



DESAI FRUITS AND VEGETABLES

PROMOTER

Deepak Fertilisers,
Contract Farming India

BUSINESS

Bananas

TURNOVER

Rs 124 crore



InI FARMS

PROMOTER

Pankaj Khandelwal

BUSINESS

Pomegranates

TURNOVER

Rs 5 crore

provide him the inputs and we lift the produce from the farm gate. So his entire focus is on production and quality."

Banana Republic

WHEN it comes to bananas, the Working Group of the Planning Commission has only one success model to highlight — the contract farming model of Desai Fruits and Vegetables (DFV), Gujarat. Founded by a farmer, Ajit Desai, in 1999 and taken over later by corporate and foreign investors, DFV is not only a case study for aspiring banana exporters, it is an early sign of corporate interest in such entrepreneurial initiatives.

Desai continues to be the managing director of DFV despite his meagre 5 per cent stake. Though he has not shared details about DFV's financials, the firm's history talks about Desai and his brother's successful efforts that brought in global practices in banana farming, packaging and transportation to a remote Gujarat village a decade ago. Over the years, Desai's contract farming initiatives have grown in size and involve over 2,500 small- and medium-sized farmers. It procures bananas that are hand-picked, processed, stored and packed using world-class methods and transported in a temperature-controlled environment.

In April 2006, Switzerland-based Contract Farming India AG picked up a strategic stake in DFV. Supported by the funds, DFV created multiple integrated packing houses. With a produc-

tion volume of over 50,000 tonne last year, the firm hopes to double its procurement this year.

Recently, Pune-based Deepak Fertilisers and Petrochemicals Corporation bought 49 per cent stake in DFV for Rs 61 crore, and the entire money has been invested in bolstering the company's infrastructure network. DFV has been valued at Rs 124 crore.

Enter The Experts

THE credit for building the DFV brand, perhaps, needs to be shared with its CEO, a computer science graduate from IIT Kanpur, Pankaj Khandelwal, under whose guidance DFV grew 80-fold in valuation in two years. He moved out of DFV after the two-year contract his company — Insight and Intellect (InI) Consulting — had with DFV ended, but that was only the beginning of the agri ambitions of this 38-year-old technocrat, who also possess a management diploma from IIM, Calcutta. "I was fascinated by the opportunity in farming. We (Khandelwal and his angel investor friends) bought 40 acre in Ahmednagar (near Mumbai) in September 2009," says Khandelwal sitting in his corporate office in Mumbai. InI wants to specialise in pomegranate farming.

"It is a combination of three systems — contract farming, management of land assets of people whom we consider investors and trading," he says. What InI does in the second instance is to have management agreements with landowners. The entire farming will be InI's responsibility, expenses and profits (or losses) will be shared. Khandelwal says there is lot of interest among the "asset class" to go for such management contracts. In the past three years, the company has got 500 acre under its management control. It exported 300 tonne last year, and expects to touch 1,000 tonne this year.

InI has farm managers, supervisors and technical experts to manage farms. It has also introduced automated (drip irrigation) systems. "We spend Rs 3.5 lakh per acre in automation. Such practices are beyond the means of a common farmer," Khandelwal claims.

In December 2010, his project got financial support from equity investment firm Aavishkaar. In July 2012, Unilazer Ventures picked up close to 45 per cent stake in InI. "We will manage 2,000 acre of pomegranate farms in the next 18 months. We aim to raise the average productivity of pomegranates from 4.5 tonne per acre in India today to the global level of 15 tonne per acre," he says.

joe.mathew@abp.in