

HPL acquires majority stake in Lummus Technology for enterprise value of \$2.725 billion

The development is expected to accelerate India's progress towards 'self reliance' in materials technology space, said a press statement issued by the company on Wednesday.

By

Anuradha Himatsingka

The Chatterjee Group (TCG) flagship Haldia Petrochemicals and global private equity firm Rhone Capital on Wednesday said they have jointly acquired US-based Lummus Technology from McDermott International for an enterprise value of \$2.725 billion (about Rs 20,590 crore).

A mix of debt and equity infusion from State Bank of India and HPL funded about 57% of the all-cash deal, with the rest coming from the PE firm, a TCG official said on the condition of anonymity ..

State Bank of India was the lead banker for the deal.

Lummus Technology is a master licensor of technologies in refining, petrochemicals, gas processing and coal gasification sectors, as well as a supplier of catalysts, equipment and related engineering services. The US firm has around 130 licensed technologies and more than 3,400 patents and trademarks. The sale will help parent McDermott emerge from bankruptcy and complete its restructuring process, according to its website.

Lummus Technology will function as a standalone autonomous entity, said a press statement issued by HPL, which has its manufacturing unit at Haldia in West Bengal. The development is expected to accelerate India's progress towards self-reliance in materials technology, it added.

Post buyout, Lummus Technology and HPL plan to provide 'value proposition' to the US company's clients in India and abroad.

HPL, with its experience in manufacturing polymer products and downstream chemicals, would partner with Lummus Technologies in evolving technological improvements for these segments, TCG said in its release.

The investment, for TCG founder Purnendu Chatterjee, is both strategic and long term.

Earlier this week, India Ratings and Research had downgraded HPL's long-term issuer rating to AA-minus from AA. The ratings firm said that it had considered the standalone profile of HPL and not consolidated the debt of \$1.5 billion taken at the asset level (Lummus), as the debt has been taken without recourse to the promoters. Besides, the promoter entities have not given any guarantee on the debt raised at the asset level, it said.

Headquartered in the US, The Chatterjee Group has controlling stake in HPL. The group owns and controls companies in sectors like petrochemicals, pharmaceuticals, biotech, financial services, real estate and technology.

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