

April 25, 2018

To,  
Dept. of Corporate Services (CRD)  
**BSE Limited**  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai – 400 001

Listing Department  
**The National Stock Exchange of India Limited**  
Bandra Kurla Complex,  
Bandra East,  
Mumbai – 400 051

**Scrip Code:** 540798  
**ISIN:** INE935Q01015

**Script Symbol:** FSC  
**ISIN:** INE935Q01015

Dear Sir / Madam,

**Sub: Investor Updates**

Please find enclosed herewith the presentation being forwarded to analysts/ investors on the audited financial results of the Company for the quarter and year ended March 31, 2018.

The presentation shall also be available on Company's website: [www.futuresupplychains.com](http://www.futuresupplychains.com)

The above is for your information and records.

Thanking you,

Yours faithfully,  
For **Future Supply Chain Solutions Limited**

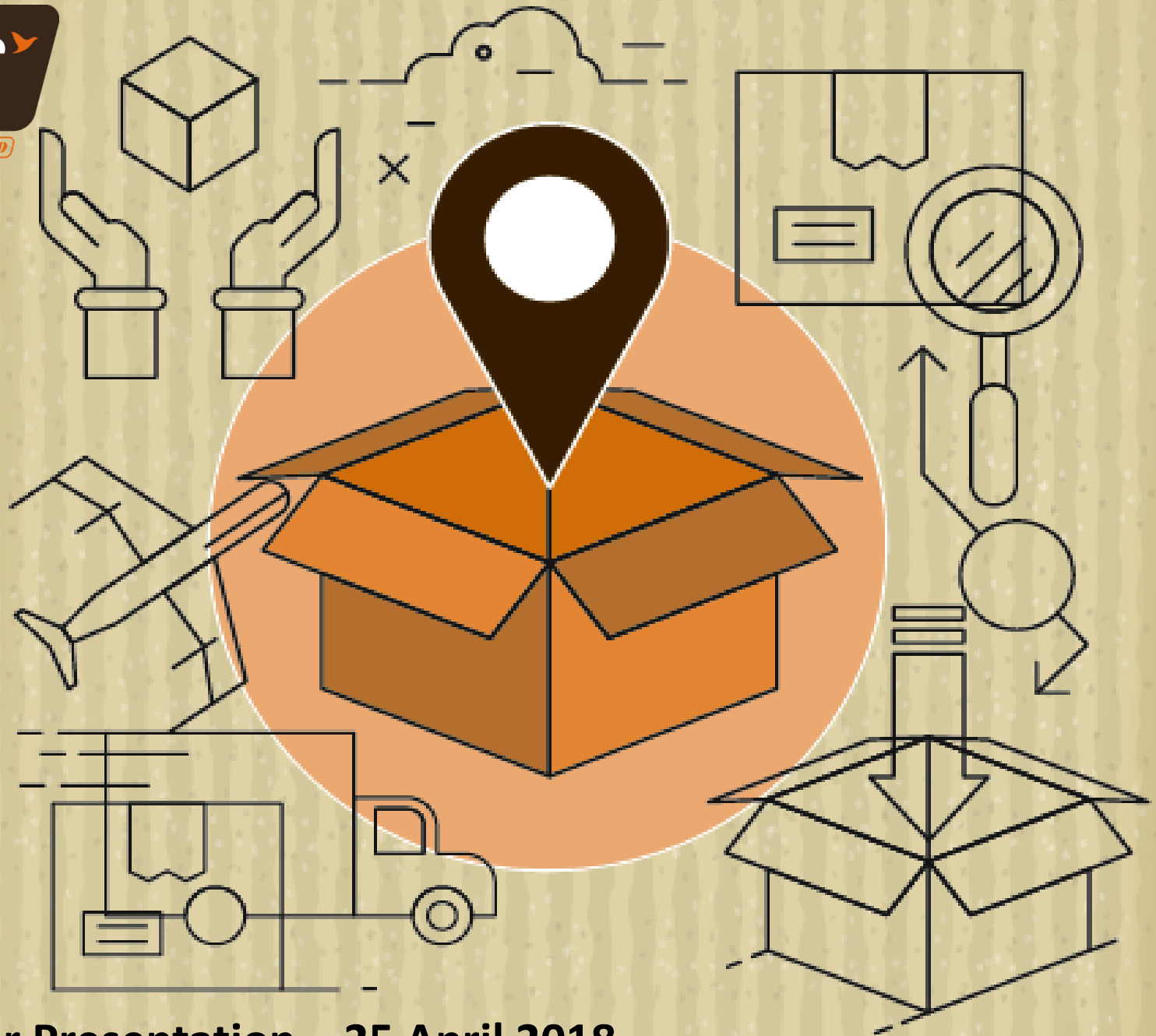
  
**Vimal Dhruve**  
Company Secretary

Encl.: As above





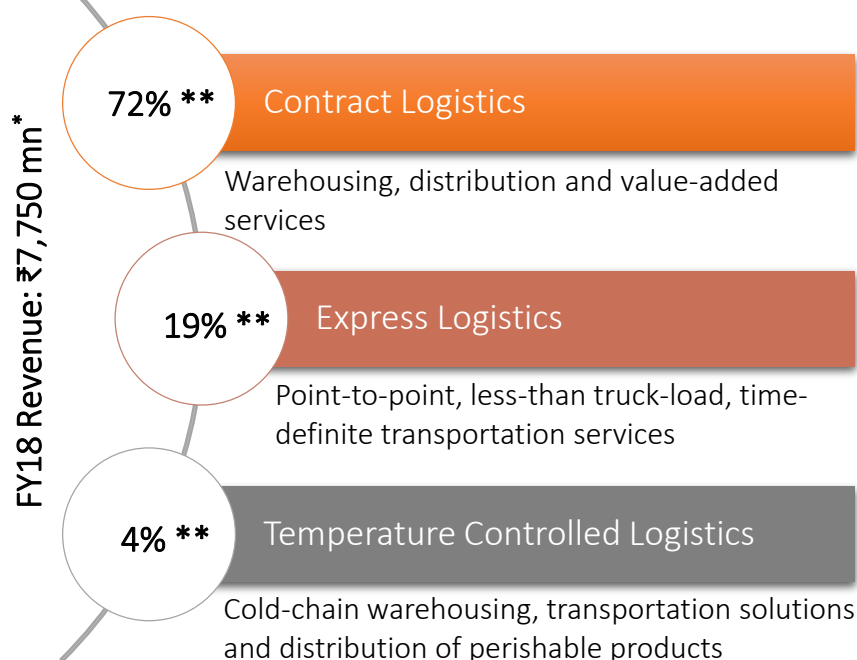
Science of Supply Chain. **DELIVERED**



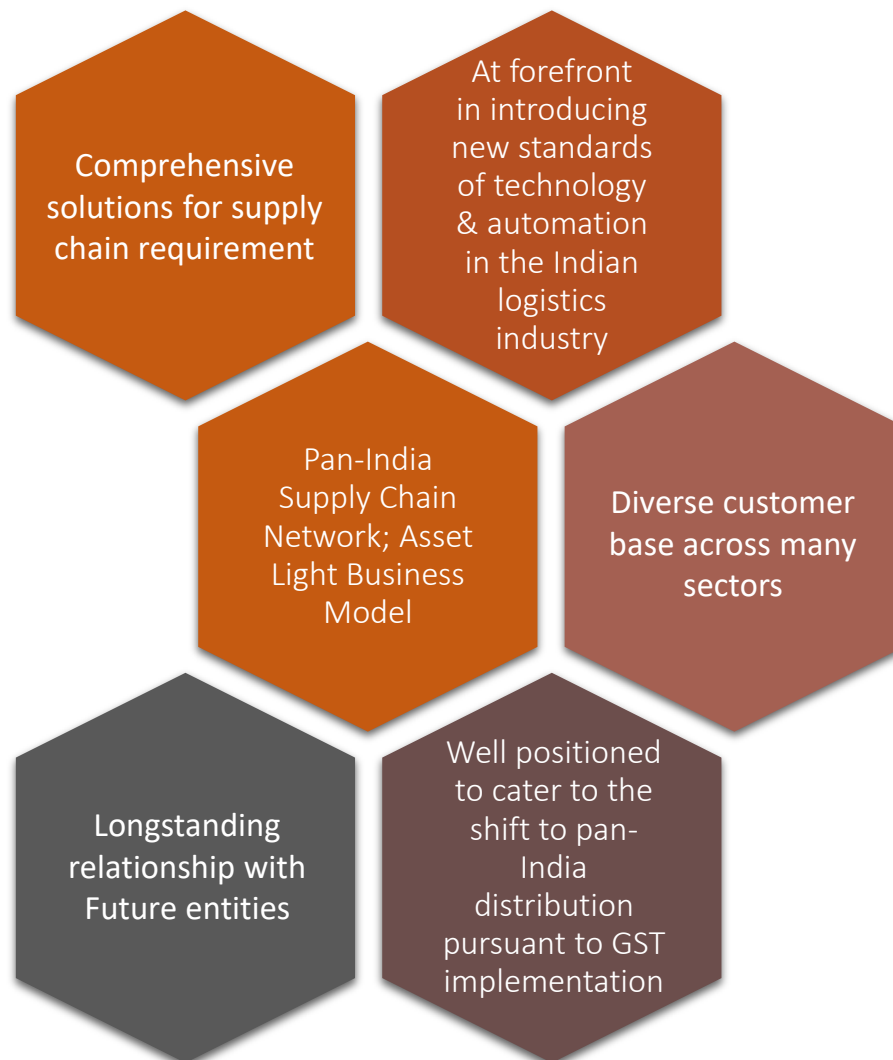


## Company Overview

## Service Offerings to customers in three key areas



## One of India's largest organized third-party logistics operators



## Standalone Financial Performance

	Revenue In ₹ mn	EBITDA In ₹ mn	PAT In ₹ mn	ROCE %
FY18	7,750	1,212	673	23.6%
CAGR (%) (FY16-18)	22.1%	31.6%	51.3%	

\* Standalone Revenue for FY18, excludes intra company transactions;

\*\* Includes intra company transactions aggregating to ₹ 362 million; further "Other operations" contributes 6.0% to revenues

ROCE: Return on Average Capital Employed calculated by dividing operating profit by average of capital employed

# FY18 Financial Snapshot (Standalone)



38.1%

Strong Revenue  
Growth



63.2%

Healthy EBITDA  
Growth



47.2%

PAT Growth

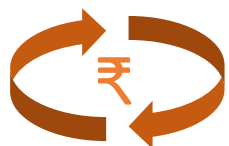


23.6%

27.7% (Adjusted\*)

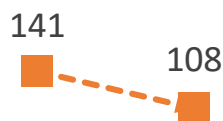
High ROCE; Driven by  
Asset Light Business  
Model

₹1,212 mn  
EBITDA



Cash Profit

₹906 mn



FY17 FY18

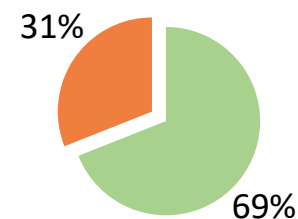
Reducing Trade  
Receivable Days

Net Cash Position#  
₹427 mn



Strong Balance Sheet

FY18 Revenue Mix



■ Anchor  
■ Non Anchor

Growth numbers on Y-o-Y basis;

# Calculated as Total cash & Bank Balance less Total debt

\* Adjusted ROCE: Return on Average Capital Employed calculated by dividing operating profit by average of capital employed excl. Cash and Bank Balance

# Pan-India Supply Chain Infrastructure and Facilities



**4.58 mn sq. ft.**

Warehouse Space <sup>1</sup>



**55 / 4**

Distribution Centres / Temperature controlled distribution centres



**14 / 129**

Hubs / Branches (including franchisees)



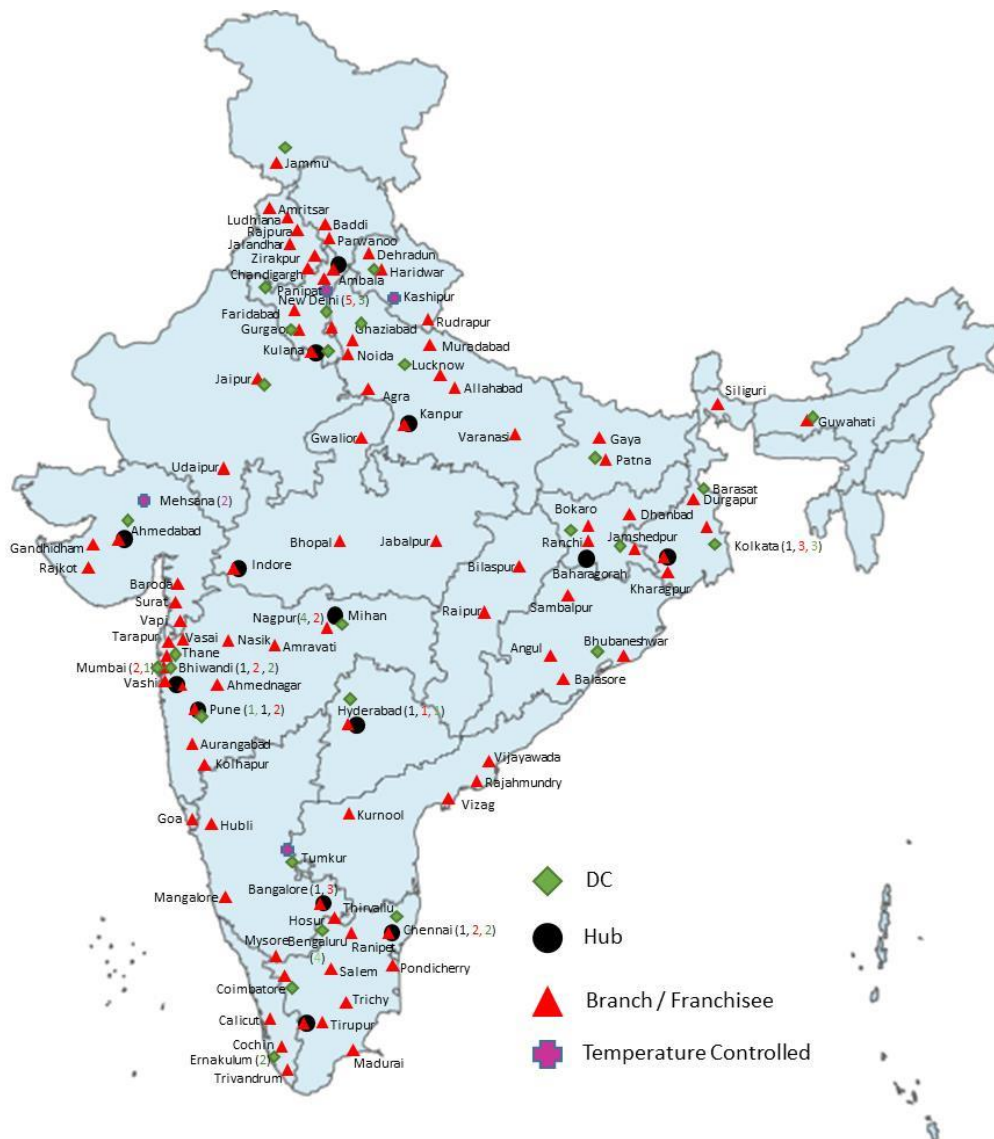
**622** <sup>2</sup>

Containerized Vehicles (dedicated)



**144** <sup>3</sup>

Owned Reefer Trucks



- ◆ DC
- Hub
- ▲ Branch / Franchisee
- ✕ Temperature Controlled

Note: 1. Includes one distribution center of customer operated by FSC with area of 0.29 mn. sq. feet of warehouse space

2. For contract and express logistics as of March 2018

3. As of March 2018

# Strong Presence in Fast Growing Consumption Sectors; Diverse Customer Portfolio including a Strong Anchor Customer



Originally was established to provide supply chain and logistics to certain Future Entities (anchor customer)

**FUTURE RETAIL**

Operates across hypermarkets, convenience stores, value fashion, electronics and general merchandise



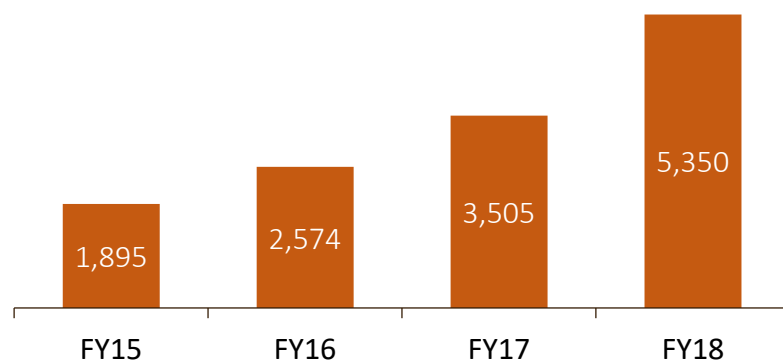
Operates in branded foods and FMCG space with a portfolio of products for the new-age consumer generation

**FLF** FUTURE LIFESTYLE FASHIONS

Focuses on branded fashion with a portfolio of brands in fashion and lifestyle space

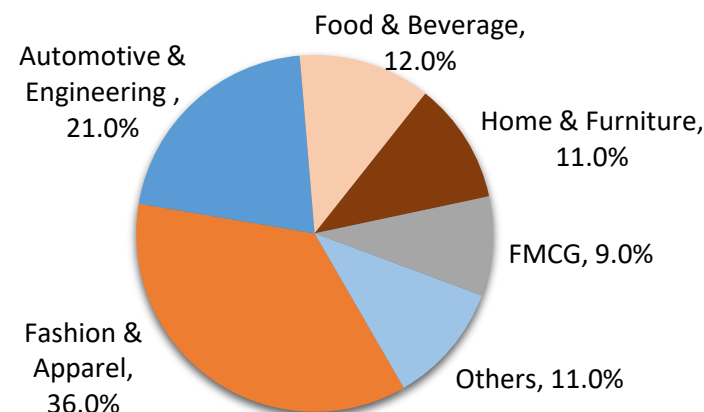
**Anchor customer's large scale, consumer focus & growth visibility: A key strength for FSC**

Revenue from Operations: Anchor Customer (₹ mn)



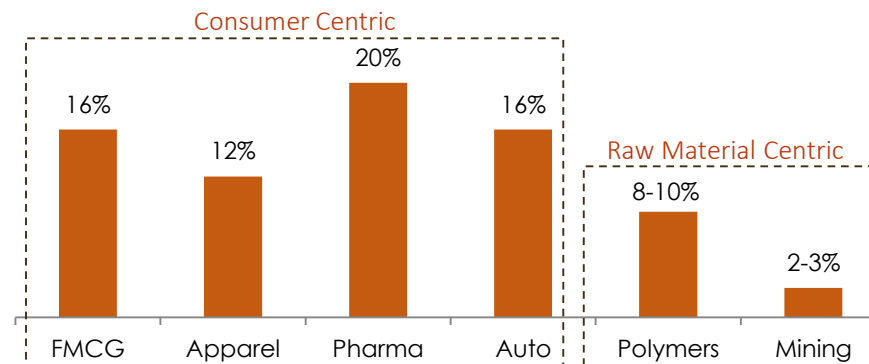
...Since has diversified customer base amongst most recognized brands across a range of sectors in India

**FSC's revenue mix from different sectors \* - FY18**



\* Other than anchor customer

Growth of consumer centric industry vs raw material industry (FY2012-2016)



Source: A&M Report



## 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

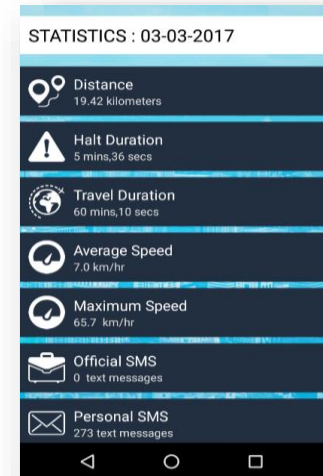
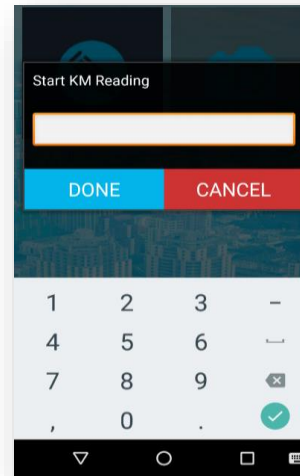
- **Vehicle Tracking System (“VTS”)**

GPS-enabled vehicles allow for real-time tracking of customer goods

- **Mobility Platform**

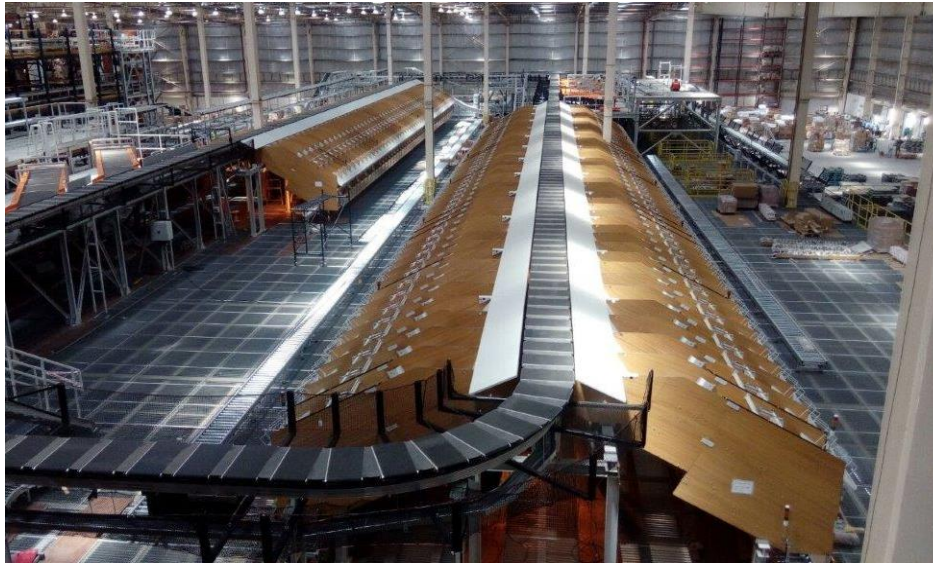
Portal for customers, connecting features of VTS with TMS to provide real-time tracking

**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

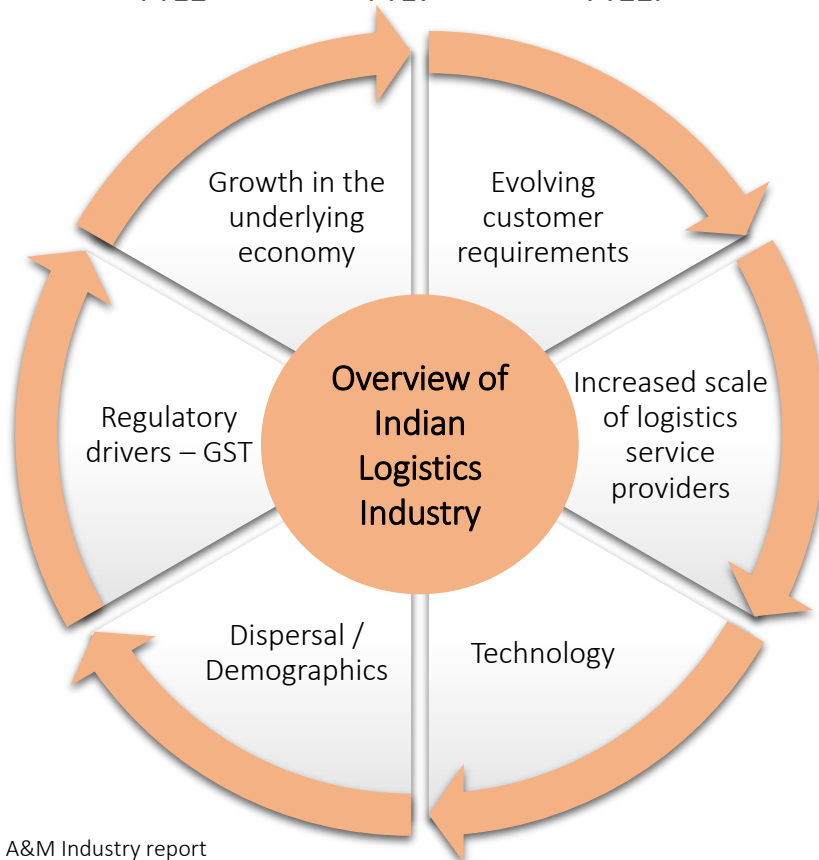
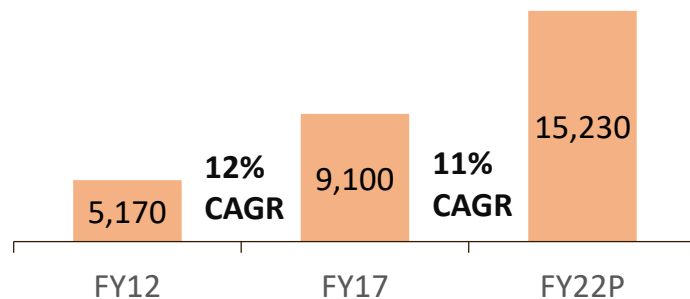




## Industry Overview

# Indian Logistics Industry is Entering a New Era ushering Strong Growth

## Indian Logistics Market (₹ bn)



India is 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;

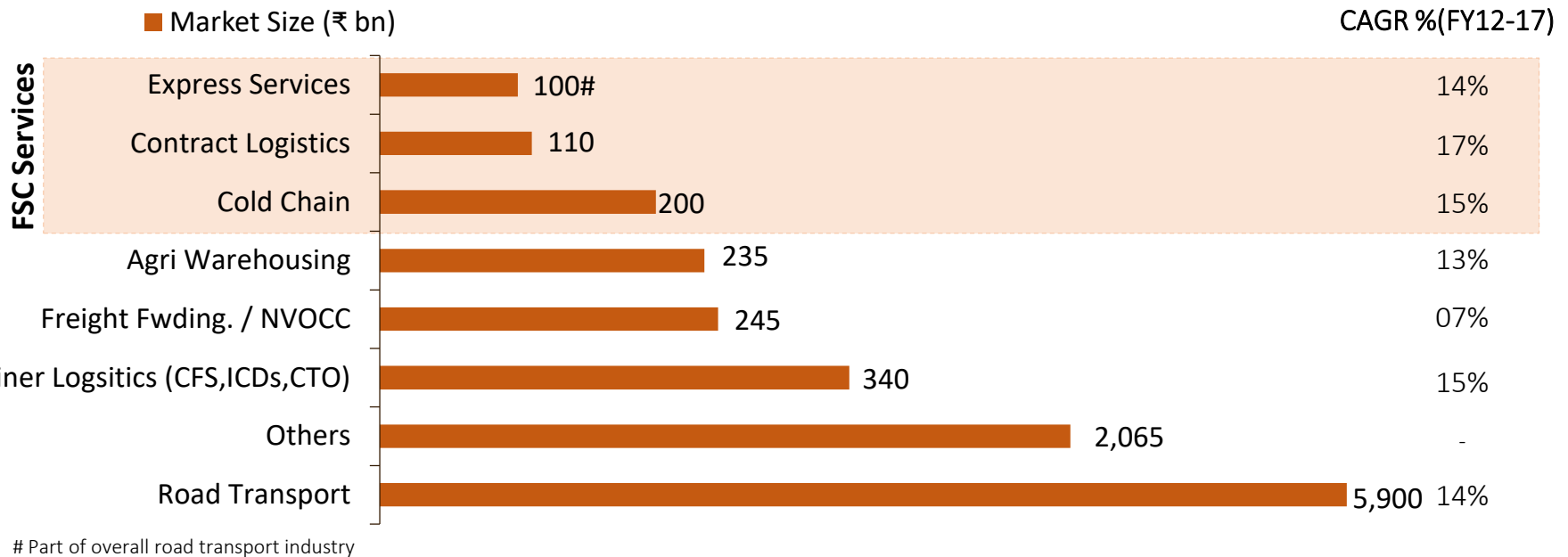
Unorganized participants constitute ~85% of the logistics demand in India

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

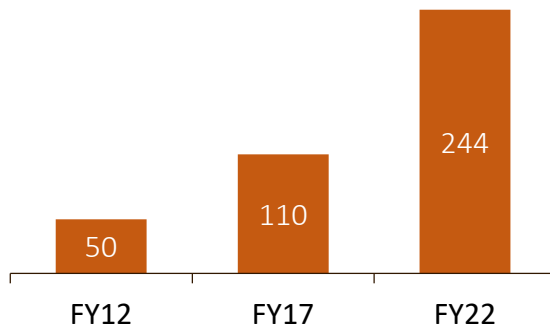
GST expected to create multiple opportunities for LSPs

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

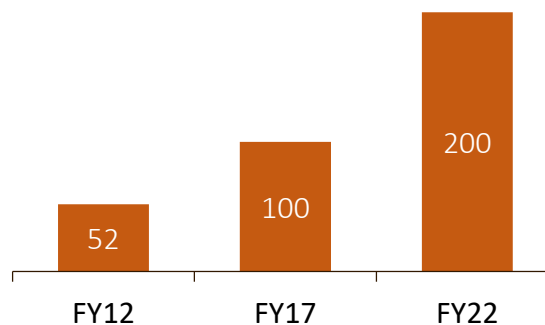
## Key segments – Indian Logistics Industry



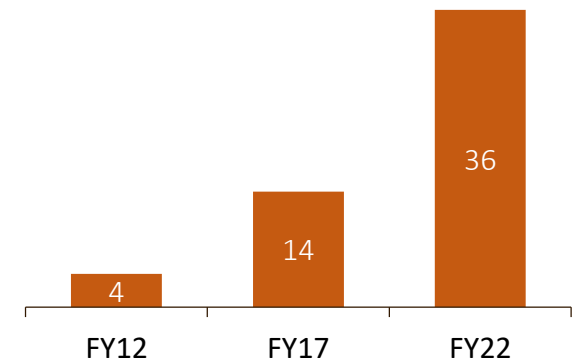
### Contract Logistics Market in ₹ bn



### Express Logistics Market in ₹ bn



### Cold Chain Logistics Market\* in ₹ bn



\*Note: Industry size for the Organized players

## 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 is 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 provide value added services
- Potential to provide integrated logistics services
- Increase in share of organized LSPs



## Business Overview



Added 0.60 mn sq. ft. of warehousing space in FY18; Signed 1.8 mn square feet space for seven Build To Suit distribution centers - Possession expected during FY19



Gearing up well to service the expected surge in demand of 3PL services from customers; Target sectors include FMCG, Fashion & CDE



Strong business outlook primarily led by new opportunities created by GST implementation; E-Way Bill generation to facilitate growth



Strong 12-month sales funnel pipeline of ₹ 4,000-5,000 mn (potential non-anchor customers at various stages of discussion); Expect healthy conversions from this to drive growth in FY19-20

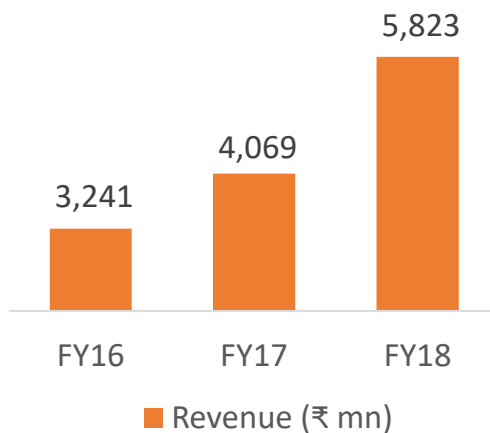


# Contract Logistics: On a Strong Growth Trajectory

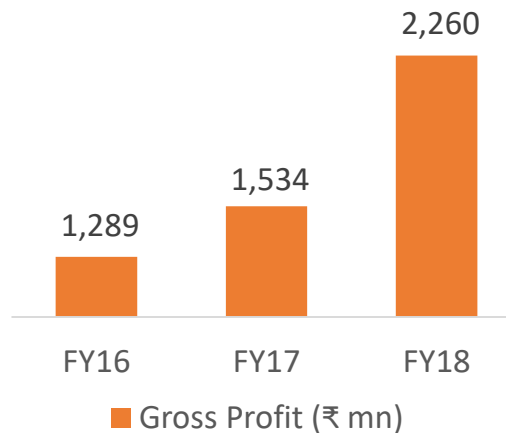
## Service Offering



## Strong Revenue Growth



## Healthy Gross Margin Profile



**4.58 mn sq. ft.**

Warehouse Space At End FY18 <sup>1</sup>



**₹113**

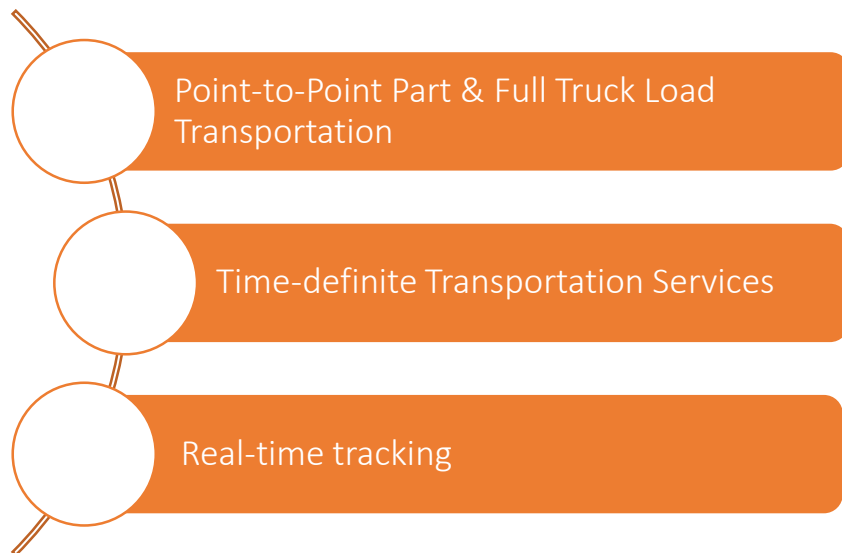
FY18 Average Revenue Per Square Feet



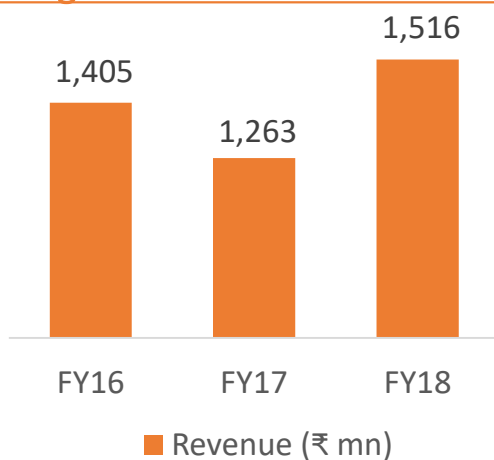
**Over 900 mn Pieces**  
Throughput in FY18

Note: 1. Includes 2 distribution centres of customers operated by FSC with area of 0.29 mn. sq. feet of warehouse space

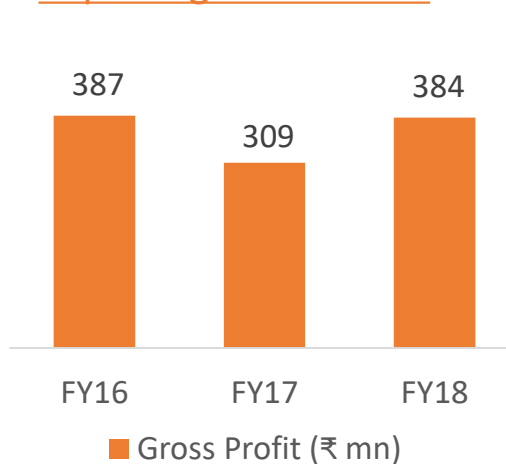
## Service Offering



## Strong Revenue Growth in FY18



## Improving Gross Profits



**11,322**  
Pin Codes Covered



**164K Tons**  
Weight Handled in FY18



**231**  
Containerized Vehicles<sup>1</sup> (March 2018)

Note: 1. Containerized vehicles for the month of March 2018 for Express business only

# Temperature Controlled Logistics: At an Inflection Point

## Service Offering

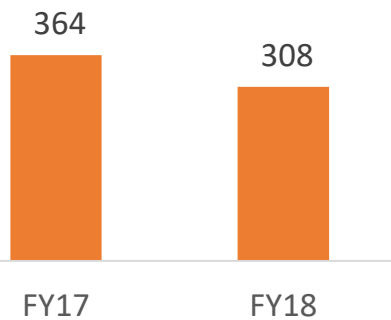
Cold chain Warehousing

Reefer Transportation & Distribution

Solution Design & Route Planning

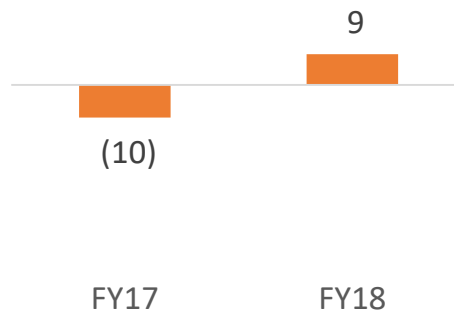


## Revenue



■ Revenue (₹ mn)

## Gross Profit



■ Gross Profit (₹ mn)



4

Temperature Controlled Distribution Centers



9,650

Pallets As On March 31, 2018



144

Owned Reefer Trucks

**Completed Acquisition of Vulcan from Jasper Infotech on February 2, 2018 for Purchase Consideration of ₹ 350mn.**

## Synergies with Future Supply Chain

Provides FSC foothold in the currently-untapped Last Mile Delivery segment

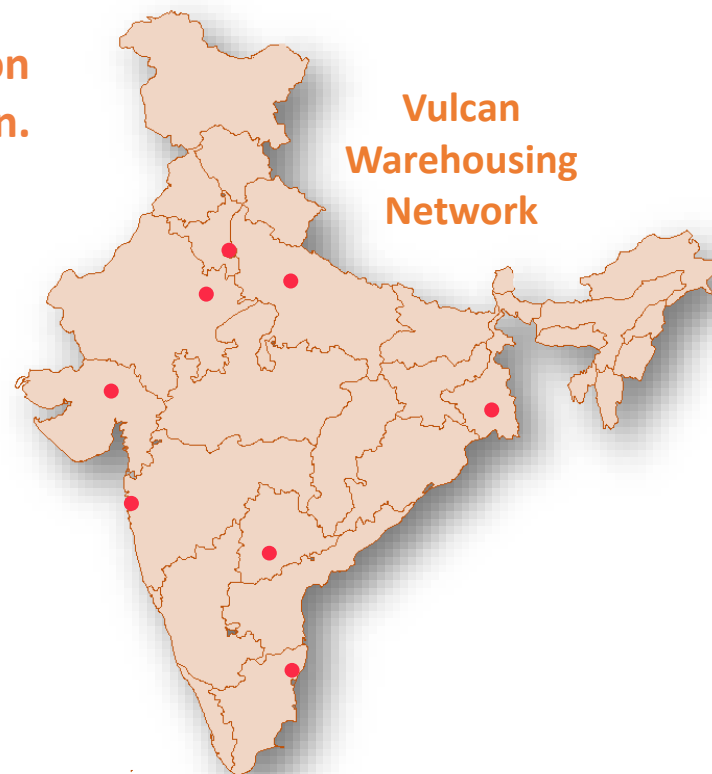
Ready business operations across more than 2,000 pin codes pan-India

Service capabilities, such as cash-on-delivery, derived from the Vulcan's business expertise shall enable FSC to focus on new clientele and offer comprehensive supply chain solutions

Potential for FSC to optimize operational costs & improve operational efficiencies post integration of Vulcan's warehouses & transportation

## Key Financials For 2 Feb - 31 Mar 2018

	In ₹ mn
Revenue from Operations	187
EBITDA	(85)
PAT	(84)



**0.88 mn sq. ft.**

Warehouse Space At End FY18



**15 / 166**

No. of Warehouses / Hubs At End FY18



**Over 2,000 Pin Codes**

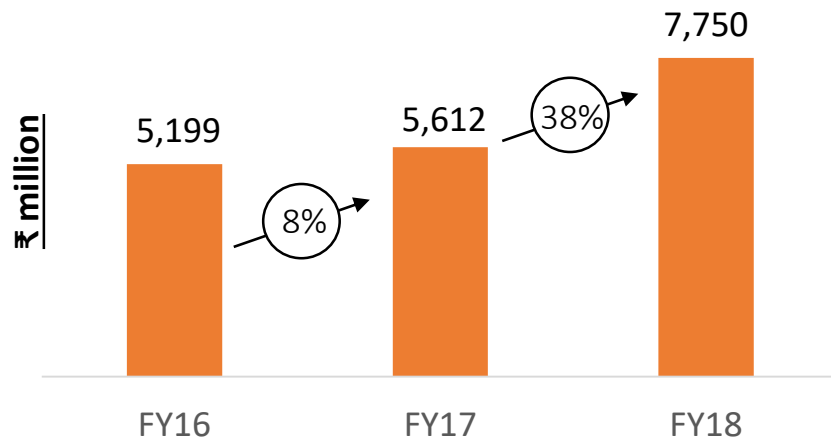
Last Mile Delivery Network



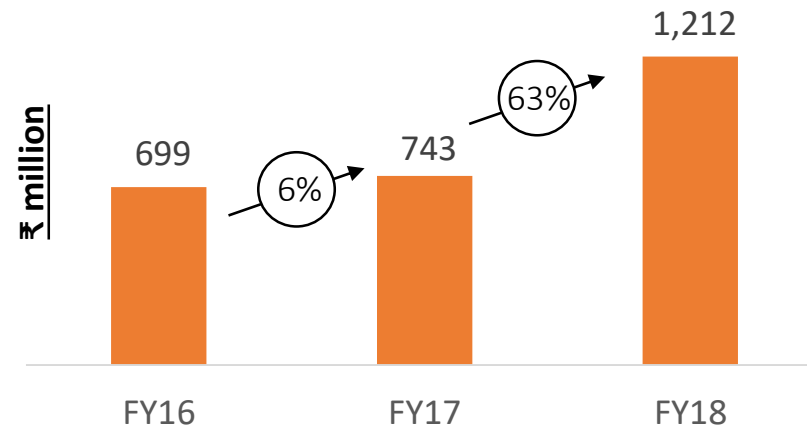
## Financial Update

# Strong Financial Performance Track Record (Standalone)

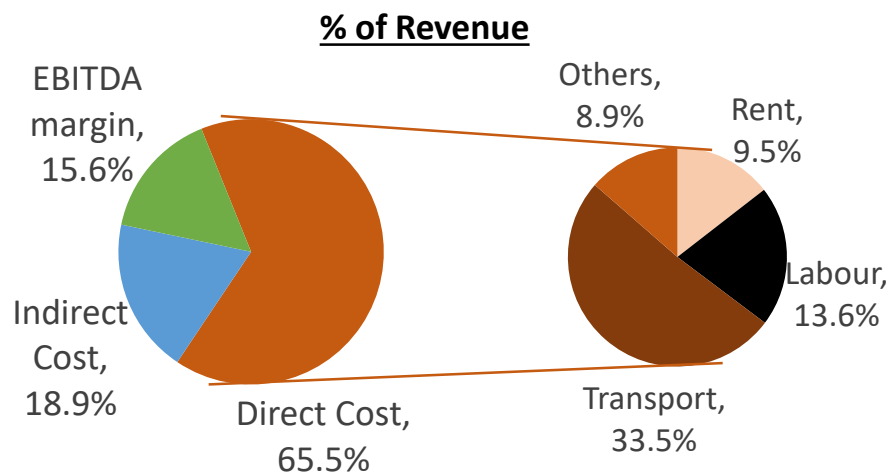
## Strong Revenue Growth



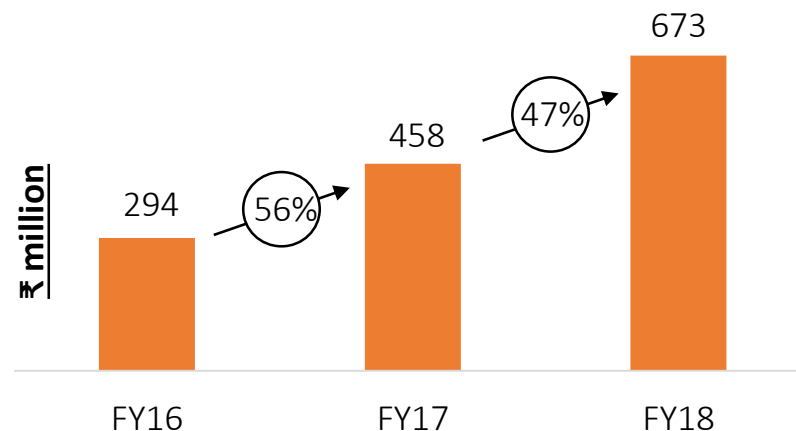
## Steady EBITDA



## FY18 Operating Margin Profile

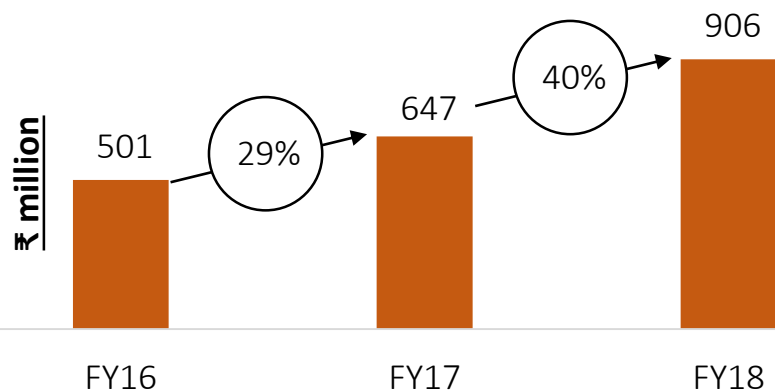


## Steady Profit After Tax

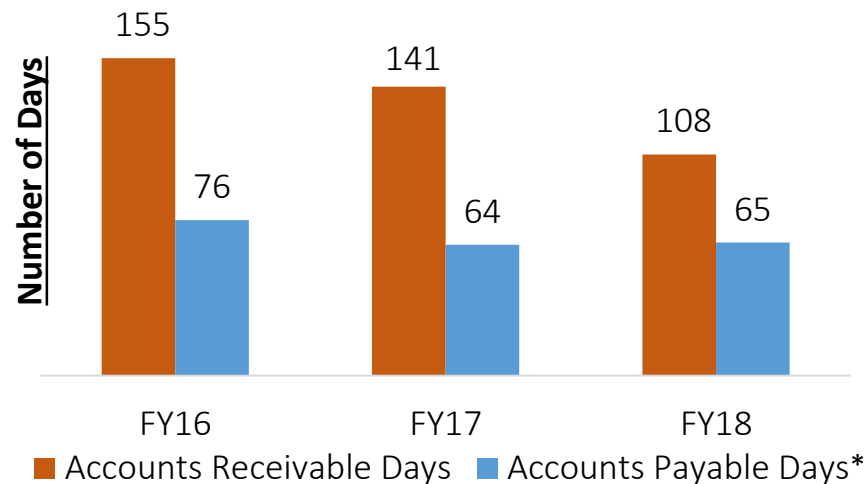




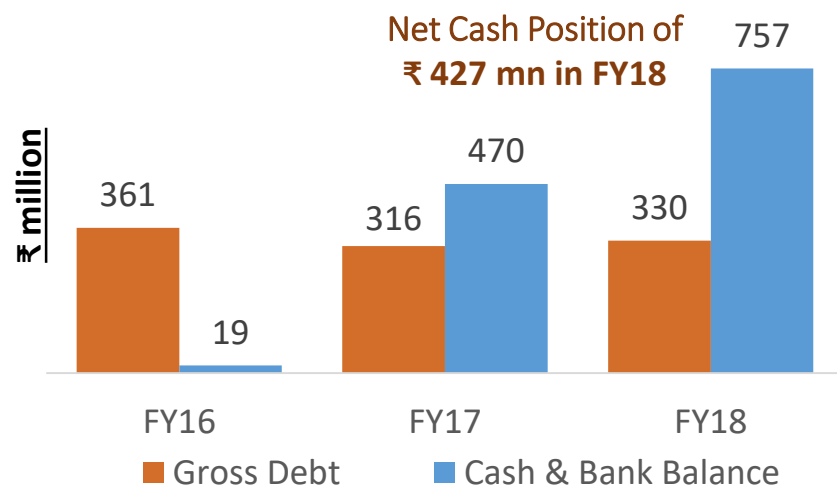
## Growing Cash Profits



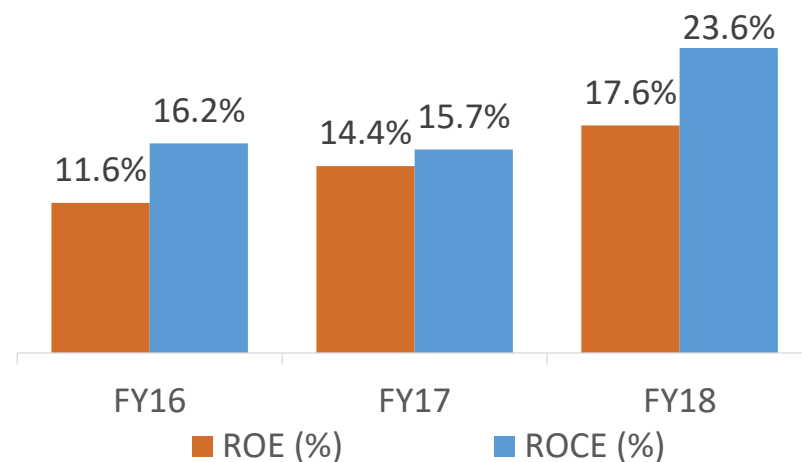
## Declining Working Capital Days



## Strong Balance Sheet with Net Cash Position



## Healthy Ratios with Asset Light Business Model



\* Calculated as Trade Payables divided by Revenue from Operations



# Summary of Financial Statements – Standalone Profit & Loss Statement

Particulars (In ₹ mn)	Standalone Profit & Loss Statement For Period				
	Q4FY17	Q3FY18	Q4FY18	FY17	FY18
Revenue From Operations	1,480	1,952	2,224	5,612	7,750
Cost of Logistics Services	995	1,249	1,453	3,753	5,073
Gross Profit	484	703	771	1,859	2,677
Gross Margin (%)	32.7%	36.0%	34.7%	33.1%	34.5%
Employee Benefits Expense	142	209	205	565	743
Other Expenses	102	163	247	551	722
EBITDA	240	331	319	743	1,212
EBITDA Margin (%)	16.2%	17.0%	14.4%	13.2%	15.6%
Depreciation & Amortization Expense	50	65	65	191	232
EBIT	190	266	254	551	980
EBIT Margin (%)	12.9%	13.6%	11.4%	9.8%	12.6%
Other Income	57	13	3	158	94
Finance Costs	29	22	21	128	87
Profit Before Tax	219	256	236	582	987
Income Tax	47	94	58	124	313
Profit After Tax	172	162	178	458	673
PAT Margin (%)	11.6%	8.3%	8.0%	8.2%	8.7%

## Reported FY18 (YoY Growth)

- Topline Growth: **38%**
- Reported Gross Margins and EBITDA Margins have **expanded 140 basis points & 240 basis points** respectively
- EBITDA growth: **63%**
- PAT growth: **47%**

# Summary of Financial Statements – Consolidated Profit & Loss Statement



Particulars (In ₹ mn)	Consolidated Profit & Loss Statement For FY18
Revenue From Operations	7,937
Cost of Logistics Services	5,254
Gross Profit	2,683
Gross Margin (%)	33.8%
Employee Benefits Expense	805
Other Expenses	751
EBITDA	1,127
EBITDA Margin (%)	14.2%
Depreciation & Amortization Expense	255
EBIT	872
EBIT Margin (%)	11.0%
Other Income	121
Finance Costs	91
Profit Before Tax	902
Income Tax	313
Profit After Tax	589
PAT Margin (%)	7.4%
Share of Loss in Associate	(6)
Net Profit	583

During the quarter ended March 31, 2018, the Company acquired 100% stake in Vulcan Express Private Limited thus making it a wholly owned subsidiary.

There are no comparative figures for year ended March 31, 2017 since the Company did not have any subsidiary, joint venture and associate company during the said year.

# Summary of Financial Statements – Balance Sheet

Particulars (In ₹ mn)	Standalone		Consolidated
	31-Mar-17	31-Mar-18	31-Mar-18
<b>Equity</b>	<b>3,478</b>	<b>4,170</b>	<b>4,253</b>
Gross Debt	316	330	330
Cash & Bank Balance	470	757	797
<b>Net Debt</b>	<b>(154)</b>	<b>(427)</b>	<b>(467)</b>
<b>Capital Employed</b>	<b>3,324</b>	<b>3,743</b>	<b>3,786</b>
<b>Fixed Assets</b>	<b>1,996</b>	<b>2,646</b>	<b>3,210</b>
Investments	0.1	631	94
Other Non Current Assets (Net)	147	115	185
<b><u>Current Assets - A</u></b>			
Trade Receivables	2,198	2,289	2,596
Other Current Assets	196	156	261
<b>Total Current Assets</b>	<b>2,394</b>	<b>2,445</b>	<b>2,857</b>
<b><u>Less: Current Liabilities - B</u></b>			
Trade Payables	978	1,384	1,798
Other Current Liabilities and Provisions	235	711	763
<b>Total Current Liabilities</b>	<b>1,213</b>	<b>2,095</b>	<b>2,561</b>
<b>Net Current Asset (A-B)</b>	<b>1,181</b>	<b>351</b>	<b>296</b>
<b>Total Net Assets</b>	<b>3,324</b>	<b>3,743</b>	<b>3,786</b>



## Governance

# Board of Directors: Strong Corporate Governance



**Rakesh Biyani**  
Chairman and Non-Executive Director

Over 25 years of experience in the retail, supply chain and logistics, and fashion industries; Holds a bachelor's degree in Commerce from University of Bombay

**Mayur Toshniwal**  
Managing Director

25 years of experience in the industry for manufacturing paint, FMCG and retail and also as an entrepreneur; Holds a post graduate degree from IIM, Ahmedabad and a bachelor's degree from IIT, Banaras Hindu University; Previously worked with Asian Paints, Coca Cola, Future Group, Allgreen Ecotech Solutions

**Chandra Prakash Toshniwal**  
Non-Executive Director

Over 20 years of experience in the retail, supply chain and logistics, fashion, insurance and media industries; C.A., holds a bachelor's degree in commerce; Has been associated with Future Retail Limited and Future Lifestyle Fashions Limited in various capacities

**Shyam Maheshwari**  
Nominee, Non-Executive Director

17 years of experience in the deal sourcing, analysis and investing industry; Partner and Cofounder of SSG Group; Associate member of ICAI, holds a bachelor's degree in Commerce and a post graduate diploma in management from IIM, Bangalore

**Janat Shah**  
Independent Director

27 years of experience in the education field Fellow of IIM, Ahmedabad; Currently director of IIM Udaipur and previously worked with IIM, Bangalore

**Bala Deshpande**  
Independent Director

10 years of experience in the consumer/ industrial industry and 16 years in private equity and venture capital; Holds a bachelor's degree in Arts and a Masters degree in Management Studies; Heads NEA India; previously worked with ICICI Ventures, Cadburys Limited, Bestfoods, Imperial Chemical Industries

**Amar Sapra**  
Independent Director

Over 12 years of experience in the teaching profession; Holds a bachelor's degree in mechanical engineering and a doctorate degree in philosophy from Cornell University; Currently teaching at IIM Bangalore and previously taught at University of Florida and Johnson School, Cornell University

**Rahul Garg**  
Independent Director

18 years of experience in the financial services sector; Holds bachelor's degree in mechanical engineering and post graduate diploma in management; Partner and Co-Head, India Private Equity strategy at Premji Invest and has previously worked with ICICI Bank and SIDBI



## **Mayur Toshniwal, Managing Director**

- 25 years of experience in the industry for manufacturing paint, FMCG and retail and also as an entrepreneur;
- Holds a post graduate degree from IIM, Ahmedabad and a bachelor's degree from IIT, Banaras Hindu University;
- Previously worked with Asian Paints, Coca Cola, Future Group and Allgreen Ecotech Solutions



## **P V Sheshadri, Chief Executive Officer**

- 26 years of extensive experience in the Supply Chain function in fields of warehousing, transportation, project procurement and vendor development / management;
- Holds a bachelor's degree in Science from Bangalore University
- Previously worked with Lloyds Steel, Grasim Industries, Bombay Dyeing, Pantaloon Retail and Welspun Retail



## **Samir Kedia, Chief Financial Officer**

- Over 16 years of experience primarily in commercial, financial, accounting affairs besides hands on corporate secretarial and compliance function;
- A qualified Chartered Accountant;
- Has been part of Future Group for more than 12 years, most recently associated with Future Consumer Limited as Financial Controller; Previously worked with H&R Johnson (India) Limited
- Received CFO of the Year Awards 2018 – an initiative of Financial Express

# THANK YOU

**Disclaimer:** 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.

## Investor Relations Contact

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