



Navkar Corporation Ltd

Issue Summary

Price Band (Rs)	147	155
Market Lot	95 Equity shares	
Face Value	Rs 10	
Opens on	24 th Aug' 15	
Closes on	26 th Aug' 15	
Issue Size	Rs 600 cr	
Fresh Issue	Rs 510 cr	
Offer for sale	Rs 90 cr	

BRLM

- Axis Capital Limited
- Edelweiss Financial Services Limited
- SBI Capital Markets Limited

Company & Business Profile

Navkar Corporation Limited (“NCL”) is a Container Freight Stations (“CFS”) operator in India with three CFSs, Ajivali CFS-I and Ajivali CFS-II at Ajivali and Somathane CFS at Somathane in Maharashtra. As of May 31, 2015, company’s CFSs had an aggregate installed handling capacity of 310,000 TEUs p.a. on the basis of the then current infrastructure and operating equipments. NCL can handle cargo at controlled temperatures at their temperature controlled chamber and through the 92 Reefer plug points at their CFSs. They are also certified to handle hazardous cargo.

Objects of the Issue

Objects of the Issue: The objects of the offer are to:

- Capacity enhancement of the Somathane CFS
- Development of the non-notified areas of the CFSs
- Establishment of a fully-integrated logistics park at Valsad (near Vapi)

Investment Positives

Installed Handling Capacity: As of May 31, 2015, company’s Container Freight Stations (CFSs) had an aggregate installed handling capacity of 310,000 twenty foot equivalent units (“TEU”) p.a. on the basis of the then current infrastructure and operating equipment.

Private Railway Freight Terminal: NCL has a private railway freight terminal (“PFT”) which allows them to load and unload cargo from container trains operating between their Somathane CFS and the JN Port and to transport domestic cargo to and from inland destinations on the Indian rail network. As of May 31, 2015, NCL also own and operate 516 trailers for the transportation of cargo between their CFSs and the JN Port by road.

Warehousing Capabilities to Service Varying Requirements of Client: NCL’s warehouses are spread over an aggregate area of 500,000 sq. ft., which includes a bonded warehouse of 60,782 sq. ft. and an area of 118,000 sq. ft. designated for the consolidation of less than container load (“LCL”) containers. Further, it has a container depot where its customers can store more than 5,000 TEUs of empty containers and provide repair and maintenance services for containers. Its warehouses and its ability to offer other ancillary storage and handling services allow it to cater to the service requirements of a wide variety of customers.

Issue break-up

Net Issue	Issue Size (cr)	%
QIB's	300	50
NIB	90	15
Retail	210	35
Total	600	100

Listing

BSE, NSE

Cargo Handling Services: As a part of the cargo handling services, NCL offer services such as Packing, Labelling, Palletizing, Shrink wrapping, Strapping, Jumbo-bags packing and Carting as described below:

- **Packing Service:** NCL provide all types of customized packing of loose goods or small unit sized fragile goods.
- **Labelling service:** NCL label all consignments received at their CFSs with the relevant consigner and consignee contact information.
- **Palletization services:** Services are primarily used for LCL freight whereby boxes are stacked, shrink, wrapped and secured to reduce the risk of product damages or loss during transport.
- **Shrink wrapping services:** to protect cargo from pollutants and theft and strapping services for organizing cargo into a transportable unit.
- **Services to Agro Products:** Agro products are typically received as loose cargo at the CFSs, NCL therefore provide jumbo-bags packing for the packing and export of agro products.
- **Carting Services:** NCL also offer carting services for valuable or fragile goods, large items or certain kinds or irregular or fragile commercial freight, in addition to providing ready-made and custom made solid crates.

Well established relationships with shipping lines and customs house agents: The company works with shipping lines, logistical service providers and customs house agents. The company has established relationships with shipping lines and customs house agents such as United Arab Shipping Agency Company (India), NYK Line (India), Hyundai Merchant Marine India, Evergreen Shipping Agency (India) and S Ramdas Pragji Forwarders, which are strengthened by its strategic location, extensive dedicated infrastructure and its ability to handle cargo at each of its facilities.

Concerns

- **Geographical concentration:** Business operations are geographically concentrated and are dependent on container traffic at the JN Port. Any decline in the container traffic handled by the JN Port or any significant social, political, economic or geological disruption in the region could have an adverse effect on companies business, results of operations and financial condition.
- **Transport Infrastructure:** The lack of an efficient transportation network and reliable transportation infrastructure or inadequacies in the connectivity of CFSs to the Indian road and rail network may have an adverse effect on companies' business, results of operations and financial condition.

- **Threats of competitive environment:** The company is facing increasing competition from a number of international, regional and domestic logistics companies that may have significantly greater financial and marketing resources and operate larger global networks. The company’s ability to compete effectively may also be constrained if it loses any member of its key management team or an employee who has established relationships with its trade counterparts.
- **Regulatory hurdles:** The company faces a variety of risks in connection with reliance on licenses and approvals from government organizations, including the inability to obtain or renew the requisite approvals, licenses, registrations or consents, the occurrence of which could adversely affect companies business, results of operations and financial condition.

Financial Details

(Rs. In Crs)

Particulars	Mar’15	Mar’14	Mar’13	Mar’12
Net Sales	328.76	349.35	333.36	268.04
Total Income	330.91	370.19	338.01	268.94
PBIDT	121.74	144.9	106.42	91.4
PBT	80.16	98.85	63.77	52.54
PAT	73.14	90	56.71	46.96
Equity	112.01	20.58	17.08	13.44
OPM(%)	36.4	35.5	30.5	33.6
PATM(%)	22.2	25.76	17.01	17.58
Reserves and Surplus	631.85	413.07	291.56	195.26
Networth	507.11	431.25	306.35	212.96

(Source: RHP)

Comparison With Other Listed Companies

Name of Company	Standalone / Consolidated	Face Value (Rs. Per share)	EPS (Rs)		NAV (Rs per share)	P/E	RONW
			Basic	Diluted			
Navkar Corporation Limited	Standalone	10.00	40.67	40.67	276.09	N.A.	14.73
	Consolidated	10.00	40	40	405.5	N.A.	9.86
Peer Group							
Gati Limited	Consolidated	2.00	4.72	3.48	62.72	45.77	7.51
Allcargo Logistics Limited	Consolidated	2.00	19	19	151.35	16.61	12.57
Gateway Distriparks Limited	Consolidated	10.00	17.27	17.27	84.92	23.90	20.34
Container Corporation of India Limited	Consolidated	10.00	54.09	54.09	385.53	29.23	14.03

(Source: RHP) P/E ratio based on closing market price as on March 31, 2015

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