

## **No Surprises**

The first Railway Budget announced by the incumbent UPA led government, under the aegis of Union Minister, Mamta Bannerjee, can best be summed up as a pragmatic Budget devoid of any major populist measures. The Budget was focused on inclusive growth and expansion of the Railway Network to every corner of the country. As mentioned in the document, the Theme of the Budget is *"to attain the objective of "inclusive growth", the focus will be on the commercial operations with a human face"*.

## **Key Highlights of the Railway Budget FY2010**

- Planned Outlay for the Indian Railways increased by 12% to Rs40,700cr.
- Freight Tariffs and Passenger fares left unchanged.
- Termed as "Diamond Rail Corridors" four Dedicated Freight Corridors, viz. North-South, East-West, East-South and Southern (Chennai-Goa) to be established in line with the Eastern and Western Dedicated Freight Corridors.
- Mega Logistic hubs being planned along with the proposed Eastern and Western dedicated Freight Corridors.
- New policy to be unveiled to allow construction and operation of private freight terminals and multi-modal logistic parks.
- Permission to access private sidings will be given to the containers.
- Encourage private operations of freight terminals.
- Plans to acquire 18,000 wagons in FY2010 under the rolling stock programme against 11,000 wagons during FY2009, a yoy increase of 63.6%.
- 50 stations to be developed as world class stations and 375 stations as 'Adarsh Stations' with improved basic amenities under Private-Public Partnership (PPP) mode.
- Freight Traffic Target for FY2010 set at 880MT, a rise of 5.6%.
- Among the few populist measures announced included introducing Schemes Like 'Izzat' for lower income groups having monthly income of Rs1,500/month to be provided with monthly season tickets at the uniform price of Rs25 for travel up to 100km.

### **Research Team**

Tel: 022 - 4040 3800

E-mail: [research@angeltrade.com](mailto:research@angeltrade.com)

### **Impact of the Railway Budget**

We believe, the Budget, though a non-event from the market point was a step in the right direction.

The freight tariffs were left unchanged and hence would have no implications for the Industry. While no major policy initiatives were announced, taking the PPP route for development of Railway stations is a step in the right direction for building the rail infrastructure and would benefit Infrastructure companies in the space. Further, a host of measures announced such as private sidings for containers, private operation of freight terminals and assured transit time for specific container cargo, we believe, will increase overall volumes for all rail container operators as it should improve turn-around time for exporters and importers. Moreover, dedicated freight corridor implementation is to be put on fast track along with identification of four dedicated freight corridors will result in rail containerisation gaining marketshare in the long term and benefit rail container operators of the likes of Concor and Gateway Distriparks. Along with this, addition of new trains and wagons of around 18,000 would be a positive for the manufacturers of rail coaches and wagons.

<b>Fund Management &amp; Investment Advisory</b>	<b>(☎ 022 - 3952 4568)</b>	
P. Phani Sekhar	Fund Manager - (PMS)	phani.sekhar@angeltrade.com
Siddharth Bhamre	Head - Derivatives and Investment Advisory	siddharth.bhamre@angeltrade.com
Devang Mehta	AVP - Investment Advisory	devang.mehta@angeltrade.com
<b>Research Team</b>	<b>(☎ 022 - 3952 4568)</b>	
Hitesh Agrawal	Head - Research	hitesh.agrawal@angeltrade.com
Sarabjit Kour Nangra	VP-Research, Pharmaceutical	sarabjit@angeltrade.com
Vaibhav Agrawal	VP-Research, Banking	vaibhav.agrawal@angeltrade.com
Vaishali Jajoo	Automobile	vaishali.jajoo@angeltrade.com
Harit Shah	IT, Telecom	harit.shah@angeltrade.com
Deepak Pareek	Oil & Gas	deepak.pareek@angeltrade.com
Pawan Burde	Metals & Mining, Cement	pawan.burde@angeltrade.com
Girish Solanki	Power, Mid-cap	girish.solanki@angeltrade.com
Shailesh Kanani	Infrastructure, Real Estate	shailesh.kanani@angeltrade.com
Anand Shah	FMCG , Media	anand.shah@angeltrade.com
Puneet Bambha	Capital Goods, Engineering	puneet.bambha@angeltrade.com
Sushant Dalmia	Pharmaceutical	sushant.dalmia@angeltrade.com
Param Desai	Logistics	paramv.desai@angeltrade.com
Sageraj Bariya	Fertiliser, Mid-cap	sageraj.bariya@angeltrade.com
Amit Vora	Research Associate (Oil & Gas)	amit.vora@angeltrade.com
Laxmikant Waghmare	Research Associate (Metals & Mining, Cement)	laxmikant.w@angeltrade.com
Aniruddha Mate	Research Associate (Infra, Real Estate)	aniruddha.mate@angeltrade.com
V Srinivasan	Research Associate (Power, Mid-cap)	v.srinivasan@angeltrade.com
Jaya Agrawal	Jr. Derivative Analyst	Jaya.agrawal@angeltrade.com
Amit Bagaria	PMS	amit.bagaria@angeltrade.com
Sandeep Wagle	Chief Technical Analyst	sandeep@angeltrade.com
Ajit Joshi	AVP Technical Advisory Services	ajit.joshi@angeltrade.com
Brijesh Ail	Manager - Technical Advisory Services	brijesh@angeltrade.com
Vaishnavi Jagtap	Sr. Technical Analyst	vaishnavi.jagtap@angeltrade.com
Milan Sanghvi	Sr. Technical Analyst	milan.sanghvi@angeltrade.com
Mileen Vasudeo	Technical Analyst	vasudeo.kamalakant@angeltrade.com
Krunal Dayma	Derivative Analyst - (TAS)	krunal.dayma@angeltrade.com
Sanket Padhye	AVP Mutual Fund	sanket.padhye@angeltrade.com
Pramod Rathod	Research Associate (MF)	pramod.rathod@angeltrade.com
Poonam Jangid	Research Associate (MF)	poonam.Jangid@angeltrade.com
<b>Commodities Research Team</b>		
Amar Singh	Research Head (Commodities)	amar.singh@angeltrade.com
Samson P	Sr. Technical Analyst	samsonp@angeltrade.com
Anuj Gupta	Sr. Technical Analyst	anuj.gupta@angeltrade.com
Girish Patki	Sr. Technical Analyst	girish.patki@angeltrade.com
Abhishek Chauhan	Technical Analyst	abhishek.chauhan@angeltrade.com
Parag Joshi	Technical Analyst	parag.joshi@angeltrade.com
<b>Commodities Research Team (Fundamentals)</b>		
Badruddin	Sr. Research Analyst (Agri)	badruddin@angeltrade.com
Mandar Pote	Research Analyst (Energy Complex)	mandar.pote@angeltrade.com
Reena Wallia	Research Analyst ( Base Metals)	reena.walia@angeltrade.com
Vedika Narvekar	Research Analyst ( Agri)	vedika.narvekar@angeltrade.com
Nalini Rao	Research Analyst (Agri)	nalini.rao@angeltrade.com
Bharathi Shetty	Research Editor	bharathi.shetty@angeltrade.com
Bharat Patil	Production	bharat.patil@angeltrade.com

Research & Investment Advisory: Acme Plaza, 3rd Floor 'A' wing, M.V. Road, Opp Sangam Cinema, Andheri (E), Mumbai - 400 059

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Corporate & Marketing Office	:	612, Acme Plaza, M.V. Road, Opp Sangam Cinema, Andheri (E), Mumbai - 400 059	Tel : (022) 3941 3940
NRI Helpdesk	:	e-mail : nri@angeltrade.com	Tel : (022) 4000 3622 / 4026 2700
Investment Advisory Helpdesk	:	e-mail : advisory@angeltrade.com	Tel : (022) 3952 4568
Commodities	:	e-mail : commodities@angeltrade.com	Tel : (022) 3081 7400
PMS	:	e-mail : pmshelpdesk@angeltrade.com	Tel : (022) 3953 2800
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Ahmeda. (Bapu Nagar) - Tel : (079) 3091 6900 - 02	Hyderabad - AS Rao Nagar Tel: (040) 4222 2070-5	Porbandar - Tel : (0286) 3941 3940	
Ahmedabad (C. G. Road) - Tel: (079) 4021 4023	Hubli - Tel: (0836) 4267 500 - 22	Porbandar (Kuber Life Style) - Mob.-98242 53737	
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Ahmedabad (Kalapur) - Tel: (079) 3041 4000 / 01	Indore - Tel: (0731) 4232 100 / 31 / 40	Pune (Aundh) - Tel: (020) 4104 1900	
Ahmedabad (Maninagar) - Tel: (079) 3981 7430 / 1	Jaipur - (Rajapark) Tel: (0141) 3057900 / 9983340004	Pune (Camp) - Tel: (020) 3092 1800	

Central Support & Registered Office: G-1, Akruiti Trade Centre, Road No. 7, MIDC Marol, Andheri (E), Mumbai - 400 093 Tel : 2835 8800 / 3083 7700