

(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.)

PSU's buying stakes in each other second-best solution to disinvestment logjam

The finance ministry's reported move to ask public sector undertakings to buy other PSUs' stakes from the government is a second-best solution to the disinvestment logjam. PSUs are sitting on piles of cash. Ideally, they should spend the money to expand capacities in power, coal and gas and other sectors where capital expenditure is huge. However, they have failed to do so. In that scenario, it makes eminent sense for the government, the preponderant owner of these enterprises, to ask them to hold a portion of their reserves as investments in other public enterprises, releasing cash for the government to spend on vital projects without increasing the fiscal deficit.

It was tried out in the 1990s when oil companies such as ONGC bought stakes in IOC and Gail. Other shareholders will be cut out from the decision. But then, tough times call for tough decisions. The cross-holding route is prudent from a macroeconomic point of view as the economy desperately needs investment.

The Economic Times - 03.01.2014

<http://economictimes.indiatimes.com/opinion/editorial/psus-bying-stakes-in-each-other-second-best-solution-to-disinvestment-logjam/articleshow/28303934.cms>

Govt may push PSUs like CIL, NTPC, IOC and others to buy stakes in each other

The government may push state run-firms to buy stakes in each other, in order to revive its floundering disinvestment programme. While Coal India may be asked to pick up shares in power-sector firms such as NTPC and Power Grid, other cash-rich companies such as National Mineral Development Corp (NMDC) will also be asked to explore similar options.

"The idea is that cash-rich PSUs can pick up stake in companies where there are business linkages. It will also give them comfort in the sense that they will be able to relate with the business plans of each other and provide valuable suggestions," said a finance ministry official. In 2013, for instance, Coal India and NTPC had scrapped over delayed payments and the poor quality of coal

Government to ask PSU cos to issue bonus debentures to bridge divestment shortfall

The government is considering innovative financial instruments and bumper dividends by its companies as its plan to raise revenue by selling stakes in state-run firms is set to fall way short of target. The government may ask some companies controlled by it to issue bonus debentures and make them tradable by listing on exchanges, said a finance ministry official, requesting anonymity. Coal India may be told to pay a special dividend of as much as Rs 20,000 crore, most of which will go to the government as it owns 90% of the cash-rich monopoly coal supplier.

The government's disinvestment programme is stuck because of opposition from the parent ministries of some companies in which it wants to sell shares. In the case of Coal India, the company's labour unions are against the government reducing its holding and had threatened to strike work if the government goes ahead with its plan.

Economic Times - 06.01.2014

<http://economictimes.indiatimes.com/news/economy/finance/government-to-ask-psu-cos-to-issue-bonus-debentures-to-bridge-divestment-shortfall/articleshow/28455026.cms>

Fiscal deficit in April-Nov touches 94% of Rs 5.42 lakh crore budgetary target

India's fiscal deficit in the April-November period reached 94% of the targeted budgetary estimate of Rs 5.42 lakh crore, raising concerns that India may well overshoot its ambitious target of containing the deficit at 4.8% of gross domestic production (GDP).

Finance minister P Chidambaram has said that fiscal deficit target of 4.8% is a "red line" that "will not be crossed". But as the country's growth rate slipped to a decade-low 5% in the year ended March from an average of 8% over the past decade, both rating agencies and economists have expressed fears that the red line will be breached. "The central government's fiscal situation remains gloomy, with high deficits and a challenging revenue

supplied. The push from the finance ministry comes as the fiscal deficit during the April-November period reached 94% of the targeted budgetary estimate, raising concerns that India may overshoot its ambitious target of containing this at 4.8% of GDP.

The Economic Times - 02.01.2014

<http://economictimes.indiatimes.com/news/economy/policy/govt-may-push-psus-like-cil-ntpc-ioc-and-others-to-buy-stakes-in-each-other/articleshow/28251588.cms>

Equity fundraising jumps 25% in 2013

Despite a lacklustre year when most equity indices registered meagre gains, fundraising from the equity markets jumped 25% year-on-year (y-o-y) to Rs 45,372 crore in 2013. However, this was substantially lower than the record Rs 99,022 crore mobilized in 2010, the highest amount that has ever been raised. "The year could have been much better but for the continuous deferment of several PSU (public sector unit) offerings and the volatility in the secondary market through most of the year," said Pranav Haldea, managing director, PRIME Database, which compiles data on the primary capital market.

According to PRIME, fundraising in 2013 was mostly through 84 offers for sale (OFS) through stock exchanges. The OFS, the new secondary sale method, was allowed by market regulator SEBI last year to help promoters of already-listed companies comply with the minimum public shareholding (MPS) requirement.

The Times of India - 30.12.2013

<http://timesofindia.indiatimes.com/business/india-business/Equity-fundraising-jumps-25-in-2013/articleshow/28139926.cms>

Banks, cash-rich PSUs keen to buy Govt stake in BHEL

Public sector banks and cash-rich Government-owned companies are keen to pick up a stake in Bharat Heavy Electricals Ltd (BHEL). This will help the Government in its disinvestment programme.

The Finance Ministry has written to the Heavy Industries Ministry seeking its views on selling BHEL's shares to other Central Public Sector Enterprises (CPSEs). The Government aims to sell 5 per cent of the shares of the power generation equipment maker.

"After the Finance Ministry's letter last week, BHEL has been asked to consult with market intermediaries. Accordingly, we will revert to the Finance Ministry about the plan for selling stakes to different entities," a senior Heavy Industries

outlook for the rest of this fiscal. Some productive expenditure may need to be cut or deferred to ensure that the fiscal deficit does not exceed the FY14 target, which may negatively impact the economic growth momentum," said Aditi Nayar, senior economist, ICRA.

The Economic Times - 01.01.2014

<http://economictimes.indiatimes.com/news/economy/indicators/fiscal-deficit-in-april-nov-touche-94-of-rs-5-42-lakh-crore-budgetary-target/articleshow/28208654.cms>

Valued low, better governed, cash-rich PSUs should be on your radar: Experts

Lower valuations, presence in businesses with only one or two players, and better corporate governance make a strong case to invest in PSU stocks, say experts. PSU stocks have performed poorly in the past couple of years due to a host of reasons: policy paralysis, inadequate raw material availability, delays in reforms, lack of environment clearance and higher NPA worries in the banking system, among other things. The S&P BSE PSU Index is down 27% in the past year, and many stocks are quoting at PE of less than 10, while several PSU banks trade below their book value.

"Invest in cash-rich PSUs, which are monopolies in their respective business. Some PSU banks merit investment, as growth has bottomed out and the economic cycle could turnaround soon," says Phani Shekhar, fund manager (PMS), Angel Broking.

The Economic Times - 06.01.2014

<http://economictimes.indiatimes.com/markets/stocks/stocks-in-news/valued-low-better-governed-cash-rich-psus-should-be-on-your-radar-experts/articleshow/28452236.cms>

Aviation stocks in focus on buzz of ATF price hike

Aviation stocks will be watched after media reports suggested that public sector oil refining-cum-marketing companies (PSU OMCs) on Wednesday, 1 January 2014, increased the price of aviation turbine fuel (ATF) by 2.7%. Jet fuel accounts for almost half of the entire operating cost of an airline.

Shares of PSU OMCs will be in focus after the Petroleum Planning and Analysis Cell (PPAC) under the Ministry of Petroleum and Natural Gas on Wednesday, 1 January 2014, said that the under-recovery on High Speed Diesel (HSD) applicable for first fortnight of January 2014 fell to Rs 9.74 per/litre, from Rs 10.48 per litre during the second fortnight of December 2013.

Ministry official told Business Line.

Hindu Business Line - 04.01.2014

<http://www.thehindubusinessline.com/companies/banks-cashrich-psus-keen-to-buy-govt-stake-in-bhel/article5538947.ece>

SpiceJet's special offer for corporate travellers

Budget carrier SpiceJet today announced special offer to corporate travellers on its domestic network with free tickets to promote business travel, which remains on the downside due to a subdued economic activities. Under the offer, a corporate traveller will be entitled to one free single way ticket for every six completed one way journeys, the airline said. Similarly, it offers two free single way tickets for every 10 completed one way journeys.

The free ticket availed under the offer will be excluding applicable fees and taxes, which will have to be paid by the passenger, it said. The special offer, however, is applicable to only registered corporates, the airline said.

Business Standard - 30.12.2013

http://www.business-standard.com/article/companies/spicejet-s-special-offer-for-corporate-travellers-113123000800_1.html

IAAI writes to airlines for restoring 5% agency commission

Following the landmark order by the Secretary of Ministry of Civil Aviation (MoCA), Government of India, dated September 16, 2013, reinstating agents' right to commission, the IATA Agents Association of India (IAAI) has written a letter to all domestic and international airlines operating in India, including low-cost carriers, to comply with the order. IAAI has asked airlines to reinstate commission as integral part of the airfare, with immediate effect, D L Jekannathan, General Secretary, IAAI said, as per a release.

Travel Biz Monitor - 02.01.2014

<http://www.travelbizmonitor.com/iaai-writes-to-airlines-for-restoring-5-agency-commission-22765>

New Year is unlikely to be any different for travel industry

The year 2013 has been mixed for the travel industry. While rising inflation, depreciating rupee and uncertain economic environment failed to put an end to the travelling public, they did, however, play spoilsport with many forced to curtail their travel and go for the tried, tested and relatively cheap destinations, preferably domestic.

The Hindu - 31.12.2013

<http://www.thehindu.com/business/Economy/new>

Business Standard - 02.01.2014

http://www.business-standard.com/article/news-cm/aviation-stocks-in-focus-on-buzz-of-atf-price-hike-114010200070_1.html

Airlines slash fares to lure flyers in upcoming slack season

With airfares currently at their peak, this might come as some solace to flyers. Passengers will soon be able to take advantage of offers that airlines are supposed to dole out for them during the impending off-season period.

Already, airlines have started rolling out special offers, especially on international sectors. In the latest such offer, the country's leading low-cost carrier, Indigo, recently announced that a one-way ticket to Dubai for a flight between February 1 and April 30 this year can be purchased for as little as Rs 4,499. Indigo's offer was in response to a similar one announced by its competitor, SpiceJet, offering a ticket at about 65 per cent discount starting from Rs 2,157 onwards for the first 1 million bookings made through its website.

DNA - 02.01.2014

<http://www.dnaindia.com/mumbai/report-airlines-slash-fares-to-lure-flyers-in-upcoming-slack-season-1944016>

IndiGo to bring back transaction fee

IndiGo will allow agents to collect two per cent transaction fee on each ticket, following the Union government's approval for the levy. In a communication to agents, the Gurgaon-based low-cost airline said the fee would be applicable on basic fare and fuel surcharge and adjusted against sale or remitted to agents at the end of the month. The fee will be applicable on all sales from Tuesday.

Business Standard - 03.01.2014

http://www.business-standard.com/article/companies/indigo-to-bring-back-transaction-fee-114010200645_1.html

Railways need more reform than just FDI

The UPA government's plan to allow foreign direct investment (FDI) in railways is welcome. Railway finances are stressed, and it needs massive investment to modernise, improve safety and play a role in globalising India's transport infrastructure. Allowing foreign investment for building and maintaining, say, new rail lines, will help speed up such projects. The government already allows 100% foreign

[-year-is-unlikely-to-be-any-different-for-travel-industry/article5523629.ece](http://www.economictimes.indiatimes.com/industry/article5523629.ece)

New land policy will allow ports to expand facilities

On Thursday, the Cabinet approved a Shipping Ministry proposal to have a common land development policy for all major ports on a tender-cum-auction basis. Incidentally, in 2010, the Shipping Ministry had readied a land policy for major ports to streamline land utilisation, in the backdrop of port trusts moving towards a landlord port model.

The Hindu Business Line - 03.01.2014

<http://www.thehindubusinessline.com/industry-and-economy/logistics/new-land-policy-will-allow-ports-to-expand-facilities/article5535075.ece>

Rao gets two-year extension as BHEL CMD

State-run power equipment maker BHEL's current Chairman and Managing Director B P Rao has become the first PSU head to receive a two year extension of his tenure starting today. Rao who was due to superannuate on December 31, 2013, has been granted extension for a period of two years with effect from January 1, 2014, BHEL informed the stock exchanges.

Business Standard - 06.01.2014

http://www.business-standard.com/article/companies/rao-gets-two-year-extension-as-bhel-cmd-114010100387_1.html

investment in metro rail projects and there is no reason why this should not be extended to the Railways.

The Economic Times - 31.12.2013

<http://economictimes.indiatimes.com/opinion/editorial/railways-need-more-reform-than-just-fdi/articleshow/28160159.cms>

Port unions unhappy over move to set up advisory committees

Port Advisory Committees were constituted to supplement the existing management structure of the ports by providing independent advice and long-term vision, considering the radical changes taking place in the port sector.

The Hindu Business Line - 31.12.2013

<http://www.thehindubusinessline.com/industry-and-economy/logistics/port-unions-unhappy-over-move-to-set-up-advisory-committees/article5523488.ece>

Corporate Affairs Min seeks tax benefits for CSR activities

Corporate Affairs Ministry has sought tax benefits for social welfare spending which is compulsory for certain class of profitable entities under the new companies law. Industry has been seeking tax benefits on spending towards Corporate Social Responsibility (CSR) activities. Sources said the Corporate Affairs Ministry has written to the Finance Ministry seeking tax benefits for CSR spending by companies. The Corporate Affairs Ministry, which is also in the process of finalising CSR rules, is awaiting response on the tax benefits issue from the Central Board of Direct Taxes (CBDT), they added.

Business Standard - 06.01.2014

http://www.business-standard.com/article/economy-policy/corporate-affairs-min-seeks-tax-benefits-for-csr-activities-114010500195_1.html