



Sparkle Port Services Limited

	Amount(In Rs. Crore)	Rating Action
Term Loans*	40.91 (reduced from Rs. 49.45 crore)	[ICRA]A+(SO) (Stable) reaffirmed
Non Fund Based Bank Limits*	10.00	[ICRA]A1 (SO) reaffirmed
Unallocated Limits*	18.54 (increased from Rs. 10.00 crore)	[ICRA]A+(SO) (Stable) / [ICRA]A1(SO) reaffirmed

* based on guarantee from Ocean Sparkle Limited

The ratings of [ICRA]A+(SO) (pronounced as ICRA A plus SO) and [ICRA]A1(SO) (pronounced as ICRA A one SO) have been reaffirmed to the Rs 69.45 crore bank limits of Sparkle Port Services Limited (SPSL). 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 ratings take into consideration the corporate guarantee extended by Ocean Sparkle Limited (OSL) (rated at [ICRA]A+(Stable) / [ICRA]A1) for the entire bank facilities of SPSL. The above ratings address the servicing of the term loan / non fund based limits to happen as per the terms of the underlying loan / non fund based limits and the guarantee arrangement, and the rating assumes that the guarantee will be duly invoked, as per the terms of the underlying loan/non fund based limits and guarantee agreements, in case there is a default in payment by the borrower.

Company Profile

SPSL is a wholly owned subsidiary of OSL and was incorporated in March 2011 to execute the long term contract for comprehensive port management services at Petronet LNG Limited's (PLL) LNG terminal in Kochi. As per the terms and conditions of the tender, the contract had to be executed in a new company and consequently OSL incorporated a 100% subsidiary to carry-out the operations. The scope of services includes provision of comprehensive port O&M services including time charter of 4 tug boats, 1 mooring cum pilot launch at PLL's Kochi Jetty. The total period of the contract is 17 years commencing from June 1, 2012 and expiring on May 30, 2029. The annual payment terms includes escalating fees of Rs 9.78 Cr. and non escalating fees of Rs 14.74 Cr. The annual escalation per annum is 5% commencing from 2014. The total investment involved in the project is Rs 153.0 crore of which Rs 51.5 crore is equity funded (OSL contribution) and Rs 101.5 crore is debt funded (comprises Rs. 49.5 crore term loan from SBI and Rs. 52.0 crore term loan from IFC, Washington). The Board of Directors of SPSL comprise Mr P Jairaj Kumar, Mr Sanjeev Dhawan, Mr R Virender Prasad and Mr. A K Sawhney.

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.



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 2013-14, SPSL reported a net loss of Rs 1.08 crore on an operating income of Rs 27.50 crore.

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