

SNOWMAN LOGISTICS LIMITED

Annual Report 2017-18

25 YEARS OF
EXCELLENCE



WAREHOUSING

106964 Pallet Capacity in 33 strategic locations across 16 cities.
5 temperature zones for product storage ranging from -25°C to +25°C.
G+4, G+5 racking system with multi chamber facilities.
Centralized management of inventory, order, receipts and shipments.

DISTRIBUTION

293 State of the Art Refrigerated Vehicles.
Real time temperature monitoring and motion tracking via GPS.
Part Cargo Consolidation and movement.
Short haul and long haul distribution capacity.

INFRASTRUCTURE

Command centre equipped with 24X7 monitoring and tracking of facilities. 100% Power Backup with Multi-Generators.
Blast Freezing Capability.
Strategically located warehouses.

CUSTOMER 1ST APPROACH

25 Years of proven track record.
1500+ Strong Workforce
24X7 Customer Care and execution support.
Key Account Managers providing END to END supply chain solutions.

STRONG PROCESS ORIENTATION

State of the art ERP System.
ISO 22000, ISO 14000, BRC Certified Compliance.
SOP driven Inventory management and location control.
Advanced data analytics BI tool for process enhancement and control

Revenue (₹ Crore)
194.28

EBIDTA (₹ Crore)
44.46

PAT (₹ Crore)
-3.56

Cash Profit (₹ Crore)
32.59

EBIDTA Margin (%)
23

Debt Equity Ratio
0.31

Net worth (₹ Crore)
425.28

Pallet Capacity
106964

No. of Vehicles
293

No. of Cities
16

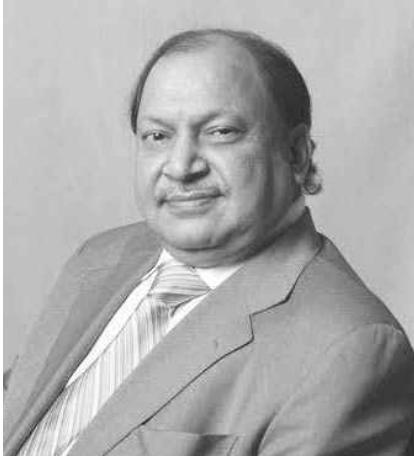
No. of Warehouses
33

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Chairman's Statement



Prem Kishan Dass Gupta
Chairman

Dear Shareholders,

I am pleased to present the Annual Report to you, for the financial year ending 31st March 2018. During this year, the company made a turnaround performance and reported profits in the last two quarters thereby setting the tone for the coming years.

In FY 2017-18, the Revenue of the Company was Rs. 194.28 crores as against Rs. 189.24 crores in the previous year. EBITDA increased to Rs. 44.46 crores from Rs. 36.36 crores while PAT for the Company was Rs. -3.56 crores as against Rs. -4.93 crores during 2017-18. The capacities in warehousing increased to 106964 pallets and the fleet capacity remain unchanged at 293 vehicles. The existing facilities are currently running at 88% utilization with 25% of the facilities being 100% utilized.

Globally, healthy agricultural yields and demand for key commodities are likely to provide buoyancy to the cold storage business in India. Pan-India integration of goods and services markets through GST has started creating a hub and spoke model for logistics players.

As per leading research reports, investments in the cold chain sector remains inadequate. Given the high demand-supply mismatch in this segment, potential for further investments remain high. Owing to the rising need of the infrastructure to reduce wastage, the cold chain industry in India is forecast to grow at a CAGR of 13-15%. Snowman is well poised to exploit this growth potential and has already chalked expansion plans in Siliguri, Coimbatore and Krishnapatnam. Further expansion is planned in line with the growth projected by key customers.

Note of Thanks

I wish to thank all our stakeholders – shareholders, investors, bankers, customers, vendors and employees for their continued support.

Regards,

Prem Kishan Dass Gupta
Chairman

Board of Directors & Committees

Board of Directors

Mr. Prem Kishan Dass Gupta
Chairman

Mrs. Mamta Gupta
Director

Mr. Tomoyuki Masuda
Director

Mr. Shabbir Hakimuddin Hassanbhai
Independent Director

Mr. A K T Chari
Independent Director

Mr. Bhaskar Avula Reddy
Independent Director

Mr. Arun Gupta Kumar
Independent Director

Mr. Sunil Prabhakaran Nair
CEO & Whole Time Director

Audit Committee

Mr. Shabbir Hassanbhai
Chairman

Mr. Prem Kishan Gupta
Member

Mr. Bhaskar Avula Reddy
Member

Nomination and Remuneration Committee

Mr. Shabbir Hassanbhai
Chairman

Mr. Prem Kishan Gupta
Member

Mr. A K T Chari
Member

Stakeholders Relationship Committee

Mr. Prem Kishan Gupta
Chairman

Mr. Tomoyuki Masuda
Member

Mr. Arun Kumar Gupta
Member

Corporate Social Responsibility Committee

Mr. Prem Kishan Gupta
Chairman

Mrs. Mamta Gupta
Member

Mr. A. K. T. Chari
Member

Bankers

HDFC Bank Limited

Yes Bank Limited

Internal Auditors

Price Waterhouse,
Chartered Accountants

Secretarial Auditor
Mr. Nagendra D. Rao
Practicing Company Secretary

Registered Office

SNOWMAN LOGISTICS LIMITED

Plot No.M-8, Taloja Industrial Area,
MIDC, Raigad, Navi Mumbai,
Maharashtra – 410 206.

Tel: +91 22 39272010

Email: investorrelations@snowman.in

Website: www.snowman.in

CIN: L15122MH1993PLC285633

Auditors

S R Batliboi and Co, LLP,
Chartered Accountants

Registrar and Transfer Agents

Link Intime India Private Limited

Directors' Report

To

The Members,

The Board of Directors presents the Annual Report of the Company together with the Audited Statements of Account for the financial year ended 31 March 2018.

With inauguration of the 3,600 Pallet warehouse at Krishnapatnam during the year, your Company's capacity increased to 1,06,964 pallets. This has further strengthened the Company's position as a market leader in the industry. The initiatives taken during the previous year resulted in a turnaround in the performance of the Company which can be seen in the positive results during the last two quarters. We are confident that this performance is bound to improve further in the coming years.

Financial Performance

(Rs. in lakhs)

Particulars	2017-18	2016-17	Growth
Pallet Capacity	1,06,964	1,03,600	3%
Fleet Strength	293	293	0%
Revenue From Operations	19,428	18,924	3%
Other Income	385	79	387%
Total Income	19,813	19,003	4%
EBITDA	4,446	3,636	22.28%
EBITDA%	23%	19%	
PBT	(356)	(1,549)	(77)%
PBT%	(2)%	(8)%	
PAT	(356)	(493)	(27)%
PAT%	(2)%	(3)%	

Management Discussion & Analysis

Operations

During the year the Company recorded sales of Rs. 19,428 lakhs as compared to Rs. 18,924 lakhs, an increase of 3%. EBITDA Rs. 4,446 lakhs as against Rs. 3,636 lakhs which is an increase of 22.28%. The PBT showed a vast improvement as compared to the previous year with losses coming down from (1,549) lakhs to Rs. (356) lakhs during the current year.

Temperature controlled warehousing continued to be the core strength of the Company and the focus area of our business due to its huge potential. The second vertical of the Company viz transportation functioned as an enabler to provide a one stop solution to the temperature controlled logistics requirement of our clients.

Outlook

The industry overcame the challenges faced during the previous year due to the demonetization drive as well as the implementation of GST and was back on the growth path. The coming years are expected to be exciting with strong growth numbers projected for consumption. The GST implementation has already shown a shift in business to organized players and it is expected to increase further in the coming years.

Competition

The promising potential of temperature controlled logistic industry has resulted in a lot of new players setting up facilities in various part of the country. However with its pan India presence and offer of one stop solutions to all cold chain needs has made Snowman a formidable player in the industry. The customer faith in Snowman is well demonstrated by the growth shown by the company during the year.

Cautionary Statement

Statements made in this report, particularly those which relate to Management Discussion and Analysis, describing the Company's objectives, projections, estimates and expectations may constitute "forward looking statements" within the meaning of applicable laws and regulations. Actual results might vary materially from those either expressed or implied.

Share Capital

The paid-up share capital of your company is 167,087,995 equity shares of Rs.10/- each. There were no changes during the year.

Dividend

Keeping in mind the Company's growth plans and hence the need to conserve cash, the Board of Directors have not recommended any dividend for the year.

Board of Directors

As on date, the Board of Directors of the Company comprises eight Directors of which four are Non-Executive Independent Directors in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 149(6) of the Companies Act, 2013.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The information related to remuneration of director as required

under Section 197(12) of the Act is given at the end of the report.

Nomination, Remuneration and Board Evaluation Policy

The Nomination, Remuneration and Board Evaluation Policy contains the criteria for determining qualifications, positive attributes and independence of a director and policy relating to the remuneration for the directors, key managerial personnel and other employees of the Company. The Nomination and Remuneration Policy forms part of this report as "Annexure C" and are also available on the website of the Company.

Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out an annual evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination & Remuneration Committee. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

Meetings

During the year 4 (Four) Board Meetings and 5 (Five) Audit Committee Meetings were convened and held, the details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period stipulated under the Companies Act, 2013.

Directors' Responsibility Statement

In terms of Section 134(3)(c) of the Companies Act, 2013, with respect to Directors' Responsibility Statement it is hereby confirmed that:

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the

company and for preventing and detecting fraud and other irregularities;

- (d) the directors had prepared the annual accounts on a going concern basis; and
- (e) the directors, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Corporate Governance

As per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a detailed report on corporate governance practices followed by the Company together with the certificate from the Company's Statutory Auditors confirming compliance forms part of this report as "Annexure A"

Auditors

Statutory auditors

Pursuant to Provisions of Section 139 of the Companies Act 2013 and the rules framed thereunder, M/s S R Batliboi & Co, LLP Registration number 301003E/E300005, Chartered accountants were appointed as statutory Auditors of the Company from the Conclusion of the 24th Annual General Meeting of the company held on 2nd August, 2017 for a term of five Consecutive Years subject to ratification of their appointment at every annual general Meeting.

Pursuant to Companies Amendment Act, 2017 read with the Companies (Audit and Auditors) Second Amendment Rules, 2018, with effect from 7th May, 2018, the requirement for placing the matter relating to Appointment of Statutory Auditors for ratification by members at every annual general meeting, during the term of their appointment, has been done away with. In view of the above M/s. S R Batliboi and Co, LLP (Firm Registration No. 301003E/E300005), continuous to be the statutory auditors of the Company, till the conclusion of the 29th AGM to be held in the calendar year 2022.

Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. Nagendra D Rao, Practicing Company Secretary to undertake the Secretarial Audit of the Company. The report is annexed herewith as "Annexure B"

Insider Trading Regulations

Based on the requirements under SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time, the code of conduct for prohibition of insider trading, as approved by the Board is in force by the Company. The Company also adopts the concept of Trading Window Closure, to prevent its Directors, Officers, designated employees and other employees from trading in the securities of the Company at the time when there is unpublished price sensitive information. The Board has appointed Mr. A. M. Sundar, Chief Financial Officer and Company Secretary as the Compliance Officer under the Code.

Corporate Social Responsibility

The Annual Report on CSR activities is annexed herewith as "Annexure D".

While the Company spent an aggregate amount of Rs 55.53 Lakhs between 2014 -2016 towards CSR activities, the losses in 2017 as well as 2018 as prompted the company to defer any spent on CSR during the year. However with the prospectus looking good we are sure that the Company will resume its CSR activities in the coming years as per the prescribed limits.

Internal Control and Internal Audit

The Company has in place adequate systems of Internal Control to ensure compliance with policies and procedures. The Company has a system of carrying out internal audit, covering all business processes to review the internal control systems. The internal control system and mechanism is reviewed periodically by the Audit Committee to make it robust so as to meet the challenges of the business.

Vigil Mechanism

The Company has a vigil mechanism in placed named as Whistle Blower Policy to report concerns to the management about unethical behavior, actual or suspected fraud or violation of the Codes of conduct. The details of the Whistle Blower Policy is explained in the Corporate Governance Report and also posted on the website of the Company.

Related Party Transactions

The related party transactions per the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the financial year ended March 31, 2018 are given below. Suitable disclosure as required by the Indian Accounting Standards has been made in the notes to the Financial Statements.

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The company entered into Rental Agreement with Gateway Distriparks Limited for Rs 5.5 Lakhs at Krishnapatnam in the ordinary course of business. The above transaction has been conducted at arm's length basis.

Particulars of Loans Given, Investments Made, Guarantees Given or Security Provided by the Company

The Company has not given any loan or any guarantee or security.

Extract of Annual Return

The details forming part of the extract of the Annual Return in form MGT 9 is annexed herewith as "Annexure E".

Employee Stock Option Scheme

The details of stock options as on 31 March 2018 under the Snowman ESOP Scheme 2012 is set out in the "Annexure F" to the Directors' Report.

Human Resources

The Company is committed to provide a healthy environment to all employees and thus does not tolerate any discrimination and/or harassment in any form. The Company has in place a Prevention of Sexual Harassment (POSH) policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. No complaints were received by the Company during the period under review.

The total number of employees as on 31 March 2018 was 394 as against 362 as on 31 March 2017.

Particulars of Employees

Information in accordance with Section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of the employees of the Company is annexed herewith as "Annexure G"

Disclosure under Section 134 (3) (m)

Conservation of Energy

The Company continues to give the highest priority for conservation of energy by using a mix of technology changes, process optimization methods and other conventional methods, on an on-going basis.

Technology Absorption

The Company continues to lay emphasis on development and innovation of in-house technological and technical skills to meet the specific customer requirements. Efforts are also being made to upgrade the existing standards and to keep pace with the advances in technological innovations.

Foreign Exchange Earnings and Outgoing

i)	Expenditure in foreign currency	Nil
ii)	Earnings in foreign currency	Nil

Acknowledgements

The Board of Directors thank all the stakeholders of the Company including its customers, shareholders, bankers, vendors for their continued support and assistance and look forward to having the same support in our future endeavors. The Directors also place on record, their sincere appreciation for significant contributions made by the employees towards the success and growth of the Company.

For and on behalf of the Board of Directors
For **Snowman Logistics Limited**

Place: New Delhi

Date: May 15, 2018

Prem Kishan Dass Gupta

Chairman

Remuneration of Director

Details of Ratio of Remuneration of Director [Section 197(12) and Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel), Rules, 2014]

- i. The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year

Sl. No	Name of Director	Remuneration of Director for financial year 2017-18	Ratio of remuneration of each Director/ to median remuneration of employees
1.	Mr. Sunil Prabhakaran Nair Wholetime Director & CEO	9,520,011	33.95

- ii. The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year

Sl. No	Name of Director	Remuneration of Director for financial year 2017-18	% increase in Remuneration in the Financial Year 2017-18
1.	Mr. Sunil Prabhakaran Nair Wholetime Director & CEO	9,520,011	0
2.	Mr. A. M.Sundar Chief Financial Officer & Company Secretary	5,358,626	12.36

- iii. The percentage increase in the median remuneration of employees in the financial year is 9.95%.

- iv. There were 394 permanent employees on the rolls of Company as on 31 March 2018.

- v. Relationship between average increase in remuneration and company performance:

The increase in company revenue for the Financial Year 2017-18 over 2016-17, was 3% and the average increase given to employees was 7.62%. The average increase in remuneration is based many other factors like overall budgetary impact within the Company.

- vi. Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company

The remuneration of the Key managerial Personnel was 0.77% of revenue.

- vii. A) Variations in the market capitalization of the company:

The market capitalization as on March 31, 2018 was Rs 747.72 crores and Rs.972.45 crores as on 31 March 2017.

- B) Price Earnings ratio of the Company was -213.09 as at March 31, 2018 and was -0.30 as at March 31, 2017

- C) The net worth of the company as at the close of the current financial year was Rs.425.28 cores and previous financial year was Rs. 428.66 crores.

- viii. Average % increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the % increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration

The average % increase in was 7.62% for all employees who went through the review cycle in the year. The average % increase for the key managerial team was 6.18%.

- ix. Comparison of the each remuneration of the Key Managerial Personnel against the performance of the company

Name of the WTD/KMP	% of revenue	% of PAT
Mr. Sunil Prabhakaran Nair	0.49%	-26.51%
A.M. Sundar	0.27%	-14.93%

- x. The key parameters for any variable component of remuneration availed by the directors are considered by the Board of Directors based on the recommendation of the Nomination and Remuneration Committee.

There are no variable component of remuneration availed by the directors.

- xi. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year –Not Applicable; and

- xii. It is hereby affirmed that the remuneration paid is as per the as per the Remuneration Policy of the Company.