

Making a mark internationally

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By Joy Lee



Opportunities ahead: Rajen is confident that its low-GI noodle mix will take off in a big way and open the doors to many other products.

DATUK Dr Rajen Manicka is a man on a mission. He wants to try to save the world from refined carbohydrates.

“I used to write and give talks about refined carbohydrates. People would come for these talks and they all got the same message: cut down on refined carbohydrates and eat whole foods.

“When I run into the same people a month later, they would tell me they enjoyed the talk. But when I asked if they followed what was shared, they would get embarrassed because they may follow it for a while, but they would go back to what they’ve been eating.

“And you find that people won’t change. They’ll go on eating what they are eating. So I realised if you can’t change people, let’s change the food,” he says.

Rajen, chief executive officer of Holista CollTech Ltd, turned to Ayurvedic practices and started looking into natural alternatives that can be incorporated into foods.

In 1995, he filed a patent for combinations of natural compounds that can be used as ingredients in food.

Holista was set up the following year as Rajen began his long journey to formulate healthier food products – particularly clean-label, low glycemic index (GI), flour-based products – with its proprietary formula. These included the likes of breads, muffins and cookies.



The long and short of wheat: Noodles account for half the world’s supply of wheat.

However, Rajen notes that the largest consumption of wheat on the planet is as noodles. He points out that much of Asia consume noodles as a staple food, while Europe and the US consume spaghetti, which is also a form of noodles.

Holista notes that noodles account for half the world’s supply of wheat compared to 25% for bread.

According to Grand View Research, the global pasta and noodles market size was valued at US\$59.6bil in 2016 and is expected to grow at a compounded annual rate of 3.6% over the next few years. The US noodle market alone is worth some US\$270mil – it is the world’s sixth largest market for instant noodles.

About three years ago, Holista started development works on its low-GI noodle mix through its US-based subsidiary, Holista Food’s Inc.

“We worked with Nadja Piatka, who is now the chief executive officer of Holista Food’s, to get into that food space,” says Rajen.

He explains that its low-GI formula comprises extracts of okra, lentils, barley and fenugreek.

“These are the ingredients that go into the noodles. But it is done in a way so that it doesn’t look black or green or smell (too strongly of spices). That’s the genius of the application.

“We have to work on the right ratio to all these things to give you the noodles without the taste going bad or being too slimy in your mouth, or turning black or green,” he adds.

He elaborates that the ingredients were natural, clean label, non-GMO and produced based on organic fundamentals.



Fresh funds: The company is looking at a round of fund-raising soon to fund further research and development work.

The company also conducted many taste tests, and Rajen says its noodles either came out better or performed the same as other noodles.

“So conceptually, we are trying to take people back to their early days where we consume natural, whole foods, yet enjoy the food of the modern day,” he says.

The cost of developing the product came up to about US\$3mil.

While Rajen acknowledges that having a base in the US drove up cost, it gave the company access to facilities and to large food brands.

“It was tough. Although we did not generate sales from this segment, we’ve had to keep funding it over the last three to four years. You fund the samples, the testing, the shipping. Everything. Life is cruel when you are small.

“We tested in some of the biggest testing centres in the US and Canada. And we coordinated between that,” he says.

What helped was that the company is asset-light. Holista is research-driven and does not own its own production facility. Its main asset is its intellectual property, experience and know-how.

In the meantime, the company grew on sales of its dietary supplement products.

But its investments are paying off.



Natural replacements: Its low-GI formula comprises extracts of okra, lentils, barley and fenugreek.

Holista finally secured its first order for its low-GI noodle mix early this year from Canada-based Wing’s Food Products. The order is expected to contribute US\$6mil to the company this year, and US\$12mil and US\$25mil to its sales in 2019 and 2020 respectively.

“Wing’s was supplying noodles to, largely, the Chinese, Japanese and Korean markets. And they got so excited with our product.

“If you look at bread, which is a staple in our diet, there have been so many health innovations in that segment. You have high-fibre bread, high-protein bread, nut bread, gluten-free bread. But there’s no health innovation in noodles.

“We’ve got noodles in different shapes and sizes, like glass noodles, thin noodles, fat noodles. But none are healthy. So this healthy noodles idea became so fresh and sexy for them,” Rajen says.

One of the good things about its noodle mix, he adds, is that they can be added into the noodle manufacturer’s production without the need to modify their facility or production processes.

“It is very invisible in the process. And therefore, it can go into any noodle plant or, even, bread plant,” he says.

Early this month, the company also signed an agreement with Express Trading Canada to export its low-GI noodles to China, the world’s largest noodle consumer. Sales is expected to commence in October, targeting CN\$15mil sales in the first year and doubling to CN\$30mil in the second year.

Rajen is excited about its entry into China. He notes that the rising affluence within the Chinese population meant that they are now looking for a better lifestyle in order to enjoy their wealth. The affluent Chinese consumers are looking for more North American products and the idea of healthy noodles is catching on like bonfire.

“The Chinese are typically uneasy with consuming products made in China. They will pay a significant premium in order to be assured that this product is made overseas, and complies with standards. So this product is endorsed by Diabetes Canada and the Glycemic Index Foundation,” he says.

Holista has also recently attracted interest from other large food companies to use its mix to produce healthier food products. It is in the midst of signing a major collaboration with an India-based company to work on baked goods like biscuits. Rajen also expects to work with a few other players in the US for other flour-based products.

He hopes to affect the production of goods such as pizzas, muffins, breads, biscuits, and even locally, the *roti canai*, in a big way.

This, he says, will help counter the effects of refined carbohydrates in processed foods.



Huge market: The company will be entering the China market, the world's largest noodle consumer. — Xinhua

Holista will likely be launching its bread products by the end of the year.

Of course, this will also add to Holista's bottom-line.

The company recorded net loss of AUD3mil for financial year ended 2017. But Rajen explains this was largely due to paper losses.

"But I do see a very clear light at the end of the tunnel, especially with what's happening now with China. We should be profitable this year," he says.

He adds that the company's future growth will be driven by its food segment. At the moment, its dietary supplements business contributes about 80% to revenue.

"We've always known that food is a big space. The global bread industry alone is about US\$170bil. And in this space, even if we made a very minimal dent, it would mean a lot.

"There's much more to come. We haven't even gotten to instant noodles yet. We can make the instant noodles version of this. If you are really serious about affecting global health, then you have to look at this segment too," he says.

He hopes to also work with more companies to impact Asian foods like the roti canai.

"That is going to impact Malaysian health. It is a staple. But it is really bad food. It's pure flour. So we are working on a low-GI roti canai.

“We would love to partner a Malaysian company or an Asian company for this. If we could set up the roti canai ingredients, then they can mix it at the shops and you can have a low-GI roti canai.

“We don’t want to go into distribution. We are asset-light. So we want to talk to people who are already in the roti canai business and see how we can make it better,” he says.

Holista will be looking at a few fund-raising exercises in the coming months to fund further research into other products. Rajen is looking at raising between AUD300,000 and AUD500,000 from the company’s shareholders and another AUD30mil sometime early next year.

“Even though we are a public-listed company, we are a small public-listed company. It’s tough. We always need more cash,” he says.



Early sales: Holista secured its first order for its low-GI noodle mix early this year from Canada-based Wing’s Food Products.

The company is currently listed on the Australian Securities Exchange. It completed a reverse takeover of Perth-based biotech firm CollTech Australia Ltd in 2009.

“We thought we needed a more Australian skin to go global. Australia is a very big food brand in the global food industry. So we thought the listing will help and it has. It so happened that we had the opportunity to do this.

“The biggest problem we had earlier was, people would wonder ‘who is this Malaysian guy who is trying to tell us how to do bread and noodles?’ Where is Malaysia even in the food scene?”

“So getting into the public company actually helped. Getting a US subsidiary also helped,” he says.

He is confident that its low-GI noodle mix will take off in a big way and open the doors to many other products. He opines that the food business will overtake its dietary supplement segment in the future.

“Asians are, generally, not as innovative as Westerners when it comes to food. And I think today, Malaysians can be proud that they started this,” he says.

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