

Samara, Convergent-backed Agro Tech to buy Bharti-Del Monte JV

Agro Tech Foods Ltd, the company behind ACT II popcorn and Sundrop cooking oil, said Thursday it has agreed to acquire the Indian joint venture of billionaire Sunil Mittal's Bharti Enterprises and American food company Del Monte.

Agro Tech, which is also rebranding itself as Sundrop Brands Ltd, will acquire Del Monte Foods Pvt Ltd (DMFPL) for Rs 1,300 crore (\$154 million) in an all-stock deal, it said in a stock-exchange filing.

DMFPL is a joint venture between Bharti Enterprises, which owns 59.29%, and Del Monte, which owns 40.71%. Both JV partners will become shareholders of Agro Tech after the transaction is completed.



The acquisition comes after private equity firms Samara Capital and Convergent Finance acquired a majority stake in Agro Tech from Conagra Brands Inc for about Rs 650 crore. The acquisition was announced in March and was completed in late August.

The PE consortium currently owns a 51.77% stake in Agro Tech while public shareholders including mutual funds, retail investors and other institutions hold the remaining stake. After the share allotment to Bharti and Del Monte, the PE consortium's stake will drop to about 33.47%, back-of-the-envelope calculations show.

Del Monte will hold a 14.39% stake in the combined entity while Bharti Enterprises, part of the group that includes telecom operator Bharti Airtel, will own about 20.95%.

As part of the transaction, Agro Tech will get an exclusive, perpetual license for the Del Monte brand in India. It will also gain access to Del Monte's manufacturing and R&D facility in Hosur, Tamil Nadu, and in Ludhiana, Punjab.

Del Monte Foods supplies processed food and beverage products in India and some South Asian countries. Its products include Italian, dips and spreads, ketchup and sauces, dried and packaged fruits, and beverages. The company reported revenue of Rs 448 crore, Rs 542 crore, and Rs 547 crore for FY22, FY23, and FY24, respectively.

The new entity, Sundrop Brands, will be helmed by Nitish Bajaj, who has been appointed Group Managing Director. Bajaj brings more than 28 years of experience, having been CEO of consumer products at Piramal Group and senior vice-president of marketing at CEAT Tyres. He has held leadership roles in Reckitt Benckiser, Ranbaxy Global Consumer Healthcare, and Heinz India.

Bajaj replaces Asheesh Kumar Sharma, who will now be Executive Director and CEO of the Sundrop and ACT-II business.