

Date: 31<sup>st</sup> August, 2020

To,

The Manager  
Compliance Department  
**BSE Limited**

Corporate Service Department  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai - 400 001.

The Manager  
Compliance Department  
**National Stock Exchange of India Limited**  
Exchange Plaza, Plot No. C/1,  
G Block, Bandra-Kurla Complex,  
Bandra (East), Mumbai - 400 051.

Dear Sir / Madam,

Re: **Tribhovandas Bhimji Zaveri Limited. Script Code & ID: 534369 / TBZ**  
Sub: **Transcript of Conference Call with the Investors/ Analyst**

The Company had organized a conference call with the Investors / Analysts on Friday, 14<sup>th</sup> August, 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](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

**tbz**®

The original since 1864  
TRIBHOVANDAS BHIMJI ZAVERI LTD.

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“Tribhovandas Bhimji Zaveri Limited Q1 FY 2021  
Earnings Conference Call”

**August 14, 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 SEAGULL IR  
SOLUTIONS PRIVATE LIMITED**



*Tribhovandas Bhimji Zaveri Limited  
August 14, 2020*

**Moderator:** Ladies and gentlemen, good day, and welcome to Tribhovandas Bhimji Zaveri Limited Q1 FY 2021 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 ‘\*’ then ‘0’ on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Manasi Bodas from Dickenson World. Thank you and over to you, ma’am.

**Manasi Bodas:** Good evening, everyone. Let me welcome you all to the earnings call of Tribhovandas Bhimji Zaveri Limited for the first quarter of 2021.

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 assumption 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 the earnings call of Tribhovandas Bhimji Zaveri Limited for the first quarter of 2021. In this unprecedented and continuously evolving situation arising out of the COVID-19 pandemic, we hope all our stakeholders, customers’ and suppliers are taking enough care to ensure the safety of themselves, family and the society at large.

Thank you all for sparing your valuable time in joining us here today. The lockdown and restrictions imposed due to COVID-19 pandemic pose several challenges to the business. Corporate offices, retail store operations, and manufacturing facilities were fully shut down during the period from March 17th, 2020 to June 1st, 2020, which affected the revenue generation, cash flows, and financial performance of the company during Q1 FY 2021.

The spiraling gold prices and the overall damp consumer and market sentiments added to the existing COVID-19 related headwinds. While most of our stores re-opened in the first week of June, except those located within the containment zones, they operated only for limited hours and days due to general restrictions imposed by the local authorities in each city.

Effectively for the month of June, and in fact, the entire first quarter can be termed as a 15-day quarter in terms of actual retail business opportunities. The stores reopened with strict social

distancing norms and stringent sanitization measures and implementation of all safety measures as prescribed by the authority.

During the quarter, the company has taken several austerity and cost efficiency measures across the board to eliminate or curtail non-essential operational costs. Each and every cost line and expense head were reviewed very minutely and internally challenge to arrive at an informed decision about which ones to sustain and which ones to eliminate, curtail or defer. This coupled with a focus on rationalization of inventory led to ensure a stable liquidity position.

As a response to changes in consumer behavior due to the lockdown, resulting in restrictions on physical movements. The company focused on communicating with customers about the safety and convenience while enhancing the experience using technology via the use of digital brochures, video shopping, and offering them the complete digital Kalpavruksha program.

Numerous campaigns were done to allay customer fears around store visits and encourage them to plan their visits via appointments and even video appointments. These campaigns were focused on our position of being surprisingly affordable.

The second quarter began on a brighter note, with encouraging footfalls and greater revenue opportunities being realized. The forthcoming quarters promise to gradually progress towards normalcy. We remain confident that with this, our approach of focusing on contemporary design, consumer friendly tech interventions, and a well-trained and a highly motivated sales teams, TBZ is well positioned to take advantage of the rebound in consumer buying in the months to come. Particularly, as the wedding and festive season lies ahead of us. And the company is confident that it shall come out of the shadow of this pandemic as a brand that is agile, lean, and poised for sustainable growth in the times to come.

Thank you. Now I request Mr. Saurav Banerjee to take you to the financials. So, thank you.

**Saurav Banerjee:**

Good evening, everybody. I will run you through the summary numbers for the financials of Q1 FY 2021 vis-à-vis Q1 FY 2020.

Total income from operations, Q1 FY 2021 Rs. 79.46 crores vis-à-vis Rs. 429.77 crores. Gross profit, Rs. 8.7 crores vis-à-vis Rs. 65.91 crores. Gross margins 10.95% vis-à-vis 15.34%.

EBITDA of Rs.-8.36 crores versus a positive of Rs. 25.70 crores. EBITDA margin, a of -10.52% versus a positive of 5.98%.

PBT, of Rs. -25.77 crores versus Rs. 4.97 crores for the last quarter FY 2020. PBT margin, of -32% vis-à-vis 1.16%. PAT of Rs. -19.7 crores vis-à-vis positive of Rs. 3.09 crores.

We can now begin with the Q&A session.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. First question is from the line of Devendra Pandey from DP Financial Service. Please go ahead.

**Devendra Pandey:** I have a couple of questions. My first question is from the contribution of Kalpavruksha Scheme. So what it is generally, the contribution of Kalpavruksha Scheme to our revenue? And has it come down after the COVID pandemic started? And my second question is on the behavior of customers. So since we have seen sharp increase in the gold prices in last couple of months, have we seen people deferring their purchases, given the prices or there is no substantial change in the behavior of customers?

**Saurav Banerjee:** Thank you. I will answer your questions. First, Kalpavruksha related question that you asked. In terms of contribution to revenues, normally the Kalpavruksha Scheme contributes anything between 20% to 25% of the revenues. This is an average that I am saying and under normal circumstances.

What we have seen in the past few months, irrespective of the COVID-19 situation and also the lockdowns, which were there countrywide for a pretty long time, the KP, the Kalpavruksha advances have kept on coming in. There have been new enrollments for the KP Scheme. There have been a continuity with the loyal customers who were earlier with us on these schemes, they have renewed their schemes, and they have been paying their EMIs and nothing much has changed as far as the KP contributions are concerned.

In fact, we are happy to inform that they have actually increased. So, what has made this possible is the company's efforts to create an environment where the entire Kalpavruksha Scheme can be handled online. So, it is a departure from the normal practice where people used to generally come to the store to pay their EMIs and a very physical kind of an activity that would have taken place under the normal circumstances.

But the company, obviously, realizes that under these current circumstances, nobody is quite willing maybe just to pay an installment come to our store. If they want to make a purchase, probably yes, but not to just make a banking transaction, essentially. And hence, the entire scheme has been made online.

Customer can pay his EMIs online, they can initiate a scheme online, they can enroll themselves online, they can take it to the maturity online, they can even look at the jewellery online. We have provided that facility that people can look at what kind of jewellery is available with the company and they can select the jewellery online, they can order it online and later on whenever they wish to they can come and collect it.

So the ease of doing business as far as the KP Scheme is concerned, the KPI advances are concerned has resulted in absolutely zero, I would say deficiency or reduction in the interactions of customers with the company. We have found that our KP advances have actually gone up and

it is currently at around Rs. 90 odd crores, as we speak, at the end of the quarter it was at around Rs. 90 odd crores. In the past, we have seen that the contributions in terms of advances have gone up to Rs. 120 crores - Rs. 130 crores - Rs. 140 crores; and we are very confidently expecting that in the months to come maybe in two months - three months, four months' time, we should be able to clock those numbers once again.

What we have also done is that we have provided various variants of the KP Scheme. So let us say, there is a traditional KP Scheme that we have, which is for nine months and then it matures and the bonus is added and all that happened and the customer is then capable of buying whatever jewellery they wish to buy. But what we have done now is that we have made certain small variants of that scheme, made it more relevant, made it more focused.

For example, we have a KP Scheme, which is completely dedicated to Diamond line of jewellery. So for example, if somebody is interested in buying only Diamond jewellery, then there is a scheme which caters to that. We are also coming up and we are internally thinking of coming up with KP Schemes, which are for a lesser period, maturity period being less than nine months, so that the turnaround time is faster. Somebody who wants to buy jewellery in a hurry maybe, maybe does not want to wait for nine months, can buy it in six months' time or seven months' time. And it will also ensure that the revenues being generated from those KP is getting matured will be clocked or will be recorded in this financial year itself.

So it is a win-win situation. The customer benefits in every possible manner and the company also, obviously benefits. That is the answer to your first question.

As far as customer behavior is concerned, obviously, the stores as you are aware, we have told you last time also when we met after 24th, June, on 26th, June, we had our last Investor Call. We are aware that the stores have been completely shut from almost the middle of March, from third week of March. And for the entire month of April and May, it was shut.

Finally, the stores started re-opening in the first week of June. But again, in the month of June also, there were a lot of local restrictions put by the local authorities. In the sense that alternate days, the stores can be kept open only on alternate days, only for a limited period of time. Sometimes the stores on the left-hand side of the road can be kept open. On the other day, the store on the right-hand side of the road can be kept open and various kinds of such restrictions.

Every city had its own rules and regulations and effectively that is what the Chairman has mentioned in his speech that the month of June was not a 30-day month, it was actually a 15-day month.

So from a customer behavior point of view, naturally, and also because of the great fear that COVID has generated across the Board across, the world. We were generally slightly reluctant to come to the stores and that is why, what we have done? Again, we have used technology and

we have enabled selection of jewellery, , talking to our store managers and our sales staff, everything is being done on videos and online in case somebody does not want to come to the store.

What we found is that June was obviously the re-starting month, so it was a very modest month. And you can see from the numbers, modest numbers, in terms of footfalls also, the footfalls were modest. But at the same time, according to our expectations. So the company was not expecting a huge surge of footfalls to come to the store. It was modest and I think that is what it was supposed to be.

But now, in July, we find that the footfalls are increasing, the number of visits to the stores by the customers are increasing, because they have been given that confidence that they can come to the store, there is a safe way of shopping. Even if they do not want to come to a store, they can still interact with TBZ in various manners through the digital platform and using the technology. And that is why we are finding that the footfalls are now increasing, they are gradually moving towards the average footfalls that we normally have during some sort of a normal month. And we are confident that, that is how it will be.

In terms of gold price, yes, I mean, it is a given, it is a no brainer that gold prices have really surged and shot up like anything. And it has been a huge-huge increase in the gold prices. To that extent, yes, I mean, if somebody would have earlier had a budget of say X number of rupees, probably, he will have the same kind of budget, but he will be able to buy a little less, because the gold prices have gone up.

So to that extent, the customers a little wary, customers are sometimes caught in two minds as to what is going to happen to the price, is going to go up further? In that case, let me buy now or is it going to come down, then let me wait. So this kind of uncertainty is there in the customers mind. But it is just a question of trying to understand how the gold price moves and how is it going to move in the near future. And then, the customer can decide what he or she wants to do.

So in terms of I would say in terms of interaction, in terms of opportunities to purchase or I would say the aspiration or the desire to purchase. I do not think there is any dampener in that. And I would also say that more than gold price, I think it is the overall, the pandemic and the fear of infection or the medical angle, which has influenced the customer's mind more than the gold price.

So this whole thing about COVID is the fear that has been, instilled in the people's mind. And gradually, as the economy is opening, we can see that that fear is gradually going away. Obviously, everybody is taking the highest safety measures personally as well as we also are doing the same for our customers, for our employees. And in that sense, I do not see a big setback in the desire to purchase jewellery or more particularly gold jewellery.

**Devendra Pandey:** Okay. So going back to your Kalpavruksha Scheme. Since you mentioned that there have been new registration for the scheme. So the average ticket size for the new registration is it lower than our total average?

**Saurav Banerjee:** No, in fact, even if I were not to consider the this exceptional period, which we are all going through, that average ticket size or I may say the average EMI, you know the monthly installment size was actually increasing for us.

For example, at one point of time, it was hovering around Rs. 4,000 - Rs. 5,000 on an average I am saying. But that started going up even earlier in the last financial year to about Rs. 6,000 - Rs. 7,000. And I think, that is the level at we are today.

In fact, it may have gone up a little more, because as I said, that the fear of unknown, the fear of future, sometimes acts as a hastening kind of an impact on the mind of people and people may as I said want to make their purchases earlier rather than later.

So, somebody wants to buy something within six months or even if he wants to buy something within nine months, if he starts paying a slightly higher EMI then he gets a greater I would say a range to choose from and buy something, which he wants to purchase.

Also, you know, since there has been not much activity going around in the economic front, all over the world, all over the country. There has not been a great deal of activity in terms of opportunities to invest or opportunities to spend. So the share of wallet has actually started shrinking in that sense and gold and jewellery at a larger scheme of things and gold, particularly at a more focused scheme of things, gives an opportunity for people to continue investing to continue spending on something that they desire or they aspire for.

So in that sense, we have not seen any kind of a reduction in the EMIs for KP or Kalpavruksha, as we call it.

**Devendra Pandey:** Yes, that is actually encouraging. So since, it was mentioned in the speech that you have taken a lot, many digital initiatives. So have we planning anything to sell our jewellery on digital platforms, because I can see your peers have a good presence on the digital platforms to sell the jewellery online?

**Saurav Banerjee:** Yes, you are right. Absolutely, correct. So the company has actually deliberated and debated about this and we have done a lot of activity. We have made good progress on this front with our IT teams and with our several other technology-based teams, the advertising and marketing teams. And we are now on the verge you can say, maybe sooner than later, you will find that TBZ will be able to launch or come out with its own platform for online jewellery buying. Just as some of our other peers and competitors are doing, so you will be able to see that happening very soon.



So a lot of work has already been progressed on that front. And as I said, very soon, you should be able to see, the platform coming up and offering products on that for the customers to buy online.

**Devendra Pandey:** Okay. So and that that would be through our own channel. I mean, that would be through our own website or we would go through some other digital platforms like Paytm or anything else?

**Saurav Banerjee:** No, no, it will be through our own channel, our own platforms. Earlier, you are probably be aware that we have been present on Amazon and Flipkart and Snapdeal and we are there. So but those are third-party platforms. But what I am talking about is our own platform, the TBZ platform.

**Devendra Pandey:** Okay. And my last question would be on our marketing and advertising budget this year. So given the pandemic have we toned down, the budget or we are planning to go more aggressive on that?

**Saurav Banerjee:** See, I will put it in two ways, to answer your question. That if you look at our quarter one, obviously, again, I will keep on referring to it as a very exceptional quarter. And hence, it is better to think of that as an exceptional quarter. And naturally, there were no avenues or there were no good reasons for us to spend too much on marketing and advertising. In fact, we have really-really toned down those expenses to a very-very great extent in this quarter.

So naturally, the entire year's budget, obviously gets toned down automatically, because if you are not spending anything in one quarter out of four, then it is reduced in any case. But however...

**Devendra Pandey:** Sir, I was referring to your expenses as a percentage of your sales. So...

**Saurav Banerjee:** Yes. So as a percentage of sale also, if I refer to first quarter, well, it is it is a miniscule percentage. I mean is not even worth mentioning, the percentage, it is really very low. But going forward, it is a question of how we assess the market and what needs to be done.

So, advertising marketing is a great tool, we are aware of how powerful it is, how far reaching it is and we shall be using it as a tool. And if required the spends will definitely happen. It is something that the management is well aware, it is something where people look into this factor on a daily basis, as to what should be the spend? What are the avenues? Where we would like to advertise? How do we advertise? What are the media platforms that we are going to use?

But as I said, there has been a lot of emphasis on digital, a lot of emphasis on tech approaches compared to let us say a print or a TV or outdoor hoarding and all, which is very a sensible thing to do.

So going forward, we shall be wary of that. Obviously, there will be advertising, marketing spends, but it will not be comparable to a normal kind of year wherein we would have spent say about 2% to 2.5% and sometimes 3% of our top-line. I do not think this financial year, we will be anywhere close to that and probably not required also to do that kind of in a very-very huge spend on A&M.

**Moderator:** Thank you very much. Next question is from Kunal Sabnis from Sabnis Finance. Please go ahead.

**Kunal Sabnis:** My first question is, on the Slide Seven, we have given COVID adjusted revenues and PAT. So how have we calculated this exactly?

**Saurav Banerjee:** Yes. So firstly, since we have already mentioned, you can read that it is a COVID-19 impact on financials. What we want to convey to everybody is that had this been a normal quarter like any other, like for so many years, the normal quarter that we have with Akshaya Tritiya festivals and various other smaller festivals and the opportunities that would have come our way, we would have clocked a revenue of say around Rs. 461 crores.

Now please remember these are hypothetical numbers, nobody can really say we would have definitely clocked Rs. 461 crores, maybe it could have been more, maybe that would have been a little less. But what we have done is, if you look back at our same store sales growth, up to February, one can say that it was a normal kind of a business scenario. From March, everything started changing from the second half of March.

So up to February, we had same-store sales growth of approximately 8% or so. So, if I were to apply those kinds of numbers, then we would have reached, we would have reached about Rs. 460 odd crores. So it could have been Rs. 480 crores - Rs. 440 crores, but we have projected for Rs. 460 crores numbers.

I will give you one more calculation, which is a very simple calculation, anybody can do it. So, which is that we have actually done about Rs. 80 crores of sales in 15 days, let us say, effectively June was a 15-day month. So, if we have done 15 days, Rs. 80 crores, so in 30 days we will be doing Rs. 160 crores; and in 90 days we will be doing about Rs. 480 crores.

If you look at our last year numbers, then we did about Rs. 430 crores last year. So, any which way you look at it, you will come to a figure, which is close to, if not exactly, but close to the revenue that we have projected. And that is why that that number is there.

In terms of EBITDA, if you look at our operating expenses, if I go back to last year's, quarter one, total expenses, then it was I think a little more than Rs. 40 crores, I think it was. So if I were to have a slightly lesser kind of an expense this year, then we would have reached an EBITDA of about Rs. 28 crores. Again give and take, Rs. 2 crores and Rs. 3 crores here and there is

possible and then, we have the PBT because after EBITDA, you have the finance cost and then you have the depreciation and then you are having PBT.

So, that is how we have calculated it. While I cannot vouch that we would have done these numbers, but these are fairly realistic kind of numbers. It is just to give you a flavor as to what could have been, but unfortunately, was not to be.

**Kunal Sabnis:**

Okay. Thanks a lot for that detailed explanation, sir. My second question is how do we account for the gold price risk in our inventory? What is what is the impact like of a sharp spike in gold price; let us say in one particular quarter, how does that impact our profitability?

**Saurav Banerjee:**

Okay. So, I am assuming that you would have interacted with us in the earlier calls, if I am right; I think you spoke last time also. So, I think we have interacted, and you may have also read all our other publications and things that we come out with from time-to-time.

You would have noted that the inventory procurement, so everything that happens with the gold price actually originates in the manner in which the inventory is procured and then, of course, the impact of price on that. The inventory procurement in TBZ happens almost entirely through the gold metal loan product, which is offered by several banks as you are aware.

So, we do not procure inventory through any other direct sources, not like buying from the market directly. It is virtually entire inventory is procured through the gold metal loan. The gold metal loan mechanism is so popular and beneficial, because of various factors. One of them being that the price risk is being carried by the bank.

So, if there is a window of 180 days, as you know that there is a window of 180 days, that is six months and you can settle your procurement or your purchases within 180 days. And the price is being carried by the bank and it is only when you settle that the price is finalized or fixed and then you pay off the loan and then you take a fresh loan. This is on an overall conceptual basis.

But what happens on a daily basis is that the company sells X quantity of gold and purchases the same quantity of gold. So every day there is a sale and purchase happening on the same rate, because the rate is not changing during the day, let us say there is a TBZ rate, which remains more or less the same throughout the day. And hence, the sale and purchase is happening at the same rate. And hence, that is why the gold loan is universally known as a natural hedge product, natural hedge. There is no need to hedge it on any platform; the price risk is already taken care of.

Okay. Now, the second point that one has to remember about gold price is that if the price is on the increase and we have procured at a lower rate, then obviously, the gains of the price will be coming to the company, it will be a part of the gross profit. So, rather the profit that is being generated by revenues carries a portion of the price advantage that the company is getting

because the purchases have been made earlier and the sales are happening later at a much higher price.

So, in a rising price environment, the GP gets I would say positively impacted because of the price increase. So this is the overall mechanism under which the company is operating. And finally, the last thing that I also wanted to mention, as a matter of information is that, our inventory is valued at weighted average, so it is a daily weighted average, moving weighted average, which takes into account the mark-to-market factors and everything else is already taken into account.

So, that is why, I hope I have been able to answer your question in this manner?

**Kunal Sabnis:** Yes, sir. I understood. Finally, last question from my side is, what are your CAPEX plans for the rest of the year? And have we closed any stores post the pandemic in March, I mean in this quarter have we closed any stores?

**Saurav Banerjee:** Yes, so I will answer your question. Any other question?

**Kunal Sabnis:** No, that is it from my side.

**Saurav Banerjee:** Okay. So CAPEX plans, well virtually none, I would say. In any case, TBZs CAPEX plans are completely dependent on store openings that we plan, the addition of new stores, and also to a certain extent, the refurbishment or re-launch of old stores after a certain number of years. This year as we can see that it is better to focus on sustenance on regaining lost ground, lost ground because of COVID, because of lockdowns, because of market sentiments, customer sentiment, I think the focus should be on rebound, as we have talked about, rather than opening new stores, which may prove to be a slightly risky factors, opening new stores in a scenario where things are not yet stabilized and will take a little more time. So in that sense, no CAPEX really worth mentioning for this financial year.

In terms of store closure, we have closed one store, which is Bandra store in Mumbai, which we have closed, because the company felt that it was not operationally profitable to continue with that store. However, there will be little or no impact on revenues, because if you look at the history of Bandra store, it is a relatively new store, it is not a very old store in any case. And earlier, the customer base was out of the Santa Cruz store, which is not too far from Bandra if you are familiar with Mumbai, the geographical areas of Mumbai.

Santa Cruz store is one of our best and one of our leading stores and the customer base was always there. And it is just that it got bifurcated to a certain extent when we shifted to Bandra. The Santa Cruz store continues as usual and hence, it is expected that the customer base will just return to Santa Cruz store and we shall be able to cater to the entire base from that store.

So in terms of revenues, we do not think that there will be any kind of impact worth mentioning. However, in terms of saving some costs, I think there will be a significant savings and in fact, the store profitability on an overall basis will start going up.

**Moderator:** Thank you very much. Next question is from Aditya Mundra from Mytemple Capital. Please go ahead.

**Aditya Mundra:** Sir, in last call you have mentioned that maybe we have taken moratorium on our loan. So are we continuing with it till August?

**Saurav Banerjee:** Yes. The banks have been kind enough to give us the moratorium and it is there. We are continuing with it till August.

**Aditya Mundra:** Okay. Nothing to worry because the moratorium ends in August and then RBI is open to restructuring window, we will require that or then it will as usual?

**Saurav Banerjee:** Yes, it is business as usual as far as banking business is concerned, it is business as usual. Nothing to worry at all. Moratorium was taken more to ensure that the liquidity is stable and there are no concerns on liquidity that was the main reason, because if you understand in the initial stages of the COVID spread and lockdown, nothing was known as to what was going to happen in the future.

Everything was dark, everything was uncertain, not a single soul knew, how the things will pan out? what will happen to the spread of COVID, how far will it reach? How severe will it be? How long will the lockdown continue?

So, in the midst of so many uncertainties, the Reserve Bank has come out with the best possible offer and our banks in the consortium have stood by us. And I think, the moratorium was required from more from that point of view, So when this comes to an end, it will be banking business as usual absolutely no concern.

**Aditya Mundra:** Sir, like you were saying, in the rising scenario, the gross profit idly goes up as a percentage. But I think in our case it has gone down.

**Saurav Banerjee:** Yes, your observation is correct, but I will explain as to what has happened. If we were to look at only the gold gross margins, then we will see, we will see that there is an increase in the gross margin to a certain extent. But what has happened is that the overall product ratio has changed and it is very skewed towards gold at present.

So for example, normally the product range or the product ratio I would say between gold and diamond is something like 76:24 or thereabout on an average. Whereas currently it has come down to about 14% or 15% only for diamonds.

- Aditya Mundra:** For diamonds, okay.
- Saurav Banerjee:** Yeah. And so, as we know that diamond as a thumb rule carries about three times more margin than gold. Again, these are all normal...
- Aditya Mundra:** So what would be standalone gold margin, sir? Sorry, please go ahead.
- Saurav Banerjee:** Standalone gold margin will be higher, normally we get about 10% - 11% - 12% at best 12% gold margin. Currently it will be much higher than that. But the real reason for the reduction in the GP margins is because of the diamond factor, which I just explained.
- So once we get back to some kind of a near normal situation as far as diamond sales are concerned, which is also another focus area of the company. Then you will find that the blended margins will immediately start going up quite a bit.
- Aditya Mundra:** Understood, sir. And sir, we have also seen a drastic reduction on the other expenses as well as employee expenses, labor charges. So, any cost cutting there in terms of reduction of salary or whatever reason, I think we were under negotiation for the rental also so, since can you throw some light on that?
- Saurav Banerjee:** Yes, of course, You would have seen that there is a very-very huge reduction in terms of expenses, coming down by more than 50% actually, if I compare with last year's quarter one. So, there has been a lot of effort put by the company Think Tank. We have looked at each and every expense line, you mentioned about rent, yes, one of the one of the major focus areas are obviously rent and rightly so, because if the stores are closed, nothing is being generated.
- Once again, I would like to mention that the landlords have been very-very understanding and they have understood the entire scenario and they have cooperated on that front with us. But across all other expenses we have taken calls, we have rationalized every single light line item be it manpower, be it advertising. It is not just manpower or advertising there is electricity, bank charges, traveling, obviously has gone away completely, no conveyance, no traveling, each and every line item has been looked at and we have been able to cut down fairly significantly on all fronts. And the overall impact is there for all to see.
- Aditya Mundra:** So sir, there has been a salary cut or lay-off or anything of that sort?
- Saurav Banerjee:** I would not call it a salary cut, simply because it was not so. it is a voluntary, effort by everybody in the company right from the directors till middle management levels, maybe not very junior level people, where people have come forward, everybody has understood the scenario being what it is. And there has been a voluntary pay reduction.

- Aditya Mundra:** Okay, understand. But as you said, not really at the junior, but the labor charges have also significantly reduced. So I just wanted to ask that...
- Saurav Banerjee:** Yes, I mean, there are negotiations happening on all fronts. As I said that each and every line item has been looked at and there has been negotiations and re-negotiations done and the benefits of those activities or those efforts, is what has come out in the in the P&L.
- Aditya Mundra:** All right, sir. Sir, the rent has been waived off or maybe there is a like it will be postpone to maybe further months?
- Saurav Banerjee:** So both has happened. Both the scenarios we have we have experienced both, some of the rent has been waived-off, actually waived off. So that will not come back as a cost to us. And some rent has got deferred, which we will have to pay at a later date for the present, there is no cash outflow as far as those rents are concerned. So it is a mix of both.
- Aditya Mundra:** It is a mix. So our own stores are also on lease, the seven stores - eight stores are there that those are also lease?
- Saurav Banerjee:** No...
- Aditya Mundra:** Sorry, not seven stores - eight stores, 30 odd stores, I am sorry.
- Saurav Banerjee:** 35 stores.
- Aditya Mundra:** 35 stores, yes. 35 stores those are all leased or...?
- Saurav Banerjee:** Mostly, almost mostly on lease. Yes.
- Aditya Mundra:** Okay, all right. And sir, finally, the store, which is closed in Bandra, that would be our own store? That would be our own store or?
- Saurav Banerjee:** Yes, owned store. I mean, leased store but own store.
- Aditya Mundra:** Lease but not franchise, not franchise.
- Saurav Banerjee:** No, not franchise.
- Aditya Mundra:** And sir, just if I may add one, when you say about the Rs. 22 odd crores of other expenses has almost become Rs. 5 crores. So maybe the Rs. 17 odd crores difference is largely because of rent? Or and sir there are travelling, advertisement and everything also...

**Saurav Banerjee:** No, I will quickly explain, it is not largely because of rent. Rent is an important factor, I have already told you that. But advertising and marketing is a very big chunk. We have been very judicious, as I explained a little while back, there has been very little spend on advertising marketing, not required also at that stage. It is not just rent, it is various other expense lines have contributed, not just rent.

**Moderator:** Thank you very much. Next question is from Keegan Fernandes from Aurora Investments. Please go ahead.

**Keegan Fernandes:** I have a question based on our franchise network, as to how are we supporting the franchisee and are they struggling with their operation? So, what kind of support activities have been taken from our end or what are their initiatives to weather this COVID storm?

**Saurav Banerjee:** Yes, most certainly, franchises are part of our team, integral part of our team, they are our business partners. And hence, it is our responsibility to take care of them. Unfortunately, when there is a pandemic and when there is a lockdown across the country, then when all cities shut then nothing much can be done about that, because that is beyond the company's control as well as the franchisees control.

But what we have done is that, wherever possible we have extended a little bit of credit to them, the supplies have been made, a small temporary credit has been sort of extended to them, so that their cash flows do not get impacted. So, that kind of support has been given to them, we have helped them out with rationalization efforts. They have been sort of guided or advice as to how they can reduce their spends, based on our own experiences we have tried, and hand handled them on those front. And that is how we have been able to support them and keep them abreast and keep them afloat, I would say rather.

And these efforts have been well appreciated. So, going forward, also, if required, we shall continue with those support efforts for our franchise till everything stabilizes, yes.

**Keegan Fernandes:** Okay. I had this been through the Presentation, I really appreciate the way it has been made and details have been laid out. I was wondering, about these campaigns, which are mentioned in the Presentation and how has been the response for the last few months to these campaigns, which you have launched recently?

**Saurav Banerjee:** Yes. So, as I was answering, I think someone else's question, I was answering, and I talked about these online efforts, the campaigns that have been initiated by our advertising and marketing team. I think, on overall basis, once again, considering the situation that everybody is in and the mindset of the customers, which is more pre-occupied with COVID related matters, I think no we have been able to break ground; we have been able to reach out. See the campaigns, the main purpose is communicating, to assure to communicate to the customers, and we have been highly successful in that.





*Tribhovandas Bhimji Zaveri Limited  
August 14, 2020*

This has given us an opportunity to look at technology in a very different way to use it to everybody's advantage. It is not just the company but the customer. So even if you are in the in the safe environment of your home, you are still attached to TBZ, you can communicate with the TBZ, you can shop, you can interact, you can look at our product, you can make a selection. you can make a payment, whether it is an advance payment or a KP payment.

I think that that is one of the biggest, I would say successes. Then we have introduced an affordable line of jewellery, Surprisingly Affordable. So again, what is it doing? It is giving you an assurance that TBZ it is not all about high-end jewellery, there is something to suit everybody's pocket. So that is the real I would say the reason of advertising and marketing in such an exceptional scenario is to communicate, is to assure, is to continue the relationship, to stay together and tide over the issues as a team. So the customer and the company forms a team.

**Moderator:** Thank you very much. Ladies and gentlemen, that was the last question for today. I will now hand the conference over 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 coordinates are provided in the Presentation. Thank you so much.

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