



## S-MASHING POTATO

Prakash Lohia, Managing Director, Vegit, elaborates on the brand's strong market positioning and future plans

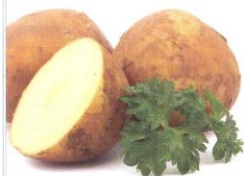
By Juhi Sharma

### How is demand growing for the convenience food category?

The significant increase in disposable incomes, more and more nuclear families, time-pressed working couples, and global influence on the eating habits and preferences of young urban Indians, have paved the way for convenient processed food products. The ready-to-cook (RTC) market, specifically, is over Rs 2,000 crore, of which, the potato mash sub-category is worth Rs 500 crore. The ready-to-cook and heat-and-eat foods are specifically designed to save consumers' time in the kitchen as it requires minimum preparation time. These foods are packaged for a long shelf life with very little loss of flavour and nutrients over a period of time.

### What is the impact on the processed food sector?

The food processing sector in India is growing tremendously and has a huge potential, both for the domestic market and exports. According to a joint study by FICCI and KPMG '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 around 6.5 percent of India's gross domestic product (GDP). The food processing sector of India grew at a CAGR of 9 percent between 2008 and 2012.



### What does the Vegit brand offer?

Currently, our product range includes nine snack mixes, pav bhaji, harabara kebab, cheese balls, burger patty, shammi kebab, soya roll, aloo bonda, veg cutlet and aloo tikki. The shelf life of aloo mash/potato flakes is 12 months and vegetable mixes is 9 months. All our products are doing pretty well in the market but aloo mash, being our flagship product is preferred more. One of the main reasons is that potato, being a staple food, is used in every other dish.

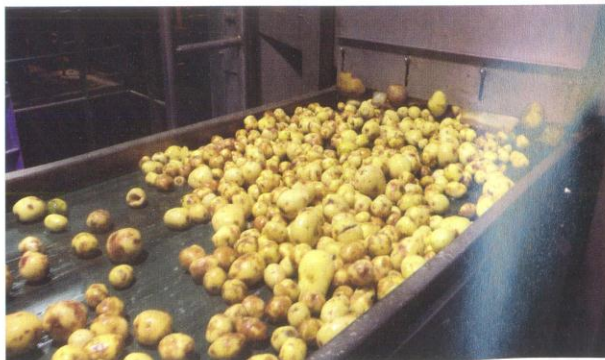
### What has been your strategy for success?

Our potato flakes unit started in 2005-06. Initially, it was quite difficult for us to convince farmers to grow potatoes that were suitable for making flakes. We undertook intensive research and demonstration of technology, and also supplied seeds to farmers to get their support. Our key focus was to increase potato productivity from the earlier 8 tonnes per hectare to 25 tonnes per hectare in the next few years.

We diversified our activities, and from just a cold storage back in 1968, we became involved in farming, bio-technology, and then food processing. For harvesting and producing the best variety of potatoes for flakes, we have taken up tissue culture across 2,000 acres of land. The USP of our products is that they



▲ Vegit's manufacturing facility in Hapur



▲ The plant processes 50,000 tonnes of potatoes annually



can be prepared in a few minutes, and preparation takes up only one-tenth of the time and effort required in the traditional style of cooking. Our Vegit snacks are available economically at Rs 60 per pack/sku.

#### What does the process of converting potatoes into flakes entail?

Raw potatoes are fed into conveyors. The dehydration process extracts the water content from the potatoes and reduces the overall weight by six to one. Potatoes from the conveyors are washed and scrubbed mechanically to remove soil and dirt before being washed again. They are then steamed, peeled and cut into small sizes before being ground to paste. The paste is dehydrated and passed through rollers that churn out sheets of potato paste from which impurities and black spots are removed. The sheets are then cut into flakes.

#### Tell us about Vegit's manufacturing facility.

At present we have one manufacturing unit in Hapur (Uttar Pradesh); it was started in 2005-06, and is operational 24 hours, for 10 or 11 months in a year. From 2005 to 2013 we expanded the plant to around four times its production capacity, which currently processes 50,000 tonnes of potatoes annually. The fully automated machinery is from BMA Netherlands, which is one of the best-known food processing technology providers in the potato and cheese segment. The plant is HACCP, ISO 22000, FSSC 22000, OHSAS 18001:2007, ISO 14001:2004, and ISO 9001:2008 certified, and we have a R&D team for product innovation and improvement.

#### What is the revenue share from HoReCa and Retail, respectively?

HoReCa constitutes 60 percent of Vegit's sales revenue and the remaining 40 percent is generated by retail. Western India is our strongest market and contributes 35 to 40 percent of the sales revenue, while the north, south and east together contribute 60 to 65 percent sales revenue.

#### How has modern trade helped in enhancing your brand value?

Our retail presence in India is an amalgamation of both traditional and modern retail stores. Modern trade works better for our product as it allows direct interface between consumers and our products, and gives them the freedom to see, compare and pick the most suitable option. Modern retail channel contributes 70 percent to our sales and the rest 30 percent comes from traditional stores.

Since, modern trade is growing in all aspects versus general trade due to change in consumers' shopping pattern, it is leading to more basket sales (due to touch, feel and buy experience). Our target consumer group includes anyone who needs quick and tasty cooking solutions. However, ready-to-cook products are generally preferred by housewives, belonging to Sec A and B in the age group of 24-45 years.

#### How have you been creating awareness of the Vegit brand?

For any brand, visibility at the sales point is imperative, so we aim at positioning our product on the modern store shelf in such a way that it gets maximum visibility. We have been doing a lot of in-store promotions. We are also stepping up our promotional budget and plan to create awareness about our brand through aggressive BTL activities such as wet sampling, trials, exhibitions, and schemes. Currently, our main focus is on online and offline marketing initiatives.

#### How is the brand positioned today?

Over the years, we have grown tremendously as we are offering various delicacies in the ready-to-cook segment, which for long have been difficult or time consuming to prepare at home. We are a prominent player in the market and in pioneering the pav bhaji mix. We are not directly competing with anyone. The Vegit potato flakes are now being exported to Japan, Taiwan, Thailand, Malaysia and China. We will soon begin exporting to the US and other countries that have a high Indian diaspora.

#### What are your future plans for Vegit?

Presently, we have the production capacity to produce 8,000 metric tonnes of potato flakes per year, which we hope to increase to 12,000 metric tonnes by 2015. The envisaged enhancement in the production capacity in the near future is driven by the significant demand pull in the market for Vegit products.

Our range of 9 products is available in 20 cities and we are planning to increase the number of products to 15-16 in the near future. Our distribution network delivers our products to 5,000 retail outlets, and we will be reaching 2,000 more retail outlets by the year-end. We also plan to expand our reach to all the metros and then to tier-II cities, as we believe that growth will come from these tier-II towns in the near future. For the HoReCa and institutional segments, we have introduced four new products: corn cutlet, halwa, sabudana vada, and falafel. ■

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