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Natural Ice cream
 R S Kamath's simple but powerful idea of adding slivers of fruit to the traditional *kulfi* has made his 'Natural' chain a multi-crore business and given the city some of its most original ice cream flavours



Passion fruit

NUZHAT AZIZ
 N RAGHUNANDAN Srinivas Kamath's life, two unfortunate incidents eventually added up to something so fortunate that it has defined his life. The first one was his failure to pass class seven in Mangalore, because of which his father pulled him out of school and brought him to Mumbai. The second was his falling out with his brother and their business venture in Mumbai, Gokul's, a chain of restaurants serving ice cream, fast food and juices.

HOW THE IDEA HAS CHANGED MUMBAI

IDEA
 It was 1984, and he knew he had to quickly stand on his own feet. For that he knew he had to come up with something really novel. He quickly decided he would specialise. Because of his stint with Gokul's, which sold ice cream, he knew what that involved, so that's what he decided he would make and sell.

He saw that the market already had two players making industrial ice cream, Vadilal and Kwality, so he decided to make ice cream the traditional way and keep it completely natural, devoid of artificial flavours and preservatives.

"The market was already there for industrial ice cream, which had loyalists in the city," said Kamath, 54, who cannot speak English and converses only haltingly in Hindi. "I wanted to move away from the artificial."
 Then he added a small twist to this. He decided he would add bits of fresh fruit to the traditional, natural ice cream. The formula was, in effect, kulfi + fruit. "My father was a dealer in fresh seasonal fruits," Kamath explained. "He taught me all about the nuances of the fruit trade — how to check whether the fruit is ripe and where to get the best quality fruits."
 The brand Natural was born

BUSINESS
 In 1984, with Rs 3 lakh to his name, Kamath opened his first outlet — a tiny place in Juhu. He had put this sum together, partly from the money he got from his brothers when he parted ways with them, and loans from friends.
 Since this was the first time he was setting up an enterprise on his own, he wanted to wade in cautiously. "I was not sure how receptive the city would be to my idea," he explained. "So I hired just three people, and insisted that my

Natural has given Mumbai its first taste of the traditional kulfi mixed with seasonal fruits. At a time when Vadilal and Amul were ruling the market, Natural made a quiet entry. What started off as a small-scale business, with a very modest investment, went on to become one of the most popular frozen dessert chains. Catering to the Indian palate with flavours like *sitafal*, *badam* and *kesar*, Natural soon became a household name. With a 100 flavours priced nominally at Rs 28 a scoop, Natural was within reach of every Mumbaikar. It now plans to double its 50 existing outlets in the city and introduce low-calorie ice creams and specialised flavours.

wife, whom I had just married, join me in the business. I did not spend too much doing up the interiors; I kept my outlet simple. I had faith that my products would speak for me."
 Because he had not invested very heavily in hiring lots of staff or in doing up his outlet, he was not under pressure to earn very high returns immediately.
 So armed with the basic skill of making ice cream the traditional Indian way, Kamath started his business. "There are three easy steps," he explained. "Boil milk in a *kadai*, make *rabri* and then cool it," he said.

But he added a twist. It struck him that whenver Indians wanted to embellish a seasonal fruit, they often poured milk on it. Why not do the opposite, by embellishing his traditional milky ice cream with fruit? So he added slivers of whichever fruit the customer asked for. "Since I knew about fruit, it was easy for me to choose the best ones," he said.
 A few months after the outlet opened, Kamath introduced 15 new fruit flavours. *Sitafal* (custard apple) was an instant hit. "The first Sunday after this, I sold 300 scoops," he recalled. He

got this traction with no advertising. "We became popular purely by word of mouth," he said.
 Once the basic idea of combining traditional ice cream with fruit proved successful, Kamath decided he would not settle for anything except the best seasonal fruit. "I travelled to Saswad — a small town near Pune — for *sitafal* and to Ratnagiri district for mangoes," he said. "It is also an acquired art to understand fruits."
 Soon, from *sitafal* to *jamun*, from musk-melon to mangoes, Kamath gave customers a wide choice.

Apart from the simple but highly original idea of combining traditional ice cream with fruit, Kamath's pricing was astute. He charged a mere Rs 8 for two scoops, much lower than the established brands that sold industrial ice creams.
 By 1994, the business had really taken off, and Kamath wanted to open five more outlets in the city. Since Kamath's overheads were minimal, he was by then making a reasonable profit. So he decided to expand. He approached his childhood friend, Girish Malliya, to join him. Malliya, who was working for State Bank of India for 15 years, decided to take up a new challenge and came on

OBSTACLES
 It wasn't all smooth sailing. The traditional Indian method of making ice cream was slow and laborious because it had to be done manually. This also meant that maintaining consistency in taste was a huge challenge. It also meant that scaling up was bound to be difficult.
 "There is still no equipment in the market that can make traditional ice cream," he said. Unlike industrial ice cream, Natural's ice cream has to be made in batches, to ensure it is fresh. After all, no preservatives are added. Natural started looking out for equipment for making the kind of ice cream it wanted, and would increase productivity and ensure qual-

ity. They approached Sage Jituri, a dairy technologist and consultant who develops special machinery that makes both traditional and industrial ice cream. "I educated them on efficiency, bacterial quality, hygiene and consistency," Jituri said.
 "Gradually, we had to custom-make and develop some equipment to help us enhance the process," explained Kamath. By the time Kamath began to think of expanding, he had all the equipment that he required.
 But some fruit also posed a problem. *Sitafal* was one of the most popular flavours, but the fruit had to be manually deseeded. "At a time, one person can deseed only two kilograms a day," he said. "Now I use 500kg of *sitafal* everyday. This was one big challenge I had to face." Eventually, they found a machine to do it.

Then all of a sudden, just as he was poised to expand in 1994, he was faced with a serious tax problem. Because Kamath was not educated he did not understand the nitty-gritty. He faced a huge loss but managed to resolve the problem. He finally ensured all his papers were in order and all taxes paid. "I wanted to grow my business, but also wanted to ensure that it was on the right track," said.

Mumbai, said Kamath, gives everyone a chance. "It was an alien city for me," he said. "But I was not scared to experiment here."



STRAWBERRIES Mahabaleshwar

FEBRUARY 1984
 SALES ON 1ST SUNDAY
 Rs 1,400 or
 12 kg of ice cream
TODAY
 DAILY SALES
 Rs 10 lakh or
 3.5 ton of ice cream

1984: 4 labourers
 4500 sq feet factory
TODAY
 40 labourers
 20,000 sq feet factory

TODAY
 48 outlets in
 Mumbai and Pune
BY 2010
 250
 outlets across India

7000
 litres of milk are
 used daily
 to make
 Natural
 ice cream

"I have been a Natural loyalist for the last 20 years. I remember driving down with my family to JVPD Scheme to have *kesar* flavoured *malai* ice cream. I have tried out different brands of ice creams, but it is always a refreshing change to have *kulfi* mixed with fruits. It enhances the flavour and it's a heady mix especially when had with fruits."

From the Rs 1,400 that came in from the first sale of 300 scoops, or 12 kg, of ice cream on the first Sunday of February 1984, to a whopping Rs 10 lakh that came from selling three-and-a-half tonnes of ice cream last week, Natural's growth has been astonishing.
 Kamath invested Rs 3 lakh in 1984. Twenty-five years later, he makes a profit of Rs 1.4 crore, which he thinks will double to Rs 3 crore this financial year.
 Despite the success, Kamath still does not feel the need for advertising campaigns to boost his sales. "I am quite happy with the way we have achieved popularity," he said. "My ice creams are still nominally priced, at Rs 28 a scoop, and I am sure newcomers will be no competition."

Loyal customers swear by Natural. "In the early 80s, we were used to the old brands," said Vasanthi Rajaram Baliga, a homemaker and one of Natural's oldest customers. "After returning from the UK, it was great to be treated to Natural, which was served with fresh fruit. I also bought an ice cream maker from Singapore and tried making homemade ice cream. But it was never as smooth and consistent as what Natural offered."
 How has Kamath dealt with the competition? When Natural came on the scene, Yankee Doodle and Vadilal were already established players. But he said his chain had created a stable niche. He admitted that the entry of Gelato, which occupied a similar niche, dented his business a little before it recovered. "Mumbai is receptive to changes, they like to try out new things," he said. "But they are also very loyal customers. Even though the market is flooded with new products, there will always be customers, including new ones everyday."

Relaxing in his plush 2,000-square-foot bungalow — a replica of a traditional Mangalorean house — at Lokhandwala Complex, Kamath said that he was in the big league now.
FUTURE
 By next year, Kamath would like to double the number of outlets in Mumbai from 48 now, and take the chain to most Indian cities. To back this expansion, the 54-year-old entrepreneur is looking at expanding his 4,500 square feet factory into 20,000 square feet. "I am a technical person, so it is not very difficult for me to supervise such an expansion," he said. "We are ready to take the next step forward."
 Natural makes 7,000 litres of ice cream every day. Next year, the figure is all set to double. With home delivery accounting for a third of sales, Natural has also started an all-India service. In the next two months, sugar-free *kulfi* ice creams for diabetics will be available in all the outlets.
 "Right now, we have 100 natural flavours, but I am constantly trying to think of new ones," said Kamath. "We tried to introduce the raw mango flavour and call it 'Pickles'. It was an instant hit. Yet we have to be consistent with our flavours and that is our biggest challenge."
 Kamath is proud that his older son Shrinivas will join the family business soon. Shrinivas, a third-year student at the Family Managed Business course at SP Jain Institute, said that after completing law last year, he realised that his interest lay in the family business. "I travelled to Germany with my dad for a food fair, and then it dawned on me that this is what I want to do," he said. "I am taking a keen interest in the business and am waiting to join my dad."
 With Natural now a humming business, Kamath, confident in his entrepreneurial abilities, is now diversifying. "My annual turnover is Rs 25 crore," he explained. "For the past five years, I have been successful. I have learnt several lessons, and now know whom to trust. I am looking at Mangalore, where I have developed a resort and have recreated the life of south India. Spread on a five-acre plot, the resort is set in a natural habitat. There are fruit trees and vegetables grown everywhere. It will be open for the public soon."

5-POINT SOMEONE
Got the idea from: In a bid to do something different, the entrepreneur decided to experiment with a unique way of mixing *kulfi* with fruit. He first tried out his ideas on his family and friends, which increased as word spread.
Starting doubts: It was difficult for the budding entrepreneur to get into mass production since traditional ice creams had to be made manually. Getting equipment to maintain the consistency of creamy Natural ice cream was extremely difficult.
Money problems: When Kamath started his venture, he had Rs 3 lakh and a small place in JVPD. He did not want to invest too much to begin with. So he was sensible and hired only three labourers and did not spend much money on the interiors.
Other obstacles: With orders increasing, Kamath realised that he required 500 kg of custard apple — the most popular flavour — on average every day. Manually he was only able to deseed 2kg. But now Kamath has finally set up machinery to help him deseed and for improving the quality of ice cream.
Outstanding personal qualities: Humility: He is unassuming, and open to criticism.
Focus: His friends and customers believe that Kamath is highly focused. Open to experimenting: Kamath is not afraid of making mistakes. He treats every setback, big and small, as a learning experience.



SASVAD Sitafal



RATNAGIRI and **DEOGARH** Mango

"I believe the customer is a good teacher. Some of my customers would give suggestions about flavours. Some of them even told me how people are getting innovative with fruits and ice creams in places like Africa and Singapore. I was a quick learner and remembered all the suggestions and took them seriously."

OWNER RAGHUNANDAN KAMATH

If you want to make it...
1 INNOVATION IS THE KEY
 A million people come to Mumbai to try their luck. So it is extremely important that the idea be very different. You should also be able to see it working as a business.
2 BE OPEN TO CHANGES
 Ensure that you are open to changes and take every suggestion and criticism seriously. Everything should be a learning experience.
3 EDUCATE YOURSELF
 Since you will be investing your hard-earned money, it is important to do your groundwork. Do a survey of the market you are getting into. Educate yourself with financial deals and tax-related issues. If possible, consult a financier before you invest.
4 HIRE PEOPLE YOU CAN TRUST
 If you do not have a strong business background, hire a small staff and only people who you trust. This will help you save money and time — you do not have to waste time on keeping an eye on them. It is very important to concentrate on your business in the initial days.
5 THINK TWICE BEFORE APPLYING FOR A LOAN
 Start with limited capital and do not think of making a huge investment. Expand gradually. Since you will be starting a new venture, it is important that you save and have some money to fall back upon.
6 AVOID ADVERTISING GIMMICKS
 Your product should be your best advertisement. Attract customers by taking care of their needs and requirements. A business flourishes if its virtues spread by word of mouth rather than advertising gimmicks. It may be slower, but it is a surer path to success.
7 LEARN TO THINK BIG
 Do not be happy with a flourishing business. With a growing economy and multinationals coming into the market, think big and act accordingly.

CUSTOMER MILAN V BHAYANI, labour law consultant
FUTURE
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CUSTOMER VASANTHI BALIGA, homemaker

"When we moved back to India from England in the 80s, we used to miss the creamy ice creams. Even though there were several varieties of ice creams in Mumbai, we never savoured any of them. After we shifted to our new house in the JVPD Scheme, we found this small outlet called Natural Ice Cream. I think we were the first few customers the place had. We realised that Natural specialised in fresh creamy *kulfi* ice creams with seasonal fruits. It was like having the perfect homemade ice cream."