

Clip: 1 of 1

Rail stocks derail post Budget

PNS ■ NEW DELHI/ MUMBAI

While Sensex continued to close high for the fourth consecutive day in a row and gained 106 points on Wednesday, railway stocks lost as much as 6 per cent on the BSE as investors deserted the counters in the absence of any huge benefit from the Rail Budget.

"The Government is emphasising more on putting up its own facilities and that is the most potent reason why railway stocks pared gains and closed in the negative territory," said CNI Research CMD Kishore P Ostwal while talking to *The Pioneer*.

The rail-linked stocks saw some buying interest this morning, but lost momentum after the Budget proposals were announced in Parliament by Railway Minister Dinesh Trivedi.

Shares of Kalindee Rail Nirman (Engineers) nosedived 6.55 per cent to ₹104.85, while wagon maker Texmaco Rail and Engineering plunged 6.11 per cent to end the session at ₹66.85.

Kernex Microsystems dropped by 5.19 per cent to ₹87.60 and Titagarh Wagons was down 4.25 per cent.

Gateway Distriparks survived the mauling but still ended the day with a mere 0.03 per cent loss.

Bucking the trend, Bharat Earth Movers and Bartronics India gained 0.90 per cent and 2.59 per cent, respectively.



COMPANYS' SHARES PLUNGE

Kalindee Rail	6.55%
Texmaco Rail and Engineering	6.11%
Kernex Microsystems	5.19%
Titagarh Wagons	4.25%
Gateway Distriparks	0.03%

"There was nothing exciting for Railway companies and as the Budget was not up to the market expectations, investors booked profit and deserted the rail related stocks," added Ostwal.

An increase in passenger fares across all classes, more than 100 new trains, enhanced frequency and plans to hire more than one lakh employees were some of the key Rail Budget proposals.

The Sensex closed with

gains of another 105.68 points at 17,919.30, while Nifty moved up further by 34.40 points to 5,463.90.

Market sentiment was largely bolstered by firm global markets, with US key index closing at highest level since December 31, 2007 on upbeat economic data.

"Strong closings in the US markets acted as positive trigger for the global markets. However, India's February monthly inflation figure acted as a dampener for the markets

as the wholesale price index quickened," said Shanu Goel, Research Analyst at Bonanza Portfolio.

She said the markets, after consolidating for a while, slipped lower amid concerns on RBI's stance in tomorrow's Monetary policy.

FII's have made substantial purchases in the last three days. They bought Indian equities worth Rs 872.69 crore yesterday as per provisional data from the stock exchanges.

Meanwhile, key indices in Japan, Singapore, South Korea and Taiwan rose by up to 1.53 per cent. However, China's Shanghai Composite and Hong Kong's Hang Seng fell.

European markets were up in the afternoon, with key indices in France, Germany and the UK in the green.

Industry reactions on Rail Budget 2012

The Rail Budget is largely in alignment with CII's pre-Budget recommendations, and is a good balancing act, given the fund constraints. The five-point agenda outlined in the Budget along with focus on bringing down operating ratio through greater efficiency would go a long way in infusing the necessary momentum to rail infrastructure upgradation

CII Director General Chandrajit Banerjee



FICCI welcomes the Railway Budget for having taken the bold step of raising passenger fares that had not been touched since 2002-03. This is indeed welcome as it will reduce, even if marginally the cross subsidisation of passenger fares from freight. The much needed investment in infrastructure will result in safety, decongestion, capacity augmentation and modernization of system, creating a more vibrant Railways

It is a good and well balanced budget, gently nuanced and has also respected the price sensitivity to the income of the people

Former Finance Commissioner of Railway Board R Sivadasan



Railway Budget 2012-2013 has been positive for both passengers and freight and offers a wide assortment of benefits to the commercial and the logistics firms as there have been no major changes in fares and freight rates. TCI welcomes the proposed step of Indian Railways to set up a separate railway safety authority to address safety issues.

Transport Corporation of India Joint Managing Director Vineet Agarwal

Overall, the budget is focused on controlling the deficit while continuing investments to make railways one of the largest and best networks globally. It tries to align the annual targets with the Vision 2020 statement of the railways and the 12th 5-year plan."

Kotak Securities Head- Fundamental Research Dipen Shah

