

October 31, 2025

## M. Pallonji & Company Private Limited: Ratings reaffirmed

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term – Fund-based - Cash credit	17.00	17.00	[ICRA]A+ (Stable); Reaffirmed
Short term - Non-fund based - Working capital facilities	25.00	25.00	[ICRA]A1+; Reaffirmed
<b>Total</b>	<b>42.00</b>	<b>42.00</b>	

\*Instrument details are provided in Annexure I

### Rationale

The reaffirmed ratings of M. Pallonji & Co. Private Limited (MPCPL) factor in its robust financial profile at a consolidated level, characterised by healthy profit margins and comfortable capital structure and coverage indicators. MPCPL's consolidated revenue witnessed a modest growth amid stable revenues from the shipping operations under the Singaporean subsidiary M Pallonji Logistics Singapore Pte Ltd (MPLSPL), healthy revenue growth under the auto dealership operations, which largely offset the moderation in standalone revenues. The liquidity of ~Rs. 761.3 crore {~Rs. 120.8-crore cash balances and ~Rs. 640.4 -crore investments in mutual funds on a consolidated basis as on March 31, 2025 (Provisional)} enhances the Group's financial flexibility. The Group had low debt levels of Rs. 7.75 crore as on March 31, 2025 (Provisional). The ratings consider the long-term arrangement of the Group with Tata Power Company Limited (TPCL) for barging and dredging activities that ensures sustainable cash flows at a consolidated level. The company's diversified portfolio, its demonstrated track record, extensive experience in the industry and the well-established relationships with customers, provide further comfort.

The ratings are, however, constrained by the susceptibility of orders to the overall macroeconomic environment. This, coupled with the competitive bidding-based system for awarding contracts, may have an adverse bearing on revenues and profitability on a standalone basis. However, long-term contracts, particularly in the barging business, are carried out mainly by M. Pallonji Logistics Private Limited (MPLPL), supporting the revenue stream on a consolidated basis.

Further, the company's subsidiary, M Pallonji Logistics Singapore Pte. Ltd. (MPLSPL), a dry bulk ship-owning entity, is exposed to cyclicity in the shipping business and the corresponding fluctuations in charter rates for dry bulk vessels. This risk is mitigated to a certain extent by the pool hire arrangement with the Klaveness pool, resulting in the steady deployment of shipping vessels. ICRA notes that shipping rates have remained largely stable over FY2025 and YTD FY2026, and thus, the segment's performance will remain stable in the near to medium term. MPCPL also has sizeable investments in unquoted equity instruments, leading to a large investment portfolio that subdued the company's return indicators to some extent. Any sizeable increase in unquoted equity instruments, weakening the company's liquidity position, would be a rating sensitivity. ICRA notes that the company is planning to establish a general insurance venture and has sought approval from the insurance regulator, Insurance Regulatory and Development Authority of India (IRDAI). At present, the plan is in its nascent stages, and investment plans for the new venture and its consequent impact on MPCPL's overall credit profile will remain a key monitorable.

The Stable outlook factors in the expectation that steady performance in the shipping subsidiary, along with earnings from the ongoing contracts with TPCL, will support cash generation and keep MPCPL's credit profile steady.

## Key rating drivers and their description

### Credit strengths

**Well-established position and extensive experience of management** – MPCPL, incorporated in 1950, is the flagship company of the M. Pallonji Group, which has more than 90 years of industry experience. Over the years, the company has built a well-diversified business portfolio that includes industrial painting, dredging, construction and port logistics. The company has a diversified portfolio, a demonstrated track record and established experience in the industry and longstanding relationships with customers.

**Strong financial profile** – The Group's financial profile remains strong with healthy cash accruals, given the long-term contracts with reputed clients in the painting, barging and dredging businesses. MPCPL's liquidity is strong with healthy cash and liquid investments of ~Rs. 761.3 crore as on March 31, 2025 (provisional), enhancing the Group's financial flexibility. Additionally, the working capital facilities are largely unutilised, boosting MPCPL's financial profile.

**Diversified business segments** – The Group's businesses are diversified and have healthy potential, given the demand scenario. Moreover, increased focus of the Group on these businesses provides revenue visibility for the near to medium term. The long-term arrangement with TPCL for barging and dredging activities ensures sustainable cash flows at a consolidated level. Nonetheless, MPCPL's ability to win orders remains critical going forward.

### Credit challenges

**Large investments in unquoted equity instruments** – MPCPL (standalone) has sizeable investments in unquoted equity instruments {~Rs. 914.5 crore as on March 31, 2025 (Provisional)}, which has led to a large investment portfolio that has subdued the company's return indicators to some extent. Any sizeable increase in the unquoted equity instrument would be a rating sensitivity.

**Orders exposed to macroeconomic environment** – ICRA also notes that fresh order inflows are dependent on the macroeconomic environment. The order inflow has moderated in the last few fiscals. This, coupled with the competitive bidding-based system for awarding contracts, may have an adverse bearing on the revenue and profitability on a standalone basis. However, long-term contracts, particularly in the barging business carried out by MPLPL, support the revenue stream on a consolidated basis.

**Fluctuations in shipping industry** – The shipping business carried out by one of the Group companies, MPLSPL, remains vulnerable to fluctuations in the shipping industry owing to the inherent cyclicity of the business and the corresponding variations in charter rates for dry bulk vessels. This risk is mitigated to a certain extent by the pooling arrangements with the Klaveness pools. Shipping rates have remained volatile over the years, thereby exposing the company's earnings to the cyclicity in shipping rates. However, given the debt-free operations of MPLSPL, the overall credit profile is expected to remain stable. The logistics business, which includes port logistics and cargo transportation, continues to be the company's main revenue driver.

### Liquidity position: Strong

MPCPL's liquidity position remains strong, with healthy cash and liquid investments of ~Rs. 761.3 crore as on March 31, 2025 (Provisional). At the consolidated level, MPCPL also has a sanctioned working capital facility of Rs. 17.0 crore as on March 31, 2025, which remains largely unutilised. The company has no debt repayment obligations at present, as borrowings are limited to working capital facilities. In addition, the company enjoys healthy financial flexibility, enabling it to raise debt at short notice owing to its significant liquid investments.

## Rating sensitivities

**Positive factors** – ICRA could upgrade MPCPL’s ratings if the company demonstrates a sustained improvement in its scale of operation, along with strong profitability metrics.

**Negative factors** – Pressure on MPCPL’s ratings could arise if the charter rates decline sharply, having a substantial impact on the profitability at a consolidated level. A rise in the debt-funded capex or investments, pushing the gross debt/OPBITDA to more than 2.0 times, could exert pressure on the company’s ratings.

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Shipping</a>
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of the parent company, MPCPL. As on March 31, 2024, the company had six subsidiaries, one step-down subsidiary and one associate company, which are enlisted in Annexure II

## About the company

M. Pallonji & Co. Private Limited (MPCPL) provides services such as logistics, dredging, industrial coating and painting on a contract basis. MPCPL, incorporated in 1950, is a closely held private limited company. The company’s clientele includes power generating (thermal and hydro) stations, chemical and fertiliser factories, petroleum refineries, offshore oil and gas platforms.

### Key financial indicators (audited)

MPCPL Consolidated	FY2024	FY2025*
Operating income	620.28	660.45
PAT	287.65	238.40
OPBDIT/OI	30.6%	23.3%
PAT/OI	46.4%	36.1%
Total outside liabilities/Tangible net worth (times)	0.04	0.03
Total debt/OPBDIT (times)	0.04	0.13
Interest coverage (times)	172.55	69.55

Source: Company, ICRA Research; \* Provisional numbers; All ratios as per ICRA’s calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

**Status of non-cooperation with previous CRA: Not applicable**

**Any other information: None**

## Rating history for past three years

Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years					
	FY2026			FY2025		FY2024		FY2023	
	Type	Amount rated (Rs. crore)	Oct 31, 2025	Date	Rating	Date	Rating	Date	Rating
<b>Fund Based-Cash Credit</b>	Long Term	17.00	[ICRA]A+ (Stable)	Jul 30, 2024	[ICRA]A+ (Stable)	Apr 25, 2023	[ICRA]A+ (Stable)	-	-
<b>Non-Fund Based-Others</b>	Short Term	25.00	[ICRA]A1+	Jul 30, 2024	[ICRA]A1+	Apr 25, 2023	[ICRA]A1+	-	-

## Complexity level of the rated instruments

Instrument	Complexity indicator
Long term – Fund-based - Cash credit	Simple
Short term - Non-fund based - Working capital facilities	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

**Annexure I: Instrument details**

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Long term – Fund-based - Cash credit	NA	NA	NA	17.00	[ICRA]A+ (Stable)
NA	Short term - Non-fund based - Working capital facilities	NA	NA	NA	25.00	[ICRA]A1+

Source: Company

**Annexure II: List of entities considered for consolidated analysis**

Company Name	Ownership	Consolidation Approach
M Pallonji & Co. Pvt. Ltd.	100.00% (rated entity)	Full Consolidation
M Pallonji leasing Private Ltd.	55.38%	Full Consolidation
M Pallonji Logistics Pvt. Ltd.	99.98%	Full Consolidation
MP Offshore Pvt. Ltd.	100.00%	Full Consolidation
MP Automotors Pvt. Ltd.	100.00%	Full Consolidation
M Pallonji Enterprise Pvt. Ltd.	100.00%	Full Consolidation
M Pallonji Shipyard Pvt. Ltd.	100.00%	Full Consolidation
M Pallonji Shipping Pvt. Ltd.	33.33%	Equity Method
M. J. Biopharm Private Limited	30.00%	Equity Method

Source: Company

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### Branches



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