

Convergent Finance hikes stake in food processing company

Convergent Finance LLP, the private equity outfit set up and led by former Fairfax executive Harsha Raghavan, has hiked its stake in a food processing company it initially invested in last year.

The PE firm has picked up a 2.5% stake in listed ADF Foods Ltd, bringing its total holding to 12.5%.

The shares were picked up in two equal tranches on January 5 and 28.

Going by the closing price of ADF Foods on both days, the investor has paid around Rs 32 crore (about \$4.4 million) for the 2.5% stake.

In December last year, VCCircle reported that Mumbai-based Convergent Finance first picked up a 10% stake in ADF Foods, nearly 90 years old.

At the time, Raghavan told VCCircle that the firm had picked up this stake for Rs 100 crore (around \$13.56 million).

Shares of the food processor closed 3.03% up at Rs 809 apiece on Monday. This would value the PE firm's holding in the company at Rs 202.3 crore (around \$27.8 million).

ADF Foods reported consolidated net sales of Rs 272.8 crore and post-tax profits of Rs 42.8 crore for the 2019-20 financial year. It owns brands such as Ashoka, Soul, Truly Indian and Nate's.

Other investors in ADF Foods include Sunil Singhanian-led hedge fund Abakkus. In June, VCCircle reported that Abakkus had bought a minority stake in the food processor for a little more than \$1.8 million.

Convergent Finance

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.

Convergent Finance has also picked up 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.

