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JUST AFTER INDIA'S LIBERALISATION, exciting times as they were, C Venkat Subramanyam and M Vinod Kumar would have scarcely imagined that the entrepreneurship bug would bite them twice in over just a decade. And that they would one day bring homegrown, funds-needy entrepreneurs face-to-face with cash-rich, global investors. In 1992, deal-making thoughts were still a long way from their minds. Subramanyam was then a company

secretary with Chennai's Balaji Group and Kumar was a finance manager with a ceramics manufacturer.

Zip to 2009, and their six-year-old Veda Corporate Advisors ('Veda' signifies knowledge) has already closed 40 transactions, across venture capital, private equity and M&A spaces, totalling about \$700 million in deal size. They have been involved in some well-known deals, including book retailer Landmark's acquisition by Tata's Trent and Yahoo's funds infusion into Bharatmatrimony.com

Such work would please this investment banking outfit, which decided quite early on to work with entrepreneur-driven firms or, as Subramanyam puts it, "standalone success stories." What prompted that line of thinking was the fact that equity is a difficult decision to make for an entrepreneur. "Do I sell now or sell later? And who do I sell to? These are key questions," he says. Entrepreneurs who have managed to tackle the tricky equity issue through Veda include Hemu Ramaiah (Landmark founder), Bharatmatrimony's Murugavel Janakiraman, HR consultant Ma Foi's K Pandia Rajan and Paramount Airways' M Thiagarajan.

Second Innings

Veda is the duo's second shot at entrepreneurship. The idea for their first venture lay in the non-banking finance company of the Arvind Mafatlal Group, where both handled public issues for a good part of the 1990s. The IPO market crashed subsequently, but by then the duo had spotted an opportunity in venture capital syndication. They floated Mantra Consultants Private Limited in 1998, which, in 2001, was acquired by Ernst & Young.

It was at Mantra that Subramanyam and Kumar built vital relationships that would help Veda subsequently. In fact, Subramanyam says that even though Veda's first deal was the 2004 acquisition of a majority stake by Vedioir of the Netherlands, a leading staffing services company, in Chen-

Subramanyam. "It's a fairly long drawn-out process, and entrepreneurs take time to decide."

The shortest deal for Veda took three months. That was when the Carlyle Group decided to invest in Repco Home Finance. The longest was a year, and it involved New Vernon's investment in Eastern Condiments.

In such a business, therefore, Subramanyam reckons it is important to understand the emotions, background, culture and possibly even the language of the entrepreneur.

THE DEAL-M

This investment bank has closed life-giving deals for many

nai-based Ma Foi, it had little to with the Veda name. "It happened because we had established ourselves in the Chennai market by then." That, however, gave a leg-up to the fledgling organisation, as the deal was a cross-border one.

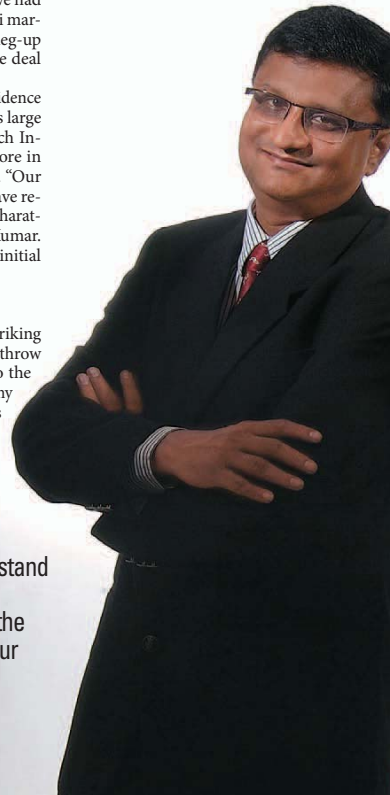
Things have changed since. And evidence of that came in 2008. Most of Veda's large deals, including the largest in which India Value Fund invested Rs 175 crore in DM Healthcare, fructified last year. "Our strike rates are very high, and we have repeat transactions with our clients (Bharatmatrimony being one such)," says Kumar. Clearly, Veda's track-record in the initial years helped.

Managing Mood Swings

The business of raising funds and striking deals for others is tough. When you throw in a homegrown entrepreneur into the equation, it only becomes tougher. "Any deal is like playing a test match," says

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Founder & Director, Veda Corporate Advisors



R A CHANDROO

MAKERS

a Southern entrepreneur

And, of course, be ready for any eventuality. That includes mood swings or, as Veda shockingly found three years back, the change in the wedding plans of an entrepreneur's daughter. This was a case of an entrepreneur, running a manufacturing company, wanting to sell off as he had no male successors and his daughter was seeing someone who wasn't keen on business.

Veda had almost completed its work when news came in that his daughter had broken off with her boyfriend, and was getting engaged to someone who was keen

on continuing his future father-in-law's business! "What could we say in such a situation," asks Subramanyam.

One mantra that Veda is sure to follow is diversification. Putting all deals in one sector is way too risky. Just glance through the list of its deals, and you see the variety: Landmark (retail), Eastern Condiments (food), Paramount Airways (aviation), Sabare International (textiles), Bharatmatrimony (e-commerce), and Repco Home Finance (finance).

Untapped Market

Veda's focus on entrepreneurs has taken its deal-making skills to places such as Thiruvananthapuram, Puducherry, Trichy, Kochi, Madurai and even Karur, surely not regular spots on the private equity map.

Kochi's Eastern Condiments was, in fact, sceptical about bringing an investor in. "We were a family-owned business. Generally, such businesses are hesitant to let

an outsider enter the company," says Navas Meeran, Vice-Chairman of Eastern Condiments. Veda, says Meeran, helped the company in its shift from a one-man show to an organisation.

"We have taken private equity beyond the metros," says Subramanyam. In many instances, the process of private equity isn't too well known in the small centres. "The promoters often do not know much about the intricacies of PE deals. We, therefore, spend a lot of time educating them," he says.

With a firm footing in the South, Veda now wants to increase its presence across India. Also on the anvil are broad plans to have an international presence, so as to enable more cross-border transactions. The Veda team is currently 20-members strong, and spans Chennai, Bangalore, Coimbatore and Hyderabad. Apart from Subramanyam and Kumar, Srikanth Narasimhan and Anand Narayan are directors in the company.

Veda won't discuss revenue numbers, but Subramanyam says it has been profitable from day one. It gets 70% of its revenues from PE deals and the rest from M&A transactions. Subramanyam seems sure for now that he isn't keen on making Veda go the Mantra path. Which means the duo's second innings as entrepreneurs isn't ending anytime soon. ■

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