

MEDIA COVERAGE REPORT



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Coverage Report

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Agri ecosystem

AgriSuraksha incorporates the latest cutting-edge internet-based surveillance technology



In India, an enormous amount of food grains is wasted owing to archaic procurement, storage and inefficient warehousing methods. Typical storage losses for agricultural produce in the country account for approximately 10 per cent – this after factoring in only dry grains – of the entire production, which works out to a staggering ₹1 lakh crore annually!

“This results in a huge burden on the economy because, firstly, it leads to inflation as additional supplies could have helped keep food price inflation stable and, secondly, the agri commodities thus wasted could have instead been utilised to ensure food security for the poor,” explains Sandeep Sabharwal, Group CEO, Sohan Lal Commodity Management (SLCM), an agri logistics group with a robust presence in everything from warehousing to procurement to collateral financing. He also recently launched a technology solution called AgriSuraksha.

Sabharwal has been instrumental in establishing SLCM as a professional agri logistics group specialising in post-harvest services. He is an MBA from FMS, Delhi and has been the managing partner cum promoter of SLCM since 1996. He is a veteran with a diversified and rich experience of more than three decades in the agriculture sector.

“AgriSuraksha is a part of our proprietary AgriReach process management system, which is also a first for India,” says Sabharwal who is based on an aggregator model that is unique to its domain. The 12-year-old conglomerate is a result of his vision, grit and determination.

AgriReach combines a series of processes, audits and real-time tracking of the facilities to give error-free results to deplete the risk of crop damage. It uses techniques like geofencing for instantaneous tracking, bar-coded storage receipts to avoid thefts or pilferage and 79 internal audits along with a ‘Maker and Checker’ policy at every level.

“Simply put, it is an aggregation of defined processes that are executed sans any deviation for monitoring stored goods. This distinctive technological innovation allows SLCM to establish a new warehousing facility at one to two days’ notice irrespective of the available infrastructure, weather or geography to provide a standard operational experience at all facilities even while maintaining the highest standards of quality control,” says Sabharwal currently tracking around 200 warehousing facilities using AgriSuraksha and expecting to bring 80 per cent of its warehouses under its coverage. The company has a network of 7088 warehouses as of June

2021.

Founded in 2009, SLCM is an integrated player that provides a one-stop solution to the end user with a diversified portfolio of services ranging from warehouse management, agriculture financing and collateral management to procurement. Key investors who have invested in the company: Incofin Investment, ResponsAbility, Nexus Venture Partners, Mayfield, Everstone and ICICI’s Emerging India Fund. SLCM warehouse management is equipped with technology to offer storage and protection services for the entire range of agri commodities.

Since April this year, SLCM has also started executing its warehousing contracts using the AgriSuraksha solution that incorporates the latest internet of things (IoT)-based surveillance technology, enabling real-time monitoring as well as interaction with the personnel at the site without the use of mobile telephony.

A preventive tool

What is the cost of AgriSuraksha? The cost of the solution’s rollout varies from facility to facility and is determined by a host of factors like the size of the warehousing facility, quantity of agri commodities stored, type of agri commodities stored and contours of the agreement signed with stakeholders. Therefore, as AgriSuraksha involves the cost of total inventory used and not the actual operational cost, it would be difficult to ascribe even a ballpark figure here.

“However, what we can tell you with certainty is that the AgriReach umbrella of process management for monitoring of agri commodities in a warehouse is one of the most cost-competitive to be presently available not only in India but also globally! Also, to put things into perspective, users buy insurance based on value at risk (VAR). The insurance premium is a fraction of the cost of the risk covered. AgriSuraksha is a preventive tool so that users understand that at a fraction of the cost, as compared to insurance, they now have the ability to get into a preventive mode that could actually deter an insurance event from even triggering,” adds Sabharwal pointing out that with the help of AgriReach, SLCM has

reduced these post-harvest losses from 10 per cent to merely 0.5 per cent.

"As per our as well as third-party calculations, if rolled out on a countrywide basis, the AgriReach process management system could translate into saving a staggering ₹995 billion every year to the country. This estimate was validated in a study by India's oldest trade association, the Federation of Indian Chamber of Commerce & Industry (FICCI) as well."

"As a stakeholder in collateral management, constant monitoring of stock at warehouses is essential. AgriReach allows 24-hour monitoring of commodities thus stored. So far, no grievances have been reported during the monthly audits of our sugar stock," observes Vivek Kumar Singh, Assistant General Manager, State Bank of India, MIDC Satara (Maharashtra).

"We have been using SLCM's warehousing for the storage of our cotton stock. Be it service quality or adherence to time-lines, our experience so far has been excellent. Thanks to the risk assessment done through AgriReach, we have not faced a single issue during our association with the company," says Anil Kumar Sharma, Commercial Head, Tayal Group of Companies (Hisar, Haryana).

In the past, in August 2009, the company was also the first to introduce SAP-based enterprise resource planning (ERP) in the agri warehousing space and implement it in a record time of six months. The German software multinational also recognised the project as a first-of-its-kind in the world.

The deployment of SAP ERP has helped in facilitating real-time stock information of agri commodities, on-time invoicing for customers, seamless management of digitalised operations such as inward and outward, etc, and a comprehensive survey of warehousing sites.

In a marketplace model, intelligent call centres have an extremely important role to play particularly during a crisis like Covid-19. Smart SAP-enabled call centres integrated with real-time data embedded in artificial intelligence (AI) help with real-time tracking of the facilities providing error-free results on the status of the warehouse and the products stored within as well as in transit.

"We set up our first dedicated 24-hour



AgriSuraksha tracks and protects 200 warehousing facilities

call centre in 2010 to service our operations. On the occasion of our 10th anniversary in 2019, we re-engineered the facility into a paperless entity integrated with AI to enhance its efficiency and response time. This upgrade has enabled our dedicated team of customer support executives to provide support to our agri warehousing operations in India and Myanmar even more seamlessly," discloses Sabharwal.

Agri-financing

As for agri financing, it is an important catalyst in strengthening the farm business by helping the agriculturist augment his productivity. "We expect a major uptick in demand from the agricultural sector during the FY21-22 Kharif season. As Covid cases decline and the pace of vaccination gathers momentum, we are broadly expecting a two-fold increase in the disbursement of loans," says Sabharwal who in the current fiscal is looking at providing financing against a diversified basket of agricultural commodities and products like lending to farmer producer organisations (FPO) and non-banking financial companies (NBFCs).

"We, therefore, anticipate a good potential in a variety of crops like paddy, rice, maize, millet, soybean, groundnut and cotton. Agri financing numbers are likely to rise across the country with a substantial upside expected in UP, MP, Rajasthan and Maharashtra. Let us not forget that in the previous fiscal when the country faced a recession due to the pandemic, agriculture was the only sector to post a positive growth of about 3.1 per cent," says Sabharwal. To date,

SLCM's wholly-owned subsidiary Kissandhan Agri Financial Services Pvt Ltd has disbursed over ₹2,324 crore in loans. In the near to medium term, SLCM continues to execute warehousing contracts using the AgriReach framework that incorporates the latest technologies to offer cutting-edge solutions like AgriSuraksha.

"We are also committed to further expanding our network of warehouses in India and Myanmar," adds Sabharwal. Due to its embedded digital approach, SLCM have been able to double our Asset Under Management (AUM) from ₹2,000 crore daily to ₹5,000 crore daily and that also at a time when India faced one of the world's largest and strictest lockdowns. As of August 2021, SLCM had a network of 7,157 warehouses locations, 36 cold storages spread over an area of 102.54 million sq ft and a throughput of 1757.40 million tonne. As the only Indian agri logistics player with an overseas presence, SLCM Ltd Myanmar (a Wholly-Owned Subsidiary – WOS – of SLCM India) currently manages a network of 255 industrial zones, and a 6.91 million sq ft area by handling 525 commodities and a throughput of 11.64 million tonnes.

In the long-term, "we propose to continue reinforcing our technological backbone in pursuit of our vision to become a user-friendly digitalised enterprise that not only adapts global best practices but also establishes many firsts along the way and redefines the way the agri ecosystem works."

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