



July 01, 2021

National Stock Exchange of India Limited Exchange Plaza BandraKurla Complex Mumbai – 400 050 Ph No: 2659 8452 Fax No: 2659 8237/38 Email: cmlist@nse.co.in Scrip Code: SNOWMAN	BSE Limited Department of Corporate Services PhirozeJeejeebhoy Towers Mumbai – 400 001 Ph No: 22727 1233/34 Fax: 2272 1072/ 2037/2061/ 41 Email: corp.relations@bseindia.com Scrip Code: 538635
--	--

Dear Sir/Madam,

Sub: Intimation of withdrawal of Credit Rating from India Rating and Research Pvt Ltd

This is to inform you that at the Company's request, India Rating and Research Pvt Ltd (India Rating) has withdrawn its 'IND A' rating assigned to the Company. The Company had voluntarily requested for such withdrawal. A copy of withdrawal report dated 1st July 2021 received from India Rating is enclosed herewith.

Currently the Company has been assigned CRISIL A/STABLE' rating by Crisil Ratings Limited and the same has already been intimated to you vide our letter dated 19th April 2021.

Kindly take the aforesaid information on record.

Thanking you

For Snowman Logistics Limited

A M Sundar
CFO & Company Secretary

Encl: as stated above



Corporate office

Snowman Logistics Ltd.

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

CIN: L15122MH1993PLC285633 T (080) 67693700

Regd. Office: Plot No. M-8, Talaja Industrial Area, MIDC, Raigad, Navi Mumbai, Maharashtra -410206

CIN: L15122MH1993PLC285633 T +91 22 39272004 E info@snowman.in W www.snowman.in

India Ratings Affirms and Withdraws Snowman Logistics' Ratings

01

JUL 2021

By Priyanka Bansal

India Ratings and Research (Ind-Ra) has affirmed Snowman Logistics Ltd's (SLL) Long-Term Issuer Rating at 'IND A' with a Stable outlook and has simultaneously withdrawn the rating. The instrument-wise rating actions are as follows:

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating	Rating Action
Term loan*	-	-	FY26	IN1,068	WD	Affirmed and withdrawn
Fund-based limits**	-	-	-	INR130	WD	Affirmed and withdrawn

*Affirmed at IND A/Stable before being withdrawn

**Affirmed at IND A/ Stable /IND A1 before being withdrawn

Ind-Ra is no longer required to maintain the ratings, as it has received a no-objection certificate from the rated facilities' lender. This is consistent with the Securities and Exchange Board of India's circular dated 31 March 2017 for credit rating agencies.

KEY RATING DRIVERS

Continued Parentage of GDL: Gateway Distriparks Limited (GDL; 'IND AA-/Positive'); holds 40.25% in SLL) continues to be responsible for the managerial and business operations of SLL, following the signing of a settlement agreement between SLL and Adani Logistics Limited (ALL), a wholly owned subsidiary of Adani Ports and Special Economic Zone Limited ('IND AA+/Stable'), in July 2020.

The ratings, therefore, continue to benefit from SLL's moderate operational and strategic linkages with GDL. GDL exercises substantial control over the board. Both the companies operate in the logistic business and SLL leverages on group synergies. GDL is one of the largest private players in the container freight station and inland container depot businesses in India. Furthermore, SLL is well established among the leading organised players, providing temperature-controlled services in India. Although there are no intercompany transactions, both the companies benefit from the cross references and wider presence in the logistics sector.

Established Market Position: SLL continues to be the leading integrated temperature-controlled logistics service provider on a pan-India basis. Its operations mainly include warehousing and transportation services. As on 31 December 2020, the company had a warehousing capacity of 106,128 pallets in 31 strategic locations across 15 cities. SLL provides last-mile, inter-city distribution services to its clientele through a fleet of 264 reefers. It also provides retail distribution services through a consignment agency model. The

company has established relationships with some marquee corporate clients.

Financial Performance to Remain Strong: Ind-Ra expects SLL's business profile to improve and the financial profile to remain strong in the medium term, considering the following factors: i) the company's focus on capacity expansion (new projects at Siliguri and Coimbatore and capacity expansion of the existing facility at Mumbai and Krishnapatnam); ii) the dedicated facilities established for the e-commerce giant, Amazon, with the facility at Kundali becoming operational during FY21, wherein the revenue model is cost-plus and the capex is also reimbursed; iii) the increasing focus on margin-accretive segments such as pharmaceuticals; and iv) the company commencing the distribution of COVID-19 vaccines in some regions, with the plans to expansion in other regions too.

Since the operations of SLL were classified under essential services during the COVID-19-led lockdown, the company's operational and financial performance was not materially impacted in FY21. The transportation segment's revenue fell by 10.6% yoy to INR757 million in FY21, as COVID-19-led disruptions led to a shortage of drivers in the first few months of the year. However, the impact of the same was largely offset by the growth in the warehousing segment, with its revenues rising by 5.3% yoy to INR 1,585 million in FY21. Consequently, SLL's revenue fell by only 1% yoy to INR 2,371 million in FY21. SLL's EBITDA margin rose to 27.4% in FY21 (FY20: 25.1%), led by the increase in margins in the warehousing segment.

Sustained Comfortable Credit Metrics: The agency expects SLL's credit metrics to remain strong over the medium term, backed by the likely strong financial and operational performance.

SLL's gross debt increased moderately to INR2,103 million at FYE21 (excluding current maturities) (FYE20: INR2,006 million (including current maturities)). However, a major portion of the debt is lease liabilities; excluding the same, the gross debt stood at INR 718 million (excluding current maturities) at FYE21 (FYE20: INR618 million (including current maturities)). The net adjusted leverage (net debt (including lease liabilities adjustments)/EBITDA) and gross interest coverage (operating EBITDA/gross interest expense) stood at 2.8x in FY21 (FY21 numbers do not include current maturities) (FY20: 3.3x) and 3.8x (3.1x), respectively.

Liquidity Indicator -Adequate: SLL's liquidity profile is supported by steady internal cash generation. Ind-Ra expects SLL's cash flow from operations to remain stable over the medium term, supported by healthy EBITDA margins and healthy working capital management. Ind-Ra has not factored in any financial support to and/or from GDL in its assumptions and believes that SLL can manage the liquidity at standalone level. Additionally, SLL's board has approved fund-raising for INR2,500 million through, but not limited to, equity, compulsorily convertible debentures, qualified institutional portfolio; this would support the company's liquidity in the medium term.

The company's liquidity continued to be strong in FY21, with no stress on receivables owing to the COVID-19-led economic disruptions. The company's free cash flow remained strong over FY20-FY21, on account of healthy internal accruals and controlled capex. Its working capital cycle improved to 38 days in FY21 (FY20: 53 days). The company had an unencumbered cash and bank balance of INR310 million at FYE21 (FYE20: INR 17 million). SLL had availed the Reserve Bank of India-prescribed debt moratorium on part of its debt during March-May 2020.

Favourable Demand Prospects: Ind-Ra expects SLL to benefit from the increasing presence of quick service restaurants and demand for newer avenues such as pharma and healthcare sectors after the outbreak of COVID-19. SLL's growth has been driven by rising demand for single-point end-to-end cold chain services by large multinational companies and also by the increasing demand for temperature-controlled services by the food industry, due to increasing urbanisation and changing consumer consumption patterns. Also, some of SLL's regular customers such as McCain Foods (India) Private Limited, Ferrero India Pvt. Ltd., and Hindustan Unilever Limited have to maintain high standards with independent audit and inspection, due to which the dependency on the organised players is high. Furthermore, to cater to the increasing demand for e-commerce logistics in the food and pharmaceutical sector, the company created a separate vertical in FY21.-

Highly Fragmented Industry: The cold chain industry in India is dominated by the presence of several local players catering to localised markets. The organised players account about 10% of the total cold chain industry market. The company faces intense competition from the unorganised players. The fragmented nature of industry can constrain the company's pricing power and the operating profit margin.

COMPANY PROFILE

Incorporated in 1993, SLL is a leading player in the cold chain storage industry, offering a complete range of facilities for the storage and distribution of frozen and chilled products, operating across 31 strategic locations across 15 cities, with an installed capacity of 106,128 pallets as on 31 December 2020. SLL has international certifications and its investors include GDL, ALL and Mitsubishi Logistics Corporation.

FINANCIAL SUMMARY

Particulars (INR million)	FY21	FY20	FY19
Revenue	2,371	2,402	2,325
EBITDA	650	602	590
EBITDA margin (%)	27.4	25.1	25.4
Interest coverage (Operating EBITDAR/Gross Interest Expenses + Rentals) (x)	3.8	3.1	5.7
Net leverage (net debt/EBITDA) (x)	2.8 [^]	3.3	2.5
Source: SLL, Ind-Ra			
[^] Net leverage at end-FY21 has been calculated without including current maturities in the total debt since the amount is unknown.			

RATING HISTORY

Instrument Type	Current Rating			Historical Rating/ Rating Watch/ Outlook			
	Rating Type	Rated Limits (million)	Rating/Outlook	12 Nov 2020	22 May 2020	8 January 2020	23 January 2019
Issuer rating	Long-term	-	WD	IND A/Stable	IND A/RWE	IND A/RWP	IND A/Stable
Term loan	Long-term	INR1,068	WD	IND A/Stable	IND A/RWE	IND A/RWP	IND A/Stable
Fund-based limits	Long-term/Short term	INR130	WD	IND A/Stable/IND A1	IND A/RWE/IND A1/RWE	IND A/RWP/IND A1/RWP	IND A/Stable/IND A1

COMPLEXITY LEVEL OF INSTRUMENTS

Instrument Type	Complexity Indicator
Fund-based limits	Low
Term loan	Low

For details on the complexity level of the instruments, please visit <https://www.indiaratings.co.in/complexity-indicators>.

SOLICITATION DISCLOSURES

Additional information is available at www.indiaratings.co.in. The ratings above were solicited by, or on behalf of, the issuer, and therefore, India Ratings has been compensated for the provision of the ratings.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer.

ABOUT INDIA RATINGS AND RESEARCH

About India Ratings and Research: India Ratings and Research (Ind-Ra) is India's most respected credit rating agency committed to providing India's credit markets accurate, timely and prospective credit opinions. Built on a foundation of independent thinking, rigorous analytics, and an open and balanced approach towards credit research, Ind-Ra has grown rapidly during the past decade, gaining significant market presence in India's fixed income market.

Ind-Ra currently maintains coverage of corporate issuers, financial institutions (including banks and insurance companies), finance and leasing companies, managed funds, urban local bodies and project finance companies.

Headquartered in Mumbai, Ind-Ra has seven branch offices located in Ahmedabad, Bengaluru, Chennai, Delhi, Hyderabad, Kolkata and Pune. Ind-Ra is recognised by the Securities and Exchange Board of India, the Reserve Bank of India and National Housing Bank.

India Ratings is a 100% owned subsidiary of the Fitch Group.

For more information, visit www.indiaratings.co.in.

DISCLAIMER

ALL CREDIT RATINGS ASSIGNED BY INDIA RATINGS ARE SUBJECT TO CERTAIN LIMITATIONS AND DISCLAIMERS. PLEASE READ THESE LIMITATIONS AND DISCLAIMERS BY FOLLOWING THIS LINK: [HTTPS://WWW.INDIARATINGS.CO.IN/RATING-DEFINITIONS](https://www.indiaratings.co.in/rating-definitions). IN ADDITION, RATING DEFINITIONS AND THE TERMS OF USE OF SUCH RATINGS ARE AVAILABLE ON THE AGENCY'S PUBLIC WEBSITE WWW.INDIARATINGS.CO.IN. PUBLISHED RATINGS, CRITERIA, AND METHODOLOGIES ARE AVAILABLE FROM THIS SITE AT ALL TIMES. INDIA RATINGS' CODE OF CONDUCT, CONFIDENTIALITY, CONFLICTS OF INTEREST, AFFILIATE FIREWALL, COMPLIANCE, AND OTHER RELEVANT POLICIES AND PROCEDURES ARE ALSO AVAILABLE FROM THE CODE OF CONDUCT SECTION OF THIS SITE.

Applicable Criteria

[Corporate Rating Methodology](#)

[Parent and Subsidiary Rating Linkage](#)

[Short-Term Ratings Criteria for Non-Financial Corporates](#)

Analyst Names

Primary Analyst

Priyanka Bansal

Associate Director

India Ratings and Research Pvt Ltd Wockhardt Towers, 4th floor, West Wing Plot C-2, G Block. Bandra Kurla Complex Bandra (East), Mumbai 400051

+91 22 40356148

Secondary Analyst

Abhishek Nigam

Associate Director

+91 22 40356194

Committee Chairperson

Prashant Tarwadi

Director

+91 22 40001772

Media Relation

Ankur Dahiya

Manager – Corporate Communication

+91 22 40356121
