

Navkar Corporation : Good Issue IPO Note: Ranking:***



M/s Navkar Corporation Ltd
Container Freight Stations & Rail Terminals

Issue details

Price band (Rs)	Rs.147-Rs.155
IPO Opening Date	24/08/2015
IPO Closing Date	26/08/2015
Issue Size	Rs.600 Crore.

Valuations & Recommendation

On performance front, on a consolidated basis the company has posted turnover and net profit of Rs. 333.36 cr. /Rs. 56.71 cr. (FY13), Rs. 349.35 cr. /Rs. 90.01 cr. (FY14) and Rs. 332.01 cr. /Rs. 74.36 cr. (FY15). Thus for the last fiscal, it has suffered a setback. For last three fiscals its consolidated average EPS is Rs. 7.88 on post bonus basis. Based on its FY15 earnings, asking price is at a P/E of around 23 while industry's average PE ratio is around 29.

Highlights

- As of December 31, 2014, CFSs had an aggregate installed handling capacity of 310,000 TEUs per annum on the basis of then current infrastructure and operating equipment.
- At the upper price band of Rs.155 and FY2014-15 EPS, PE ratio works to be 22.86.
- Industry's average PE is 28.88
- It has total debt of Rs.437 crore as on 31 March 2014 and debt equity ratio is 1.01

Company Introduction

Company Profile

Navkar Corporation Limited is CFS operator in India with three CFSs, Ajivali CFS I and Ajivali CFS II at Ajivali and Somathane CFS at Somathane, which are strategically located in Panvel, Maharashtra.

Container freight stations (CFSs) and inland container depots (ICDs) are common user facilities with public authority status equipped with fixed installations.

As of December 31, 2014, CFSs had an aggregate installed handling capacity of 310,000 TEUs per annum on the basis of our then current infrastructure and operating equipment.

Company have 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 network. As of December 31, 2014, we also own and operate 461 trailers for the transportation of cargo between our CFSs and the JN Port by road.



Financial Summary

Particulars	FY2012	FY2013	FY2014	FY2015
Sales (in cr.)	268.04	333.36	349.35	332.01
Net Profit (in cr.)	46.96	56.71	90.01	74.36
EPS* (Rs.)	35.07	38.36	49.23	40

* These EPS Figures are based on pre-bonus share capital numbers

RANKING METHODOLOGY

WEAK	*
AVERAGE	**
GOOD	***
VERY GOOD	****
EXCELLENT	*****

Issue Proceed

To meet expenses for its Somathane CFS capacity enhancement plans, development of the non-notified area's near its CFSs and establishment of Logistics Park at Valsad, the company is coming out with maiden IPO of approx 3.87 crore equity shares of Rs. 10 each via book building route in the price band of Rs. 147-155 to mobilize Rs. 600 crore (that includes offer for sale worth Rs. 90 crore and fresh equity issue worth Rs. 510 crore). Issue opens for subscription on 24.08.15 and will close on 26.08.15. Minimum application is to be made for 95 shares and in multiples thereon, thereafter.

After issuing equity bonus shares in the ratio of 5 shares for every 1 share held in March 2015, its equity capital is at Rs. 109.71 crore that will stay enhanced to Rs. 142.60 post IPO.

Objects of the Issue

The objects of the Net Proceeds (as defined below) of the Fresh Issue are:

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

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