

Date: 16<sup>th</sup> February, 2024

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 Friday, 9<sup>th</sup> February, 2024 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 9<sup>th</sup> February, 2024. We further confirm that no unpublished price sensitive information was shared / discussed in the meeting / call.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:

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



“Tribhovandas Bhimji Zaveri Limited  
Q3 FY'24 Earnings Conference Call”

February 09, 2024

**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 Q3 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, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Binaisha Zaveri. Thank you, and over to you, ma'am.

**Binaisha Zaveri:** Ladies and gentlemen, esteemed shareholders and investors. A warm welcome to the earnings call for Q3 FY '24 and 9 months FY '24 for Tribhovandas Bhimji Zaveri Limited. In a hyper competitive marketplace, TBZ Limited has showcased resilience and adaptability, underlined by our steady rise in profitability during Q3 FY '24 and 9 months FY '24.

Despite encountering revenue challenges, we have navigated through fluctuating gold prices and market uncertainties with strategic acumen. This resilience is evident in our financial performance with significant increases in key profitability metrics, with holding patterns on revenue.

One of our operational highlights during Q3 was the inauguration of our new showroom in Vapi, GIDC. This is in line with our strategy to judiciously enhance our presence in strategic markets. Vapi's economic vibrancy and burgeoning consumer base makes a promising location for our premium jewelry offering. As we look ahead, we remain committed to delivering superb craftsmanship and differentiated value to our customers, while pushing the quality growth for us stakeholders.

Since our inception in 1864, Tribhovandas Bhimji Zaveri has been synonymous with uncompromising quality, transparency, trustworthiness, in the Indian jewellery industry. Even today, this reputation remains strong with a multi-generational client sale, and we are continuously working to fortifying these pillars of traction integrity built over 159 years. I now invite Mr. Mukesh Sharma, our CFO, to provide further insights into our financial performance and strategic initiatives.

**Mukesh Sharma:** Thank you Ms. Zaveri. Good afternoon, ladies and gentlemen. I am pleased to delve deeper into the financial highlights of quarter 3 FY '24 and 9 months FY '24. As well as our ongoing initiatives to drive operational excellence and sustain profitable growth.

While facing down competitive challenges in the marketplace, our focus on operational efficiencies yielded promising results each quarter. Our gross profit margins have demonstrated steady improvement over the last few quarters, reflecting our commitment to enhancing profitability, while maintaining our appeal with customers through the highest standards of quality.

In quarter 3, FY '24, we witnessed a commendable increase of 13.5 percentage in gross profit, compared to the same period last year. Reaching to INR292.33 crores with a gross margin of 12.46%. Similarly, in 9 months FY '24, our gross profit, first by 17.31% Y-o-Y to INR235.4

crores, with a gross margin of 2.13%. These figures underscore our ability to transcend evolving market dynamics and optimize our product mix to drive value creation.

Our improving operational efficiency and cost management is also reflected in our steadily improving EBITDA margins. In Q3 FY24, our EBITDA margins expanded to 6.1%, up by 77 basis points Y-o-Y, representing a notable increase compared to the previous year. Similarly, for 9 months FY '24, our EBITDA margin stood at 5.98%, up by 158 basis points Y-o-Y.

As we navigate through the remainder of the financial year, we maintain commitment to maintain our sales momentum through strategic expansion. Our ongoing initiatives include optimizing our supply chain, prudent financial management and diversifying our product offerings to cater to evolving customer preferences.

Additionally, our focus on expanding our presence through our own new stores and through the franchise model continue to be in play. In this light, we are delighted to invite all to experience our new stores in Vapi GIDC, which has made an encouraging beginning. Thank you all for your participation today. Let us begin with the questions and answers.

**Moderator:** The first question is from the line of Utsav, who's an Individual Investor.

**Utsav:** I just like to know that is there's a degrowth in the revenue, while the other company has shown a growth in the jewellery states? Any reason why our companies see the degrowth in the revenue?

**Mukesh Sharma:** See, as I've highlighted in the past also, the other companies, there's a lot of new stores addition. So those growth does not reflect the same-store growth. Yes. In our case, as I have updated, we are cutting down on our corporate sales, which are not with much profit. This is one of the reasons. Some reasons are there with respect to the gold prices. So whenever there is surge in the gold prices, the quantum goes down. We have experienced that immediately after Diwali, there were high gold prices that has created some impact in the revenue, top line. Also, the marriage season was shifted 15 days ahead in quarter 3 this year, which has also created some impact on the revenue.

**Utsav:** Okay And like you were planning to open 2,3 stores also, right? But only one has come up in Vapi, right? By when can we expect the other stores to open up?

**Mukesh Sharma:** Yes. So 2 more stores are under process right now, and it's going for the store CapEx. So 2 stores, we will see opening in quarter 4 or maybe early in quarter 1. . So maybe in first part of April or maybe in later in quarter 4, we may soon introduce 2 new store openings.

**Utsav:** 2 new stores opening.

**Mukesh Sharma:** Yes.

**Utsav:** Okay. And just one more thing, right? What kind of demand you foresee for this particular quarter because there is a certain marriage season that will also be coming up, going on and that's coming up in February.

- Mukesh Sharma:** Yes. We are seeing a good traction in the month of January,. So we are on a Y-o-Y increase on the Jan-month, and we see a good quarter in Q4.
- Utsav:** Okay. So you've seen good uptick in January and Y-o-Y?
- Mukesh Sharma:** Yes. Y-o-Y, we see a good Q4.
- Utsav:** Okay. And just one more thing, last question on the side. Like the pace at which your opening of the stores, right? It's very slow. I see that, does the margin want to get more aggressive and where instead of opening up 2 stores, open up maybe 6, 7 stores, something like that, the management has in mind?
- Mukesh Sharma:** Yes. So we have more than 5 to 8 expression of interest with respect to the franchisee, which is actively under negotiation right now. So which we will see the momentum getting created in FY '24, '25. We are very cautious as we have updated in past also. We want a profitable market share, rather than opening store every nooks and corner of the country. So we are very selective that way. And we believe we'll have a robust growth rather than opening stores everywhere.
- Moderator:** Next question is from the line of Rohit Suresh from Samatva Investments.
- Rohit Suresh:** Sir, my first question would be, how is the wedding market? So I guess some of some days of the wedding season have also come in Q4. So if you could overall give me a picture of how the wedding market has been paying?
- Mukesh Sharma:** See wedding season compared to the last year, as I said, this has shifted a little bit in Q3 as compared to Q4. Wedding season is not that great because the gold price has played a little spoil spot there. However, it's not as bad also. So we are seeing a flattish kind of demand in this wedding season.
- Rohit Suresh:** Got it. Okay. Sir, second, on the studded jewelry. So what will be the share for Q3 of the studded form?
- Mukesh Sharma:** Can you repeat your question?
- Rohit Suresh:** In the studded jewellery, the diamonds what will be the share for diamonds in this quarter Q3?
- Mukesh Sharma:** See diamond ratio has improved a little bit in this Q3. So last year, quarter 3 gold diamond ratio was 80:20. And this year, quarter 3 has become 77:23. So 3% diamond share has increased.
- Rohit Suresh:** Got it. Sir, my last question would be on the margins part. So like last 3 or 4 quarters, our EBITDA margins have been raising in the 6% to 6.5% bracket. So for FY '25, FY '26, what kind of margin growth or any ballpark number you have in mind, which you would like to share, that we are targeting?
- Mukesh Sharma:** Margin growth is on an upward trajectory right now. And I foresee must be going above 6.5% in immediate quarters.

- Rohit Suresh:** And is that sustainable for the next financial year also?
- Mukesh Sharma:** Very much, very much. As I said that in FY '23, '24, we have more focused on the profitability. And less focus on the revenue side, which will get corrected in FY '24, '25, we would be focusing both on the revenue because a lot of work has already gone into the improvement of the margin. And cost-cutting measures have been taken, which has resulted in an increase in the EBITDA margin as well.
- Rohit Suresh:** Got it. Sir, the previous participant had asked about the expansion plans, you highlighted around 5 to 8 stores you have some expressions of interest in the franchisee part. So on setting up your own stores, what will be the target for FY '25? Will it be 1 or 2 stores? Or are you planning to increase that also?
- Mukesh Sharma:** No, I don't deny or comment on any number on the own store side. If we get an opportunity and if there are reasons to open the own stores, we will not shy away from opening new stores in FY '24, '25. However, I can't commit a number on the COCO stores. But yes, on the FOFO stores i.e. franchisee-owned, franchisee operated, we are placing more focus there. And as I said, 2 stores will very soon you'll see in quarter 4, later part of the quarter 4 or the earlier part of Q1 next year.
- And there are 5 to 8 active discussions, which are currently going on. And you will very soon see those stores also coming up somewhere near the Diwali season.
- Moderator:** The next question is from Darshil Jhaveri from Crown Capital.
- Darshil Jhaveri:** Sir, just wanted to ask like currently like how IPRs trajectory going? Is that we are focused more on our margin and cost initiatives? And from FY '25, we will be able to see more focus on strategy. So any kind of guidance for revenue for FY '25, we may have, any ballpark target like you might close this year around INR2,300 crores. So can we what kind of target new stores coming up should we have for FY '25?
- Mukesh Sharma:** See Jewellery sector commitment on the revenue growth is a little difficult and little tricky situation. However, we always try to get somewhere with same-store sales growth of around 15% to 20%. As we add new stores, obviously, the sales growth will be in a different percentage.
- So difficult to quantify what numbers. I mean, roughly, we can resume around 15% to 20% sale growth, we should easily see in FY '25.
- Darshil Jhaveri:** So 15% to 20% easily we can see and our margins, we can say around 6.5% and maybe dashboard also jump up a bit in operating leverage?
- Mukesh Sharma:** Yes, we are hopeful that we should be able to take the EBITDA margin up also.
- Darshil Jhaveri:** Perfect. Perfect, sir. So just wanted to ask currently like the market scenario, how do we see like as per our channel set, there is some sluggishness going on right now, like demand is not flourishing. It's not low, but it's not flourishing. So could you just give us like a brief overview

right now, what do you see the market scenario as -- and does election play any role in terms of demand?

**Mukesh Sharma:** See election is there in sight. And unless there are policy changes from the government side, we don't see any reason of election impacting the buying that are in demand, right? However, the momentum of, as you know, the Indian economy is on the upward trajectory. So we don't see momentum going away very soon. So we see that the revenue growth and this momentum to continue in near future.

**Darshil Jhaveri:** Okay. Okay. Perfect. Any kind of risk that you personally see that can dampen our speed, can act as a speed bump to one?

**Mukesh Sharma:** I don't see -- as you know, TBZ has been cautiously moving ahead in terms of the opening of new store also. So as I said, we are more focused on the profitable share of the market. Wherein we are cautiously opening the store evaluating every option and then going ahead with our franchise network as well. I don't see -- personally don't see any challenge from the TBZ prospective.

**Moderator:** The next question is from the line of Bhushan Sonar, who's an individual investor.

**Bhushan Sonar:** I just wanted to know of opening new showrooms in Vapi GIDC Gujarat? What kind of growth you are seeing from that area or location, by when will the stores break even, can you throw some light on it?

**Mukesh Sharma:** See the new store in Gujarat Vapi is catering to a different geography, than what our current store is doing. And we are seeing a good traction and good sales in that store as well, and that is already in a profitable state. It's also our experiment in terms of opening a smaller-sized stores, which we are actually experimenting whether this kind of smaller format franchise stores may also work in these kind of city.

So there are various strategic reasons with which we have opened and having said that, there is a good sales there. It's not that sale is getting impacted, having stores- 2 stores in Vapi. So we are seeing good sales and profitable store there.

**Bhushan Sonar:** Okay. Can you also talk about how you change your supply chains to make it better, especially with current market locations?

**Mukesh Sharma:** Very difficult to answer this question. See, there are various initiatives what we have taken internally. Supply chain is also one of the parts of those strategic initiatives, what we have taken and which is getting reflected into our gross profit margin.

**Moderator:** The next question is from the line of Juhi KH from ABH.

**Juhi KH:** Yes. So we are projecting 5 to 8 FOFO stores, till next Diwali. Can you throw some light on the inventory of turnover and the revenue, which we would be expected by new focus stores?

**Mukesh Sharma:** Yes. So as the name suggests, franchisee-owned franchisee-operated, the investment in the CapEx is done by the franchisee, the inventory investment is done by the franchisees, TBZ, of course, from the brand side, there is a complete brand support from the TBZ side for the design, the designing part, or the marketing side, staff training, retail related experience everything is taken care by the TBZ. So we are creating everything, the investment and the store being run by the franchisees.

So capital, so there's no substantial investment from the TBZ side, aside from sharing the profitability. However, there is an investment is done by the franchisee.

**Juhi KH:** What would be expected in terms of level of PBT, from these stores?

**Mukesh Sharma:** Own store operations and Franchisee store operation, obviously, there is a difference, because when we operate a franchisee store, the gross margin is shared. So there will be a slight impact on the gross margin side. While PAT or PBT will be on a higher side because there will be 0 expense, below the gross margin line, right?

So shifting of the expenses to a sharing of our gross margin and the expense is shifted to the PNL of the franchisee, wherein he gets a good gross margin on the inventory, but he shares the retail expense.

**Juhi KH:** So can you throw some light on, how much gross margin we would be sharing on, what would be the gross margin would be expecting for franchisee stores at place?

**Mukesh Sharma:** See, the gross margins, there's a different model for each of the franchisee in different regions and it depends on the size of inventory, it depends on the turn what we agree with them on, depends on how much inventory they will carry. We more focused on the what return the franchisee would be making out of the investment. Obviously, from a company perspective, we always focus on the return on capital employed.

And we see from that perspective, in the year 1, year 2, year 3, how the business stands, how much is the ROI franchisee is going to make, how much ROI the company is going to make because the primary investment would be done by the franchisees - he has to get out his ROI as well because the investment is done by the franchisee . And we are specifically taking the people from the non-jewellery background and who are serious about the business. So there's a lot of factors. It would be difficult to pinpoint one margin, that would be wrong on my side because it differs with the different franchisees.

**Moderator:** I would now like to hand the conference back to the management team for closing comments.

**Mukesh Sharma:** I want to express my sincere gratitude to our shareholders and investors for their continued support. Please feel free to connect with Dickenson for any further questions or insights. Thank you for your trust in Tribhovandas Bhimji Zaveri Limited and for being part of our growth journey. Have a pleasant evening.





*Tribhovandas Bhimji Zaveri Limited*  
*February 09, 2024*

**Moderator:**

Thank you very much. On behalf of Tribhovandas Bhimji Zaveri Limited, that concludes the conference. Thank you for joining us, ladies and gentlemen. You may now disconnect your lines.