Modison Limited

December 30, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	115.00 (Enhanced from 90.00)	CARE A; Stable	Reaffirmed
Long-term / Short-term bank facilities	25.00	CARE A; Stable / CARE A1	Assigned
Short-term bank facilities	17.50	CARE A1	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of ratings to bank facilities of Modison Limited (Modison) factors in its growth in scale of operations and profitability in FY25 (FY refers to period from April 01 to March 31) and H1FY26 (H1 refers to period from April 01 to September 30) considering rising input prices and better absorption of fixed costs. However, due to rising input prices, there has been substantial increase in debt in form of higher working capital borrowings. CARE Ratings Limited (CareEdge Ratings) notes that despite increase in debt, its leverage and debt coverage indicators remained at comfortable level, which is expected to improve going forward.

Ratings continue to derive strength from its experienced promoters, strong market position in India in manufacturing electrical contacts and reputed customer and supplier base. Ratings further derive strength from its moderate scale of operations, comfortable capital structure and debt coverage indicators, and adequate liquidity position.

However, rating strengths continue to remain constrained by elongated working capital cycle and profitability susceptible to fluctuations in raw material prices and foreign exchange rates.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in profit before interest, lease rentals, depreciation and tax (PBILDT) margin to over 15% on a sustained basis and return on capital employed (ROCE) of 18%.
- Operating cycle below 90 days on a sustained basis.

Negative factors

- Deterioration in PBILDT margin below 7% on a sustained basis.
- Deterioration in overall gearing above 0.30x and total debt to PBILDT (TD/PBILDT) above 1.50x on a sustained basis.

Analytical approach: Standalone

Outlook: Stable

Stable outlook reflects CareEdge Ratings' expectation that the company will continue to benefit from its established and reputed customer base and sustain its financial risk profile in the medium term.

Detailed description of key rating drivers:

Key strengths

Strong business profile

Modison is a leading manufacturer of silver/copper/tungsten based electrical contacts for high, medium and low voltage (HV, MV & LV) switchgears, serving domestic and international markets. Modison has an integrated presence, encompassing silver refining, production of electrical contact materials, and manufacturing of finished contacts. LV (including MV) and HV contribute ~80% and 20% respectively to the company's net sales.

Established customer and supplier base

Modison has an established customer base, catering to some of the top switchgear manufacturers in India. Top five customers account for ~45% of total operating income (TOI). Further, Modison procures its key raw materials such as silver, copper and tungsten from reputed suppliers. Top five suppliers account for ~60-65% of purchases.

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

The company's high dependence on customers and suppliers leads to concentration risk. However, long-term relationship with them helps mitigate risks to a large extent.

Growing-yet-moderate scale of operations

In FY25, the company's TOI grew by ~21% to ₹491.64 crore (PY: ₹404.79 crore), largely driven by improved sales realisations considering rising input prices, mainly silver. The company reported TOI of ₹282.83 crore in H1FY26, a growth of ~17% on y-o-y basis. Going forward, growth will be mainly driven by improved sales realisations in the LV segment and higher demand in the HV segment.

Comfortable capital structure and debt coverage indicators despite increase in debt levels

Modison's debt profile consist of working capital borrowings and minimal term debt. Capital structure moderated but continued to remain comfortable with overall gearing of 0.34x as on March 31, 2025 (PY: 0.16x), due to higher utilisation of working capital limits. This further moderated in H1FY26 to meet the incremental working capital required in light of significant increase in key input prices, mainly silver prices. Modison has availed additional working capital limits for the same.

Debt coverage indicators deteriorated but continued to remain comfortable with total debt to gross cash accruals (TD/GCA) and interest coverage of 2.16x and 7.83x respectively in FY25 (PY: 1.12x and 11.04x respectively). TD/PBILDT moderated but stood comfortable at 1.56x in FY25 (PY: 0.98x). Going forward, CareEdge Ratings expects company to maintain its comfortable debt coverage indicators supported by improvement in profitability in the near term.

Experienced promoters and long track record of operations

Modison was established by Girdharilal 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. In 1978, the promoter started manufacturing of electrical contacts. Girdharilal Modi has over four decades of experience in the electrical equipment industry and has been instrumental in establishing the company as one of the leading electrical contacts manufacturing companies in India. He is supported by Jay Kumar Modi (son), Rajkumar Modi (relative) and Murli Nikam (CEO). Promoters are well-supported by a qualified team of professionals with significant experience in their respective fields.

Key weaknesses

Fluctuating profitability with raw material price volatility and forex rates

Over the years, PBILDT margin has remained fluctuating primarily due to volatile input prices and competitive pressure in the global market. In FY25, PBILDT margin improved to 9.51% (PY: 7.96%) and further improved to 10.80% in H1FY26, primarily driven by improvement in scale of operations leading to better absorption of fixed costs.

Modison is exposed to the inherent risk of price fluctuations in its major raw materials, particularly silver, which accounts for ~75 80% of raw material purchases. The company follows an order-backed procurement policy, which mitigates volatility risk to some extent. Also, Modison hedges part of its inventory, depending on market dynamics. However, the company does not have a defined hedging policy. The company is also exposed to fluctuations in forex rates with ~15% of net sales from exports and ~7% of purchases from imports. Modison follows natural hedging and also enters forex forward contracts to mitigate foreign currency risk.

The profit after tax (PAT) margin remained stable at 5.02% in FY25 (PY: 5.27%). Profitability margins remain monitorable with fluctuations in silver prices and forex rates.

Elongated working capital cycle

The company's operations remain working capital intensive with gross current asset of 161 days and operating cycle of 139 days in FY25 (PY: 158 days and 128 days respectively). Most of the working capital is blocked in inventory, as Modison needs to maintain sufficient inventory for continuous manufacturing requirements. Modison generally gives a credit period of ~60 to 90 days to its customers. Considering the reputed customer profile, credit risk remains low.

With higher inventory holding period, higher collection period and minimal creditors' period, the operating cycle is elongated. Currently, working capital requirements are funded through a mix of internal accruals and working capital limits from banks.

Liquidity: Adequate

The company's liquidity position continues to remain adequate as marked by annual GCA of ₹38-40 crore against low repayment obligations of less than ₹0.25 crore. Average maximum utilisation of fund-based limits and non-fund-based limits stood at ~85% and ~15% respectively for 12-months ended October 31, 2025, which has increased to support its increasing working capital requirements. Cash flow from operations remained negative and free cash and bank balance stood at modest levels in FY25.

Assumptions/Covenants – Not applicable

Environment, social, and governance (ESG) risks – Not applicable

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital Goods	Electrical Equipment	Other Electrical Equipment

Established by Girdharilal Modi, Modison (CIN No: L51900MH1983PLC029783) is engaged in manufacturing electrical contacts for LV, MV and HV switchgears. Modison's manufacturing facility is in Vapi, Gujarat.
Its group company, Modison Copper Private Limited (MCPL; rated CARE BBB+; Stable/ CARE A3+) was established in 1995 and is engaged in manufacturing copper alloy products catering to industries such as switchgear (used in HV electrical contacts), automotive and railways among others.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	H1FY26 (UA)
Total operating income	404.79	491.64	282.83
PBILDT*	32.22	46.74	30.55
Profit after tax (PAT)	21.34	24.68	16.45
Overall gearing (x)	0.16	0.34	0.38
Interest coverage (x)	11.04	7.83	8.26

A: Audited; UA: Unaudited; Note: these are latest available financial results
*PBILDT: Profit before interest, lease rentals, depreciation and tax

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	115.00	CARE A; Stable
Fund-based/Non-fund-based-LT/ST		-	-	-	25.00	CARE A; Stable / CARE A1
Non-fund-based - ST-BG/LC		-	-	-	17.50	CARE A1

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Term Loan	LT	-	-	-	-	-	1)Withdrawn (24-Mar-23) 2)CARE A; Negative (17-Feb-23) 3)CARE A; Stable (07-Apr-22)
2	Fund-based - LT-Cash Credit	LT	115.00	CARE A; Stable	-	1)CARE A; Stable (30-Dec-24)	1)CARE A; Stable (05-Jan-24)	1)CARE A; Negative (24-Mar-23) 2)CARE A; Negative (17-Feb-23) 3)CARE A; Stable (07-Apr-22)
3	Non-fund-based - ST-BG/LC	ST	17.50	CARE A1	-	1)CARE A1 (30-Dec-24)	1)CARE A1 (05-Jan-24)	1)CARE A1 (24-Mar-23) 2)CARE A1 (17-Feb-23) 3)CARE A1 (07-Apr-22)
4	Fund-based/Non-fund-based-LT/ST	LT/ST	25.00	CARE A; Stable / CARE A1				

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities – Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based/Non-fund-based-LT/ST	Simple
3	Non-fund-based - ST-BG/LC	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

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About us:

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