



Analysis of Snowman Logistics.

"Treat Your Money as Employees who works for you"

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Company Profile

- Snowman is the leading integrated temperature controlled logistics service provider operating across locations servicing customers on a pan-India basis.
- Their distribution network comprises primary and secondary transportation supplying, amongst others, to QSRs, retail outlets, restaurants and hotels within a city. Our integrated operations enable us to maintain the temperature integrity of the customers' products from the point of origin to the consumption point, which is critical for product quality.
- Gateway Distriparks Limited is their promoter and the largest shareholder. Snowman's investor profile also includes Mitsubishi Corporation, Mitsubishi Logistics Corporation, International Finance Corporation and Norwest Venture Partners VII-A Mauritius
- Their three main functions are

Warehousing

Distribution

Value Added
Services

Company Profile

- Mile stones

2016	Total warehousing capacity of 98,500 pallets
2015	Total warehousing capacity of 94,500 pallets
2015	Total warehousing capacity of 85,500 pallets
2014	Listed on NSE and BSE in September
2013	Norwest Venture Partners invests in Snowman
2012	Increased warehousing capacity in Bangalore, Visakhapatnam and Chennai
2011	Megastores opened in Mumbai, Bangalore and Chennai
2010	IFC invests in Snowman and accredited with ISO 14001: Environmental Management System
2009	New ERP implemented
2008	Gateway Distriparks Limited takes over Snowman
2006	Accredited with ISO 22000: Food Safety Management System
2001	Mitsubishi Group acquired majority stake
1998	10 temperature controlled warehouses opened across India
1997	Brooke Bond (India) Ltd. acquired a 23% stake
1993	Incorporated by Amalgam Foods Limited

What is Logistics ?

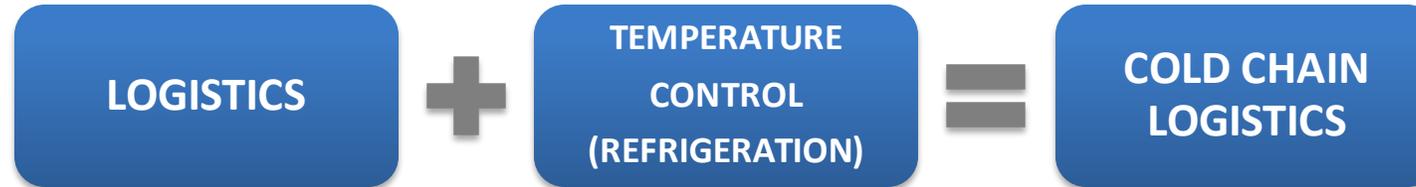
Logistics is the management of the **flow of goods** from origin to destination to meet customer requirements

**Right Time, Right Place
@ Minimum Cost**

**Started as a business
concept in 1950's**



What is Cold Chain Logistics?



Major Sectors : Food and Beverages, Bio-Pharmaceutical

The Cold chain logistics infrastructure



Cold chain Logistics in india

- Indian Cold Chain industry is expected to grow at a CAGR equivalent of 28% over the next 4 years and reach a market size of equivalent USD 13 Bn in 2017 and is largely unorganised in nature. Thereby, presenting a great opportunity for those companies which are organized in this sector.
- Key growth drivers include growth in organized retail and food service industry, government's initiatives, rising export demand for processed and frozen food.
- India's cold chain industry is still evolving, not well organized and operating below capacity
- 20% to 30% of fish production is annually wasted in India.
- 127 Million Tones of milk was produced in 2011-12, but cold storage capacity is only available for 70,000-80,000 Tones of milk.

Cold Chain: India

Food Sector

User Industry Food	India	Growth (CAGR)
Processed Food	\$ 17.8 Billion	13.5 %
Agriculture	\$ 200 Billion	3.8 %
Branded Frozen Food	\$ 212 Million	20-25 %

Bio-Pharmaceutical Sector

User Industry	India	Growth (CAGR)
Pharmaceutical	\$12 Billion	10-11 %
Clinical Research	\$ 2.2 Billion	23 %
Generic Drugs	\$ 11 Billion	17 %
Healthcare	\$ 36 Billion	15 %

Fundamental Analysis

Sl.No	Criteria	Particulars	Result
1	Face Value	10	
2	Year High/Low Ratio	1.95 (Should not more than 2.5)	Positive
3	Promoter holding	40.25% (No pledge)	Positive
4	Dividend	Only in 2015 (Listed on 2014)	Neutral
5	Base Price	78.15 Rs (Stock Trading below its bas price)	Positive
6	Net sale per share	14 Rs (Lower then current cmp)	Negative
7	Book Value	26 Rs (Lower then cmp)	Negative
8	Earnings Per share	0.20	Negative
9	Split and bonus	No split and bonus in Past 24 months	Positive
10	Bulk and Block Deals	No Block and block deal.	Positive

- Year high and low ratio is stable which indicate the right time to enter this stock.
- Promoter holdings are good with now pledge stocks which is positive sign.
- Base price is the average price at which is stock is traded so we can assume that at least it will cross 70 Rs in near term.
- No split and bonus in past 24 months positive and also no bulk and block deals are also good sign.
- They are not paying dividend because they to expand the business mention in their annual report.
- Their debt to equity ratio is 0.33 which is good showing less debts in books.
- Modified C-Score is 2 which is very positive .(Accounting Is clean)
- Altman Z-Score 7.25 which is highly safe that tell about the near future solvency or threat to the business.

***Quality+Clean Accounting+Less Threat+Good Management = Great Business.**

Japanese analogy

- Japanese perfect its perfect analogy I will give you two example right know only

“Mr. Tomoyuki Masuda Director Japanese person in Board.”

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1.) Maruti Suzuki: - We know back then how this two collaborated with each other and now after separation Maruti is giant in Indian markets.

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2.) Hero Honda :- You also know that how hero Honda take the market capitalization and growth is tremendous now it is known as hero moto corp.

Japanese are very punctual and hardworking people. They are the first who implemented the quality control tools in the industry in a large scale. Toyota is on of the example in global markets. Kai zen, Poka yoke, Six sigma all are the quality control tools developed by Japanese. Edward Deming we know him as father of QM himself is product of japan. (What we get "Quality")

- The main thing which I have seen in this company is that is the first company in india which is listed in Indian stock exchange as cold logistics company .
- In india this sector is highly un organized and snowman logistics can get a first mover advantage. So we can see a huge growth in this sector.
- Snowman logistics Backed by huge company like Mitsubishi corporation and I hope you know about the Mitsubishi corporation.
- Business of the snowman is cold storage and we know that most of the time climate of India is hot and moist and humid type of temperature in south peninsular region we can say that the temperature almost 28 - 35 all the time in the year.
- less player in the cold storage supply chain major are coldex, gatikausar, crystal group, kelvin cold and the market is not well organized but growth is their in this sector. So less competitors (for Stock Investment purpose only Snowman listed in stock market) so I feel that less competition and more coverage then its competitor and recent.so pallets capacity will increase to 106000 that's showing the demand is increasing and upcoming facilities Cochin and Krishnapatnam.

Now How GST will help ??

- GST it is going to implement on 1 st July so the main thing is that how it is going to help this sector.
- Pervious due to different type of taxes and giving the multiple times of taxes it ultimately increase the cost of the manufactures like.
- 200 Rs of product A will become 270 Rs Product so it will eliminate this time problems and their will be only one unified tax rate system.
- GST will eliminate most of the unorganised sectors so it will automatically help to organized players.
- Snowman logistic cash flow is simple and it is not cyclic in nature why because pharma,agri and fmcg sectors and depended on the cold chain logistics so in 365 days to increase their shelf life of the product.
- Now their going to approach the logistics companies more because of the GST means you can say that income of snowman logistics depends upon the Pharma, Agri and FMCG sectors and we know that they are the consumptions sectors of our country and day by day they are increasing.
- In future their were large demands of cold storage because of the consumptions pattern.
- GST will automatically decrease the tax burden and increase the portifibility.
- They are planning to capture central region most probably the up region if they able to do so the profitability will be double.

Cash Flow Figures in Rs. Crores

	Mar 2009	Mar 2010	Mar 2011	Mar 2012	Mar 2013	Mar 2014	Mar 2015	Mar 2016	total
Cash from Operating Activity	1.48	1.90	10.09	10.99	13.96	14.66	52.37	29.18	134.63
Cash from Investing Activity	-4.18	-6.42	-24.74	-26.22	-113.38	-116.44	-90.29	-138.10	-519.77
Cash from Financing Activity	-0.23	23.77	-0.01	-0.03	92.70	110.54	105.55	46.30	378.59
Net Cash Flow	-2.93	19.25	-14.66	-15.26	-6.72	8.76	67.63	-62.62	-6.55

Conclusion from cash flow.

- So I will business is good because it is generating cash you can see that from march 2009 to 2016 cash is generated and numbers are positive so the business is capable of generating the cash.
- Cash from investing activity which is negative showing they are increase their ware house and capacity for the future prospects which is good.
- Financing activity negative means you are paying debts and positive means you are taking loans from banks to expand your business.
- So their business sheet so they have generated 135 corers and invested a huge sum of money 519 corers and debt is around 378 cores and net cash flow is negative 6 corers.
- Al though figures are little bit low but if their cash operating activities and net profit will increase then they can easily pay the debts.
- I hope after their up gradation of the ware houses and the investing activity they will grow and almost they have pan india access only in central india up is the strategically important if they capture that area then income will automatically increase.
- **Profit growth 5Years: 26.04%**
- **Average return on equity 5Years: 8.33%**
- **Sales growth 7Years: 33.60%**
- **Above figures are not that much bad you can see their sale is growing and profit is also growing so this is new listed shares so it will definitely boom and will take some time to consolidated.**
- **So it will take time to grow but i assure it will defiantly grow my first tgt - 80 rs 2nd tgt- 140 rs 3rd 200 rs My maximum is 800 -1000 rs for this stock.**

- THANKS.