WEEKLY MEDIA UPDATE

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(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.)

Dept of Public Enterprises asks PSUs to gear up for buyback of shares

In order to help the government meet its disinvestment target of Rs 30,000 crore next fiscal, the Department of Public Enterprises has asked listed state- owned companies to gear up for buyback of their shares.

"Central Public Sector Enterprises (CPSEs) will amend their Article of Association to provide for buyback of shares, if such provision does not exist in their Articles," the DPE's communication to secretaries of different ministries said.

The Articles of Association relates to conduct of business and affairs of the company.

The DPE guidelines further said that "if a CPSE decides to buyback its own shares from the shareholders using surplus cash, Department of Disinvestment (DoD) on behalf of major shareholders may tender/offer equity on behalf of government".

Listed CPSEs, the DPE note said, are not exercising the option to buyback their shares as private companies do.

Economic Times - 28.03.2012

http://economictimes.indiatimes.com/markets/stocks/market-news/dept-of-public-enterprises-asks-psus-to-gear-up-for-buyback-of-shares/articleshow/12441925.cms

PSUs asked to consider buyback

Despite concerns raised by state-owned firms about depleting their investible surpluses at a time when the economy is showing signs of a slowdown, the government is clearly leaving no stone unturned in its attempt to squeeze cash out of these firms to bridge the fiscal deficit. The department of public enterprises (DPE) has now strongly nudged all state-owned firms to consider buying back their shares from the government, a move that is aimed at boosting disinvestment receipts in 2012-13.

"It has been noticed that listed central public sector enterprises (CPSEs) are not exercising the option to buyback their shares as private companies do, to provide for sustained investor interest in the company and protect their market capitalisation in the long-term...," the DPE said in a missive to secretaries of all administrative ministries and chief executive officers of all public sector firms.

Ironically, the DPE's prodding comes after the finance ministry claimed that it would be left to state-owned firms to take a final call on buyback option.

The Financial Express - 28.03.2012

http://www.financialexpress.com/news/psus-asked-to-consider-buyback/929229/

Profit-making CPSEs to give minimum 20% dividend

Profit-making central public sector enterprises (CPSEs) are required to declare a minimum dividend of 20% of post tax profits. The dividend received from CPSEs forms part of non-tax revenue receipts of the government, thus, contributes towards reducing the fiscal deficit, Minister for Heavy Industries and Public Enterprises Praful Patel said in a written reply to the Lok Sabha.

For the current fiscal, the fiscal deficit has been projected at 5.9% of the country's Gross Domestic Product.

"As per extant guidelines, profit-making CPSEs are required to declare a minimum dividend of 20% or

Petroleum Ministry seeks Rs 40,000 crore cash subsidy for FY'12

The Petroleum Ministry has sought an additional Rs 40,000 crore in cash subsidies for the current fiscal to compensate fuel retailers for losses incurred on diesel and cooking fuels, even as Oil Minister S Jaipal Reddy gave no indication of a fuel price revision soon.

Oil Secretary G C Chaturvedi said state-owned fuel retailers are projected to lose close to Rs 137,524 crore on selling diesel, domestic LPG and kerosene in the current fiscal."The finance ministry has provided Rs 45,000 crore as cash compensation (out of Rs 97,313 crore oil firms lost in first three quarters). Upstream oil firms have provided another Rs 37,000 crore," he said.

a minimum pay-out of 20% whichever is higher," Patel said.

In case of PSUs operating in oil, petroleum, chemical and infrastructure sectors, the minimum divided pay-out should be 30% of the post tax profits, he added.

Business Standard - 29.03.2012

http://business-standard.com/india/news/profit-making-psus-to-give-minimum-20-dividend/161806/on

ONGC disinvestment process successful and satisfactory: S S Palanimanickam

Terming the ONGC disinvestment process as successful and satisfactory, the government has said that method for dilution of its stake in public sector enterprises will be decided on case by case basis.

"...the disinvestment process of ONGC was successful and satisfactory," Minister of State for Finance S S Palanimanickam informed the Lok Sabha in a written reply on Friday.

The minister also said that "for disinvestment all options available as per Securities and Exchange Board of India (SEBI) Rules and Regulations will be considered on case by case basis".

Economic Times - 27.03.2012

http://articles.economictimes.indiatimes.com/2012-03-27/news/31240919_1_ongc-disinvestment-auction-method-natural-gas-corporation

17 top public sector units to invest Rs 1.76 lakh crore in FY13

Investments to the tune of Rs 1.76 lakh crore is expected in 2012-13 from 17 top Central Public Sector Enterprises (CPSEs) in their domestic business, as well as overseas assets.

This information was given by the Minister for Heavy Industries and Public Enterprises, Mr Praful Patel in the Lok Sabha on Thursday. He said the investments are likely to have a positive impact on the financial performance of the CPSEs in the long-term.

Meanwhile, he also recognised the strong performance of Bharat Heavy Electricals Ltd (BHEL), stating that focused working groups have to be set up for increased synergy between BHEL and other PSUs. Exports also need to be increased as the firm gears up to face competition from the domestic as well as overseas companies.

For the full year, share of upstream firms like ONGC is likely to be about Rs 53,000 crore and "we want the balance Rs 40,000 crore (Rs 137,524 crore minus Rs 45,000 crore already received in cash subsidy and Rs 53,000 crore from upstream companies) to be provided by the finance ministry," he said. The ministry has separately asked for an additional Rs 5,000 crore in cash subsidies to compensate retailers for losses on petrol sales.

Economic Times - 28.03.2012

http://articles.economictimes.indiatimes.com/2012-03-28/news/31249897_1_oil-firms-international-oil-prices-ioc-use-fortnightly

Government may tweak oilfield profit-sharing formula

The government is considering changing profit-sharing mechanism for oilfield contracts before launching the next round of bidding for oil and gas blocks in line with the national auditor's view that the current system gives private operators no incentive to cut capital expenditure.

"There are some reservations regarding profit-sharing mechanism. Investment Multiple principle also creates its own sets of problems... In future this formula can be fine tuned," oil minister Jaipal Reddy said after the government signed 13 contracts with energy firms for blocks awarded under the ninth round of new exploration licensing policy (Nelp-IX).

Economic Times - 29.03.2012

http://articles.economictimes.indiatimes.com/2012-03-29/news/31254587_1_nelp-ix-profit-sharing-oil-and-gas-blocks

Inflow of Tourists

The Working Group on Tourism for 12th Five Year Plan, set up by the Planning Commission, has recommended to increase India's share of International Tourist arrivals to at least 1 % by end of 12th Plan from the level of 0.61% in 2010. For undertaking various activities relating to the development and promotion of tourism, the Working Group has also recommended total outlay of Rs.22800 Crore for tourism sector during 12th Plan.

Development and promotion of tourism, including providing latest facilities to tourists, are primarily the responsibility of the State Government/Union Territory (UT) Administrations. However, Ministry of Tourism provides central financial assistance for the development of tourism infrastructure on the basis of proposals received from them which are complete in all respects as per the Scheme

The Hindu Business Line - 29.03.2012
http://www.thehindubusinessline.com/industry-and-economy/article3258680.ece?ref=wl_opinion

Tea Association of India demands transport subsidy for ailing tea industry

The Tea Association of India (TAI) has sent an SOS to the Centre to bail out the ailing tea industry in Assam's Barak valley by providing transport subsidy under the North East Industrial and Investment policy. In the remote south Assam region the tea industry was in a "bad shape" thanks to the poor road communication which involves a heavy expenditure for carriage of various inputs from outside the state.

NDTV Profit - 29.03.2012
http://profit.ndtv.com/News/Article/tea-association-of-india-demands-transport-subsidy-for-ailing-tea-industry-300824

Guidelines, inter-se priority and subject to availability of funds.

Press Information Bureau - 26.03.2012
http://pib.nic.in/newsite/erelease.aspx?relid=81606

Tea output to fall in Assam, West Bengal

Tea production in Assam and West Bengal is set to register a sharp decline due to a prolonged dry spell and rising temperature. Data compiled by the Indian Tea Association (ITA) shows the rainfall deficit for West Bengal was 31-42 per cent during January-March 2012 compared to the same period last year. The new arrivals at auctions slated for the next couple of weeks reflect the fall in production.

Auction Sale 14 and 15 at Kolkata saw a fall of 22 per cent, in packages. For Siliguri, the drop is 25 per cent, while Guwahati tops at around 50 per cent.

Business Standard - 27.03.2012
http://www.business-standard.com/india/news/tea-output-to-fall-in-assam-west-bengal/469121/