



THE FARM GOES FOREIGN

INI Farms is taking the Indian *anar* to markets all over the world

→ SHRUTI CHAKRABORTY

THE thing about talking of Indian emerging companies that are serious global players is that one is easily lulled into thinking that they are all about technology—either offering it or being driven by it. It's a lazy mistake, considering India's agrarian sector was probably India's first and is its largest exporter. And some are still finding new opportunities there.

The people behind Mumbai-based INI Farms are one such lot and their export is the pomegranate or *anar*. A non-indigenous fruit (its origins are in modern-day Iran), the pomegranate has long been cited in our culture as a symbol of fertility, prosperity, and abundance.

INI Farms, by their account, is surely getting the taste of prosperity. Started in 2009, the company today has 1,200 acres of land under cultivation in Maharashtra, Gujarat and Madhya Pradesh. The company produces 2,500 tonnes of pomegranates today and is looking to expand that to 10,000 tonnes in the next two years.

In FY13, the company got 90 percent of its revenues from the international market and 10 percent from the Indian market. Focused on the export market right from the start, INI Farms now exports pomegranates to Europe, the CIS and the Middle East in the face of global rivals from South Africa, South America and Spain.

THE NEVER-ENDING PROJECT

The roots of INI Farms lie in a consulting firm in 2003 that was set up by Pankaj and Purnima Khandelwal, a husband-wife duo, to assist global companies with India entry, agri-rural consulting and infrastructure services.

It was during this period that INI Consulting started consulting on a project that made the duo eager about getting into the agriculture business, says Khandelwal, Managing Director at INI Farms.

After working on it for a few years and understanding the sector, the founders launched INI Farms in September 2009.

"Agriculture is a huge industry. So we had to pick one field we wanted to build a business in and horticulture has some high value commodities. From a financial perspective, it made more sense," Khandelwal says.

The choice to go with pomegranate was based on two considerations primarily. "We wanted to try and do business around the year. Other fruits like Mango are seasonal. The second consideration was shelf life of the produce after harvesting," Khandelwal says.

Pomegranate has a shelf life of up to three months if stored in the right conditions, the founders tell us. Another factor that helped them decide was that pomegranate could be exported in various forms—fruit, arils and juice. "We could add value and products every few years and expand the business," Khandelwal says.

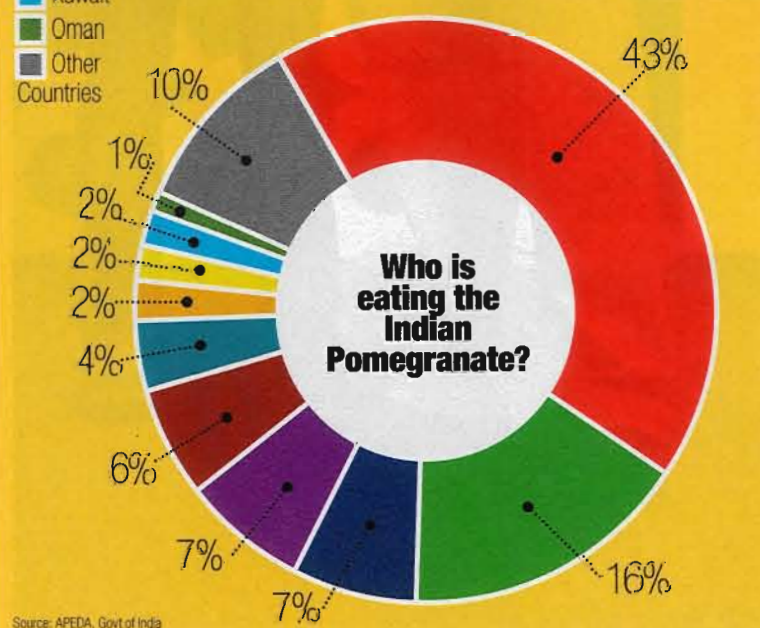
Importantly, there was practically no large organized player in the space. And the moment coincided with a change in perception in the western world about Indian produce. "It also helped that logistics were improving in India," Purnima, CEO at INI Farms, says.

Because the first crop of produce takes three years, the company first started with sourcing the fruits from farmers already growing pomegranates in India after checking that the quality of the produce was up to standard. In the years that followed, the company began farming the fruit themselves and getting it through the contract farming model. While the company outsources the logistics, the post harvest infrastructure is maintained in-house at centers in Maharashtra.

"To ensure quality and consistency, it was important for us to be involved in the back-end. Particularly because we were focusing on the international market, which has a stringent set of standards," she says.

QUALITY AND SAFETY

Ronnie Screwvala, Founder & Advisor, Investment Strategy at Unilazer Ventures, which invested in INI



THE 'FARMERS':
Purnima and Pankaj
Khandelwal



JOSHUA NAVALKAR

Farms in 2012, marks this move as pivotal to why the firm has moved as fast as it has in international markets.

"The key difference between operating in the international and Indian markets is the focus on food safety and environment protection. Being able to supply in extremely tough markets like Europe has ensured that the product quality is of highest standards and meets toughest environmental and safety norms," says Screwvala. Prior to raising funds from Unilazer, INI had also raised funds from Mumbai based impact investing fund Aavishkaar in 2011 and an angel round before that from Ashish Gupta, co-founder at Helion Ventures, and Pawan Vaish, co-founder at IBM Daksh.

"The way Indian agriculture is...there is a fair amount of fragmentation. INI's initial challenge was to take products from an unorganized back-end to an extremely organized front-end. The quality of farming and imparting training and knowledge was important,"

says Ajay Maniar, Principal at Aavishkaar Venture Management Services.

Khandelwal says that initially, the investments were directed towards expanding the firm's capacity. "In the last six months, we have focused on building the international markets further...developing sales and a strong supply chain," Khandelwal says.

According to Khandelwal, INI plans to expand its export market and focus on South East Asia and Far East in the coming months. More importantly, it is also looking at expanding its new offering of bananas, which it has been producing and selling since late 2013.

Over the next two years, the company is targeting a turnover of ₹100 crore. "We are not looking at launching any new products for the next two years and will focus more on scaling up our activities and attain a leadership position in each of the markets we are dealing in," Khandelwal says.