April 08, 2025

Balmer Lawrie & Company Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Cash credit facilities	50.00	50.00	[ICRA]AA+(Stable); reaffirmed
Non-fund based facilities	130.00	130.00	[ICRA]AA+(Stable); reaffirmed
Short-term fund-based facilities[1]	(50.00)	(50.00)	[ICRA]A1+; reaffirmed
Total	**180.00**	**180.00**	

**Instrument details are provided in Annexure-I; [1] Sublimit of the cash credit facilities*

Rationale

While arriving at the ratings, ICRA has considered the consolidated financials of Balmer Lawrie & Company Limited (BLL) with the subsidiary, Visakhapatnam Port logistics Private Limited (VPLPL) along with other JV/associates against the earlier rating approach of analysing the standalone profile of the entity. This change in rating approach is following shortfall undertaking provided by BLL in the term loan refinanced in VPLPL.

The reaffirmation of the ratings continues to factor in BLL's strong debt coverage indicators and a comfortable liquidity position, given a large free cash and bank balance of over Rs. 350 crore as of February 2025. In FY2025,the revenue growth is estimated to remain modest at high single digits along with sustenance of healthy operating profits. This is driven by an improvement in the performance of key specific business units (SBU) viz. logistics services (LS) and , travel & vacation (T&V) services, while industrial packaging (IP) segment continue to remain stable. The revenue and profits of the logistics infrastructure and grease and lubricants (GI) was impacted to an extent in 9M FY2025, owing to intense competition in the industry. Nonethless, low total debt position along with comfortable margins is likely to result in a healthy leverage and debt coverage indicators for the entity. In FY2026, the performance is expected to remain stable. While the normal capital expenditure requirement is expected to remain at Rs 50-55 crore, the entity is still evaluating the ethanol project, for which land allocation is still pending. The ratings also consider the entity's healthy diversification across business segments and customers, protecting BLL from any downturns in a particular business. The ratings also consider the Central Public Sector Undertaking (CPSU) status of BLL, which enables it to generate stable revenues from other PSUs and Government departments, especially in logistic services (LS) and the T&V business.

The ratings are, however, constrained by the vulnerability of the company's profitability to adverse movements in raw material prices in the industrial packaging and the grease and lubricant divisions. Additionally, the revenues and margins in the container handling business remain susceptible to changes in Government policies. The ratings also remained constrained by the sizeable exposure to a weak subsidiary - Visakhapatnam Port Logistics Park Limited (VPLPL). While BLL has extended a shortfall undertaking for the loan refinanced in VPLPL, the support requirement is expected to be limited to the principal repayment, while the interest servicing is likely to be primarily met through the cash flows of VPLPL. ICRA will continue to monitor the performance of VPLPL, and support required from BLL for its debt-servicing.

The Stable outlook on the long-term rating reflects ICRA's opinion that BLL would be able to generate healthy free cash flows across a diversified business portfolio and the gearing and coverage indicators are expected to remain comfortable despite a large debt-funded capex.

Key rating drivers and their description

Credit strengths

Conservative capital structure, strong debt protection metrics and comfortable liquidity position – BLL's consolidated financial risk profile remained strong in FY2024 with an improvement witnessed in profits and cash accruals. In FY2025, the revenue growth is estimated to remain modest at high single digits along with sustenance of healthy operating profits. In 9M FY2025, the company reported a revenue growth of ~8% along with OPM of ~11.4%. The debt protection metrics also remained strong, reflected in an interest coverage of ~10.7 times in 9M FY2025 (FY2024 – 14.1 times). In FY2026, the performance is expected to remain stable.

Diversified operations and established position across business segments cushion against downturns in a particular segment – BLL's business profile is diversified across business segments and customers, which protects it from any downturn in a particular business. The company is organised into five main divisions – logistics infrastructure, logistics services, grease & lubricants, industrial packaging and travel & vacations, besides other smaller divisions. The business profile remains adequately diversified, with logistics services, industrial packaging and grease & lubricants being the key revenue contributors, constituting ~21%, ~32% and ~23%, respectively, of BLL's consolidated revenues in 9M FY2025.

PSU status provides stable revenues from the Government sector – The competitive advantage of BLL's service-related SBUs is supported by its PSU status, which results in stable revenues from PSU/Government sector customers. The PSU status is expected to benefit the overall business risk profile of BLL, going forward as well. ICRA notes that BLL is the Government's preferred partner in providing logistics services for defence imports, and ticketing services for the travel needs of officials from the armed forces. Such services are likely to provide a stable source of revenue to the company. ICRA also notes that BLL has added several private sector clients over the years and is expected to considerably increase the sectors' share, going ahead.

Credit challenges

Vulnerability of profitability to adverse movements in raw material prices and intense competition – The key manufacturing verticals - industrial packaging and grease & lubricants - are characterised by moderate margins. While many unorganised players and low entry barriers keep the margins of the IP division under check, intense competition from global and local players restricts the margins of the G&L segment. In addition, volatile prices of cold-rolled coil and base oil used as raw materials in the IP and G&L segments, respectively, expose the profitability to adverse movements in raw material prices as reflected in the dip in revenues from the G&L segment in the 9M FY2025 numbers.

Logistics division business susceptible to Government policies – The revenues and margins in the container handling business remain susceptible to volatility in the Government policies. The implementation of the Direct Port Delivery/Direct Port Entry (DPD/DPE) scheme by the Government of India, which has now been implemented across all major ports, continues to impact BLL's top line and bottom line from the segment.

Sizeable investment in weak subsidiary continues to impact consolidated financials – BLL has an equity investment of ~Rs. 81 crore in its subsidiary, Visakhapatnam Port Logistics Park Limited (VPLPL), which started commercial operations from October 2019. However, the commencement of CFS operations started in the last fiscal, resulting in support required for debt-servicing of the entity. BLL has supported in the past through loan & advances to the tune of Rs 12 crore till December 2024. VPLPL has recently refinanced its term loan, in which BLL has provided shortfall undertaking. However, the support requirement is expected to be limited to the principal repayment, while the interest servicing is likely to be primarily met through the cash flows of VPLPL. ICRA will continue to monitor the performance of VPLPL, and support required from BLL for its debt-servicing.

Liquidity position: Strong

BLL's liquidity position is strong with healthy cash flow from operations, large free cash and bank balances of over Rs. 350 crore as of Feb 2025, no debt repayment obligations, modest capital expenditure plans and adequate buffer in the form of unutilised working capital limits (~Rs. 46 crore as on Feb 25) . Overall, ICRA expects the company to be able to comfortably meet its near-term capex commitments through internal accruals and still be left with sufficient cash surplus.

Rating sensitivities

Positive factors - ICRA could upgrade BLL's ratings if the RoCE improves and remains above 25% on a sustained basis. Moreover, the debt protection metrics need to be sustained at the current level.

Negative factors - Pressure on BLL's ratings could arise if a sustained slowdown in BLL's end-user industries pulls down its operating cash flows. High dividend outflow, leading to weakening of the liquidity, could also be a trigger for downgrade.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Rating Methodology - Chemicals
Parent/Group support	Not Applicable
Consolidation/Standalone	ICRA has considered the consolidated financials of BLL as per entities mentioned in Annexure II.

About the company

Balmer Lawrie & Company Limited (BLL) was established in 1867 as a partnership firm to deal in freight forwarding and imports clearing in India. It is a Central PSU and has been under the administrative control of the Ministry of Petroleum and Natural Gas, GoI, since 1972. In 1924, it was incorporated as a private limited company, and in 1936, it was converted into a public limited company. In 2006, BLL attained the Miniratna–I status. It has many strategic business units (SBU), with presence in both the manufacturing and services sectors. The key manufacturing verticals are industrial packaging and grease & lubricants, while the key services divisions are travel & vacation, logistics infrastructure and logistics services.

Key financial indicators

	Standalone		Consolidated	
	FY2024	9M FY2025*	FY2024	9M FY2025*
Operating income	2323.4	1890.9	2344.4	1907.5
PAT	203.5	151.3	199.3	136.0
OPBDIT/OI	12.9%	11.3%	13.3%	11.4%
PAT/OI	8.8%	8.0%	8.5%	7.1%
Total outside liabilities/Tangible net worth (times)	0.6	-	0.6	-
Total Debt/OPBDIT (times)	0.1	-	0.4	-
Interest coverage (times)	22.2	17.6	14.1	10.7

*PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs crore ; *from latest quarterly results*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current (FY2026)			Chronology of rating history for the past 3 years					
	April 03, 2025			FY2025		FY2024		FY2023	
Instrument	**Type**	**Amount Rated (Rs Crore)**	**Rating**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**
Cash credit	Long Term	50.00	[ICRA]AA+ (Stable)	10-May-24	[ICRA]AA+ (Stable)	07-Jul-23	[ICRA]AA+ (Stable)	17-May-22	[ICRA]AA+ (Stable)
Non-fund based bank facilities	Long Term	130.00	[ICRA]AA+ (Stable)	10-May-24	[ICRA]AA+ (Stable)	07-Jul-23	[ICRA]AA+ (Stable)	17-May-22	[ICRA]AA+ (Stable)
Fund-based bank facilities*	Short Term	(50.00)	[ICRA]A1+	10-May-24	[ICRA]A1+	07-Jul-23	[ICRA]A1+	17-May-22	[ICRA]A1+

**sublimit of Cash credit*

Complexity level of the rated instruments

Instrument	Complexity Indicator
Cash credit	Simple
Non-fund based bank facilities	Very Simple
Fund-based bank facilities*	Simple

**sublimit of cash credit*

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	Cash credit facilities	--	--	--	50.00	[ICRA]AA+ (Stable)
NA	Non-fund based facilities	--	--	--	130.00	[ICRA]AA+ (Stable)
NA	Short-term fund-based facilities*	--	--	--	(50.00)	[ICRA]A1+

*Source: Company; *sublimit of cash credit*

[Please click here to view details of lender-wise facilities rated by ICRA]

Annexure II: List of entities considered for consolidated analysis:

Company Name	Ownership	Consolidation Approach
Visakhapatnam Port Logistics Park Ltd	60%	Full Consolidation
AVI Oil India Pvt Ltd	25%	Equity Method
Balmer Lawrie Van Leer Ltd	47.91%	Equity Method
PT Balmer Lawrie Indonesia	50%	Equity Method
Balmer Lawrie UAE LLC	49%	Equity Method

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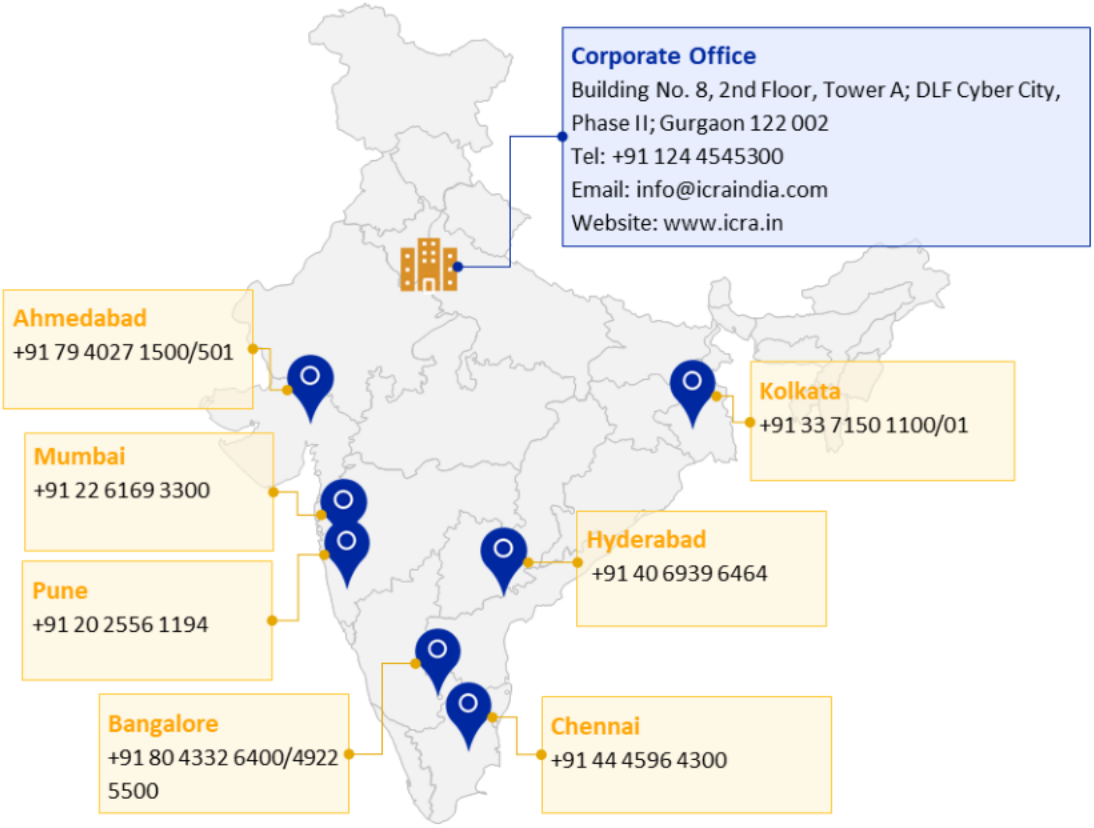

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