Date: 7th March, 2018

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

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 Wednesday, 7th February, 2018. 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.

We request you to kindly take the same on record.

Thanking You.

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

TRIBHOVANDAS BHIMJI ZAVERI LTD. MUMBAI

Niraj Oza
Head - Legal & Company Secretary

Encl: as above

Tribhovandas Bhimji Zaveri Limited
Q3 and Nine Months FY18 Earnings Conference Call
February 07, 2018

Moderator: Good evening, Ladies and gentlemen. My name is Mallika, I am the moderator for this conference call. Welcome to Q3 FY18 Earnings Call for Tribhovandas Bhimji Zaveri Limited, organized by Dickenson Seagull IR. At this moment all participant lines are in listen-only mode. Later, we will conduct a question-and-answer session. At that time if you have a question you may press '*' and '1' on your telephone. Should you need assistance during the conference call, you may signal the operator by pressing '*' and '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over Mr. Nilesh Dalvi. Thank you. Over to you, sir.

Nilesh Dalvi: Thank you, Mallika. Good evening, everyone. On behalf of Dickenson Seagull IR, let me welcome you all to the earnings call of Tribhovandas Bhimji Zaveri Limited for the Third Quarter and First Nine Months of Financial Year 2017-2018. 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 all that our remarks made today might include forward looking statements and actual results may differ materially from those contemplated by these forward looking statements. Any statements that we make on this call are based on our assumptions as of today 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 and over to you.

Binaisha Zaveri: Good evening, everyone. I would like to welcome you all to discuss the earnings of Tribhovandas Bhimji Zaveri Limited for the third quarter and first nine months in the financial year 2017-2018. We recorded a strong improvement in the operational profitability in the third quarter. While our revenues grew marginally by 1% year-on-year basis, our EBITDA grew by

17% and PBT grew by 44% on a year-on-year basis. Our overall gross margin increased as share of diamond jewellery increased from 21.9% to 22.1% and gross margin on diamond jewellery increased from 27.9% to 32.5%. EBITDA margin increased in line with higher gross margin, whilst we maintained operating costs under control.

We witnessed an improved jewellery demand scenario after the revocation of the PMLA circular in the first week of October. Our sales during October were lower on a year-on-year basis due to the impact of the PMLA and the absence of sales during Navratri and Dussehra which occurred in September this year. However, sales during November and December were 29% higher on a year-on-year basis driven by the onset of the wedding season. We believe this momentum will continue in the near-term and should lead to an improved performance in the fourth quarter.

We have increased our investments in marketing and branding activities in the third quarter and we expect to realize its benefit in the near future. We introduced a new range of gold and diamond jewellery designs for the wedding season and received a good response from our customers. We opened our fifth franchise store in Bhopal in October, followed by our third mall store in High Street Phoenix Mumbai. These mall stores are positioned as new age jewellery destination, appealing to fashion conscious millennials. These stores showcase a wide array of contemporary, light weight, innovative, attractive diamond jewellery designs. We are simultaneously looking to open few more stores in the malls in the coming year to carve out our niche in light weight contemporary and diamond jewellery design. Additionally, we shall continue to grow our retail network in an asset light manner by opening franchisee stores in various locations.

I would now like to hand over the call to our CFO Mr. Saurav Banerjee for a quick overview on the financial performance during the quarter.

Saurav Banerjee: Good evening. I shall first read out the key highlights for the third quarter and first nine months of FY17 results numbers, shall first read out the Q3 numbers and then read out the nine months numbers.

Total income from operations for Q3 FY18 was Rs. 547.64 crores vis-à-vis Rs. 542.74 crores for Q3 FY17. Gross profit was Rs. 74.14 crores from Rs. 67.4 crores, up by 10%. Gross margin improved from 12.42% to 13.54%. EBITDA improved from Rs. 19.31 crores to Rs. 22.62 crores, an increase of 17.13%. In terms of margin it improved from 3.56% to 4.13%. Profit before tax improved from Rs. 7.98 crores to Rs. 11.49 crores, a growth of about 44%. PBT margin improved from 1.47% to 2.10%. Profit after tax was Rs 7.34 crores for the previous quarter and Rs 7.38 crores for the current Q3. PAT margin was 1.35%.

For the nine months the top-line was Rs. 1,322 crores vis-à-vis Rs. 1,314 crores for the previous nine months. Gross profit virtually the same, Rs. 189.91 crores and previous nine months was

Rs. 190 crores. Gross margin at the same level of 14.36% vis-à-vis 14.50% for the previous nine months. EBITDA was Rs. 54.14 crores vis-à-vis Rs. 62.58 crores for the previous nine months. EBITDA margin was 4.10% vis-à-vis 4.76%. PBT at Rs. 21.78 crores vis-à-vis Rs. 18.85 crores for the previous nine months. PBT margin, 1.65% vis-à-vis 1.43%. And PAT at Rs. 14 crores vis-à-vis Rs. 16.79 crores for the previous nine months. PAT margin at 1.06% vis-à-vis 1.28%.

We can now begin the Q&A session.

Moderator: Thank you very much, sir. We will now begin the question-and-answer session. We have the first question from the line of Rohit Ghoti from Marshmallow Capital. Please go ahead.

Rohit Ghoti: I had a question on the revenue and the volume growth for the quarter as well as the nine months. If we remove our franchisee stores where we sell the gold upfront, I think the company would have seen a material decline in revenues in number terms as well as volume terms. So, is this a cause of concern for the management that the company on a same store sales basis we have not seen much growth?

Saurav Banerjee: Actually, the same store sales growth has been steady if you take on a YoY basis, there is no de-growth in same store sales, I am talking about the company stores here and I am not counting the franchisee stores at all. So, if we were to look at the comparison then it is flat or it is basically stable. There is no decline in the same store sales numbers. I will explain in a slightly different manner, if we were to break-up the third quarter in two parts, one is October and then the other is November and December. October has been flat if we were to take into account the PMLA impact and also removal of Dussehra and Navratri. In fact, if you were to remove that and take an exceptional calculation based on that then actually there is a growth in October also. As far as November and December are concerned, there is an overall growth of 29%, so on an overall basis for the quarter there is no de-growth as far as same store sales are concerned.

Rohit Ghoti: So, if I go to the 21st slide the volumes over the last few years have been lower as compared to what we had seen before that I guess. Do you see the industry finally coming back on track as far as volumes are concerned, is the strength sustaining even for this quarter as well?

Saurav Banerjee: Yes. You see the data that is provided on page 21 is on a full year basis, that is on year-on-year basis. So, it is up to FY17 if you notice. FY18 data has not been provided because we do it only once the year is complete. So yes, you are right, the industry is gradually back on track, the volume growth is evident now. So, for nine months on an overall basis the growth is 7% approximately on gold and about 5% or 6% on diamond. So you are right, I think the growth is very evident and going forward you will see more of it.

Rohit Ghoti: And just an accounting based question, so I was just wondering we sell the gold upfront to our franchisees, so let us assume there might be some portion of the gold that we sold to the franchisees which was not sold over the last two years, maybe to the first franchisee, so how is the return of that accounted for, I mean I was not clear on that. I understand we sell the gold upfront to the franchisee when we open a store, but if they are returning the gold back to the company how is that accounted for?

Saurav Banerjee: Okay. So, there is a provision, we have an agreement which is signed with the franchisee and one of the clauses of the agreement talks about or refers to sales return window which is a 10% of the total volumes that are sold to the franchisee, a franchisee can return within a period of six months on a rolling basis, and that is taken as a sales return. So a normal accounting of sales return is done as per the accounting practices.

Moderator: Thank you. Our next question is from the line of Anil Raika from Raika Investments. Please go ahead.

Anil Raika: I want to know why the inventory turnover ratio for Q3 you have not provided this in the presentation?

Saurav Banerjee: The inventory turns are in the range of on a blended basis it is about 1.7 - 1.8 on a company level. As far as gold is concerned it is around 2.3 and for diamond it is close to 0.9 to 1.

Anil Raika: So, how much improvement we are seeing in the future for this inventory turnover ratio?

Saurav Banerjee: We are driving towards 3 turns for gold and over 1 turn for diamond.

Anil Raika: Okay. Sir, my second question is, regarding our same store sales growth, from FY13 if we see on the slide number 21, we have the same sales, gold also 3710 and diamond 48,662 to 40,762 in carats. And our store has increased, capacity square foot has increased from 48,000 to 1,09,000. So why the same amount of gold in large number of stores and larger number of retail space is taking, why it is like that?

Saurav Banerjee: Okay. See, we have discussed and explained this in the past, but I will quickly again refer to this. There have been several impediments along the way in terms of regulatory changes which we are all aware of and I will not refer to them right now, since we are aware what are the changes that have happened. And many of them have been, I would say, detrimental towards constant growth for TBZ. One must remember that TBZ has average ticket size which is higher than the industry and some of the reforms or the regulatory changes which have been brought in by the government from time to time has had more severe impact on TBZ probably in comparison to other players in the industry. The second thing is that the expansion has happened in a manner wherein we have to give enough space for store to mature, which is approximately around three year's time, so some of the stores have just reached the maturity levels I would say in terms of ageing of the stores, and hence one will see that there will be substantial improvement in the same store sales growth in the near future. We have had quarters where we have had negative growth for same store which has been arrested now and we can see that there has been positive growth in the last couple of two, three quarters in fact and this quarter also it has been steady. So, we can clearly see that there will be an improvement going forward.

Anil Raika: But sir, if you compare with other competitors, other competitors have grown more than 2.5 times but we have decreased, my question is why we are decreasing, others are increasing by 2 times and 2.5 times.

Saurav Banerjee: Some of that growth has come because of addition of stores, substantial number stores getting added and various other sales initiatives which they have taken. Some of the companies have got export sales as part of their overall sales. So it is very difficult to say how the other companies have grown. Whatever we know we can share, but I think we should restrict our discussions to our own strategy and plans and we can see that we have started adding stores in the form of franchisee stores. In the forthcoming financial years you will find that we shall be adding company owned stores as well in the next financial year which will be coming up in the first quarter and second quarter, and also the franchisee stores. So along with that the same store sales growth has been looked into, inventory turns are being improved substantially, there is a fair amount of inventory rationalization or right sizing that has been done. The company has taken various initiatives including the right kind of incentives that have been given to the sales staff. The marketing efforts have been increased in the current quarter over the earlier quarters. I think on an overall basis the strategic steps have been taken and they will be yielding better results in the future.

Moderator: Thank you. Our next question is from the line of Avik Mitra from Avicsat Equity. Please go ahead.

Avik Mitra: My first question is regarding the tax, can you tell me why is such a high tax incidence for this quarter and how it is to be calculated going forward?

Saurav Banerjee: Yes, so let me explain that. In the previous financial year we had a tax set-off because of losses in earlier years. So, the entire financial year was not having any tax impact, but on a general and regular basis we are a full tax paying company at the full rates of taxes which has once again come back or kicked back I would say in the current financial year. So, that is basically the difference between the earlier one and this year. Earlier year was not having the tax impact because of the set-off whereas this year we have the full tax impact.

Avik Mitra: So, going forward what should be our tax rate we can assume?

Saurav Banerjee: The maximum tax rate that is applicable to the company which is in the range of 34% - 35%, that is the tax bracket at which we are. We were always at that tax bracket, it is just that in one year there were losses and that is why they were recouped in the next year.

Avik Mitra: And I have a second question regarding this finance cost, if I understood correctly from your presentation I think going forward because of gold loan your approximately interest cost is about 3.5% as you have mentioned. So what kind of effect we can see going forward and what kind of effect is here in this quarter for this change in strategy of gold purchase?

Saurav Banerjee: Okay. Firstly, the blended finance cost for TBZ is approximately around 7%, slightly lower in fact, so let us say it is 7% for the time being, that is the blended cost which takes into account CC limit, WCDL and gold loan. If we were to talk about only gold loan then the approximate finance cost is around 3% to 3.5%. The endeavor of the company is to procure gold only through gold loan, the gold loan product that is offered by various banks. So that is always going to be the feature going forward also, in this quarter also and as in the earlier quarter and as will be in the future quarters the procurement of gold will happen only through gold loan products, excepting if there is a big emergency or some such requirement which suddenly comes up. So, you will find that the gold loan percentages will be either at these levels or will be going up as we go along. And in fact , the finance cost on gold loan will start coming down to a certain extent because of better negotiated arrangements with the bank and also because a lot of banks are now coming up with these products and they have a competitive sort of a regime, so it is beneficial for the company who is taking the gold loan.

Avik Mitra: Just a continuation to this question, you are selling the gold and you have provision of actually sending back 10% of the gold as you have said in the previous question.

Saurav Banerjee: That is only for the franchisees.

Avik Mitra: Yes, but you can take that loan as a gold loan, right, when you are selling it to the franchisee?

Saurav Banerjee: Yes, see as I said whatever gold is procured for manufacturing jewellery, whether it is sold to a customer as a retail product or it is sold to a franchisee, who is also in other words a customer actually, in other words he is also a customer, only thing that he is an owner of a store, so that is the only difference. So as I said that all the gold that is required by TBZ to manufacture any kind of gold jewellery is procured through gold loan arrangement only.

Avik Mitra: No, my question was basically regarding this hedging, because you said that the limitation of this gold loan facility is that you do not have hedging, so if there is a sudden spike in the price then you have to bear it.

Saurav Banerjee: No, I did not say so. In fact it is just the opposite, gold loan actually is a natural hedge, so it is a integrated hedging instrument as well and there is no need to further hedge that gold on MCX or any other platform. So that is in fact one of the biggest advantages of using gold loan, apart from the cost.

Avik Mitra: Okay. So, if you read that slide number 28, I think you have mentioned that gold lease is mark-to-market on a daily basis, so you are talking of the lease part, not the loan part.

Saurav Banerjee: Yes, gold on lease or gold on loan is one and the same thing. Mark-to-market is an accounting treatment that needs to be given as per the accounting standards and as per the IndAS standards which are applicable to the company now. But as a product it is a natural hedge.

Moderator: Thank you. Our next question is from the line of Amnish Agarwal from Prabhudas Liladhar. Please go ahead.

Amnish Agarwal: First question is regarding the consolidated results. I believe the results we have declared are standalone, so can you share with us the EBITDA and PAT number on a consol basis?

Saurav Banerjee: This is as far as we are concerned as per the norms we are supposed to publish only standalone results for nine months and for the quarter. So this is the result for TBZ limited, I am not sure what is the consolidated result that you are looking for.

Amnish Agarwal: Because see, if I look at say FY17 numbers then the difference in the standalone and the consol in terms of PAT is approximately Rs. 3 crores to Rs. 4 crores, that is a subsidiary or other entities are having some loss.

Saurav Banerjee: Consolidated results are declared at the end of the financial year, which we shall do at the end of this financial year also. But as per the statutes, we are required to declare only standalone results for nine months and for the quarter.

Amnish Agarwal: Okay. But is there some improvement operationally in the other subsidiaries we are operating?

Saurav Banerjee: Yes, absolutely, certainly yes. In fact, I would suggest that when we come to that stage we shall certainly be happy to explain. But just to assure you that things are doing fine in the subsidiary and there are no losses or anything like that.

Amnish Agarwal: Okay. Secondly, if you look at this quarter numbers, in the staff cost there is a decline of 13.6% on a YoY basis, so can you please throw some light on this?

Saurav Banerjee: Yes, see sometimes what happens is that certain payments are made to staff in the form of incentives, and those payments are made on actual basis. And also there is a reduction in the number of overall headcount, so which has lead to the fall which you can see in the staff cost. So there is an improvement in the operating efficiency in other words, because we have upgraded our ERP system and the productivity has improved because of lot of automation that has been done across the board, whether it is accounting platform or the revenue, sales and the inventory platform in the company. So, it is a combination of these two reasons as to why you can see a dip in the overall human capital cost.

Amnish Agarwal: Okay. So, the reduction in the employees which you are seeing at what level it has happened, is it at the store level, is it at the manufacturing and your head office level?

Saurav Banerjee: See, it is across the board. So as I said the entire ERP up-gradation has been done across the company, whether it is at the front end or the store level and whether it is at the corporate level or the manufacturing level. So, there has been rationalization across the board in both the store levels and also the corporate levels.

Participant: Thank you. Our next question is from the line of Gaurav Jogani from ICICI Securities. Please go ahead.

Gaurav Jogani: Sir, my first question is regarding the revenue growth which is like 1%. So if on a like-to-like basis if we see, I think the fifth franchisee store that we have opened would not be there in the base quarter. And whatever the amount, I mean there is a one-time sale to the franchisee whenever it is open. So is it on a like-to-like basis that our sales is actually negative if we keep out the franchisee in this particular quarter?

Saurav Banerjee: No, as I explained just a while back, if we were to consider the same store sales growth numbers, and when I say same store we are referring to only the company owned stores, then there is no de-growth or there is no negative impact of that, if we were to compare across the years or across the quarters. So it is a steady state I would say. So that is one part of it. If we take the franchise sale, well the way to look at it is that whether we sell to a franchisee or whether we sell to a retail customer who walks into our store, it is one and the same thing. For us it is a sale, it gets recorded as a top-line and I think that is about it. So, there is no difference in the definition of that sale or the quality of that sale. But otherwise also, just to answer your question which I explained earlier, there is no de-growth on the same store sales front.

Gaurav Jogani: And sir my second question pertains to the personal expenses. While I see that it has declined QoQ by 13%, but on the nine months basis it is still up 2.9%. So what my question here is, is it also because of the fact that we are opening franchisee stores and that cost would not be added in our overall cost, so does that also have an impact on the personal cost here?

Saurav Banerjee: No, personal cost is purely for TBZ only. For franchisees their employees are on their books and they give the salary.

Gaurav Jogani: Yes, that is what I meant. Because they would be on their books and not ours so would that as a percentage of sales would come down going ahead is what my question was?

Saurav Banerjee: No, see I think you can keep aside the franchisee. I understand what you are saying. Basically see as we hear there will be some increment along with the line of the inflation which will be accruing to the employees, there will be incentives that will be going to the sales team. So those things will be there. And to that extent there will be a normal increase in the overall personal cost. However, as I just explained, it gets balanced out by the measures that the company has taken in terms of ERP upgradation, automation and also headcount reduction in key areas. So, on an overall basis if you look at a particular phase of the year you may find that the numbers have gone up, but actually the reasons are a little bit different, I explained to you what the reasons are.

Moderator: Thank you. Our next question is from the line of Manan Patel from Equirus Portfolio Management Services. Please go ahead.

Manan Patel: Sir, I wanted to know the gold margins we are doing currently for nine years was around 8.9% and last comparable period was around 10%, and historically we have done around 12% to 13%. So sir what is the reason for decline? While the diamond margins in the same period have gone up, so what is the reason for decline?

Saurav Banerjee: See, if you look at across period of time, if you look at across the year then there are several reasons which impact gold margins, one of them being the price itself. So in the years where we get a favorable price or there is a contribution from the gold price itself then the margins will show an improvement. Whereas in other years or other periods of time if there is no improvement on the gold price or if there is a decline then that also will have some sort of impact on the gold margins, that is one thing which does not happen in the case of diamond. As we all know gold is a much more volatile metal and diamond is not so. The other thing is that if you look at the gold mix, there are times when the customer is preferred to buy plane gold, let us say yellow gold which have lower margin than studded gold. There are pockets in the country who prefer yellow gold in comparison to studded gold. So if we were to expand in those markets you will find that there will be some impact of that on the gold margins. And finally whatever tactical offers that are given in line with the market arrangement, so every competitor also comes out with tactical offers during festivities or during wedding seasons or during some special occasions, we also do the same. So those are the reasons why gold margins will be coming up and down in various times of the year. So for example, if it is a big festive season or a quarter where there are lots of festivities and various other highlights, then because of the tactical discounts it is possible that the margins get somewhat affected. Whereas if there is a quarter where there is nothing much happening in terms of festival days and it is a non-wedding sort of a season, then you may not see that. So those are the reasons.

Manan Patel: And sir, our significant portion of our revenues come from wedding jewellery and lot of our competitors are also entering into this. So, do you feel any competitive pressure because of that?

Saurav Banerjee: Not really, TBZ has been known for being very well entrenched and for offering the best of the designs as far as the wedding space is concerned, that has been a traditional strength of this brand. Of course there will be other brands who would try and make their presence felt in the same area of product, but we have not seen any big competitive stress from other jewelers, they do their bit and we do ours. I think we are very strong in that area, we have always been. We have a very, I would say, loyal clientele in that category of products and we have had lot of strength and benefits coming out of it.

Manan Patel: And sir, so going forward three, four years down the line do you see this margin on gold improving?

Saurav Banerjee: Margins of gold should improve, I would not be able to say how quickly and how substantially, but we are looking at improving certain parameters along the way and we think that once those are achieved then margins of gold should improve to a certain extent, if they not improve very substantially, but yes improve to a certain extent.

Manan Patel: Okay. And sir one more question, there is a TBZ store in Delhi, so is that part of our company, because I do not see that store on any of your website or presentation?

Saurav Banerjee: No, it is not a part of our company, it is a different group, it is not part of TBZ limited.

Manan Patel: But they are using the same brand?

Saurav Banerjee: No, they are not using the same brand, their name is different, their name is TBZ New Delhi Pvt. Ltd. and ours is TBZ Limited, so it is very different.

Manan Patel: So it has no connection to our company?

Saurav Banerjee: No connection, they are totally different entities.

Moderator: Thank you. Our next question is from the line of Rohit Ghoti from Marshmallow Capital. Please go ahead.

Rohit Ghoti: I was wondering if you could give us some more detail on how these franchisees have been performing, I hear the first franchisee is more than two years old right now, how has been your experience with franchisee stores?

Saurav Banerjee: Okay. So, currently, let me begin by saying that we have five franchisees as on date. You are right, the first franchisee was Dhanbad which opened in 2015. And then onwards we have added four more franchisees. I would say technically none of them have reached the maturity stage as on date, however they have started performing adequately well, a couple of them are performing extremely well I would say, namely Patna and Ranchi in recent times, Dhanbad, Jamnagar, Bhopal, they are also catching up. Jamnagar and Bhopal are very, very new, so one cannot expect them to match up to the performances of the other franchises. But overall it has been a wonderful experience, a great learning curve. We have embarked on the right strategy and we shall be pursuing the same in the future also. There are plans to add about five to six more franchisees in the next financial year and also going forward in the next one.

Rohit Ghoti: So sir, just it would be helpful to us may be down the line, may be a year from now when you have enough franchisees is it possible for you to disclose the franchisee numbers separately?

Saurav Banerjee: We shall consider, I am really not in a position to assure you but we shall certainly consider. What I can tell you, yes there will be number of more additions to the franchisee and it shall become a substantial part of our overall portfolio.

Rohit Ghoti: Yes, so that is clear, thank you. So one last question from me, so you mentioned that you are planning to open a couple of company owned stores in the coming year, so just curious to understand how you decide on whether you want a company owned store in a location or is it a franchisee store, so how do you decide that, that would be helpful to know?

Saurav Banerjee: Sure. So, we go through a very rigorous market research, sort of a strategy which we have. So, on one hand we hold several exhibitions in the cities wherein we find interest and we think that there is potent for a store to be opened. From exhibition impact we come to know the tastes and preferences that the local people there have. Secondly, as I said there is a market intelligence that is done, we also employ third party firms which have an expertise in looking at the various cities in India which have the greatest potential for the new store to come up. And based on all these parameters and our own understanding of the market which we have, because we have been in this business for a long, long time now, we take a call as to which city is suitable for an own store and which one is more suitable for a franchisee store. So, as a very broad based thumb-rule, if we were to look at Tier-I, Tier-II cities then probably at this point of time one would prefer to have a franchisee store. If it is a large metro or one of the state capital then it makes more sense to have a own store. But that is a call that company takes based on the market conditions, competition and various other environmental parameters.

Moerator: Thank you. Our next question is from the line of Amnish Agarwal from Prabhudas Liladhar. Please go ahead.

Amnish Agarwal: Sir, there are two, three stores in the malls which are having very different positioning than what traditionally we are known for. So what is the consumer response to these stores and any data points which you can throw on these stores?

Saurav Banerjee: Okay. These stores have opened very recently, it is too early for us to really comment substantially on how they are going to perform. But the more important thing is that strategy behind opening the mall stores, it focuses on impulsive purchases. Malls, as you know have become some sort of a culture within the urban population of the country and we want to cash in on the opportunities where people can walk into mall, make an impulsive purchase for a small ticket, easy on the pocket sort of jewellery, primarily or essentially rather diamond jewellery which one can just purchase off the cuff across the counter and does not need a lot of planning unlike a wedding purchase. So that is what we are targeting, we are looking at the millennial crowd, we are looking at the younger generation who prefer to visit malls and make purchases from there, and can also afford to do so. So that is the idea and I think once again we are targeting a certain niche of audience, a certain kind of customer base and that is why these mall stores have been opened. As I said, they have just been opened so it is really very difficult for us to throw some greater light. But I suppose in the coming months we should be able to talk more about them.

Amnish Agarwal: And how many stores incrementally we plan to open in malls in the coming say 12 to 15 months?

Saurav Banerjee: In the coming 12 to 15 months I think we should be opening at least about five to six more mall stores certainly, probably more but I am giving a very conservative number. In this quarter as well as in the next we are likely to open at least two more mall stores which you will obviously come to know. And then going forward we shall be opening more and more of the stores. And as I explained the strategy which I have just now told you, so based on that strategy it requires that we open more and more stores to make some substantial impact out of that.

Amnish Agarwal: And these will not be franchised?

Saurav Banerjee: No, these are all own stores.

Amnish Agarwal: Okay. And just one book keeping question, firstly, how much was ad-spend in the current quarter on a YoY basis? And secondly, there is debtor of Rs 209 million at the end of Q3.

Saurav Banerjee: Yes, I will explain both. So, we have mentioned that we have taken a conscious call to invest in advertising and marketing efforts with an eye to the near future which will give us a long tail impact as well. So, as far as Q3 is concerned the actual spends are spends are approximately Rs. 16 crores - Rs. 17 crores which is up by about Rs. 7 crores - Rs. 8 crores from the corresponding last year's quarter. You will see that we shall be spending I would say strategically on advertising and marketing and we shall be building certain amount of growth based on those marketing strategies in the near future as well. As far as debtors are concerned, sometimes it does happen that there are sales made through credit cards for which the realization happens in the next few days and there is a cross over from one quarter to another. So these are essentially those kind of debtors and they would have actually gone away by now, I mean there would have been a subsequent realization and they would have all gone away.

Amnish Agarwal: Does it also include some sales to the franchisees?

Saurav Banerjee: No, it does not include sales to the franchisees at this point of time.

Moderator: Thank you. Our next question is from the line of Sahil Jain from Moneypal Investments. Please go ahead.

Sahil Jain: So, I had a question with regards to I was looking through your annual report in FY12 you had 14 stores, so what percentage of the current turnover comes from the 14 stores, the original 14 stores, if you have a breakup for that?

Saurav Banerjee: I will answer it a little bit differently, if you don't mind. Let us put it this way, our top five stores have been contributing approximately about 28% to 30% in the last nine months. I think most of these stores were opened around that time, before or around that time. These are the top five stores, so it is not all the stores, but it is just to give you a flavor.

Sahil Jain: So, from the fifth to 14 stores when did these nine stores opened sir, any idea? Because I am trying to understand what is the concentration percentage, I was reading FY12 annual report and it was said that 50% concentrates from Maharashtra, the turnover. Is it the same now, sir?

Saurav Banerjee: No, see earlier the concentration was certainly in Gujarat and Maharashtra, so I think you would have got that sort of number because the concentration was actually much more in Gujarat and Maharashtra. So outside these two states there were very few stores, but later on we have added many more stores outside these states as well. So I do not have the exact number right now, but I gave you a flavor about the five stores that I talked about and the kind of contribution to the overall numbers that they have.

Sahil Jain: A small request sir, on the next con-call if it is possible if you could give me the 14 store numbers, FY12 14 store numbers?

Saurav Banerjee: Okay, so you will have to bear with us a little bit, or maybe you can take it offline. I think it is better that you take it offline, we do not mind giving you the information offline. For reasons of time, that is why.

Sahil Jain: Sure sir. Sir, what percentage of your sales comes from franchisee stores, I am just asking for a percentage?

Saurav Banerjee: Again, since we have done about Rs. 1,322 crores of sales for the nine months, out of that approximately about touching 10% I would say, 9% to 10% of the sales have currently come from franchisee.

Moderator: Thank you. Our next question is from the line of Avik Mitra from Aviksat Equity. Please go ahead.

Avik Mitra: I think in line with the previous question a little bit, because I think your sales per square feet in FY13 would have been almost much higher compared to what it is today. And going forward since your sales has not increased, how would you look into it, can we get into a period where we can get back to that same kind of per square feet sales?

Saurav Banerjee: Yes, so I have been explaining on this call and maybe in the last one as well that we are totally strategizing in terms of improving the same store growth percentages. And if you look back then there was a time where they were negative in nature which has been completely reversed. We have seen single-digit positive sales growth in some of the quarters, this quarter of course it has been steady, it has neither been negative nor positive, going forward we should be able to improve upon those numbers.

Avik Mitra: And secondly, your ticket size is generally much higher than the market's other players, do you have any plan of getting more footfalls and reducing this ticket size going forward as a marketing strategy?

Saurav Banerjee: Okay. See, there is no need to reduce ticket size, that does not benefit us in any way. But yes, there is a complete concentration of efforts in increasing footfalls of course, and after that if the ticket size automatically increases or decreases then that is more of an arithmetical sort of thing. But yes, you are right, there is a strategy in place which we are rolling out and you will find that footfalls will increase considerably and also we shall be able to increase our market share by increasing the footfall. Our conversion ratio is the best in the industry, once we are able to get more footfalls and with the current ratio of conversion we should be able to gather better market share, our top-line will improve. Hopefully we should be also getting ticket sizes which are substantially higher.

Avik Mitra: Is it possible for you to give a data point about how much is your repeat customer vis-à-vis new customers?

Saurav Banerjee: Not exactly, I would not be able to tell you, may be some other day, I would not be able to tell you right now.

Moderator: Thank you. Our next question is from the line of Keval Shah who is an individual investor. Please go ahead.

Keval Shah: So, I see that the stock in trade has risen dramatically, why is that?

Saurav Banerjee: Stock in trade?

Keval Shah: Yes. So, your stock in trade has doubled, if you see your nine months of 2017 and 2018 financial year, purchases of stock in trade. In December 2016 it was Rs. 265 crores and for December 2017 it is Rs. 514 crores.

Saurav Banerjee: Okay. So, sometimes we do purchase readymade jewellery just to give a different flavor to the customer. So, that may happen from time to time, there is no real reason or there no matter of concern, it is done to give a distinct flavor to the customer, sometimes they actually ask for it and they want to see some sort of distinction between the TBZ manufactured jewellery and whatever else is there and we take care of that.

Keval Shah: Sir, what is the different brand do you sell from your own stores?

Saurav Banerjee: No brand, these are traded products as they are called, brand is always TBZ and nothing else.

Keval Shah: Okay. Is it related to your in-house versus outsourcing jewellery making, something related to it?

Saurav Banerjee: No, literally everything is in-house for TBZ. But as I explained there can be some sort of flavor that may be required to be introduced from time to time, mostly to satisfy customers that is all, there is no other reason for the same.

Keval Shah: Second question is on franchisee rollout, why is it not picking up pace, because in financial year 2017 you had three franchisees and today you only have five, so you have put two new in nine months, why is that?

Saurav Banerjee: Yes, because that is how we want it to happen. We do not want to rush into something which we have relatively recently got into. We have five franchisees, I think they are shaping up well, they are understanding the business better and better, we are guiding them. We are opening new franchisees, we opened Bhopal in October, we are likely to open one more franchisee in March. So it is happening, we do not see any important or immediate reason to open 15 - 20 franchisees in one shot, that is probably not what we want to do. I will just answer, somebody had asked a question about what is the kind of contribution from the 14 stores, it is in the range of about 50% to 56%.

Keval Shah: Okay. And what was your gold volume and diamond volume for quarter three this year?

Saurav Banerjee: As I explained there is an increment in sales of about 6% to 7% in case of gold and about 5% to 6% in case of diamond.

Keval Shah: And sir what volume growth do you see in next two to three years?

Saurav Banerjee: Okay, so very difficult to answer in two to three years what is going to happen, but as I said we have a complete strategy and we are working towards a substantially improved volume growth which you are likely to see from the next financial year itself.

Keval Shah: Okay. And sir target inventory ratio?

Saurav Banerjee: Inventories, I think we have controlled very well, it is around Rs. 1,000 crores of inventory which is there as on 31st December, which is actually a climb down from the earlier quarter. So, I think inventory and the ratio of inventory is about 60:40 in favor of gold.

Moderator: Thank you, sir. Ladies and gentlemen, that was the last question. I would now like to hand the conference over to Mr. Nilesh Dalvi for closing comments.

Nilesh Dalvi: I would like to thank everyone for joining us today and patiently having a good discussion with the management. In case of any further questions you can get in touch with us, our coordinates are provided in the presentation. So, thank you and have a good day.

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