



AJCON GLOBAL

## Market Wrap

Nov. 20, 2017

### Midcaps outperform; benchmark indices end flat...

Benchmark indices ended flat in lacklustre trading on Monday following heavy gains on Friday, after Moody's Investors Service upgraded the country's sovereign credit rating.

Indian shares also tracked their subdued Asian peers after uncertainties clouding a US tax-overhaul bill saw a retreat on Wall Street on Friday. MSCI's broadest index of Asia-Pacific shares outside Japan extended losses.

The Nifty PSU Bank index fell 0.85% after surging in the previous two sessions, including the 3.22% gain on Thursday.

Investors have been hopeful that a tax bill under debate in Congress will boost corporate earnings and further fuel the stock market's record-setting run in US.

### Crude oil

Oil markets were tepid on Monday as traders were reluctant to take on big new positions ahead of an OPEC meeting at the end of the month, when the producer club is expected to decide whether to continue output cuts aimed at propping up prices.

Brent crude futures, the international benchmark for oil prices, were at \$62.47 per barrel at 0752 GMT, down 25 cents, or 0.4 percent, from their last close.

US West Texas Intermediate (WTI) crude futures were at \$56.57 a barrel, up just 2 cents from their last settlement.

### Sectors and stocks

Shares of Divis Laboratories rose 2.6% intraday as its Visakhapatnam unit received EIR from USFDA.

The company has received an establishment inspection report (EIR) from United States Food & Drug Administration (USFDA) for its Unit-II at Visakhapatnam.

Shares of cement companies were under pressure with most of the stocks down in the range of 2% to 5% on the BSE.

JK Lakshmi Cement and Shree Cement were down 4% each, while JK Cements, Birla Corporation, India Cements, HeidelbergCement India, The Ramco Cement, ACC and Ambuja Cements were trading lower in the range of 2% to 3% on the BSE. On comparison, the S&P BSE Sensex was trading flat at 33,334 at 11:06 AM.

According to media report, Supreme Court (SC) on Friday asked all the states and Union Territories to consider enforcing the decision of the Ministry of Environment and Forest (MoEF) and the Central Pollution Control Board (CPCB) prohibiting the use of pet coke and furnace oil by the industry in Uttar Pradesh, Haryana and Rajasthan.

Due to the ban, companies under our coverage that would be affected negatively if there is a delay in passing on cost increase for shifting to coal are Shree Cement, JK Cement, JK Lakshmi Cement, Ambuja Cements, India Cements and ACC, in that order.

If pet coke is banned across India, then almost all players in the cement industry are likely to be impacted. The international coal price is around 15% expensive on kcal basis compared with pet coke, which would require an increase of around Rs 10 in price per bag.

Eris Lifesciences has surged 7% to Rs 628 on the BSE after the company announced that it has acquired Strides' India branded generics business for an aggregate cash consideration of Rs 500 crore.



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Strides Shasun (Strides) and Eris Lifesciences (Eris) on Saturday, November 18, 2017 announced entering into definitive agreements for sale of Strides' India branded generics business to Eris for an aggregate cash consideration of Rs 500 crore. The transaction is subject to customary closing conditions and parties intend to close the transaction by November 30th, 2017. Strides' India branded generics business comprise of a portfolio of 130+ brands in the domains of Neurology, Psychiatry, Nutraceuticals, Gastro etc. along with the employees forming part of the business. In terms of the agreement, Eris will acquire the marketing and distribution rights for the said portfolio of products in India while Strides will retain the global rights for these products. Post-acquisition Eris will break into the league of top 25 companies having a market share of more than 1% in the Indian Pharmaceutical Market. The India branded generics business being divested by Strides had sales of Rs 181 crore in FY 2017.



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