

# Inc.

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REDUCE  
YOUR ENERGY  
BILLS

HOW  
VINOD KAPUR  
BUILT KEGG  
FARMS  
PAGE 52



BEST  
MEETING  
JOINTS IN  
FOUR CITIES  
PAGE 23

TURNING  
AROUND A  
TOXIC  
WORKPLACE  
PAGE 51

THE  
TOUGHEST  
LAPTOPS  
PAGE 21



The Way  
I Work  
Ranjan  
Chopra  
Team  
Computers  
PAGE 64

Why  
Jason  
Fried  
does not  
want  
you to  
read  
another  
resume  
PAGE 10

Best  
Practices  
from  
America's  
Best-Run  
Companies  
PAGE 42



## HOW TIME MINTS MONEY FOR THIS MAN

**YASHOARDHAN  
SABOO**

built India's  
top watch  
components  
company.  
Now, he wants  
a piece of  
retail action  
with his  
22-store chain  
selling luxury  
watches.

PAGE 26

# VINOD KAPUR KEGG FARMS

## FEEDING RICH AND POOR

**When I started building Kegg Farms in 1963**, I practically knew nothing more about chickens than the fact that they laid the eggs I loved to eat. I was 29 then, and working with Wimco, a multinational company that made matchsticks. To my own surprise, it took me 10 years to leave my job and start working full-time on poultry. We actually got into the business of eggs a good 40 years later. However, my wife and I would talk all the time about how we would say, "Don't ask for eggs, ask for Keggs".

**I got into my teens before India got its Independence**—maybe that's why I am so fiercely nationalistic. I had this deep belief in the Communist Party, was a member of the students' union and got into trouble almost every day. I was a constant source of embarrassment for my father, who was an officer in the elite Indian Administrative Service. He soon decided that he had had enough of me and packed me off to the Loughborough College of Technology in the UK. That way, he figured, he could nix my fascination with politics. He, obviously, thought wrong—I went and became a student leader there, too.

**I am the eldest of five brothers**, and had always wanted to do something that no one had done in my family. No one in my family had ever started a business, and I decided to change that. However, my goal was never to make money, just to push the boundaries.

The idea of Kegg Farms had struck roots in his heart 40 years before Vinod Kapur actually sold his first egg under the Keggs brand. In those intervening years, Kapur saw India lift her head out of colonisation, started a poultry business that helped in making the country independent of live-stock imports, and survived the wave of competition unleashed by liberalisation through a unique mass product. Today, his Rs 40-crore company touches 10 lakh rural households as well as numerous high net worth households across India. For 76-year-old Kapur, Kegg Farms is more a lifetime of commitment to stay independent.

### AS TOLD TO JACOB CHERIAN

PHOTOGRAPH BY  
DIPANKAR GHOSAL





**Playing Chicken**

Vinod Kapur took on liberalisation by focusing on the neglected rural sector. Today, Kegg Farms sells to 10 lakh rural households every month.

## HOW I DID IT

**I also knew that I wanted to start small and grow from there.** In 1963, I heard about poultry farming from my father; he told me how the industry worked. Of course, when I actually started out, no one disapproved more than my father. I also got my brother, Sashi, to join hands with me.

**I read up whatever** I could find on the topic, borrowed money, and rented land soon after, to produce eggs. And finally, I set out to find a man who could help me do this. That's when Thakur Ram Avatar Singh entered our lives. He was 14 years older than me and owned a poultry farm in eastern Uttar Pradesh. He wasn't a geneticist, or even a highly-educated person, but he had the knowledge that I couldn't find in the books. I paid him out of my own salary, from Wimco, to work with us.

**I soon learned that** this was more complex than simply buying chickens and waiting for them to lay eggs. Singh talked about much deeper stuff—about parent stocks, grandparent stocks and pure bloodlines. On understanding the industry better, I saw that selling eggs lay at the bottom of this chain. At the top was selling chicks to poultry farms itself. I wanted to start there.

**But for selling chicks,** we needed to get our hands on the pure lines, or what is called "germplasm". These were controlled by an American company. At that time, every chick being sold to a poultry farm came from some American company or the other.

**I knew that** India could not continue depending on imports for long. But for that to happen, we had to own the germplasm. Slowly, I saw my business ambition turn into a national-level objective.

**In 1964,** I approached the American company and asked for the germplasm. Naturally, it refused to sell that. I was heartbroken; and, the work on Kegg Farms went into hibernation. I recovered about a year later and realised where we had gone



**High on Ambition** Vinod Kapur bought this 30-acre plot of land in Gurgaon in the seventies, hoping to 'take over the world'.

wrong. We weren't experienced poultry farmers, therefore, people weren't taking us seriously. We had to build a reputation first. So, we bought our first chicks from a company based in Pune, which had links with another American company. For a while, we just sold chicks to poultry farms.

**Then in 1971,** we revisited the idea of getting our own germplasm. The big companies were clearly not going to give it to us, so we decided to directly contact small breeders in the US. We sent out letters to hundreds of American poultry farmers. One of them was Robert Parks of the Parks Poultry Farms, which was a 100-year-old poultry business. He responded first and then landed in India three months later.

**We were,** however, a little embarrassed to take this Yank to government officials, to tell them that we would not need to depend on the Americans anymore since this guy was going to give us the germplasm. We had no idea what to do. To our surprise, Parks went to the officials himself and said exactly that. I call this divine intervention. Within a month, we

had our germplasm flown in—3,000 chicks from the Parks' farms.

**Two years later,** in 1973, someone at Wimco double-crossed me. I quit as the general manager—after 17 years of service. I was 39. But I'm glad I quit. Today, I want to send that man a golden platter.

**We then bought this plot of land in Gurgaon.** It had a single tree and people used to call it the *mitti-wala* farm. There we were on the 30-acre plot, with two sheds, one tree and billings of Rs 15 lakh and we wanted to take over the world. It couldn't have been more absurd.

**While I was at Wimco,** we never had to worry about where the money was coming from; I just had to sign a cheque. And then, suddenly, I was the last to get paid, because I had to pay everyone else first. I got no salary for around two-and-half years, and yet, I had to pay the school fees for my two children, house rent and wages, and run a house. That was really tough. I had to fight a lot of inner battles over whether I should take up another job. This went on for about

three months. Then, I asked myself if I had faith in Kegg Farms? If I didn't believe in it, then what were my brother and Singh doing there?

**One afternoon**, I watched this group of women labourers walking past my office on Siri Fort Road in Delhi. They worked at a nearby construction site and were going back home, laughing and singing some Hindi film songs together. I could not understand how could they be so happy and carefree when they had so little? That moment hit me really hard. I realised the importance of accepting what you have and striving for what you believe. Kegg

**“The thing about ambition is that it is like the horizon. It keeps moving backwards as you reach it.”**

Farms, at that point, couldn't pay me. But if we succeeded, we would change the industry. I just had to remind myself about that.

**So far, the breeding stock** that was coming into the country was raised in the US. We knew that for a really good breed that is suited to local conditions, the birds had to go through about four generations in the Indian environment. By 1976, we had stabilised our pure lines. We now did not need to depend on imports.

**Till then**, all the big players were sceptical about an Indian company owning their own pure lines. We were ridiculed for even trying. Then in 1978, our biggest competitor, Venkateshwara Hatcheries, stopped importing grandparent stock. Two years later, the government banned the import of

breeding stock. I think that was our greatest contribution to India—to make the poultry industry independent enough to stop importing breeding stock. It felt great.

**A couple of years later**, we started a company that sold chicken feed. We closed that down since it did not do very well. Venkateshwara had started their own vaccine company and we didn't want to buy from them. So, in the late eighties, we set up Indo-Vax to develop vaccines for poultry.

**Soon after that**, we got hit badly. Venkateshwara, the Goliath of our industry, at one point, decided to pump chickens into

the market at a much cheaper rate. We felt the impact of that move for many years afterwards.

**Then, India decided to integrate with the global economy.** Having grown up in a shuttered environment, we suddenly had to deal with what everyone liked to call “liberalisation”. It was great for some people, but we had to compete with the deep pockets of international companies.

**I fielded a lot of offers** for tie-ups from corporations across the world. That was never an option because it went against my personality. I wanted to be my own man. I didn't see the sense in being a small company and working with a giant. It was hard to smile in those days.

**I had to ask myself**, “What do I do with Kegg Farms?” We wanted to survive because of our strengths and look at a market that others were ignoring. That's when we decided to focus on the neglected rural sector.

**There were nearly three crore families** connected through poultry, in some way or the other, in rural India. It was already a household activity for many because there was hardly any cost in raising chickens, and yet, it gave back meat and eggs. The challenge was to create a dual-purpose bird that could produce meat and eggs, and survive in the Indian villages. So, we created the Kuroiler bird. We now touch 10 lakh rural homes and sell 16 lakh Kuroiler chicks every month.

**If someone wants to develop rural India**, they have to work with what people already know, and not introduce something new. Amul is a great example of this. All we did was give people better poultry—they didn't need any subsidy; it was a straight-forward deal in cash.

**About five years ago**, I decided to create another revenue stream, something that would not be subjected to volatility—high-quality eggs for people who don't fuss too much over price. That's Keggs—and not eggs—40 years after I first thought of selling them.

**We plan to leverage the brand equity** of these eggs and build a whole new foods division that will cater to high-end retailers. Today, we are feeding the top, as well as the bottom of the pyramid, and that is what makes me feel so good about what we do.

**The thing about ambition is that it is like the horizon.** It keeps moving backwards as you reach it. I can never imagine myself sitting back and doing nothing. I want God to take me away at this very desk, while I am working. Just like that. **☉**