

SOURCE TO STORES

THE STORY OF INDIA'S LARGEST INTEGRATED
TEMPERATURE-CONTROLLED LOGISTICS COMPANY

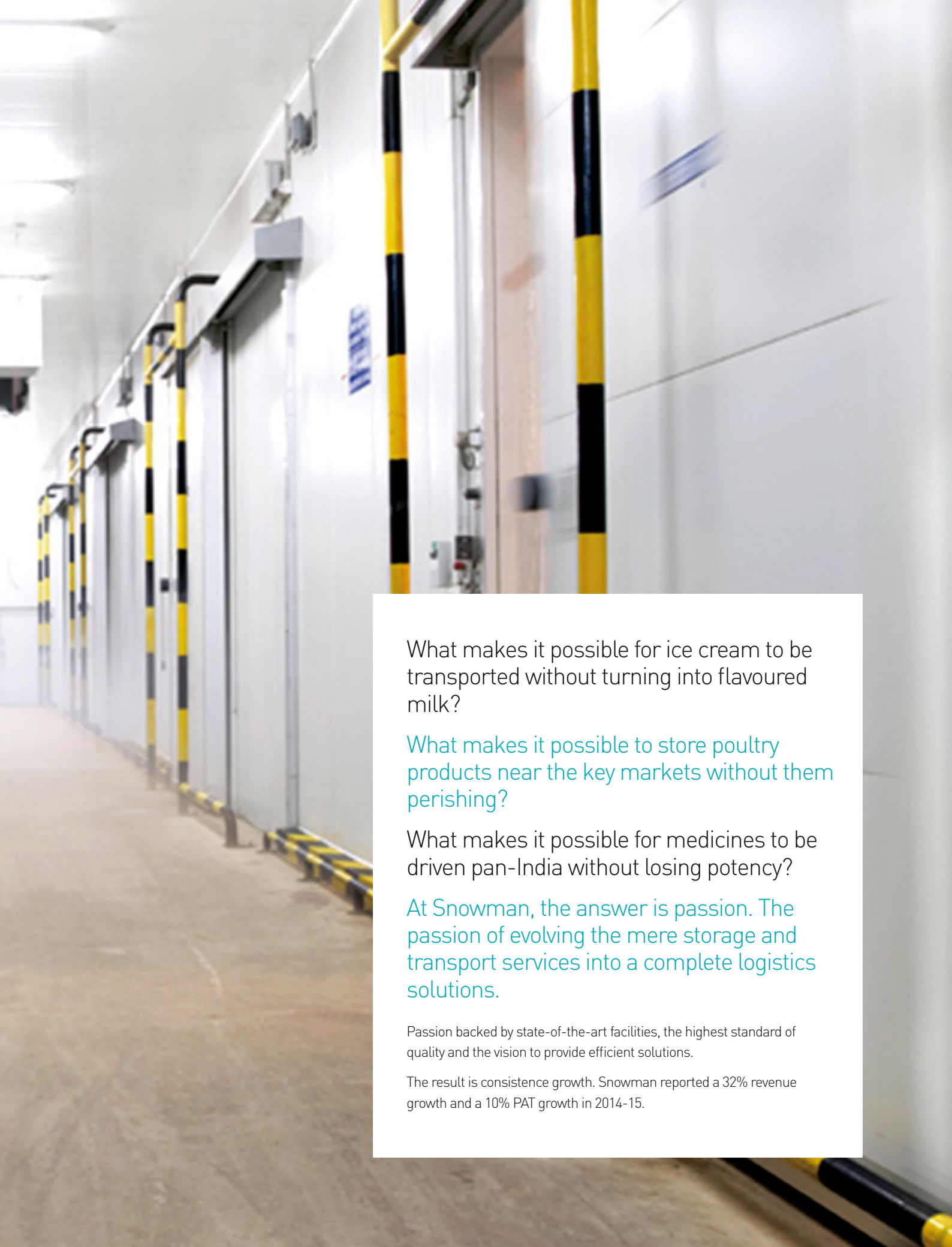
SNOWMAN LOGISTICS LIMITED | ANNUAL REPORT, 2014-15





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What makes it possible for ice cream to be transported without turning into flavoured milk?

What makes it possible to store poultry products near the key markets without them perishing?

What makes it possible for medicines to be driven pan-India without losing potency?

At Snowman, the answer is passion. The passion of evolving the mere storage and transport services into a complete logistics solutions.

Passion backed by state-of-the-art facilities, the highest standard of quality and the vision to provide efficient solutions.

The result is consistence growth. Snowman reported a 32% revenue growth and a 10% PAT growth in 2014-15.

SNOWMAN LOGISTICS LIMITED

WE PROVIDE COMPLETE BUSINESS-STRENGTHENING LOGISTIC SOLUTIONS

WE SEAMLESSLY TRANSPORT PRODUCTS FROM SOURCE TO STORES, CATALYSING THE NATIONAL ECONOMY

WE ARE MORE THAN INDIA'S LARGEST TEMPERATURE-CONTROLLED LOGISTICS SERVICE PROVIDER; WE ARE A TRUSTED EXTENSION OF OUR CUSTOMERS, DELIVERING END-TO-END SOLUTIONS

LINEAGE

Snowman Logistics Limited, founded in 1993, is an integrated pan-India temperature-controlled logistics services provider. Gateway Distriparks Limited, our promoter and largest shareholder, creates a bank of shared knowledge and valuable experience for us to build our operations. Snowman's investor profile includes Mitsubishi Corporation, Mitsubishi Logistics Corporation, International Finance Corporation and Norwest Venture Partners.

We have commissioned temperature-controlled

warehouses adjacent to cities with large potential.

These cities (Mumbai, Chennai, Bengaluru and Kolkata among others) source and consumed a large quantum of temperature sensitive products.

Our distribution network comprises primary and secondary transportation, servicing, QSRs, retail outlets, restaurants and hotels within a city, amongst others. Our integrated operations enable us to maintain the temperature integrity of the customers' products from the origin to consumption points, critical for product quality.

SNOWMAN LOGISTICS

WAREHOUSING

SERVICES

- Distribution centre
- Port facilities
- Customer dedicated facility
- Inventory management



INFRASTRUCTURE

- Multi-facility
- Blast freezer (-40°C)
- Freezer (-25°C)
- Fully-palletised
- 100% - power backup



DISTRIBUTION SERVICES

INFRASTRUCTURE

- 501 fleet size
- Real-time Vehicle tracking
- Real-time temperature logging
- Plug-in support facility



SERVICES

- Point-to-point service
- Part cargo consolidation and movement
- Chilled, frozen and ambient movement
- Real-time location update



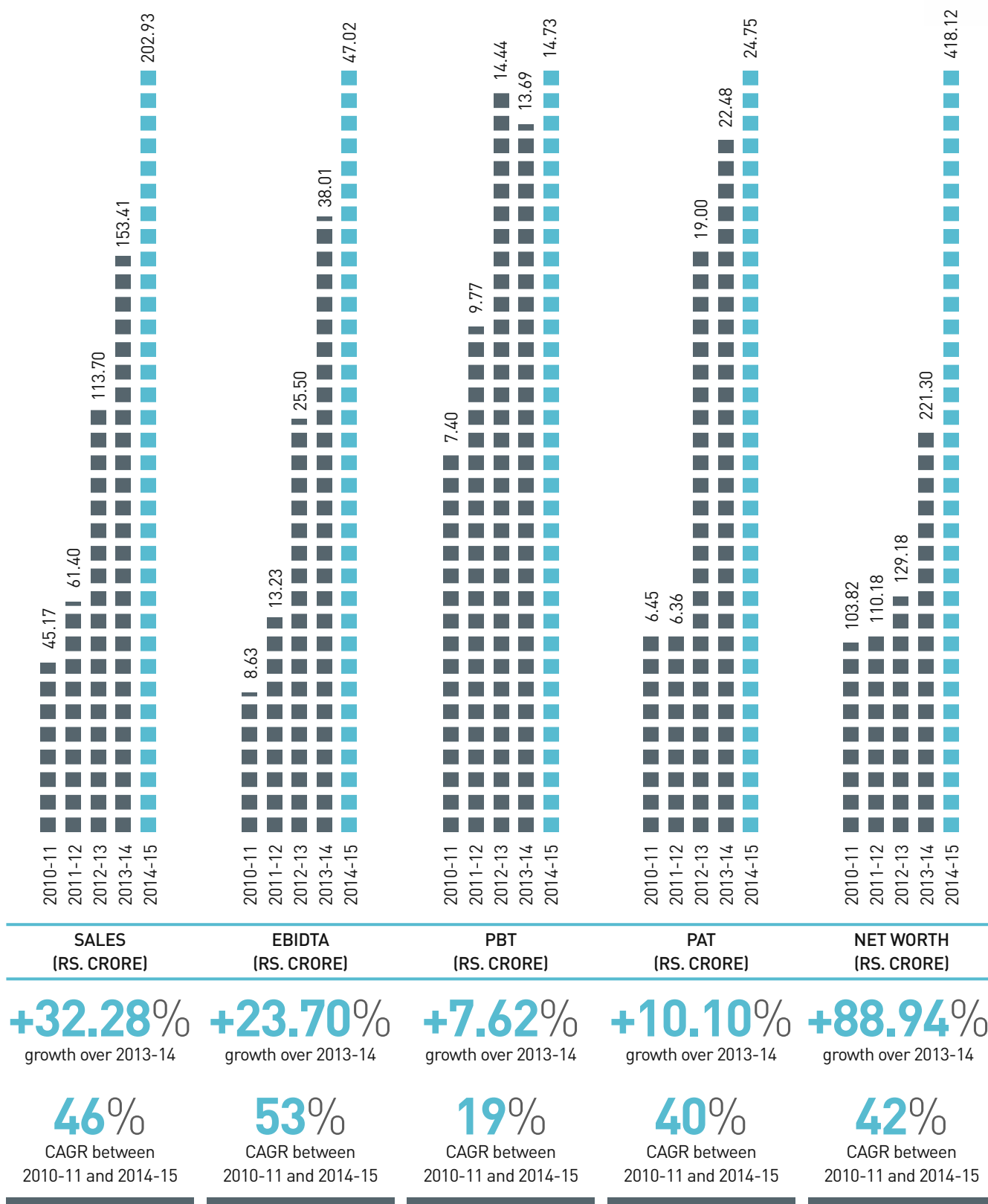
CLIENTELE

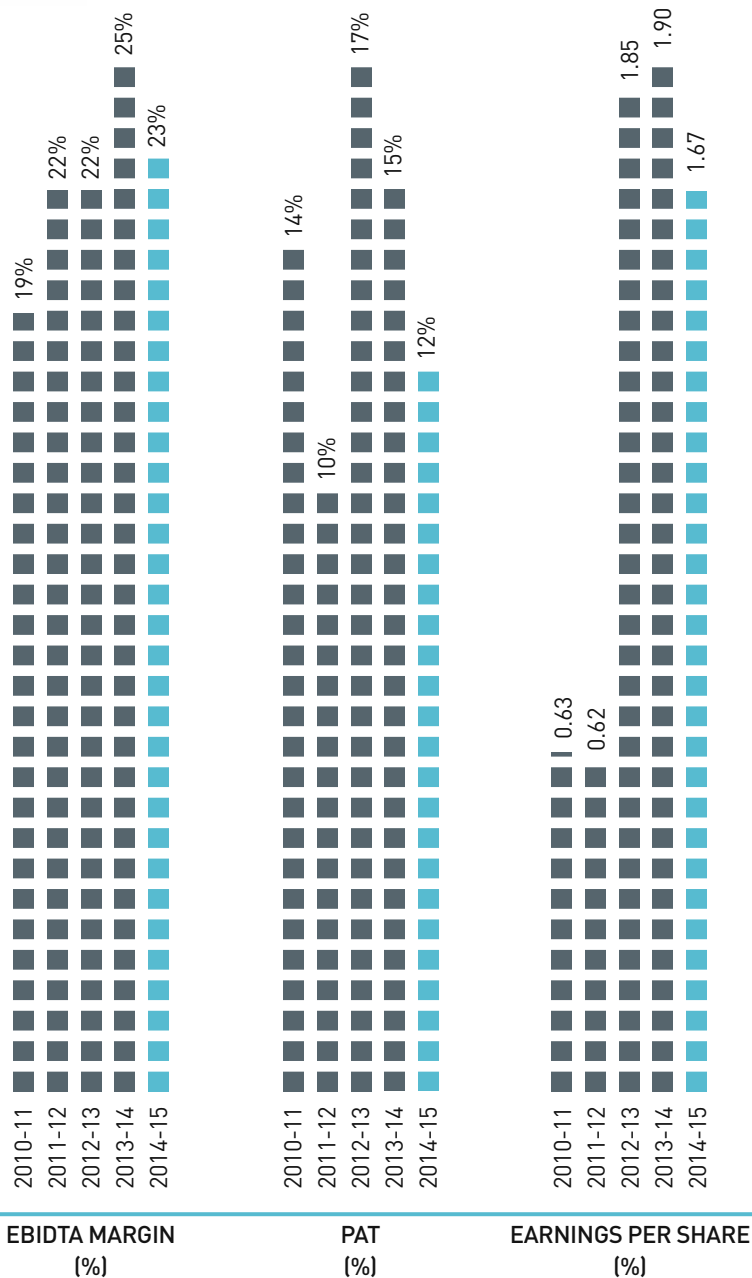
Snowman's clients are largely drawn from the following industries: meat & poultry, seafood, fruits & vegetables, ice cream, confectionery, dairy products, quick service restaurants, industrial products, ready-to-eat and healthcare and pharmaceuticals.

Snowman provides end-to-end services (source to store) across a temperature range of -25°C to +20°C. The Company provides value-added services (packing, repacking, labelling, cutting and sorting, among others), monitors temperature on real time basis and provides critical support to India's growing consumption story.

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





CORPORATE HIGHLIGHTS

- Successfully completed the IPO in August 2014 at a price of Rs. 47. The issue was oversubscribed ~60 times. The Company mobilised Rs. 197.43 crore.
- The Company's shares were listed on the BSE and the NSE in September 2014.
- Increased market capitalisation from Rs. 1,328.27 crore on listing day to Rs. 1,416.75 crore as on 31 March 2015.

FINANCIAL HIGHLIGHTS

- Revenues increased by 32% from Rs. 153.41 crore in 2013-14 to Rs. 202.93 crore.
- EBITDA increased by 24% from Rs. 38.01 crore in 2013-14 to Rs. 47.02 crore.
- Post-tax profit increased by 10% from Rs. 22.48 crore in 2013-14 to Rs. 24.75 crore.
- Debt-equity ratio was 0.22 as on 31 March 2015 against 0.66 as on 31 March 2014.



OPERATIONAL HIGHLIGHTS

- Increased capacity by 23,800 pallets to 85,500 pallets between 31 March 2014 and 31 March 2015
- Added 131 vehicles to the fleet

CHAIRMAN'S STATEMENT



I am pleased to present the first Annual Report of Snowman Logistics Limited since its listing in September 2014.

The Company's listing on the National Stock Exchange and BSE proved to be an overwhelming success. On the overall, the IPO was oversubscribed 60 times and in the high net worth segment it was oversubscribed more than 200 times. The Company also saw an 81% appreciation of its offer price of Rs. 47 to Rs. 85 by the end of the financial year. This reflected a new mood of optimism following the election of a new government with a significant majority. Equally important was the fact that it showed the investing public's faith in our promoter Gateway Distriparks Limited and the other two major shareholders, Mitsubishi Corporation and International Finance Corporation.

Snowman vindicated the confidence of its stakeholders when it reported creditable growth in 2014-15. Despite the Indian economy remaining sluggish during the course of the year under review, the Company reported a 32% growth in revenues, 24% growth in EBITDA and 10% growth in post-tax profit.

TEMPERATURE-CONTROLLED INDUSTRY AND SNOWMAN'S POSITIONING

India falls under the category of low-cold chain adoption countries i.e. countries with less than 10% of produce passing through a cold chain, reflecting a significant potential for growth. Warehousing capacity is scattered across the country with a limited number of facilities that are scaled, have levels of mechanisation and use material handling equipment required to provide organised services. More than one third of the existing cold storages in the country have less than 1,000 metric tonnes of capacity. Similarly, the refrigerated trucking space is fragmented with fleet ownership distributed between multiple small and medium-sized players.

In stark contrast, Snowman has a warehousing capacity of 85,500 pallets spread across 28 temperature-controlled warehouses and 15 locations with temperatures ranging between -25°C and 20°C. The Company exhibited an inherent ability to service customers on a pan-India basis with a distribution network of 501 vehicles comprising primary and secondary means of transportation. The Company's modern warehousing infrastructure comprises equipment handling and racking system as well as warehouse management systems and a state-of-the-art enterprise resource planning software. Our experience in setting up and operating temperature

controlled warehouses across different geographies in India enables the Company to efficiently conceptualise and execute the construction of such warehouses. Further, a majority of the warehouses are ISO 14001 (TUV-SUD), ISO 22000 (TUV-SUD) and FSSAI-certified. We cater to large corporates across various industry sectors such as dairy, confectionery, chocolates, and poultry and meat, which constantly avail of temperature-controlled logistic services. Most of Snowman's large customers (in terms of revenue and volumes) have remained largely unchanged over the last few years.

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. Consumption growth is likely to be driven by rapidly rising incomes and discretionary spends (in addition to base population growth). Changing lifestyles and consumer preferences for processed foods (meat products,



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.



THE COLD CHAIN POTENTIAL

The prices of vegetables, fruit, milk, eggs, meat and fish have been rising faster despite India being the second largest producer of fruit and vegetables globally. Around Rs. 300 billion can be saved annually by developing an integrated supply chain (including cold chain).

seafood, poultry, milk products such as yoghurt, ice cream and butter, ready-to-eat/cook products, among others), off-season and exotic/high-end fruits and vegetables and the increased incidence of eating out (at quick service restaurants or others) are projected to drive the penetration of temperature-controlled logistics as compared to ambient or insulated logistics.

Cold chain service providers in India are largely fragmented and focus on a single region or one aspect of the chain, e.g., storage or transportation, with few players focusing on a wider and integrated service offering. Although the share of organised players is only around 6%-7% in warehousing and 15%-20% in transportation, the headroom for growth is immense. As against an overall market growth of around 15%, organised outsourced temperature-controlled logistics services are expected to grow at close to 20% per annum. All key segments, the Company is involved with, such as ice-cream, dairy products, seafood, meat and poultry, processed foods and quick service restaurants continue to clock impressive growth.

While food and related services will continue to be the mainstay of the Company's business, opportunities await to be exploited in areas like fruit and vegetable processing, pharma and e-commerce. Snowman intends to enrich the value-end of its business as well by offering value-added services like kitting, labelling and sorting. It aspires to provide value-added services in the fruit and vegetable segment as well (pre-cooling, ripening and

processing in addition to cleaning, grading, sorting, cutting and packing), carving out a niche for itself.

The three priorities of the Company are to increase capacity, optimise occupancies and improve yields. The addition of capacities is on track - we increased our storage capacity from 61,700 pallets to 85,500 pallets. Construction is already underway for new warehouses at Mumbai, Bangalore, Baramati, Kochi and these warehouses will be operationalised during FY 2015-16. While average capacity utilisation during FY 2014-15 was 77%, the March 2015 utilisation stood at 92%. This endorses our strategy of planned capacity building leading to increased revenue, enhanced profitability and high occupancies as and when these capacities mature.

DIVIDEND

The Board of Directors recommended a final dividend of 5%, which works out to Re. 0.50 per equity share of Rs. 10 each, subject to the approval of the shareholders at the Annual General Meeting.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to thank the management team, shareholders, customers, business associates and employees for their continued support in our journey. A special word of thanks is due to my fellow Directors who played a sterling role in the rapid growth of our Company.

Gopinath Pillai
Chairman