

Date: 17<sup>th</sup> August, 2021

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 Thursday, 12<sup>th</sup> August, 2021 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](http://www.tbztheoriginal.com).

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

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**Tribhovandas Bhimji Zaveri Ltd.**  
**Earnings Conference Call Q1 FY22**  
**August 12, 2021**

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**Moderator:** Good evening ladies and gentlemen. My name is Zaid. I am the moderator for this conference. Welcome to the Q1 FY22 Earnings Conference Call of Tribhovandas Bhimji Zaveri Ltd. organized by Dickenson World IR.

At this moment all participants are in listen-only mode. Later we will conduct a question and answer session. At that time, if you have a question, please press '\*' and '1' on your telephone keypad. Please note that this conference is being recorded. I would now like to hand over the floor to Ms. Pushpa Mani. Thank you. And over to you, ma'am.

**Pushpa Mani:** Thank you, Zaid. Good evening, everyone. I welcome you all to the Earnings Call of TBZ Ltd. for the first quarter of FY22. Today, we have with us the management, represented by Ms. Binaisha Zaveri the Whole-Time Director, and Mr. Saurav Banerjee, CFO.

Before we get started, I would like to remind you that remarks made today might include forward looking statements and actual results may differ materially from those contemplated by forward looking statements. Any statement we make on this call today is based on our assumption as on the date and we are in no obligation to update the statement as a result of new information or future events. I would now invite Ms. Binaisha Zaveri to make her opening remarks. Thank you. And over to your ma'am.

**Binaisha Zaveri:** Good evening, everyone. I welcome you all to the Earnings Call of Tribhovandas Bhimji Zaveri Ltd. for the first quarter of FY22. I would like to thank everyone for sparing your valuable time in joining us here today. In this unprecedented and continuously evolving situation, arising out of the COVID-19 pandemic, we hope all our stakeholders, customers and suppliers are safe.

The localized lockdowns and restrictions imposed during the second wave of COVID-19 posed several challenges to the business during this quarter, due to partial or complete closure of stores across most geographies. The strong recovery momentum witnessed during the past recent quarters suffered another setback. However, the Company mitigated them to a large extent by focusing on controlling overhead and further inventory and debt rationalization, thereby strengthening the balance sheet.

As a response to changes in consumer behavior due to lockdown and restrictions imposed on physical movement the Company bases its long-term relationship with customers focused on communicating with them about their safety and well-being and offer them shopping via digital media and technology, digital brochures, video shopping and offered them Kalpavruksha

Scheme online, SMSs and video appointments. Numerous campaigns like tapping Akshay Tritiya demand via digital media were also done and allayed customer fears around store visits and encouraged them to plan their visits via video appointments. Schemes to push gold and diamond jewelry pre-booking and other schemes to upgrade old gold to new diamond also helped in driving newer walk-ins.

As the government continues to unlock the economy in a phased manner, we have witnessed an encouraging recovery towards the end of the 1<sup>st</sup> Quarter and into the 2<sup>nd</sup> Quarter as well. The forthcoming months presents us with a lot of opportunity in terms of increasing our customer base and fulfilling pent up demand well supported by a strong festive and wedding season. 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. Thank you.

**Saurav Banerjee:**

Good evening. I will begin with the summary or the key highlights of the first quarter numbers vis-à-vis the first quarter of last financial year. Total income from operations Rs. 193.67 crores vis-à-vis Rs. 79.46 crores, YOY improvement of 143%; gross profit Rs. 23.15 crores vis-à-vis Rs. 8.7 crores, improvement of 166%; gross margins at 11.95% vis-à-vis 10.95% for the last year's first quarter; EBITDA Rs. -84 lakhs vis-à-vis a Rs. -8.36 crores; EBITDA margin is immaterial. PBT at a Rs. -12.54 vis-à-vis Rs. -25.77 crores for the last year; and PAT at Rs. -9.1 crores vis-à-vis a Rs. -19.17 crores for the previous Quarter 1 in the last financial year. We can now begin with the Q&A session.

**Moderator:**

Thank you very much, Mr. Banerjee. Ladies and gentlemen, we will now begin the question-and-answer session. The first question is from the line of Harish Shah from HS investments. Please go ahead.

**Harish Shah:**

I just have two questions. Is there any special advertising and promotion plan in the coming quarters? And could you just quantify the same? And how do you see the margins going forward?

**Saurav Banerjee:**

Yes, the advertising and marketing function keeps on looking at the promotions that are required to be done in-line with the customer demands or the expected demands and also with the kind of opportunities that are around the corner. For example, if there's a festival ahead of us then there will be a certain kind of advertising and marketing and communication going out to the customers. If there's a wedding opportunity, which is there for the next two, three months, then there will be a slightly different kind of a campaign. And also there will be campaigns in order to acquire new customers, increase footfall, retain old customers, convert dormant customers into active ones. So, all this is continuously being planned by the marketing team.

In the past and going forward also we shall have a lot of pointed campaigns to capture more and more of the market share. For example, earlier we had talked about our Kalpavruksha

Scheme, we have sort of diversified that scheme itself in various kinds of product categories, wherein people can do an EMI investment in purchase of gold jewelry, or they can do specifically for diamond jewelry, or they can do a purchase for gold jewelry with a promise of the gold price being protected for them.

Similarly, we have campaigns online as well as physical campaigns, which are directed towards acquiring new customers, aspirational customers who want to test out the TBZ brand. Then there are campaigns which are occasion driven for example, if there's a Mother's Day or Father's Day, or Independence Day, which is just coming, right after, one or two days, you know, this kind of campaigns are also happening. Then there's a brand building campaign which happens all through the year where TBZ brand is being showcased to all the customers.

So, yes, I think to answer your question, we are at it, and we try and understand the market, we try and strategize based on customer feedback, market information and what the other competitors are doing. And the spent are decided accordingly. For the record in the 1<sup>st</sup> Quarter, we have had a marketing spend of Rs. 4 crores. But although we know that the first quarter was not very effective because of the pandemic and the lock downs. But we are investing relatively more into the marketing campaigns for the forthcoming, the second half of the year, the second quarter and the second half of the year.

In terms of margins, we are quite confident that once the normalcy is completely restored, which is to a great extent, which is already happening as we speak, we should be able to clock better margins at the gross margin level, as well as at the EBITDA level. Simply because we should be able to clock more revenues, we will get a higher or I would say a more advantageous product mix between gold and diamonds, which will automatically, positively influence the gross margins and thereby, the absorption of the overheads will be much better than what it has been, let's say in the Q1, and then we shall be able to generate bigger or better EBITDA margin. And then naturally there will be a flow down to the profit level.

So, one can expect, I would say a much better EBITDA margin or a gross margin going forward into the 2<sup>nd</sup>, 3<sup>rd</sup> and particularly the 3<sup>rd</sup> and 4<sup>th</sup> Quarter of this year.

**Moderator:** Thank you. Next question is from the line of Rohin Kumar from Rohin Advisory. Please go ahead.

**Rohin Kumar:** I have two questions. First, we have seen a significant reduction in our inventory levels from March '20 till date, which if I am not wrong is close to 25%. I wanted to know if we can operate on 31 stores with further drawdown in our inventory levels something like further 25% over a period of three or four years maybe, to be more efficient in all of our operations.

**Saurav Banerjee:** Yes, you are right. We have been very consciously focusing on inventory rationalization, we have spoken about it on many occasions in the past and once again, we have done a little bit whatever was possible in this quarter itself. So, yes, I think we have been able to come to terms

with the rationalization effect. We have understood how to ensure that we have just the right level of inventory in our stores, how to move them around how to sort of shuffle them. And, the turnaround time between the manufacturing of a particular piece of jewelry or a particular product into the time when it is available for display on the counters, in our stores and available for the customers to purchase them.

It has been a combined effort of looking into each and every SKU each and every piece of jewelry and trying to ascertain where all we can sort of rationalize the inventory. This is a continuous process as we have clearly demonstrated over the past one year, in fact, more than one year actually. This will continue all the time. Let me hasten to add that the inventory movement is also influenced by the situation or the opportunities that is coming ahead of us. So, for example, if we are having a Dussehra, or a Diwali, or a Dhanteras kind of a scenario, which is coming up in the next one month or so, then we shall be, stocking up the inventory adequately and accordingly to ensure that there is a big opportunity to sell and earn revenues.

And again, whenever there is a slightly I would say a relatively dull period or a normal kind of a month or a quarter, then we shall draw down the inventory to a certain extent. Going forward, if you are asking whether we can continue to reduce inventory over the next few years, well, we shall attempt to do it. It's not always advisable to reduce inventory. Reduction of the inventory has to be optimum, if we you know continue to just reduce inventory for the sake of reduction, then we shall be actually harming our costs, because we shall not have enough products or enough kind of display or variety, or the range of products that the TBZ is known for, for the benefit of the customers to choose from. So, we have to be slightly careful about that we have to balance, it's a balancing act. It's something that we need to do to ensure that our working capital cycles is reduced and more efficient, but at the same time not losing track of what the customer wants, because, ultimately, it's the customer and the demand or the requirements that needs to be fulfilled. The entire Company's every single decision is working towards that. So yes, to answer your question inventory rationalizes will continue whether we shall be able to reduce 25%, or, 30% or 10% remains to be seen.

There's another angle to this online platforms are now becoming more and more popular. People are happy to explore those opportunities, virtual stores are there which we also have, people want to shop on a virtual platform and decide what to buy. And these opportunities will definitely you know enable us to reduce physical inventory to a certain extent. Customized jewelry is another thing which gives us an opportunity to produce something or get something manufactured as per the exact requirements of the customers. Once again, if that is so and if that keeps on picking up then again we have opportunity to produce that kind of inventory only as and when required. So, I think on a holistic approach, definitely I will always most certainly be on rationalization, but not just for the sake of it.

**Rohin Kumar:**

So, my second question is, we currently have 31 stores and out of the 31 stores only 4 stores in Southern India with no presence in Karnataka, Tamil Nadu. Is there any specific reason for

shying away from this part of the country? Is it clearly strategic or would you be would you be looking to expand further in this part of the country? Because I am sure there will be opportunities as well.

**Saurav Banerjee:**

Yes, most certainly there are and there will be opportunities in the Southern part of the country. We are present in some ways not that we are not at all present, but yes the states that you mentioned, Tamil Nadu, Karnataka we shall be definitely looking at opportunities to be there if not in the near future, then maybe one year down the line or whenever the opportunity presents itself.

Tamil Nadu we have sort of not been very interested, because the usual business model in which the jewelry companies function there is not something that we would like to follow. But at the same time, it does not mean that we will always shy away from being present there. As I said, it's a question of opportunity, the moment we see something which suits our Company's business model, the kind of product, the kind of reach, the kind of variety that we have and our revenue generating efforts, if it supports that, then there's absolutely no question of opening a store in Karnataka or Tamil Nadu or any other state for that matter.

**Moderator:**

Thank you. Next question is from the line of Pawan Singh, from Share Giants. Please go ahead.

**Pawan Singh:**

So, I wanted to know about Kalpavruksha Scheme, can you explain in detail of how contribution comes from the scheme ?

**Saurav Banerjee:**

I will try and answer your question. Unfortunately, I could not clearly hear what you wanted to ask. But I am assuming that you are asking a little bit about Kalpavruksha Scheme, I will explain to very briefly. It's basically an EMI kind of a scheme where people channelize their monthly savings ladies, housewives or anybody else, everybody is welcome actually. So, whoever wants to channelize their savings or whatever, they have a bit of a surplus or they want to buy a piece of jewelry of their choice, then here is an opportunity to channelize it so that one does not have to really pay for the entire piece of jewelry in one go. One can build up the whole thing over a period of nine months or six months, with easy installments as per their budget. And at the end of the ninth month or the sixth months as the case may be, there is a maturity which takes place there's a kitty which is there with the customer. And there is a bonus that is added by the Company in terms of say 75% of the one-month EMI that is contributed by the customer, the Company adds that, and this entire kitty is useful for the customer to buy a product of their choice.

And what also happens in most cases is that there is a lot of upselling. So, for example, if my kitty is Rs. 1 lakh customer, we have found that they end up buying jewelry worth 25%, 30%, 40% more simply, it's the question of dynamics, because the customer has to pay just a little bit more at the end of everything, when they are actually buying the jewelry. So, it's a win-win situation for the customer as well as the Company. The benefits accrued to the Company in

terms of the cash or the funds that are generated through this Kalpavruksha model, and which is used for our working capital purposes or our business purposes. And that's how it's a beautiful product, which helps everybody and benefits everybody simultaneously. So, that's what I wanted to just give you a brief overview in terms of Kalpavruksha as we call it has been a very, I would say well-loved and blockbuster product for us, one can say over so many years now.

At present we have, we usually generate about close to 100 crores of KP advances, is an average kind of run rate that we have. Yes, sometimes it may drop a little bit or may go a little bit on the higher side. And as you can see that it's a great advantage in terms of cash flows, in terms of generating revenues, in terms of retaining customers, or kind of a loyalty program one can say, and giving the benefit of the customers that it's very easy on their budget or on their pocket, and they can buy a jewelry piece of their choice, very easily.

**Pawan Singh:** Sir just wanted a little bit more clarity on the kind of contribution you are getting from the same and how do you expect it to pan out in future?

**Saurav Banerjee:** So, are you talking about an individual per month contribution, is that something --?

**Pawan Singh:** Like as a percentage or something rough cut, how they have contributed in the overall game plan?

**Saurav Banerjee:** Okay. So, as I said that you know, we are usually close to the 100 crores number in terms of advances. So, if I were to let's say, these have been abnormal years, last year and this year also so far has not been a very normal year, but otherwise, let's say about one can say about 15% of our sales are generated from the Kalpavruksha scheme, it can go a little higher. So that kind of contribution, in terms of an overall scenario if you are asking that.

**Pawan Singh:** And my second question is on the competitive intensity. So how do you see from other brands as well as unorganized players like how they are competing right now? And has the competition reduced the post-demon and GST or it is still the same?

**Saurav Banerjee:** So, to answer your question, I will break the entire sector into two broad parts the organized sector and the unorganized sector. The organized sector has been doing, quite well, despite all the challenges that have been thrown towards them, mostly in recent times, because of the COVID-19 situation. GST, hallmarking and various other regulatory measures have all actually helped the organized sector to strengthen their position or to gain greater market share on an overall basis. TBZ being a part of the organized player has clearly benefited from the same kind of an environment.

As far as unorganized sector is concerned for the very same reasons, they have suffered, it has been a setback for them. I think their working capital requirements or their ability to hold their

ground in the face of very adverse conditions, which is what has happened in the last one and a half to two years' time has taken a toll on them. And I think some of them probably have not really been able to, what should I say, live with that kind of hardship and probably have closed their operations or are planning to do so.

So in other words, competition is very much there. We love competition, and we are one of the strongest brands in the market. There's nothing wrong with having competition. In fact, we also get to learn a little bit from them. Organized sector doing quite well despite challenges, unorganized sector, unfortunately, having a tough time.

**Moderator:** Thank you. Next question is from the line of Ninad Sabnis from Sabnis Financial. Please go ahead.

**Ninad Sabnis:** Actually, a question was asked already about the store. But to expand on that, what are our target for number of stores in FY22 and say, even FY23? And what is the amount of CAPEX that would be required to be incurred for that?

**Saurav Banerjee:** So FY22, first, let me quickly talk about FY22. As you know FY22 has begun on a rather difficult note. The first quarter has been whatever it has been, I mean, we are all aware that it has not been a very good quarter, from the economics perspective or business perspective, everybody has suffered, because of the lockdown. And I think this financial year, in fact, I would explain it in a slightly different way. We were all expecting that after the last financial year and the kind of suffering that humanity has gone through in the last financial year, as also the business, we were expecting that things will be relatively at least to a certain extent better, which would have given us clear opportunities to look at a solid expansion plan, maybe not immediately, but down the line in this current financial year.

Unfortunately, everything doesn't happen as per our expectations and things have not gone really well in the first quarter. We once again need to focus on the basics, we need to reestablish that the Company can do very well, despite the setback of three months that we have suffered. So, we need to relook at our plans, we did have some kind of a broad-based plan of maybe trying and opening a couple of stores in this financial, we need to relook at that. I am not saying that it is impossible, but it looks a little bit difficult, right now. If there is improvement, which is what we are hoping and expecting, and we are working towards that in the Quarter 2 and Quarter 3, then we can relook at our plans in Quarter 4.

Going forward for the next financial year and most certainly, once again, subject to it being a good year, a normal year, if not a good one, at least a normal year, in terms of the economy doing well, in terms of no health hazard coming our way, we at TBZ shall look at expanding its stores. So, I would not like to put a number to it right now. But as I said, just now that we are all the time looking at opportunities, we are doing market research, we are studying various cities. We already have a list with us cities that we think there's good potential business and



we have been wanting to open stores there. Unfortunately, things have not really, gone in the right direction, because of COVID. But let me assure you that given an opportunity TBZ will not hold back its original plans of going ahead with expansion.

**Ninad Sabnis:**

Next question is further on outlook. So, as we saw already, that during the second wave, I believe the wedding season was disrupted a lot. And there might be a lot of weddings taking place in the latter half of the year. So, following that, how do you see the festive season sales shaping up this year plus since we are seeing a lot of unlocking happening across the country, and even the state of Maharashtra is also relaxing, more guidelines this week and next week onwards. Could you give us a hint on how the response has been in July and August?

**Saurav Banerjee:**

Yes. So, yes, compared to April, May and June, July has been a much better month for us in terms of business, in terms of revenue generation in terms of margins, everything has looked up, everything has progressed very well in July. And so far in August also we are seeing a similar kind of, I would say an upswing in the business. We are very confident that with the opening of the economy or the market or removing of the restrictions, it will give many opportunities for something like TBZ because as you said, there are several wedding opportunities wedding day, which probably could not fructify because of the lockdown and because of so many restrictions in kind of arranging for a wedding or celebrating a marriage occasion. And those weddings will have the demand, the pent-up demand is clearly visible. The festive season is not exactly round the corner, but not too far away either. It's a question of just one and a half months or so after which we have the Dussehra season, then followed by the build up towards Diwali, Dhanteras and then so on and so forth.

And the wedding season, obviously, the dates are there, and the pent-up demand will also. So, these two three opportunities which are very, very useful and big opportunities for a Company like TBZ which has always excelled in its product, wedding jewelry has been a, I would say, the biggest strength of the Company for innumerable years now. Festive season we have always done well. So, I think there's a lot to look forward to, we are absolutely certain that we should be able to do a lot of good work, good business in whatever time is remaining in this year. Let's say about 8 months or 7 to 8 months that is there.

**Ninad Sabnis:**

Your outlook on the gold prices because for the last two quarters the prices have been very subdued so just as a forecast for margins plus outlook on gold price?

**Saurav Banerjee:**

So, gold price, yes, you are right they have been relatively subdued for some time now. But we are given to understand that the gold prices are likely to sort of start rising or increasing in the forthcoming months. One cannot be 100% certain ever about gold prices, because anything that happens anywhere in the world can have an impact on gold prices, but we are given to understand that the prices are likely to rise. And if that happens, then naturally, the advantage of rising prices will be captured by the Company immediately. And it will help in increasing our margins. So that's about it on gold prices not much more that I can say, as I said, it's always

volatile in nature, very difficult to really put a finger and say this is exactly what is going to happen.

**Moderator:** Next question is from the line of Zaki Nasser, from Nasser Investments. Please go ahead.

**Zaki Nasser:** Sir, my couple of questions would be 1) What steps TBZ has taken, see last year also was slightly disturbed, this year has started with a bit of disturbance. But I think things are okay. And as you said that we have 8 months and things are looking better. So, could we broadly understand that TBZ will be at least able to maintain the top-line and the bottom-line than last year? And what percentage of top line comes from the state of Maharashtra?

**Saurav Banerjee:** See, as we know, last year, it was bad in the first quarter, the numbers are there, we all know what they were, I don't want to dwell on that. And then later the economy and the business opportunities improved, things started opening. And I think TBZ has clearly shown the ability, the resilience, the strategies, and the talent to capture whatever opportunities comes our way and we have been able to, put in front of you a very good set of numbers last year.

This year too unfortunately, things have not been too good in the first quarter. But nevertheless, as I said, things have now started looking up. It is difficult for me to really spell out a particular level of revenue. We are certainly expecting the revenues to be more and better than last financial year. How much better we will definitely get to see, and quarterly results are there, we will be talking to each other very often and we will all be able to see what is happening. But yes, I can assure you that subject to COVID-19 not disrupting businesses or economics once again, which is something that's not in our hand, we should be able to do better than the last financial year in terms of top-line and in terms of certain other numbers as well.

Profitability ultimately is a function of many things, it's not just top line, it's margin, it's the operating overheads that we are trying to control in a very effective manner. It's also the debt cost which we have clearly controlled in a very effective manner, you can see that our debt and debt cost has substantially come down. And hence, we are confident there will be profits there will be, adequate numbers which we shall talk about, but very difficult for me to say exactly how and what.

**Zaki Nasser:** And about the state of Maharashtra, sir, what percentage comes from --?

**Saurav Banerjee:** So, state of Maharashtra we have several cities which are a part of our overall number of cities that we have. So, the state of Maharashtra will be generating probably about 20%, to 25%, to 30%, anything between 25% to 30% of the revenues of the Company.

**Zaki Nasser:** And one broad question about gold about jewelry marketing in India sir, see in some countries, we have seen that the sale price of a piece of jewelry is quite delinked from the quantum of

gold which goes into making it. Do you think India will ever have this delinked kind of prices where each piece of jewelry is priced differently, or we will always in the near future be connected to the intrinsic gold which goes into it?

**Saurav Banerjee:** I think we will remain connected to the intrinsic gold that goes into it. That's how the economics work in terms of the business engagements that, the vendors have with the companies. There is a linking to the gold prices, because being so volatile, if everything is on a fixed basis, then somebody or the other is going to suffer. And that's not good for the business. So, in India, I am not very sure if this delinking can happen, and everything will be on a fixed kind of thing, what you are probably suggesting, I am not sure about that, at least not in the near future.

One needs to see how the businesses evolve, in so many years it has not really happened. So, let's see, I mean it's difficult to say, because also, there's one more thing it's not only the gold, but also the way a piece of jewelry is manufactured, how much effort goes into it, the artistic value of that product. If there is let's say a chain, a gold chain, and an intricately designed necklace, there is a difference in the efforts that are put into it by an artisan or a person who has that kind of a talent or ability. So, one has to consider all these things, it's just not gold and I mean, it's not that there, there's a little more to it.

**Zaki Nasser:** And does TBZ export any part of it jewelry sir, I mean what percentage would that --?

**Saurav Banerjee:** No, we are a purely domestic Company, a 100% domestic Company.

**Zaki Nasser:** What would the debt levels be as of now?

**Saurav Banerjee:** So, currently, we are having a borrowing debt level of around Rs. 345 crores as we have indicated in our balance sheet.

**Zaki Nasser:** This is long-term and short-term, both?

**Saurav Banerjee:** It's all short term only, there is no long term really.

**Zaki Nasser:** No long-term debt, okay. And by the end of the year, you would get this down a little more or would it remain around current levels?

**Saurav Banerjee:** We have been able to reduce quite a bit. Obviously, we will always want our debts to be lower. I mean, we would not really want our debts to be higher, unless there's a real, solid argument in favor of having a higher debt. So, yes, the efforts will be to reduce or in fact, I would also add that the effort will also be to use debt which are more economical or cheaper. So, having debt is one thing and having to service it is another thing. So, I think we have done well on both the front in case it is found that we are not really looking at reducing our debt because of the business requirements maybe so, we shall certainly on an everyday basis, try to utilize cheaper or more economical debt rather than utilizing expensive debt.

**Moderator:** The next question is from the line of Vijit Ramavat, from Vijit Global Services. Please go ahead.

**Vijit Ramavat:** My question is what is your view on hallmarking new rules? How big is this opportunity?

**Saurav Banerjee:** Let me begin by saying that TBZ, of course, is selling Hallmark jewelry for all the way back in time. I am not sure how many years back, but it has been selling hallmark jewelry forever, let me put it this way. So, it's a great opportunity otherwise and it's a safeguard more than an opportunity it's a safeguard for the customer. I would put it this way, if you look at it from the buyer of the jewelry or the customer, it's a safeguard, it's a matter of trust. And it's a matter of establishing a mechanism to ensure that the customer does not suffer, because of somebody being slightly unscrupulous in terms of the purity of what they are selling. I think that way it's something that was long overdue, hallmarking should have been made mandatory long time back, probably, but anyway, better late than never.

I think the opportunity is once again there for those who are interested in doing ethical business, and those who believe in the trust factor. As I said, just a little while ago organized sector will benefit from all this, unorganized sector will find it a bit of a challenge, or they may, decide to come and fall in-line with the organized sector's ethical practices. So, as I said, it's an opportunity for doing good business and ensuring that customers stay loyal to the Company, customers stay loyal to a brand and do not really have to worry about what they are buying.

**Vijit Ramavat:** Can you give a ball park as to, how much is the organized market and unorganized market in this sector?

**Saurav Banerjee:** There is no real scientific or correct data which is available. There is lot of things floating around. But to the best of my knowledge at present probably the organized sector will be something maybe around 30% odd will be organized sector, maybe a few percentages here and there. The rest will, still be unorganized sector, Mom and Pop Shops or Single Stores or entrepreneurial practices where they have one store or maybe two stores here and there, that kind of things.

But I think it's changing very fast, the organized sector was a much lower percentage some years back, it has risen to say 30% or maybe 35%. And we can clearly see that very soon the percentages will be much higher maybe even one day, we will be having a 50-50 kind of a share. But that is what we are given to understand. As I said there is no real data which we can sort of trust and say, okay this is the final thing, this is the final percentage of organized sector's share.

**Moderator:** Thank you. Next question is from the line of Shweta Shah from Samarthya Capital. Please go ahead.

**Shweta Shah:** You mentioned in your presentation that you offered 50% discount on making charges. So, I want to know how much additional sales it was able to generate and because of the campaigns that you made on Mother's Day and Father's Day.

**Saurav Banerjee:** Regarding campaign details, of course ma'am I suggest that maybe we can get into a separate call, because that will take a bit of time, because it will be a full campaign which we will have to explain to you. But basically, the sum and substance of a campaign is that we look at an opportunity or a celebration which is there, which is something which is revered, and which is close to everybody's heart, Mother's Day, Father's Day. Obviously our parents are very close to everybody's heart and we try and built something around that to celebrate that occasion, to give an opportunity to let's say the children who sort of maybe gift something to their parents, something which is worthwhile, something which means a lot and which carries their emotions and their sentiments along. So that's why it's important to celebrate these with brands which are recognized, which have a value attached to it. I am not talking about the Rupee value, but the sentimental or the emotional value. And I think TBZ very much fits into something like this with its long legacy and the kind of the customer base that it has. So, this is the essence of the campaign, exact details maybe some other day we can share.

The other thing is you talked about 50% discount on making charges, yes, I mean these are campaigns which are directed towards a particular situation or a particular section of the customers where we come out with offerings and make it a little bit easier for customers to come into the store. It is essentially to ensure that the visibility of the brand and I would say preference for a brand is continuing all the times, increasing footfalls, foot conversions and also it helps to move the inventory around faster, because just in case there has been a little bit of sluggishness, which was there, as you know that the stores they are not opened for the entire duration on a particular day or they were closed for several days together or maybe in the month or more. So, it was required for the Company, and it is done by every Company, of course it's not something that only TBZ does. So, people come out with these campaigns.

It's again, I think it's a valid kind of an approach where we ensure that revenue generation happens faster, cash flows are taken care of, inventory movement happens and thereby it enables the Company to introduce new collections, exactly how much sale has happened because of this, I will not be able to give you those details just now. But as I said, I mean those details are available, if you are interested maybe some other day.

**Moderator:** Thank you very much. Next question is from the line of Kritika Ghosh from Sequent Investments, please go ahead.

**Kritika Ghosh:** I wanted to understand that apart from the numbers and everything, what is the situation at ground levels like how is this panning out since the beginning of the COVID till now? Also, if you could throw some light on how consumer preferences are changing over time? And how are you keeping a pace with the changing consumer preferences?

**Saurav Banerjee:**

To quickly answer your first question, I will in fact, I will refer to our presentation itself. As there is a case in point there in one of the marketing slides we have indicated new customer walk-ins increased by 7% YOY. So, this is a kind of indication that things are picking up, new customers walk-ins increasing by 7% is a good indicator of things to come. I am not saying that this is a great achievement by itself, but what it means is that people as far as those who are concerned who are having the aspiration to engage with the brand like TBZ are there, who are coming forward, who are willing to investigate our products, buy something, use it and ensure or rather feel whether they want to continue with that engagement or that relationship. So, it's a very good indicator.

And it also means that there is a demand which is there, there is an aspiration which is there in the minds of these people and they want to come out and taste a brand which is well recognized, which is nationally something that people respect and like, so that aspiration is there. Because of COVID, because of so many restrictions, physical restrictions, and so many regulations and health considerations, this pent-up demand has been there for a long time. And it is up to the Company or the sector in fact to be a little more like broad based to kind of come forward and exploit this situation of a pent-up demand.

There is another thing which in the marketing slides where we have indicated 16% customers who were dormant, returned through win-back campaign. So once again there are customers who may be used to buy TBZ products and they were coming to the store and picking up something or the other, sometime back or maybe long back and because of all these disruptions, have not really found an opportunity or maybe they were not in a great mental state because of XYZ reasons, to come back and buy their favorite piece of jewelry. So, what we have done is we have communicated with these customers who were dormant, who were originally our customers maybe they were just lying a little bit maybe preoccupied by other events that may have happened in their life. So, we have been able to bring them back and they have also added to the overall revenue efforts or the footfall efforts. And for them also it's great because when a Company or a brand approaches them, and talks to them, communicates with them it shows that the Company cares, the brand cares for our existing customers. Even though they are not coming to us, we go to them and we create an environment which is favorable and then they can come and buy their products. I think this is the kind of activity and this is the sentiments that the Company has been able to understand and catch.

In terms of I think you said that the scenario or the preferences of customers, yes, I mean, we keep on introducing new collections from time-to-time. This is simply because we are aware that trends change very quickly nowadays, nobody wants to stick to the same kind of thing for a pretty long period of time. Mindsets change, preferences change, fashions change, these kind of things keep on changing. And once again we try and address them.

So, I think hopefully I know I have not been very, very let's say clear in what I wanted to say to you, but on an overall basis, I think I would have given you a flavor of what exactly is happening. Now we have another campaigns for example where we have said that old gold and then buy new diamonds so exchanging old gold for new diamond. So, what we're doing is we are understanding that there is a clear preference which is building up in the marketplace wherein customers may prefer to buy some kind of the diamond jewelry instead of the traditional gold jewelry. So, we have come out with an opportunity, we have presented an opportunity come back with your old jewelry, old gold jewelry and if you want to buy new diamonds jewelry then here, we are and that opportunity has been given to them. So, these are the examples where the Company has understood the sentiments, the changing behavioral pattern of customers and have tailor-made products or situations for them.

**Moderator:** Thank you. We will move to the next participant, Mr. Ravi Shankar, who is a shareholder. Please go ahead.

**Ravi Shankar:** There is my two questions, from my side, first is the gold price will reduce last 15 days from Rs. 48,500 to Rs. 46,000. How the investor and customer will be footfall in all the stores?

**Saurav Banerjee:** So normally, usually we have seen, this is what we see usually that the gold prices when they are steady and they are not very volatile, that is the preference of most customers. Customers are not very happy when gold prices keep on moving up and down very quickly. Having said that, there is a section of customers who wait and maybe that is their tendency that when the gold prices fall, they come forward and they do their buying, or they fulfill whatever their requirements are. So, we have also clearly seen that when the gold prices have fallen, as you have just mentioned, footfalls have increased, buying has increased and we are seeing a lot of a good or a better traction from these sections of customers. So, I think the Company has benefitted from the gold prices which have fallen. And they have had many more opportunities to increase their revenue that is clearly what we have seen in the past, last few days.

**Moderator:** As there are no further questions I will handover to call to Ms. Pushpa Mani for closing comments. Ma'am over to you.

**Pushpa Mani:** Thank you everyone for joining us today for this call. In case of any further queries or questions, you can get back to us on our coordinates, provided in the investor presentation, thank you so much.

**Moderator:** Thank you very much, ma'am. Ladies and gentleman on behalf of Tribhovandas Bhimji Zaveri Ltd. that conclude today's conference call. Thank you all for joining us and you may now disconnect your lines.