



### AWARD — GAIL

GAIL CMD Sandeep Kumar Gupta conferred CEO with HR Orientation award in Mumbai, recently. Sandeep Kumar Gupta, CMD, GAIL has been conferred with the CEO with HR Orientation award at the 32nd World HRD Congress & Awards held here. Gupta received the award for his business-related HR sensitivity & savviness, communication effectiveness with & towards employees, innovation within other HR disciplines and areas, and change management, according to a statement by the organizers. Gupta is a Commerce Graduate & a Fellow of the Institute of Chartered Accountants of India. He has wide experience of over 35 years in the oil and gas industry. Before joining GAIL in Oct. 2022, he held the position of Dir. (Fin. since August 2019 on the Board of Indian Oil Corporation Limited.





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**BROKER**

# PSU opportunities limited after rally for a yr: Bernstein

**PUNEET WADHWA**

New Delhi, 22 February

After a stupendous rally in the past year that saw the S&P BSE PSU Index surge nearly 90 per cent, compared to a 19 per cent increase in the benchmark National Stock Exchange Nifty 50 during the same period, fresh investment opportunities in the stocks of public sector undertakings (PSUs) remain limited, suggests a recent note by Bernstein.

Relative to historical averages, the PSU index, Bernstein cautions, is trading at a steep valuation of 11.2x forward price-to-earnings (P/E) and 1.8x price-to-book (P/B), which is one standard deviation (+1SD) above historical average.

By definition, standard deviation is the statistical measure of market volatility, meas-

## ON BERNSTEIN'S RADAR

Company	12-mth fwd P/E (x)	P/B (x)	Dividend yield (%)	Last 12 month return (%)
BPCL	7	2	8.4	44
IOCL	7	1.5	6.8	77
Coal India	10	4.4	6	78
Oil India	7	1.2	4.5	80
ONGC	6	1.1	4.1	72

P/B: Price-to-book; P/E: Price-to-earnings

Note: Companies with high dividend yield or high momentum which are not high volume and not too expensive; Data till Jan 31, 2024

Source: Bernstein report

uring how widely prices are dispersed from the average price.

“We find only limited opportunities within the PSU portfolio — the ones that have high momentum or dividend-yielding stocks with reasonable valuations. However, we would argue against chasing high-volume PSU stocks or the ones that are simply value,” wrote

analyst Rupal Agarwal of Bernstein in the note.

Oil and Natural Gas Corporation, Coal India, Indian Oil Corporation, Bank of Baroda, and GAIL (India), are some of the stocks that Bernstein considers top picks in the PSU pack.

*More on [business-standard.com](http://business-standard.com)*





**RAGE BETS**

# CLSA recommends 'sell' on OMCs, expects 37% price fall

**REX CANO**

Mumbai, 22 February

Shares of Oil Marketing Companies (OMCs) — Hindustan Petroleum Corporation (HPCL), Bharat Petroleum Corporation (BPCL), and Indian Oil Corporation (IOC) — slid up to 4 per cent in intraday deals on Thursday after CLSA recommended a 'sell' on the sector.

Analysts at CLSA believe OMCs are pricing in much higher than historical marketing margins, and a notable premium to the global peer average EV (earnings value)/Ebitda multiple.

A lack of retail fuel price changes in the last two years has exposed the vulnerability of profits for the OMCs.

While expectations of a cut in petrol, and diesel prices ahead of elections look slim, the report warns that given the government's focus on fiscal consolidation, it may look at avenues to raise fuel taxes post elections, adds the report.

Those apart, large global refining capacity additions may soon raise doubts over the continuation of current high margins.

CLSA argues that policy uncertainty in marketing and limited non-fuel retail business off-

## REPORT CARD

As on Feb 22	CMP (₹)	1-day change (%)
Petronet LNG	284.0	1.2
GAIL India	182.2	1.0
RIL	2,963.4	0.9
BSE Oil & Gas	28,593.1	0.1
Sensex	73,158.2	0.7

Source: Bloomberg; Compiled by BS Research Bureau

sets the superior refining operations of these companies and possibly negates any reasons for IOC, BPCL, and HPCL to command any premium to global peers.

Based on the overall assumptions, CLSA analysts have recommended a 'sell' call on all three OMCs.

They have set a downside target of ₹115 for IOC, down almost 37 per cent compared to Wednesday's close.

Similarly, CLSA expects BPCL and HPCL to fall up to 29 per cent and 34 per cent with downside targets set at ₹450 and ₹360, respectively.

Meanwhile, another report by CareEdge has also flagged concerns for the OMCs.

## गेल ने हितधारकों के लिए सीबीजी कार्यशाला आयोजित की

नई दिल्ली (वि)। गेल इंडिया लिमिटेड ने पेट्रोलियम और प्राकृतिक गैस मंत्रालय के तत्वावधान में हितधारकों के लिए सीबीजी कार्यशाला का आयोजन किया। इसमें बैंक अधिकारी, एलओआई धारक, संपीडित बायोगैस (सीबीजी) उत्पादक, प्रौद्योगिकी प्रदाता, विश्व बैंक के प्रतिनिधि, भारतीय बायो गैस एसोसिएशन के सदस्य आदि शामिल हुए। कार्यशाला में नवीन और अक्षय ऊर्जा मंत्रालय की वैज्ञानिक डॉ. संगीता कस्तूरे, पेयजल स्वच्छता विभाग के निदेशक करनजीत सिंह, गैस परियोजना निदेशक करनजीत सिंह, एमएंडटी के सहायक निदेशक चक्रधर विश्वनाथराव चिमोटे, सीबीजी गेल के कार्यकारी निदेशक एनएन यादव, चंडीगढ़ जोनल प्रबंधक आकाश भवन ने भाग लिया।