

FORTUNE SMALL BUSINESS

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SHOWDOWN

SECOND PLACE SAATWIC FOODS

saatwic.com

WEIGHT WATCHER

WHAT IT DOES Makes carbs healthier to eat

FOUNDERS Dhyaneswar "Danny" Chawan, 67; Ajay Chawan, 33

LAUNCHED April 2005

STARTUP CAPITAL \$600,000 from an angel investor

THROUGHOUT HIS CHILDHOOD Ajay Chawan recalls his father bringing home newfangled edible concoctions. "When I was in the fourth grade, he came home with a chewing gum that changed flavors five times, with a very clean break between flavors," Ajay says. While the gum never made it to market, veteran food scientist Dhyaneswar "Danny" Chawan

invented plenty of other products that did. In the late 1990s Danny left food conglomerate Borden to cook up new products on his own, including an all-natural process that slows the digestion of carbohydrates, making pastas and breads—even mac and cheese—safer for diabetics. The additive easily mixes with regular flour, and the resulting treats don't lose any taste or texture. His son, then an engineer with Ford Motor, decided to build a company around it. "I knew right then that I wanted to work with my dad," Ajay says.

While attending business school at Northwestern, Ajay named his father's invention CarboStar and began assembling a management team. When he graduated in 2003, he quickly found an angel investor, who has contributed around \$600,000 to the startup, which Ajay named Saatwic Foods because he says the Sanskrit word connotes goodness. Much of that funding has gone toward trials verifying CarboStar's health benefits and the assertion that the cooking additive reduces absorption of calories from carbohydrates by 50%.

Saatwic Foods has yet to see any products featuring CarboStar hit store shelves, but it has made sales to General Foods, Kellogg's, and Heinz—all of which are testing products featuring CarboStar. "The ingredients have been approved by the USDA to be used in products labeled organic," says Ajay, adding that there are no known side effects. Still, the Chawans are well aware of potential pitfalls. They remember the disaster that was Olestra, a synthetic fat substitute that was shelved after word spread about its unpleasant gastric side effects. Regardless, Ajay expects to soon land one big customer and projects sales of \$896,000 for 2008.

—ALEC FOEGE

THE JUDGES

PHILIP BRONNER, general partner at Novak Biddle Venture Partners (novakbiddle.com)

MARIA COYNE, executive vice president of community banking at Key Bank in Cleveland (key.com)

JENNIFER FONSTAD, managing director of Draper Fisher Jurvetson (dfj.com)

LOIS GELLER, founder and president of Mason & Geller Direct (masongeller.com)

MICHAEL GREELEY, general partner at IDG Ventures (idgventures.com)

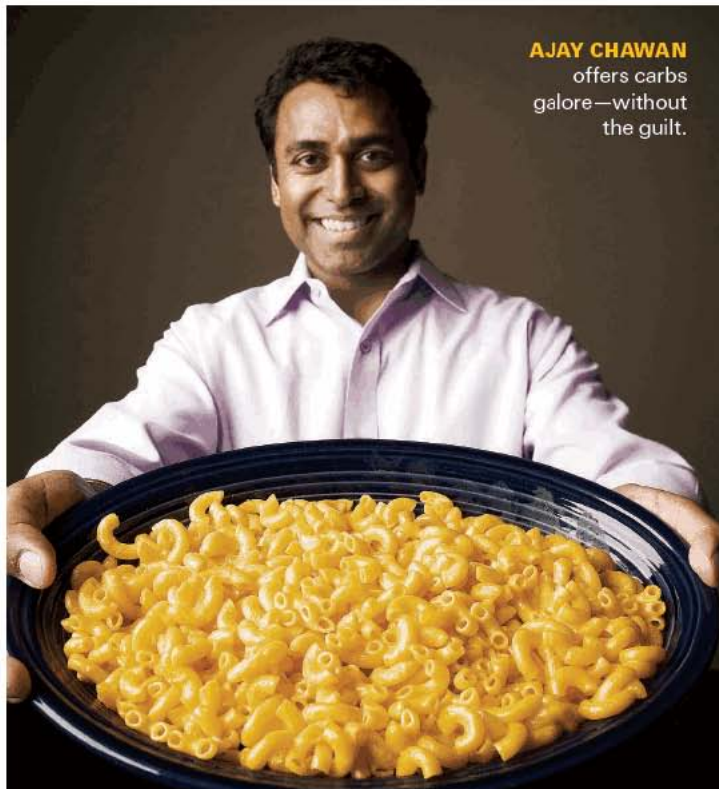
VERNE HARNISH, founder and CEO of Gazelles (gazelles.com)

KAY KOPLOVITZ, chairman and CEO of Koplovitz & Co. (koplovitz.com)

KYLIE A.D. SACHS, partner at Ascend Venture Group (ascendventures.com)

STEPHEN H. WATKINS, chairman and CEO of Entrex (entrex.net)

ANN WINBLAD, co-founding partner of Hummer Winblad Venture Partners (humwin.com)



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