



# PSU Stocks Lose ₹16.55 L cr from Aug '24 High

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**Mumbai:** Public sector firms have emerged among top losers in recent months after being the favourites on Dalal Street, as steep valuations with staggering run-up in shares and concerns over delays in order book execution prompt investors to reassess their bets on these companies in a risk-off environment.

The market capitalisation of India's listed public sector firms plunged ₹16.55 lakh crore since August 1, erasing nearly 30% of their value—the steepest decline among large groups.

Stocks such as Cochin Shipyard, Chennai Petroleum, Mahanagar Telephone, Shipping Corporation of India Land and Assets, PTC India, Garden Reach Shipbuilders, MMTC, Rail Vikas Nigam, Bharat Heavy Electricals, Andrew Yule, and SJVN have re-

## Value Erosion

Stock	LTP (₹)	Return (%)		Current PE	PE on 1 Aug
		YTD	Since 1 Aug		
Cochin Shipyard	1,429	-7.1	-44.6	43.4	88.0
Garden Reach	1,438	-11.0	-38.8	42.8	77.2
MMTC	69	-4.9	-36.6	50.3	86.9
Rail Vikas Nigam	376	-10.8	-36.7	58.3	79.7
BHEL	197	-13.9	-36.0	154.1	389.5
SJVN	94	-9.9	-35.7	37.0	63.9

corded steep declines of 35% to 45% since August 1, 2024. Notably the BSE PSU index hit an all-time high on July 31, 2023, before this decline.

“Over the past 18 months, PSU stocks have transitioned from being under-owned to highly sought after, driven

by their low valuations, cash-rich status, high dividend yields, and low float,” said Kunal Mehta, associate director at Equirus. “The recent correction has cleared the excess, making earnings growth the key driver of returns going forward.”

Mishra Dhatu Nigam, Engineers India, IRCON International, Dredging Corporation of India, State Trading Corporation, Balmer Lawrie Investments, PTC (I) Financial Services, Shipping Corporation, MSTC, New India Assurance, Coal India, and Life Insurance Corporation have declined by 30% to 35% over the same period.

Most public sector banks have declined by 25% on average in this period as provisional numbers before the December quarter signalled the best in terms of loan and deposit growth might be behind them. Analysts said institutional investors have reduced their exposure to lending businesses, including PSU lenders.

“Within the PSU basket, one of the highest contributions comes from public sector banks and NBFCs. However, their lending businesses have been affected by a slowdown in growth and

the potential rise in NPAs from unsecured loan portfolios,” said Pawan Parakh, fund manager at Geojit Financial Services. “In other PSU sectors, including power utilities, industrials, and defense, valuations have been significantly ahead of their long-term averages.” Parakh said select PSU stocks are attractive after the recent sell-off.

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## PSU Stocks

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Analysts are recommending investors to look at beaten-down PSUs which are either leaders in their sectors or where the government push is significant like power, energy and defence.

“We are overweight on SBI

within PSU banks, GAIL and OMC within the energy space, and NTPC and Coal India among utilities,” said Garima Kapoor of Elara Securities. “NTPC and Coal India are well-positioned to capitalize on the ongoing thermal asset cycle expansion, while we are particularly constructive on GAIL India, given the visibility of 8-10% growth in gas transmission.”

## MP Tatkare launches educational infra initiatives under GAIL's CSR initiative



Sunil Dattatrey Tatkare, Member of Parliament (Lok Sabha), Raigad, and Chairman, Parliamentary Standing Committee on Petroleum and Natural Gas, on Tuesday launched a series of developmental initiatives aimed at improving the educational infrastructure in Raigad district of Maharashtra. These initiatives, part of GAIL (India) Limited's Corporate Social Responsibility (CSR) programme, were launched in the presence of Aditi Varda Sunil Tatkare, Minister of Women & Child Development, Government of Maharashtra, at an event

held in Raigad on Tuesday. The initiatives, part of GAIL's flagship CSR programme 'Project Ujjwal' for underprivileged children, include critical infrastructure and logistical support to various schools in the district.