

## Daily Economic News Summary: 26 December 2016

### 1. Bhatinda Refinery eyes Rs5, 000 crore for expansion

Source: Live Mint ([Link](#))

The Guru Gobind Singh refinery at Bhatinda in Punjab will increase its refining capacity to 18 million metric tonnes per annum (mmtpa) and set up a petrochemical complex, people aware of the development said. The unit, also known as Bhatinda Refinery, is run by HPCL-Mittal Energy Ltd (HMEL), a joint venture between Hindustan Petroleum Corp. Ltd and Mittal Energy Investments Pvt. Ltd, Singapore. HPCL and Mittal Energy Investments hold 49% stake each in the venture, with financial investors owning the rest. "Expansion plan for the refinery is in the process and we would be setting up a petrochemical complex as part of the refinery expansion. We are working on the plan and would be shortly finalizing details," said a senior official at one of the partner companies, requesting anonymity. In an emailed response, HMEL said, "We continue to evaluate various opportunities to enhance and expand our business; however, as a matter of policy we do not comment on future plans." The petrochemical unit is part of the expansion that the refinery would undertake. HMEL is currently expanding the capacity of the refinery from 9 mmtpa to 11.5 mmtpa, raising refinery throughput by about 25%. The expansion could cost over Rs5,000 crore. After the target is reached, the capacity would be eventually raised to 18 mmtpa. The expansion could cost the company Rs20,000-30,000 crore, added the banker.

### 2. Abertis buys two Macquarie toll road assets for Rs1, 000 crore

Source: Live Mint ([Link](#))

Spanish infrastructure firm Abertis Infraestructuras SA has agreed to buy two operational toll road assets in south India from Macquarie Group Ltd for about Rs1,000 crore, said two people familiar with the development. Abertis has signed a share purchase agreement to buy the two build, operate and transfer (BOT) toll roads, the Farukhnagar-Jadcherla highway in Andhra Pradesh and the Trichy Tollways project in Tamil Nadu, the two said on condition of anonymity as the talks are private. Abertis's bid beat an offer ranging between Rs700 crore and Rs800 crore for the two assets made by Tata Realty and Infrastructure Ltd (TRIL), one of the two people cited above said. *Mint* first reported in June that Macquarie will sell its stakes in the two operational toll roads as it tries to deliver returns to its investors. For Abertis, which is in the

business of constructing, operating and maintaining toll-based highways, the deal in India would throw open a high-growth infrastructure market. The government had targeted awarding 25,000km of road projects in the current fiscal year, accelerating the construction of roads in an attempt to improve connectivity.

### **3. PayPal to buy stake in Free charge**

**Source: Live Mint ([Link](#))**

Global payments platform PayPal Holdings Inc. is in the final stages of closing a deal to take a significant minority stake in domestic digital payments platform Free charge, two people aware of the development said on condition of anonymity. The deal could see the sale of a 25% stake for around \$200 million, one of the two added. The move could heat up competition in the online payments industry in India that has received a boost in recent weeks with the government invalidating old high-denomination currency notes and driving the move towards a cashless economy. Talks between PayPal and Free charge began in August, added the first person. Paytm was founded in 2010 as a prepaid mobile recharge website by One97 Communications, a company founded to provide mobile value-added services (such as cricket scores through text messages). It launched a digital wallet in 2014. Since then, Alibaba Group of China and its affiliate Ant Financial Services Group have invested more than \$680 million in the company, becoming its largest shareholders. The company's founder Vijay Shekhar Sharma was also awarded a payments bank license by the Reserve Bank of India and the Paytm payments bank will likely launch in early 2017.

### **4. Tata Steel to acquire Brahmani River Pellets for Rs900 crore**

**Source: Live Mint ([Link](#))**

Tata Steel Ltd on Friday said it agreed to buy Brahmani River Pellets Ltd (BRPL) from Moorgate Industries Group for about Rs900 crore, which would give it access to a 4 million tonne (mt) pellet production factory and a 4.7 mt iron ore processing facility in Odisha. Moorgate owns part of Brahmani River Pellets Ltd through Aryan Mining and Trading Corp. Pvt. Ltd, which is also part of the transaction. Tata Steel already has steel production capacity of 28 mt a year. The acquisition is part of its efforts to secure long-term supply of raw materials and intermediates. The acquisition has significant synergy with its 6 mt steel factory at Kalinganagar in Odisha and will make it more competitive, Tata Steel said. BRPL's two facilities are connected through a 220km underground slurry pipeline. BRPL posted a revenue of Rs452 crore in the past fiscal, as per news agency reports.

**5. Blackstone Group to sell stake in Sonalika tractors for Rs1, 700 crore**

**Source: Live Mint ([Link](#))**

Blackstone Group will sell its 17.75% stake in International Tractors Ltd (ITL), the owner of the Sonalika brand of farm equipment, to Japan's Yanmar Co. Ltd for Rs1,700 crore, according to two people aware of the development. Blackstone, which had invested about \$100 million (Rs520 crore then) for a 12.5% stake in the tractor maker in 2012, subsequently raised its stake to 17.75%. Yanmar already owns 12.5% in ITL. The founders led by chairman Lachhman Das Mittal own the remaining 70% in ITL. The company was valued at about Rs4,200 crore when Blackstone Capital Partners (Singapore) VI, an affiliate of Blackstone Group, acquired 12.5% in October 2012. The proposed deal will value ITL at Rs9,500 crore, one of the two people said on condition of anonymity. Yanmar, the second-largest tractor maker in Japan, acquired the ITL stake in 2005 for Rs200 crore. ITL is India's third-largest tractor maker after Mahindra & Mahindra Ltd (M&M) and Tractors and Farm Equipment Ltd (TAFE).

By Shreya Chopra

