

Almost 40% of India’s total fruits & vegetables production gets wasted annually, with the total wasted produce being enough to feed countries like Brazil and Vietnam. This wastage is largely because of the absence of sufficient cold chain infrastructure.

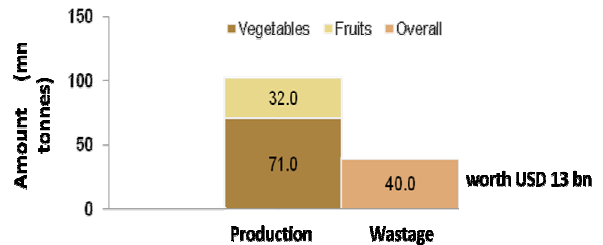
Even the existing cold chain infrastructure available in the country is fairly archaic. This can also be inferred from the unusually high percentage of facilities being used for potatoes only.

The changing preferences of the consumer as well as a growing realization to prevent wastage of food indicate towards a significant growth potential for the cold chain industry in India.

The Government and its Ministry for Food Processing Industries (MoFPI) have come up with several measures like investment-linked tax incentives, subsidies for setting up food parks, etc. to encourage private participation in developing the cold chain and food processing infrastructure in India.

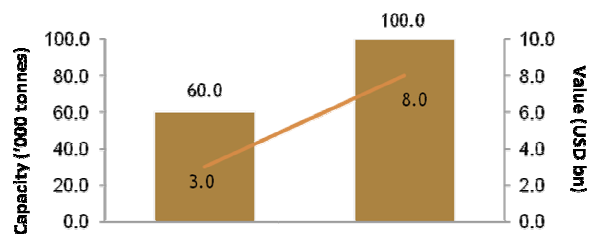
In the absence of any major player in the 3rd party cold chain solutions space in India, coupled with very strong investor interest in the sector, there exists an opportunity for a small player to invest in developing cold chain infrastructure and gain a first mover advantage across the country.

Exhibit 1: Wastage Level of Fruits & Vegetables in India (2007-08)



Source: Indian Ports Association

Exhibit 2: Expected Near Term Growth in Cold Chain in India



Note: Business Today, o3 Capital Analysis

Against this backdrop, o3 Capital has come up with a primer on the cold chain sector in India. The primer gives a broad description of a typical cold chain setup, and enlists some of the key trends in the sector

For a copy of the primer, please mail to prashant.jain@o3capital.com