

INVESTOR PRESENTATION
Q4 & FY19 RESULTS
MAY 2019



TRIBHOVANDAS BHIMJI ZAVERI
SHRIKANT ZAVERI GROUP

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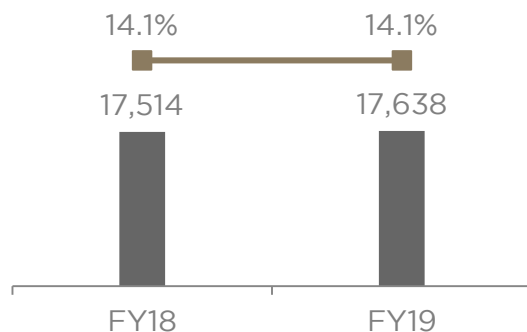
DISCUSSION SUMMARY

- Q4 & FY19 Results Update
- About Us
- Operational Summary
- Business Model

FY19 RESULT HIGHLIGHTS

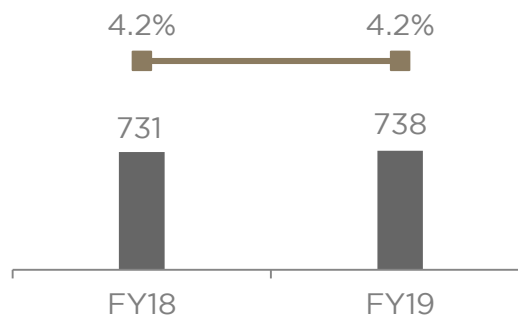
In Rs Mn

REVENUES * & GROSS MARGIN

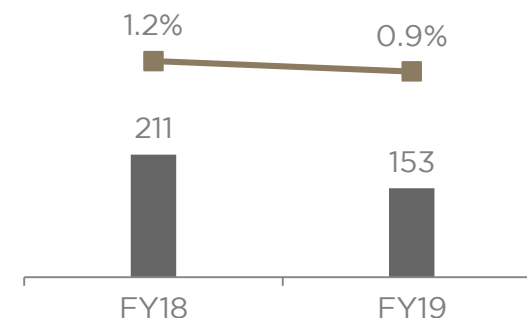


* Net of Excise Duty

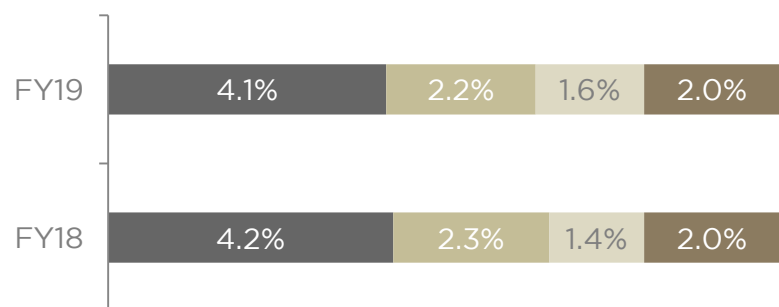
EBITDA & EBITDA MARGIN



PAT & PAT MARGIN



OPERATING COSTS (%)



■ Salaries ■ Advertisement ■ Rentals ■ Other Overheads

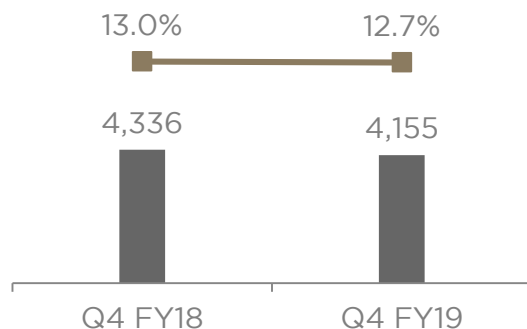
REVENUE ANALYSIS

Total Revenue Growth % - FY19	0.7%
Same Store Sales Growth % - FY19	-0.4%
Share of Diamond Jewellery - FY19 (FY18)	22.0% (23.4%)

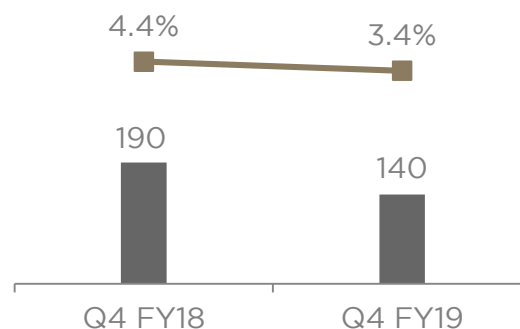
Q4 FY19 RESULT HIGHLIGHTS

In Rs Mn

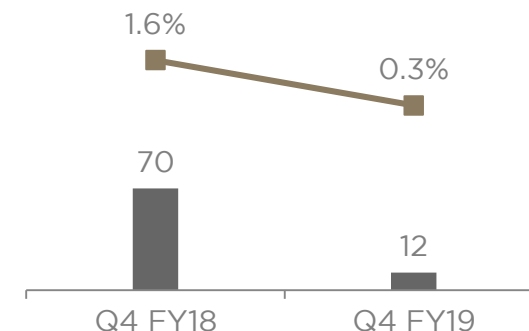
REVENUES & GROSS MARGIN



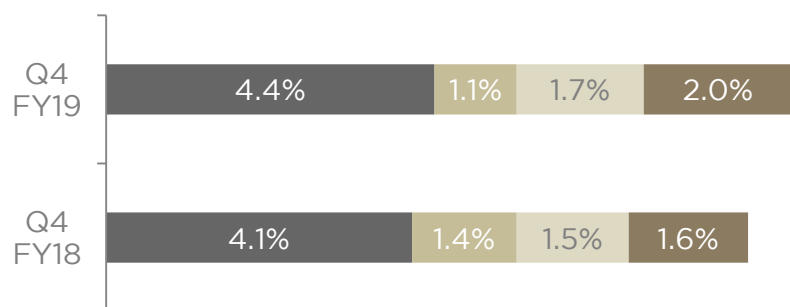
EBITDA & EBITDA MARGIN



PAT & PAT MARGIN



OPERATING COSTS (%)



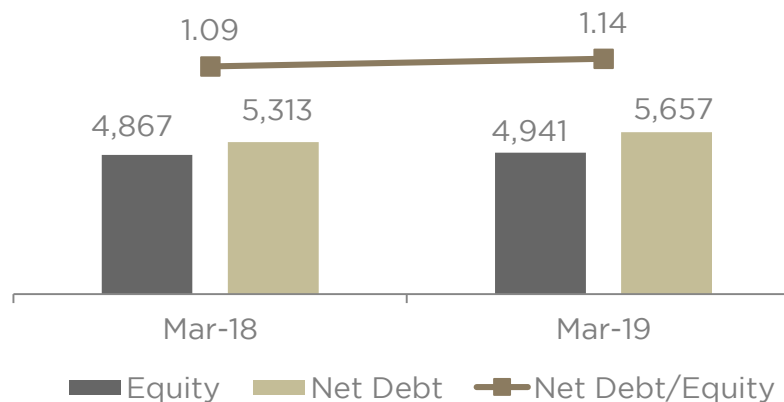
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REVENUE ANALYSIS

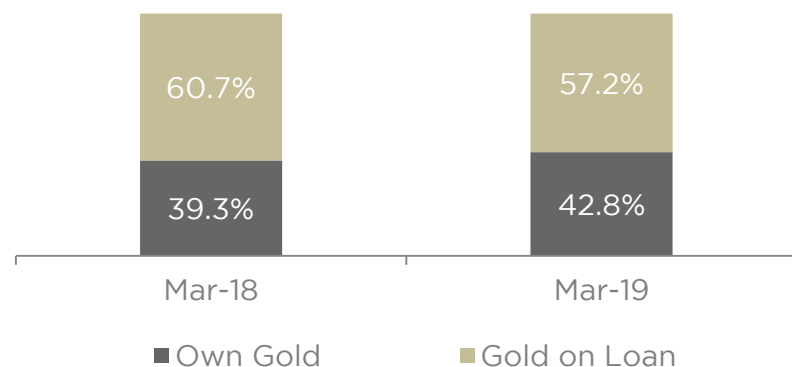
Total Revenue Growth % - Q4 FY19	-4.2%
Same Store Sales Growth % - Q4 FY19	-8.2%
Share of Diamond Jewellery - Q4 FY19 (Q4 FY18)	19.1% (20.9%)

FY19 BALANCE SHEET UPDATE

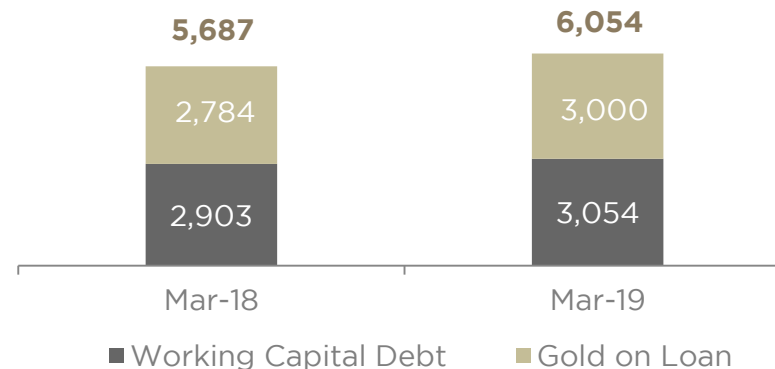
LEVERAGE ANALYSIS (RS MN)



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 & FY19 - KEY RESULT TAKEAWAYS

REVENUES & OPERATING MARGINS:

- Revenues declined by 4.2% YoY
 - No contribution from Gudi Padwa festival which occurred in April 2019 compared to March 2018
 - Higher redemptions under KP scheme in Q4 FY18
- Gross margin declined marginally from 13.0% to 12.7% due to lower share of diamond jewellery (19.1% in Q4 FY19 vs. 20.9% in Q4 FY18)
- EBITDA & EBITDA margin declined in line with lower sales, while there was a modest increase in operating expenses

BALANCE SHEET:

- Inventory and total debt remained stable during Q4 FY19
- During FY19, inventory increased by 16.2% and debt increased by 6.4%, as the company added 5 new stores
- Finance Cost increased in line with incremental debt. The average cost of debt was 7.9% in FY19 compared to 7.1% in FY18

RETAIL SPACE ADDITION

- 5 new stores were added in FY19
- Lucknow – March 2019, Bengaluru – January 2019, Ludhiana – November 2018, Pune – October 2018 and Noida – August 2018
- Total store count - 42 stores with ~123,219 sq. ft. spread across 30 cities in 14 states



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
- Recently TBZ appointed Bollywood actress Sara Ali Khan as new 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



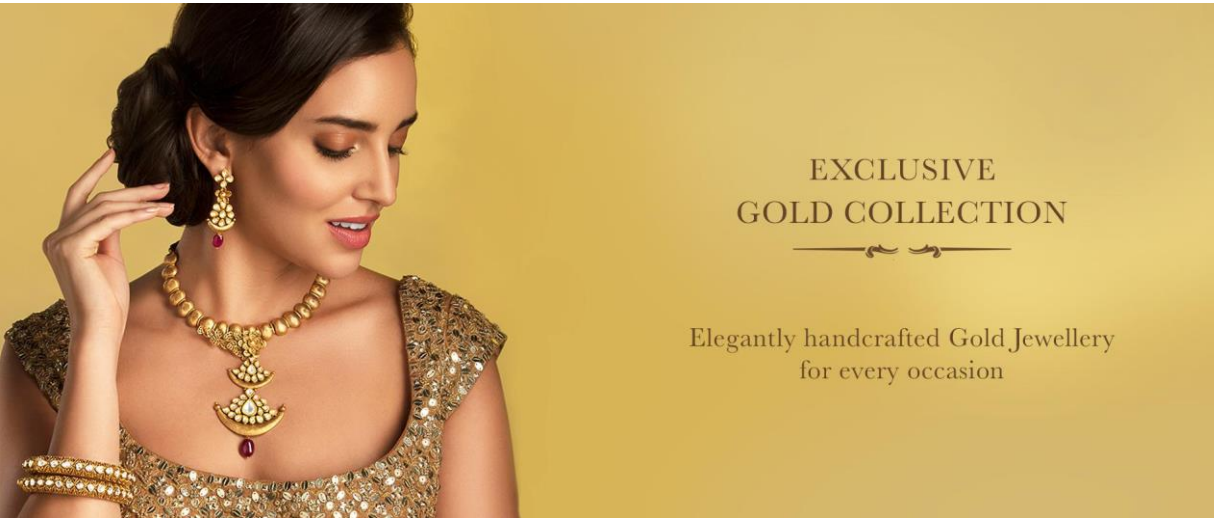
S I T A R A

by

tbz[®]
The original since 1864

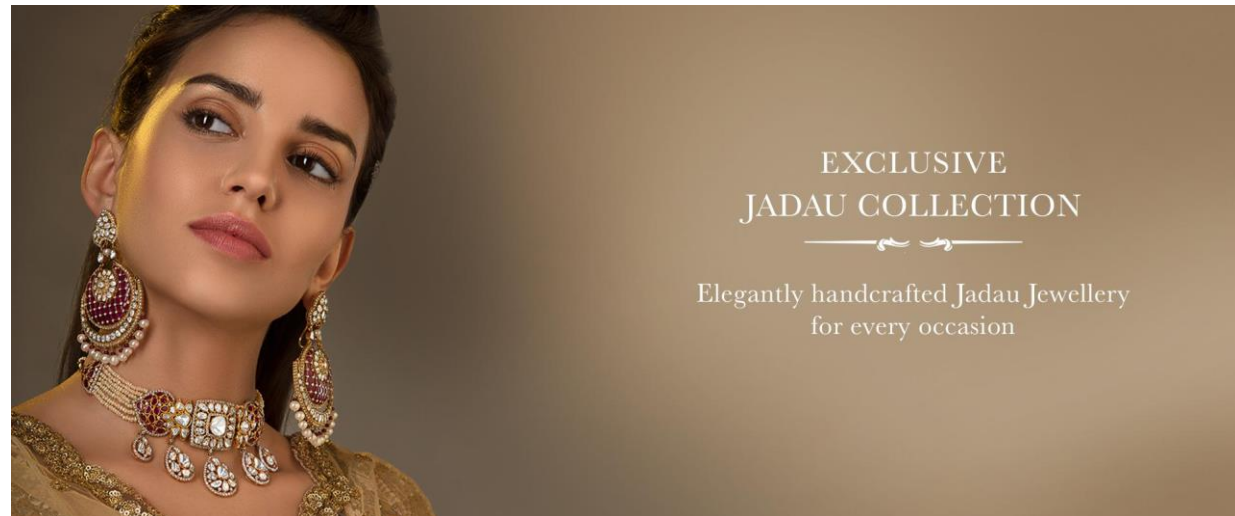


CONTEMPORARY JEWELLERY DESIGNS & COLLECTIONS



EXCLUSIVE GOLD COLLECTION

Elegantly handcrafted Gold Jewellery
for every occasion



EXCLUSIVE JADAU COLLECTION

Elegantly handcrafted Jadau Jewellery
for every occasion

CONTEMPORARY JEWELLERY DESIGNS & COLLECTIONS



Surprisingly Affordable
Diamond Jewellery

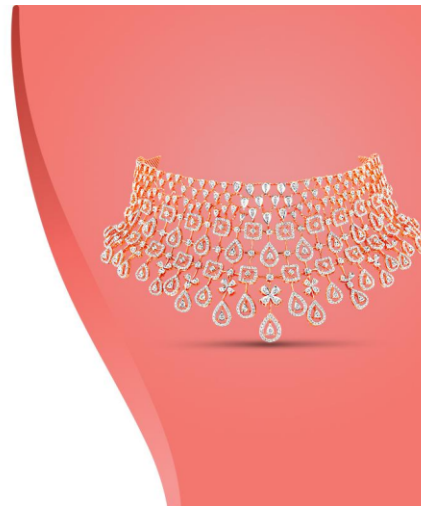
CONTEMPORARY JEWELLERY DESIGNS & COLLECTIONS



Riwayat

BRIDAL JEWELLERY

range starts from
₹3 lakhs



COLLECTION 
EXCLUSIVE JEWELLERY PARTNER
GOLD COLLECTION IN STORES

CONTEMPORARY JEWELLERY DESIGNS & COLLECTIONS

Rosabelle COLLECTION

Stylish jewellery in Rose Gold with a flattering
feminine pastel hue



PLATINUM VOWS

Platinum couple bands to give your special day
that extra sparkle



Q4 & FY19 - PROFIT & LOSS STATEMENT

Particulars (In Rs Mn) – Standalone	Q4 FY19	Q4 FY18	YoY %	FY19	FY18	YoY %
Net Revenues	4,155	4,336	-4.2%	17,638	17,514	0.7%
COGS	3,629	3,774	-3.8%	15,149	15,053	0.6%
Gross Profit	526	562	-6.4%	2,489	2,461	1.1%
Gross Margin (%)	12.7%	13.0%	-30 bps	14.1%	14.1%	6 bps
Personnel Expenses	185	177	4.2%	732	730	0.2%
Other Expenses	201	195	3.1%	1,019	1,000	2.0%
EBITDA	140	190	-26.1%	738	731	1.0%
EBITDA Margin (%)	3.4%	4.4%	-100 bps	4.2%	4.2%	1 bps
Depreciation	28	21	33.6%	99	85	16.8%
Other Income	24	32	-22.8%	56	70	-20.4%
Interest Expenses	121	99	22.9%	464	397	16.7%
Profit Before Tax	15	101	-85.4%	231	319	-27.6%
Tax	3	31	-89.9%	78	108	-28.0%
PAT	12	70	-83.4%	153	211	-27.3%
PAT Margin (%)	0.3%	1.6%	-134 bps	0.9%	1.2%	-33 bps

FY19 - BALANCE SHEET

Particulars (In Rs Mn) – Standalone	March-19	December-18	September-18	June-18	March-18
Shareholders Funds	4,941	4,931	4,823	4,879	4,867
Loan Funds	6,054	6,129	6,292	6,082	5,687
Gold on Loan	3,000	2,957	2,933	2,975	2,784
Working Capital Loan	3,054	3,172	3,359	3,107	2,903
Other Long Term Liabilities	77	97	76	70	62
Sources of Funds	11,073	11,157	11,191	11,031	10,615
Net Block	1,075	1,101	1,024	994	1,001
Other Long Term Assets	219	184	252	268	258
Inventory	11,869	11,880	11,558	10,765	10,218
Debtors	259	267	221	111	230
Cash and Bank Balance	397	403	328	415	374
Other Current Assets	492	475	401	170	116
Current Liabilities	3,239	3,153	2,593	1,692	1,581
Net Current Assets	9,778	9,872	9,915	9,769	9,357
Application of Funds	11,073	11,157	11,191	11,031	10,615

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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 5th 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

- 42 stores (123,219 sq. ft.)
 - Presence - 30 cities, 14 states
- Expansion Plan -
- ~150,000 sq. ft.

TBZ

SUSTAINABLE COMPETITIVE ADVANTAGES

Specialty Wedding Jeweller

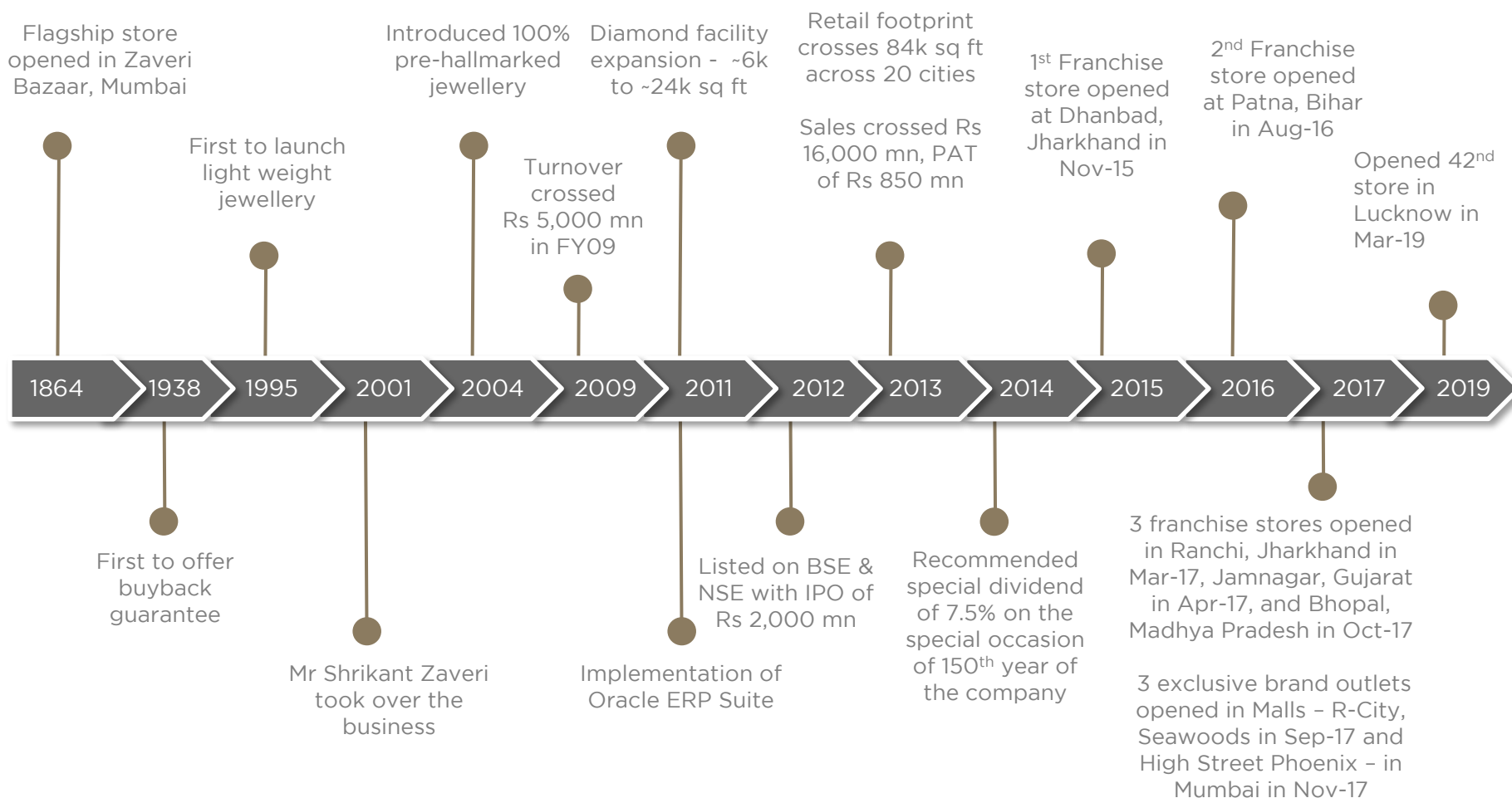
- ~ 65% of sales are wedding & wedding related purchases
- Compulsion buying
- Stable fixed budget purchases by customers

Design Exclusivity

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

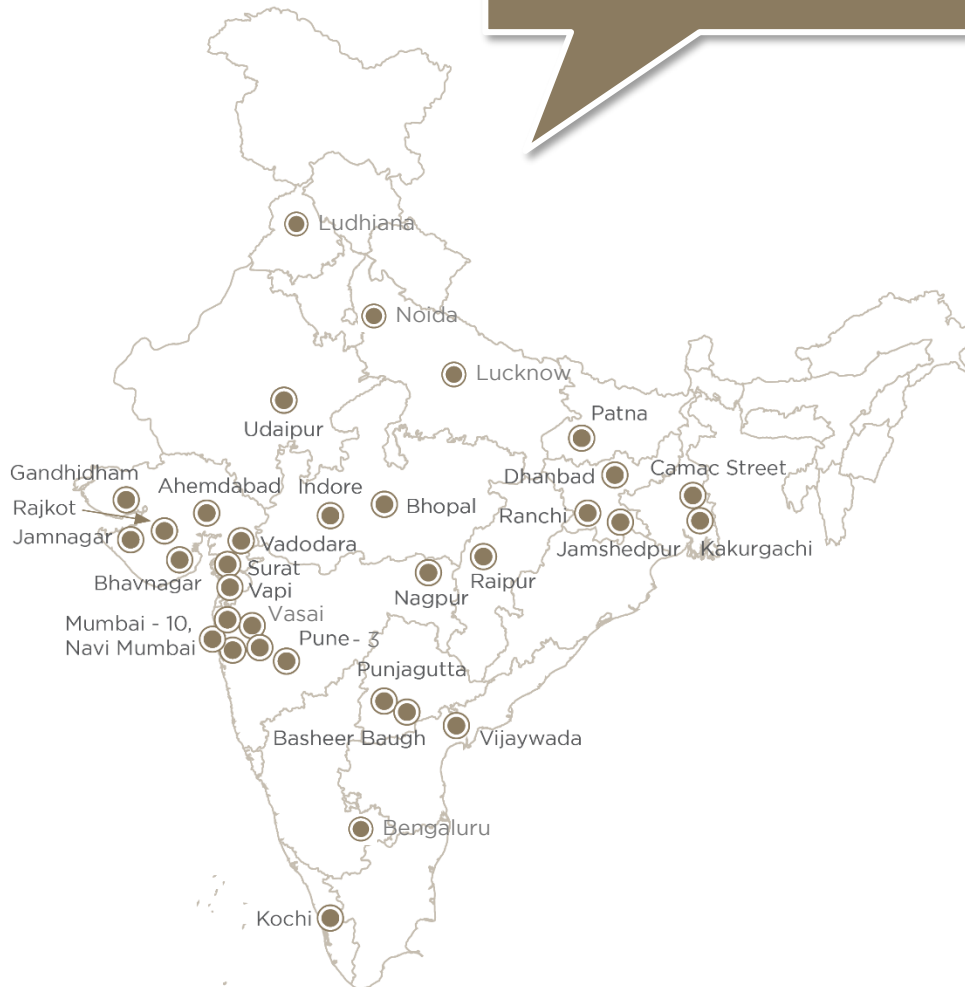
KEY MILESTONES

STRONG LEGACY OF MORE THAN 150 YEARS BUILT ON TRUST



RETAIL PRESENCE

Present across 30 cities
in 14 states

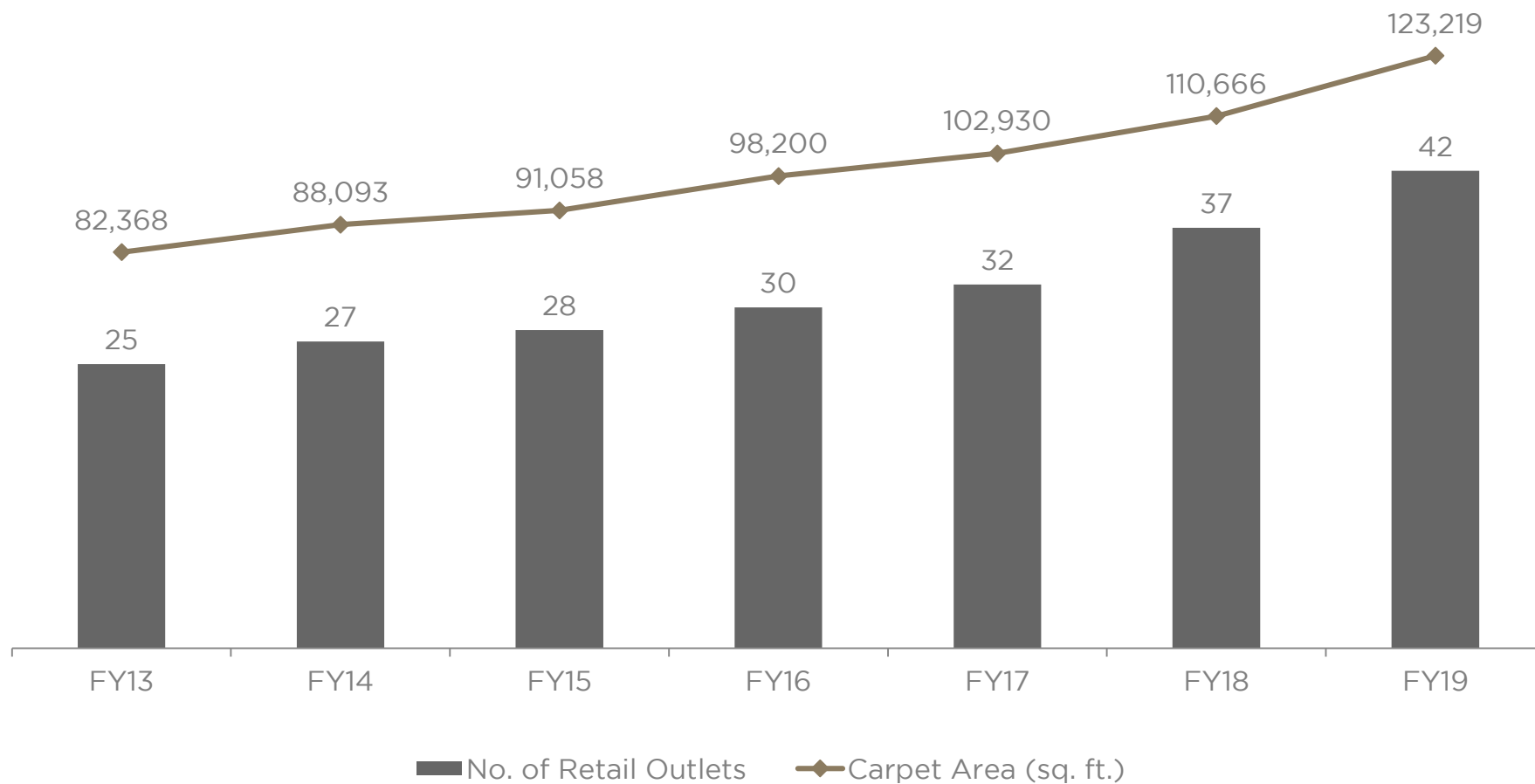


PAN-INDIA PRESENCE WITH 42 STORES
WITH A RETAIL SPACE OF ~123,219
SQ. FT. SPREAD ACROSS
30 CITIES IN 14 STATES

NUMBER OF STORES	TILL DATE
Large Format (> 2,000 sq. ft.)	32
Small Format (<= 2,000 sq. ft.)	10
Total Stores	42
Total Area	~123,219



RETAIL FOOTPRINT EXPANSION

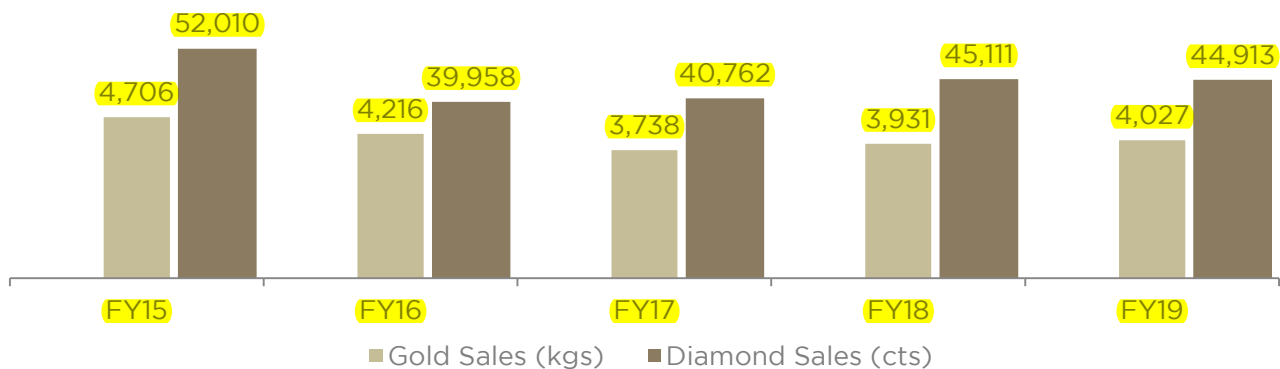


DISCUSSION SUMMARY

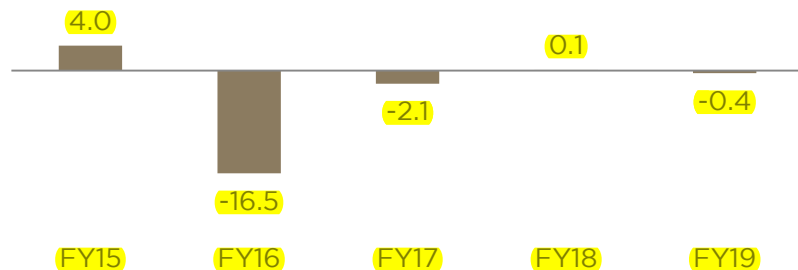
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OPERATIONAL SUMMARY

GOLD & DIAMOND VOLUMES

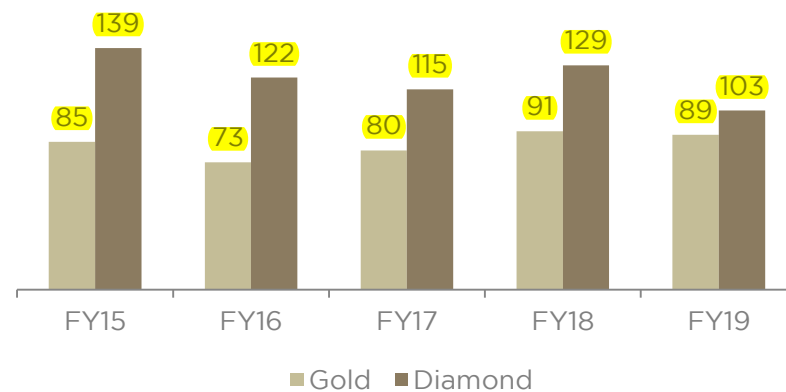


SSSG - TOTAL (%)



SSSG: Same store sales value growth

AVERAGE TICKET SIZE (RS '000)



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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

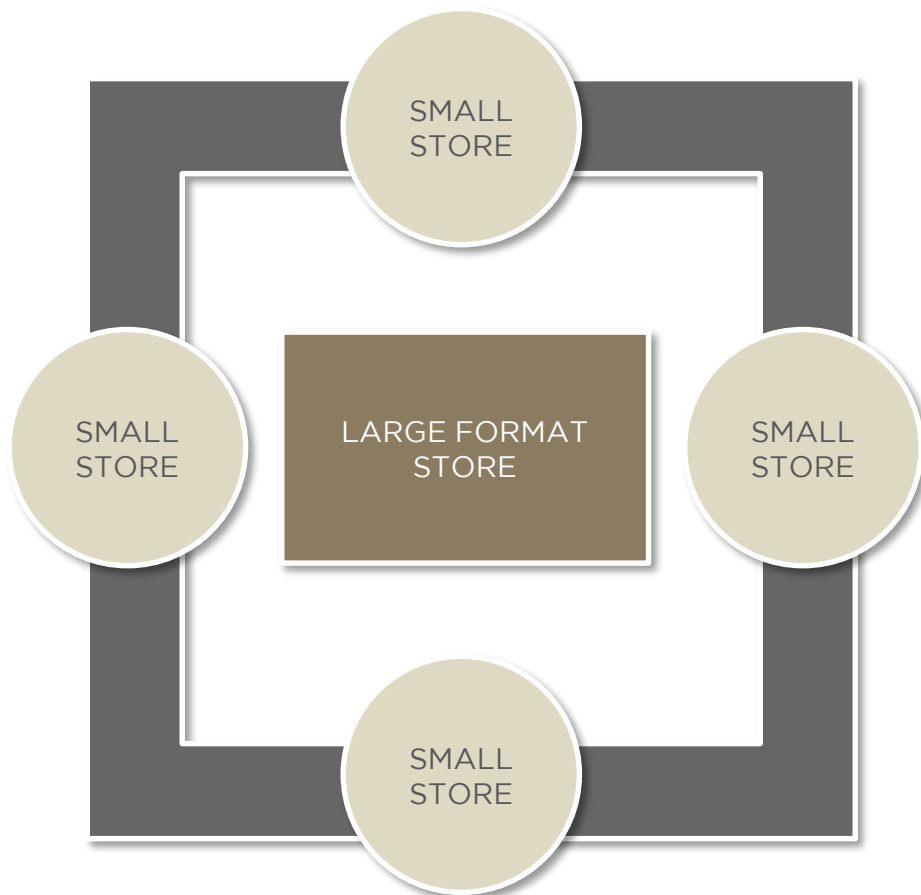
- In-house diamond jewellery manufacturing leading to exclusive designs, lower costs, and higher margins
- Manufacturing facility at Kandivali, Mumbai spread over ~24,000 sq ft with capacity of ~200,000 cts (on dual shift basis).
- The facility also has capacity for 4,000 kg of gold refining and 4,500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

BUSINESS MODEL: SCALABILITY

- TBZ has an expansion plan to increase its retail space from 123,219 sq. ft. at present to around 1,50,000 sq. ft. over near term.
- TBZ plans to carry out the expansion through mix of franchisee route and 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		42		
Retail Sq ft	~48,000	➔	~123,219	➔	~1,50,000
Number of Cities	10		30		



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

- “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
- “BEST JEWELLERY COMPANY AWARD”
Gems & Jewellery Trade Council of India Excellence Awards - 2014





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



Manasi Bodas / Nilesh Dalvi
IR Consultant
Dickenson
+91 9821043510 / 9819289131
Manasi.bodas@dickensonir.com
nilesh.dalvi@dickensonir.com