

Snowman Logistics Limited

COMPANY SNAPSHOT					
CMP	Initiation Price	Target	Potential Upside	Recommendation	MCap (Rsbn)
Rs31	Rs33	Rs55	77%	BUY	Rs5.1

About the Company:

Snowman Logistics is one of the leading integrated temperature controlled logistics service provider with pan India presence. The company operates in warehousing which caters to (i) Temperature Controlled Services (TCS) & Ambient services and (ii) transportation of both TCS and Ambient. Under the TCS segment, the company offers cold storage warehouses and reefer transportation services to its clients while under the ambient services the company caters to non-temperature controlled warehousing and transportation. Snowman is promoted by Gateway Distriparks Limited (GDL) - a listed entity on the Indian stock exchange) who is also the largest shareholder of the company with 40.25% of the total shareholding. The company is chaired by Mr. Prem Gupta and managed by a professional team. The company is accredited with ISO-22000 i.e. Food Safety Management System, ISO-14001 i.e. Environment Management System, Food Safety Management by FSSAI, 4 EIA Approved Warehouses by export inspection council of GOI and British Retail Consortium for BRC global standards.

Results Declared:

- The net sales for the quarter grew by 15.4% to Rs598mn as compared to Rs518mn in the same quarter last year
- The EBITDA margins for the quarter under review stood at 27.9%
- The net profit grew by 185.3% to Rs54mn as against Rs19mn in the comparative quarter
- The EPS stands at Rs0.3
- For the full year, the company has clocked revenue growth of 19.7%. The profits came in at Rs97mn as against a loss of Rs35.6mn in the last year.

Financials:

Result Update (Q4&FY2019)								
Q4&FY19 Result (Rs mn)	Mar-19	Mar-18	y-o-y	Dec-18	q-o-q	FY19	FY18	y-o-y
Total Revenue	598	518	15.4%	593	0.8%	2325	1943	19.7%
EBITDA	167	126	32.7%	144	15.8%	590	445	32.7%
Other Income	15	32	(54.5%)	12	18.7%	32	38	(15.6%)
Interest	23	27	(17.0%)	24	(7.9%)	103	119	(13.3%)
Depreciation	104	99	5.3%	102	1.9%	411	400	2.7%
Exceptional Items	-	-	-	-	-	-	-	-
Tax	0.3	13	(97.6%)	6	(94.9%)	11	0	-
Net Profit	54	19	185.3%	24	130.2%	97	(35.60)	-

Outlook and Recommendations:

The story of turnaround appears to be continuing. Over the last few quarters, there appears to be a shift in focus of the company where the main intention is to improve operational efficiencies, increase customer satisfaction as well as propel the profitability. Management appears to be confident of sustainable growth, scalability, improve in asset utilization, offering end-to-end solutions to customers while providing value added services. The strategy to target customers in the Pharma, QSR and seafood segments has helped the company achieve better results and increase our yield per pallet. As mentioned in earlier notes as well, the nature of the business is such which requires constant capex and thus the company keeps expanding its network with a long term view. The benefits of the current capex will begin to show results in the next 12-15 months. There are immense opportunities in the cold chain business and the company intends to exploit this growth potential, thus we continue to remain bullish on the growth story and maintain our target price of Rs55 with a horizon of 12 months.

DISCLAIMERS AND DISCLOSURES-

Progressive Share Brokers Pvt. Ltd. and its affiliates are a full-service, brokerage and financing group. Progressive Share Brokers Pvt. Ltd. (PSBPL) along with its affiliates are participants in virtually all securities trading markets in India. PSBPL started its operation on the National Stock Exchange (NSE) in 1996. PSBPL is a corporate trading member of Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE) for its stock broking services and is Depository Participant with Central Depository Services Limited (CDSL) and is a member of Association of Mutual Funds of India (AMFI) for distribution of financial products. PSBPL is SEBI registered Research Analyst under SEBI (Research Analysts) Regulations, 2014 with SEBI Registration No. INH000000859. PSBPL hereby declares that it has not defaulted with any stock exchange nor its activities were suspended by any stock exchange with whom it is registered in last five years. PSBPL has not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has its certificate of registration been cancelled by SEBI at any point of time.

PSBPL offers research services to clients as well as prospects. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

Other disclosures by Progressive Share Brokers Pvt. Ltd. (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company (s) covered in this report:-

- PSBPL or its associates financial interest in the subject company: NO
- Research Analyst (s) or his/her relative's financial interest in the subject company: NO
- PSBPL or its associates and Research Analyst or his/her relative's does not have any material conflict of interest in the subject company. The research Analyst or research entity (PSBPL) has not been engaged in market making activity for the subject company.
- PSBPL or its associates actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report: NO
- Research Analyst or his/her relatives have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report: NO
- PSBPL or its associates may have received any compensation including for brokerage services from the subject company in the past 12 months. PSBPL or its associates may have received compensation for products or services other than brokerage services from the subject company in the past 12 months. PSBPL or its associates have not received any compensation or other benefits from the Subject Company or third party in connection with the research report. Subject Company may have been client of PSBPL or its associates during twelve months preceding the date of distribution of the research report and PSBPL may have co-managed public offering of securities for the subject company in the past twelve months.
- The research Analyst has served as officer, director or employee of the subject company: NO

PSBPL and/or its affiliates may seek investment banking or other business from the company or companies that are the subject of this material. Our sales people, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses (if any) may make investment decisions that may be inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest including but not limited to those stated herein. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution publication, availability or use would be contrary to law or regulation or which would subject PSBPL or its group companies to any registration or licensing requirement within such jurisdiction. If this document is sent or has reached any individual in such country, especially, USA, the same may be ignored. Unless otherwise stated, this message should not be construed as official confirmation of any transaction. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of PSBPL. All trademarks, service marks and logos used in this report are trademarks or registered trademarks of PSBPL or its Group Companies. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market. In so far as this report includes current or historic information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

Terms & Conditions:

This report has been prepared by PSBPL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of PSBPL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. PSBPL will not treat recipients as customers by virtue of their receiving this report.

Registered Office Address:
Progressive Share Brokers Pvt. Ltd.
122-124, Laxmi Plaza, Laxmi Indl Estate,
New Link Rd, Andheri West,
Mumbai-400053;
www.progressiveshares.com
Contact No.:022-40777500.

Compliance Officer:
Mr. Shyam Agrawal,
Email Id: compliance@progressiveshares.com,
Contact No.:022-40777500.