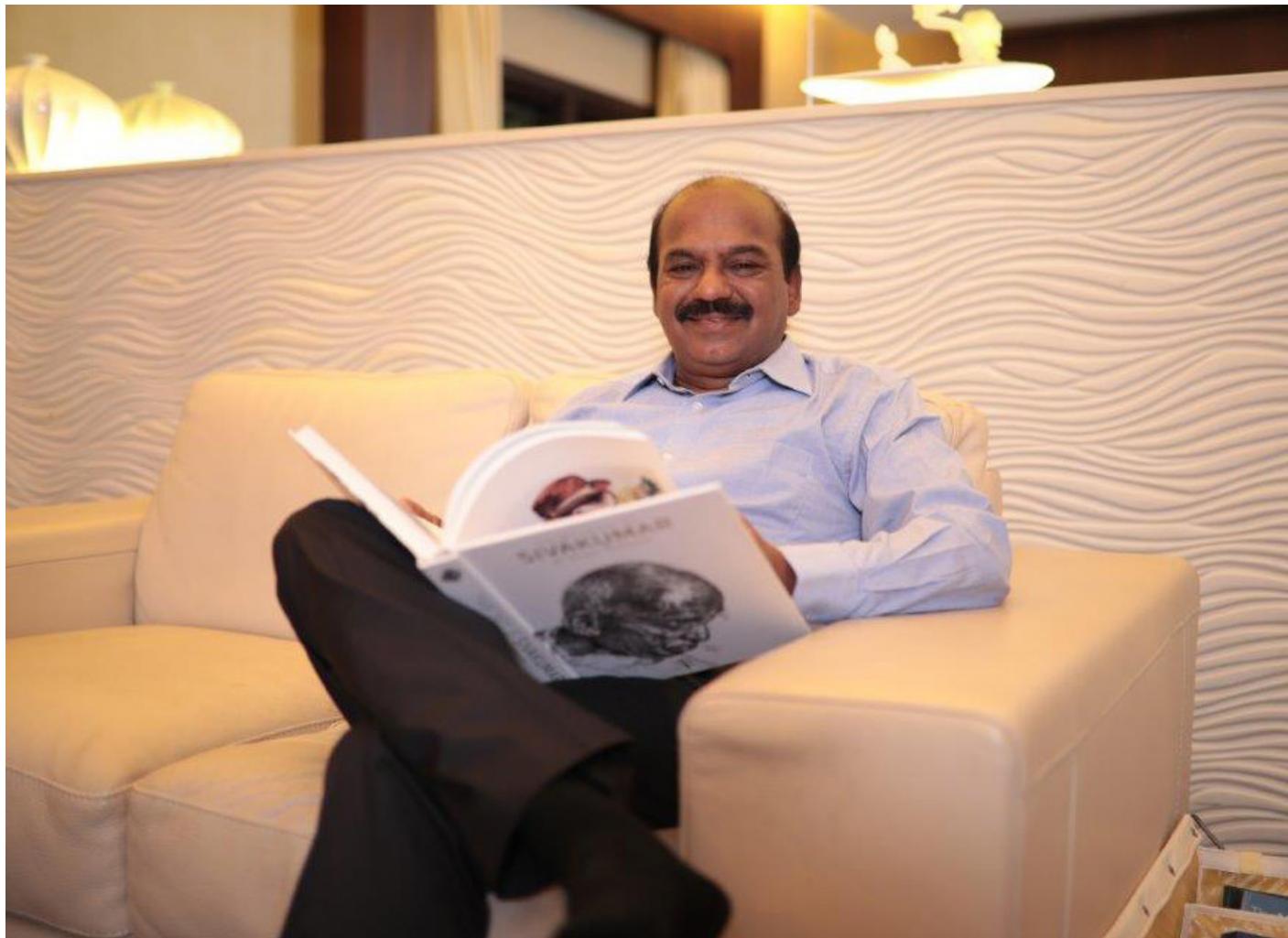


## Poultry Personality

# GLOBALLY GRASSROOTS



A thought leader in the Indian poultry industry, **B. Soundararajan** has been providing steer on strategy and delivery to the Indian market in close partnership with the grassroots poultry farmers. **IPR** joins him for a candid conversation as he dreams of energizing rural India

“Where there is a will, there is a way,” feels B. Soundararajan. “In business there is always a better way. And the first step towards achieving that is to have a dream. For Suguna, the dream is to shape the future of India,” smiles the dynamic Chairman of Suguna Foods Pvt. Ltd.

Like every youngster in school, Soundararajan grew up in a small village in Tamil Nadu and dreamt of joining college to land

a comfortable job on completion. But, his father, the village school teacher and visionary suggested he starts something of his own, opening up a whole new world of opportunities to the young mind.

So young Soundararajan started with vegetable farming in their ancestral agricultural land and within no time ventured into poultry farming with his younger brother in tow.

“We started our poultry business as farmers during 1984. We would buy feed from the manufacturers, chicks from the hatcheries and supply them to farmers,” he reminisces. The project ran on its own steam for a few years, but by the turn of the decade, the returns started diminishing. It hit a sluggish market. The farmers were struggling to make ends meet and this resulted in an outstanding revenue



from the market for Soundararajan and his brother.

When the business hit its worst part, the brothers did not sit back. They analyzed the marketing process and realised that they were unable to make money because there were 14 cost centers and several middlemen who ate into their profits. They devised a strategy and process which would reduce the cost center from 14 to just 4.

They started “Contract farming” – a concept which has had a great impact in the poultry business. “Initially, we launched the contract farming model with three farmers from my village. We provided farmers the feed, chicks and vaccines. They only had to invest in infrastructure. We took away 11 input costs from them, and after 40 days, we bought the chicks from them to sell in the market. This way, the farmers received a steady income every month. Other farmers saw the benefits of the model and wanted to join in,” says Soundararajan.

Instead of cash, the farmers could repay their debts through service. By introducing this concept, the brothers recovered the outstanding amount from the farmers after three years.

The concept of contract farming spread like wild fire and touched the lives of several thousand farmers and their families across India.

In the year 1998, B. Soundararajan and his brother established a full-fledged

organisation by the name of “Suguna Poultry”. It not only grew structurally, but also grew manifolds in human resources strength, process improvisation, sizable increase in deliverables and betterment in delegation of authorities. It was the first company in the poultry industry to implement Oracle E Business Suite Integrated ERP System.

“Our growth sprawled from Tamil Nadu across India with the efforts and dedication of our employees, our farmers, our traders and with the cooperation of all our associates,” beams Soundararajan. Through building personal relationships with the farmers and winning their trust, Suguna Poultry has been able to go from strength to strength and, today has become a world class poultry enterprise with an annual turnover of Rs. 5800 plus crores, that makes it India’s No. 1 broiler producer and ranks among the top ten poultry companies worldwide.

According to Soundararajan, poultry in India is one of the most progressive industries, well-structured and well organized in many ways. Geographical influences notwithstanding, Indian poultry industry has a great future and can be classified as a highly sustainable model of business. The industry is growing by 6-8% CAGR and it is ahead of the GDP growth. “By policy, we are getting all support from the government. In India, commodity prices are 15-20% more than international prices. Hence, Indian manufacturing cost is a bit

more expensive to export. The government actually can incentivize the difference in the cost of production in exports,” he feels for encouragement to the industry.

Also, technology in poultry industry has seen improvements with many latest ones, there needs to be further rapid developments to take the industry to the top segment. “Still many of the poultry farms have low cost housing. We need to change from low cost housing to modern housing practices.

Now is the time we need to see a transformation of age old backyard to a great poultry enterprise,” he further stresses.

Suguna Foods Private Limited today, is one the biggest live examples of inclusive growth in India. Unlike many other multinational companies, Suguna saw the farmers as partners and as the most important stakeholder in their growth.

“Farmers are the backbone of India. As Mahatma Gandhi said, ‘India lives in villages’. As the first generation entrepreneurs in India, we are able to move up to grassroots level. We have a good rapport with our farmers,” says Soundararajan. The company’s consideration to develop the farmers first and partner with the grassroots levels is the biggest strength for Suguna.

Since inception, Suguna dedicated their business towards the upliftment of farmers and there are a large number of around 25,000 farmers today, especially because they’ve been able to attain financial stability.

As word spread the business began to expand beyond Tamil Nadu. Suguna received invitations from state governments who saw the impact of rural development in areas where the company operated. From this germinated the Suguna Foods’ core vision of “energizing rural India.”

“Our 30 plus years of expertise in poultry helps us shape the industry. We have given the industry a reliable business



model to grow. Whatever we have done in poultry has to be replicated in agriculture, to take care of inclusive growth for the vast diversified geographical land of India,” opines Soundararajan.

As a food company, Suguna is also focusing on enriching the lives of its customers and other stakeholders. It has a wealth of real-world experience to draw from, gained from diverse industry sectors and business models. Now that the technology has grown rapidly, Suguna is trying to stay abreast and give its best to be at par with the latest trends. With this treasure of first hand experience there is immense scope for the future growth and success of the company.

Suguna’s future diversification plans are related to food & agriculture, so that the company would always be connected with the farmers. With immediate plans to replicate their success story in Sri Lanka, Bangladesh, Kenya and Myanmar, the company’s future plans are focused to double the quantum of GDP growth. They also plan to take their business to the rest of Asia and Africa.

Looking into the future, Soundararajan is more than hopeful. “When we started our business, we had no mentors, business plans or risk analysis capabilities. As first generation, we came up the hard way without much professional education. But we have managed to establish the company and take business to this level,” says

Soundararajan. Many poultry enterprises managed by first and second generation have started getting into the business

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now, they are mature, well-educated and smart. Soundararajan is confident that with their rich professional education they will take the poultry business to the next level by transforming from simple poultry pro-

duction companies to marketing oriented corporations.

“Our next generation will need to think harder about how to expand: they’ll need to concentrate on strategic areas. I feel Suguna Foods has not made it big yet. Yes, we’ve definitely come a long way but we are nowhere close to reaching saturation point yet,” he adds.

India’s per capita meat consumption is a very low 3.5 kgs. Due to the affordability and the need for protein security, there is immense scope for moving towards processed meat. Also processed foods are more healthy & hygienic. It’s more convenient for the present generation. Though growth is slow now, Soundararajan feels it would definitely pick up with the change in eating pattern.

At the pinnacle of success Soundararajan humbly dedicates his achievements to his family. In his own words, “Both work and family are important to me. My family is always my pillar of strength.” And when it comes to business it is the extension of the same human touch. As Suguna’s tagline proudly claims “Breeding trust, growing together,” Soundararajan claims it is the trust of the stakeholders, the extended relationships which Suguna has built with the farmers that has led to the growth and success of the company. “If the farmers’ lives are enriched, they are happy - the result is success for both,” he concludes.