

Sea Sparkle Harbour Services Limited

	Amount	Rating Action
Term Loans*	Rs. 34.45 crores	[ICRA]AA-(SO) (Stable) (Upgraded from [ICRA]A+(SO) (Stable))

*based on guarantee from Ocean Sparkle Limited

ICRA has upgraded the long term rating for the Rs 34.45 crore^{*} term loans of Sea Sparkle Harbour Services Limited (SSHSL) to [ICRA]AA-(SO) (pronounced as ICRA double A minus SO) from [ICRA]A+(SO) (pronounced as ICRA A plus SO)[†]. The long term rating carries a Stable outlook. The letters SO in parenthesis suffixed to a rating symbol stands for Structured Obligation. An SO rating is specific to the rated issue, its terms and structure. SO ratings do not represent ICRA's opinion on the general credit quality of the issuers concerned. These ratings are based on the guarantee provided by Ocean Sparkle Limited for due payment of the captioned facility to the lenders.

The rating take into consideration the corporate guarantee extended by Ocean Sparkle Limited (OSL) (rated at [ICRA]AA-(Stable) / [ICRA]A1+) for the entire bank facilities of SSHSL. The above rating address the servicing of the term loans to happen as per the terms of the underlying loan and the guarantee arrangement, and the rating assumes that the guarantee will be duly invoked, as per the terms of the underlying loan and guarantee agreements, in case there is a default in payment by the borrower.

Company Profile

Sea Sparkle Harbour Services Limited (SSHSL), incorporated in December 2001, is currently engaged in the business of providing port management services to Ennore Port Limited. It also charters out its vessels to other companies within the Ocean Sparkle group. It was initially incorporated as a special purpose vehicle (SPV) to provide port management services to Mormugao Port Trust and Goa Maritime Private Limited. The company was a 60:40 JV between Ocean Sparkle Limited (OSL) and PSA Marine Pte Ltd, a multinational marine service provider and a wholly owned subsidiary of PSA International Pte Ltd. During 2012-13, these contracts were terminated by the counterparties, citing force majeure event as iron ore exports from these ports declined. SSHSL is contesting the termination of contract with MPT and arbitration proceedings are underway. In the meanwhile, as part of a consolidation exercise, another SPV within the group Sealion Sparkle Maritime Services Limited (SSMSL) was merged with SSHSL. This SPV was providing comprehensive port management services to Ennore Port Limited. The appointed date for the merger was April 2011, following which the contract under the erstwhile SSMSL became the sole long term contract for the merged entity. Following the merger, the ratio of the shareholding between OSL and PSA Marine in SSHSL became 56:44.

Guarantor's Profile

Ocean Sparkle Limited (OSL), its subsidiary and its joint-venture (JV) companies, collectively referred to as the OSL Group, are engaged in the provision of marine vessels and comprehensive port management services across various major, non major and captive ports in India and abroad. The core promoters of OSL include four technocrats, namely, Mr P Jairaj Kumar (Chairman cum Managing Director), Mr Sanjeev Dhawan, Mr A K Sawhney and Mr R Virender Prasad, who together hold 35% stake in the company. Another 2% stake is held by friends and relatives of the promoters, a 10% stake is with NRIs while the balance 53% is held by various PE investors and venture capital funds including Park Equity, Infrastructure India Holdings Fund, Standard Chartered Private Equity and IFC Washington.

* 100 lakh = 1 crore = 10 million

† For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications



The OSL Group includes two JV entities with PSA Marine Pte Ltd (PSAM), Singapore, a multinational maritime major, namely, Sea Sparkle Harbour Service Ltd (56:44 JV of OSL and PSAM for operations at Ennore port, currently) and Sealion Sparkle Port and Terminal Services (Dahej) Ltd (49:51 JV of OSL and PSAM for operations at Petronet LNG Limited's jetty at Dahej), and one 100% subsidiary Sparkle Port Services Limited for operations at Petronet LNG Limited's jetty at Kochi. Other entities within the group include Sparkle Overseas Pte Limited (100% OSL stake) formed for overseas business and one JV for undertaking large-scale dredging projects, Sai Sparkle Dredging and Infrastructure Developers Pvt. Ltd (this is however dormant at present and OSL has no significant investment plans for it in the near future).

Recent Results

In 2014-15, SSSHSL has reported a net loss of Rs 5.40 crore on an operating income of Rs 21.83 crore.

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For further details please contact:

Analyst Contacts:

Mr. K. Ravichandran, (Tel. No. +91-44-45964301)
ravichandran@icraindia.com

Relationship Contacts:

Mr. Jayanta Chatterjee (Tel. No. +91-80-43326401)
jayantac@icraindia.com

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**Registered Office****ICRA Limited**

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001
Tel: +91-11-23357940-50, Fax: +91-11-23357014

Corporate Office**Mr. Vivek Mathur**

Mobile: 9871221122

Email: vivek@icraindia.com

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

Mumbai**Mr. L. Shivakumar**

Mobile: 9821086490

Email: shivakumar@icraindia.com

1802, 18th Floor, Tower 3,
Indiabulls Finance Centre,
Senapati Bapat Marg,
Elphinstone, Mumbai 400013,
Board : +91-22-61796300; Fax: +91-22-24331390

Kolkata**Mr. Jayanta Roy**

Mobile: +91 9903394664

Email: jayanta@icraindia.com

A-10 & 11, 3rd Floor, FMC Fortuna
234/3A, A.J.C. Bose Road
Kolkata—700020
Tel +91-33-22876617/8839 22800008/22831411,
Fax +91-33-22870728

Chennai**Mr. Jayanta Chatterjee**

Mobile: 9845022459

Email: jayantac@icraindia.com

5th Floor, Karumuttu Centre
634 Anna Salai, Nandanam
Chennai—600035
Tel: +91-44-45964300; Fax: +91-44 24343663

Bangalore**Bangalore****Mr. Jayanta Chatterjee**

Mobile: 9845022459

Email: jayantac@icraindia.com

'The Millenia'
Tower B, Unit No. 1004, 10th Floor, Level 2 12-14, 1 & 2,
Murphy Road, Bangalore 560 008
Tel: +91-80-43326400; Fax: +91-80-43326409

Ahmedabad**Mr. L. Shivakumar**

Mobile: 989986490

Email: shivakumar@icraindia.com

907 & 908 Sakar -II, Ellisbridge,
Ahmedabad- 380006
Tel: +91-79-26585049, 26585494, 26584924; Fax: +91-
79-25569231

Pune**Mr. L. Shivakumar**

Mobile: 989986490

Email: shivakumar@icraindia.com

5A, 5th Floor, Symphony, S.No. 99, CTS 3909, Range Hills
Road, Shivajinagar, Pune-411 020
Tel: + 91-20-25561194-25560196; Fax: +91-20-25561231

Hyderabad**Mr. Jayanta Chatterjee**

Mobile: 9845022459

Email: jayantac@icraindia.com

4th Floor, Shobhan, 6-3-927/A&B, Somajiguda, Raj
Bhavan Road, Hyderabad—500083
Tel:- +91-40-40676500