

(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.)

Govt may use 25% disinvestment money on sick PSUs

The government is likely to revert to the policy of using 25 per cent of the disinvestment proceeds for reviving sick PSUs and recapitalising the profitable ones from the next fiscal.

The government, according to sources, is likely to take some decision in the forthcoming Budget in this regard as its three-year policy of using entire funds from disinvestment for social sector programmes ends on March 31, 2012.

An announcement in this regards is likely in the Budget, 2012-13, to be presented by Finance Minister Pranab Mukherjee in the Lok Sabha on March 16.

The earlier stated policy of the government was to utilise 75 per cent of the disinvestment proceeds for social sector programmes and the rest for recapitalisation and revival of sick and profitable units.

Express India - 26.02.2012

<http://www.expressindia.com/latest-news/Govt-may-use-25--disinvestment-money-on-sick-PSUs/916933/>

Government to discuss buyback of shares by cash-rich PSUs on 1st March

The Union Cabinet will on Thursday for the second time consider a proposal to allow cash-rich PSUs to buyback shares and acquire stakes in other state-run firms. It will also look at permitting financial institutions to buy the Centre's stake in companies through bulk sales, as the government searches for options to partially meet its disinvestment target and rein in fiscal deficit.

The Cabinet had considered a similar proposal in January but could not arrive at a decision as some ministries had opposed the move. Some state-run companies had also expressed the view that they were looking to raise fresh capital for their expansion plans and could not spare cash for buying back the government's stake.

The Economic Times - 01.03.2012

<http://economictimes.indiatimes.com/news/economy/finance/government-to-discuss-buyback-of-shares-by-cash-rich-psus-on-1st-march/articleshow/12091113.cms>

Divestment: PSU cross-holding 'wrong'

Expressing its opposition to the proposal of one PSU buying shares of others to help government raise funds, the PMEAC today said it was not desirable as it would reduce investible resources of the buying company.

"The proposal that was mooted to raise this (Rs 40,000 crore disinvestment) revenue by divesting the shares of public enterprises to other cash rich public enterprises was not a desirable option," Prime Minister's economic advisory council (PMEAC) Chairman C Rangarajan said.

Unable to raise funds through sale of equity in public sector undertakings (PSUs) because of volatile market conditions, the finance ministry had mooted innovative ways, including cross holding by PSUs, to achieve Rs 40,000 crore target.

The Financial Express - 22.02.2012

<http://www.financialexpress.com/news/divestment-psu-crossholding-wrong/915350/>

Govt allows cash-rich PSUs to buy back shares

In yet another move to garner additional resources to bridge the widening fiscal deficit, a Cabinet panel on Thursday gave its nod for cash-rich public enterprises to buy back shares.

Soon after the meeting of Cabinet committee on economic affairs, heavy industries minister Praful Patel said the Cabinet has cleared this proposal, listed in the agenda on Thursday, but there was no official briefing as there was some minor changes in the proposal that had been cleared.

"It all depends on companies, it is just an enabling provision," Praful Patel, minister of heavy industries, told reporters without giving any details.

Financial Chronicle - 01.03.2012

<http://www.mydigitalfc.com/news/govt-allows-cash-rich-psus-buy-back-shares-966>

Plan panel for secys' tenure to keep policies in place

The Planning Commission wants secretaries in key ministries of coal, power and petroleum to be appointed for at least three years so that they can deliver.

The panel wants secretary-level appointments in these key economic ministries to be made with caution. Officials said the commission is not happy with the performances of coal, petroleum and power and wants their secretaries to have a fixed tenure to ensure continuity of policies. Concerned over slow growth in these crucial sectors, the commission members have urged the chairman — Prime Minister Manmohan Singh — to exercise utmost care in selecting secretaries of these ministries.

The performances of various sectors were discussed threadbare during a recent meeting between the Planning Commission and the Prime Minister. Officials said the commission was particularly unhappy with the performance of ministry of petroleum and natural gas in the light of the rising subsidies

Business Standard - 29.02.2012

<http://business-standard.com/india/news/plan-panel-for-secys-tenure-to-keep-policies-in-place/466219/>

PSU buyback policy and the ONGC farce cloud the government's credibility

The government is trying hard to redefine disinvestment in many different ways. The latest one is the cabinet's decision on Monday allowing (or is it directing?) cash-rich public sector undertakings to buy back their own shares from the government. The result of another such disinvestment route —the first-ever auction or offer for sale of ONGC shares held by the government — could not have been more damning. It required another state-owned giant, Life Insurance Corporation, which got itself arm-twisted, to bail out the government. Priced at Rs 290 a share, representing a 7.5 per cent premium to the average three-month price, investors shunned the issue. Foreign institutional investors, who pumped in almost Rs 36,500 crore in January and February in the secondary markets, stayed clear of the issue. Rightly-priced primary market issues too did well in the recent past. What led to a debacle — the government calls it a success though — is the lack of clarity in policymaking and poor market intelligence.

At a time, when PSUs need to invest and grow, the government is asking them to put their money in their own stock. The eight PSUs shortlisted —

Govt manages to succeed with ONGC share sale despite system glitch; issue fully subscribed

After some hiccups and a late government intervention, the sale of government's 5 per cent stake in ONGC through an auction finally managed to sail through with an estimated proceeds of about Rs 12,000 crore to partly meet the disinvestment target of current fiscal.

Hectic parleys were held for more than four hours after the end of the auction process at 1530 hours and a final tally of the bids remained elusive for that time. Late in the night, top finance ministry officials confirmed that the share sale has been a success and the government has raised the desired proceeds from the auction.

After putting the final bid tally after the end of the auction at about 22.9 crore shares, as against total offer size of 42.77 crore shares, the stock exchanges also later said that the issue has got fully subscribed in the auction, where the floor price was fixed at Rs 290 a piece.

Economic Times - 01.03.2012

<http://economictimes.indiatimes.com/markets/stocks/stocks-in-news/govt-manages-to-succeed-with-ongc-share-sale-despite-system-glitch-issue-fully-subscribed/articleshow/12101644.cms>

IATA protests move to raise airport tariff in Delhi

The Geneva-based global airline body International Air Transport Association (IATA) has objected in the "strongest possible terms" to the proposed increase in airports tariff in Delhi being considered by the Airports Economic Regulatory Authority (AERA).

"Despite the proposed increase being a significant moderation from the increase proposed by Delhi International Airport Ltd (DIAL) would still have a severe impact in the viability of airlines operating IGI airport. AERA must not allow such a quantum of increase in airport tariff to be loaded on the industry. It would make Delhi the most expensive airport in Asia if not the world," the Communication from Mr Malvyn Tan, Assistant Director, Industry Charges, Fuel and Taxation states.

DIAL has called for an increase of more than 700 per cent in airport charges, while AERA is said to be in favour of allowing a close to 330 per cent increase in charges. With the Ministry of Civil Aviation writing to AERA that it believes a 18-20 per cent return on equity in airport sector is justified, a final decision on how much

Coal India, NMDC, Oil India, Bharat Electronics, Neyveli Lignite, MOIL, Balmer Lawrie and SJVNL – have reserves totaling Rs 55,580 crore.

The Indian Express - 03.03.2012

<http://www.indianexpress.com/news/kneejerk-economics/919307/>

Air passenger traffic grew by 8 per cent in January 2012, says IATA

The International Air Transport Association (IATA) on February 29, 2012 said that passenger traffic in India grew by 8.8 per cent year on year in January 2012, with demand rising by nine per cent over that of December 2011.

According to IATA, the aviation capacity was expanded by 12.8 per cent and passenger load factor touched 74.9 per cent. Global passenger traffic grew by 5.7 per cent in the month under review, whereas air freight circulation declined by eight per cent as compared to the same month in 2011, as per an IANS report.

Travel Biz Monitor - 01.03.2012

<http://www.travelbizmonitor.com/air-passenger-traffic-grew-by-8-per-cent-in-january-2012-says-iata-15803>

Govt pushes budget hotel plan in PPP mode

The Union government is planning to add 100 budget hotels by 2016 in a bid to give a boost to the hospitality sector. The tourism ministry wants to set up these hotels through public-private-partnership (PPP) in one-, two- and three-star categories, besides add 3,440 rooms by the end of the 12th Plan period (2012-17).

The land for building these hotels will be allotted through a "transparent bidding process", according to tourism ministry's working group report on the 12th Plan. Companies with a minimum experience of five years in running budget hotels will be allowed to bid for these. Indian Hotels' budget brand Ginger operates the IRCTC-Rail Yatri Niwas in Delhi on a PPP model with IRCTC. The company is keen to expand through such arrangements in future, as well.

Business Standard - 03.03.2012

<http://www.business-standard.com/india/news/govt-pushes-budget-hotel-plan-in-ppp-mode/466594/>

Lower supplies likely to lift tea prices 10-15%

Consumers may have to pay about 10-15% more for tea soon as wholesale prices rise on the back of a faltering supply. "There is a shortage of tea in

airport charges should be increased is expected by the end of the month.

The Hindu Business Line - 02.03.2012

http://www.thehindubusinessline.com/industry-and-economy/logistics/article2954704.ece?ref=wl_industry-and-economy

Corporate travel to grow 10-15% this year

Undeterred by the global slowdown, Indian Inc is spending on corporate travel, pushing up the outbound market for MICE (meetings, incentives, conventions and exhibitions). The Indian outbound MICE market is estimated to be around \$550-600 million and is expected to increase by 10%-15% this year.

About 1.5-1.8 million passengers travelled outbound for meetings and conventions. Pharmaceuticals, cement FMCG, IT and financial services are the major industries contributing to the sector.

The Times of India - 27.02.2012

<http://timesofindia.indiatimes.com/business/india-business/Corporate-travel-to-grow-10-15-this-year/articleshow/12050995.cms>

Green tea business grows in India amid health awareness

More and more tea makers are adding green tea in their portfolio as consumers in India are developing a taste for the beverage for its many health-promoting effects. Green tea consumption in India is rising at a rate of more than 10 percent annually. According to J Thomas & Company, the world's largest tea auctioneer, consumption of green tea, considered very urbane and sophisticated, is rising from a very tiny base.

"From a small consumption base, demand for green tea is increasing. There will be growth in consumption in the future because of its health benefits and awareness," Krishan Katyal, J Thomas & Co director, told IANS. India on an average produces 9-11 million kg of green tea annually and half of that was currently being consumed domestically.

Zee News - 26.02.2012

http://zeenews.india.com/ayurveda/green-tea-business-grows-in-india-amid-health-awareness_1070.html

Global tea availability up 0.87 mkg

The global tea production chart for 2012 has opened with an increased availability of 0.87 million kg (mkg) over the corresponding period of 2011, reveals an analysis of the latest

the country. We think prices of good premium teas will go up by Rs20 per kg to Rs 210-Rs 220 per kg.

Similarly, low-end teas will go up by Rs15 per kg to Rs100. But there will hardly be any appreciation in orthodox tea prices. At the retail end, we see prices to go up as well but it will largely depend on companies and buyers who are operating at the auctions," Indian Tea Association chairman CS Bedi said.

The Economic Times - 28.02.2012

<http://economictimes.indiatimes.com/markets/commodities/lower-supplies-likely-to-lift-tea-prices-10-15/articleshow/12063130.cms>

Radiant Logistics Acquires New York-JFK Based Albs Logistics

Radiant Logistics, Inc., a domestic and international logistics services company has acquired ALBS Logistics, a New York-JFK based, privately held company that provides a full range of domestic and international transportation and logistics services across North America.

The Company paid approximately fifty percent (50%) of the expected purchase price at close with the balance payable in subsequent periods based on the future performance of the acquired operation.

Founded in 1997, ALBS services a diversified account base including manufacturers, distributors and retailers from its strategic international gateway location at the New York-JFK airport.

Logistics Week - 29.02.2012

<http://logisticsweek.com/road/2012/02/radiant-logistics-acquires-new-york-jfk-based-albs-logistics/>

information received from various producing countries and traders' bodies. The latest data relating to different countries show that in calendar 2011, global black tea production declined by 22.09 mkg to total 1947.90 mkg. All countries except India and Tanzania have reported a lower output. India's production rose by 21.93 mkg to peak to a record 988.33 mkg, while Tanzania showed a marginal increase of 1.14 mkg to touch 32.78 mkg.

The Hindu Business Line - 01.03.2012

http://www.thehindubusinessline.com/industry-and-economy/agri-biz/article2950837.ece?ref=wl_industry-and-economy

MIV Logistics to set up CFS near Vallarpadam

MIV Logistics Pvt Ltd, a joint venture of Infrastructures Kerala Ltd (INKEL), Mfar Group, the Bahrain-based VKL and others, is setting up a container freight station near the Vallarpadam ICTT at an investment of Rs 65 crore.

APM Terminals India Pvt Ltd will carry out the operations and management of the CFS according to the agreement, which was signed here on Friday.

The 18-acre facility, once operational in 2013, will have the capacity to handle 1,00,000 teus a year.

The Hindu Business Line - 02.03.2012

http://www.thehindubusinessline.com/industry-and-economy/logistics/article2954764.ece?homepage=true&ref=wl_home