

ANNUAL REPORT

2019-2020

**SNOWMAN
LOGISTICS
LIMITED**





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About The Group

Gateway Distriparks Limited (GDL) is a leading integrated inter-modal logistics facilitator in India. GDL is promoted by Mr. Prem Kishan Dass Gupta and his family, personally and through his wholly owned company, Prism International Private Limited. Gateway Rail Freight Limited, a subsidiary of GDL, provides inter-modal logistics and operates rail-linked Inland Container Depots.

Company Profile

- Established in 1993, Gateway acquired majority shareholding of Snowman in 2006
- Promoted by Gateway Distriparks Limited, one of India's largest logistic solutions provider

Presence

- Corporate office in Bengaluru
- 31 temperature controlled warehouses in 15 cities, having a capacity of 1,05,228 pallets
- Listed and traded actively on NSE and BSE as 'Snowman'

Clients

The Company's clientele comprises prominent brands from diverse industries like pharmaceuticals, meat and poultry, seafood, fruits & vegetables, ice cream, confectionery, dairy products, quick service restaurants, ready-to-eat, processed foods, and industrial products, among others.

Certifications & Affiliations

- ISO 22000 for Food safety Management
- ISO 14001 for Environment Management
- BRC Certification
- All warehouses comply with FSSAI norms
- Global Cold Chain Alliance

Competencies

- Integrated warehousing, primary & secondary distribution services
- ERP-based inventory management & control
- Real-time temperature monitoring
- Value added services, customised for all locations

INFRASTRUCTURE

Warehousing

- 1,05,228 pallet capacity in 31 warehouses
- Multi-facility use of environment-friendly refrigerants
- Chambers designed to accommodate products in the temperature range of +25 to -25°C.
- 100% power backup with multi-generator
- State-of-the-art equipment
- Fully palletised; zero product damage
- Blast freezer with a refrigerant temperature of -40°C

Distribution

- Part cargo consolidation and movement
- Point-to-point (full truck load) service
- Customised milk run and door pickup /delivery
- 289 reefer vehicles
- Last mile distribution, multi-mode for air shipment
- Plugin facility at each warehouse
- Real-time vehicle tracking and temperature monitoring via GPS
- Trained drivers ensure safe and timely delivery



OUR PERFORMANCE

Revenue(₹ Crore)
240.20

EBITDA(₹ Crore)
63.38

PAT(₹ Crore)
-15.01

Cash Profit(₹ Crore)
42.51

EBITDA Margin (%)
26

Debt Equity Ratio
0.13

Networth(₹ Crore)
419.69

Pallet Capacity
1,05,228

No. of Vehicles
289

No. of Warehouses
31

CHAIRMAN'S STATEMENT



Dear Shareholders,

I am pleased to present the Annual Report to you, for the financial year ending 31st March 2020.

In FY 2019-20, the Revenue of the Company was Rs. 240.20 crores as against Rs. 232.55 crores in the previous year. EBITDA increased to Rs. 63.38 crores from Rs. 62.24 crores, PBT decreased to Rs.(6.31) Crores from a profit of Rs. 10.86 crores and PAT decreased to Rs. (15.01) crores from a profit of Rs.9.72 crores in the previous year.

During the year, the Company focused on improving operational efficiencies and widening its customer base to reduce dependency on any single product.

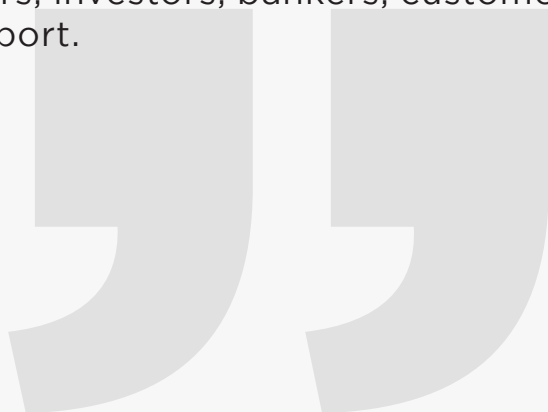
With changes in the consumption pattern of consumers, newer opportunities have emerged. Online shopping is fast gaining momentum and will be a major segment in the coming times. With our tie-up with one of the leading players in this space, we are well-positioned to take advantage of this new development. Further, industries like sea-food which had a tough year in FY 2019-20 due to two cyclones, are already showing signs of a reversal, and we are confident that the prospects for the coming year will be very positive. After a brief phase of consolidation, we feel the time is now ripe for further expansion of our capacities. The choice of locations for the next phase of expansion is driven by customer demand and we are confident that after commissioning the new facilities, the performance of the Company will see a marked improvement.

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



**Mr. Prem Kishan
Dass Gupta**
Chairman



**Mr. Shabbir
Hakimuddin
Hassanbhai**
Independent Director



**Mr. Bhaskar Avula
Reddy**
Independent Director



Mr. Arun Kumar Gupta
Independent Director



Mr. Anil Aggarwal
Independent Director



Mrs. Mamta Gupta
Director



Ms. Shukla Wassan
Independent Director



Mr. Samvid Gupta
Director



Mr. Ishaan Gupta
Director



**Mr. Sunil Prabhakaran
Nair**
*CEO & Whole Time
Director*

COMMITTEES OF THE BOARD

Audit Committee

Mr. Shabbir Hakimuddin Hassanbhai
Chairman
Mr. Prem Kishan Dass Gupta
Member
Mr. Bhaskar Avula Reddy
Member

Corporate Social Responsibility Committee

Mr. Prem Kishan Dass Gupta
Chairman
Mrs. Mamta Gupta
Member
Mr. Arun Kumar Gupta
Member

Nomination And Remuneration Committee

Mr. Shabbir Hakimuddin Hassanbhai
Chairman
Mr. Prem Kishan Dass Gupta
Member
Mr. Bhaskar Avula Reddy
Member
Mr. Arun Kumar Gupta
Member
Mr. Anil Aggarwal
Member

Stakeholders Relationship Committee

Mr. Prem Kishan Dass Gupta
Chairman
Mr. Arun Kumar Gupta
Member
Mr. Anil Aggarwal
Member

OTHER CORPORATE INFORMATION

Bankers

HDFC Bank Limited
Yes Bank Limited
State Bank of India
IndusInd Bank

Internal Auditors

M/s S.P. Chopra & Co.
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

Corporate Office

SNOWMAN LOGISTICS LIMITED
No.54, Old Madras Road,
Virgo Nagar, Bangalore, Karnataka
India - 560 049

Email: investorrelations@snowman.in

Website: www.snowman.in

CIN: L15122MH1993PLC285633

Auditors

S.R.Batlboi and Co.LLP
Chartered Accountants

Registrar and Transfer Agents

Link Intime India Private Limited

DIRECTORS' REPORT

To
The Members,

The Board of Directors are pleased to present the Annual Report of the Company together with the Audited Statements of Account for the financial year ended 31 March 2020.

The growth in revenue over the previous year, even though marginal, is a reflection of its resilience. The first half of the year was dominated by a series of cyclones which impacted the sea food business at various warehouses of the Company. The company was able to mitigate this risk by changing the product mix in sea-food dependent locations. During the year the Company further improved its customer base, introduced several measures to improve operational efficiency. Making a foray into e-commerce space by providing back-end support to one of the largest players in this space has been a big positive in these trying times. The Company is back into an expansion mode and has chalked out plans for new facilities at multiple locations in the coming year.

Financial Performance

Particulars	2019-20 (Rs.In Lakhs)	2018-19 (Rs.In Lakhs)	Growth
Pallet Capacity	1,05,228	1,04,343	1%
Fleet Strength	289	293	(1%)
Revenue From Operations	24,020	23,255	3%
Other Income	319	325	(2%)
Total Income	24,339	23,580	3%
EBITDA	6,338	6,224	2%
EBITDA%	26%	27%	
PBT	(631)	1,086	(158%)
PBT%	(3%)	5%	
PAT	(1,501)	972	(254%)
PAT%	(6%)	4%	

Management Discussion & Analysis

During the year, the Company recorded sales of Rs. 24,020 lakhs as compared to Rs. 23,255 lakhs, an increase of 3% and EBITDA of Rs. 6,338 lakhs as against Rs. 6,224 lakhs, which is an increase of 2%. EBITDA of FY 20 Includes positive impact of Rs.1,358 lakhs due to newly adopted Lease Accounting (Ind As 116) and the corresponding EBITDA% impact is 5.7%.

PBT decreased to Rs. (631) lakhs from a profit of Rs. 1,086 lakhs in the previous year. PBT was negatively impacted by Rs.849 lakhs on account of Ind AS 116 adoption in the current year. PAT decreased to Rs. (1,501) lakhs from a profit of Rs.972 Lakhs in the previous year. The Company has reversed deferred tax assets by Rs.895 lakhs on account of new income tax rate applicable for companies having turnover below Rs. 40,000 lakhs, due to which the tax expense was recognized to such extent. The total impact on PAT due to Onetime Deferred tax reversal of Rs. (895 Lakhs) and Ind AS 116 adoption Rs.(849 Lakhs) is Rs.1,744 lakhs.

Operations

Restructuring of the customer industry mix has helped us in better cost optimization. Our focus towards offering end-to-end solution and allied value-added services has helped us to optimize overhead costs. Our initiatives in process improvements and Information Technology have been well-appreciated by our customers. We are happy that we have gained a lot of customer confidence and thus improved utilizations.

Outlook

We are very positive about the outlook for the Company. Being an essential service, new opportunities have emerged in terms of consumers preference to do online shopping. With our tie-up with one of the leading players in this space, we are well-positioned to take advantage of this new development. Further, industries like seafood, which were affected by two cyclones last year, are already showing signs of a reversal and we are confident that the prospects for the coming year will be very positive. The Company has demonstrated its preparedness to handle the COVID-19 pandemic in terms of safety and hygiene measures adopted and this has won the appreciation of all customers and employees. The choice of locations for the next phase of expansion is driven by customer demand and we are confident that once the new facilities are set up, the performance of the Company will see a marked improvement.

Competition

The leadership position of the Company in the industry is undisputed, both in terms of capacity and quality of infrastructure. With the recent developments on the pandemic front, there is a lot of awareness about the need for safety and hygiene in the supply chain of all edibles. Due to this, the industry is already giving a preference to organised players like us as compared to the unorganised sector. We foresee a shift in customer preference and due to the high quality standards at Snowman, we are geared up for an increase in our customer base in the coming 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 the 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 of date, the Board of Directors of the Company comprises 10 (ten) Directors, of which five 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. Mr. Mamoru Yokoo, Non-executive Director ceased to be Director w.e.f May 11, 2020. Mr. Samvid Gupta & Ishaan Gupta were appointed on the Board as Additional Directors (Non-Executive) w.e.f May 15, 2020 and Ms. Shukla Wassan was appointed as additional Director (Non-Executive Independent Woman Director) w.e.f May 15, 2020.

All Independent Directors have given declarations stating 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, 5 (Five) Board Meetings and 4 (Four) 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:

(a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) 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;

(c) 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 Auditor confirming compliance forms part of this report as "Annexure A"

Business Responsibility Report

Pursuant to Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. CIR/ CFD/CMD/10/2015 dated 4 November 2015, the 'Business Responsibility Report' (BRR) of the Company for FY 2019-20 is forming part of the Annual Report. The report is annexed herewith as "Annexure L"

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 (Firm 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 & 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"

Secretarial Compliance Report

Pursuant to Regulation 24(A) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other provisions as may be applicable, the Company has obtained the Secretarial Compliance Report from Mr. Nagendra D Rao, Practicing Company Secretary. The report is annexed herewith as "Annexure J"

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

While the Company spent an aggregate amount of Rs 58.53 Lakhs during Financial Year 2014-15, 2015-16 and 2018-19 towards CSR activities, the losses accumulated in the current financial year has prompted the company to defer any spend on CSR activities. 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.

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

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 place, 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 as per the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the financial year ended March 31, 2020 are given below. Suitable disclosure as required by the Indian Accounting Standards has been made in the notes to the Financial Statements.

The Company has paid a rental amount of Rs. 6.60 Lakhs to Gateway Distriparks Ltd during the financial year as part of the rental agreement entered into with Gateway Distriparks Limited on September 11, 2017 at Krishnapatnam in the ordinary course of business. The above transaction has been approved vide Board resolution dated August 10, 2017 and 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.