

Former Fairfax India exec's PE fund bets on life sciences company

A private equity firm floated by former Fairfax India executive Harsha Raghavan has picked up a stake in a publicly listed life sciences company that manufactures active pharmaceutical ingredients, VCCircle has learned.

Convergent Finance LLP, which already has made at least three other investments in different sectors, has picked up around a 6% stake in SeQuent Scientific Ltd, Raghavan told VCCircle.

The value of Convergent's stake in SeQuent translates to roughly Rs 130 crore (approximately \$17.20 million at current exchange rates), Raghavan said.



This comes even as global PE firm Carlyle moves ahead with plans to acquire up to 74% of the Mumbai-based company.

The thesis for the investment in SeQuent lies in the strength of its leadership team, as well as the impact its products can have on the animal healthcare segment and, by extension, critical food supply chains as well, Raghavan said.

The investment was part of Convergent Finance's approach of making significantly long-term bets on companies, he added.

SeQuent operates in the animal health segment through subsidiary Alivira Animal Health. Apart from this, the company provides analytical services and its products focus on the animal healthcare space.

The company reported consolidated net sales of Rs 1,179.24 crore for the 2020 financial year, with profit-after-tax figures of Rs 82.04 crore for the same period, BSE data shows.

SeQuent and its two co-founders are also promoters of two other listed companies – Strides Pharma Science Ltd and Solara Active Pharma Sciences Ltd.

In May, Carlyle agreed to acquire up to 74% of SeQuent Scientific for Rs 1,580 crore (around \$210 million), marking the PE firm's biggest control-oriented deal in India.

Shares of SeQuent Scientific Ltd were trading 1.69% down at Rs 90.25 apiece at the time of writing this report.

Convergent Finance

The PE firm was floated by Raghavan – a Stanford alumnus – after he quit as the India head of Fairfax's private equity wing, Fairbridge Capital Pvt. Ltd, in May 2018.

In December that year, VCCircle had reported that Raghavan's new investment firm was looking to raise as much as \$500 million (Rs 3,515 crore then) under its maiden fund – a near-record sum for someone breaking out on their own.

Last week, the firm announced that it would invest Rs 180 crore (around \$23.8 million) in speciality chemicals maker Camlin Fine Sciences Ltd. Camlin makes antioxidants, aroma ingredients and performance chemicals, among other products.

Before Camlin, Convergent had invested in Jyoti International Foods Pvt. Ltd, a supply chain solutions provider for the food services industry, and Hindustan Foods Ltd, a contract manufacturer for PepsiCo's Kurkure brand of snacks.