Date: 24th November, 2016

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

Dear Sir / Madam,

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

The Company had organized a conference call with the Investors/ Analysts on Friday, 11th November, 2016. 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**

Niraj Oza
Head Legal & Company Secretary

TRIBHOVANDAS BHIMJI ZAVERI LTD. MUMBAI

Encl: as above

The original since 1864

TRIBHOVANDAS BHIMJI ZAVERI LTD.

CIN No : L27205MH2007PLC172598

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"Tribhovandas Bhimji Zaveri Limited Q2 & H1 FY 2017 Results Earnings Conference Call"

November 11, 2016

MANAGEMENT: MR. SHRIKANT ZAVERI (CMD)
MR. SAURAV BANERJEE (CFO)
MS. RAASHI ZAVERI (WHOLE TIME DIRECTOR)

Tribhovandas Bhimji Zaveri Limited
Q2 & H1 FY2017 Results Conference Call
November 11, 2016

Moderator: Ladies and gentlemen, I am Rohan Mehta, moderator for this conference call. Welcome to Q2 H1 FY17 Earnings Call of Tribhovandas Bhimji Zaveri Limited, organized by Dickenson Seagull IR. As a reminder, all participant lines will be in the listen only mode. Later, we will conduct a question-and-answer session. At that time if you wish to ask a question, please press '*' and '1' on your telephone. Please note that this conference is being recorded. I would now like to hand the floor over Mr. Nilesh Dalvi. Over to you sir. Thank you.

Nilesh Dalvi: Thank you, Rohan. 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 Second Quarter and First Half of Financial Year 2017. Today we have with us the management, led by Mr. Shrikant Zaveri – Chairman and Managing Director, Ms. Raashi 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 Mr. Zaveri to make her opening remarks. Thank you and over to you, sir.

Shrikant Zaveri: Thank you, Nilesh. Good evening, everybody. It is a great privilege to greet and welcome you all on behalf of our Board of Directors and the Senior Management. We are thankful to all of you for joining us here today to discuss the earning of Tribhovandas Bhimji Zaveri Limited for the second quarter and first half of the financial year 2016-2017.

We displayed revenue growth and significant improvement in operating profitability during the second quarter. Jewellery demand witnessed increased demand driven by improving consumer sentiments, tactical activations and sales from the new Kalpavruksha scheme positively impacted the overall sales. Our average ticket price for gold and diamond jewellery also improved during the quarter.

Our blended gross margins improved by 271 basis points from 12.0% to 14.7%, driven by higher margins on gold jewellery and better sales mix as the share of diamond jewellery sales

increased from 20% to 22%. EBITDA margins expanded by 472 basis points from (-0.2%) to 4.5%, driven by higher gross margins and by keeping our operating expenses under control.

We launched our second franchise store in Patna, Bihar, in August 2016, expanding our retail presence to 31 stores with a retail space of around 101,050 square feet spread across 24 cities in 11 states. Going forward, our store expansion will predominantly happen in an asset light manner through the franchisee route. We remain committed to achieving our medium term target of reaching 150,000 square feet of retail space widely spread across India.

We are optimistic of displaying better performance in the upcoming festival and wedding season. We have already witnessed a good start to the festive season and have launched new and innovative jewellery collections to cater to the festive and the wedding demand. We are hopeful on delivering an improved financial performance during the second half of the financial year.

With this, I would now hand over the call to Mr. Saurav Banerjee, our CFO, to brief you on the financial and operational highlights for this quarter and first half of this financial year. Thank you.

Saurav Banerjee: Good evening, everybody. I will begin with the key highlights for the second quarter for this financial year and the first half numbers. Firstly, I will read out the Q2 numbers. Q2 FY17 total income from operations is Rs. 447.05 crores, vis-à-vis Q2 FY16 Rs. 438.02 crores, a YoY percentage growth of 2.06%. Gross profit in absolute terms, Rs. 65.77 crores for Q2 FY17 vis-à-vis Rs. 52.54 crores for Q2 FY16. In terms of percentage growth, it is about 25% increase. Gross margin blended for Q2 FY17 is 14.71% vis-à-vis Q2 FY16 of 12%. EBITDA in absolute numbers, Rs. 20.20 crores vis-à-vis a negative of Rs. 0.89 crores for the Q2 FY16. EBITDA margins are 4.52% for this quarter vis-à-vis (-0.20%) for Q2 FY16. PAT of Rs. 4.27 crores vis-à-vis a negative Rs. 12 crores for the previous year. PAT margin at 0.96% vis-à-vis (-2.76%) for the previous year.

In terms of H1 numbers, H1 FY17 total income from operations Rs. 773.07 crores vis-à-vis H1 FY16 of Rs. 853.95 crores, a drop in terms of percentage about 9.47%. This is, as you remember, because of the strike which continued in the month of April, so the Q1 numbers were affected because of that. Gross profit, nevertheless, has improved by 5.96% from Rs. 116.92 crores in H1 FY16 to Rs. 123.90 crores in H1 FY17. Gross margins, 16.03% for H1 FY17 versus 13.69% for H1 FY16. EBITDA improved by 101% from Rs. 19.06 crores to Rs. 38.33 crores. In terms of percentage, EBITDA percentage for this half is 4.96% vis-à-vis last year first half 2.23%. PAT is Rs. 6.75 crores for H1 FY17 versus a negative of Rs. 9.38 crores for H1 FY16.

We shall welcome the question-and-answer session now.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin with the question-and-answer session. Our first question is from the line of Savi Jain from 2.2 Capital. Please go ahead.

Savi Jain: Sir, I just wanted to understand the impact of what the government's measures in the last week, what will that have on your business? And what is temporary and short-term and medium-term, long-term impact on the business?

Saurav Banerjee: Yes. As we all know, currently everybody is going through some sort of a cash crunch in the economy because the banks are trying to cope up with new denominations and people are standing outsides the banks, ATMs are still not fully open. So in terms of that, on a very, very short-term maybe for a few days since there is a cash crunch and people will first try to cover their basic requirements, probably one can say that there will be some sort of an impact for maybe five to seven days. But otherwise, no impact on our business because we have been doing business the right way, we have been following all the rules and regulations and the law of the land. And that continues as far as we are concerned. So the sales will happen as it has always happened and we do not see any major concerns going forward. Whenever there is an upheaval, whenever there is something very significant like what has happened in the last two, three days, whenever such a thing happens it takes a little bit of time for everybody to adjust to the new requirements, the new regime, if we were to say so. And then things settle down and go back to normal. So we do not see any real need to take any extraordinary measures or any panic situation or anything like that. Business as usual, that is how it will be.

Participant: So sir, can you tell me what percentage of your sales is in cash versus other modes of payment?

Saurav Banerjee: So, very broadly speaking, while we may have to look at the exact percentages, but very broadly speaking one can categorize in three parts. One is obviously, we have to remember that there is old jewellery which comes into the business and which is anything between 25% to 45% depending on how the gold price fluctuates. So on a normal day it is about 25% but when gold prices are up, as they have been for the last few months, the old gold jewellery share has been quite high. That is one part of it.

The second part is obviously the plastic money and the payments that are made through the bank mode, bank transfers, cheques, RTGS, etc. For us that's around anything between 20% to 25% and the balance is generally cash transaction. I would hasten to add that when we say cash, no government has ever said that jewellery cannot be purchased in cash, it can be purchased in cash as long as the necessary documents are made available to us. Which is where we are absolutely stringent and strict and unless our customers are falling in line, as I said the law of the land, we would politely not be able to do that transaction with them. So

that is why, as I said, we do not foresee any major issues, barring maybe a few days of settling down.

Savi Jain: So sir, a lot of the 50% sales that we do in cash, I understand that you comply with all the laws and the PAN card requirements etc, in fact lot of purchases which are below the amount for which the PAN card is required will probably be done with money which is, what you call, black. So with that money, talks are that hundreds of billions of dollars will go out of the system, black money will go out of the system. So will that not have a very material impact on your jewellery sale both in the medium-term and the long-term as this money goes out of the system? Because most of this kind of money was used to purchase jewellery as well as real-estate, so this money going out of the system obviously real-estate has taken a big hit. So don't think even your sales will take a hit?

Saurav Banerjee: While you may think that the money can be termed as black and some money can be termed as white, we would not like to differentiate. What we are doing is that there are a set of rules, regulations and if a customer of the country is making a purchase after following those rules and regulations, then I think we are not very interested, nor is it our business or lookout to understand whether it is a black or white and I would not even want to cast aspersions on any of our customers. I would like to believe that all of them are law abiding citizen. There is a government in place and they have taken a call and they have been taking decisions which I am sure that they are prudent. And we do not want to have any comments on that. So as far as we are concerned, we are following the law, all our customers are following the law and that is about it.

Moderator: Thank you. Our next question is from the line of Ritesh Poladia from Girik Capital. Please go ahead.

Ritesh Poladia: My question is, this quarter we opened this Patna store, so there would be some one-time sales, can you quantify that?

Saurav Banerjee: So for Patna store, it is a large format store for us and typically the sales that are made first up to put the inventory for a large format store is approximately anything between Rs. 22 crores to Rs. 25 crores.

Ritesh Poladia: So if I take out that so there would be actually decline in revenue on like-to-like basis?

Saurav Banerjee: I would not say that. Franchisee business is part of our normal business. And arithmetically we can take this out, we can take that out and we can put certain things in, all those things can be done. But I would like to believe that when we are doing our business in the normal way, we have decided to go ahead with the franchisee mode of expansion. Any sale which is made to a franchisee is a part of our normal sale. And it will not be a right thing to say that

there is a de-growth or there is a lesser sale because of this or because of that. So every year we will have eight or ten franchisees coming up from now onwards, so it will all balance out in the interim. It is just the beginning; we have one franchisee in Dhanbad, now we have one more in Patna. So it looks as a one-off thing. But going forward as we have 20 - 30 franchisees, I think we will not be able to even look at the manner in which we are currently discussing. So, when we do business then we take steps to ensure growth and I think that is the right way to look at it.

Ritesh Poladia: Sir, you said about seven, eight franchisees would come up in a year, what would be the number for this half, second half?

Saurav Banerjee: We have already opened the second franchisee, the third franchisee we are in line to open it probably let's see we will try our best to open it in this quarter, by maybe end of this quarter. And going forward, in the next quarter probably another two franchisees should come up. So, three to four, probably let's look at three I think in this financial year. Going forward, as I said, on an average we would love to open about eight odd franchisees in a year.

Ritesh Poladia: So one would be by the end of this quarter, but it again depends on what kind of sentiment it is?

Shaurav Banerjee: That is what we are trying to say, we are very hopeful that we will be able to do that.

Ritesh Poladia: So roughly if I put it, for next eight quarters there can be a two franchisee store every quarter?

Saurav Banerjee: Yes, I mean, we can look at it that way. Difficult to say exactly how it will pan out, but in one financial year we are targeting approximately about eight franchisees, it can be nine, it can be six, but that is the target.

Ritesh Poladia: Sir, coming back to the previous question of impact of this entire new structural change, sir do you see the opening through the franchisee store will take a hit because there is some structural change happening?

Saurav Banerjee: These are perceptions in our minds because something has just been introduced in the Indian system in the economy. And there can be apprehensions as we are all having. But I do not think so. In terms of business, a franchisee store will be opened based on certain dynamics, certain market conditions, certain market expectations, the demand that is there in that particular market would have been thoroughly studied and then that market requirement in terms of design, in terms of gold, diamond ratios, in terms of the type of jewellery that local people love to purchase or wear, that I think will be a greater determinant as to how we populate the store, how we train our staff, how we deal with the franchisee and give them

the knowledge that they require. I think those are much more important factors. And as I said, by the time we open the third franchisee, whatever upheavals that are currently there in the system will die down to a great extent, people will be in a much more normalized state of mind and conditions would have normalized. So by the time the third franchisee store comes up, these things will be well past us and we see no major concern. I have already said that we are committed to follow the law of the land and that is the only way we do our business and that is how it will happen.

Ritesh Poladia: Sir my last question is, in last six months, 12 months, any ballpark numbers of what would be the sales below Rs. 2 lakh per ticket?

Saurav Banerjee: In terms of gold the average ticket price is around Rs. 1,03,000 currently based on the quarter which has just gone by. And in terms of diamond it is around Rs. 1,37,000. Obviously, we will have to remember that gold has got a price impact but that is how. So, both the gold and diamond currently are above Rs. 1,00,000, otherwise in the past we have seen gold at around Rs. 84,000 - Rs. 85,000 per ticket size and diamond a little over Rs. 1,00,000.

Ritesh Poladia: So, we can safely say that about 80% of the sales would be below Rs. 2,00,000, going by the figures?

Saurav Banerjee: Yes, I suppose so. It is very difficult one cannot really stick to a particular number, there are trends available and we have talked about those trends. But it is very difficult to pin point a certain percentage.

Moderator: Thank you. We have the next question from the line of Digant Haria from Antique Stock Broking. Please go ahead.

Digant Haria: My question is that our inventory levels have not gone down when we compare it to the March quarter and so our borrowing cost not gone down. And then we have been talking about the inventory rationalization that we have been doing. So will it fair to assume that we have reached the most optimized levels and there is no further room to reduce the inventory per store or the borrowing cost?

Saurav Banerjee: Just let me quickly explain, first I will talk about the inventory and then the borrowing cost. In terms of volume, inventory has actually gone down substantially from March to September, and if I go little further in the past then it has really reduced quite a bit. Particularly in diamond we have seen reductions of approximately 15% to 20%. In fact, in last about six months we have reduced by about 5% to 7%. So, diamond inventory in terms of carats has certainly gone down, we have rationalized to a great extent. We have taken the right steps, we have come up with own stores as well as franchisee stores without having to really go out and purchase inventory from the market. And the right way to look at inventory is the

volumes rather than the price, because price is a factor of what is the rate. For example, we all know that even in gold if you do a value of the inventory at a higher price which is prevailing nowadays and if we look back about 10 months back then it is difficult to compare. So in terms of volumes, we have certainly seen the impact of inventory rationalization, we have cut down on the diamond inventory. And when I say cut down, we have ensured that we have right sized, it is not that we have not much to display on the stores. And I have repeated this earlier also that one has to remember that there is a minimum level of inventory, a minimum level of design differentiation that we need to do and display for the benefit of our customers, we have to give them a wide range of choice. And Indian customers are very, very particular about choice and we have to remember the traits of our customers. So that way I think we have taken the right step.

In terms of gold, again there is a small reduction, not a very big reduction. That is because we are pretty sure that we are at the level at which we should be going forward. This inventory rationalization process will continue but I would also like to say that a major part of that has been done. But it is not over, it will continue as and when required.

There is another factor one must bear in mind that whenever there is a festive season coming up, like the festive season that has just gone by or the entire big wedding season which has already started and which will continue for a minimum of six to eight months from now onwards, we need to build up the inventory to take care of the festive season because there is a very huge customer concentration in our stores, lot of footfalls, lot of people coming in and they want to buy all sorts of designs and products. So for that a buildup is required. And once the festive season is over, very gradually it starts coming down. Same way for the wedding season.

So these business requirements have to be taken into account. And hence, I would like to conclude that we are at, a reasonably correct inventory level, maybe a small correction can be made, but not really much.

In terms of borrowing, one has to remember that more than 50% is gold on loan. The total borrowings may look like they have more or less remained same. But let me assure that actual bank borrowings have reduced considerably; in fact it has reduced by more than Rs. 100 crores from June quarter to September quarter. And it is just that we have ensured that the gold loan, the inventory that is being procured on gold loan has gone up by approximately the same amount. So on an overall basis it appears that the total borrowings are more or less same. But actually there is a huge reduction in the bank borrowings which is why the finance cost has started coming down a little bit, although a long way to go. And in the next few quarters you will see that finance cost will certainly be coming down substantially. I think we are very, very well placed as far as borrowings are concerned.

Digant Haria: It is good to hear. So my second question is on the festive season, like what was your experience in this festive season versus last year because I think we had, at least it was a good festive season, the two, three days of Diwali that is what we hear?

Saurav Banerjee: Yes, so when we talk about festive season it all begins with Dussera, so Dussera is the first major festive season within the festive days, followed by Dhanteras and the few days leading up to Diwali. So there are several very important days that customers look forward to. And festive season has been very good for us, we have seen a huge traction, lot of customers coming in and making a purchase, new customer base being built, people who are experiencing TBZ for the first time, people who are experiencing a jewellery purchase for the first time. So I think the festive season has gone very well for us, we are very confident and buoyant about doing better with long wedding season. And we have seen fair amount of growth when we compare with the last year's festive season. So I think the third quarter has begun on the right note and hopefully that is how it will be.

Digant Haria: And then lastly on this, whatever has happened in the economy in the last three days, the demonetization, what way do you guys see it? I am not talking about whether the customer is walking with white money or black money, but how do you see the interplay between the unorganized jewelers and the organized players like you? Do you see any trends which will emerge once this entire storm settles and people probably buy it with more plastic money rather than cash money?

Saurav Banerjee: I think absolutely certainly people would have understood what it is all about, I am not getting into the details. But we all know, we are intelligent enough to understand what the government wants to do and how they want to go about. So I think taking a cue from that, I am sure that people will be wary of their purchases and I think lot of confidence will be put on plastic money or bank transaction. I am not saying that everybody in the unorganized sector is doing something different, I am not saying all that. I am just saying that the manner in which a jewellery is purchased will be far more disciplined. Obviously, the organized sector is better placed because there is better corporate governance, there are rules and regulations, there is internal financial control, there are lot of things that have been done to ensure a fair transaction happening between the customer and the business. Unorganized sector may probably not be adept or have probably not understood that this is the need of the hour. So everybody will learn their lessons but I think that is about it.

Moderator: Thank you. We have the next question from the line of Mr. Rohit Pothy from Parag Parikh Mutual Funds. Please go ahead.

Rohit Pothy: Sir, this is my first time with the company. I just want to understand the franchisee model better. So what does our company provide to the franchisees, how is the inventory managed,

do we look after the management, I mean, how do we generate revenues or how is the revenue recognized from them, if you could give us a broad idea of that that will be great.

Saurav Banerjee: I will just touch upon, probably you know we can take it off line because otherwise it will be difficult for me to explain and difficult for you to understand. But very, very briefly let me tell you that the franchisee model that we have taken up is an asset light model wherein the inventory is upfront sold to the franchisee against 100% advance payment by them. So the inventory passes on to the franchisee. So he invests in the inventory entirely and it is his call. He also invests in the CAPEX, 50% of the CAPEX is borne by the franchisee, 50% by the company. The training and the manner in which the sales need to take place is completely provided and driven by the company. But the staff belongs to the franchisee. So every employee is in the books of the franchisee, they are not our employees and we just give the training and the handholding, we station our people there in the initial stages so that the franchisee learns the things quickly enough and understands the nuances of the business. The advertising and marketing is completely controlled by the company, because that is related to our brand and we would not do anything to dilute the brand in anyway. So that is completely controlled by us in any case. Otherwise all the other expenses are incurred by the franchisee for his own business. And so this is briefly how it is. And I would love to share the other details offline.

Rohit Pothy: So how do we control the customer experience, if I may understand, because the employees and the owner is different, how does our company ensure that the TBZ experience is maintained across the franchisee stores?

Saurav Banerjee: So keeping that in mind, the first moto that we have is that when a customer walks in to a franchisee store, he or she will know that this is a TBZ store actually. So the look and the feel of the store, the services that are rendered to the customer, the greetings right from the time the customer is greeted on entry into the store till the sale happens and whatever after sale is required, everything is taught and trained and hand held by the company. And the customer gets exactly the same experience as he would get in a TBZ owned store. We have also designed a training calendar, throught that we ensure that the training and the upliftment of knowledge and the knowledge sharing happens continuously with the franchisee employees about the product, about the designs, about gold, about diamond, about each and everything. Plus, we do mystery audits, we have our own teams who visit the stores who ensure that the highest standards are maintained. We take into account the findings of those audits and they are shared and they are explained to the franchisee. And finally, we have a variable sort of a pay or some sort of a percentage which the franchisee stands to earn if he qualifies completely and fully in audits and all the other standard operating processes that we have. So this is the way that we ensure that the customer experience is of the highest order.

Rohit Pothy: And one last question is, so going forward this will be the mode of expansion and the company right now does not have any plans to set up its own stores in future, is it?

Saurav Banerjee: Largely, this will be the mode of expansion. But yes, the company also has plans to setup own stores as and when it deems fit and in the areas that it deems fit in the cities. So on a very broad base, one can say that about 75% to 80% expansion will happen through franchisee route and the balance through own stores.

Moderator: Thank you. We have the next question from the line of Laxminarayan from Catamaran. Please go ahead.

Laxminarayan: Sir, if I just read through your comments, does it mean to say that firms such as TBZ will actually emerge stronger as we look at like one, two years down the line given that the so called changes in the money circulation is taking place. So is that something which you are thinking that you will actually be much more positive than the industry and you can actually surge forward?

Saurav Banerjee: Yes, absolutely. TBZ will certainly emerge stronger, I mean, it is already a very strong player. And it will emerge stronger. As we said, the rules and regulation that a government forms is largely to protect the right minded citizen and the people who do business the right way. So yes, the branded players, particularly the top notch and very, very well-known recognized brands like TBZ will certainly emerge much stronger, there is no reason to worry at all. As I said, it is for them to worry who are probably looking the other way, but I think as I said earlier also, there is no cause for concern. Going forward, the organized sector will be stronger within which obviously TBZ will be one of the strongest.

Laxminarayan: Now, any broad quick back of the envelope calculations you have done in terms of what will be the growth trend of the industry and how firms like you would actually grow faster because of these changes. Any thought on that in terms of percentage growth?

Saurav Banerjee: So the way to look at it is that the organized sector and within which the more stronger players, they will obviously benefit. If certain section of the industry is falling by the way side because of whatever reasons, or are not able to cope with the pressures that the government is putting on them because of whatever reasons, obviously that vacuum will be created and it will be immediately be taken up and that share of the market will be captured by a strong brand. And we believe that we are absolutely well poised to do so. So the moment we get an opportunity to look at a particular gap in the market, I think TBZ is already well placed and will do even better in terms of its brand building and in terms of ensuring that those customers come to our company. And that is one reason why we shall in any case grow. So all the regulations that have been brought about, earlier also for example Hallmarking, excise

duty, the GST which is round the corner, demonetization and whatever else is happening, I think all these measures will actually make the brand stronger.

Laxminarayan: Sir, you mentioned that almost 50% of the transactions are on cash, around 25% on the repurchase or kind of recycling the gold and then 25% on credit cards and debit cards, etc. Now, in the last two, three days what is your rate, what has happened, has there been a choking in the system or what is going on in the last two, three days, if you can just elaborate because this is a peak of the wedding season.

Saurav Banerjee: So, our stores are open as they have always been and customers are walking in and they are making their purchases as per their requirement. We have to remember that the wedding season, unlike a festival season which happens on one particular day or two to three days but a wedding season is longer, it is not restricted to few days. And those who have the wedding dates in November or December, exactly I do not know when the wedding dates are but they would have already made their purchases quite some time back. Because an Indian wedding is planned very, very well in advance and it is done in a very proper way, it is not just done off the cuff. And the wedding dates which are coming up in say December or maybe in January-February, still enough and more time for somebody to come out and make their purchases. In last two three days, our stores are open and customer who wish to purchase are coming in and making their purchases, I think that is the way to look at it. Obviously there is a cash crunch in the system but I think it is more for the basic needs rather than for other things.

Moderator: Thank you. We have the next question from the line of Rahul Agarwal from VEC Investments. Please go ahead.

Rahul Agarwal: I had two questions. Firstly on the Kalpavruksha scheme, my sense is what has the revenue been for first half? I can see the second quarter it says about Rs. 17 crores, is that correct? For the first half it would be like how much?

Saurav Banerjee: So, first half the revenues contributed by Kalpavruksha will be around Rs. 57 crores.

Rahul Agarwal: So first half is about Rs. 57 crores, second quarter was Rs. 17 crores?

Saurav Banerjee: Yes, the gold prices are something which plays a role in a KP scheme. So if there is a continuous gold price increase or if there is a sustenance of gold price at a high level for a pretty long period of time, which is what has happened this time, then sometimes we have seen that the KP enrolments or the KP scheme takes a slightly longer time to get going. So that is something that we have observed. But the good thing is that we were back to zero and from there we have climbed quite a bit. Going forward, we should be easily able to cross the Rs. 100 crores mark.

Rahul Agarwal: So fiscal 2017, obviously 3Q will have some disruption again, what is your sense for the KP scheme sales for this year?

Saurav Banerjee: We are taking enough efforts to popularize the schemes further and further, we have a separate cell which is looking into the KP scheme to ensure that it is well explained to the customers, we have lot of retail activities which are centering around the KP scheme where we reach out to the customer directly on a one-on-one basis where we explain the benefits of the scheme. So those are very well received. And again as I said, certain things probably disrupt the system for a short while but after that everything goes back to normal. So there is no real cause for concern, everybody has taken it into their stride and I think you will very soon find that it is all back to general business. There is no real concern on that front, KP scheme is doing well, it is a question of time and once we have a reasonable run we should be able to easily get back to the earlier levels and go beyond that also. And as we expand into newer territories, then obviously we have newer markets and newer customers who will come and enroll with us.

Rahul Agarwal: And you have KP schemes running at the franchisee stores as well?

Saurav Banerjee: Yes.

Rahul Agarwal: And second question, I think most of the questions are revolving around what has happened over the last few days. And I think the expectation is really to be a bit more specific in terms of getting an understanding for us as investors that broadly the understanding here is that the jewellery sector obviously gets impacted purely because of the cash transactions it has, nothing doing with white or black. But my sense is, the earlier question also was revolving around what is your feedback from the last three days from your store managers, I was also actually expecting some kind of specific analysis. If you could help us, if any if you have done that… as you are saying 50% sales are in cash but do you really think that the business is as usual that even if whatever has happened your third quarter which is obviously the highest quarter in a year will not get impacted and you would continue to do business as normally as you were doing it like before five days from now?

Saurav Banerjee: See, there are two ways to look at it. One way is to look at only the negatives of something that happens and the other way is to look at the positive of something that happens. We have to also remember that out of the third quarter, one month of the quarter is already over, that was a very, very big and important month for us which is the month of October. As I explained a little while ago that there were major festive days in the build-up to the long wedding season. So the first month of the quarter has gone by very well. Now we are left with two more months. And if there is an upheaval as has happened in the last few days, everything takes a slight bit of time to settle down. When nobody is able to withdraw money from the system because the banks are closed and the ATMs are closed and Rs. 500 and Rs.

1000 notes are no longer legal tender, obviously there will be some sort of an impact. But if that impact, if we were to take cognizance of that impact which maybe there for three, four, five, seven days, and if we were to say that is going to really spoil the entire quarter, I think that is a bit of a too much of an apprehensive thinking. So we at TBZ would not want to look at it that way. In fact, what we are looking at is that there are people who are probably in some sort of a trouble because of the announcements that are made by the government and they will have to first take care of their survival rather than do business and that gives us greater opportunity. So in a wedding season one has to remember that it is a compulsion purchase, so if I am not able to purchase from a particular store, because that store is facing a survival question mark on it, then we would rather go to a branded store like TBZ and make our purchases and have a good night's sleep. I think that is the better way of looking at it.

Rahul Agarwal: So let's say, versus your expectation of the full year five days back, your expectations till remains the same, assuming whatever market share you can gain from these kind of people that should basically meet your expectation?

Saurav Banerjee: Absolutely, that is what our reading is and in fact we are gearing up for that.

Moderator: Thank you. We have a follow-up question from the line of Digant Haria from Antique Stock Broking. Please go ahead.

Digant Haria: So I am seeing that our EBITDA margins for the last two quarters have been in the range of 5%, so do you think that this number is a number which you should look at for the full year as well or is there scope to improve that?

Saurav Banerjee: No, our efforts are always to improve. So earlier we were having a lower percentage, now we are already somewhere in the range of five. And this has been achieved due to efforts that have been put into rationalizing the costs, figuring out better ways of cost management and to ensure that the EBITDA becomes healthier. The other point that we need to remember that EBITDA is not a standalone number, it is driven by a top-line and a GP, so it is a drive down, so there is a top-line, then there is a GP, there are margins and then finally obviously the expense element. So if you look at our overall cost structure, most of them are fixed in nature but within that also we have tried to ensure that there is no major increase in any of our costs, even advertising and marketing we have tried to rationalize, or rather I would say spend it much more judiciously to ensure that we get the same sort of a mileage and support for our top-line but without having to spend so much. So I think these are conscious steps that have been taken, going forward obviously there is no end to improvement, we will look at each and every cost, we have a review system in place and that drives us to relook and relook again and then wherever possible we try and rationalize it. But we also ensure that if a spend is to be made it has to be made and the business should not suffer because of that. So

going forward I think one can look at better EBITDA margins, let us see how it progresses. But our endeavor will be to have higher EBITDA margins all the way till the end of the year.

Digant Haria: And one more question, now that in the next two, three years maybe we will have some 15 - 20 franchisees stores more so your number of stores will actually go up. So are you planning any IT system, the way say Tanishq has that if I see a design in the newspaper and if I go to Tanishq, if it is not in that store they will find out for me which store has it and they will probably get that design for me. So will we also have such a system in times to come because we will also become larger in times to come?

Saurav Banerjee: Yes, a good point. And yes we have already started work towards it. We have those systems in place and it will also be expanded to the new stores as and when they are open. So in terms of tablet, in terms of displays, in terms of giving the customer the feel of our entire range, letting them know that these are the designs that are there on offer. And just in case a store for some reason does not have a particular design, it can be straight away ordered by the customer and we will ensure that he or she has it with them at the very earliest. So that is there, we have a e-catalogue, we have the tablets in place as I said, there will be further electronic displays that we will do in the stores and the movement of designs between stores which are for some reasons not there at that very point of time will be in the hands of the customer at the shortest possible time span..

Moderator: Thank you. We have the next question from the line of Sameer Kapadia from Fortune Interfinance. Please go ahead.

Sameer Kapadia: Firstly in regards to the industry, what would be the market share of the organized player within the industry and what would be our share within that, if you can help us?

Saurav Banerjee: It is actually a little difficult to really come to a conclusion as to exactly what is the market share. But one would like to believe that the market share currently for organized player will be anything between 10% to 15%, very difficult to really pinpoint, so I am just giving a range, so you will have to bear with me on that. Going forward, obviously there are clear signs and there are those events which have happened which augurs well for the organized sector and this percentage is likely to increase very soon I suppose. Within that what is TBZ's market share, again it is a question of how we look at in a festive season or in a wedding season our market share starts going up. So I think we will leave it at that. Obviously we are one of the top most leading players in the jewellery industry and it would suffice to say that we have got to that position because of our market share.

Sameer Kapadia: Any ballpark figure if you would like to quote?

Saurav Banerjee: Really difficult, let's see if we can get something then we will tell.

Sameer Kapadia: Secondly, in regards with the two recent events, like demonetization and secondly the GST rates which have been now out. How would it impact and how would it help the organized sector to grow?

Saurav Banerjee: See, I have already spoke about the demonetization during my earlier questions that were asked. I am not sure, perhaps you would have heard them. As far as GST is concerned, we all know that the gold GST rates are still not announced by the government, so we are awaiting that piece of information. And at this stage, difficult to really pin point, because once we know the rates then things become very easy. I think we need to wait a little bit.. On an overall basis, on a very broad based basis, obviously again it will be good for the organized players and TBZ being a part of that, yes. But I think we will just wait for a while on that.

Moderator: Thank you. We have the next question from the line of Rishabh Chudgar from Enam Holdings. Please go ahead.

Rishabh Chudgar: Sir, I just wanted to get a breakup of how is your customer category, like what percentage of our revenue would come from say salaried employees, business man, if you could provide with that breakup?

Saurav Banerjee: Really difficult to say, but what I can say is that yes there has been an upsurge in the salaried class who have come forward and who have sort of made jewellery purchases in the last one year or maybe a couple of years, that percentage has definitely increased. That is a very good sign. And it is also good because a salaried person does not have to really worry about certain other elements, I hope you understand. They make their purchases through plastic money, bank transactions and that is something that is very encouraging. Basically on an overall basis I think we have a very healthy mix so we are able to cater to all categories of the society whether it is a salaried employee, within that also people who have just started earning, the youngsters and people who are in the middle age income group or higher income group, and obviously the business class and the farmers and everybody. So, I think we have a range for all types of customers and anybody who walks into the TBZ store does find a piece of jewellery which is to their liking.

Rishabh Chudgar: My next question would be, there has been a sharp fall in your other expense on a YoY basis, what has been the driver for this?

Saurav Banerjee: See, other expenses, if you look at the previous quarter or previous half year, there was a hedging loss in that quarter which gets accounted in other expense as per the accounting standards. So naturally that is the difference that you are talking about.

Rishabh Chudgar: So the entire reduction is primarily hedging loss difference?

Saurav Banerjee: I mean the major reduction is hedging loss within the other differences, obviously we have taken care of other expenses as well and tried to keep it at reasonable levels. But this is one item which we know that it happened last year. So obviously the impact has to feature in a comparative.

Rishabh Chudgar: Can you give me the number for your hedging loss?

Saurav Banerjee: It was around Rs. 9 crores.

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

Nilesh Dalvi: Thank you, everyone, for joining us today for the call. In case of any further questions, you can get in touch with me at nilesh.dalvi@dickensonir.com. I once again thank you for joining the call. Thank you.