

Harsha Raghavan-led Convergent Finance backs food processing firm

Convergent Finance LLP, the private equity outfit set up and led by former Fairfax executive Harsha Raghavan, has invested in a food processing company in its latest bet.

Mumbai-based Convergent Finance has picked up a 10% stake in ADF Foods Ltd, a nearly-90-year-old food processing company that markets and operates brands for domestic and foreign markets.

In response to emailed queries by VCCircle, Raghavan said Convergent picked up this stake for Rs 100 crore (about \$13.56 million).

“Bimal Thakkar [ADF chairman and managing director] is a talented entrepreneur who is building ADF Foods for the long term. The company has emerged as the leader in exporting branded, ready-to-eat ethnic foods, serving the needs of the Indian and international diaspora,” Raghavan said.

Stock-exchange data show that Convergent Finance, through its affiliate Infinity Holdings, bought about 20 lakh shares of ADF Foods late last week for a total of Rs 100 crore.

Shares of Mumbai-based ADF Foods, hit their 5% upper circuit of Rs 526.25 on Friday. The shares jumped another 4.2% to Rs 550.05 apiece in Monday morning trade, giving the company a market capitalisation of Rs 1,101 crore.

Convergent bought the shares from sellers including local hedge fund Abakkus Asset Manager LLP. In June, VCCircle reported that Abakkus had bought a minority stake in ADF Foods for a little more than \$1.8 million.

ADF Foods reported consolidated net sales of Rs 272.82 crore for the 2019-20 financial year, with post-tax profits of Rs 42.77 crore. It owns brands such as Ashoka, Soul, Truly Indian and Nate's.

The investment marks the latest bet for Convergent Finance, which has picked up stakes in several companies this year. In an interaction with VCCircle in October, Raghavan said the firm follows a sector-agnostic strategy by providing extremely long-term capital spanning not just a few years, but a couple of decades and more.

Raghavan set up the firm in 2018 after leaving Canadian billionaire Prem Watsa-led Fairfax. Convergent Finance's investments include CSB Bank Ltd, which itself is majority owned by Fairfax India Holdings Corp.

It has also picked up minority stakes in life sciences firm SeQuent Scientific Ltd, Camlin Fine Sciences Ltd, Jyoti International Foods Pvt. Ltd, and Hindustan Foods Ltd, a contract manufacturer for PepsiCo's Kurkure brand of snacks.

