



## Profit from profitable PSUs

According to media reports, the government recently came out with a notification asking all profitable public sector undertakings (PSUs) to pay special/higher dividends. The PSUs have also been asked to consider stock splits and issue of bonus shares. Spotting an opportunity to help our clients make some easy money, we took out our picks and shovels, and started digging. Our exercise yielded the names of several public sector companies with large cash-free reserves and sustainable profitability. These companies, we believe, have the potential to pay special/higher dividends or making bonus issues.

From the universe of the profit-making PSUs we have identified those ten that are most likely to make bonus issues or pay special/higher dividends.

### PSUs most likely to make a bonus issue

Company	Equity* (Rs cr)	Reserves* (Rs cr)	Reserves/ Equity
Tide Water Oil	0.9	89.8	99.8
ONGC	1,425.9	45,419.5	31.9
Dredging Corporation	28.0	836.4	29.9
IBP	22.2	637.4	28.8
Container Corporation	65.0	1,633.8	25.1
BHEL	2,44.8	5,782.1	23.6
BEML	36.7	697.8	19.0
Bharat Electronics	80.0	1,513.3	18.9
National Mineral Dev Corp	132.2	2,471.5	18.7

\*As on 31st March 2005

### PSUs most likely to pay a special/higher dividend

Company	Dividend payout ratio (%)#	Dividend yield (%)^	Cash and bank balance*
Kochi Refineries	9.0	3.0	312
Shipping Corporation of India	16.0	4.4	1,886
SAIL	20.0	6.5	6,132
National Mineral Dev Corp	20.0	1.1	1,905
Bharat Electronics	20.0	1.2	1,316
NALCO	21.0	1.9	755
BEML	21.0	1.1	397
Container Corporation	22.0	1.0	550
Neyveli Lignite	28.0	2.6	1,969
Dredging Corporation	30.0	2.0	403

\*As on 31st March 2005

^Based on current market price

#for FY2005

So take your pick and profit from these profitable PSUs.

The author doesn't hold any investment in any of the companies mentioned in the article.

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