

## THE WEEKLY WRAP-UP

22nd September 2017

### DOMESTIC:

- Hindustan Petroleum Corporation plans Rs61,000cr investment in 5 years
- Biocon's Vizag API plant clears US FDA inspection
- Glenmark receives ANDA approval for Desonide Ointment
- Punj Lloyd bags Rs120cr project to supply truck scanners
- ZEE Entertainment completes sale of TEN Sports to Sony
- Zydus and Pharm Aid Ltd. enter into an exclusive agreement for vaccine technology in Russia
- Bodhtree Consulting bags Rs100cr order from MCI
- L&T bags order worth Rs1700cr
- Mahindra & Mahindra to acquire Turkey's Erkunt for Rs478cr
- L&T, HCC in race for Mumbai trans-harbour link project
- Divi's Labs gets 6 USFDA observations for Vizag unit
- MEP Infra bags toll collection contract for Delhi entry points
- Chinese car maker Chery planning to enter India, may join hands with Tata Motors
- Glenmark gets USFDA nod for chest pain tablets
- Tata Steel, Thyssenkrupp sign MoU for European Steel JV
- Government stake in NTPC drops to below 63%
- Usha Martin plans to sell profitable unit to reduce Rs3,718cr debt
- PFC gets nod to raise up to Rs65,000cr via debt
- Lasa Supergenerics lists at Rs140.20 on NSE
- Orchid Pharma gets EIR from USFDA for its Alathur facility
- Adani Power shareholders nod to Mundra plant hive-off plan
- Cox & Kings' unit inks pact with Swiss developer
- Bharti Airtel plans to spend over Rs32,000cr in next two fiscals
- Zydus receives final approval from USFDA for Itraconazole Capsules
- Dabur, Amazon set up ayurveda marketplace

### ECONOMY:

- Government plans booster shot for economy

### INDUSTRY:

- Anti-dumping duty on import of bus, truck tyres from China
- Policy decision in healthcare is hurting industry, investors weary
- India to reach 20 GW of installed solar capacity by FY18-end: report
- TRAI reduces IUC in the telecom sector
- NPPA slashes prices of medicines for TB, cancer, hep B
- Domestic metals sector is seeing robust demand with higher prices

Price Performance (%)			
Company	1M	3M	12M
Supreme Petrochem Ltd	19.1%	-0.1%	81.0%
Indian Hume Pipe Co. Ltd	3.2%	1.0%	59.3%
Shanthi Gears Ltd	-1.4%	-7.7%	-1.4%
Hind Rectifiers Ltd	47.8%	39.2%	31.1%
KCP Limited	12.2%	6.1%	15.9%
Harita Seating System Ltd	10.1%	7.1%	40.3%
Hester Biosciences Ltd	20.8%	15.6%	35.6%
Rallis India Ltd	-5.2%	-10.6%	-3.8%
The Hitech Gears Ltd	3.9%	-5.2%	-4.0%
Bharat Bijlee Ltd	-0.7%	-21.4%	42.7%
Castrol India Ltd	-3.2%	-8.9%	-20.3%
Engineers India Ltd	2.4%	-1.3%	17.6%
TNPL	4.9%	7.2%	9.0%
Triveni Turbines Ltd	1.2%	-6.3%	5.7%
Siemens Ltd	7.8%	0.4%	8.0%
Hikal Ltd	6.7%	3.3%	8.3%
TRIL	1.1%	-12.1%	-4.4%
Aksh Optifibre Ltd	-2.9%	35.0%	14.7%
GMM Pfäudler Ltd	7.4%	-2.7%	68.7%
Alicon Castalloy Ltd	6.0%	5.6%	57.7%
Premier Explosives Ltd	-0.9%	-17.3%	24.5%
Gulshan Polyols Ltd	1.7%	-11.7%	13.0%
Gufic Biosciences Ltd	9.5%	2.2%	95.8%
Excel Industries Ltd	1.8%	18.5%	29.8%
Vesuvius India Ltd	-1.5%	11.1%	34.0%
Munjal Showa Ltd	13.3%	33.4%	19.3%
Bharat Rasayan Ltd	-5.1%	-4.7%	49.5%
Alkyl Amines Chemicals Ltd	11.5%	7.5%	29.6%
Nesco Ltd	8.8%	6.0%	55.8%
Grauer and Weil (India) Ltd	57.1%	61.7%	83.1%
M.M. Forgings Ltd	6.3%	4.7%	55.6%
Texmaco Rails & Engineering Ltd	14.9%	13.4%	-11.4%
Nagarjuna Agrichem Ltd	27.4%	32.7%	105.0%
Simplex Infrastructures Ltd	-3.8%	-9.6%	39.1%
Sadhana Nitrochem Ltd	16.4%	0.2%	157.5%
ITD Cementation India Ltd	1.9%	-5.0%	14.2%
Westlife Development Ltd	-10.0%	5.3%	6.9%
Federal Mogul Goetze (India) Ltd	-2.2%	-11.4%	6.4%

### The week that went by:

The week started on a strong note tracking the global cues. After hitting a fresh high, the markets turned flat in second day of trade. All eyes now would be on the monetary policy meeting of Federal Reserve. After a positive opening, the markets turned volatile midweek in tandem to the Fed outcome. The markets opened higher after the Fed left the interest rates unchanged but signalled that it expects one more increase by the end of the year despite low inflation. The markets opened on negative tracking the weakness post North Korea threatened of testing nuclear weapon in the pacific.

Coverage Universe Valuations												
Company	Reco	Reco at	CMP	Tgt price	Upside	Mcap	PE(x)		EV/Sales (x)		EV/EBITDA (x)	
		(Rs)	(Rs)	(Rs)	(%)	(Rs bn)	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E
Supreme Petrochem Ltd	BUY	77	383	500	30.5	37.0	51.6	35.1	1.1	1.0	26.9	19.2
Indian Hume Pipe Co. Ltd	BUY	341	518	600	15.9	12.5	24.0	16.8	12.2	10.7	11.3	9.0
Shanthi Gears Ltd	BUY	107	132	200	51.5	10.8	95.1	74.8	5.9	5.9	39.9	35.1
Hind Rectifiers Ltd	BUY	69	127	175	37.6	1.9	105.8	24.1	1.8	1.4	35.9	15.0
KCP Limited	BUY	71	117	150	28.7	15.0	37.8	26.9	2.6	2.3	15.3	12.8
Harita Seating System Ltd	BUY	266	773	900	16.4	6.0	61.1	44.9	2.1	1.9	37.7	29.3
Hester Biosciences Ltd	BUY	565	1033	1500	45.2	8.8	49.2	41.0	9.2	7.3	28.4	23.1
Rallis India Ltd	BUY	181	217	300	38.6	42.1	27.6	21.6	2.5	2.2	15.4	12.7
The Hitech Gears Ltd	BUY	298	347	450	29.7	6.5	24.3	18.6	1.3	1.1	10.2	8.6
Bharat Bijlee Ltd	BUY	787	1142	2000	75.2	6.5	114.1	52.8	1.1	1.0	37.0	31.7
Castrol India Ltd	BUY	447	375	600	59.9	185.6	28.4	26.5	4.7	4.6	18.1	16.9
Engineers India Ltd	BUY	211	153	200	30.5	51.6	14.6	14.0	1.5	2.5	9.9	16.8
Tamil Nadu Newsprint & Papers Ltd	BUY	224	355	450	26.9	24.6	11.4	9.7	1.8	1.7	7.2	6.2
Triveni Turbines Ltd	BUY	92	132	175	32.9	0.4	42.6	35.8	0.6	0.5	2.8	2.4
Siemens Ltd	BUY	1128	1363	1500	10.1	485.2	51.9	44.6	4.1	3.7	30.4	25.9
Hikal Ltd	BUY	143	219	325	48.3	18.0	51.4	36.3	2.6	2.5	13.1	11.5
Transformers and Rectifiers (India) Ltd	BUY	300	316	450	42.2	4.2	-14.4	23.4	1.1	0.9	49.6	9.5
Aksh Optifibre Ltd	BUY	15	25	35	41.7	4.0	12.0	7.3	0.8	0.7	4.9	3.6
GMM Pfaudler Ltd	BUY	332	615	700	13.8	9.0	48.8	47.2	3.6	3.4	25.9	24.1
Alicon Castalloy Ltd	BUY	288	534	750	40.6	6.6	29.4	23.2	1.1	1.0	10.4	9.2
Premier Explosives Ltd	BUY	350	435	600	37.9	3.9	4.9	37.8	2.2	1.8	4.4	18.4
Gulshan Polyols Ltd	BUY	390	81	140	71.9	3.8	2.5	11.8	0.3	0.3	2.4	2.4
Gufic Biosciences Ltd	BUY	50	75	100	34.0	5.7	78.8	49.1	3.0	2.4	31.0	21.4
Excel Industries Ltd	BUY	380	423	650	53.7	5.5	21.7	15.0	1.4	1.3	9.8	8.1
Vesuvius India Ltd	BUY	1230	1330	1500	12.8	26.6	32.1	28.7	3.3	3.2	17.3	16.8
Munjal Showa Ltd	BUY	191	257	300	16.8	10.3	16.8	15.6	0.7	0.6	8.7	7.8
Bharat Rasayan Ltd	BUY	2747	2790	4250	52.3	11.7	35.0	19.7	2.9	2.0	16.1	10.9
Alkyl Amines Chemicals Ltd	BUY	391	430	550	27.8	8.8	17.8	17.5	2.0	2.0	10.5	10.3
Nesco Ltd	BUY	2397	2615	3200	22.4	36.8	28.0	20.5	1.4	1.2	2.0	1.6
Grauer and Weil (India) Ltd	BUY	45	66	80	21.7	14.9	38.2	29.2	3.6	3.4	20.0	18.0
M.M. Forgings Ltd	BUY	607	654	750	14.7	7.9	15.6	18.2	1.7	1.7	8.0	8.2
Texmaco Rails & Engineering Ltd	BUY	91	100	125	25.1	20.2	99.9	77.8	2.1	2.1	98.9	42.3
Nagarjuna Agrichem Ltd	BUY	29	43	60	38.1	6.8	75.5	20.1	1.2	1.1	15.7	14.3
Simplex Infrastructures Ltd	BUY	540	470	700	48.9	20.2	35.1	19.3	1.0	1.0	9.8	8.1
Sadhana Nitrochem Ltd	BUY	67	69	100	44.9	0.6	-13.1	28.0	2.7	1.6	46.6	10.6
ITD Cementation India Ltd	BUY	158	166	225	35.8	25.7	53.4	34.6	1.0	1.3	14.0	12.6
Westlife Development Ltd	BUY	266	237	350	47.5	36.9	-179.4	-304.6	4.6	4.2	89.5	82.4
Federal Mogul Goetze (India) Ltd	BUY	540	504	750	49.0	28.0	60.9	38.9	2.2	2.2	21.3	16.1

\*Castrol – Dec Ending | Siemens—Sept ending |

\*IHP and EIL- 1:1 bonus; Gulshan Polyols: Stock split FV=5 to FV=1, Nesco Ltd : Stock split FV=10 to FV=2

Calls Closed							
Company	Reco	Reco at	Closed price	Company	Reco	Reco at	Closed price
		(Rs)	(Rs)			(Rs)	(Rs)
KEC International Ltd	BUY	140	240	Mukand Engineers Ltd	BUY	33	56
Rajoo Engineers Ltd	BUY	15	30	Camlin Fine Chemicals Ltd	BUY	111	87
Omkar Speciality Chemicals Ltd	BUY	162	90	West Coast Paper Mills Ltd	BUY	67	187
Navneet Education Ltd	BUY	96	159	GEE Limited	BUY	33	44.5

\*Omkar: Spin off

Coverage Performance Sheet										
Company	Reco at	CLS	Target Price (Rs)							Appreciation
	(Rs)	(Rs)	Target 1	Target 2	Target 3	Target 4	Target 5	Target 6	Target 7	(%)
Supreme Petrochem Ltd	77	383	120	150	200	275	350	500	-	397%
Indian Hume Pipe Co. Ltd	341	518	500	600	-	-	-	-	-	52%
Shanthi Gears Ltd	107	132	150	200	-	-	-	-	-	23%
Hind Rectifiers Ltd	69	127	110	140	175	-	-	-	-	84%
KCP Limited	71	117	105	150	-	-	-	-	-	64%
Harita Seating System Ltd	266	773	400	600	750	900	-	-	-	191%
Hester Biosciences Ltd	565	1033	750	875	1150	1500	-	-	-	83%
Rallis India Ltd	181	217	260	300	-	-	-	-	-	20%
The Hitech Gears Ltd	298	347	450	-	-	-	-	-	-	16%
Bharat Bijlee Ltd	787	1142	1100	1500	2000	-	-	-	-	45%
Castrol India Ltd	447	375	600	-	-	-	-	-	-	-16%
Engineers India Ltd	211	153	200	-	-	-	-	-	-	-27%
Tamil Nadu Newsprint & Papers Ltd	224	355	350	450	-	-	-	-	-	58%
Triveni Turbines Ltd	92	132	135	175	-	-	-	-	-	43%
Siemens Ltd	1128	1363	1500	-	-	-	-	-	-	21%
Hikal Ltd	143	219	200	250	325	-	-	-	-	53%
Transformers and Rectifiers (India) Ltd	300	316	450	-	-	-	-	-	-	5%
Aksh Optifibre Ltd	15	25	24	35	-	-	-	-	-	65%
GMM Pfaudler Ltd	332	615	500	700	-	-	-	-	-	85%
Alicon Castalloy Ltd	288	534	450	600	750	-	-	-	-	85%
Premier Explosives Ltd	350	435	450	525	600	-	-	-	-	24%
Gulshan Polyols Ltd	390	81	110	140	-	-	-	-	-	-79%
Gufic Biosciences Ltd	50	75	75	100	-	-	-	-	-	49%
Excel Industries Ltd	380	423	550	650	-	-	-	-	-	11%
Vesuvius India Ltd	1230	1330	1500	-	-	-	-	-	-	8%
Munjal Showa Ltd	191	257	250	300	-	-	-	-	-	35%
Bharat Rasayan Ltd	2747	2790	3500	4250	-	-	-	-	-	2%
Alkyl Amines Chemicals Ltd	391	430	550	-	-	-	-	-	-	10%
Nesco Ltd	2397	2615	3200	-	-	-	-	-	-	9%
Grauer and Weil (India) Ltd	45	66	65	80	-	-	-	-	-	46%
M.M. Forgings Ltd	607	654	750	-	-	-	-	-	-	8%
Texmaco Rails & Engineering Ltd	91	92	125	-	-	-	-	-	-	1%
Nagarjuna Agrichem Ltd	29	43	45	60	-	-	-	-	-	50%
Simplex Infrastructures Ltd	540	470	700	-	-	-	-	-	-	-13%
Sadhana Nitrochem Ltd	67	69	100	-	-	-	-	-	-	3%
ITD Cementation India Ltd	158	166	225	-	-	-	-	-	-	5%
Westlife Development Ltd	266	237	350	-	-	-	-	-	-	-11%
Federal Mogul Goetze (India) Ltd	540	504	750	-	-	-	-	-	-	-7%

CLS= Closing Price on 22-9-2017

IHP and EIL- 1:1 bonus; Gulshan Polyols: Stock split FV=5 to FV=1, Nesco Ltd : Stock split FV=10 to FV=2

Calls Closed							
Company	Reco	Reco at	Closed price	Company	Reco	Reco at	Closed price
		(Rs)	(Rs)			(Rs)	(Rs)
KEC International Ltd	BUY	140	240	Mukand Engineers Ltd	BUY	33	56
Rajoo Engineers Ltd	BUY	15	30	Camlin Fine Chemicals Ltd	BUY	111	87
Omkar Speciality Chemicals Ltd	BUY	162	90	West Coast Paper Mills Ltd	BUY	67	187
Navneet Education Ltd	BUY	96	159	GEE Limited	BUY	33	44.5

\*Omkar: Spin off

*Companies for  
Mumbai  
trans-harbour link*

*Target revision for  
hind Rectifiers and  
Grauer Weil*

*Result snapshot for  
June 2017*

**Coverage News:**

**L&T, HCC in race for Mumbai trans-harbour link project**

Larsen and Toubro Ltd, Hindustan Construction Co Ltd, ITD Cementation India Ltd, Simplex Infrastructure Ltd are among the 10 entities short-listed for construction of the Mumbai trans-harbour link out of 17 bids received earlier, the Maharashtra Metropolitan Region Development Authority said Tuesday. The project is divided into three parts—first, second and third legs. The L&T-led consortium, Hindustan Construction Co Ltd-led consortium, ITD Cementation India Ltd-Simplex Infrastructures Ltd consortium and Daewoo Engineering and Construction Co Ltd-Tata Projects consortium are selected for the first and second leg of the project. The L&T and ITD Cementation India-led consortium are selected for the third leg of the project.

**Our comments:**

This has our coverage stocks namely Simplex infra and ITD Cementation, giving a positive boost to the future outlook of the companies.

**Target Revision:**

**Hind Rectifiers Limited:**

The stock was recommended at the price of Rs69 with initial target of Rs110 which was then revised to Rs140. We further revise the target to Rs175 over a 12 months horizon.

**Grauer & Weil (India) Limited:**

The stock was recommended at the price of Rs45 and a target price of Rs65 which has been achieved. We further revise the target to Rs80 over a 12 months horizon.

**Result Snapshot:**

The result for the quarter ended June 2017 for our coverage is more on the flattish trend with a few exceptions to note. To start off with, Rallis reported good set of numbers after the consideration of exceptional items in the comparative quarter. With steady growth, Siemens remains our sipping candidate. On the other hand, flat results were declared by Nagarjuna Agrichem, Harita Seatings, Gufic Bioscience, Hitech Gears, Bharat Rasayan, Alkyl Amines and Nesco. Aksh Optifiber also reported flat results but stands good for diversification of portfolio going forward. Where Castrol had to face the initial glitches of GST implications, Simplex reported good set of numbers inspite of GST being the concern. Texmaco, Bharat Bijlee, Hind Rectifiers suffered a setback during the quarter. Hester Biosciences, Gulshan Polyols, MM Forgings, Shanthi Gears, Premier Explosives reported decent set of numbers, while Hikal, GMM Pfaudler, Sadhana Nitro, Engineers India, Alicon Castalloys, KCP, Excel Industries had a good quarter in terms of performance as well as future outlook. Vesuvius and Munjal Showa are working in line with expectations. TRIL and Grauer & Weil have a lot of steam to perform in future quarters. Affected by external factors Supreme Petrochem results were impacted, while TNPL had the shortage of water to face that affected its results. Provisioning during the quarter led to subdued results for IHP.

**Outlook and recommendations:**

Overall for our basket of recommendations, the quarter has been decent and has a strong outlook in terms of the fundamentals going forward as well.

*Economy to get a booster*

**ECONOMY:**

**Government plans booster shot for economy**

The government indicated that it might come up with a booster shot for the economy, with the focus on reviving a few sectors. The GDP growth rate had fallen to a three-year low of 5.7% in April-June quarter. There are clear indications of an economic slowdown caused by weak private investment, which in turn has slowed down job creation.

**Our comments:**

The Finance minister hinted that steps might be taken after consultation with the Prime Minister. The government has been proactive on reforms. Arun Jaitley almost ruled out cuts in taxes on petrol and diesel, arguing that the government needed funds to meet its spending requirements. Besides, in his assessment, the price spike is temporary.

**INDUSTRY:**

*Healthcare industry impacted by policies*

**Policy decision in healthcare is hurting industry, investors weary**

The National Pharmaceutical Pricing Authority's decision to cut prices of stents and knee implants is hurting the healthcare industry, prompting investors to pull out. The medical device industry has spoken against the drug pricing regulator's move to cut the price of cardiac stents and knee implants by 80% and 70%, respectively. The regulator's stipulation has forced some device makers to pull out their high end products from the Indian market. The National Pharmaceutical Pricing Authority has warned of penalising hospitals not following the price cut directive. It is aware that this could hit the hospital revenues from these devices but feels it can be absorbed.

**Our comments:**

This is a concern raised across different players in the industry with a view that it could impact medical tourism.

*Anti dumping duty on tyres*

**Anti-dumping duty on import of bus, truck tyres from China**

India has imposed anti-dumping duty on import of certain type of radial tyres used in buses and trucks to protect domestic manufacturers from below cost shipments from China for five years. The anti-dumping duty has been imposed in the range of \$245.35-452.33 per tonne as per the CBEC. The duty has been imposed on new/unused pneumatic radial tyres with or without tubes and/or flap of rubber (including tubeless tyres) having nominal rim dia code above 16 (inch) used in buses and lorries/trucks.

**Our comments:**

As per the DGAD, the domestic industry has suffered material injury on account of the imports from China. It found that the tyres have been exported to India from the subject country below normal value. Anti-dumping steps are hence taken to ensure fair trade and provide a level-playing field to the domestic industry.

*Metal sector to shine*

**Domestic metals sector seeing robust demand with higher prices**

As per a recent report by EY, the domestic metals sector is seeing robust demand with higher prices, capacity expansion and trade policies for steel that supporting volumes and profitability. While there is enough headroom for growth in per capita usage of metals in the Indian economy, given favourable policies like National Steel Policy, Smart City, Make in India etc, metal sector players especially in steel would do well to employ smart digital solutions to meet challenges in productivity, resource security and capital cost.

**Our comments:**

As the Indian mining industry moves in to the digital age, technology -enabled solutions will become a necessity for survival and growth.

*USFDA clearance for  
Biocon*

**COMPANY:**

**Biocon's Vizag API plant clears US FDA inspection**

Biocon said it received zero observations for its active pharmaceutical ingredient (API) plant in Visakhapatnam, Andhra Pradesh. The plant was inspected from September 11-15, 2017. The unit manufactures advanced intermediates of active pharma ingredients (APIs) useful in vertically integrating oncology-related abbreviated new drug application (ANDA) filings of Biocon in the future and for supply to third-party customers.

**Our comments:**

As per the company, the successful audit of the facility reflects the company's strong commitment to cGMP compliance at the manufacturing facilities.

*USFDA approval for  
Glenmark*

**Glenmark receives ANDA approval for Desonide Ointment**

Glenmark Pharmaceuticals Inc., USA (Glenmark) has been granted final approval by the USFDA for Desonide Ointment, 0.05%, the generic version of Desonide Ointment, 0.05%, of Perrigo New York Inc. According to IMS data the Desonide Ointment, 0.05% market achieved annual sales of approximately USD23.4mn.

**Our comments:**

Glenmark's current portfolio consists of 124 products authorized for distribution in the US marketplace and 62 ANDA's pending approval with the USFDA.

*Order for Punj Lloyd*

**Punj Lloyd bags Rs120cr project to supply truck scanners**

Punj Lloyd bagged Rs120cr contract from the government for the supply of full-body truck scanners from the Ministry of Home Affairs. The FBTS can locate hidden arms, ammunition, explosives, detonators and IEDs. The scanner can also detect fake currency and narcotics.

**Our comments:**

As per the company, with the bagging of this project it will be the first firm operating in the private sector to install X-Ray based scanners at the borders of the country.

*MCI order for  
Bodhtree*

**Bodhtree Consulting bags Rs100cr order from MCI**

Bodhtree Consulting Limited has bagged its second contract from the Medical Council of India. The current award is valued at over Rs100cr inclusive of taxes and is part of Digital Mission Mode Project II, under which 550 medical colleges in the country are covered. The scope of the project includes supplying and implementing IP surveillance solution to monitor defined areas at centralized location, setting-up centralized infrastructure, command and control center and data center, operation and maintenance of the solution for three years, provisioning of training to the users identified by MCI and establishing centralized IT helpdesk and video operations.

**Our comments:**

This was the second project from MCI to the company. This truly validates Bodhtree recognition as an accomplished partner in Digital India initiative.

*Orders for L&T*

**L&T bags order worth Rs1700cr**

L&T's hydrocarbon division has bagged a major pipeline contract with a value close to Rs1700cr from Kuwait Oil Company for engineering, procurement and construction of a new 48" crude transit line from North Kuwait to Ahmadi. The completion of the project has been scheduled for 3Q of 2020.

**Our comments:**

The order was won against the stiff international competitive bidding which reinforces the unique capability of the company to deliver design to build engineering and construction solutions across the hydrocarbon spectrum.

*NBCC bags order*

**COMPANY:**

**NBCC bags Rs3,200cr project in Mumbai from finance ministry**

NBCC Ltd has bagged Rs3,200cr project from the union finance ministry to develop a residential-cum-office complex in Mumbai. It has got LOI (letter of intent) from Department of Customs and Excise for "planning, designing and construction of office complex and residential quarters at Wadala, Mumbai on self-revenue generation model".

**Our comments:**

NBCC has an order book of Rs75,000cr at present and hopes that the figure will reach to Rs1 lakh crore soon.

*M&M to acquire  
Erkunt*

**Mahindra & Mahindra to acquire Turkey's Erkunt for Rs478cr**

Mahindra & Mahindra has agreed to acquire Turkey's fourth-largest tractor manufacturer, Erkunt Traktor Sanayii, and an associate company for an enterprise value of USD117mn (Rs735cr). This is Mahindra's second acquisition in Turkey. The acquisition offers Mahindra a brand that is strong locally with a wide product portfolio and dealer network in Turkey.

**Our comments:**

Mahindra has been courting Erkunt for three years. The acquisition will allow the company to participate more actively in the USD3.5bn farm equipment market of Turkey.

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