Early Warning System

ADB-53383-001

Inclusive Poultry Value Chain Project

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Quick Facts

Countries	India
Financial Institutions	Asian Development Bank (ADB)
Status	Approved
Bank Risk Rating	B
Voting Date	2020-03-27
Borrower	Suguna Foods Private Limited
Sectors	Agriculture and Forestry, Technical Cooperation
Investment Type(s)	Advisory Services, Loan
Investment Amount (USD)	$ 25.19 million
Loan Amount (USD)	$ 25.00 million
Grant Amount (USD)	$ 0.19 million
Project Cost (USD)	$ 50.50 million

Project Description

According to Asian Development Bank documents, the proposed project will support Suguna expansion across 13 identified states in India with the construction of 20 feed mills, four environment-controlled sheds for breeders, eight hatcheries, and various meat processing lines; and the expansion of the company contract farming program from 40,000 to 55,000 smallholder poultry farmers.

The Technical assistance (TA) will strengthen the capacity of women for engagement as contract poultry farmers. The TA will focus on building the farm management skills and financial literacy of 4,500 women contract farmers. The project will improve livelihoods and gender inclusion in rural areas, reduce malnutrition through the production of affordable proteins, and mitigate the impact of livestock farming on the environment and on climate change."

The outputs of the project are: (i) feed production capacity increased, (ii) poultry farming capacity increased, (iii) poultry meat production capacity increased, (iv) the company has become more gender-equitable, and (v) women farmers trained in poultry farming techniques and financial literacy.

The project is ADB’s first assistance to an inclusive poultry business in India.

Investment Description

- Asian Development Bank (ADB)

ADB will provide to Suguna a long-term senior secured corporate loan of up to $25,000,000 equivalent in Indian rupees. The loan has a tenor of 7 years with a grace period of 2 years.

The proposed TA of $190,00028 which will be financed by ADB’s Technical Assistance Special Fund (TASF-Others), will focus on training rural women in: (i) poultry farming's best practices and (ii) functional financial literacy. T

Private Actor Relationship

Brothers Bangarusamy Soundararajan (current chairman) and Ganapathypalayam Bangarusamy Sundararajan (current managing director) established Suguna in 1984.

Suguna is 99.65% owned by Suguna Holdings Private Limited (Suguna Holdings), which has subsidiaries in Bangladesh, Kenya, India, and Sri Lanka. Suguna carries the group's India business and is the flagship company, contributing more than 95% (FY2019) to the group's revenue. Suguna is ultimately owned by the founders' family through a trust, which owns 100% of Suguna Holdings. While no formal shareholder agreement exists, the four children of the founders were appointed as the beneficiaries of the trust through a written family governance deed.

Private Actors Description

Suguna is India's largest broiler enterprise, with an annual production volume of 1 million t, turnover of about $1.3 billion (FY2019), and a broiler market share of 15%. Headquartered in Coimbatore (Tamil Nadu), the company is present in 19 states (footnote 11), employs about 8,000 people (mostly in rural areas), and empowers more than 40,000 contract broiler farmers and more than 200,000 corn and soybean farmers across rural India. Suguna is vertically integrated across parent breeding, hatchery operations, feed mills, broiler farming, and meat processing.

Private Actor 1	Private Actor 1 Role	Private Actor 1 Sector	Relation	Private Actor 2	Private Actor 2 Role	Private Actor 2 Sector
-	-	-	-	Suguna Foods Private Limited	Client	-

Contact Information

Responsible ADB officer: Noorullah

ACCOUNTABILITY MECHANISM OF ADB

The Accountability Mechanism is an independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an Asian Development Bank-financed project. If you submit a complaint to the Accountability Mechanism, they may investigate to assess whether the Asian Development Bank is following its own policies and procedures for preventing harm to people or the environment. You can learn more about the Accountability Mechanism and how to file a complaint at: http://www.adb.org/site/accountability-mechanism/main

Bank Documents

- Inital Poverty and Social Analysis [Original Source]
- Project Disclosure PDF [Original Source]
- Report and Recommendations of the President [Original Source]