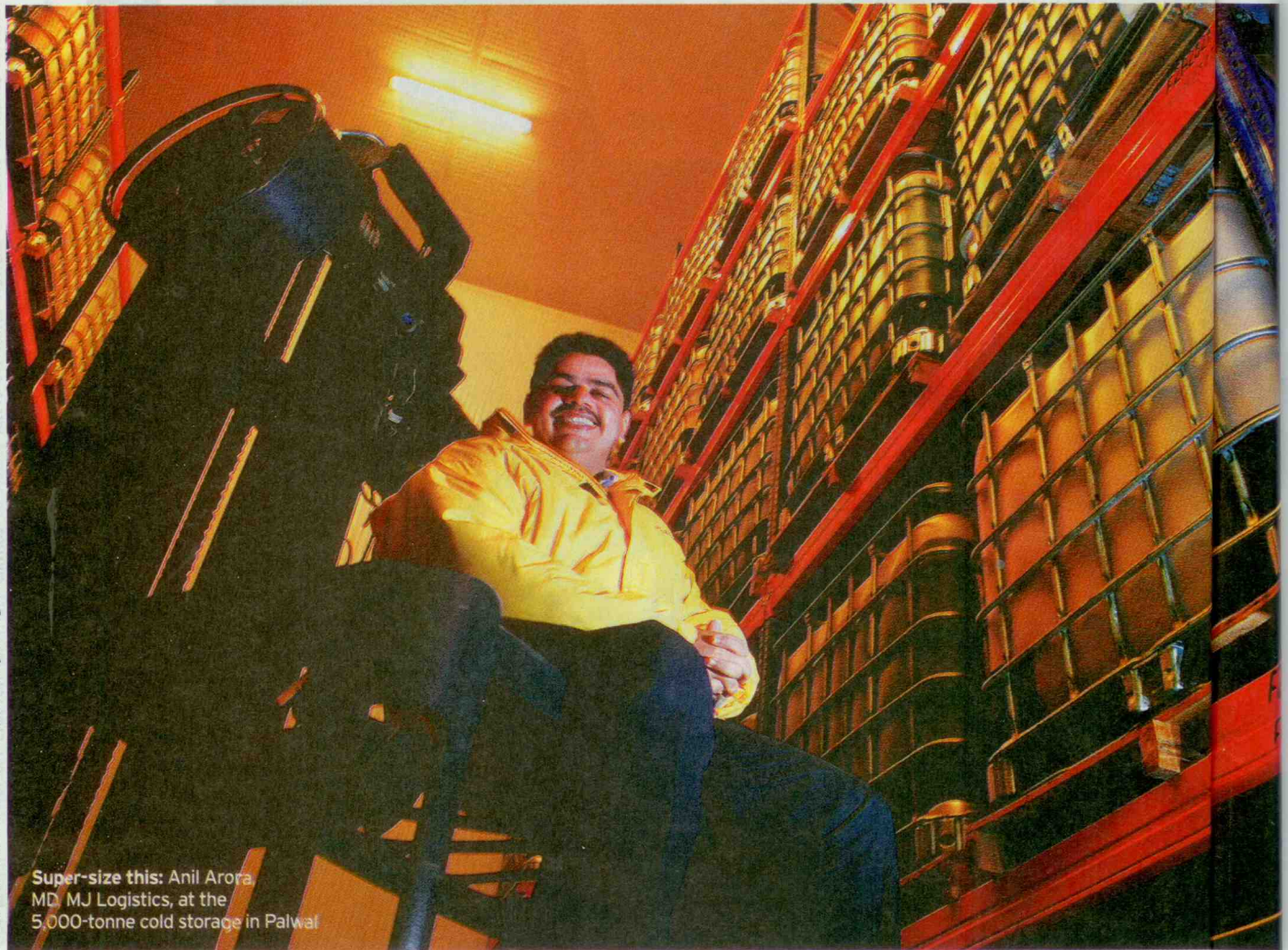


Cold Comfort

A clutch of entrepreneurs wants to set up refrigeration facilities in India – and prevent colossal food wastage in the bargain. BY SHALINI S.DAGAR and SUMAN LAYAK



Super-size this: Anil Arora, MD, MJ Logistics, at the 5,000-tonne cold storage in Palwal

In 2001, Dev Lall founded Bakers Circle to make frozen snacks and desserts that would be sold through the country's fast food chains, restaurants and bakers. The business didn't exactly begin with a bang; Lall needed truckers who

would deliver his frozen products at minus 20 degrees Celsius. The few who were ready to take up the challenge were just not up to the task. "To take our dough from Kashipur (in Uttarakhand, where the company has its production unit) to, for instance,

Hyderabad would take 15 days," points out Lall.

The solution: Lall invested in partially building his own cold chain, which today consists of seven refrigerated vehicles — leased back to truckers with a minimum guarantee. "We

can now do the Kashipur-Hyderabad journey in 96 hours, and spend just 15 minutes for both loading and unloading," says the plucky hotelier-turned-entrepreneur, who worked in the Hyatt chain in North America for

taking frozen products from producer to consumer — also results in a colossal wastage of eggs, fish, milk, and meat, of which India is amongst the world's largest producers (see *The Weakest Link*).

If India is the second-largest producer of fruits and vegetables in the world, why is it that its share of global exports is minuscule — some 0.5 per cent for fruits and 1.7 per cent for vegetables? Answer: Roughly a third of the 180 million tonnes of fruits and vegetables grown go to waste in the absence of infrastructure to store these items for a longer period. The value of

this post-harvest wastage was estimated at over Rs 45,000 crore by a *Task Force Report on Development of Cold Chain in India* prepared by the government and the Confederation of Indian Industry in 2008. Another way to look at it: The quantity of fruits and vegetables that go to waste is more than the consumption of these food items in the United Kingdom.

And then, whatever cold storage capacity exists in the country is inadequate for most food items. Points out Atul Khanna, Director, Global Cold Chain Alliance (India Chapter), an international association of cold chain investors: "Most of the capacity (nearly 80 per cent) is configured for potatoes and there is not much value addition that they provide."

The good news is that it can't get any worse from here — not when a clutch of entrepreneurs is attempting to plug various gaps that exist in the cold chain. Sample: MJ Logistics, a third-party logistics services provider, has created 25,000 tonnes of capacity for cold storage and distribution at Palwal in Haryana. These facilities are part of a larger logistics hub. Funded and 90 per cent owned by Eredene Capital, a UK-based fund house that invests in logistics projects in India, MJ Logistics intends to provide storage facilities at 18 to -25 degrees Celsius to processed food players and retailers.

The business case for cold chains is doubtless sound, but it's not for those looking for quick returns. It guzzles cash, and the gestation period is long. Anil Arora, Managing Director, MJ Logistics, says Rs 85 crore has been invested in the facilities since inception more than two years ago. The company earns revenues on a pay-per-use basis, and the game plan is to work with organised players in food process-



six years before starting Bakers Circle. Lall's experience underlines the bitter truth about the Indian foods business — along with its sheer opportunity. The lack of refrigerated facilities for chilling, freezing and storing — the three key links of the cold chain

THE WEAKEST LINK



Vegetables: India accounts for 11% of the world's output, but has cold storage facilities for only 10% of its produce. Result: A low 1.7% share of global exports



Milk: Only 70,000 tonnes of cold storage capacity exists for 90 million tonnes produced in the organised sector



Fish: Ranked No. 6 in fish production in the world, but 20-30% is damaged because of a lack of cold storages



Cattle: Ranked No. 2 in population but has a tiny market for cold meat as some 5,500 registered and 25,770

unregistered slaughter houses have no chilling, freezing facilities

Source: Task Force Report on Development of Cold Chain in India - GOI/CII 2008

