

Press Release

TVS SCS returns to profitability in Q3 FY24 with PAT of 10.0 Cr

~ Continued growth momentum & margin expansion in Integrated Supply Chain Solutions drives return to profitability

Chennai, 5th February, 2024: TVS Supply Chain Solutions Limited (NSE: TVSSCS, BOM: 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 third quarter, and nine months ending FY 2024, with a PAT of INR 10.0 Cr for Q3 FY24. The company has two operating segments: Integrated Supply Chain Solutions ("ISCS") and Network Solutions ("NS").

Integrated Supply Chain Solutions:

In INR Cr Integrated Supply Chain Solutions ("ISCS") Segment	Q3 Performance				
	Q3 FY23	Q2 FY24	Q3 FY24	QoQ Growth	YoY Growth
ISCS Segment Revenue	1,109.1	1,269.5	1,272.1	0.2%	14.7%
ISCS Segment Adj. EBITDA	110.4	129.5	133.8	3.3%	21.2%
ISCS Segment Adj. EBITDA margin %	10.0%	10.2%	10.5%		

9m Performance		
9m FY23	9m FY24	YoY Growth
3,325.5	3,860.4	16.1%
293.1	403.1	37.5%
8.8%	10.4%	

The Integrated Supply Chain Solutions segment continues to deliver double digit growth consistently as in the earlier quarters. Q3 revenue for ISCS grew by 14.7% YoY to 1,272.1 Cr. The revenue grew despite the impact of the UAW strike in North America. This growth was achieved through expansion in ongoing customer engagements and new business development. During the quarter, new business wins included contracts with a commercial / passenger vehicle OEM in India, expansion in engagement with an agri-equipment company in the US & Germany and a glass & materials manufacturer in India. The company's operational discipline managed to offset the impact of the UAW strike during the quarter and drove its margin performance with Q3 Adj. EBITDA margins expanding 50 bps YoY to 10.5%.

The momentum in the ISCS segment was also evident from its nine-month performance. The revenue grew by 16.1% YoY from 3,325.5 Cr to 3,860.4 Cr and Adj. EBITDA grew 37.5% from 293.1 Cr to 403.1 Cr translating to a margin expansion of 160 bps YoY.

Network Solutions:

In INR Cr Network Solutions ("NS") Segment	Q3 Performance				
	Q3 FY23	Q2 FY24	Q3 FY24	QoQ Growth	YoY Growth
NS Segment Revenue	1,264.3	993.4	949.8	-4.4%	-24.9%
NS Segment Adj. EBITDA	77.5	48.3	45.4	-5.9%	-41.4%
NS Segment Adj. EBITDA margin %	6.1%	4.9%	4.8%		

9m Performance		
9m FY23	9m FY24	YoY Growth
4,347.3	2,913.2	-33.0%
259.2	138.8	-46.4%
6.0%	4.8%	

In line with the global trend of slowdown in freight, Global Forwarding Solutions (GFS) business saw weak volumes and pricing which continued to be in a narrow band. Given the developments in the

Red Sea, ocean freight rates showed a spike, and the company keeps a close watch on the developments. The management focus continues to be on new business development to drive revenue and procurement & operational efficiency to improve margins. During the quarter, it has kicked off a number of cost optimization projects across the NS segment.

The NS Segment's Adj. EBITDA margins remain consistent on a QoQ basis at 4.8% in a difficult revenue environment.

Summary of consolidated financial performance:

In INR Cr	Q3 Performance				
	Q3 FY23	Q2 FY24	Q3 FY24	QoQ Growth	YoY Growth
Revenue from operations	2,373.4	2,262.9	2,221.8	-1.8%	-6.4%
Adjusted EBITDA	168.6	175.7	173.6	-1.2%	3.0%
Adjusted EBITDA margin %	7.1%	7.8%	7.8%		
PBT before exceptional items	30.6	-4.5	0.6		
Profit Before Tax	30.6	-7.8	0.6		
Profit After Tax	17.2	-21.9	10.0		

9m Performance		
9m FY23	9m FY24	YoY Growth
7,672.8	6,773.7	-11.7%
514.4	535.6	4.1%
6.7%	7.9%	
62.5	-14.6	
62.5	-41.0	
57.0	-63.1	

On a consolidated basis, Q3 Adj. EBITDA margins expanded 70 bps YoY with strong margin performance in the ISCS segment. Adj. EBITDA for the quarter was INR 173.6 Cr. Consistent operational performance and reduction in interest expenses helped the business achieve break even with Profit Before Tax of 0.6 Cr in Q3 FY24 compared to a loss (before exceptional items) of 4.5 Cr in Q2 FY24. Profit After Tax for the third quarter was 10 Cr compared to a loss of -21.9 Cr in Q2 FY24.

Commenting on the performance, **Mr. Ravi Viswanathan**, Managing Director, TVS Supply Chain Solutions Ltd. said, *"Our Q3 performance highlights the inherent strength of our business portfolio. We have been able to grow both revenues and margins in the ISCS Segment business consistently to help drive consolidated margins YoY. Our business development efforts continue to deliver results as expected and we see positive demand drivers across our geographies. We are confident on overcoming external challenges in global freight and growing our business profitably."*

Commenting on the performance, **Mr. Ravi Prakash Bhagavathula**, Global CFO, TVS Supply Chain Solutions Ltd. said, *"Our financial performance for the quarter, highlights our continued focus on operational efficiency which has been complemented with the full benefit of debt reduction. We have thus been able to demonstrate the business' ability to achieve breakeven despite challenging external factors in one of our segments."*

The Board of Directors at its meeting held on February 5, 2024, has accorded its approval to the draft Scheme of Amalgamation which provides for the merger of TVS SCS Global Freight Solutions Limited, White Data Systems Private Limited, SPC International (India) Private Limited and FLEXOL Packaging (India) Limited which are wholly owned subsidiaries of the Company, and Mahogany Logistics Services Private Limited (formerly known as 'DRSR Logistics Services Private Limited') with and into TVS Supply Chain Solutions Limited.



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The Scheme would be subject to the sanction and approval of the National Company Law Tribunal, the relevant stock exchanges and shareholders. The Scheme when approved by all the regulatory authorities and relevant stakeholders will be accounted for in accordance with Indian Accounting Standards.

The above actions will further increase the operational efficiencies in India and support the business development.

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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