

pany has grown the brand very well and it's well on its way to clock a turnover of Rs 70 crore this

MRF) for 2009-10.

The difference is in the way the enterprise is

learn to create business models with scalability and exit options in mind and do away with their

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'The age of sector-agnostic VCs will end'

Tuscan Ventures is a fund focused on logistics and transportation, and has picked up minority stakes in companies where it plays strategic and advisory roles. Its founder Vishal Sharma speaks to Nikhil Menon about the opportunities opening up in these sectors.



VISHAL SHARMA
CEO & FOUNDER
TUSCAN VENTURES

What is the operating philosophy at Tuscan Ventures?

We started Tuscan Ventures in September 2007. The philosophy is to focus on the logistics and transportation space. My background is with Maersk, while my partner Shagun Kapur Gogia, is from ICICI Venture. With our respective domain expertise, we thought that a fund focusing on these two exciting areas would be apt. That is the way funds will take in future. The age of generalist and sector-agnostic VCs will soon be over; apart from the very big funds.

Can you sum up your operating businesses and investments?

Tuscan advises and has marketing and business development rights for Dharamtar Port. We've taken it from a small bulk port to a container transshipment port and distribution hub. We are also synergising Dharamtar with our portfolio company LCL Logistix (in which Tuscan holds 15%), which I think has the potential to be the next Allcargo. LCL has a very large

forwarding business and is now moving into infrastructure. They have one container freight station at Pipavav, are building another in Mumbai and planning a third in Haldia. We have also invested in a Singapore-based company, RSI that provides training and consulting to logistics companies.

Will Tuscan look to be a minority stakeholder in all its investee companies?

We just look to add value. Our influence in LCL, for example, goes well beyond the 15% we have picked up. They had a regional structure. We worked with them to make it more corporate, worked on team building, marketing campaign, etc. Our operating experience helped us make transformational changes. Going forward, we will do core investments that may be small in absolute investments, but our role will be strategic and advisory as well. On a ticket size level, we will do around \$4-7 million deals.

Which are the growth areas within logistics?

Cold chain is definitely growing. I also see domestic freight distribution solutions doing well. With the coming of the new goods and services tax (GST), the landscape of distribution will be redefined and become more intelligent. Developing that intelligence is important. For instance, there are certain festival days when

companies do really well. Those 'days' can make or break a company's bottomline. Order fulfillment is critical to meet demand during this period. And since the product price is fixed you can compete only by bringing down logistics costs. And service providers who can help them do that will be in demand.

Is LCL looking to grow through acquisitions?

LCL will acquire small regional freight forwarding and customs clearance companies that are family-run and operational in tier-II cities. It would want to acquire their experience and relationships at the local level. In India, LCL has identified two small companies and is close to completing one acquisition. The plan is to do three acquisitions by 2011. It is also raising \$12-15 million and plans to go public in 36 months.

What are the challenges in warehousing?

India being a large country, you need good warehousing facilities. But land is clearly expensive and good locations are hard to get. I think it would be sensible to promote warehousing clusters rather than having them scattered all over the place. In due time, I think distribution will get more organised and warehouses will become commercial instruments, probably owned by financial institutions.

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