

AUGUST 06, 2014

CARE REVISES RATINGS ASSIGNED TO BANK FACILITIES OF MILLENNIUM AERO DYNAMICS PRIVATE LIMITED

Rating

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long term Bank Facilities	5.93 (reduced from Rs.6.00)	CARE BB (Double B)	Revised from CARE B (Single B)

Rating Rationale

The revision in the rating of bank facilities of Millennium Aero Dynamics Private Limited (MADPL) factors in the growth in total income leading to improved cash accruals along with improvement in capital structure and liquidity position of the company.

The rating continues to be constrained by the relatively modest scale of operations & moderate level of debt coverage indicators, working capital intensive nature of operations and moderate order book position. The rating further continues to be constrained by the susceptibility of profitability margins to forex fluctuations and presence in a competitive industry.

The rating, however, continues to draw strength from the promoter's wide experience and established relationship with the principals and reputed clientele.

The ability of MADPL to scale up its operations along with improvement in the profit margins while maintaining its capital structure and efficient management of working capital cycle are the key the rating sensitivities.

Background

Incorporated in 2000, Millennium Aero Dynamics Private Limited (MADPL), promoted by Mr Milan Zatakia, an IIM-Ahmedabad alumna, is engaged in the marketing and after sales servicing of various technological products/equipments which are used in varied industries like aviation, airports, mining, marine & naval systems, medical-health care and solid waste management. Furthermore, the company has representation rights of more than 30 international principals like TLD, Combibox Systems, Oshkosh Corporation, Spillard Safety System Ltd, FCX Systems and RED Dot. MADPL also provides the spare parts of equipments which it sells to its customers. Moreover, the company also offers consultancy services for aviation & other projects.

During FY14 (provisional) (refers to the period April 01 to March 31), MADPL reported a total operating income of Rs.20.34 crore (as compared with Rs.16.39 crore during FY13) and PAT of Rs.0.93 crore (as compared with Rs.0.38 crore during FY13). Furthermore, the company has achieved a total operating income of Rs.6 crore (around 23% of the projected FY15) till June 30, 2014.

Analyst Contact

Name: Nitesh Dhoot

Tel: 022-6754 3442

Email: nitesh.dhoot@careratings.com

CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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

CONTACT

Head Office Mumbai

Mr. D.R. Dogra

Managing Director
 Mobile: +91-98204 16002
 E-mail: dr.dogra@carerating.com

Ms. Meenal Sikchi

Vice President - Bank Loan & Instrument Rating
 Mobile: +91-9819009839
 E-mail: meenal.sikchi@carerating.com

Mr. Rajesh Mokashi

Dy. Managing Director
 Mobile: +91-98204 16001
 E-mail: rajesh.mokashi@careratings.com

Mr. Ankur Sachdeva

Vice President - Bank Loan & Financial Services
 Mobile: +91-9819698985
 E-mail: ankur.sachdeva@careratings.com

CREDIT ANALYSIS & RESEARCH LIMITED

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022
 Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com

Other Office:

503, Kaledonia, Sahar Road, Near Andheri Railway Station, Andheri (E), Mumbai - 400 069
 Tel: +91-22-6144 3456 | Fax: +91-22-6144 3556

AHMEDABAD
Mr. Mehul Pandya

32, Titanium, Prahaladnagar Corporate Road,
 Satellite, Ahmedabad - 380 015
 Cell: +91-98242 56265
 Tel: +91-79-4026 5656
 E-mail: mehul.pandya@careratings.com

BENGALURU
Mr. Dinesh Sharma

Unit No. 1101-1102, 11th Floor, Prestige Meridian II,
 No. 30, M.G. Road, Bangalore - 560 001.
 Cell: +91-99000 41975
 Tel: +91-80-4115 0445, 4165 4529
 E-mail: dinesh.sharma@careratings.com

CHANDIGARH
Mr. Sajan Goyal

2nd Floor, S.C.O. 196-197, Sector 34-A,
 Chandigarh - 160 022.
 Cell: +91 99888 05650
 Tel: +91-172-5171 100 / 09
 Email: sajan.goyal@careratings.com

CHENNAI
Mr. V Pradeep Kumar

Unit No. O-509/C, Spencer Plaza, 5th Floor,
 No. 769, Anna Salai, Chennai - 600 002.
 Cell: +91 98407 54521
 Tel: +91-44-2849 7812 / 0811
 Email: pradeep.kumar@careratings.com

HYDERABAD
Mr. Saikat Roy

401, Ashoka Scintilla, 3-6-502, Himayat Nagar,
 Hyderabad - 500 029.
 Tel: +91-40-4010 2030
 E-mail: saikat.roy@careratings.com

JAIPUR
Mr. Rahul Jain

304, Pashupati Akshat Heights, Plot No. D-91,
 Madho Singh Road, Near Collectorate Circle,
 Bani Park, Jaipur - 302 016.
 Cell: +91 – 93149 21496
 Tel: +91-141-402 0213 / 14
 E-mail: rahul.jain@careratings.com

KOLKATA
Ms. Priti Agarwal

3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)
 10A, Shakespeare Sarani, Kolkata - 700 071.
 Cell: +91-98319 67110
 Tel: +91-33- 4018 1600
 E-mail: priti.agarwal@careratings.com

NEW DELHI
Ms. Swati Agrawal

13th Floor, E-1 Block, Videocon Tower,
 Jhandewalan Extension, New Delhi - 110 055.
 Cell: +91-98117 45677
 Tel: +91-11-4533 3200
 E-mail: swati.agrawal@careratings.com

PUNE
Mr. Rahul Patni

9th Floor, Pride Kumar Senate,
 Plot No. 970, Bhamburda, Senapati Bapat Road,
 Shivaji Nagar, Pune - 411 015.
 Cell: +91-78754 33355
 Tel: +91-20- 4000 9000
 E-mail:rahul.patni@careratings.com

