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INI Farms | Farm tales

This urban farmers duo reap their first crop of pomegranates this June

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The idea in a line

Farming and exporting pomegranates to Europe and Middle East.

Past life

A graduate from the Indian Institute of Technology, Bombay (1996), a gold medallist from Indian Institute of Management, Calcutta (2000), and after working with McKinsey, Mumbai, for three years, Pankaj Khandelwal ventured into agriculture consulting. In 2003, Purnima (36) and Pankaj (37) co-founded Insight and Intellect Consulting Pvt Ltd (INI), and part of that was involved with horticulture consulting.

Eureka moment

The seed of farming was first planted while the duo were consulting in horticulture. "I felt strongly about it. It's so intrinsic to us. So after INI Consulting, we decided it was time to go the full distance and do our own farming," says Pankaj. After planning and doing the groundwork for over a year, INI Farms Pvt Ltd, was registered in September 2009.

Genesis

It took a luscious little fruit for Pankaj to dump years of academic and career work in software engineering and join his wife Purnima in farming. After two years of tilling their land with a whole lot of investment and faith, their first pomegranate crop was harvested last week. 250 km from Mumbai, in Ahmednagar, is 100 acres covered in shrubs of tiny red and white blossoms with new plantations coming up in the districts of Khandva, Khargon, Rajgadh and Shahjapur in Madhya Pradesh. Pankaj applied his management education to come up with a composite model of farming, a combination of three systems—a classical contract farming set up, a land lease system known as 'batai', which allows sharing investment and profits by half between landowner and farmer, and a third where only the trading is taken care of.

"We decided that we wanted production under our control, which allows better predictability in terms of what volumes are going to come out. That way, we can plan long term with buyers, ensure round-the-year productivity," explains Pankaj.

He believes in running the farms like a corporate, employing his educational background in software programming and management. "When it comes to getting investments, deals, proposals, making sales, my background gives me credibility and the network from my previous workplaces has helped me greatly," he adds.

Reality check

While the fruit displays great business acumen, it also asks for 24 by 7 attention. From sowing, pruning and reaping to exporting pomegranates, every step is a

challenge. "The plant doesn't say that on Sunday I'm not growing. You have no control over weather. You're working with farmers, you're partnering with people, who may be simple and good at heart, but not exactly professional. Thirdly, exporting to Europe requires that you match up to high standards of quality and stringent norms of production, that's Good Agriculture Practice (GAP). For instance, there can't be any skin blemishes, the colour has to be bright red and there should be no residue of pesticides. Europeans are ready to pay a premium for that," explains Pankaj.

Plan B

Pankaj stands true to his entrepreneurial spirit—"It has crossed my mind sometimes, what if it doesn't work? But the problem with entrepreneurs is that they don't believe that their idea won't work," laughs Pankaj.

Secret Sauce

Pankaj and Purnima's 10-year-old daughter, Shruti, doesn't shy away from describing the benefits of the pomegranate to her friends. The super fruit was Pankaj's pick to do business with, not just for its anti-oxidant, anti carcinogenic and other nutrition benefits, but because it made business sense. "The pomegranate is an interesting commodity. Put a pomegranate in a basket with other fruits and you'll see that it lives out the rest. This long shelf life is a huge advantage. The demand for it has been rising. The Western world has woken up to its benefits now, even though Asian cultures have valued pomegranate historically. "It's an expensive fruit, with retail prices in India ranging between `150 a kg to `300 a kg. It can be grown nine-to-10 months in a year, with harvesting season from April to June and October to December. It's not a seasonal fruit like mango," says Pankaj, who admits that farming is his calling. "Agriculture is such a complex interplay of nature and man. Land, water, weather, labour and all the associated people, have a role to play in the birth of a fruit. It's a lot like having babies. You bring them up, nurture them to the best of your ability, yet it's never fully in your control how they'll turn out," he says.

Starting capital: Rs3crore

How they raised the money: Angel investor, Ashish Gupta, who runs a private equity fund called Helion Ventures, invested in his personal capacity for INI. More investment came from Pawan Vaish, founder of a BPO called Daksh. Recently, venture fund Avishkaar supported INI. The Khandelwals are expecting to break even in 2013

Getting the first customer: There is no interaction with the final customer, there are only business-to-business deals. Pankaj deals with importers and distributors who would eventually buy his crop.

Biggest difficulty so far: Getting an efficient middle management is a challenge. There are few people who have the competence and desire to work in a difficult rural space.

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