

Date: 13<sup>th</sup> March, 2024

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

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 - 400 001.

Dear Sir / Madam,

Re.: **Tribhovandas Bhimji Zaveri Limited. Script Code & ID: 534369 / TBZ**  
Sub: **Submission of CRISIL Rating Reaffirmed and Withdrawn on the bank facilities of Rs. 625 Crores of the Company**

This is to inform you that CRISIL has reviewed ratings on the bank facilities of Rs. 625 Crores. The Rating Reaffirmed and Withdrawn by CRISIL. The rating rationale is enclosed herewith.

Total Bank Loan Facilities Rated	<b>Rs. 625 Crores</b>
Long-Term Rating	<b>CRISIL BBB+ / Stable (Reaffirmed and Withdrawn)</b>

CRISIL has reaffirmed its rating and outlook on the bank facilities of the Company at 'CRISIL BBB+ / Stable (Reaffirmed)' for the total Bank Loan Facilities Rated of Rs. 625 Crores, and subsequently withdrawn its ratings, on request of the Company and receipt of no objection certificate from the lender. The withdrawal is in line with the policy of CRISIL Ratings on withdrawal of the Bank Loan Ratings. The Company has already taken ratings from ICRA and is no longer required ratings from CRISIL and hence requested CRISIL Ratings to withdraw its ratings.

Kindly treat this as intimation under Regulations 30 and 85(2) and all other applicable regulations of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Please take the above on record and acknowledge receipt of the same.

Thanking you.

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

**Niraj Oza**  
**Head - Legal & Company Secretary**



Encl:  
CRISIL Rating Reaffirmed and Withdrawn.



CIN No : L27205MH2007PLC172598

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## Rating Rationale

March 11, 2024 | Mumbai

### Tribhovandas Bhimji Zaveri Limited

Rating Reaffirmed and Withdrawn

#### Rating Action

Total Bank Loan Facilities Rated	Rs.625 Crore
Long Term Rating	CRISIL BBB+/Stable (Rating Reaffirmed and Withdrawn)

Note: None of the Directors on CRISIL Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.

1 crore = 10 million

Refer to Annexure for Details of Instruments & Bank Facilities

#### Detailed Rationale

CRISIL Ratings has reaffirmed its rating on the long-term bank facilities of Tribhovandas Bhimji Zaveri Ltd (TBZ) and has subsequently **withdrawn** its rating, on request from the company and receipt of a no-objection certificate from the lenders. The withdrawal is in line with the policy of CRISIL Ratings on withdrawal of bank loan ratings.

The rating continues to reflect TBZ's established market position with a strong brand and experienced management, improving operating efficiency and improving financial risk profile, which is driven by better accruals. These strengths are partially offset by exposure to intense competition in the jewellery industry and large working capital requirement on account of sizable inventory.

#### Analytical Approach

To arrive at the rating, CRISIL Ratings has combined the business and financial risk profiles of TBZ and its subsidiaries, collectively referred to as the TBZ group, having common businesses and financial fungibility.

Please refer Annexure - List of Entities Consolidated, which captures the list of entities considered and their analytical treatment of consolidation.

#### Key Rating Drivers & Detailed Description

##### Strengths:

- Established market position with strong brand and experienced management:** TBZ is one of the oldest family-run jewellery businesses in India, having been established over 150 years ago. The company enjoys a strong market position, backed by its long track record and wide customer base associated with it over generations. Its promoters are among the pioneers of the concept of formal jewellery stores in India. The company expanded its presence to 33 stores in 25 cities as of November, 2023, from 14 stores in 9 cities in fiscal 2012, thereby taking the TBZ brand name to newer geographies. As a result, it has been able to reduce revenue concentration. CRISIL Ratings believes that TBZ will continue to benefit from its established market position backed by an increasing network of stores. The store expansion in the near to medium term would be undertaken through franchise route.
- Improving operating efficiency leading to better financial risk profile:** TBZ's financial risk profile is improving supported by better profitability leading to better accruals and improving capital structure. Debt protection metrics are expected to improve with interest cover of ~3 times in the current fiscal and 3-3.5 times over the medium term. The company's networth was healthy at around Rs 568 crore as on September 30, 2023 and is expected to grow to Rs ~600 cr by March 31, 2024. Gearing has improved to 0.9 time as on September 30, 2023, compared to 1.3 times in fiscal 2019 on account of healthy accretion to reserves and reduction in debt due to inventory rationalisation and closing of non-performing stores. Over the medium term as well, gearing is expected to be maintained below 1 time. Total debt has reduced to Rs 532 crore as on September 30, 2023, compared to Rs 550-600 crore in fiscals 2019 and 2020.

##### Weaknesses:

- Intense competition in the jewellery industry:** Despite its longstanding presence in the business, TBZ faces intense competition from national players such as Titan Company Ltd (CRISIL AAA/Stable/CRISIL A1+), and regional players. Furthermore, the fragmented nature of the industry has resulted in strong competitive pressures which squeeze players' margins. As the company expands its retail footprint, it will also face competition from established players in the respective local markets. The gold jewellery business is also susceptible to volatility in gold prices, and this can have adverse implications on the demand for jewellery and consequently on the operating margins. This is also reflected in TBZ's scale of operations remaining stagnant this fiscal. CRISIL Ratings believes TBZ will continue to remain exposed to intense competition due to its entry into newer geographies and competitors entering geographies dominated by TBZ.
- Large inventory holding to result in modest debt coverage indicators:** TBZ's business is working capital-intensive because of the large inventory required to be maintained by the company, as reflected in inventory of 220-260 days between fiscals 2017-2022; except for fiscal 2021 wherein inventory was higher at 296 days on account of lower scale. Jewellery retailers typically maintain large inventory of gold and other precious commodities on an ongoing basis, as they need to maintain a large variety of designs to meet customer requirements. The company, on average, maintains inventory of 4-5 months for gold and around a year for diamonds. Most of the company's borrowings are short-term in nature to fund its inventory.

#### Liquidity: Adequate

TBZ has adequate liquidity, as indicated by expected cash accrual of Rs 60-80 crore per annum against negligible term debt obligation. Bank limit utilisation averaged 82% over the 12 months through December 2023. TBZ had unutilized fund based facilities of Rs 60 crore as on December 31, 2023.

#### Outlook: Stable

CRISIL Ratings believes TBZ will continue to maintain its established market position over the medium term, supported by the promoters' extensive industry experience and its strong brand equity.

#### Rating Sensitivity factors

##### Upward factors:

- Sustenance of improvement in the operating performance, marked by growth in scale of operations and stable operating profitability
- Sustained improvement in the financial risk profile with interest coverage ratio sustaining above 2.5 times

##### Downward factors:

- Significant deterioration in operating performance
- Moderation in the financial risk profile, as reflected by weakening of interest coverage ratio to under 2.5 times on sustained basis
- Increase in inventory levels resulting in sharp increase in borrowings impacting key credit metrics

#### About the Company

TBZ, promoted by Mr Shrikant Zaveri, was set up in 1864. The company is one of India's oldest jewellery houses and was reconstituted as a public limited company from a private limited company on December 3, 2010. TBZ expanded its operations from a single showroom at Zaveri Bazaar in Mumbai to pan-India presence through its network of 33 retail showrooms in 25 cities across 12 states. Its promoters hold a 74% stake in the company, with the rest being held by public and other shareholders.

#### Key Financial Indicators

As on/for the period ended March 31	Unit	2023	2022
Revenue	Rs crore	2394	1844
Profit after tax (PAT)	Rs crore	40	20
PAT margin	%	1.68	1.09
Adjusted debt/adjusted networth	Times	0.87	0.97
Adjusted interest coverage	Times	2.45	2.18

## CRISIL Ratings Adjusted

For the 9 months ended December 31, 2023; TBZ reported a top line of Rs 1792 crore (on-year de-growth of 7.1%) with PAT of Rs 42 crore (compared to Rs 28 crore for the similar period last fiscal). Gearing as on September 30, 2023 was at 0.94 time.

**Any other Information:** Not Applicable

**Note on complexity levels of the rated Instrument:**

CRISIL Ratings' complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

CRISIL Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the CRISIL Ratings' complexity levels please visit [www.crisilratings.com](http://www.crisilratings.com). Users may also call the Customer Service Helpdesk with queries on specific instruments.

**Annexure - Details of Instrument(s)**

ISIN	Name of the Instrument	Date of Allotment	Coupon Rate (%)	Maturity Date	Issue size (Rs.Crore)	Complexity Level	Rating assigned
							with outlook
NA	Cash Credit & Working Capital Demand Loan*	NA	NA	NA	120	NA	CRISIL BBB+/Stable (Rating Reaffirmed and Withdrawn)
NA	Cash Credit & Working Capital Demand Loan@	NA	NA	NA	120	NA	CRISIL BBB+/Stable (Rating Reaffirmed and Withdrawn)
NA	Cash Credit & Working Capital Demand Loan#	NA	NA	NA	83	NA	CRISIL BBB+/Stable (Rating Reaffirmed and Withdrawn)
NA	Cash Credit & Working Capital Demand Loan\$	NA	NA	NA	41	NA	CRISIL BBB+/Stable (Rating Reaffirmed and Withdrawn)
NA	Cash Credit & Working Capital Demand Loan^	NA	NA	NA	33	NA	CRISIL BBB+/Stable (Rating Reaffirmed and Withdrawn)
NA	Cash Credit & Working Capital Demand Loan**	NA	NA	NA	183	NA	CRISIL BBB+/Stable (Rating Reaffirmed and Withdrawn)
NA	Cash Credit & Working Capital Demand Loan^^	NA	NA	NA	45	NA	CRISIL BBB+/Stable (Rating Reaffirmed and Withdrawn)

\*Includes sublimit of gold metal loan of Rs.120 crore, bank guarantee of Rs.10 crore.

@Fully interchangeable with cash credit & working capital demand loan and sublimit of Rs. 120 crore for Bank Guarantee

#Includes sublimit of bank guarantee of Rs.45 crore for gold metal loan, working capital demand loan of Rs. 70 crore

\$Fully interchangeable with cash credit & working capital demand of Rs.41 crore; Includes sublimit of bank guarantee & stand by letter of credit of Rs.41 crore for gold metal loan

^Interchangeable with working capital demand loan, bank guarantee; stand by letter of credit and gold metal loan

\*\*Includes sublimit of gold metal loan of Rs.183 crore, bank guarantee of Rs.183 crore for gold metal loan

^^Fully interchangeable with cash credit & working capital demand of Rs 45 crore; Includes sublimit of bank guarantee of Rs 20 crore for gold metal loan & sublimit of gold metal loan of Rs 45 crore

**Annexure - List of Entities Consolidated**

Name of Entities	Extend of consolidation	Rationale for consolidation
Tribhovandas Bhimji Zaveri (Bombay) Limited	Full	Strong managerial, operational, and financial linkages

**Annexure - Rating History for last 3 Years**

Instrument	Type	Current		2024 (History)		2023		2022		2021		Start of 2021
		Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT	825.0	CRISIL BBB+/Stable (Rating Reaffirmed and Withdrawn)	31-01-24	CRISIL BBB+/Stable	23-05-23	CRISIL BBB+/Stable	28-02-22	CRISIL BBB+/Stable	08-09-21	CRISIL BBB+/Stable	CRISIL BBB+/Stable

All amounts are in Rs.Cr.

**Annexure - Details of Bank Lenders & Facilities**

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Cash Credit & Working Capital Demand Loan\$	41	AxIs Bank Limited	CRISIL BBB+/Stable (Rating Reaffirmed and Withdrawn)
Cash Credit & Working Capital Demand Loan*	120	State Bank of India	CRISIL BBB+/Stable (Rating Reaffirmed and Withdrawn)
Cash Credit & Working Capital Demand Loan**	183	Union Bank of India	CRISIL BBB+/Stable (Rating Reaffirmed and Withdrawn)
Cash Credit & Working Capital Demand Loan^^	45	The Karur Vysya Bank Limited	CRISIL BBB+/Stable (Rating Reaffirmed and Withdrawn)
Cash Credit & Working Capital Demand Loan@	120	Bank of Baroda	CRISIL BBB+/Stable (Rating Reaffirmed and Withdrawn)
Cash Credit & Working Capital Demand Loan#	83	Central Bank Of India	CRISIL BBB+/Stable (Rating Reaffirmed and Withdrawn)
Cash Credit & Working Capital Demand Loan^	33	Kotak Mahindra Bank Limited	CRISIL BBB+/Stable (Rating Reaffirmed and Withdrawn)

\*Includes sublimit of gold metal loan of Rs.120 crore, bank guarantee of Rs.10 crore.

@Fully interchangeable with cash credit & working capital demand loan and sublimit of Rs. 120 crore for Bank Guarantee

#Includes sublimit of bank guarantee of Rs.45 crore for gold metal loan, working capital demand loan of Rs. 70 crore

\$Fully interchangeable with cash credit & working capital demand of Rs.41 crore; Includes sublimit of bank guarantee & stand by letter of credit of Rs.41 crore for gold metal loan

^Interchangeable with working capital demand loan, bank guarantee; stand by letter of credit and gold metal loan

\*\*Includes sublimit of gold metal loan of Rs.183 crore, bank guarantee of Rs.183 crore for gold metal loan

^^Fully interchangeable with cash credit & working capital demand of Rs 45 crore; Includes sublimit of bank guarantee of Rs 20 crore for gold metal loan & sublimit of gold metal loan of Rs 45 crore

**Criteria Details****Links to related criteria**

[CRISILs Approach to Financial Ratios](#)

[Rating criteria for manufacturing and service sector companies](#)

[CRISILs Bank Loan Ratings - process, scale and default recognition](#)

[Rating Criteria for Retailing Industry](#)

[CRISILs Criteria for Consolidation](#)

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