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Ramping Up Outreach In The Commercial Refrigeration Market

M Srinivas Reddy, the Senior General Manager of Blue Star Ltd has an exceptional 27 years of experience in driving and implementing Business Excellent Programs. In a talk with PharmaBioWorld, he shares his thoughts about Star's manufacturing footprint, challenges and solutions and other keen points of establishing itself in arena of Commercial Refrigeration.



M Srinivas Reddy

Senior General Manager
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Overview of commercial refrigeration market in India on market and how is it evolving?

Commercial Refrigeration market in India is steadily evolving with Refrigeration becoming essential for several businesses engaged in dealing with perishables of any kind. Be it Hospitality, Pharma & Healthcare, Processed Foods, Dairy

& Ice cream, Horticulture, Floriculture, Sericulture, Seeds, Marine, Retail etc, Refrigeration enables scaling up and distribution of perishables. Recent debates around cold chain for vaccine distribution in a country of our size, is one example in the context. Some businesses run and sustain only if the cold chain is in place.

Higher consumption, rise in disposable

incomes, change in consumption habits driven by lifestyle, compelling need to arrest wastages across the value chain, and conservation of dwindling natural resources, are some of the key drivers for growth of Refrigeration industry in general. There are other futuristic challenges of food and nutrition security, facing the world and India alike. The key questions like whether we would be able to feed the rising population are being debated in the context of colossal wastages across value chain and limited natural resources available for production. Refrigeration is one of the measures available to mitigate some of the challenges associated with food wastage across the value chain. In India, various estimates peg the wastage at around 30% of fruits and vegetable production. In other words, there is a huge value loss in economic terms. Agriculture being the mainstay of the country, with around 60% of the population directly and indirectly dependent on Agriculture, one can imagine the gravity associated with such wastage. Of course, all stakeholders including the government are working at various levels in terms of building awareness and policy advocacy and measures.

However, the current market is highly fragmented with multiple product categories and diverse end-user applications, spanning several segments. Given the lower level of market penetration (around 4 to 5%) and the current market size, this category is highly imports

dependent. India is far behind developed economies and even other ASEAN peers in Commercial Refrigeration adoption where adoption levels vary from 60 to 70%.

To what extent is our country dependent on imports for commercial refrigeration solutions? What is the kind of demand do you anticipate for the commercial refrigeration solutions especially from the pharma industry? How do you benchmark this sector in India against some of the other countries? Which country in your opinion has the best model that we can emulate?

The Commercial Refrigeration sector is heavily dependent on imports of components, predominantly due to lack of manufacturing eco-system. Wider product variety, driven by diversity of end-user applications, is one of the reasons necessitating dependence on imports, apart from scale issues.

The manufacturing eco-system is slowly evolving with market growth. However, the industry will continue to depend on imports for compressors and other critical components till manufacturing scale in the country reaches a certain critical mass.

Pharma industry is on a growth trajectory, with India evolving very well in the Pharma eco-system. The success of Pharma segment is attributable to an integrated strategy by several players of becoming strong in manufacturing and in Research

& Development as well to support growth. Usually, the demand for Refrigeration in Pharma industry cuts across value chain, starting from storage of inputs to in-process to finished goods storages to distribution till the last mile, depending on the need. Certain products, such as Vaccine, Life Saving drugs etc, are 100% cold-chain-centric, while certain products may not need cold chain.

The demand for Refrigeration is witnessing an uptick in the Pharma segment with new trends of 3P Logistic providers building modern integrated infrastructure for pharma storages & distribution and also driven by investments under Aatmanirbhar Bharat. We are excited on sustained growth opportunity in the Pharma sector.

Blue Star holds around 60 to 70% of the market share in the Pharma and Healthcare sectors with its Cold Chain solutions such as Modular Cold Rooms, Medical Freezers (-25 Deg C), Pharma Refrigerators (+2 to +8 Deg C), Ultra-low Freezers (-40 Deg C to -86 Deg C), and Blood Bank Refrigerators, amongst others.

Tell us about the latest products launched by Bluestar for the pharma cold chain & planned investments for future growth.

To further support the Pharmaceutical and Healthcare sectors, we launched a new range of commercial refrigeration products

and solutions which are ideal for storing vaccines. These comprise specifically designed, temperature-controlled refrigerators and transporters, which are integral for building a robust ecosystem for vaccine distribution in India.

Ice Lined Refrigerators (+2°C to +8°C):
Ideal for vaccination programs due to their ability to maintain a desired temperature even without power for up to as long as 48 hours, ensuring lower spoilage of vaccines while in storage through inevitable power cuts.

Vaccine Transporters (+2 to + 8°C):
Perfect for transport of vaccines to remote corners of the country since they maintain desired low temperatures even while in transit by working off the battery of any four-wheel vehicle.

We will be continuously exploring new opportunities as the Commercial Refrigeration market gains scale and size. Given our strength in R&D, we continuously evaluate new developments in technology, components, refrigerants, and compressors and adopt them into our portfolio, while factoring aspects of sustainability and circular economy.

It is our intent to become a full-fledged end-to-end player in Commercial Refrigeration in general. For Pharma sector, our range is complete to cater to any Refrigeration need.

Share some insights into the existing Greenfield facility being set up in Wada. What strategic role will this facility play in the growth plan of company?

We are the market leaders in Modular Cold Rooms, Deep Freezers, and Storage Water Coolers. Blue Star's manufacturing footprint spans five state-of-the-art manufacturing facilities. The Company also has one of the best AHRI-certified R&D facilities in India with the largest talent pool of engineers. This has helped the Company in incorporating cutting edge technologies in all its new product developments.

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The Company's manufacturing facilities at Wada and Ahmedabad are dedicated to manufacturing its wide range of commercial refrigeration products.

The Company is in the process of setting up a new plant at its existing facility at Wada to expand the manufacturing capacity of its deep freezers and storage water coolers, to cater to the rising demand for commercial refrigeration products as well as leverage on the Atmanirbhar Bharat Abhiyan. With the new plant, Blue Star will be doubling its production capacity for deep freezers. This new plant, being constructed on a built-up area of around 19,300 sq m, will have a capacity to produce around 2,00,000 deep freezers and 1,00,000 storage water coolers per annum. It is in the advanced stages of completion and is likely to be commissioned towards the end of this

year. The new facility is expected to support Blue Star's aggressive growth in Commercial Refrigeration in the years to come.

What are the major challenges & opportunities for existing players and new entrants in this domain to establish as a strong contender in this domain?

Today, the challenges vary from lack of market scale to multicity of end-user applications requiring deep domain knowledge to lack of adequate skill capital in Refrigeration space to lack of strong manufacturing eco-system. Having a product to offer is just not enough. Refrigeration being central to customer business, the ability to offer optimal solutions to customers is the differentiator because the needs vary from customer to customer, connoting customising the solutions. To elaborate, domain knowledge required to offer Refrigeration solutions in the Hospitality industry is different from the Pharma industry, while the core technology may fundamentally remain the same.

After-Sales-Service plays a very critical role not only for attending service calls on time but also in ensuring trouble-free performance during equipment life cycle with periodic preventive maintenance service checks.

Blue Star initiated its 'Gold Standard' service program in 2017 and as a part of this journey, expanded its reach to

tier-2, 3 and 4 towns extensively. We currently serve more than 3900+ taluks/ tehsils. There are 150+ service crew vans inducted across India to commute our service technicians to various customer sites within our targeted response time. Blue Star is the only brand to introduce refrigerated vans at six key locations to be used as standby at customer premises during major repairs.

We have Service Specialist Groups, who are highly skilled in multi-technologies, to deep dive and crack any epidemic issues in the system performance. Our customer rate us high for our commitment to efficient and timely service delivery and our engineers are respected for their expertise in Refrigeration.

Indian pharma sector has shown phenomenal growth in the last decade but the corresponding infrastructure & facilities have not grown at the same pace. In your view what are the challenges that our country will have to address especially in terms of building indigenous commercial refrigeration systems.

I believe the Pharma sector has grown on the strength of sustained investments in infrastructure in manufacturing, R&D and distribution over the years.

The question is whether the existing Healthcare infrastructure is adequate to handle unexpected healthcare situation such as a pandemic. The critical need

is to allocate and attract significant investments in building adequate public healthcare infrastructure, to be able to reach healthcare support to the farthest points in the country with equal efficiency and speed.

Your expectations from the Government (What kind of support is Indian Government offering to develop the commercial refrigeration capacities since these will play titular role in the supply chain as well as exports of pharma products?)

Blue Star plays a leading role in advocacy areas related to the cold chain development in the country. We collaborate with relevant stakeholders on skill development in the Commercial Refrigeration domain by way of regular technical trainings to technicians at our modern training centres. This will help build capacity in the sector in the long run.

Given the country's scale and strength in manufacturing and R & D capabilities, India has a great potential to become a 'Global Pharma Hub', with right policy and regulatory framework.

The PLI scheme for the Pharma industry is not extended to Commercial Refrigeration products and solutions providers. ■