

April 10, 2007
FOR PRIVATE CIRCULATION
Equity

	9 Apr 07	% Chg		
		1 Day	1 Mth	3 Mths
Indian Indices				
Sensex	13,178	2.5	3.8	(4.9)
Nifty	3,844	2.4	5.1	(3.5)
Banking	6,581	3.3	3.6	(8.0)
IT	3,546	2.4	1.7	(3.5)
Healthcare	3,686	1.1	9.5	(4.3)
FMCG	1,774	3.1	4.4	(5.4)
PSU	6,044	2.1	10.5	(1.6)
CNX Midcap	4,897	1.9	5.8	(6.1)
	6,495.9	2.0	7.1	2.5
World indices				
Nasdaq	2,469.2	(0.1)	3.4	0.4
Nikkei	17,744	1.5	2.8	4.1
Hangseng	20,210	1.0	8.9	0.5

Value traded (Rs cr)

	9 Apr 07	% Chg - 1 Day
Cash BSE	2,924	(3.7)
Cash NSE	6,287	(9.5)
Derivatives	23,576	(5.6)

Net inflows (Rs cr)

	8 Apr 07	% Chg	MTD	YTD
FII	568	(25,895)	1,403	4,520
Mutual Fund	41	(130)	(1,944)	(2,861)

FII open interest (Rs cr)

	8 Apr 07	% chg
FII Index Futures	13,660	2.4
FII Index Options	5,631	11.1
FII Stock Futures	14,994	4.9
FII Stock Options	31	9.4

Advances/Declines (BSE)

9 Apr 07	A	B1	B2	Total	% Total
Advances	184	576	585	1,345	76
Declines	25	126	235	386	22
Unchanged	5	13	27	45	2

Commodity

	9 Apr 07	% Chg		
		1 Day	1 Mth	3 Mths
Crude (NYMEX) (US\$/BBL)	61.5	(4.3)	2.4	10.6
Gold (US\$/OZ)	670.8	(0.6)	3.9	10.5
Silver (US\$/OZ)	13.7	0.4	6.8	11.8

Debt/forex market

	9 Apr 07	1 Day	1 Mth	3 Mths
10 yr G-Sec yield %	8.14	8.19	8.03	7.53
10 yr G-Sec yield %	8.14	8.19	8.03	7.53

Sensex


Source: Bloomberg

ECONOMY NEWS

- Direct tax collections are expected to have exceeded Rs.2300 bn in 2006-07, higher than the revised estimate of Rs.2290 bn due to higher corporate profitability. (BS)
- The Planning Commission has projected that the Indian economy would grow at 8.5% in the current fiscal. Along with its assessment of GDP for the year, the commission feels the annual wholesale price index-based inflation will cool from the current 6%-plus levels to 4-5% later in the year. (BS)
- The Chairman of the Economic Advisory Council to the Prime Minister, Dr C Rangarajan, said though there are some signs of overheating of the economy, it could be best described as cyclical overheating. He cautioned that care should be taken to prevent it from becoming structural overheating. (BL)
- The Centre has asked the department of fertilisers to explore the options of procurement from the Gulf, sub-Saharan Africa and North Africa. It has also asked the department to look into the possibilities of establishing joint ventures in these countries to cater to the growing Indian market. (FE)
- The Centre's intervention is crucial especially when the demand during Kharif 2006, with respect to urea, was assessed at 123.37 lakh metric tons against the availability of 125.04 lakh metric tons and sales of 113.65 lakh metric tons. (FE)
- Freight rates for the nine tonne pay load section hardened on the local truck transport market following tight availability of lorries along with busy cargo movements (BL)

CORPORATE NEWS

- **Bajaj Auto** has inaugurated the new greenfield plant in Pantnagar, Uttarakhand, with a planned capacity of 1 mn motorcycles per annum. (BL)
- **Ranbaxy Laboratories** is about to enter into a 10-year co-marketing agreement with **Jupiter Bioscience** to tap the \$6-bn global peptide pharmaceutical market.(ET)
- A special economic zone hosting a windmill gearbox and a stator assembly plant is being set up on the outskirts of Coimbatore by wind energy major **Suzlon Energy**. It will start operations by the beginning of 2008. (BS)
- **Aban Offshore** has said it would earn about \$141 mn from a two-year rig hire order. Aban said in a statement that its subsidiary Deep Drilling 1 Pte Ltd received the order from state-run Gujarat State Petroleum Corp. Ltd (BL)
- Oil and gas services firm **Deep Industries Ltd** has said that it got a service contract from Oil and Natural Gas Corp. Ltd for development of three onshore marginal fields in Rajasthan. (BL)
- **Bharati Shipyard**, the country's second-largest private sector ship-builder, is understood to have acquired the UK-based Swan Hunter Shipyard for an undisclosed amount. (BS)
- A clutch of private equity investors, which include Lehman Brothers, Goldman Sachs, CSFB and eight others, would acquire a nearly 24% stake in NDTV Networks, a fully owned subsidiary of **NDTV India**, for \$120 mn. (BS)
- **Essar Oil** has got its first project registered under the CDM and will be able to sell 1,35,778 certified emission reductions per annum, which would fetch it an estimated Rs.100 mn per annum at current prices.(ET)

Source: ET = Economic Times, BS = Business Standard, FE = Financial Express, BL = Business Line, ToI: Times of India, BSE = Bombay Stock Exchange

FROM OUR RESEARCH TEAM

EVENT UPDATE

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CONTAINER CORPORATION OF INDIA LTD (Rs. 1884, FY08E P/E:14.9 x, BUY)

GATEWAY DISTRI PARKS LTD (Rs. 163, FY09E P/E: 12.2x, BUY)

CONCOR, GDL FORM JV TO OPERATE DOUBLE STACK CONTAINER TERMINAL AT GARHI ICD

Container Corporation of India

(Rs mn)	FY06	FY07E	FY08E
Sales	24,332	30,490	38,349
Growth (%)	22.0	25.3	25.8
EBITDA	6,976	9,417	11,622
EBITDA margin (%)	28.7	30.9	30.3
Net profit	5,258	7,043	8,233
Net debt	(6,763)	(8,096)	(10,902)
EPS (Rs)	80.9	108.4	126.7
Growth (%)	22.7	34.0	16.9
DPS (Rs)	18.0	19.0	20.0
ROE (%)	27.7	29.7	27.5
ROCE (%)	35.3	38.5	36.7
EV/Sales (x)	4.8	3.8	2.9
EV/EBITDA (x)	16.6	12.1	9.6
P/E (x)	23.3	17.4	14.9
P/BV (x)	5.9	4.6	3.7

Source: Company & Kotak Securities -
Private Client Research

Gateway Distriparks Ltd

Rs mn	FY05	FY07E	FY08E	FY09E
Sales	1,386	1,648	2,364	3,312
Growth (%)	45.0	18.9	43.5	40.1
EBITDA	837	819	1,140	1,566
EBITDA margin (%)	60.4	49.7	48.2	47.3
Net profit	722	793	948	1,236
Net debt	(3,207)	(1,200)	(433)	(341)
EPS (Rs)	7.8	8.6	10.3	13.4
Growth (%)	109.1	10.4	19.9	30.5
DPS (Rs)	3.0	3.0	3.0	3.0
ROE (%)	12.6	13.2	14.5	16.9
ROCE (%)	13.8	15.1	16.9	20.0
EV/Sales (x)	8.5	8.4	6.2	4.4
EV/EBITDA (x)	14.1	16.9	12.8	9.4
P/E (x)	20.8	18.9	15.8	12.2
P/BV (x)	2.6	2.4	2.2	1.9

Source: Company & Kotak Securities -
Private Client Research

Details of JV

Gateway Rail Freight Pvt Ltd, which is a wholly-owned subsidiary of Gateway Distriparks Ltd (GDL) and Container Corporation of India Ltd (Concor) have entered into an agreement to set up a joint venture company (JVC) to construct and operate a rail-linked double-stack container terminal at Garhi Hasaru near Gurgaon in Haryana. This is expected to connect Delhi to the western ports.

Gateway Rail and Concor will have shareholding in the ratio of 51:49, respectively, in this JVC. This agreement replaces the existing agreement between Concor and Gateway Distriparks related to the train operations from Garhi Hasaru ICD where GDL was running trains provided by Concor.

Rationale behind JV

- Both companies had an agreement whereby only Concor had a right to run the trains out of Garhi ICD for five years. Gateway Rail would have to issue a notice period of two years to be able to run its own container train.
 - On the other hand, Concor wanted access to Garhi ICD for its prime location and with the vision of carrying double-stack container trains from Pipavav and Mundra ports in Gujarat to Garhi ICD and then to send it via single-stack trains to all ICDs across the country.
 - Thus, they both agreed to form a JV, whereby both of them can run trains independently out of this Garhi ICD and share the revenues of the ICD operations.
 - Gateway Rail has already placed an order for two rakes, consisting of 45 wagons each with maximum carrying capacity of 90 TEUs per train. One of the rakes is likely to be delivered within two weeks. It expects to start running its own trains by June 2007.
- ### Operations of the JV
- Gateway Distriparks owns the operational rail-linked ICD at Garhi Hasaru, which is 40 km from Delhi. The operation of this ICD will now be taken over by the JVC. At present, Concor provides the railway wagons and train to operate the rail-linked ICD according to the agreement signed by both companies.
 - Gateway Rail and Concor will now jointly conduct the rail ICD operations. Both players hold 'Category 1' licenses from Indian Railways as container train operators and have operational ICDs and multiple CFS across the country.
 - Both of them would run their own private container trains from the ICD and the revenue and expenditure from running the trains will be charged to the respective companies. However, the JVC will provide and charge for all ICD operations like handling, warehousing, stuffing, de-stuffing and other value-added services.

Details of the double-stacked container terminal

- The state-of-the-art terminal will be spread over an area of about 100 acres and will have a rail handling and trans-shipment terminal, an ICD, multiple CFS, warehouse complex and a domestic cargo hub. Approximately 77 acres of land is owned by GDL and the balance is leased land. The JVC would pay certain rentals, to be decided later, to GDL for using the land.
- The proposed terminal will have connectivity to the proposed Western Dedicated Freight Corridor as well. It will also have connectivity to the proposed Kundali-Manesar-Palwal (KMP) Expressway.
- The location has an advantage of direct connectivity to industries in Kundali, Sonapat, and Faridabad areas eliminating the need for border-crossing, which will also help in decongesting Delhi roads of the container trailers.
- This terminal will create a footprint in the Gurgaon area of NCR and will cater to the industrial areas of Delhi, Bijwasan, Gurgaon, Manesar, Dharuhera, Bawal, Hisar, Sonapat, Panipat in Haryana and Bhiwadi, Neemrana and Behror in Rajasthan. The terminal will also facilitate the export-import traffic from the proposed Haryana SEZ.
- The terminal will also provide international standard services in handling, trans-shipment and storage of containers and warehousing, value addition, distribution and containerization of cargo. It will also have a large warehousing complex for both bonded and transit cargo with separate facilities for cold storage, reefer containers and for domestic cargo.
- The terminal will also be developed as a hub for rail transport of cars (CBU) and two-wheelers between North India and Western, Central, Eastern and Southern Indian locations. This is based on the robust export of cars from India. The JVC hopes to garner the major share of this business.
- The double stack container terminal would be built with an investment of Rs.700 mn with an equity component of Rs.210 mn to be contributed in the ratio of the ownership. The balance amount will be raised as debt by the JVC. The terminal is likely to be operational by April 2008.

Recommendation and valuation

- We feel the joint effort is aimed at consolidating cargo volumes of North India for double-stack container train operation on the diesel route from NCR to JN Port, Mundra and Pipavav. This is primarily aimed to avoid duplication of resources and thereby save massive investments for both parties.
- We view the above development as positive and a step in the right direction. This is because it is a win-win situation for both parties, as now Concor will get access to prime land near Delhi and GDL will run its own private container trains.
- The terminal would take 10 to 12 months to be built and may be ready for commercial operations by April 2008. Hence, any major benefit out of this terminal would only reflect in FY09E. We would like to monitor the progress of the construction of the double stack terminal. Hence, we are not incorporating any revenues or profitability out of this terminal into our earnings estimates for both companies.
- We maintain our positive bias and maintain BUY on both Concor and GDL with unchanged earnings estimates and price target.
- For Concor we maintain our EPS estimates of Rs.108.4 for FY07E and Rs.126.7 for FY08E.
- For GDL, we maintain our EPS estimates of Rs.8.6 for FY07E, Rs.10.3 for FY08E and Rs.13.4 for FY09E.
- We recommend a **BUY** on Concor with a price target of Rs.2498 (33% upside potential).
- We recommend a **BUY** on GDL with a price target of Rs.211 (30% upside potential).

Note: Analyst holding in Concor - 50 shares

We maintain Buy on Concor with a price target Of Rs.2498 (33% upside)

We maintain Buy on Gateway Distriparks with a price target of Rs.211 (30% upside)

Bulk deals

Trade details of bulk deals					
Date	Scrip name	Name of client	Buy/ Sell	Quantity of shares	Avg. Price (Rs)
9-Apr	ADHUNIK MET	MORGAN STANLEY AND CO INT	B	500000	37.25
9-Apr	ADHUNIK MET	DEEVEE COMMERCIALS LTD	S	510000	37.25
9-Apr	ALLIANZ CAPI	DILIPKUMAR V. LAKHI	B	500000	37.8
9-Apr	ALLIANZ CAPI	RAKAM MONEY MATTERS PVT L	S	400000	37.8
9-Apr	ALLIANZ CAPI	EVERSHEDS SERVICES PVT LT	S	126999	37.81
9-Apr	AMAR REMEDIE	BSMA LIMITED	S	400000	32.09
9-Apr	AMD METPLAST	HARSIDDH ONLINE	B	105937	69.1
9-Apr	AMD METPLAST	HARSIDDH ONLINE	S	105937	70.03
9-Apr	BEST E.HOTEL	KETAN DELIWALA HUF	B	9900	52.1
9-Apr	BEST E.HOTEL	KETAN DELIWALA HUF	S	9900	56.7
9-Apr	BIHAR TUBES	ANMOL INDIA LIMITED	B	100000	129.25
9-Apr	BIHAR TUBES	ANIL SHARMA	S	31127	125.92
9-Apr	CEREBRA INT	SIMRAN SUNIL RAHEJA	S	53710	14.12
9-Apr	CHANDRIK TRA	BAGYASHREE LEASING AND FI	S	25501	5.09
9-Apr	EMPOWER INDS	DHARMENDRA H BHOJAK	B	27343	11.89
9-Apr	GEMSTONE INV	SUSHILA PREMCHAND SHAH	S	25000	20
9-Apr	JJ EXPORTER	NUPUR CARPETS PRIVATE LIM	B	419061	56
9-Apr	JJ EXPORTER	TANUSHREE INVESTMENTS AND	S	423740	56.02
9-Apr	KAMADGI SYNT	JRL MARKETING PVT. LTD	B	22650	28.63
9-Apr	MEFCOM AGR I	ISF SECURITIES LTD	S	14030	35.97
9-Apr	MINAX TEXTIL	JOLAPARA VIJAY J	B	29020	2.66
9-Apr	MOHIT INDUST	KRISHNA CAP SHARES PVT LT	S	48421	24.79
9-Apr	PAGEIndustr	OPG SECURITIES PVT LTD	B	188887	311.75
9-Apr	PARAMO COMMU	GOLDMAN SACHS INVESTMENT	S	400000	27.24
9-Apr	PROTOINFOSY	BASMATI SECURITIES PVT LT	B	224561	3.94
9-Apr	RAJ RAYON LI	HARSIDDH ONLINE	B	183765	31.9
9-Apr	RAJ RAYON LI	HARSIDDH ONLINE	S	183765	31.91
9-Apr	SHAH ALLOY L	KAMLESH HARIBHAI CHAVDA	B	236720	89.95
9-Apr	SHAH ALLOY L	NIRMAL N KOTECHA	S	121000	89.96
9-Apr	SPANC TELESY	ARGONAUT VENTURES	B	697676	199.5
9-Apr	SPANC TELESY	AJAY UPADHYAYA	B	100000	205.85
9-Apr	SPANC TELESY	RELIANCE CAPITAL LIMITED	S	800000	199.68
9-Apr	SQL STAR INT	INDUSTRIAL INVESTMENT TRU	B	72000	46
9-Apr	SUMEET INDUS	SUNITA INVESTMENTS	S	94250	15.9
9-Apr	ULTRAMAR PIG	NATIONAL INSURANCE CO.LTD	S	150000	42.72
9-Apr	VERTEX SECUR	ANEETA NAGPAL	B	40000	24.5
9-Apr	VIMAL OIL FO	INTERFACE FIN.SERVICES LT	S	50000	29.55
9-Apr	VISU INTL	LILAC FARMS PRIVATE LTD	B	1106837	14.66
9-Apr	VISU INTL	BASMATI SECURITIES PVT LT	S	350000	15.01
9-Apr	VISU INTL	LILAC FARMS PRIVATE LTD	S	1628344	14.88

Source: BSE

Gainers & Losers

Nifty Gainers & Losers

	Price (Rs)	% change	Index points	Volume (mn)
Gainers				
Reliance Industries	1,363	1.7	6.1	2.0
Bharti Airtel	748	1.9	5.1	0.7
Bharat Heavy Electricals	2,354	4.4	4.7	1.4
Losers				
Reliance Communications	398	(1.0)	(1.7)	6.9
Hindustan Lever	198	(1.2)	(1.0)	3.5
Satyam Computers	453	(1.6)	(1.0)	3.5

Source: Bloomberg

Forthcoming events

COMPANY/MARKET

Date	Event
9-12 Apr	SEBI hosts 32nd IOSCO annual conference in Mumbai
11-Apr	Mastek, iGate Global earnings expected
12-Apr	Ballarpur Industries earnings expected
13-Apr	Infosys earnings expected
16-Apr	HCL Technologies to announce earnings and dividend
17-Apr	UTI Bank to announce earnings and dividend
18-Apr	ACC earnings expected
20-Apr	Exide Industries to announce earnings and dividend
23-Apr	Power Finance earnings expected

Source: Bloomberg

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