



“Tribhovandas Bhimji Zaveri Limited
. Q3 & 9MFY '23 Earnings Conference Call”

February 10, 2023



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

MODERATOR: **MS. SONAM RAGHUVANSHI – DICKENSON**

Moderator: Ladies and gentlemen, good day, and welcome to the Tribhovandas Bhimji Zaveri Q3 & 9MFY 23 Earnings Conference Call. As a reminder, all participant lines will be in 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 and then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Sonam Raghuvanshi from Dickenson. Thank you, and over to you, madam

Sonam Raghuvanshi: Thank you. Good afternoon, everyone. I welcome you all to the earnings call of Tribhovandas Bhimji Zaveri Limited for Q3 and 9MFY '23. Today, on this call, the management of TBZ Limited will be represented by Ms. Binaisha Zaveri, Whole-time Director; and Mr. Mukesh Sharma, Chief Financial Officer. Before we start, I would like to remind you that the remarks made today might include forward-looking statements, and actual results may differ materially from those contemplated by the forward-looking statement. Any statements made today on this call are based on our assumptions as on date.

Now, I would like to hand over the call to the management. Over to you, Binaisha. Thank you.

Binaisha Zaveri: Good afternoon, everyone. I welcome you to the Tribhovandas Bhimji Zaveri Limited Earnings Call for Q3 and 9MFY23. Thank you for joining us here today. To start with, we are delighted to announce that this quarter demonstrated solid growth in our financial performance. We saw a 6% revenue growth in Q3 FY'23 and a 37% growth in 9MFY23. The company experienced higher footfalls and sales traction in this quarter, backed by rising consumer demand during the festive and wedding season. This accomplishment was achieved despite wide fluctuations in the gold rate and hard-hitting competition leading to aggressive price discounting seen within the industry during the festive season.

Furthermore, this quarter saw the inauguration of the Lila and Maya collections, which garnered an overwhelming response from customers. The positive traction received from the wedding season affirms the quality of our new design, which was supported by our robust marketing initiatives. During the quarter, we received 80,000 walk-ins with more than 50% of them being new customers. We continue to launch promotional offers like No Making on Diamond Jewellery and Lowest Gold Rate. A new advertising campaign with our Brand Ambassador Sara Ali Khan also went live in Q3 with 4.1 million views recorded on social media platforms.

We are collaborating continuously to create niche and more relatable content for the younger generation. The company is focusing on deepening our digital engagement with our loyal consumer base through various social media and also offering information on our latest designs, offers and promotional discounts. Looking into Q4 FY23 and the future, our growth strategy is centred on increasing customer engagement, generating healthy profits, acquiring new customers and penetrating further into promising markets by opening new stores. This will introduce greater operational efficiencies within our business model. We are also committed to

driving forward greater brand differentiation through innovation in our design brand sales campaign.

I would thank you all for joining us on this call today and now handing over the call to our CFO, Mr. Mukesh Sharma. Thank you.

Mukesh Sharma:

Thank you, Binaisha. Good afternoon, everyone. I would like to begin with the key highlights for Q3 & 9MFY23. I will first read out the quarter numbers and then nine months' numbers for ease of reference. In Q3FY23 revenue numbers achieved is INR 812 crores, vis-a-vis INR 762 crores in Q3FY22 with a Y-o-Y growth of 6%. In Q3FY23, gross profit achieved is INR 81 crores as against INR 79 crores during the same period last year with a Y-o-Y growth of 2%.

In Q3FY23, EBITDA achieved is INR 43 crores vis-à-vis INR 37 crores during the same period last year with a Y-o-Y growth of 17%. The EBITDA in Q3FY23 stands at 5.3% as against 4.9% during the same period in the last financial year. In Q3FY23, profit before tax achieved is INR 26.7 crores vis-a-vis INR 23.5 crores during the same period last year. The PBT margin percentage in Q3FY23 stands at 3.3% as against 3.1% during the same period in the last financial year.

Now I will read out the nine months performance of the company. In the period ended December 2022 the revenue number achieved is INR 1,929 crores vis-a-vis INR 1,412 crores in the same period of FY22 with a Y-o-Y growth of 37%. The gross profit achieved is INR 201 crores vis-a-vis INR 152 crores during the same period in last year with a Y-o-Y growth of 32%. The EBITDA achieved is INR 85 crores vis-à-vis INR 57 crores during the same period last year with Y-o-Y growth of 49%.

The EBITDA percent to the revenue stands at 4.4% as against 4% during the same period in the last financial year. The PBT achieved is INR 38 crores as against INR 20 crores during the same period in the last financial year. The PBT margin percentage achieved is 2% as against 1.4% during the same period in the last financial year.

I would now like to invite everyone for Q&A session.

Moderator:

The first question is from the line of Raaj from Arjav Partners.

Raaj:

Yes. I wanted to know what your FY24 is going to look like?

Mukesh Sharma:

We are very bullish on FY24 numbers as well. The budgeting exercise is currently on, and we are looking forward a minimum of 25% to 30% growth in the revenue numbers.

Raaj:

And how about the number of stores you are planning to launch?

Mukesh Sharma:

Number of stores currently- we are at 32 stores. The work is on. We have not yet firmed up the number of stores, but hopefully, we will see an increase in the number of stores as well.

- Moderator:** The next question is from the line of Neha Sharma, an Individual Investor.
- Neha Sharma:** So my question was somewhat related. So I just wanted to understand what is your vision regards expanding the number of franchises and going forward in FY '24?
- Mukesh Sharma:** Yeah. We have currently three franchisees, which are operating and we have got more than 15 franchisee requests received. A lot of people are showing interest to open TBZ stores. We are carefully evaluating the market as well as the franchisee strength. The numbers are not yet firmed out. We will be able to discuss that later, but we are hopeful to increase the business through the franchisee route.
- Moderator:** The next question is from the line of Gunit Singh from CCIPL.
- Gunit Singh:** You mentioned that you are expecting a growth of about 20% to 30% for the financial year '24. So I just want to understand how you're coming up with such projections. What are your plans to reach this, given that there is not much clarity on how many stores or whether the stores are opening in the next year or not? So I just want to understand what will drive this growth.
- Mukesh Sharma:** Yeah. As I said, the work is on. We have got a lot of franchisee interest who are showing interest in opening new stores. Since the budgeting work is on and the prima facie number in the budget is around 25% to 30% growth. This include both organic and inorganic growth put together.
- Gunit Singh:** So major growth would be from new stores as well as the franchise that are coming up, all right. Thank you.
- Moderator:** The next question is from the line of Saloni Davishi from Val-Q Investments.
- Saloni Davishi:** My question is- there is a lot of noise around the market that the wedding season has shifted from quarter three to quarter four. So can you just give some light on how much of quarter three faced this and how are you seeing quarter four as of now?
- Mukesh Sharma:** Yeah. So see, in the jewellery industry, wedding and related occasion buy is always high. As an industry, we always see more than 60% of sales contribution through wedding and occasion-related buys. Quarter three has always been a wedding season and some months of quarter four are also a wedding season, and there's a huge contribution of the wedding and occasion-related buys that are always there across the jewellery industry. In the case of TBZ, we are among the top jewellery retailers in India who have a large contribution of wedding and occasion-related buys.
- Moderator:** The next question is from the line of Rahul Yadav, an Individual Investor.
- Rahul Yadav:** Can you highlight what the sales contribution from our franchisees is in the current quarters? And can you explain the franchise model in more detail?

- Mukesh Sharma:** Yeah. The franchisee contribution right now is very less. It's hardly 3.5% of the overall sales of the division. We have right now three franchisees who are operating out of a total of 32 stores. Sorry, what was your second question Rahul?
- Rahul Yadav:** Second is on the gold metal loans- where do we stand now? And what are the expectations ,that we want to close in next quarter?
- Mukesh Sharma:** So in the gold metal loan –we have come down from INR 508 crores at March 31 to INR 488 crores as on December 31st in terms of the total borrowing. 50% of that is gold metal loan, which is around INR 244 crores approximately.
- Rahul Yadav:** One more question. In the expansion plan, where are we heading? And what is our target for next quarter and the next financial year, how many stores are we targeting and in which part of the country?
- Mukesh Sharma:** Yeah. So we may end up with 32 stores in this financial year. However, the work is on in terms of adding a few more stores, which may be primarily through the franchise route.
- Moderator:** The next question is from the line of Neha Sharma, an Individual Investor.
- Neha Sharma:** This is Neha here, again. I just had a couple of more questions.
- Neha Sharma:** Yeah. How do you see the demand on the ground? I'm more interested to know the details of client interaction, the footfall pattern, purchasing pattern, or any other change in the customer buying pattern or something, in brief basically, I want to know the top-down view on customer pattern and behaviour.
- Mukesh Sharma:** Yeah. I think this is a very wide question, Neha. I'll try to answer it from a limited perspective of footfall. We have seen a huge amount of footfall growth as the Whole-time Director Ms. Binaisha Zaveri has read out that 80 lakh customers have walked in quarter 3. There are 40 lakh views on social media, and there are around 1.2 crores customers who are viewers who are engaging with various digital ads.
- And many of them are converting into actual footfall in our stores. So from the footfall perspective, there's a huge amount of new customer gains, 50% of the customers who are walking are the new customers, which we are gaining out of the market.
- Neha Sharma:** So I just had one or two more questions if I'm allowed to ask.
- Mukesh Sharma:** Yes, please.
- Neha Sharma:** Yeah. So can you share some highlights about the wedding season sale. Is it as per our expectation?



*Tribhovandas Bhimji Zaveri Limited
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- Mukesh Sharma:** Yeah. So it's very difficult to categorize a sale as a wedding season. As I said that in the jewellery industry, as an industry, majority of the sales, more than 50% or around 60% sales comes from the wedding as well as occasion-related buys. TBZ is also among the top jewellery retailers in India, where the wedding and occasion-related buys contribute a significant amount of sales. So categorization exactly related to weddings- there's no fixed mechanism.
- Neha Sharma:** All right. I just had one last question. Can you share the margin guidance for the coming quarter?
- Mukesh Sharma:** The margin would be slightly better than quarter three, what we are seeing currently.
- Moderator:** As there are no further questions from the participants, I would now like to hand the conference over to the management for closing comments.
- Mukesh Sharma:** Thank you so much, everyone, for joining the call. Please contact Dickenson World or us directly if you have any further queries. I wish you all a great evening. Stay safe, and we can now close the call. Thank you so much.
- Moderator:** Thank you. On behalf of Tribhovandas Bhimji Zaveri, that concludes this conference. Thank you for joining us and you may now disconnect your lines.