Sector: Logistics Solution Provider | RESULT REVIEW Q1FY27 | Declared On: 10 Aug 2026

TVS Supply Chain Solutions Limited

RECOMMENDATION SNAPSHOT				
*CMP	MCap (Rsbn)	Recommendation	Target	Potential Upside
Rs129	56.9	Hold	Rs140	9%

as on 12th Aug, 2026

About the Company:

TVS Supply Chain Solutions Ltd (TVS SCS), originally part of the TVS Mobility Group and established in 1995, was incorporated as a separate company in 2004. The company is an Indian based MNC, tech-led and asset light supply chain solutions (where the warehouses and vehicles are operated on a lease structure) provider offering differentiated supply chain solutions to meet the customers' supply chain management and logistics requirements. The company is a one stop solution provider for end-to-end supply chain management. The company operates 2 main business segments viz; Integrated Supply Chain Solutions (ISCS) and Global Forwarding Solutions (GFS) where usage of technology and data analytics enables to provide tailor-made solutions to its esteemed customer base. Some of the key solutions/offerings include accurate demand forecasting, inventory planning and production, procurement, network optimization, visibility and supply chain agility to handle evolving needs. TVS SCS has strong, long standing customer relationships serving a diverse base of ~7100+ active customers inclusive of 100 Fortune 500 companies (increased from 54 clients in FY21). The TVS SCS brand is synonymous to integrity, operational excellence and a strong commitment to compliance and corporate governance and aligns with the TVS Group lineage. The operations of the company are aligned with global ISO accreditations with ISO 45001:2018 (Occupational Health and Safety Management System-OHSMS) and ISO 14001:2018 (Environment Management System-EMS). Mr. R. Dinesh is the Executive Chairman and Mr. Vikas Chadha is the Managing Director of the company.

Results: Quick Glance:

- The net sales for the quarter reported a growth of 28.7% to Rs33.35bn as compared to Rs25.92bn in Q1FY26
- The Ebitda margins for the quarter under review stood at 6.7% as compared to 6.8% in Q1FY26
- The company reported profit of Rs0.22bn as compared to Rs0.71bn in the same quarter last year
- The EPS for the quarter stood at Rs0.47 as compared to Rs1.60 in the corresponding period of last year

Conference Call Highlights:

- **ISCS Business:** contributes **~72%** of the total revenues. For the quarter under review the business generated total revenues of Rs24,170mn categorized as Rs6740mn (in the Indian markets) and Rs17,430mn (in the RoW markets). The ISCS sales reported a growth of ~5.8% on a q-o-q basis and ~21.8% on a y-o-y basis. The adjusted **Ebitda margins** stood at ~8.1%. The Management indicated the Ebitda margins were marginally lower on account of certain initial one-time **implementation costs** related to new contracts/wins (received in Q4 and some in Q1FY27) but the same is expected to be stabilised in the coming quarters as the contracts are operationalised. The aspirational Ebitda margins target for this business continues to remain intact at 9.5-10% by Q4FY27 and achieve atleast 9% in Q2FY27 itself. The overall strong momentum was observed via a combination of revenue growth as well as ongoing cost initiatives. For the **Indian** markets, strategic new business wins facilitated the topline growth, portfolio rationalization and focus on margins helped to improve profitability; the Management anticipates the same trajectory to be seen in FY27E as well. In **North America,** the traction is expected throughout FY27E (backed by the execution of its large project in H2FY26). The ISCS **EU** in FY27E would lay emphasis on expanding key customer relationship and drive operational efficiency for sustainable growth. Some of the strategic opportunities/customer wins includes: (i) Asia-based **renewable** energy provider, (ii) leading **2W mobility** manufacturer, (iii) specialist in **clean energy solutions** organisation, (iv) leading **kitchen appliances** manufacturer, (v) Indian leader in **consumer beverages**, (vi) **glassware and consumer** products specialist, (vii) large **global nutrition and wellness** expert, (viii) premium **motorcycle manufacturer** (Europe), (ix) global **contract logistics** provider (Europe), (x) top North America based **global consulting** and services company (Europe). The timeline/gestation period w.r.t contracts under this segment are project specific and could be either ~2 quarters or even one quarter (in case of aftermarket related type of contract wins)
- **GFS Business:** generated total sales of Rs9180mn in Q1FY27 where India sales stood at Rs3230mn and RoW sales at Rs5950mn. The GFS business total sales reported a growth of ~22.6% and ~50.7% respectively on a q-o-q and y-o-y basis. The adjusted (for Esops and redundancy costs) **Ebitda margins** for the quarter stood at ~4.1%; this was on account of certain selective leads. The robust performance was attributed to strong volumes (ocean and air; increase in ocean freight volumes was especially seen in India and RoW markets), better sourcing, new customer wins and cost optimization measures. The Management expects the trajectory to gain momentum in FY27E while keenly monitoring the geo-political scenario (as a business nature the margins are proportional to any external headwinds)

Conference Call Highlights (contd.):

- **GFS business (contd.):** The margins are too expected to be at ~4.5-5%. Some of the strategic opportunities/customer wins includes: (i) global sustainable **packaging solutions** company, (ii) **multinational telecommunications** equipment provider, (iii) top **engineering and technology** expert, (iv) leading **industrial automation and robotics** player and (v) leading **home appliance wholesaler**
- The Management envisions couple of opportunities for both the business segments in the near term; some of which consists of (i) top Indian commercial vehicle manufacturer, (ii) electrical consumer products expert, (iii) top sovereign defence authority, (iv) global luxury automotive manufacturer, (v) global electronic components and devices manufacturer, (vi) warehousing solution to a leading automotive OEM, (vii) warehousing solution to a top global engineering and technology company, (viii) sourcing and procurement solution to a national corrections and probation agency and (ix) warehousing and manufacturing support for a North America based tech-led automotive manufacturer
- The **new business wins** stood at Rs5.43bn for Q1FY27; the contribution from these to the overall sales stands at ~20.9%. The **business development** pipeline stood at **~Rs75bn** (combination of new as well as existing client wins) in the quarter under reference (the historic conversion rate for the company has been at ~20-25% and over the next 12-18 months the same conversion rate is expected to continue). Approx. 2/3rd of the wins are from the existing customer base while the balance is new logo addition. The Management expects the steady state Ebitda margins for the new wins at ~8.5-9% whereas the existing business will have slightly higher margins
- In June 2026, the Board approved a **JV agreement** with **ALA Corporation** via investment of ~Rs101mn in TVS Packaging Solutions (WoS of TVS SCS) and an investment of ~Rs98mn to be funded by ALA S.p.A. As per the definitive agreement, TVS SCS will hold 51% stake in TVS Packaging. The JV is expected to emerge as a **significant growth** driver for TVS SCS in India, with cumulative revenues projected to exceed Rs20bn by 2031. The company has already made certain recruitments in Italy and the Group already has certain contracts which are expected to be transferred to the Indian JV. The Management expects some revenues to start getting reflected in H2FY27 thereafter it is expected to scale up more as and when the A&D sector favours the JV as well. This JV is expected to be margin accretive for TVS SCS
- During the quarter under review, the acquisition of **Swamy & Sons 3PL** (acquired on 22nd May 2026) was formally completed and is reflected in Q1FY27 results (for ~40 days); the performance has been accretive. The inorganic growth stood at Rs310mn in Q1FY27
- Recently in July 2026, NCLT sanctioned the scheme of amalgamation of **Mahogany Logistics Services** Pvt. Ltd, TVS SCS Global Freight Solutions Ltd, White Data Systems India Pvt. Ltd, SPC International (India) Pvt. Ltd, FLEXOL Packaging (India) Ltd with TVS SCS. The company focuses on trying to reduce the duplicate overheads in terms of audit and other operating costs which would directly translate into savings and operating leverage. As on date there are no plans to merge **FIT 3PL Warehousing Pvt. Ltd**

Financials:

Performance (Q1FY27)							
Q1FY27 Result (Rs mn)	**Jun-26**	**Jun-25**	**y-o-y**	**Mar-26**	**q-o-q**	**FY26**	**FY27E**
Total Revenue	33352	25923	28.7%	30322	10.0%	110030	127259
EBITDA	2247	1772	26.8%	2183	3.0%	7826	9544
Other Income	136	87	55.7%	105	30.2%	378	394
Interest	452	379	19.3%	449	0.7%	1579	1791
Depreciation	1614	1305	23.7%	1557	3.6%	5704	6456
Exceptional Items	0	(913)	-	(52)	-	(1056)	0
Tax	97	323	(70.1%)	74	31.3%	515	541
Net Profit	**225**	**712**	**(68.4%)**	**184**	**22.4%**	**1170**	**1259**

Outlook and Recommendations: TVS SCS continues to report robust momentum which is clearly depicted in the highest quarterly sales in Q1FY27. Both the business segments have registered a strong revenue and profitability growth. The **ISCS business** demonstrated a good growth which was led by the new wins witnessed in the Indian as well as the EU market. India is expected to do exceptionally well under the ISCS business segment even in the upcoming quarters. In terms of geographies, on an overall basis, India market grew by ~44% on a y-o-y basis whereas the RoW market grew by ~23% on a y-o-y basis.

Outlook and Recommendations (contd.):

The **GFS business** too reported a good growth for the quarter under review which was primarily led by volume gains and the company's ability to get new customers. In terms of the cost structure, freight/clearing/forwarding charges and sub-contracting costs are proportional in line with the volume growth and overall sales. The other expenses are higher when compared on a y-o-y basis on account of increase in the lease rental component. The depreciation expenses are too on the higher side during Q1FY27 which factors the interest on lease liability portion alongwith expenses related for additional space undertaken recently for the new businesses. The West Asia conflict did not affect the company's operations as TVS SCS doesn't have a direct presence in this region; however, on account of lengthened sea routes, tightened container availability concerns and increase in logistics costs; the company was in a position to pass on all of these additional costs to the customers. The profitability de-growth is primarily related to certain one-offs accounted in Q1FY26 which included InvIT gain amounting to Rs1777.2mn (share of capital gain on transfer of assets by TVS ILP to InvIT) and exceptional items amounting to Rs912.9mn (**Project One**); excluding these the operational PAT has reported a reasonable growth on a y-o-y basis. Going ahead the Management has an ambitious target of achieving mid-teen growth on the topline in FY27E and the margins are expected to scale at faster pace. The company continued to maintain its earlier guided **PBT** target of 4% in FY27E barring any unforeseen circumstances; but by FY28E would be surely arriving at those margin levels; which indicates that the implementation of the **Project One** initiatives is reaping benefits for the company.

Apart from the **encirclement/cross-selling** opportunities derived from the existing as well as new customers along with new business wins, the focus of the Management is also towards end-user industry led **diversification** (renewables, defence, utilities) in addition to the traditional sectors of industrial, automotive, consumer, technology. The company will also lay emphasis on **automation** (AI as well as agentic AI led capabilities that will improve the overall productivity), engage in **partnerships** in the adjacent areas of operations. The company is already under **discussions** with few players in the Middle East and the African markets and these are expected to be on the expansion radar. For the recently formalized JV with the **ALA Group**; the Management expects aerospace & defence to emerge as the additional focus area that provides a faster access to the company into newer geographies and high entry barrier sector over the medium to long-term. **Swamy & Sons** too has the potential to scale and grow the overall Indian operations. From a medium to long-term perspective, the company would focus on certain **priority growth levers** which would encompass progress from the existing customers, new business wins, robust order pipeline already in hand with further scope of scalability, investment in tech-led initiatives; all of these triggers would enable the Management to achieve the stated guidance and thus provide the necessary impetus to sustain the profitable growth going forward. The company intends to stick to the **asset light** business model, ensure customer stickiness via the C3 framework and at the same time capitalise on any opportunities as and when it deems fit to diversify into other end-user industries. The company anticipates to maintain the momentum going forward as well. We continue to maintain our target price of Rs140.

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