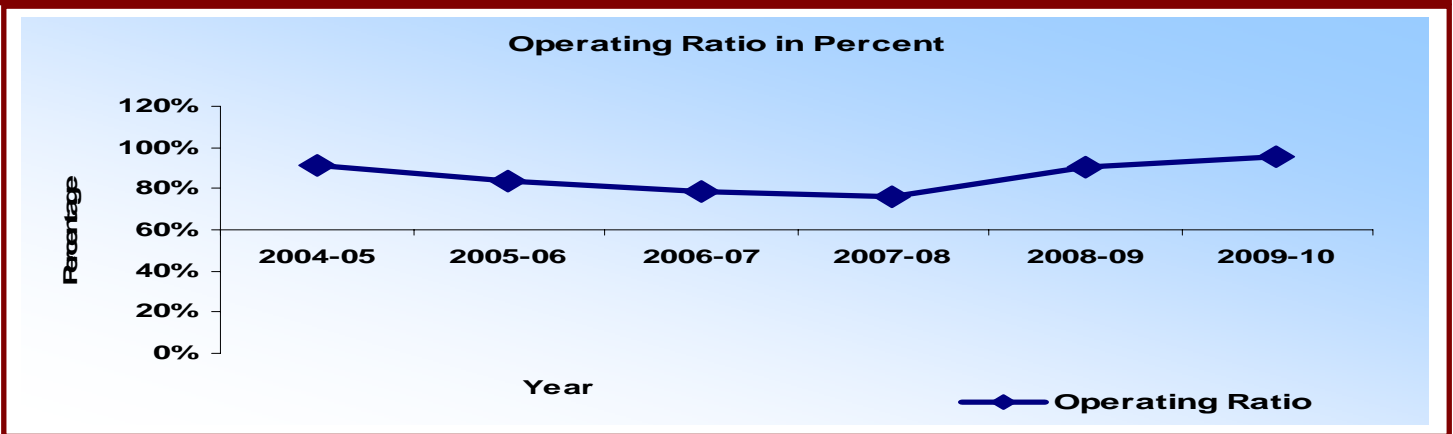
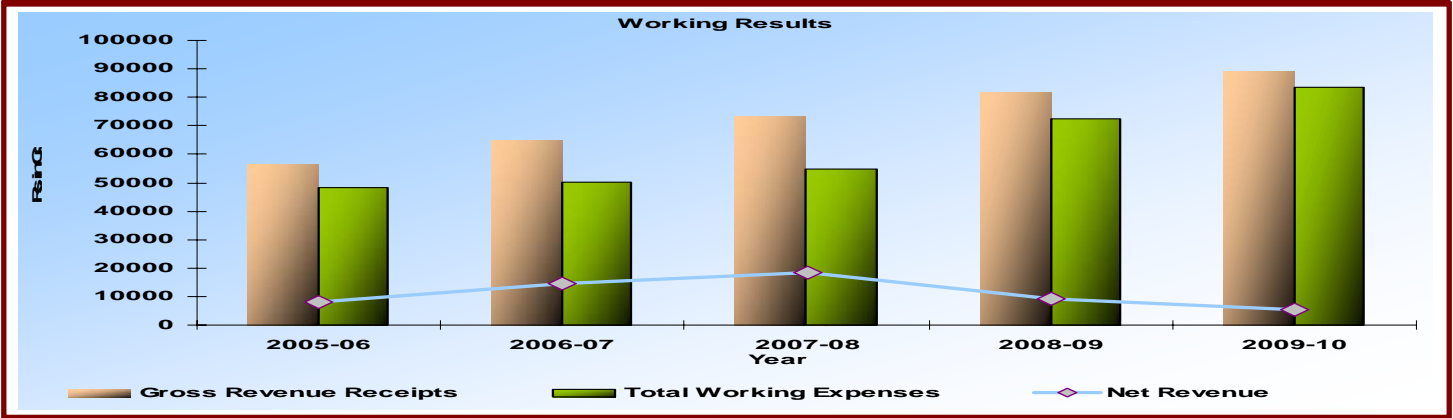




BNK SECURITIES PVT. LTD.
INDIA

Rail Budget 2011-12: No hike in passenger fares, freights



Rail Budget 2010-11

Indian Railway Minister Ms. Mamata Banerjee presented the Railway Budget today. The Annual Plan for the year 2011-12 has been proposed at ₹ 57,630 Cr. which is the highest ever plan investment by the railways in a single year. The Plan is proposed to be financed through GBS of ₹ 20,000 Cr., diesel cess of ₹ 1041 Cr., internal resources of ₹ 14,219 Cr., market borrowings of ₹ 20,594 Cr. through Indian Railway Finance Corporation (IRFC), considering its past excellent performance in the financial market. Normally IRFC raises between ₹ 9,000-10,000 Cr. annually for leasing of rolling stock. Next year, an additional amount of ₹ 10,000 Cr. will be raised through tax free bonds for financing select capacity enhancement works. Railways will ensure servicing this debt of tax-free bonds. Further, external source of financing through PPP, WIS etc is expected to yield ₹ 1,776 Cr.

- **Expansion of the rail network by 1,000 km of new lines in 2011-12 with an allocation of ₹ 9,583 cr for these new lines.**

It has added only 10,677 km of new lines since independence. It has announced an ambitious target of 1,000 km of new lines in 2010-11. These are in contrast to average addition of 180 km annually. In the current year, it may do over 700 km, falling short of the target. But this would be almost double of the highest ever performance in any single year. The railways will be achieving its target of 800 km for gauge conversion, 700 km for doubling and 1,000 km of electrification. ₹ 5,406 cr and ₹ 2,470 cr has been given for doubling and gauge conversion projects to complete 867 km and 1,017 km respectively. To overcome shortages in wagons, coaches and locomotives, ₹13,820 cr has been earmarked for acquisition of rolling stock.

Companies, including **Kalindee Rail Nirman (Engineers) Limited** would benefit from the announcement made by railway minister stating that the railways will complete 1,000 km of new lines in one year. In last year, Kalindee Rail got orders not directly from railways but from the sidings, private operator but this year if they set a target of 700 kilometers then it would get at least 100-200 kilometers orders.

- **Propose to set up two more wagon units under JV/PPP mode, one each at Kolar and Alappuzha, Kerala, and one more at Buniadpur. Procurement of 16,500 wagons is being done in the current year. Target of 18,000 wagons for the next year.**

Wagon Manufacturer like **Texmaco Limited, Titagarh Wagons Limited and BEML Limited**. will be beneficial for that.

New wagons units to be set up that will benefit Steel firms like **JSW Steel Limited, SAIL, Jindal Steel**

- **Introduction of Anti Collision Device (ACD) for safety & security purposes**

Improved version of ACD has succeeded and it will be commissioned on three zonal railways, Southern, South Central and South Western Railways. Considering the successful trials, it has also been decided to extend this device to Eastern, East Coast, East Central and South Eastern Railways. With this it will have covered 8 of the 17 zonal railways.

Increasing safety through spending on anti-collision will benefit **Kernex Microsystems (India) Limited**, which is involved in manufacturing, installing and maintaining of anti-collision systems.

➤ **Set up Rail-based factories/manufacturing projects.**

The works at New Jalpaiguri, Adra, Jellingham and Kulti have been taken up in collaboration with different PSUs like **SAIL, NTPC and RINL**.

Long term supply contracts for locomotives, coaches and critical loco components at Madhepura, Marhowra, Kanchrapara and Dankuni. Since these project models are being attempted for the first time in the railways.

➤ Setting up of a “Rail Industrial Park” at Jellingham. A unit to manufacture car steel bogies and couplers through a joint venture between Burn Standard Co. Ltd. and SAIL has already been initiated in this Park

➤ **Setting up captive thermal power plant of 1,000 MW at Nabinagar**

The electrical energy requirement of railways is growing rapidly with the expansion of the rail infrastructure and traffic. A captive thermal power plant of 1,000 MW at Nabinagar is at an advance stage of construction. A second thermal power plant of 1,320 MW capacity at Adra is in the process of being set up. Depending upon the fuel being made available at economic cost, it has propose to set up a 700 MW gas-based power plant at Thakurli in Maharashtra.

➤ **Freight rates unchanged**

Rail stocks fell sharply by up to 14 % on the Bombay Stock Exchange after the Railway Budget 2011-12 announcements, which according to market players failed to bring any great surprises for the investors.

Company Name	Price as on 24.02.2011	Price as on 25.02.2011	% Change	TTM EPS	TTM PE	Industry PE	Beta (1Y Sensex)
Bartronics India Ltd.	57.8500	57.80	-0.09%	14.7751	3.9120	24.00	0.8105
BEML Ltd.	633.9000	615.50	-2.90%	56.8618	10.8245	13.93	0.7770
Container Corpn. Of India Ltd.	1095.8000	1130.30	3.15%	62.3640	18.1242	17.79	0.4548
Gateway Distriparks Ltd.	115.1000	115.85	0.65%	7.4230	15.6069	17.79	0.5077
Hind Rectifiers Ltd.	50.2000	43.25	-13.84%	4.8566	8.9053	18.93	0.9661
JSW Steel Ltd.	865.4500	865.80	0.04%	84.9311	10.1941	12.11	1.6849
Jubilant FoodWorks Ltd.	528.5500	526.65	-0.36%	9.7859	53.8175	24.04	1.3062
Kalindee Rail Nirman (Engineers) Ltd.	135.0000	116.45	-13.74%	7.7706	14.9860	18.58	0.8366
Kernex Microsystems (India) Ltd.	99.5500	94.60	-4.97%	3.3145	28.5417	24.00	0.7572
KRBL Ltd.	24.1000	23.70	-1.66%	4.3278	5.4762	24.04	1.2160
MIC Electronics Ltd.	25.3000	25.05	-0.99%	5.0570	4.9535	18.93	1.1622
NTPC Ltd.	171.1500	170.45	-0.41%	10.1127	16.8550	19.95	0.5694
Siemens Ltd.	842.6500	838.20	-0.53%	24.6907	33.9480	21.85	0.6137
Steel Authority Of India Ltd.	153.9000	154.00	0.06%	13.2167	11.6519	12.11	1.2297
Stone India Ltd.	43.8500	40.55	-7.53%	6.6516	6.0963	21.85	1.1831
Texmaco Ltd.	40.7500	37.50	-7.98%	6.9554	5.3915	7.29	0.5895
Titagarh Wagons Ltd	381.6500	331.80	-13.06%	43.0641	7.7048	7.29	1.1140
Zicom Electronic Security Systems Ltd.	38.9000	39.20	0.77%	-14.5965	-2.6856	18.93	1.0673

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