

MANUFACTURER OF ELECTRICAL CONTACTS FOR LOW, MEDIUM & HIGH VOLTAGE SWITCHGEAR INDUSTRY

**MODISON ®  
METALS LIMITED**

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CIN NO: L51900MH1983PL0029783

12-10-2021

BSE Limited,  
Department of Corporate Services  
Listing Department  
P J Towers,  
Dalal Street,  
Mumbai 400 001  
Scrip Code: 506261

National Stock Exchange of India Limited  
Listing Department,  
Exchange Plaza, Plot no. C/1,  
G Block, Bandra-Kurla Complex,  
Bandra (E), Mumbai - 400051  
Scrip Symbol: MODISNME

Dear Sir/Madam,

**Sub: INTIMATION FOR WITHDRAWAL OF RATING ASSIGNED BY CARE RATING ON THE REQUEST OF THE COMPANY**

We wish to inform you that CARE Ratings Ltd vide their letter dated 11<sup>th</sup> October 2021 has reaffirmed and withdrawn the outstanding ratings of 'CARE A; Stable/CARE A1' [Single A; Outlook: Stable/ A One] assigned to the bank facilities of the Company with immediate effect. The above action has been taken at the request of the Company and 'No Objection Certificate' received from the bank that have extended the facilities rated by CARE Ratings Ltd.

Further, we wish to inform you that the Company has availed the services of India Ratings and Research Private Limited for assigning ratings for the bank facilities of the Company, which would be informed to the stock exchanges separately.

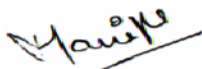
A copy of the letter received from CARE Ratings Ltd is attached herewith for your information.

You are requested to take this information on records.

Thanking You,

Yours faithfully,

For **Modison Metals Limited**



**Manika Arora**  
**Company Secretary & Compliance Officer**

WORKS: 85/A, B,D & E. 'E' ROAD, PHASE 1, GIDC, VAPI. DIST. VALSAD, GUJARAT-396195. INDIA  
TEL.+91-260-243 1093, FAX: +91-260-240 0209

No. CARE/HO/RL/2021-22/2611

**Shri Ramesh Kothari**  
**Vice President**  
**Modison Metals Limited**  
Plot No- 85-A, B, D & E,  
Road I-Phase, GIDC,  
Vapi, Gujarat – 396195

October 11, 2021

**Confidential**

Dear Sir,

**Withdrawal of rating assigned to the Bank Facilities of Modison Metals Limited**

At the request of the company vide email dated October 1, 2021 along with 'No Objection Certificate' dated September 4, 2021 from HDFC Bank, we hereby withdraw the outstanding rating of CARE BBB+; Stable/ CARE A3+ assigned to the bank facilities of your company with immediate effect.

2. As per our normal procedure, we will be announcing the withdrawal of the rating through a Press

Release, a copy of which is enclosed. Meanwhile, please ensure that this information is not used hereafter,

**for any purpose whatsoever.**

3. In case of any future rating requirements, we will be happy to offer our services.

If you need any clarification, you are welcome to approach us in this regard.

Thanking you,

Yours faithfully,

**CARE Ratings Ltd.**

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**Annexure**  
**Press Release**  
**Modison Metals Limited**

**Ratings**

| Facilities/Instruments     | Amount (Rs. crore) | Rating <sup>1</sup> | Rating Action                               |
|----------------------------|--------------------|---------------------|---|
| Short Term Bank Facilities | ---                | ---                 | Reaffirmed at CARE A: Stable                |
| Total Bank Facilities      | 0.00<br>(Rs. Only) |                     | Reaffirmed at CARE A1 (A One) and Withdrawn |

*Details of Instruments/Facilities in Annexure-1*

**Detailed Rationale & Key Rating Drivers**

CARE has reaffirmed and withdrawn the outstanding ratings of 'CARE A; Stable/CARE A1' [Single A; Outlook: Stable, One] assigned to the bank facilities of Modison Metals Limited (MML) with immediate effect. The above action has been taken at the request of MML and 'No Objection Certificate' received from the bank that have extended the facilities rating by CARE.

**Detailed description of the key rating drivers**

**Key Rating Strengths**

**Experienced promoters and long track record of operations:** Modison Metals Limited was established by Mr. G.L. Modi in 1965 as a trading unit. A decade later in 1975, the first manufacturing facility was set up in Mumbai for refining of Silver and exporting it. Further in 1978, the promoter started manufacturing of electrical contacts. Mr. G. L. Modi has more than four decades of experience in electrical equipment industry and has been instrumental in establishing the company as one of the leading electrical contacts manufacturing company in India. Along with Shri G.L. Modi, his son Mr. Jay Kumar Modi, his relative Mr. Rajkumar Modi (both are Whole-time Directors) and Mr. Manish Kumar Srivastava, Joint-Managing Director, who in the past has worked with various big companies take care of the business. The promoters are well supported with a professional team in place to take care of key aspects of business.

**Strong business profile being the market leader in India:** MML is a leading manufacturer of electrical contacts for high, low and medium voltage (HV, LV & MV) switchgears in India and abroad. It is the only company in India and one of the few in the world to have presence in all three segments i.e. HV, MV and LV. MML enjoys strong market position in India

**Comfortable capital structure and debt coverage ratios :**MML has highly comfortable financial risk profile with minimal term debt and only working capital borrowing which are also utilized minimally. The company generates enough gross cash accruals to fund any major capex and its day-to-day operations. Overall gearing as on March 31, 2021, stood very comfortable at 2.27 times. Total debt to EBITDA and interest coverage stood comfortable at 13.46 times and 16.98 times

respectively owing to lower debt and strong cash accruals during the year.

#### **Key Rating Weaknesses**

**Elongated working capital cycle:** The company being in heavy goods industries where realization of receivables usually takes higher time, MML has to extend around 90-100 days to its receivables. With higher inventory holding period & higher collection period and minimal creditors' period, the operating cycle is elongated which makes the operations working capital intensive.

**Exposure to fluctuation in prices of raw materials:** MML is exposed to inherent risk of price fluctuation of its major raw material i.e. Silver. The raw materials account for around 80% of the total cost of sales. MML has arrangement to procure silver on monthly basis where-in prices are reset on weighted average basis and are linked to LME prices. The Company is a net exporter i.e. its exports are higher than the imports. The company holds its entire inventory

| Brief Financials (Rs. crore) | 31-03-2020 (A) | 31-03-2021 (A) |
|------------------------------|----------------|----------------|
| Total operating income       | 224.81         | 293.09         |
| PBILDT                       | 29.15          | 41.09          |
| PAT                          | 15.11          | 22.43          |
| Overall gearing (times)      | 0.18           | 0.07           |
| Interest coverage (times)    | 13.36          | 18.88          |

A: Audited

**Status of non-cooperation with previous CRA: Not Applicable**

**Any other information: Not Applicable**

**Disclosure of Interest of Independent/Non-Executive Directors of CARE: Not Applicable**

**Disclosure of Interest of Managing Director & CEO: Not Applicable**

**Rating History for last three years: Please refer Annexure-2**

**Covenants of rated instrument / facility:** Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

**Complexity level of various instruments rated for this company: Annexure 4**

**Annexure-1: Details of Instruments / Facilities**

| Name of the Instrument      | ISIN | Date of Issuance | Coupon Rate | Maturity Date | Size of the Issue (Rs. crore) | Rating assigned along with Rating Outlook |
|-----------------------------|------|------------------|-------------|---------------|-------------------------------|---|
| Fund-based - LT-Cash Credit |      | -                | -           | -             | 0.00                          | Withdrawn                                 |
| Fund-based - LT-Cash Credit |      | -                | -           | -             | 0.00                          | Withdrawn                                 |
| Non-fund-based - ST-BG/LC   |      | -                | -           | -             | 0.00                          | Withdrawn                                 |
| Non-fund-based - ST-BG/LC   |      | -                | -           | -             | 0.00                          | Withdrawn                                 |
| Non-fund-based - ST-BG/LC   |      | -                | -           | -             | 0.00                          | Withdrawn                                 |

**Annexure-2: Rating History of last three years**

| Sr. No. | Name of the Instrument/Bank Facilities | Current Ratings |                                |        | Rating history                            |   |   |   |
|---------|--|-----------------|--------------------------------|--------|---|---|---|---|
|         |  | Type            | Amount Outstanding (Rs. crore) | Rating | Date(s) & Rating(s) assigned in 2021-2022 | Date(s) & Rating(s) assigned in 2020-2021 | Date(s) & Rating(s) assigned in 2019-2020 | Date(s) & Rating(s) assigned in 2018-2019 |
| 1       | Fund-based - LT-Cash Credit            | LT              | -                              | -      | 1)CARE A; Positive (06-Apr-21)            | -   | 1)CARE A; Positive (27-Mar-20)            | 1)CARE A; Stable (27-Mar-19)              |

|   |                             |    |   |   |                                |   |                                |                              |
|---|-----------------------------|----|---|---|--------------------------------|---|--------------------------------|------------------------------|
| 2 | Fund-based - LT-Cash Credit | LT | - | - | 1)CARE A; Positive (06-Apr-21) | - | 1)CARE A; Positive (27-Mar-20) | 1)CARE A; Stable (27-Mar-19) |
| 3 | Non-fund-based - ST-BG/LC   | ST | - | - | 1)CARE A1 (06-Apr-21)          | - | 1)CARE A1 (27-Mar-20)          | 1)CARE A1 (27-Mar-19)        |
| 4 | Non-fund-based - ST-BG/LC   | ST | - | - | 1)CARE A1 (06-Apr-21)          | - | 1)CARE A1 (27-Mar-20)          | 1)CARE A1 (27-Mar-19)        |
| 5 | Non-fund-based - ST-BG/LC   | ST | - | - | 1)CARE A1 (06-Apr-21)          | - | 1)CARE A1 (27-Mar-20)          | 1)CARE A1 (27-Mar-19)        |

\* Long Term / Short Term

**Annexure 3: Detailed explanation of covenants of the rated instrument / facilities: Not Applicable**

**Annexure 4: Complexity level of various instruments rated for this company**

| Sr. No | Name of instrument          | Complexity level |
|--------|-----------------------------|------------------|
| 1      | Fund-based - LT-Cash Credit | Simple           |
| 2      | Non-fund-based - ST-BG/LC   | Simple           |

*Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. Investors/regulators or others are welcome to write to care@careratings.com for any clarification.*

## Contact us

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### About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk return expectations. Our rating and

grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

#### Disclaimer

CARE's ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any

security. CARE's ratings do not convey suitability or price for the investor. CARE's ratings do not constitute an audit of the rated entity. CARE has based its ratings/outlooks on information obtained from sources believed by CARE to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is, inter-alia, based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook 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. CARE is not responsible for any errors and standard it has no financial liability whatsoever to the users of CARE's rating. Our ratings do not factor in any rating trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and downgrades.

**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**