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### *Investment Strategy*

## **APPLY FOR LONG TERM**

### *Key Analytical Points of TVS Supply Chain Solution IPO*

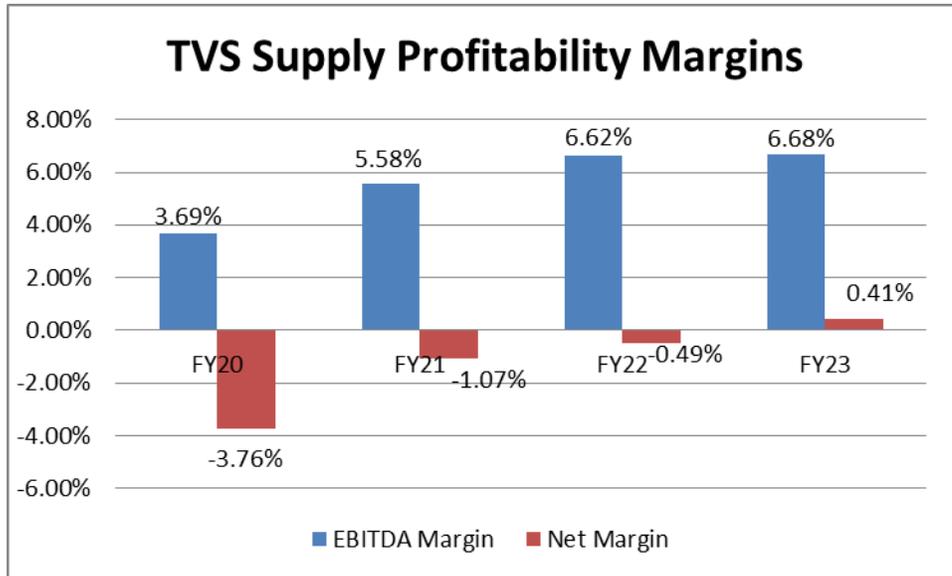
- Incorporated in the year 2004, TVS Supply chain Solutions offers **integrated supply solutions and network solutions globally**.
- The Issuer has long term customer relationship and **diversified global customer base** across US, UK, Europe, Asia and Australia.
- Though **the margins were affected negatively but TVS Supply Chain Solutions is moving towards profitability as seen by an increasing trend in its topline and bottomline in the last three fiscals**. The Issuer became positive on net margins this fiscal year.
- The **Issuer has grown through various acquisitions and mergers**. The Issuer has made more than 20 acquisitions in the last 15 years for growth across Europe, the United Kingdom, the United States and Asia Pacific (including India).
- TVS Supply Chain **has the highest turnover amongst its listed peers**.

- Indian economy to emerge as the growing geography in supply chain market. **Revenues from India grew by 24% in FY23 as compared to 5% (FY23) growth in overseas revenues.**
- The Issuer was able to grow revenues across both ISCS and NS segments in FY23 despite a decline in global freight rates in the last quarter of Fiscal 2023 and appreciation of Indian Rupee against the British Pound. **Growth in India was supported by growth in volume of existing customer engagements, new business development, growth in exports, additional revenues accruing from acquisition of Fit 3PL Warehousing Private Limited** and the resumption of activities post the second wave of COVID-19. Business outside India also grew despite concerns of a global economic slowdown primarily driven by volume growth in existing customer engagements and new customer additions.
- Though the **Valuations appear to be at a higher side when compared to its listed peers but growth momentum of the logistics sector overrides the concern.**
- Logistics sector is the key enabler for economic growth and GoI is increasing its focus on infrastructure. **Gatishakti and LEEP (Logistics Efficiency Enhancement Program) benefits this sector.**
- Industry players look for customized, integrated logistics service offerings from a single external supply chain partner. **Industries are increasingly considering supply chain as a structural moat and looking to partner with one-stop solution providers to build long term capabilities which becomes an opportunity for logistic players.**
- Considering the above factors one shall **APPLY FOR LONG TERM.**

[Detailed Fundamental Analysis of TVS Supply Chain Solutions](#)

## Financial Review

Financials and Ratios	Amount in INR crore			
	FY23	FY22	FY 21	FY 20
Total revenue	10311.00	9299.94	6999.69	6792.76
EBITDA	683.65	612.56	386.69	243.49
PAT	41.76	-44.88	-73.90	-248.03
<b>EBITDA Margin</b>	<b>6.68%</b>	<b>6.62%</b>	<b>5.58%</b>	<b>3.69%</b>
<b>Net Margin</b>	<b>0.41%</b>	<b>-0.49%</b>	<b>-1.07%</b>	<b>-3.76%</b>
Net Cash from operating activities	712.14	621.01	712.13	190.3
Total Assets	6210.92	5789.73	4990.06	5462.92
Total Debt	1989.62	1763.78	1547.92	2160.12
Total Equity	723.55	714.00	471.63	489.31

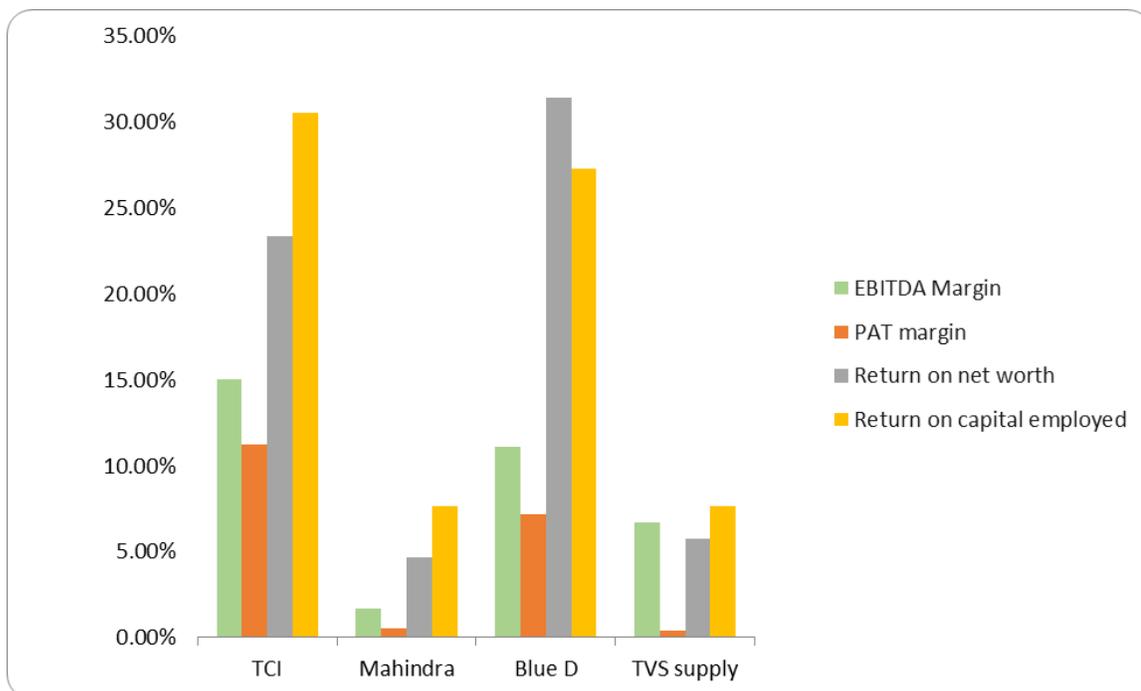


## Valuation and Peer Comparison

The IPO is priced at 189x with EPS of 1.04 for FY23 calculated at the upper price band of Rs 197 per share. P/BV is 10.43 with NAV of 18.89 for FY23. The IPO appears to be overpriced when compared with the listed peers. It should also be noted that TVS has highest sales amongst the peers. However, the outlook and the growth momentum of the logistic sector outweighs the valuation concern in the long term.

<b>Valuation Parameters</b>	<b>EPS</b>	<b>P/E</b>	<b>NAV</b>	<b>P/BV</b>
FY23	1.04	189.42	18.89	10.43
FY22	-1.41	-139.72	20.96	9.40

### *Peer Comparison Chart*



### *Issue Details*

<b>TVS Supply Chain Solutions Limited IPO Details</b>	
<b>Issue Size</b>	<i>equity shares amounting to 880 crores</i>
<b>fresh issue shares</b>	<i>amounting to Rs 600 crores</i>
<b>Offer for sale shares</b>	<i>14,213,198 shares equity shares amounting to Rs 280 crores</i>
<b>Face value</b>	<i>Rs 1</i>
<b>Price Band</b>	<i>187-197 per share</i>
<b>Offer dates</b>	<i>10th August, 2023 to 14th August, 2023</i>
<b>Share Quota Eligibility</b>	<i>QIB- Not less than 75%</i>
	<i>NII- Not more than 15%</i>

	<b><i>Retail- Not more than 10%</i></b>
<b><i>Listing on</i></b>	<b><i>NSE &amp; BSE</i></b>
<b><i>Pre Issue shareholding (promoter)</i></b>	<b><i>46.65%</i></b>
<b><i>Post Issue shareholding</i></b>	<b><i>41.60%</i></b>
<b><i>BRLM's</i></b>	<b><i>JM Financial Limited, J. P. Morgan India Private Limited, Nuvama Wealth Management, Axis Capital Limited, BNP Paribas, Equirus Capital Private Limited</i></b>
<b><i>Registrar</i></b>	<b><i>Link Intime India Private Limited</i></b>

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