

Logistics

Container volumes bounce back across major ports

Container volumes rebounded across major ports, increasing ~9% YoY and 10.6% MoM in the month of January. Although JNPT's container volumes dropped by 1.7% YoY and ~4% MoM, Chennai saw a sharp bounce-back (after a sluggish November and December, partly due to maintenance) with growth of ~25% YoY and 20% MoM in January. Aggregate cargo traffic grew just ~1% YoY, primarily owing to lower offtake in iron ore (down ~9%) and fertilisers (down 9.5%). We maintain our positive outlook on container volumes, considering the recovery in global trade and the low base effect. We maintain our preference for Concor (CCRI) and Gateway Distriparks (GDPL) in the Indian logistics space.

Container volumes bounce back in Jan: Following a sluggish December (flattish volumes YoY), container volumes bounced back smartly, growing 9% YoY and 10.6% MoM in the month of January. During April-January '11, container volumes grew 10.6% YoY across major ports, 6.4% at JNPT and ~26% in Chennai.

Container volumes

('000 teu)	Jan '11	Jan '10	% YoY growth	Apr-Jan'11	Apr-Jan'10	% YoY growth
All Ports	663	609	8.9	6,255	5,656	10.6
JNPT	355	361	(1.7)	3,563	3349	6.4
Chennai	134	108	24.5	1,251	994	25.8

Source: IPA, RCML Research

JNPT volumes drop marginally; Chennai bounces back: JNPT's container volumes dropped 1.7% YoY and 4.1% MoM in January, partly due to a marginally higher base in the month of December. Our interaction with port authorities suggests that this is a monthly blip, as the uptick in container volumes remains intact. Chennai, on the other hand, recovered from lacklustre container volumes over the preceding two months (partly due to maintenance activities) to witness ~25% YoY and ~20% MoM growth in January.

Aggregate cargo volumes up 1% in Jan: Aggregate cargo volumes grew 1% YoY in January, as against ~3% YoY in the months of November and December. The slower growth was primarily on account of relatively lower offtake in bulk commodities like iron ore (down ~9%) and fertiliser (down 9.5%) in January. Container volumes (in tonnage) and coal grew by 8.2% and 5% YoY respectively during the month. YTD, fertiliser and container volumes (in tonnage) increased ~15% and 12.3% YoY, while iron ore and other cargo dropped 13.3% and 2.6% YoY respectively. Amongst major ports, Kandla and Kolkata recorded ~16.6% and ~14% YoY growth respectively, while volumes at New Mangalore and Tuticorin dropped by 13-15% YoY in January.

Maintain positive outlook; prefer CCRI and GDPL: We expect the recovery in global trade and the low base effect to drive volume growth in the coming months and hence maintain our positive bias on logistics players. We prefer CCRI and GDPL in the Indian logistics space in the medium term.

Recommendation snapshot

Company	CMP	Target	Rating
Concor	1,100	1,450	Buy
GDL	108	135	Buy
Allcargo	138	170	Hold

Stock performance

Returns (%)	CMP	1-mth	3-mth	6-mth
Concor	1,100	(9.5)	(17.4)	(19.9)
GDL	108	7.6	(1.8)	10.6
Allcargo	138	(0.6)	(14.3)	(16.3)
Sensex	18,202	(3.5)	(9.7)	0.2

Valuation matrix – Concor (CCRI)

(x)	FY10	FY11E	FY12E	FY13E
P/E @ CMP	18.4	17.0	14.9	13.2
P/E @ Target	24.2	22.4	19.6	17.4
EV/EBITDA @ CMP	12.8	11.7	10.2	9.0

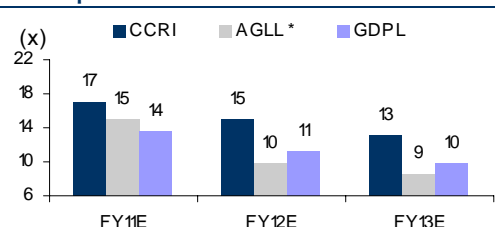
Valuation matrix – Gateway Distriparks (GDPL)

(x)	FY10	FY11E	FY12E	FY13E
P/E @ CMP	15.0	13.4	11.6	10.0
P/E @ Target	18.4	16.4	14.3	12.3
EV/EBITDA @ CMP	10.4	8.4	7.0	5.8

Valuation matrix – Allcargo Global (AGLL)

(x)	FY10	FY11E	FY12E	FY13E
P/E @ CMP	13.0	15.0	9.8	8.6
P/E @ Target	16.0	18.4	12.0	10.5
EV/EBITDA @ CMP	8.4	8.2	5.8	5.1

P/E comparison



*CY09/CY10/CY11 estimates for Allcargo





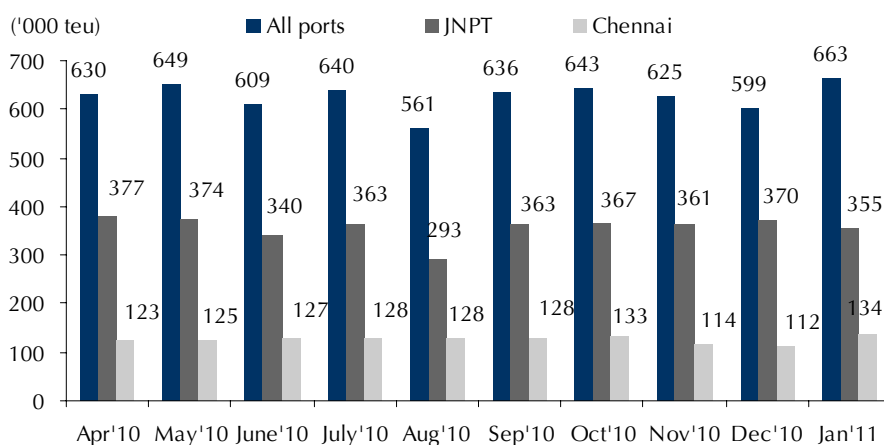
Fig 1 - Container volumes – January '11

	Tonnage (mn tonnes)			TEUs ('000)		
	Jan '11	Jan'10	% YoY chg	Jan '11	Jan'10	% YoY chg
Kolkata	746	798	(6.5)	48	46	4.3
Paradip	5	3	66.7	0	1	NA
Vizag	271	127	113.4	14	7	100.0
Chennai	2,593	2,085	24.4	134	108	24.5
Tuticorin	596	621	(4.0)	40	41	(2.4)
Cochin	309	267	15.7	48	22	118.8
New Mangalore	33	50	(34.0)	2	3	(33.3)
Mormugao	10	11	(9.1)	1	1	(46.2)
Mumbai	57	56	1.8	6	6	-
JNPT	4,822	4,670	3.3	355	361	(1.7)
Kandla	224	248	(9.7)	15	13	15.4
All Major Ports	9,666	8,936	8.2	663	609	8.9

Source: IPA, RCML Research

Almost all major ports witnessed an improvement in container movement

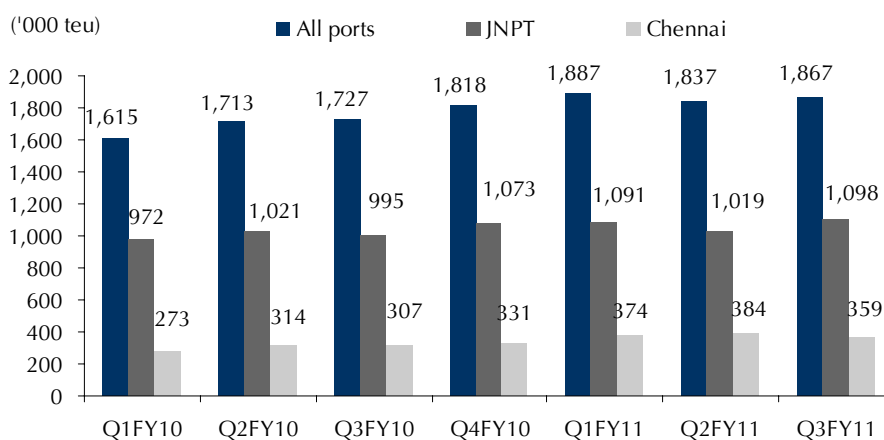
Fig 2 - January container volumes



Source: IPA, RCML Research

JNPT saw a marginal MoM drop due to congestion; Chennai bounces back

Fig 3 - Container volume quarterly performance



Source: IPA, RCML Research

Q3FY11 volumes rebound post the container ship accident at JNPT



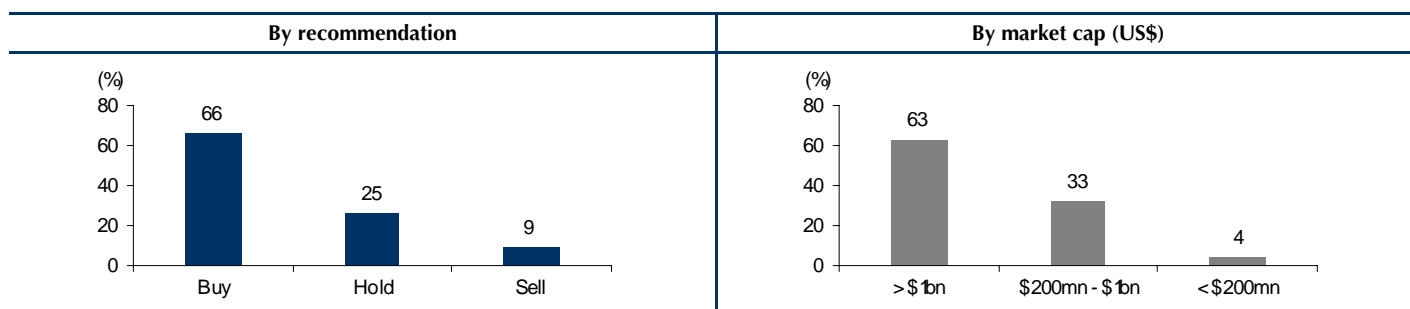
Fig 4 - Commodity-wise performance at major ports (April – January '11)

('000 tonnes)		POL	Iron Ore	Fertiliser	Coal	Container	Other Cargo
Kolkata	Apr-Jan,'11	9,873	5,380	474	6,973	7,384	9,464
	Apr-Jan,'10	8,534	6,660	276	6,394	7,219	9,090
	% YoY growth	15.7	(19.2)	71.7	9.1	2.3	4.1
Paradip	Apr-Jan,'11	10,138	11,476	3,716	16,567	56	4,168
	Apr-Jan,'10	9,390	13,667	2,815	16,506	33	4,889
	% YoY growth	8.0	(16.0)	32.0	0.4	NA	(14.7)
Vizag	Apr-Jan,'11	15,874	15,347	3,726	9,638	2,009	9,114
	Apr-Jan,'10	15,279	15,837	3,424	9,761	1,357	9,260
	% YoY growth	3.9	(3.1)	8.8	(1.3)	48.0	(1.6)
Chennai	Apr-Jan,'11	11,489	2,176	596	2,030	24,152	10,421
	Apr-Jan,'10	11,423	6,734	549	2,349	19,192	10,787
	% YoY growth	0.6	(67.7)	8.6	(13.6)	25.8	(3.4)
Tuticorin	Apr-Jan,'11	585	-	1,613	4,299	5,703	7,896
	Apr-Jan,'10	444	-	1,839	4,427	5,414	7,666
	% YoY growth	31.8	NA	(12.3)	(2.9)	5.3	3.0
Cochin	Apr-Jan,'11	9,997	-	328	40	3,617	748
	Apr-Jan,'10	9,402	-	284	108	3,010	858
	% YoY growth	6.3	NA	15.5	NA	20.2	(12.8)
New Mangalore	Apr-Jan,'11	17,944	3,702	685	2,364	461	1,659
	Apr-Jan,'10	17,923	6,781	742	2,469	390	2,544
	% YoY growth	0.1	(45.4)	(7.7)	(4.3)	18.2	(34.8)
Mormugao	Apr-Jan,'11	810	31,114	214	5,309	146	1,201
	Apr-Jan,'10	790	30,461	108	4,153	155	1,933
	% YoY growth	2.5	2.1	98.1	27.8	(5.8)	(37.9)
Mumbai	Apr-Jan,'11	27,922	-	406	3,105	556	13,598
	Apr-Jan,'10	28,856	-	363	3,338	503	12,516
	% YoY growth	(3.2)	NA	11.8	(7.0)	10.5	8.6
JNPT	Apr-Jan,'11	4,293	-	-	-	46,943	2,254
	Apr-Jan,'10	4,043	-	-	-	43,640	2,307
	% YoY growth	6.2	NA	NA	NA	7.6	(2.3)
Kandla	Apr-Jan,'11	40,349	565	5,937	2,890	2,095	16,923
	Apr-Jan,'10	38,675	-	5,020	2,650	1,980	17,693
	% YoY growth	4.3	NA	18.3	9.1	5.8	(4.4)
All Major Ports	Apr-Jan,'11	149,718	69,524	17,704	60,681	93,122	77,516
	Apr-Jan,'10	145,075	80,231	15,420	60,006	82,893	79,621
	% YoY growth	3.2	(13.3)	14.8	1.1	12.3	(2.6)

Source: IPA, RCML Research



Coverage Profile



Recommendation interpretation

Recommendation	Expected absolute returns (%) over 12 months
Buy	More than 15%
Hold	Between 15% and -5%
Sell	Less than -5%

Recommendation structure changed with effect from March 1, 2009

Expected absolute returns are based on share price at market close unless otherwise stated. Stock recommendations are based on absolute upside (downside) and have a 12-month horizon. Our target price represents the fair value of the stock based upon the analyst's discretion. We note that future price fluctuations could lead to a temporary mismatch between upside/downside for a stock and our recommendation.

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