

Date: 10th July, 2020

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

To,
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, 26th June, 2020 at 4.30 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.

Kindly take the same on record and acknowledge the receipt of the same.

Thanking You.

Yours faithfully,
For **Tribhovandas Bhimji Zaveri Limited**

Niraj Oza
Head - Legal & Company Secretary

Encl: as above



CIN No : L27205MH2007PLC172598

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“Tribhovandas Bhimji Zaveri Limited Q4 FY-20
Investors Conference Call”

June 26, 2020



MANAGEMENT: **MS BINAISHA ZAVERI – WHOLE-TIME DIRECTOR,
TRIBHOVANDAS BHIMJI ZAVERI LIMITED
MR SAURAV BANERJEE – CHIEF FINANCIAL OFFICER,
TRIBHOVANDAS BHIMJI ZAVERI LIMITED**

MODERATORS: **MS MANASI BODAS – DICKENSON WORLD**

Moderator: Ladies and gentlemen, good day and welcome to the Tribhovandas Bhimji Zaveri Q4 and FY20 Investors Conference Call. As a reminder, all participants' 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 call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms Manasi Bodas. Thank you and over to you, ma'am.

Manasi Bodas: Thank you. Good evening everyone. Let me welcome you all to the Earnings Call of Tribhovandas Bhimji Zaveri Limited for the fourth quarter of '19-20. Today we have with us the management represented by Ms Binaisha Zaveri –Whole Time Director and Mr Saurav Banerjee – Chief Finance Officer.

Before we get started, I would like to remind you that our remarks today might include forward-looking statements and actual results may differ materially from those contemplated by the forward-looking statements. Any statements that we make on this call today are based on our assumptions as on date, and we undertake no obligation to update these statements as a result of new information or future events.

I would now invite Ms Binaisha to make her opening remarks. Thank you.

Binaisha Zaveri: Good evening, everyone. I welcome you all to discuss the earnings call of Tribhovandas Bhimji Zaveri Limited for the fourth quarter and full-year of FY19-20. In this unprecedented and continuously evolving situation arising out of the COVID19, I hope all our stakeholders, customers, suppliers and service partners are safe and taking the utmost care. Thank you all for sparing your valuable time to join us here today.

We at TBZ considered the safety of our customers and employees as our topline priority. During the lockdown, the company has adopted a work from home policy for all its employees. Technology has been fully leveraged, and all critical backend operations have been managed remotely. With the gradual lifting of the lockdown restrictions, we have opened most of our stores in the country from the beginning of June onwards except those that are located in the containment zones. Strict social distancing norms and stringent sanitization measures including sanitization of jewellery and implementation of all safety measures that prescribed by the authority such as temperature check, mandated use of facemask, hand-gloves etc. have been implemented.

For TBZ The Original the financial year '19-20 was affected by upheavals at both micro and macroeconomic levels. The company's operations remained suspended from the latter half of March 2020 onwards, and that had an impact on the revenues of March 2020. This was compounded by the loss of revenues on the occasions of Gudi Padwa and other regional festivals in different parts of the country as well as the buildup towards Akshay Tritiya. This had a negative impact on Q4 FY20 earnings of the company. However, notwithstanding the negative

impact of COVID19, the company's performance has been encouraging. The company achieved around 9% same-store sales growth for the 11 months ended February 2020.

During FY2021, the impact of COVID19 is expected to linger. We expect revenues to pick up gradually over the next 3 to 4 months. Weddings that have been postponed due to the lockdown, upcoming festive seasons along with the wedding season are expected to contribute to higher revenues as the year progresses. We have also invested in technology to counter the changes in consumer behavior with a focus on shopping at home videos, social media initiative and one-and-one consultations with the customer this along with the complete digitization of our Kalpavruksha plan. It will help us achieve our revenue target. At the same time, we have also taken several austerity and cost efficiency measures to eliminate operation inefficiencies and maintain a stable liquidity position. The company is confident that with the approach of focusing on contemporary designs, customer-friendly tech interventions and a well-trained and motivated sales team TBZ is well poised to take advantage of the rebound in consumer buying in the months to come. We shall come out of the shadow of this pandemic as a brand that is agile, lean and poised for sustainable growth in years to come.

With this, I would now like to hand over the call to our CFO, Mr Saurav Banerjee, for a quick overview of the financial performance during the quarter and for the full year. Thank you.

Saurav Banerjee:

Good evening. I am Saurav Banerjee. I shall first give you a summary of the fourth quarter and full-year FY19-20 results. I will first read out the fourth-quarter numbers followed by the full-year numbers.

Total income from operations, Rs 342.5 crores vis-à-vis Rs 415.4 crores for Q4 FY19, a drop of 17.5%, gross profit is Rs 54.8 crores vis-à-vis Rs 52.5 crores, an increase of 4.4%. Gross margin Q4 FY20 16% vis-à-vis Q4 FY19 12.6%. EBITDA 23.8% vis-à-vis 14%, EBITDA margin 6.9% vis-à-vis 3.4%. PBT Rs 2.5 crores vis-à-vis Rs 1.5 crores, YOY increase of 166%, PBT margin 0.7% vis-à-vis Q4 FY19 0.4%. PAT Rs 4 crores vis-à-vis Rs 1.2 crores, an increase of YOY 333%, PAT margin 1.2% vis-à-vis 0.3%.

For the full-year numbers; total income from operations for FY20, Rs 1809.9 crores vis-à-vis Rs 1763.6 crores, a YOY increment of 2.6%. Gross profit Rs 253.3 crores vis-à-vis Rs 248.7 crores, an increment of 1.8%, gross margin more or less flat at 14% for both the financial year. EBITDA Rs 111.5 crores vis-à-vis Rs 73.8 crores, a YOY increment of 51%, EBITDA margin 6.2% vis-à-vis 4.2%. PBT Rs 28.8 crores vis-à-vis Rs 23.1 crores, an increment of 24.7%, PBT margin 1.6% vis-à-vis 1.3%. PAT Rs 21.9 crores vis-à-vis Rs 15.3 crores, an increment of 43.1%. PAT margin 1.2% vis-à-vis 0.9%.

As has already been mentioned by Ms Binaisha Zaveri, the company's operations remained suspended from the middle of March onwards, and that had an impact on the revenues of March20 and due to the loss of revenues on the occasion of Gudi Padwa and other regional

festivals as well as the buildup towards Akshay Tritiya. This had an overall impact on the Q4 FY20 earnings of the company as well as the full-year earnings.

We can now go ahead with the Q&A session.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Amit Khanna from AK Capital.

Amit Khanna: I have a question on gold inventory, so we have seen a significant reduction of approximately 30% in working capital loans, and if I go to the balance sheet I can see the inventory has reduced significantly. So is it safe to assume that company will be relying less on its own gold and relying more on gold loans, so is it going to be a strategy going forward because the gold prices are going up and the gold prices are very high at this point of time?

Saurav Banerjee: I think we have done a lot of inventory rationalization over a period of time which I have been talking about in the earlier calls as well and you are right yes, the inventory has been rationalized to a great extent. The gold inventory in terms of volumes are actually been reduced by almost 22% over the last one year, which is I think a significant kind of rationalization. In terms of going ahead as has always been the case with TBZ, we would like to use the gold loan facility which is provided by several banks as a procurement loan, so we generally procure gold from the banks by using the gold loan mechanism because of the variety of advantages that it has in terms of natural hedging and price protection and also the credit period that we get that is up to 180 days and hence going forward also as and when there will be a requirement for procuring fresh inventory we will certainly rely on the gold on loan product that is available from several banks in the consortium.

Moderator: The next question is from the line of Akshay Jain, who is an Individual Investor.

Akshay Jain: I had a couple of questions, the first question is the gold prices have surged tremendously of late and given the backdrop of COVID19 the lockdown and postponement of the weddings and everything, how do we see this impact coupled with gold prices already high and postponement of the weddings? So, do you see a customer behavior change in the purchase of gold, do you expect that?

Saurav Banerjee: Yes, you are right. The gold prices have shot up very-very significantly. If I were to compare the prices from the beginning of this calendar year which is January till now then on an approximate basis about 17% increase one can say on an average about the gold prices coupled with the kind of lockdowns and things that we have disruptions that we had. Naturally, there is a significant impact on the revenues and the ability or the willingness I would say of the customers to come out and buy Jewellery. Going forward, of course, things are likely to change, although it will be a very gradual change. Still, we are expecting that with the initiatives that TBZ had taken, customers will gradually come back and make their purchases. The reason being

that the weddings that were to happen, but were postponed because of the lockdown will now take place; there are several wedding dates in fact during this financial year. There are dates in July, August, October, November, December, January, Feb. I think when weddings are possible; dates are there across the country that's how the scenario is. I know that there are dates in July and later so on and so forth except in September and probably March. So we are quite sure that TBZ being a preferred retail Jeweller as far as wedding purchases are concerned, traditionally that has been our strongest point, and we continue to rule that area that segment of the market. We are confident that as and when the customers want to make those wedding purchases TBZ will remain their first preference, the first choice and that way revenues will be generated from the wedding seasons which are forthcoming and also the dates which got postponed despite the gold prices being high simply because as you know in India wedding is seen as one of the biggest occasions in one's life and whatever may be the gold price, whether it's high or low or sort of standard average rates people do come out and buy because that's the part and parcel of the wedding preparation or the traditional way of approaching a wedding. It is possible that their budgets may get a little reduced because of the gold price or because of other expenses that may have happened on the medical front or any other front. But the gold purchases will certainly occur as far as weddings are concerned.

Akshay Jain:

Do we have any plan to open new stores for the rest of the financial year '21 and if yes then which part of the country do, we intend to do?

Saurav Banerjee:

As you know the pandemic and the lockdown has taken a big toll on the economy as a whole, anybody who is connected with the world economy and Indian economy has suffered I would say very severely because of the pandemic, the lockdowns, the disruptions, closures and all that. Under the circumstances, the company will prefer first to consolidate, rebound and consolidate its position, come back, look at their customer's safety and security, give them a buying platform which is both brick-and-mortar and online platform, and ensure that revenues are gradually increased, restore customer confidence in the environment if not really on TBZ because that confidence has always been there. Addition of new stores and plans for expansion should be deferred to the next financial year as this is perhaps not the right time, not the right financial year for expansion, better to consolidate and sort of as I said, rebound. Once we do that, ie once we are stronger by the end of this financial year, then we look at the next financial year with renewed efforts in terms of expansion and then obviously the original plans of growth by adding new stores will be restored and we shall go ahead with that.

Moderator:

The next question is from the line of Minhaz Sabnis from Sabnis Financial.

Minhaz Sabnis:

My first question is how are the footfalls been after the lockdown has been lifted and there is more relaxation and restrictions, in June what kind of footfalls have you seen and how do you see this progressing over the next six months? So, if you can give some colour on that, that will be very helpful.

Saurav Banerjee:

First let me inform you that after the lockdown was lifted by the Central Government and the State Governments and local authorities, TBZ started reopening its stores from June beginning onwards. So, it was not that all stores were opened on June 1, but it took a little bit of time over the first week or so or maybe first ten days the stores have been reopened. Even as of now all our stores are not open, most of our stores are open but those which are still within the containment zone are yet to open. Having said that we have been happy to find that gradually the footfall and the business by the customers is getting revived. The customers are becoming more confident. The fear of getting infected by the virus is getting reduced, also because a whole lot of precautions are being taken by TBZ as well as the customers as individuals, so all the precautions that have been prescribed by the authorities and the medical fraternity has been put in place, and the customers have been informed, they have been given that assurance. It will be difficult for me to spell out exact number of footfalls because I think it's too early if you see it's not even 30 days from the time, we started opening the stores. But whatever has happened in these 20-25 days has been quite encouraging. So, I think it is a good beginning. We will obviously expect things to turn better. In terms of the next quarter, which is the second quarter we expect the revenues through the conversion of footfalls to increase substantially. If I were to compare the revenues of June and that with the revenues which we are expecting in July-August and September, it would be a substantial increase, may not be right up to where we should be but it will be somewhere close to it. So, I think we are estimating that and as I said, several steps have been taken. We have been continuously in touch with our loyal customers, and we have also reached out to the social media and digital platforms to everybody else, so even the new customers are willing to take a look at TBZ Jewellery and use them and experience them. We have done a lot of work on the advertising and marketing front which will help us to tide over these issues of having lower footfalls, so for example even during the lockdown the focus was on the loyal customers. They had access to the brand through the online systems, including the Kalpavruksha scheme, which is our EMI saving scheme through which customers can buy Jewellery after nine months. Even when the lockdown was lifted, we introduced 'safe to shop' campaigns for TBZ using the digital media to reach out to our own customers as well as the new customers. There is a continuous focus on affordable diamond Jewellery at a lower price point. As you are aware, diamond Jewellery commands how much higher gross profit percentage and that will help us on the profitability front as well. Then there is a huge focus on KP scheme (Kalpavruksha scheme) which I just mentioned. There are various kinds of variants that we have introduced within the KP scheme; for example, there is a scheme which is exclusively for a diamond jewellery. There are various other variants also to this. We are also likely to introduce something which is probably a shorter version or a smaller version or a lesser version of what we have in terms of the maturity period. we have used technology to a great extent to improve customer experience, for example, we have introduced 'shop via video call', personalized digital brochures so the customer does not have to step out of their homes, staying within the safety of their homes they can browse through the Jewellery, they can select, they can pay, they can shop, they can purchase, store visit, the online appointments have been introduced. If somebody wants to come to the store most welcome, all the precautionary measures to combat the virus are

completely in place, and they are strictly and stringently followed. So I think looking at all this plus as I just now mentioned that the wedding dates which are right ahead of us those are going to help us revive quickly, rebound quickly and also as you know that once the (Q2) Quarter 2 is over then the festive season will be upon us, Dussehra, Dhanteras, Diwali which is the most productive period for Jewellery revenues to be earned, Jewellery sales that will be happening and hopefully by that time the threat of virus will be greatly reduced, hopefully, some kind of a definite medical treatment will be available to everybody and the confidence will be restored. So, looking at fair estimates, and also the kind of strategy or planning that TBZ has done, we do not see a huge cause of concern going forward.

Minhaz Sabnis: Since FY21 is likely to be adversely impacted on the top line front, just wanted to understand have you as a company has taken any initiative or steps to reduce its operating cost?

Saurav Banerjee: Yes, most certainly, yes. Is there another part of your question?

Minhaz Sabnis: No, I think that's it from my side.

Saurav Banerjee: So I will just explain very quickly; yes, most certainly TBZ has taken several steps to reduce its operational cost or increased its efficiencies on every front. We have taken a lot of measures, steps to contain the expenses, reduce the expenses on all fronts, and that will help us to increase our profitability that will help us to strengthen our cash flows whether it's in the form of rationalization of inventory or trying to increase the product mix in favour of diamond or looking at efficiencies on the manpower front, a huge use of technology and IT-related things which will help us to work from home without really having to come to a particular office. However, our stores are open of course, but the offices are not yet opened, we are still working from home, and we have not really encountered any kind of difficulty. We have also reduced any kind of expenses which we consider to be probably not appropriate for this type of scenario. A lot of austerity measures across the board, whether it's on the advertising, marketing front or administrative expenses, everything has been done and all along the way, and this will help us to tide over whatever problems we might have faced when there was a complete lockdown.

Moderator: The next question is from the line of Biju Joshi from UBS.

Biju Joshi: Just one question on demand pattern across geographies. So in the last 30 or so days that your stores have been open, can you give me an idea about the demand pattern across geographies like how it has been in North-South-West-East and also some colour on-demand pattern in between your stores in metros versus stores in Tier II and Tier III cities?

Saurav Banerjee: Just informed a very short while back; in fact, the word demand is probably not very appropriate at this stage, let me explain why. As I said that the stores have started opening from the first week of June and as yet we cannot say that we are 100% open so there are as I said very few numbers of stores which are still in the containment zone, so obviously they can't open, can't

sell and revenues are not being generated. However, from the other stores, there is a gradual increase in footfall. So in a way you can say demand yes but not the kind of demand that is usually there for TBZ Jewellery. In terms of differentiation or the experience that we have had from metro stores vis-à-vis the small town 2 tier city stores. Metro cities as you know in India when this pandemic has spread in India, the virus has spread, most of the metro cities, most of the cosmopolitan cities like Mumbai, Delhi or Chennai or Calcutta, to a lesser extent maybe Bangalore, Hyderabad also have been very-very severely impacted because of the very rapid spread of the virus. As we know that Mumbai has been the epicentre for the virus in India and also the nearby towns like Pune. Delhi has suddenly seen a very-very huge spurt; there was a high kind of a spread happening in Gujarat. There was a strong upsurge in Calcutta for some time, same for Hyderabad, same for Tamil Nadu and various other areas in India. So one can say that the metro cities have been worst affected or I would say relatively more severely affected than the Tier II cities in India and that has reflected on the demand. So, when customers are scared and everybody is sitting in their homes, are unable to come out, it takes a little bit of time for people to feel comfortable, feel protected and safe to come out start buying different kinds of products, including Jewellery. So to answer your question the progress in terms of revenues and footfalls have been lower or slower in metro cities, where TBZ is present compared to the 2 tier or 3 tier cities where we are present.

Moderator: The next question is from the line of Nilesh Gopani from Gopani Securities.

Nilesh Gopani: Have we taken any moratorium from banks and have we paid the salaries to and rent to employees and the rent owners of March-April-May?

Saurav Banerjee: The first part of your question moratorium from banks as you are aware that Reserve Bank of India announced and offered through the banking community moratorium on payment of various kinds of interests and all that which we have availed, we spoke to our bankers. They were also forthcoming everybody understands the issues with cash flows and a complete stoppage of earning revenues, and that's why the banks have come forward and they have partnered us and the moratorium on interest payments has been offered to the company and company has also accepted that and that has happened for the past three months or so. So that's the first part of your question. The second part is regarding the payment of rent and salary. Salaries have been paid to the employees; that is done for all the months from the time the pandemic started, or the lockdown started rather till now, and we shall continue to do so. In terms of rentals, we got a waiver for some of our stores for the days where the stores were closed in March. So the landlords also understand the overall scenario, and they have given us the waivers for March. For April, May and June, we have not paid any rent for any of the properties and negotiations are ongoing for a waiver or reduction of the rent.

Moderator: The next question is from the line of Mr Akshay Jain, who is an Individual Investor.

Akshay Jain: My question is, FY20 revenue stands at Rs 1,810 crores and looking at the presentation, COVID adjusted revenues at Rs 1900 crores. I believe in the opening remarks, mam mentioned that only later half of the March was the shutdown period for the business. So are we expected Rs 90 crores of revenue loss in these 15 days of March, can you throw some light on that?

Saurav Banerjee: You are right yes the company did estimate, let me say I think we need to estimate because one cannot be 100% sure of what could have been. So these are estimated numbers based on certain parameters or some logic that we have used. For example, we have looked at the March numbers for the previous year. We have looked at the growth ie the same-store sales growth that has been there for the 11 months, for the nine-months we had 9% growth, then we reported the numbers in December and for 11 months we had I think about 8% growth. So if I were to apply those logics and the estimation that was done plus the fact that Gudi Padwa being a major regional festival in several of the places where our stores are located particularly in Maharashtra and to a lesser extent in Gujarat too if you were to count the impact of the loss of Gudi Padwa; also there are several regional festivals that are celebrated on the same day as Gudi Padwa or maybe one or two days either later or just prior to Gudi Padwa. Thirdly the buildup for Akshay Tritiya begins in March so while Akshay Tritiya happened in April, yet, there are several customers who generally start buying a little bit in advance, which happens; maybe they are wary of the gold prices going up. So that is also something that we have lost and the wedding dates which were going to happen and could not happen because of the lockdown. So when once the lockdown was announced there was no question of weddings happening at all. So if I were to take into account all these factors which are absolutely I would say genuine and the right kind of logic that we have been able to use; we have estimated that we could have done a higher revenue for the number of days what we have shown in the presentation. So as I explained to you, if you were to consider all these logical reasons that we have taken into account then you will find that the number that we have reached at is pretty much something which was attainable by us. We would have almost certainly generated those numbers.

Moderator: As there are no further questions, I would like to hand the conference back to Ms Manasi Bodas for closing comments.

Manasi Bodas: Thank you, everyone, for joining us today for this call. In case of any further question, you can get in touch with us and write back to us. Our co-ordinates are provided in the presentation. Thank you so much.

Moderator: Thank you very much. On behalf of Tribhovandas Bhimji Zaveri Limited that concludes this conference. Thank you for joining us. Ladies and gentlemen, you may now disconnect your lines.