

Agri logistics firm SLCM expects to double AUM at Rs 11,500 crore in FY23: Group CEO Sandeep Sabharwal

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Post-harvest agri logistics firm SLCM expects its assets under management to double to Rs 11,500 crore in the current fiscal year, atop company official said.

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In 2020-21, the AUM was at Rs 2,481 crore while in the preceding year it stood at Rs 1,197.6 crore. "We are a post-harvest agri logistics firm, we address the entire supply chain of agri right from farmer production level to end consumption level at the end of consumers. We procure from farmers, transport it, we warehouse it, and we do agri-financing through various instruments which are for farmers, millers, traders and brokers (arthiyas).

"This year, our AUM target is Rs 11,500 crore. We are growing at 100 per cent pace," Sandeep Sabharwal, Group CEO, Sohan Lal Commodity Management Pvt Ltd (SLCM) said in an interaction with PTI. In the agri financing space, the company has a fully owned non-banking financial company (NBFC) -- Kissandhan Agri Financial Services Pvt Ltd.

Kissandhan offers financing against storage receipts/warehouse receipt of agriculture commodities, loans to Farmers Produce Organisations (FPOs), retail loans to farmers through a business correspondent model (BC) besides financing Microfinance Lenders (MFIs) in rural areas. The warehouse receipt (WR) loans are totally secured which are dispersed against the goods parked at company managed warehouses, loans to FPOs and to retail farmer borrowers through BCs come under unsecured loan categories.

Sabharwal said SLCM handles the entire value chain in the agri-commodities space and procure the farm produces as a commission agent and has no role to play in trading of those commodities. "Today, the group handles 9,483 warehouses across nearly all states in India. We manage about Rs 7,000 crore worth of goods on a daily basis and that's where our numbers start impacting the agri finance sector," he said.

Elaborating the business model of financing, he said there are two parts. One is where SLCM works as a service provider for financial institutions like SBI, HDFC Bank, Axis Bank, Yes Bank to name a few. "Based on our warehouse receipts where the commodities are parked by the farmers/brokers, our banks will provide them the finance. That segment in itself is about Rs 4,500 crore on a daily basis. For us, it is a big segment."

Typically, these are big players where the average ticket size ranges from Rs 50-70 lakh, he said. Talking about the company's NBFC arm Kissandhan, he said there are more products to offer. It offers loans to FPOs, commodity based finance to farmers, agri traders, arhtiyas, loan to MFIs, and loan to small and marginal farmers through BCs. Kissandhan's disbursements till August 31, 2022 of current fiscal year stands at Rs 2,486 crore.

SLCM also has operations in Myanmar where it is into commodity warehousing and collateral management. It is also into procurement business through its arm North End Foods Marketing Pvt Ltd. Speaking about the company's fund-raising plans, Sabharwal said the company is adequately capitalised, however, it looks to raise about Rs 300 crore by December to fund business growth.

The loans offered by the company vary from 6-12 months with interest at around 11.5-18 per cent. SLCM Group manages a network of 9,483 warehouses, handling 2,471 million metric tonnes. It has 1,090 commodities under its portfolio. The official said the company has impacted livelihoods of over 4.5 crore people and impacted as many as 22.8 crore lives.