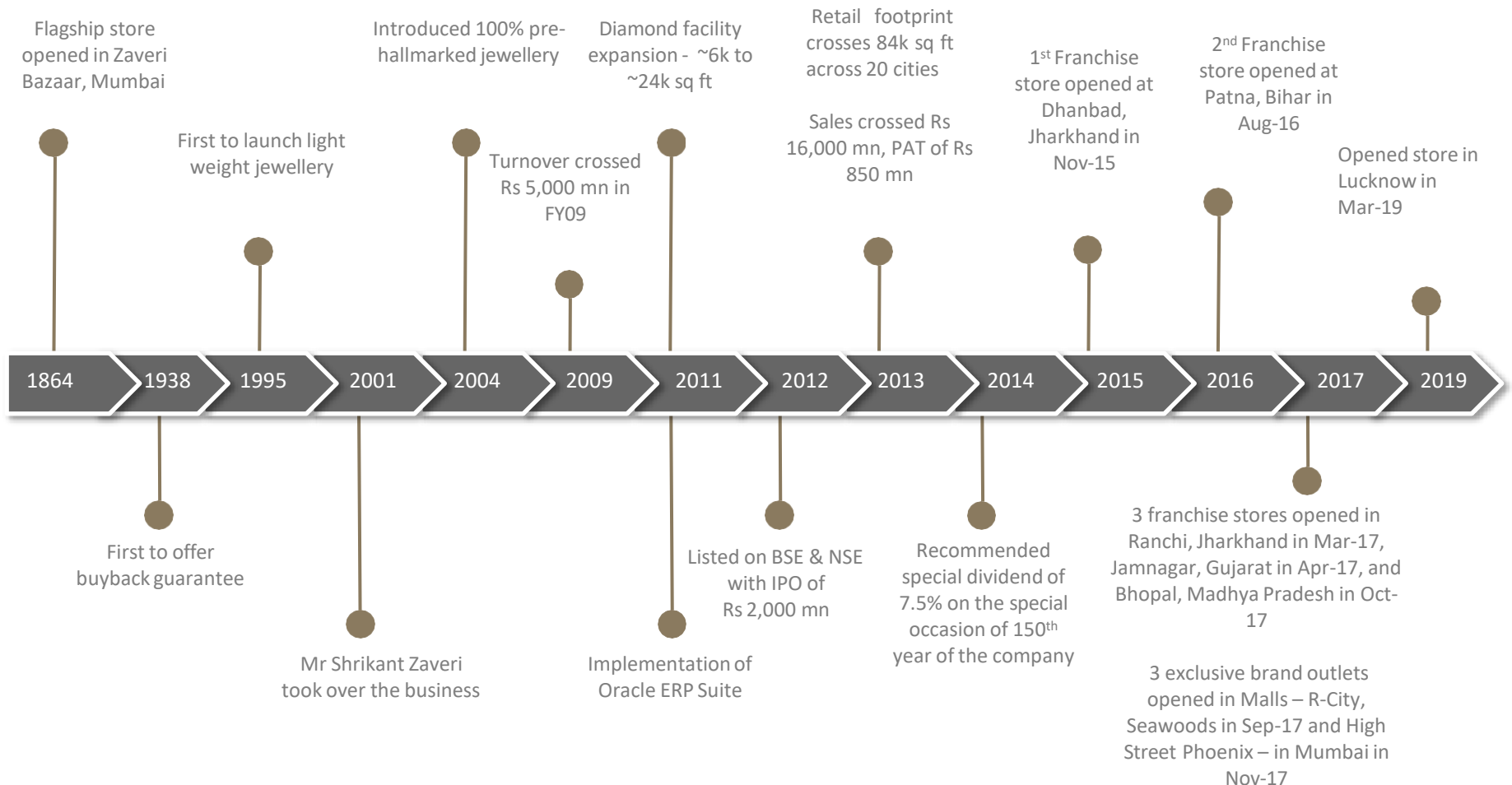
- ~ 65% of sales are wedding & wedding related purchases
- Compulsion buying
- Stable fixed budget purchases by customers

Design Exclusivity

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

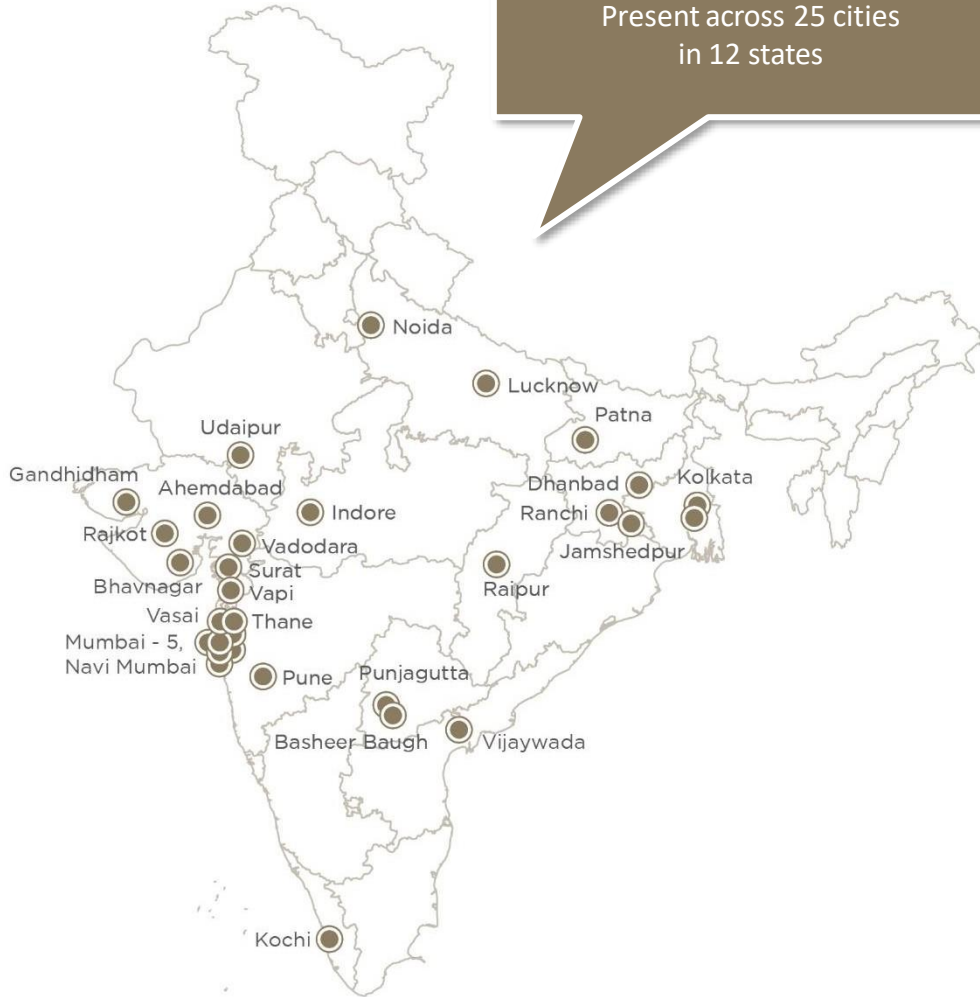
KEY MILESTONES

STRONG LEGACY OF MORE THAN 150 YEARS BUILT ON TRUST



RETAIL PRESENCE

Present across 25 cities
in 12 states



PAN-INDIA PRESENCE WITH 31 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.)	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

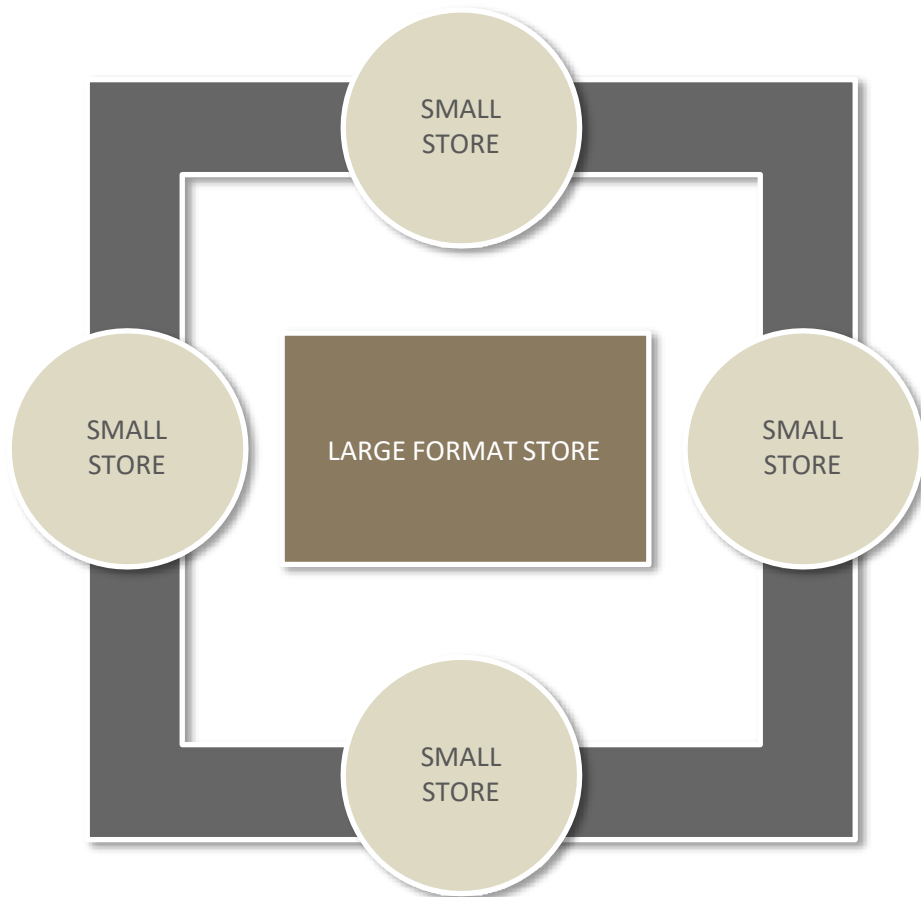
- In-house diamond jewellery manufacturing leading to exclusive designs, lower costs, and higher margins
- Manufacturing facility at Kandivali, Mumbai
- The facility also has a sizeable capacity for gold refining and matching capacity for jewellery components manufacturing.



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 ~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



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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