

Date: 31<sup>st</sup> December, 2014

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: **Intimation of assignment of the "CRISIL A2+" rating by CRISIL for Rs. 500 Million Commercial Paper (CP) Programme of the Company and also intimated about the reaffirmation of rating on the long term bank facilities of the Company by CRISIL at "CRISIL A- / Stable" (Reaffirmed)**

This is to inform you that CRISIL has assigned the "CRISIL A2+" ("CRISIL A two plus") rating for Rs. 500 Million (i.e. Rs. 50 Crores) Commercial Paper (CP) Programme of the Company and also intimated about the reaffirmation of rating on the long term bank facilities of the Company at "CRISIL A- / Stable" (Reaffirmed). The letter of rating as well as the rating rationale is enclosed herewith.

|                                            |                                           |
|--------------------------------------------|-------------------------------------------|
| Total Bank Loan Facilities Rated           | Rs. 7,350 Million                         |
| Long Term Rating                           | CRISIL A-/ Stable (Reaffirmed)            |
| Rs. 500 Million Commercial Paper Programme | CRISIL A2+ (CRISIL A two plus) (Assigned) |

Kindly treat this as intimation under the applicable Clauses of the Listing Agreement. Please take the above on record and acknowledge the receipt of the same.

Thanking You.

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

  
**Shrikant Zaveri**  
**Chairman & Managing Director**

Encl: CRISIL Letter and Rating Rationale



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www.tbztheoriginal.com

CIN. No : L27205MH2007PI C172598

CONFIDENTIAL

CN/CR/TBZ/2014/CH1034

December 31, 2014



Mr. Prem Hinduja  
Chief Executive Officer  
Tribhovandas Bhimji Zaveri Limited  
Tulsiani Chambers, 11 Floor, West wing,  
Free Press Journal Road, Nariman Point  
Mumbai - 400021

Dear Sir,

***Re: CRISIL Rating for the Rs.500 Million Commercial Paper Programme of Tribhovandas Bhimji Zaveri Limited***

All ratings assigned by CRISIL are kept under continuous surveillance and review.

CRISIL has, after due consideration, assigned the "CRISIL A2+" (pronounced "CRISIL A two plus") rating for the captioned Debt Programme. Instruments with this rating are considered to have strong degree of safety regarding timely payment of financial obligations. Such instruments carry low credit risk.

For the purpose of issuance of captioned commercial paper programme, this letter is valid for 30 calendar days from the date of the letter. In the event of your company not placing the above programme within this period, or in the event of any change in the size/structure of your proposed issue, the rating shall have to be reviewed and a letter of revalidation shall have to be issued to you. Once the instrument is issued, the above rating is valid throughout the life of the captioned commercial paper programme with a contracted maturity of one year or less.

As per our Rating Agreement, CRISIL would disseminate the rating through its publications and other media, and keep the rating under surveillance for the life of the instrument. CRISIL reserves the right to suspend, withdraw or revise the ratings assigned to the captioned programme at any time, on the basis of new information, or unavailability of information or other circumstances, which CRISIL believes, may have an impact on the rating.

Should you require any clarifications, please feel free to get in touch with us.

With warm regards,

Yours sincerely,

Sridhar C  
Director – Corporate and Infrastructure Ratings

Chaitali Nehulkar  
Manager – Corporate and Infrastructure Ratings



A CRISIL rating reflects CRISIL's current opinion on the likelihood of timely payment of the obligations under the rated instrument, and does not constitute an audit of the rated entity by CRISIL. CRISIL ratings are based on information provided by the issuer or obtained by CRISIL from sources it considers reliable. CRISIL does not guarantee the completeness or accuracy of the information on which the rating is based. A CRISIL rating is not a recommendation to buy / sell or hold the rated instrument; it does not comment on the market price or suitability for a particular investor.

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CRISIL Limited

Corporate Identity Number: L67120MH1987PLC042363

# Rating Rationale



December 30, 2014  
Mumbai

## Tribhovandas Bhimji Zaveri Limited

### 'CRISIL A2+' assigned to CP Programme

|                                         |                                      |
|-----------------------------------------|--------------------------------------|
| <b>Total Bank Loan Facilities Rated</b> | <b>Rs.7350 Million</b>               |
| <b>Long Term Rating</b>                 | <b>CRISIL A-/Stable (Reaffirmed)</b> |

(Refer to Annexure 1 for Facility-wise details)

|                                                  |                              |
|--------------------------------------------------|------------------------------|
| <b>Rs.500 Million Commercial Paper Programme</b> | <b>CRISIL A2+ (Assigned)</b> |
|--------------------------------------------------|------------------------------|

CRISIL has reaffirmed its rating on the long-term bank facilities of Tribhovandas Bhimji Zaveri Ltd (TBZ) at '**CRISIL A-/Stable**', and has assigned its '**CRISIL A2+**' rating to the company's commercial paper programme.

The ratings continue to reflect TBZ's established market position with a strong brand, and its moderate financial risk profile, marked by healthy net worth, moderate gearing and healthy liquidity. The rating also factors in the expected improvement in the company's operating performance following favourable regulatory changes such as lifting of the 80:20 rule on gold imports and reinstatement of gold on lease model. These rating strengths are partially offset by TBZ's exposure to intense competition in the jewellery industry, and large working capital requirements to fund its inventory.

TBZ's performance was impacted in 2013-14 (refers to financial year, April 1 to March 31) by the unfavourable regulatory environment which led to tight supply side curbs and a ban on the gold on lease model. The operating margin declined to 7.6 per cent in 2013-14 from 9.1 per cent in 2012-13. Interest and finance costs also increased as the company no longer had access to the gold on lease scheme. TBZ's performance deteriorated during the six months ended September 30, 2014 because of declining gold prices, discounts offered to spur demand and expenditure incurred in association with two new stores. Nevertheless, CRISIL believes that TBZ's operating performance will improve with the lifting of supply side curbs and reinstatement of the gold on lease model, expected increase in demand during the wedding season spanning from November to March and cautious expansion plans. Despite weak operating performance, TBZ maintained its moderate capital structure and ample liquidity to support its working capital requirements.

#### Outlook: Stable

CRISIL believes that TBZ will maintain its established market position over the medium term, supported by its promoters' extensive industry experience and strong brand equity. The outlook may be revised to 'Positive' if the company registers a substantial and sustained improvement in its revenue and profitability margin without deterioration in its capital structure. Conversely, the outlook may be revised to 'Negative' if TBZ registers a steep decline in its profitability margin or revenue or contracts sizeable debt to meet its working capital requirements or expansion plans, thereby adversely affecting its capital structure and liquidity.

#### 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, and has a pan-India presence through its network of 28 retail showrooms in 22 cities across 9 states, from a single showroom at Zaveri Bazaar in Mumbai.

For 2013-14, TBZ reported a profit after tax (PAT) of Rs.550.5 million on an operating income of Rs.18.24 billion, as against a PAT of Rs.686.4 million\* on operating income of Rs.16.58 billion for 2012-13. For the six months ended September 30, 2014, TBZ reported a PAT of Rs.10.72 million on operating income of Rs.8.58 billion (Rs.242.8 million on operating income of Rs.8.55 billion in 2013-14 for the corresponding period).

\* after adjusting for Rs.163.6 million of expenses incurred to raise funds through an initial public offering (IPO).

#### Annexure 1 - Details of various bank facilities

| Current facilities |                     |                  | Previous facilities |                     |                  |
|--------------------|---------------------|------------------|---------------------|---------------------|------------------|
| Facility           | Amount (Rs.Million) | Rating           | Facility            | Amount (Rs.Million) | Rating           |
| Cash Credit*       | 1950                | CRISIL A-/Stable | Cash Credit*        | 1950                | CRISIL A-/Stable |
| Cash Credit\$      | 835                 | CRISIL A-/Stable | Cash Credit\$       | 835                 | CRISIL A-/Stable |

|                                                  |              |                              |                                                  |              |                              |
|--------------------------------------------------|--------------|------------------------------|--------------------------------------------------|--------------|------------------------------|
| <b>Cash Credit@</b>                              | <b>1000</b>  | <b>CRISIL A-<br/>/Stable</b> | <b>Cash Credit@</b>                              | <b>1000</b>  | <b>CRISIL A-<br/>/Stable</b> |
| <b>Cash Credit</b>                               | <b>930</b>   | <b>CRISIL A-<br/>/Stable</b> | <b>Cash Credit</b>                               | <b>930</b>   | <b>CRISIL A-<br/>/Stable</b> |
| <b>Cash Credit#</b>                              | <b>1900</b>  | <b>CRISIL A-<br/>/Stable</b> | <b>Cash Credit#</b>                              | <b>1900</b>  | <b>CRISIL A-<br/>/Stable</b> |
| <b>Proposed Long Term<br/>Bank Loan Facility</b> | <b>113.3</b> | <b>CRISIL A-<br/>/Stable</b> | <b>Proposed Long Term<br/>Bank Loan Facility</b> | <b>113.3</b> | <b>CRISIL A-<br/>/Stable</b> |
| <b>Term Loan</b>                                 | <b>191.7</b> | <b>CRISIL A-<br/>/Stable</b> | <b>Term Loan</b>                                 | <b>191.7</b> | <b>CRISIL A-<br/>/Stable</b> |
| <b>Working Capital<br/>Demand Loan^</b>          | <b>430</b>   | <b>CRISIL A-<br/>/Stable</b> | <b>Working Capital<br/>Demand Loan^</b>          | <b>430</b>   | <b>CRISIL A-<br/>/Stable</b> |
| <b>Total</b>                                     | <b>7350</b>  | <b>--</b>                    | <b>Total</b>                                     | <b>7350</b>  | <b>--</b>                    |

\* Includes sublimit of metal gold loan of Rs.1400.0 Million, bank guarantee of Rs.1400.0 Million.

\$Fully inter-changeable with working capital demand loan and includes sublimit of bank guarantee of Rs.100 Million.

@Includes sublimit of gold loan of Rs.1000.0 Million, working capital demand loan of Rs.300.0 Million, letter of credit of Rs.60.0 Million, and financial guarantee of Rs.150.0 Million.

#Includes sublimit of bank guarantee of Rs.1400 Million.

^Includes sublimit of cash credit of Rs.330.0 Million, bank guarantee of Rs.330.0 Million and stand by letter of credit of Rs.330.0 Million.

| <b>Media Contacts</b>                                                                                                                                                                                                                                                                                       | <b>Analytical Contacts</b>                                                                                                                                                                                                                    | <b>Customer Service Helpdesk</b>                                                                      |
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Last updated: August, 2014

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December 30, 2014

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CRISIL has revised its rating symbols and definitions with effect from July 11, 2011, to comply with the SEBI circular, 'Standardisation of Rating Symbols and Definitions'. The revised rating symbols carry the prefix, 'CRISIL'. The rating symbols for short-term instruments have been revised to 'CRISIL A1', 'CRISIL A2', 'CRISIL A3', 'CRISIL A4', and 'CRISIL D' from the earlier 'P1', 'P2', 'P3', 'P4', and 'P5', respectively. The revision in the rating symbols and definitions is not to be construed as a change in the ratings. For details on revised rating symbols and definitions, please refer to the document, 'Revision of Rating Symbols and Definitions', at the link, <http://www.crisil.com/ratings/credit-rating-scale.html>