



49th

Annual General Meeting

Annual Report

Financial Year 2021-22

Modulex Construction Technologies Limited t/a Modulex
CIN: L45100PN1973PLC182679

Registered Office: A-82, MIDC Industrial Estate, Indapur – 413 132, Maharashtra

BSE Security Code: 504273 BSE Security ID: MODULEX

Website - www.modulex.in Email - compliance@modulex.in Contact - Tel: 02111 299061

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Suchit Punnose

Whole Time Director

Mr. Ajay Palekar

Managing Director

Mr. Sandeep Khurana

Independent Director

Mr. Aditya Vikram Kanoria

Independent Director

Ms. Rakhee Amit Agarwal

Independent Director

Mr. Raj Kumar Sharma

Additional Independent Director

COMPANY SECRETARY

Ms. Bhoomi Mewada

CHIEF FINANCIAL OFFICER

Mr. Mahendra Kumar Bhurat

AUDITOR

M/s. RMJ & Associates LLP

Chartered Accountants

REGISTERED OFFICE

A 82, MIDC Industrial Estate,
Indapur Pune Maharashtra 413132

Tel: 02111 299061

Email: compliance@modulex.in

Website: www.modulex.in

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REGISTRAR AND TRANSFER AGENT

Purva Sharegistry (India) Private Limited

Unit no. 9 Shiv Shakti Ind. Estt.

J .R. Boricha Marg, Lower Parel (E)

Mumbai 400 011

Tel: 91-22-2301 8261 / 6761

Email: support@purvashare.com

Website : www.purvashare.com

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENTS

The construction sector in India, which employs more than 35 million people, is the second largest employer, next only to agriculture. Therefore, any improvements in the construction sector affect a number of associated industries such as cement, steel, technology, skill-enhancement etc. In India, over 50% of the demand for construction activity comes from the infrastructure sector; the balance comes from industrial activities, residential and commercial development etc. As per the government reports, the sector is valued at over USD 126 Billion. It also accounts for more than 60% in total infrastructure investment.

In the past few years, activity in the construction sector appears to be relatively slow due to funding constraints, slow policy reforms, weak currency and the prolonged real estate market slowdown has resulted in a lot of unsold commercial & housing inventory across India. Simultaneously, severe shortage of skilled workforce as well as raw materials especially sand was acting as growth deterrents.

Going forward, India's construction industry is expected to pick up pace due to investments in residential, infrastructure and energy projects, corporate capex improvement, urbanization, a rise in disposable income and population growth. Also, Government's serious efforts to enhance infrastructure investments, increase affordable housing and improve transport and logistics support systems will support growth for construction sector.

OPPORTUNITIES AND THREAT

The government plans to focus on the following five major areas for infrastructure developments – Railways, Roads, Sagarmala project (for ports and coastal development), Housing for All and Inland water ways. A pentagon of industrial corridors is being engineered to facilitate manufacturing and to project India as a global manufacturing destination. Government of India's strategic move of increasing budget allocation in defence sector is giving much required momentum to 'Make in India' initiative. We believe that all these sectors have enough potential to grow at a considerably faster pace.

The link between the economic performance of cities and the national economy gets stronger as the rate of urbanization increases. Housing and Urban Area Development are key priorities of the government. The effect of urbanization rates on housing demand is most profound in the Tier 1 cities, where a large influx of migrants is causing housing demand to surge. The socio-cultural shift towards nuclear families is also providing an additional impetus to housing demand in India.

SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

The Company is setting up what Directors believe is the World's Largest and India's First Steel Modular Building Factory – Modulex. The project aims to harness the potential of an emerging, dynamic market like India, and support its growing need with a practical, profitable and proven technology solution for its construction. Modulex will bring highly advanced and sophisticated technologies from the developed half of the world and apply it to growth markets. We believe that Modulex also has the unique ability to place the investor at a vantage point, and successfully tap the pulse of the Indian market. This is an exciting time and a great opportunity for all investors looking to make an impact in the world's second fastest growing economy.

OUTLOOK

Modulux is India's first and the world's largest steel modular manufacturing facility with an annual capacity of 2,00,000 sqm. The salient features of the same are mentioned below:

1. The four production lines will have annual capacity of 2,00,000 sqm operating on 8-hour shift 5 days a week for eleven months.
2. Illustrative annual output: twenty 100 rooms hotels plus a thousand residential or office buildings of 1,000 sq. ft each or accommodation for 2,000 hospital beds.
3. Set in 40-acre site in Indapur, Pune District, 250 Kms from Mumbai.
4. Land bought from Maharashtra Industrial Development Corporation, a state run developer of industrial estates with guaranteed water and electricity.
5. Expected date of commencement of commercial production is Q1 FY 2023-24

RISKS AND CONCERNS

The industry in India faces challenges alongside a general situation of socio-economic stress, chronic resource shortages, institutional weaknesses etc. The industry is fragmented with a handful of major companies involved in the construction activities across all segments; medium-sized companies specializing in niche activities; and small and medium contractors who work on the sub-contract basis and carry out the work in the field.

Another problem, still being faced by some of the construction financing institutions is of stalled or delayed projects. Projects worth several billion rupees are still stalled, due to delays in project approvals, financing issues and raw material non availability etc. Further delays in restarting stalled projects have strained some of the infrastructure companies' ability to meet their debt obligations, leading to a surge in banks' gross Non-Performing Assets (NPA).

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Board of Directors is responsible for ensuring that internal financial controls have been laid down in the Company and that such controls are adequate and is functioning effectively. Company has policies, procedures, control framework and the management systems in place that map into the definition of Internal Financial Controls as detailed in the Companies Act, 2013. These have been established at the entity and process levels and are designed to ensure compliance to internal control requirements, regulatory compliances and appropriate recording of financial information. Internal financial controls that encompassed the policies processes and monitoring systems for assessing and mitigating operational, financial & compliance risks and controls over related party's transactions substantially, exists. The senior management reviews and certifies the effectiveness of the internal control mechanism over financial reporting adherence to the code of conduct and Company's policies for which they are responsible and also compliance to establish procedures relating to financial or commercial transactions.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Your Company's Present performance vis-à-vis the financial performance for the previous year as given below in tabular format.

(Rs. in lakhs)

Particulars	FY 2021-22	FY 2020-21
Total revenue including other income	27.37	0.45
Total Expenditure	105.29	74.80
Profit / (Loss) before tax	(77.92)	(74.35)
Tax Expenses	1.48	-
Profit / (Loss) after tax	(79.40)	(74.35)
EPS Weighted Average		
-Basic	(0.15)	(0.14)
-Diluted	(0.15)	(0.14)

RISK MANAGEMENT IDENTIFICATION AND MITIGATION

Construction industry is highly risk prone, with complex and dynamic project environments creating an atmosphere of high uncertainty and risk. The industry is vulnerable to various technical, socio-political and business risks. As a diversified construction entity, your Company continues to focus on a system-based approach to business risk management. Accordingly, management of risk has always been an integral part of your Company's strategies and includes various functions such as planning, execution, measurement systems & reporting processes. Your Company acknowledges risk as the critical function that influences the objectives of all project and processes. Following are some of the construction related risks and exposures:

1. **Financial risk** is the totality of all risks that relate to financial developments external to the project that are not in the control of the contractor or the project developer. This results from consequences that may have adverse economic effects.
2. **Political risk** is the risk that a contracting company encounters in project execution through undesirable regime acts such as change in law, payment failure by government, increase in taxes and change in government etc.
3. **Legal risks** arise through non-compliance with legal or regulatory requirements or excessive exposure to litigations & non-observance of laws such as employment law, health and safety, environmental legislation, stipulations for minimum wages etc.
4. **Sub-contractor's Default Risks & Management** is far different and severe than the work that is self-performed. In most projects, monitoring of sub-contractor's performance and payment is the responsibility of your Company, being the main contractor. The active management of subcontractor default risk begins with sub-contractor pre-qualification, based on financial strength, safety & quality performance etc. and continues with active monitoring of sub-contractor performance and payments.
5. **Techno-managerial risks** are the risks arising out of inadequate management of technicalities involved such as management of engineering & technology, logistics options, uncertain productivity of resources, insufficient skilled staff etc.
6. **Environment risks** relating to occurrence of environmental incidents during the pendency of the project & mitigation strategies. This risk has increased substantially due to the presence of strict legal liability in relation to such environmental incidents.

7. **Force majeure risks** are regarding the events that are outside the control of any party and cannot be reasonably prevented/avoided by them. These include natural force majeure events, direct or indirect political force majeure events.

HUMAN RESOURCES

Our employees are the most valuable assets and we endeavour to provide our employees a professional, congenial, safe working environment coupled with opportunities for personal growth and development. Your Company has put in comprehensive system in place for identifying and addressing the competency requirement and fulfilling the same through various training programs at all the levels in the organization.

Through various Organizational Development (OD) interventions, we are enhancing the competency of our employees to work in challenging environment & empower them at work place with cultivation of culture of dedication, ethics & values. Your Company has been successful in cultivating culture of dedication, work ethics & values in the organization. Employees are provided with training on behavioral aspects, such as personality development, leadership development through self-awareness etc. to help to achieve higher level of performance.

SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS

Types of ratios	2021-22	2020-21	Significant Changes
Debtors Turnover ratio	NA	NA	-
Inventory Turnover Ratio	NA	NA	-
Interest Coverage Ratio	NA	NA	-
Current Ratio	0.02	0.02	
Debt Equity Ratio	0.10	0.19	The change in the ratios is because of loan taken and increases in the net loss during the year.
Operating Profit Margin (%)	NA	NA	-
Net Profit Margin (%)	NA	NA	-

Since the Company does not have any revenue from operations and inventories, the relevant ratios pertaining to it is not worked out.

Caution: The views expressed in the Management Discussions and Analysis is based on available information, assessments and judgment of the Board. They are subject to alterations. The Company's actual performance may differ due to national or international ramifications, government regulations, policies, Tax Laws, and other unforeseen factors over which the Company may not have any control.

BOARD’S REPORT

To,

The Members of

MODULEX CONSTRUCTION TECHNOLOGIES LIMITED (“Company”)

The Directors of the Company are pleased to present the 49th Annual Report of the Company, along with the Audited Financial Statements (Standalone & Consolidated), for the Financial Year ended 31st March, 2022.

FINANCIAL RESULTS

(Rs. In Lakhs)

Particular	Standalone		Consolidated	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
Income from Operations	NIL	NIL	NIL	NIL
Add: Other Income	27.37	0.45	30.16	23.95
Total Income	27.37	0.45	30.16	23.95
Less: Total Expenditure	105.29	74.80	835.51	671.08
Profit/ (loss) before Tax	(77.92)	(74.35)	(805.35)	(647.13)
Less: Tax expenses/ (Credit)	1.48	NIL	3.93	4.08
Profit/ (loss) after Tax	(79.40)	(74.35)	(809.28)	(651.21)

STATE OF COMPANY’S AFFAIRS / FINANCIAL PERFORMANCE

Standalone

The Company’s total income for the financial year ended 31st March, 2022 has increased to Rs. 27.37 lakhs as against Rs 0.45 lakhs during the previous year, loss before tax increased to Rs. 77.92 lakhs against loss of Rs. 74.35 lakhs during previous year and the loss after tax was increased to Rs. 79.40 lakhs as compared to Rs. 74.35 lakhs in the previous year.

Consolidated

The Company’s gross (total) income for the financial year ended 31st March, 2022 increased to Rs. 30.16 lakhs from Rs. 23.95 lakhs during the previous year, loss before tax of the reporting year stood at Rs. 805.35 lakhs against a loss of Rs. 647.13 lakhs in the previous year. The loss after tax of the reporting year stood at Rs. 809.28 lakhs against a loss of Rs. 651.21 lakhs reported in the previous year.

DIVIDEND

Considering the current financial position, your management decided not to propose a dividend for the year ended 31st March, 2022.

TRANSFER TO RESERVES

The Company has not transferred any amount to the Reserves for the financial year ended 31st March, 2022.

LISTING

The equity shares of the Company are listed on The BSE Limited (BSE) and the listing fees for the year 2022-23 had been paid.

SHARE CAPITAL

As on the close of the Financial Year ended 31st March, 2022, the Authorized Share Capital of the Company stood at Rs. 73,00,00,000 which comprises of 7,29,50,000 Equity Shares of Rs. 10/- each and 50,000 Cumulative Redeemable Preference Shares of Rs.10/- each. As against the same, the Paid-up Share Capital of the Company, on the said 31st March, 2022 stood at Rs. 51,30,30,400/- which comprises of 5,13,03,040 Equity Shares of Rs. 10/- each.

SUBSIDIARY AND JOINT VENTURE COMPANIES

The Company has 2 subsidiaries as on 31st March, 2022.

1. Modulex Modular Buildings Private Limited
2. Redribbon Advisory Services Private Limited

The Board of Directors ('the Board') regularly reviews the affairs of the Subsidiary Companies. A statement containing the salient features of the financial statements of Subsidiary Companies pursuant to the provision of section 129 (3) of the Companies Act 2013 read with rule 8(1) of the Companies Accounts Rules, 2014, is provided in format AOC-1 to the consolidated financial statement.

In accordance with Section 136 of the Companies Act, 2013, the audited financial statements, including the consolidated financial statements and related information of the Company and financial statements of each of its subsidiaries, will be made available on our website www.modulex.in in due course of time.

CORPORATE GOVERNANCE

The Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirements set out by the Securities and Exchange Board of India (SEBI). The Company has also implemented several best governance practices. The report on Corporate Governance as stipulated under the Listing Regulations forms an integral part of this Report. The requisite certificate from the Secretarial Auditors of the Company confirming compliance with the conditions of Corporate Governance is attached to the report on Corporate Governance.

MANAGEMENT DISCUSSION AND ANALYSIS

A detailed review of operations, performance and future outlook of the Company and its business, as stipulated under Regulation 34 of the SEBI (LODR) Regulations, 2015, is presented in a separate section forming part of Annual Report under the head 'Management Discussion and Analysis'.

INTERNAL FINANCIAL CONTROL AND ITS ADEQUACY

The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detention of fraud, error reporting mechanisms, the accuracy and completeness of the accounting records and the timely preparation of reliable financial disclosures.

SIGNIFICANT AND MATERIAL ORDERS

There were no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and company's operations in future during the year under review.

PUBLIC DEPOSITS

During the year under review, the Company has neither invited nor accepted any deposit from public within the meaning of Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 amended from time to time.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Re-Appointment and Retirement by Rotation

Pursuant to the provisions of Section 152 of the Companies Act, 2013 (“Act”), Mr. Ajay Shridhar Palekar, (DIN: 02708940) is liable to retire by rotation at the ensuing Annual General Meeting of the Company and being eligible to offers himself for re-appointment. The Board of Directors recommends his re-appointment as Director of the Company.

Appointment and Remuneration of Directors

The appointment and remuneration of Directors is governed by the Remuneration Policy of the Company which also contains the criteria for determining qualifications, positive attributes and independence of Directors.

Declaration by Independent Directors

The Company has received necessary declarations from all Independent Directors pursuant to the requirement of section 149(7) of the Companies Act, 2013 that they fulfill the criteria of independence laid down in section 149(6) read with Schedule IV to Companies Act, 2013 and Regulation 16 of the SEBI (LODR) Regulations, 2015.

Familiarization programme

The details of programme for familiarization of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters are put up on the website of the Company at the link: <https://www.modulux.in/investor-relation>.

Remuneration of the Directors and Key Managerial Personnel

The remuneration details of the Directors and the Key Managerial Personnel of the Company are set out in the Annual Return of the Company, which is available on the website of the Company at the link: <https://www.modulux.in/investor-relation>.

Key Managerial Personnel

Sr. No.	Name of the KMP	Designation
1.	Mr. Suchit Punnose	Whole Time Director
2.	Mr. Ajay Palekar	Managing Director
3.	Mrs. Bhoomi Mewada	Company Secretary and Compliance Officer

Board Evaluation

Pursuant to the Companies Act, 2013 a formal annual evaluation needs to be conducted by the Board of its own performance and that of its committees and individual Directors. Schedule IV to the Companies Act 2013 states that the performance evaluation of Independent Directors shall be done by the entire Board of Directors, excluding the Director being evaluated.