

Hindu Business line P.6 No 29-3-2016

Farm Tazza scouting for ₹40 crore for expansion

Bets big on kirana stores to sell produce sourced from farmers

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Chennai, March 28

Bengaluru-based GS Farm Tazza, a wholly-owned subsidiary of Gram Suchana Solutions, will focus on tie-ups with kirana stores and farmers to accelerate growth and strengthen its presence in South India.

The company procures produce directly from farmers and supplies them to retail outlets. Kumar Ramachandran, Chief Executive Officer, said though the volume is huge in modern retail outlets, business through kirana stores generates higher revenue because they are more in number. In Chennai the company has tied up with 200 stores and plans to add another 300 by June. 2

Farm Tazza buys from farm-

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KUMAR RAMACHANDRAN
CEO, Farm Tazza

ers at market price and sells to retail outlets and kirana stores at the local market price. It has 215 farmers on board.

With a presence in Tamil Nadu, Karnataka and Telangana, the company is now looking to expand in Kerala and Andhra Pradesh through the modern retail channel.

It is looking at Series A funding to the tune of ₹40 crore for its expansion plans. Ramachandran said the funding will be used for establishing new distribution centres with cold storage, technology upgrade, infrastructure and marketing.

Currently the company has



two collection centres, in Udhamandalam and Bengaluru, from where the produce is transported to distribution centres in Chennai, Bengaluru, Mysuru, Mangaluru and Hyderabad.

Ramachandran said: "We are in talks with farmers from Tindivanam and Kancheepuram, where we will open collection centres, to tie up with us. Our target is to add 1,000 farmers by the end of December 2016."

Farm Tazza will implement a flexible price purchase plan that will allow it to fix prices. Under such an agreement, the farmer will be given seeds, fertilisers and pesticides and the company gets to fix the price of the produce.

Said Ramachandran: "This will be beneficial to the farmer as he does not have to worry about price fluctuation and can get assured payment. In case of steep change in cost, we are working out an algo-

rithm that will benefit both the parties." Once the tie-up with farmers is complete, the company will foray into the HoReCa (hotels, restaurants and catering) segment. It expects to close this year with a turnover of ₹6 crore. It gets 65 per cent of its revenue from kirana stores and the balance from retail outlets.

Tech investment

As delivering at the right time is one of the major challenges for the company, it will invest in technology and optimise its supply chain. For instance, retailers can track their orders through an app.

Ramachandran said: "Most of the clients place orders only a day before, so we have to take a guess and inform farmers. This is not easy." The company is in talks with agricultural universities to help with production planning. "We get inputs from scientists to scientifically plan the harvest to match with orders," he said.

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