

Logistics

DRHP Analysis #8: Asset-light supply chain solutions and freight forwarding major with a global footprint

Key observations from TVS Supply Chain Solutions' (TVSSCS) DRHP are as follows: i) TVSSCS is amongst India's largest and fastest growing integrated supply chain solutions – ISCS (top five); ISCS (global and local) contributed ~41% of TVSSCS H1FY22 revenues, ii) global footprint in freight forwarding and time critical last mile solutions (Network solutions – NS), iii) TVS group contribution to revenue is ~2.3%, iv) revenue is diversified (no concentration risks) and v) acquisitions and subsequent integration (20 acquisitions in last 15 years) have played an integral role in growing NS and ISCS capability and country presence. Estimated at US\$7.9-8.1bn in FY21 (India), supply chain solutions market is projected to outgrow overall logistics market growth (approximately 25% vs. approximately 7% CAGR between FY21-FY26E. Also, freight forwarding market in India is estimated at US\$4.1bn in FY21, and projected to grow at CAGR of 12% over FY21-26E. Relevant global markets contributing to NS (US, EU and Asia Pac) are expected to grow at high teens over CY20-25E.

- ▶ **ISCS contributes majority of India revenues (our assessment).** TVSSCS has ~18mn sq. ft of warehousing assets in India. Revenue per square feet per month (assuming entire India revenues as ISCS -- in reality there is substantial NS revenues in India) comes to Rs99/sq.ft/month in H1FY22. Yield for global warehousing asset of 4mn sq.ft. appears to be much higher (>2x India portfolio). Warehouses (primarily comprising after-market warehouses, dedicated consumer product and retail warehouses, multi-client facilities and national distribution centres) and vehicles are operated through leases with network partners. Warehousing expansion strategy involves leasing multi-user facilities.
- ▶ **Automotive is the largest sector in supply chain solutions market in FY21, followed by industrial, ecommerce and consumer goods.** Potential FY21-26E CAGR of the supply chain solution market is largest in organised brick and mortar retail (~36-40%), followed by ecommerce (32-36%), industrial (27-29%) and consumer goods (FMCG and consumer durables) (23-26%). Emergence of direct-to-consumer (D2C) and social commerce players, and increasing demand from Tier 2+ cities are fueling growth of supply chain solutions in the ecommerce sector. TVSSCS has capabilities (Source: DRHP) to cover 85%-90% of the supply chain operations for industry players.
- ▶ **NS is driving global growth – higher margin and relatively asset light vertical.** **TVSSCS operates** key trade lanes for Global freight forwarding operations (GFS) and in country networks for **time critical last mile solutions (TCFMS)** which allows TVSSCS to realize the benefit of increased throughput. The key business metrics are containerised ocean and air freight carried for the GFS segment (no specific parameters we could discern for the TCFMS – mostly consists of closed loop logistics and support including spares logistics, break-fix, refurbishment and engineering support, and courier and consignment management.). **What stands out is the increase in NS revenue (~ 15% YoY) in FY21 -- a pandemic year. This has been attributed to opportunities in TCFMS** and the recovery through the year in global freight forwarding. **The improved throughput of TCFMS in FY21 is also visible in increasing sub-contracting expenses in FY21 (~40bpsYoY increase as proportion to revenue) on account of sub contracted couriers and sub contracted engineers.** We also find specific technology reference for NS i) TCFMS - *Courier Alliance*, a marketplace for connecting and matching available demand with available supply for **speedy** completion of last mile delivery ii) GFS - *CargoWise*, a third-party technology system. It enables seamless, real-time visibility into the status of orders and allows customers to track shipment information, reporting tools at shipment, pallet or SKU level.

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- ▶ **Freight forwarding and TCFMS opportunity (India and global).** Freight forwarding and TCFMS in India is estimated at US\$4.1bn in FY21, which is projected to grow at CAGR of 12% for next five years. The global 3PL is highly fragmented, underpenetrated. Over CY20-25E, the US is expected to witness ~19% CAGR in the International Transportation management (ITM) segment, with North America and Greater China following closely. Transportation management (TM) and Value added warehousing and distribution (VAWD) are expected to have the most growth in Greater China, US and then North America (CY20-25E CAGR of 15.2%, 14.5% and 14.4% respectively). From a global 3PL spare part logistics revenue perspective, the largest and fastest growing industry vertical is Technology – includes electronic, computer, communication, semiconductor and aerospace equipment. Automotive is the second largest vertical. Although Asia-Pacific and North America have the largest SPL 3PL market in CY20, the greater China region is expected to have the highest growth to CY25E. Asia Pacific, North America and Europe are all key regions served by TVSSCS and make 86% of the global US\$9.6bn time critical delivery market in CY20. This is expected to grow at a CAGR of ~18.3% from CY20-25E.

TVS Supply chain – business and company description

TVS Supply Chain Solutions Limited (TVSSCS) is amongst India’s largest and fastest growing integrated supply chain solutions providers in terms of revenues. It is also amongst the top three longstanding supply chain solutions providers in India in terms of years of operations. TVS SCS was promoted by the erstwhile TVS Group and is now part of the TVS Mobility Group, which has four business verticals: (i) supply chain solutions; (ii) manufacturing; (iii) auto dealership; and (iv) aftermarket sales and service. For the last 15 years, the company has managed large and complex supply chains across multiple industries in India and select global markets through customized tech-enabled solutions.

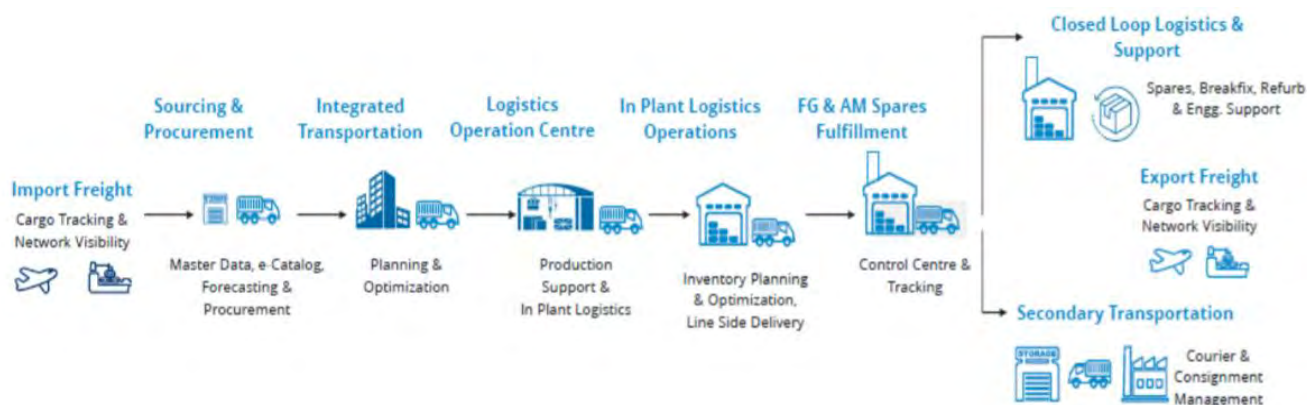
TVS SCS provides solutions spanning the entire value chain from sourcing to consumption; it can be divided into two segments: **(i) Integrated supply chain solutions (ISCS)**; and **(ii) Network solutions (NS)**. Under the ISCS segment, the company provides sourcing and procurement, integrated transportation, logistics operation centers, in-plant logistics operations, finished goods, aftermarket fulfillment and supply chain consulting. Under the NS segment, the company provides global forwarding solutions (GFS; involve managing end-to-end freight forwarding and distribution across ocean, air and land, warehousing and at port storage and value added services) and time critical final mile solutions (TCFMS; involve closed loop logistics and support including spares logistics, break-fix, refurbishment and engineering support, and courier and consignment management).

Table 1: Revenue proportion in service offerings

	FY19	FY20	FY21	H1FY22
ISCS	49.0	50.8	46.2	41.2
NS	51.1	49.2	53.8	58.9

Source: DRHP, I-Sec research

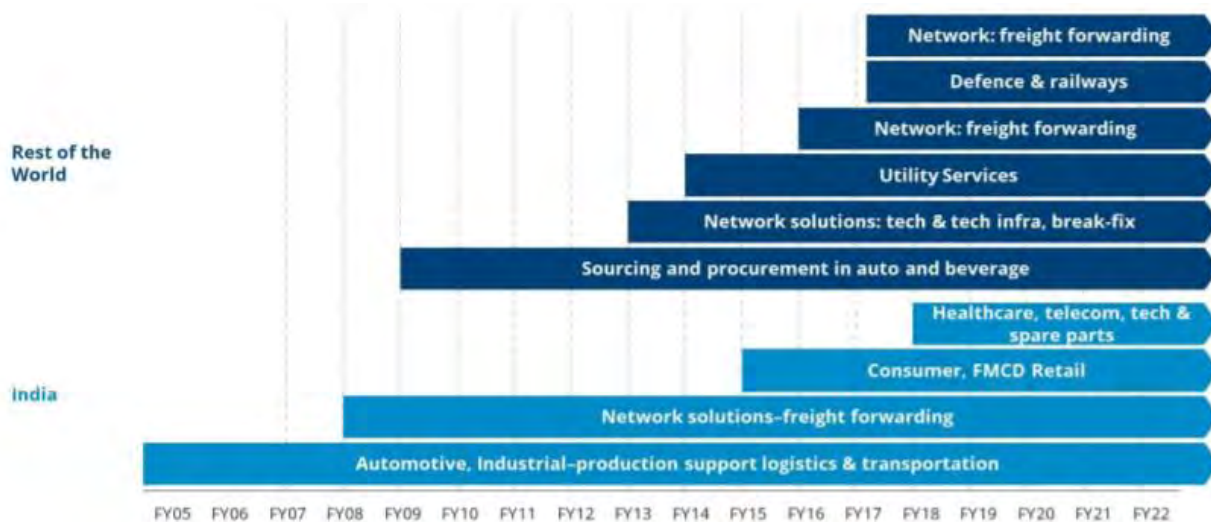
Chart 1: End to End Capabilities



Source: DRHP, I-Sec research

TVS SCS was incorporated in Nov'04. Initially it offered aftermarket warehousing, production support warehousing and production linked transportation services to customers engaged in automotive and industrial segments and primary focus was on building scale in operations and development of technology. The company was able to achieve this through new business development, encirclement (i.e. incremental business from existing customers by increasing the scope of our services), diversification into newer sectors and geographies, and a series of targeted acquisitions. TVSSCS developed capabilities and customer relationships across diverse sectors such as consumer, tech and tech infra, rail and utilities, and healthcare. The company has presence in 25 countries including India, United Kingdom, Spain, Germany, Australia and Singapore. While the 3/4th revenue of the company comes from rest of the world, India's contribution remains low at ~25%. The graphic below summarises capability and sector expansion.

Chart 2: Capability and sector expansions

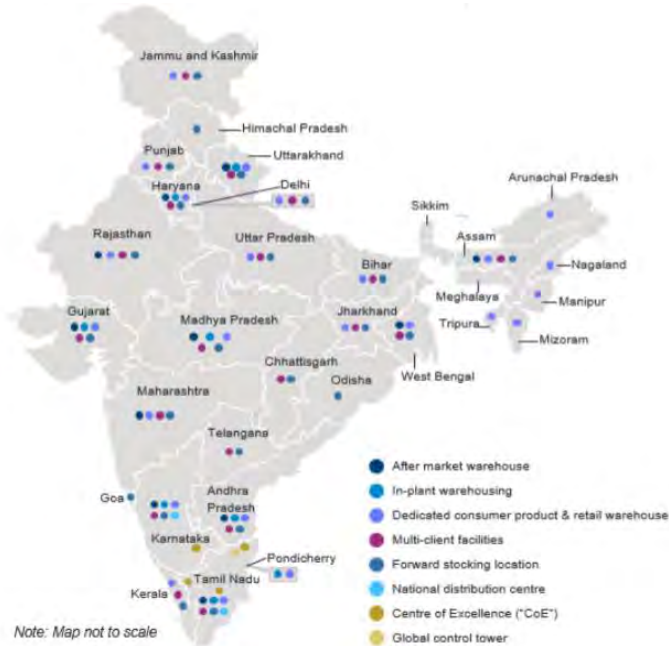


Source: DRHP, I-Sec research

Customers of TVSSCS span across numerous industries such as automotive, industrial, consumer, tech and tech infra, rail and utilities, and healthcare.

Some of customers with long-term relationships include Mahindra & Mahindra Limited (17 years), Sony India Private Limited (11 years), Hyundai Motor India Limited (12 years), Johnson Controls-Hitachi Air Conditioning India Limited (2 years), Ashok Leyland Limited (16 years), TVS Motor Company Limited (16 years), Diebold Nixdorf (7 years), TVS Srichakra Limited (9 years), Lexmark International Technology Sarl (5 years), VARTA Microbattery Pte Ltd (6 years), Daimler India Commercial Vehicles Private Limited (11 years), Hero MotoCorp Limited (7 years), Modicare Limited (6 years), Panasonic Life Solutions India Private Limited (11 years), Dennis Eagle Limited (16 years) and Electricity North West Limited (4 years).

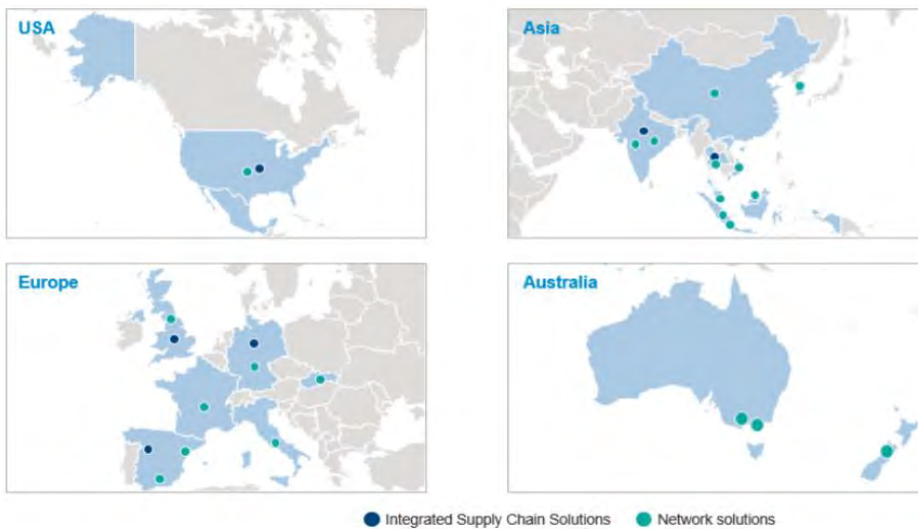
Chart 3: Snapshot of presence and scale in India



Note:
 • All figures are as of and for the six months ended September 30, 2021.
 • Warehouses comprise after market warehouse, in-plant warehouse, dedicated consumer product and retail warehouse, multi-client facilities and national distribution centre.

Source: DRHP, I-Sec research

Chart 4: Snapshot of global presence and scale



All figures are as of and for the six months ended September 30, 2021

Source: DRHP, I-Sec research

Table 2: Business Model

Particulars	Integrated Supply Chain Solutions (ISCS)	Network Solutions (NS)
Capabilities	<ul style="list-style-type: none"> ▪ Sourcing/ procurement: master data management, e-catalogue, forecasting and procurement planning and procurement. ▪ Integrated transportation: transportation, inventory planning and optimization and packaging solutions. ▪ Logistics operation centre and in Plant Logistics: production support logistics including warehousing, material management, sub-assembly and kitting and sequencing. ▪ Finished Goods and Aftermarket Fulfilment: Finished goods warehousing, aftermarket/ spare parts warehousing, Free trade warehousing zones 	<p>Global forwarding solutions (GFS)</p> <ul style="list-style-type: none"> ▪ Import freight and export freight: air, ocean and land freight including customer brokerage, warehousing and value-added services. ▪ Project Forwarding: flight and vessel chartering, break bulk and project cargo. <p>Time Critical Final Mile Solutions (TCFMS)</p> <ul style="list-style-type: none"> ▪ Closed loop spare parts logistics including forward stocking locations for spares, break-fix support covering both large ('B2B') and small ('B2b') businesses. The flexible commercial model offered by TVSSCS includes i) Forwarding Stock Locations (India, EU and UK) – small warehouses holding a small quantity of spares ii) Pick-up and Drop-off and Intelligent lockers (UK), iii) In-Boot Delivery -- track all collections and deliveries using web-based real-time, 'TRACE' system, from the point of collection through to delivery into the boot or safe place and iv) Engineering Support Services -- IT project and deployment services, asset recovery services and repair workshop services to Indian IT companies working in UK/EU. ▪ Courier and consignment management including same day, next day and International courier
Geographical Presence	India; United Kingdom; Europe; North America; and Asia Pacific	India; United Kingdom; Europe; North America; and Asia Pacific
Nature of Customer Engagement	<ul style="list-style-type: none"> ▪ Driven by outsourcing contracts that define the scope, service levels and pricing. ▪ Typically, multi-year contracts with select contracts ranging up to 13 years. 	<ul style="list-style-type: none"> ▪ GFS: Driven by engagements that are a mix of both long-term commercial contracts and short-term commercial contracts (where the commercials depend on market variations). ▪ TCFMS: Driven by engagements that are a mix of single-year and multi-year contracts
Revenue and Margin Drivers	<ul style="list-style-type: none"> ▪ Resilient revenue profile driven by healthy mix of different pricing models: <ul style="list-style-type: none"> – Cost plus management fee; – Template/ deployment linked; – Volume linked/ variable; and – Gain-share. ▪ Pricing models typically cover direct operational expenses with margins driven by volumes and operational efficiencies. 	<ul style="list-style-type: none"> ▪ Revenue is mostly driven by a combination of: <ul style="list-style-type: none"> – Cost plus management fee; – Template/ deployment linked. ▪ Due to a higher share of contracts with cost plus management fee pricing model, margins vary based on input costs. ▪ Higher utilization of network/ better throughput drives margin enhancement.
Customer Base	<ul style="list-style-type: none"> ▪ Provided services to 366 customers in India and rest of the world in H1FY21. ▪ Business typically driven by large customer engagements. ▪ Top 20 ISCS customers contributed 58.25% revenue in FY21 	<ul style="list-style-type: none"> ▪ Provided services to 8,590 customers in India and rest of the world in H1FY21. ▪ Business is spread across a large number of customers with low revenue concentration. ▪ Top 20 NS customers contributed 37.96% of revenue in FY21.
Length of Customer Relationships	<p>Average length of relationship:</p> <ul style="list-style-type: none"> ▪ with the top 5 ISCS customers in terms of revenue in FY21 was approximately 13 years, as of H1FY21. ▪ with the top 10 ISCS customers in terms of revenue in FY21 was approximately 11 years, as of H1FY21. 	<p>Average length of relationship:</p> <ul style="list-style-type: none"> ▪ top 5 NS customers in terms of revenue in FY21 was approximately 12 years, as of H1FY21. ▪ with the top 10 NS customers in terms of revenue in FY2021 was approximately 10 years, as of H1FY21.

Source: DRHP, I-Sec research

Customer Contracts

TVSSCS customer relationships are typically characterized by long-term contractual agreements, particularly, in ISCS segment, where contracts are typically multi-year contracts with select contracts ranging up to 13 years. In NS segment, TVSSCS' contracts are a mix of both single-year and multi-year contracts. Revenue profile is driven by a mix of four different pricing models

- **Cost-plus management fee:** contracts where revenues are linked to the direct cost incurred by TVSSCS along with a margin and/ or a management fee;
- **Template/ deployment linked:** contracts where revenues are linked to an agreed template according to which it deploys solution (amongst others, size of/ utilization of warehouses, usage of vehicles and manpower deployed at site);
- **Volume linked/ variable:** contracts where revenue is variable based on production volume/ activity level of the customer; and
- **Gain-share model:** contracts where revenue is dependent on/ proportional to gains accruing to the customer on account of services provided by TVSSCS.

Pricing models cover direct operational expenses with margins driven by volumes and operational efficiencies in ISCS segment and higher utilization of network and better throughput in NS segment. Moreover, while cost-plus management fee model contracts and template linked contracts (to a certain extent) protect from cost inflations, volume linked/ variable and gain-share based models as well as template linked contracts (to a certain extent) provide a significant scope for margin expansion through operational efficiency by deploying standardization, process improvement and technology. As a result, contractual terms serve as a strong driver for profitable growth while offering protection against cost inflation.

Revenue driver, margins and cost details

TVSSCS revenues are diversified in terms of customers, geographies and industries. It serviced 8,956 customers globally in H1FY22 spread across 25 countries in Europe, United Kingdom, Asia-Pacific and North America, and industries such as automotive, industrial, consumer, tech and tech infra, rail and utilities, and healthcare.

Table 3: Revenue by Industries (FY21)

Revenue by Industries	Amt (Rs bn)	% Revenue
Industrial	18.6	26.9
Automotive	16.7	24.1
Tech and Tech Infra	12.1	17.5
Consumer	8.6	12.4
Rail and Utilities	5.5	8.0
Healthcare	1.5	2.1
Others	6.3	9.1
Total	69.3	

Source: DRHP, I-Sec research

Table 4: 3/4th of the revenue comes from rest of the world

Revenue from operations	FY19	FY20	FY21	H1FY22
India	26.5	29.2	24.1	25.2
Rest of world	73.5	70.8	75.9	74.8

Source: DRHP, I-Sec research

Continued focus on improving margins by increasing share of value added solutions and building end-to-end capabilities. TVSSCS is focused on increasing the share of value added contracts with customers and building end to end capabilities in order to improve operating margins. TVSSCS plans to further develop scale, global intellect and access to data and network partners in order to continue to enhance customers' supply chain efficiency and achieve higher efficiency in its operations throughout the whole supply chain.

Table 5: Key drivers of the ISCS segment

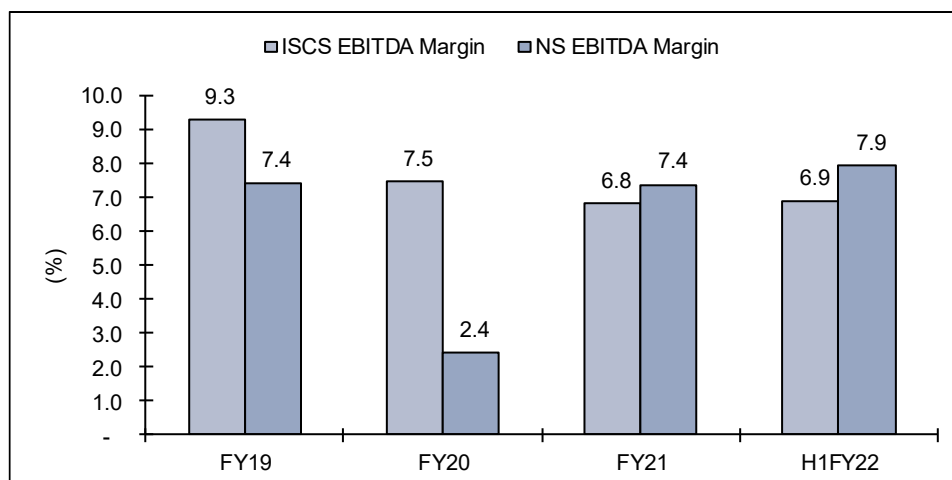
	H1FY22
Global Operations	
Warehouse (mn sq ft)	4.7
Customers of ISCS	118
India Operations	
Warehouse (mn sq ft)	18.0
Customers of ISCS	248
Revenue/Sq ft/Month of Mahindra Logistics (Tx + Warehousing - Mahindra + Non Mahindra)	171
EBITDA /sq ft/ month of ISSC (Global + Domestic)	8.9

Source: DRHP, I-Sec research

Table 6: Key drivers of the NS segment

	FY21	H1FY22
Global Operations		
Air freight (te)	19,197	11,760
Sea Freight (teu)	73,373	38,713
Customers of NS		8011
India Operations		
Air freight (te)	1,749	1,030
Sea Freight (teu)	22,305	15,961
Customers of NS		679

Source: DRHP, I-Sec research

Chart 5: EBITDA margins of ISCS and NS – NS witnessed a sharp margin drop in FY20

Source: DRHP, I-Sec research

Table 7: Key cost elements

(Rs mn)	FY19	FY20	FY21	H1FY22	Comments
Key elements of other expenses					
Freight, clearing, forwarding and handling charges	21,171	18,918	20,871	15,024	Included in Gross Margin calculation
Sub-contracting costs	7,856	7,411	8,019	4,935	Includes cost of sub-contracting in respect of services relating to installation and commissioning of telecom towers.
Casual labour charges	2,312	2,460	2,412	1,317	
Rent, leasing and hiring charges	553	632	677	357	Expenses relating to short term leases and leases of low value assets
Repairs and maintenance	967	896	974	573	
Consumption of stores and spares	244	350	315	256	
Power and fuel	735	750	610	370	
Legal and professional fees	1,086	910	1,103	408	Increase in FY21 primarily on account of costs incurred on strategy consulting and other legal costs.
% of topline	1.6	1.4	1.6	1.0	0.52% for Mahindra Logistics. TVSSCS has more international spread of businesses.
Employee Costs	16,383	18,096	18,050	9,278	
% of topline	24.2	27.4	26.0	21.9	Reflective of global operations

Source: DRHP, I-Sec research

Table 8: Employee breakdown

Operations and Network Design	15,871
Sales, Marketing and Business Development	271
Engineering, Data Sciences and Product	216
Customer Service	162
Other Corporate Functions	813
Total	17,333

Source: DRHP, I-Sec research

Table 9: Related party – Income from TVS group at 2.3% of topline

	FY19	FY20	FY21	H1FY22
Lucas-TVS Limited	185	139	116	68
Sundaram Auto Components Limited	0			
Sundaram Clayton Limited	62	37	5	7
Sundaram Industries Private Limited	15.1	14.08	12.94	6.45
Sundram Fasteners Limited	34.21	46.32	45.29	21.76
TVS Automobile Solutions Private Limited		26.73	111.72	96.65
T V Sundram Iyengar & Sons Private Limited	5.64	96.18	60.46	13.76
TVS Industrial & Logistics Park Private Limited				
TVS Motor Company Limited	949	745	853	456
TVS Srichakra Limited	200.91	676.32	672.12	319.27
TVS Training And Services Limited	4.25	4.26	0.95	
SI Airsprings Private Limited (formerly known as Firestone TVS)	10.3	5.43	5.51	2.38
Total	1,466	1,790	1,882	991
% of topline	2.2	2.7	2.7	2.3
Rent paid				
TVS Industrial & Logistics Park Private Limited	70.12	89.31	91.94	46.53
T V Sundram Iyengar & Sons Private Limited	15.05	17.64	17.49	9.32
Lucas-TVS Limited	0.18	0.18	0.18	0.09

Source: DRHP, I-Sec research

Technology Driven Operations

The company provides specialized solutions to reduce complexity in customers' supply chains by using technology, data analytics and execution experience to offer key solutions such as accurate demand forecasting, inventory planning and production, procurement management, network optimization, visibility and supply chain agility to handle evolving needs. **Digital platforms are largely cloud based, powered by a micro service-based architecture.**

Domain knowledge and collaborative partnerships, and active engagement with customers allow TVSSCS to design customized bespoke end-to-end solutions solving complex customer requirements.

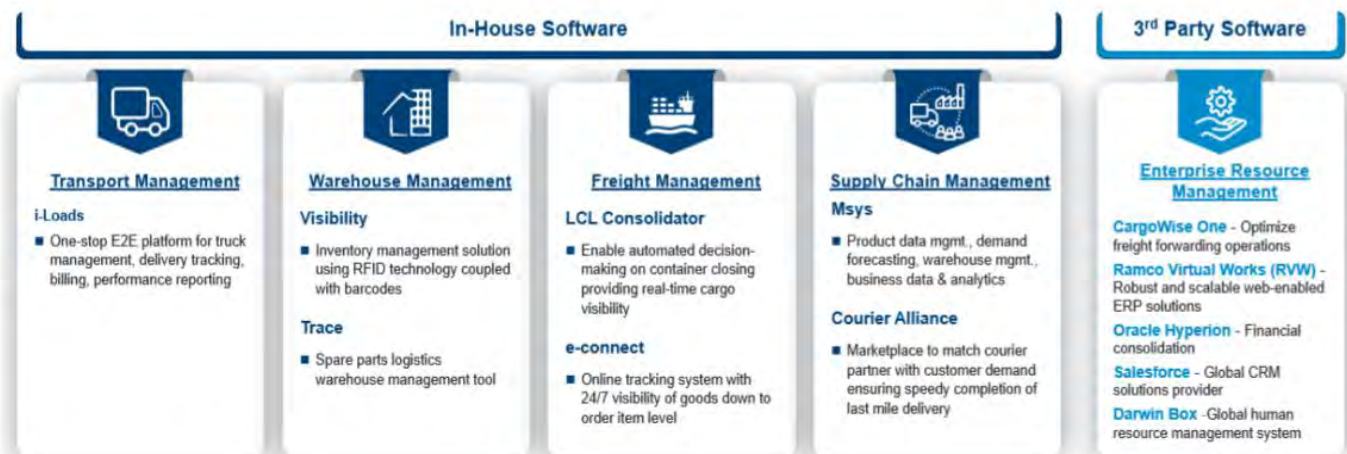
Case study: Technology driving solutions

TVSSCS was providing closed loop services (such as spare parts logistics, breakfix, return and refurbishment services, and engineering support) to a global ATM point-of-sale (POS) systems and payment solutions company in the United Kingdom and through active engagement with their other regional teams, it partnered with them in redesigning their network and supply chain, and as a result, obtained the contract for spare parts logistics and return and refurbishment services in Europe and Asia-Pacific (including India and Australia).

Software Suite and Technology Ecosystem

The company has developed in-house software development capabilities, in addition to partnering with leading third-party software, to utilise the knowledge and experience of catering to customers' needs to construct robust and flexible technology services.

Chart 6: Software suites



Source: DRHP, I-Sec research

Predictive Analytics and Intelligent Decision-Making

Empowered by artificial intelligence, machine learning and big data analytics capabilities, the company's algorithms make informed decisions at every level of business, providing real-time data analytics to optimize network density and equipment utilization across entire network. This improves customer service, operational efficiency and load optimization. Further, machine learning is extensively utilized to build various capabilities, including intelligent geo-location, network design, route optimisation, load aggregation, ETA (estimated time of arrival) prediction and product identification. Predictive analytics and intelligent decision-making add significant value for customers, particularly in industries where seasonality drives high volumes through outbound and inbound logistics processes. In addition, TVSSCS utilise internet of things (IoT) systems to create a more connected in-logistics network.

Vision Technology

This is used in areas of human capital management, warehouse operations management, automation of label reading, eliminating manual validation solutions using cognitive intelligence and advanced neural network models. Advanced concepts such as facial recognition, label reading, personal protection equipment ("PPE") recognition and drone technology are incorporated to enable innovative supply chains. Facial recognition provides a sophisticated surveillance technique with a combination of a video camera, a high-end processor with goods storage and an algorithm, which is custom-built for facial analytics. Label reading, a computer vision algorithm is executed on classified image sets with continuous learning. PPE object recognition can be used in any factory for the safety and security of employees, contractors and visitors. It ensures compliance of restricted area access, and the camera even recognises various PPE objects.

Technology Infrastructure

Control Tower. TVSSCS smart centre control tower in Chennai provides customers with automated, proactive and seamless end-to-end shipment tracing and tracking capabilities, reducing human errors leading to costs savings and enhanced transparency and supply chain visibility.

Centers of Excellence (CoEs). Company has set up CoEs which provide key services that are critical to operations, tech infrastructure and deployment such as: (i) mobile app development (ii) web application ad data integration (iii) business intelligence and analytics (iv) information security; and (v) data centre and IT helpdesk. COEs in India are located in Bangalore, Madurai, Coimbatore and Chennai, and these CoEs had an aggregate manpower strength of 342 personnel, as of September 30, 2021.

Growth Strategy – C3 Framework

The 'C3 Framework' centres on three Cs - Customer, Capability and Country. TVSSCS focuses on opportunities that would increase business from existing customers and acquire new customers and help the company to acquire new capabilities and/ or increase geographical presence by expanding to new countries.

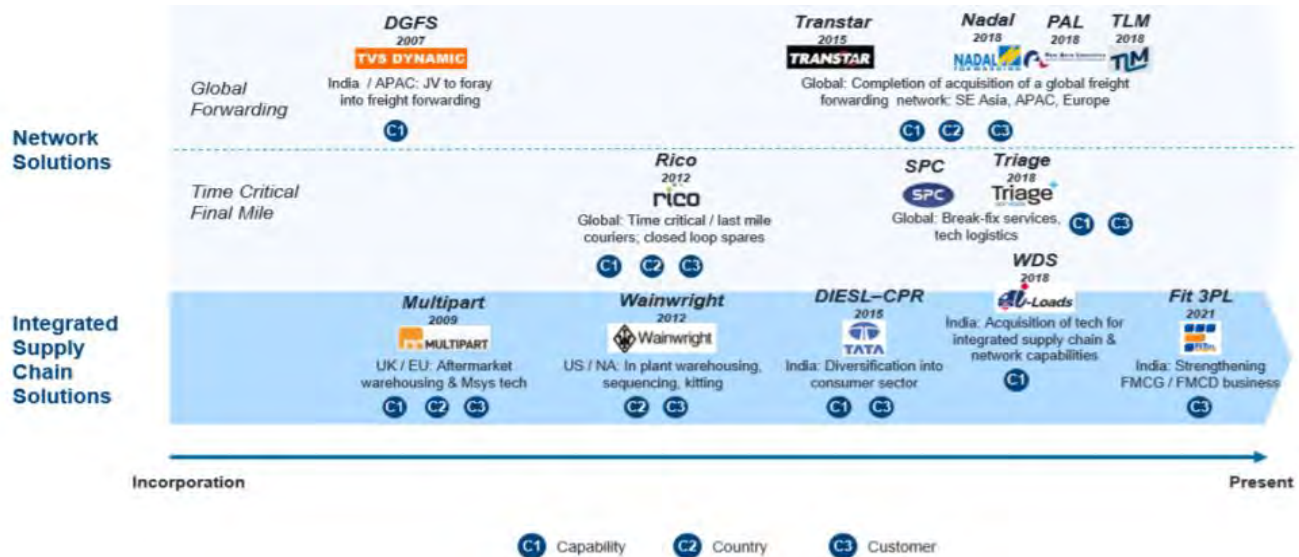
Encirclement. The strategy of encirclement focuses on increasing the wallet share of existing customers by generating incremental business by increasing the scope of services. TVSSCS focuses on existing customers by expanding the services provided in a particular geography to a customer into other geographies or by offering new capabilities to the customer in the existing geography. As part of this strategy, the company also focuses on cross deploying capabilities from developed markets into developing markets.

New Business Development: TVSSCS focuses on acquiring new customers and increasing market share. TVSSCS' new business development strategy aims at acquiring customers in similar or adjacent industries in which existing customers operate in order for the company to offer its existing capabilities as well as customers in new industries where its existing capabilities can be easily replicated.

Acquisitions: Once a growth opportunity has been identified using the C3 Framework, TVSSCS works towards capitalizing on the opportunity through either organic business development or inorganic means. TVSSCS has made over 20 acquisitions over the last 15 years and has integrated these acquisitions successfully into its business and operations.

- Production support logistics and vendor managed inventory, sequencing, kitting, and value added warehousing through the acquisition of **Wainwright Industries, Inc.**;
- Sourcing, procurement, master data management and inventory optimization through the acquisition of **Multipart Holding in the United Kingdom**;
- Time critical final mile capabilities such as tech logistics, last-mile and same-day express capabilities through the acquisition of **Rico Logistics**;
- Integrated supply chain capabilities for consumer and retail industry sectors in India through the acquisition of **Drive India Enterprise Solutions Limited** (wherein the third-party logistics business was subsequently transferred to TVSSCS) and **FIT 3PL Warehousing Private Limited**;
- Freight forwarding solutions through the acquisitions of T.I.F Holdings Pty. Limited, Nadal Forwarding S.L and Pan Asia Logistics Singapore Pte. Ltd to set up a global freight forwarding network;
- Closed loop logistics capabilities such as break-fix, repair and refurbishment services through the acquisitions of SPC International Limited and Triage Holdings Limited.

Chart 7: Key acquisitions highlighted below demonstrate the application of C3 framework



Source: DRHP, I-Sec research

Table 10: Details of key acquisitions – All small acquisitions to stitch together a global business

- On September 28, 2012, TVS Logistics Investment UK acquired 45,826 A shares of Rico Logistics Limited (UK) representing 85% of its share capital, from **Sanjive Sharma**, Manohar Grewal and Jagjit Grewal, for a consideration of GBP13.67mn.
- Pursuant to the terms of a put option agreement dated September 28, 2012, with Sanjive Sharma, TVS LI UK also undertook an obligation to ensure full exit of Sanjive Sharma at an agreed valuation. Since the acquisition in 2012, TVS Logistics Investment UK Limited’s stake increased from 85% to 97.50%.
- TVS Logistics Investment UK Limited has entered into a share purchase agreement dated January 31, 2022 (“Rico SPA”) with Sanjive Sharma to acquire 1,365 A ordinary shares aggregating to 2.50% stake in Rico Logistics Limited (UK) for an aggregate consideration of GBP7mn (approx. Rs704.43mn as on January 31, 2022) which shall be payable in tranches as under:
 - GBP 1mn on completion of transfer of shares (Completion Date) which has been completed on February 3, 2022;
 - GBP 6mn (“Deferred Consideration”) within two months of listing and trading of the Equity Shares of TVSSCS on the Stock Exchanges.
- In the event the company fails to pursue the Offer, the Deferred Consideration shall be payable in two tranches:
 - GBP 3mn on or before September 30, 2022; and
 - GBP 3mn on or before March 31, 2023.
- In CY12 TVSSCS acquired 2070 shares of Wainwright Industries Incorporated representing 100% of its share capital, for a consideration of US\$5mn.
- In CY17 Rico Logistics Limited (UK) acquired 144,717 ordinary shares and 95,000 A ordinary shares of SPC International, representing 63.06% of its share capital, from certain shareholders of SPC International Limited, for a consideration of GBP 6.36mn.
- The call option under such agreement was exercisable between October 31, 2019 and on or before April 20, 2020, pursuant to exercise of which Rico Logistics Limited (UK) holds 100% stake in SPC International.
- TVS-Asianics Supply Chain Solutions Pte. Ltd. (now known as TVS Supply Chain Solutions Australia Holdings) acquired 204,912 ordinary shares of Nadal Forwarding, S.L. (now known as TVS SCS International Freight (Spain) S.L.U.) from the Sellers, representing 100% of its share capital, thereby also acquiring directly and indirectly, **full title to 100% of the share capital of Lineas Regulares XXI, S.L., for a consideration of EUR12mn.**
- On September 20, 2018, TVSSCS subscribed to 2.1mn equity shares of face value of Rs10 each of White Data Systems India Private Limited at a premium of Rs190.2/share for an aggregate consideration of Rs421.98mn, thereby holding 51% share capital in White Data Systems.

Source: DRHP, I-Sec research

Industry Scenario

Direct logistics spends are estimated at approximately US\$180bn in FY21 and projected to grow at a CAGR of ~15% till FY26. The direct logistics market is primarily comprised of transportation and warehousing, of which transportation accounted for 70%, or US\$151bn in FY20 and 64%, or US\$180bn in FY21.

Organized players accounted for only approximately 3.5% of the logistics market segments (which includes road transportation and warehousing and supply chain services only) in FY20. Organized players are expected to grow at a CAGR of approximately 35% between FY20 and FY26, taking their share to 12.5%-15% by FY26. This shift is expected to be driven by the ability of organized players to offer integrated services, network and scale-driven efficiencies and larger investments in technology and engineering, resulting in higher share of wallet with customers.

The size of the outsourced supply chain solutions market (excluding e-commerce) in FY21 was US\$5.9-6.1bn, which is expected to grow at a CAGR of 25-27% to approximately US\$18-20bn by FY26.

Increasing complexities in supply chain solutions are driving the trend to outsourcing logistics services to expert third parties.

Estimated at US\$7.9-8.1bn in FY21, supply chain solutions market today is projected to outgrow overall logistics market growth (approximately 25% vs. approximately 7% CAGR between FY21-FY26). Penetration of supply chain solutions to the total logistics market increased from 3.3% in FY18 to 4.5% in FY21. The supply chain solutions penetration is further projected to become approximately 7.1% of the total logistics market by FY26.

In addition to the transportation and storage services across various parts of value chain (production supply chain and outbound logistics), integrated supply chain solution providers offer system integration, (WMS, TMS etc.), across the value chain and other value-added services.

The market consists of both the end-to-end integrated players that offer full suite of services with end-to-end coverage and entire supply chain systems integration as well as point integrated players who cater to specific parts of value chain, like integrated warehousing and fulfilment services. Integrated logistics solutions are more strategic in nature where key success parameters are business optimization, cost optimization, service fulfilment and customer delight.

The market is highly organized and has high barriers to **entry given the complex know how and capital requirement in the industry**. The market is at its early stages in the country and is expected to experience exponential growth in the next few years.

- **Automotive is the largest sector in supply chain solutions market in FY21, followed by industrial, ecommerce and consumer goods.**
- **Emergence of direct-to-consumer (“D2C”) and social commerce players, and increasing demand from Tier 2+ cities are fueling the growth of supply chain solutions in the ecommerce sector. Estimated at US\$42bn in FY21,**

ecommerce comprises approximately 5.4% of the total retail market in India. The ecommerce market is projected to grow at a CAGR of 28-32% between FY21-26E.

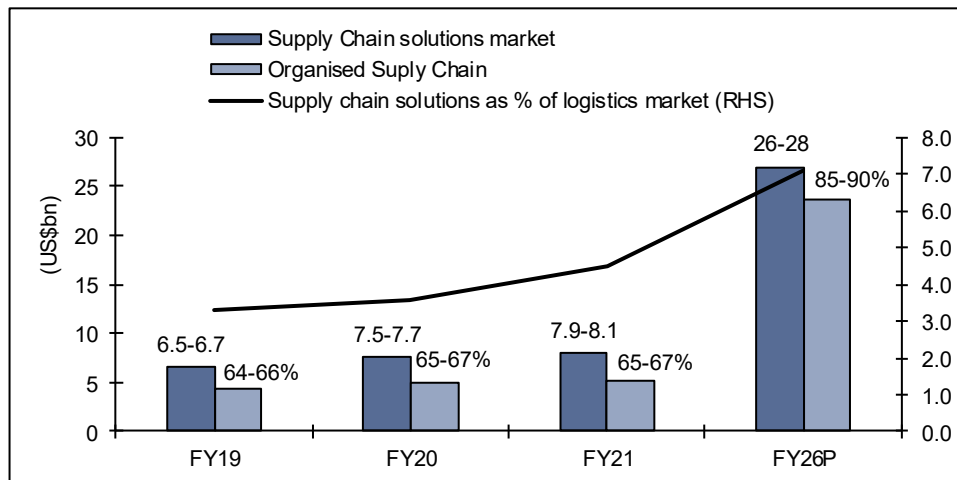
- The healthcare sector, with respect to logistics, majorly includes pharmaceuticals and medical equipment and supplies.
- The healthcare supply chain solutions market grew by 33% from Fiscal 2020 to Fiscal 2021 to reach US\$0.3-0.5bn due to positive impact of COVID-19 pandemic. It is further expected to grow by approximately 12% CAGR between FY21-26.

Table 11: Segment of logistics spend in India – by type of service offering

	Market Size (Rs bn)				CAGR (%)	Market Characteristics & challenges	Penetration of supply chain solutions
	FY19	FY20	FY21	FY26P	FY20-26P		
Road Transportation	113	124	88	200	8.0	Freight rates increased by 25-30% in H1FY21, reduced in last three months of FY21.	Low and fast growing
Domestic Express Air transportation	0.7	0.8	0.6	1.2	7.0	Ideal for time critical (<3 days) deliveries. ATF increased 80% in FY21. ATF accounts for 40% of operating costs.	Moderate and growing at moderate speed
Cross Border transportation	5.1	5.4	5.3	8.2	7.0	There is a requirement for 3PL solutions.	High and growing at moderate speed
Warehousing	46	52	57	85	9.0	Space utilisation, warehouse layout designing, inventory management are key challenges	Low and fast growing

Source: DRHP, I-Sec research

Chart 8: Supply chain solutions market in India



Source: DRHP, I-Sec research

Table 12: SCS market in India – key segments

(US\$ bn)	FY21 market size	% of logistics spend	% of logistics spend on SCS	SCS market (FY21)	SCS market (FY26)	CAGR
Automotive	127	4.7-5.2%	35-45%	2.5-2.7	5.7-6.1	17-19%
Industrial	200	4.7-5.2%	10-14%	0.8-1	3-3.5	27-29%
Consumer Goods	114	5.2-5.7%	12-17%	0.7-1	2.6-3	23-26%
Organised B&M Retail	62	2.2-3.7%	15-20%	0.2-0.4	1.2-1.5	36-40%
e-Commerce	42	4.6-5.3%	~100%	1.7-2.2	8.4-8.8	32-36%
Textile and Apparel	72	4.2-4.7%	15-20%	0.2-0.4	1.7-2	25-29%
IT, Telecom and BPM	166	1.8-2.2%	15-20%	0.4-0.6	0.9-1.2	11-15%
Healthcare	49	2.7-3.2%	22-27%	0.1-0.2	0.4-0.5	20-24%
Others	279	6-6.5%	4.5-5%	0.7-1	1.5-1.7	12-16%
Total SCS market				7.9-8.1	26-28	25-27%
Total excluding ecommerce				5.7-6.2	17.5-19	24-26%

Source: DRHP, I-Sec research

Supply Chain Market – By Type of Logistics and Value-Added Solutions (VAS)

Supply chain is increasingly becoming complex as businesses are becoming digital and multi-party involvement is increasing, leading to growth of integrated service providers.

As supply chain demands become increasingly complex, more companies and sectors, particularly in India and in sectors such as retail, healthcare, telecom and technology, are expected to turn to specialist supply chain service providers that can curate more efficient and better tech enabled solutions to more efficiently manage these demands as well as increase cost savings.

TVSSCS has the capabilities to cover 85%-90% of the supply chain operations for industry players.

Production supply chain solutions market comprises:

1. **Inbound logistics.** It refers to the packaging, warehousing and transportation requirement take place until the point RM reaches the manufacturing unit from the supplier.
2. **In-plant logistics.** It refers to the packaging, warehousing and transportation requirement in the company's manufacturing facility when the product is work-in-progress.

The market size as of FY21 is US\$25-30bn. This is expected to expand rapidly to US\$50- 52bn by the year FY26 growing at a CAGR of approximately 13%.

The growth of production supply chain solutions market is driven by the following factors

- Growing manufacturing industry in India;
- Increasing trend of outsourcing supply chain services by the organized players;
- Increasing complexity of supply chain processes with increase in the size of industries;
- Govt support – Make in India, PLI schemes and Logistics Efficiency Enhancement Program (LEEP) fueling the growth of manufacturing; and
- Increasing preference of a single service provider pan-India, acting like a supply chain partner

Outbound logistics refers to the transportation, warehousing and packaging requirement in the last leg of the value chain when the finished goods reach the mother warehouse. The movement of these goods from mother warehouse to eventually the end customer refers to outbound logistics. Outbound logistics market is a highly fragmented market with majority being spot market dominated and serviced by small trucker (fleet size of less than 20 trucks).

Key industry sectors are FMCG and consumer durables, industrial, pharmaceuticals, electronics, fashion and accessories. While historically the market has grown relatively slowly from FY19 to FY20 at ~ 2%YoY, future expectation is more optimistic because of the following:

- Advent of GST leading to restructuring and rethinking of entire distribution footprint across industries.
- Need for **faster fulfilment across industries** to improve customer satisfaction and reduced loss of sale opportunity.
- Rise of digital commerce leading to new segments and go-to-market strategies.
- Increasing demand for value-added services for businesses to improve demand visibility, precision and optimize cost for supply chains.
- Increasing need for real-time data driven decision support systems and control towers, amongst others.

Key commentary on Indian business

Production Supply Chain Logistics. TVSSCS is present in various Tier I manufacturing hubs in India. Its lineage and extensive experience in providing supply chain solutions to the automotive sector (including in-plant and production supply chain solutions) has given them the capability to manage production support in several other industry sectors.

Outbound Logistics. Factors such as need for faster fulfilment across industries to improve customer satisfaction and reduced loss of sale opportunity are driving growth in outbound logistics. TVSSCS has, over the years, developed capabilities and expertise in outbound logistics and served a diverse set of customers in the consumer product, retail, electronics and tech infra sectors.

In October 2021 TVSSCS acquired a controlling stake in FIT 3PL Warehousing Private Limited, a full-fledged third-party logistics company that provides end-to-end contract logistics service provider, which has added more than 1.5mn sq.ft. of warehouse space in strategically located warehouses in Tier-I and Tier-II cities in India.

Network Solutions (NS). According to the RedSeer Report, the freight forwarding market stood at approximately US\$4.1bn in FY21 and is expected to reach approximately US\$7.3bn by FY26 growing at ~ 12% CAGR. Strong capabilities in air and ocean freight, key trade lanes combined with global network will enable TVSSCS to capitalize on this market opportunity. TVSSCS also intends to leverage global capabilities, large and diverse customer base and existing presence in India in the TCFMS business to capitalize on such growth opportunities.

VAS refers those services that are generally not sold as a standalone service but bundled with core supply chain services. Some of the major value-added services are mentioned below.

- **Industrial packaging.** The industrial packaging market has grown at a modest pace in the past and currently (as of FY21) valued at approximately US\$1.5bn. This is expected to increase to US\$2.1bn by FY26. The market for finished goods is highly fragmented and is dominated by 3PL players. Key sectors include automotive, pharmaceuticals, oil and gas, building and construction. There is an increase in demand of sustainable packaging methods and material post COVID-19.
- **B2B Express spare parts logistics.** Sensitive fulfilment and spare parts part load delivery. It consists of equipment and spares required for functionality but are not directly used in the final product. It also includes management of warehouses for the client and after-market spare parts logistics. The market has grown at a high rate in the past and currently (as of FY21) valued at approximately US\$1.1bn. This is expected to increase to US\$2.3bn by FY26.
- **Hardware support services.** Hardware support services market is a part of information technology support services market. According to Gartner, these are preventive and remedial services that physically repair or optimize hardware, including basic installation, contract maintenance and per-incident repair — both

on-site and at a centralized repair depot. **There are three dominant business models in this industry, namely: break-fix model, managed services model and shared services.**

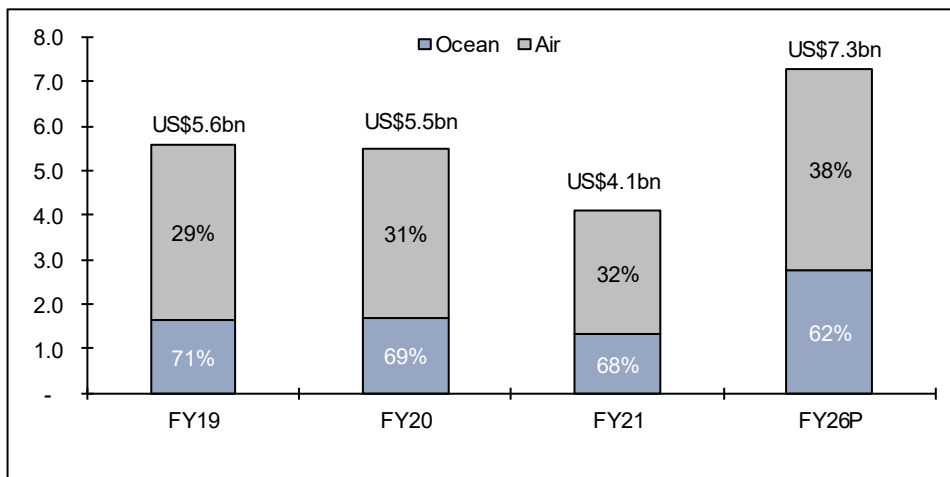
- **Supply chain consulting.** This refers to advisory services that typically aid in inventory and administrative optimization. The same includes advisory for services such as production planning, demand estimation, procurement planning, inventory management control and warehouse design. The market is a niche segment in the logistics industry and is highly organized. The barriers to entry in this industry are medium to high. This market is expected to be valued at around **US\$0.3bn** as of FY21 and is expected to grow fast in the coming years as businesses are looking at supply chain as a strategic moat and not a cost centre and industry players are increasing looking for an umbrella service provider – experts who can work as advisors and implementers with the necessary expertise.

Freight forwarding market in India is estimated at US\$4.1bn in FY21, which is projected to grow at CAGR of 12% for next five years

Cross-border transportation is done primarily through air and ocean shipping. The freight forwarding market stood at approximately US\$4.1bn in FY21 and is expected to reach approximately US\$7.3bn by FY26 growing at approximately 12% CAGR. The domestic express air freight market is estimated to be approximately US\$0.6bn at FY21 and is expected to grow at ~14% CAGR to reach US\$1.2bn by FY26 owing to the growth in ecommerce with customers demanding shorter delivery times along with pan-India serviceability.

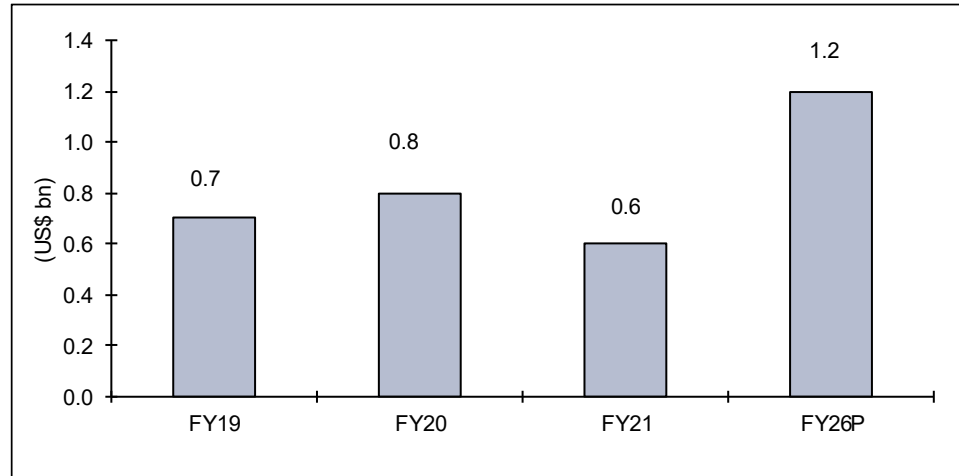
The international air freight market is driven by growth in trade, especially cross border e-commerce (import as well as Indian sellers selling in global markets). Ocean freight is more cost-efficient than air freight, and suited for larger, less time-sensitive freight movements.

Chart 9: Freight forwarding market in India



Source: DRHP, I-Sec research

Chart 10: Air freight (express) market in India



Source: DRHP, I-Sec research

Peer benchmarking

Amongst the top five providers of supply chain solutions in India, TVSSCS claims to have the most diverse set of supply chain and value-added services, on par with global peer operating in India, as of FY21.

Table 13: Player benchmarking in SCS market in India

	TVS SCCS	Player 2	Player 3	Player 4	Player 5	Player 6	Player 7
Consolidated revenue	991	466	500	236	350	1,500	214
Revenue CAGR (FY16-21%)	10	9.6	47.8	36.8	1.6	13.2	14.7
Player Benchmarking by VAS							
Kitting and Bundling	■	■	■	■	■	■	■
Bulk Break	■	■	■	■	■	■	■
Returns management	■	■	■	■	■	■	■
Packaging and Labelling	■	■	■	■	■	■	■
Payment collection and processing	■	■	■	■	■	■	■
Break fix support	■	■	■	■	■	■	■
Maintenance and Repair	■	■	■	■	■	■	■
IT project and deployment service	■	■	■	■	■	■	■
Asset recovery	■	■	■	■	■	■	■
Player Benchmarking by Sectors Served							
Automotive	✓✓✓	✓✓✓	✓✓	✓✓✓	✓✓✓	✓	✓✓✓
FMCG	✓✓✓	✓✓✓	✓✓	✓✓✓	✓✓✓	✓	✓✓✓
Electronics and Durables	✓✓✓	✓✓✓	✓✓	✓✓✓	✓✓✓	✓	✓✓✓
Healthcare	✓✓✓	✓	✓✓	✓✓	✓✓✓	✓	✓✓
Organised B&M Retail	✓✓✓	✓✓✓	✓✓	✓✓	✓✓	✓	✓✓
eCommerce	✓✓✓	✓✓✓	✓✓✓	✓✓	✓✓	✓✓✓	✓✓
Telecom & IT	✓✓✓	✓✓	✓	✓✓✓	✓	✓	✓✓✓
Textile & Apparel	✓✓✓	✓✓	✓✓	✓✓	✓✓	✓	✓✓
Others	✓✓	✓✓✓	✓	✓✓	✓✓	✓	✓

Source: DRHP, I-Sec research

Four major 3PL segments globally

Non Asset based domestic transportation management (DTM/TM). Services are usually performed in conjunction with freight brokerage and are often contractual

- C.H. Robinson
- Hub Group
- Transportation insight
- Total Quality logistics

Non-Asset based international transportation management (ITM)

- DHL Global forwarding
- Kuehne + Nagel
- Expeditors International
- UPS Supply chain solutions

Asset based (US) Dedicated contract carriage (DTC). 3PL providing dedicated contract carriage services providing tractors, drivers and management. Trailers are also included. Contract terms are 1-7 years.

- J.B. Hunt
- Penske Logistics
- Ruan Transport corporation
- Ryder System
- Werner Enterprise

Asset based Value Added Warehousing and Distribution. 3PL providing long term contract warehousing or distribution center operations with a host of value-adds.

- GXO Logistics
- FedEx
- Kenco Logistics
- NFI Industries
- Lineage Logistics

3PL is a very fragmented, underpenetrated market with significant growth opportunities

The global 3PL market is a highly fragmented, underpenetrated market with abundant growth potential. In CY20, 3PLs only accounted for US\$1trn (or 11.3%) of total global logistics cost at US\$9.1trn. By CY25, 3PLs are expected to make up 15.6% of global logistics spend due to continued and increased outsourcing of logistics. Globally, the top 50 3PLs, with CY20 revenues ranging from US\$1.9bn to US\$28.4bn, account for only a third of the global 3PL market, providing ample room for 3PLs such as TVSSCS to continue to grow and scale the ranks in global supply chain management.

3PL Competitive Differentiation

- **Vertical Industry Expertise.** The major 3PLs in the automotive vertical include APL Logistics Ltd., CEVA Logistics AG, Neovia Logistics Services, LLC, Penske Logistics LLC, Ryder System, Inc., and TVSSCS. As is in the case of TVSSCS, automotive customers generate a substantial portion of revenues for these 3PLs.

Deutsche Post AG's supply chain and global forwarding divisions, UPS Supply Chain Solutions, Inc., FedEx Corporation's Logistics division and Imperial Logistics, Ltd. are the key players in the healthcare vertical, especially in the pharmaceuticals sub segment.

DSV A/S and Odyssey Logistics & Technology Corporation are strong in the elements vertical which includes chemicals, energy, metals, mining, crude-oil production and petroleum refining. DSV A/S's acquisition of Panalpina Welttransport Holding AG in 2019 and its recent acquisition of Agility Public Warehousing co's Global Integrated Logistics (GIL) business in 2021 are expected to increase DSV A/S's presence in the vertical. **Odyssey** Logistics & Technology is a global bulk commodities specialist heavily involved in **chemicals logistics**.

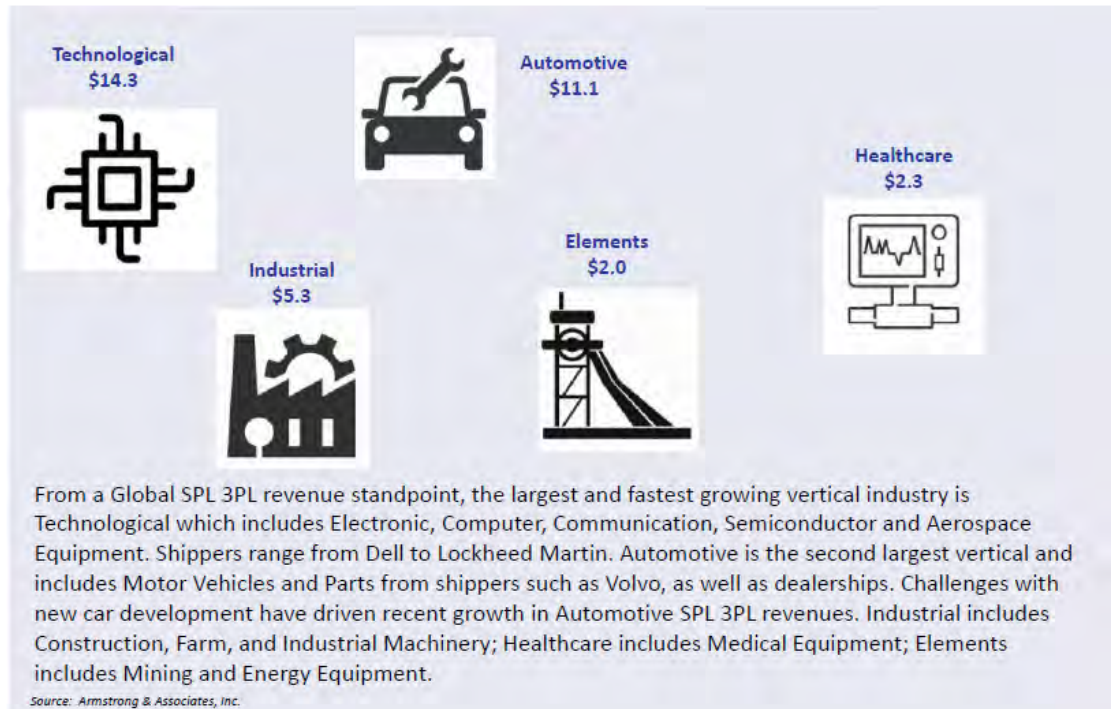
As a division of Ingram Micro, Inc., a global wholesale technology distributor, Ingram Micro Commerce & Lifecycle Services Company is a strong 3PL in the high-tech vertical. Geodis S.A.'s supply chain optimization division grew out of its December 2008 acquisition of International Business Machines Corporation's (IBM) internal global logistics operations.

- **Process Design/Continuous Improvement.** *Lean* -- a systematic approach to reduce or eliminate activities that do not add value. The 'Lean' concept obtains its origin from Toyota production system ("TPS"). The TPS model typically is well suited for high-volume production environment. However, 'Lean' finds its application in any environment, where process wastes are witnessed.

Some important 'Lean' tools include:

- Value Stream Mapping which helps to identify process wastes and causes of these wastes.
- Kaizen is a continuous improvement approach focusing on small improvements. It involves the commitment of the organization towards process improvements, facilitated by subordinates and supported by management.
- Continuous improvement improves the existing business processes to cater to ever-changing customer needs, ensuring the elimination of waste and providing quality service to customers by promoting a continuous chain of improvements.

Chart 11: Spare part logistics – technology forms the bulk



Source: DRHP

Chart 12: Global spare part logistics (SPL) market

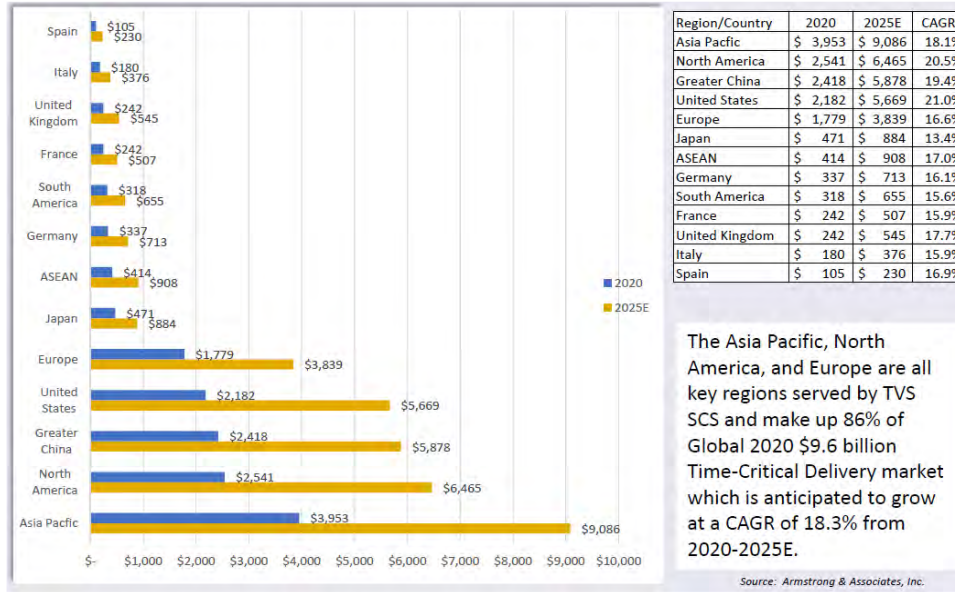
Global Spare/Service Parts Logistics (SPL) 3PL Revenue (US\$ Billions)



The SPL market is driven by high-value manufactured products and their maintenance. Globally, the 3PL SPL market grew 5.1% since 2016 and is expected to grow 8.1% over the next four years. The major verticals served are Automotive, Industrial and Technological, and to a lesser extent Elements and Healthcare.

Source: DRHP

Chart 13: Time critical delivery market



Source: DRHP

Table 14: Geography wise growth projections

Growth Prospects	Logistics spend in CY20/FY21	2021-2025 CAGR	3PL Market Size	2021-2025 CAGR	Time Critical delivery Market	2021-2025 CAGR
UK	US\$230.1 bn	7.9%	US\$27.2bn	14.5%	US\$242mn	17.7%
Europe	US\$1,662 bn	7.0%	US\$195.9bn	13.5%	US\$1,779mn	16.6%
Asia Pacific	US\$3,924.1 bn	8.5%	US\$424.7bn	15.1%	US\$3,953mn	18.1%
North America	US\$1,994.1 bn	6.7%	US\$270.4bn	15.6%	US\$2,541mn	20.5%
India	US\$180 bn	15.0%	US\$5.9-6.1bn	25-27%		

Source: DRHP

Operating through various subsidiaries/Associates/JVs

As on the date of DRHP, the company has 8 Indian and 61 foreign subsidiaries, aggregating to 69 subsidiaries.

Table 15: List of Subsidiaries

Name of direct subsidiaries of the Company	Country of incorporation	30 September 2021	31 March 2021	31 March 2020
TVS SCS Global Freight Solutions Ltd. (Formerly known as TVS Dynamic Global Freight Services)	India	90.00%	90.00%	85.00%
Drive India Enterprises Solutions Limited	India	0.00%	100.00%	100.00%
FLEXOL Packaging (India) Limited	India	100.00%	88.11%	67.55%
TVS Packaging Solutions Private Limited	India	100.00%	100.00%	100.00%
SPC International India Private Limited	India	100.00%	100.00%	100.00%
TVS SCS (Siam) Limited (Formerly known as TVS Logistics SIAM Limited)	Thailand	100.00%	100.00%	100.00%
TVS Logistics Investment UK Limited	United Kingdom	100.00%	100.00%	100.00%
TVS Logistics Investments USA Inc.	USA	100.00%	100.00%	100.00%
TVS Supply Chain Solutions Pte. Ltd. (Formerly known as TVS-Asianics Supply Chain Solutions Pte. Limited), Singapore	Singapore	100.00%	93.50%	93.31%
TVS Toyota Tsusho Supply Chain Solutions Limited	India	60.00%	60.00%	60.00%
White Data Systems India Pvt. Ltd	India	51.00%	51.00%	51.00%
Name of step-down subsidiaries				
Subsidiaries of TVS Logistics Investment UK Limited				
TVS Supply Chain Solutions Limited, UK	United Kingdom	100.00%	100.00%	100.00%
<i>Subsidiaries of TVS Supply Chain Solutions Limited, UK</i>				
MSys Software Solutions Limited, UK	United Kingdom	100.00%	100.00%	100.00%
Multipart Limited, UK	United Kingdom	100.00%	100.00%	100.00%
Peter Thomas & Co (Refurbishing) Limited, UK	United Kingdom	100.00%	100.00%	75.00%
TVS Logistics Iberia S.L., Spain	Spain	100.00%	100.00%	100.00%
TVS Autoserv GmbH, Germany	Germany	51.00%	51.00%	51.00%
TVS Supply Chain Solutions GmbH, Germany	Germany	100.00%	100.00%	100.00%
Rico Logistics Limited, UK	United Kingdom	97.47%	97.47%	97.47%
<i>Subsidiaries of Rico Logistics Limited, UK</i>				
Ricochet Spain S.L, Spain	Spain	100.00%	100.00%	100.00%
<i>Subsidiaries of Ricochet Spain S.L, Spain</i>				
Eltec IT Services S.L.U		100.00%	100.00%	100.00%
Rico Logistique, France	France	100.00%	100.00%	100.00%
Rico Logistics Limited, Australia	Australia	100.00%	100.00%	100.00%
Circle Express Limited, UK	United Kingdom	95.00%	95.00%	85.00%
Tri - Tec Computer Support Limited, Northern Ireland	Northern Ireland	100.00%	100.00%	100.00%
Tri - Tec Support Limited, Ireland	Ireland	100.00%	100.00%	100.00%
TVS SCS Rico Italia SRL	Italy	100.00%	100.00%	100.00%
Triage Holdings Limited	United Kingdom	100.00%	100.00%	100.00%
<i>Subsidiaries of Triage Holdings Limited</i>				
Triage Service Limited	United Kingdom	100.00%	100.00%	100.00%
OrderLogic Limited	United Kingdom	100.00%	100.00%	100.00%
SPC International Limited, UK	United Kingdom	100.00%	100.00%	63.06%
<i>Subsidiaries of SPC International Limited, UK</i>				
SPCINT Limited, UK	United Kingdom	100.00%	100.00%	100.00%
SPC International (Engineering) Limited, UK	United Kingdom	100.00%	100.00%	100.00%
Pitcomp 171 Limited, UK	United Kingdom	100.00%	100.00%	100.00%
SPC EBT Trustees Limited, UK	United Kingdom	100.00%	100.00%	100.00%
SPC International Inc., USA	USA	100.00%	100.00%	100.00%
SPC International s.a.s, France	France	0.00%	0.00%	0.00%
SPC International s.r.o., Slovakia	Slovakia	100.00%	100.00%	100.00%
Subsidiaries of TVS Logistics Investments USA Inc.				
TVS America Inc., USA	USA	100.00%	100.00%	100.00%
TVS Supply Chain Solutions North America Inc., USA	USA	100.00%	100.00%	100.00%
<i>Subsidiaries of TVS Supply Chain Solutions North America Inc., USA</i>				
TVS Transportation Solutions LLC, USA	USA	100.00%	100.00%	100.00%
TVS Supply Chain Solutions De Mexico S.A de C.V., Mexico	Mexico	100.00%	100.00%	100.00%
TVS Packaging Solutions Inc. US	USA	100.00%	100.00%	100.00%

Subsidiaries of TVS Supply Chain Solutions Pte. Ltd.

TVS SCS International Freight (Spain) SLU (Formerly known as Nadal Forwarding S.L), Spain	Spain	100.00%	100.00%	100.00%
<i>Subsidiaries of TVS SCS International Freight (Spain) SLU, Spain</i>				
Lineas Regulares XXI, S.L	Spain	0.00%	99.75%	99.75%
TVS SCS International Pte. Ltd (Formerly known as Pan Asia Logistics International Pte. Ltd)	Singapore	100.00%	100.00%	100.00%
TVS SCS Singapore Pte. Ltd (Formerly known as Pan Asia Logistics Singapore Pte. Ltd)	Singapore	100.00%	100.00%	100.00%
<i>Subsidiaries of TVS SCS Singapore Pte. Ltd</i>				
Pan Asia Logistics Limited, Shanghai	China	100.00%	100.00%	100.00%
TVS SCS (Korea) Ltd (Formerly known as Pan Asia Logistics International (Korea) Ltd)	Korea	100.00%	100.00%	100.00%
TVS SCS Logistics (Thailand) Limited (Formerly known as Pan Asia Logistics (Thailand) Ltd)	Thailand	100.00%	100.00%	100.00%
TVS SCS Hong Kong Limited (Formerly known as Pan Asia Freight-Forwarding & Logistics Hong Kong Ltd)	Hong Kong	100.00%	100.00%	100.00%
Pan Asia Container Line Pte Ltd, Hong Kong	Hong Kong	100.00%	100.00%	100.00%
TVS SCS Deutschland GmbH (Formerly known as Pan Asia Logistics Deutschland GmbH)	Germany	100.00%	100.00%	100.00%
Pan Asia Logistics Malaysia Sdn Bhd	Malaysia	100.00%	100.00%	100.00%
TVS SCS Vietnam Company Limited (Formerly known as Pan Asia Logistics Vietnam Company)	Vietnam	95.00%	95.00%	95.00%
PT Pan Asia Logistics Indonesia	Indonesia	90.00%	90.00%	90.00%
TVS SCS Taiwan Limited (Formerly known as Pan Asia Logistics Taiwan Ltd)	Taiwan	100.00%	100.00%	100.00%
Pan Asia Freight-Forwarding & Logistics India Pvt Ltd	India	99.99%	99.99%	99.99%
TVS Supply Chain Solutions (Thailand) Limited (Formerly known as TVS Asianics), Thailand	Thailand	100.00%	100.00%	100.00%
<i>Subsidiaries of TVS Supply Chain Solutions (Thailand) Limited</i>				
TVS SCS Logistics Management Co. Ltd (Formerly known as TLM Logistics Management Co.	Thailand	100.00%	100.00%	100.00%
TVS Supply Chain Solutions Australia Holdings Pty Ltd (Formerly known as TVS-Asianics Australia Holdings Pty Ltd)	Australia	100.00%	100.00%	100.00%
<i>Subsidiaries of TVS Supply Chain Solutions Australia Holdings Pty Ltd</i>				
TVS Supply Chain Solutions Australia Holdings Pty. Ltd. Ltd., Australia	Australia	100.00%	100.00%	100.00%
<i>Subsidiaries of TVS Supply Chain Solutions Australia Holdings Pty. Ltd. Ltd., Australia</i>				
TVS SCS (Aust) Pty. Ltd. (Formerly known as Transtar International Freight (Aust) Pty	Australia	100.00%	100.00%	100.00%
TVS SCS New Zealand Limited (Formerly known as Transtar International Freight Limited),	New Zealand	100.00%	100.00%	100.00%
KAHN Nominees Pty Ltd, Australia	Australia	100.00%	100.00%	100.00%
Transtar International Freight Limited, Hong Kong	Hong Kong	100.00%	100.00%	100.00%
TVS SCS International Freight (Singapore) Pte. Ltd (Formerly known as Transtar International Freight (Singapore) Pte. Limited), Singapore	Singapore	100.00%	100.00%	100.00%
Transtar International Freight (Shanghai) Limited, China	China	100.00%	100.00%	100.00%
TVS Supply Chain Solutions Holdings Limited (Thailand) (formerly known as Transtar International Freight Holdings Limited)	Thailand	100.00%	100.00%	100.00%
TVS SCS International Freight (Thailand) Limited (Formerly known as Transtar International Freight (Thailand) Limited), Thailand	Thailand	100.00%	100.00%	100.00%
Transtar International Freight (Malaysia) SD Bhd, Malaysia	Malaysia	100.00%	100.00%	100.00%

Source: DRHP

Table 16: Contribution of subsidiaries to consol numbers (FY21)

31 March 2021	Net assets (total assets minus total liabilities)		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % consolidated of total comprehensive income	Amount
Parent								
TVS Supply Chain Solutions Limited	143.96%	7,639.24	-106.59%	(813.78)	35.25%	7.11	-108.53%	(806.67)
Domestic Subsidiaries - (parent's share)								
Drive India Enterprise Solutions Limited	0.00%	-	0.00%	-	0.00%	-	0.00%	-
TVS SCS Global Freight Solutions Ltd. (Formerly known as TVS Dynamic Global Freight Services Limited)	10.47%	555.64	16.85%	128.61	8.48%	1.71	17.53%	130.32
FLEXOL Packaging (India) Limited	0.49%	25.83	-1.98%	(15.15)	2.88%	0.58	-1.96%	(14.57)
TVS Aviation Logistics Limited	0.00%	-	0.00%	-	0.00%	-	0.00%	-
SPC International (India) Private Limited	1.67%	88.87	-0.99%	(7.59)	0.00%	-	-1.02%	(7.59)
TVS Toyota Tsusho Supply Chain Solutions Ltd.	2.64%	140.06	4.92%	37.60	-5.45%	(1.10)	4.91%	36.50
White Data Systems India Pvt. Ltd.	6.34%	336.44	-4.41%	(33.64)	11.11%	2.24	-4.22%	(31.40)
Foreign Subsidiaries - (parent's share)								
TVS SCS (Siam) Limited (Formerly known as TVS Logistics SIAM Limited)	-0.60%	(32.10)	-0.22%	(1.65)	-4.81%	(0.97)	-0.35%	(2.62)
TVS Logistics Investment USA Inc., USA and its subsidiaries	-15.69%	(832.73)	-38.44%	(293.47)	147.00%	29.65	-35.49%	(263.82)
TVS Logistics Investment UK Limited and its subsidiaries	70.86%	3,760.49	1.27%	9.68	607.44%	122.52	17.79%	132.20
TVS Supply Chain Solutions Pte. Ltd. (Formerly known as TVS-Asianics Supply Chain Solutions Limited), Singapore and its subsidiaries	-42.11%	(2,234.43)	-23.77%	(181.49)	-646.46%	(130.39)	-41.96%	(311.88)
Non-controlling interests in all subsidiaries	7.53%	399.69	-2.62%	(20.03)	134.75%	27.18	0.96%	7.15
Associates								
Montara Verpacken mit System GmbH	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Joint venture								
TVS Industrial & Logistics Park Pvt. Limited	18.49%	980.93	1.83%	13.96	0.00%	-	1.88%	13.96
Linfox TVS Solutions Pty Limited	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Eliminations	-104.05%	(5,521.35)	54.16%	413.51	-190.18%	(38.36)	50.47%	375.15
As at 31 March 2021	100.00%	5,306.58	100.00%	(763.44)	100.00%	20.17	100.00%	(743.27)

Source: DRHP

Significant factors affecting the business operations

Macroeconomic trends in the industries in which customers operate. E.g. operations and the demand for services in FY20 were adversely impacted by certain macro-economic developments including the multi-sector slowdown in India that resulted in weak economic performance and decrease in demand, a strike by the workers at one of key customers in the United States and the slowdown of global freight forwarding industry on account of decrease in global trade.

Demand for outsourced supply chain solutions and logistics services. As supply chain demands become increasingly complex, more companies and sectors, particularly in India and in sectors such as **retail, healthcare, telecom and technology**, are expected to turn to specialist supply chain service providers that can curate more efficient and better tech enabled solutions to more efficiently manage these demands as well as increase cost savings (Source: RedSeer Report).

Ability to pursue acquisitions and integrate. TVSSCS have an established track record of successful inorganic growth through strategic acquisitions (over 20 acquisitions over the last 15 years) that supplement the operations. Over the years, pursued acquisitions for growth across Europe, the United Kingdom, the United States and Asia Pacific (including India). The company intends to continue to pursue strategic acquisitions to grow business, geographies, capabilities and service offerings. The ability to succeed will depend on the synergies they are able to achieve through the integration of acquired entities. For instance, in 2018 and 2019, TVSSCS acquired multiple entities including Pan Asia Logistics Singapore Pte. Ltd, Nadal Forwarding S.L, TLM Logistics Management Co., Ltd, Triage Holdings Limited and White Data Systems India Private Limited, which resulted in a significant increase in finance and integration costs. However, once the company was able to integrate strategic acquisitions, it will strengthen financial performance. For instance, the company was able to realize benefits from the acquisitions undertaken in 2018 and 2019 in the financial performance for FY2021 and the H12022.

Global operations and foreign exchange. Majority of TVSSCS revenue comes from services provided to customers in Europe, UK, North America and Asia-Pacific. As of H1FY22, TVSSCS has presence in 25 countries and revenue from operations from rest of the world segment accounted for 73.54%, 70.82%, 75.87% and 74.80% in FY19, 2020 and 2021, and H1FY22, respectively. As a result of international operations, certain portions of revenues and expenditure are influenced by the currencies of other countries. TVSSCS is exposed to foreign currency risks that arise from business transactions denominated in foreign currencies. In addition, a significant portion of debt is denominated in GBP and USD. The company employs financial instruments, primarily foreign currency swaps and forwards to hedge the foreign currency debts to manage foreign currency exchange risks relating to business.

Management Profile

Name	Description
Mahalingam Sethurama Chairman & Independent Director	He holds a bachelors' degree in commerce from University of Bombay. He is an associate member of Institute of Chartered Accountants of India. He has been associated with the company since Feb,15 and has several years of experience in the finance industry. In the past, he has been associated with Tata Consultancy Services in various positions. He has been conferred with various awards including the best 'CFO of the Year' award in 2006 by IMA India and Business Today – Yes Bank, Best Performing CFO Award, for overall performance and enhancing competitiveness through mergers and acquisitions in the year 2010.
Ramachandran Dinesh Executive Vice Chairman	He is the fourth generation TVS family member, is joint managing director of T. V. Sundram Iyengar & Sons Pvt. Ltd. and a director on the board of various companies including TVS Automobile Solutions Pvt. Ltd., Ki Mobility Solution Private Limited, TVS Lanka Pvt. Ltd. and TVS Auto Bangladesh Ltd. He holds a bachelor's degree in commerce from the Madurai Kamaraj University. He is an associate member of Institute of Chartered Accountants of India and Institute of Cost & Works Accountants of India. He has been associated with company since its incorporation. He has approximately 34 of experience in the auto retail services, digitisation and logistics industries. He has been elected as the chairman of the Confederation of Indian Industries ("CII"), CII National Committee on Logistics since 2018 and CII National Institute of Logistics, Advisory Council, India since 2016.
Ravi Viswanathan Managing Director	He holds a bachelor's degree in electronics and communications engineering from the University of Madras. He has been associated with the TATA group for over 29 years holding various positions. He was formerly the president of the Madras Management Association, member of the board of governors of the National Institute of Technology, Tiruchirapalli and has been part of the Executive Council of NASSCOM.
Sargunraj Ravichandran Non-Executive Director	He holds a bachelor's degree in engineering (agriculture) from the Tamil Nadu Agricultural University and a post graduate diploma in management in agriculture from the Indian Institute of Management, Ahmedabad. He has been associated with the Company in various designations since inception. Prior to joining the Company, he was associated with Mahindra & Mahindra Ltd.
Shobhana Ramchandran Non-Executive Director	She holds a masters' degree in arts from Lady Doak College, Madurai Kamraj University. She has several years of experience in the tyre and rubber, financial services, logistics, auto components and automobile industries. She is the managing director of TVS Srichakra Ltd. and serves as a director on the board of various companies including Sundaram Finance Ltd., Sundaram Finance Holdings Ltd. and Sundaram Brake Linings Ltd. She is the president of the managing committee of Lakshmi Vidya Sangham.
Ashish Kaushik Nominee Director	He holds a bachelors' degree of technology in mechanical engineering from the Indian Institute of Technology, Delhi, Masters of science (financial engineering) from Nanyang Technological University, Singapore, a post graduate diploma in management from IIM Ahmedabad and masters' degree of science in finance from the London Business School. He has been associated with company since Oct, 21 and has over 13 years of experience in the finance industry. He is a member at Exor Capital II LLP. Prior to joining the company, he was associated with PartnerRe Holdings Europe Limited as senior investment analyst, Market Securities LLP as a broker, Morgan Stanley Asia Limited as summer analyst and analyst in the fixed income and commodities division in Hong Kong, Murex Southeast Asia Pvt. Ltd. as manager of commodity client services and Smart Analyst India Private Limited as research analyst. He is also a member of the board of directors of Ki Mobility Solutions Pvt. Ltd.
Chinnikrishnan Ranganathan Independent Director	He holds a bachelors' degree in science from the Annamalai University. He has been associated with company since June 29, 2015 and has over 22 years of experience in the retail industry. He was associated with Kranes India Investments Pvt. Ltd. and Chik India Investments Pvt. Ltd. as one of the first directors. He is also a member of the board of directors of Cavin International Pvt. Ltd., CavinKare Pvt. Ltd. and Cavin Solai Pvt. Ltd.
Anand Kumar Nominee Director	Anand Kumar, holds a bachelors' degree of commerce from the Loyola College, University of Madras and a master's of business administration from the Vanderbilt University at Nashville, Tennessee. He has been associated with company since February 7, 2020 and has over several years of experience in banking and investing. He is also the co-founder and partner of Gateway Partners, an emerging markets investment manager, since 2014. Prior to joining Gateway Partners, he was associated with Standard Chartered Bank in several key positions. He is a non-executive director of Healthway Medical Corporation, Singapore and member of the board of commissioners of PT Lippo Karawaci Tbk and PT Lippo Cikarang Tbk, Indonesia. He is also a non-executive director of Tube Investments of India Ltd and Cholamandalam Investment and Finance Company Ltd.
Bobby Pauly Nominee Director	Bobby Pauly holds a bachelors' degree of engineering (Mechanical) from Anna University, Chennai and post graduate diploma in management from Indian Institute of Management Calcutta. He has several years of experience in private equity, strategy consultant and operations. He is also associated with Tata Opportunities Fund as a managing Partner. Prior to joining the company, he was associated with Tata Strategic Management Group as engagement manager and Tata Capital Ltd. As principal – private equity. He is also a member on the board of Directors of Roots Corporation Ltd.
Gauri Kumar Independent Director	Gauri Kumar holds a masters' degree in public administration from John F. Kennedy School of Government, Harvard University, USA. She is a retired member of the Indian Administrative Service of the 1979 batch from Gujarat cadre. She has been associated with our Company since February 7, 2022 and has over 40 years of experience in public administration. She has worked in various capacities in the Government of India including in the Department of Personnel & Training Public Enterprises Selection Board as a member secretary, Cabinet Secretariat as a secretary (coordination), Ministry of Labour & Employment, Department of Home Board Management as a secretary, Ministry of Mines as a special secretary, Ministry of Environment and Forests as an additional secretary, as well as several other positions with the state Government of Gujarat.

Name	Description
Balasubramanyam Sriram Independent Director	He holds a bachelors' degree in science from the University of Delhi and a masters' degree in science from the University of Delhi. He is a certificated associate of the Indian Institute of Banking and Finance (formerly known as the Indian Institute of Bankers). He holds a diploma in management from the All-India Management Association, New Delhi and a diploma in international law and diplomacy from the Indian Academy of International Law and Diplomacy. He has over 37 years of experience in the banking and finance industry. Prior to joining the Company, he was associated with IDBI Bank Ltd. as the managing director and chief executive officer and the State Bank of India in various positions, last designation being the managing director of State Bank of India. He is also an independent director on the board of ICICI Bank Ltd., TVS Credit Services Ltd., National Highways Infra Investment Managers Pvt. Ltd., Nippon Life India Asset Management Ltd. and IndiaIdeas.com Ltd. He is also a part time member of the Insolvency and Bankruptcy Board of India.

Source: DRHP

Financials

Table 17: Profit and Loss

(Rs mn)	FY19	FY20	FY21	H1FY22
Gross Sales	67,799	66,045	69,336	42,401
Integrated Supply Chain Solutions	33,186	33,575	32,041	17,450
Network Solutions	34,613	32,470	37,295	24,951
Excise Duty	0	0	0	0
Net Sales	67,799	66,045	69,336	42,401
Cost of materials consumed	95	287	246	70
Purchase of stock in Trade	8,780	8,741	9,523	5,758
Changes in inventories of finished goods, work in progress and stock-in-trade	-545	16	-436	-140
Total Manufacturing Expenses	8,329	9,044	9,332	5,687
Freight, clearing, forwarding and handling charges	21,171	18,918	20,871	15,024
Gross Margin	38,299	38,083	39,133	21,690
Gross Margin (%)	56%	58%	56%	51%
Employee benefits expense	16,383	18,096	18,050	9,278
Other expenses	16,712	17,552	17,216	9,723
% of topline	25%	27%	25%	23%
Total SG&A Expenses	33,095	35,649	35,266	19,001
EBITDA	5,203	2,435	3,867	2,689
EBITDA Margin (%)	7.7%	3.7%	5.6%	6.3%
Adjusted EBITDA	5,411	2,958	4,423	3,095
Adjusted EBITDA margin (%)	8.0%	4.5%	6.4%	7.3%
Other Income	538	1,882	661	312
Finance costs	1,405	2,312	1,756	754
Depreciation and amortization expense	4,176	4,445	4,433	2,233
Exceptional Item	69	0	483	(351)
PBT	231	(2,440)	(1,178)	(336)
Tax	407	62	(425)	250
PAT	(177)	(2,502)	(753)	(586)
Share of profit of investments accounted for using equity method	23	22	14	8
Reported Profit	(154)	(2,480)	(739)	(578)
Minority	0	0	0	0
Profit after minority	(154)	(2,480)	(739)	(578)
Discontinued operations				
Restated profit / (loss) from discontinued operations before tax expenses	(169)	0	(24)	(9)
Tax expense of discontinued operations				
Current tax			0	
Adjustments of tax relating to prior years	3			
Restated profit / (loss) after tax from discontinued operations	(171)	0	(24)	(9)
Restated profit / (loss) for the period	(326)	(2,480)	(763)	(587)

Source: DRHP, I-Sec research

Table 18: Balance Sheet

(Rs mn)	FY19	FY20	FY21	H1FY22
Assets				
Non-Current Assets				
Property, Plant & Equipment	4,321	3,649	3,450	3,396
CWIP	127	82	157	188
Goodwill	4,295	4,544	4,590	4,550
Intangible assets	2,676	2,388	2,288	2,050
Right of Use Assets	8,903	9,630	9,543	8,919
Equity Accounted Investees	349	372	981	989
Financial assets	742	618	772	586
Investments	105	26	2	2
Trade Receivables	76	81	63	63
Other Bank Balance	0	0	79	119
Deposits and Other receivables	467	436	474	401
Other Financial assets	93	75	153	1
Deferred Tax Assets (net)	670	732	1,241	1,274
Non-Current Tax Assets (net)	580	811	742	894
Other Non-Current Assets	29	72	25	24
Total Non-Current Assets	22,691	22,897	23,790	22,871
Current Assets				
Inventories	1,662	1,698	2,277	2,378
Financial Assets	17,797	25,332	18,068	18,126
Investments	141	106	136	0
Trade receivables	12,253	13,225	11,603	12,498
Cash & cash equivalents	4,990	11,468	5,662	4,845
Deposits and Other receivables	414	533	667	783
Other Financial Assets	8	48	51	77
Current Tax Assets (net)	88	153	419	299
Other current assets	3,732	3,867	4,710	5,513
Assets classified for Disposal	815	635	587	0
Total Current Assets	24,102	31,733	26,111	26,393
Total Assets	46,793	54,629	49,901	49,264
Equity				
Equity Share capital	317	318	318	330
Other Equity	5,664	4,575	4,399	2,917
Reserves	215	215	191	0
Minority interest	404	798	400	565
Total Network	6,599	5,906	5,307	3,813
Liabilities				
Non-Current Liabilities				
Financial Liabilities	16,169	19,131	18,542	17,069
Borrowings	8,861	9,404	9,408	8,473
Lease Liability	7,050	9,364	8,846	8,306
Other financial liabilities	257	363	288	290
Provisions	182	184	360	401
Deferred Tax Liabilities (net)	1,058	915	1,217	1,292
Other non-current liabilities	24	16	0	1
Total Non-Current Liabilities	17,432	20,245	20,119	18,763
Current Liabilities				
Financial Liabilities	20,717	26,602	22,049	24,801
Borrowings	6,031	12,197	6,071	7,808
Lease Liabilities	3,065	2,587	3,016	2,875
Trade Payables -- SMEs	75	281	182	128
Trade Payables --Others	9,845	10,078	11,358	12,019
Other financial liabilities	1,702	1,459	1,421	1,970
Current tax liabilities (net)	52	39	21	135
Other current liabilities	1,120	1,100	1,578	1,446
Provisions	293	246	325	307
Liabilities associated with assets classified for Sale	579	490	503	0
Total Current Liabilities	22,761	28,477	24,475	26,688
Total Liabilities	40,193	48,723	44,594	45,451
Total Equity and Liabilities	46,793	54,629	49,901	49,264
Gross Debt	14,892	21,601	15,479	16,281
Net Debt	9,903	10,133	9,817	11,436

Source: DRHP, I-Sec research

Table 19: Cash Flow Statement

(Rs mn)	FY19	FY20	FY21	H1FY22
Cash flow from operating activities				
Profit before tax	84	(2,418)	(1,189)	(337)
Depreciation & amortisation expense	4,176	4,445	4,433	2,233
Interest Expenses	1,402	2,312	1,756	754
Other Adjustments	36	(475)	(72)	597
Operating profit before working capital changes	5,698	3,865	4,928	3,247
Inventories	(334)	15	(437)	(119)
Trade receivables	1,231	(970)	1,738	(1,035)
Other assets	(1,684)	(160)	(946)	(793)
Trade payables	(703)	64	930	344
Other liabilities	63	(307)	903	(261)
Provisions	13	(43)	32	(38)
Working Capital Change	(1,414)	(1,402)	2,221	(1,902)
Operating Cash Flow after working capital changes	4,284	2,463	7,149	1,345
Income tax paid (net of refund)	(561)	(559)	(28)	(107)
Operating Cash Flow	3,723	1,903	7,121	1,237
Cash flow from investing activities				
Purchase of PPE	(2,416)	(3,707)	552	(690)
Interest income	61	75	82	38
Net Cash in Investing activities	(2,354)	(3,631)	634	(651)
FCF	1,307	(1,803)	7,673	548
Cash flow from financing activities				
Proceeds from Preference shares	60	1782	0	0
Net Change in borrowing (term)	1493	6059	(6504)	557
Net Change in borrowing (WC)	2377	(42)	(606)	251
Interest paid	(773)	(1264)	(904)	(313)
Lease Liability Payment	(3278)	(965)	(3658)	(1913)
Dividend Paid	(48)	(4)	(1)	(2)
Cash flow from financing activities	(169)	5565	(11673)	(1421)
Change in Cash	1199	3837	(3917)	(835)

Source: DRHP, I-Sec research

Table 20: Key Ratios

	FY19	FY20	FY21	H1FY22
Inventory turnover	6.1	6.6	5.1	2.8
Inventory Days	59.8	55.5	71.3	65.6
Trade receivable turnover ratio	5.2	5.2	5.6	3.5
Trade receivable days	70.2	70.9	65.8	52.1
Trade Payable turnover Ratio	0.9	0.9	0.9	0.5
Trade payable days	419.5	424.4	419.7	375.4
ROE (%)	(2.2)	(37.7)	(15.2)	(18.5)
RoCE (%)	6.0	(4.0)	(4.6)	2.5
EPS	(0.4)	(6.0)	(2.3)	(1.8)

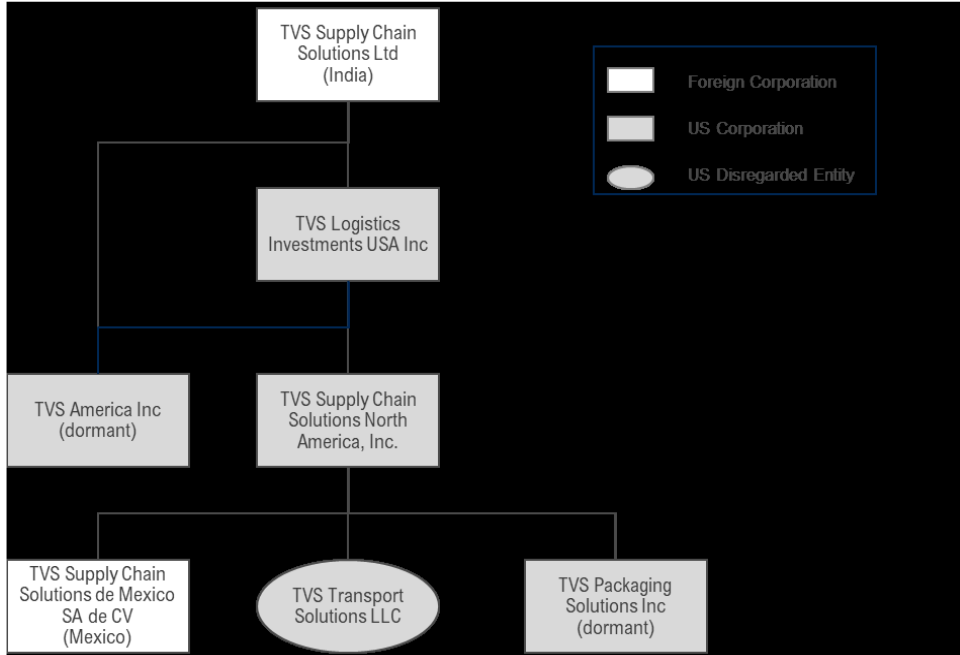
Source: DRHP, I-Sec research

Table 21: Segmental details

(Rs mn)	FY19	FY20	FY21	H1FY22
Segmental Revenues				
ISCS	33,486	33,785	32,167	17,578
NS	34,626	32,576	37,351	24,998
Unallocated				
Elimination	(312)	(315)	(183)	(175)
EBITDA	5,411	2,958	4,423	3,095
ISCS	3,103	2,524	2,196	1,215
% Margin	9.3	7.5	6.8	6.9
NS	2,571	796	2,759	1,984
% Margin	7.4	2.4	7.4	7.9
Unallocated	(730)	(745)	(1,090)	(463)
Elimination	468	383	559	358
Other Income	538	1,882	661	312
Share of profit / (loss) of equity accounted investees	23	22	14	8
Exceptional Items	69		483	(351)
Less:				
Depreciation and amortisation	4,176	4,445	4,433	2233
Finance cost	1,405	2,312	1,756	754
Share based payments	180	437	323	227
Loss on foreign currency transactions and translations	28	86	233	179
Segment Assets				
ISCS	23,359	28,245	28,777	27,688
NS	22,241	22,138	23,580	23,727
Unallocated	16,555	27,509	23,066	23,587
Segment Liabilities				
ISCS	17,104	21,645	21,991	21,219
NS	20,354	21,038	22,687	22,923
Unallocated	9,761	19,106	14,880	15,538
Capital expenditure				
ISCS	855	1,023	656	362
NS	408	563	297	101
Total	1,263	1,587	952	463

Source: DRHP, I-Sec research

Chart 14: Legal Entity Organizational Chart



Source: DRHP, I-Sec research

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