

September 26, 2018

To,
Department of Corporate Services
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400 001

To,
Listing Department
National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex,
Bandra (East), Mumbai - 400 051

Scrip Code: 540798

Scrip Symbol : FSC

Dear Sir / Madam,

Sub: Disclosure under regulation 30 read with Schedule III Part A of the SEBI (Listing obligations and Disclosure Requirements) Regulation, 2015

In furtherance to our letter dated September 25, 2018, we wish to inform you that the Committee of Directors of the Company at its meeting held on September 26, 2018 has approved and allotted 19,900 (Nineteen Thousand Nine Hundred) Secured, Rated, Redeemable and Non-Convertible Debentures of Rs.1,00,000/- each ("NCDs") aggregating to Rs. 199,00,00,000/- (Rupees One Hundred Ninety Nine Crore only) on a private placement basis. The NCDs have been rated AA – (Double A minus; stable outlook) by CARE Ratings Limited. A copy of the letter issued by CARE Ratings Limited is enclosed herewith.


The disclosure as required under regulation 30 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015 read with circular No. CIR/CFD/CMD/4/2015 dated September 9, 2015 issued by the Securities and Exchange Board of India is enclosed herewith as **Annexure-I**.

Kindly take the above information on your records.

Thanking you,

Yours sincerely,

For Future Supply Chain Solutions Limited


Vimal Dhruve
Company Secretary

Encl.: As above



Annexure I

Disclosure as per Regulation 30 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015:

Sl. No.	Particulars	Details of Securities															
i	Size of the Issue	Rs.199 Crores comprising of 19,900 Non-Convertible Debentures of Rs.1,00,000 lakh each ("NCDs") for cash at par.															
ii	Whether securities to be listed? If Yes, Name of the Stock Exchange	The NCDs shall be listed on the Wholesale Debt Market segment of BSE Limited.															
iii	Tenure of the Instrument	<table border="1"> <thead> <tr> <th>NCD Series</th> <th>Deemed Date of Allotment</th> <th>Date of Maturity</th> <th>Tenure</th> </tr> </thead> <tbody> <tr> <td>I</td> <td>September 26, 2018</td> <td>September 26, 2021</td> <td>3 Years</td> </tr> <tr> <td>II</td> <td>September 26, 2018</td> <td>September 26, 2022</td> <td>4 Years</td> </tr> </tbody> </table>	NCD Series	Deemed Date of Allotment	Date of Maturity	Tenure	I	September 26, 2018	September 26, 2021	3 Years	II	September 26, 2018	September 26, 2022	4 Years			
NCD Series	Deemed Date of Allotment	Date of Maturity	Tenure														
I	September 26, 2018	September 26, 2021	3 Years														
II	September 26, 2018	September 26, 2022	4 Years														
iv	Coupon Rate / Schedule of Payment of Coupon / interest and principal	<p>Interest on NCDs shall be paid annually and on redemption</p> <table border="1"> <thead> <tr> <th>NCD Series</th> <th>Coupon Rate</th> <th>Schedule of Payment of interest</th> </tr> </thead> <tbody> <tr> <td>I</td> <td>10.15%</td> <td>September 26, 2019 September 26, 2020 September 26, 2021</td> </tr> <tr> <td>II</td> <td>10.15%</td> <td>September 26, 2019 September 26, 2020 September 26, 2021 September 26, 2022</td> </tr> </tbody> </table> <p>Schedule of principal payment (redemption):</p> <table border="1"> <thead> <tr> <th>NCD Series</th> <th>Redemption Date</th> </tr> </thead> <tbody> <tr> <td>I</td> <td>September 26, 2021</td> </tr> <tr> <td>II</td> <td>September 26, 2022</td> </tr> </tbody> </table>	NCD Series	Coupon Rate	Schedule of Payment of interest	I	10.15%	September 26, 2019 September 26, 2020 September 26, 2021	II	10.15%	September 26, 2019 September 26, 2020 September 26, 2021 September 26, 2022	NCD Series	Redemption Date	I	September 26, 2021	II	September 26, 2022
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NCD Series	Redemption Date																
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II	September 26, 2022																
v	Charge/ Security, if any created over the assets	Pari passu first charge on Company's tangible moveable fixed assets having minimum asset cover / security cover 1.25 times on Net Block of Fixed Assets of the aggregate face value of outstanding NCDs during the entire tenure.															



Sl. No.	Particulars	Details of Securities
vi	Special right/ interest/ privileges attached to the instrument and changes thereof;	None
vii	Delay in payment of interest / principal amount for a period of more than three months from the due date or default in payment of interest / principal;	In case of default in payment of Interest and/or principal redemption on the due dates, additional interest of 2% p.a. over the coupon rate for the defaulting period will be paid by the Company;
viii	Details of any letter or comments regarding payment/non-payment of interest, principal on due dates, or any other matter concerning the security and /or the assets along with its comments thereon, if any;	Not Applicable
ix	Details of redemption of debentures;	Kindly refer to clause (iv) above.

For Future Supply Chain Solutions Limited


Vimal Dhruve
Company Secretary



CARE/HO/RL/2018-19/2975

Mr. Samir Kedia
Chief Financial Officer
Future Supply Chain Solutions Ltd.
7h Floor, 349, Business Point,
Western Express Highway,
Andheri (East), Mumbai 400 069

September 20, 2018

Confidential

Dear Sir,

Credit rating for proposed Non-Convertible Debenture issue

Please refer to your request for rating of proposed long-term non-convertible debenture (NCD) issue aggregating to Rs.199.00 crore of your company. The proposed NCDs would have tenure of 4 years with repayment in annual installments of Rs.99.00 crore at the end of Year 3 and Rs.100.00 crore at the end of Year 4.

2. The following ratings have been assigned by our Rating Committee:

Instrument	Amount (Rs. crore)	Rating ¹	Rating Action
Proposed Non-Convertible Debenture issue	199.00 (Rs. One hundred and Ninety Nine crore only)	CARE AA-; Stable (Double A Minus; Outlook Stable)	Assigned

- Please arrange to get the rating revalidated, in case the proposed issue is not made within a period of **six months** from the date of our initial communication of rating to you (that is September 20, 2018).
- In case there is any change in the size or terms of the proposed issue, please get the rating revalidated.

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.

5. Please inform us the below-mentioned details of issue immediately, but not later than 7 days from the date of placing the instrument:

Instrument type	ISIN	Issue Size (Rs cr)	Coupon Rate	Coupon Payment Dates	Terms of Redemption	Redemption date	Name and contact details of Debenture Trustee	Details of top 10 investors
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6. Kindly arrange to submit to us a copy of each of the documents pertaining to the NCD issue, including the offer document and the trust deed.
7. The rationale for the rating will be communicated to you separately. A write-up (press release) on the above rating is proposed to be issued to the press shortly, a draft of which is enclosed for your perusal as Annexure. We request you to peruse the annexed document and offer your comments if any. We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in. Kindly revert as early as possible. In any case, if we do not hear from you by September 21, 2018, we will proceed on the basis that you have no any comments to offer.
8. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
9. CARE reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE so as to enable it to carry out continuous monitoring of the rating of the debt instrument, CARE shall carry out the review on the basis of best available information throughout the life time of such instrument. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE shall also be entitled to

publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.

10. Users of this rating may kindly refer our website www.careratings.com for latest update on the outstanding rating.

11. CARE ratings are **not** recommendations to buy, sell or hold any securities.

If you need any clarification, you are welcome to approach us in this regard. We are indeed, grateful to you for entrusting this assignment to CARE.

Thanking you,

Yours faithfully,



[Neha Khandelwal]

Manager

Neha.khandelwal@careratings.com



[Hitesh Avachat]

Senior Manager

Hitesh.avachat@careratings.com

Encl.: As above

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating/outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

**Annexure
Future Supply Chain Solutions Ltd.**

Ratings

Facilities	Amount (Rs. crore)	Rating²	Remarks
Long Term Instruments-Non-Convertible Debentures	199.00 (Rupees One Hundred and Ninety Nine crore only)	CARE AA-; Stable (Double A Minus; Outlook Stable)	Assigned

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The rating assigned to the Non-Convertible Debenture (NCD) issue of Future Supply Chain Solutions Ltd. (FSCL) takes into account growth in operations, conversion of Compulsory Convertible Debentures (CCD) into equity leading to improvement in debt coverage indicators along with stable operating profitability parameters in FY18 (refers to the period April 01 to March 31).

The ratings continue to derive strength from the strong parentage of the Future group, experienced management, wide spread logistical network and operational synergies with group companies. The rating strengths are partly tempered by the company's continued client concentration risk and losses in subsidiary (Vulcan Express Pvt. Ltd.).

The ability of the company to expand without deteriorating capital structure, sustain the improvement in profitability parameters and diversify its customer base remains the key rating sensitivities.

Detailed description of the key rating drivers

Key Rating Strengths

Strong promoter group

FSC is a part of Future Group (FG), with the flagship company of group Future Retail Limited [FRL, rated CARE AA-; Stable/CARE A1+]. As on March 31, 2018, Future group

¹*Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.*

(P)

holds 51.20% in the equity share capital of FSC. During December 2017, FSC successfully completed the IPO process and got listed on stock exchange wherein Griffin India Partners (SSG Capital Management group) diluted 25.4% stake and promoters diluted 6.2% (Future Enterprises Ltd.) stake in FSC.

FSC has experienced promoters (both in retailing & sourcing), who have been closely involved in the overall business strategy. Further, the promoters are supported by an experienced & qualified management team.

Improvement in Operational Performance

The company has been able to increase its scale of operations largely by increasing its presence by way of new distribution centres. Also, the company's efforts towards adding new services (cold storage, last mile delivery, etc) have also added up to the overall growth of the company. The total operating income of FSC has more than doubled in the last 5 years from Rs.332.32 crore in FY14 to Rs.799.65 crore in FY18. The total operating income increased by 39% over FY17 lead by improving revenue contribution from group companies (69% in FY18 vis-a-vis 62% in FY17) and addition of new outside customers like Haldiram, Crompton, etc along with acquisition of VEPL. The major customers other than group companies include ITC, P&G, Hitachi, McCain Foods (India), etc. FSC bills its group companies on cost plus mark-up basis while it bills the other customers on per piece per unit basis.

The company has healthy profitability margin over the years in the range of 14.79% to 15.52% through FY18. During FY18, the PBILDT margins of FSC declined to 14.84% from 15.52% in FY17 mainly due to acquisition of loss making company VEPL. As informed by the management, the losses in VEPL are mainly due to underutilisation of capacities which FSC shall be able to turnaround by Sept 2018.

Improvement in capital structure and debt coverage indicators



The company has converted its CCDs into equity leading to significant reduction in debt and improvement in coverage indicators. Debt coverage indicators have improved significantly in FY18. Overall gearing improved to 0.08x as on March 31, 2018 vis-à-vis 0.28x as on March 31, 2017 while the term debt/ GCA improved to 0.37x as on March 31, 2018 from 1.26 as on March 31, 2017 due to increase in profitability. Interest coverage has also improved to 13.06x in FY18 from 7.01x in FY17.

The liquidity profile marked by current ratio of 1.38x as on March 31, 2018 stood comfortable. Average working capital utilization for 12 month period ending April 2018 was ~47%. As on March 31, 2018; the company had cash and bank balance (unencumbered) of Rs.78.62 crore. The adequate free cash and bank balance provides additional comfort to the liquidity position of the company.

Wide spread logistical network

The main segments in which FSC operates are warehousing, transportation, logistics etc. FSC has an asset light logistics model as currently the entire warehouses are leased & company only invests in equipments required in warehouse. The warehouses (57 as on May 31, 2018) are spread across the country. FSC primarily uses fleet of third party for transportation thus exposing it to risk of timely delivery of goods as well as to risk of higher costs in case of increase in transportation costs. Insurance of the goods transported by FSC is done by the clients with FSC only insuring the fixed assets owned by it in its warehouses. In case of any damages during transportation or storage, FSC does not bear and loss and only provides a Certificate of Fact to its customers and their insurers in order to process the insurance claim.

Further, the acquisition of VEPL and transfer of business of BFPL complement the existing modern technology and automation-based supply chain capability of FSC in the food and FMCG domain. BFPL has enabled FSC to address the frozen, chilled and cold warehousing requirements, coupled with the refrigerated container transportation requirements across the country. VEPL helped the company in providing logistics



services (last mile delivery) to online segment. VEPL's network spread across 100 cities and 2000 pincodes.

Operational synergies with the Future group

FSC is strategically important for the group companies engaged in the retail operations as the entire supply chain is managed by FSC. FSC bills its group companies on the basis of cost plus mark-up basis. Also, there is no minimum off-take agreement signed between FSC and other Future Group companies. Further diversification of the clientele outside the FG as well as finalizing a minimum off-take agreement with other FG companies would be important for FSC's growth.

Key Rating Weaknesses

Moderate client concentration Risk

There is a moderate client concentration risk as group companies contributed around 69% to revenue in FY18 (64% in FY17). The company has developed established relationship with several reputed customers across varied industries over the period which includes several leading multi-nationals and domestic companies. Established relationship with the reputed customers help the company in getting repeat orders, which also provides revenue visibility and is expected to drive business going forward. With logistics business prospects further strengthened by acquisition of VEPL and steady increase in revenue contribution from external customers coupled with expected increase in contribution from e-commerce segment, client concentration risk is expected to moderate further.

Further, FSC is strategically important for the group companies engaged in retail operations as the entire supply chain is managed by FSC. Therefore, although FSC has a fair amount of revenue visibility going forward owing to its importance to group companies, profitability margins in the future would depend on its ability to cater to customers outside the group.

Analytical approach:

Standalone approach was considered till last year. However, in January, 2018, the company has acquired VEPL and is in the process of merging the business of VEPL with itself. Hence, Consolidated Approach is considered for analysis.

Applicable Criteria

Criteria on assigning Outlook to Credit Ratings

CARE's Policy on Default Recognition

Rating Methodology: Factoring Linkages in Ratings

Rating Methodology - Service Sector Companies

Financial ratios – Non-Financial Sector

About the Company

Future Supply Chain Solutions Limited (FSC), incorporated in March 2006, is a Future Group company with a focus on providing supply chain solutions (for non-agro products) to its group companies (anchor customers) as well as to outside companies. Future Group has presence in retail, consumer finance, insurance, leisure and entertainment, brand development, retail real estate development, retail media and logistics.

FSC provides integrated end-to-end supply chain management (logistics), warehousing and distribution, multi-modal transportation and container freight stations. In FY18, FSC has leased out ~96% of the total leasable area of 48.25 lakh square feet (lsf). As on May 30, 2018, FSC has 57 warehouses spread across India. The capacity utilisation as on June 30, 2018 was at 95.76%.

In FY16, FSC took the warehouses and other logistics facilities of Brattle Foods Pvt. Ltd. (BFPL – a company engaged in the business of running cold storages and warehouses) and Laxman Logistics Private Ltd (LLPL, a 100% subsidiary of BFPL engaged in providing logistics services).

Further, on January 25, 2018, Future Supply Chain Solutions Ltd. (FSC) approved and announced the acquisition of Vulcan Express Private Ltd. (VEPL) (wholly owned



subsidiary of Jasper Infotech Private Ltd. (also holding company of Snapdeal) from its existing shareholders at a consideration of Rs.35 crore in an all cash deal without taking over any debt. The same was funded through internal accruals. Post the acquisition, VEPL had become a 100% subsidiary of FSC. VEPL is engaged in the business of providing logistics services (last mile delivery) mainly to online retailer having Snapdeal being the primary customer. As on April 25, 2018, the Board approved the merger of Fulfillment business and last mile delivery business of VEPL into FSC. The scheme would be subject to approval of the National Company Law Tribunal and various statutory approvals including those from the shareholders and the creditors of the companies as directed by the Tribunal.

Brief Financials (Rs. crore)	FY17*(A)	FY18** (UA)
Total operating income	576.38	799.65
PBILDT	89.48	118.69
PAT	45.57	58.34
Overall gearing (times)	0.28	0.08
Interest coverage (times)	7.01	13.06

*Standalone

** includes Vulcan Express Private Ltd.

A: Audited

Status of non-cooperation with previous CRA:

Not Applicable

Any other information:

Not Applicable

Rating History for last three years: Please refer Annexure-2

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

Analyst Contact:

Name: Pulkit Agarwal

Tel: 022-67543505

Email: pulkit.agarwal@careratings.com



About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

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Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Proposed Non-Convertible Debentures	-	-	-	199.00	CARE AA-; Stable

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016
1.	Term Loan-Long Term	LT	-	-	-	-	-	1)Withdrawn (25-Jan-16)
2.	Fund-based - LT-Cash Credit	LT	47.00	CARE AA-; Stable	1)CARE AA-; Stable (25-Jul-18)	1)CARE A; Stable (29-Aug-17)	1)CARE A (03-Nov-16)	1)CARE A- (25-Jan-16)
3.	Non-fund-based - ST-BG/LC	ST	15.00	CARE A1+	1)CARE A1+ (25-Jul-18)	1)CARE A2+ (29-Aug-17)	1)CARE A2+ (03-Nov-16)	1)CARE A2 (25-Jan-16)
4.	Term Loan-Long Term	LT	31.84	CARE AA-; Stable	1)CARE AA-; Stable (25-Jul-18)	1)CARE A; Stable (29-Aug-17)	-	-
5.	Debentures-Non Convertible Debentures	LT	199.00	CARE AA-; Stable	-	-	-	-