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The Khandelwals:  
fruitful venture

it sells fresh fruits under the brand 'Kimaye'. The company employs about 170 people. While INI Farms is at present export-focused, it is also gearing up to explore opportunities in the domestic fresh fruit market, which is undergoing rapid transformation in the wake of changing demographics and other micro & macro-economic factors.

"The domestic fresh fruit market is changing in a big way. Consumers have become more demanding and discerning, and are not only asking for sufficient supply but also quality supply. And this has created huge opportunities for organised players," says Tarun Arora, director, IG International, Mumbai, which is the largest importer of fresh fruits in the country, with an import basket of about 70,000 tonnes per annum.

"India is the second largest producer of fruits, after China. But the market for fresh fruits continues to be quite unorganised and quality has been an issue. However, the last decade has been quite eventful with the entry of private players who are joining hands with farmers and other stakeholders to build a much stronger and more efficient supply chain," says Vijay Sardana, an agribusiness expert.

"The fresh fruits and vegetables space has got huge potential in India. There are plenty of opportunities arising across the value chain and an integrated player like INI is much better placed to explore them. We are quite impressed by the focused and process-oriented approach of promoters of INI towards organising this large space of this business," says Kartik Srivatsa, managing partner, Aspada, an early stage investor, with a strong portfolio across agricultural supply chains. An impact investment fund with a backing from George Soros' Economic Development Fund, Aspada invested in INI in 2015, as also some other entities in the agri space such as the South-based Lawrence Dale Agro (vegetables), Delhi-based All fresh (apples and citrus) and SV Agri Processing (potatoes), Pune.

Apart from Aspada, media mogul

## INI Farms is all set to redefine the entire fresh fruit supply chain

INI Farms Pvt Ltd, Mumbai, a fresh fruit company, was founded by husband-wife duo Pankaj and Purnima Khandelwal in 2009. Today, it has emerged as one of the largest players in fresh fruits, controlling and directing the operations in chosen products from farming to consumption. This includes farm-level operations, contract farming, managing the supply chain and supplying fresh fruits across the world to large importers and retailers. The ₹200 crore company not only supplies fresh fruits to the market, but also ensures quality of its supply by actively engaging itself with the farmers during cultivation. Besides, it also carries out primary processing and packaging of fruits to ensure

quality. Closely working with farmers and buying the produce directly from the farm gate also ensure full traceability of the produce.

Currently, focussed on pomegranates and bananas (also getting into pineapples), INI Farms has become one of the largest exporters of pomegranates and bananas, exporting (around 30,000 tonnes per annum) to over 21 countries including the US, EU, Canada, New Zealand, the Middle East and South-east Asia. INI also sells about 20 per cent of its fresh fruit portfolio to the domestic market through modern retail (such as Star Bazaar, Big Bazaar and others), as also through traditional market places. Both in exports as well as domestic markets,

and investor Ronnie Screwvala's Unilazer Ventures (2012) and Aavishkaar Ventures (2010) also invested in INI Farms. Ashish Gupta, managing director, Helion Ventures, and Pawan Vaish, founder, Daksh, have also been angel investors in the company since 2009 – in their personal capacity. The investors currently hold around 68 per cent in the company which has grown at a CAGR of over 70 per cent in the last four years. Given the ecosystem shaping up and the demand for fresh fruits, INI Farms is expected to continue its growth momentum going forward.

“As a company, we have been able to perform remarkably well in this rapidly-growing fresh fruit segment,” says Pankaj Khandelwal, 42, chairman & managing director, INI Farms. “Our attempt is to redefine the whole space. We are looking to not only build scale in the existing fruit categories but also expand into other fruit categories. We want to operate a strong supply chain, catering to both exports and domestic markets”.

### Farm-friendly

Khandelwal, a computer science graduate from IIT, Kanpur and a gold medallist from IIM, Calcutta, started his entrepreneurial journey in 2003 with his INI Consulting Pvt Ltd, focussed on agriculture, technology management and entrepreneurship development, infrastructure and India entry. Prior to this, for over 13 years he worked as a consultant with McKinsey & Co and as a software developer with Verifone.

In 2005, his INI Consulting received the management contract for running Gujarat-based Desai Fruits & Vegetables Pvt Ltd (DFV), following its acquisition by a consortium of Swiss investors through Contract Farming India AG. He ran the company (engaged in operating a supply chain for fresh fruits like banana and pomegranates) as its CEO for four years (2005-09). In 2011, DFV was acquired by Deepak Fertilisers. The experience of running DFV, prompted him to start INI Farms in 2009.

“We are working closely with farmers and other stakeholders of



Exploring opportunities in the fresh fruit segment

the value chain to offer quality fresh fruits to our customers at the right price points,” says Purnima Khandelwal, 42, CEO, INI Farms. “We are putting up a supply chain which can add significant value to this business. Customers in the domestic market are today more informed, like our counterparts in overseas markets, and we see this as a big opportunity.” Purnima, who was a co-founder with her husband in INI Consulting (2003-09), currently oversees the finance, HR and sales functions at INI Farms. She holds a bachelor’s degree in economics from St Xaviers College, Kolkata and an MBA from T.A. Pai Management Institute, Manipal.

INI Farms works with more than 1,000 farmers (from whom it procures the produce) in Maharashtra, Madhya Pradesh, Karnataka, Andhra Pradesh, West Bengal and Gujarat. The company works closely with farmers and provides them with inputs (consultancy and extension services) related to technology and best farm practices towards achieving quality and productivity as also it helps them realise good returns for their produce. INI also has about

700 acres of its own farm (on lease) on co-investment model in Maharashtra and Madhya Pradesh, where its subsidiary INI Agri Pvt Ltd carries out the entire farming operations. The company is doing 100 per cent sourcing from farm gate.

In a significant development, the company in partnership with Future group signed an MoU with AP government last year to work with 12,000 local farmers to assist them in banana and pomegranate cultivation and help create the entire supply chain. INI Farms, along with Future group, has formed a 50:50 joint venture (Kiyara Fresh Pvt Ltd), which will implement this ₹180 crore project in PPP mode.

The project, part of the Central government’s Integrated Agriculture Development Programme, is covering farmers in places like Anantpur, Chittoor and Kadappa and East Godavari, and helping them improve their income levels. The JV is establishing the required infrastructure for capacity building and value chain development of these two fruits in the state. The first export container of 20 tonnes of banana has been exported out of this project recently.



"This project is the validation of our efforts and contribution to this agri supply chain," says Khandelwal. "We will continue to encourage and support productivity improvement, post-harvest infrastructure, capacity building, value chain development in various fruit categories going forward".

The company has recently also set up India's largest and a one-of-its-kind post-harvest integrated pack-house facility near Pune. The integrated facility includes complete handling and primary processes such as cleaning, sorting, grading and packaging of banana, pomegranate and pineapple. It ensures improvement in quality and waste reduction in fruits. The pack house facility (70,000 sq ft of constructed space) is designed to international standards at Vasunde village, 80 km from Pune city. The facility also has additional capability to handle value-added fresh consumer products like pomegranate seeds and coconut chunks. On fully operational, the pack house is expected to employ over 500 workers for its functioning.

The INI Farms pack-house is certified with all major global certifications for maintaining quality, food

safety, process, hygiene and ethical practices. These include among others, BRC (British Retail Consortium) certification, one of the most significant certifications in the global food industry; US FDA and SMETA (Sedex Members Ethical Trade Audit) membership. Besides, the company also has certifications such as HACCP (Hazard Analysis Critical Control Point), FSSC 22000 food safety system certification and FSSAI.

"While both pre- and post-harvesting facilities have been our week links, post-harvesting infrastructure is something that has always concerned our system. Any efforts to build up this capacity will help the entire value chain immensely," says Sardana. He adds that a modern pack facility will go a long way in handling the produce in hygienic condition and thus address the major issue of quality as also safety aspects.

### Increasing presence

The integrated pack house has enabled the company to sell its fresh fruits also in pack format where it has signed an agreement with Big Bazaar and Tesco's Star Bazaar recently. Besides, the company is also selling its products in loose form to other retailers and the traditional markets. The company, having presence in Mumbai, Pune, Delhi, Bengaluru and Hyderabad, has recently also entered Kerala and Tamil Nadu. "We would like to increase our presence in the growing domestic market through pack formats. In fact, in the next 2-3 year, we would like to increase our exposure to 50 per cent (from the present 20 per cent) in the domestic market which presents massive potential," says Purnima Khandelwal.

"We are glad to be associated with INI Farms for an exclusive launch of Kimaye fruits which are certified for food safety," says Jamshed Daboo, managing director, Trent Hypermarket Pvt Ltd. "As a brand, fresh food is a focus for us and we are working towards creating partnerships that bring our customers a wide choice of great quality fresh fruit and vegetables". Star Bazaar is a unit of Trent

Hypermarket Pvt Ltd, which is part of the Trent Ltd, a Tata group company in retailing.

On the export front too, the company is consolidating its position, reaching the overseas markets through a network of overseas buyers and distributors under its Kimaye brand. INI Fresh fruits are present at reputed retail chains such as Spinneys and Lulu hyper markets in Dubai, Rewe in Europe and Foodstuffs in New Zealand. The company has offices in Dubai and the Netherlands too.

"Since 2015, INI Farms and Fruit World have enjoyed successful cooperation and a special relationship. Together, we make sure that the European consumer gets familiar with arils and enjoys them. Arils in pack forms from the INI Farms pack-house are made available to a wide range of European retailers," says Remco de Boer, director, Fruit World Breda, a part of the Best Fresh group in the Netherlands. Fruit World Breda is one of the global buyers of INI's fresh fruits for the European market.

With all these capabilities in place, INI Farms is well placed to explore the opportunities in fresh fruits. Its presence in the global market is the biggest testimony of its quality offering that it has built in a very short span of time. Its business model where it operates across the value chain in close partnerships with various stakeholders in meeting its objective of providing the consumers with the quality produce, has already drawn the attention of investors who are betting big on this segment of the business.

The building up of desired capability for global markets will also help the company expand its base in the domestic market. The domestic consumer is on the verge of a big transformation where buyers are no longer satisfied with supply but also looking for quality and safety in fresh fruits. Factor like traceability is gradually getting prominence in the domestic market as well. All this is likely to redefine the entire space going forward.

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