

Ripley and Co. Stevedoring and Handling Private Limited

Instrument	Amount	Rating Action
	Rs. In Crore	July 2016
Long term/Short Term Proposed Facilities	50.00	[ICRA]BBB+(stable)/[ICRA]A2+ assigned

ICRA has assigned long term rating of [ICRA]BBB+ (pronounced ICRA triple B plus) and short term rating of [ICRA]A2+ (pronounced ICRA A two plus) to Rs. 50.0 crore¹ long term and short term proposed facilities of Ripley and Co. Stevedoring and Handling Private Limited. The outlook on the long term rating is **Stable**.

The ratings consider the longstanding track record of the promoter and the group (including RSHPL) in providing port support services and dominant market share of the group at Haldia Dock Complex despite competition on account of exclusive licenses to provide certain services and established relationship with customers with short term and long term contracts. ICRA also takes note of the healthy capital structure of the company with low gearing and strong coverage indicators, further supported by capital infusion during 2015-16 and improvement in profit margins witnessed during the last two years aided by increased mechanization. Additionally, apart from the direct services the Company has also let out equipment to group entities with minimum guaranteed volume commitments, which provides some stability to revenue.

The ratings are however constrained by the increasing competition from private sector non major ports resulting in shift of cargo from major ports in the last few years, although the impact on HDC is partly mitigated since there are large customers who provide repeat business to the port on account of favourable connectivity to their plants in the hinterland. HDC also happens to be a riverine port needing periodic dredging to maintain navigability, supported by Central Gov't and any moderation in funds/support could have adverse impact on port traffic. Moreover, the Company operates in areas with highly unionized work force which coupled with labour intensive nature of operations exposes the Company to risk of strike/industrial actions, although the risk has moderated to some extent in the last few years due to increased mechanization. The ratings are further constrained by susceptibility of operational and financial performance to broader import export cycle and vulnerability of port services sector to changes in Gov't policies.

ICRA takes note of the ambitious plans of the Government for the port sector and steps taken by Kolkata Port Trust (KoPT) in particular to improve infrastructure at HDC to drive volumes and address some of the bottlenecks. Some of the awards for new projects at HDC has been to group entities or will be undertaken by RSHPL under SPV/JV which is expected to drive revenue growth and margin improvement. However, the translation of the efforts into actual improvement in performance remains to be seen.

Company Profile

Ripley and Co Stevedoring and Handling Private Limited ("RSHPL", "the Company") - was incorporated in the year 2000 and is engaged primarily in providing stevedoring, shore handling and other port support services. The company has major presence in the Haldia Dock Complex(HDC), along with other group entities and has also been providing services at the ports of Kolkata, Paradip and Vizag. The company has registered office in Kolkata and branches in Haldia, Paradip and Vizag ; owns a fleet of 160 mobile equipment (mobile harbour cranes, dumpers, loaders, forklifts, excavators and dozers) and has a workforce of over 1200 employees.

The Company is part of the larger group of companies promoted by Mr. Swapan Sadhan Bose, with business interests in port support services, coastal cargo movement, mining and media and long standing presence in the eastern ports, especially in the Haldia Dock Complex (HDC).

July 2016

¹ 100 lakh = 1 crore = 10 million



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