



Snowman Logistics Ltd.

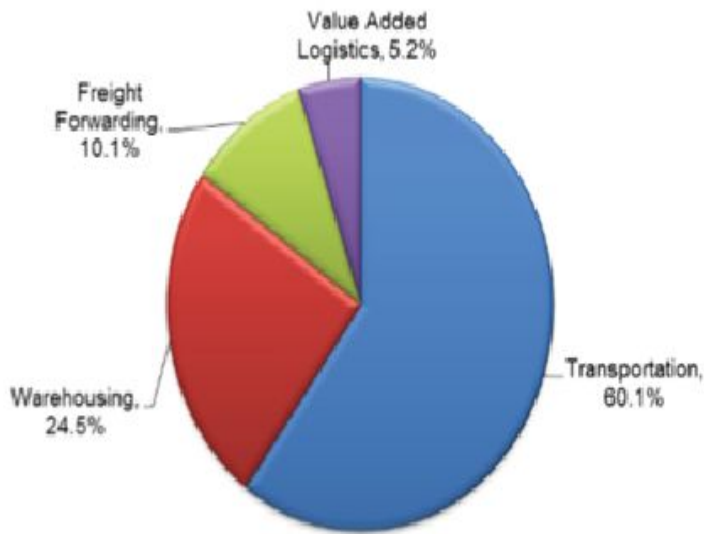
About Industry

Logistics industry includes services which are as below –

Industry classification for Transport, Logistics, Warehousing and Packaging

Modes	Road	Trucking and related services like fleet management, network optimization, route planning etc,	<ul style="list-style-type: none"> • Warehousing related to inland distribution whether inbound or outbound • LTL transshipment centers 	Services bundled around road transportation and warehousing: <ul style="list-style-type: none"> • Courier (express) • Cold chain • Freight forwarding • Packaging • Consulting
	Rail	Railway cargo transportation	<ul style="list-style-type: none"> • Rail-side Container Depots • Inland Container Depots • Multimodal warehouses 	Services bundled around rail transportation and warehousing: <ul style="list-style-type: none"> • Dedicated rail container services • Stuffing/de-stuffing • consolidation
	Water	Coastal shipping and inland water transportation	<ul style="list-style-type: none"> • Container Freight Stations • Inland Container Depots • Port based warehousing and storage 	<ul style="list-style-type: none"> • Freight forwarding • Freight consolidation • NVOCC • Customs clearance
	Air	Air cargo and passenger operations	Air cargo transshipment warehouse near airports	<ul style="list-style-type: none"> • Express and courier services • Freight forwarding • Customs clearance
		Transportation	Warehousing	Value added services
		Range of services		

Segmentation of Indian Logistics Market, 2014



Source: Frost & Sullivan Research

As India continues its transformation into a manufacturing and services-led economy, growing migration toward urban areas is expected. Logistics support infrastructure in India's metros is inadequate for serving existing trade needs. The growth of urban centres in size and number would necessitate the need for a proactive approach in logistics planning to sustain growth.

As international standards are introduced in a competitive, service-oriented environment, existing infrastructure will likely become obsolete:

- ✓ Growth in the domestic manufacturing and retail segments has given impetus to the demand for efficient warehouse-management services. However,

warehousing continues to see little investment.

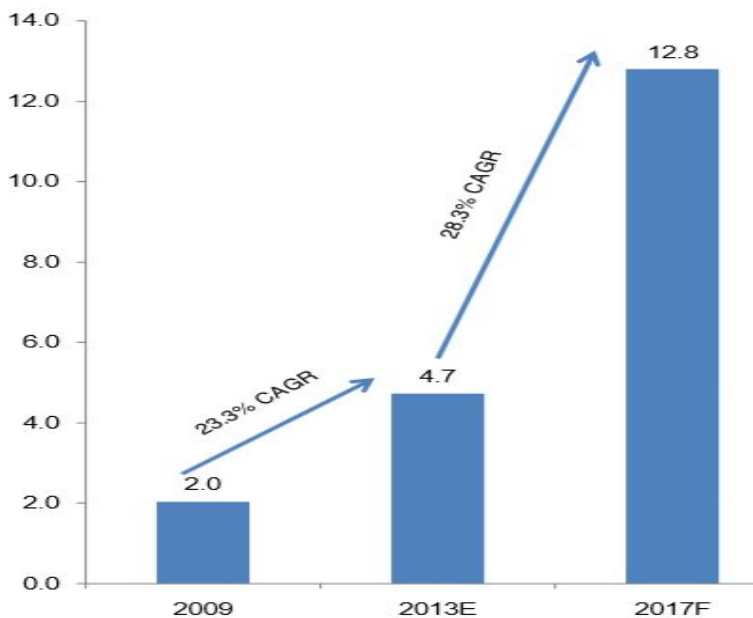
- ✓ Existing small warehouses need to be replaced by large, modern warehouses that incorporate global standards such as tall designs, modular racking systems, palletization, and the use of automation and IT.

- ✓ Existing infrastructure needs to be upgraded to increase throughput. For example, average containers handled

per ship per hour is 18 in India as compared to 28 internationally.

Cold chain industry is expected to grow with ~28% CAGR and reach to \$13 bn by year 2017.

Cold Chain Industry in India (in USD Bn)



Source: ASSOCHAM, US Commercial Service, Media Reports, Reed Analysis

These grow in segment drive through growth in organized retail and food services, rising exports demand for processed and frozen foods and government initiatives.

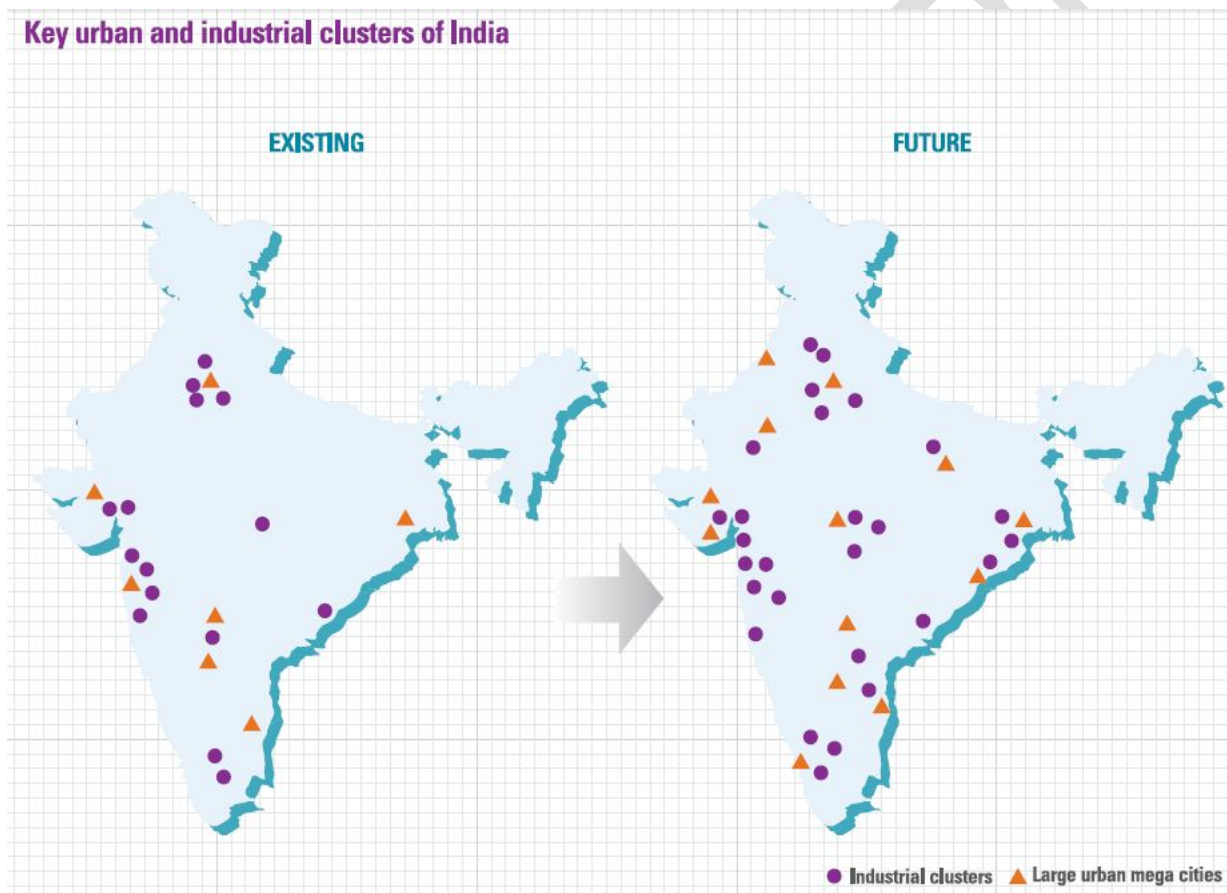
Existing cold chain warehousing capacity in India is estimated at 30m tonnes and 7-8,000 reefer vehicles, with majority of the facilities in UP (41%) and West Bengal (33%) followed by Punjab (6%), Gujarat and Bihar. 75% of the warehousing capacity is used by potatoes, ~2% for meat/seafood and the rest is for multipurpose products.

Key players in the cold chain warehousing business include Snowman Logistics, Dev Bhumi Cold Chain, Fresh & Healthy Enterprise (CONCOR), RK Foodland, Brattle Foods, Brahmanand Himghar, and Gubba Cold Storage, among others.

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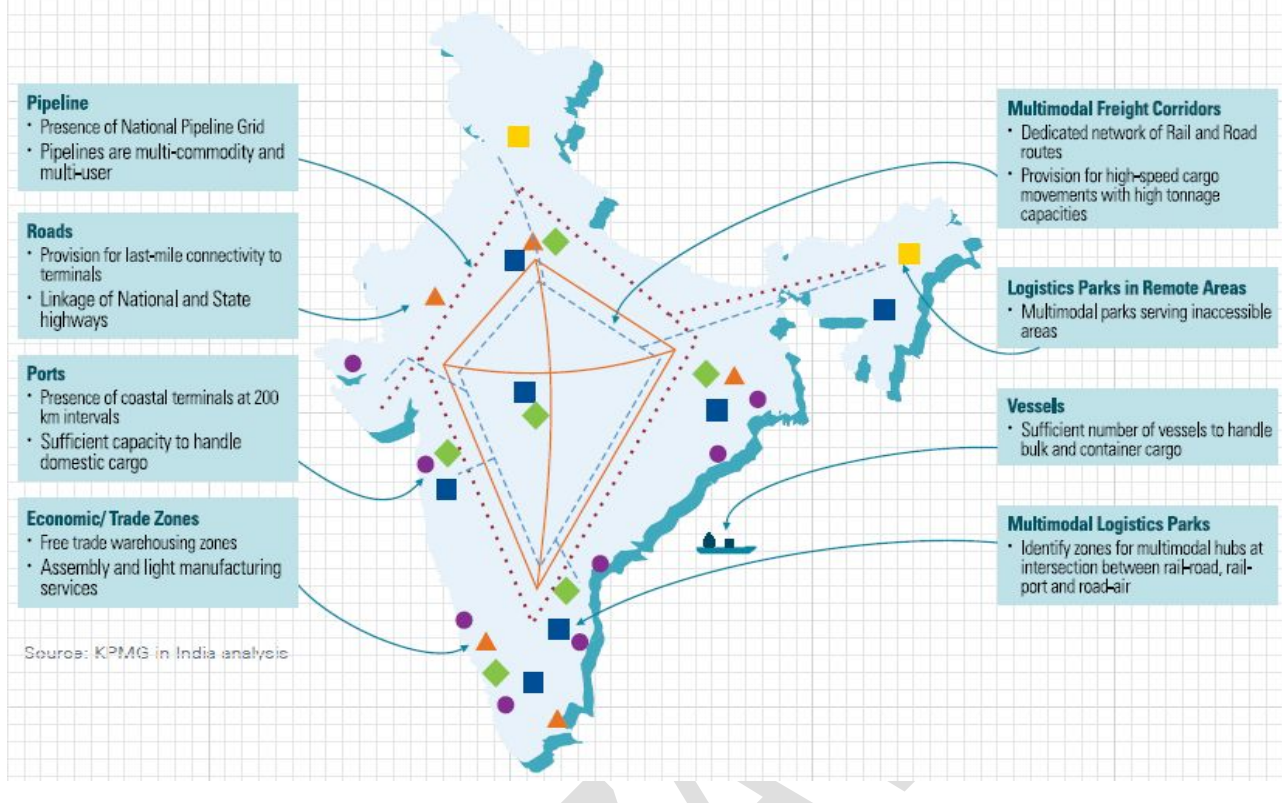
What is the need for cold chain in India???

- ✓ 11% of world's total vegetables production is accounted by India alone but India's share in global vegetable trade is only 1.7%
- ✓ 127 Million Tonnes of milk was produced in 2011-12, but cold storage capacity is only available for 70,000-80,000 Tonnes of milk.
- ✓ 20%-30% of fish production is annually wasted in India.
- ✓ ~25,000 unregistered slaughter houses are present in India, which generally lack chilling facilities.

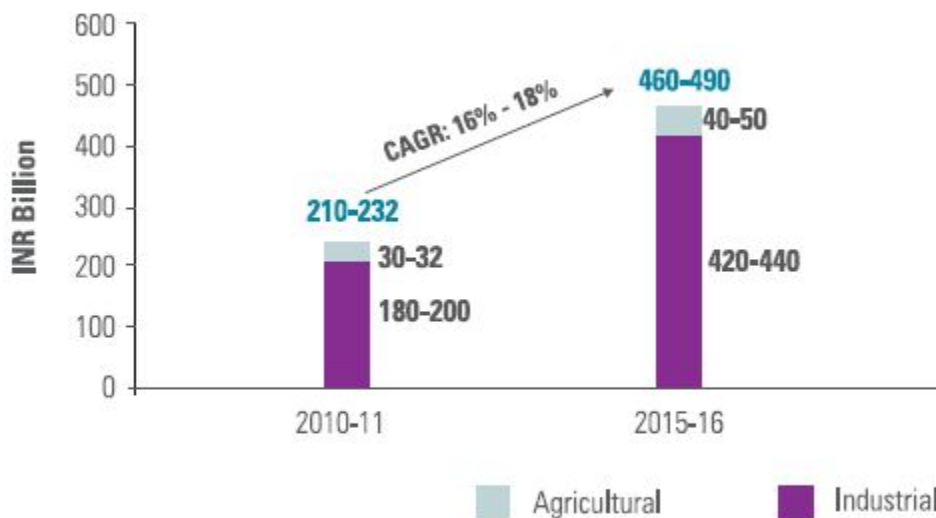


Integrated Logistics Strategy, National Transport Development Policy Committee, September 2011

Desired 'to be' state of logistics infrastructure in India



Warehousing market size



Note: Agricultural warehousing does not include temperature-controlled warehousing; industrial warehousing includes liquid/gas warehousing and storage of both bulk and non-bulk commodities

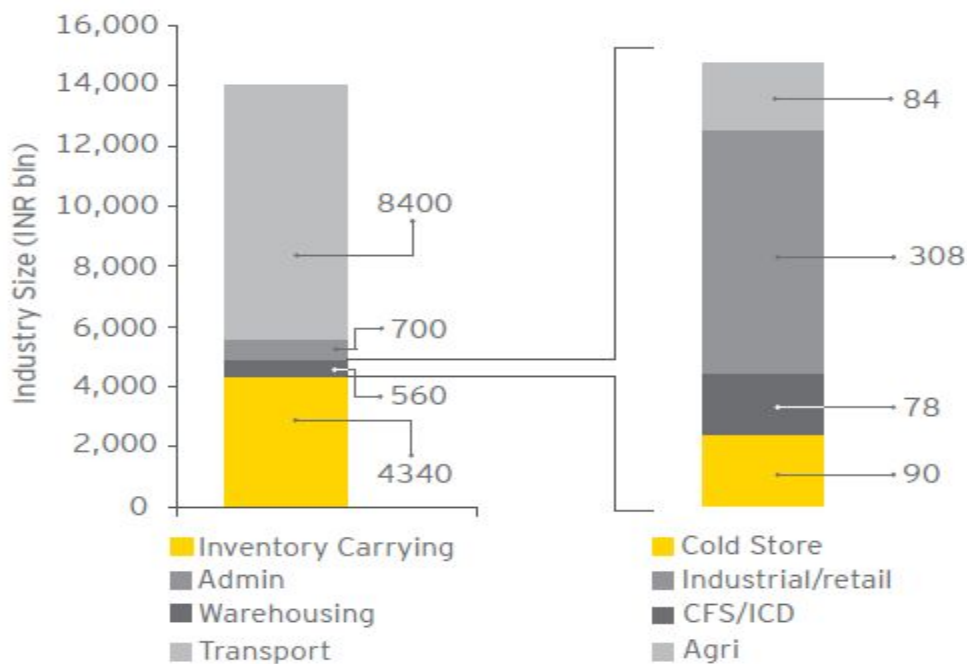
Source: CRISIL report on warehousing industry, November 29, 2011; KPMG in India analysis

From the opportunity perspective, the demand for warehousing services in India was estimated at approximately INR245–270 billion in 2011–12. The market consists of industrial and agricultural warehousing, with both segments expected to witness a significant evolution in their shares (by value) over the next five years. The share of the

industrial segment, which includes both bulk and non-bulk commodities, is expected to increase from about 86 percent in 2010-11 to around 90 percent in 2015-16.

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Current warehouse industry size with sub segments in FY13



Source: EY Analysis, Crisil Report on Warehousing

The Indian warehousing industry is set to grow at a CAGR of 8%–10% and modern warehousing at 25%– 30% over the next 5 years due to various factors including the anticipated increase in global demand, growth in organized retail and increasing manufacturing activities, presence of extremely affordable and desirable e-commerce options and growth in international trade.

Recent investment in cold stores

Date	Target	Investor	Deal Value(\$ mln)
Jun-13	Snowman Logistics Ltd.	Norwest Venture Partners	10.3245
Jul-12	Mehta Frozen Foods Carriers Pvt. Ltd.	Ambit Pragma Fund II	-
Dec-10	Swastik Roadlines Pvt. Ltd.	India Equity Partners Fund I	8.79
May-10	Cold Star Logistics Pvt. Ltd.	Tuscan Ventures Fund	3.5
Aug-09	Snowman Logistics Ltd.	International Finance Corp.	5
Aug-13	Snowman Logistics Ltd.	Gateway Distriparks Ltd.	3.8
Jun-13	Snowman Logistics Ltd.	Gateway Distriparks Ltd.	3.1
Dec-10	RR Enterprises Ltd.	Kuehne + Nagel International AG	-
Dec-09	Snowman Logistics Ltd.	Gateway Distriparks Ltd.	-

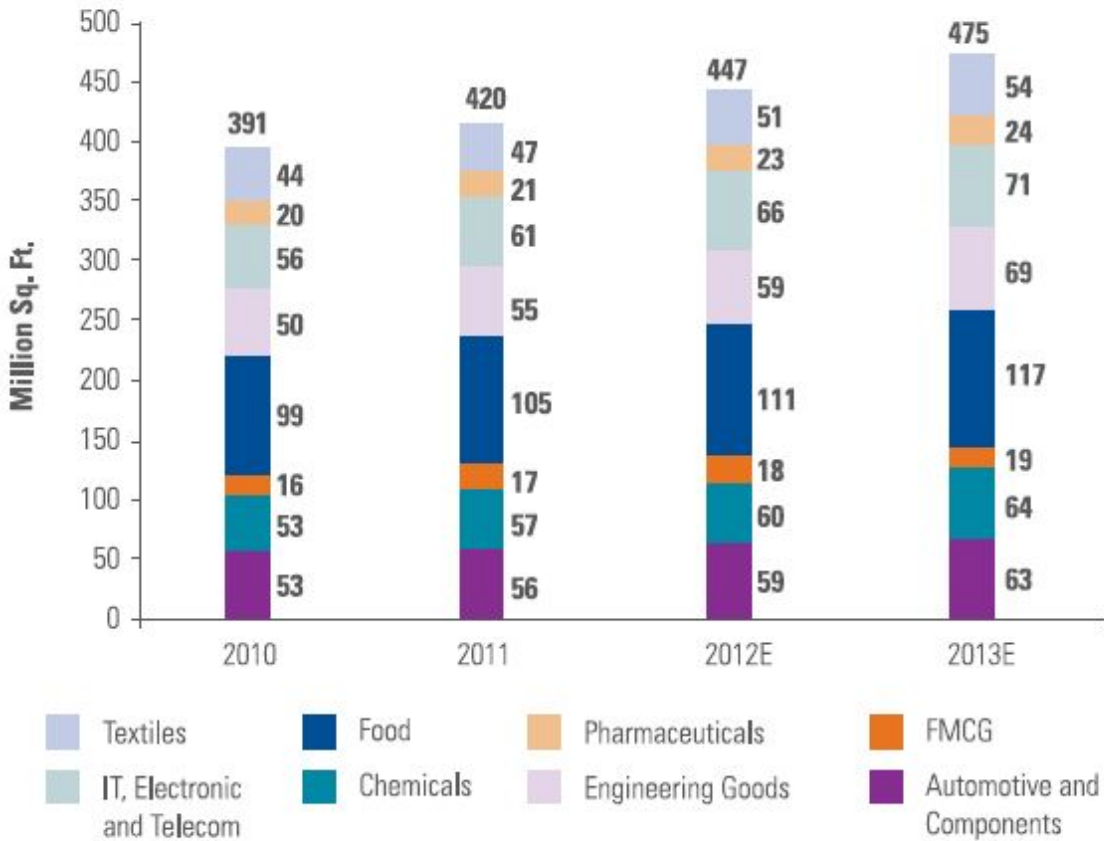
Source: EY Research

The Government is also providing various incentives to promote cold stores in India; some of these are:

- ✓ 100% FDI allowed through the automatic route.
- ✓ The introduction of GDPs and GRPs will necessitate the cold storage and transportation of most formulations in the pharmaceutical sector.
- ✓ The Government is emphasizing on food parks and integrated cold chain development through public private partnerships. In line with this, it has proposed financial outlay for cold chain infrastructure and food parks of around INR16.75 billion and INR32.50 billion, respectively. Under the scheme, the Government is providing over 50%–70% capital grant on cold stores projects.
- ✓ APEDA scheme: 25% of the cost is subject to a ceiling of INR1 million per beneficiary for setting up cold storage.

The demand for industrial warehousing space is estimated to have grown from around 391 million sq. ft. in 2010 to 476 million sq. ft. in 2013, at a CAGR of 6.8 percent.

Warehousing demand in India



Note: Warehousing demand excludes CFS warehousing space, warehousing space within factories and public agriculture warehouses

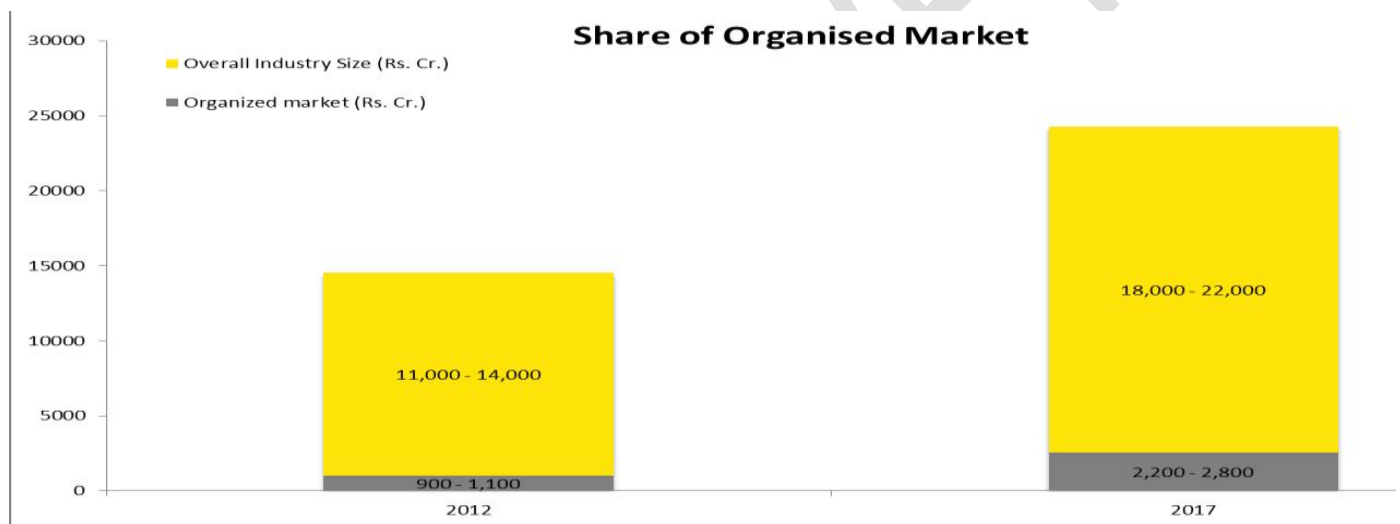
Source: Industry discussions, KPMG in India analysis

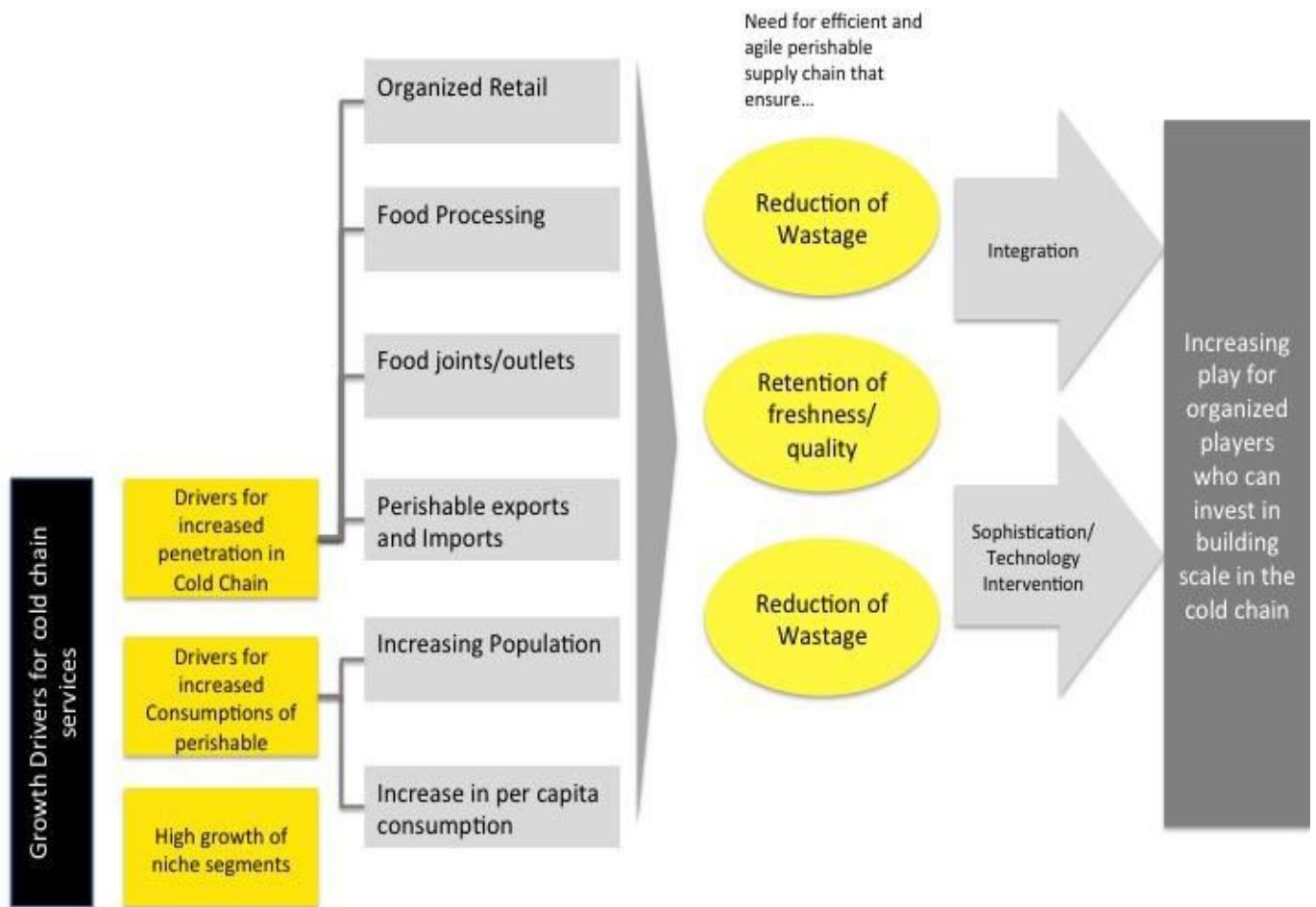
Temperature Controlled Logistics Industry Temperature Controlled Logistics (TCL) refers to the series of links in the logistics chain of perishable products. TCL is responsible for preserving the quality to enable their availability during an off-season or making them available at locations far from the production/ processing locations.

TCL comprises:

- ✓ **Warehousing:** Warehousing temperature sensitive products in custom built temperature controlled warehouses. The temperature controlled warehouse generally consists of several temperature zones capable of warehousing goods in the range of -25°C to $+20^{\circ}\text{C}$.
- ✓ **Distribution:** Distribution entails primary and secondary transportation of temperature sensitive products from source to stores using temperature controlled containerized trucks and cargo trains. Certain containerized trucks are also modified to enable installation of temperature controlled zones.

The following graph represents the potential growth for the organized and unorganized market:





Impacts of New developments to logistics sector ---

Impact of GST on logistics sector:

Major Benefits	Major Challenges
Primary and secondary distribution activities might get streamlined	Understanding the new tax structure could be highly challenging, especially for Logistic Service Providers serving multiple user industries
Interstate movement will become simplified and presume importance	Obtaining / establishing regional distribution hub infrastructure in optimal locations could mean high investment burden / risk
Simplified distribution network with optimal regional warehousing hubs supported by satellite facilities	Need to revamp fleets, get new mix of vehicles etc., could mean a large investment burden / risk
Rationalization or revamp of transportation fleets	Matching the realignments in transport routes and volumes of goods would be major challenge
Immense scope for optimizations of costs	Will lead to national level competition for smaller companies which were protected

Impact of Revised Land Acquisition Act on Logistics Infrastructure

Removal of the consent clause and Social Impact Assessment provides significant relief for developers of logistics infrastructure in rural areas, and also the developers of logistics infrastructure within industrial corridors.

As a result of this revision in the Act, several delayed logistics infrastructure projects such as dedicated freight corridors, highways, private ports, and airports are expected to be completed quickly and new planned projects are expected to be launched. Other smaller logistics projects such as inland container depots, container freight stations, warehousing zones, and logistics parks are also expected to gain momentum.

Impact of Enhancing Regional Transport Links in South Asia

The formal economic and political cooperation organization in the name of the South Asian Association for Regional Cooperation (SAARC).

Commodities traded by India with its neighbours include agricultural produce, food products, textiles and garments, consumer goods, electronics, automotive, and engineering goods. Average logistics cost for all these products is estimated to be in the range of 11–12 percent of their sales value. Accordingly, the value of logistics market opportunity from India's South Asian regional trade as of 2014 was about US \$2.3 billion. This involved facilitating the movement of goods across borders and earning revenues from the services of transportation, warehousing, freight forwarding, and value-added services related to this goods movement.

Map of SAARC Countries



Source: Frost & Sullivan Research

The largest share of this opportunity is in terms of road transportation combined with freight forwarding since India has road links with Pakistan, Bangladesh, Nepal, and Bhutan.

Value-added services represent a very small share as of now. However, both warehousing and value-added logistics services are likely to witness significant

opportunities if the targeted economic union is realized.

At the current growth rate, the logistics market opportunity from India's South Asian trade is likely to reach about US \$5.18 billion by 2020. However, if economic ties are improved by efforts of the new Government, the logistics market opportunity from the country's South Asian regional trade is likely to reach around US \$6.5 billion. It's nearly 3 times from current revenue generations.

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Business of the Snowman Logistics Ltd.



Snowman Logistic commenced their business as a trader of frozen marine products in 1998. After this business company commenced cold storage operations at 4 (four) locations.

Operations of company classified in to –

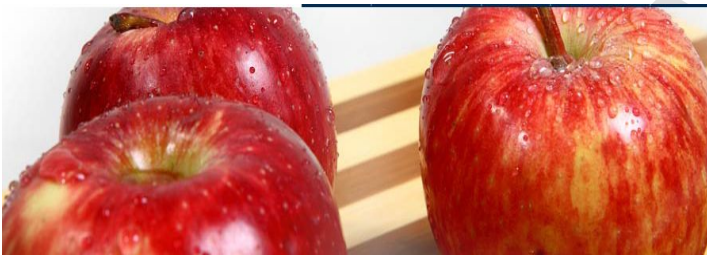
1. Temperature Controlled Services

2. Ambient distribution

Snowman Logistics Limited is an integrated temperature controlled logistics services provider with 23 temperature controlled warehouses across 14 locations in India including Serampore (near Kolkata), Taloja (near Mumbai), Palwal (near Delhi), Mevalurkuppam



(near Chennai) and Bengaluru capable of warehousing 58,543 pallets and 3,000 ambient pallets as of 31st March 2014. Snowman operates 370 reefer vehicles for primary and secondary transportation as of 31st March 2014.



The product segments company caters are Dairy products including butter and cheese, Ice-cream, Poultry and meat, Sea food, Ready-to-eat/ ready-to-cook food products Confectioneries including chocolate and baked products, Fruits and vegetables, Healthcare and pharmaceutical products; and Industrial products such as x-ray, and photo-imaging, films.



Gateway Distriparks Ltd (GDL) is a promoter of the Snowman Logistic and other shareholders are including Mitsubishi Corporation, Mitsubishi Logistics Corporation, Nichirei Logistics Group Inc., International Finance Corporation and Norwest Venture Partners VII-A Mauritius.

Company proposes to set up 6 temperature controlled warehouses and 2 ambient warehouses at 6 cities by issue capital.

Company provides services which includes warehousing, distribution, transportation.

(For detail kindly check presentation of company).

Company handle products are as below -

Ice-cream	
Meat, Poultry & Seafood	
Dairy products	
Fruits & vegetables	
Retail food chain	
Healthcare & Pharmaceutical products	

Frozen & chilled products



Why I like ---

1. Company having pan India presence.
2. GST will provide huge benefit to the company (As discuss in Industry overview).
3. Company having future expansion plans for warehouses and also increasing revenue contribution from value added products.
4. Logistics can be the back bone for the growth of retail industries.
5. Temperature controlled logistics and cold chain is not much developed in India and this industry expected to grow at 20-25% CAGR for the coming 3-4 years.

What I don't like ---

1. Company is showing very aggressiveness for the acquisitions for the growth purpose.
2. Entire logistic sector is driven by high expectations which can create problem.

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