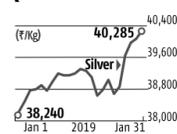


## QUICK TAKE: SILVER SET TO SHINE EVEN MORE



The price of silver hit a 7-month high. The metal was underperforming gold for quite some time, but analysts now expect it to make more gains following the overall rally in base metals and bullion. The strong performance of silver is due to the sudden spurt in industrial and consumer demand

TSI P15  
**WHY THE STREET RE-RATED AXIS BANK & ICICI BANK**

# US Fed holds rate, spurs markets

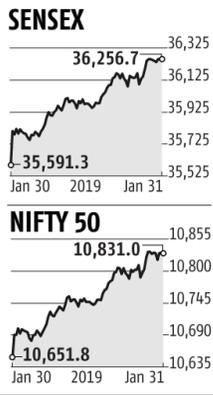
American central bank's move comes amid slowing global growth; leads to buying across European, Asian equities

SAMIE MODAK  
Mumbai, 31 January

A reversal in stance by the US Federal Reserve regarding interest rate hikes boosted equity markets on Thursday, with the benchmark Sensex climbing nearly 2 per cent — its most in three months.

The Federal Open Market Committee (FOMC) kept policy rates unchanged and indicated that the interest rate increase was on hold amid concerns over global economic growth. The decision triggered a wave of buying across global equities, starting with Wall Street where the Dow Jones surged 1.8 per cent on Wednesday to end at a two-month high. Most Asian and European markets witnessed upbeat trading on Thursday.

The Sensex ended at 36,257, up 665 points or 1.87 per cent — the most since October 29. The Nifty closed at 10,831, up 179 points or 1.68 per cent — its most since December 12. The rupee ended at 71.09, compared to its previous close of 71.13. The yield on the 10-year government bond softened to 7.28 per cent from 7.32 per cent a day ago. The US central bank was widely expected to



### HOW THEY FARED

	BSE price in ₹	Jan 31	% chg*
<b>Gainers</b>			
Axis Bank	723.00		4.60
Tata Motors	181.30		4.00
Tata Mot-DVR	93.80		3.60
Infosys	749.60		3.40
Reliance Inds	1,227.10		2.70
<b>Losers</b>			
YES Bank	194.30		-2.60
HCL Techno	1,005.20		-1.20
Bajaj Fin	2,570.40		-1.00
ICICI Bank	364.30		-0.30
Coal India	225.20		-0.10

\* Change over previous day Source: Bloomberg  
Compiled by BS Research Bureau

be on a rate-hike path this year. While Fed Chairman Jerome Powell didn't say what next rate move would be, he said, "The case of raising interest rates has weakened somewhat."

"The Fed's first meeting of 2019 proved to be an eventful one, with the FOMC delivering a meaningfully dovish statement, while, at the same time, taking a step towards an early end to

balance sheet normalisation," Morgan Stanley said in a note. The yield on the 10-year US Treasury fell to 2.66 per cent from 2.69 per cent, while the Dollar Index weakened further. Typically, a decline in the US yields and dollar boosts investors' appetite for riskier assets.

On Thursday, overseas investors bought shares worth ₹3,000 crore, their highest single-day purchase since March 2018. Domestic investors, on the other hand, offloaded shares worth ₹1,634 crore, the most since July 2018.

The sharp gains in the domestic markets come a day ahead of the Union Budget, in which the Centre is expected to announce slew of populist measures to help farmers, small businesses and taxpayers. Market experts said investors will keep an eye on the fiscal math in the Budget.

"The FY19 Budget math is tricky, but we expect the fiscal deficit target of 3.3 per cent of GDP to be met. There are risks of slippage due to a shortfall in GST, excise and income tax revenues, as well as spectrum sale proceeds," said a note by HSBC.

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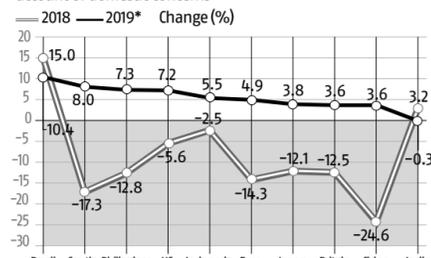


## GLOBAL RALLY: INDIA AN OUTLIER

India, one of the best-performing markets in 2018, missed the rally in global markets in January. The MSCI Asia Pacific Index has gone up 5.5 per cent and the MSCI Emerging Market (EM) Index has gained close to 10 per cent in January.

### Defying the cues

Indian equities missed the global rally in January on account of domestic concerns



In comparison, the benchmark Nifty has lost 0.3 per cent, making it one of the worst-performing markets for the month. The rebound in global markets comes after a rout in the December quarter, amid rising global trade tensions and slowing global economic growth. Stability in the US market and rising commodity prices have fuelled gains in global equities over the past few weeks. However, domestic concerns, including weak earnings growth, have weighed on the performance of domestic markets. Liquidity concerns following the crisis at IL&FS and media group Zee have added to the negative sentiment, particularly in the mid-cap space. Both the NSE Midcap 100 and Smallcap 100 indices fell 5 per cent in January.

SAMIE MODAK

## 'We have a 40,000 yr-end Sensex target'

A more difficult first half might precede a stronger second half for Indian equities, ABHIRAM ELESWARAPU, head (India equity research), BNP Paribas, tells Ashley Coutinho in an interview. A volatile currency and unpredictable politics could remain concerns. Edited excerpts:

### Your outlook for the market for this year?

The past year was challenging, with the Nifty marginally down and held up only by a handful of stocks. The BSE mid-cap and small-cap indices are down 20-30 per cent over the past year. Macro factors such as trade wars, oil prices and currency have fluctuated significantly, making it more of a trading market than one for investing.

To us, 2019 appears a story of two halves for Indian equities; a more difficult first half might precede a stronger second half. India is rated 'neutral' in our Asia ex-Japan model portfolio. We have a 40,000 year-end Sensex target, which presents about a 12 per cent upside, though we expect most of this to play out in the second half.



growth of 12 per cent in 2018-19, followed by a sharp pick-up to over 21 per cent growth in 2019-20, which carries a risk of being too optimistic.

### Do Indian markets look overvalued at this stage?

The Nifty trades at about 17 times its estimated one-year forward earnings and 2.5 times the price-to-book (P/B), slightly above historical levels. This is not egregiously expensive on an absolute basis but more expensive than the usual relative to Asian peers. This valuation is also based on the consensus forecasts that are calling for Nifty earnings



### Your view on mid and small-caps as investment bets?

Mid-cap and especially small-cap valuations have certainly corrected from the highs of last year. The mid-cap index, however, still trades at similar valuations as the Nifty, though small-caps are well below the historical levels. Some of these stocks have fallen for good reason, whereas others might have been unfairly penalised and, thus, present buying opportunities.

In the long term, we are sector or market-cap agnostic and focus more on a methodical bottom-up approach to stock picking that has so far served us well, despite volatile markets. Our process emphasises firms with proven competitive advantages and quality of earnings, with the aim of picking winners across sectors. Several mid- and small-cap names across sectors feature in our recommendation lists. Our current positive recommendations include select private banks, non-banking financial institutions and insurance, consumer discretionary, energy and tech sectors.

### Do you see a sustained recovery in corporate earnings in the coming quarters?

Yes, we expect corporate earnings to improve gradually. Much of this is predicated on the back of continued policy reform domestically, asset quality improvement at banks, the interest rate cycle pausing and recovery in corporate capex. All these factors are opportunities and earnings drivers but also present risks if they do not pan out as expected.

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## Weak aluminium prices take shine off Vedanta's show

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## Chalet Hotels IPO manages to scrape through

The ₹1,641-crore initial public offering (IPO) of Chalet Hotels received subscription of 1.58 times on Thursday, the final day of the offer. The IPO saw bids for 64.8 million shares, as against the 41 million on offer.

The portion reserved for institutional investors was subscribed 4.6 times, and the high networth individuals (HNI) portion subscribed 1.11 times. The retail investors' portion was subscribed just 2 per cent. Experts said the lukewarm response underscores the weak sentiment towards the primary market. Chalet Hotels was the first major IPO to hit the market in nearly four months. Since October, firms and bankers resisted from launching IPOs.

SUNDAR SETHURAMAN

## Investors give L&T Tech's offer for sale a miss

Investors on Thursday gave a miss to the offer for sale (OFS) in L&T Technology Services, with the retail portion getting 2.33 per cent subscription. On Wednesday, the portion for institutional investors, too, had seen subscription of just 57 per cent. People in the know said there was investor demand at a lower price. The company, however, decided to price the share sale aggressively. Parent Larsen and Toubro was looking to offload nearly 5.6 million shares (5.38 per cent stake) at ₹1,610 apiece. The share sale, however, received just 1.55 million bids. If fully subscribed, L&T would have raised ₹900 crore. Instead, it will now end up getting less than ₹250 crore.

SUNDAR SETHURAMAN

**SOLITAIRE PRICE INDEX**

1<sup>st</sup> February, 2019

**4,217\***

Over last Month: **0.34% ↑**

Over last Year: **15.82% ↑**

Nationwide Standard & Transparent Pricing since 2006. Published on the 1<sup>st</sup> of every month.

**DIVINE SOLITAIRE**

\*This is an average of Divine Solitaires Price List

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# LAURUS Labs

Knowledge . Innovation . Excellence

## Laurus Labs Limited

**Regd. Office:** Plot No.21, Jawaharlal Nehru Pharma City, Parawada, Visakhapatnam - 531 021, Andhra Pradesh, India.  
**Corporate Office:** 2nd Floor, Serene Chambers, Road No. 7, Banjara Hills, Hyderabad - 500 034, Telangana, India.  
 Tel: +91 40 3980 4333 ; Fax: +91 40 3980 4320 ; E-mail: secretarial@lauruslabs.com; Website: www.lauruslabs.com  
**(CIN: L24239AP2005PLC047518)**

Extract of Unaudited Consolidated Financial Results of Laurus Labs Limited for the quarter and nine months ended December 31, 2018 prepared in compliance with Indian Accounting Standards. (₹ in millions)

Sl. No.	Particulars	Quarter ended			Nine months ended		Year ended
		31-Dec-18	30-Sep-18	31-Dec-17	31-Dec-18	31-Dec-17	31-Mar-18
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Total revenue from operations	5,294.57	5,882.81	4,789.31	16,567.55	15,087.63	20,690.03
2	Net Profit for the period (Before tax, Exceptional and/or Extraordinary items)	227.68	217.91	485.54	671.83	1,733.28	2,374.16
3	Net Profit for the period before tax (After Exceptional and/or Extraordinary items)	227.68	217.91	485.54	671.83	1,733.28	2,374.16
4	Net Profit for the period after tax (After Exceptional and/or Extraordinary items)	178.17	162.10	348.70	505.85	1,225.30	1,676.10
5	Total Comprehensive Income for the period	202.61	105.38	347.72	459.82	1,222.26	1,676.30
6	Equity Share Capital	1,064.37	1,064.37	1,060.30	1,064.37	1,060.30	1,060.30
7	Reserves (Excluding Revaluation Reserve) as shown in the Audited Balance Sheet						13,766.09
8	Earnings Per Share (of ₹ 10/- each)						
	1. Basic : ₹ *	1.67	1.53	3.29	4.76	11.57	15.83
	2. Diluted : ₹ *	1.67	1.53	3.28	4.75	11.53	15.76

\* Not annualised for quarter/nine months ended

**Notes:**

- Additional information on Unaudited standalone financial results for the quarter and nine months ended December 31, 2018 (₹ in millions)

Sl. No.	Particulars	Quarter ended			Nine months ended		Year ended
		31-Dec-18	30-Sep-18	31-Dec-17	31-Dec-18	31-Dec-17	31-Mar-18
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Total revenue from operations	5,127.76	5,746.34	4,737.68	16,185.11	14,927.41	20,392.88
2	Profit before tax	222.05	227.44	497.75	667.71	1,777.03	2,409.07
3	Profit after tax	174.82	176.34	358.91	510.46	1,267.87	1,731.39
4	Total Comprehensive Income for the period	196.13	124.01	356.15	470.29	1,263.90	1,731.57

- The above is an extract of the detailed format of Quarterly/Nine months ended Financial Results filed with the Stock Exchanges under Regulation 33 of the SEBI (Listing and Other Disclosure Requirements) Regulations, 2015. The full format of the Quarterly/Nine months ended Financial Results are available on the websites of the Stock Exchanges and the Company namely www.bseindia.com, www.nseindia.com and www.lauruslabs.com
- The Government of India introduced the Goods and Services Tax (GST) with effect from July 01, 2017. Accordingly, revenue from operations are presented net of taxes and duties, on implementation of Goods and Services Tax Act. Revenue from operations for the nine months ended December 31, 2017 included Excise duty upto June 30, 2017 which is now subsumed in GST.
- The above unaudited financial results of the Company as reviewed by the Audit Committee has been approved by the Board of Directors at its meeting held on January 31, 2019.

By order of the Board  
For **Laurus Labs Limited**

**Dr. Satyanarayana Chava**  
Whole Time Director & Chief Executive Officer

Place: Hyderabad  
Date : January 31, 2019