

July 31, 2019

To,

BSE Limited

Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400 001

The National Stock Exchange of India Limited

Bandra Kurla Complex,
Bandra East, Mumbai – 400 051

Scrip Codes:

Equity: 540798

Debt: 958280, 958281

Scrip Symbol: FSC

Dear Sir / Madam,

Sub: Presentation to Analysts/ Investors

Please find enclosed herewith the presentation being forwarded to Analysts/Investors on the unaudited financial results of the Company for the quarter ended June 30, 2019.

The aforesaid presentation shall also be available on Company's website at www.futuresupplychains.com

Kindly take the above information on your records.

Thanking you,

Yours faithfully,

For **Future Supply Chain Solutions Limited**


Vimal Dhruve
Company Secretary



Encl.: As above



Science of Supply Chain. **DELIVERED**

Future Supply Chain Solutions Limited



**Q1 FY20
Investor Presentation
July 31, 2019**



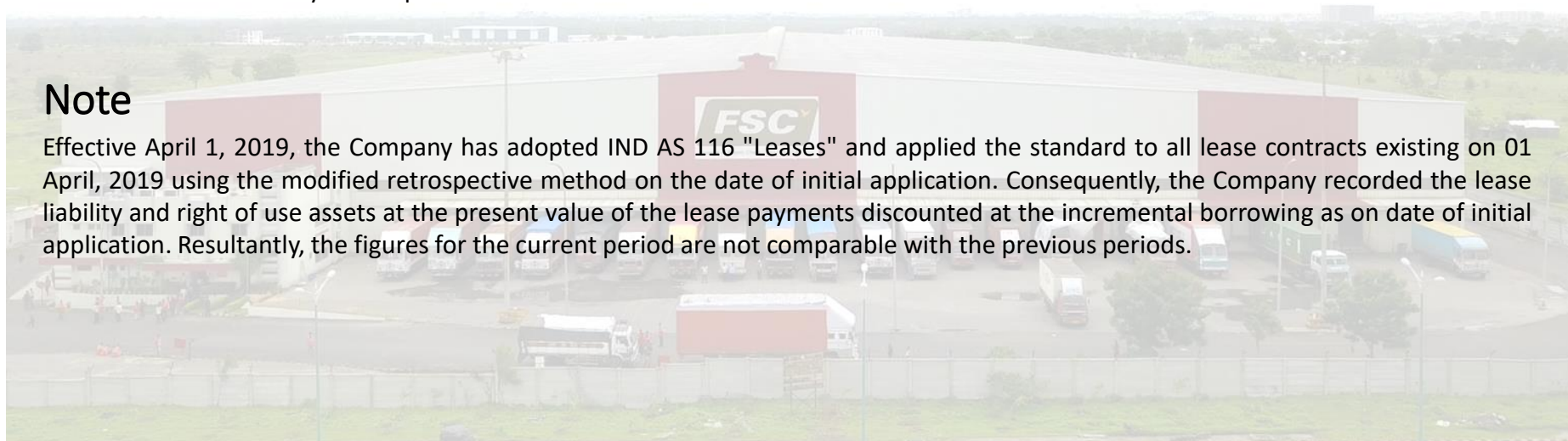
This report contains forward-looking statements, which may be identified by their use of words like ‘plans’, ‘expects’, ‘will’, ‘anticipates’, ‘believes’, ‘intends’, ‘projects’, ‘estimates’, or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statements about the Company’s strategy for growth, market position, expenditures, and financial results are forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Although the Company believes that such forward-looking statements are based on reasonable assumptions, it can give no assurance that such expectations will be met. You are cautioned not to place undue reliance on these forward-looking statements, which are based on current views of the Company’s management on future events. No representation or warranty (whether express or implied) is given in respect of any information in this presentation.

All figures herein have been rounded off to the nearest integer.

The map used in presentation is a generalized illustration only for the ease of the reader to understand the locations, and is not intended to be used for reference purposes. The representation of political boundaries and the names of geographical features / states do not necessarily reflect the actual position. The Company or any of its directors, officers or employees cannot be held responsible for any misuse or misinterpretation of any information or design thereof. The Company does not warrant or represent any kind in connection to its accuracy or completeness.

Note

Effective April 1, 2019, the Company has adopted IND AS 116 "Leases" and applied the standard to all lease contracts existing on 01 April, 2019 using the modified retrospective method on the date of initial application. Consequently, the Company recorded the lease liability and right of use assets at the present value of the lease payments discounted at the incremental borrowing as on date of initial application. Resultantly, the figures for the current period are not comparable with the previous periods.





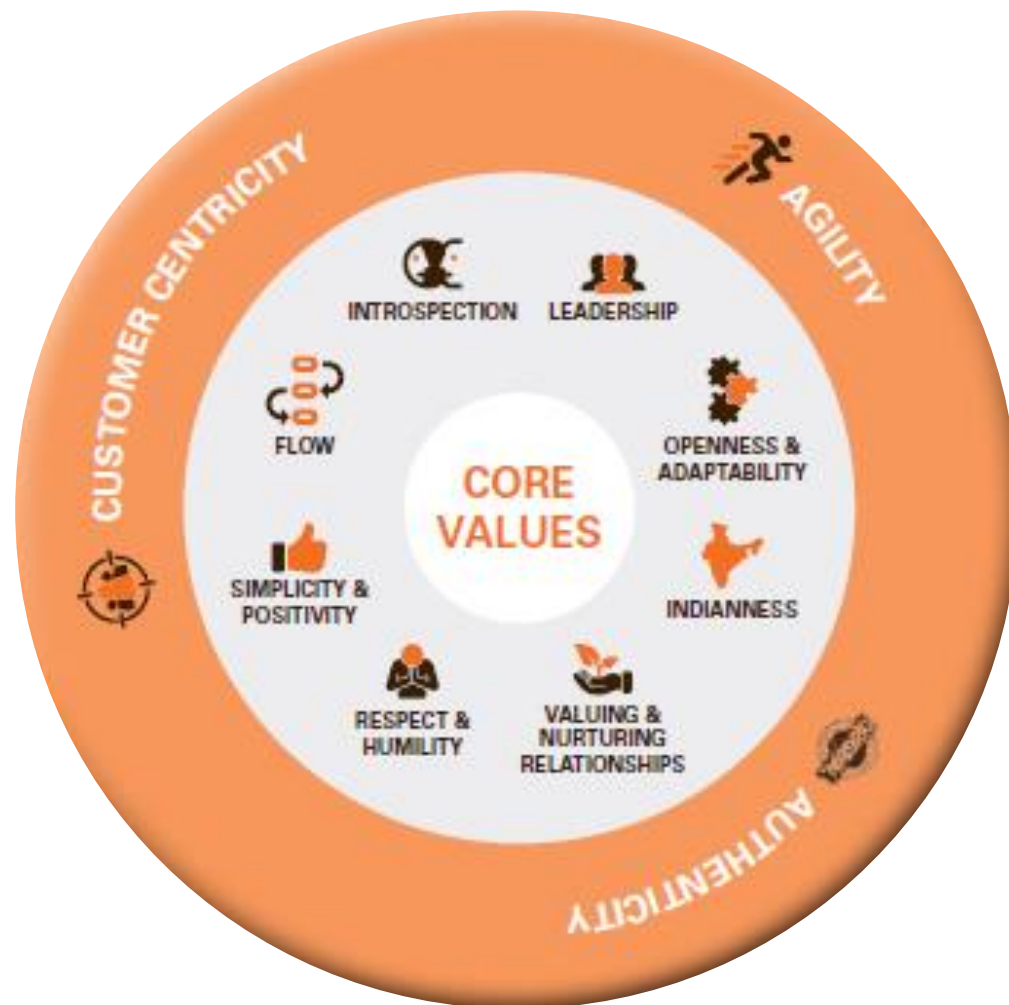
Company Overview





We add velocity to our customers' aspirations.

To be a ₹ 10,000 crore company by partnering with consumer-facing businesses offering them agile, reliable and integrated supply chain solutions through our world-class, technology-enabled infrastructure.



Service Offering



Contract Logistics

Warehousing, distribution and value-added services

81%



Express Logistics

Point-to-point, full and part truck-load, time-definite transportation services

13%



Temperature Controlled

Cold-chain warehousing & transportation

3%

Percentage of Q1 FY20 Revenue

Amongst India's largest organized third-party logistics operators

Comprehensive solutions for supply chain requirement

At forefront in introducing new standards of technology & automation in the Indian logistics industry

Pan-India Supply Chain Network

Diverse customer base across many sectors; Longstanding relationship with Future entities

Asset Light Business Model

Well positioned to cater to the shift to pan-India distribution pursuant to GST implementation

Revenue percentage is calculated basis revenue without adjustments for intra company transactions between key service offerings.

Standalone Performance Snapshot: Key Financial & Operating Metrics



28.7%

Q1 FY20 Revenue
Growth; Q1 FY20
Revenue at ₹ 2,989 mn



35.8%

Q1 FY20
Gross Margin



19.1%

Q1 FY20
EBITDA Margin



₹ 572 mn

Q1 FY20 EBITDA



8.31
mn sq. ft.

Warehouse Space as at
June 30, 2019; 0.65 mn
sq. ft. added in Q1 FY20



₹ 104

Q1 FY20
Contract Logistics
Revenue per sq. ft.



46k tonnes

Weight Handled under
Express Logistics



12,861

Number of
Temperature Controlled
Pallets

Financial numbers for Q1 FY20 include the impact of IND AS 116; Please refer to Slide 25-28 for more details.
Growth numbers on Y-o-Y basis

Strong Presence in Fast Growing Consumption Sectors



85-90% of the business is driven by the consumption-driven sectors.

India Food Grid: Redefining Food & FMCG Supply Chain

A Network of 38 Food & FMCG DCs Providing Pan India Coverage

The IFG Promise



Timely & increased availability of products across India



Higher freshness of products by ensuring speed, consistency and reliability of products delivered



Eliminate inefficiencies in the supply chain to improve cost to market



Frequent replenishment of products & a reliable supply chain to reduce inventory requirements, enabling the store to increase assortment



Locations planned as on March 31, 2019;
Map is not to scale

India Food Grid: Simplifying Food & FMCG Supply Chain

Starting Right From Manufacturing



Mfg. Location



Food Park



Imports



Convenience Stores



Hypermarket



General Trade

Till Point of Consumption

Primary Grid

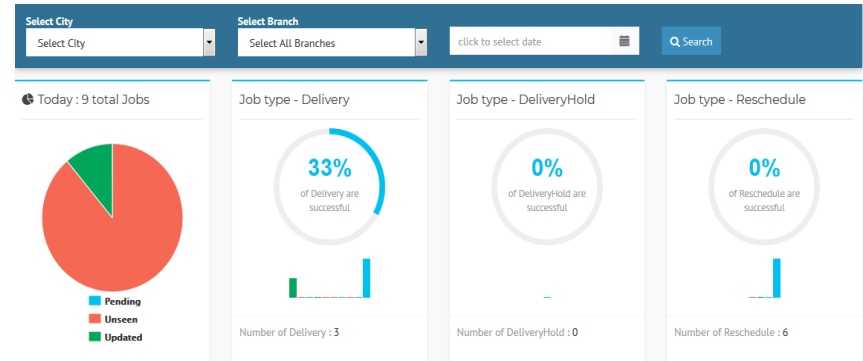
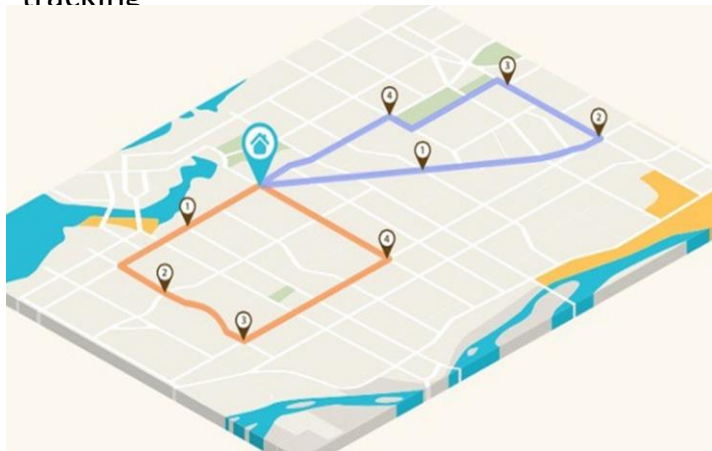
Secondary Grid

Tertiary Grid

Driven by Strong Infrastructure, Technology and Automation

Ensuring Efficiency While Maintaining Accuracy

- **Warehouse Management System (“WMS”)**
Inventory management tool integrated directly with customer’s enterprise resource planning system to provide visibility of inventory
- **Transport Management System (“TMS”)**
Provides 24x7 direct visibility into distribution chain through online portal
- **Vehicle Tracking System (“VTS”)**
GPS-enabled vehicles allow for real-time tracking of customer goods
- **Mobility Platform**
Portal for customers to access TMS. The platform connects features of VTS with TMS to provide customers real-time tracking



Our state-of-the-art Distribution Centre at MIHAN, Nagpur



High-speed Cross-belt Sorter System

- Operational since July, 2017, it's the first of its kind in India
- Improved efficiency and throughput
- Approximate sorting capacity of without increase in physical storage space
 - Unit Sorter : **16,000** units per hour
 - Case Sorter : **2,000** cases per hour
 - **400** Destinations
- Length of the conveyor belt is 2.6 km

Dynamic Put-to-Light sortation system

- Improved speed of sortation by almost 40% from manual sortation methods
- Expanded ordinary processing capacity of distribution centres
- Enables to ensure accuracy of packing and labelling





Inbound Automation

- Boom Conveyors
- Laser Scanners
- Incline & Decline Conveyors covering 1km in length
- Dimensioning & Weighing Machine



Storage

- 3.8 Lakh Bins connected by conveyors
- 5,870 Pallet positions in SPRS



Picking

- Batch Pick
- Order Pick
- Voice Picking
- Radio Frequency Terminals



Sorting

- High Speed Cross Belt Sorter
- Put-to-light Sorter
- 12m high Spiral Conveyor Belt
- 4 km long Conveyor



Outbound Automation

- Boom Conveyors
- Laser Scanning



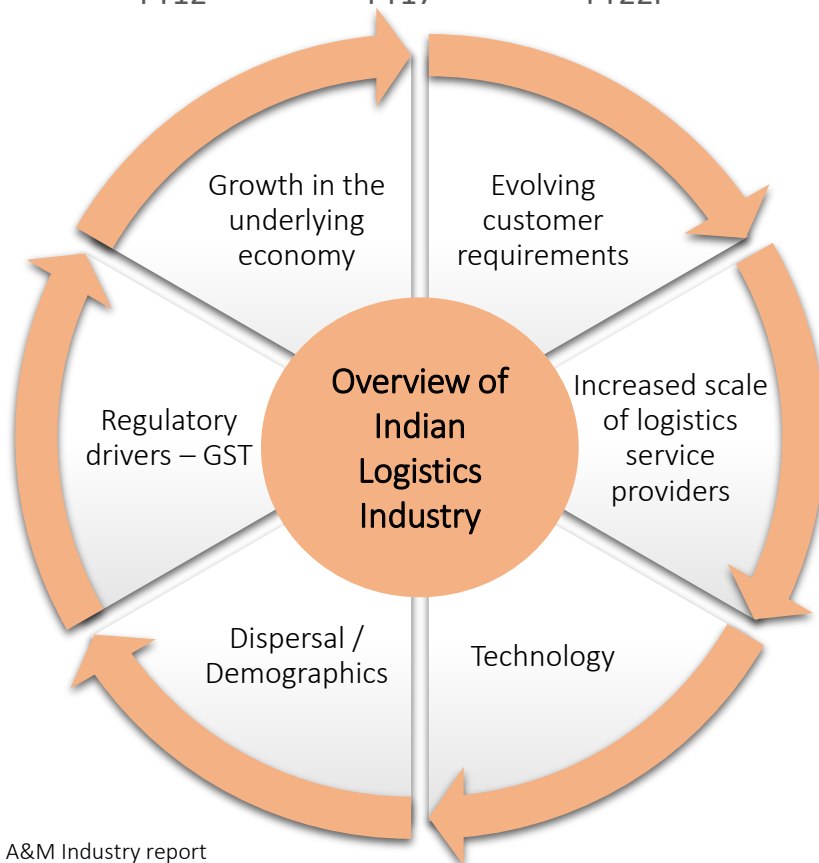
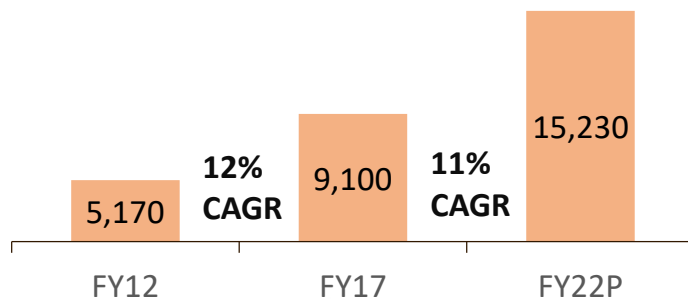


Industry Overview



Indian Logistics Industry is Entering a New Era ushering Strong Growth

Indian Logistics Market (₹ bn)



India expected to be the fastest growing major developing economy over the next few years

Growth in manufacturing and consumption demand driving need for logistics service in the country

Opportunity to optimize logistics spend in India as industry is 2x less efficient than US and China;

Unorganized participants constitute ~85% of the logistics demand in India

GST expected to improve performance of all logistics sub-sectors;

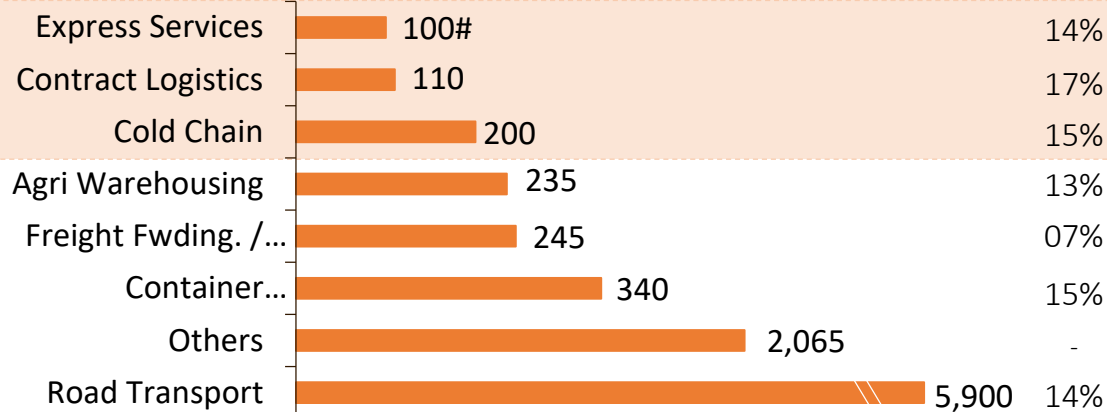
GST likely to create multiple opportunities for LSPs

Strong Growth Outlook for Logistics Sector in India; FSC services are attractively placed

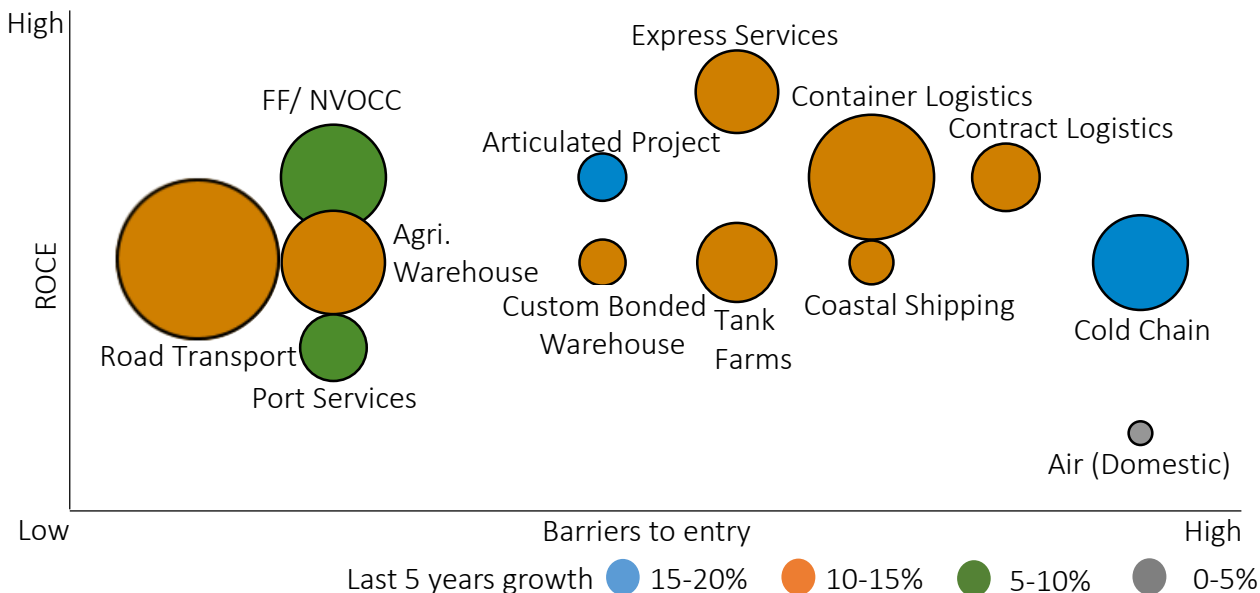
Key segments – Indian Logistics Industry

■ Market Size (₹ bn)

FY12-17 CAGR

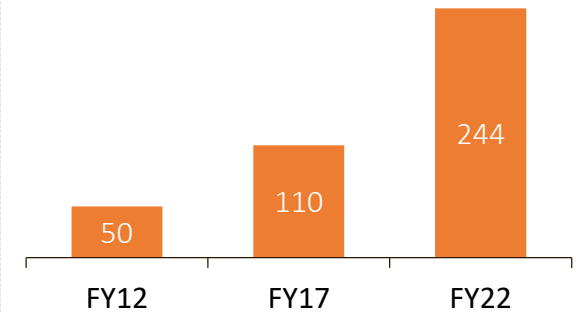


Part of overall road transport industry

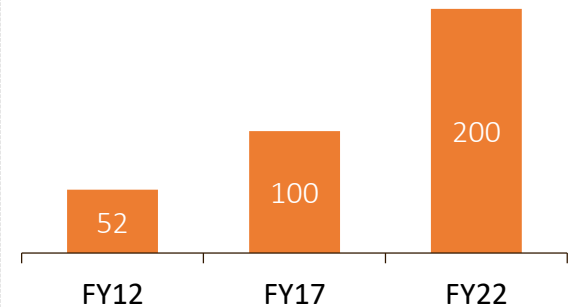


Note: Size of bubble represents relative size of opportunity for organized private participants

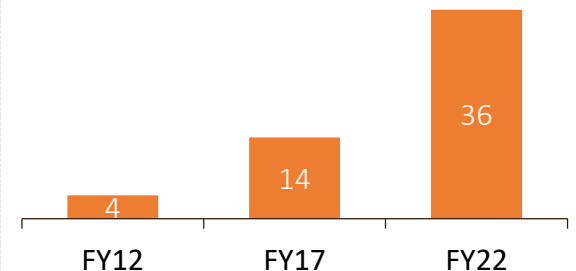
Contract Logistics Market in ₹ bn



Express Logistics Market in ₹ bn



Cold Chain Logistics Market* in ₹ bn



*Note: Industry size for the Organized players

Source: A&M Industry report

Larger Scale

- Higher scale of operations for warehouses as planning for efficiency and not tax leading to consolidation
- Centralization of hub operations using “hub and spoke” model
- Increase in average size of truck unit
- Reduction in average handling cost

Higher Efficiency

- Reduced congestion and improved productivity
- Reduced paperwork
- Reduced transportation delays
- Need for automation
- Efficient inventory management

Transportation

Changes in logistics service requirements for key industries

- Use of higher capacity vehicles for transportation
- Change in mix of vehicles required for secondary distribution

Opportunities for organized LSPs

- Investment in a fleet of higher capacity vehicles which could be used for primary transportation
- Investment in optimum mix of vehicles for secondary distribution
- Increase in share of organized LSPs

Warehousing

- Hub and spoke distribution model to reduce inventory & warehousing cost
- Demand for large automated warehouses at hub locations across India

- Investment in large tech enabled multiuser facilities
- Increase in share of national LSPs with multi location and multi-service capabilities

LSPs

- Outsource inventory management for finished goods at hub warehouses
- Integration of logistics services to improve supply chain efficiency

- Investment in technology for efficient warehouse operations, inventory management activities and value added services
- Potential to provide integrated logistics services
- Increase in share of organized LSPs

The Paradigm Shift in the Industry: Evolving Supply Chain Practices in India

Conventional Approach of Customers

- Conventional transportation and storage service providers
- Absence of VAS or use of only basic VAS
- Role of logistics services perceived as transactional / user defined
- Cost based model

Emerging Approach of Customers

- End to end supply chain management
- Value Added Services
- Role of logistics services evolving from transactional to a strategic role
- Value based model - efficiency, reliability and quality
- Capacity aggregation (Forwarder, co-leaders)
- Technology enabled operations

Benefits of an Integrated 3PL Service Provider

Strategic Alignment

- Customized solutions
- Be lighter on assets
- Increase in profitability
- Anywhere, anytime, all the time

Scale and scalability

- Multi-user facilities spread across the country
- Larger world-class facilities and vehicles post GST and higher scale of operations
- Centralization of hub operations using “hub and spoke” model
- Larger volume and SKU mix

Higher Efficiency, Reliability, and Transparency

- Domain knowledge, expertise & global best practices
- Technology enabled, integrated and automated
- Efficient inventory management & quicker turnaround time

Organizations are increasingly focusing on their core competencies, while outsourcing crucial and complex operations, such as IT and Supply Chain.



Business Overview





Strong 12-month sales funnel of over ₹5,000 mn: Potential customers at various stages of discussion;

Signed 3 new customers under contract logistics and many more across other service areas in Q1 FY20; Customers added during Q1 FY20 include a leading food brand, a reputed apparel brand and a leading global electronics manufacturer.

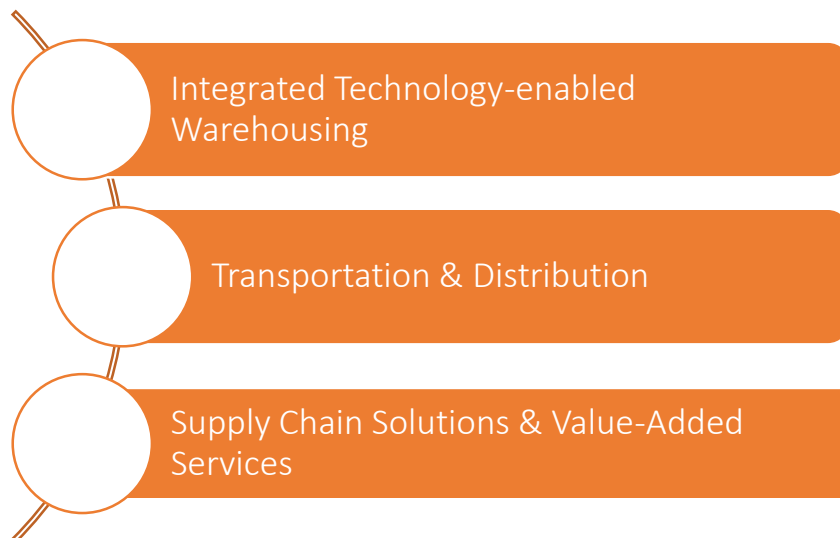


Added 0.65 million sq. ft. of warehousing space during Q1 FY20;

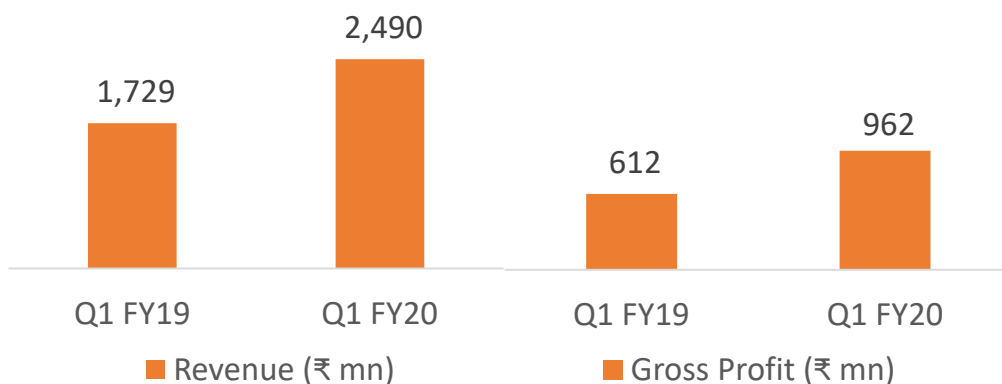
Visibility of an additional 2.5-3.0 million sq. ft. of warehouse space expansion planned for the next 18 months

Contract Logistics: Consistently Delivering Strong Revenue Growth

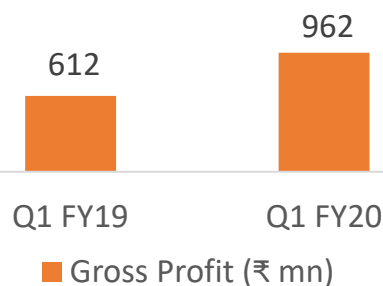
Service Offering



Revenue



Gross Profit



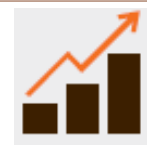
94

Distribution Centres



8.31 mn sq. ft.

Warehouse Space[#]



₹104

Q1 FY20 Average Revenue
Per Square Feet per Month

Above Data As On June 30, 2019

Gross Profit for Q1 FY20 and Q1 FY19 are not comparable due to adoption of IND AS 116 during Q1 FY20.

Express Logistics: Near Term Pressure; Long Term Growth Outlook Intact

Service Offering

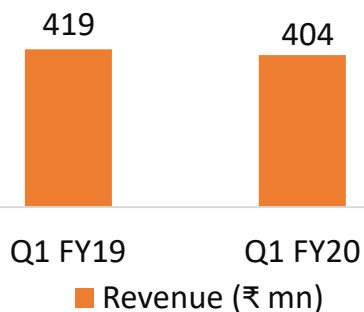
Point-to-Point Part & Full Truck Load Transportation

Time-definite Transportation Services

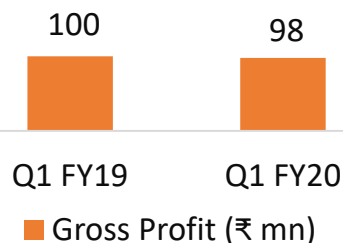
Real-time tracking



Revenue



Gross Profit



Revenue declined marginally mainly to lower yields due to change in mix (higher intra-state movement) and moderation in demand impacting volume growth.

Gross Profit for Q1 FY20 and Q1 FY19 are not comparable due to adoption of IND AS 116 during Q1 FY20.



13 / 132

Number of Hubs & Branches
(Including Franchisees)



12,295

Pin Codes Covered



46k Tons

Weight Handled in Q1 FY20

Above Data As On June 30, 2019

Temperature Controlled Logistics: Nearing Inflection Point

Service Offering

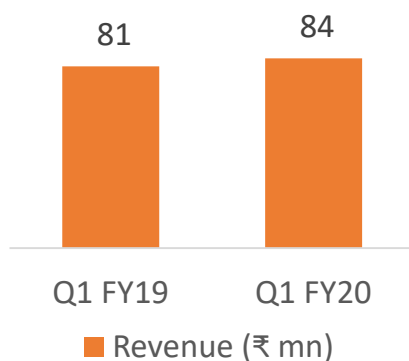
Cold chain Warehousing

Reefer Transportation & Distribution

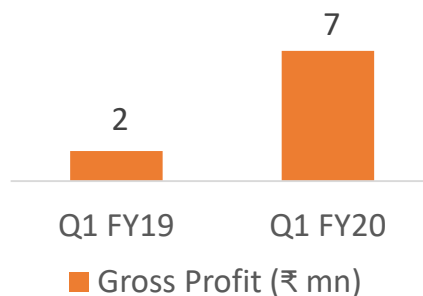
Solution Design & Route Planning



Revenue



Gross Profit



8

Temperature Controlled Distribution Centers



12,861

Number of Pallets



101

Owned Reefer Trucks

Gross Profit for Q1 FY20 and Q1 FY19 are not comparable due to adoption of IND AS 116 during Q1 FY20.

Above Data As On June 30, 2019




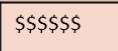












Impact of IND AS 116



- New lease standards effective from 1 April 2019.
- No distinction between finance lease & operating lease.
- All leases to be recognized in the balance sheet as an Asset and Liability.
 - The lease liability is measured at present value of minimum lease payments to be made over the lease term.
 - The right to use asset is initially measured at the amount of the lease liability, adjusted for lease prepayments, if any
 - Right to use is depreciated over a lease term on a straight line basis. Interest is added on lease liabilities and actual payments are reduced from the liabilities balance.
- Operating lease expenses will be replaced by Depreciation and interest expenses.
- Exemptions available in the standard is pertaining to short term leases (≤ 12 months) and assets having low values.

A comparison of Balance Sheet and Income Statement: The “Before” and “After” in the books of a Lessee

Balance Sheet				Income Statement				Financial Impact				
	Ind AS 17		Ind AS 116		Ind AS 17		Ind AS 116					
	Finance Leases	Operating Leases	All Leases		Finance Leases	Operating Leases	All Leases					
Assets		---		Revenue	X	X	X		Profit/Loss	EBITDA		
Liabilities	\$\$	---		Operating costs (excluding depreciation and amortization)	---	Single expense	---			EPS/PBT(in early years)		
Off balance sheet rights / obligations	---		---	EBITDA						Balance Sheet	Total Assets	
				Depreciation and amortization	Depreciation	--						
				Operating Profit						Ratios	Interest Cover	
				Finance costs	Interest	--					Asset Turnover	
				Profit before tax								

1. Incremental borrowing rate for transition to INS AS 116 assumed is 10.15%.
2. Primary contract term has been considered as lease term. For some specific lease contracts, minimum lock-in period or reasonably certain term has been considered as lease term.
3. The entity has used practical expedient available for modified retrospective approach and has excluded initial direct costs, from the measurement of the right-of-use asset at the date of initial application. Unguaranteed residual value, restoration cost, guaranteed residual value, non lease payments are assumed to be insignificant and thus considered at Nil value in this impact assessment.
4. Non-lease components such as property maintenance, which are mentioned separately in the agreement(s), have not been considered as lease rentals.
5. For computation, only minimum guarantee amount is considered for the purpose of calculation. Contracts having any variable outflow of rentals over the minimum guarantee rentals will be recognised in profit and loss directly as and when they accrue.

Particulars (In ₹ million)	Standalone Profit & Loss Statement For Period		
	Quarter ended June 30, 2019 Comparable Basis	Changes due to IND-AS 116 Increase / (decrease)	Quarter ended June 30, 2019 As Reported
Cost of Logistics Services	2,211	(292)	1,920
Other Expenses	237	(5)	233
Depreciation and Amortisation Expense	148	241	389
Finance Costs	75	88	162
Profit Before Tax	66	(32)	34

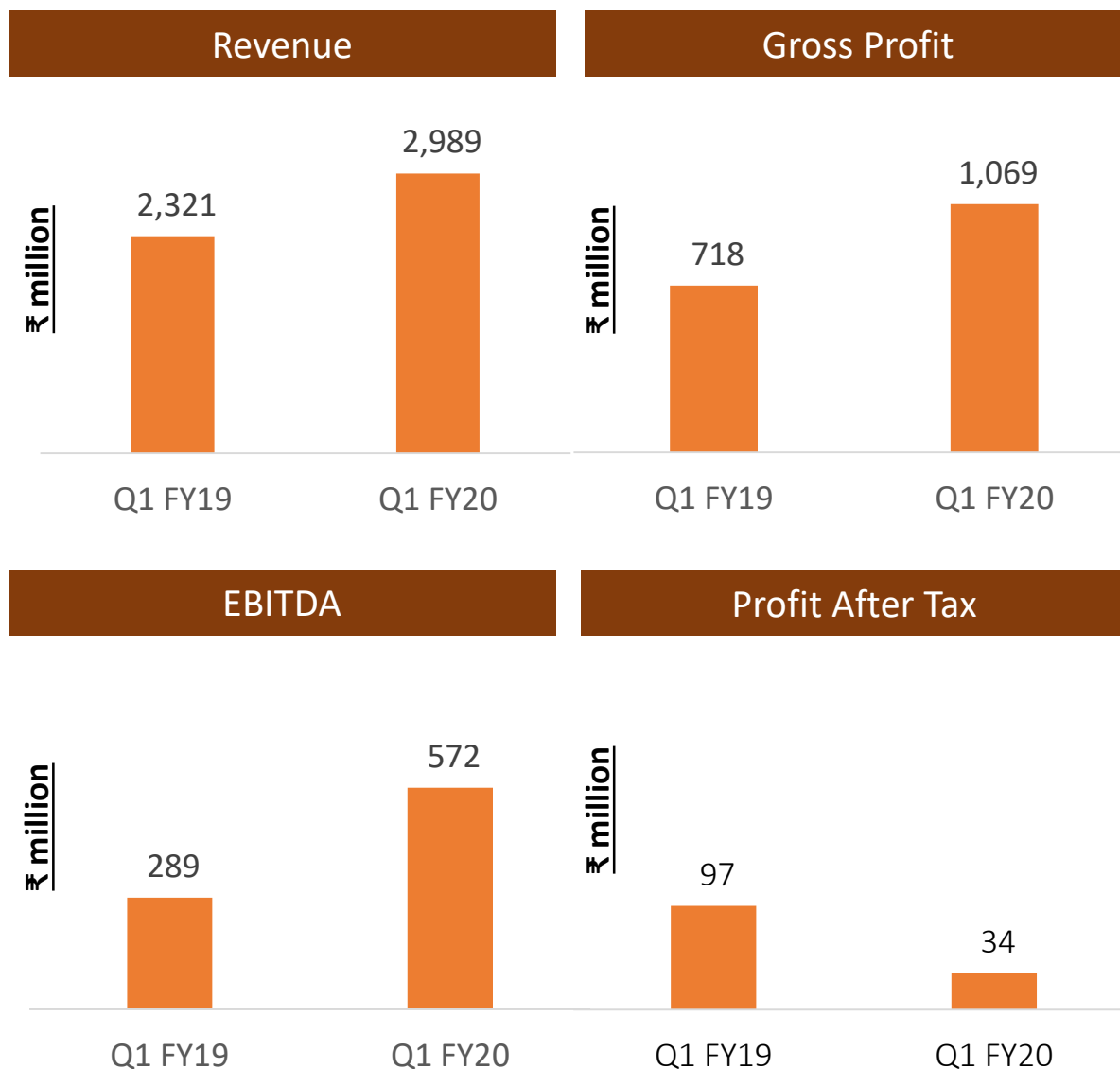


Financial Update



Financial Performance Track Record (Standalone)

Incorporating IND AS 116



Financial numbers for Q1 FY20 are not comparable to prior quarters due to adoption of IND AS 116 during Q1 FY20.

Impact of IND AS 116 on Q1 FY20 Key Financials

Net positive impact of ₹ 292 mn on Gross profit

Net positive impact of ₹ 297 mn on EBITDA

PAT negatively impacted by ₹ 32 mn

The drop in profit after tax is due to:

1. Decline in express business revenues due to lower yields & moderation in demand;
2. Lower revenue realization for recently added warehousing capacity for IFG, the switch to the new distribution model expected in the next 3-4 months; and
3. Impact of adoption of IND AS 116, Accounting for Leases.

Summary of Financial Statements – Standalone Profit & Loss Statement

Particulars (In ₹ million)	Standalone Profit & Loss Statement For Period			
	Q1FY19	Q4FY19	Q1FY20	FY19
Revenue From Operations	2,321	3,021	2,989	11,128
Cost of Logistics Services	1,604	2,111	1,920	7,735
Gross Profit	718	910	1,069	3,392
Gross Margin (%)	30.9%	30.1%	35.8%	30.5%
Employee Benefits Expense	223	247	265	977
Other Expenses	205	233	233	930
EBITDA	289	430	572	1,485
EBITDA Margin (%)	12.5%	14.2%	19.1%	13.3%
Depreciation & Amortization Expense	100	114	389	417
EBIT	189	316	183	1,068
EBIT Margin (%)	8.1%	10.5%	6.1%	9.6%
Other Income	11	12	13	56
Finance Costs	18	62	162	161
Profit Before Tax From Continuing Operations	182	266	34	964
PBT From Discontinued Operations, Net of Tax	(85)	(105)	-	(312)
Profit Before Tax	97	160	34	652
Income Tax	-	-	-	-
Profit After Tax	97	160	34	652
PAT Margin (%)	4.2%	5.3%	1.1%	5.9%

Financial numbers for Q1 FY20 are not comparable to prior quarters due to adoption of IND AS 116 during Q1 FY20. Please refer to Slide 25-28 for more details.

Summary of Financial Statements – Consolidated Profit & Loss Statement

Particulars (In ₹ million)	Consolidated Profit & Loss Statement For Period			
	Q1FY19	Q4FY19	Q1FY20	FY19
Revenue From Operations	2,590	3,260	2,993	12,284
Cost of Logistics Services	1,860	2,376	1,924	8,860
Gross Profit	730	884	1,068	3,424
Gross Margin (%)	28.2%	27.1%	35.7%	27.9%
Employee Benefits Expense	285	284	266	1,173
Other Expenses	236	262	233	1,040
EBITDA	210	338	570	1,211
EBITDA Margin (%)	8.1%	10.4%	19.0%	9.9%
Depreciation & Amortization Expense	110	128	389	454
EBIT	100	211	181	757
EBIT Margin (%)	3.8%	6.5%	6.0%	6.2%
Other Income	11	12	13	58
Finance Costs	23	67	162	178
Profit Before Tax	88	156	31	636
Income Tax	0	0	0	0
Share of Profit (Loss) in Associate Company	(3)	(12)	(108)	(21)
Profit After Tax	86	143	(77)	615
PAT Margin (%)	3.3%	4.4%	(2.6%)	5.0%

Financial numbers for Q1 FY20 are not comparable to prior quarters due to adoption of IND AS 116 during Q1 FY20.

THANK YOU

Investor Relations Contact

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