

Date: 26<sup>th</sup> June, 2020

To,  
The Manager,  
Compliance Department  
**BSE Limited**

Corporate Service Department,  
Phiroze Jeejeebhoy Towers, G Block, Bandra-Kurla Complex,  
Dalal Street, Mumbai - 400 001.

To,  
The Manager,  
Compliance Department  
**National Stock Exchange of India Limited**

Exchange Plaza, Plot No. C/1,  
Bandra (East), Mumbai - 400 051.

Dear Sir / Madam,

Re: **Tribhovandas Bhimji Zaveri Limited. Script Code & ID: 534369 / TBZ**  
Sub: **Investors / Analysts' Presentation {Disclosure of Material Event/  
Information under Regulation 30 of SEBI (Listing Obligations and  
Disclosure Requirements) Regulations, 2015}**

Further to our letter dated 19<sup>th</sup> June, 2020 on the Conference Call, and pursuant to Regulation 30(6) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a copy of the Earnings Presentation that we propose to make during the Conference Call for analyst and investors scheduled to be held on Friday, 26<sup>th</sup> June, 2020 at 4.30 p.m. (IST) is enclosed and the said Earnings Presentation has also been uploaded on the Company's Website at [www.tbztheoriginal.com](http://www.tbztheoriginal.com).

Kindly take the same on record and acknowledge the receipt of the same.

Thanking You.

Yours faithfully,  
For **Tribhovandas Bhimji Zaveri Limited**

**Niraj Oza**  
**Head - Legal & Company Secretary**

Encl: as above



**Tribhovandas Bhimji Zaveri Ltd.**  
CIN No : L27205MH2007PLC172598

Regd. Office: 241/243, Zaveri Bazar, Mumbai - 400 002. Tel.: +91 22 3956 5001, 91 22 4046 5001  
Corp. Office: 11th Floor, West Wing, Tulsiyani Chambers, Free Press Journal Road, Nariman Point, Mumbai - 400021.  
Tel.: 02230735000, 91 22 4925 5000 [www.tbztheoriginal.com](http://www.tbztheoriginal.com)

# INVESTOR PRESENTATION

Q4 & FY20 RESULTS

June 2020



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TRIBHOVANDAS BHIMJI ZAVERI  
SHRIKANT ZAVERI GROUP

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## DISCUSSION SUMMARY

- [COVID-19 Impact](#)
- [Q4 & FY20 Results Update](#)
- [About Us](#)
- [Operational Summary](#)
- [Business Model](#)

## COVID-19 Impact

- The spread of Novel Corona Virus (commonly referred to as COVID19) across the world and the destruction that it brought about was felt & witnessed in India right from the beginning of March, 2020, compelling the State as well as Central Governments to announce a slew of stringent measures, including complete lockdowns, in order to attempt to control its spread in India.
- In compliance with the Central and State Government directives regarding the nation-wide lockdown due to the pandemic, TBZ's operations remained suspended from the latter half of March 2020 onwards. Retail Stores, Corporate offices and Manufacturing facilities were shut down completely during the lockdown period.
- Difficult macroeconomic environment and weak consumer sentiments coupled with high gold prices and the rapid spread of COVID-19 & lockdown did impact the demand for jewellery adversely in Quarter 4FY20, particularly since Mid-February.
- With the gradual lifting of the lockdown restrictions, TBZ has re-opened most of its stores in the country from beginning of June 2020 onwards, except those that are located in the Containment Zones. TBZ has implemented strict social distancing norms, stringent sanitisation measures and all other safety measures as prescribed by the Authorities.
- Despite these unprecedented challenges the company's performance has been encouraging. The Company achieved Same Store Sales Growth of around 8% for 11 months ie till February20.
- The impact of COVID-19 is expected to linger, and we expect revenues to pick up gradually over the next 3 to 4 months. Weddings that were postponed due to the lockdown, upcoming festive season along with the wedding season are expected to contribute to higher revenues as the year progresses.
- TBZ is well-positioned to take advantage of the rebound in consumer buying in the months to come and shall come out of the shadow of this pandemic as a brand that is agile, lean and poised for sustainable growth in years to come.

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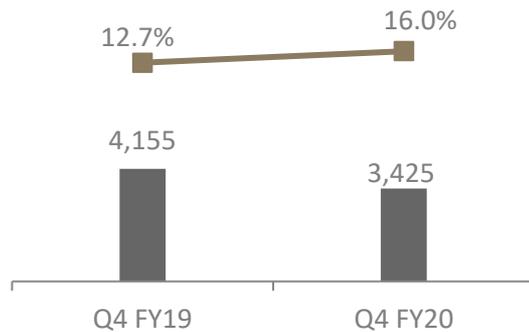
# Q4 FY20 RESULT HIGHLIGHTS

\*On comparable basis (before taking into account IND AS 116) Q4 FY 20 EBITDA Margins are 4.8%

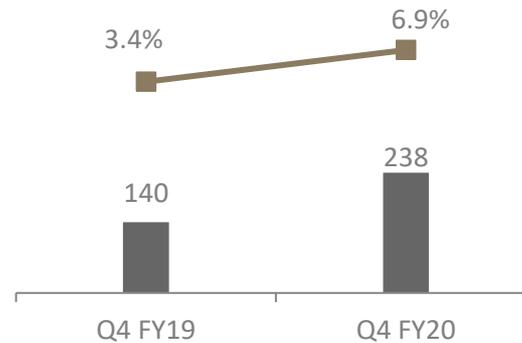
\*\*The latter half of March'20 and consequently Q4 & FY revenues & earnings were affected by country wide lockdowns as a result of COVID-19 Pandemic

In Rs Mn

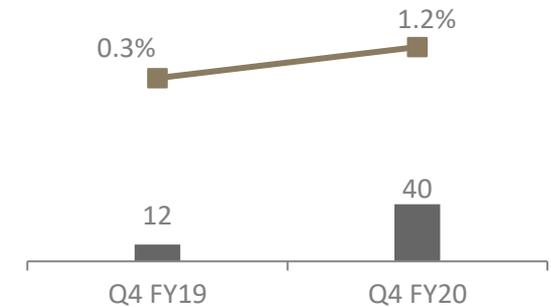
## REVENUES & GROSS MARGIN



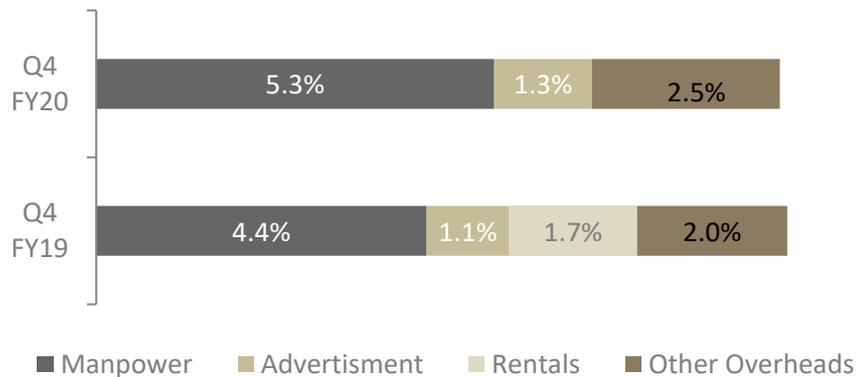
## \*EBITDA & EBITDA MARGIN



## PAT & PAT MARGIN



## OPERATING COSTS (% of Total Revenue)



## REVENUE ANALYSIS

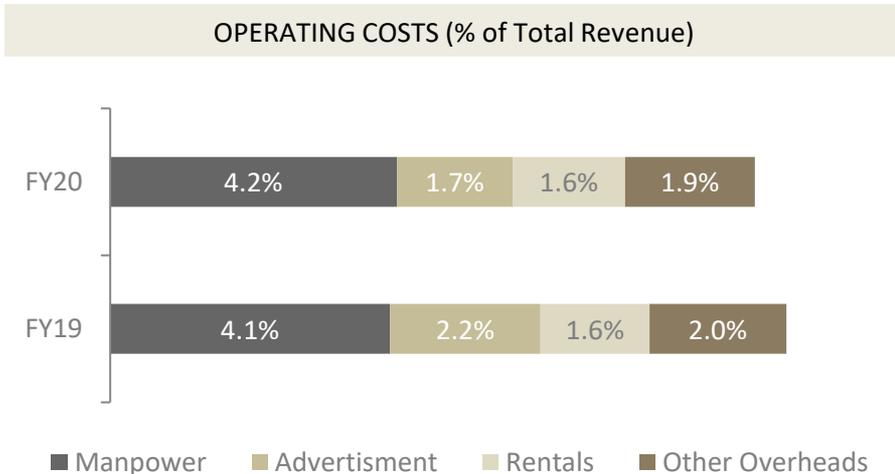
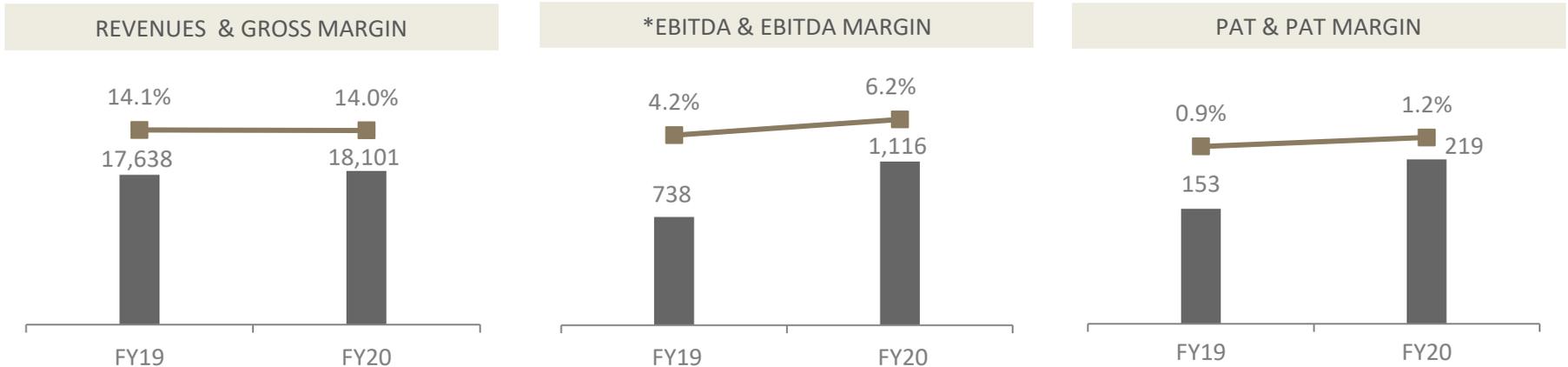
Total Revenue Growth % - Q4 FY20	-17%
Same Store Sales Growth % - Q4 FY20	-16%
Share of Diamond Jewellery - Q4 FY20 (Q4 FY19)	23%(19%)

# FY20 RESULT HIGHLIGHTS

\*On comparable basis (before taking into account IND AS 116) Q4 FY 20 EBITDA Margins are 4.8%

\*\*The latter half of March'20 and consequently Q4 & FY revenues & earnings were affected by country wide lockdowns as a result of COVID-19 Pandemic

In Rs Mn



REVENUE ANALYSIS	
Total Revenue Growth % - FY20	3%
Same Store Sales Growth % - April 2019 to February 20	8%
Share of Diamond Jewellery - FY20 (FY19)	23%(22%)

## FY20 ESTIMATED COVID-19 IMPACT ON FINANCIALS

Particulars (Rs Mn)	Q4FY20	COVID Adjusted	Q4FY19
Revenue	3,425	4,415	4,155
EBIDTA	238	376	140
PBT	25	165	15
PAT	40	180	12

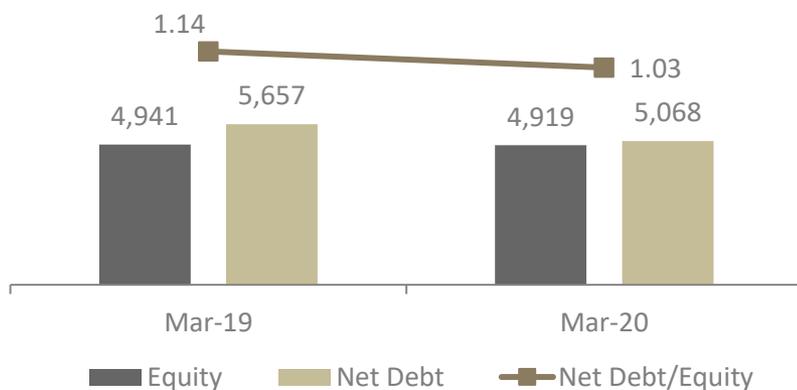
Particulars (Rs Mn)	FY20	COVID Adjusted	FY19
Revenue	18,101	19,000	17,638
EBIDTA	1,116	1,250	738
PBT	289	427	231
PAT	219	325	153

Particulars	(1 <sup>ST</sup> April 2019 - February 2020)	(1 <sup>ST</sup> April 2019 - 31 <sup>ST</sup> March20)
Sales Growth	8%	3%
Same stores sales growth	8%	3%

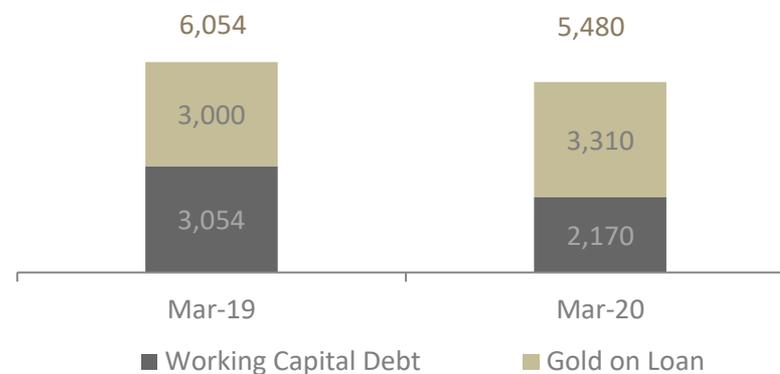
# Q4 FY20 BALANCE SHEET UPDATE

In Rs Mn

## LEVERAGE ANALYSIS



## TOTAL DEBT BREAKUP



Notes:

- 1) Gold on Loan is shown as part of short term borrowings, while some of the listed peers show it under current liabilities / trade payables.
- 2) Out Of Total Gold inventory as on 31<sup>ST</sup> Mar 2020 Gold on Loan is 39% as compared to 49% as on 31<sup>st</sup> March 2019

## Q4 FY20 - KEY RESULT TAKEAWAYS

### REVENUE & MARGIN:

- Nationwide lockdown and loss of share of revenues during festive season such as Gudi Padwa along with other regional festivals in different parts of the country affected revenues in Q4 FY20
- Gross margin improved from 12.7% in Q4 FY19 to 16.7% in Q4 FY20 due to higher share of diamond Jewellery (19% in Q4FY19 to 23%in Q4FY20) & Gold Price impact
- EBITDA Margin during the quarter has improved due to effectiveness of marketing spends, manpower rationalization , automation & constant review of other operating costs



### BALANCE SHEET & CASH FLOW:

- Reduction in total net debt by 589Mn in FY20 improved Net Debt to Equity Ratio from 1.14x in Q4 FY19 to 1.03x in Q4 FY20
- Efficient working capital management has led to overall reduction in working capital debt by 884Mn YoY



## Impact of IND AS 116

IND AS 116 (Accounting for leases) was mandated from 1st April 2019

This Ind-AS has the following impact:

- 1) On Profit & Loss: Lease Rental expenses is replaced by Depreciation and Interest Expenses.
- 2) On Balance sheet: The Accounting Standard essentially brings all the leases into the balance sheet as a “Right to use” on asset side with a corresponding “Lease obligation” on Liability Side.

The Company has opted to adopt “Modified Retrospective approach”, by which we go back to the start of the leases and arrive at the “Right to use” assets and the “Lease obligation” on 1st April 2019 and the difference between the liabilities and assets is reduced from the opening net worth as on 31st March, 2020.

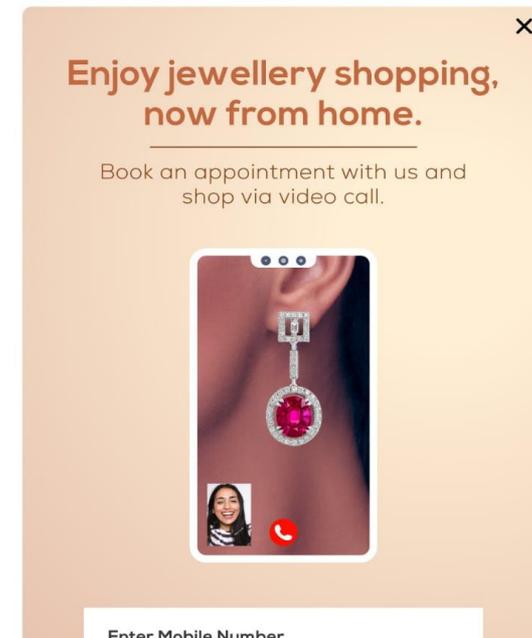
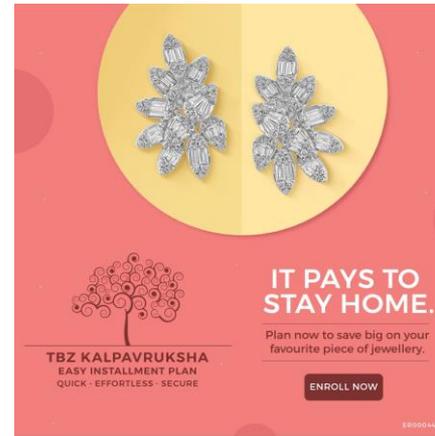
The actual impact of adoption of Ind-AS is as follows: -

In Q4 FY20 Increase in depreciation by Rs.50Mn along with interest expense by Rs.24Mn and reduction of other expenses by 76Mn resulting into higher PBT by 2Mn

As at 31<sup>st</sup> March,2020 we recognised Right to use assets of Rs.794Mn and Lease liability of Rs.956Mn and the difference of Rs.106Mn (net of deferred tax assets of Rs.56Mn.) has been adjusted in retained earnings.

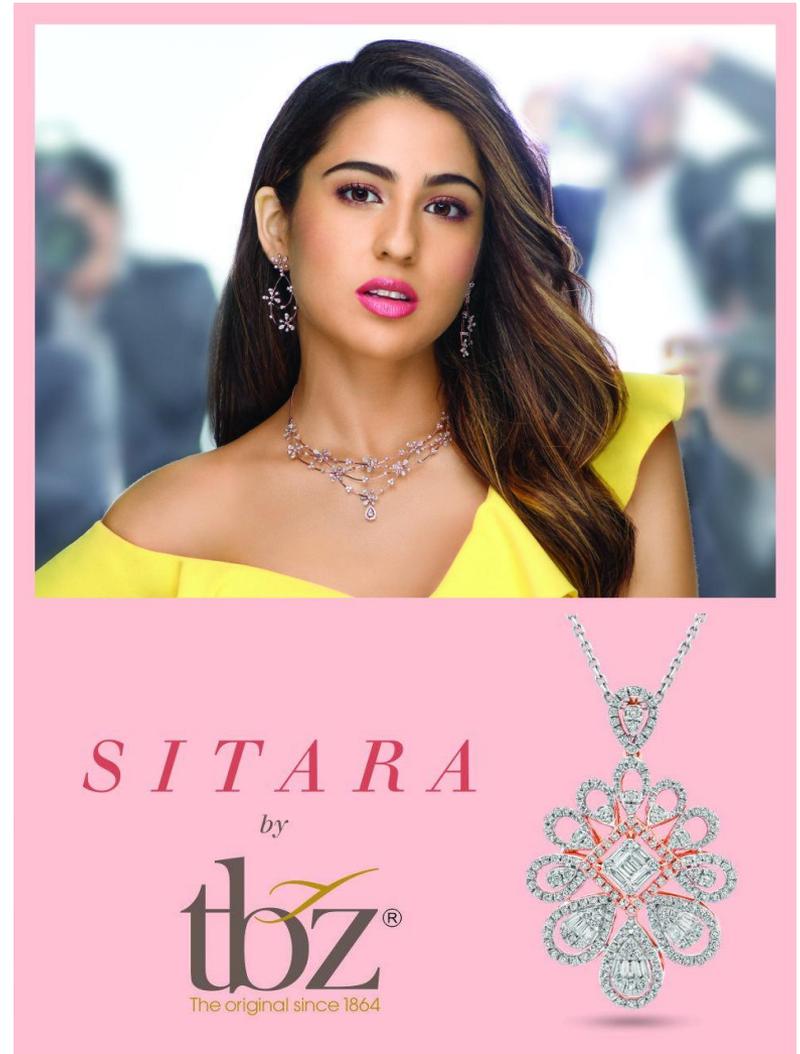
# MARKETING INITIATIVES DURING COVID19

- During lockdown focus was on Loyal customers and ensuring that they had access to the brand Completely online Kalpvruksha scheme
- Post lockdown focus is on Customer safety - Safe to shop at TBZ campaign Use digital media to reach out to new customers
- Focus on affordable diamond jewelry at lower price points
- Continued focus on Kalpvruksha scheme
- Using technology to improve customer experience and ensure their safety
  - Shop via video call
  - Personalised digital brochures
  - Store visits by online appointments



## BRAND BUILDING & MARKETING INITIATIVES

- TBZ has been making consistent investments in its marketing activities to widen its customer base and promote the brand in India
- TBZ launched Bridal collection Riwayat and other collection
- TBZ appointed Bollywood actress Sara Ali Khan as its brand ambassador
- Sara Ali Khan will feature in several brand campaigns endorsing the 'TBZ-The Original' brand across India
- Launched Sitara – Affordable diamond jewellery collection range with Sara Ali Khan
- Launched - Affordable gold jewellery collection



## LAUNCHES & COLLECTION



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

Channel your inner goddess



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

Three times more breath-taking.

# JEWELLERY DESIGNS & COLLECTIONS



*NOOR*  
COLLECTION *by* **tbz**<sup>®</sup>  
The original since 1864



# CONTEMPORARY JEWELLERY DESIGNS & COLLECTIONS



PRETTY *lil* THINGS

Contemporary, innovative jewellery  
specially created for millennials



*Sunshine* by **tbz**<sup>®</sup>  
YELLOW DIAMOND JEWELLERY  
The original since 1864

RANGE STARTING FROM ₹ 30000/-

OUTSHINE THE BRILLIANCE  
OF THE SUN

# CONTEMPORARY JEWELLERY DESIGNS & COLLECTIONS



## Riwayat

BRIDAL JEWELLERY

range starts from  
₹3 lakhs



COLLECTION

EXCLUSIVE JEWELLERY PARTNER

GOLD COLLECTION IN STORES

# CONTEMPORARY JEWELLERY DESIGNS & COLLECTIONS



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

## PLATINUM VOWS

Platinum couple bands to give your special day  
that extra sparkle



## Q4 FY20 - PROFIT & LOSS STATEMENT

Particulars (In Rs Mn) – Standalone	Q4 FY20	Q4 FY19	YoY %	FY20	FY19	YOY %
Net Revenues*	3,425	4,155	-17.6%	18,101	17,638	2.6%
COGS	2,877	3,629	-20.7%	15,565	15,149	2.7%
Gross Profit	548	526	4.3%	2,536	2,489	1.9%
Gross Margin (%)	16.0%	12.7%	335 bps	14.0%	14.1%	-11 bps
Personnel Expenses	180	185	-2.0%	762	732	4.1%
Other Expenses (refer slide 8)	130	201	-35.6%	658	1,019	-35.4%
EBITDA	238	140	69.8%	1,116	738	51.2%
EBITDA Margin (%)	6.9%	3.4%	357 bps	6.2%	4.2%	198 bps
Depreciation	86	28	204.2%	319	99	2
Other Income	15	24	-39.1%	54	56	-3.3%
Interest Expenses	142	121	17.1%	561	464	21.0%
Profit Before Tax	25	15	66%	289	231	25%
Tax	-15	3	-5.8	69	78	-11.0%
PAT	40	12	238%	219	153	43%
PAT Margin (%)	1.2%	0.3%	87 bps	1.2%	0.9%	34 bps

\*The latter half of March'20 and consequently Q4 & FY revenues & earnings were affected by country wide lockdowns as a result of COVID-19 Pandemic

## Q4 & FY20 – BALANCE SHEET STATEMENT

Particulars (In Rs Mn) – Standalone	March-20	December-19	September -19	June-19	March-19
Shareholders Funds	4,919	4,960	4,821	4,878	4,941
Loan Funds	5,479	5,269	5,558	5,953	6,054
Gold on Loan	3,310	1,890	1,828	2,853	3,000
Working Capital Loan	2,170	3,379	3,730	3,100	3,054
Lease liability	606	-	589	635	-
Other Long Term Liabilities	666	1,005	64	358	77
Other Financial Liabilities	5	5	4.6	4.6	-
<b>Sources of Funds</b>	<b>11,069</b>	<b>11,239</b>	<b>11,037</b>	<b>11,829</b>	<b>11,073</b>
Net Block	1,896	1,794	1,742	1,797	1,075
Other Long Term Assets	28	221	206	247	219
Inventory	11,909	12,337	11,666	11,901	11,869
Debtors	30	46	84	103	259
Cash and Bank Balance	411	421	453	490	397
Other Current Assets	485	460	494	495	492
Current Liabilities	3,690	4,040	3,609	3,204	3,239
Net Current Assets	9,145	9,223	9,089	9,785	9,778
<b>Application of Funds</b>	<b>11,069</b>	<b>11,239</b>	<b>11,037</b>	<b>11,829</b>	<b>11,073</b>

\*The latter half of March'20 and consequently Q4 & FY revenues & earnings were affected by country wide lockdowns as a result of COVID-19 Pandemic

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# 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 89 k, Diamond – Rs 103 k

## Scalability & Reach

- 38 stores (113,561sq. ft.)
- Presence – 27 cities, 13 states

### Expansion Plan -

- ~150,000 sq. ft.

## TBZ

### SUSTAINABLE COMPETITIVE ADVANTAGES

## Specialty Wedding Jeweller

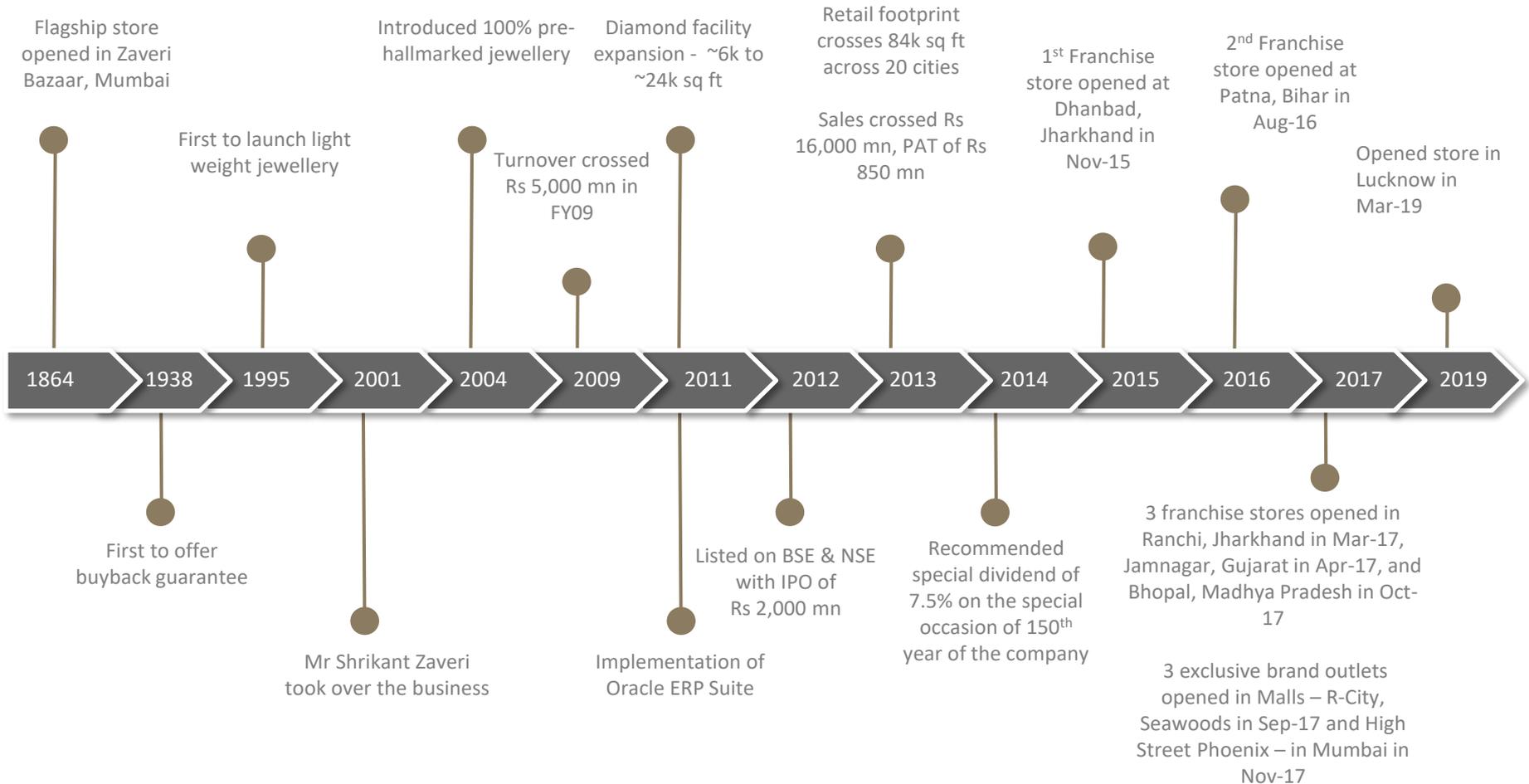
- ~ 65% of sales are wedding & wedding related purchases
- Compulsion buying
- Stable fixed budget purchases by customers

## Design Exclusivity

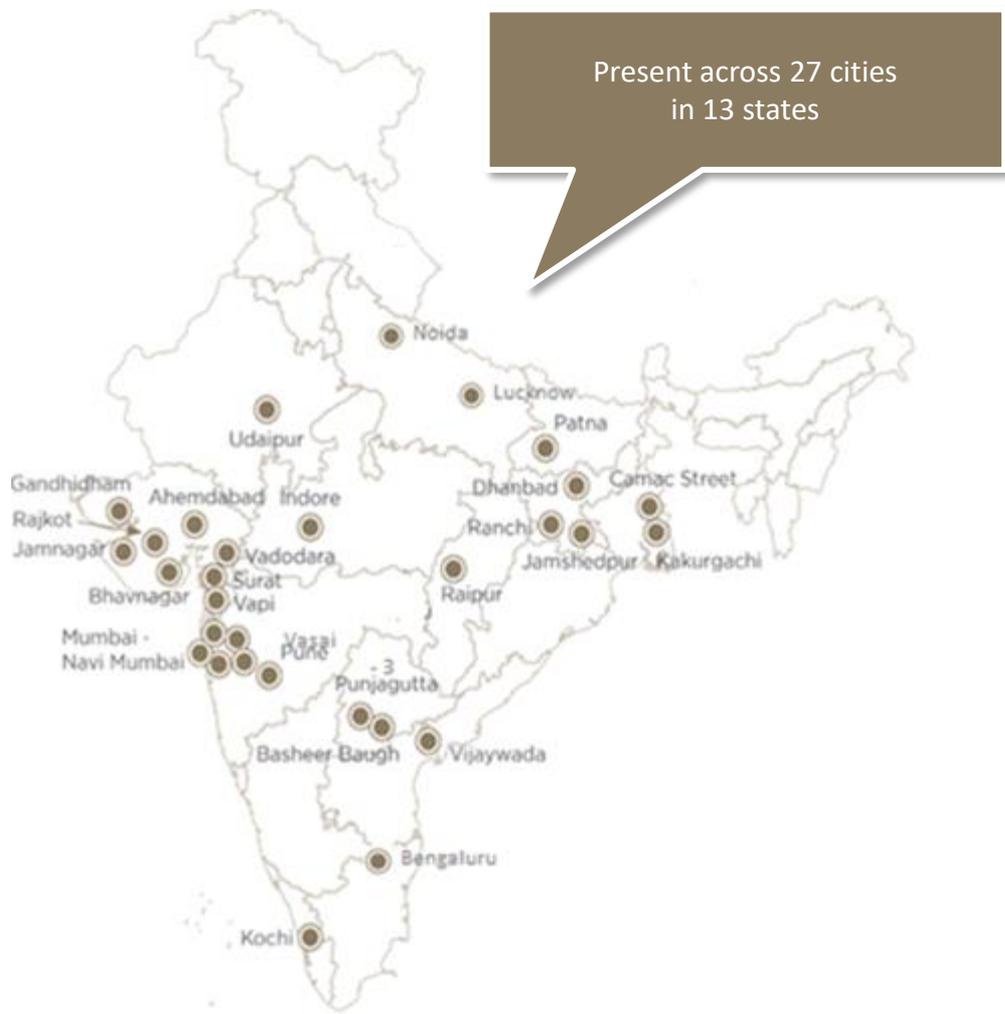
- 29 designers (incl. 14 CAD)
- 8 - 10 new jewellery lines/year
- In-house diamond jewellery production
- Customer loyalty
- Premium pricing

# KEY MILESTONES

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



# RETAIL PRESENCE



PAN-INDIA PRESENCE WITH 38 STORES  
WITH A RETAIL SPACE OF ~113,561  
SQ. FT. SPREAD ACROSS  
27 CITIES IN 13 STATES

NUMBER OF STORES	TILL DATE
Large Format (> 2,000 sq. ft.)	30
Small Format (<= 2,000 sq. ft.)	8
Total Stores	38
Total Area	~1,13,561

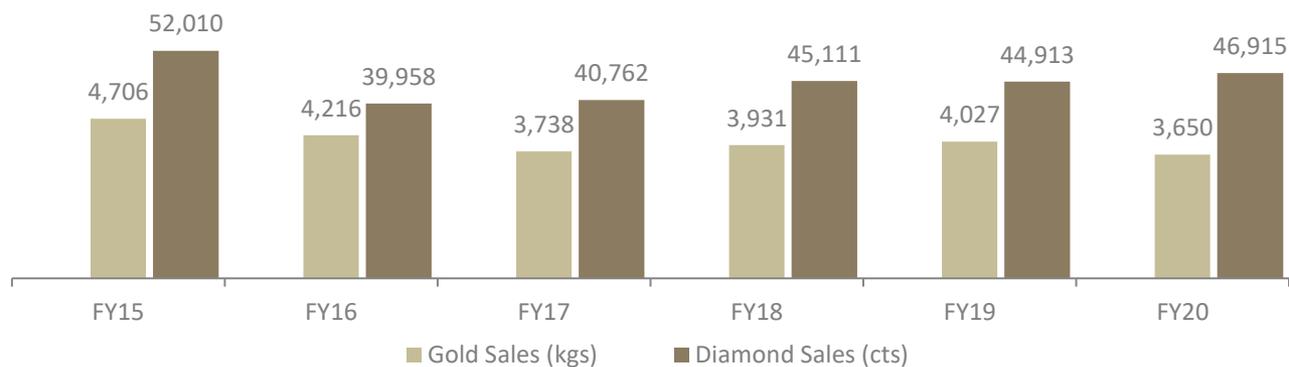


## DISCUSSION SUMMARY

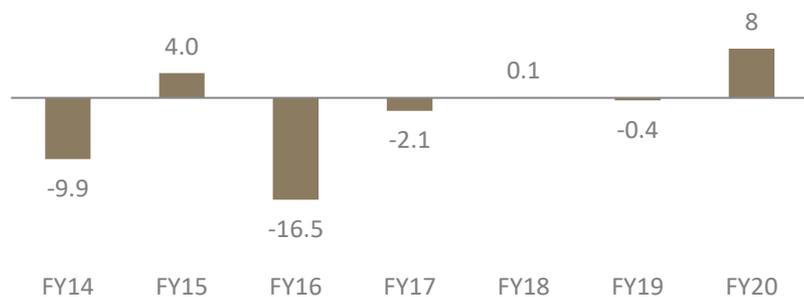
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# OPERATIONAL SUMMARY

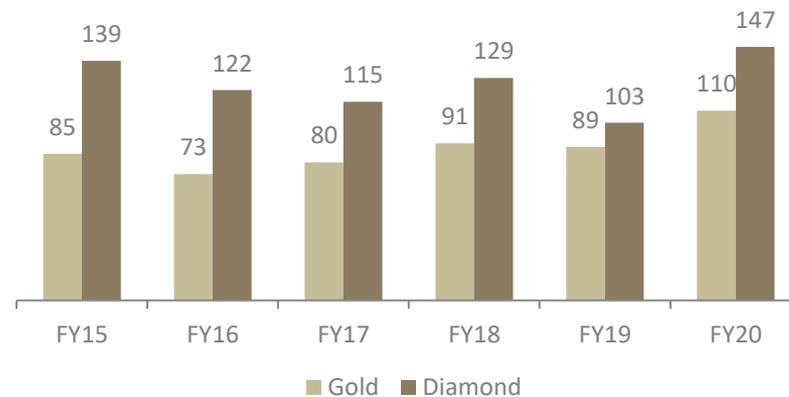
## GOLD & DIAMOND VOLUMES



## SSSG - TOTAL (%)



## AVERAGE TICKET SIZE (RS '000)



SSSG: Same store sales value growth  
 FY20 SSG Growth is for the period April19 to February20

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# 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

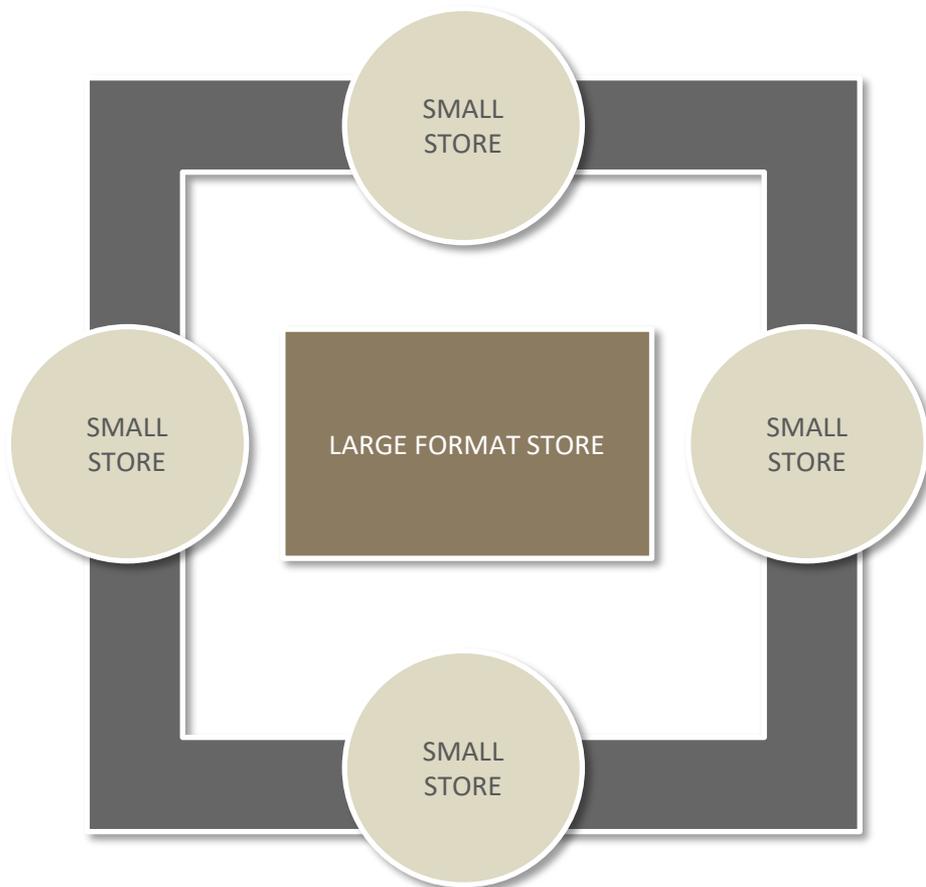
- In-house diamond jewellery manufacturing leading to exclusive designs, lower costs, and higher margins
- Manufacturing facility at Kandivali, Mumbai spread over ~24,000 sq ft with capacity of ~200,000 cts (on dual shift basis).
- The facility also has capacity for 4,000 kg of gold refining and 4,500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

# 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





TRIBHOVANDAS BHIMJI ZAVERI  
SHRIKANT ZAVERI GROUP



TRIBHOVANDAS BHIMJI ZAVERI  
SHRIKANT ZAVERI GROUP

**Saurav Banerjee**  
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