

Date: 31st July, 2025

To, The General Manager Capital Market(Listing) National Stock Exchange of India Ltd. Exchange Plaza, BKC Bandra-Kurla Complex, Bandra (East), Mumbai-400051 Symbol: RUBYMILLS	To, Dy. General Manager Marketing Operations (Listing) The Bombay Stock Exchange P. J. Towers, Dalal Street, Fort, Mumbai-400001 Code: 503169
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Dear Sir/Madam,

Subject: Intimation regarding Credit Rating under Regulation 30 of SEBI Listing Regulations.

Dear Sir / Madam,

In connection with the captioned subject, we wish to inform you that India Ratings and Research (A Fitch Group Company) has assigns The Ruby Mills's Bank Loan Facilities '**IND BBB**'/**Rating Watch** with Developing Implications. This represents an upgrade from the previous rating of "BBB- ".

The assignment letter issued by India Ratings and Research (A Fitch Group Company) is enclosed herewith.

Kindly take the same on your records.

Thanking you,

Yours faithfully,

For THE RUBY MILLS LIMITED

Anuradha Tendulkar
Company Secretary and Compliance Officer

India Ratings Assigns The Ruby Mills’s Bank Loan Facilities ‘IND BBB’/Rating Watch with Developing Implications

Jul 30, 2025 | Residential | Commercial Projects

India Ratings and Research (Ind-Ra) has rated The Ruby Mills Limited’s (TRML) bank loan facilities ‘IND BBB’ while placing it on Rating Watch with Developing Implications as follows:

Details of Instruments

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating Assigned along with Outlook/Watch	Rating Action
Bank loan facilities	-	-	-	INR2,500	IND BBB/Rating Watch with Developing Implications	Assigned and placed on Rating Watch with Developing Implications

Analytical Approach

Ind-Ra has taken a standalone view of TRML while assigning the rating.

Detailed Rationale of the Rating Action

The rating reflects TRML’s stable revenue stream from lease rentals along with its established presence in the textile business. The rating is further bolstered by the presence of a ring-fenced cash flow structure from lease rentals, ensuring timely debt repayments, and the existence of a debt service reserve account (DSRA), which provides additional liquidity cushion. The liquidity is also supported by investments in mutual funds and government securities. However, the rating is constrained by the company’s modest credit metrics and the risk associated with lease renewals, which are expiring before the loan matures.

Ind-Ra has placed the rating on Rating Watch with Developing Implications due to uncertainty over revenue recognition in the profit and loss statement, following the execution of a new agreement, under which, ownership of certain floors is expected to be transferred to TRML.

List of Key Rating Drivers

Strengths

- Established track record of operations; experienced management
- Reputed tenants, moderate renewal risk to benefit business and operational profile in medium-to-long term
- Cash flow waterfall ensures debt servicing

Weaknesses

- Single asset concentration risk
- Weak credit metrics but steady improvement likely in medium term
- Textile division’s working capital cycle likely to remain elongated in near-to-medium term
- Scale of operations likely to remain medium in near-to-medium term

Detailed Description of Key Rating Drivers

Established Track Record of Operations; Experienced Management: Incorporated in 1917, TRML is a composite textile manufacturer engaged in the production of various types of cotton and synthetic fabrics. The company is also involved in the development, sale, and leasing of commercial real estate. TRML is promoted by the Shah family and is currently managed by the third and fourth generations of the promoters. The leadership team includes Mr. Hiren M. Shah (chairman), Mr. Bharat M. Shah (managing director), Mr. Viraj M. Shah (managing director), Mr. Purav H. Shah (executive director, chief executive officer, and chief financial officer), and Mr. Rishabh V. Shah (president), all of whom have extensive experience in the textile and real estate sectors. The promoters' deep industry knowledge and TRML's longstanding presence in the textile sector have enabled the company to build and maintain strong, long-term relationships with both customers and suppliers. Ind-Ra believes TRML will continue to benefit from its established industry presence, supported by the promoters' legacy and the company's proven operational track record.

Reputed Tenants, Moderate Renewal Risk to Benefit Business and Operational Profile in Medium-to-long Term: TRML has a stable revenue stream due to its long-term associations and contracts with established tenants such as Ernst & Young, Cathay Pacific Airways Limited, DSP Asset Managers Pvt Ltd, which together accounted for 75% of the total leased carpet area. Furthermore, the company's association with its tenants helps it in renewing contracts through mutual consent, thereby providing strong revenue visibility.

Cash Flow Waterfall Ensures Debt Servicing: The rentals from the lessee will directly flow through to the project's escrow account, on which the lender has a charge. The cash flow waterfall mechanism has been set in such a way that the first use of the rentals would be towards debt servicing, followed by taxes and regular operational and maintenance (O&M) expenses as listed in the business plan to the lender, and then towards the DSRA and creation of an interest fluctuation reserve. This serves as a ring-fence for cash flow movements outside the firm before the debt obligations are paid off. Also, other O&M expenses that are not listed in the business plan to the lender would be met only after fulfilling the debt obligations. Considering the nature of the waterfall mechanism, the banker has mitigated the repayment risk if the rental income is deposited by tenants in a timely manner, assuming the company's tax payments and operational expenses are not substantial.

Single Asset Concentration Risk: TRML's reliance on a single asset exposes it to risks associated with any adverse changes in the asset's operational performance or shifts in the demand-supply dynamics of the Dadar area. However, the group's over 15 years of industry experience and the property being a well-known landmark mitigates this risk to some extent. This also enhances its appeal and significance among tenants, contributing to its sustained occupancy and rental potential.

Weak Credit Metrics but Steady Improvement Likely in Medium Term: The net leverage (adjusted net debt/EBITDA) deteriorated significantly to 4.91x in FY25 (FY24: 2.53x), mainly driven by an increase in the long-term borrowings of INR2,939.25 million (INR1,896.07 million). The company availed a lease rental discounting loan of INR2,500 million in December 2024, of which INR1,000 million has been disbursed, for making payment towards development partner and upgradation of parking facility, lobby renovation, among others. Thus, Ind-Ra expects the net leverage to remain above 5.0x till FY28 and the interest coverage operating EBITDA/gross interest expense) to fall below 2.0x from FY26 (FY25: 9.57x; FY24: 11.91x).

Textile Division's Working Capital Cycle Likely to Remain Elongated in Near-to-medium Term: The gross working capital cycle elongated to 379 days in FY25 (FY24: 304 days; FY23: 195 days; FY22: 186 days), mainly due to an increase in inventory days to 396 (321; 208; 232) primarily due to grey fabric.. The creditor days also increased to 58 in FY25 (FY24: 49; FY23: 48; FY22: 78). Ind-Ra expects the working capital cycle to remain elongated in the near-to-medium term, primarily due to the nature of the textile industry, which requires maintenance of substantial inventory in the form of grey fabrics to effectively manage supply chain demand.

Scale of Operations Likely to Remain Medium in Near-to-medium Term: TRML's revenue increased to INR2,427.08 million in FY25 (FY24: INR2,370.20 million; FY23: INR2,596.50 million) primarily driven by improved performance of the textiles business segment to INR2,087.52 million (INR1,971.70 million; INR2,261.40 million). However, revenue from the real estate lease rentals segment declined to INR339.56 million in FY25 (FY24: INR398.50 million), attributed to the vacancy of a key tenant. As a result, TRML's EBITDA declined to INR454.04 million in FY25 (FY24: INR553.66 million; FY23: INR515.62 million), with EBITDA margins contracting to 18.71% in FY25 (FY24: 23.40%; FY23: 19.90%). Ind-Ra

expects the scale of operations to remain medium in the near-to-medium term on the back of long-term lease agreements with the tenants.

Liquidity

Adequate: The company maintains a DSRA, equivalent to three months of repayment obligations, in the form of fixed deposits. The DSRA stood at INR85 million at FYE25. The company reported a cash balance of INR48.94 million at FYE25 (FYE24: INR184.32 million;) and liquid investments in mutual funds and governments securities to the tune of INR1,003.66 million (INR548.173 million). Rent collections are deposited into an escrow account, with surplus cash accessible to the company only after meeting its debt servicing obligations. In addition to the escrowed property, TRML generates rental income of INR10.9 million per month which further strengthens liquidity and financial flexibility. The debt service coverage ratio, based on scheduled repayments, is likely to remain above 1.20x during the loan tenure. TRML has scheduled debt obligations of INR306.56 million in FY26, INR379.43 million in FY27 and INR442.19 million in FY28. The DSRA requirements will be adjusted after 36 months, based on the revised repayment and interest obligations for the remaining loan tenure. Additionally, the company holds vacant floors, which provide a liquidity cushion and enhance financial flexibility.

Rating Sensitivities

The Rating Watch with Developing Implications indicates that the ratings could be upgraded, affirmed, or downgraded. Ind-Ra will resolve the rating watch upon completion of execution of the memorandum of association with Mindset Estates Pvt Ltd.

Any Other Information

Not applicable

About the Company

Incorporated in 1917, TRML is a Maharashtra-based textile manufacturer engaged in the manufacturing of various types of cotton and synthetic fabrics, as well as the development, renting and sale of commercial space. The company’s spinning and weaving unit is in Dhamni and fabric processing unit is in Kharsundi, Maharashtra. The company receives steady rental income from various lessees across multiple floors of The Ruby Tower. Its key tenants include Cathay Pacific Airways Limited, IMCD India Private Limited, DSP Asset Managers Pvt Ltd, Signet Excipients Private Limited, and Ernst & Young.

Key Financial Indicators

Particulars	FY25	FY24
Revenue (INR million)	2,427.08	2,366.58
EBITDA (INR million)	454.04	553.66
EBITDA margin (%)	18.71	23.40
Gross interest coverage (x)	9.57	11.91
Net leverage (x)	4.91	2.53
Source: TRML; Ind-Ra		

Status of Non-Cooperation with previous rating agency

Not applicable

Rating History

Instrument Type	Rating Type	Rated Limits (million)	Current Rating/Rating Watch
Bank loan facilities	Long-term	INR2,500	IND BBB/Rating Watch with Developing Implications

Bank wise Facilities Details

The details are as reported by the issuer as on (30 Jul 2025)

#	Bank Name	Instrument Description	Rated Amount (INR million)	Rating
1	Union Bank of India	Term loan	2500	IND BBB/Rating Watch with Developing Implications

Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Bank loan facilities	Low

For details on the complexity level of the instruments, please visit <https://www.indiaratings.co.in/complexity-indicators>.

Contact

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About India Ratings and Research: India Ratings and Research (Ind-Ra) is committed to providing India's credit markets accurate, timely and prospective credit opinions. Built on a foundation of independent thinking, rigorous analytics, and an open and balanced approach towards credit research, Ind-Ra has grown rapidly during the past decade, gaining significant market presence in India's fixed income market.

Ind-Ra currently maintains coverage of corporate issuers, financial institutions (including banks and insurance companies), finance and leasing companies, managed funds, urban local bodies and project finance companies.

Headquartered in Mumbai, Ind-Ra has seven branch offices located in Ahmedabad, Bengaluru, Chennai, Delhi, Hyderabad, Kolkata and Pune. Ind-Ra is recognised by the Securities and Exchange Board of India, the Reserve Bank of India and National Housing Bank.

India Ratings is a 100% owned subsidiary of the Fitch Group.

For more information, visit www.indiaratings.co.in.

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Evaluating Corporate Governance

Corporate Rating Methodology

Policy for Placing Ratings on Rating Watch

The Rating Process

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