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Suguna comes a long way in less than 10 years

It was only as recent as 2002 that the Indian poultry producer Suguna Group went into poultry processing in a joint venture with Supreme Foods from the Gulf. That operation was primarily to supply frozen whole birds to the Gulf.

In 2008 the operation became 100% owned by Suguna and it then focused more on the Indian domestic market – exports declined and the operation expanded into further processing. Today 90-95% of production is for the domestic Indian market.

Recently, International Meat Topics visited the operation which is located an hour or so from Coimbatore in southern India.

The Indian market

Before focusing on the processing operation let us put the company and the Indian market into context.

Suguna Poultry was started in 1984 by the Soundararajan brothers with 200 chickens. Today the company is spread across India, produces some nine million broiler day old

chicks a week, of which just short of eight million go on to the 16,000 or so farms associated with the company. The processing plant can process 3,000 or so birds an hour.

For those involved in poultry these figures do not add up. That is because of the unique nature of the Indian poultry meat market in which some 95-97% of meat is supplied by the wet market.

In the wet market, the shops hold live birds and these are killed, scalded, defeathered, eviscerated and often portioned to order.

This is because traditionally the Indians like their meat fresh. Also, many of the farms are not very big.

The Indian diet is strongly vegetarian with pork and beef being taboo meats to many and seafood is expensive. The per capita consumption of poultry meat is under three kilograms per head and traditionally much of this is consumed at special occasions.

However, there are exceptions to this and the major one is the rapidly growing young middle class who have good urban jobs, a

more westernised life style and spending power.

Currently McDonalds and KFC do not have more than a total of 250 outlets between them across the whole country and these are city based or at motorway service areas. Thus, India as a country has great potential for poultry meat products.

As was said the plant is designed to process 3,000 birds per hour but, when the pressure is on, 3,500 per hour can be achieved. Of the 3,000 or so birds half are destined for the further processing facility.

Currently production is primarily composed of 1.8-2.0kg birds and 75-80% of output is frozen for national distribution, with the balance going out as chilled product into the southern Indian market.

The proportion of the chilled market is rising and the Suguna Group, with a turnover approaching \$US one billion, sees the building of plants in other areas to supply chill product into those areas as a logical progression of their processing business.

HACCP certified

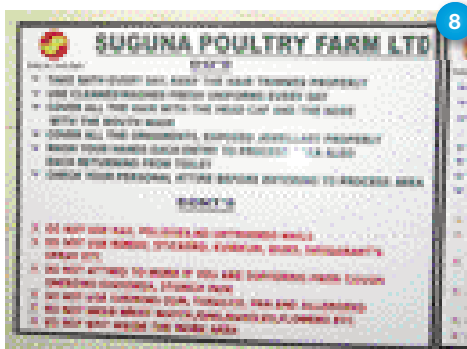
The current plant is licensed by the Export Inspection Council of India and so can export product. It is also HACCP certified.

Birds are transported to the plant and are hung on the line shortly thereafter. Crates are then washed close to the hanging-on bay and go back onto the lorry they came from.

Birds are then electrically stunned and subjected to Halal slaughter before scalding and defeathering. Evisceration is semi-manual and after this stage the birds pass through a



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spin chiller which takes their deep meat temperature down to 5°C.

After coming out of the spin chiller each bird is assessed and goes either to further processing or to be packed as a whole bird and frozen.

Further processing

Further processing is a simple portioning operation with some meat stripping and products are supplied to McDonalds via their key Indian supplier Vista and to KFC outlets in southern India. The company also supplies hotels and its own retail outlets.

Each batch of production (typically birds from one farm) provides samples for microbiological testing which, typically, includes testing for total viable count, total coliforms, E. coli, Staphylococcus aureus and salmonella. The last organism is tested for by both traditional and ELISA methods.

The laboratory also tests water samples weekly for total coliforms and E. coli. Post-cleaning hygiene swabs are taken daily and workers' hand swabs are taken weekly.

In addition, testing for antibiotic and pesticides residues and heavy metals is undertaken monthly.

The company's own outlets are varied and include wet market outlets across the country and outlets for their fresh products

When it comes to the future, the wet market will not disappear overnight. In fact, it could well increase as poultry per capita consumption increases. However, real opportunities will exist in the processed poultry market which currently accounts for a very small percentage of total poultry

meat sales. This all has to be viewed against a backdrop of India's population of some 1.2 billion people, of whom a large proportion are young. In addition, the rapidly increasing middle classes, many of whom are in the cities, want more animal protein (poultry meat and eggs) in their diet. These people have spending power and their lifestyles often dictate a need for fast foods. Religious taboos rule out beef and pork consumption and seafood is too expensive for routine consumption.

Over the last five years changes have been dramatic and include the emergence of international and local fast food chains in the country as well as fresh poultry portions in the supermarkets. This latter change has been helped by some of the international supermarket chains establishing their presence in India.

It also looks good for the Indian producers as they are in a protected market with imported whole birds attracting a 35% tariff and poultry portions attracting a 100% tariff. Even so, legs from the USA still enter the country.

Interesting challenges

To increase the percentage of chickens ultimately being sold as processed whole birds and further processed products has to be the goal and this will necessitate developing sales, distribution and marketing skills within the sector.

However, compared to many international markets that must have meat, the challenge in India is that many Indians are vegetarian! In fact, some 30% of the population are true

vegetarians and many of the remainder are happy to be vegetarian and just eat meat (chicken) on special occasions such as family reunions. Many of the religious festivals are celebrated with vegetarian food.

Ironically, another thing that will favour the move from wet market to processed poultry in the cities is the government's approach to avian influenza control which includes making city urban areas live chicken free zones!

India has the challenges but Suguna Group with its track record and young, energetic management team has the ambition and abilities to provide the solution. ■

The photographs show: 1 – the processing plant at Suguna; 2 – live bird lorries waiting in the shade prior to offloading their birds; 3 – the hanging on point; 4 – meat inspection on the whole bird line; 5 – the drop off point on the whole bird line; 6 – birds in chill storage; 7 – portioning; 8 – at various places around the plant workers are reminded of the rules for that area; 9 – a shipment of Suguna product heading for export; 10 – inside one of the retail outlets where birds are portioned in front of the customer, bagged and sold; 11 – two of Suguna's further processed products; 12 – the company is heavily involved with promotional materials at point of sale. Note the use of cricket as a promotional tool in the poster on the left, while the poster on the right, interestingly, tells the consumer the story of their chicken from breeder to hatchery to growing farm to processing plant to retail outlet.



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