

(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.)

Balmer Lawrie in News

THE ECONOMIC TIMES
MUMBAI | WEDNESDAY | 12 MARCH 2014

FIGHT FOR SURVIVAL

Travel Portals Force Agents to Alter Course

Book-it-yourself sites like MakeMyTrip, Yatra & Cleartrip push traditional cos to diversify, offer new services

Offline Revamp

- Online travel portals have grown 25% in the last two years
- This has forced offline travel operators to look for alternatives to sustain their businesses
- Travel agents have realised that they need to sell more than just air tickets
- IATO and TAAI want them concentrate on allied services like passport, visa, and destination management which are still dominated by offline travel agents

Travel associations like IATO and TAAI are encouraging tour operators to transform their business into that of a consultant



DIVYA SATHYANARAYANAN
MUMBAI

As online travel portals gobble up market share, growing 25% in the last two years, traditional travel agents are scurrying for alternatives to diversify and gain business with new service offerings.

According to global travel market research firm PhoCusWright, almost half of the online air and hotel bookings are transacted by online travel agencies (OTAs).

"The online market has brought transparency in prices, leaving little room to negotiate for traditional agencies," said Chetan Kapoor, research analyst for Asia-Pacific at PhoCusWright. "So, consolidation is inevitable and those who don't adapt will be the first to exit."

With the rapid growth of book-it-yourself internet sites such as MakeMyTrip, Yatra, Goibibo and Expedia, most offline travel firms are busy reworking their business strategies.

"The rapid growth of OTAs has impacted us, to some extent," said Viren Sinha, CMD at Balmer Lawrie, which acquired travel company Vacations Exotica last month.

Balmer Lawrie's tour vertical pri-

marily caters to business-to-business (B2B) clients, including government departments, public and private sector enterprises and defence services. The deal will now strengthen its position in the holidays and tours segment that forms the main business for Vacations Exotica.

"We took over the premier holidays brand Vacations Exotica along with its people and business with the objective of strengthening our foothold in the tours domain, which will help Balmer Lawrie expand its value proposition and offer end-to-end services in the tours and meetings incentive conferences and exhibition (MICE) segment," Sinha said.

Last month, travel and holiday services company Thomas Cook (India) announced a merger deal with vacation ownership firm Sterling Holiday Resorts India for ₹870 crore, making its foray in the hospitality sector.

"With the spotlight clearly on domestic tourism and our diversity of travel hungry Indian consumers, Sterling Holiday's resorts offer readymade product that fit the bill perfectly," said Madhavan Menon, managing director at Thomas Cook (India).

Sterling Holiday offers around 50% of its inventory to individual 'non-members', which is a growth potential

for Thomas Cook's domestic vertical. Sterling also plans to expand overseas with Thomas Cook's help. With the travel industry growing by 10-15% annually, M&A experts say 2014 will see more such developments.

"The service delivery model for travel services is changing and, therefore, we expect the M&A activities to increase," said Ajay Lodha, partner at investment banking firm Singhi Advisors,

which has been the advisor for deals in travel industry like the sale of TSI Travel to Yatra Online and Balmer Lawrie's acquisition of Vacations Exotica. Singhi Advisors has received feelers over the past few months from several players in the travel industry looking at options for alignment with stronger platforms.

Of late, travel agents have realised that they need to sell more than just air tickets.

According to Ram Badrinathan, founder and chief executive of travel consultancy GlobalTHEN, margins on airline tickets have come down to almost zero. "With ever-declining air commissions, offline travel operators

have felt the need to diversify," Badrinathan said.

Travel associations like Indian Association of Tour Operators (IATO) and Travel Agents Association of India (TAAI) have started encouraging tour operators to transform their business into that of a consultant and concentrate on allied services, like passport, visa, destination management, etc, which are still dominated by offline travel agents.

TAAI, with a member base of 3,000 tour operators, expects more than 25% of its members to consolidate with like-minded travel agents in the coming months. "Traditional way of business is now going obsolete. So, we are encouraging members to concentrate on allied services or form alliance/consortiums where service sharing is more," said Iqbal Mulla, president, TAAI.

IATO's tie-up with the ministry of tourism's website, Incredibleindia.org, has helped it get more than 700 additional travel enquiries per month since August 2013. "It is a good source of business we have tapped," said Sarabjit Singh, senior vice-president at IATO and managing director at in-bound tour operator Travelite (India).

divya.sathyannarayanan@timesgroup.com

Travel agents reboot to compete with online portals like MakeMyTrip, Cleartrip, Yatra

MUMBAI: As online travel portals gobble up market share, growing 25% in the last two years, traditional travel agents are scurrying for alternatives to diversify and gain business with new service offerings. According to global travel market research firm PhoCusWright, almost half of the online air and hotel bookings are transacted by online travel agencies (OTAs).

"The online market has brought transparency in prices, which leaves little room to negotiate for traditional agencies," said Chetan Kapoor, research analyst for Asia Pacific at PhoCusWright. "So, consolidation is inevitable and those who don't adapt will be the first to exit."

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"The rapid growth of OTAs has impacted us to some extent," said Viren Sinha, chairman and managing director at Balmer Lawrie, which acquired travel company Vacations Exotica last month.

Balmer Lawrie's tour vertical primarily caters to business-to-business (B2B) clients, which includes government departments, public and private sector enterprises and defence services. The deal will now strengthen its position in the holidays and tours segment that forms the main business for Vacations Exotica.

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Last month, travel and holiday services company Thomas Cook (India) Ltd announced a merger deal with vacation ownership firm Sterling Holiday Resorts India for Rs 870 crore, making its foray in the hospitality sector. "With the spotlight clearly on domestic tourism and our diversity of travel hungry Indian consumers, Sterling Holiday's resorts offer readymade product that fit the bill perfectly," said Madhavan Menon, managing director at Thomas Cook (India). Sterling Holiday offers around 50% of its inventory to individual 'non-members', which is a growth potential for Thomas Cook's domestic vertical. Sterling also plans to expand overseas with Thomas Cook's help.

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New Strategies

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RECENT DEALS

Balmer Lawrie acquired travel company Vacations Exotica to strengthen its position in the holidays and tours segment

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10-15%
TRAVEL INDUSTRY ANNUAL GROWTH

M&A experts say 2014 will see more developments

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Economic Times – 12.03.2014 (Online)

http://economictimes.indiatimes.com/news/news-by-industry/services/travel/travel-agents-reboot-to-compete-with-online-portals-like-makemytrip-cleartrip-yatra/articleshow/31859784.cms?google_editors_picks=true

Ten companies to be part of CPSE ETF: Chidambaram

ETF is a security that tracks an index, a commodity or a basket of assets such as an index fund, but trades like a stock on an exchange.

An Empowered Group of Ministers (EGoM) met on Monday to give a final shape to the proposed Central public sector enterprises (CPSE) Exchange Traded Fund (ETF), which will comprise shares of 10 blue chip state-owned firms, and solicit retail participation. "Ten public sector companies will be part of the CPSE ETF," Finance Minister P. Chidambaram told reporters after the meeting of the EGoM.

Deputy Chairman of Planning Commission Montek Singh Ahluwalia, Commerce and Industry Minister Anand Sharma, and Oil Minister Verappa Moliy also attended the EGoM.

The ETF, which is expected to hit the markets this month, would have a corpus of Rs.3,000 crore, and will be used as a vehicle for the government stake sale in major PSUs, including ONGC, IOC and BHEL.

The Hindu - 10.03.2014

<http://www.thehindu.com/business/Industry/ten-companies-to-be-part-of-cpse-etf-chidambaram/article5770642.ece>

Why CPSE ETF is not a workable idea

The government's success with market related products has been poor to say the least. Rajiv Gandhi Equity Savings Scheme was launched with much fanfare by the Finance Minister P Chidambaram to help improve retail participation in the markets. So complex was the scheme that even with a hefty 5-8 per cent incentive structure to the distributors, none of the asset management companies could generate enough funds. The cumulative corpus of these funds is only Rs 258 crore.

The government is now planning to try its hand on exchange traded funds (ETF) by launching a Central Public Sector Enterprises (CPSE) ETF. There are only two issues here. Neither are government owned companies popular with investors nor are the ETFs.

Business Standard - 14.03.2014

http://www.business-standard.com/article/companies/why-cpse-etf-is-not-a-workable-idea-114031400650_1.html

ONGC, Oil India complete \$873 million stake buy in IOC

State-run Oil and Natural Gas Corp and Oil India

Sops on offer to lure PSU fund investors

Goldman Sachs, the manager to the government's exchange-traded fund for public sector companies (CPSE ETF), has planned a host of incentives for retail investors. Every retail unit holder of the fund will get one loyalty bonus unit for every 15 units they buy in the new fund offer and hold it for the next one year. The fund managers are also offering every unit of Rs 10 at a discount of 5%, which is at Rs 9.50 per unit, to every investor in the NFO.

In addition, going by the dividend payment history of the 10 PSUs which are included in the ETF, the dividend yield for fiscal 2013 works out to about 3.8% per annum, industry sources said. "Together these incentives add up to nearly 15.5% for retail investors," a source said. And since in the current fiscal (FY14) the government's has been on an overdrive to collect higher dividends from PSUs, the dividend yield at the close of the current quarter could even be higher, the source said.

The Times of India - 14.03.2014

<http://timesofindia.indiatimes.com/business/india-business/Sops-on-offer-to-lure-PSU-fund-investors/articleshow/31970459.cms>

NSE to launch CPSE Index on March 18

CPSE ETF will give investors an opportunity of cost-efficient investment in blue-chip public sector companies across sectors

Premier stock exchange NSE will launch on March 18 the much-awaited CPSE Index in order to facilitate the government disinvest some of its stake in as many as 10 blue-chip public sector enterprises.

The 10 major CPSEs (Central Public Sector Enterprises) that will form part of the new index are: Coal India, GAIL (India), Oil & Natural Gas Corporation, Indian Oil Corporation, Bharat Electronics, Oil India, Power Finance Corporation, Rural Electrification Corporation, Container Corporation of India and Engineers India. The government plans to disinvest stake in the 10 firms through a new fund offer for an exchange traded fund (ETF).

Business Standard - 13.03.2014

http://www.business-standard.com/article/markets/nse-to-launch-cpse-index-on-march-18-114031300914_1.html

'Pvt placement of corp bonds fall 29% till Dec to Rs 1.8 tln'

Higher interest rates and the weak economic

have completed purchase of a 10 per cent stake in state refiner Indian Oil Corp for 53.4 billion rupees, senior executives at the two companies said on Friday.

Oil India chairman Sunil Kumar Srivastava told Reuters that the company had completed the purchase of 5 per cent stake at 26.70 billion rupees. A senior executive at ONGC, who did not want to be named, said the explorer had also completed its 5 per cent stake buy in Indian Oil.

Times of India - 14.03.2014

<http://timesofindia.indiatimes.com/business/india-business/ONGC-Oil-India-complete-873-million-stake-buy-in-IOC/articleshow/32023369.cms>

India can be No 1 in aviation: Report

India has the potential to become the third largest aviation market by 2020 and the largest by 2030. There is large untapped potential for growth due to the fact that access to aviation is still a dream for nearly 99.5 per cent of its population, indicates the FICCI-KPMG 'India Aviation 2014-Enhancing Air Connectivity' report launched on Thursday at the most prestigious civil aviation exposition in Hyderabad.

According to the report, the Indian civil aviation industry is on a high growth trajectory, albeit with minor hiccups. The industry has ushered in a new wave of expansion driven by Low Cost Carriers (LCC), modern airports, Foreign Direct Investments (FDI) in domestic airlines, cutting edge Information Technology (IT) interventions and a growing emphasis on No-Frills Airports (NFA) and regional connectivity.

Indiablooms - 13.03.2014

<http://www.indiablooms.com/BusinessDetailsPage/2014/businessDetails130314d.php>

Air passenger traffic grows 1.10% in February

The total number of domestic air passengers for the month of February grew at a snail's pace of 1.10% as compared to the same month last year. In February 2014, domestic airline carried 49.46 lakh passengers as compared to 48.92 lakh passengers. The passenger numbers, however, are not indicative of the impact of discounts during the current quarter as the sales offered were for travel from only the last week of February onwards.

The Economic Times - 15.03.2014

<http://economictimes.indiatimes.com/news/news-by-industry/transportation/airlines/-aviation/air-passenger-traffic-grows-1-10-in-february/articleshow/32032594.cms>

environment have led to a steep 29 percent fall in fund mobilisation through corporate bonds on private placements during the first nine months of the outgoing fiscal, says a study. During the April-December period, banks, financial institutions, and corporates together raised Rs 1,81,808 crore through debt private placements as against Rs 2,56,327 crore mobilised last year," Pranav Haldea, managing director of Prime Database, which released the study, said today.

Zee News - 10.03.2014

<http://zeenews.india.com/business/news/finance/pvt-placement-of-corp-bonds-fall-29-till-dec-95926.html>

Travel portals see over 30% rise in flight bookings

Online travel portals have registered over 30% increase in flight bookings since the recent announcement by airlines to roll out discounted airfares under the advance booking scheme, for a limited period of time.

"We have seen an increase of over 30% on the total number of domestic bookings, compared with a normal period," said Neelu Singh, COO of Ezeego1.com. "The metro routes have seen the maximum traction, followed closely by other routes that lead to popular tourist destinations such as Cochin, Jaipur and Ladakh," Singh added.

The Financial Express - 15.03.2014

<http://www.financialexpress.com/news/travel-portals-see-over-30-rise-in-flight-bookings/1233518>

SpiceJet, IndiGo kick off another round of fare war, announce 'super Holi sale'

Low-cost carriers SpiceJet and IndiGo on Tuesday kicked off yet another round of price war in the aviation sector, the fourth in two-and-a-half months, offering massive discounts on advance booking under 'super Holi sale' scheme.

The Times of India - 11.03.2014

<http://timesofindia.indiatimes.com/business/india-business/SpiceJet-IndiGo-kick-off-another-round-of-fare-war-announce-super-Holi-sale/articleshow/31855685.cms>

Air India, Jet Airways join the fare war initiated by SpiceJet, IndiGo, offer big discounts

State-owned Air India and Jet Airways, on Wednesday, joined the fare wars initiated by low cost carriers (LCCs) SpiceJet and IndiGo, a day earlier. While Air India is offering a flash sale during March 12 and 13 -- under the 30-days and 60-days advance booking category -- for travel between March 12 and June 30, Jet Airways is similarly offering discounts on 30-90 days advance booking schemes.

The Financial Express - 13.03.2014

<http://www.financialexpress.com/news/air-india-jet-airways-join-the-fare-war-initiated-by-spicejet-indigo-offer-big-discounts/1232973>

Soma Mondal takes over as Director (Commercial) of NALCO

Soma Mondal has been appointed as the new Director (Commercial) of Navratna PSU National Aluminium Company Ltd (NALCO). Prior to the new assignment, Mondal was serving the company as Executive Director (Marketing) at NALCO's corporate office, a company release said today.

Business Standard - 12.03.2014

http://www.business-standard.com/article/pti-stories/soma-mondal-takes-over-as-director-commercial-of-nalco-114031201104_1.html

Four rounds of fare cuts in 2014 an intelligent step: SpiceJet executive

SpiceJet's promoters Sun Group admitted on Wednesday that the deep discounting in the first quarter of calendar year 2013 was a mistake, but at the same time it defended the low-cost carrier's frequent discounting in 2014.

The Economic Times - 12.03.2014

<http://economictimes.indiatimes.com/news/news-by-industry/transportation/airlines/-aviation/four-rounds-of-fare-cuts-in-2014-an-intelligent-step-spicejet-executive/articleshow/31904011.cms>

Sanjib Datta to be GAIL's business driver

The Public Enterprises Selection Board on Wednesday recommended Sanjib Datta for the post of business development director on the board of state-run gas utility GAIL. Datta is heading the Business Development Group of GAIL (India) Limited as Executive Director. An executive director, Datta has been overseeing GAIL's forays into the US shale gas and LNG industry as head of the company's business development group.

Times of India - 13.03.2014

<http://timesofindia.indiatimes.com/business/india-business/Sanjib-Datta-to-be-GAILs-business-driver/articleshow/31914979.cms>