

February 03, 2017

Sea Sparkle Harbour Services Limited

Instrument*	Rated Amount	Rating Action
Term Loans [^]	Rs 20.69 crore (reduced from 34.45)	[ICRA]AA- (SO) (Stable) ¹ Reaffirmed

*Instrument Details are provided in Annexure-1

[^]based on guarantee from Ocean Sparkle Limited

Rating Action

ICRA has reaffirmed the long-term rating assigned to the Rs 20.69 crore term loan facility of Sea Sparkle Harbour Services Limited (SSHSL) at [ICRA]AA-(SO) (pronounced as ICRA double A minus SO)². 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.

Rationale

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.

Key rating drivers and their description

SSHSL is currently engaged in the business of providing port management services to Ennore Port and also charters out its vessels to other companies within the Ocean Sparkle group. The above rating addresses 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.

Analytical approach: For arriving at the ratings, ICRA has taken into account, inter alia, the explicit support provided by OSL to the company in the form of a corporate guarantee.

Links to applicable Criteria

Corporate Rating Methodology

About the Company

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.

¹The rated instrument does not involve a structured payment mechanism

² For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications

About the Guarantor

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 one JV entity 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 two 100% subsidiaries, viz. Sparkle Port Services Limited (for operations at Petronet LNG Limited's jetty at Kochi) and Sealion Sparkle Port and Terminal Services (Dahej) Ltd (for operations at Petronet LNG Limited's jetty at Dahej). 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).

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years:

Table: Rating History

S.No	Name of Instrument	Current Rating			Chronology of Rating History for the past 3 years		
		Type	Rated amount (Rs. Crores)	Month-year & Rating	Month- year & Rating in FY2016	Month- year & Rating in FY2015	Month- year & Rating in FY2014
				Feb 2017	Dec 2015	Nov 2014	Sept 2013
1	Term Loans	Long-Term	20.69	[ICRA]AA-(SO) (Stable)	[ICRA]AA-(SO) (Stable)	[ICRA]A+(SO) (Stable)	[ICRA]A-(Stable)

Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1

Details of Instrument

Name of the instrument	Date of issuance	Coupon rate	Maturity Date	Size of the issue (Rs. Cr)	Current Rating and Outlook
Term Loan 1	FY2017	-	FY2021	20.69	[ICRA]AA- (SO) (Stable)

Source: Sea Sparkle Harbour Services Limited

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