

May 25, 2020

National Stock Exchange of India Limited Exchange Plaza BandraKurla Complex Mumbai – 400 050 Ph No: 2659 8452 Fax No: 2659 8237/38 Email: cmllist@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: Disclosure under Regulation 30 of SEBI (LODR) Regulations 2015

Pursuant to Regulation 30 of SEBI (LODR) Regulations 2015, we would like to inform that India Rating and Research Pvt Ltd., vide their letter dated 22nd May 2020 (received on 25th May 2020), has revised the Rating watch status of Snowman Logistics Ltd's 'IND A' Long Term Issuer Rating to Rating Watch Evolving(RWE) from Rating Watch Positive (RWP).

The Instrument wise Ratings are as under;

Instrument Type	Issue Size(Million)	Rating/Outlook	Rating Action
Term Loan	INR 468 (Reduced from INR 900)	IND A/RWE	Rating watch revised to Evolving from positive
Fund-based limits	INR 80	IND A/RWE/IND A1/RWE	Rating watch revised to Evolving from positive
Non-Fund-based limits	INR 50	IND A/RWE/IND A1/RWE	Rating watch revised to Evolving from positive

Kindly take the aforesaid information on record.

Thanking you

For Snowman Logistics Limited




A. M. Sundar
Chief Financial Officer, Company Secretary & Compliance Officer

Encl: As stated above

Corporate Office



Snowman Logistics Ltd.
No: 54, Old Madras Road, Virgo Nagar, Bangalore - 560 049, Karnataka
CIN: L15122KA1993PLC048636 ☎(080) 67693700

Regd. Office : Plot No. M-8, Taloja Industrial Area, MIDC, Raigad, Navi Mumbai, Maharashtra-410208
CIN: L15122MH1993PLC285633 ☎+91 22 39272004 ✉info@snowman.in 🌐www.snowman.in

India Ratings Revises Snowman Logistics' Rating Watch to Evolving

22

MAY 2020

By **Priyanka Bansal**

India Ratings and Research (Ind-Ra) has revised the Rating Watch status of Snowman Logistics Ltd's (SLL) 'IND A' Long-Term Issuer Rating to Rating Watch Evolving (RWE) from Rating Watch Positive (RWP). The instrument-wise rating actions are as follows:

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating/Rating Watch	Rating Action
Term loan	-	-	October 2022	INR468 (reduced from INR900)	IND A/RWE	Rating Watch revised to Evolving from Positive
Fund-based limits	-	-	-	INR80	IND A/RWE/IND A1/RWE	Rating Watch revised to Evolving from Positive
Non-fund-based-limits	-	-	-	INR50	IND A/RWE/IND A1/RWE	Rating Watch revised to Evolving from Positive

KEY RATING DRIVERS

Cancellation of Stake Sale Deal: The Rating Watch has been revised to Evolving due to the lack of visibility over the ownership structure of SLL, following the recent disclosures by Gateway Distriparks Limited (GDL; 'IND AA-/RWN) and SLL regarding the cancellation of sale of GDL's stake in SLL to Adani Logistics Limited (ALL). In December 2019, ALL, a wholly owned subsidiary of Adani Ports and SEZ Limited (APSEZ, 'IND AA+/Stable), signed a share purchase agreement with GDL to purchase GDL's entire 40.25% stake in SLL in an all cash deal of INR2,959 million, which has now been cancelled. The RWE also reflects the lack of visibility over the long-term business and financial strategy and synergy benefits with SLL's eventual parent, which may get clear once clarity on ownership structure becomes visible.

Established Market Position: SLL continues to be a leading integrated temperature-controlled logistics service provider operating on a pan-India basis. Its operations majorly include warehousing and transportation services. As on 31 March 2020, the company had a warehousing capacity of 105,228 pallets in 31 strategic locations across 15 Indian cities. SLL provides last-mile, inter-city distribution services to its clientele through a fleet of 289 reefers. It also provides retail distribution services through a consignment agency model. Also, the company has established relationships with some marquee corporate clients.

Healthy Financial Performance in FY19 and 9MFY20: SLL's revenue grew 20% yoy in FY19 to INR2,325 million, supported by 20% growth in warehousing revenue and 18% growth in transportation revenue. The warehousing segment revenue grew to INR1,565 million in FY19 (FY18: INR1,303 million), led by an increase in the occupancy levels of the warehouses to 86% from 75% a year ago. EBITDA margin improved to 25.4% in FY19 (FY18: 22.9%), supported by the increase in revenue and a decline in the cost.

The impact of the drop in the warehouse occupancy levels to 80% in FY20, owing to the two cyclones Bulbul and Fani, will be partially offset by a marginal increase in pallet capacity and healthy income generation from the transportation segment. Therefore, Ind-Ra believes that SLL is likely to have generated revenue in the range of INR2,200 million-2,400 million in FY20. EBITDA margins are likely to have been maintained in line with the FY19 levels in FY20. In 9MFY20, SLL generated revenue of INR1,792 million (9MFY19: INR1,727 million) and EBITDA margins of 25% (24.5%). Also, the company's operations are unlikely to be materially impacted by the COVID-19 outbreak.

Improvement in Credit Metrics: SLL's net adjusted leverage (net debt/EBITDAR) and gross interest coverage (operating EBITDAR/gross interest expense + rents) stood at 2.5x in FY19 (FY18: 3.7x) and 3.1x (2.4x), respectively. The credit metrics improved FY19 on a rise in the operating profitability and a reduction in the overall debt levels. The credit metrics are likely to have improved further in FY20 as debt levels reduced further to INR463 million (excluding current maturities and lease liabilities) at end-1HFY20 from INR584 million at FYE19.

Liquidity Indicator - Adequate: SLL's liquidity profile is supported by steady cash flow from operations (FY19: INR424 million; FY18: INR240 million). The company had an unencumbered cash and bank balance of INR18million as on 30 September 2019. SLL had scheduled debt repayments of INR346 million (full year) in FY20 and INR232 million is due in FY21 with a debt service coverage ratio of over 1.05x. Ind-Ra expects cash flow from operations to remain steady over the medium term, supported by healthy EBITDA margins and healthy working capital management. The company has taken a debt moratorium under the Reserve Bank of India's COVID-19 regulatory relief scheme on part of its debt over March-May 2020.

Favourable Demand Prospects: There has been a growing demand for single-point end-to-end cold chain service providers by large multinational companies.

This has led to the emergence of organised private players such as SLL. There is an increasing demand for temperature-controlled services by the food industry due to increasing urbanisation and changing consumer consumption patterns. Also, some of its regular customers have to maintain high standards with independent audit and inspection, due to which the dependency on organised players is high. Furthermore, Ind-Ra expects the company to benefit from increasing presence of quick service restaurants and demand for newer avenues such as pharma and healthcare sector.

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 for about 10% of the total cold chain industry market. SLL faces intense competition from the unorganised players. The fragmented nature of industry could constrain the pricing power and the operating profit margin of the company.

RATING SENSITIVITIES

Ind-Ra aims to resolve the RWE by November 2020 once there is greater clarity on the eventual ownership structure, business and financial strategy and, the resultant synergies with its eventual parent. The RWE indicates that the ratings may be upgraded, downgraded or affirmed.

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 105,228 pallets as on 31 March 2020. SLL has international certifications and its investors include GDL, ALL and Mitsubishi Logistics Corporation.

FINANCIAL SUMMARY

Parameters	FY19	FY18
Revenue (INR million)	2,325	1,943
EBITDA (INR million)	590	445
Interest coverage (x)	3.1	2.4
Net leverage (x)	2.5	3.7
Source: SLL, Ind-Ra		

RATING HISTORY

Instrument Type	Current Rating/Rating Watch			Historical Rating/Outlook		
	Rating Type	Rated Limits (million)	Rating/Rating Watch	08 January 2020	23 January 2019	7 November 2017
Issuer rating	Long-term	-	IND A/RWE	IND A/RWP	IND A/Stable	IND A/Stable
Term loan	Long-term	INR468	IND A/RWE	IND A/RWP	IND A/Stable	IND A/Stable
Fund-based limits	Long-term/Short term	INR80	IND A/RWE/IND A1/RWE	IND A/RWP/IND A1/RWP	IND A/Stable/IND A1	IND A/Stable/IND A1
Non-fund-based limits	Long-term/Short term	INR50	IND A/RWE/IND A1/RWE	IND A/RWP/IND A1/RWP	IND A/Stable/IND A1	IND A/Stable/IND A1

COMPLEXITY LEVEL OF INSTRUMENTS

For details on the complexity levels 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 INDIARATINGS 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. INDIARATINGS' 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](#)

Analyst Names

[Primary Analyst](#)

Priyanka Bansal

Senior Analyst

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 >
