

German chemical distribution firm Brenntag acquires 65% stake in Raj Petro

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Brenntag AG, a German multinational chemical distribution company, has acquired a 65 per cent stake in Raj Petro Specialities, to expand and diversify its presence in India.

Raj Petro is Asia's largest and world's top 10 petroleum jelly manufacturer with facilities in Mumbai and Chennai.

Steven Holland, CEO, Brenntag AG, told media persons on Monday that it has acquired a 65 per cent stake in Raj Petro. The deal will be concluded in April 2018. The agreement provides for the acquisition of balance stake in 5 years with a possible two-year extension.

Raj Petro will be a joint venture in the interim period. While not disclosing the acquisition price, he said the enterprise value of Raj Petro was pegged at €92 million (₹690 crore). The acquisition is Brenntag's first base in India and is a "beautiful add on" and a "nice fit in global sense" as the company gives it a wider product base and complements some of its product lines. Nearly, one-third of Raj Petro's revenue is from exports.

Brenntag's is a €12-billion company. The acquisition will help its India business triple to about €250 million (₹1,875 crore). Raj Petro will also help expand Brenntag's footprint in Asia Pacific, Africa and the Middle East, he said.

Raj Petro has a wide product base including transformer oils, white oils, rubber process oils, petroleum jellies, process oils, waxes and solvents, apart from industrial and automotive lubes. Its total production capacity is about 350,000 kilolitres. Brenntag also has a "synergy plan" for expansion of capacities, he said. Raj Petro's products cater to FMCG, food and pharma, automotive, rubber, energy and power sectors.