

# Suguna Foods promoters to buy back IFC's stake

**World Bank's investment arm holds 5% stake**

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**June 29, 2014** Last Updated at 00:03 IST

Promoters of poultry company [Suguna Foods](#) are in the process of buying back International Finance Corporation ([IFC](#))'s stake of about five per cent in the company.

Sources said private equity investor IFC would exit with threefold returns, or Rs 150 crore. In 2006, the [World Bank](#)'s investment arm had invested \$11.25 million as equity, according to an IFC disclosure.

“We are buying back the stake from IFC and the process will be completed by this November,” said G B Sundararajan, managing director, Suguna Foods. The company had no plans to go for an initial public offering or raise funds from any other private equity fund, he added.

This was said to be IFC's first investment in the Indian poultry sector; its investment was aimed at supporting the company's expansion and developing global competency. Experts said while private equity funds have expressed interest in investing in the Rs 60,000-crore poultry sector, many family-run companies aren't opting for this.

Suguna employs 22,000 farmers across 14 states. Last year, it clocked a turnover of Rs 5,300 crore and it was expected this year the figure would rise 20 per cent to Rs 6,500 crore, said Sundararajan.

While the poultry sector is growing at 10 per cent a year, Suguna is expected to post 20 per cent annual growth, given the growth of about 30 per cent a year in its ready-to-eat and ready-to-cook chicken products. The company see a huge opportunity in this segment, currently valued at Rs 700 crore, said Mohan V K, General Manager (sales and marketing), consumer products.

In Bangalore, Suguna is into the quick-service-restaurant business, in tie ups with 10 restaurants; it plans to extend this to 65 by the end of March, 2015. The cost of setting up a new restaurant is estimated at Rs 10-15 lakh. Mohan said though the company planned to set up all the restaurants on its own, it might consider franchisees at a later stage.

“We are not here to compete with multinational chains such as [KFC](#) or McDonald's. We are here to offer chicken, a source of proteins, to the under-served, at an affordable cost,” said Mohan.

According to a 2006 IFC document, Suguna Foods was established in 1982 by brothers B Soundararajan and G B Sundararajan, who held 99.2 per cent stake in the company before the IFC investment. The company said it ranked among the top 10 global poultry companies. The

company's operations include broiler and layer-farming, hatcheries, feed mills, processing plants, vaccines manufacturing and exports. It markets [broiler chicken](#), frozen chicken and value-added eggs.