

Press release

Strong momentum in Integrated Supply Chain Solutions segment highlights TVS SCS Q1 FY24

Adjusted EBITDA Margins expand with Q1 FY24 Adjusted EBITDA of 179.4 Crores

Chennai, 11th September, 2023: TVS Supply Chain Solutions Limited (NSE: TVSSCS BSE: 543965), a global supply chain solutions provider and one of the largest and fastest growing integrated supply chain solutions providers in India, today announced its consolidated unaudited financial results for the quarter ended 30th June 2023.

In INR Cr	Q1 FY23	Q4 FY23	Q1 FY24	QoQ Growth	YoY Growth
Integrated Supply Chain Solutions ("ISCS") Segment:					
• ISCS Segment Revenue	1,097.7	1,255.2	1,318.9	5.1%	20.1%
• ISCS Segment Adjusted EBITDA	95.3	115.0	139.8	21.6%	46.7%

Business performance was driven by a very strong growth momentum in the Integrated Supply Chain Solutions segment (ISCS). ISCS revenue was INR 1,318.9 Cr, up 20.1% YoY from 1,097.7 Cr in Q1 FY23 and up 5.1% QoQ from 1,255.2 Cr in Q4 FY23. ISCS Segment revenue grew in all geographies (India, Europe, North America) both sequentially and YoY. Expansion in existing engagements and new business development drove revenue growth. During the quarter, the company commenced a seven-year transformational engagement with Centrica PLC. Some of the other key new customer wins / renewals included contracts with a German multi-national technology company focusing on mobility, a specialized glass & materials company in India and a leading American solar technology company. Operating leverage helped deliver an Adjusted EBITDA margin expansion of 190 bps YoY to 10.6% in Q1 FY24 from 8.7% in Q1 FY23 and of 140 bps QoQ from 9.2% in Q4 FY23. ISCS segment Adjusted EBITDA was 139.8 Cr, up 46.7% YoY from 95.3 Cr in Q1 FY23 and up 21.6% QoQ from 115.0 Cr in Q4 FY23.

In INR Cr	Q1 FY23	Q4 FY23	Q1 FY24	QoQ Growth	YoY Growth
Network Solutions ("NS") Segment:					
• NS Segment Revenue	1,577.7	1,125.1	1,023.5	-9.0%	-35.1%
• NS Segment Adjusted EBITDA	81.0	44.9	38.2	-15.0%	-52.9%

In the Network Solutions segment, the Integrated Final Mile ("IFM") business continued to be resilient while the global forwarding business showed a decline in line with global trends. Freight revenues were impacted by delay in volume uptake in air and ocean freight and subdued freight rates. NS revenue was INR 1,023.5 Cr, down 9.0% QoQ from 1,125.1 Cr in Q4 FY23 and down 35.1% YoY from 1,577.7 Cr in Q1 FY23. Adjusted EBITDA margins were 3.7% in Q1 FY24 compared to 4.0% in Q4 FY23 and 5.1% in Q1 FY23. NS segment Adjusted EBITDA was 38.2 Cr, down 52.9% YoY from 81.0 Cr in Q1 FY23 and down 15.0% QoQ from 44.9 Cr in Q4 FY23. Delay in volume uptake resulted in decline in the Adjusted EBITDA margin.

Summary consolidated financial performance:

In INR Cr	Q1 FY23	Q4 FY23	Q1 FY24	QoQ Growth	YoY Growth
Revenue from operations	2,675.5	2,380.2	2,342.4	-1.6%	-12.4%
Adjusted EBITDA	167.2	173.8	179.4	3.3%	7.3%
PBT before exceptional items & JV profit	7.5	-10.9	-25.6		
Profit Before Tax	8.1	-19.5	-47.9		
Profit After Tax	-1.8	-12.3	-65.3		

The mix of business has shifted towards the higher margin ISCS segment. ISCS contributed to 56.3% of consolidated revenue in Q1 FY24 compared to 41.0% in Q1 FY23. This favourable change in business mix towards the ISCS segment and increase in ISCS margins has driven consolidated Adjusted EBITDA margin expansion.

Profit before tax declined due to increase in interest on borrowings by INR 19.2 Cr over Q1 FY23 and a one-time non-cash exceptional P&L impact of INR 23.2 Cr on account of conversion of compulsorily convertible preference shares issued prior to the IPO and thereafter converted to equity at a discount to the IPO price.

Commenting on the performance, **Mr. Ravi Viswanathan**, Managing Director of TVS Supply Chain Solutions Ltd. said, *"We are witnessing a trend of increasing outsourcing of supply chain activities across industries that are resulting in expansion of existing engagements and a strong pipeline of new opportunities. This trend is a tailwind for growth of the ISCS segment where we have strong demand drivers in all geographies that we are present. India's ISCS revenue has grown by 14.3% YoY reflecting the company's ability to capitalize on the opportunities which the increased economic activity in India is presenting. Inflationary pressures are seen to ease off in both UK / Europe and North America. Our sectoral mix of revenue has enabled us to grow YoY in double digits in both North America and Europe."*

Commenting on the performance, **Mr. Ravi Prakash Bhagavathula**, Global CFO of TVS Supply Chain Solutions Ltd. said, *"Q1 FY24 showcased the inherent strengths in our portfolio and business mix. Our growth in the ISCS segment balanced the impact of subdued freight rates and delay in volume uptake in ocean and air freight. Our focus was on operational efficiency and cost reduction initiatives resulting in expansion of Adjusted EBITDA margins by 140 bps YoY. Overall profitability showed a decline because of higher interest cost and a one-time exceptional expense."*



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Non-GAAP measures

Adjusted EBITDA is calculated as the sum of restated profit/ (loss) for the period from continuing operations, total tax expenses, finance costs, share based payments, loss on foreign currency transactions and translations, depreciation and amortisation expense reduced / added by exceptional items, share of profit of equity accounted investees (net of income tax) and other income.

About TVS Supply Chain Solutions

Promoted by the erstwhile TVS Group and now part of TVS Mobility Group, **TVS Supply Chain Solutions Limited** ("TVS SCS" or "Company") is an India-based multinational company, who pioneered the development of the supply chain solutions market in India. For the last 15 years, TVS SCS has managed large and complex supply chains across multiple industries in India and select global markets through customized tech-enabled solutions. The Company's customers span across numerous industries such as automotive, industrial, consumer, tech and tech infra, rail and utilities, and healthcare.

TVS SCS provides specialized solutions spanning the entire value chain from sourcing to consumption, to reduce complexity in its customers' supply chains by using technology, data analytics and execution experience. The company's digital platforms are largely cloud-based, powered by a micro service-based architecture and are highly scalable and reliable, thereby enabling it to implement solutions across multiple geographies in a relatively short time.

For more details, please visit <https://www.tvsscs.com/>

For further information, please contact:

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