



Economy News

- ▶ The government has imposed an ad valorem import duty of 5% on pig iron, semi-finished, flat and long steel products. An import duty of 20% has also been imposed on crude soybean oil with immediate effect. (BS)
- ▶ Calling auto-makers, realty firms and airlines to reduce rates, Finance Minister P Chidambaram today promised to consider excise duty cut for sectors that are facing the heat of the global financial meltdown. (BS)
- ▶ The Reserve Bank of India is expected to announce another round of rate cuts in a week or so in an effort to ease liquidity and reduce borrowing costs to counter slowing economic growth, according to senior government officials (BS)
- ▶ The UPA government is set to cut the domestic retail fuel prices. However, this price cut will take place only after the current Assembly polling is over on December 24 (BS)
- ▶ The government has decided to inject Rs500.0bn for funding infrastructure projects. The money would be spent on projects that would be built through the Public-Private-Partnership (PPP). (Mint)

Corporate News

- ▶ **ONGC** Videsh Ltd, the overseas arm of state-run Oil and Natural Gas Corporation, on Tuesday said it has won two oil and gas blocks in Colombia. (BL)
- ▶ **Mundra Port and Special Economic Zone Ltd (MPSEZ)** has signed an Memorandum of Understanding (MoU) for setting up a dedicated Automobile Terminal with Nippon Yusen Kaisha (NYK) of Japan, an operator of auto terminals and has an extensive fleet of Ro-Ro ships (BL)
- ▶ **Bharat Heavy Electricals (BHEL)** has secured a Rs 13bn order from Andhra Pradesh Power Generation Corporation (APGenco) for setting up a 600 MW thermal power generating unit at Kakatiya Thermal Power (Project Stage-II) at Bhoopalapally in Warangal district of Andhra Pradesh. (BS)
- ▶ **Ranbaxy Laboratories** has submitted its response on the alleged procedural violations at two of its domestic manufacturing plants to the US drug regulator, and expects an early resolution to the issue. (ET)
- ▶ **Punj Lloyd** said it will hire up to 4,000 people in the next 12 months, and further revealed that the company has been approached by firms to acquire companies in developed markets. According to the Chairman, Atul Punj, the company has a order backlog of about Rs.210bn, which would be cleared over the next 30 months. He also said the company may be impacted as liquidity is tight (FE)
- ▶ **DLF** has put on hold a few projects in the hotels, commercial space and residential housing segments because of the liquidity induced slump in demand. It has also laid off a few employees. (BL)
- ▶ **Pantaloon Retail India** has sold its stake in Alpha Future Airport Retail to Alpha Overseas Holdings and moved out of the joint venture for an undisclosed amount. (BS)
- ▶ **RPG Enterprises** today said it will be investing Rs 15.0bn in the next 15 months in expanding its retail business across India. (BS)
- ▶ **Gati Ltd** is going slow on its expansion plans of Rs 1.5 bn in the year to June as economic activity slows. (ET)

Equity

	18 Nov 08	% Chg		
		1 Day	1 Mth	3 Mths
Indian Indices				
SENSEX Index	8,937	(3.8)	(10.4)	(38.5)
NIFTY Index	2,683	(4.2)	(12.7)	(38.6)
BANKEX Index	4,732	(4.5)	(14.7)	(31.3)
BSET Index	2,448	(4.7)	(3.5)	(37.1)
BSETCG INDEX	6,627	(3.5)	(8.5)	(45.1)
BSEOIL INDEX	5,572	(1.5)	(14.0)	(44.2)
CNXMcap Index	3,426	(1.9)	(11.6)	(40.0)
BSESMCAP INDEX	3,559	(2.8)	(14.6)	(49.3)

World Indices

Dow Jones	8,425	1.8	(4.8)	(25.8)
Nasdaq	1,483	0.1	(13.3)	(37.8)
FTSE	4,209	1.8	3.6	(20.9)
Nikkei	8,328	(2.3)	(5.9)	(36.4)
Hangseng	12,916	(4.5)	(11.9)	(37.4)

Value traded (Rs cr)

	18 Nov 08	% Chg - Day
Cash BSE	2,988	(5.9)
Cash NSE	8,330	(6.4)
Derivatives	43,260.0	5.3

Net inflows (Rs cr)

	17 Nov 08	% Chg	MTD	YTD
FII	(632)	12	(1,288)	(53,042)
Mutual Fund	(391)	28	(1,321)	12,832

FII open interest (Rs cr)

	17 Nov 08	% Chg
FII Index Futures	8,024	(3.7)
FII Index Options	13,038	(2.5)
FII Stock Futures	9,929	(4.7)
FII Stock Options	219	(2.3)

Advances / Declines (BSE)

	18 Nov 08	A	B	S	Total	% total
Advances	24	426	116	566	25	
Declines	180	1140	298	1,618	72	
Unchanged	1	49	10	60	3	

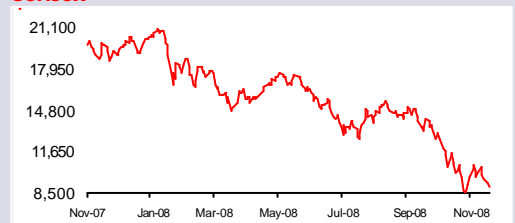
Commodity

		18 Nov 08	% Chg		
			1 Day	1 Mth	3 Mths
Crude (NYMEX)	(US\$/BBL)	54.3	(0.1)	(24.4)	(52.6)
Gold (US\$/OZ)		738.2	0.0	(5.7)	(9.3)
Silver (US\$/OZ)		9.7	3.8	2.9	(27.1)

Debt / forex market

	18 Nov 08	1 Day	1 Mth	3 Mths
10 yr G-Sec yield %	7.51	7.53	7.84	9.11
Re/US\$	49.65	49.34	49.02	43.60

Sensex



EVENT UPDATE

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ALLCARGO GLOBAL LOGISTICS LTD.

PRICE: Rs.568
TARGET PRICE: Rs.600

RECOMMENDATION: REDUCE
CONS. CY08E P/E: 10.5X

Stock has doubled in 10 trading sessions. Limited upside - Recommend REDUCE.

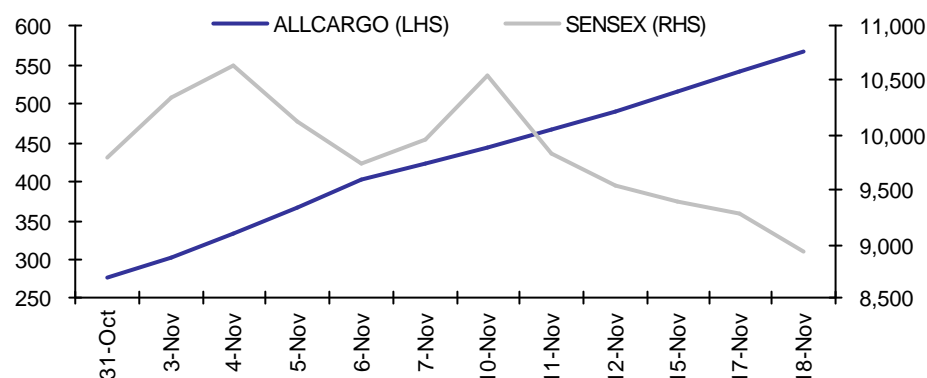
- The stock of ALLCARGO has almost reached our target price of Rs.600. The stock has more than doubled in just 10 trading sessions from its recent low of Rs.271 on 31st October 2008. Due to limited upside of 6% from the current levels we recommend investors to book profits in ALLCARGO.

Consolidated summary table

(Rs mn)	CY06 (9M)	CY07	CY08E
Sales	8,952	16,135	21,368
Growth (%)	230.1	80.2	32.4
EBITDA	796	1,422	2,346
EBITDA margin (%)	8.9	8.8	11.0
Net profit	604	766	1,207
Net debt	326	631	1,953
EPS (Rs)	29.8	37.8	54.0
Growth (%)	24.1	26.9	57.7
DPS (Rs)	4.5	5.0	5.0
ROE (%)	15.3	16.2	22.9
ROCE (%)	18.0	20.5	28.5
EV/Sales (x)	1.5	0.8	0.7
EV/EBITDA (x)	16.4	9.4	6.2
P/E (x)	19.1	15.0	10.5
P/BV (x)	3.2	2.7	2.2

Source: Company, Kotak Securities - Private Client Research

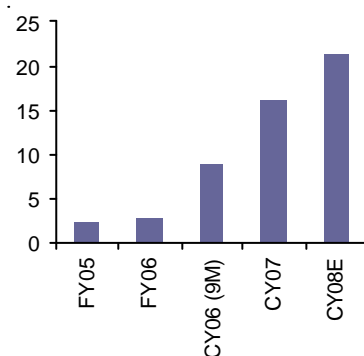
Price performance



Source: Bloomberg

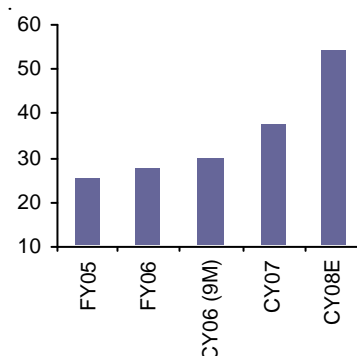
- Going forward we would incorporate CY09 numbers for ALLCARGO into our earning estimates. However looking at the current global recession fears, higher interest rates, declining freight rates, slowing manufacturing growth and slowdown in Indian economy we feel that growth of the company would be impacted CY00.
- Also the company has initiated several expansion plans and looking at the current economic slowdown and slowdown in manufacturing we feel that there could be some delays and cost overruns in the expansion plans.
- We have also not accounted for equity dilution on account of issue 1.1 mn FCCD and 1.5 mn warrants to Blackstone group for which the conversion period is 18 months from February 2008. In case the investor chooses to convert the FCCD and warrants into equity shares it would lead to further equity dilution of 11.6%. This would negatively impact the valuation of ALLCARGO.

Consolidated Net Sales (Rs bn)



Source: Company, Kotak Securities - Private Client Research

Consolidated EPS (Rs)



Source: Company, Kotak Securities - Private Client Research

Valuation & Recommendation

- At Rs.568, the stock trades at 2.2x book value, 10.5x earnings and 7.9x cash earnings based on CY08E.
- We believe that ALLCARGO is fairly valued at current levels as going forward the performance of the company could be negatively affected due to slowdown in the economy and lower manufacturing growth.
- Thus due to fair valuations and due to limited upside potential of 6% we are downgrading the stock from BUY to REDUCE.
- We recommend **REDUCE** on ALLCARGO.

We recommend REDUCE on Allcargo Gobal Logistics with a price target of Rs.600

Bulk Deals

Trade details of bulk deals

Date	Scrip name	Name of client	Buy/ Sell	Quantity of shares	Avg. price (Rs)
18-Nov	Anil Product	Anjali Chawla	B	100,000	56.50
18-Nov	Anil Product	Kabul Chawla	S	100,000	56.50
18-Nov	Harya Capfin	Savita Jindal	B	35,000	22.26
18-Nov	Kailash Fico	Mandvi Dyes And Chemicals Pvt	B	200,000	22.13
18-Nov	Kalin Rail N	L And T Capital Company Limited	B	401,111	129.99
18-Nov	Kalin Rail N	Sundaram Mutual Fund	S	162,998	130.00
18-Nov	Kalin Rail N	DSP Merill Lynch Tr Co P Ltd	S	200,000	130.00
18-Nov	Koff Br Pict	Laxmicap Broking Pvt Ltd	B	27,600	26.31
18-Nov	Koff Br Pict	Moneyer Invest Vasant Meghji Chheda HufS		25,000	26.00
18-Nov	Kzleasing	Anjali Yogesh Pandya	B	18,600	20.90
18-Nov	Kzleasing	Anjali Yogesh Pandya	S	18,260	20.90
18-Nov	Ruchi Soya	Swiss Finance Corpn Mauritius Ltd	B	3,952,130	26.75
18-Nov	Sanguine Md	Khaitan Weaving Mills Ltd	S	167,760	7.84

Source: BSE

Gainers & Losers

Nifty Gainers & Losers

	Price (Rs)	% change	Index points	Volume (mn)
Gainers				
Cairn India	723	0.5	0.1	0.7
Ranbaxy Labs	213	0.4	0.1	1.1
Sun Pharma	1,182	0.1	0.0	0.3
Losers				
NTPC	139	(7.5)	(15.1)	10.3
Bharti Airtel	623	(6.3)	(12.7)	5.0
ONGC	668	(4.7)	(11.4)	2.6

Source: Bloomberg

Forthcoming events

Company/Market

Date	Event
19 Nov	Maruti Suzuki holds press conference to launch a new car; Bharat Hotels holds press meet; Sun Microsystems & Emerson network holds press conference

Source: Bloomberg

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