



## Research Notes

### **Buy Axis Bank – Expected price Rs.580 over 1 year**

Axis Bank is recommended to buy with a target price of Rs.580 over one year as against the current price of Rs. 495 range.

The target price is increased to this level on expectation of higher loan growth in FY10 and better return on equity (RoE). This is despite minor concerns over rising non-performing liabilities (NPL). However, the provisioning for NPL has been increased by 68% for FY10.

The bank has been reducing real estate and non – collateral retail loans and this appears to be a positive factor. On the other hand, the dissent over the new CEO would be a negative factor for the near term.

### **Reduce Exposure in GMR Infra; stock price may drop to Rs.52**

The outlook for GMR Infrastructure continues to be weak and the price of the stock is expected to drop to Rs.52 from the ongoing level of Rs.117 plus.

The stock appears to be overvalued with a P/E multiple of 71 times of FY09 earnings and 56% of FY10 earnings.

The stock price may drag down by declining passenger traffic at DIAL and GHIAL are the negative factors and this may drag down the stock price.

### **Pare exposure in Punj Lloyd; price may drop to Rs.86**

It seems that the profitability of Punj Lloyd for FY09 would be badly hit by unfavorable Court verdict against the UK subsidiary of the company. A charge of GBP 28.5 million is expected on this issue.

The company can go for the next level of court proceedings and may make this up.

### **Sesa Goa – Hold**

The management is confident of achieving 20-25% growth in sales volume in FY10 and also expect spot sales to China.

Cash per share at Rs.50 at the end of FY09 gives strength to stock valuation.

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