

(This document comprises news clips from various media in which Balmer Lawrie is mentioned, news related to GOI and PSEs, and news from the verticals that we do business in. This will be e-mailed on every Monday.)

## **ICRA reaffirms `A-` & `A2+` ratings on Balmer Lawrie-Van Leer**

Credit rating agency, ICRA has reaffirmed the long term rating of A- to the Rs 46.5 million term loan and Rs 105 million long term fund and non-fund based limits of Balmer Lawrie-Van Leer (BLVL). The long term rating has been assigned a stable outlook. ICRA has also reaffirmed the short term rating of A2+ to the Rs 208 million short term fund based limits and Rs 210 million short term non fund based limits of BLVL.

The rating reaffirmations continue to reflect the strong managerial, technical and financial support from the joint venture partners- Balmer Lawrie & Co. and Greif Inc. Capital structure of the company continues to remain moderate with a gearing of 0.86X as on 31st March 2011.

The ratings remain constrained by the high concentration of sales to the parent companies which accounted for 53% of total steel drum closure sales and 18% of total sales in FY11, heavy competition from small and unorganized players in certain segments such as plastic container business and vulnerability of profits to fluctuation in foreign exchange given the company's sizeable imports. In FY10, BLVL had acquired a 50% stake in Transafe Services (TSL) for a consideration of Rs. 18.18 billion.

With TSL filing for CDR, this investment is likely to be written off. However, in such an event, Balmer Lawrie is expected to waive-off the loan, which it had given to BLVL to fund the investment in TSL, thereby limiting the financial impact on BLVL. However BLVL might have to service interest on the loan which could impact its net profit margins.

*Myiris - 22.02.2012*

<http://www.myiris.com/newsCentre/storyShow.php?fileR=20120222132200200&dir=2012/02/22>

## **CII wants top-level vacancies in PSUs to be streamlined**

Expressing concern over top-level vacancies in Public Sector Units, industry chamber CII has said the government needs to streamline the process for appointing key functionaries in PSUs. During a meeting with Department of Public Enterprises (DPE) Secretary D R S Chaudhary, CII Director General Chandrajit Banerjee stressed upon the

## **Centre to use all policy tools to boost manufacturing sector**

The government plans to give a new push to the manufacturing sector. It will encourage domestic manufacturers in public procurement, provide them a level playing field, cut red tape and redefine the role of state enterprises to restrict them to areas that are vital but not attractive for the private sector. These recommendations are part of the yet-to-be-released manufacturing policy of the 12th Five Year Plan.

The policy, with the overriding theme of throwing a protective arm around India's manufacturing sector, lays thrust on creating a level playing field for Indian manufacturers through fiscal measures like correcting anomalies in duty structures.

In this backdrop comes the government's recent proposal to impose 19% duty on imported equipment for mega power projects. The Cabinet has also approved a proposal to give preference to indigenously manufactured electronic products (step-up value addition between 25-45% in five years) in government procurement, which forms a substantial part of the 14-15 lakh crore the government spends every year on public projects, goods and services. The manufacturing policy also recommends that public sector enterprises (PSEs) should focus on areas that are important but unattractive to the private sector because of the heavy investments and risks involved. For example, aircraft production.

*The Economic Times - 24.02.2012*

<http://economictimes.indiatimes.com/news/economy/policy/centre-to-use-all-policy-tools-to-boost-manufacturing-sector/articleshow/12011752.cms>

## **Plan panel opposes govt grants for last mile port connectivity**

The Planning Commission is opposing the use of central government grants to provide so-called last-mile connectivity via roads and railways to privately managed ports—a stance that precedes the start of the 12th Plan (2012-2017) in April. The apex planning body turned down a recent request by the roads ministry to

need to shorten the selection process for appointments at the board level, the chamber said in a statement. At present, about a dozen state-owned units, including MMTC and Coal India, do not have a full-time Chairman and Managing Director and in some cases, the post has been vacant for up to a year or more.

CII said there should be active involvement of the CEO in the selection of the board. In January, the DPE had advised PSUs to groom a few executives, below the board level, who are seen as having high potential to fill leadership position in the future. There are 249 central public sector enterprises employing about 15 lakh people.

*Economic Times - 20.02.2012*

<http://economictimes.indiatimes.com/news/news-by-industry/jobs/cii-wants-top-level-vacancies-in-psus-to-be-streamlined/articleshow/11966019.cms>

### **Employee retirement benefit costs up 45% for top-100 cos: Study**

Indian companies seem to be facing a sharp rise in their liabilities towards employees' retirement benefits and the cumulative figure for the top-100 firms grew by 45 per cent to Rs 2,90,000 crore last fiscal. According to a study conducted by Towers Watson, a global risk management and human resource consultancy major, the combined estimated liabilities for employee benefits across BSE-100 companies was Rs 2,90,000 crore as on March 31, 2011, as compared to Rs 2,00,000 crore in the year-ago period.

Liabilities for employee benefits for India Inc are long-term in nature and comprise of retirement provision made by the companies. Provident Fund and gratuity are two mandatory retirement benefits for employees in India. Besides, gratuity, defined benefit (DB) pension, leave benefits and other DB plans can also be termed as liabilities for employee benefits in India.

*The Hindu Business Line - 23.02.2012*

<http://www.thehindubusinessline.com/industry-and-economy/article2923949.ece>

### **Bailouts for PSUs result in rate cuts, industry sickness**

Bailout packages have rarely helped resuscitate ailing public sector undertakings — they have only sunk further as a result, in some cases taking other players in the industry also along.

The latest R18,000-crore bailout package from the Centre for Air India is unlikely to be any different. The airline would, in all probability, continue to do what it has been doing all along — offer below-cost tariffs on busy sectors that private sector competitors would be forced to follow, causing

allow it to use a proposed government grant of Rs.5,000 crore to provide last-mile road connectivity—or the final leg of delivery—to some 48 minor ports out of 180 such privately managed ports in the country. The 48 ports are those that handle international trade.

"When the approach paper to the 12th Plan was being finalized, we had asked the Planning Commission to allow us Rs.5,000 crore during the plan period so that we could connect those minor ports that carry out international trade. But they turned us down," said a top roads ministry official who spoke on condition of anonymity.

*Mint - 21.02.2012*

<http://www.livemint.com/2012/02/20223058/Pan-panel-opposes-govt-grants.html?atype=tp>

### **Govt out to garner Rs 30,000 cr dividend**

Hard pressed for funds, the government has collected Rs 9,771.087 crore as dividends from 15 Public Sector Undertakings (PSUs) since January with Rs 40,000 crore revenue mop up from disinvestment is expected fall far short this financial year.

The government is looking to garner Rs 7000 crore more as dividend payout from government-owned companies to take the total collections to over Rs 30,000 crore. In addition, it expects to rake in Rs 1,500 crore through Dividend Distribution Tax (DDT) in 2011-12.

Though the dividend accrual is in line with the payout given by these companies last financial year, there is a rush to declare dividend by PSUs before the Union Budget on March 16.

*Financial Chronicle - 20.02.2012*

<http://www.mydigitalfc.com/economy/govt-out-garner-rs-30000-cr-dividend-143>

### **India eyes 63,000 MW nuclear capacity by 2032**

The country plans to have a nuclear power generation capacity of 63,000 MW in the next 20 years as atomic power is advantageous in terms of transportation and storage, the Power Minister, Mr Sushilkumar Shinde, said today.

"India plans to have a total installed nuclear capacity of 63,000 MW by the year 2032 both by indigenous technology and imported reactors as additionalities," he said while addressing a seminar at India International

their finances also to collapse.

What Air India has been doing and might continue to do has an example in the telecom sector. State-owned Bharat Sanchar Nigam in the mobile telephony business provides below-cost services on the back of government doles and drives industry tariffs down, leaving the entire sector ailing. Incorporated in 2000, BSNL began offering mobile services in October 2002, much later than its private sector peers, but by mid-2003 emerged as the second-largest GSM mobile operator, overtaking Hutchison Essar (as it was then known).

*The Financial Express - 25.02.2012*

<http://www.financialexpress.com/news/bailouts-for-psus-result-in-rate-cuts-industry-sickness/916555/>

### **Bombay Stock Exchange launches 'green' index**

The Bombay Stock Exchange on Wednesday launched India's first carbon-efficient live index, looking to give a boost to socially aware investors. The new BSE-Greenex index will comprise 20 stocks based on a minimum carbon footprint, market capitalisation and turnover, the BSE said on its website.

The BSE-Greenex will assess the energy efficiency of firms based on energy and financial data. The index includes India's largest commercial bank State Bank of India, the world's seventh largest steel producer Tata Steel, vehicle maker Tata Motors and Sterlite Industries, the local arm of global resources group Vedanta. "There is a growing local and international need to identify 'green' investments and companies with a strong social responsibility," BSE's deputy chief executive Ashish Chauhan told AFP.

*The Economic Times -22.02.2012*

[http://articles.economictimes.indiatimes.com/2012-02-22/news/31087252\\_1\\_carbon-footprint-green-investments-index](http://articles.economictimes.indiatimes.com/2012-02-22/news/31087252_1_carbon-footprint-green-investments-index)

### **Castrol India's margins weighed down by high raw material costs**

For four consecutive quarters now, Castrol India Ltd has faced pressure on its operating performance thanks to higher raw material costs. For the last four quarters, operating margins have fallen on a year-on-year basis. The lubricant maker's key input is a crude oil based derivative, which is why higher crude prices typically do not augur well for it.

For the December 2011 quarter, Castrol's operating margin fell 226 basis points over the same period last year to 20.2%. The company in

Nuclear Symposium.

"Nuclear technology has several distinct advantages — it is compact and highly manageable in terms of handling, transportation and storage of the fuel," he said, adding that it is greener than all other technologies of power generation.

Nuclear power generation falls under the jurisdiction of the Department of Atomic Energy, a wing of the Ministry of Science and Technology.

*The Hindu Business Line - 22.02.2012*

<http://www.thehindubusinessline.com/industry-and-economy/article2919542.ece>

### **ONGC's 5% stake auction likely this week to raise 12k crore: Source**

The government is likely to auction 5% of its stake in Oil and Natural Gas Corporation (ONGC) this week to raise around 12,000 crore, sources involved in the stake sale told ET. "The floor price is expected to be at a marginal discount to the previous day's closing price. The auction process is likely to start anytime between March 1 and 5 so that the final allotment can be done before March 6," said a person familiar with the development.

Market experts said this would be the first divestment where retail participation is expected to be marginal as there is no reservation for small investors. Market regulator SEBI gives the issuer an option to either set aside 25% of shares to mutual funds and insurance companies, or transfer the stake to the highest bidders.

*The Economic Times - 27.02.2012*

<http://economictimes.indiatimes.com/news/news-by-industry/energy/oil-gas/ongcs-5-stake-auction-likely-this-week-to-raise-12k-crore-source/articleshow/12048869.cms>

### **Shell working to infuse sustainability and responsibility into its operations**

Global energy consumption is at an all-time high, and if the experts have it right, the numbers are only headed north in times to come. In fact, recent research indicates that in sight of the rate of population growth and economic development, the world is all set to double its energy demand by 2050-an alarming prospect when you consider the fact that most nations are still largely dependant on traditional, fast-depleting fossil fuels for power.

Further compounding an already complicated

its press statement maintains that the gross margin performance was "exacerbated by a volatile forex environment leading to a rupee depreciation of 11% during the quarter." Decline in staff cost and other expenditure offered some respite to the operating performance. Sequentially, operating margin is slightly better.

*The Mint - 19.02.2012*

<http://www.livemint.com/2012/02/19135911/Castrol-India8217s-margins.html>

### **Model farms set up to develop standard package for organic tea**

The Tea Board has set up three model farms in India on 100 acres each to develop a standard package for cultivation of organic tea, according to Ms Roshni Sen, Deputy Chairperson of the Board. "The farms are in Munnar (Kerala), Darjeeling (West Bengal) and Assam and they will develop a standard package through research and development," she said.

*The Hindu Business Line - 19.02.2012*

[http://www.thehindubusinessline.com/industry-and-economy/article2910375.ece?homepage=true&ref=wl\\_home](http://www.thehindubusinessline.com/industry-and-economy/article2910375.ece?homepage=true&ref=wl_home)

### **Travel firms dump Kingfisher Airlines; KFA pulls out inventory on many travel portals**

Kingfisher Airlines faced the combined wrath of passengers and the government as the fifth day of flight cancellations on Monday prompted travel firms to shut their doors on the airline, snapping a key lifeline and dimming prospects of an early revival.

The Directorate General of Civil Aviation (DGCA), the country's top aviation regulator, summoned the airline's boss for an emergency meeting on Tuesday and said the company was not following the revival plan submitted to the regulator.

*The Economic Times - 21.02.2012*

<http://economictimes.indiatimes.com/news/news-by-industry/transportation/airlines/-aviation/travel-firms-dump-kingfisher-airlines-kfa-pulls-out-inventory-on-many-travel-portals/articleshow/11968627.cms>

### **Cargo in ports down 5.3%**

The year 2012 has started on a negative note for cargo traffic in Indian ports. Overall cargo volumes declined by 5.3 per cent in January, mainly due to falling iron ore exports, which was a major contributor. However, eight out of 13 major ports reported growth in traffic and Ennore Port has recorded the highest growth among major

challenge is the growing burden of carbon emissions, which governments are working to address by joining hands with industry players. At a time like this, Shell is leading the way in demonstrating how sustainable energy production and consumption can help to turn the equation around.

*The Economic Times -23.02.2012*

<http://economictimes.indiatimes.com/initiative-watch/Shell-working-to-infuse-sustainability-and-responsibility-into-its-operations/shellarticleshow/12005957.cms>

### **Assam Tea maintains popularity in world market**

Assam tea has maintained its popularity in the world market and producers should stress on quality control and not on profit, Tea Board Chairman M G K V Bhanu said on Saturday. The Tea Board has apprised the government to check any anomalies regarding quality control of Indian Tea and amend existing laws to control quality of tea at various level, he said.

*NDTV Profit - 18.02.2012*

<http://profit.ndtv.com/News/Article/assam-tea-maintains-popularity-in-world-market-298084>

### **Outbound MICE activity likely to see strong growth**

Outbound MICE (meetings, incentives, conferencing, exhibitions) activity in India is expected to witness strong growth going forward with increase in FDI inflows and the Indian businesses growing transnational. In 2011, Indian outbound MICE market is estimated to be around \$ 550-600 million.

Around 1.5-1.8 million passengers travelled outbound due to MICE, according to a recent study done by Synovate Business Consulting, India. Pharmaceutical, cement, FMCG, IT and financial services were the major industry verticals contributing to outbound MICE sector.

*The Hindu Business Line - 22.02.2012*

[http://www.thehindubusinessline.com/industry-and-economy/economy/article2920633.ece?homepage=true&ref=wl\\_home](http://www.thehindubusinessline.com/industry-and-economy/economy/article2920633.ece?homepage=true&ref=wl_home)

### **Coal India asked to invest in rail infrastructure**

Taking a cue from the delay on the part of Indian railways in creating evacuation logistics which have impacted incremental coal production in the country, the Centre has asked cash-rich Coal India to invest in rail infrastructure linking major projects.

ports.

Cargo traffic at major ports in the country fell 5.3 per cent at 48.9 million tonnes (mt) in January this year, when compared with January 2011, mainly due to ban on iron exports. During the April 2011-January 2012 period, the cargo volumes stood at 467 mt, posting a marginal decline of 0.2 per cent, when compared with same period of the previous year.

*Financial Chronicle - 22.02.2012*

<http://www.mydigitalfc.com/news/cargo-ports-down-53-328>

As part of the first such initiative, CIL will take up two rail connectivity projects linking Mand-Raigarh deposits — having a potential to produce 200 million tonnes a year — in Chhattisgarh through a joint venture with the Steel Authority of India Ltd (SAIL) and a few other PSUs. The total cost of the projects is estimated to be Rs 1,550 crore.

*The Hindu Business Line - 17.02.2012*

<http://www.thehindubusinessline.com/companies/article2903949.ece>