

# INVESTOR PRESENTATION

Q1 FY22 RESULTS

August 2021



---

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.

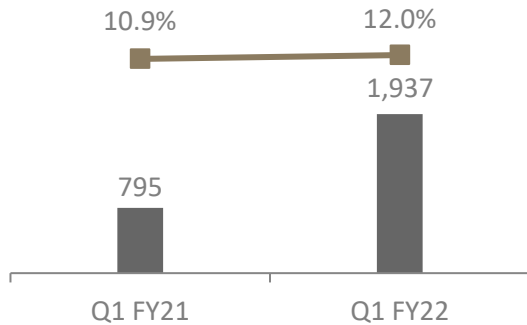
## DISCUSSION SUMMARY

- [Q1 FY22 Results Update](#)
- About Us
- Business Model

# Q1 FY22 RESULT HIGHLIGHTS

In Rs Mn

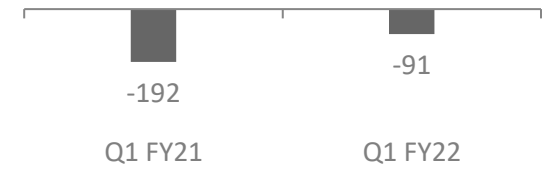
## REVENUES & GROSS MARGIN



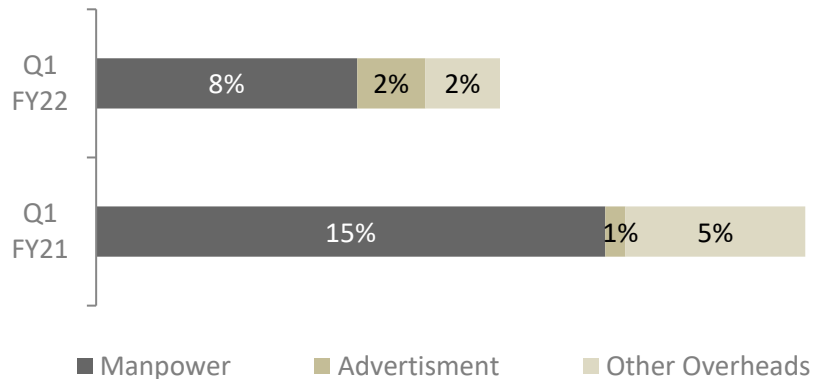
## EBITDA



## PAT



## \*OPERATING COSTS (% of Total Revenue)



## Other highlights

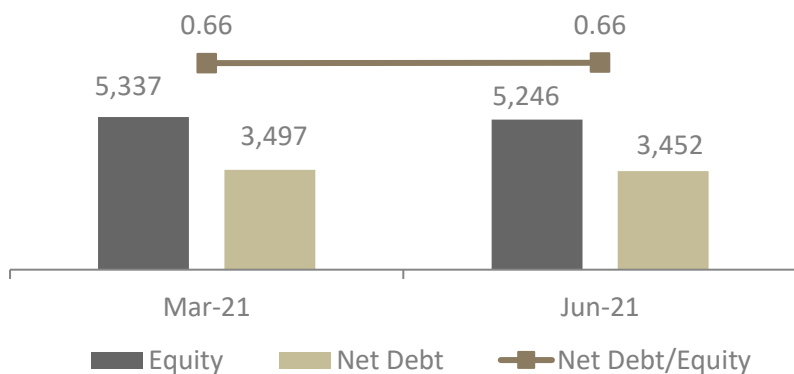
Share of Diamond Jewellery – Q1 FY22 (Q1 FY21) 20.4% (14.4%)

Localised lockdowns affected operating days and hours of stores during the quarter

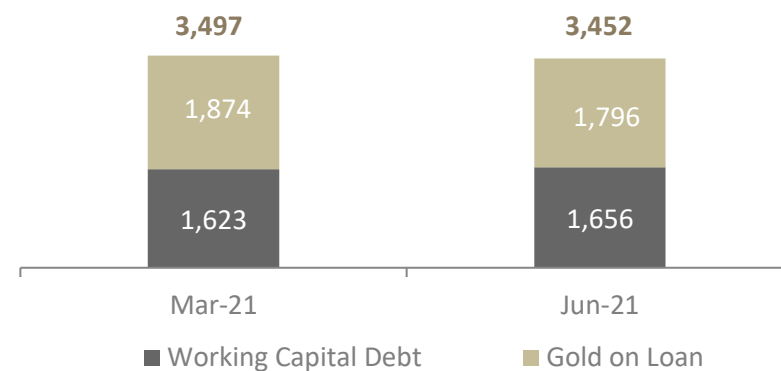
# Q1 FY22 BALANCE SHEET UPDATE

In Rs Mn

## LEVERAGE ANALYSIS



## TOTAL DEBT BREAKUP



### Notes:

1. Total net debt has seen a reduction of 29% YoY from Rs 4830 Mn in Q1FY21 to Rs 3452 Mn in Q1FY22.
2. Gold on Loan is shown as part of borrowings, while some of the listed peers show it under current liabilities / trade payables.

# Q1 FY22 - KEY RESULT TAKEAWAYS

## REVENUE & MARGIN:

- Company reported 144% YoY growth in Revenue along with 101 bps expansion in gross margins in Q1 FY22.
- Localised lockdown and loss of share of revenues during festive season such as Akshay Tritiya and postponement of weddings affected revenues in Q1 FY22
- EBITDA loss reduced to Rs. 8 Mn during Q1FY22 from Rs. 84 Mn during Q1FY21 due to higher sales revenue
- Major austerity and cost efficiency measures taken in all areas of expenses, mainly marketing, rent and other overheads, given the exceptional circumstances prevailing during this quarter
- Interest costs have seen a sharp reduction of 46% YoY due to reduction in debt, and effective management of interest rates.



## BALANCE SHEET & CASH FLOW:

- Inventory volumes have been further rationalized during Q1FY22, as part of our overall strategy on Inventory Management this quarter .
- Net Debt has reduced by Rs 138 Mn YoY to Rs. 3452 Mn in Q1FY22
- This has led to a reduction in overall borrowings by 29% YoY.



## Q1 FY22 - PROFIT & LOSS STATEMENT

| Particulars (In Rs Mn)   | Q1 FY22      | Q1 FY21       | YoY %          | FY21          | FY20          | YoY %          |
|--------------------------|--------------|---------------|----------------|---------------|---------------|----------------|
| <b>Net Revenues</b>      | <b>1937</b>  | <b>795</b>    | <b>143.7%</b>  | <b>13,420</b> | <b>18,101</b> | <b>-25.9%</b>  |
| COGS                     | 1705         | 708           | 141.0%         | 11,283        | 15,565        | -27.5%         |
| <b>Gross Profit</b>      | <b>232</b>   | <b>87</b>     | <b>166.1%</b>  | <b>2,137</b>  | <b>2,535</b>  | <b>-15.7%</b>  |
| <b>Gross Margin (%)</b>  | <b>12%</b>   | <b>10.9%</b>  | <b>101bps</b>  | <b>15.9%</b>  | <b>14.0%</b>  | <b>192 bps</b> |
| Personnel Expenses       | 150          | 123           | 21.6%          | 549           | 762           | -27.9%         |
| Other Expenses           | 90           | 47            | 91.5%          | 378           | 658           | -42.5%         |
| <b>EBITDA</b>            | <b>-8</b>    | <b>-84</b>    | <b>-</b>       | <b>1,210</b>  | <b>1,116</b>  | <b>8.4%</b>    |
| <b>EBITDA Margin (%)</b> | <b>-0.4%</b> | <b>-10.5%</b> | <b>1009bps</b> | <b>9.0%</b>   | <b>6.2%</b>   | <b>285 bps</b> |
| Depreciation             | 56           | 70            | -19.0%         | 263           | 320           | -17.7%         |
| Other Income             | 20           | 45            | -56.0%         | 129           | 54            | 137.9%         |
| Interest Expenses        | 80           | 150           | -46.2%         | 478           | 561           | -14.7%         |
| <b>Profit Before Tax</b> | <b>-125</b>  | <b>-258</b>   | <b>-</b>       | <b>597</b>    | <b>289</b>    | <b>106.8%</b>  |
| Tax                      | -34          | -66           | -              | 166           | 69            | 139.4%         |
| <b>PAT</b>               | <b>-91</b>   | <b>-192</b>   | <b>-</b>       | <b>431</b>    | <b>219</b>    | <b>96.4%</b>   |
| <b>Profit Margin (%)</b> | <b>-4.7%</b> | <b>-24.1%</b> | <b>1942bps</b> | <b>3.2%</b>   | <b>1.2%</b>   | <b>200 bps</b> |

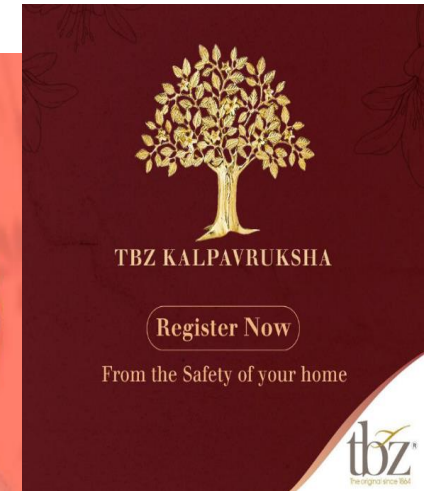
## Q1 FY22 - BALANCE SHEET STATEMENT

| Particulars (In Rs Mn)       | June-21      | March-21     | December-20  | September-20  | June-20       |
|------------------------------|--------------|--------------|--------------|---------------|---------------|
| Shareholders Funds           | 5,246        | 5,337        | 5,255        | 4,864         | 4,730         |
| Loan Funds                   | 3,452        | 3,497        | 3,330        | 4,711         | 5,320         |
| Gold on Loan                 | 1,796        | 1,874        | 1,690        | 940           | 1,480         |
| Working Capital Loan         | 1,656        | 1,623        | 1,640        | 3,771         | 3,840         |
| Lease liability              | 455          | 483          | 532          | 564           | 800           |
| Provisions                   | 63           | 63           | 71           | -             | -             |
| Other Long -Term Liabilities | 3            | 23           | 82           | -             | 70            |
| <b>Sources of Funds</b>      | <b>9,219</b> | <b>9,403</b> | <b>9,270</b> | <b>10,205</b> | <b>10,920</b> |
| Net Block                    | 1,121        | 1,175        | 1,442        | 1,565         | 1,620         |
| Other Long -Term Assets      | 397          | 358          | 127          | 195           | 290           |
| Inventory                    | 9,694        | 9,958        | 9,502        | 10,343        | 11,450        |
| Debtors                      | 23           | 34           | 20           | 14            | 150           |
| Cash and Bank Balance        | 404          | 394          | 461          | 404           | 490           |
| Other Current Assets         | 329          | 316          | 296          | 343           | 470           |
| Current Liabilities          | 2749         | 2,831        | 2,579        | 2,659         | 3,550         |
| Net Current Assets           | 7701         | 7,871        | 7,700        | 8,445         | 9,010         |
| <b>Application of Funds</b>  | <b>9,219</b> | <b>9,403</b> | <b>9,270</b> | <b>10,205</b> | <b>10,920</b> |



## MARKETING INITIATIVES DURING THE QUARTER

- Flat 50% off on making charges of gold and diamond jewellery
- Scheme to Pre Book Now and buy Later safely from home
- Special campaign for Mothers Day & Fathers Day through various social media platforms
- Digital focus to promote
  - Akshaya Tritiya digitally and via wats app
  - Kalpavruksha Gold block promotion
  - Video calling, SMS and tele-calling customers based on CRM data for Akshaya Tritiya, old gold promotion, KP Gold block plan
- Plan to upgrade old gold to New diamond has helped drive newer walk-ins
- Net Promoter Score, based on customer feedback for first quarter is at 66 and we are constantly striving at achieving higher Net Promoter Score and improving customer experience



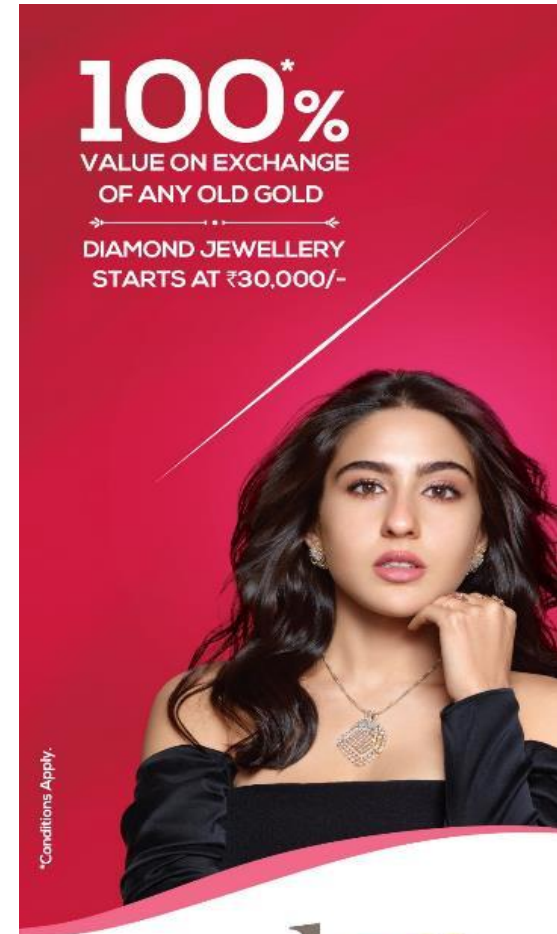
**New customer walk-ins increased by 7% YoY in Q1 FY22**  
**16% Customers who were dormant returned through winback campaign**

# MARKETING INITIATIVES DURING THE QUARTER



1,319 views · Liked by tinglabs

tbz.theoriginal Keeping your family, especially your mother, safe at home is our biggest priority. Wishing everyone a safe and Happy Mother's Day. 😊 ... more



## DISCUSSION SUMMARY

- Q1 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 5<sup>th</sup> 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

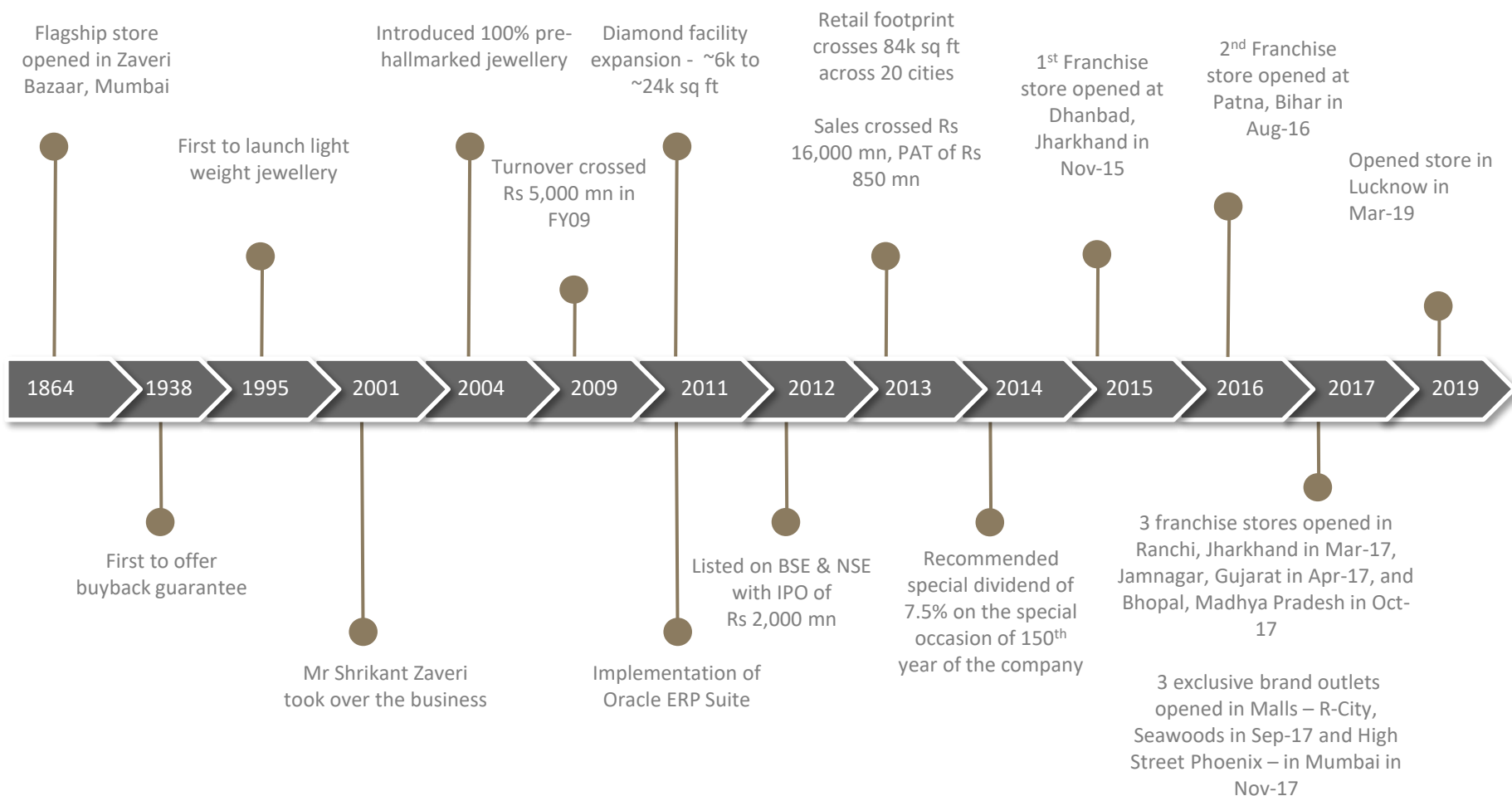
- ~ 65% of sales are wedding & wedding related purchases
- Compulsion buying
- Stable fixed budget purchases by customers

## Design Exclusivity

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

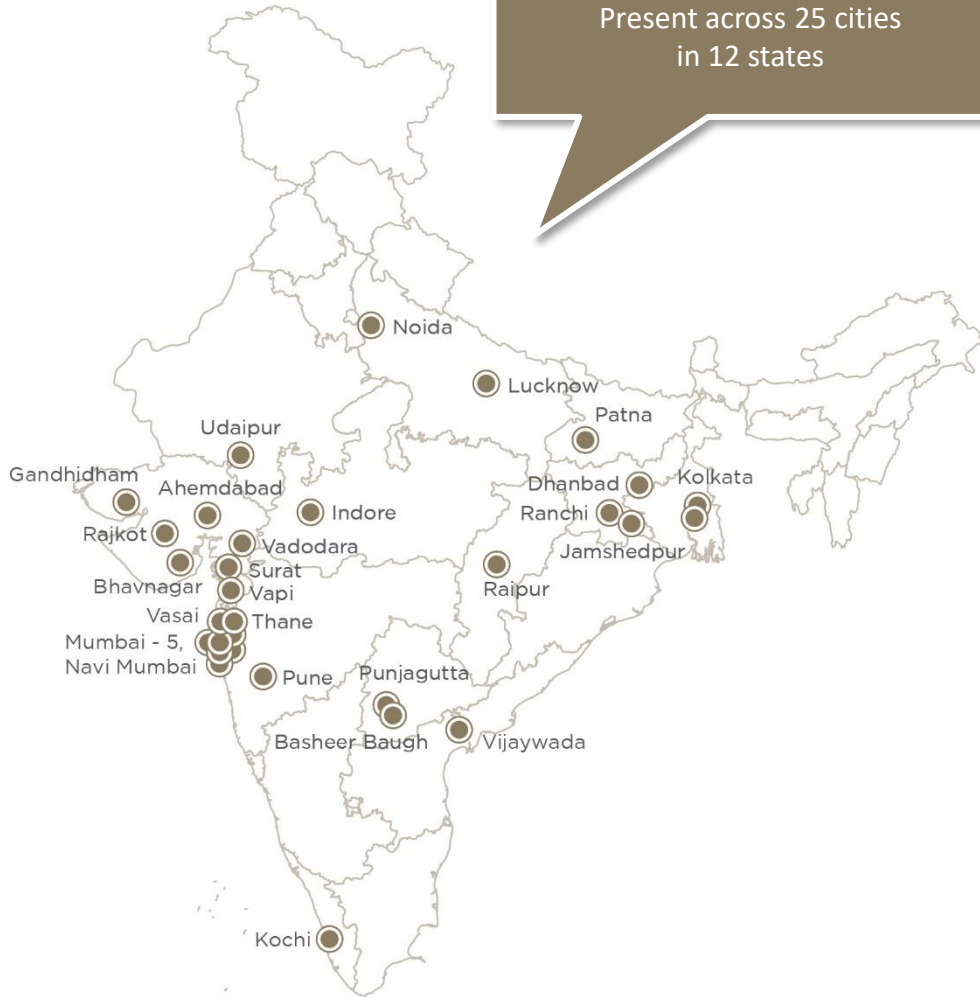
# KEY MILESTONES

## 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

- Q1 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

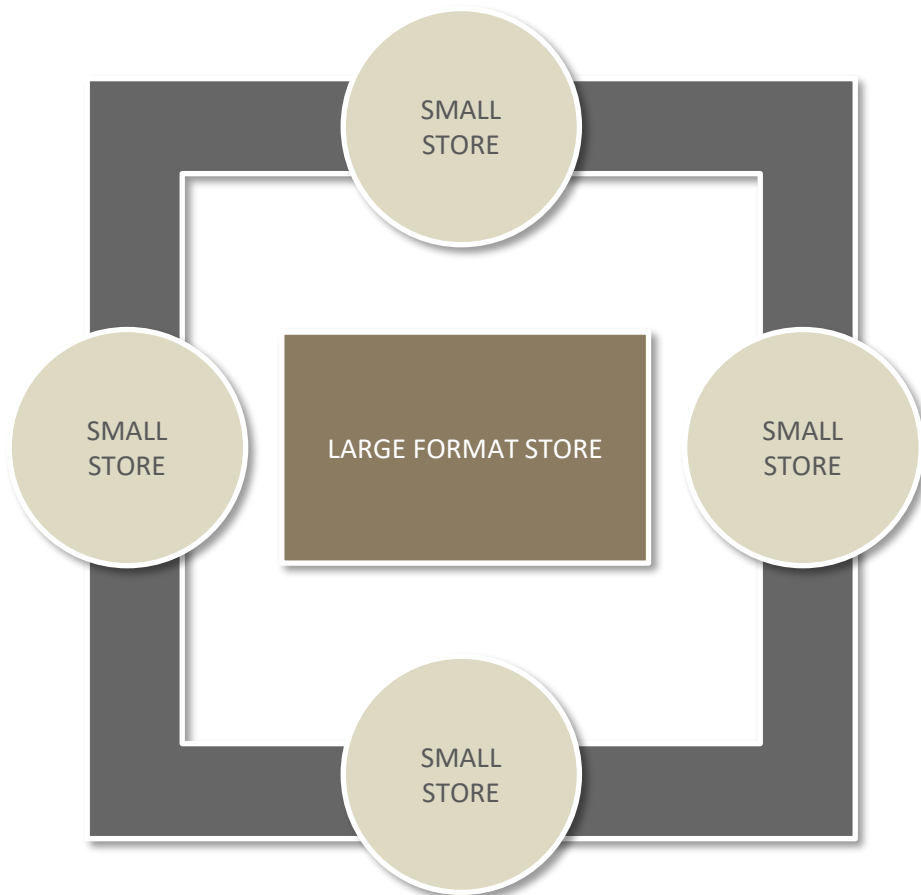
- In-house diamond jewellery manufacturing leading to exclusive designs, lower costs, and higher margins
- Manufacturing facility at Kandivali, Mumbai spread over ~24,000 sq ft with capacity of ~30,000 cts
- The facility also has capacity for 4,000 kg of gold refining and 4,500 kg of gold jewellery components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

- Counselors engaged in **12** different community settings in Mumbai, Vadodara, Ahmedabad, Pune, Kochi, Patna, Delhi and Hyderabad
- **515** cases reported
- **458** Calls received through helpline
- **7,197** Lives impacted through Online and community awareness sessions
- Partnership with NGOs in new district of Maharashtra –Palghar and Thane
- **43** women supported through newly launched Skill Development program launched in March 21 with the objective of empowering survivors of domestic violence and making them self-sufficient
- Operational with following organizations:-
  - Stree Mukti Sanghatana, Mumbai
  - Shanti Sahyog, Delhi
  - Cultural Academy for Peace, Kochi
  - AWAG, Ahmedabad
- Expansion with 5 new program- Srujna, Labour Net, Lok Bharti, Urja & BCC





TRIBHOVANDAS BHIMJI ZAVERI  
SHRIKANT ZAVERI GROUP



Pushpa Mani / Chintan Mehta  
IR Consultant  
Dickenson  
+91 9911684123 /9892183389  
tbz@dickensonworld.om



TRIBHOVANDAS BHIMJI ZAVERI  
SHRIKANT ZAVERI GROUP

Saurav Banerjee  
Chief Financial Officer  
Tribhovandas Bhimji Zaveri Limited  
+91 022 30735000  
saurav.banerjee@tbzoriginal.com