

Company Name: RBZ Jewellers Ltd.

Management Participants :

Mr. Harit Rajendrakumar Zaveri- Joint Managing Director and CFO

Mr. Harshit Gandhi - Internal Finance Controller

Mr. Bhavesh Sabhnani-Senior Manager, Accounts & Finance

11th Annual Valorem Conference Highlights :

- The company continues to strengthen its positioning as an organized manufacturer of antique gold jewellery, with strong capabilities in traditional handcrafted designs such as Jadau, Meena, Kundan and Polki.
- Operating as an integrated business model across in-house design, manufacturing, wholesale distribution and retail, enabling better quality control, faster turnaround and margin optimisation.
- State-of-the-art manufacturing facility in Ahmedabad (~23,966 sq. ft.) with annual capacity of over 2 tonnes supports advanced technologies such as casting, laser and 3D printing.
- Catering to a diversified network of ~190 jewellery retailers across 72 cities in 20 states, strengthening wholesale reach and long-term customer relationships.
- Retail operations under the “Harit Zaveri Jewellers” brand continue to scale, supported by a balanced product mix across bridal, occasion wear and daily wear jewellery.
- Launched ~951 new designs during Q3 FY26, largely in occasion wear, reinforcing its continued focus on design innovation and portfolio refresh.
- Retail expansion remains a key strategic priority, with new flagship stores planned in Surat and Rajkot along with further showroom additions across Gujarat.
- The job work segment continues to support capacity utilisation and margin stability, while reducing working capital intensity as gold is supplied by customers.
- Structural tailwinds such as increasing industry formalization, strong wedding and festive demand and rising preference for branded jewellery retailers continue to support growth.
- Financial performance remains resilient, driven by improving retail contribution, operating leverage and a favourable segment mix

Key Questions & Answers discussed during the Conference:

- **Does the company have any hedging or risk mitigation strategy for gold prices?** Yes, we utilize a natural hedge by buying gold when it makes a sale. To protect against downside risks, the book value of inventory is kept conservatively 20-25% below current market prices.

- **What are the key growth drivers for the company going forward?** Growth is propelled by aggressive retail expansion across major Gujarat cities to achieve a targeted 50:50 B2B to B2C volume mix. In retail, we are entering into daily wear and lightweight "look-to-weight" designs, and pilot-testing 18-carat occasion wear to attract budget-conscious buyers. B2B growth is supported by a strategic shift toward the asset-light, high-margin job-work model, driven by highly efficient gold wastage recovery
- **Why are inventory levels relatively high and how should investors view this?** Inventory intensity reflects the 30-45 day manufacturing cycle for job work (necessitating base metal deployment), proactive stocking for upcoming flagship stores, and seasonal build-ups. Adjusting for standard retail operations, inventory turnover normalizes to ~180 days (a 2x churn), representing highly liquid assets conservatively valued on the book.
- **What is the current marketing spend and future outlook?** Marketing spend for mature stores currently sits at 0.75% to 1% of revenue, which amounts to roughly INR 6 to 6.5 crores. For new store launches, the budget will be aggressively increased to 2% to 3% of revenue, bringing the expected marketing spend to around INR 25 crores. This elevated spend is expected to normalize back toward 1% as the new locations scale and mature.
- **Are there plans to enter exports or international markets?** While global interest in Indian jewelry presents an export opportunity, the company currently generates zero export revenue. Immediate strategic priority is establishing dominance locally, stating "Let us first explore Gujarat" before expanding elsewhere.
- **What is the roadmap for expanding the wholesale client base?** The roadmap relies on consistent participation in national B2B exhibitions (like IJS), continuous design innovation (launching ~12 new designs daily), and deepening strategic job-work partnerships with top corporate clients like Titan and Malabar.
- **What is the outlook on new store openings and expansion?** We are finalizing two flagship leased stores—a 10,000 sq. ft. store in Surat and a 12,000 sq. ft. store in Rajkot—expected to open by Q2 FY27. We are also evaluating Baroda and planning mid-sized stores in Ahmedabad.
- **How has the wholesale business been impacted by competition from in-house manufacturing capabilities being built by larger national retailers?** While national chains are backward integrating, we are insulated by our specialization in intricate antique bridal jewelry and strong cost leadership. Top clients continue to utilize RBZ for job-work; meanwhile, we are protecting our own margins by forward integrating into its own retail expansion
- **Are there plans to expand manufacturing capacity to support future revenue growth?** No immediate manufacturing capex is needed. The current 2,000 kg capacity, which operates at ~1,200–1,350 kgs, is sufficient. Additionally, surging gold prices have inherently doubled the facility's rupee-revenue capacity from ~INR 1,000 crores to ~INR 2,000 crores, comfortably sustaining medium-term growth without new factory investments.

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- **How should investors evaluate revenue given the growing job-work segment?** Top-line revenue can be misleading because job-work only records service fees, not the gold's actual value. To understand the true scale, tracking total gold volumes multiplied by the average gold price is advised.
- **How will upcoming store expansion be funded and what is the expected capex?** New stores will utilize an asset-light lease model, with capex breakeven expected in 1 to 1.5 years. The expansion requires roughly INR 250 crores of additional inventory, which will be funded through internal accruals and short-term working capital debt, targeting a sustainable 1:1 Debt-to-Equity ratio.

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