

June 14, 2019

Sea Sparkle Harbour Services Limited: Ratings withdrawn

Summary of rated instruments

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-Term, Term Loans	13.71	13.71	[ICRA]AA- (SO) (Stable); Withdrawn
Total	13.71	13.71	

*Instrument details are provided in Annexure 1

Rating action

ICRA has withdrawn the long-term rating of [ICRA]AA- (SO) (Stable) (pronounced ICRA double A minus Structured Obligation) outstanding on the bank facilities of Sea Sparkle Harbour Services Limited (SSHL).

Rationale

The rating is withdrawn in accordance with ICRA's policy on withdrawal and suspension, at the request of the company post closure of term loans.

Outlook: The Stable outlook on the long-term rating has been withdrawn.

Key rating drivers

Key rating drivers has not been captured as the rated instrument(s) are being withdrawn.

Liquidity position: Not applicable

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology ICRA's Policy on Withdrawal and Suspension of Credit Rating
Parent/Group Support	Parent company: Ocean Sparkle Limited
Consolidation / Standalone	Not Applicable

About the company:

Incorporated in December, 2001, SSHSL is at present involved in providing port management services to the Ennore Port Limited. It also charters out its vessels to other companies within the OSL 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 OSL and PSA Marine Pte Ltd, a multinational marine service provider and a whollyowned subsidiary of PSA International Pte Ltd. During 2012-2013, 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 a 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.

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, Marina III (Singapore) Ptd. Ltd. 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), Sealion Sparkle Port and Terminal Services (Dahej) Ltd (for erstwhile operations at Petronet LNG Limited's jetty at Dahej) and Sparkle Terminal and Towage Services Limited (currently handling 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).

Key financial indicators (audited)

	SHSL		OSL - Consolidated	
	FY2017	FY2018	FY 2017	FY 2018
Operating Income (Rs. crore)	36.2	31.4	470.7	495.6
PAT (Rs. crore)	10.2	8.7	101.7	105.8
OPBDIT/ OI (%)	45.1%	43.8%	48.3%	45.8%
RoCE (%)	16.4%	13.4%	12.3%	11.7%
Total Debt/ TNW (times)	0.3	0.2	0.64	0.72
Total Debt/ OPBDIT (times)	1.1	0.9	2.32	2.96
Interest coverage (times)	6.2	8.3	4.31	3.99
NWC/ OI (%)	29.6%	26.0%	470.7	495.6

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years:

Current Rating (FY2019)					Chronology of Rating History for the past 3 years		
Instrument	Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs Crore)	Date & Rating	Date & Rating in FY2019	Date & Rating in FY2017	Date & Rating in FY2016
Term Loans	Long Term	0.00	0.00	June 2019 [ICRA]AA-(SO) (Stable) Withdrawn	April 2018 [ICRA]AA-(SO)(stable)	Feb 2017 [ICRA]AA-(SO)(stable)	Jan 2016 [ICRA]AA-(SO)(stable)

Source: SSHSL

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: Instrument Details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Term Loans	2-Aug-2016	-	FY2019	0.00	[ICRA]AA- (SO) (Stable) Withdrawn

Source: SSHSL

Annexure-2: List of entities considered for consolidated analysis (as on 31.3.2018)

Company Name	Ownership	Consolidation Approach
Sea Sparkle Harbour Services Limited	55.49%	Full Consolidation
Sai Sparkle Dredging and Infrastructures Developers Ltd.	60.00%	Full Consolidation
Sparkle Overseas Pte. Ltd.	100.00%	Full Consolidation
Sparkle Port Services Limited	100.00%	Full Consolidation
Sealion Sparkle Port and Terminal Services (Dahej) Limited^	100.00%	Full Consolidation
Sparkle Terminal and Towage Services Limited	100.00%	Full Consolidation
Khimji's Sparkle Marine Overseas Company	49.00%	Equity Method

^The subsidiary has been amalgamated with OSL during FY2019

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