

(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.)

## PSUs told to hand over Rs 7K cr as extra dividend

The finance ministry plans to squeeze nearly Rs 7,000 crore extra dividend out of state-run companies in the current year and another Rs 1,500 crore in dividend tax, making up some of the shortfall in disinvestment proceeds. The bulk of this extra dividend will come out of Coal India, which is sitting on cash pile of nearly Rs 44,000 crore. "We are looking at Rs 7,000 crore higher dividend payment by PSU companies and Rs 1,500 crore as dividend distribution tax," a senior finance ministry official said.

In its pre-budget consultations with PSUs earlier this month, the North Block tried to persuade them to declare higher dividends. The government has budgeted Rs 23,500 in dividends on its investments in the state-run companies in 2011-12, marginally down from the Rs 26,000 crore it got in the previous year. It should now end the year with nearly Rs 30,000 crore in dividend income. With the disinvestment yielding only Rs 1,145 crore in the current year against the budgeted Rs 40,000 crore, the finance ministry has been looking for other sources of revenues to keep the fiscal deficit breach to the minimum.

*The Economic Times - 26.01.2012*

[http://articles.economictimes.indiatimes.com/2012-01-26/news/30666688\\_1\\_dividend-distribution-tax-higher-dividends-psu-index](http://articles.economictimes.indiatimes.com/2012-01-26/news/30666688_1_dividend-distribution-tax-higher-dividends-psu-index)

## Plan panel defends govt decision to go slow on disinvestment

Defending the government's decision to hold back disinvestment due to bad stock market conditions, the Planning Commission today said the process of stake sale in state-owned companies could begin after the improvement in market situation.

"Disinvestment will be decided by market conditions. So if market conditions are not normal, it is sensible for the government to hold back," Ahluwalia said in an interview to a private news channel.

He further said: "I don't think there is any change in the government's plans that we can realise the value of these assets over time. If the government

## Grand opportunity in the PSU basket

For most stock investors, dividend is the last thing on their minds. They invest in shares of companies, which plough back cash to expand businesses to generate higher profits from expansion via reinvestment, which then help the stocks keep moving up. But these are difficult times. Benchmark stock indices have been in the bear territory for the past 12-14 months. The investment climate (or lack of it) is forcing companies to cut back on expansions. Simply put, there appears to be no growth for the so-called 'growth stocks'. This means it is time to go for the safety of dividend stocks.

Dividend and the opportunity it presents are in the news after the government said it was contemplating cash-rich PSUs to declare one-time dividend to bridge fiscal deficit. Usually, stock prices in such developments and move up before the final announcement. As the saying goes: "Buy the rumour, sell the news." In this case, the names of PSUs that will announce dividends are not yet out, and identifying them early may result in some gains for investors. "We believe the one-time dividend could lead to interesting short-term opportunities in several companies," Manishi Raychaudhuri and Gautam Mehta, analysts at BNP Paribas Securities India, said in a note.

*Financial Chronicle - 22.01.2012*

<http://www.mydigitalfc.com/stock-market/grand-opportunity-psu-basket-720>

## Indian missions to help PSUs' hunt for global assets

Indian missions abroad will be actively involved to help the government-owned firms realise their global ambitions to acquire critical raw material assets overseas, the Department of Public Enterprises (DPE) has said. It has asked the public sector units (PSUs) and their administrative ministries to "undertake a consultation procedure with the Ministry of External Affairs (MEA)/missions to develop possible value addition to the original proposal..."

Also, state-owned units may consult Indian missions for value-addition in terms of infrastructure development in the country of

decides not to disinvest in the certain period because it feels the stock prices are unduly low, that's not only understandable but it is actually quite a sensible decision."

*The Economic Times - 30.01.2012*

<http://economictimes.indiatimes.com/news/economy/policy/plan-panel-defends-govt-decision-to-go-slow-on-disinvestment/articleshow/11686854.cms>

### **Dividend pressure works on central PSUs**

Two Union government-owned companies, NTPC and Bharat Electronics, declared interim dividends on Friday, taking the cash-strapped Centre's receipts on this count to Rs 7,500 crore over a month. This is over a fourth of the Rs 26,057 crore the government received as dividends in 2010-11.

In addition, the government has so far earned nearly Rs 1,500 crore in dividend distribution tax from public sector undertakings (PSUs) that have declared dividends, according to rough calculations. In the past few weeks, six PSUs announced dividends. Some more have fixed board meetings to declare interim dividends. NMDC, Container Corp, MOIL, PFC, Powergrid and IDBI Bank have already called board meetings for sanctioning an interim dividend. Steel Authority of India has fixed the record date for interim dividend, according to stock exchange filings.

*Business Standard - 28.01.2012*

<http://www.business-standard.com/india/news/dividend-pressure-workscentral-psus/463052/>

### **Govt looks to mop up additional R15,000 crore via stake sale**

The government will try and give a push to its staggered sell-off programme in the last two months of the fiscal and garner up to R15,000 crore. This follows the Securities and Exchange Board of India's (Sebi) recent decisions to allow the auctioning route for top 100 companies for stake sales via the stock market and the introduction of the Institutional Placement Programme (IPP) for CPSEs in which government holds over 90% stake. Sebi is expected to clear minutes of the last board meeting that deliberated and decided on these two facilities on Saturday.

A senior government official told FE: "Once Sebi approves the minutes of the meeting, it is expected to release the guidelines for the new route within a week".

*The Financial Express - 28.01.2012*

<http://www.financialexpress.com/news/govt-looks-to-mop-up-additional-r15-000-crore-via-stake-sale/904651/>

possible acquisitions, the DPE said in a circular to the PSUs and their administrative ministries. The Energy Security division in the MEA has been designated as the nodal agency for the initiative, it said.

*NDTV Profit - 30.01.2012*

<http://profit.ndtv.com/News/Article/indian-missions-to-help-psus-hunt-for-global-assets-296811>

### **Government to Set Up Solar Firm**

India is setting up a company with initial capital of 20 billion rupees (\$405.6 million) to build federal solar projects and help the country reach a target of 20 gigawatts of solar energy capacity by 2022, a top government official said. The decision to create the company comes at a time when some solar and renewables experts are worrying that due to a shortage of funds and a relative lack of interest by commercial companies, India might miss solar energy targets set under a federal program.

"A dedicated company will ensure that we meet our targets effectively," Renewable Secretary Gireesh B. Pradhan said in a recent interview. He said the company--Solar Energy Corp. of India--will gradually take over responsibility for federal solar projects from NTPC Vidyut Vyapar Nigam Ltd., an arm of India's largest power producer NTPC Ltd.

*Wall Street Journal - 27.01.2012*

<http://online.wsj.com/article/SB10001424052970204661604577186364061054928.html>

### **Tourism sector hopes for a lift-off with FDI in aviation**

The aviation industry is not the only one betting its future on the proposed foreign direct investment (FDI) in the sector. The tourism industry, too, is hoping to get a boost through improved air connectivity, higher fleet capacity and competitive fares. Peter Kerkar, director, Cox & Kings, said,

"Aviation is an important component of the travel business and a strong aviation infrastructure will act as a catalyst for the growth of the travel and tourism industry." He said there was a need to connect to Tier II and Tier III cities, which would come with more investment in the sector.

*Business Standard - 29.01.2012*

<http://www.business-standard.com/india/news/tourism-sector-hopes-forlift-offfdi-in-aviation/463119/>

## **Obama woos Indian, Chinese tourists**

Now its US President Barack Obama himself who is wooing high-spending Indian and Chinese tourists and has issued an executive order to make it easier for travellers from emerging economies to get visas. For nearly one-third of Indian tourists, whose average age is 43 and average stay in America six weeks, the US was their first foreign travel. Aimed at boosting foreign tourism, the order came two days after he identified India, China, and Brazil among countries that could boost tourist traffic to America as he unveiled a strategy to ensure US remains the world's top global travel destination.

*The Hindustan Times - 22.01.2012*

<http://www.hindustantimes.com/world-news/Americas/Obama-woos-Indian-Chinese-tourists/Article1-800598.aspx>

## **Tea Board recommends schemes worth Rs 3,000 cr**

Tea Board has recommended schemes worth Rs 3,000 crore for implementation during the 12th Plan beginning April 1.

"This is far higher than the investment of Rs 862.75 crore during 11th Plan. Besides entailing higher outlay for all schemes, some new schemes are envisaged during 12th Plan," Dr S. Ramu, Tea Board member representing factories, told Business Line.

"We have been pressing for continuance of factory machinery upgradation scheme in 12th Plan with increased subsidy to retain Indian tea's competitiveness. The Board has recommended Rs 500 crore for this scheme against Rs 354 crore spent in 11th Plan," he disclosed.

"Our approach has been to ensure that the 12th Plan is eventful for tea industry. Accordingly, we are happy that Rs 800 crore had been recommended for Plantation Development Scheme including Special Purpose Tea Fund for replantation and rejuvenation against Rs 256 crore spent in 11th Plan," Mr P. Viswanathan representing Parliament, said.

*The Hindu Business Line - 22.01.2012*

[http://www.thehindubusinessline.com/industry-and-economy/agri-biz/article2823277.ece?ref=wl\\_industry-and-economy](http://www.thehindubusinessline.com/industry-and-economy/agri-biz/article2823277.ece?ref=wl_industry-and-economy)

## **17-member Indian team to attend UN meet on tea**

India is sending a 17-member delegation to the 20th session of the UN Food & Agriculture Organisation's Inter-Governmental Group on tea to be held in Colombo from January 30 to February 1. "The focus of the meeting will be on several major issues, namely, the MRL (maximum residue level of pesticides in tea), the impact of climate change and market development," Mr M. G. V. K. Bhanu, Chairman of the Tea Board of India.

*The Hindu Business Line - 27.01.2012*

[http://www.thehindubusinessline.com/industry-and-economy/economy/article2837116.ece?homepage=true&ref=wl\\_home](http://www.thehindubusinessline.com/industry-and-economy/economy/article2837116.ece?homepage=true&ref=wl_home)

## **Growers, Tea Board spat over orthodox tea subsidy**

Sharp differences have reportedly surfaced between a section of tea producers and the Tea Board over the orthodox tea subsidy. The tea producers concerned are demanding an increase in the subsidy amount, something which the Tea Board is reluctant to concede unless convinced of substantial increase in orthodox production in gardens owned by the recipients of the subsidy so far.

The orthodox tea subsidy was launched in 2005 and an estimated Rs 150 crore has been disbursed so far to various producers. Interestingly, a section in the Commerce Ministry, it is learnt, has thrown its weight behind the tea producers' demand and not behind its own organisation, Tea Board.

Tea Board's objection to the demand for increased subsidy has been prompted by the Comptroller and Auditor General remark that the evaluation of the subsidy is critical. Tea Board must first satisfy itself with the result, i.e., whether the utilisation of the subsidy has really contributed to significant increase in the production of Orthodox tea.

*The Hindu Business Line - 23.01.2012*

[http://www.thehindubusinessline.com/industry-and-economy/agri-biz/article2826000.ece?homepage=true&ref=wl\\_home](http://www.thehindubusinessline.com/industry-and-economy/agri-biz/article2826000.ece?homepage=true&ref=wl_home)