

Spaceage Associates Power Infra Private Limited

Instrument	Amount	Rating Action
Long Term - Cash Credit	Rs. 13.50 crore	[ICRA]BB-(Stable) Reaffirmed
Short Term - Non fund based limits	Rs. 43.00 crore	[ICRA]A4 Reaffirmed

ICRA has reaffirmed the long term rating of [ICRA]BB- (pronounced ICRA double B minus) to Rs. 13.50 crore¹ cash credit facility of Spaceage Associates Power Infra Private Limited (Spaceage)[†]. ICRA has also reaffirmed the short term rating of [ICRA]A4 (pronounced ICRA A four) to Rs. 43.00 crore non-fund based facilities of Spaceage. The outlook on the long term rating is Stable.

The ratings reaffirmation takes into account fairly established track record of promoters in executing mid-size electrification contracts and established relationship with Maharashtra state utility MSEDCL (Maharashtra State Electricity Distribution Company Limited). Spaceage's order book status as on March 2016 is healthy with Rs. 124 crore of orders (2.5x of FY2016 OI) with all the work orders from MSEDCL to be executed over next two years which provides adequate revenue visibility in near to medium term; though timely execution of the same will remain crucial for revenue growth. The ratings also factor in comfortable capital structure and coverage indicators in FY2015 and FY2016 owing to low debt levels.

The ratings, however, remain constrained by the concentrated order book of the company comprising of few large orders and any sizeable deferment in their execution can impact revenue bookings. The client concentration risk is extremely high with total dependence on MSEDCL and revenues remain vulnerable to order cycle and execution co-operation provided by MSEDCL. Moreover company's exposure to high contingent liability in the form of bank guarantees provided to MSEDCL may lead to significant uncertain financial obligations. ICRA further notes that being a working capital intensive nature of business with sizeable funds stuck in margin money, cash flows of the company remain strained. Spaceage is exposed to raw material price volatility with MSEDCL contracts allowing for limited price variation clause only, intense competition prevalent in the industry and inherent execution risks associated with project nature of business. Going forward, timely execution of the order book and managing working capital cycle will be key rating sensitivities

Company Profile

Spaceage, incorporated in 1982, is engaged in providing turnkey solutions to state utilities for setting up substations and electrical distribution lines. Spaceage was promoted by first generation entrepreneur Mr. Vinayak Patil who has more than 35 years of experience as an electrical contractor. The company was converted into private limited in Nov'10 before which it was a partnership firm.

Recent Results

During FY2015, Spaceage reported operating income of Rs. 48.00 crore, OPBDIT of Rs. 6.00 crore and PAT of Rs. 2.82 crore

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¹ 100 lakh = 1 crore = 10 million

[†] For complete rating definition, please refer to ICRA website www.icra.in or any of the ICRA Rating Publications.



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