

'No business can afford to ignore India'

Seema Chaturvedi is the MD and founder of Accelerator Group, LLC, a boutique investment banking firm, serving the mid-market which they define up to \$500 million with offices in India and US. As an entrepreneur, investment banker and an investor, she brings forth a unique perspective to the strategic planning process. Prior to setting off on her own, she was a senior consultant at Amherst Partners, LLC. Her responsibilities included identifying and evaluating targets or acquirers, structuring the transaction, negotiating details of the deal, assisting in due diligence and closing the deal. Earlier on, as an investment banker with JP Morgan Stanley she guided corporate clients to access financial markets through IPOs, secondary issues, syndicated long-term loans and private placements. Chaturvedi talked to Lancelot Joseph about Accelerator Group's plans. *Excerpts:*



SANJAY BORADE

Why has the Accelerator Group made 'India' the focus for its investment banking activity?

India is core to us because of several reasons. On a personal level, as the founder I have grown and worked in India and carry critical relationships and attachments with India. On a business level, Accelerator has been advising its North American clients to include India as part of their mid to long term growth strategy for at least the past four years. We all know the statistics on the growth India is expected to achieve over the next 15-20 years. Backed by its population numbers and the market they represent, no business can afford to ignore India as a market.

What has it done so far, in terms of deals, nature of deals and value?

On M&A advisory deals we are able to leverage our local relationships and reach out to companies that may not be on the selling block but which are a much better strategic fit and get them to think of strategic alliances with our clients. A recent deal, which we advised exemplified these capabilities. Our client RSB Group acquired a machining company Miller Brothers in Michigan. Miller was not looking to sell and was not being represented by any sell side investment banker. It was unlikely that RSB could have found this company on their own or by checking what was being represented by sell side investment banks. In fact, they had

come to us with a target in mind, which after preliminary due diligence was collectively determined not to be a good fit. We found Miller through our relationships with purchasing officers and people in the industry and both parties were amazed at the great strategic fit. When it came to funding, we were able to rationalise the capital structure and reach out to local sources in North America in addition to evaluating sources in India and Singapore.

Of course local knowledge of what is important and relevant in negotiations allows us to be very proactive. An ability to hand-hold a client company after the acquisition has happened is very important for our client's success and we bring a lot to the table as we did with Harita Technologies, a TVS Group company.

Any specific area/industry, in which your firm specialises and reasons for being focused on specific sectors?

We have a very strong focus on automotive and transportation broadly defined to include not just the passenger car and LCV segment but also the heavy commercial, trucks, agriculture, off highway, industrial and construction equipment segments. For us, this builds upon our 14-plus years of exposure to the industry and its various sub sectors.

Building on this we have, as we believe, the only metal forming focused practice which includes areas

such as forging, foundry, machining, stamping etc. While this practice does overlap with the automotive industries we are seeing greater applications in aerospace, oil & gas, mining and related industries. Our other focus verticals are pharmaceuticals, food & beverage, textiles and IT-enabled services.

Going forward how do you see these sectors faring out?

While everyone is bullish on most of these sectors we sense a plateau effect in certain segments. For example, auto component companies which have a passenger car/LCV segment focus will experience a slowdown. Globally, there is a significant over-capacity among automotive OEMs and their suppliers. Yes, there was some rationalisation of global footprint in the past few years which lead to robust growth for certain markets in Asia including India but with the strong appreciation of rupee and higher interest rates, the car and LCV market have been affected. The trickle down is inevitable. We hope to avoid seeing build up of significant over capacities much as North America witnessed but as competition catches up price pressure will be inevitable. The smarter companies have begun to diversify away from this focus into related segments such as construction equipment, trailers, tractors etc. where they can still leverage their core competencies and yet develop a hedge. ♦