

February 24, 2026

## Tribhovandas Bhimji Zaveri Limited: Rating reaffirmed; rated amount enhanced

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term – Fund-based working capital/Cash Credit	725.00	900.00	[ICRA]A- (Stable); reaffirmed and assigned for enhanced amount
Long term – Fund-based -Term loans	7.50	15.00	[ICRA]A- (Stable); reaffirmed and assigned for enhanced amount
<b>Total</b>	<b>732.50</b>	<b>915.00</b>	

\*Instrument details are provided in Annexure I

### Rationale

The rating reaffirmation considers Tribhovandas Bhimji Zaveri Limited's (TBZ) stable business profile, supported by the promoters' extensive experience in the jewellery retail industry, which has enabled TBZ to establish a strong brand name, particularly in Maharashtra and Gujarat, and an accelerated formalisation in the industry, benefitting the organised jewellery retailers like TBZ. Buoyant gold prices impacted volumetric demand but led to a healthy 13.5% growth in the company's operating income in 9M FY2026 on a YoY basis. Gain from unhedged gold inventory due to a sharp rise in gold prices and operating leverage emanating from healthy revenue growth have strengthened the company's profitability, as reflected in an operating margin of 10.5% in 9M FY2026 vis-à-vis 6.5% in 9M FY2025. TBZ's working capital requirement remains high due to its moderate inventory turnover. A sharp rise in gold prices led to a further increase in the overall working capital requirement. As a result, its leverage increased since FY2025. The company's TOL/TNW stood at 1.9 times as on September 30, 2025, gradually increasing from 1.4 times as on March 31, 2024. However, the company's planned expansion through the franchisee model, wherein the capital requirement is lower, and healthy accretion to reserves are likely to improve the leverage ratios, going forward. Despite an increase in interest expense with rising debt level, a significant improvement in earnings strengthened TBZ's interest coverage ratio, which stood at 4.7 times in 9M FY2026 vis-à-vis 3.5 times in 9M FY2025.

Historically, TBZ remained conservative about its store expansion plan, as reflected by a net addition of four stores only over the last three fiscals. It opened two own (company owned company operated [COCO]) stores in the beginning of the current fiscal, however, no further store addition has taken place so far, except relocation of an existing store. Nevertheless, addition of a few stores is expected in the coming fiscal. While TBZ's revenue remains concentrated in western India, store expansion in other regions, mainly through the franchisee model, would help it in expanding its geographical reach in a shorter time. The rating remains constrained on account of intense competition in a fragmented industry structure and regulatory risks, which impacted the retailers' performance in the past. Nevertheless, a high share of diamond ornaments in TBZ's sales mix and its in-house diamond jewellery designing and manufacturing capability provide competitive advantages to some extent.

The Stable outlook on the long-term rating reflects ICRA's expectations that TBZ will be able to maintain its established market position as a reputed retailer of gold and diamond jewellery amidst a shift in the market share in favour of organised jewellery retailers. The company's planned expansion mainly through the asset-light franchisee model is expected to support its capitalisation and coverage metrics.

## Key rating drivers and their description

### Credit strengths

**Established market position with a strong brand name and long experience of promoters** – TBZ enjoys a strong retail presence and has a long track record in the jewellery business for more than 150 years. Vast experience of the promoters in the gold jewellery industry and the company's focus on providing ornament designs that suit specific tastes and preferences of the customers enabled TBZ to establish its strong brand and build a loyal customer base. The same lead to repeat purchases across all key markets. TBZ is a reputed player in diamond-studded jewellery, which accounts for around 30% of its sales at present. Its in-house diamond jewellery designing and manufacturing capability, through its wholly-owned subsidiary, renders cost benefit and competitive advantage, to an extent.

**Favourable long-term growth prospects of organised jewellers** – Increasing regulations in the jewellery retail industry, aimed at improving transparency and standardisation over the recent years, have accelerated the shift in the market share from unorganised to organised jewellers. The industry tailwind is likely to benefit organised jewellers like TBZ, going forward. The customs duty on gold was reduced by 9% from July 24, 2024. Sustenance of such low customs duty is likely to curb illicit import and trade of gold, in turn benefitting the organised jewellery sector.

**Focus on expansion majorly through the asset-light franchisee model likely to support leverage and coverage metrics, going forward** – The company runs 37 showrooms across 13 states in India at present, of which 32 are operated by the company and the rest five are franchisee owned, franchisee operated (FOFO) stores. The FOFO stores purchase inventory from TBZ and incurs the capex required for setting up showrooms. TBZ's gross margin remains lower for the sales made to franchisees. However, in this model, the franchisees incur the entire operational expenses, except the selling expenses, which are almost equally shared between TBZ and the franchisees. Hence, the operating margin from FOFO stores remains almost in line with COCO stores. As TBZ need not invest in inventory and capex for FOFO stores, its own working capital borrowing and interest cost remain low in this model. TBZ plans to adopt the franchisee owned, company operated (FOCO) model, going forward, wherein the capital requirement for the business will also be invested by the business partners. The company plans to rely mainly on the asset-light franchisee model for future growth, which is likely to support its capital structure and debt coverage metrics, going forward.

### Credit challenges

**High working capital intensity of operations** – Jewellery retailing business is inherently working capital intensive in nature. The company is required to maintain adequate varieties of inventory at the stores to increase customer footfall. TBZ's working capital intensity of operations remained high due to its moderate inventory turnover. A significant share of diamond in the inventory mix (31% as on March 31, 2025) reduces inventory turnover as diamond is a relatively slow-moving item compared to gold. The inventory days remained high at 226 in FY2025 vis-à-vis 210 in FY2024. A sharp rise in gold prices led to an increase in the overall inventory and working capital borrowings, weakening its consolidated TOL/TNW to 1.7 times as on March 31, 2025 from 1.4 times in the previous year. The same stood at an even higher level of 1.9 times as on September 30, 2025 due to stockpiling amid the festive season. However, the company's focus on future expansion primarily through the franchisee route is expected to limit additional inventory requirements and borrowings, reducing TOL/TNW, going forward. A portion of TBZ's working capital is met by customer advances, which stood at Rs. 150 crore as on September 30, 2025 including Rs. 101 crore towards jewellery savings scheme (TBZ Kalpavruksha). The interest obligation arising from sizeable working capital borrowing resulted in moderate coverage indicators, however, the same improved gradually in recent years. Robust profitability in 9M FY2026 strengthened TBZ's consolidated interest coverage to 4.7 times from 3.5 times in 9M FY2025.

**Significant sales concentration in Maharashtra and Gujarat, notwithstanding increasing presence in other regions** – TBZ has presence across 13 states in India. However, the major part of its revenue is derived from Maharashtra and Gujarat where the company owns and runs 10 and 9 showrooms, respectively. Maharashtra and Gujarat contributed 31% and 19% to TBZ's overall revenue, respectively in 9M FY2026. However, the geographical concentration risk is mitigated to an extent by the strong

brand name enjoyed by TBZ in these states. The company is opening new stores in other states to enhance its presence in such regions.

**Exposed to regulatory risks and intense competition prevalent in the jewellery retailing business** – The domestic jewellery sector continues to be exposed to the regulatory risks. Regulation on bullion imports and funding, mandatory PAN disclosure on transactions above a threshold amount, etc. are some of the regulations that have impacted business prospects in the past. TBZ remains exposed to changes in regulations that may impact its business profile. Further, the jewellery retail business is highly fragmented and is exposed to intense competition from organised and unorganised players. This limits the pricing flexibility enjoyed by the retailers to an extent.

## Environmental and social risks

**Environmental considerations** – Exposure to environmental risks remains low for entities in the jewellery retail industry. Few concerns include episodes of excessive rainfall/ flooding in the operating regions, impacting its jewellery stores. Additionally, possibility of rural demand for jewellery moderating during periods of crop loss, caused by physical climate change, also pose risks to revenue growth and profitability.

**Social considerations** – Exposure to social risks remains moderate for entities in the jewellery retail industry. The sector has witnessed increased focus on product quality and transparency in pricing, which supported consumer confidence. Yet, the industry participants remain exposed to changes in consumer behaviour, including a shift towards less gold-intensive daily/fashion jewellery. Additionally, with a relatively higher requirement of workforce for store operations and jewellery manufacturing, the level of wages and associated fixed costs could weigh on the margins, given the skilled nature of work.

## Liquidity position: Adequate

TBZ's liquidity position is expected to remain Adequate. Its cash flow from operations remained negative in FY2025 and the same is likely to continue in the current fiscal due to an increase in inventory consequent to a sharp rise in gold prices, despite healthy earnings. However, the company's working capital limit increased to Rs. 705 crore from Rs. 625 crore in Q4 FY2025 and further enhancement to Rs. 900 crore has been approved by lenders, which would provide liquidity back up, though there was limited cushion (Rs. 4 crore) in limit utilisation as of September 30, 2025. Advances from customers (Rs. 150 crore outstanding as on September 30, 2025), including the jewellery savings schemes, also meet a part of its working capital requirement. The company would have limited long-term debt repayment obligation of Rs. 4-5 crore per annum till FY2028 (excluding lease liabilities), and it does not have any major capex plan in the medium term, as store expansion will take place mainly through the franchisee route. TBZ has undrawn term loans of around Rs. 15 crore (Rs. 7.5 crore sanctioned recently), which would meet a significant portion of its capex requirement in the near-to-medium term.

## Rating sensitivities

**Positive factors** – TBZ's rating may be upgraded if the company registers a sustained healthy growth in revenues and earnings, strengthening its liquidity position. Improvement in the leverage and coverage metrics of the company on a sustained basis would also remain a key factor for a rating upgrade.

**Negative factors** – The rating may be downgraded in case of sustained pressure on the company's operating performance or a deterioration in its working capital cycle, adversely impacting the debt protection metrics and the liquidity position of the entity. In addition to weakening of other metrics, TOL/TNW of more than 1.6 times, on a sustained basis, would remain a key indicator for a rating downgrade.

## Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology Jewellery - Retail</a>

<b>Parent/Group support</b>	Not applicable
<b>Consolidation/Standalone</b>	For arriving at the rating, ICRA has considered the consolidated financials of TBZ. Refer to the Annexure II for the list of entities considered for consolidation.

## About the company

Tribhovandas Bhimji Zaveri Limited (TBZ), known for the brand 'TBZ- the Original', is one of India's oldest jewellery houses. It started jewellery retailing business in 1864. TBZ was incorporated in July 2007 following the conversion of a partnership firm, Tribhovandas Bhimji Zaveri. It was reconstituted as a public limited company from a private limited company in December 2010. At that time, TBZ had only one store in Mumbai. Currently, the company has 37 showrooms across 13 states in India, of which 32 are operated by the company and the rest are franchisee stores. The company is involved in retail sales of ornaments made of gold, diamond, silver, platinum and precious stones. It is a reputed player in diamond-studded jewellery. TBZ has a prominent presence in Maharashtra and Gujarat, where it runs 10 stores and 9 stores, respectively. The company got listed on NSE and BSE in 2012. The promoters hold around a 74% stake in the company and the operations are looked after by the fifth generation of the promoter family.

TBZ has a wholly-owned subsidiary called Tribhovandas Bhimji Zaveri (Bombay) Limited. It is involved in designing and manufacturing of diamond ornaments on a job-work basis for TBZ.

## Key financial indicators (audited):

<b>TBZ (Consolidated)</b>	<b>FY2024</b>	<b>FY2025</b>	<b>9M FY2025*</b>	<b>9M FY2026*</b>
<b>Operating income</b>	2,298.9	2,620.5	2,091.1	2,373.3
<b>PAT</b>	54.4	68.4	58.9	134.7
<b>OPBDIT/OI</b>	6.1%	6.6%	6.5%	10.5%
<b>PAT/OI</b>	2.4%	2.6%	2.8%	5.7%
<b>Total outside liabilities/Tangible net worth (times)^</b>	1.4	1.7	-	-
<b>Total debt/OPBDIT (times)^</b>	4.4	4.6	-	-
<b>Interest coverage (times)</b>	2.8	3.1	3.5	4.7

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; \*Unaudited; ^Total outside liabilities and total debt include lease liabilities

## Status of non-cooperation with previous CRA: Not applicable

## Any other information: None

## Rating history for past three years

Instrument	Current rating (FY2026)				Chronology of rating history for the past 3 years					
	Type	Amount Rated (Rs Crore)	Date	Rating	FY2025		FY2024		FY2023	
					Date	Rating	Date	Rating	Date	Rating
Fund-based working capital/ Cash Credit	Long term	900.00	24-Feb-2026	[ICRA]A-(Stable)	18-Oct-2024	[ICRA]A-(Stable)	30-Aug-23	[ICRA]A-(Stable)	-	-
			03-Jun-2025	[ICRA]A-(Stable)						
Term loans	Long term	15.00	24-Feb-2026	[ICRA]A-(Stable)						
			03-Jun-2025	[ICRA]A-(Stable)						
Issuer Rating	Long term	-	-		18-Oct-2024	[ICRA]A-(Stable) Withdrawn	24-Aug-23	[ICRA]A-(Stable)	-	-
							30-Aug-23	[ICRA]A-(Stable)	-	-

## Complexity level of the rated instruments

Instrument	Complexity indicator
Fund-based working capital/ Cash Credit	Simple
Long-term – Fund based – Term loans	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

**Annexure I: Instrument details**

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Fund-based working capital/ Cash Credit	NA	NA	NA	900.00	[ICRA]A- (Stable)
NA	Long-term fund based – Term loans	Dec-2024	NA	Dec-2029	15.00	[ICRA]A- (Stable)

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

**Annexure II: List of entities considered for consolidated analysis**

Company Name	TBZ's Ownership	Consolidation Approach
Tribhovandas Bhimji Zaveri (Bombay) Limited	100.00%	Full Consolidation

Source: Company

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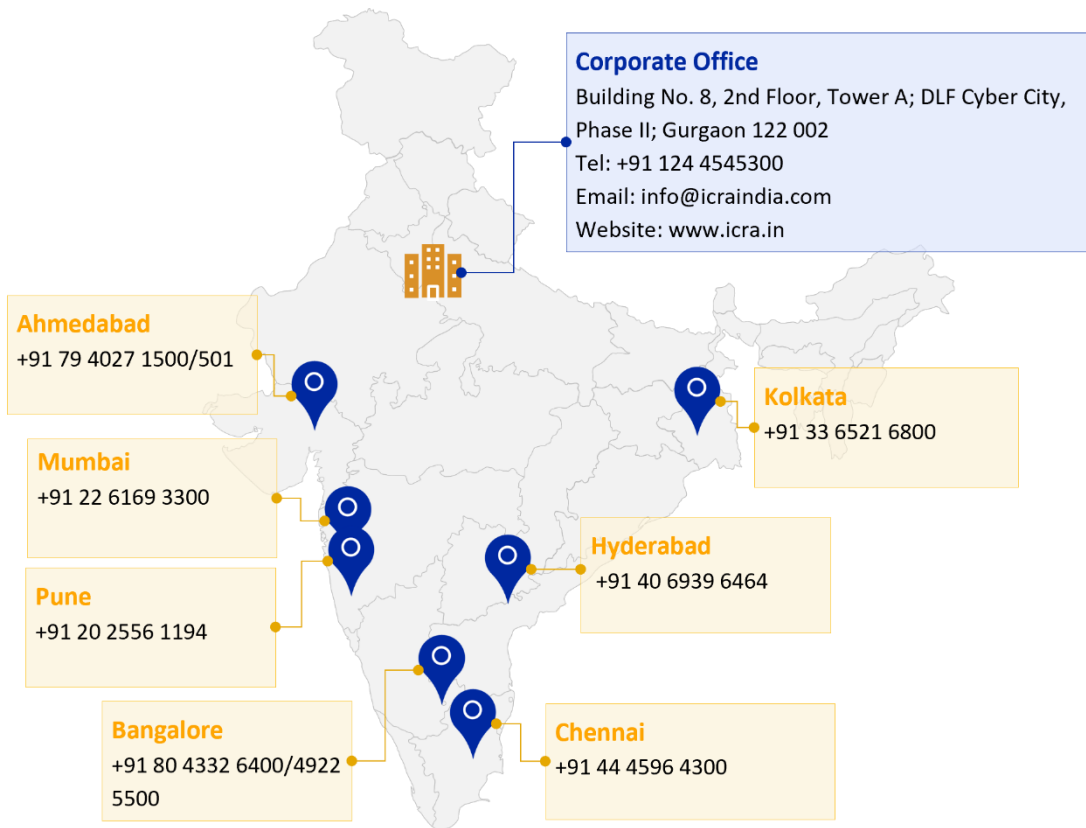
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