

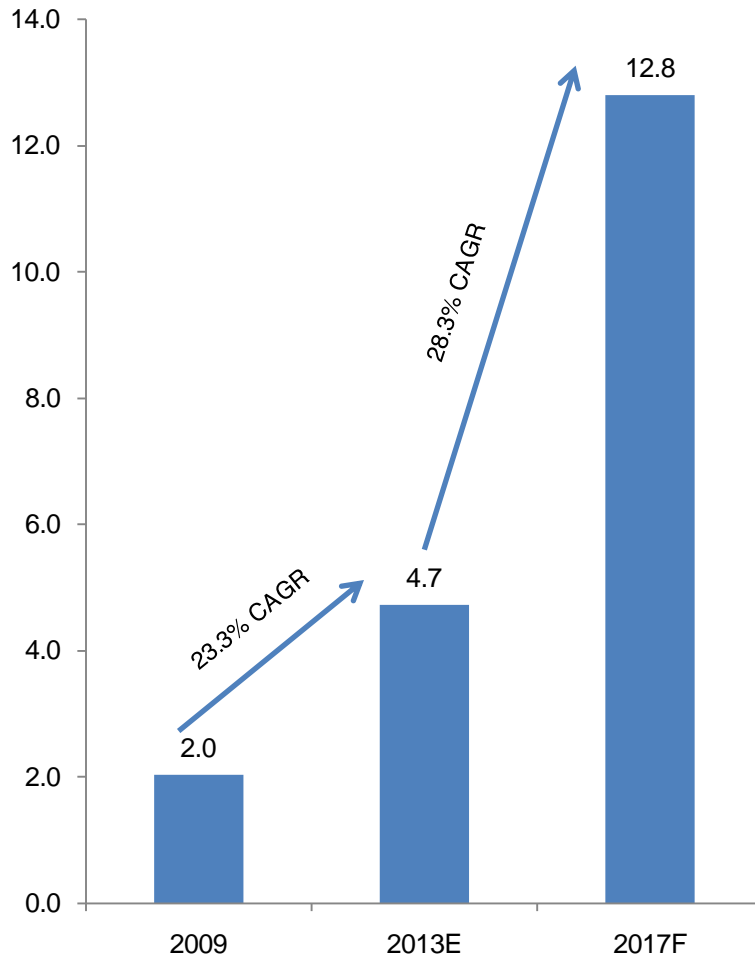


# Cold Chain industry in India

Indian Cold Chain industry is expected to grow at a CAGR of ~28% over the next 4 years and reach a market size of ~USD 13 Bn in 2017 and is largely unorganised in nature. Thereby, presenting a great opportunity for foreign companies



Cold Chain Industry in India (in USD Bn)



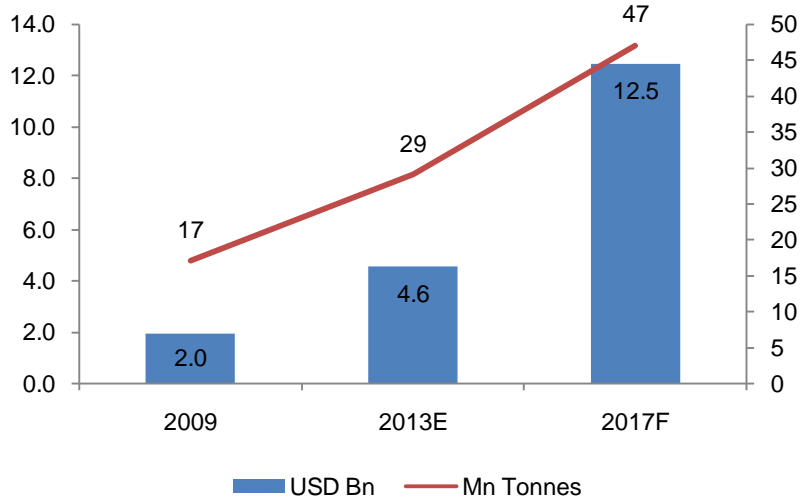
Source: Assocham, US Commercial Service, Media Reports, Reed Analysis

- Growing annually at 28% the total value of cold chain industry in India is expected to reach ~USD 13 billion by 2017 through increased investments, modernization of existing facilities, and establishment of new ventures via private and government partnerships
- India's cold chain industry is still evolving, not well organized and operating below capacity
- The Indian cold chain market is highly fragmented with more than 3,500 companies in the whole value system
- Organized players contribute only ~8%–10% of the cold chain industry market
- Most equipment in use is outdated and single commodity based
- Need for cold chain –
  - 11% of world's total vegetables production is accounted by India alone but India's share in global vegetable trade is only 1.7%
  - 127 Million Tonnes of milk was produced in 2011-12, but cold storage capacity is only available for 70,000-80,000 Tonnes of milk
  - 20%-30% of fish production is annually wasted in India
  - ~25,000 unregistered slaughter houses are present in India, which generally lack chilling facilities

# Cold stores are the major revenue contributors of the Indian Cold Chain industry and are majorly used for storing potatoes. However, the market is gradually getting organised and focus towards multi purpose cold storages is rising

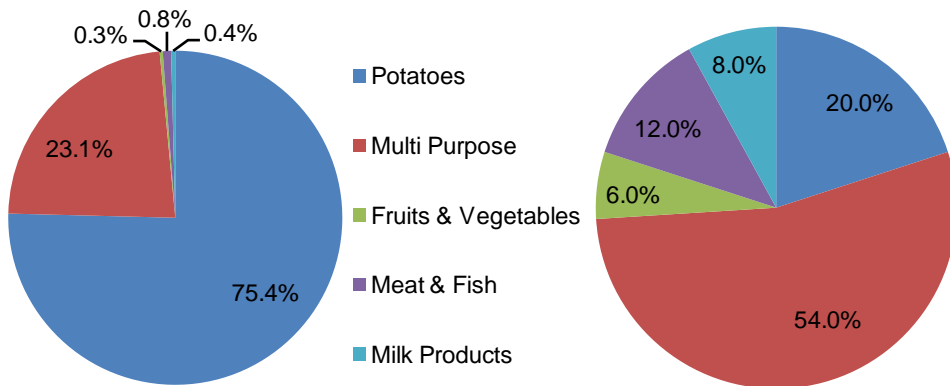


Temperature Controlled Warehouse Market in India



- There are ~5,381 number of total cold chain storages in India with 95% of total storage capacity under private players
- ~36% these cold storages in India have capacity below 1,000 MT
- 65% of India's cold chain storage capacity is contributed by the states of Uttar Pradesh and West Bengal
- With the current capacity only less than 11% of what is produced can be stored
- Cold storage capacity is expected to grow at ~13% per annum on a sustained basis over the next 4 years, with the organized market growing at a faster pace of ~20%
- Key growth drivers include growth in organized retail and food service industry, government's initiatives, rising export demand for processed and frozen food

Cold Storage Price-Volume Analysis

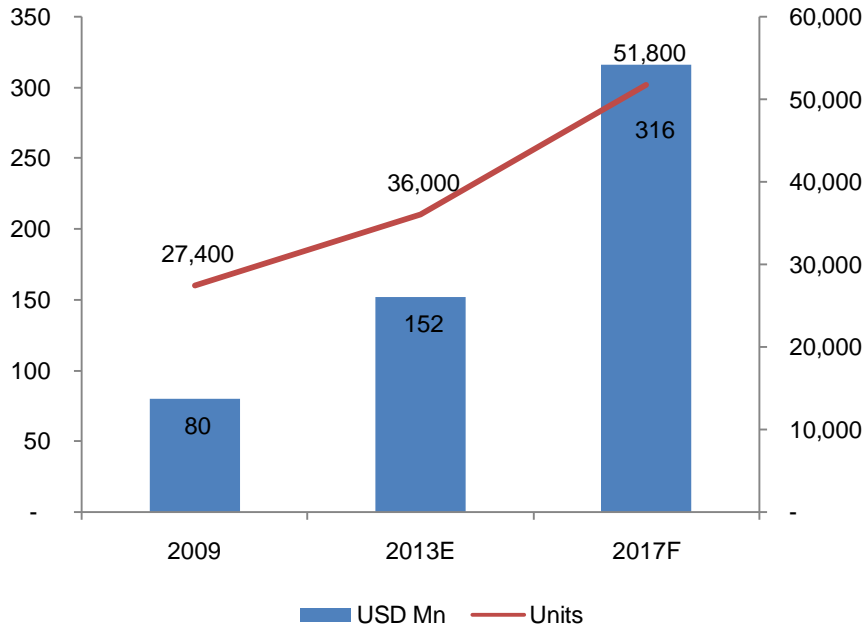


- Huge variation in the share of potatoes storage capacity and revenue generation
- Share of multi purpose cold storages is low in storage capacity but high in revenue generation
- There is growing focus towards multi-purpose cold storages

# India offers great market potential for cold chain logistic solution providers, including refrigerated transport



Temperature Controlled Vehicles Market in India



Source: Assocham, Reed Analysis

- According to industry estimates, approximately 104 million metric tons of perishable produce is transported between cities each year
- Of this figure, about 100 million metric tons moves via non-reefer mode and only four million metric tons is transported by reefer
- Even though, India has about 250 reefer transport operators (mostly small & non integrated firms) that transport perishable products and >30,000 refrigerated vehicles currently ply in India
- Majority of the refrigerated vehicles (~80%) are utilized for milk and milk products transportation
- The high cost of transportation is a major challenge for refrigerated vehicles market
- Key growth drivers include meat products export , rising demand for confectionary, frozen food etc.

# The Government of India recognizes that development of cold chain is an essential next step in upgrading India's food processing industry and therefore offers many incentives for promoting growth



## 100% FDI

- FDI allowed through automatic route

## Infrastructure Status

- Since 2011-12, cold chain has been given the infrastructure status .

## Viability Gap Funding

- Up to 40% of the cost

## Monetary & Tax Benefits

- 5% concession on import duty, service tax exemption, excise duty exemption on several items. Subsidy of over 25% to 33.3% on the cold storage project cost.

## Establishment of National Centre for Cold Chain Development

- Established in 2011, to look into matters related to cold chain infrastructure

## Growing Emphasis On Food Parks & Integrated Cold Chain Development

- Proposed financial outlay for cold chain infrastructure & food parks of ~ USD 335 Mn & USD 650 Mn respectively. Over 50%-70% capital grant on projects