




TWO PROMISING PSUS

A Presentation by Chandrasekhar

Engineering Background
Investing in markets since 1990
Tried many strategies
Lately a VALUE INVESTOR

- 
- i) Hindustan Petroleum Corporation
 - ii) Balmer Lawrie



Oil Sector India

- India is the third largest consumer of Oil
- India produces 0.9 % of world oil and consumes 4.5 % of world demand
- Consumption growth of Oil in India in 2015 is 8.1% as compared to world average of 1.9%
- Per capita consumption expected to increase- since it is much below the world average



Oil Sector India

Growth Drivers

- Higher disposable incomes
- Auto sector growth
- Rural consumption
- Growth of Tier II and Tier III Cities
- Increase in Population

HPCL

Important Ratios

■ Debt to equity	1.16
■ ROCE	16.3
■ Dividend payout	30%
■ P/E	9.68
■ M Cap	42325 cr
■ Sales	2 Lakh Cr

HPCL

- Fortune 500 company
- Rank 367
- Navratna PSU
- Highest combined GRM of \$ 6.68 / barrel among PSUs



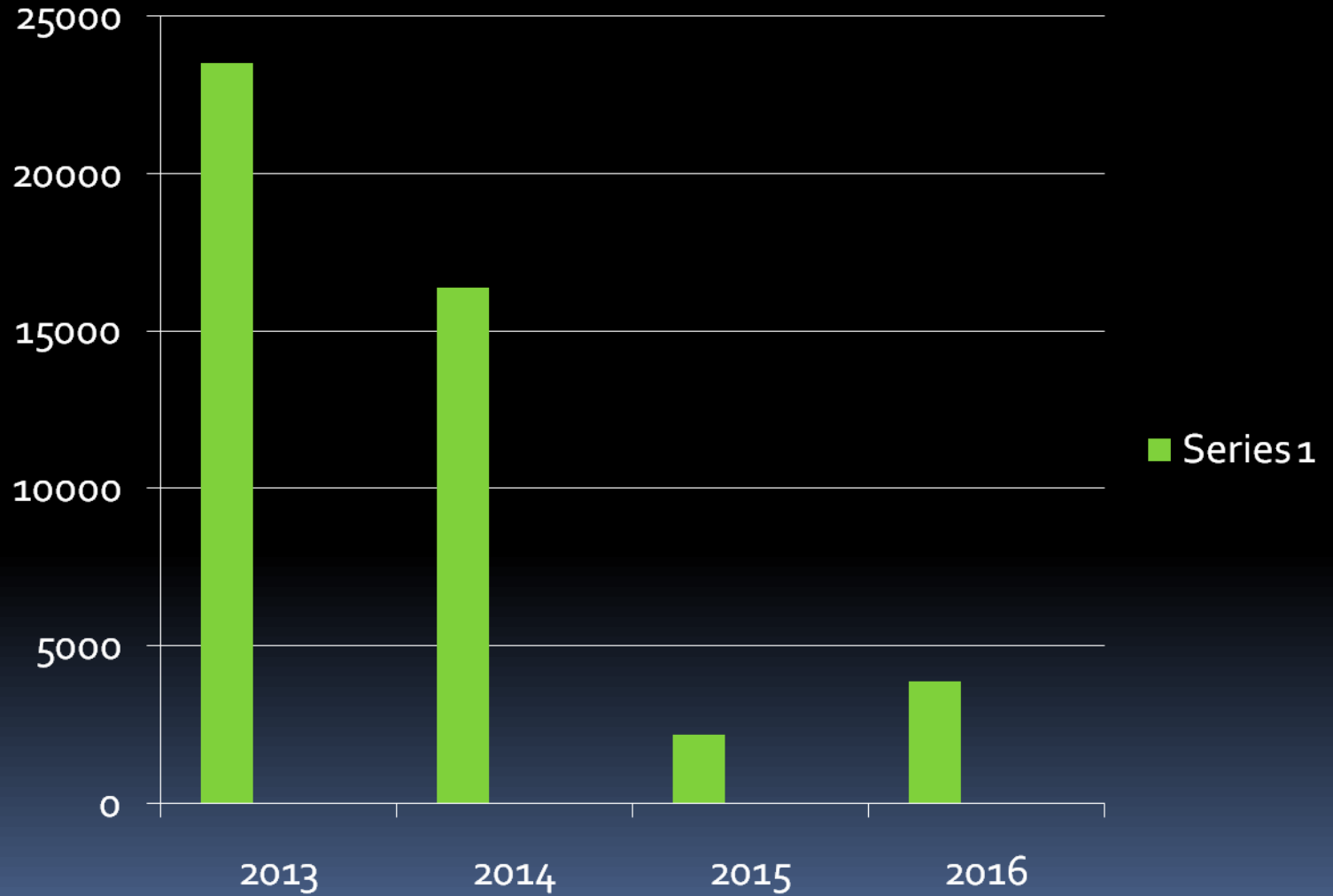
HPCL

Future

- Expansion of refining capacity- Mumbai- 6.5 MMTPA to 9.5 MMTPA- CAPEX 4200cr
- Expansion of Visakha refinery- 8.3 MMTPA to 15 MMTPA

HPCL

Short term borrowings have dramatically fallen due to DEREGULATION



HPCL

Net Profit

- 2013 905 cr
- 2014 1734 cr
- 2015 2733 cr
- 2016 3862 cr

HPCL

Free cash flow

■ 2013	-2844 cr
■ 2014	2150 cr
■ 2015	14801 cr
■ 2016	_____ cr

Comparison of HPCL with other OMCs

Free cash flow vs
Equity

OMC

FCF

Equity

HPCL

14800 cr

339 cr

▪ BPCL

12774 cr

723

▪ IOC

36493 cr

2428

Comparison of HPCL with BPCL

Free cash flow vs
Equity

OMC

FCF

Equity

HPCL

14,800 cr

339 cr

■ BPCL

12,774 cr

723

- 
- Balmer Lawrie

BALMER LAWRIE

- GST
- Logistics demand will increase since more Inter state trade
- Growth of E-commerce

BALMER LAWRIE

Important Parameters

▪ Debt	NIL
▪ ROCE	19.29
▪ Dividend payout	35%
▪ P/E	12.44
▪ M Cap	2076 cr
▪ Sales	3229 Cr
▪ Div yield	2.75 %

BALMER LAWRIE

- Diversified Interests
- Travel and Tour Operator
- Logistics- Three state of the art Container Freight Stations, Warehousing and Distribution Stations
- Ocean Cargo Operators; .
- Industrial Packaging – MS Drums for packing of Grease; Transformer Oil; Bitumen; Chemicals
- Greases- Trade Name Balmerol

BALMER LAWRIE

- Is investing to create a Logistics Hub at Vizag
- Warehouses
- Container Freight Station at Orissa
- Cold Storage
- Projected turnover in 4-5 years 100% of present turnover



THANK YOU