

Date: 15<sup>th</sup> November, 2023

To,  
The Manager,  
Compliance Department  
**BSE Limited**  
Corporate Service Department  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai - 400 001.

The Manager,  
Compliance Department  
**National Stock Exchange of India Limited**  
Exchange Plaza, Plot No. C/1,  
G Block, Bandra-Kurla Complex,  
Bandra (East), Mumbai - 400 051.

Dear Sir / Madam,

Re: **Tribhovandas Bhimji Zaveri Limited. Script Code & ID: 534369 / TBZ**  
Sub: **Transcript of Conference Call with the Investors/ Analyst**

The Company had organized a conference call with the Investors / Analysts on Wednesday, 8<sup>th</sup> November, 2023 at 3.00 p.m. (IST). A copy of transcript of conference call held with the Investors/ Analysts is enclosed herewith and the same has also been put up on the Company's Website at [www.tbztheoriginal.com](http://www.tbztheoriginal.com). The audio recording of the Conference call was submitted to the Stock Exchanges on 8<sup>th</sup> November, 2023. We further confirm that no unpublished price sensitive information was shared / discussed in the meeting / call.

The transcript is available on the following weblink:

Weblink: [https://www.tbztheoriginal.com/storage/Transcript-Q2\(FY23-24\)\(08.11.23\).pdf](https://www.tbztheoriginal.com/storage/Transcript-Q2(FY23-24)(08.11.23).pdf)

We request you to kindly take the same on record.

Thanking You.  
Yours faithfully,  
For **Tribhovandas Bhimji Zaveri Limited**

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

Encl: as above

**tbz**®

The original since 1864

TRIBHOVANDAS BHIMJI ZAVERI LTD.

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“Tribhovandas Bhimji Zaveri Limited  
Q2 FY '24 Earnings Conference Call”

November 08, 2023

**MANAGEMENT: Ms. BINAISHA ZAVERI – WHOLE-TIME DIRECTOR -  
TRIBHOVANDAS BHIMJI ZAVERI LIMITED  
MR. MUKESH SHARMA – CHIEF FINANCIAL OFFICER –  
TRIBHOVANDAS BHIMJI ZAVERI LIMITED**

**Moderator:** Ladies and gentlemen, good day, and welcome to the Tribhovandas Bhimji Zaveri Q2 FY '24 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, you may press star then zero on your touch tone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Binaisha Zaveri, Whole-time Director of the Tribhovandas Bhimji Zaveri Limited. Thank you ,and over to you, ma'am.

**Binaisha Zaveri:** Good afternoon, esteemed guests and shareholders. It's my pleasure to welcome you to the earnings call of Tribhovandas Bhimji Zaveri Limited for the second quarter and the first half of the fiscal year 2023-'24.

In the Indian jewellery market, a landscape both dynamic and challenging, our legacy of over 159 years stands as a guiding beacon. At TBZ, we're not nearly a brand but a legacy, seamlessly integrating our rich culture and heritage with evolving aspirations of our patrons. Despite facing

market challenges in Q2 FY '24 and first half FY '24, TBZ has started a resilient growth path, a clear reflection of our unwavering commitment to quality, robust margin projection and a deep resonance with our customers' desires.

Our recent collections are a testament to this approach, blending our historical legacy with contemporary design and captivating our clientele. With the upcoming inauguration of our new store in Vapi, Gujarat, we are poised to bring our timeless elegance and unparalleled craftsmanship to our new markets and generations.

In a world marked by geopolitical uncertainties and economic shifts, our steadfast strategy focuses on elevating our brand desirability in the vibrant Indian market. This will be realized through our relentless commitment to product excellence and superior distribution. Our team's dynamic energy and unmatched creativity are pivotal in this journey, setting us on a path to meet market expectations and fortifying our position in this sector.

As we forge ahead our resilience rooted in strategic acumen and team dedication will be key to delivering steady growth and success. I extend my gratitude to your continued trust in us.

I now invite our CFO, Mr. Mukesh Sharma, to provide further insight into our financial performance.

**Mukesh Sharma:**

Thank you, Ms. Binaisha. Good afternoon to everyone present here today. In the dynamic realm of India's jewellery market, the narrative of TBZ Limited in the first half of FY '24 is a compelling story of resilience and strategic innovation. We faced challenges head on from intense market competition to pressure for discounts. Our response has been marked by a blend of creative design and uncompromising quality, enabling us to maintain strong margins and conquer discount pressure effectively.

Our financial journey, though challenged by a 5.9% decrease in total operating income to INR 1,116.7 crores, is one of a kind. We achieved a substantial 49.4% growth in EBITDA during H1 FY '24 and an impressive 137% increase in profit before tax. These figures symbolize more than just financial success, they represent our commitment to excellence in both operation and design.

In quarter 2 FY '24, despite a decrease in operating income to INR 480.6 crores, we saw our strategy bear fruit with a 40.4% increase in EBITDA and significant rise in PBT and PAT of 60.6% and 63.6%, respectively. This performance is a testament to our ability to stick to the game plan even in the challenging times.

Looking ahead, we are excited about our upcoming store opening in Vapi, Gujarat, by quarter 3 FY '24. This new venture is not just an expansion, it's a step forward in our continuous journey of growth and excellence. It represents our unwavering commitment to bringing the finest jewellery rooted in TBZ's rich heritage to a wider audience.

Allow me to share a quick story that encapsulates our ethos. Recently, our team crafted a bespoke piece inspired by traditional Indian motifs but with a contemporary twist for a client. The overwhelming appreciation from the client was not just for the jewellery but for keeping the

essence of our rich culture alive in our creation. This is what drives us, the passion of creating exceptional jewellery that resonates with our customers' hearts and heritage.

As we move forward, our focus remains on sustaining growth through operational efficiency and our passion for creating exceptional jewellery. Your support and trust inspires us to reach new heights. Thank you once again for joining us today. I am now ready to take your questions and engage in further discussions.

- Moderator:** The first question is from the line of Mr. Sonal Jain, who's an individual Investor.
- Sonal Jain:** I have 2 sets of questions. The first one is that you mentioned about the new store in Vapi and a plan for the wedding season and the medium-term growth. Can you please provide more information on the company's growth strategy and expansion plans for the near future?
- Mukesh Sharma:** Yes. So we have opened a new store at the first week of November in Vapi. There's quite a good demand we observed there. And therefore, we opened our second store. We do have a plan, as I have been always sharing with you all, that we do have a plan to expand both through company's own stores as well as the franchisee network. You will very soon see some new stores coming up in different geographies as well. We have a range of wedding collections. Now the weddings are lined up as everyone knows. The entire wedding season, we are filled with stocks and lots of new designs we have added into our inventory, and we are hopeful for a good wedding season in quarter 3.
- Sonal Jain:** Sure. My second question is somewhere there. Could you please also provide you details on the growth and strategy related to the diamond segment? And how it is compared to the gold segment in terms of margin ratio?
- Mukesh Sharma:** Yes. So the margin between the gold and diamond is quite a big amount of gap. We have been seeing there's quite a good amount of growth in our diamond jewellery segment. And our diamond ratio to the gold sales ratio has increased by 5% to 6%. So we have almost touched 70:30 gold and diamond ratio in our sales, which is reflecting into our margin improvement as well.
- Moderator:** The next question is from the line of Utsav, who's an individual investor.
- Utsav:** Sir, I just wanted to understand like how many stores are you planning to open up in the next half year?
- Mukesh Sharma:** In the first half, we have opened 1 store.
- Utsav:** In the next, the upcoming, how many stores are in the pipeline that we can see?
- Mukesh Sharma:** **We are planning to open between 3 to 5 stores in the** Second half.
- Utsav:** Okay. And I just want to get an idea like the wedding season has come, even we see like the Navaratri and Diwali coming up. So what kind of sales growth we can see this quarter or the next half year?

- Mukesh Sharma:** So see, because of the very high prices of the gold, the demand was sluggish at the beginning of the season. But now demand is picking up. It's difficult to outline a particular or specific number in terms of the growth, but we are seeing at least flattish sale or a little bit growth over the last year.
- Utsav:** And the margins will be sustainable, right?
- Mukesh Sharma:** The margin will be sustainable, yes.
- Moderator:** The next question is from the line of Mr. Vignesh Iyer from Sequent Investments.
- Vignesh Iyer:** Sir, can you explain to us the store economics when it comes to how much it cost you to set up new stores? And what is usually your average size of the store, et cetera?
- Mukesh Sharma:** So the size of the store is within 2,000 to 2,500 square feet. And the capex cost, which is invested in a particular store is somewhere between INR 7,000 to INR 10,000 psqft. Approximately INR 10,000 per square feet investment goes into the store capex, so we can consider somewhere between INR 2 crores, INR 2.5 crores or INR 3 crores goes into the capex for a new store. Now it depends on the location, the inventory also has been kept as 50 to 60 kg and similarly, we keep diamond also around 2,000 carats.
- Vignesh Iyer:** Sorry, I didn't get the last one, diamond also?
- Mukesh Sharma:** Diamond is approximately 2,000 carats or 3,000 carats.
- Vignesh Iyer:** Okay. And what is the payback period usually for these stores?
- Mukesh Sharma:** So payback period in what sense? In capex, you are talking?
- Vignesh Iyer:** Yes, in capex. If you could give both capex and capex payback period.
- Mukesh Sharma:** So from a store perspective, we see inventory turn, which in gold is around 2 to 2.5 turn, and diamond is around 1.5 turn. That's inventory turn. And from a capex payback period, we can consider around 2 to 3 years.
- Vignesh Iyer:** Okay. All right. Also, I mean, let's say a normal year, I mean, this year, we have seen a festive push to Q3. I mean, if I take a normal year, what would be the proportion of the revenue that you would see in H1 compared to H2? I mean, if you could give an estimate of it.
- Mukesh Sharma:** See, it will be, I can say 40-60 H1 to H2. Normally, in our jewellery retail, Akshay Tritiya falls into the first half, whereas Diwali / /Dhanteras falls into the second half. Of course, there is a wedding season there are other occasions as well. However these are the 2 major occasions (Akshay Tritiya and Diwali). But there is good demand during the festive season and there are other functions like Ganesh Chaturthi in Mumbai that we celebrate at a large scale, Raksha Bandhan is there and so on. There are different occasions, festivals in India. India is filled with festivities.

Also the part of Diwali festival sometimes falls into first half part of the year, and sometimes into the second half of the year. Like last year, some portion of the festive season has fallen in quarter 2 e.g. Navaratri started from 24th of September in the last year. Whereas this year, it got shifted into quarter 3. So from a calendar quarter perspective, when you see the numbers, these numbers seem a bit haywire from a growth perspective.. But from a business planning perspective, it is always calculated on festive to festive.

**Vignesh Iyer:** Understood. So if I have to take a financial year in perspective, if I heard it right, in a normalized year, you will have around 55% or 60% in Q2 and 40%, 45% in Q1, right, in a financial year?

**Mukesh Sharma:** Normally, second half revenue is a little bit more than the first half because second half also will have weddings apart from the festivities and all those things also there, but not much there. Maybe we can say 40-60 H1 to H2 or maybe 45-55.

**Vignesh Iyer:** Right. But this year alone, we have seen the festivals push to Q2, so it could be better and the ratio would be more skewed towards Q2, right?

**Mukesh Sharma:** Absolutely. You're right.

**Moderator:** The next question is from the line of Narendra from RoboCapital.

**Narendra Khuthia:** Sir, I wanted to know about your franchise stores that you are targeting? Anything in there like [inaudible 0:16:02]

**Moderator:** Sorry to interrupt. If you are using speaker mode, can I request you to use handset, please?

**Narendra Khuthia:** So I was asking you about your franchise store growth. Are you planning anything, say, in the half of the next year?

**Mukesh Sharma:** Yes, . We do have plan to open a couple of stores through the franchise route. We already have 3 franchise working with us for quite some time. We do have a plan to open a couple of more stores through franchise.

**Narendra Khuthia:** Because if I'm not wrong, in the last call, you had said that post-Diwali, you'll be looking at something. So do you have something?

**Mukesh Sharma:** Yes.

**Narendra Khuthia:** So 2 stores you are saying, right?

**Mukesh Sharma:** Yes, we are trying to open a little more, but 2 to 3 will definitely open.

**Narendra Khuthia:** Okay. Okay. So this year or next year?

**Mukesh Sharma:** This year, second half.

**Narendra Khuthia:** Okay, okay. Got it. And your own stores, how many?

**Mukesh Sharma:** We have already opened 1 store, our own store in Vapi on 2nd of November. We are planning 1 more store, but it's not yet concrete.

**Narendra Khuthia:** Okay. Okay. Got it. And sorry, I missed your revenue and margin guidance. Could you repeat that?

**Mukesh Sharma:** So see, the revenue is not exactly comparable in quarter 2 to quarter 2, last year to this year. But yes, from an exact hardcore number, we had a revenue of INR 480.6 crores in quarter 2 FY '24 as compared to last year INR 536 crores. On half year numbers, we have a revenue of INR 1,051 crores in H1 FY '24 as compared to INR 1,116 crores H1 FY '23.

**Narendra Khuthia:** No, I was asking about the future guidance on revenue and margin plan.

**Mukesh Sharma:** That is something that is up to the market, I can't reveal that. I mean this will only be a guessing work. We are definitely trying to surpass the numbers what we have already achieved.

**Narendra Khuthia:** Okay. And regarding margins, do we see any further expansion in the margins?

**Mukesh Sharma:** Margin, what you are seeing already, it has increased quite a lot. If you've gone through the investor presentation, the margin has increased quite a lot. It has almost increased by 235 basis points in quarter 2 FY '24 compared to same period last year. And it has increased 292 basis points in H1 FY '24 compared to same period last year. In terms of the percentage of gross margin, it stands at 13.3% in quarter 2 FY '24 as compared to 10.96% same period last year. And H1 FY '24, in our gross margin we have achieved around 13.6% in H1 FY '24 compared to H1 FY '23 last year was 10.7%.

**Narendra Khuthia:** So is there any plans to increase the margin? Or is it to say that this would be the steady state?

**Mukesh Sharma:** We foresee that we will be able to maintain this level. Obviously, we are trying hard to increase this percentage as well.

**Moderator:** The next question is from the line of Videesha Sheth from Ambit Capital.

**Videesha Sheth:** Sir, on the revenue side, when we look at larger national players or even regional players, we sort of posted 20% to 30% Y-o-Y growth for 2Q. So besides the shift in festive season, which other factors has led to the decline that you've seen this quarter, the past quarter?

**Mukesh Sharma:** See, I can't comment on the competition because they have a lot of inorganic sale as well, okay? So there are lots of stores which might not have operated for the same period last year, which might have opened during the mid of same period last year, in the mid of season. And as well as the new store which has opened this year, which didn't exist last year. So we may be able to see a different number of growth numbers in the competition.

In our case, these are the pure like-to-like numbers. So we had operated 29 stores, same period; and this year also 29 owned stores and 3 franchise stores, so 32 stores for the same period. So our numbers are pure like-to-like, whereas competition, I'm not sure. From a festive perspective, the difference is not that much. Last year, the Navaratri had started from 24th of September, if

I'm not wrong, 24th or 25th September. This year, whereas it is shifted in the quarter 3. So those are the difference in quarter 2 we can see.

**Moderator:** The next question is from the line of Ms. Sonal Jain who's an individual investor.

**Sonal Jain:** I just had another question. How does TBZ plan to maintain its relevance and competitiveness in the jewellery industry, especially with the increasing competition from online and off-line retailers?

**Mukesh Sharma:** Sonal, we do not compete with our online retailers. We believe the jewellery segment largely depends on touch and feel. And we are not in that segment what the online retailers might be catering for. At TBZ, we see the competition is always going to be there. We have existed for all these years. You can see this is a 158-year-old brand in Indian jewellery industry, which has been standing and delivering. So we foresee that we'll be doing much, much better going forward than what you are seeing currently. What the investors are seeing with the margin numbers and the PAT numbers currently have been improved quite a lot. So this all will reflect into the future performance of the company as well.

**Moderator:** As there are no further questions, I would now like to hand the conference over to Mr. Mukesh Sharma for closing comments.

**Mukesh Sharma:** Thank you all for participating in today's call. For any further queries, please reach out to Dickenson World or connect to us directly. Wishing you all a wonderful day ahead. Stay safe. And with this, we'll conclude our call. Thank you very much.

**Moderator:** Thank you. On behalf of Tribhovandas Bhimji Zaveri Limited, that concludes this conference. Thank you for joining us. Then you may now disconnect your lines.