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Issue Offer

Fresh Issue of Equity shares aggregating upto INR 600 Cr and Offer for sale of 14,213,198 Equity shares (280 Cr)

Issue Summary

Price Band (INR)	187-197
Face Value (INR)	1
Implied Market Cap (INR cr)	8,746
Market Lot	76
Issue Opens on	10 th August 2023
Issue Close on	14 th August 2023
No. of share pre-issue	406,953,160
No. of share post issue	451,623,211
Listing	NSE / BSE

Issue Break-up (%)

QIB Portion	75
NIB Portion	15
Retail Portion	10

Book Running Lead Managers

JM Financial Ltd
Axis Capital Ltd
J. P. Morgan India
BNP Paribas
Equirus Capital Pvt Ltd
Nuvama Wealth Ltd

Registrar

Link Intime India Pvt. Ltd.

Shareholding Pattern

	Pre-Issue	Post-Issue
Promoters	46.65%	41.60%
Public	53.35%	58.40%

Objects of the issue

Repayment of outstanding borrowings,
General corporate purpose

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TVS Supply Chain Solutions is a prominent provider of comprehensive supply chain management services, catering to international organizations, government entities, and large to medium-sized businesses. Their offerings span two key segments: Integrated Supply Chain Solutions (ISCS) and Network Solutions (NS). The ISCS division encompasses a range of services such as sourcing, procurement, integrated transportation, logistics operations, in-plant logistics, aftermarket fulfilment, and supply chain consulting. In parallel, the NS segment focuses on Global Forwarding Solutions (GFS), involving end-to-end management of freight forwarding & distribution across various modes, warehousing, port storage, value-added services & Time-Critical Final Mile Solutions (TCFMS), encompassing closed-loop logistics, spares logistics, refurbishment, engineering support, and courier management. Impressively, TVS SCS successfully served over 8,788 global customers during FY23 and Within India, they provided solutions to more than 902 customers in the same year. Notably, their client portfolio features esteemed names across diverse industries including Automotive, Defense, Engineering, FMCG, Rail, Utilities, E-commerce, and Healthcare. Notable clients include Hyundai, Sony, Johnson Controls-Hitachi, and Yamaha among others. The company's exceptional reach and partnerships with 72 'Fortune Global 500 2023' companies further underscore its global and regional prominence in the supply chain domain.

Investment Rationale

A leader in comprehensive solutions made possible by domain knowledge, a worldwide network, and knowledge bases- The company functions as an all-encompassing 'one-stop' resolution for clients, covering the entire spectrum from sourcing to distribution via their comprehensive end-to-end capabilities. These capabilities encompass sourcing & procurement, integrated transportation, management of logistics operating centres, in-plant logistics operations, fulfilment of finished goods & aftermarket needs, handling import and export freight, offering closed-loop logistics & support and providing secondary transportation services.

Robust in-house technology differentiation- The technology capabilities comprise the software suite, which primarily includes internal systems and programs including i-Loads, Visibility, Msys, TRACE, Courier Alliance, LCL Consolidated, and e-Connect as well as external technologies like CargoWise. The company's robust technological foundation is upheld by the Smart Centre Control Tower, strategically positioned Development Centers, and a dynamic "Centre of Excellence," collectively driving innovation, efficiency, and exceptional performance. The company is also investing in new tech 'AI' and 'IoT' which can be a growth driver in the future.

Expanding its share of value-added solutions and developing end-to-end capabilities, the company is continuously concentrating on improving margins. - In order to consistently improve operations in terms of cost, quality, and delivery, the company plans to further develop its data analytics, artificial intelligence, and machine learning capabilities. To further improve customer experience and enable TVS to grow more quickly and economically, the firm also wants to develop solutions and services that can be modularized and used by customers more effectively.

Valuation: The fact that TVS became profitable in FY23 is encouraging for investors. The organization can expect continuous growth in the years to come thanks to excellent internal technologies. Additionally, the company will concentrate on Tier 2 cities, which can boost market share and promote faster growth. The company trades at a PE 193x FY23EPS of INR 1.02 for FY23 at the upper pricing band.

	INR Mn	FY21	FY22	FY23
Revenue		69,336	92,498	1,02,354
EBITDA		4,423	6,671	7,066
EBITDA Margins (%)		6.38	7.21	6.90
PBT		-1,661	467	453
PAT		-739	-449	418
PAT Margins(%)		-1.07	-0.49	0.41
RoE (%)		-15.15	-6.88	5.55
EPS		-2.26	-1.44	1.04

Source: RHP, Arihant Research

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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