



July 31, 2020

To,
Listing Department
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400 001

To,
Listing Department
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 sent to Analysts/Investors/ Media with respect to the audited financial results of the Company for the quarter and year ended March 31, 2020.

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

Kindly take the same on your record.

Yours faithfully,

For **Future Supply Chain Solutions Limited**

Vimal K Dhruve
Company Secretary

Encl.: As above

Future Supply Chain Solutions Limited

Corporate Office : 7th floor.349, Business Point, Western Express Highway, Andheri (East), Mumbai 400069, India Phone +91 22 71429100
Registered Office : Knowledge House Shyam Nagar, Off. Jogeshwari- Vikhroli Link Rd. Jogeshwari (E), Mumbai 400 060 - www.futuresupplychains.com
An ISO 9001:2015 and BS OHSAS 18001:2015 Certified Company - CIN NO. : L63030MH2006PLC160376



Science of Supply Chain. **DELIVERED**

Future Supply Chain Solutions Limited



FY20 Investor Presentation
July 31, 2020



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.





**FY20 Revenue at
₹ 11,406 mn**

FY20 Revenue grew 2.5% despite COVID-19 impact; Q4FY20 Revenue at ₹ 2,461 mn



FY20 Gross Margin at 38.7%

FY20 Gross Profit at ₹ 4,409 mn; Q4FY20 Gross Margin at 41.7%, up 70 bps QoQ



FY20 EBITDA Margin at 22.2%

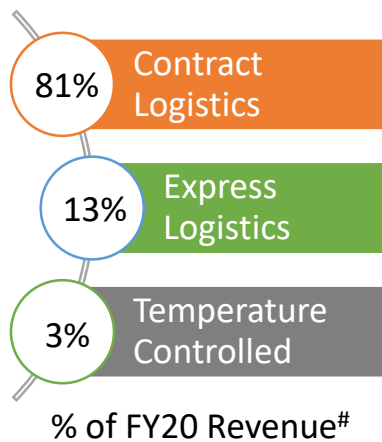
FY20 EBITDA at ₹ 2,536 mn; Q4FY20 EBITDA Margin at 26.9%, up 350 bps QoQ



**FY20 Cash Profit* at
₹ 912 mn**

Q4FY20 Pre Exceptional Cash Profit* at ₹ 211 mn

Integrated Service Offering



Warehouse Space at 8.20 mn sq. ft. as at March 31, 2020; Added Warehouse Space of 0.54 mn sq. ft. during FY20



Concluded acquisition of 22% stake by Nippon Express at ₹ 664 per share; Signed Business Collaboration Agreement to jointly explore revenue growth opportunities



Signed 11 new customers in FY20 including several marquee names; Signed a leading e-commerce company in Q4FY20

Basis revenue without adjustments for intra company transactions between key service offerings

* Cash Profit has been calculated as Net Profit + Depreciation (Non-Cash) + Exceptional Items (Non-Cash); Exceptional Items includes Loss on sale of Vulcan Express in Q3FY20 and Impairment of Investment in Leanbox Logistics, Expected Credit Loss & Impairment of Loans and Advances in Q4FY20



Business Update



Nippon Express – FSC Strategic Partnership

- Transaction a combination of primary issuance and secondary purchase from an institutional shareholder; FSC issued 37,89,350 shares at a price of ₹664 per share, at 22% premium to prevailing market price at the time the transaction was announced
- FSC has raised around ₹ 2,516 mn from primary issuance of equity shares to Nippon Express; Proceeds to be used to fund FSC’s growth plans

Business Collaboration Agreement

- Business Collaboration Agreement signed to leverage synergy opportunities given complementary skill set and service offerings
- Nippon Express to offer FSC’s services to their Japanese and other foreign customers
- FSC to offer Nippon Express’ global logistics services to Indian customers
- Increase FSC’s operational efficiencies through introduction of latest technologies and process improvements & Kaizen activity

Synergy Opportunity

Contract Logistics

Nippon Express to introduce their existing clients to FSC in four key sectors: Fashion & FMCG, Pharmaceutical, Automotive and Electronics; FSC and Nippon Express to jointly target new customers

Express Logistics

Pitch FSC’s Express Logistics Services to Nippon Express’ clients who have presence in India

Temperature Controlled Logistics

Jointly pitch to Pharmaceutical companies offering them Temperature-Controlled Warehousing and Distribution services

Freight Forwarding

FSC to introduce Nippon Express to FSC’s clients for Freight Forwarding Business Opportunity

Macro Economic Headwinds; COVID-19 Impact



- Macro-economic headwinds compelling customers to re-evaluate business strategy
- Slowdown in demand for consumption products impacting throughput volumes
- Customers implementing cost rationalization initiatives, including supply chain cost
- COVID-19 pandemic related fears & curbs further impacting economic activity in India

Warehouse Capacity



- Added net new warehousing capacity of 0.54 mn sq. ft. during FY20, despite reduction in warehouse capacity for anchor customers
- Redesigned network & implemented warehouse consolidation for efficiency gains; Number of warehouses declined from 96 to 74 despite capacity addition

Increased Focus on Operational Efficiencies



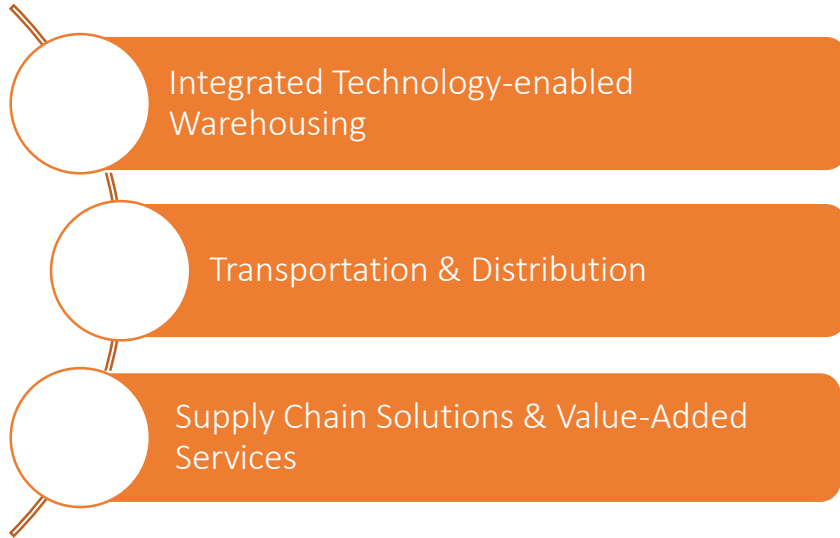
- Transport cost rationalisation project implemented
- Labour productivity enhancement initiated at the warehouse level
- Fixed costs rationalisation efforts implemented
- Revisited customer contracts where FSC's ROI is sub-optimal
- Continue to invest in upgrading technologies to augment capabilities and efficiency

Business Development

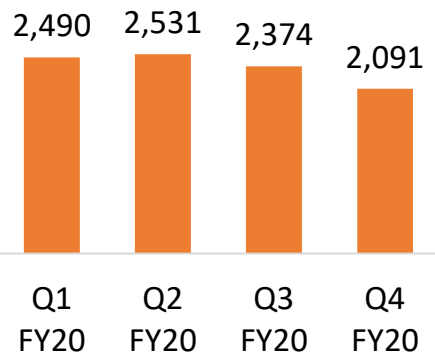


- Signed 11 new customers in Contract Logistics in FY20
- Sales funnel of ₹4,500-5,000 mn: Potential customers at various stages of discussion
- Synergy Creation Office, headed by Yuichi Nakagawa, created to expand target customer base and grow revenues in partnership with Nippon Express

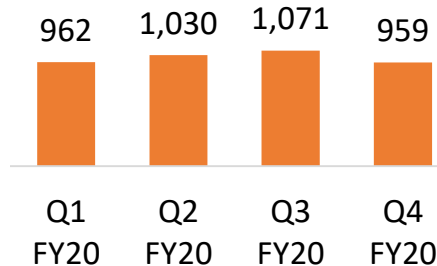
Service Offering



Revenue (₹ mn)



Gross Profit (₹ mn)



Signed 11 new customers in FY20 including several marquee names; Signed a leading e-commerce company in Q4FY20



74

Distribution Centres



8.20 mn sq. ft.

Warehouse Space



₹ 100

FY20 Average Revenue Per Square Feet per Month

Above Data As On March 31, 2020

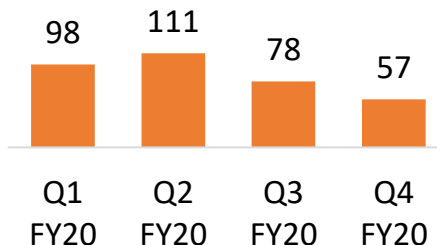
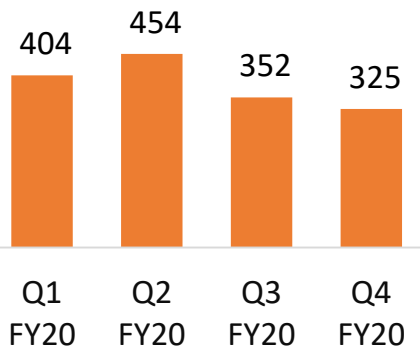
Service Offering

- Point-to-Point Part & Full Truck Load Transportation
- Time-definite Transportation Services
- Real-time tracking



Revenue (₹ mn)

Gross Profit (₹ mn)



Weak macro-economic environment coupled with complete halt of Express Business during the lockdown period affected revenues and margins



13 / 126

Number of Hubs & Branches
(Including Franchisees)



11,352

Pin Codes Covered



177k Tons

Weight Handled in FY20

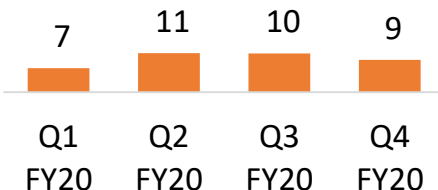
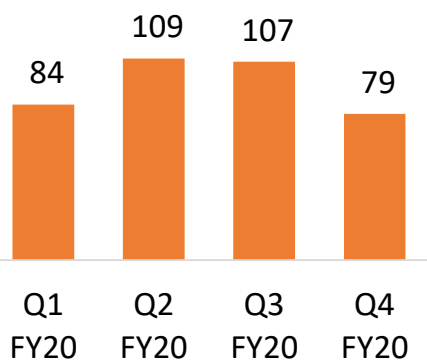
Above Data As On March 31, 2020

Service Offering



Revenue (₹ mn)

Gross Profit (₹ mn)



9

Temperature Controlled Distribution Centers



19,395

Number of Pallets

Above Data As On March 31, 2020

Q4 is a seasonally weak quarter for Temperature Controlled business; Least affected line of business for FSC due to COVID-19; Increased pallet capacity by 2,842 pallets during Q4FY20

Impact of Covid-19

- COVID-19 led fears and curbs impacted overall economic activity; Q4 FY20 GDP growth came at 3.1%
- GDP estimated to decline for the current year, with improvement expected only in the second half of FY21

State of FSC Operations During Lockdown Period

- Contract Logistics for Non-FMCG customers and Express Logistics services halted completely for weeks
- Severe operational challenges on ground: Poor availability of transport and manpower

Steps taken by FSC

- Frequent interactions with regulatory authorities to facilitate smooth functioning of supply chain services for essential commodities
- People safety, material safety and merchandise availability top priorities during and post lock-down
- Review of operations on daily basis; ramping up quickly as and when restrictions ease

Impact & Near Term Outlook

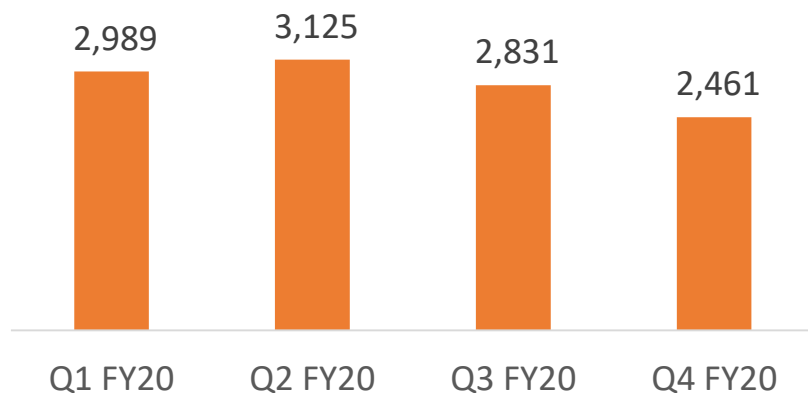
- Near term revenue severely impacted; Recovery phase expected to continue for the next few quarters
- Increased focus on fixed cost rationalisation, productivity improvement and efficiency enhancement, while remaining agile and customer-centric



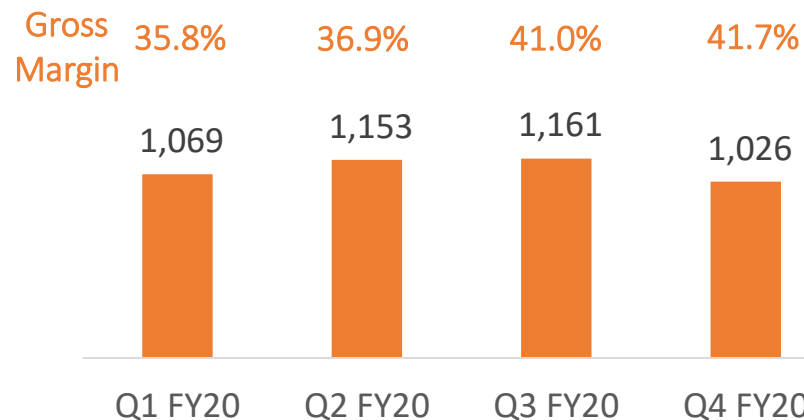
Financial Update



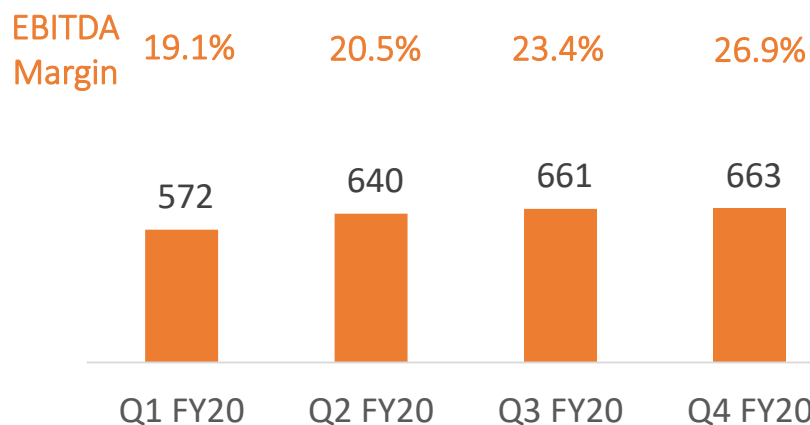
Revenue (₹ million)



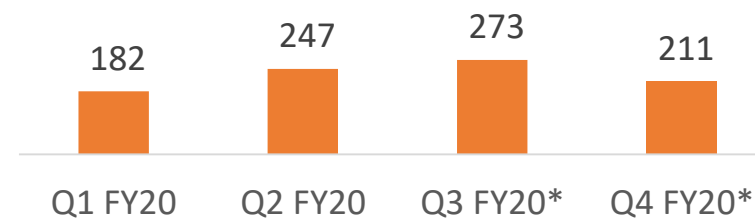
Gross Profit (₹ million)



EBITDA (₹ million)



Cash Profit (₹ million)



Cash Profit has been calculated as Net Profit + Depreciation (Non-Cash) + Exceptional Items (Non-Cash)

* Exceptional Items includes Loss on sale of Vulcan Express in Q3FY20 and Impairment of Investment in Leanbox Logistics, Expected Credit Loss & Impairment of Loans and Advances in Q4FY20

Summary of Financial Statements – Standalone Profit & Loss Statement



Particulars (In ₹ million)	Q4FY19	Q3FY20	Q4FY20	FY19	FY20
Revenue From Operations	3,021	2,831	2,461	11,128	11,406
Cost of Logistics Services	2,111	1,670	1,436	7,735	6,996
Gross Profit	910	1,161	1,026	3,392	4,409
Gross Margin (%)	30.1%	41.0%	41.7%	30.5%	38.7%
Employee Benefits Expense	247	242	122	977	879
Other Expenses	233	257	241	930	994
EBITDA	430	661	663	1,485	2,536
EBITDA Margin (%)	14.2%	23.4%	26.9%	13.3%	22.2%
Depreciation & Amortization Expense	114	412	448	417	1,659
EBIT	316	250	215	1,068	877
EBIT Margin (%)	10.5%	8.8%	8.7%	9.6%	7.7%
Other Income	12	96	77	56	200
Finance Costs	62	236	254	161	808
Profit Before Tax (Pre-Exceptional)	266	109	38	964	269
Income Tax	-	-	-	-	-
Profit After Tax (Pre-Exceptional)	266	109	38	964	269
PAT Margin (Pre-Exceptional)	8.8%	3.9%	1.5%	8.7%	2.4%
Loss From Discontinued Operations, Net of Tax	(105)	-	-	(312)	-
Exceptional Items	-	(531)	(377)	-	(908)
Profit After Tax (Post-Exceptional)	160	(422)	(339)	652	(639)
Cash Profit [#]	380	273	211	1,381	912

Financial numbers for Q3–Q4 FY20 & FY20 are not comparable to prior periods due to adoption of IND AS 116 starting Q1 FY20.

[#] Cash Profit has been calculated as Net Profit + Depreciation (Non-Cash) + Exceptional Items (Non-Cash); Exceptional Items includes Loss from discontinued operations in Q4FY19, Loss on sale of Vulcan Express in Q3FY20 and Impairment of Investment in Leanbox Logistics, Expected Credit Loss & Impairment of Loans and Advances in Q4FY20

Summary of Financial Statements – Consolidated Profit & Loss Statement



Particulars (In ₹ million)	Q4FY19	Q3FY20	Q4Y20	FY19	FY20
Revenue From Operations	3,260	2,831	2,461	12,284	11,410
Cost of Logistics Services	2,376	1,670	1,436	8,860	7,001
Gross Profit	884	1,161	1,026	3,424	4,409
Gross Margin (%)	27.1%	41.0%	41.7%	27.9%	38.6%
Employee Benefits Expense	284	242	123	1,173	881
Other Expenses	262	264	241	1,040	1,001
EBITDA	338	655	661	1,211	2,526
EBITDA Margin (%)	10.4%	23.1%	26.9%	9.9%	22.1%
Depreciation & Amortization Expense	128	412	448	454	1,661
EBIT	211	243	213	757	865
EBIT Margin (%)	6.5%	8.6%	8.7%	6.2%	7.6%
Other Income	12	96	77	58	200
Finance Costs	67	236	254	178	808
Profit Before Tax, Pre Exceptional	156	103	37	636	258
Income Tax	-	-	-	-	-
Profit After Tax (Pre-Exceptional)	156	103	37	636	258
Share of Profit (Loss) in Associate Company	(12)	-	-	(21)	(168)
Net Profit (Pre-Exceptional)	143	103	37	615	90
Exceptional Items [^]	-	35	(183)	-	(147)
Net Profit (Post Exceptional)	143	138	(146)	615	(57)

Financial numbers for Q3–Q4 FY20 & FY20 are not comparable to prior quarters due to adoption of IND AS 116 starting Q1 FY20.

[^] Exceptional Items includes Gain on sale of Vulcan Express in Q3FY20; It includes Expected Credit Loss & Impairment of Loans and Advances in Q4FY20

Summary Balance Sheet



Particulars (In ₹ million)	Standalone		Consolidated	
	31-Mar-19	31-Mar-20	31-Mar-19	31-Mar-20
Equity	6,003	7,432	5,422	7,432
Net Debt	991	5,600	925	5,600
Capital Employed	6,995	13,032	6,347	13,032
Net Fixed Assets	4,674	5,176	4,748	5,176
Net Non Current Assets (Excluding Non-Current Lease Liability)	1,851	1,455	1,307	1,455
Right of Use Assets	-	3,222	-	3,222
Lease Liability (Non Current + Current)	-	(3,645)	-	(3,645)
Net Current Assets (Excluding Current Lease Liability)	470	6,824	293	6,824
Total Net Assets	6,995	13,032	6,347	13,032

Financial numbers for 31-Mar-20 are not comparable to prior quarters due to adoption of IND AS 116 starting Q1 FY20.

Particulars (In ₹ million)	Standalone Profit & Loss Statement For Period		
	Year ended March 31, 2020 Comparable Basis	Changes due to IND- AS 116 Increase / (decrease)	Year ended March 31, 2020 As Reported
Cost of Logistics Services	8,277	(1,280)	6,996
Other Expenses	1,018	(24)	994
Depreciation and Amortisation Expense	643	1,016	1,659
Finance Costs	490	318	808
Gain on Reassessment	-	(1)	(1)
Profit Before Tax, Pre-Exceptional	298	29	269

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.

THANK YOU

Investor Relations Contact

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