

Date: 31<sup>st</sup> May, 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 Friday, 26<sup>th</sup> May, 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 26<sup>th</sup> May, 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 We further confirm that no unpublished price sensitive information was shared / discussed in the meeting / call.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/TBZ\\_Transcript\\_Concall\\_260523.pdf](https://www.tbztheoriginal.com/storage/TBZ_Transcript_Concall_260523.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**<sup>®</sup>  
The original since 1864

TRIBHOVANDAS BHIMJI ZAVERI LTD.

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“Tribhovandas Bhimji Zaveri Limited  
Q4 FY '23 Earnings Conference Call”

May 26, 2023

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

**MODERATOR:** **MS. SHANKHINI SAHA – DICKENSON WORLD IR**

**Moderator:** Ladies and gentlemen, good day, and welcome to Tribhovandas Bhimji Zaveri Limited Q4 FY '23 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 Mr. Mukesh Sharma, CFO and Ms. Binaisha Zaveri, Whole-Time Director. Thank you, and over to you, ma'am.

**Binaisha Zaveri:** Ladies and gentlemen, good afternoon, and welcome to the TBZ Limited Earnings Call for the Fourth Quarter and Fiscal Year 2023. At TBZ, we take great pride in our commitment to operational efficiency and our ability to create exceptional jewellery designs.

These 4 principles have not only contributed to our financial growth, but have also earned us the trust and loyalty of our valued customers for over 157 years. During the fourth quarter of FY '23, the launch of our various collections like HUES, Svava, Navya, Kavya received a overwhelming response with over 50,000 plants working.

During the fiscal year 2023, we witnessed a significant year-on-year growth of approximately 25%, totalling over 2.5 lakh walk-in. These numbers reflect the legacy dedication of TBZ and our ability to create jewellery that resonates deeply with our customers.

Looking ahead, we remain dedicated to driving innovation, ensuring customer satisfaction and achieving robust financial growth. Our continuous focus on delivering exceptional jewellery designs further now enhancing our operational efficiency and maintaining our established market position will enable us to seize future opportunities and provide customers with unparalleled products and experiences.

Thank you for your continued support. I'd now like to hand over the call to our CFO, Mr. Mukesh Sharma, to share some financial highlights for Q4 and FY '23.

**Mukesh Sharma:**

Thank you, Binaisha. Good afternoon, everyone. It's a pleasure to welcome you to TBZ Limited's earnings call for quarter 4 and FY '23. I am pleased to present our audited financial results for quarter 4 and FY '23.

To start with the financial performance front, we are delighted to announce quarter and year-end demonstrating sustainable growth. For quarter 4 FY '23, our total revenue increased by 7.7% Y-o-Y to INR464 crores. EBITDA grew by 96% to INR30.3 crores with EBITDA margin of 6.5%. PBT grown by 368% to INR13.3 crores, with a PBT margin of 2.9%. PAT rose by 363% to INR11.3 crores with a PAT margin of 2.42%.

Moving on to performance for FY '23, our revenue grown by 30% Y-o-Y to INR2,394 crores. EBITDA grew by 58.9% to INR115 crores with EBITDA margin of 4.8%. PBT increased by 125% to INR51 crores with a PBT margin of 2.2%. PAT rose by 132% to INR40 crores with a PAT margin of 1.7%. In addition, our operational efficiency has improved, resulting in sales growth across all categories.

We achieved a Y-o-Y revenue growth of 30% for FY '23. In Q4 FY '23 alone, we achieved a 3.8% margin growth. Our unique manufacturing designs have resonated well with customers, seeking craftsmanship and quality.

Furthermore, we experienced growth in both the gold and diamond segments, demonstrating our strength and diversification. Our focus on optimizing sales and margins has shown progress with notable improvements in quarter 4 margin. Maintaining reasonable inventory levels have been a key focus supporting our growth objectives. We remain committed to driving innovation, customer satisfaction, and sustainable financial growth.

We will continue delivering exceptional jewellery design, enhancing operational efficiency and optimizing margins to seize future opportunities. Thank you for your continued support. I am now ready to take your questions.

**Moderator:**

We take our first question from the line of Neha Sharma, who's an investor. Please go ahead.

- Neha Sharma:** As a potential investor, I had a question regarding TBZ situation and future prospects, particularly in relation to the high debt levels and interest rate costs. Over the last 5 years, TBZ has been experiencing stymied growth. Could you please provide some insight into the factors that have hindered the company's growth during this period?
- Mukesh Sharma:** Ma'am, can you repeat your question, please?
- Neha Sharma:** Yes. So I wanted to ask over the last 5 years TBZ has been experiencing stymied growth. Could you please provide some insight into the factor that has hindered the company's growth during this period?
- Mukesh Sharma:** See, I will not be able to comment on the last 5 years. But looking at the current year's performance of FY '23, you can see the sales revenue side of INR2,400 crores is a very reasonable revenue level, which is grown 30% on a Y-o-Y basis.
- Moderator:** We'll take our next question from the line of Rahil Shah, who's an investor. Please go ahead.
- Rahil Shah:** Congratulations on these results. So my question is pretty simple on the outlook. So what kind of top line and margins now you see likely to achieve in FY '24, given the business dynamics, the demand scenario and everything put together?
- Mukesh Sharma:** Thank you so much, Rahil. We are very positive to maintain our sales growth momentum. We foresee approximately 20% sale growth in FY '24 on the current level. The margin side, which is we have already clocked 11.1% margin in FY '23, and we believe that there is a scope of further growth in the margin. And we are committed to working towards it. Hopefully, we should see some growth at the margin level as well.
- Rahil Shah:** For both gross and EBITDA?
- Mukesh Sharma:** Yes.
- Rahil Shah:** Okay. And any risks you are foreseeing for FY '24? And if so, any challenges which you expect?
- Mukesh Sharma:** The only risk which exists in business is fluctuations in gold prices. Yes. So any downside, huge fluctuation may impact, but a normal fluctuation of 5%, 10%, 15%, may not impact our growth.
- Rahil Shah:** Right, right. And just last one would be the prime like what is the key focus going forward FY '24, which will help you achieve good growth.
- Mukesh Sharma:** Yes. So our key focus is to optimize our inventory level. Our key focus is to increase the stock turn to consistently work on the margin side, increasing the operating efficiency across company, introduction of new brands, new products, new designs, which is an ongoing effort. These are our key focus areas.
- Moderator:** We'll take our next question from the line of Neha Sharma, who's an investor. Please go ahead.

**Neha Sharma:** I just had one more question from my end. In light of the high debt levels and interest rate cost, what measure is TBZ limited taking to reduce the interest burden on its debt. Are there any initiatives to improve the margins and optimize the cost of finance?

**Mukesh Sharma:** Ma'am, debt is not high. If you see our leverage ratio, it has actually rationalized further. Our leverage used to be 0.95% an year ago. Now Debt Equity ratio 0.86% . So our debt is well within the limits. I believe there is further scope of utilizing the debt more in GML facilities and all.

Those scopes are existing in the current operating scenario. As far as the cost is concerned, the finance cost is concerned, there is a huge increase in the interest cost in recent last one year, which has resulted in higher finance costs. We believe that in FY '24, we will start seeing an easing in interest rates, which will bring down our finance cost. So because of the increase in the volume, obviously there will be more utilization of the working capital limits and because of this, there is an increase in finance cost is evident in our book. , Because of higher interest rates, which may not be comparable exactly with the previous year has resulted in more finance costs. But we are working very consciously to use more GML facilities than the CC, which will bring down our overall weighted average finance cost.

**Moderator:** We take our next question from the line of Ankit Shah, an investor. Please go ahead.

**Ankit Shah:** Yes. So my question is in terms of the gold prices, what is the percentage of inventory, which is -- and what is the policy of hedging in terms of -- inventory is something between 10% of that is hedged.

**Mukesh Sharma:** So Ankit, we work on the natural hedging principle, so the day we sell equal quantities bought at the same rate, which gives us the natural hedging in our old business. As far as the inventory concern is around 50% inventory is paid inventory in 50% of work for now is GML basis, which is open to fluctuation. It gives us the balance in terms of -- if there's a huge fluctuation. My margin will not go in line with the huge . fluctuation. So that's how we hedge our gold inventory.

**Ankit Shah:** GML is automatically hedged, right? Because you are borrowing in terms of gold. The exposure on that has impact on your GML. But on your own inventory, you are not hit?

**Mukesh Sharma:** Correct. Correct.

**Ankit Shah:** So tell me something the gold prices have gone up so much, right? And then I look at your financials, right? Over the last 7, 8 years. Actually your own inventory or the amount of gains that one should have made just on your own inventory should be huge, right? Because the prices in the last 10 years have gone up multifold. But why is that not visible in the increase in net worth or the profits of the company?

**Mukesh Sharma:** So if you have followed the company, you must have noticed, there is a huge jump in the profit in FY 2021.

**Ankit Shah:** Historical -- sorry, sorry, I'm saying historically, if you look at the last 8, 9 years profit, right, then if you see -- if you are not hedging your own portion also, which is roughly INR600 crores that to date, as of March, right? Your own inventory funded by your own work. Then why is that not visible in the profits?

**Mukesh Sharma:** Okay. Let me clarify you conceptually that GML is not a hedging. GML is a way of buying, which has a very, very lesser cost of fund, okay? GML in a rising rate scenario, we actually whatever you bought on the GML is open to market fluctuation. In case of rising rate scenario, it hits your P&L. In case of falling rate scenario. It adds to your P&L. Yes? That's how GML works.

When it comes to the paid inventory, it works exactly opposite to the GML concept. So in case of paid inventory, when the rising rate scenario it gives you profit. And in a falling rate scenario, it gives you a loss. So as I said, that we balance our GML, as well as our paid inventory ratio, which allows us not to show us jump in profit or show us loss in the profit when there is a huge rate fluctuations. So that's the purpose of GML as well as paid inventory.

**Ankit Shah:** Yes. Sorry, I understand the concept of GML, I think my question was really that for example in GSE, you have a -- say on a INR3,000-odd crores revenues, you have a INR1,200 crores inventory, right? So you're -- basically, your inventory is also getting sold, right? So in case of GML what happens is, that you don't have that much of a price exposure because while you're -- you have a mark-to-market on your GML, but you're also getting a higher realization on the inventory, right? So that's what I meant in terms of your margins in a way it is hedged, right? So that's what I was trying to understand, just at a very broad level.

And also, that just on the gains that even if there was no making charges that you made, but just on the pure increasing the price of your inventory over a period of time, that should have ideally increased, right? In terms of the net worth. But when I look at the net worth or even the total profitability over the last 8, 10 years, that has not happened, right?

Like your net worth was around INR210 crores in FY '13. And today, its INR560 crores. So that quantum jump has not happened and which is why I was just puzzled that why is that translation of higher rates of gold not translated into profits or increase in your net worth?

**Mukesh Sharma:** Sure. I understand your point. See, Ankit what happens is you keep buying and selling. Right? So what happens is your buying cost -- weighted average cost of inventory keeps changing over a period, yes? So we are not -- in fact, if you see we have not been selling the inventory, which we had bought in 2013, '14. just for example. The inventory keeps replacing.

When in fact, the older designs also will go and be melted back we melt it and then we create a new design. So it's a continuous process of buying and selling of the inventory. So the buying happens on a GML basis we keep buying and -- we keep doing mark-to-market which means to hit to our COGS, cost of sales. Now all this -- the margins which is reflecting is a combination of gml as well as paid inventory with which keeps getting bought and keeps getting sold.

So that's why the fluctuation may not be of the -- all previous years will reflect into the P&L of the current date. As I said, obviously, the operating levels were different in '13, '14. The operating revenues are different in -- current FY '23. And the cost of sales also has changed in line with our current gold rates, which are currently going on.

So it's all a combination, it's very difficult to point it out exactly how much has come on the paid inventory, how much is coming from the GML quantity. It would be very difficult to pinpoint towards that.

**Ankit Shah:** So net -- so last quarter also, the gold prices had gone up quite a bit, right? So how do you -- like how does one look at sustainable margins going forward, right? While -- like if I were to look at -- say next -- just on a broad basis, like what is the range of margins, excluding the impact of gold prices views, right?

**Mukesh Sharma:** Yes. So the controllable in our hand is operating efficiency. The noncontrollable is rates of gold. Right? So the -- as the gold rate increases, obviously there is a positive impact on the margin side, maybe only 50% kind of inventory, 50% we have to absorb the higher cost of gold at current rate because we are paying off our GML basis on the actual sale as well.

So the controllable side, we are working hard on engaging into product mix, increasing the stock turn. So we are working consistently on that, and we believe that this is going to yield better results in near and long term. It's really difficult to pinpoint a particular margin percentage, which we foresee in FY '24, but yes, we are ...

**Ankit Shah:** No FY -- No. Yes, So I'm not saying FY '24, but in general, like internally also, you must be working with certain level of margin, right? That okay, we have to -- on an ongoing basis, we have to generate this much margin, right? So right now, say, for example, you are at 5% for last full year, that is last quarter was 7%.

**Mukesh Sharma:** Correct.

**Ankit Shah:** And it has been improving. But what is the -- like -- where would like -- if I were to -- and -- that's why I'm saying if I were to adjust the impact of gold, right? Because that's not in your control, but what is in your control is that adjusted for that, what is the margin that one can deliver because -- that's what I'm trying to understand.

**Mukesh Sharma:** Yes Ankit. So Q4 has also -- because the results immediate jump in the gold prices in quarter 4. It actually bottomed out somewhere near Diwali and has part of it has increased quite a bit. Now when you say yearly profit of 4.8%, around 5% EBITDA level. This is achievable because this is a combination of the gold bottom rate also, somewhere in Diwali where we have a huge business and a higher rate also in quarter 4.

So that's a weighted average percentage of EBITDA margin. And we believe that you should be able to achieve some growth in the EBITDA margin from those percentages. But as may not be exactly quarter 4, if the gold keep rising, obviously, the margin will be much higher.

- Ankit Shah:** Okay. And sorry, just one last question. I can see on the shareholding pattern that Malabar Gold has been buying continuously for the last 3, 4 quarters. So is there any -- on this -- I mean -- is it -- is there some understanding or they are just buying it from an investment perspective? Because I'm sure you guys must also have discussed this, right?
- Mukesh Sharma:** No, we don't comment on this. I just want to clarify that there's no understanding. There's no discussion with Malabar, they are buying as a normal investor who buys from the market. From a company side, there's no discussion at whatsoever level absolutely with Malabar.
- Moderator:** We take a next question from the line of Bhushan Wankhede, an investor. Please go ahead.
- Bhushan Wankhede:** I just wanted to know regarding the expansion strategy. Can you provide me some details on whether the company plans to open new stores or is just focused upon improving the performance of existing stores?
- Mukesh Sharma:** Bhushan, we are working on few proposals on the franchise model. And we are hopeful that we should be able to open a couple of stores in quarter 2 and quarter 3 of the FY '23.
- Moderator:** We take the next question from the line of Rahil Shah, an investor. Please go ahead.
- Rahil Shah:** Yes. You just mentioned you are planning to open a couple of stores. What kind of investment does it require? And how long does it take to breakeven? If you can provide a timeline.
- Mukesh Sharma:** Yes, Rahil, so the model of franchisee operations is open for discussion. We work in all kind of models wherein investment is 50-50 and then margin distribution accordingly or franchisee investing 100% in inventory and we invest in capex or 100% capex where 100% investment in inventory by franchisees. So there are different kind of models, which we are going to operate.
- Obviously, the margin sharing will be a different percentage in all different scenarios. So all these are open for discussions. However, we see that, with a minimal investment from the company side, we foresee that majority investment in the working capital will be from our franchisee partner.
- And we foresee that will be positive EBITDA without further investment on the working capital on the company side. So all kind of models are open for discussion, but largely in the line that working capital investment will be franchisee.
- Rahil Shah:** Do you have any positive prospects so far?
- Mukesh Sharma:** Yes, we have a couple of strong prospects in our hands as of now.
- Moderator:** As there are no further questions from the participants, I'd now like to hand the conference back over to Mr. Mukesh Sharma for closing comments. Over to you, sir.
- Mukesh Sharma:** Thank you, everyone, for joining us on this call. Please contact Dickenson World or us directly should you have any other further queries. I wish you all a great evening. Stay safe, and we can close the call now. Thank you so much.





*Tribhovandas Bhimji Zaveri Limited*  
*May 26, 2023*

**Moderator:**

Thank you very much, sir. Ladies and gentlemen, on behalf of TBZ Limited, that concludes this conference call. Thank you for joining us. You may now disconnect your lines.