

August 10, 2020

## TVS Supply Chain Solutions Limited (formerly TVS Logistics Services Limited): Ratings withdrawn; not reviewed due to absence of adequate information

### Summary of rated instruments

| Instrument*            | Previously Rated Amount (Rs. crore) | Current Rated Amount (Rs. crore) | Rating Action  |
|------------------------|-------------------------------------|----------------------------------|--|
| Term loans             | 50.00                               | 50.00                            | [ICRA]A (Stable) withdrawn; not reviewed due to absence of adequate information for the same |
| Long-term fund-based   | 100.00                              | 100.00                           |  |
| Short-term unallocated | 10.00                               | 10.00                            | [ICRA]A1 withdrawn; not reviewed due to absence of adequate information for the same         |
| <b>Total</b>           | <b>160.00</b>                       | <b>160.00</b>                    |  |

\*Instrument details in Annexure – I

### Rationale

ICRA has withdrawn the [ICRA]A (Stable) (pronounced ICRA A with a stable outlook) and [ICRA]A1 (pronounced ICRA A one) rating outstanding on the Rs. 160.00 crore bank facilities of TVS Supply Chain Solutions Limited's (TVSSCS, formerly TVS Logistics Services Limited). The rating is withdrawn in accordance with ICRA's policy on withdrawal and suspension at the request of the company, based on no objection certificate provided by its bankers. ICRA does not have requisite information to suggest that the credit risk has changed since the time the rating was last reviewed.

### Link to the last rationale published on ICRA's website

<https://www.icra.in/Rationale/ShowRationaleReport?Id=92616>

### Key rating drivers and their description

Not applicable

### Liquidity Position

Not applicable

### Rating sensitivities

Not applicable

## Analytical approach:

| Analytical Approach             | Comments   |
|---------------------------------|--|
| Applicable Rating Methodologies | <a href="#">Corporate Credit Rating Methodology</a><br><a href="#">ICRA's Policy on Withdrawal and Suspension of Credit Rating</a>   |
| Parent/Group Support            | T V Sundram Iyengar & Sons Private Limited (rated [ICRA]AA (Stable)/[ICRA]A1+) holds 33.9% stake in TVSSCS. In addition, the individuals of the TVS family own 16.0% stake in the company. The company enjoys strong financial and operational flexibility by virtue of its parentage. |
| Consolidation / Standalone      | Consolidation  |

## About the company:

TVS Supply Chain Solutions Limited (TVSSCS, formerly TVS Logistics Services Limited) is an integrated logistics service provider engaged in outsourced supply chain management, freight forwarding and last mile fulfilment. The company started as a division of TV Sundram Iyengar & Sons Limited (TVS & Sons, [ICRA]AA (Stable)/[ICRA]A1+) in 1996 and was hived off in December 2004 as a wholly-owned subsidiary. In March 2008, private equity player G S Logistics (Goldman Sachs) acquired stake in TVSSCS, followed by a second round of PE funding in May 2012 when Kohlberg Kravis Roberts (KKR) acquired stake in the company. In September 2015, Tata Capital (through two investment arms) infused additional equity funds. The company provided exits to KKR and Goldman Sachs in FY2017, and inducted Caisse De Depot Et Placement De Quebec (CDPQ). The company has also recently raised funds from another PE investor. As of Dec 31, 2019, TVS & Sons and the individuals of the TVS family held majority stake in the company while CDPQ, Tata Capital and TVSSCS's employees are the other shareholders.

Over the past few years, TVSSCS has expanded its domestic and global presence through several inorganic acquisitions, using borrowings and PE funds. The larger of these acquisitions are [1] UK based logistics services provider TVS Supply Chain Solutions Limited in Q3 FY2008, [2] Rico Logistics Limited (UK) during Q2 FY2013, [3] Wainwright (USA) in Q3 FY2013, [4] Drive India Enterprise Solution Limited (India) in Q2 FY2016, [5] Transtar International (Australia) in Q2 FY2016, [6] Pan Asia Logistics (Asia) in Q4 FY2018 and [7] Nadal Forwarding S.L (Spain) in Q4 FY2018. India accounted for less than one-third of the company's consolidated revenues in FY2019.

## Key Financial Indicators (Audited)

| Consolidated                 | FY2018 | FY2019 |
|------------------------------|--------|--------|
| Operating Income (Rs. crore) | ,341.8 | ,779.9 |
| PAT (Rs. crore)              | 1.5    | 39.0   |
| OPBDIT/OI (%)                | .7%    | .9%    |
| RoCE (%)                     | .5%    | .6%    |
| Total Debt/ TNW (times)      | .6     | .2     |
| Total Debt/ OPBDIT (times)   | .6     | .8     |
| Interest coverage (times)    | .5     | .2     |

Source: Company, ICRA research; OPBDITA: Operating Profit before Depreciation, Interest and Taxes; PAT: Profit After Tax; RoCE: Return on Capital Employed; TNW: Tangible Net Worth; NWC: Net Working Capital

**Status of non-cooperation with previous CRA: Not applicable**

**Any other information: None**

**Rating history for last three years:**

|            |                        | Current Rating (FY2021)  |                                | Chronology of Rating History for the past 3 years                |                  |                   |                         |                   |                     |
|------------|------------------------|--------------------------|--------------------------------|--|------------------|-------------------|-------------------------|-------------------|---------------------|
| Instrument | Type                   | Amount Rated (Rs. crore) | Amount Outstanding (Rs. Crore) | Date & Rating in   | Date & Rating in | Date & Rating in  | Date & Rating in FY2017 |                   |                     |
|            |                        |                          |                                | Aug 10, 2020   | Feb 21, 2020     | Aug 31, 2018      | Feb 01, 2017            | Jul 25, 2016      |                     |
| 1          | Term loans             | 50.00                    |                                | [ICRA]A (Stable)   |                  |                   |                         |                   |                     |
| 2          | Long-term fund based   | 100.00                   |                                | [ICRA]A withdrawn; not reviewed due to absence of adequate info  | [ICRA]A (Stable) | [ICRA]A+ (Stable) | [ICRA]A+ (Stable)       | [ICRA]A+ (Stable) | [ICRA]A+ (Negative) |
| 3          | Short-term fund based  | -                        | NA                             | -  | -                | [ICRA]A1+         | [ICRA]A1                | [ICRA]A1          | [ICRA]A1            |
| 4          | Short-term unallocated | 10.00                    |                                | [ICRA]A1 withdrawn; not reviewed due to absence of adequate info | [ICRA]A1         | -                 | -                       | -                 | -                   |

**Complexity level of the rated instrument:**

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website [www.icra.in](http://www.icra.in)

### Annexure-1: Instrument Details

| ISIN No | Instrument Name               | Date of Issuance / Sanction | Coupon Rate | Maturity Date | Amount Rated (Rs. crore) | Current Rating and Outlook   |
|---------|-------------------------------|-----------------------------|-------------|---------------|--------------------------|--|
| NA      | Term loans                    | FY2018                      | 10.5%       | FY2021        | 50.00                    | [ICRA]A (Stable) withdrawn; not reviewed due to absence of adequate info |
| NA      | Cash Credit                   | NA                          |             |               | 100.00                   | [ICRA]A1 withdrawn; not reviewed due to absence of adequate info         |
| NA      | Short-term unallocated limits |                             |             |               | 10.00                    | adequate info  |

Source: TVS Supply Chain Solutions Limited (formerly TVS Logistics Services Limited)

### Annexure-2: List of entities considered for consolidation\*

| Company Name   | Ownership | Consolidation Approach |
|--|-----------|------------------------|
| TVS Logistics Investment UK Limited  | 100.00%   | Full consolidation     |
| TVS Logistics SIAM Limited   | 100.00%   |                        |
| TVS Logistics Investments USA Inc  | 100.00%   |                        |
| TVS-Asianics Supply Chain Solutions Pte Limited  | 93.30%    |                        |
| SPC International India Private Limited  | 100.00%   |                        |
| TVS Dynamic Global Freight Services Limited  | 85.00%    |                        |
| FLEXOL Packaging (India) Limited   | 67.50%    |                        |
| Drive India Enterprise Solutions Limited   | 100.00%   |                        |
| TVS Packaging Solutions Private Limited  | 100.00%   |                        |
| TVS Toyota Tsusho Supply Chain Solutions Limited   | 60.00%    |                        |
| White Data Systems Private Limited   | 51.00%    | Equity method          |
| TVS America Inc  | 49.00%    |                        |
| TVS Industrial & Logistics Parks Private Limited (formerly TVS Infrastructure Private Limited) | 50.00%    |                        |

Source: TVS Supply Chain Solutions Limited (formerly TVS Logistics Services Limited); \* the list above includes only direct subsidiaries and associates/JV. TVSSCS has over 75 entities at the consolidated level including its direct and step-down subsidiaries, joint ventures and associates.

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