

Mahindras to Sell Stake in Agri Unit to PEs for ₹300 cr

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Mumbai: The tractors-to-technology Mahindra Group is planning to sell a minority stake in its subsidiary Mahindra Agri Solutions to raise upto ₹300 crore as it looks to triple revenues to ₹3,000 crore in three years to help scale up the business and build muscle through acquisitions, a senior executive said.

The fund raising exercise is part of a plan to pump prime the agriculture business for faster growth. The agri business was part of the conglomerate's farm equipment business, but was made into a subsidiary last year. From fiscal 2017, agriculture business will be given a 'sector' status within the group.

The company's revenue grew to about ₹900 crore in financial year 2016 from ₹70 crore in 2011.

"With sector status, we are empowered to grow in a bigger way. In the next 3-5 years we will be making big bets to scale up and get in technology and brands," Mahindra Group's Agri Business President Ashok Sharma told ET.

"One of the options we are evaluating in next year is raising money through private equity funds by divesting a small stake."

The agriculture business, which spans selling seeds to micro irrigation, acquired a new sector status after group reorganised its businesses in December.

Sharma said Mahindra Agri Solutions will be on "overdrive" in acquisitions and investments for its stable businesses like crop care, micro irrigation, seeds, fruits and agriculture chemicals, while testing and piloting newer businesses like dairy, pulses, and health food-focussed quick service restaurants in the next two years.

"The formation of Mahindra Agri Solutions last year and getting sector status this year is to make this whole agriculture business stand on its own feet and create a future of its own so there is value creation for our shareholders," Sharma said. "Maybe in the future, in 4-7 years, we will make it a listed company." Mahindra Agri

Farm Focus

- Mahindra Agri Solutions aims to triple revenue to ₹3,000 cr by 2020

- Invest & acquire in crop care, micro irrigation, seeds, fruits and agri chem sectors

- Piloting in dairy, pulses and health food-focussed QSRs in the next two years
- Establish 3 successful digital businesses before 2020

- Go public in 4-7 years

Over \$1.3 B Investments made by PE firms in agri & food sector in the last 5 years, according to EY



Solutions now has a separate board with independent reporting of finances and human resources policies.

The group, under a "promise statement" plan released in 2016, aims to create three successful digital businesses before 2020. It is already piloting an in-house created mobile application called My Agri Guru which forecasts weather and price for farmers to help them manage crops.

It is also in advanced talks with two agriculture startups for investments.

In September, it invested about \$1 million in a startup MeraKisan, which sources fresh vegetables and fruits directly from farmers and sells it to the customers.