

APRIL 13, 2016

CARE REVISES THE RATINGS ASSIGNED TO THE BANK FACILITIES OF THE RUBY MILLS LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long term Bank Facilities	213.69 (401.34)	CARE BB- (Double B Minus)	Revised from CARE D [Single D]
Short term Bank Facilities	12.80 (12.80)	CARE A4 (A Four)	Revised from CARE D [Single D]
Total Facilities	226.49 (Rupees Two hundred twenty six crore and forty nine lakhs only)		

Rating Rationale

The revision in the ratings of The Ruby Mills Limited (TRML) factors in regularization of debt servicing from December 2015.

The ratings of The Ruby Mills Limited (TRML) continues to be constrained by the delay in receiving the clearance for the entire project despite completion stage of the real estate project, moderate overall gearing and the company's presence in the highly fragmented textile industry and cyclical real estate industry.

The ratings continue to derive strength from the experience of the promoters in the textile industry and favourable location of the real estate project.

The ability of the company to market and sell/lease the property in a timely manner, obtain the occupancy certificate for remaining area and ability to improve its profitability margin in textile business and its capital structure are the key rating sensitivities.

Background

The Ruby Mills Limited (TRML) was incorporated in 1917 and started its commercial operations in 1921. TRML is one of the oldest running textile mills in Mumbai and also has a presence in real estate development. TRML is a composite mill engaged in manufacturing cotton/ blended yarn and fabric at its plant in Dadar (Mumbai), Kharsundi and Dhamni (Raigad, Maharashtra). As on March 31, 2015, TRML has installed capacity of 21,768 spindles, 744 Autocoro and 128 looms at its plant located at Dhamni, while TRML is engaged in fabric processing activity at its other facilities located at Kharsundi.

TRML is primarily engaged in manufacturing and selling of fabric (almost entire yarn produced is used for captive consumption) in the domestic market, around 99% of the total income generated from textile business is from the sales of fabric in the domestic market.

In 2007, TRML shifted part of its operations from Dadar to Raigad resulting in availability of land at prime location for real estate development. TRML has developed an IT park namely "**The Ruby**" on the aforesaid land with total leasable/saleable area of 12.50 lakh sq ft on a total FSI of 2.66 times. The Ruby, IT Park, has 39 floors, of which office area comprises of top 36 floors. TRML is engaged in both selling and leasing of the area in IT Park. TRML also book the income from IT Park as transfer of the development rights at the time of receipt of the proceeds from the sale/lease of the floors in IT Park.

¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

The Ruby House, annexed to IT Park, at a total area of 1.25 lakh sq ft has leased around 0.75 lakh sq ft. TRML generates lease income from the leased space in Ruby House. In FY15, the contribution to the total operating income from Real estate and leasing business was 17% and contribution from the textiles business was 83%.

During FY15 (refers to the period April 01 to March 31), TRML reported a total income of Rs. 237.41 crore and PAT of Rs.53.94 crore. For 9MFY16, TRML reported a total income of Rs.149.97 crore and PAT of Rs.24.29 crore.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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