

Brief History of Balmer Lawrie

Inception

Balmer Lawrie was founded by Mr Alexander Lawrie and Mr Stephen George Balmer on February 1, 1867. Soon after signing the co-partnership agreement, Mr Stephen Balmer returned to England where he passed away on May 21, 1867. Alexander Lawrie was therefore virtually the sole founder of Balmer Lawrie & Co. Mr. Alexander Lawrie passed away at Ruthin, Hampstead on April 25, 1908 at the age of 64 years.

The first co-partnership agreement, effective from February 1, 1867 made between Mr Alexander Lawrie and Mr Stephen George Balmer was destroyed in a fire in London. The earliest document available is the co-partnership agreement made on December 31, 1867 between Mr Alexander Lawrie, Mr Cunningham Hudson and Mr. James Gordon Stewart. The authorised share capital was Rs 1 lakh.

The 'object' of forming the partnership styled 'Balmer Lawrie & Co.', as stated in the agreement was: "That the Partnership business shall consist wholly and solely of Commission transactions..." Translated into commercial parlance, it meant that the partners had formed Balmer Lawrie & Co. as an 'agency house'. In 1867, the agency business was essentially in trading. The choice of business at its inception was influenced by two main factors: the background of the partners and the opportunities offered by the environment. In later years, 'commission transactions' were extended to include tea garden agency and managing agency. The basic character of the business i.e. 'commission agency' remained unaltered for many years.

Accounts

The first available accounts of the Firm cover the period from August 1, 1867 to December 31, 1867. The first mention of banks is found in the accounts of 1868. They were National Bank (now called ANZ Grindlays Bank) and Oriental Bank. In 1871, there were some differences among the partners and in December the partnership was liquidated, followed by a new agreement immediately thereafter.

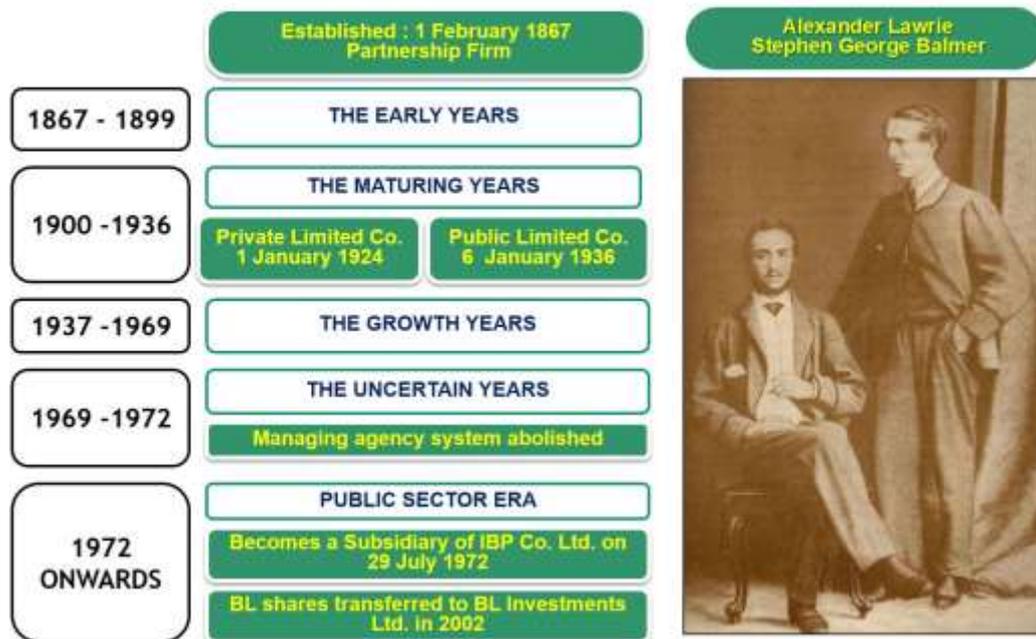
Office

The office of Balmer Lawrie & Co. was first established at 74, Clive Street in Calcutta. It shifted soon after to 4, Fairlie Place and 1868, it expanded to the building at 103, Clive Street. The two premises were subsequently amalgamated and the address after 1947 became 21, Netaji Subhas Road.

Business Trends

The business of the Firm, as revealed from the accounts, was trading, tea and shipping. Tea operations in Balmer Lawrie were an 'agency' operation as the Firm acted as a 'buyer' on behalf of organisations abroad and earned commission. There was also a tea marketing operation but that was conducted under the name of Indian Tea Co. Similarly, for shipping the chief role was as agents.

The Corporate Journey



In 1873 The Anglo Indian Carrying Co. was formed to offer a variety of shipping services.

The trading operations of Balmer Lawrie had begun on a very small scale. The initial Balmer Lawrie products for trading were primarily captive to tea gardens. They included tea lead, tea seeds, kerosene, blankets, drugs and pharmaceuticals, wines and spirits, apparel and accessories, steel, paints and lubricating oils. This pattern continued till 1880.

Yet another activity almost came into Balmer Lawrie's fold in 1878. Tea had taken Mr. Lawrie into Assam. At that time another exciting prospect being actively pursued in Assam was oil exploration. In a letter dated January 13, 1878, Balmer Lawrie applied to the state government for concession in perpetuity or 99 years of all rights to petroleum and other finds in Lakhimpur district of Assam. However, for reasons which could not be ascertained the request was not granted. Balmer Lawrie maintained its interest in oil upto the early 1900s through its association with Assam Oil Syndicate until it was taken over by Assam Oil.

In 1888 Balmer Lawrie set up a new department called the West Indies Department (renamed Produce Export Department in 1905).

From March 1884, the Firm started publishing monthly circulars containing announcements under various departments of business.

In 1890 Balmer Lawrie was appointed as managing agents for Bengal Paper. After 1890, there were significant changes in the product mix. In 1891, the Metal Department was formed, taking over some existing products from Machinery Department and adding new ones.

In 1899 with the growth in agencies for electricals and accessories, a separate Electrical department was set up which, in addition to agency operations, also offered contacting services covering installation and maintenance.

Another branching of metal division led to the formation of a separate Structural department in 1910 to manufacture small steel bridges and roof structures for tea gardens. In 1920, British India Electric Construction Co. Ltd. grew out of Electrical Department and Bridge & Roof Co. (I) Ltd. from Structural department, to carve out their eventful histories.

On 1st January 1924 the company became a Pvt. Ltd. Co. on with a share capital of 40 L and then on 6th January, 1936 it became a Public Ltd. Co.

Grease production began in Balmer Lawrie in the year 1937. In the early 1950s, concepts of business identity were changing and Balmer Lawrie chose 'engineering' and 'paper' as the directions for the future. One of the most extraordinary events took place in the mid-1950s. The equity capital of Balmer Lawrie had been increased from Rs. 40.01 lakhs to Rs. 80.01 lakhs by issue of bonus shares in 1954. Less than two years later, on January 10, 1956, Alex Lawrie & Co. Ltd. suddenly disinvested to the extent of 25% (from its holding of 51%) in favour of The Indo-Burma Petroleum Co. Ltd.

When the managing agency business was going down in the 1950s the 'ebb' was arrested through 'manufacture'. It was the merger of barrel units into Balmer Lawrie in 1975 which accelerated the company's growth at a crucial juncture.

In 1972, Balmer Lawrie became a government company. Balmer Lawrie was not really too diversified until 1972, 'commission agency' being its principal business. It was actually in the period after 1972 that the company diversified extensively.

Till 1972, after more than a century of operations, Balmer Lawrie's investments in fixed assets amounted to a mere Rs. 1.58 crores. In the next 20 years, the Company invested Rs. 53 crores, raising its asset base 34 times. The Company turnover in 1972 was Rs. 11.67 crores, which went up to Rs. 346 crores in 1992, almost 30 times. Profits increased from Rs. 25.53 lakhs in 1972 to Rs 9 crores, which works out to 35 times.

The long felt need to move into manufacture was given a go ahead in the second half of the 1970s. The Company's investments, apart from those in ongoing activities, were in diverse new fields such as freight containers, leather chemicals, LPG cylinders and petroleum chemicals. A substantial share of new capital was also made available for modernisation, technology upgradation and towards cost reduction.

Eventually Balmer Lawrie emerged as a Conglomerate with presence in diverse businesses across locations in the country and abroad.

In 1987 it became as Schedule B PSE and in 2001, IBP Co. Limited, transferred their holding of 61.8% in Balmer Lawrie & Co. Ltd. to Balmer Lawrie Investments Limited. The equity shares of Balmer Lawrie are listed with Mumbai and National Stock Exchanges. In 2003 Balmer Lawrie became a Mini Ratna II PSE and in 2006 Mini Ratna I PSE under the Ministry of Petroleum and Natural Gas.

Balmer Lawrie today

Today Balmer Lawrie has six business units – **Industrial Packaging, Greases & Lubricants, Leather Chemicals, Travel & Vacations, Logistics, Refinery & Oilfield Services** with offices spread across the country and abroad.

Balmer Lawrie also grew inorganically through various JVs over the period of time.

Joint ventures:

Balmer Lawrie (UAE) LLC, Transafe Services Ltd. , Balmer Lawrie – Van Leer Ltd, AVI-OIL India Pvt. Ltd. , and PT Balmer Lawrie Indonesia

Wholly owned subsidiaries:

Balmer Lawrie [UK] Limited and Visakhapatnam Port Logistics Park Limited (VPLPL)

MILESTONES

Below are the significant milestones of Balmer Lawrie since its inception:

Corporate Journey – Early Years

1867 – Partnership firm established on 1st. Feb.1867

Agent for Tea trading, shipping & forwarding

S.G.Balmer passes away

India Tea Co. set up to blend & export tea

1872 - Banking operations started

Appointed managing agents for Jokai Tea

1873 - Anglo Indian Carrying Co. set up for shipping & forwarding

Insurance Agency started

1882 - Appointed managing agents for Crystal Ice Supply, Kolkata

1888 - Commences food exports to West Indies

1889 - Annual Bonus paid to employees

1890 - Appointed managing agents for Bengal Paper Mills

First use of typewriters

1891 - Appointed managing agents for New Beerbhoom Coal

1894 - Electric power in Office at 103 Clive Street

Corporate Journey – Maturing Years

1908 – Alex Lawrie passes away

Bombay branch opened

1909 - New 4 storied Office constructed (Present HO)

1917 - First motor car acquired

1919 - Appointed managing agents for Aurther Butler & Co.

First audit of accounts by Price Waterhouse

1920 - Biecco and Bridge & Roof promoted

Appointed managing agents for Indian Galvanising Co.

1924 - Became a Pvt. Ltd. Co. on 1st. January, share capital of 40 L

1932 - Delhi branch opened

1936 - Became a Public Ltd. Co. on 6th. January

Corporate Journey – Growth Years

1937 – Grease production commences in Pilkhana, Howrah

1944 – Grease production commences in Sewree, Bombay

Barrel production commences at Indian Galvanizing

Provident Fund introduced for staff

1946 - Employee Trade Union formed

1947 - Branch Offices opened in Karachi & Chittagong

1949 - Balmer Lawrie & Co (Pakistan) Ltd. Formed

1951 - Tribeni Tissue commissioned with BL as managing agent

1952 – Branch Office started at Madras, later discontinued

1956 - 25% of BL divested by Alex Lawrie & Co.

in favour of Indo-Burma Petroleum

1958 – Insurance agency (Sun Insurance) terminated

1963 – Banking operations discontinued

1968 – Duncan Brothers take over management control

1969 – Managing Agency system abolished, BL loses

managing rights in respect of more than 40 tea gardens

Corporate Journey – Uncertain Years

1972 – Indo Burma Petroleum Co. acquires control by taking over all shares from Alex Lawrie & Duncan Brothers. BL becomes a subsidiary of Indo Burma Petroleum

Corporate Journey – Public Sector Era

1987 – Schedule B PSE

2001 – IBP Co. Limited, transferred their holding of 61.8% in Balmer Lawrie & Co. Ltd. To Balmer Lawrie Investments Limited.

The equity shares of Balmer Lawrie are listed with Mumbai and National Stock Exchanges.

2003 – Mini Ratna II PSE

2006 – Mini Ratna I PSE