

The Preserver

He might have discarded the family business, which he thought could not be a business for the future, but he kept the family name intact. Sounding a clichéd name and asked number of times to get rid, Sandeep Sabharwal wants to keep his roots alive and agri storage intact.

By Punita Sabharwal

TIMELINE

2009

Sandeep Sabharwal started Sohan Lal Commodities Pvt. Ltd

2010

Nexus Venture Partners invests 10 crore.

2011

Mayfield fund invested the second round with NVP.

2012

Everstone Capital, ICICI invest \$23.5M in Sohan Lal Commodity Management

2013

Started researching African and Asian nations for international expansion.

2014

Acquired Chennai based NBFC. Rolled out Kisan Dhan.

2015

Raised fourth round of funding about Rs 100 crore - from private equity firm Creation and existing investor, Everstone Capital.

2016

Tied up with five banks to expand operations in Myanmar

KEEPING THE FAMILY NAME

Sohan Lal Commodity Management (SLCM) is no lala run company, as the name might suggest. Though the company was founded in 2009, for Sandeep Sabharwal the journey began 20 years back when after graduation he joined the family business. The business started by his grandfather before independence was a pulses processing mill. In 2007-08 Sandeep started warehousing along with that business. Remembering how the idea clicked, he says, "We were the end users of that service. It's the service which any agri producer would require whether he is a manufacturer, processor or a distributor and even a trader or farmer. I didn't see the agri business the way it was. I saw how the tide is going to change. In pulses processing the margins were predicted to go out of fashion."

For him, it was more of a decision of what to do and what not to do. He took a conscious call to shut the family business. The first customer came from the acquaintance of the previous business, as Sandeep built enough references in the agri business, thanks to the family legacy. Sandeep's journey started with one warehouse, putting 16 lakh as seed capital, which came from his savings and some borrowed money along with two employees who still work with him and one customer based out of North India who still remains a loyal one. Started in 8,000 sq.ft. of rented space, in Delhi, today SLCM has 1500+ warehouses in India handling an area of 17 million sq.ft. with 369 commodities.

REACHING SCALABILITY WITH SYSTEMS

Propagating how warehousing or post-harvest logistics is not dependent on infrastructure, it's about the process and system, SLCM

vouches on real time MIS. Another feature unique to SLCM being even when it handles 362 million metric tons it still does not own 1 sq. ft. of realty in this country and doesn't intend to. According to Sandeep, "It is not dependent on one person, it is dependent upon a process, which we have put in place and it is a continuously evolving process." Agri reach, for which it filed the patent three years ago, is a complex algorithm which allows them to keep any agri commodity irrespective of any geographic location, the weather pattern and the product quality. "I can make any commodity work at any site within 48 hours," claims Sandeep. Initially it was just 5 or 7 checks, today it has 70 audits being done concurrently across all locations. Wherever it is employing this technology, they only need to have 4-hour electricity that too is now manageable via powerbanks.

Sandeep's forward looking vision didn't stop there, as he wanted to empower the crop and he believes finance should chase the commodity. Two years ago he started an NBFC - Kissandhan. Starting the business with 50 crore, they soon pumped in another 75 crore in September last year. Till 30 April 2016, it disbursed loans of 520 crore at 64 locations for 39 different commodities impacting 1 50,264 farmers.

SLCM has also entered the international market, starting with Myanmar. "We are at 23 locations with 23 warehouses with 6.02 million sq.ft of area covered. We have handled 1.46 million tones of goods in just two years," informs Sandeep. The company is now looking at other Asian economies, like China, Cambodia, Laos, and African nations, like Malabi and Ethiopia.

FOUR ROUNDS OF FUND RAISING

One of the major roles played in the growth journey of SLCM has been financing. Currently it has five major investors across four rounds of funding. However, Sandeep claims not knowing anything about equity financing, but still money came chasing him. Sharing how he raised his first round back in 2010, Sandeep says, "I used to go to certain seminars and talk; there was one regular face that I used to see in every event. This gentleman



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Sandeep Sabharwal, Group CEO,
Sohan Lal Commodities Pvt. Ltd

happened to be a part of a private equity firm. Finally he met Manoj Gupta from Nexus Capital (who has now founded Craftsvilla) whom he used to see at such conferences. Gupta made him understand the funding process and asked “Why you don’t allow us to partner with you.” Soon the first equity guy came in with the only condition of converting it into a private limited company. Sandeep Singhal from Nexus joined the board, who soon introduced him to Nikhil Khattau of Mayfield to raise the second round. After that the company became more organized with a CFO in place. At the time of launching the NBFC, they raised the third round. “At that time when we went to the market to raise capital, we were spoiled for choice. We had a number of term sheets. ICICI Bank through its Emerging India Fund participated with Everstone,” recalls Sandeep. One year down the line the NBFC had scaled. Investors suggested raising a fourth round. Creations Capital invested in the fourth round along with Everstone. Even today, Sandeep still continues to be the single largest shareholder in the company. “I still own 24 per cent of the company, while 2.5 per cent ESOP is given to eight employees in the company,” informs Sandeep. On any plans to come out with an IPO, Sandeep says, “From existing investors I have no exit pressure. My first investor has not exited even with other rounds he further invested. It gives us that luxury of timing.”

THE CIRCLE OF LIFE

It would be a tough choice for Sandeep who might want his son to take forward his legacy in future, as currently the company has a policy of not allowing any of his relatives or of his employees, near or distant ones to be employed in the company. According to him, his son, who is 13, has to make his own choices. “I have to provide him with the resources. If my shareholding goes to him that doesn’t mean he is fit to run this company. It’s his choice; I don’t have to force that. If he comes, I will feel I made something great for which he understands the value,” concludes Sandeep. ⑤