

'M&M has emerged much stronger after two Covid waves'

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Synopsis

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Mumbai: The Mahindra Group has drawn up plans to garner business from increasing global adoption of 5G technologies and digital platforms and scale up internally incubated startups, such as Bristlecone and FirstCry, to billion-dollar valuations before opening them up for public investments.

Separately, recent shortages in semiconductors and shipping containers, bedeviling auto companies globally, have forced automakers to alter and improvise management strategies.

From the popular management axiom “Just in time,” companies like Mahindra & Mahindra are veering toward “just in case,” group managing director Anish Shah told ET in an interview.

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“I wouldn’t quite call it the perfect storm, but it sort of gets closer,” Shah said, referring to the impact Covid and the resultant shortages businesses had to endure in the past 15 months.

Understandably, promoter Anand Mahindra at the recent AGM had wished Shah, who took over on April 1, and his team “calm seas and fair winds.’

Reflecting on the first quarter, Shah said that given the headwinds, M&M’s performance was “better than expected.” M&M has emerged “much stronger” after the two Covid waves, he said.

Tech Mahindra

NSE 0.58 %

On group company Tech Mahindra, Shah seemed bullish. He doesn’t want to be drawn to its past where it has lagged its peers.

“I won’t comment as much on the past,” he said. “Telecom has been its strength for decades, and it is riding the 5G wave.”

Tech Mahindra has started witnessing strong traction in business, with its quarterly order book growing to the tune of about a billion dollars.

On Silicon Valley-based subsidiary Bristlecone, Shah believes that with the present trajectory, it can reach a valuation of a billion dollars in five years. That’s the valuation threshold for roping in a strategic investor or arranging an IPO.

“So, we add value as we get toward the IPO for those programmes and get toward a billion-dollar market cap,” Shah said. “And then finally, we’ve got our US platforms. And we’ve created value with the first grade, and we have Porter.”

Porter is a logistics solutions provider that leverages the digital technology platform.

M&M will not mirror the strategies of other Indian conglomerates, such as the Tatas and Reliance Industries, to acquire start-ups aggressively and build platforms. Instead, the company is looking at creating more “new-age digital platforms,” said Shah, who now is the executive head of the \$18-billion home-grown conglomerate.

The Mahindra Group has eight listed entities.

On Tesla founder Elon Musk’s request for a duty cut on importing electric vehicles (EV), Shah believes other options are more viable.

“I don’t think we should look at any one particular request or proposal by itself. The GST rates on cars are very high today,” Shah said. “There are other incentives that our government is looking at, like what other countries have done for EVs.

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