

(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.)

CAG says state PSUs incurred Rs 439.50 cr loss

The loss-making state public sector undertakings (PSUs) reduced their losses during financial year 2010-11. As many as 22 state PSUs have together reported a loss of Rs 439.50 crore for the year, which is 49 per cent less over the loss of Rs 865 crore they reported during the previous year. According to a report of the Comptroller and Auditor General of India (CAG) for year-ended March 2011, of the 75 working PSUs, as many as 46 PSUs earned profit of Rs 1,632.42 crore. "The losses of PSUs are mainly attributable to deficiencies in financial management, planning, implementation of project, running their operations and monitoring," the report said.

A review of the latest three years' audit reports of the CAG shows that the PSUs incurred losses to the tune of Rs 1,320.47 crore and had made infructuous investment of Rs 333.27 crore, which were controllable with better management. "The actual losses would be much more. With better management, the losses can be minimised. The PSUs can discharge their role efficiently only if they are financially self-reliant. This situation points towards a need for greater professionalism and accountability in the functioning of the PSUs," the CAG said.

The report also pointed out that there were 14 non-working PSUs during the year. The CAG has recommended for the closure of these PSUs. Of these, seven PSUs have commenced liquidation process. During 2010-11, two non-working PSUs incurred an expenditure of Rs 49 lakh towards establishment costs. This expenditure was met through rent, interest and other sources by these PSUs, the CAG report said.

Business Standard - 26.04.2012

<http://www.business-standard.com/india/news/cag-says-state-psus-incurred-rs-43950-cr-loss/472559/>

Govt to plough back disinvestment funds into PSUs

In a move to strengthen the PSUs, government proposes to plough back funds raised through disinvestment proceeds into the state-owned firms.

PSUs: Outlook downgrade won't hit hard

S&P's revision of India's sovereign credit outlook to negative has come with a similar revision by the global rating agency for a host of blue-chip companies such as state-owned firms Steel Authority of India NTPC, PFC and also IT heavyweights like Wipro, Infosys and TCS. The global agency has also revised the outlook from "stable" to "negative" for eleven financial institutions including State Bank of India, Union Bank, ICICI, IDBI, HDFC and Axis Bank.

The agency does not rate Indian banks above the rating on the sovereign. This is because of the direct and indirect influence that the sovereign in distress would have on a bank's operations, including its ability to service foreign currency obligations. It said a sovereign influences banks through banking sector policy & regulation, banks' mandatory investment in government bonds, majority ownership of banks is with the government and high percentage of revenues coming from domestic operations. S&P left its banking industry country risk assessment score on India is unchanged at 5.

However, PSUs remain positive that the downgrade will not have much impact on their business. R Nagarajan, director finance, PFC said, "Conflicting views have come from Moody's and S&P in terms of country's rating. We will wait and watch the situation before deciding our future course of action. In any case, the company has not tapped overseas market for funds for last more than one year." He refused to comment on its impact on the tax-free bonds announced in the budget.

The Financial Express - 27.04.2012

<http://www.financialexpress.com/news/PSUs--Outlook--downgrade-won-t-hit-hard/941713/>

Standing committee to scan purchase of ONGC shares by LIC

The government is facing fresh heat over the auction of ONGC shares. The Parliamentary standing committee on finance has sought an investigation into the purchase of ONGC shares by public sector insurer LIC, reports CNBC-

The Department of Disinvestment (DoD) has proposed to create special purpose funds out of the disinvestment proceeds to enable the public sector units (PSUs) buy strategic assets abroad and finance their expansion through rights issues. Secretaries in the ministries of finance, disinvestment, public enterprises, petroleum and natural gas, are likely to discuss the proposal next month, sources said.

As per the proposal, there would be three specific funds to be created out of the disinvestment proceeds. The government has set a disinvestment target of Rs 30,000 crore for the current fiscal. In 2011-12, the proceeds were dismally low at Rs 14,000 crore against the target of Rs 40,000 crore.

Among the three funds, the first will help the PSUs come out with rights issue.

Economic Times - 24.04.2012

http://articles.economictimes.indiatimes.com/2012-04-24/news/31392838_1_disinvestment-proceeds-rights-issue-psus

CMD post vacant in 25 central PSEs: govt

MMTC, National Fert among those without a head, govt cites resignation, non-confirmation as reason

As many as 25 central public sector enterprises, including MMTC and National Fertilisers, have vacant posts of chief executives, at present, Parliament was informed today.

"As per available information, currently Chairman and Managing Director/Managing Director are not in position in 25 central public sector enterprises (CPSEs)," Minister of Heavy Industries and Public Enterprises Praful Patel said in a written reply to the Lok Sabha.

These 25 state-owned companies include NEPA, RITES and National Fertilisers Ltd, he added. The main reasons for vacant board-level posts in CPSEs include occurrence of unforeseen vacancies which arise due to resignation and non-confirmation/non-extension of tenure of incumbent, Patel said.

Besides, he said, decision of the concerned administrative ministry to keep a particular post in abeyance and delay in obtaining vigilance clearance of competent authority are other factors for the vacant posts.

Business Standard - 26.04.2012

<http://business-standard.com/india/news/cmd-post-vacant-in-25-central-pses-govt/163793/on>

TV18's Rituparno Bhuyan.

The 55th report of the Parliamentary standing committee on finance was tabled on Tuesday. The report made scathing remarks on LIC taking up stake in ONGC. The committee went onto say that it disapproved the manner in which the ONGC stake sale was carried out.

The committee has recommended that IRDA conduct an inquiry into this issue and investigate if LIC violated any prudent investment norms. Former finance minister and chairman, Parliamentary standing committee on finance, Yashwant Sinha, said, "The LIC has procedures for making investments in the market. Now whether those procedures were followed or not followed and whether the decision was taken in time needs to be investigated."

Money Control - 24.04.2012

http://www.moneycontrol.com/news/cnbc-tv18-comments/standing-committee-to-scan-purchaseongc-shares-by-lic_696295.html

Sebi against relaxing 2013 deadline on public holding

India's capital market regulator is not willing to extend the deadline companies have been given for expanding the public holding in listed entities, even as the firms have started lobbying the government for a relaxation of norms.

In a recent letter to cabinet secretary Ajit Seth, Securities and Exchange Board of India (Sebi) chairman U.K.Sinha has written that all listed firms should meet the deadline on public shareholding. The government has stipulated that public sector units (PSUs) must have a public stake of at least 10% by August 2013. The limit is 25% by June 2013 for non-state companies.

The regulator has also written to the stock exchanges to keep close tabs on adherence to norms and to take stringent action if companies fail to do so. It didn't specify what this should be, but an exchange official said this could range from penalties to even delisting.

Mint - 27.04.2012

<http://www.livemint.com/2012/04/27005856/Sebi-against-relaxing-2013-dea.html>

Travel companies go regional with customized packages, eye group segments

Soaring airfares and a price conscious economy are making travel companies offer customized packages targeted at large groups.

For example, Thomas Cook has launched a package called 'Travel and Learn' holidays, targeted at students. "Our Travel & Learn group tours help students in adopting a more practical approach towards education through out-of-school experiences, including underwater escapades, space shuttle simulation programs, workshops with astronauts and visit to science centers," says Madhav Pai, Chief Operating Officer, Leisure Travel (Outbound), Thomas Cook (India).

The Economic Times - 26.04.2012

<http://economictimes.indiatimes.com/news/news-by-industry/services/travel/travel-companies-go-regional-with-customized-packages-eye-group-segments/articleshow/12879386.cms>

Tea imports decline by 7 pc in 2011

Tea imports declined by 7 per cent to 18.60 million kg worth Rs 172.69 crore in 2011 calendar year, according to the Tea Board data. The country had imported 20.04 million kg of tea worth Rs 214.44 crore in the year-ago period. The unit value of tea increased marginally to Rs 92.84 per kg in 2011 from Rs 92.26 in 2010.

India, the world's largest consumer of tea, imports tea leaves solely for re-export to other countries. The dip in imports, thus, signals lower re-exports.

Economic Times - 23.04.2012

<http://economictimes.indiatimes.com/news/economy/foreign-trade/tea-imports-decline-by-7-pc-in-2011/articleshow/12837158.cms>

Rao takes charge at Coal India

S. Narsing Rao, former chairman of Singareni Collieries Company Ltd (SCCL), took charge as the Chairman and Managing Director of Coal India Ltd (CIL) on Tuesday. In a brief interaction with the media, he said that getting environmental clearances was one of the biggest challenges before CIL. "We will seek involvement of the Centre and the state to resolve issues."

The Hindu - 24.04.2012

<http://www.thehindu.com/business/article3349980.ece>

Working group on tourism lays emphasis on niche tourism, skill development

A working group on Tourism set up by the Planning Commission for the 12th five-year plan has proposed an increased emphasis on skill development and capacity building for bridging the wide demand-supply gap in skilled manpower for the hospitality sector.

The working group said that for developing tourism infrastructure based on carrying capacity and sustainability principles, professional agencies will be employed. It also pointed out that infrastructure gap in tourism destinations and circuits will be attended to.

The Economic Times - 26.04.2012

<http://economictimes.indiatimes.com/news/news-by-industry/services/travel/working-group-on-tourism-lays-emphasis-on-niche-tourism-skill-development/articleshow/12877694.cms>

Black tea exports to China soar

India's black tea exports have begun scaling the Great Wall. Shipments of black tea to China have increased 10-fold since the 2008-09 fiscal. "Black tea exports to China have recorded the highest rate of growth. There is a great potential for it," said Ms Roshni Sen, Deputy Chairperson of the Tea Board.

According to Tea Board data, shipments of black tea increased to 1.27 million kg (mkg) during 2010-11 from 0.10 mkg during 2008-09.

The Hindu Business Line - 24.04.2012

<http://www.thehindubusinessline.com/markets/commodities/article3349987.ece>

Dinesh Kumar gets additional charge of SCCL's CMD

Dinesh Kumar has been given additional charge of CMD of 'Singareni Collieries Company Limited' (SCCL) of Andhra Pradesh. He is already Principal Secretary (PS) Energy to the Andhra Pradesh Government.