



***FUTURE SUPPLY CHAIN  
SOLUTIONS LIMITED***

***IPO***

***PRICE BAND : ₹ 660 – ₹ 664***

***OUR RECOMMENDATION “NEUTRAL”***

# **THE OFFER**

**Issue Open : 06 Dec 2017 to 08 Dec 2017**

»» **Issue Type:** Book Built Issue IPO

»» **Issue Size:**

› Offer for Sale of **9,784,570** Equity Shares aggregating up to **₹649.70 Cr**

»» **Face Value:** ₹ 10 Per Equity Share

»» **Issue Price:** ₹ 660 - ₹ 664 Per Equity Share

»» **Market Lot:** 22 Shares

»» **Minimum Order Quantity:** 22 Shares

»» **Listing At:** NSE, BSE

# **CAPITAL STRUCTURE**

*The share capital of Company, is set forth below:-*

*(Amount in ₹ except share data)*

*Authorized Share Capital :-*

*50,000,000 Equity Shares @5 Aggregate value 500,000,000*

*Issued, subscribed and paid up capital before the Issue :-*

*39,138,283 Equity Shares @5 Aggregate value 391,382,830*

*Present Issue:-*

*Offer for Sale of 9,784,570 Equity Shares aggregating up to  
₹649.70 Cr*

# OBJECT OF THE OFFER

*The objects of the Offer for the Company are to:*

- *Achieve the benefit of listing the Equity Shares on the Stock Exchanges.*
- *Sale of Equity Shares by the Selling Shareholders.*
- *Enhance its stability and brand image and provide liquidity to its existing shareholders.*

# **COMPANY OVERVIEW**

*Future Supply Chain (FSC), promoted by Future Enterprises, is one of India's largest organized third party logistics service operators.*

*It offers automated and IT-enabled warehousing, distribution and other logistics solutions to a wide range of customers.*

*The company's service offerings are warehousing infrastructure, "hub-and-spoke" transportation model.*

*The company's customers operate in various sectors across India, including retail, fashion and apparel, automotive and engineering, food and beverage, etc.*

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*The company offers customer service in three areas:*

***Contract Logistics:*** Warehousing, distribution and other value added services.

***Express Logistics:*** Point-to-point, less-than truck-load, time definite transportation services and

***Temperature Controlled Logistics:*** Cold-chain warehousing, transportation solutions and distribution of perishable products.

# ROAD MAP AHEAD

*Company objectives are to expand their market share and aim to accomplish this through the following strategies:*

- ✓ *Capitalize on the growth of the third-party logistics industry in India.*
- ✓ *logistics spending and leveraging existing relationships.*
- ✓ *Expand addressable market through customized and new service offerings.*
- ✓ *Explore inorganic growth opportunities.*
- ✓ *Continue to improve operating efficiencies and implement technological and process enhancements.*



# STRENGTHS

- *One of the largest service providers with an extensive network of facilities in a fast-growing third-party logistics market.*
- *Comprehensive solution for supply chain requirements.*
- *Diverse customer base across many sectors.*
- *At the forefront in introducing new standards of technology and automation in the logistics industry in India.*
- *Longstanding relationship with Future Entities.*
- *Experienced management team with logistics and retail sector-specific knowledge.*



# FINANCIAL PERFORMANCE

Total Revenue stood ₹365.2cr, ₹576.9cr, ₹ 528.4cr and ₹410.7cr, for six months ended September 30, 2017 ,Fiscal 2017, Fiscal 2016, and Fiscal 2015, respectively.

Representing a **CAGR of 18.5%** during the last three Fiscals.

Its EBITDA was ₹ 56.1cr, ₹ 74.2cr, ₹ 69.9cr and ₹ 63.9cr, for six months ended September 30, 2017 , in Fiscal 2017, Fiscal 2016, and Fiscal 2015, respectively.

Representing a **CAGR of 7.8%** during the last three Fiscals.

Its Net profit was ₹ 33.3cr, ₹ 45.7cr, ₹ 29.4cr and ₹ 24.6cr, for six months ended September 30, 2017 , in Fiscal 2017, Fiscal 2016, and Fiscal 2015, respectively.

Representing a **CAGR of 36.2%** during the last three Fiscals.

# SNAPSHOT - CONSOLIDATED

## FINANCIAL PERFORMANCE (In Cr)

PARTICULARS	6 MONTHS FY18	FY17	FY16	FY15
REVENUE	365.2	576.9	528.4	410.7
PBT	49.4	58.1	44.5	36.5
PAT	33.3	45.7	29.4	24.6
EPS	8.5	11.7	7.5	6.3

# **RISK FOR THE BUSINESS**

- *The Future Entities are key customers and Promoter and certain of Group Companies account for a significant portion of revenue. Any failure to maintain relationship with these customers will have a material adverse effect on financial performance.*
- *An inability to pass on any increase in operating expenses to customers may adversely affect business and results of operations.*
- *Business is highly dependent on technology and automation and any disruptions of or failure to update such technology could have an adverse effect on results and operations.*

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- *Changing regulations in India could lead to new compliance requirements that are uncertain.*
- *Dependence on third-party vendors could have an adverse effect on business financial condition and results of operations.*
- *Political instability or changes in the Indian central government could adversely affect economic conditions in India and consequently impact `business..*

# VALUATION

*Future Supply Chain (FSC), promoted by Kishore Biyani-owned Future Enterprises, is one of India's largest organized Third party logistics service operators.*

*Despite of the fact that company has good amount of cash with negligible debt on books, diverse customer base & Strong parentage, however, considering its peers, the recently-listed Mahindra Logistics has a similar business model but generates strong revenue.*

*On the upper price band of ₹ 664 with estimated EPS of ₹ 18 of FY18, P/E works out at 37x , which makes the issue fully priced . Therefore, we remain **NEUTRAL** for the IPO.*



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