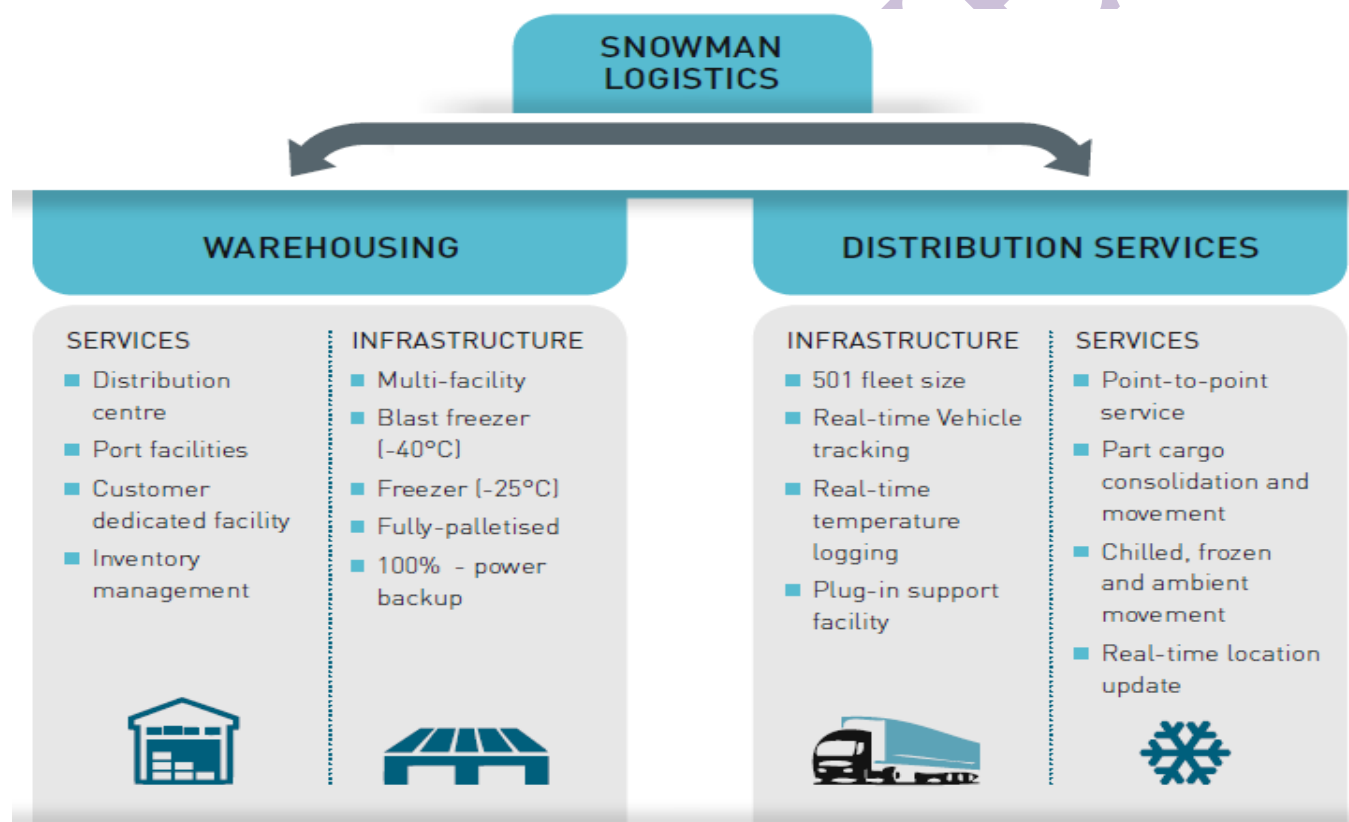


Snowman Logistics Ltd. - Annual Report Review

Snowman Logistics Limited, founded in 1993, is an integrated pan-India temperature-controlled logistics services provider. Company promoted by Gateway Distriparks Ltd. Largest investors of company includes Mitsubishi Corporation, Mitsubishi Logistics Corporation, International Finance Corporation and Norwest Venture Partners.

Price Rs. (14 th July,2015)	103.30	TTM Revenue (Rs. Cr)	202.93
Market Cap (Rs. Cr)	1729.71	TTM EPS (Rs.)	1.48
TTM PE (x)	69.89	Book Value (Rs.)	25.02
TTM P/BV (x)	4.13	EV (Rs. Cr)	1817.07
FV (Rs.)	10.00	EV/TTM EBITDA (x)	35.16
Dividend (Rs.)	0.50	Dividend Yield (%)	0.48
Promoters Holding (%)	40.35		

Business Model of the Snowman is as follow ---



Company providing services to the industries which includes - Meat & poultry, seafood, fruits & vegetables, ice cream, confectionery, dairy products, quick service restaurants, industrial products, ready-to-eat and health-care & pharmaceuticals.

Business strategies -

THREE-PRONGED WAREHOUSE BUSINESS STRATEGY

Dedicated chambers: The entire chamber capacity is dedicated to a large client in exchange for assured rent.

Guaranteed space: The use of a certain number of pallets is guaranteed to a customer.

Pay-and-park: Under this model, customers (generally small and short-term) pay for the capacity used.

ASSET-LIGHTNESS

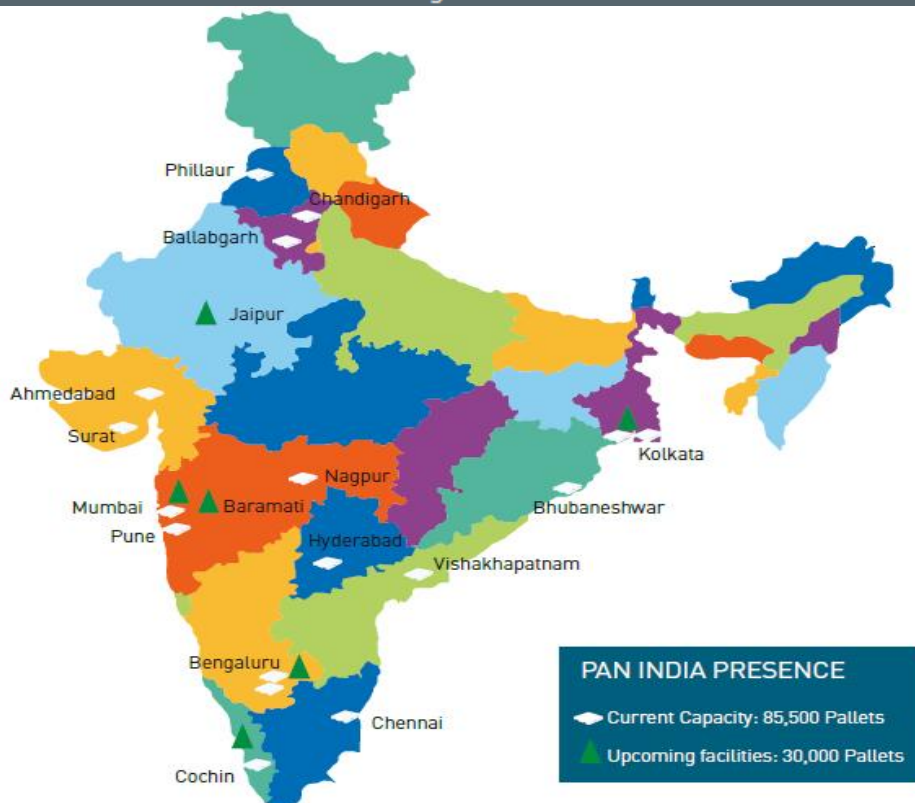
In a business where the cost of land and warehouses can be potentially significant, Snowman has invested in an asset-light business model, where warehouses have been commissioned on leased land and most of its on-road vehicles are leased,

moderating capex and the Company's Balance Sheet. This explains why the Company reported an attractive return on equity, even while it is still in an aggressive expansion stage.

Presence of Company --

PRESENCE

- Manages 28 temperature-controlled warehouses across 15 locations [as of 31 March 2015].
- Invested in 85,500 Euro size pallet warehousing capacity.
- Spread: 18,34,871 sq ft
- Operates 501 reefer vehicles.
- Nationwide network connecting more than 500 cities and towns



Operational Highlights --

- ✓ Company has increased its pallets capacity to 85,500 pallets in FY15 from 61,700 pallets in FY14.
- ✓ Company having 501 (Full or leased ownership) vehicles with capacity of more than 4150 tonnes.
- ✓ Company has been utilized funds from IPO to setting up new warehouse. During the year, company

has been added warehousing capacities were added at Mumbai, Chennai, Bhubaneswar, Pune, Surat and Visakhapatnam. Construction of new warehouse at Mumbai, Bangalore, Baramati and Kochi are in process; and these warehouses are expected to operational in FY2015-16.

(b) Utilisation of funds raised through Initial Public Offering (IPO) of equity shares for setting up of new warehouse is as follows:

Particulars	Amount (In Rs.)
Issue Proceeds	1,974,283,786
Less: Issue expenses	138,440,409
Net proceeds from IPO	1,835,843,377
Amount utilised	1,203,898,171
Funds to be utilised (remain invested in bank current account and deposits)	631,945,206

Financial Highlights --

- ✓ Revenue of the company increased by 32% from Rs.153.41 cr in FY2013-14 to Rs.202.93 cr in FY2014-15. Revenue of the company grow at CAGR of 46% in last 5 years.
- ✓ PAT of the company increased by 10% from Rs.22.48 cr in FY2013-14 to Rs.24.75 cr in FY2014-15. PAT of the company grow at CAGR of 40% in last 5 years. PATM(%) falls in FY15 to 12.20% from 14.65% in FY14. But still PATM(%) is high compare to peers like Gati, Bluedart and near to TCI.
- ✓ Debt-equity ratio reduced to 0.22x on 31st March,2015 against 0.66x on 31st March,2014. Company has repay short-term debt and also some portion of the long-term debt in FY2014-15. This led to reduce interest payment burden of the company.

	As at March 31, 2015	As at March 31, 2014
Secured term loans:		
From HDFC Bank Limited	349,000,000	479,000,000
From International Finance Corporation	362,501,668	425,000,000
	711,501,668	904,000,000
	As at March 31, 2015	As at March 31, 2014

8. Short-term borrowings

	As at March 31, 2015	As at March 31, 2014
Secured:		
Working capital loan repayable on demand from banks (Repaid during the year)	-	2,500,915
Short- term loan from Yes Bank Limited (Repaid during the year)	-	400,000,000
	-	402,500,915

- ✓ Company generated positive Cash Flow from operation and CFO increased to Rs.52.37 cr in FY15 from Rs.11.07 cr in FY12; CAGR of 4 years is 68%.
- ✓ ROE(%) of the company remain subdued to 7.75% which is remain concern and also comparatively low to it's peers.

View of management on growth of temperature control logistics industry -

OUTLOOK

The outlook for the Company continues to be promising. India's temperature controlled logistics Industry is estimated to grow at 15% to 20% on a year-on-year basis for the next three to five years. This growth is expected to be driven by an increased consumption of perishable items that depend upon temperature-controlled logistics, deeper penetration of the use of temperature-controlled logistics in key categories (including pharmaceuticals, fruits and vegetables) as well as an increasing number of niche and high-end products arriving to the market which that require cold chain services.

Future expansion plan of the management -

Going ahead, Snowman intends to augment its presence in Tier-II and Tier-III Indian locations presently dominated by regional and unorganised players.

Company also has increased presence of warehouses and utilizing fund for constructing new warehouses. This can led to enhance revenue and profitability of the company.

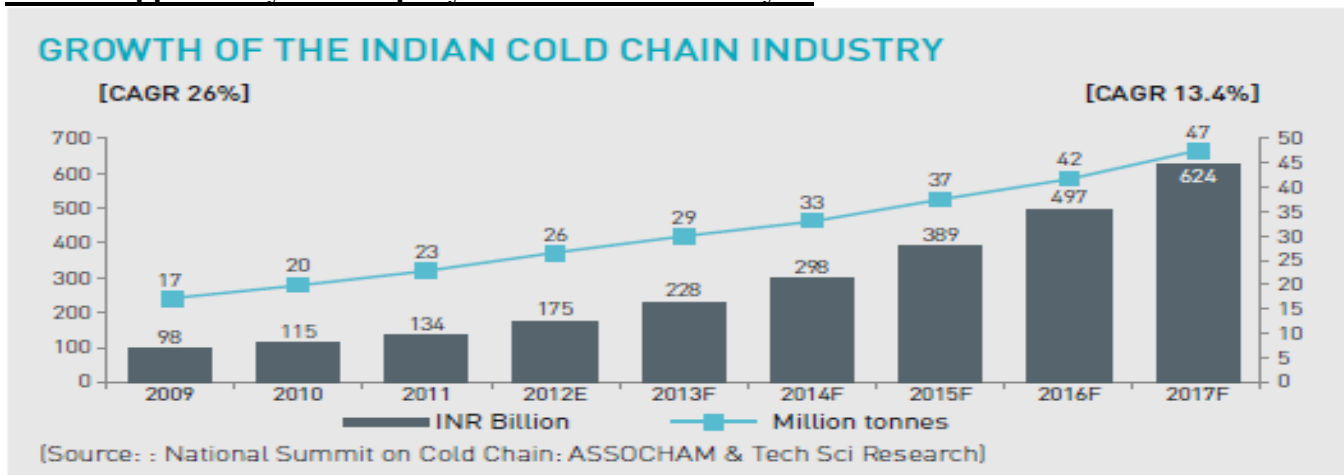
Growth potential and strength of the business -

At Snowman, we have strengthened our business model through various initiatives.

One, we have pursued an asset-light approach to land ownership;

Two, we start marketing spaces the day we begin building a new warehouse, making it possible for us to achieve optimum capacity utilisation generally within a few months of commencing operations.

Growth opportunity for company in Cold chain industry -



- ✓ Indian cold chain industry having more than 3500 companies and from that organized players contributes only ~8-10% of revenues.
- ✓ 36% of cold storage players having capacity below 1000 tonnes.
- ✓ Growth in organized retail would be in need of an additional 33 million tonnes of cold storage capacity in coming four years.
- ✓ Government initiative in form of subsidy from National Horticulture Board, National Horticulture Mission and Ministry of Food Processing Industries for the agro-investors to set up cold chain infrastructure.

	As at March 31, 2015	As at March 31, 2014
4. Reserves and surplus		
Capital Subsidy from National Horticulture Board	1,815,000	1,815,000

- ✓ Pharma industry expected to grow to Rs.3300 billion by 2020 and cold supply chain can be work as backbone for the pharma industry.

Disclaimer: This is not a recommendation to Buy-Sell-Hold. And I am not a SEBI registered analyst.