

Issue Detail	
Type	100% Book Building
Issue Size	Rs.600 Crore
Offer Price	*Rs 147-155/Equity Share
Min App Size	95 Shares
Issue Open	24-Aug-15
Issue Close	26-Aug-15
Shares Offer	3.974
Face Value	Rs 10
Lead Mgrs	Axis Bank Limited , Edelweiss Financial Services ,SBI Capital Markets
Listing	NSE,BSE
Registrar	Link Intima India Pvt. Ltd.
Market Cap (Post Issue)	2223.9

No of shares (Post & Pre Issue)	
No of Shares (Pre Issue)	109,704,798
Offer for Sale	5960265
Fresh Issue made	33774834
No of Shares (Post Issue)	143479632

Shareholding Pattern (Pre Issue)	
Promoters Grp	100.00%
Foreign and corporate bodies	
Non promoters	
Public	

Shareholdin	
Promoters Grp	72.90%
Foreign and corporate bodies	17.60%
Non promoters	
Public	9.5%

Bid allocation pattern	
QIB	50%
Non-Institutional	15%
Retail	35%

Recommendation

Navkar Corporation is a Container Freight Stations ("CFSs") operator in India with three CFSs, Ajivali CFS-I and Ajivali CFS-II at Ajivali and Somathane CFS at Somathane in Maharashtra. Company's CFSs had an aggregate installed handling capacity of 310,000 TEUs per annum as on Dec 2014 . Navkar also has a private railway freight terminal (PFT) to load and unload cargo from container trains operating between our Somathane CFS and the JN Port. Business wise, Navkara's long term outlook is bright. But in term of valuation, issue has been priced at EV/EBITDA of 22.3 higher than listed peers like GDL. We recommend AVOID

Company Overview

Navkar Corporation Limited was incorporated in 2008 . It is Container Freight Stations ("CFSs") operator in India with three CFSs, Ajivali CFS-I and Ajivali CFS-II at Ajivali and Somathane CFS at Somathane in Maharashtra. Company's CFSs had an aggregate installed handling capacity of 310,000 TEUs per annum as on Dec 2014 .

Navkar has a private railway freight terminal (PFT) which allows us to load and unload cargo from container trains operating between our Somathane CFS and the JN Port and to transport domestic cargo to and from inland destinations on the Indian rail netwrk. Company has own and operate 461 trailers , 32 forklifts, 21 Reach Stackers.

Navkar Corporation Limited also offer service like packing , labelling , Palletizing , shrink wrapping , strapping , Jambo bag packing & carting . Company is handling bulk cargo as well as liquid cargo . Such Cargo include gains , heavy lift , chemical , steel , metal , agricultural product , lumber .

Company has expended to establish a fully-integrated logistics park at Umergaon, Valsad district (near Vapi) . Harvard Credit Rating Agency Limited ("HCRAL"), is the subsidiary company .

Company Strategies

> Company focus on Railway Logistics for the Transportation of Cargo . Company seek to explore the rail logistics network across the country by setting up distribution hubs or ICDs near railway sidings .

> Company intend to continue to improve operational efficiency and customer service quality .Company will increase container handling capacity by approximately 252,000 TEUs and allow to capture the expected increase in cargo volumes handled by the JN Port.

> Company propose to establish a fully-integrated logistics park which will provide a host of warehousing and value added services including cold storage facility for perishable goods, a container maintenance, repair and cleaning yard, an empty container yard .

Competitive Strengths

> Company has to expand the facilities & infrastructure to service the growing container freight traffic in India . The total container traffic at major Ports in India increased at a CAGR of 2.5% since 2006 to 2014 (6.58 million TEUs to 7.46 million TEUs .)

> Company has dedicated infrastructure to handle cargo .The company's three CFSs (installed capacity of 310,000TEUs p.a) and private freight terminal (PFT) operations are spread over an area of 3.59 million sqft, of which 1.63 million square feet has been notified as a customs area .

> Company has experienced Senior Management and Qualified Operational Personnel . The management team of skilled and qualified professionals enables us to identify new opportunities

> Company intend to continue to focus on ancillary services to capture greater cargo volumes & engage with shipping lines and customs house agents . Company has work with to provide solutions for their ancillary cargo handling requirements such as packing, labelling, palletizing, shrink wrapping, strapping, jumbo-bags packing and carting.

Objects of the Issue:

Particulars	Amount (Cr.)
Capacity enhancement of the Somathane CFS	115
Development of the non-notified areas of their CFSs	54
Establishment of a logistics park at Valsad (near Vapi) (together, "Objects of the Fresh Issue").	315

Navkar Corporation Ltd

Company service Zone :

NCL's CFSs and their cargo handling infrastructure

Particulars	Ajivali CFS I	Ajivali CFS II	Somathane CFS
Location	Ajivali Village, Panvel	Ajivali Village, Panvel	Somathane/Ashte village, Panvel
Area Custom Nitified	135,156 sq.ft.	428,400 sq. ft.	10,73,224.35 sq. ft.
Operational since	12 th May 2008	18 th May 2006	11 th May 2009
Installed Capacity p.a.	25,000 TEUs	65,000 TEUs	220,000 TEUs
Bonded Warehouse	-	27,641 Sq. ft.	33,141 sq. ft.
Reefer Point	16	24	52
Temperature controlled Chambers	-	500 m ³	-
Hazardous Cargo	-	Authorised to handle, store and deliver hazardous cargo up to the total installed capacity p.a.	Authorised to handle, store and deliver hazardous cargo up to the total installed capacity p.a.
Connectivity	Road	Road	Rail and Road

Other service :

Packing Service : Customized packing of loose goods or small unit sized fragile goods

Labeling service: Label all consignments received at their CFSs with the relevant consigner and consignee contact information

Palletization services: Boxes are stacked, shrink, wrapped and secured to reduce the risk of product damages or loss during transport.

Services to Agro Products : Jumbo-bags packing for the packing and export of agro products.

Carting Services : 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

Detail of Total Container Volume handled at NCL's CFs

Type of Cargo (TEUs)	Financial Year			Two months ended May 31, 2015
	2013	2014	2015	
Agricultural and Food	93,746	103,538	118,691	21,424
Hazardous Cargo	18,621	29,922	37,503	6,454
Others*	107,815	110,668	112,642	20,980
Total (TEUs)	220,182	244,128	268,836	48,858
Capacity Utilization	71.0%	78.8%	86.7%	-

MANAGEMENT :

Name	Designation
Mr. Shantilal Jayavantraj Mehta	Chairman and Managing Director
Mr. Nemichand Jayavantraj Mehta	Chief Executive Officer

Risk

> The company's 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 JN Port or any significant social, political, economic or geological disruption in the region could have an adverse effect on its business, results of operations and financial condition.

> The lack of an efficient transportation network and reliable transportation infrastructure or inadequacies in the connectivity of our CFSs to the Indian road and rail network may have an adverse effect on our business, results of operations and financial condition

> Any adverse development affecting the growth of trade volumes and freight rates may have an adverse effect on our business, results of operations and financial condition.

> Company face a variety of risks in connection with reliance on licenses and approvals from government organizations, the occurrence of which could adversely affect business, results of operations and financial condition.

Navkar Corporation Ltd

Financials

Yearly Profit & Loss Account (Consolidated Figure)

Figure in Rs (Crore)

	31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010
Total Income	329	370	338	269	207.147	137
EBITDA	120	225	232	178	147.3	99.75
PAT	73	90	57	47	33.8	22.5
EBITDA Margin	36.47%	60.86%	68.51%	66.15%	71.11%	72.81%
PAT Margin	22%	24%	17%	17%	16%	16%
No of Shares	14.34	14.34	14.34	14.34	14.34	14.34
Post Issue Diluted EPS	5.09	6.28	3.95	3.27	2.36	1.57
Price	Rs 147-155					
P/E(At upper price band)	24.7					
P/E(At lower price band)	23.4					
EV/EBITDA(At upper price band), X	22.3					
EV/EBITDA(At lower price band), X	21.3					
RoE %	10%	20.8%	18.4%	22.5%	20.9%	19.7%

Balance Sheet

Figure in Rs (Crore)

	31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010
EQUITY AND LIABILITIES						
Share capital	112	21	17	13	13	12
Reserves and surplus	632	413	292	195	148	102
Shareholders' funds	744	434	309	209	162	114
Long-term borrowings	430	343	354	354	293	184
Short-term borrowings	28	25	23	7	8	3
Total Borrowing	458	368	376	360	301	187
Deferred tax liability (net)	32	27	21	15	10	4
Other long-term liabilities	2	2	1	1	1	0
Long-term provisions	0	0	0	0	0	0
Non - current liabilities	34	29	22	16	11	4
Trade payables	12	1	12	5	6	7
Other current liabilities	104	77	75	65	44	40
Short-term provisions	8	9	3	4	6	3
Current liabilities	124	87	90	74	56	50
TOTAL Liabilities	1360	917	797	660	530	354
Fixed assets	1101	699	621	549	447	312
Non-current investments	0	20	20	0	0	0
Long-term loans and advances	109	70	44	26	16	5
Other non-current assets	6	6	3	3	0	0
Non-current assets	1216	795	687	578	463	317
Current investments	5	0	0	0	0	0
Spare Parts and Consumables	2	0	0	0	0	0
Trade receivables	77	76	63	60	43	27
Cash and bank balances	1	1	4	0	1	2
Short-term loans and advances	35	30	32	14	22	8
Other current assets	24	14	10	7	2	0
Current assets	144	122	109	81	67	37
Total	1360	917	797	660	530	355