Date: 28th February, 2019

To,

The Manager	The Manager
Compliance Department	Compliance Department
BSE Limited	**National Stock Exchange of India Limited**
Corporate Service Department	Exchange Plaza, Plot No. C/1,
Phiroze Jeejeebhoy Towers,	G Block, Bandra-Kurla Complex,
Dalal Street, Mumbai - 400 001.	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, 8th February, 2019 at 5.00 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.

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 FY 2019 Earning Conference Call
February 08, 2019

Moderator: Good evening, ladies and gentlemen. I am Lizane, the moderator for this conference call. Welcome to the Q3 FY19 Earnings Conference Call of Tribhovandas Bhimji Zaveri Limited, organised by Dickenson IR. At this moment all participant lines will be in listen-only mode. Later, we will conduct a question-and-answer session. At that time, if you have a question, you may please press "*" and "1" on your telephone keypad. Please note that this conference is being recorded.

I now hand over the call to Mr. Nilesh Dalvi. Thank you and over to you, sir.

Nilesh Dalvi: Thank you. good evening, everyone. Let me welcome you all to the earnings call of Tribhovandas Bhimji Zaveri Limited for the third quarter and nine months of financial year 2018-2019. Today we have with us management represented by Ms. Rashi Zaveri – Wholetime Director, and Mr. Saurav Banerjee – Chief Financial Officer.

Let me make a short disclaimer before we start the call. So, 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 these forward-looking statements. Any statements we make on this call today are based on our assumptions as on day and we undertake no obligation to update these statements as a result of new information or future events.

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

Rashi Zaveri: Good evening, everyone. I would like to welcome you to discuss the earnings of Tribhovandas Bhimji Zaveri Limited for the third quarter and first nine months of the financial year 2018-2019. We displayed sustainable revenue growth of 8% YoY in the third quarter, lead by same store sales growth of 7% YoY. Consumer sentiment continued to improve and resulted in a healthy footfall during the festival wedding season.

A favourable product mix marked by improved diamond sales helped us increase higher gross margins. Revenue growth on a stable cost base generated positive operating leverage and lead to improved EBITDA margins and profitability. TBZ – The Original, has entered the North India jewellery market with its first store opened in Noida in August 2018. We are happy to inform you that our Noida store received a strong response since launch. We are enforcing our belief that there is a strong latent demand for TBZ jewellery in North India.

Encouraged by this response, we launched our second store in North India in Ludhiana, Punjab, in November 2018. We are in active discussions to open a few more stores catering to the North Indian market. We expanded our presence in Maharashtra by opening a third store in Pune in October 2018.

Coming to South India, we opened our first store in the city of Bangalore in January of 2019, marking our entry in the state of Karnataka. Our total retail store count has now reached 41 stores with a retail area of over 120,000 square feet, spread across 29 cities and 14 states. We are planning to open some more stores with a mix of company owned and franchise stores over the coming months in line with our store expansion plans.

With these initial remarks, I would like to now hand over the call to our CFO, Mr. Saurav Banerjee for a quick overview of our financial performances during the quarter.

Saurav Banerjee: Good evening, everybody. I shall begin with the key highlights of the third quarter and the first nine months of FY18-19 results. Firstly, I will read out the Q3 numbers, followed by nine months numbers.

Q3 FY19 witnessed a growth in total income from operations from Rs. 547.64 crores to Rs. 591.75 crores, YoY percentage growth of 8.05%. Gross profit increased from Rs. 74.14 crores to Rs. 81.98 crores, YoY improvement of 10.57%. Gross margins improved from Rs. 13.54% to Rs. 13.85%. EBITDA increased from Rs. 22.62 crores to Rs. 30.14 crores, YoY percentage increase of 33.24%. EBITDA margin percent improved from 4.13% to 5.09%. PBT improved, increased from Rs. 11.49 crores to Rs. 17.03 crores, a YoY improvement of 48.2%. PBT margins improved from 2.10% to 2.88%. PAT increased from Rs. 7.38 crores to Rs. 11.11 crores, an increase of YoY percentage of 50.54%. PAT margins improved from 1.35% to 1.88%.

For the nine months, the total income from operations increased from Rs. 1,317.81 crores to Rs. 1,348.34 crores, a YoY growth of 2.32%. Gross profit increased from Rs. 189.91 crores to Rs. 196.33 crores, a YoY improvement of 3.38%. Gross margins improved from 14.41% to 14.56%. EBITDA increased from Rs. 54.14 crores to Rs. 59.80 crores, an improvement of 10.45%. EBITDA margins improved from 4.11% to 4.44%. PBT was flat at Rs. 21.78 crores to Rs. 21.63 crores. PBT margins decreased from 1.65% to 1.60%. PAT was flat at Rs. 14 crores versus Rs. 14.14 crores. And PAT margins, 1.06% to 1.05%.

We can now begin with the Q&A session.

Moderator: Thank you very much. Ladies & gentlemen, we will now begin with the question-and-answer session. Our first question is from the line of Prashant Hazariwala, an individual investor. Please go ahead.

Prashant Hazariwala: I have one question, we keep on saying that we are a 150 year old brand. I don't see any growth coming in, we have opened so many branches, so many stores in last two years almost 20% more stores, but when we see on the revenue front and EBITDA, we are not seeing any much improvement. Even we are like 150 years old brand, we have festive season plus we have marriage season going on and we have major revenue coming from wedding jewellery, right, but still we have not seen much growth, it is just 7% growth, which is not good enough. Even last year same quarter to this year same quarter I think we opened four more stores, but still we have only 7% growth in revenue, and EBITDA growth is not much. So, on the other side where we have Tanishq, it is only 22 years old brand and they have this quarter growth revenue is more than our total revenue and they have growth of 35%. So, I wanted to know, where are we lacking?

Saurav Banerjee: Let me explain to you. as I just mentioned, if you look at our total income, on a YoY basis, it has increased by about 8%. In terms of same store sales growth, we have recorded a 7% same store sales growth. In the previous quarter we have recorded almost 8% same store sales growth. And in Q4 of last financial year we have recorded almost 10% same store sales growth. If we go further down the street, then we will have several others quarters where we have been able to record same store sales growth. So, there is an indication very clearly that the company has been able to consistently demonstrate same store sales growth. It may not be as high as Tanishq or one or two others, but at the same time there is some kind of consistency in our performance. Even if you look at our EBITDA margins and the various other profitability measures, we have been able to demonstrate an improved performance in those numbers. In terms of opening new stores, yes, we have very recently opened three or four new stores, that is true. But as we all know, a store when it opens, it takes a little bit of time to settle down. And very technically speaking, in terms of reaching some kind of a breakeven, cash-flow breakeven, it takes about 8 to 9 months minimum for a store to breakeven. So, we must give these new stores a bit of time. They have started doing well, they have just opened. Some of the stores have opened just one month or maybe about less than a month back. And once we get the full financial year, which is upcoming next financial year, we will be able to judge the performance of these new stores much more critically. At this point of time they are in a settling down phase. In terms of future, as we have already indicated that we are planning to open more stores in newer markets, particularly in the northern market and some parts of the southern market as well, we understand that these markets have great potential. And you will be able to clearly see that there will be a growth which will be coming in from the new stores, in addition to the consistent growth that we shall be able to demonstrate from our existing stores as well. So, whatever has happened in the past there is a possibility that, because of the reasons which were not exactly within the company's control (ie. there were regulatory changes), there were external winds which are probably the reasons for the company not performing as per your expectations. But at the same time, the company had taken a stand that in difficult circumstances it would like to first consolidate in what it is doing and look at the opportune moment to open new stores.

Prashant Hazariwala: You are right. But the problems we have faced like regulatory problems, same problem has been faced by Tanishq. And on the other side now we have only three or four brands that is good brand in organised jewellery, that is one Tanishq, another is TBZ, maybe around four or five players are there. They are taking major chunk of this unorganised to organised share, we are not utilising full potential of our brand. We are not doing the best for sure, because 7% s same store sales growth you are saying, and we have grown only 8% revenue. Exactly, how you are calculating same store sales growth? What I am understanding is we are not utilising full potential of TBZ brand. Going ahead what are the steps taken to make the best use of our brand? And what kind of growth we are targeting, because 7%, 8% when we are moving from organized to unorganized, there is a huge scope, we can grow 20%, but we are doing only 8%, and that is not enough. Tanishq is growing at 35%, 40%, so at least we can be half a way, but we are not even doing 20% of what Tanishq is doing.

Saurav Banerjee: In terms of measures to improve our growth, we have done a lot of marketing and advertising efforts recently as a strategic measure. We have had direct communication with our customers as to what our product stands for, what are the design differentiation that we have. What we promise to a customer is what we deliver to them. We have had campaigns wherein we have talked about price points and the tactical offers to the customers where in we have removed any kind of ambiguity, it has been a direct communication which is true and fair to the customers. What he sees or what he reads is what he gets when he enters the store. In doing so, we have found that the walk-ins have improved considerably. Since our conversion percentages and ratios have always been a strength for the company, that has resulted in an improved turnover. We have also introduced affordable diamonds as one of our product lines, we have recognized that there is a need to reach out to newer customers and to reach out to every kind of pocket size. We are looking at daily wear, we have introduced a lot of light weight jewellery, small ticket items for the salaried class or for people who have just got initiated into the jewellery as a serious line without neglecting our core strength areas of wedding jewellery. So, all these efforts have gone into the growth that we have been able to demonstrate. Given the time and given the efforts that are being put in, we should be able to demonstrate better numbers in the future. At this point of time, I do not think that we need to compare ourselves with Tanishq or with anyone else, they have their own brand and they have their own way of doing business, we have our own. While we recognise that yes Tanishq has performed creditably well, but we too are on the right path. We have been able to demonstrate growth very clearly, and you will find that in the forthcoming quarters better percentages of growth coming in.

Prashant Hazariwala: Sir, what kind of growth we are targeting?

Saurav Banerjee: On annual terms basis we are looking at something between 15% to 20% growth, which will be, as I said, driven by two factors, one is the same store sales growth which we want to at least have a double-digit same store sales growth on a consistent basis. You will also do well to recognise that there are very few companies in the jewellery industry who have registered same store sales growth. We tend to look at just one company which is Tanishq, but if you look around you will find that same store sales growth on a consistent basis has been recorded by probably one or two companies at max, not more than that. And one of them being our own company. Going forward, as I said, we are looking at about 15% to 20% of annualised growth, in terms of same store sales growth double-digit, in terms of store additions we are looking about 10-odd stores per financial year. Our next target in terms of square feet, we are currently at 120,000 square feet, the next benchmark that we would like to reach is 150,000 square feet. So these are some of the indicators that we are aiming for and we have already laid down our strategy to reach these targets in the near future.

Moderator: Thank you. Our next question is from the line of Zain Iqbal from Alpha Invesco. Please go ahead.

Zain Iqbal: What is your inventory turns, can you please break it down in gold and diamond?

Saurav Banerjee: Sure. Our blended inventory turn is approximately around 1.7 for these nine months, if you take on annualised basis it is about 1.7-odd. In terms of gold inventory turns, average it is about 2.3, 2.4, and in terms of diamonds it is about 1.

Zain Iqbal: The same store sales has grown by 7%, is it quarter-on-quarter?

Saurav Banerjee: It is YoY. So, as I said, the growth is on YoY basis. However, in the previous quarter also we have demonstrated a YoY growth of about 8%. So, if you take the last two quarters, in fact if you take the last four quarters, then on a YoY basis we have grown about 10% and then again, as I said, 8% and 7%.

Zain Iqbal: So, can you give breakdown of your revenue, as in new store sales and old store sales?

Saurav Banerjee: As I said, in this quarter most of the revenues have come from the existing stores. The new stores, have just opened. While they have started contributing, particularly Noida which opened in Q2, it has started contributing quite healthy, it has had a healthy contribution towards overall revenues. But I think it will be more relevant if we were to wait for one or two quarters more to really understand the performance that a particular store is giving. In terms of maturity it takes about two to three years actually for a particular store to mature. As I said, in terms of minimum breakeven it takes about 8 to 9 months. So, I am happy to share that the new stores have started contributing. The one store which opened a little bit earlier, which is Noida, has had a good revenue number, it is about Rs. 19 crores to Rs. 20 crores and they have started contributing healthy to the top-line. We are expecting the same kind of performance from the other new stores as well.

Zain Iqbal: Sir, what is your long-term strategy in terms of opening more stores? And in which region are you going to open new stores?

Saurav Banerjee: In terms of regions we are concentrating on all the regions, all the states where we think that there is a good market for us. We have demonstrated that by opening some stores in the northern India belt which is Noida, Ludhiana, we are looking at some of the other larger cities like Lucknow, Chandigarh, one or two other cities which we think are having very high potential as far as retail and branded jewellery sales are concerned. We have very recently opened a store, a significant one, our first store in Bangalore, Karnataka. We are looking at some other stores as well to be opened in the same state. We generally try to follow a hub-and-spoke model, which is basically that we open a large store, let's say it can be Noida or Bangalore, and then we open relatively smaller stores in the nearby cities, and thereby take advantage of a hub-and-spoke model. We have also opened a store, we have recognised that Pune as a city has expanded its boundaries and that is why there is a need to cover the newer areas of Pune, and that is why we are opened a third store in Pune. We are looking at some of the other cities in east well like Bhubaneswar, Guwahati, and a couple of cities in Maharashtra, for example we are looking at Kolhapur, Nashik. So, just to give you a flavor that we are looking at an all-India scenario, we want a much better footprint across the country. However, we have a pipeline which we will work towards.

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

Viraj: This is Viraj here, I am Manan's colleague. Sir, a few discrepancies in the presentation. If you look at the SSG growth that you have shown for last three quarters, and then you talk about the SSG growth for nine months, our SSG growth for all the quarters is multi-folds of what we have shown for nine months. How is that possible?

Saurav Banerjee: No, in fact that is not quite correct. There was one quarter in between where there was a de-growth as well. And as I explained just now that the SSG growths are all YoY, it is not QoQ, they are YoY. And there are quarters which unfortunately had a de-growth, but again there are quarters where we have shown healthy SSG growth. So, when you take on an overall basis then the de-growth as well as the growth has to be computed, and that is how the net growth is demonstrated.

Viraj: Sir, we have 40% gold which is on our books, and gold has appreciated this quarter. So, what is the inventory gain for this quarter?

Saurav Banerjee: I will answer the question a little differently. The inventory valuation is done on weighted average basis. The procurement of inventory gold for us, particularly gold, is mostly through the gold-metal loan which has a natural hedge. The other procurement that comes to the company is through the old-gold exchange. So, these are the two avenues for building up an inventory or procuring inventory for gold. And the calculation or valuation of inventory is done on a daily weighted average method.

Viraj: Understood. So, what will be our inventory gain for the quarter?

Saurav Banerjee: There is no inventory gain as such. Are you talking about volume or price, I mean, what is it that you are referring to?

Viraj: So, sir we will have 'x' amount of tonnages at the end of September quarter, and assuming we are roughly same obviously there is going to be some difference. But assuming we have the same amount of tonnages end of the quarter on our own books, there is going to be inventory on the books, right, because the price of gold has gone up.

Saurav Banerjee: Yes, there will be, price is always an important factor as far as gold is concerned. But through a weighted average mechanism it is not going to impact on a spike basis, it is a gradual impact. And in terms of gross margins also you can see that we had a stable sort of a gross margin in terms of gold. So, that is what I was saying that when we do a weighted average then the inventory gain and loss does not happen. And I explained to you that when we are procuring it is through a gold-metal mechanism which is neutral to any price fluctuations, because there is a natural hedge. The pricing is not on the company, it is on the bank.

Viraj: Sir, last two questions. One, if I look at the ROE of our business for last multiple years, including this year, it is probably one-third of cost of capital for all your investors, including yourself. Is there any aspirational target you have, because this way the amount of capital we will need to grow is far higher because our ROEs are very low. So, how will we grow? Even if you want to grow you will need a lot of capital to grow, which market will not give you. So, it is a dichotomy, how are you thinking to solve that?

Saurav Banerjee: In terms of target we would like to be above 10%, if we were to look at just a statistical number as a target. And we have already explained, and you would have heard what I said to the last two or three friends who called and spoke to me, we have laid down a path to progress, we have demonstrated some kind of improved numbers already. And once we perform to our capabilities, once we generate better margins it will translate into improved profitability straight away, because in terms of operating expense is mostly fixed in nature. So, it is a question of generating better margins and then the flow-through the profit line will happen automatically.

Viraj: Sure. And last one, I do not have a question but just had a general suggestion as your shareholder, the division of profits between minority shareholder and majority shareholder in terms of the compensation that the management is taking in lieu of what profits the company is making is very high. I would request you to reconsider the amount of salaries and compensation the entire management is taking, because we believe it is irrespectively very high compared to very low profitability that the management is making today. Thank you.

Saurav Banerjee: Thank you.

Moderator: Thank you. As there are no further questions, I now hand the conference over to Mr. Nilesh Dalvi for his closing comments.

Nilesh Dalvi: We would like to thank you for joining this call today. In case of any further questions, please feel free to write back to us and we will get in touch with you. Thank you.

Moderator: Thank you. Ladies & gentlemen, with that we conclude today's conference. Thank you for joining us. And you may now disconnect your lines. Thank you.