

(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 to be held to account on meeting capex targets: FM

Finance minister P. Chidambaram on Monday said the government will hold public sector units (PSUs) to account on meeting capital expenditure targets for the next fiscal year as part of efforts to revive investments in the Indian economy.

He added that both private sector and public sector companies are sitting on piles of cash and PSUs have to achieve the investment targets that they have set for themselves or have to pay a special dividend to the government.

"For next year's capital expenditure, we have just sent out the letters to PSUs. Each PSU has to fill out the proforma and tell us what their capex targets are for next year. We are going to monitor it very closely beginning from April. Every quarter, I will monitor what they are investing and if they don't invest, we will hold the CMD (chairman and managing director) to account," he added.

Mint - 05.03.2013

<http://www.livemint.com/Politics/xjOYtBlkURjsg1knrgB8LP/PSUs-to-be-held-to-account-on-meeting-capex-targets-FM.html>

Disinvestment of PSUs hits shareholders hard

The government is racing against time in a desperate attempt to meet its disinvestment target with another four companies lined up for the current year. However, analysts are of the view that the rush to disinvest public sector companies at a discount often leads to existing shareholders losing out as the stock price of the company falls and the market cap gets eroded.

What is worse is that this budget document singularly states that all disinvestment proceeds will be channelised to either recapitalise Public Sector Undertaking (PSU) banks or fund the future capex of Indian Railways while they are routed through the National Investment Fund. So, shareholders will be paying for the government's own inefficiencies in two sectors with good money being thrown after bad.

Business Today - 07.03.2013

<http://businesstoday.intoday.in/story/psu-stake->

64 CPSEs sick as on March 2012: Praful Patel

There were 64 sick Central Public Sector Enterprises (CPSEs), including Hindustan Cables, HMT Watches and ITI Ltd BSE 2.99 %, as on March 31, 2012. "According to the Public Enterprises Survey 2011-12, there were 64 sick CPSEs as on March, 31 2012," Minister of Heavy Industries and Public Enterprises Praful Patel said in a written reply to the Rajya Sabha.

These sick units include HMT Bearings Ltd, HMT Chinar Watches, NEPA Ltd, ITI Ltd, Tyre Corporation of India, Hindustan Cables and Scooters India Ltd, he added.

Patel said as per the government resolution, a CPSE is considered sick if it has accumulated losses in any of the financial year, or a CPSE which is a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 (SICA).

The Economic Times - 05.03.2013

<http://economictimes.indiatimes.com/news/economy/finance/64-cpses-sick-as-on-march-2012-praful-patel/articleshow/18813129.cms>

PSUs not floating in cash any more

The finance minister is pushing public-sector companies into using their cash pile to kick-start a fresh capex cycle, or lose the cash. The move is being welcomed by capital goods makers. Thermax Managing Director & CEO M S Unnikrishnan says: "Though it alone cannot revive capex cycle, PSUs can surely revive the capex cycle in sectors such as oil & gas, steel and fertilisers."

However, an analysis of PSUs' balance sheets suggests their operations are no more spewing tonnes of cash, nor are they hoarding cash. Most PSUs have seen their cash reserves declining and financial ratios deteriorate in recent years - due to a mix of poor profitability and rise in capital expenditure. For others, cash on the books is an optical illusion, as they have resorted to borrowings in recent years to fund the gap between internal accruals and capex requirements.

[sale-hits-shareholders-hard/1/193096.html](http://www.business-standard.com/article/companies/psus-not-floating-in-cash-any-more-113030800013_1.html)

Business Standard - 08.03.2013

http://www.business-standard.com/article/companies/psus-not-floating-in-cash-any-more-113030800013_1.html

30 CPSEs set up in last 3 years: Patel

As many as 30 Central Public Sector Enterprises (CPSEs) such as Mahanadi Basin Power and NMDC Power have been set up in the last three years, Parliament was informed on Thursday. "Between 2009-10 and 2011-12, 30 CPSEs have been set up in the different parts of the country," Minister of Heavy Industries and Public Enterprises Praful Patel said in a written reply to the Lok Sabha.

ZeeNews - 07.03.2013

http://zeenews.india.com/business/news/companies/30-cpses-set-up-in-last-3-years-patel_71728.html

Contribution of CPSEs to GDP rose 5.67% in 2011-12

The share of gross value addition in Central Public Sector Enterprises as percent of Gross Domestic Product rose 5.67% in 2011-12 against 5.44% in 2010-11. If, however, the under-recoveries of oil marketing companies are included, then the share of gross value addition of all Central Public Sector Enterprises (CPSEs) in GDP goes up to 6.29% in 2011-12 and 6.78% in 2010-11

Myiris - 08.03.2013

<http://www.myiris.com/newsCentre/storyShow.php?fileR=20130308153644717&dir=2013/03/08>

ONGC emerges top investor among PSUs in 2011-12: Govt survey

Oil and Natural Gas Corp (ONGC) has emerged as the top investor among PSUs for 2011-12 with an investment of Rs 2.1 lakh crore, according to a government survey.

Loss-making BSNL is the second largest investor, it said. Investment in terms of gross block (assets) for ONGC stood at Rs 2.1 lakh crore in 2011-12 and its net profit was Rs 25,122 crore, the Public Enterprises Survey for 2011-12 said.

Economic Times - 04.03.2013

http://articles.economictimes.indiatimes.com/2013-03-04/news/37437316_1_assets-plus-depreciation-gross-block-cpses

Disinvestment in loss making CPSEs

The Board for Reconstruction of Public Sector Enterprises has been mandated to examine loss-making/sick CPSEs for revival/restructuring for their turnaround and advise the Government on disinvestment/closure/sale in full or part, in respect of chronically loss making/sick CPSEs that cannot be revived. As such if efforts to revive fail and the Government decides for privatization, then the Department of Disinvestment will take up such cases for strategic sale.

Steel Guru - 08.03.2013

http://www.steelguru.com/indian_news/Disinvestment_in_loss_making_CPSEs/304603.html

Some major PSUs to miss capex targets in FY13

Despite government directive to invest surplus funds or pay them back as special dividend, all major coal, mining and steel state-owned firms, including SAIL and Coal India, are set to miss capex targets this fiscal.

According to Budget 2013-14 documents, steel major SAIL is estimated to miss the capex target by over 17 per cent this fiscal. The Maharatna-status company had originally targeted to invest Rs 14,500 crore in 2012-13.

Financial Chronicle - 03.03.2013

<http://www.mydigitalfc.com/news/some-major-psus-miss-capex-targets-fy13-830>

Chidambaram to hard sell India to domestic, foreign investors

Three days after the Budget, Finance Minister P Chidambaram today outlined his agenda for action: Get public sector and private companies to invest, ask foreign investors to pump money into India, and address the widening current account deficit (CAD). In the short run, he said the government's priority was to get foreign investments to fund the CAD. In the medium term, it was to increase exports to pay for the import bill.

Business Standard - 05.03.2013

http://www.business-standard.com/article/economy-policy/chidambaram-to-hard-sell-india-to-domestic-foreign-investors-113030500030_1.html

Worst may be over for India: Moody's Analytics

The worst may be over for the Indian economy, a new report by Moody's Analytics has said. It sees economic growth at around 7% from 2014 onwards in its India Outlook report titled The Worst May Be Over.

"The December quarter was likely the bottom of the economic cycle, and we anticipate a steady acceleration in GDP growth across the coming year. Our forecast from 2014 onwards is for economic growth of around 7%, which is India's new rate of trend growth," the report read.

Economic Times - 08.03.2013

http://articles.economictimes.indiatimes.com/2013-03-08/news/37561631_1_gdp-growth-growth-estimates-economic-growth

Passenger air travel demand uptick continues in 2013: IATA

The International Air Transport Association (IATA) released global air travel demand statistics for January showing a continuation of the uptick in passenger travel that began at the end of 2012. Overall, demand was up 2.7% on the previous January which is slightly ahead of the 2.2% expansion in capacity. Load factors stood at 77.1%.

Myiris - 05.03.2013

<http://www.myiris.com/newsCentre/storyShow.php?fileR=20130305163022715&dir=2013/03/05>

Domestic air travel demand down 4.9% in Jan

Domestic air travel demand declined by 4.9 per cent and the sector witnessed a 5.3 per cent capacity reduction, according to International Air Transport Association (IATA). According to a report by IATA, the market's load factor -- a measure of the amount of utilisation of the total available capacity of the aircraft -- stood at 75.9 per cent during the reported month.

The Economic Times - 06.03.2013

<http://economictimes.indiatimes.com/news/news-by-industry/transportation/airlines/-aviation/domestic-air-travel-demand-down-4-9-in-jan/articleshow/18829779.cms>

Govt eyes 12% tourism growth

Union Tourism Minister K. Chiranjeevi on Monday said he Working Group on Tourism for 12th Five Year Plan, set up by the Planning Commission, has recommended a target growth in domestic tourism

Govt borrowing programme manageable: RBI

The RBI said the Government's borrowing programme for 2013-14 is manageable despite an increase in the size. "The net market borrowings, including the Treasury Bills, of about Rs 5-lakh crore in the Budget is manageable and I believe the RBI would be in a position to manage this stock," said Urjit Patel, in his first media interaction after taking charge as Deputy Governor.

The Hindu Business Line - 05.03.2013

http://www.thehindubusinessline.com/industry-and-economy/banking/govt-borrowing-programme-manageable-rbi/article4462795.ece?homepage=true&ref=wl_home

Air cargo demand grows by 5% in Jan: IATA

Global air freight demand was "very strong" and rose by 5 percent in January this year on the back of encouraging growth towards the end of 2012, according to data released by the International Air Transport Association (IATA). However the rise was from an exceptionally low base, caused by the timing of Chinese New Year, which occurred in February this year, skewing year-on-year comparisons as many Asian factories close and last year the holiday period occurred in January.

Money Control - 05.03.2013

http://www.moneycontrol.com/news/business/air-cargo-demand-grows-by-5jan-iata_834190.html

India improves travel, tourism industry competitiveness rank

India has moved up by three notches to 65th rank out of 140 countries in terms of travel and tourism industry competitiveness, a report by World Economic Forum has said. According to the fifth Travel & Tourism Competitiveness Report by WEF, India has been ranked in the 11th place in the region and 65th overall, aiming three positions since the last edition.

Indian Express - 07.03.2013

<http://www.indianexpress.com/news/india-improves-travel-tourism-industry-competitiveness-rank/1084647/>

Tata Proj eyes western freight corridor

After bagging the first contract for Eastern Freight Corridor with Aldesa of Spain, Tata Projects has joined hands with Marubeni, a major Japanese construction firm, to bid for the

of about 12% per annum during the 12th Five Year Plan period.

India Blooms - 04.03.2013

<http://www.indiablooms.com/TravelDetailsPage/2013/travelDetails040313a.php>

Optimistic about Indian exports touching \$300 bn in FY'13

Commerce and Industry Minister Anand Sharma Monday said he is optimistic about India touching the USD 300 billion-mark in exports this fiscal although it remains a challenge. He said shipments for February and March are expected to be in the positive zone. In January, India's exports made a marginal recovery and entered the positive zone after a gap of eight months, recording a growth of 0.82 percent to USD 25.58 billion.

Zee News - 04.03.2013

http://zeenews.india.com/business/news/economy/optimistic-about-indian-exports-touching-300-bn-in-fy13_71505.html

western freight corridor. The Marubeni-led consortium also has IVRCL, KEC, Simplex and Gammon. A senior Tata Projects official said the financial bids for Phase I of the western corridor project will be opened in two months.

DNA - 08.03.2013

http://www.dnaindia.com/money/report_tata-proj-eyes-western-freight-corridor_1808670

Rly could be losing its high rated cargo to roads, coal gives a breather

The inclusion of Fuel Adjustment Component (FAC) in freight rates with effect from April 1, coupled with roughly 25% freight rate hike since March 2012, will undermine the competitive edge of Railways further vis-a-vis road transport on distances ranging 400-700 kilometre.

Business Standard - 04.03.2013

http://www.business-standard.com/article/economy-policy/rly-could-be-losing-its-high-rated-cargo-to-roads-coal-gives-a-breather-113030400431_1.html