



INVESTOR PRESENTATION

Q3 & 9M FY15 RESULTS UPDATE

04TH FEBRUARY, 2015

tbz[®]

The original since 1864

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.

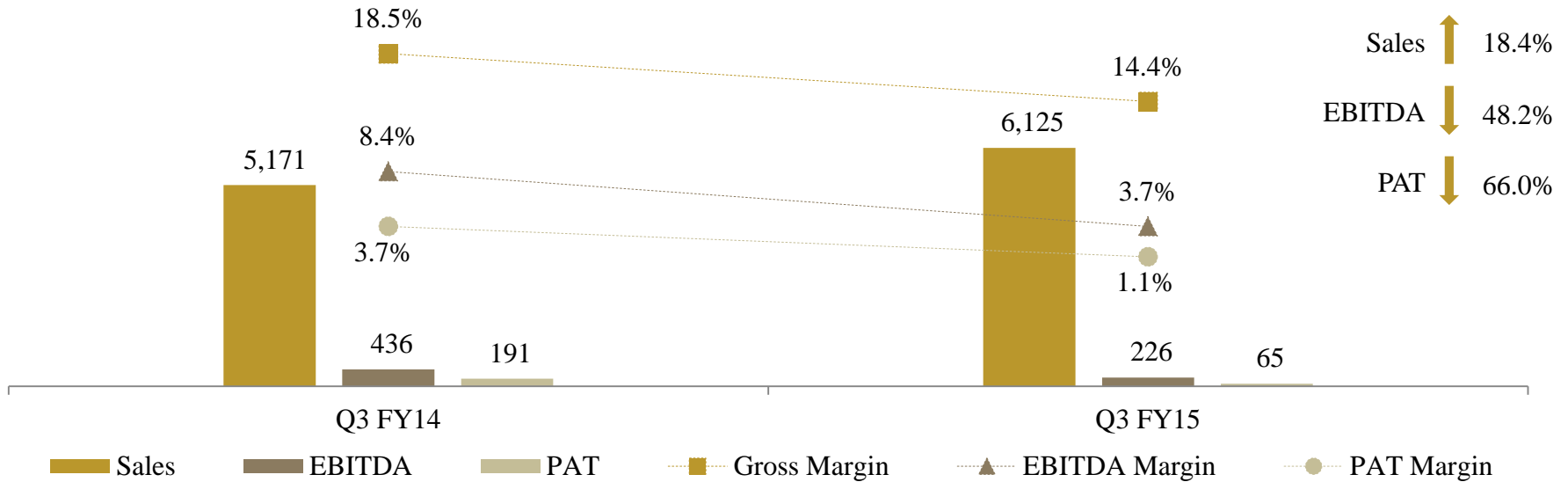


DISCUSSION SUMMARY

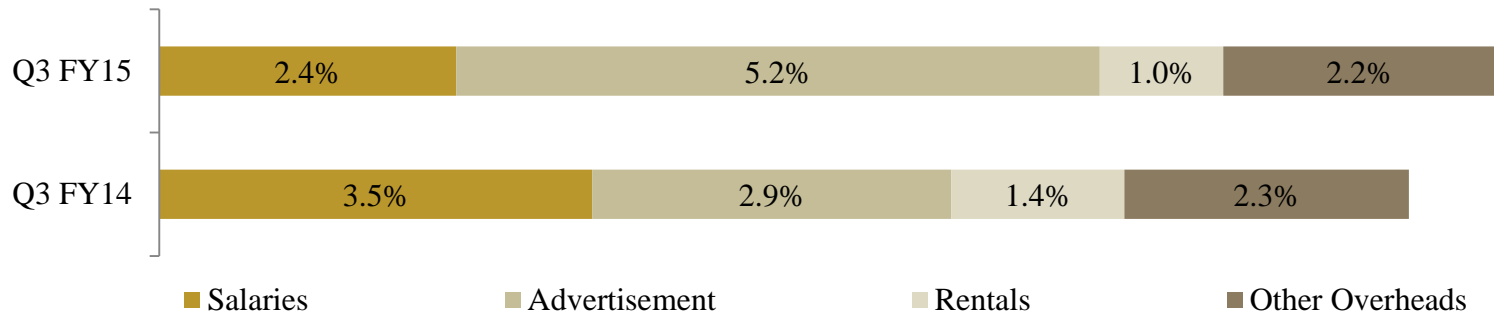
- ❖ **Q3 & 9M FY15 Results Update** **04 – 12**
- ❖ About Us 14 – 18
- ❖ Financial & Operational Summary 20 – 22
- ❖ Annexure 25 – 32

Q3 FY15 RESULTS UPDATE

PROFIT ANALYSIS (RS MN)

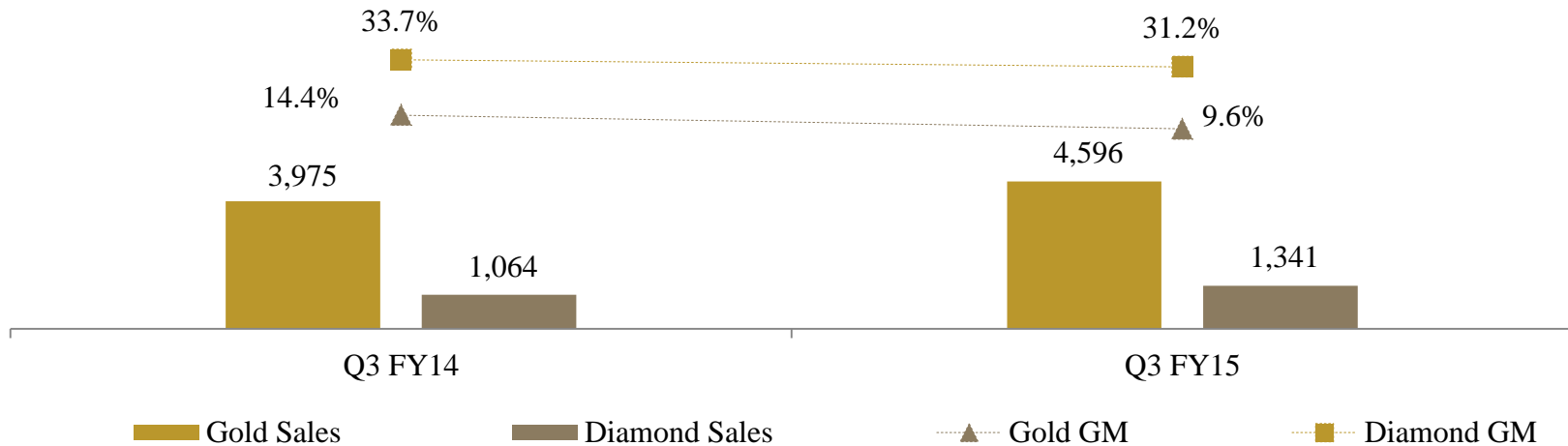


OPERATIONAL EFFICIENCY (%)

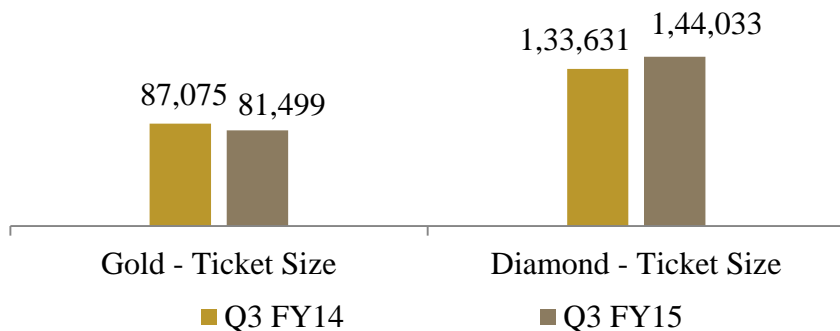


Q3 FY15 RESULTS UPDATE

REVENUE ANALYSIS (RS MN)



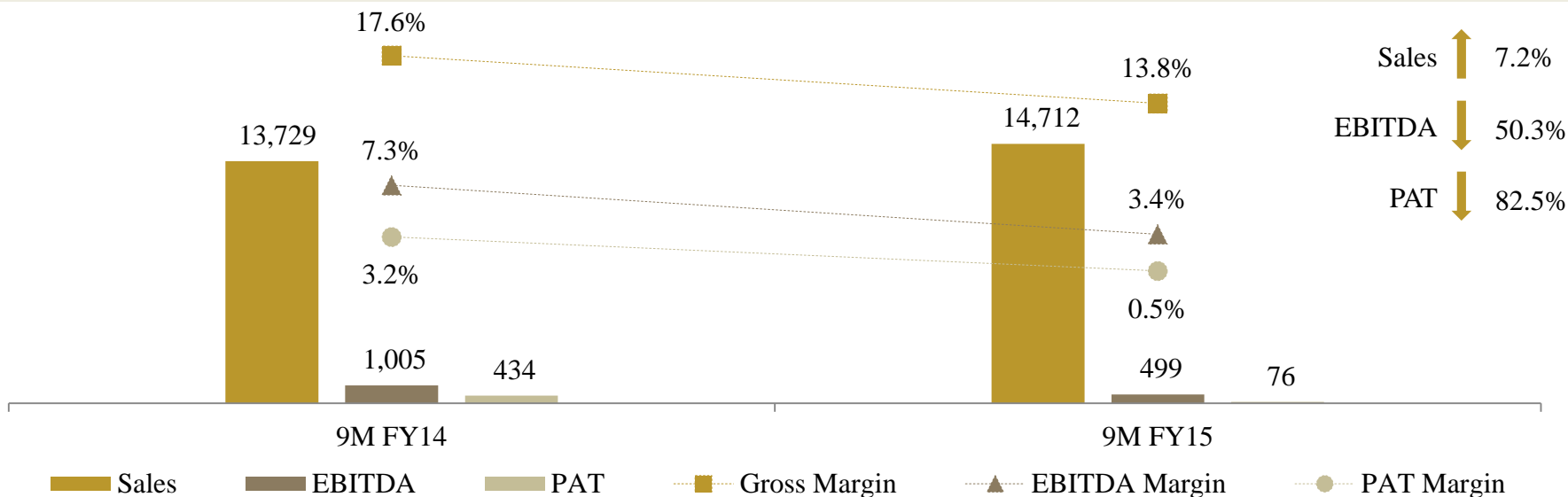
AVERAGE TICKET SIZE (RS)



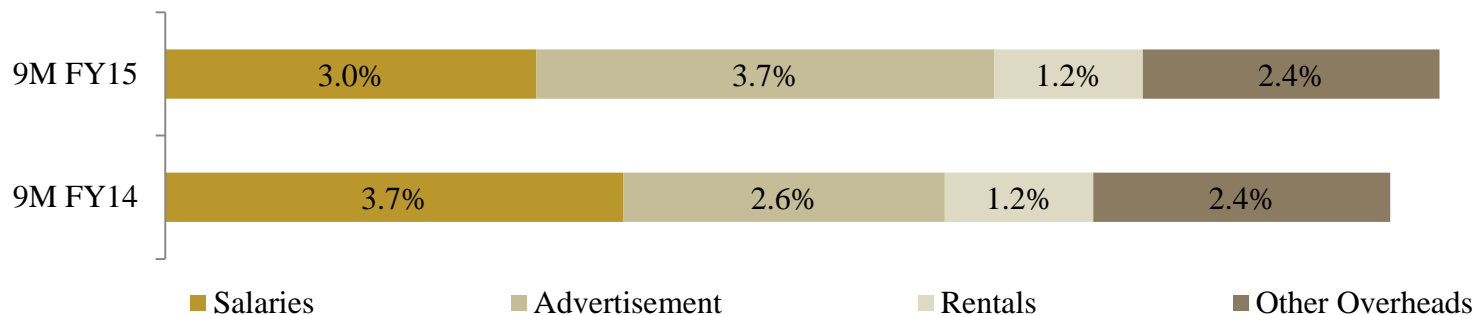
Q3FY15	Gold	Diamond
% of Sales – Q3 FY15	75.0%	21.9%
% of Sales – Q3 FY14	76.8%	20.6%
Sales Growth %	15.6%	26.0%
SS Sales Growth %	13.6%	24.8%
SS Total Sales Growth %	16.6%	

9M FY15 RESULTS UPDATE

PROFIT ANALYSIS (RS MN)

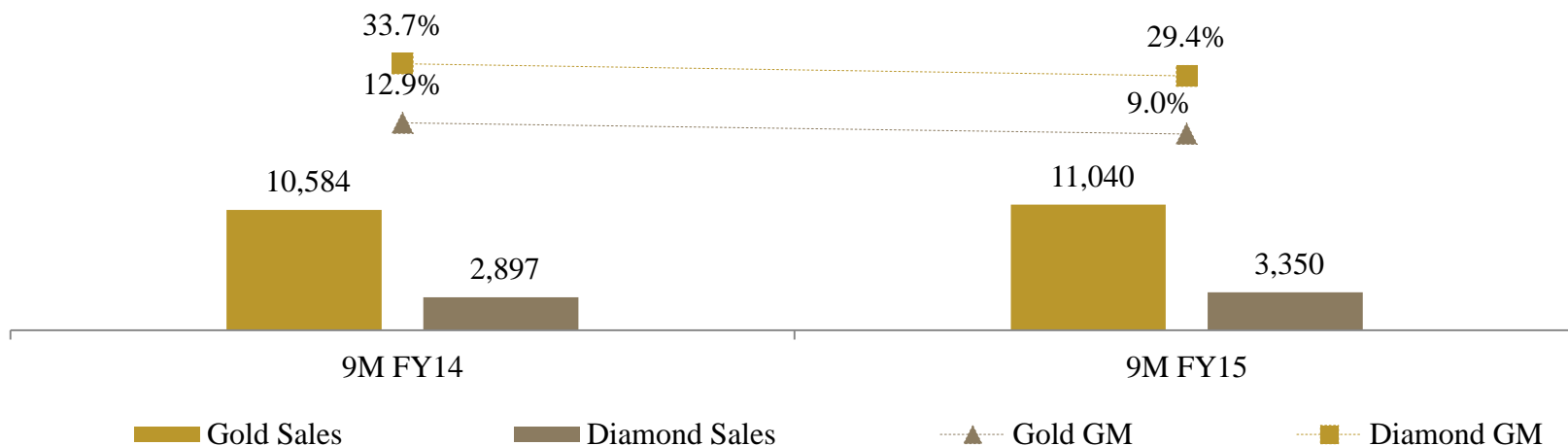


OPERATIONAL EFFICIENCY (%)

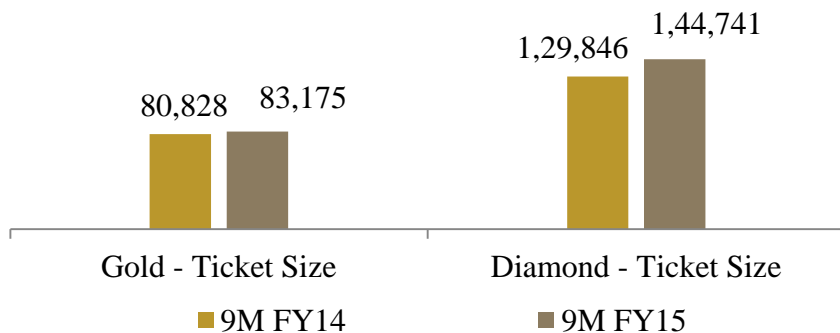


9M FY15 RESULTS UPDATE

REVENUE ANALYSIS (RS MN)



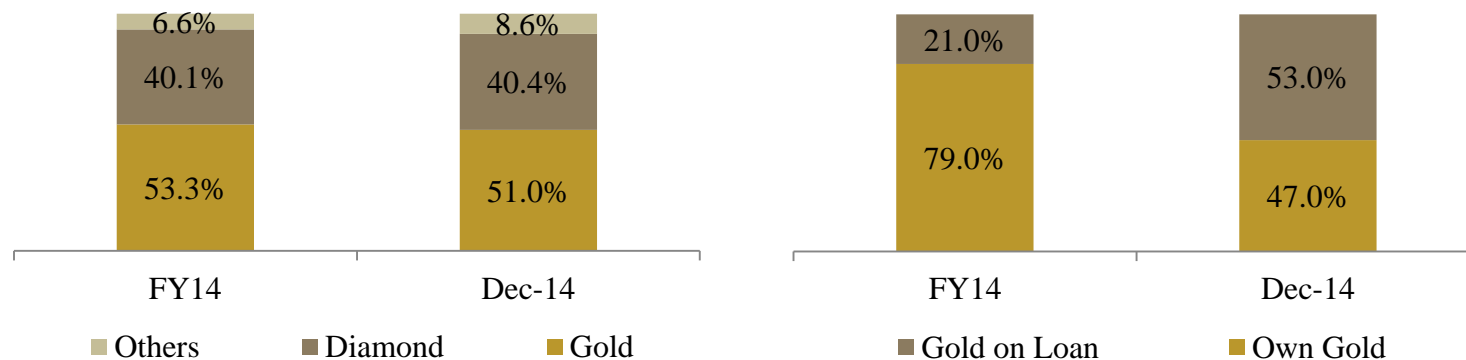
AVERAGE TICKET SIZE (RS)



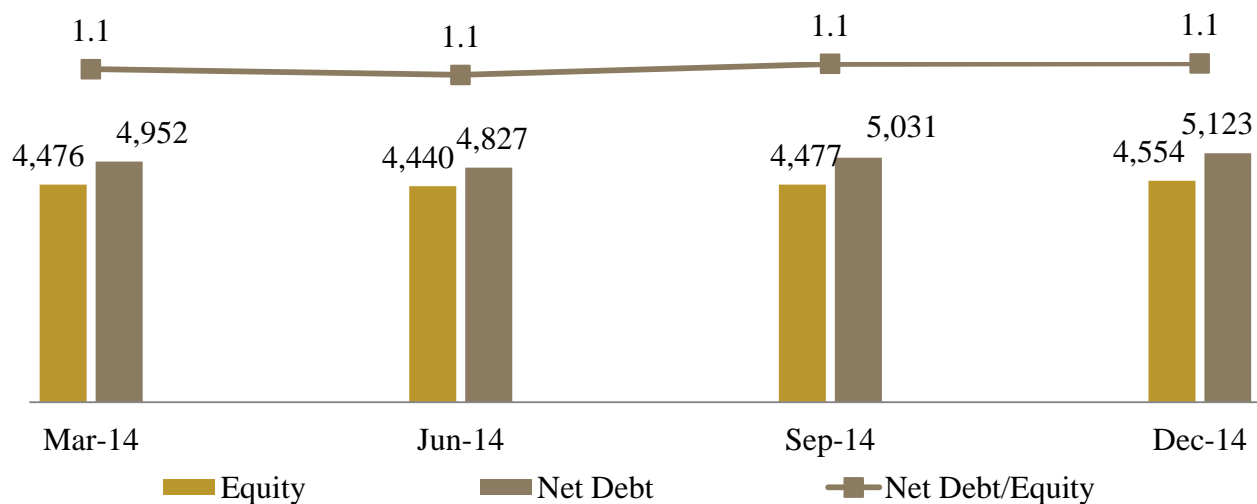
9M FY15	Gold	Diamond
% of Sales – 9M FY15	75.1%	22.9%
% of Sales – 9M FY14	77.1%	21.1%
Sales Growth %	4.3%	15.6%
SS Sales Growth %	1.5%	13.4%
SS Total Sales Growth %	4.5%	

BALANCE SHEET UPDATE

INVENTORY BREAKUP (%)



LEVERAGE (RS MN)



BUSINESS SCENARIO

- ❖ Improved macro economic indicators – positive consumer sentiments, decrease in inflationary pressure, decline in oil prices.
- ❖ Relaxation of 80:20 gold import regulation; however customs duty remains unchanged.
- ❖ Improved gold availability resulting in negligible gold price premiums.
- ❖ Average gold prices declined by 6% during Q3 FY15.

KEY RESULT TAKEAWAYS

- ❖ Q3 FY15 sales grew 18.4% YoY driven by higher footfalls (up 15.6%) and higher average ticket size (up 2.8%).
- ❖ Gold : Diamond mix improved from 76.8 : 20.6 in Q3 FY14 to 75.0 : 21.9 in Q3 FY15.
- ❖ Gross margin was largely impacted by the gold price volatility and tactical discount schemes.
- ❖ Employee cost decreased YoY due higher employee productivity and no charge of managerial remuneration during the quarter.
- ❖ Advertising expenses increased YoY due to promotional spends through radio, print & TV media.
- ❖ As on Dec-14, 53% of total gold inventory was on gold loan. Going forward the interest cost is expected to decrease as the share of inventory on gold loan increases.
- ❖ Leverage of 1.1x continues to remain within acceptable range.
- ❖ Advances on account of Kalpavruksha Scheme were ₹ 962 mn (₹ 1,470 as on Mar-14).

RESULTS UPDATE – DEC 2014

PARTICULARS (IN MN) (QUARTERLY UNAUDITED)	Q3 FY15 (₹)	Q3 FY14 (₹)	YOY %	Q2 FY15 (₹)	QOQ %	9M FY15 (₹)	9M FY14 (₹)	YOY %	FY14 (₹)
Revenues	6,125	5,171	18.4%	4,263	43.7%	14,712	13,729	7.2%	18,181
COGS	5,241	4,214	24.4%	3,688	42.1%	12,681	11,308	12.1%	15,096
Gross Profit	884	958	-7.6%	576	53.7%	2,031	2,421	-16.1%	3,085
Gross Margin (%)	14.4%	18.5%	-408 bps	13.5%	94 bps	13.8%	17.6%	-383 bps	17.0%
Personnel Expenses	146	180	-19.1%	165	-11.8%	447	511	-12.5%	614
Other Expenses	513	341	50.2%	284	80.3%	1,085	905	19.9%	1,144
EBITDA	226	436	-48.2%	126	79.2%	499	1,005	-50.3%	1,327
EBITDA Margin (%)	3.7%	8.4%	-475 bps	3.0%	73 bps	3.4%	7.3%	-393 bps	7.3%
Depreciation	36	25	43.1%	32	10.7%	103	73	42.0%	100
Other Income	21	14	46.6%	37	-43.0%	83	45	84.6%	66
Interest Expenses	114	135	-15.4%	122	-7.0%	365	318	14.8%	463
Profit Before Tax	98	291	-66.5%	8	1071.7%	114	659	-82.7%	830
Tax	33	100	-67.3%	3	1062.5%	38	225	-83.0%	279
PAT	65	191	-66.0%	6	1076.5%	76	434	-82.6%	551
Profit Margin (%)	1.1%	3.7%	-263 bps	0.1%	93 bps	0.5%	3.2%	-265 bps	3.0%

RESULTS UPDATE – DEC 2014

PARTICULARS (IN MN) (QUARTERLY UNAUDITED)	DEC-14 (₹)	SEP-14 (₹)	JUN-14 (₹)	MAR-14 (₹)
Shareholders Funds	4,554	4,477	4,440	4,476
Loan Funds	5,568	5,654	5,500	5,680
Other Long Term Liabilities	49	47	45	63
Sources of Funds	10,172	10,178	9,985	10,219
Gross Block	1,328	1,299	1,293	1,278
Less: Acc. Depreciation	396	385	354	322
Net Block	932	913	939	956
Other Long Term Assets	265	289	268	216
Inventory	10,832	10,781	10,799	11,119
Debtors	16	106	13	28
Cash and Bank Balance	445	623	673	728
Other Current Assets	104	155	140	109
Current Liabilities	2,422	2,689	2,847	2,937
Net Current Assets	8,975	8,976	8,778	9,047
Application of Funds	10,172	10,178	9,985	10,219



DISCUSSION SUMMARY

- ❖ Q3 & 9M FY15 Results Update 04 – 12
- ❖ **About Us** 14 – 18
- ❖ Financial & Operational Summary 20 – 22
- ❖ Annexure 25 – 32

ABOUT US: 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

- ❖ High sales productivity - ₹ 274 k per sq ft per annum (at mature stores)
- ❖ High footfalls conversion - 80%
- ❖ High ticket size - Gold - ₹ 83 k, Diamond - ₹ 145 k

SCALABILITY & REACH

- ❖ 28 stores (~91,000 sq ft)
- ❖ Presence - 22 cities, 10 states

Expansion Plan -

- ❖ 57 stores (~150,000 sq ft)
- ❖ Presence - 43 cities, 14 states

TBZ

**SUSTAINABLE
COMPETITIVE
ADVANTAGES**

SPECIALTY WEDDING JEWELLER

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

STRONG FINANCIAL METRICS

- ❖ 5-Yr CAGR - Revenue - 20%, EBITDA - 29%, PAT - 35%
- ❖ FY14 ROCE - 14%, ROE - 13%, Net D/E - 1.1

DESIGN EXCLUSIVITY

- ❖ 34 designers (incl. 11 CAD)
- ❖ 8 - 10 new jewellery lines/year
- ❖ In-house diamond jewellery production
- ❖ Customer loyalty
- ❖ Premium pricing

ABOUT US: KEY MILESTONES

STRONG LEGACY OF AROUND 150 YEARS BUILD ON TRUST

Flagship store opened in Zaveri Bazaar, Mumbai

Introduced 100% pre-hallmarked jewellery

Diamond facility expansion - ~6k to ~24k sq ft

Recommended special dividend of 7.5% on the special occasion of 150th year of the company

First to launch light weight jewellery

Turnover crossed ₹ 5,000 mn in FY09

Retail footprint crosses 84k sq ft across 20 cities

1864

1938

1995

2001

2004

2008

2009

2011

2011

2012

2013

2013

2014

2014

First to offer buyback guarantee

Mr Shrikant Zaveri took over the business

Retail footprint crosses 42k sq ft across 13 stores

Implementation of Oracle ERP Suite

Listed on BSE & NSE with IPO of ₹ 2,000 mn

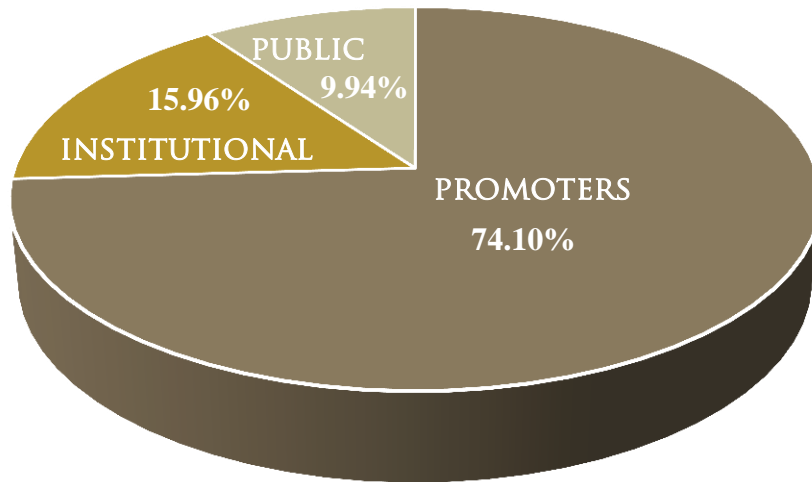
27th store opened at Udaipur on 9th October 2013

Sales crossed ₹ 16,000 mn, PAT of ₹ 850 mn

28th store opened at Jamshedpur on 10th August 2014

ABOUT US: SHAREHOLDING STRUCTURE

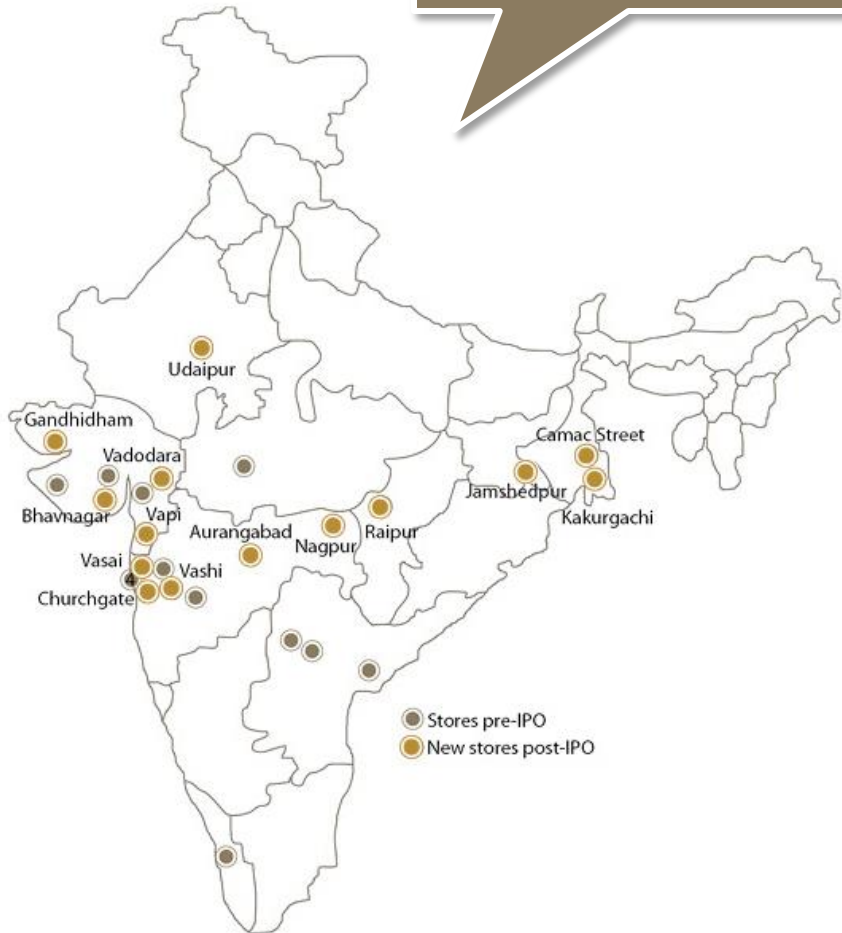
SHAREHOLDING PATTERN – DEC 2014



KEY INSTITUTIONAL INVESTORS	% HOLDING
Smallcap World Fund INC	6.50%
HSBC Global Investments	4.05%
Goldman Sachs India Fund	1.11%

ABOUT US: RETAIL PRESENCE

Present across 22 cities
in 10 states



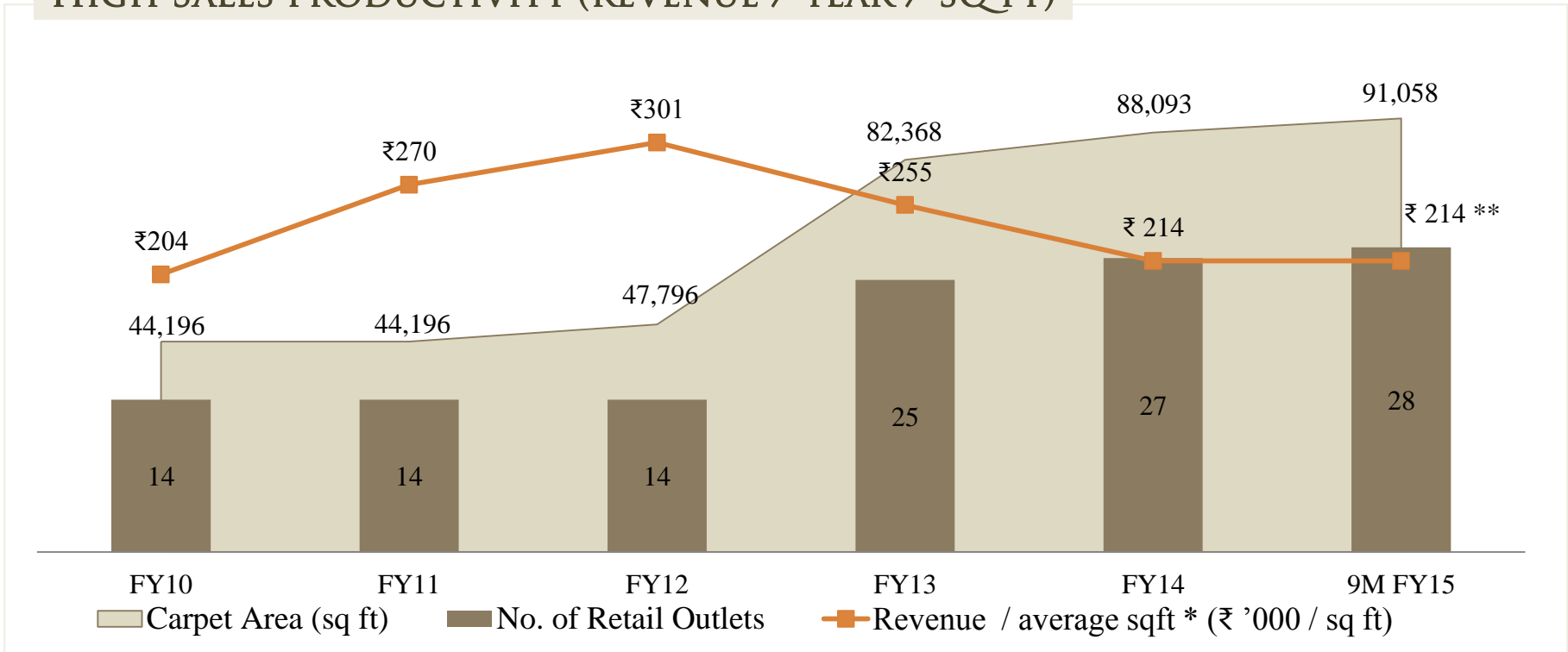
PAN-INDIA PRESENCE WITH 28 STORES WITH A RETAIL SPACE OF ~91,000 SQ. FT. SPREAD ACROSS 22 CITIES IN 10 STATES.

NUMBER OF STORES	TILL DATE
Large Format	22
Small Format	6
Tier I	17
Tier II	4
Metros	7
Total Stores	28
Total Area	~91,000



ABOUT US: RETAIL FOOTPRINT EXPANSION

HIGH SALES PRODUCTIVITY (REVENUE / YEAR / SQ_FT)



* Average of retail area at the beginning and at the end of the financial year

** Sales productivity over last 12 months. **Productivity at mature stores – ₹ 274 k per sq ft**



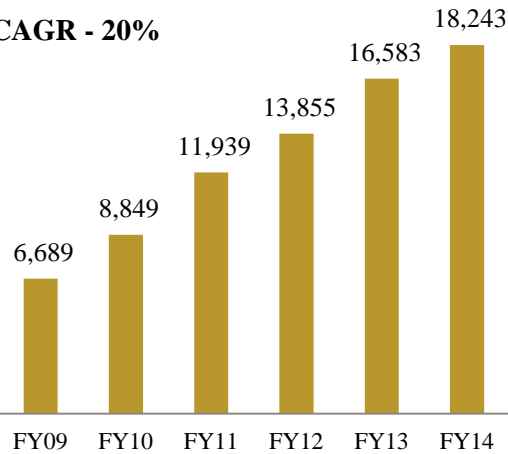
DISCUSSION SUMMARY

- ❖ Q3 & 9M FY15 Results Update 04 – 12
- ❖ About Us 14 – 18
- ❖ **Financial & Operational Summary** **20 – 22**
- ❖ Annexure 25 – 32

FINANCIAL SUMMARY

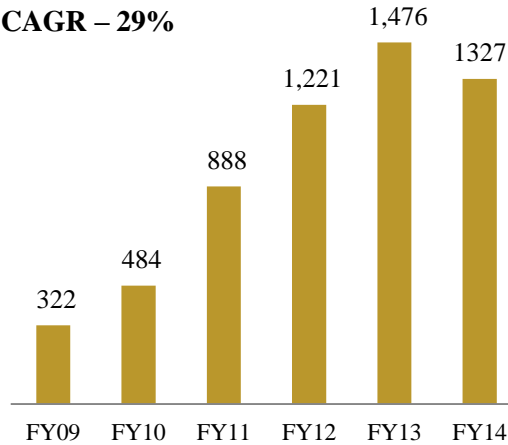
REVENUES (RS MN)

CAGR - 20%



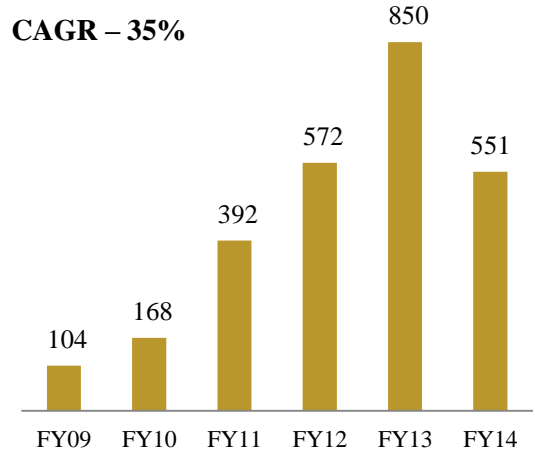
EBITDA (RS MN)

CAGR - 29%

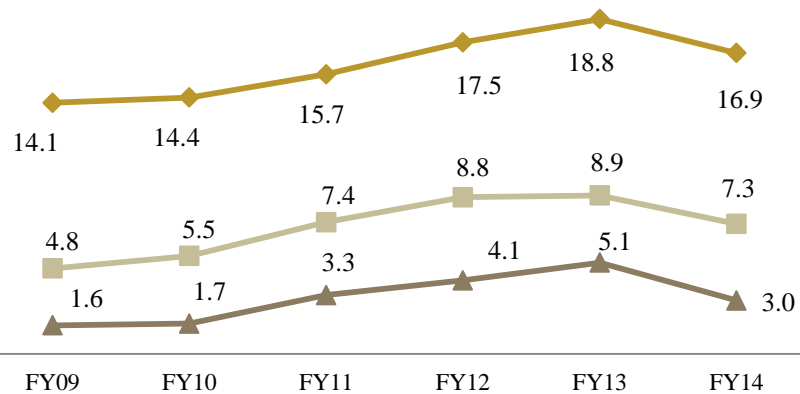


PAT (RS MN)

CAGR - 35%

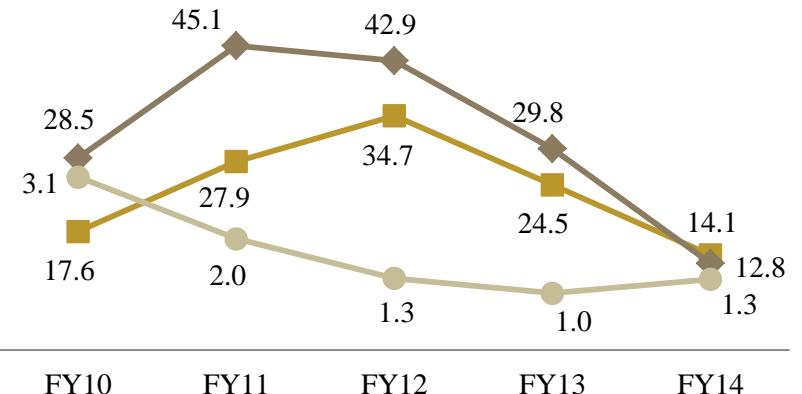


MARGINS (%)



◆ Gross Margin (%) ■ EBITDA Margin (%) ▲ PAT Margin (%)

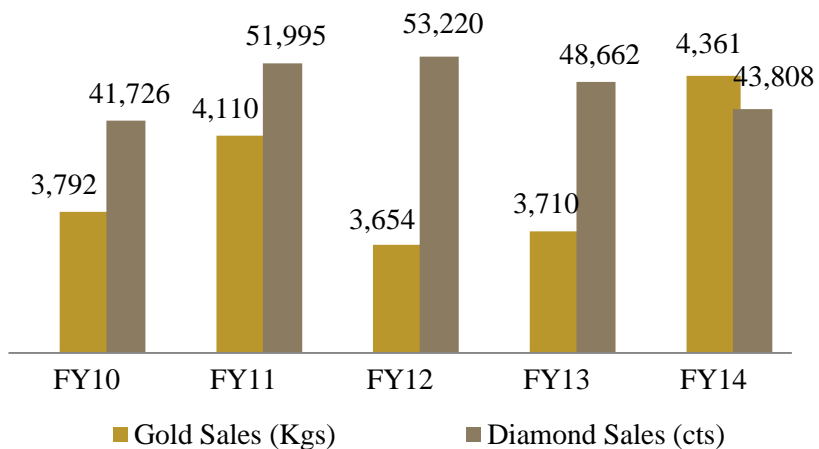
LEVERAGE & RETURN METRICS



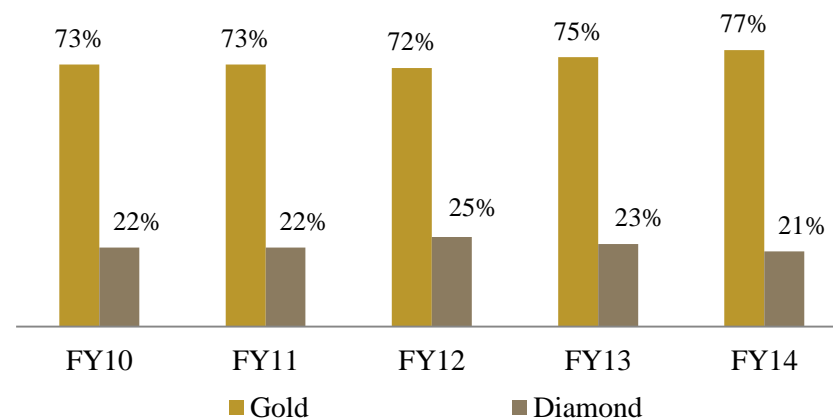
■ ROCE (%) ◆ ROE (%) ● D/E

OPERATIONAL SUMMARY

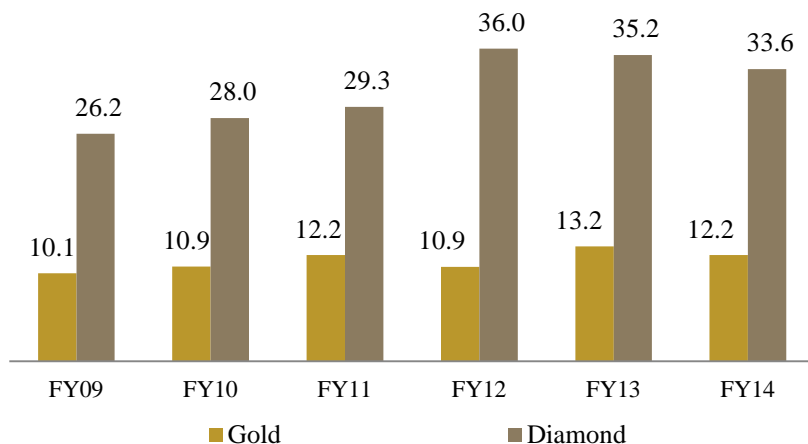
GOLD & DIAMOND VOLUMES



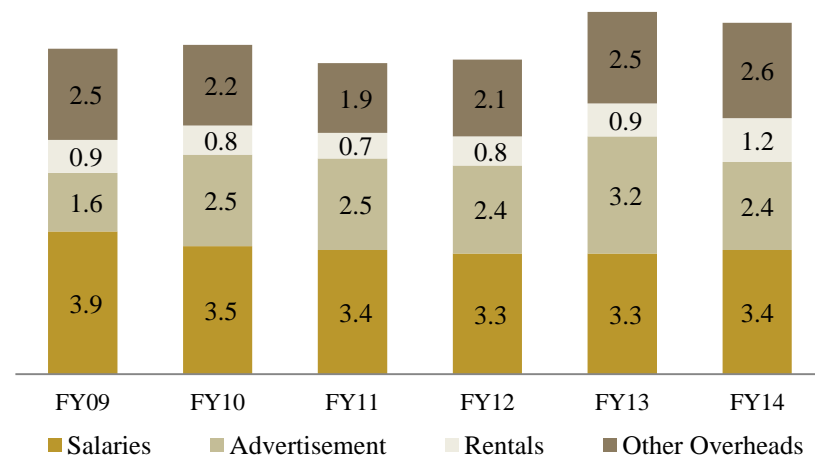
GOLD & DIAMOND SALES MIX (%)



GOLD & DIAMOND MARGINS (%)

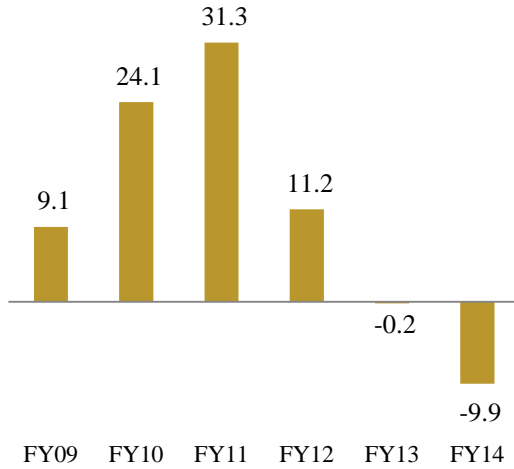


OPERATIONAL EFFICIENCY (%)

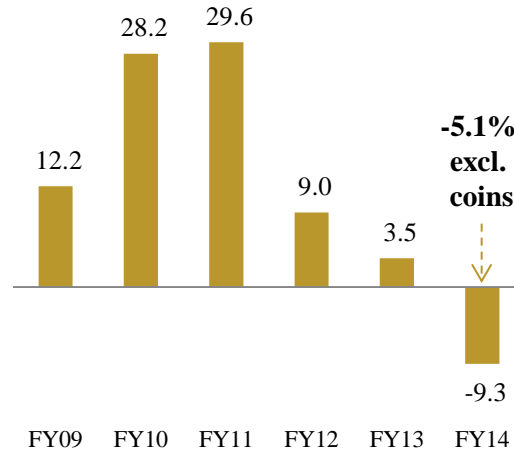


OPERATIONAL SUMMARY

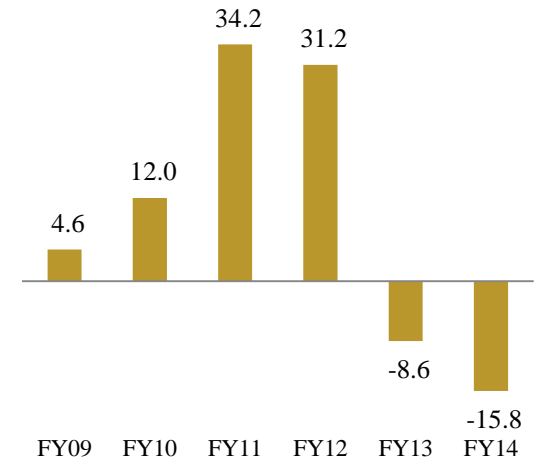
SSSG - TOTAL (%)



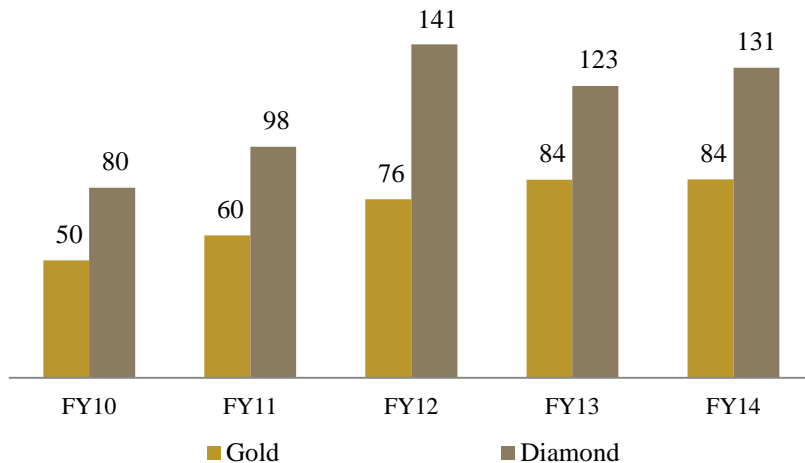
SSSG - GOLD (%)



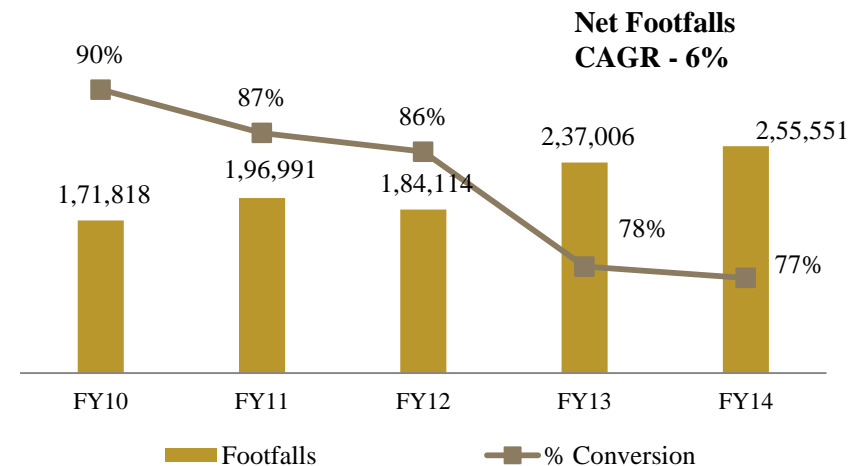
SSSG - DIAMOND (%)



AVERAGE TICKET SIZE (RS '000)



FOOTFALLS & CONVERSION



THANK YOU



The original since 1864

TRIBHOVANDAS BHIMJI ZAVERI
SHRIKANT ZAVERI GROUP

Prem Hinduja, CEO
Tribhovandas Bhimji Zaveri Limited
+91 022 30735000
prem.hinduja@tbzoriginal.com

DICKENSON**SEAGULL** **IR**

Nilesh Dalvi
Dickenson Seagull IR
+919819289131
nilesh.dalvi@dickensonir.com

ANNEXURE

AWARDS & RECOGNITION

- ❖ “ASIA’S MOST PROMISING BRANDS – 2014 ”
World Consulting & Research Corporation (WCRC) - 2014
- ❖ “BEST JEWELLERY COMPANY AWARD”
Gems & Jewellery Trade Council of India Excellence Awards - 2014
- ❖ “BEST DIAMOND JEWELLERY & BRACELET DESIGN”
Indian Jeweller Jeweller’s Choice Design Award - 2014
- ❖ “COLOURED GEMSTONE JEWELLERY OF THE YEAR”
Annual Gemfields & Nazraana Retail Jeweller India Awards - 2014
- ❖ “360 DEGREE MARKETING CAMPAIGN OF THE YEAR”
Annual Gemfields & Nazraana Retail Jeweller India Awards - 2014
- ❖ “BEST RETAIL MARKETING CAMPAIGN – NEW AGE BRIDE”
Asia Retail Congress - 2014
- ❖ “BEST USE OF SOCIAL MEDIA IN MARKETING – BAND BAJA BRIDE”
Asia Retail Congress - 2014



BUSINESS MODEL: PRODUCT



₹ 18,243 mn
FY14



GOLD
(75%)

Gross Margins – 11%
Stock Turns – 2.5x - 3x



DIAMONDS
(25%)

Gross Margins – 35%
Stock Turns – 1x



WEDDING (65%)



FASHION (35%)



WEDDING (40%)



FASHION (60%)

WEDDING SALES TO DRIVE STRONG VOLUMES
WEDDING & FASHION SALES TO DRIVE FUTURE GROWTH



GOLD

- ❖ Raw Material - Bullion

Sources:

- ❖ Exchange & purchase of old jewellery
- ❖ Bullion dealers
- ❖ Banks - imported gold
- ❖ Banks - domestic gold (gold deposits) on loan

- ❖ 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.



DIAMOND

- ❖ Raw Material - Cut & polished diamonds (VVS grade)

Sources:

- ❖ DTC site holders
- ❖ Other vendors

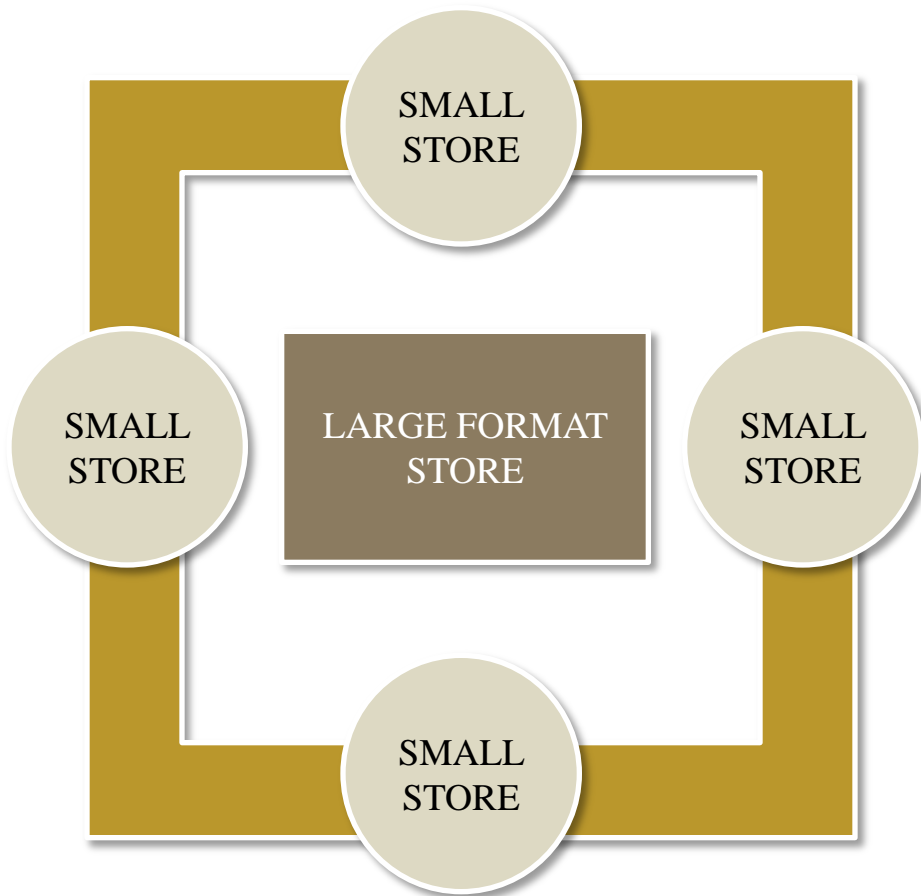
- ❖ In-house diamond jewellery manufacturing leading to exclusive designs, lower costs, and higher margins
- ❖ Manufacturing facility at Kandivali, Mumbai spread over ~24,000 sq ft with capacity of ~200,000 cts (on dual shift basis).
- ❖ The facility also has capacity for 4,000 kg of gold refining and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



BUSINESS MODEL: RETAIL

EFFICIENT INVENTORY MANAGEMENT

HUB & SPOKE MODEL - ROI OPTIMISATION



SMALL STORES

- ❖ 1,000 - 1,500 sq ft
- ❖ Across the city
- ❖ Smaller range
- ❖ Lower price points (up to ₹ 500k)
- ❖ Inventory - ₹ 93 mn
Gold : Diamond - 70 : 30

LARGE STORES

- ❖ 3,000 sq ft & above
- ❖ Standalone high street - heart of city
- ❖ Wider range
- ❖ Higher price points (up to ₹ 2,000k)
- ❖ Inventory - ₹ 280 mn
Gold : Diamond - 70 : 30

BUSINESS MODEL: ECONOMICS

PARTICULARS	LARGE FORMAT	SMALL FORMAT
Size sq ft	Above 3,000	1,000 – 1,500
Average Sales per sq ft in Year 1 (₹)	250,000	250,000
Gold : Diamond	75:25	75:25
Gross Margin - Gold : Diamond	11% : 35%	11% : 35%
Blended Gross Margins	17.2%	17.2%
Store Costs:		
Advertising	2.5%	2.5%
Salary	1.1%	1.1%
Rentals	1.0%	1.0%
Other Overheads	1.5%	1.5%
Store Operating Margins	11.1%	11.1%
Store Capex (mn)	₹ 18	₹ 7.5
Store Working Capital (mn)	₹ 280	₹ 93
ROCE	28%	
Store Cash BEP (in months)	8-10 months	



BUSINESS MODEL: SCALABILITY

- ❖ TBZ has an aggressive expansion plan of tripling its retail network from 50,000 sq ft in FY12 to around 150,000 sq ft.
- ❖ TBZ has a plan to open 43 new stores (25 large format stores with average space of 3,000 sq ft and 18 small format stores with average space of 1,000 sq ft).
- ❖ All the 43 locations have already been identified backed by 2 years of extensive market research.
- ❖ It has successfully added 14 new stores (10 large format and 4 small format) post FY12 where the 14th new store was opened on 10th August, 2014 in Jamshedpur.

	FY12	→	TILL DATE	→	TARGET
Number of Stores	14		28		57
Retail Sq ft	~48,000		~91,000		~150,000
Number of Cities	10		22		43



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 ~5.50-6.85%

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 at ~5.50-6.85% compared to working capital borrowing cost of ~12-13%.
- ❖ **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 REPAYMENT

- ❖ **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.