

August 02, 2023

Modenik Lifestyle Private Limited: Update on entity

Summary of rating action

Instrument*	Previous ^{Rated} Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long/Short term - Fund based limits	250.00	250.00	[ICRA]A+(Stable)/[ICRA]A1+; outstanding
Total	250.00	250.00	

*Instrument details are provided in Annexure-1

Rationale

ICRA has recently come to know that the interest to the tune of Rs.0.13 crore on Working Capital Demand Loan (WCDL) of Modenik Lifestyle Private Limited (MLPL), which was to be paid on the last day of the month as per the terms of the sanction letter, was charged by one of the banks on April 29, 2023 as the last date of the month fell on a Sunday. The same was paid by MLPL on the next working day, i.e. May 2, 2023. ICRA also understands that no penal interest was charged by the bank on the pending interest amount. As per information available, MLPL had at that time cash and bank balances of ~Rs.6.5 crore as well as a substantial headroom of ~Rs.124 crore in terms of undrawn working capital limits with its bankers, which was sufficient relative to the interest payment obligation.

In ICRA's assessment, looking at the facts, the above incident is on account of operational issues and does not reflect the financial inability or unwillingness of the company to meet its debt service obligations on time. Hence, the same has not been considered as a default by ICRA, in line with its Default Recognition Policy. ICRA has outstanding ratings of [ICRA]A+(Stable)/[ICRA]A1+ for the Rs. 250-crore bank facilities availed by the company. The ratings remain unchanged at [ICRA]A+(Stable)/[ICRA]A1+.

Please refer to the following link for the previous detailed rationale that captures key rating drivers and their description, the liquidity position, key financial indicators and rating sensitivities: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology Rating Methodology for Entities in the Textiles Industry - Apparels
Parent/Group Support	Not applicable
Consolidation/Standalone	The ratings are based on the standalone financial profile of the company.

About the company

Modenik Lifestyle Private Limited (MLPL, erstwhile Dixcy Textiles Private Limited), wholly owned by Advent International, is primarily involved in making innerwear for men, women and kids. The company's products are sold in the domestic market under two major brands, namely Dixcy and Enamor. This apart, the company has a licence agreement with Levis in the male innerwear segment, as per which it has design, production and marketing licence for the products sold under the Levis brand. Pursuant to a National Company Law Tribunal (NCLT) order in May 2021, Advent International (the common parent entity) had amalgamated Gokaldas Intimatewear Private Limited (GIPL) and Hinduja Investments Private Limited (HIPL) with MLPL, effective from September 16, 2019.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current rating (FY2024)		Chronology of rating history for the past 3 years				
		Amount rated (Rs. crore)	Amount outstanding (Rs. crore)*	Date & rating in FY2024	Date & rating in FY2023	Date & rating in FY2022	Date & rating in FY2021	
				Aug 02, 2023	Sep 22, 2022	Aug 19, 2021	Nov 11, 2020	
1	Fund-based bank facilities	Long/Short term	250.0	~124	[ICRA]A+(Stable)/ [ICRA]A1+	[ICRA]A+(Stable)/ [ICRA]A1+	[ICRA]A+(Stable)/ [ICRA]A1+	[ICRA]A+(Stable)/ [ICRA]A1+
2	Unallocated	Long/Short term	0.0	-	-	-	[ICRA]A+(Stable)/ [ICRA]A1+	-

*Amount outstanding as on April 30, 2023

Complexity level of the rated instrument

Instrument	Complexity Indicator
Long-term/ Short -term – Fund-based bank facilities	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 / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Long/Short term - Fund based limits	-	-	-	250.00	[ICRA]A+ (Stable)/[ICRA]A1+

Source: MLPL

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

Annexure-II: List of entities considered for consolidated analysis – Not Applicable

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