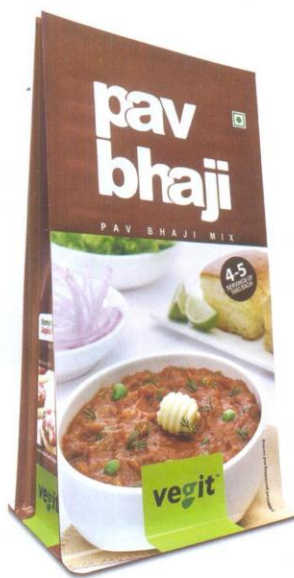


# Presenting Taste, Health and Convenience

By Swarnendu Biswas



**T**he food processing sector in India is brimming with potential, both for the domestic industries working in the area of food & beverage, and as well as in terms of export revenues. According to a joint study by FICCI and KPMG titled 'Enhancing Competitiveness of Indian Food Chain,' India's food processing industry is expected to reach Rs.4,00,000 crore by the next fiscal, making up for roughly 6.5 percent of India's gross domestic product. The food processing sector of India grew at a compounded growth rate of 9 percent between 2008 and 2012.

## Processing the Potential

This is not surprising considering the fact that during the last two decades, there has been significant increase in disposable incomes in select pockets of urban India, which is coupled with the growing trend

of nuclearisation of families with working couples that often leaves very little time for cooking of elaborate meals. At the same time, there has been the growing influence of globalisation in the food & beverage preferences of a predominantly young urban India, which is directing market preferences for processed food products.

All these factors have together given a significant fillip to the food processing sector in the post-modern India that is manifested in the plethora of ready to cook or ready to eat options adorning the market shelves. Today India has a significant proportion of population having the inclination and the purchasing power to buy ready to cook and ready to eat options, and what is more, many among them do not have the time to cook regularly too.

Vegit is an important player in the realm of food processing in India. An agro-

division of Merino Group, Vegit is a nationally leading brand, engaged in making potato flakes & instant snack mixes, for the ready to cook market. Presently, Vegit offers 13 varieties of instant snack mixes, of which four are being launched very recently, in March 2014 itself.

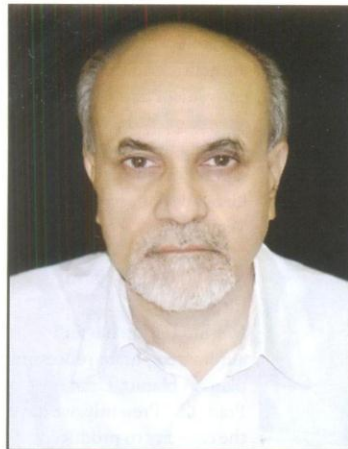
## Quick and Quality Snacking

Vegit came into being in 2005. Initially, it produced only potato flakes which found buyers in important industry players like Haldiram's, PepsiCo India, Nestle India, and Hindustan Unilever among others. In fact, *Aloo Mash* or potato flakes is the flagship product of Vegit. Making foray into the potato flakes was a natural choice for Vegit as Merino Group is an important provider of potato storage and processing facilities in the Indian market. The popularity of Vegit's potato flakes in

domestic markets was followed by exports. The Vegit brand's potato flakes have export presence in various countries, which include Japan, Taiwan, Thailand, Malaysia and China.

Here it deserves a mention that Vegit's potato flakes have a high health quotient as they are more or less natural products, with only an emulsifier being added during their processing phases. The flakes also absorb much less oil as compared to potatoes for an equivalent application. Other ingredients can also be added into the flakes to suit the various specialised needs of the customers.

Vegit supplies to both institutional and retail sectors. However, 80 percent of Vegit's business is accounted by institutional sales while the remaining 20 percent is taken care of by its retail business. "In the institutional segment, 90 percent of our sales comprise of potato flakes, while 10 percent of our sales are catered to by the instant snack mixes, whereas in the retail segment, 40 percent of our sales are accounted by potato flakes and the remaining 60 percent comprise of instant snack mixes," explained Prakash



Prakash Lohia

Lohia, Managing Director, Vegit.

Vegit entered the retail market with its *Aloo Mash* or potato flakes, in the year 2006. The subsidiary of Merino Group got a foothold in the retail segment with the introduction of its instant snack mixes, which are also potato flakes-based. They are simple and easy to translate into delectable snacking options. "With the

application of these mixes, one can get classic and delicious Indian snacks, involving very little time and effort," explained Lohia. In the recent past Vegit did come up with its *Pav Bhaji Mix*, which became its ninth product in the instant snack mix category. All the snack mixes of Vegit are suited for the Indian palate.

The USP of Vegit's products is that they provide sufficient creative room for the consumers to experiment and customise the dishes as per their taste preferences. The consumers could add their own flavours or snacks to these snack mixes. One can say that with its potato flakes and instant snack mixes, Vegit is presenting taste, health and utility for today's fast-paced urban India, where huge segments prefer healthy, tasty and affordable snacking options without spending much time.

#### The Vegit's Market

Vegit's potato flakes have attracted popularity as a raw material among a plethora of snack manufacturers like Haldiram's, Bikanervala and various

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medium-scale and small-scale manufacturers. Besides that they are popular in the HORECA segment. Vegit's *Aloo Mash* or potato flakes is one of the important processed potato products in the Indian F&B industry since it can be used as a thickening agent, in bakeries as a filling, as mashed potatoes and as breading for various snacks, which makes it a much sought after product in hotels, restaurants and with caterers too. The potato flakes of Vegit is also

popular among the retail customers; both directly and as well as an ingredient for other food products.

On the other hand, Vegit's instant snack mixes facilitate the Indian F&B industry with the much needed flexibility to offer a variety of dishes without needing to stock many new ingredients. They can also afford the Chef with more time for garnishing and presentation. And of course, in the retail segment, Vegit's instant snack mixes can come as a relief to many overburdened housewives, who can provide tasty snacking options without involving much sweat. "The recipes for Vegit's instant snack mixes have been developed, tested and approved by India's best culinary experts. Moreover, we are engaged in continually developing new recipes to meet the diverse needs of today's food enthusiasts," expressed Lohia.

Presently, according to Lohia, Vegit's products have presence across 5000 stores in the retail segment, and the Merino Group has 17 branches across the country.

Recently, Vegit has introduced four varieties of instant snack mixes which can bolster its presence in the ready to cook segment. They are *Vegit Corn Cutlet*, *Vegit Halwa*, *Vegit Sabudana Vada*, and *Vegit Falafel*. These four varieties of snack mixes were launched during the Aahar 2014, the nationally renowned food and hospitality fair, which was held at Pragati Maidan, New Delhi, during 10<sup>th</sup>-14<sup>th</sup> March.

"Since 2005 we have been bringing convenience, hygiene and great taste every time you prepare our snack mixes. This time also, each and every recipe has been developed through detailed consumer



insights and state-of-the-art research. The taste is authentic and the process is convenient as it requires only a tenth of the normal cooking time and effort," said Rajneesh Sharma, General Manager — Sales, Vegit.

## Infrastructure and Expansion

Merino Group has an automated potato processing plant at Hapur, Uttar Pradesh. "Presently, we have the capacity to produce 8000 metric tonnes of

potato flakes, which we envisage to enhance to 12,000 metric tonnes by 2015," informed Lohia. At the plant, particle size and bulk density of potato flakes can be made to order according to the clientele's requirement. An entire line of automated processing plant machinery has been set up to convert potatoes into dehydrated potato flakes. And of course, stringent hygiene is being adhered to during the production process, which includes aseptic packaging solutions.

At Vegit, quality is meticulously being adhered to. The commitment to the highest standards in the manufacturing process has helped the agro division of the Merino Group in getting various certifications including HACCP, ISO 22000, FSSC 22000, OHSAS 18001:2007, ISO 14001:2004, and ISO 9001:2008.

According to Lohia, the envisaged enhancement in the production capacity in the near future is guided by the significant demand pull in the market for Vegit's products. This indicates not only Vegit's stringent quality control but also a bright future for the country's food processing industry.

## For the Industry

But despite the huge growth potential, there is no denying the fact that the story of food processing in India is also a reality of wasted opportunities. Around 30 percent of the country's food produce gets

wasted annually mainly due to the paucity of adequate post-harvest infrastructural facilities and inefficient supply chain management.

"For the food processing sector in the country to grow anywhere near its potential, availability of good quality agricultural products, in adequate quantities and also at competitive prices is the need of the hour," asserted Lohia while pointing out that "then only food processing would become more profitable and economic, and hence would grow near its potential." And for this to happen, Lohia suggests that the government, the food processing industry and the agricultural workers should concertedly work in tandem.

Lack of adequate infrastructure in terms of cold chain and packaging facilities is impeding the growth potential of this sector and resulting in huge wastage. According to Siraj Hussain, the Secretary, the Ministry of Food Processing Industries, Govt. of India, the country's cold storage capacity was 25 million tonnes in 2010, while the requirement

was assessed to be around 61 million tonnes. Presently, according to him, India is facing a gap of 15 million tonnes in terms of cold storage facility. Of course, more public-private participation towards building of more cold storage facilities is the need of the hour.

According to the above-mentioned report by FICCI and KPMG, increasing organised retail penetration and the

government's proposed mega food parks will encourage business expansions in the food processing sector, which will ensure higher realisation for farmers and a reduction in wastages. But these may be necessary but are not sufficient measures.

"Besides addressing the urgent issues of infrastructural bottlenecks in terms of enhancing the cold chain infrastructure and aseptic packaging facilities, imparting of guidance and dissemination of relevant information and knowledge to the farmers are also necessary to minimise agricultural wastage and thereby facilitating the growth of the food processing industry," Lohia observed.

