

(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.)

Sharp jump in interim dividend payouts by PSUs

Coal India on Monday announced an interim dividend payout that is 170 per cent higher than last year. It is not alone. Fifteen PSUs that have paid out dividends thus far have increased interim payouts by 68.5 per cent compared to last year.

As the Government has been looking for various means to bridge the fiscal gap, it has pegged up expectations from cash-rich PSUs on dividend payouts — inflows have increased by 69.6 per cent.

Around 12 out of 15 State-owned companies that paid out interim dividends hiked their dividends compared to last year. Dividends of cash rich companies such as Coal India, Oil India, Power Grid Corporation, Bharat Electronics, NMDC and Engineers India have jumped between 50 per cent and 170 per cent.

The Government seems to have made up in the form of the dividends part of what it lost out on stake sales through disinvestment. For the Government, the interim dividend flow from these 15 companies alone has risen from Rs 6,900 crore to Rs 11,700 crore this fiscal.

The Hindu Business Line - 12.03.2012

<http://www.thehindubusinessline.com/industry-and-economy/article2988393.ece>

Govt may fix disinvestment target for FY'13 at Rs 30K crore

The government indicated that it will set disinvestment target for the next fiscal at Rs 30,000 crore, but may not be able to achieve the Budget Estimates of 2011-12.

"The indicative targets for PSU disinvestment for 2012-13 and 2013-14 are Rs 30,000 crore and 25,000 crore respectively, which are based on the projected figures in the Medium Term Fiscal Policy Statement of the Union Budget for 2011-12," Finance Minister Pranab Mukherjee said in the Rajya Sabha.

The target for PSU disinvestment, as set out in the Budget, for 2011-12 was Rs 40,000 crore, he said.

78 board level posts vacant in CPSEs; 9 companies unable to pay wages

Twenty-three posts of chief executives and 55 seats of directors are lying vacant in central public sector enterprises (CPSEs), Parliament was informed today.

The main reasons for high level vacant posts include court cases and occurrence of unforeseen vacancies which arise due to resignation, death, non-confirmation and non-extension of tenure of incumbent, Minister of Heavy Industries and Public Enterprises Praful Patel said in a written reply in the Lok Sabha. Patel said that the Public Enterprises Selection Board (PESB) conduct interviews for recommending the panel for filling up these posts. However, he denied lack of talent being the reason for vacant posts.

In another reply, he said that nine CPSEs under the Department of Heavy Industry (DHI) are unable to generate internal resources for payment of salaries to their employees. The companies include Hindustan Cables, HMT (Watches), HMT (CW), Scooters India and HMT Bearings, among others.

The Economic Times - 15.03.2012

<http://economictimes.indiatimes.com/news/news-by-industry/jobs/78-board-level-posts-vacant-in-cpses-9-companies-unable-to-pay-wages/articleshow/12278584.cms>

Budget fails to ignite PSU stocks

Investors do not appear to be fired up to invest in PSU stocks even after the Finance Minister announced that the Government planned to raise Rs 30,000 crore through disinvestment during the coming year. Though 55 stocks out of the 60 stocks in the PSU index of BSE were in positive territory, there was no indication of any run away gains among even potential disinvestment candidates.

Among the PSU stocks that were industry related (and not banking that make much of the PSU index in BSE), BEML was up by Rs 14.95 at Rs 696.80, Coal India gained Rs 6.65 at Rs 347.40, GAIL gained Rs 3.60 at Rs 378, Bharat Electronics was up by Rs 33.90 at Rs 1660 and MMTC was up by Rs 10.60 to trade at

"Uncertain global economic climate, mainly due to fallout of euro zone crisis, has adversely affected financial markets, which has been responsible for slowing down PSU disinvestment," Mukherjee said.

Zee India - 13.03.2012

http://zeenews.india.com/business/news/economy/govt-may-fix-disinvestment-target-for-fy13-at-rs-30k-crore_43795.html

Govt plans Rs 60K cr via tax-free bonds

Taking off from the huge demand and success of the tax free bonds worth Rs 30,000 crore launched earlier this calendar (within the financial year 2011-12), the Finance Minister—Pranab Mukherjee — in his budget speech 2012-13 announced doubling of the target amount to be raised through these bonds in the next fiscal.

The government will thus look to raise Rs 60,000 crore for the financing of infrastructure projects in the financial year 2012-13. While NHAI, IRFC, IIFCL have been assigned a target of Rs 10,000 crore each, HUDCO, National Housing Bank and SIDBI will raise Rs 5,000 crore each. Another Rs 10,000 crore has been assigned for the power sector and Rs 5,000 crore for ports.

Merchant bankers to the issue in 2011-12 said that there was strong demand for such bonds in the market. The NHAI issue that came to raise Rs 10,000 crore in January 2012, witnessed subscription worth over Rs 25,000 crore.

Indian Express - 17.03.2012

<http://www.indianexpress.com/news/govt-plans-rs-60k-cr-via-taxfree-bonds/924818/>

Budget 2012: Way to go: Special treatment for core

Budget 2012 offered a lot to infrastructure sector which is currently feeling the pinch of high input costs, paucity of funds and sectors such as coal and gas witnessing negative growth.

On the policy front, allocation to tax free infra bonds is expected to be doubled to Rs. 60,000 crore in financial year 2012-13. External commercial borrowings (ECBs) would now be allowed for working capital in aviation industry up to a maximum of \$1 billion for one year.

Power companies can avail of ECBs to part-finance existing rupee loans. Channelling of funds has been further augmented through a reduction in withholding tax rate to 5% (from 20%) in respect of interest on foreign borrowed funds by industries

Rs 838. However, NMDC was down by Rs 5.30 at Rs 166.15, Container Corporation shed Rs 1.05 at Rs 869.95 and Nalco was down by 50 paise at Rs 58.40.

The Hindu Business Line - 16.03.2012

http://www.thehindubusinessline.com/markets/stock-markets/article3001955.ece?homepage=true&ef=wl_home

Budget 2012: Govt plans 10% tax on income of company directors

The government on Friday proposed a 10 per cent income tax on remuneration of directors of companies. "It is proposed to amend section 194J to provide that tax is required to be deducted on the remuneration paid to a director, which is not in the nature of salary, at the rate of 10 per cent of such remuneration," Union Budget 2012-13 presented by Finance Minister Pranab Mukherjee said. For TDS (Tax Deducted at Source) on such remuneration, the Income Tax Act, 1962, would require an amendment. The government aims at implementing the tax from July 1, 2012. The amendment in the Income Tax, 1962, will come into effect from July 1, 2012.

A company, being an employer, is required to deduct tax at the time of payment of salary to its employees, including managing director and whole time director. However, there is no specific provision for deduction of tax on the remuneration paid to a director which is not in the nature of salary.

Economic Times - 16.03.2012

<http://economictimes.indiatimes.com/personal-finance/tax-savers/tax-news/budget-2012-govt-plans-10-tax-on-income-of-company-directors/articleshow/12296323.cms>

Budget 2012: Tourism gets mere nine per cent hike

India's tourism sector Friday got an allocation of Rs.1,282 crore for 2012-13 - a mere 9.5 per cent increase over the previous year.

The allocation last year was Rs.1,170 crore.

The bulk of the allocation announced in the budget has been earmarked for the 'Incredible India' campaign which aims to attract more tourists to the country. Of the allocation, Rs.348.20 crore has been earmarked for the 'Incredible India' campaign, which showcases India's major holiday destinations. Last fiscal, it was Rs.347.75 crore.

The Economic Times - 16.03.2012

like airlines, fertilisers, ports, roads, power, ship building and affordable housing projects.

DNA - 17.03.2012

http://www.dnaindia.com/analysis/column_budget-2012-way-to-go-special-treatment-for-core_1663480

Budget 2012: Travel, hospitality to become more expensive

Travel and hospitality sector in the country will be hit by the government's decision to increase service tax to 12 per cent as it will result in spike in costs, according to tour operators.

"We expect tour prices to increase due to the cascading effect of the service tax increase resulting in an adverse impact on the travel and tourism industry as a whole," Thomas Cook India Managing Director Madhavan Menon said.

The Economic Times - 16.03.2012

<http://economictimes.indiatimes.com/news/news-by-industry/services/travel/budget-2012-travel-hospitality-to-become-more-expensive/articleshow/12296217.cms>

India's port sector requires over Rs 1.5 lakh cr investment

A staggering sum of over Rs 1.5 lakh crore investment is required in the country's port sector in the next five years, of which a major chunk is expected to come from the public-private partnership, the Economic Survey said.

"Investment required for ports sector development during the 12th Plan would be about Rs 1.55 lakh crore. Capacity augmentation and efficiency improvement would require increased investment from the private sector," it said. Private participation is needed particularly for mechanisation of cargo handling, improvements of drafts at the ports, strengthening port connectivity by building road and rail links, and technology upgradation and automation.

The Times of India - 15.03.2012

<http://timesofindia.indiatimes.com/business/india-business/Indias-port-sector-requires-over-Rs-1-5-lakh-cr-investment/articleshow/12278457.cms>

Aviation industry: Passenger demand to grow by 12-15%, ICRA

ICRA Ratings has come out with its report on Indian aviation industry. According to the rating agency passenger demand is expected to remain stable and grow between 12-15% in the medium term, assuming a no major weakness in GDP

<http://economictimes.indiatimes.com/news/news-by-industry/services/travel/budget-2012-tourism-gets-mere-nine-per-cent-hike/articleshow/12295890.cms>

Tea industry disappointed with Budget deprivation

Assam's tea industry, which contributes more than 50 per cent of the production in the country, was disappointed with the Union budget 2012-13. Though the tea sector has overcome the difficult phase now, it is going through a period of stagnancy at present. For rising input costs and policy bottlenecks, the tea industry in the state is not in a comfortable position yet. Last month, NETA, Assam Tea Planters' Association (ATPA) and Bharatiya Cha Parishad submitted a memorandum to the Parliamentary Standing Committee on commerce, highlighting a slew of measures for the state's tea sector.

The Times of India - 16.03.2012

<http://timesofindia.indiatimes.com/city/guwahati/Tea-industry-disappointed-with-Budget-deprivation/articleshow/12296875.cms>

Implementation of GST can improve trade, say logistics cos

The implementation of the goods and services tax (GST) can improve efficiencies and trade enhancements, logistics companies feel. "From a logistics point of view non-implementation of GST is an important concern and GST implementation can improve efficiencies and trade enhancements.

"There is also some concern that the Finance Ministry is considering a proposal to increase excise duty and the move is expected to push up the cost of almost all manufactured goods and negatively impact consumer spending," said Mr Malcolm Monteiro, Senior Vice-President and Area Director - South Asia, DHL Express.

The Hindu Business Line - 13.03.2012

http://www.thehindubusinessline.com/industry-and-economy/logistics/article2991533.ece?ref=wl_industry-and-economy

Airline industry sees no ruboff benefits from rail fare hike

Does the rail passenger fare hike announced by the railway minister help the beleaguered aviation industry? Probably not. There was a time while proponents of low-

growth going forward.

The Indian Aviation Industry has been going through a turbulent phase over the past several years facing multiple headwinds - high oil prices and limited pricing power contributed by industry wide over capacity and periods of subdued demand growth. Over the near term the challenges facing the airline operators are related to high debt burden and liquidity constraints - most operators need significant equity infusion to effect a meaningful improvement in balance sheet. Improved financial profile would also allow these players to focus on steps to improve long term viability and brand building through differentiated customer service.

Money Control - 15.03.2012

http://www.moneycontrol.com/news/icra-reports/aviation-industry-passenger-demand-to-grow-by-12-15-icra_680780.html

Quiet freight rate hike leaves industry dismayed

Freight rates have been hiked across the board recently that will help Railways earn between Rs 15,000 crore and Rs 20,000 crore in the next fiscal. The hike varied for different commodities ranging between 15% and 35%. For coal and cement, the hike was between 18% and 24%, while for foodgrains and fertiliser, it was between 20% and 35%.

The Hindustan Times 14.03.2012

<http://www.hindustantimes.com/News-Feed/Business/Quiet-freight-rate-hike-leaves-industry-dismayed/Article1-825521.aspx>

fare airlines said their real competition was upper class rail travel. But that scenario is no longer relevant as the hike in rail fares comes at a time when air fares are already rising because of the withdrawal of flights by Kingfisher Airlines and the resultant capacity correction in the industry.

To be sure, the fare brackets offered by the railways have never really been matched by airlines. So Wednesday's fare hike is unlikely to result in any major shift of rail passengers to airlines.

Money Control - 15.03.2012

http://www.moneycontrol.com/news/budget-news/airline-industry-sees-no-ruboff-benefitsrail-fare-hike_680609.html

UMW Lubricant International (ULI) has unveiled a complete range of locally-blended Repsol lubes

As per reports and information from our sources, Five months after it officially launched the Repsol range of automotive lubricants in Malaysia, UMW Lubricant International (ULI) has unveiled a complete range of locally-blended Repsol lubes, which covers both passenger car as well as motorcycle oils. The full range of Repsol lubricants - including passenger car motor oils, from synthetic right down to mineral base formulations - has been introduced, and these are being blended locally at ULI's plant in Shah Alam.

Base Oil Report - 14.03.2012

<http://www.baseoilreport.com/20121403/umw-lubricant-international-uli-has-unveiled-complete-range-locally-blended-repsol-lubes>