

MARCH 27, 2015

CARE REVISES THE RATINGS ASSIGNED TO BANK FACILITIES OF MODISON METAL LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long term/Short term Bank Facilities	36.07	CARE A (Single A)	Revised from CARE A- (Single A minus)
Short term Bank Facilities	12.50	CARE A1 (A One)	Revised from CARE A2+ (A Two Plus)
Total Facilities	48.57		

Rating Rationale

The revision in the ratings assigned to the bank facilities of Modison Metal Limited (MML) takes into account the improved operational efficiency of the company indicated by consistent growth in value-added profits (excluding the profits arising due to silver price fluctuations), strong financial profile and comfortable revenue visibility backed by confirmed orders and healthy liquidity profile.

The ratings continue to derive strength from the company's experienced promoters, established brand, strong expertise and technical know-how, comfortable debt coverage indicators and strong profile of customers.

The above rating strengths, however, continue to be constrained by the small scale of the operations and exposure to fluctuation in the prices of silver and copper.

The ability of MML to achieve sustained growth in its operation with fluctuating demand scenario in end user markets and competition from imports are the key rating sensitivities.

Background

MML is the flagship company of the Modison group and is engaged in the manufacturing of low, medium and high voltage electrical contacts, which are specially made tipping points that make and break electrical current. MML started producing electrical contacts for low voltage in the year 1985 and for medium and high voltage in 1991 in technical collaboration with DODUCO GmbH, Germany. The manufacturing plant of MML is located at Vapi having an installed capacity of 450 MTPA for manufacturing of electrical contacts and SF6 circuit breakers. It faces competition from foreign companies like AMI Doduco, ElektroMetall and Louis Renner outside India.

During FY14 (refers to the period April 1 to March 31), MML posted the total operating income of Rs.184.36 crore (FY13 Rs.160.29 crore) and a PAT of Rs.12.18 crore (FY13 Rs.6.57 crore). As per the unaudited results for 9MFY15, MML has booked a total operating income of Rs.126.84 crore (9MFY14 Rs.134.32 crore) and a PAT of Rs.3.62 crore (9MFY14 Rs.10.08 crore).

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¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating 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.

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