

April 04, 2014

CARE REVISES/ REAFFIRMS THE RATING ASSIGNED TO THE BANK FACILITIES OF THE RUBY MILLS LTD

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	570.03 (reduced from Rs.600.85 crore)	CARE BB- [Double B Minus]	Revised from CARE BB [Double B]
Short-term Bank Facilities	12.80	CARE A4 [A Four]	Reaffirmed
Total Facilities	582.83		

Rating Rationale

The revision in the long-term rating of the bank facilities of The Ruby Mills Limited (TRML) factors in the delay in receiving the clearance, slowdown in sales of real estate alongwith cost overrun in real estate project. The ratings continue to be constrained by losses in textile operations, volatility associated with the raw material and finished goods prices in the textile operations, high overall gearing, low occupancy level for its commercial real estate project, 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 project.

The ability of company to market and sell/lease the property in 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 presence in real estate development. TRML is a composite mill engaged in the manufacturing cotton/blended yarn and fabric at its plant in Kharsundi and Dhamni (Raigad, Maharashtra), it also has fabric processing unit at Dadar, Mumbai. It has a saleable area of approximately 1.25 million square feet (msf) comprising 39 floors (with 36 office floors) and is estimated at a cost of Rs.844.32 crore.

During FY13 (refers to the period April 01 to March 31), TRML reported total operating income of Rs.204.17 crore and PAT of Rs.30.48 crore. During 9MFY14, TRML reported total operating income of Rs.137.07 crore and PAT of Rs.11.21 crore.

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