



“Tribhovandas Bhimji Zaveri Limited  
Q1 FY ‘24 Earnings Conference Call”

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

Ladies and gentlemen, good day, and welcome to Tribhovandas Bhimji Zaveri Limited Q1 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, Whole-time Director, who will also be accompanied by Mr. Mukesh Sharma, CFO at TBZ Limited. Thank you. And over to you, ma'am.

**Binaisha Zaveri:**

Ladies and gentlemen, good afternoon. As we gather here today for our Q1 FY '24 Earnings Call, I am filled with pride and a sense of focus. We stand on a transformative journey, one that is shaped by our unique position in the market and the goodwill we've nurtured for over a century.

In a landscape where players have risen and fallen with the tides of economic cycles, we have stood strong, resilient and unwavering in our commitment to our customers. We carry with us a legacy of trust and reputation that has been tested and proven through the harshest of storms. Our value proposition remains not just intact but fortified by the challenges we've overcome.

Today, as we look at the horizon of opportunities, our focus aligns with India's growth story and the aspiration of its new consumers. In a market that has seen its fair share of fluctuations and uncertainties, our strategy is clear. We are here to grow our business with a resolute emphasis on high-quality margins and products. It is a path where transformational margins are not just a metric of financial success but a testament of our resilience and innovation.

We acknowledge that these are times of shifting sands, where consumer demands can fade. Yet against all odds, our brand resonates and it resonates strongly. In this quarter, we welcomed 45% of new customers, extending our reach to fresh audiences. This is a testament to the enduring relevance of our offering.

As we move forward, our journey isn't just about maintaining our position. It's about crafting a legacy that transcend generations. We have also embraced India's growth aspirations and be a catalyst of those cherished movements. Our Q1 FY '24 performance gives you a flavor of where we are headed. And we look forward to maintaining our strategy on margins and seeking sustainable growth.

Thank you. I'd now like to hand over the call to our CFO, Mr. Mukesh Sharma, who will get into the financials of this quarter. Thank you.

**Mukesh Sharma:**

Thank you, Binaisha. Good afternoon all. It is my pleasure to welcome you all to TBZ Limited's Q1 FY '24 Earnings Call today.

Q1 FY '24 was marked by an impressive margin growth, a testament to our strategic initiatives and unwavering focus on cost optimization. Notably, our gross profit witnessed a Y-o-Y increase of 30.7%, complemented by a 342 basis points improvement in gross margin. This early-stage margin growth reflects our dedication to financial discipline and decision-making.

Our EBITDA also demonstrated robust growth, surging by 72.6% Y-o-Y to reach INR32.2 crores. This reflects our efforts to strike a healthier balance between revenue generation and cost management as underscored by a noteworthy 243 basis points improvement in EBITDA margin. In addition, we achieved a 293% Y-o-Y growth in PAT, reaching INR11.4 crores. This rise in profitability and returns underscores our commitment to delivering value to all our stakeholders.

In Q1 FY '24, we have experienced the early stages of our long-term margin growth, attributed to our rigorous financial discipline and smart decision-making. Our primary focus is on robust operational leverage and exceptional value for customers.

Going into the future, we look forward to embarking on a journey of growth with a focus on further optimizing our operational efficiency. The margin improvement in Q1 FY '24 is bolstered by our culture of fiscal prudence and strategic pricing. With an emphasis on cost management and industry positioning, we are setting the stage for transformative returns.

Looking ahead, we are well positioned to seize market opportunities in line with India's promising growth led by consumer demand and upholding TBZ Limited's 158 years' legacy amongst India's most trusted jewellery brands. The company remains steadfast in its commitment to innovation, customer satisfaction and sustainable financial growth.

Thank you for your time and participation in this interactive session today. We will now begin with our questions and answers.

**Moderator:** Thank you very much. We will now begin with the question-and-answer session. We take the first question from the line of Mr. Darshil Jhaveri from Crown Capital.

**Darshil Jhaveri:** Congratulations on a great set of results. Sir, I wanted to know with the start of quarter 1 behind ourselves now, what do we see our FY '24 outlook in terms of revenue and margin?

**Mukesh Sharma:** See, we look forward to revenue growth around 15% to 20%. And as for the margin, as you can see, we have already delivered 2.5% of PAT margin in the financial year '23. So I believe that we will be ahead on that percentage as well. We should be delivering more than 2.5% PAT margin for the entire financial year FY '24.

**Darshil Jhaveri:** Okay, sir. But sir, with this kind of growth, we might be able to have better operating leverage. Are we being a bit conservative in our PAT margin? Or will we spend more of our margin on ads?

**Mukesh Sharma:** See, if you see our Y-o-Y number, we have come way ahead on the PAT margin delivery. We foresee there would be gold price challenges in the future which will create a pressure on the margins as well. So we believe that 2.5%, or an above 2.5% margin is quite achievable.

**Darshil Jhaveri:** Okay, sir. And sir, what kind of ad spend and store expansion we might see this year?

**Mukesh Sharma:** We are expanding through our franchise network. And we have a couple of discussions on. In fact, one is on a couple of franchisees. And we are hopeful that we should be able to see a few stores coming up around Diwali season from the franchisees that presented. The ad spend is in

line with the revenue. On a yearly basis, we spend around 1.8% in the marketing cost. However, it differs on the quarter-to-quarter or case-to-case basis, it differs.

**Darshil Jhaveri:** Okay, sir. And sir, with our long-term growth, maybe not right now, but how would we see -- maybe next 3, 4 years, we might be able to double our revenue. What may be the long term that we see for ourselves?

**Mukesh Sharma:** Yes. So I can't commit whether it will be double or how much. But as you correctly said, we are very positive and focused for future growth. It would be hard to predict growth because any price increase in the gold also has an impact on the consumer demand.

**Moderator:** We take the next question from the line of Mr. Rohit from Samatva Investments.

**Rohit:** So my first question would be on the gross margin part. So how much of this would be due to pricing benefits that the gold price benefits received during the quarter? Or will it be due to the product mix change of gold versus studded jewellery?

**Mukesh Sharma:** See, the gross margin increase is a mix of all these factors. The gold price did contribute to our margin growth. In addition to that, our gold and diamond business this year has also -tweaked in this first quarter. There is also a better sourcing margin in the diamond and gold category, and it has been increased. So all these factors have contributed to an increase in the gross margin.

**Rohit:** Okay. Sir, what will be the mix of gold versus diamond if you could give me the number??

**Mukesh Sharma:** See, historically, we have been 80-20. But for the quarter 1, our diamond ratio has increased to 25% and gold is 75%.

**Rohit:** And do you feel you can maintain this ratio for the year? Or how do you see it? Like will we go back to the 80-20 part?

**Mukesh Sharma:** We believe, we will be able to maintain this or maybe 1% or 2% here and there. But we believe because with the diamond, we have much, much better designs and the pricing for the diamond jewellery, so consumers trust on the diamond jewellery as well a lot on TBZ. So we believe we will be able to maintain this ratio.

**Rohit Suresh:** Okay, got it. Sir, my second question would be on the retail stores outlets. So if you look at the last 2 years, you haven't -- last 2, 3 years, you haven't added a bunch of -- a lot of stores. So what was our strategy in the last 2, 2.5 years? And how will it change going forward in terms of adding stores? You mentioned you're speaking to a couple of franchisees. So I just wanted to know, for the last 2 years, what was our exact goal? And how do you foresee it going forward?

**Mukesh Sharma:** See, the last to last year was quite challenging because it was a COVID year. And we from last year onwards, we have focused a lot on the back end and improvisation in the margins and increasing the efficiency in the back end. Keeping in mind on that aspect, we have, in fact, shifted a few of stores to new locations. So, as good as closing one store at one location and opening altogether a new and fresh store at a new location within the same city.

So we have done those changes in a couple of stores, which has given a positive results to us. So that is what we are doing currently. We are focusing on our existing laggard stores and moving the location or improving the store look and feel. So a lot of focus is on the back end and the efficiency and margins and all. In the future, yes, we do foresee a growth through the franchisee network. We have a lot of inquiries coming in for the franchisees for TBZ. And we are very positive and we believe that we will be able to drive the growth through the franchisee network.

**Rohit:** Got it. Sir, but on the franchise network, if I'm not wrong, in the past, we tried to expand to the franchisee network, but it didn't quite work out for us. So what changes? And how are you so positive on the franchise growth going forward? Because if I'm not wrong, in the past, we weren't able to grow through the franchise route. So what changed right now?

**Mukesh Sharma:** See, we already have three franchise operating for TBZ. So I'm not able to comment that whether it has not worked out in past. I'm not aware about any such thing when I look at the numbers of the past. But we are very hopeful, as I said, there are a lot of franchise inquiry for the TBZ brands.

In addition to that, a lot of competition has taken the growth through the franchise, which is quite evident. So it's a proven formula. So that should not be an issue. I don't foresee any issue. We are open for all kind of franchisee discussions. So I foresee particularly that it will bring a lot of growth to the company through the franchise network.

**Rohit:** Got it. Sir, any particular number you have in mind? Like, how much do we want to add every year going forward?

**Mukesh Sharma:** See, in the idealistic scenario in any retail business it would be a 50-50, of own stores and the franchise network. But I am not fixing any number as of now. As I said, we have got a couple of inquiries in a few stores. We may see some stores around Diwali to open through franchisees. So not any specific number taken right now.

**Rohit:** Got it. Sir, and one more question was on the sourcing strategy. Like, if you look at competitors, they are on a much larger scale in how they source. So in terms of sourcing, have we changed the way we source our raw materials? Any changes in that aspect?

**Mukesh Sharma:** When it comes to a raw material change, there is no change in the strategy. Yes, there's always a continuous churn and improvement that keeps happening in the back end when we talk about the jewellery sourcing. But for raw materials, there is no change.

**Rohit:** No change. Okay. Sir, and one last question, in the presentation, you mentioned that the new Kalpavruksha Plan. So what is it? So like what was the old one? And how has it changed? So I just want to know what you mean by new?

**Mukesh Sharma:** Yes. So the Kalpavruksha Plan, there's a lot of changes that happened. I would suggest that you can have a copy through our website, you'll be able to see lots of change in Kalpavruksha Plan. It is made much more consumer-friendly. In fact, we have given a lot of more options to

consumers. Because we see a lot of demand of our Kalpavruksha scheme by the consumer. Lot of more exit options we have given to our consumers.

So they can enter into Kalpavruksha, they can exit at their own convenience from the fifth instalment onwards, which I don't think so there is any in the market. It's much more consumer-friendly. I would encourage you, if you can visit one of our stores or if you go through our website, you'll get to know more on the Kalpavruksha scheme.

**Rohit:** Okay, got it. Sir, and my last question on the margins. So are you confident that you can sustain these margins. Because last two quarters, we have improved quite a lot on the margins front. So this between 13%, 14% gross margin, is it sustainable for the next year or so?

**Mukesh Sharma:** Yes. So if you follow TBZ, you must have seen last quartererly result, we had delivered 14.1% margin in Q4. Q1 FY '24, we have delivered 13.9%. It's quite evident. If you go back, you will see the similar margin range.

**Moderator:** Thank you, sir. The next question is from the line of Riya Sawant, an individual investor. Please go ahead.

**Riya Sawant:** Just had a couple of questions. My first question would be what is your outlook for the Indian diamond jewellery business in India? And what market share do you currently have according to your assessment? And how much of it for the next two years, three years?

**Mukesh Sharma:** TBZ's outlook for the jewellery business is quite bright in the Indian market. The love for the gold jewellery and diamond jewellery will never fade. It has survived all the ups and downs of the past, which shows the confidence of Indian consumers in the jewellery business.

Market share is hard to define. There's no specific data available that would show that there is specific market share. In fact, in jewellery industry, there are very few structured players, but a lot of unstructured players exist in the market. So saying any number would be a wrong depiction of the market share.

**Riya Sawant:** Right. Just had another question regarding the customer acquisition, you see that there is like 45% new customers during this period, which is quite an achievement. Can you just shed some light on the unique approaches on your marketing strategy that has played role in expanding your customer base? Also, if you could specifically reach out to the – or how do you guys reach out to the first-time customer of TBZ? So if you could just put some light on that.

**Mukesh Sharma:** Yes, TBZ is an aspirational brand for the consumer. So whenever there's a value angle that comes up during any festival, we always see a surge in the new customers coming to our stores. The KP scheme also contributes to our new customer acquisition. We have a lot of digital leads. We have a lot of followers in Insta. Whoever visits our stores adds lots of Likes on the social media. And they all visit -- following them, a lot of people visit. So there are a lot of factors which has contributed to our new customer acquisitions.

**Moderator:** Thank you. We take the next question from the line of Ridhi, an individual investor. Please go ahead.

- Ridhi:** My question is how are you tracking walk-in customers, is there a matrix used?
- Mukesh Sharma:** Sorry, can you repeat your question, Ridhi?
- Ridhi:** My question is how are you tracking walk-in customers? Because I read that 80,000 customers came in the...
- Mukesh Sharma:** See, every store has a footfall count by the store security. They count the footfall. And we have a robust mechanism of documenting those footfall under various categories in the store-by-store we track. And that goes into the company's IT system. So from there, we track the customer count.
- Ridhi:** So you're saying that there would be a technology which is actually counting people?
- Mukesh Sharma:** Yes.
- Ridhi:** So don't you think that there would be an issue because if one person is going in and out twice or probably multiple times, then that would be a double count?
- Mukesh Sharma:** No. So there's no such possibility there. In our stores, there are checks and balances. In fact, they register, whenever a customer comes, they enter their name, phone number and all. So the store counts, the customer – basis the actual, one person walks in into a store four times is counted one on the...
- Ridhi:** So this is done manually. So a person has probably been maintaining a register and counting it manually?
- Mukesh Sharma:** Yes. If it is computerized, it will be counted four. But if it is manually, it gets counted one. So we count one, if one customer walks four times during the day.
- Moderator:** Thank you. The next question is from the line of Sneha Jain, SKS Capital. Please go ahead.
- Sneha Jain:** I just wanted to ask, do we see a rate basis on the lab-grown diamonds? Do we have a threat to our business in that? And what is our take on that?
- Mukesh Sharma:** No, we don't deal in lab-grown diamonds at all.
- Sneha Jain:** No, we don't, of course. But there's a market for it. So I just wanted to ask, I mean, it's growing day-by-day. So do we see it as a threat? That's what I wanted to ask.
- Mukesh Sharma:** We don't see it a threat. See, diamond is a diamond, however much lab-grown. In India, it hasn't picked-up also. Indian consumers do not believing in the lab-grown diamond. So the love for the diamond will never fade. That's our belief. And we are not going to get into this business at all.
- Sneha Jain:** So the demand is intact for natural diamonds then?

- Mukesh Sharma:** Absolutely. In fact, we are seeing the demand has been increasing. In fact, within Q1 also, we have seen 20% growth in our diamond business.
- Sneha Jain:** And sir, there was a recent study that we are seeing to -- I mean, for the year, for FY '24, the world is seeing like a 10% degrowth in gold business, basically gold demand. Do you foresee that, or do you think India would be an exception to that?
- Mukesh Sharma:** See, there is a report of World Gold Council, which has shown that the gold jewellery demand has declined because of the higher prices in quarter 1. It has declined more than 8%. And we also see in the gold business, you can see our revenue numbers are flat. The gold number has gone down, obviously. So there is an impact. But this impact is temporary.
- Sneha Jain:** Have you seen any revival? I mean, in the coming wedding season, do you see, like do you foresee any revival in the demand?
- Mukesh Sharma:** Absolutely. There is only immediate reaction. After that, it settles down at that level. So if you see the gold journey, it gets settled down at a particular level. And after that, then again, there is a price jump, and the demand goes down. But then again, demand picks-up. We have seen this quite a lot in past. In fact, in COVID also, you have seen gold prices have gone up 50%, 60%. And there was a dip in demand. But then again, it gets settled down at that level.
- Sneha Jain:** Okay. And sir, are we seeing any -- I mean, we haven't seen any institutions in our shareholding pattern. Are we looking -- I mean, is there any inquiry or something like that in that direction?
- Mukesh Sharma:** See, whatever movement is through the stock exchange, people are investing. There are a lot of investors who keep coming and buying through the open market. There is no such discussion with any of the investor at the back end.
- Moderator:** Thank you. The next question is from the line of Mr. Narendra from RoboCapital. Please go ahead, sir.
- Narendra:** Congratulations on a good set of numbers. My only question is, are we looking to expand our store count in the coming years or the store expansion would be through the franchisee line?
- Mukesh Sharma:** Thanks, Narendra. I think it's a mix of both. While we are not committing on our own store, however, at the back end, we are looking for newer market or newer locations in the same city. So the search is on. I foresee a couple of stores which will come through franchise network, but we have our own store we don't rule out.
- Narendra:** Okay. And so what would be a rough average of your capex that you need to do on one store and opening a store? Any number if you could provide?
- Mukesh Sharma:** It's roughly around between INR 2 crores, INR 2.5 crores, somewhere in the range of 10,000 square feet in spend. So on an average, 2,500-square feet stores comes around INR 2.5 crores.
- Moderator:** Thank you. The next question is from the line of Ankit Shah, an individual investor. Please go ahead.



- Ankit Shah:** So my question is that our ROE, if I look at even the last 12 months, is around 8.5%, 9%, right? So despite all the improvements, our ROE is still way below what most other jewellery firms are at, right? So what are the reasons for that? Are we carrying any – like are we carrying too much working capital related – I mean, versus the revenues, or are there any unproductive assets? Can you just explain this part? Thanks.
- Mukesh Sharma:** A lot of work has gone in FY '23. And you will see the ROE has gone above 10%. And it will continue to be above 10% in the coming quarters as well. So we have been maintaining the ROE more than 10% in last three quarters in a row. And it will be much more-better than the current number going forward.
- Ankit Shah:** No, I'm just trying to understand the reason. Because see, 8%, 9%, 10%, there's not too much of a difference. If you look at most of the jewellery players, whether it's Kalyan or Titan or any of the other ones, they are about 15%, 18%, 20%, right? So there is a huge gap.
- Mukesh Sharma:** I don't disagree to you, Ankit. Of course, there is a scope of improvement. And as I said that the ROE has been more than 10%. And we foresee it to be improving continuously. And this is what is quite evident if you see from last three quarters, four quarters, the numbers, if you see the margin numbers have increased. And we are rationalizing the inventory. In fact, our quarter-on-quarter gold inventory is also down by around 5% to 7%. So we are continuously working on both sides, improvement of the margin and rationalization of the working capital, which will obviously reflect into the ROE. So I don't comment on the others. But yes, we are continuously focused on the improvement on the ROE.
- Moderator:** Thank you. Next question is from the line of Ashwin Reddy from Samatva Investments. Please go ahead.
- Ashwin Ramayyagari:** I had a couple of questions. So firstly, first was on the sourcing part for the gold jewellery. Because I understand the entire gold jewellery is sourced from vendors. So I'm trying to understand, what would be a differentiation because you are known for designs, right? So what is it that enables you to get the better designs from your sourcing vendors versus the larger-scale players? So do they get better terms? Or what exactly enables you to have an advantage in sourcing versus the bigger players?
- Mukesh Sharma:** So I may not be able to answer in quite detail. I can only give you an overview that the gold jewellery is a mix of the -- as the gold order department, who work on a lot of designing side of the gold jewellery. TBZ is known for its designing part.
- We continuously develop the vendor. We continuously work on the different designs or different weight range or different margin percentage, product mix, a lot of things, which goes into the gold jewellery. I'm not the expert to answer on that. I would be happy to answer, if you can send a detailed query, we would be happy to answer your query.
- Ashwin Reddy:** Sure. But just to get some more clarity, sir, do you design and then the vendor makes it or the vendors come up with designs and then...
- Mukesh Sharma:** It's a combination of both, the end results is the best designing delivery to the consumer.

**Ashwin Reddy:** Okay. And secondly, in terms of your geographic focus. So are there any specific states, where you want to go deeper? Or how do you want to go? Because right now, you are still sub-scaled. And I don't -- and it might not be prudent to spread across a large area. So any area -- any specific geographies you want to highlight, where you want to spend your energies on? Or how are you thinking about this?

**Mukesh Sharma:** So there is no specific geography, that we are focusing on. As a commercial prudence, if you expand in the same city, demand across India is there. You can go to B cities, also there is huge demand. It's only depending on how much capital you want to invest and how much return you get out of it. So we see there is demand all across is there.

We are focusing that expanding in a new geographies, which is near to our current states. Maybe like, for example, if we are in Odisha, or if we are in West Bengal, we may be expanding in Odisha or maybe expanding in Jharkhand states. So these are nearby states, so that operationally, it is easier for us to manage these stores.

**Ashwin Reddy:** Got it. And if you take a two year, three year kind of a view or more longer view, so would you believe that, the proportion of the diamond jewellery will continue to keep going up from the current 25% or this is like a new normal and it will settled here? Because you were at 20%, another 25%. But will this be a new normal for you going ahead? Or can this keep increasing in the times ahead? What's your focus on?

**Mukesh Sharma:** We are focusing on diamond jewellery. Also, there's a huge demand of the diamond jewellery. And we believe that, we will be able to maintain this ratio.

**Ashwin Reddy:** Okay. But it's not going up from here is what you're saying in the next three years, four years?

**Mukesh Sharma:** It's hard to predict. But yes, we believe and we are committed that the ratio would be going up. A lot of work is going behind that also. So we have are trying to increase the ratio. See, last quarter, I couldn't have promised that we would go to 25%. And this quarter, we have been able to deliver because our work is constantly going on in the back end. But we believe that we should be able to maintain this ratio.

**Ashwin Reddy:** Correct. So the context of my question is, is this like a focus area for you? Or would you want to grow both, gold and diamond part?

**Mukesh Sharma:** See, we have to deliver to the consumers' demand. Consumers believe a lot in the TBZ brand and design. It's more aspirational for them. So they do come for the gold jewellery as well as diamond jewellery, both has a different place. So it's not that, we would not be focusing on gold jewellery. We do focus on the gold jewellery, which is the largest chunk of our business. Obviously, we will be growing that business also. It's only a matter of seeing that, which grows, how fast, and what ratio comes out of it.

**Ashwin Reddy:** Got it. Thank you so much and good luck for the future, sir.

**Moderator:** Thank you. The next question is from the line of Yash Mishra from SKS Capital & Research. Please go ahead.

**Amitabh:**

This is actually Amitabh. I was wanting thing to know that basically, as a company, we have -- we're a well-entrenched player in the industry for a long time. We have a strong brand, a trusted group for generations now. In the last five years, 10 years, the values of the listed players have grown manyfold, and whereas TBZ seems to have pinned the value in the last five years, 10 years.

What are your thoughts on that? Why do you think, you've been such a big laggard both in terms of performance as well as market value and perception amongst investors? It seems like, you have been listed for so long. But there's no interest amongst any serious investors in your company. And also, for a small company like yours, your promoters also do not meet investors or come on these conference calls, which shows that, to create market value...

**Mukesh Sharma:**

The opening call was from Ms. Binaisha Zaveri, who is the promoter of this company. The opening call of this investor earnings call was from Ms. Binaisha Zaveri, who is the promoter of this company. The promoters belief in the company gets reflected in the holding, what the promoter is having – the stake of what promoter is having in this company. They have a 75% stake, which is maximum permitted by SEBI.

So from a promoter's belief, I hope this question is answered. From the past 12 years, going into that discussion, I don't think so, we are going to lead to any discussion or any conclusion. If you see in last one year, the company has delivered more than 40% growth in its share prices. That itself shows the belief of the investors in the company.

**Yash Mishra:**

What about the investors, who have been invested for the last 10 years? What returns have you given to them vis-a-vis a company like Titan? Why have you been such a laggard? There's no comparison. Maybe 10 years ago, Tanishq, when you were -- 15 years ago might have been the same size. And now, there's no comparison?

So are we looking to change anything to kind of jewellery sector in India as everybody says, has a huge opportunity? Others have been successful in capturing that opportunity, both in terms of revenue, profitability and market value. But is there anything that, we can do to kind of improve, sustain -- have a high growth and sustained performance with profitability and change in market perception? This is, a lot of deeper questions. But the idea is to just kind of get you to reflect...

**Mukesh Sharma:**

I get you, where you are coming from. Last one year, if you see the growth momentum, that should answer your question to some extent. And in the future years, you will be able to see a lot of increase in the valuation of the company. So that will be there. That shows the faith of the lot of investors in the company, who have invested. And we do understand your point.

And therefore, if you see last one quarter or around three quarter to four quarters, we have been continuously working on the value increase for our stakeholders. That's why I said, if you see last year to this year, there's more than 40%, 50% increase in the valuation. So I do believe that, it may not be up to your expectation. But yes, we are continuously working towards it. And we are hopeful that, the next year or so, we should be able to be placed among the right valued companies.

**Yash Mishra:**

Okay. All right. Thanks.

- Moderator:** Thank you. We take the next question from the line of Bhushan Wankhede, an individual investor. Please go ahead.
- Bhushan Wankhede:** I just wanted for you to pinpoint the core operational adjustments or market strategies that assisted your growth in profitability and returns. And do you expect it to be sustainable going forward?
- Mukesh Sharma:** Yes, we do expect that the growth will be sustainable. If you see the gross profit in Q4FY 23 was 14.2% and gross profit in Q1FY24 is 13.9%. So the gross profit remains in the same range. And we believe that, this is only going to increase from here on. So we do believe that, the growth momentum in the profitability will be maintained.
- We are very cautious about the cost optimization. So cost may not increase in that same proportion. As we see the growth, the profitability will be much higher. Quarter 1 and quarter 2 is always a challenging period for all retail business. Quarter 3 onwards, the profitability improves a lot because of the festivity kicks in. So you will see much, much better results from Q3 and Q4 onwards.
- Bhushan Wankhede:** Okay. I had one more question to ask, let me congratulate you on the 72.58% year-on-year EBITDA margin. Can you please provide some details on precise areas of business, where the growth is most pronounced, for example, from diamond or from gold?
- Mukesh Sharma:** Yes. So the quarter 1, the gold demand was quite sluggish. So we haven't seen a growth in gold business. In diamond business, we did see growth in the diamond business, more than 20%. We saw the growth on the quarter-on-quarter number in the diamond business as well as we also saw the margin growth, both in the gold and diamond business.
- Bhushan Wankhede:** Okay. Yes. Thank you.
- Moderator:** Thank you. Ladies and gentlemen, that was the last question for the day. I would now like to hand the conference over to Mr. Mukesh for closing comments.
- Mukesh Sharma:** Thank you so much. As we continue our growth journey, we look forward to the road ahead and the potential for further progress. Thank you for your continued support and engagement. If you have any further questions, please reach out to Dickenson, and we will be happy to answer. Thank you all, and have a good evening.
- Moderator:** Thank you. On behalf of TBZ Limited, that concludes this conference call. Thank you for joining us, and you may now disconnect your lines.