

#### February 12, 2024

# Matrix Clothing Private Limited – Placed on Rating Watch with Developing Implications

## Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Outstanding
Long-term Fund-based – Term Loan	1.64	1.64	[ICRA]BBB+; Placed on Rating Watch with Developing Implications
Short-term – Fund Based – working capital	106.80	106.80	[ICRA]A2; Placed on Rating Watch with Developing Implications
Total	108.44	108.44	

\*Instrument details are provided in Annexure-1

#### Rationale

As per exchange filing of Gokaldas Exports Limited (GEL) dated February 01, 2024, Matrix Clothing Private Limited (MCPL) has entered into an agreement with GEL to transfer the entire equity share capital of its 100% subsidiary- Matrix Design & Industries Private Limited (MDIPL) at an enterprise value of Rs. 489 crore. As per the agreement, MCPL will transfer its apparel business to its wholly owned subsidiary- MDIPL, which will be acquired by GEL. Out of the total enterprise value, Rs.247.5 crores would be paid by way of preferential allotment of shares of GEL through share swap, Rs.155 crore would be paid to wards settling the existing debt of MDIPL availed from MCPL and a cash consideration of Rs.86.5 crore would be paid to MCPL. The transaction is also subject to various regulatory and shareholder approvals.

ICRA has taken note of the above event and has placed the outstanding ratings of [ICRA]BBB+ (pronounced ICRA triple B plus) and [ICRA]A2 (pronounced ICRA A two) on rating watch with developing implications given that the clarity on the deployment of cash, which would be available to MCPL and its future cash flows will emerge only post the successful completion of the MDIPL acquisition by GEL. ICRA would continue to monitor the developments in this regard and will take an appropriate action as may be required.

Please refer to the following link for the previous detailed rationale that captures key rating drivers and their description, liquidity position, rating sensitivities, and key financial indicators: <u>Click here</u>

# **Analytical approach**

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Textiles - Apparels
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of MCPL, details of which have been enlisted in Annexure II.

## About the company

MCPL, incorporated in 1977, manufactures apparels for the international markets. MCPL's current product portfolio consists of knitwear and woven apparel. The company has dedicated divisions for each of the following product lines—men's knitwear, men's woven wear and women's apparel. While the men's division includes golf apparel, performance wear, rugbies, sweats, hoodies, jackets and boxer shorts, the women's division has embroidered, sequins, prints, casuals and lounge wear. MCPL manufactures all its products at its facilities in Gurgaon.



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

## Any other information: None

## **Rating history for past three years**

	Instrument	Current Rating (FY2024)				Chronology of Rating History for the past 3 years		
		Type Rated Outsta (Rs. Feb	Rated	Amount Outstanding as of Feb 6, 2024	Date & Rating in FY2024	Date & Rating in FY2023	Date & Rating in FY2022	Date & Rating in FY2021
			(Rs. crore)	Feb 12, 2024	Mar 14, 2023	Feb 17, 2022	Nov 10, 2020	
1	Fund-based – Term Loan	Long- term	1.64	0.0	[ICRA]BBB+; Rating Watch with Developing Implications	[ICRA]BBB+ (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB- (Stable)
2	Fund-based – Working Capital	Short- term	106.8	-	[ICRA]A2; Rating Watch with Developing Implications	[ICRA]A2	[ICRA]A3+	[ICRA]A3

# Complexity level of the rated instrument

Instrument	Complexity Indicator
Long-term Fund-based – Term Loan	Simple
Short-term-Fund-based working capital	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, is available on ICRA's website: <u>Click Here</u>



#### **Annexure-I: Instrument details**

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Long-term Fund-based – Term Ioan	October 2017	NA	FY2024	1.64	[ICRA]BBB+; Rating Watch with Developing Implications
NA	Fund-based – Working Capital	NA	NA	NA	106.80	[ICRA]A2; Rating Watch with Developing Implications

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	Ownership	Consolidation Approach
Matrix Clothing Private Limited	Holding Company	Full Consolidation
Subsidiary Companies		
Tangerine Design Private Limited	100.00%	Full Consolidation
Matrix Clothing Private Limited Jordan LLC	100.00%	Full Consolidation
Matrix Horizons Pvt Ltd	100.00%	Full Consolidation
MHPL Clothing Pvt. Ltd.	100.00%	Full Consolidation
Joint Venture Company		
Centre of Excellence In Design Limited	50.00%	Proportionately Consolidated
Associate Company		
Basko Finance and Leasing Pvt Ltd	-	Equity Method

Source: MCPL annual report FY2022



## **ANALYST CONTACTS**

Jayanta Roy 91-33-71501100 jayanta@icraindia.com

Sumit Jhunjhunwala 91-33- 7150 1111 sumit.jhunjhunwala@icraindia.com Priyesh Ruparelia 91-22- 61693328 priyesh.ruparelia@icraindia.com

Prerna Aggarwal 91-124-3341380 prerna.aggarwal1@icraindia.com

## **RELATIONSHIP CONTACT**

L. Shivakumar +91 22 6114 3406 shivakumar@icraindia.com

## MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani Tel: +91 124 4545 860 communications@icraindia.com

## Helpline for business queries

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

## **About ICRA Limited:**

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in



# **ICRA Limited**



# **Registered Office**

B-710, Statesman House, 148, Barakhamba Road, New Delhi-110001 Tel: +91 11 23357940-45



# © Copyright, 2024 ICRA Limited. All Rights Reserved.

#### Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.