

Riding high on Agri-Logistics

India's annual loss of around Rs 60 k crore of food grain is because of inefficient logistics. Sandeep Sabharwal started Sohan Lal Commodity Management (SLCM), an agri-commodity warehousing management firm to address this issue in 2009. Last year, the company recorded revenues of around Rs 1,110 crore.

Tags: Sandeep Sabharwal, Sohan Lal Commodity Management, Agri-Logistics, agriculture logistics

BY Sandeep Soni | May 23, 2014 | COMMENTS (0)



Sandeep Sabharwal
CEO, Sohan Lal Commodity Management

As the CEO of SLCM, Sabharwal shares the problem they address and the company's growth out of it in an exclusive interview with *SMEntrepreneur*.

Tell us in brief about Sohan Lal Commodity Management (SLCM).
Sohan Lal is a post harvest complete agri logistics service provider in the entire agri chain ranging from warehousing, pest management, procurement, and financing against the agri products managed. We handle 507 warehouses having the capacity of more than 12.5 lakh metric tonne spread across 20 states with an area of more than 67.9 lakh sq ft. and a throughput of 46.9 lakh metric tonne.

Why did you choose agri-based logistics businesses?
The industry is marred with ignorance as well as inefficient practices, part of which is due to the fact that the agri industry is looked upon as a non glamorous archaic field dominated by public administration. We saw that the post harvest inefficient logistics led to the loss of 10 per cent of the country's agri produce which in value was a staggering Rs 60,000 crore. This was something that could

be addressed by methodical practices that had to be rooted in technology. SLCM not only devised standard operating procedures (SOPs) but now has got the same patented under the aegis of "AGRIREACH". We have been able to demonstrate that using the proprietary SOP which is deeply rooted in technology, the losses can be brought down to 0.5 per cent irrespective of infrastructure, crop or geographic location.

What growth have you witnessed since 2009?
We started in 2009 with one single location and had revenue of around Rs 4 crore. Our last year comparable revenue was around Rs 1,100 crore. Initially, we started off with the warehouse service provider model which we recently have augmented by making a forward integration into warehouse receipt financing; this is being done by our recently launched NBFC product called "Kissandhan".

How big is the opportunity for new businesses to foray into agri-commodity logistics space in India?
The market share in India has no relevance for any agri logistics player as of now. India annually produces more than 250 million MT of dry agri produce (excluding fruits and vegetables). What is of real importance is that India annually loses 10 per cent of grain being produced and using the SLCM management services this loss can be brought down to mere 0.5 per cent. I believe that this is the efficiency that will denote market share and capability rather than talking about size with no potential saving to the Indian agri sector.

Why did you acquire BP Jain Finance and Investments?
I understand that as a company it is imperative that we diversify our offerings and enhance our bouquet of services. It is in keeping with this philosophy that we have recently launched our latest product Kissan Dhan, which is offering agri finance against agri collateral and not the balance sheet of the borrower. BP Jain Finance and Investments is a Chennai-based non-banking finance company that we acquired to offer credit facility as Kissan Dhan.

We have initially invested Rs 50 crore in this vertical. We intend making an agri loan portfolio of close top 150 crores in the first year itself. It is important to point out that within 45 days of its launch, we have already created a portfolio of Rs 20 crore spanning across five states, six commodities.

What are the key areas of focus for future growth?
In the near future, SLCM will replicate its Indian story to developing nations, which are also going through the same challenges in the agri space. Recently SLCM has got the permission from the Myanmar Government to start our operations there and within the next one month or so we will commercially start our services there as well.

WANT TO BUILD YOUR OWN BUSINESS EMPIRE?

NEWS MORE

flipkart.com
MYNTRA.com
India's Largest Online Fashion Store

Flipkart acquires Myntra, to invest

MAY 26, 2014

Marking the biggest consolidation in the e-commerce space in India, homegrown...

Microsoft Ventures graduates 17 Ind
MAY 26, 2014

IDBI Bank to charge 1% lower interest
MAY 26, 2014

NEWSLETTER SIGNUP

Enter your Email Address

Submit your email id to get the latest updates on news & host of opportunities.

Hotel Fortune Park JP Celestial, 25 May
Nellore, Hotel Yesh Park, 27 May
Vijaywada, Hotel Quality Hotel DV Manor, 29 May