

(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.)

## News on Balmer Lawrie

The Economic Times  
Wednesday, 19 December 2012

### ET 500 THRIVING AMID THE SLOWDOWN

For full issue, log on to [www.et500.economicstimes.com](http://www.et500.economicstimes.com)

# The State Jewels

India's state-owned companies are criticised for their sluggish performance given their lack of aggression when it comes to competing with private peers. While a large government share holding can be a negative due to bureaucratic controls, it does help infuse trust among investors and thus makes them more resilient during a downturn. Over the long haul too, state-run firms have generated greater shareholder wealth. The BSE PSU index has delivered an absolute gain of 675% since January 2002 till date compared to 464% by the Sensex during the same period.

While not all public sector undertakings (PSUs) are in the pink of health, there are some state-run companies which stand out on account of their business strategies, strong financials and lucrative valuations.

#### BALMER LAWRIE

Balmer Lawrie has interests in various segments such as lubricants, logistics, tours and travels, industrial packaging, and tea blending and packaging. Logistics contributes close to 55% to its total operating profit and holds the key to future growth. The company plans to promote a logistics hub at Vizag port and a steel barrel manufacturing plant in Navi Mumbai. It will invest Rs 400 crore across its verticals over the next three years. At the current market price of ₹680, the stock is trading at a P/E of 7.9.

#### BHARAT PETROLEUM CORP

Due to its spectacular success in hydrocarbon exploration, India's second-biggest petro retailer continues to be favourite among analysts despite the uncertainty over compensation from the government for selling fuels below cost. The company owns a 10% stake in a Mozambique offshore block which is rich in natural gas deposits. It also controls stakes ranging between 10%

and 20% in 10 blocks in Brazil. Once these projects move to the development phase, the company's revenue is expected to increase.

#### COAL INDIA

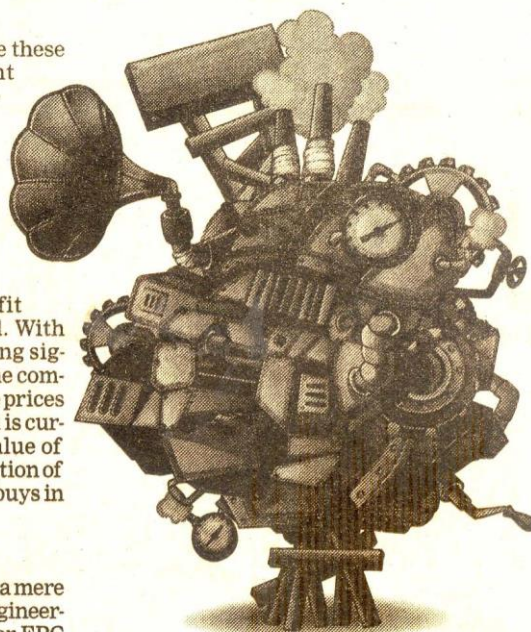
Despite providing coal to Indian utilities at a price significantly lower than imported coal, Coal India enjoys an operating margin of 25%. Given its monopoly in coal production, Coal India will benefit from strong domestic coal demand. With coal prices in the local markets being significantly lower than global rates, the company has enough elbow room to raise prices to maintain its profitability. Its stock is currently trading at a price to book value of five, a huge discount to its peak valuation of eight, making it one of the top value-buys in the market now.

#### ENGINEERS INDIA

The company has evolved from being a mere consultancy provider to an overall engineering, procurement and construction or EPC company. With a 70% share in the petroleum sector, it will be benefited by investments from PSUs refiners during the next five-year plan. The company has near zero debt and a cash surplus of over Rs 1,600 crore in FY12. It was one of the very few engineering companies to maintain operating margin of over 19% during the year despite slow demand.

#### MRPL

The upgrade of its Karnataka refinery should boost prospects of the company. It plans to expand refining capacity to 21 million tonne from 15 million tonne. The commissioning of auxiliary units will improve its ability to process cheaper raw materials and produce better quality fuels. Reduction in freight cost due to the commissioning of a single-point mooring and additional rev-



enue from the upcoming polypropylene plant will boost its revenue.

#### POWER GRID CORPORATION

Power Grid was the only company in its sector to exceed the target capital expenditure during the 11th five-year plan despite slow economic growth.

In addition, it has targeted a near doubling of capex at Rs 1 lakh crore for the 12th five-year plan, which looks achievable given its strong execution history. Its order placement has increased two-fold in the first six months of FY13, which means it is on a strong footing to meet its yearly guidance.

(Inputs by Bakul Chugan Tongia, Crystal Barretto, Jwalit Vyas, Ramkrishna Kachelkar and Suraj Sowkar)

## ET 500: State-run companies which stand out due to strategies and valuations

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be a negative due to bureaucratic controls, it does help infuse trust among investors and thus makes them more resilient during a downturn. Over the long haul too, state-run firms have generated greater shareholder wealth. The BSE PSU index has delivered an absolute gain of 675% since January 2002 till date compared to 464% by the Sensex during the same period. While not all public sector undertakings (PSUs) are in the pink of health, there are some state-run companies which stand out on account of their business strategies, strong financials and lucrative valuations.

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*The Economic Times - 19.12.2012*

<http://economictimes.indiatimes.com/news/news-by-company/corporate-trends/et-500-state-run-companies-which-stand-out-due-to-strategies-and-valuations/articleshow/17647305.cms>

### **In 2012, govt turns to PSUs for investments, cash**

Whether it was for filling coffers or giving a much-needed push to the economic growth, the government turned to cash-rich PSUs during 2012 which will go down as one of the most challenging year for corporate India. Battling the impact of sluggish economic growth on the tax revenues, the Finance Ministry resorted to disinvestment of government equity in the better-performing public sector units (PSUs) to meet its fiscal targets.

Besides, at a time when there was a dearth of investment in the industrial world, the principal shareholder gave a call to the PSUs to spend their cash pile so that the economy gets a leg-up. "Use it or lose it," was the stern message given by Finance Minister P Chidambaram to the PSUs which had cash reserves of Rs 2.50 lakh crore that can be pumped in the bankable projects which, however, were hard to come by.

*Business standard - 30.12.2012*

<http://www.business-standard.com/india/news/in-2012-govt-turns-to-psus-for-investments-cash/200967/on>

### **Govt may put 3% holding in public sector ETF**

The Department of Disinvestment has proposed an exchange-traded fund (ETF) of listed public-sector enterprises that would constitute an offering of up to three per cent government holding. According to divest.nic.in, the total market capitalisation all 52 central public-sector enterprises (CPSEs) is at Rs 12.32 lakh crore. Of these, the top ten alone account for a combined market cap of Rs 9.77 lakh crore.

*Business Standard - 24.12.2012*

<http://www.business-standard.com/india/news/govt-may-put-3-holding-in-public-sector-etf/496588/>

### **Government considering non-plan loan to 8 sick CPSEs: Praful Patel**

The government today said a proposal to provide non-Plan loan to eight sick central public sector enterprises (CPSEs), including Hindustan Cables and NEPA Ltd, is under inter-ministerial consideration.

"A proposal for providing non-Plan loan to eight such CPSEs, which are not able to pay salary and wages to their employees, for payment of wages for the period from April 1, 2012 to September 30, 2012, is under inter-ministerial consideration," Minister of Heavy Industries and Public Enterprises Praful Patel said in a written reply to Lok Sabha.

*The Economic Times - 20.12.2012*

<http://economictimes.indiatimes.com/news/economy/finance/government-considering-non-plan-loan-to-8-sick-cpses-praful-patel/articleshow/17694355.cms>

### **Govt eyes PSU staff share in disinvestment**

The government is looking at new ways to allot shares to employees of public sector companies in which the government plans to trim its stake through the offer for sale (OFS) route. According to sources, the finance ministry has requested, the Securities and Exchange Board of India (Sebi), to have some provision for participation of employees in the newly-launched OFS and institutional placement programmes (IPP) mechanisms.

*Business Standard - 21.12.2012*

<http://www.business-standard.com/india/news/govt-eyes-psu-staff-share-in-disinvestment/496384/>

## **8% average growth in 5 years very tough: PM**

Prime minister Manmohan Singh, head of the National Development Council (NDC), has set a lower GDP growth target of eight per cent, even though he feels that it was "very ambitious."

Amidst a walkout by Tamil Nadu chief minister Jayalalithaa and fierce attack by other opposition chief ministers, NDC approved the eight per cent growth target for the 12th five-year plan.

Deputy chairman of the plan panel Montek Singh Ahluwalia said, "I am very happy that the NDC has approved the 12th five year plan...We expect that with a growth rate of 5.8 per cent this financial year, little over seven per cent next financial year and extra effort in the remaining three years, we can reach the eight per cent target."

*Mydigitalfc.com (Financial Chronicle) - 27.12.2012*  
<http://www.mydigitalfc.com/news/8-average-growth-5-years-very-tough-pm-835>

## **Government gives more sops to exporters, interest subsidy extended**

The government has announced more sops to stem the slide in exports that has led to alarming widening of the trade deficit and depreciation of the rupee. The incentives include extension of the 2% interest subsidy available to certain sectors by one more financial year, until the end of March 2014, and expanding coverage to a few engineering sub-sectors to make exports more competitive.

*The Economic Times - 27.12.2012*  
<http://economictimes.indiatimes.com/news/economy/foreign-trade/government-gives-more-sops-to-exporters-interest-subsidy-extended/articleshow/17775969.cms>

## **India Inc may have to spend Rs 10,000 cr next fiscal**

India Inc may have to shell out about Rs 10,000 crore in the next financial year towards corporate social responsibility (CSR), if the proposed Companies Bill 2012 were to get enacted into law.

Indications are that the CSR provisions in the proposed Bill will be operationalised from April 1. The Companies Bill 2012, which seeks to replace the Companies Act 1956, was passed by the Lok Sabha during the Winter Session. The Rajya Sabha is expected to take up the Bill for passage

## **Disinvestment in Oil India, NTPC soon**

The Government is likely to divest stake in Oil India next month, followed by NTPC in February, to achieve its Rs 30,000-crore disinvestment target. "We will come out with Oil India issue in January and in the next 3-4 weeks NTPC will hit the markets," a Government official said.

The Government plans to divest 10 per cent stake in Oil India which could fetch around Rs 2,700 crore at the prevailing market price. Besides, a 9.5 per cent stake sale in NTPC could reap over Rs 12,000 crore for the exchequer.

"We will meet the disinvestment target envisaged in the Budget," the official said. Before the fiscal-end, the Government has a mammoth task before it to achieve the Rs 30,000-crore target set in the 2012-13 Budget.

*Hindu Business Line - 23.12.2012*  
<http://www.thehindubusinessline.com/industry-and-economy/economy/disinvestment-in-oil-india-ntpc-soon/article4231629.ece>

## **Proposal to double CSR contribution of top earning PSUs**

Top earning PSUs such as ONGC, BHEL and NTPC may have to double their expenditure on corporate social responsibility (CSR) in accordance with the new draft guidelines being finalised by the Department of Public Enterprises (DPE). Under the proposed norms, Central Public Sector Enterprises (CPSEs) with net profit of over Rs 500 crore in the previous year will have to earmark 1 per cent of it from the current level of 0.5 per cent for CSR activities. However, the upper limit of 2 per cent remains unchanged.

*The Hindu Business Line - 27.12.2012*  
<http://www.thehindubusinessline.com/companies/proposal-to-double-csr-contribution-of-top-earning-psus/article4245128.ece>

## **Govt cuts growth projection to under 6%, sees slowdown easing**

The Government expects the economy to grow between 5.7-5.9 per cent in the current fiscal, which is much lower than 7.6 per cent projected in the Economic Survey.

This estimate has come out in the Mid-Year Economic Review tabled in Parliament on Monday.

The Finance Ministry also estimates inflation to moderate to 6.8-7 per cent by March 2013. It

in the early part of Budget Session in February.  
*Hindu Business Line - 28.12.2012*

[http://www.thehindubusinessline.com/industry-and-economy/india-inc-may-have-to-spend-rs-10000-cr-next-fiscal/article4249623.ece?ref=wl\\_opinion](http://www.thehindubusinessline.com/industry-and-economy/india-inc-may-have-to-spend-rs-10000-cr-next-fiscal/article4249623.ece?ref=wl_opinion)

### **Public sector as competitive as private sector: Pranab**

Disagreeing with the notion that public sector cannot be as competitive and efficacious as public sector, President Pranab Mukherjee today said what is required is efficiency in management of resources. Citing the example of Indian PSU banks, he said prudent management has enabled them to remain strong at a time when major banks in various parts of the world failed due to economic crises.

*Money Control - 28.12.2012*

[http://www.moneycontrol.com/news/economy/public-sector-as-competitive-as-private-sector-pranab\\_800977.html](http://www.moneycontrol.com/news/economy/public-sector-as-competitive-as-private-sector-pranab_800977.html)

### **Civil aviation ministry planning to cap air fares**

If plans of the Union civil aviation ministry are anything to go by then the air fares could well come within the reach of your pockets even during the period of high demand. The ministry is planning to impose a slab on private airlines above which they would not be able to raise the air fares during a given period.

*The Times of India - 25.12.2012*

[http://articles.timesofindia.indiatimes.com/2012-12-25/lucknow/35998459\\_1\\_air-fares-prateek-hira-air-tickets](http://articles.timesofindia.indiatimes.com/2012-12-25/lucknow/35998459_1_air-fares-prateek-hira-air-tickets)

### **Study on impact of taxation on tourism sector**

Exploring the possibilities of giving export industry status to the tourism sector, the government today announced that a comprehensive study will be carried out on impact of taxation on the sector. "The ministry will immediately conduct the study of comparison of the impact of excessive taxes on tourism industry viz-a-viz export industry and also the comparative analysis on the tax structure on Indian tourism industry with the competing neighbouring countries," Tourism Minister Chiranjeevi said at a meeting with a delegation of the Indian Association of Tour Operators (IATO) here.

*Business Standard - 18.12.2012*

<http://www.business-standard.com/generalnews/news/studyimpacttaxationtourism-sector/96042/>

also says that trade deficit would not be significantly higher than last year.

*The Hindu Business Line - 17.12.2012*

<http://www.thehindubusinessline.com/industry-and-economy/economy/govt-cuts-growth-projection-to-under-6-sees-slowdown-easing/article4209147.ece>

### **SCOPE plans to launch TV channel focused on PSUs**

Standing Conference of Public Enterprises (SCOPE) has said it is planning to launch a TV channel focused on PSUs to keep people, even in remote areas, updated about activities of Public Sector Undertakings.

*PTI - 28.12.2012*

[http://www.ptinews.com/news/3254518\\_SCOP-E-plans-to-launch-TV-channel-focused-on-PSUs-](http://www.ptinews.com/news/3254518_SCOP-E-plans-to-launch-TV-channel-focused-on-PSUs-)

### **Tourism should aim for 12 percent growth: White Paper**

Contexting the projections, the paper said: "The annual growth rate of the tourism sector is estimated to be 8.1 percent during the last five years, which is marginally higher than the economic growth rate of 7.9 per cent expected to be achieved during the 11th Five Year Plan (2007-12)," the paper said.

*Business Standard - 27.12.2012*

<http://www.business-standard.com/generalnews/ians/news/tourism-should-aim-for-12-percent-growth-white-paper/100909/>

### **8% drop in domestic air traffic in Nov**

Domestic airlines carried 8 per cent lesser passengers in November this year against last year. Incidentally, the number of passengers carried by domestic airlines during 2012 has been declining since June this year, compared with the same period last year.

The latest data, released by the Directorate General of Civil Aviation, shows domestic airlines carried 50.20 lakh passengers in November this year compared with 54.14 lakh passengers last year.

*The Hindu Business Line - 19.12.2012*

[http://www.thehindubusinessline.com/industry-and-economy/logistics/8-drop-in-domestic-air-traffic-in-nov/article4218157.ece?homepage=true&ref=wl\\_home](http://www.thehindubusinessline.com/industry-and-economy/logistics/8-drop-in-domestic-air-traffic-in-nov/article4218157.ece?homepage=true&ref=wl_home)

## **Thomas Cook (India) receives 'Superbrand' status**

Thomas Cook (India) Ltd was recently awarded the 'Superbrand' status. Superbrands is a global organisation dedicated to recognise, showcase and pay tribute to the best brands in each country. For the fourth edition of Consumer Superbrands, Thomas Cook formed an exclusive group of 86 winners. Superbrands recognises the brand custodian's efforts to build a brand that is strong on consumer perceptions, making it more resilient to fluctuating economic conditions. Participation in Superbrands is by invitation, following a careful selection process.

*Travel Biz Monitor - 18.12.2012*

<http://www.travelbizmonitor.com/thomas-cook-india-receives-superbrand-status-18761>

## **Develop ports for trade relations with East Asia'**

The next decade belongs to ports and there is ample scope for creation of port facilities and infrastructure on the east coast with an estimated investment of over Rs 1.15 lakh crore to cater to India's increasing trade with East Asian nations, Visakhapatnam Port Trust (VPT) chairman Ajeya Kallam said on Monday.

Rising trade with China, demand for coal to fuel power projects in eastern India may also lead to growth in east coast ports, said Kallam, while speaking at a conference on 'Ports and logistics - investment scenario and opportunities for ports and logistics sector in India' organised by the Confederation of Indian Industry here. Citing a KPMG study, Kallam said that the share of western ports is estimated to drop to 66 per cent in 2014 from 77 per cent in 2010 even as the share of eastern ports was slated to rise by as much as 11 per cent in the same period to 34 per cent.

*The Times of India - 18.12.2012*

<http://timesofindia.indiatimes.com/city/visakhapatnam/Develop-ports-for-trade-relations-with-East-Asia/articleshow/17658785.cms>

## **Transport Corp to invest Rs 150 cr on expanding services**

Logistics firm TCI is investing Rs 150 crore on expanding services and infrastructure to meet the demand from multi-brand retail that is expected to grow rapidly following the government move to allow foreign direct investment in the sector. The company will invest about Rs 60-70 crore on setting up new warehouses across the country and about Rs 40 crore on buying new trucks.

*Business Standard - 25.12.2012*

<http://www.business-standard.com/india/news/transport-corp-to-invest-rs-150-cro-expanding-services/200562/on>

## **Travelguru.com Joins Hands With ITDC - To Offer Ashok Group of Hotels Online**

Travelguru.com, India's largest online hotel network has recently announced its alliance with Indian Tourism Development Corporation (ITDC) with hotels under the brand name Ashok Group of Hotels. The hotel booking website has successfully achieved this remarkable feat and becomes the online travel portal to host all ITDC Ashok hotel properties.

*IT news Online - 26.12.2012*

<http://www.itnewsonline.com/showprnstory.php?storyid=249956>

## **Treat warehousing as separate industry, says former official**

There is a need to look at warehousing as a separate industry and the Government must collaborate with private sector to enhance the efficiency of warehouses in the country, according to Michael Pinto, Former Secretary, Ministry of Shipping.

The demand for warehousing is going up by 6.6 per cent every year on a compounded basis.

"India has more than 25,000 warehouses in the country supported by the Government. However, not many of them are storage-worthy," said Ravi Malik, Deputy General Manager, National Board of Agriculture and Rural Development (NABARD).

*The Hindu Business Line - 20.12.2012*

[http://www.thehindubusinessline.com/industry-and-economy/treat-warehousing-as-separate-industry-says-former-official/article4222447.ece?homepage=true&ref=wl\\_home](http://www.thehindubusinessline.com/industry-and-economy/treat-warehousing-as-separate-industry-says-former-official/article4222447.ece?homepage=true&ref=wl_home)

## **Darjeeling Tea Offered E.U.-Protected Status**

For the first time, the European Union will recognize the authenticity and uniqueness of tea grown in Darjeeling, India, the Times reports, extending the same place-of-origin protections afforded to brandy from Cognac, grainy cheese from Parmigiano-Reggiano, and Champagne.

*New York Grub Street - 17.12.2012*

<http://newyork.grubstreet.com/2012/12/darjeeling-tea-protected-origin-status.html>

## **FDI inflows jump 65% to \$1.94 b in Oct**

India's foreign direct investment (FDI) inflows grew by over 65 per cent year-on-year to \$1.94 billion in October, according to the Department of Industrial Policy and Promotion (DIPP). In October 2011, the country had attracted FDI worth \$1.16 billion.

*The Hindu Business Line - 21.12.2012*

[http://www.thehindubusinessline.com/industry-and-economy/economy/fdi-inflows-jump-65-to-194-b-in-oct/article4225892.ece?homepage=true&ref=wl\\_home](http://www.thehindubusinessline.com/industry-and-economy/economy/fdi-inflows-jump-65-to-194-b-in-oct/article4225892.ece?homepage=true&ref=wl_home)

## **Indian economy's business cycle flattened in December: BluFin**

The BluFin business cycle indicator (BCI), which provides real time information on the state of the business cycle in the Indian economy, flattened in December. The current score is 159.7 compared to 160.0 in November. However, the implied year-on-year growth rate continues to be positive and growing at 3.0%, suggesting the Indian economy is growing at a better rate than the previous year. The implied year-on-year growth rate observed in the previous month was 2.5%.

*The Times of India - 21.12.2012*

<http://timesofindia.indiatimes.com/business/india-business/Indian-economys-business-cycle-flattened-in-December-BluFin/articleshow/17706066.cms>

## **RBI policy sends mixed signals to market stake holders: Harding**

The expectation into December mid quarter review of monetary policy was mixed. While most expected 25 bps cut in CRR, the need was felt that RBI kick-start the rate reversal cycle with baby-step approach of 25 bps cut in repo rate, if not in reverse repo rate.

*Myiris - 19.12.2012*

<http://www.myiris.com/newsCentre/storyShow.php?fileR=20121219132144199&dir=2012/12/19>

## **'Financial stability at risk on falling growth, high inflation'**

India's financial stability remains potentially at a risk on falling growth, persistent elevated level of inflation and high twin deficits, the Reserve Bank today said in a report.

"...lower growth, elevated inflation, high fiscal and current account deficits remain potential risks to financial stability," RBI said in its Financial Stability Report December 2012.

Finance minister P Chidambaram yesterday had said it was imperative to contain the fiscal deficit -- occurs when total expenditure exceeds the revenue -- by augmenting resources and controlling expenditure. For 2012-13, the fiscal deficit has been revised upwards to 5.3 percent, from 5.1 percent in view of increased expenditure and lower-than-estimated revenue realisation.

*Financial Express - 28.12.2012*

<http://www.financialexpress.com/news/financial-stability-at-risk-on-falling-growth-high-inflation/1051551>