

Interview

With

Mr. B. Soundararajan
MD, Suguna Poultry Farm Ltd.



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Started in the year 1984, Suguna Poultry Farm Ltd. is today one of the leading poultry companies in India with a steadily increasing global presence. Its turnover exceeded 8.1 billion rupees in 2004-05. What makes Suguna Poultry special is its pioneering efforts in Contract Farming which has helped thousands of small farmers to grow along with the company. It has also gone global and entered into partnerships with several international players. The success of Suguna is a glorious testimony of the power of human visionary zeal, innovation, determination and co-operation. Here we talk to the **Managing Director of Suguna Poultry Farm Ltd., Mr. B Soundararajan**, to know more about the companies operations and his views on the current issues facing the poultry business.



Mr. B. Soundararajan, MD, Suguna Poultry Farm Ltd.

Q: Chicken and other broiler products are a very common commodity that was in the unorganized sector. What was the motivation and inspiration that made you to build such a large empire, with a turn over more than Rs.1500Cr. in this industry?

A: First thing was survival. Then came the thought why not to try to supply live birds at affordable prices to the consumer-common man. The success in the initial stage of introduction of innovative method of contract farming had given a motivation to spread our wings wider. The overwhelming support from all sides- farmers, traders and consumers helped us to grow to this level.

Q: Your Company is a pioneer in the concept of contract farming. Can you please explain how this concept works and has contributed to the success of your company?

A: Yes of course we are the pioneers to introduce contract farming in India. In contract farming all the inputs such as Day Old chicks, feed medicine and daily care are the products owned by Suguna. The associate, the farmer has to take care of Daily management of the farm until the birds grow to the stage of marketability. The farmer owns the Shed and for taking care of the birds he is paid a fair amount namely, growing charges for the services he rendered for looking after the birds growth in his farm.

The entire responsibility rests with the company. Everything comes to his farm shed and same way it is taken from his farm gate. There is no risk for the farmer such as market volatility, Raw material price fluctuations etc. They are assured of a regular income at equal intervals, like a salaried person

Q: Which are the geographical areas in which you are currently operating?

A: For now we are in eight of the Indian states-Tamilnadu, Pondichery, Karnataka and Andhra Pradesh in the South, Maharashtra and Gujarat in the West, West Bengal and Orissa in the east, Punjab in the North. Slowly we shall make our presence in the entire Nation.

Q: Companies in this industry were not geographically spread out earlier. Your company was one of the leaders in spreading the operations of the company on a national scale. Can you share with us the problems you had faced in this regard and how you were able to overcome them?

A: Once we enter in to a new area there comes a resistance automatically, being outsider. They fear of some apprehension that their main source of income is about to be taken by someone else. We could add up a few farmers in our fold. Once the word from the benefiting farmer spreads to others about the advantages of contract farming they shed their inhibitions and join us voluntarily. The regular income they get out of this contract farming makes them to stick to us permanently.

Q: What is your strategy to take on the unorganized players in the market? Being a cost conscious market is it possible for you to have any pricing power?

A: We have no say about the unorganized players. They are not an equal match for our market share. We have a premium product and we have our say in the market. We get a premium price too

Q: How does your company differentiate itself from the others in the market as other big players like Browmark, Pioneer etc.?

A: They are not big players to us, but we are to them. As said earlier we have premium product and hence we get premium price

Q: What do you think is scope for value added poultry products like frozen and chilled chicken India? With the projections of huge growth in the organized retailing sector do you expect a boom in the demand for these products?

A: We have to admit that, As far as India is concerned acceptance in a big way for Value added products are some years away. Even otherwise we have started our spadework to join the stream of Retail boom taking place in general. After observing the strategy played by big retail players, we shall come out with our own strategy to get along.

We certainly expect a boom to take place, as personal income growth and the venue for spending is more now. We will utilize the opportunity to its best by going in for value added poultry products.

Q: This is a question that I cannot avoid asking. What has been the effect of the recent bird flu scare on the industry and your company?

A: Yes the industry in total and Suguna experienced a difficult phase. The consumption level dropped drastically, even though there was no real bird flu throughout the country. It was only in a small pocket which was very well controlled by the State and Central governments. Financially also we were affected. But we stood to the test. We converted the situation into an opportunity. We had a training ground equipping ourselves to meet a similar crisis.

Q: In spite of the industry in India being large, exports have been negligible in this industry. What are the problems the industry has been facing in this regard and how is it being planned to be overcome?

A: Poultry Meat price is competitive in the world market. Countries like, Brazil, US produce Poultry meat at a low production cost and are able to market them in the Global market at competitive prices. Steps are being taken by us to reduce the production cost by increasing productivity to compete with the above said countries.

Q: Suguna Poultry was planning to export to Japan in a very large way. Has it been affected due to the recent outbreak of bird flu?

A: Yes, for now it is hibernating. We are waiting for the clearance from Japanese Government. But we will make the exports to Japan in the near future

Q: What are the steps the industry is taking to come out of the situation caused due to the bird flu problem?

A: Firstly we are educating the common man about the non presence of Bird Flu in the country. More over we instill confidence in the minds of consumer about the safety in consuming poultry products. We have implemented even stricter Bio security measures for the prevention of not only Bird Flu but any other form of insecurity for the health of the birds. Message is spread through all modes of media.

Q: Are you planning to enter any upstream industry like chicken feed, vaccines etc.

A: Yes we already have our own feed Mill plants and we are in the path of increasing the capacity by installing sophisticated high productive Feed Manufacturing plants. As regards vaccines our requirement is fulfilled by local market as well as by imports.

Q: What are your future plans for your company?

A: To enlarge our network across every nook and corner of the country. To go for integration in neighboring countries. Branding our product at par with any international brands. To enter into the retail chain, and supply nutritious food at good rates to consumers. It will have a variety of ready to eat foods. This exercise will initially be in India and later on we will make our presence globally.

This interview was taken by Mr. Paras Kapoor and Mr.Senthil Kumar of PGP – II.