

## Retail Equity Research

# Navkar Corporation Ltd

## Logistics

**CMP Rs. 160**
**Rating: Overweight**
**NSE CODE: NAVKARCORP**
**BSE CODE: 539332**

Navkar Corporation demonstrated a volatile financial performance over the last five quarters. Sales grew consistently, with a notable 13% rise in Q2FY25 (₹133.12 Cr), reflecting operational resilience amid challenging market conditions. However, expenses rose in tandem, impacting margins. Operating profit rebounded sharply in Q2FY25, surging 615% QoQ to ₹14.73 Cr, recovering from the subdued Q1FY25 performance. Despite this, other income volatility and elevated depreciation and interest costs eroded profitability. Consequently, the company reported a net loss of ₹2.30 Cr in Q2FY25, albeit an improvement from the ₹13.07 Cr loss in Q1FY25.

Key challenges include rising operational expenses and fluctuating profitability, which necessitate cost optimization and strategic revenue growth measures. Looking ahead, robust sales growth and improved operational efficiency signal potential for profitability recovery in coming quarters, provided external challenges

### Company Data

Market Cap (cr)	Rs.	2,488.09	
Enterprise Value (cr)	Rs.	1,595.83	
Outstanding Shares (cr)		15.05	
52 week high	Rs.	176.00	
52 week low	Rs.	76.00	
1m average volume (lacs)		13.79	
Face value	Rs.	10.00	
	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>
Sales	453.14	441.52	434.87
Growth(%)	-33%	-3%	-2%
EBITDA	121.96	133.47	60.43
EBITDA Margin(%)	26.9%	30.2%	13.9%
PAT	67.23	92.49	-1.71
Growth(%)	322%	38%	-102%
EPS	4.5	6.1	-0.1
P/E	7.1	8.6	-807.9
P/B	0.3	0.4	0.7
EV/EBITDA	9.7	5.6	26.4
ROE(%)	4%	4.7%	0%
ROCE(%)	4%	5.3%	0.9%
ROIC(%)	3%	5.6%	-0.3%
D/E	0.38	0.02	0.11

**Current Business Scenario:** The company has faced challenges due to the Ukraine-Russia war, global trade slowdowns, and government disincentives impacting agro-commodity exports. Additionally, rail movement was affected by monsoon disruptions, further adding to operational hurdles.

**Performance and Financial Outlook:** The CFS business saw declining volumes at Nhava Sheva port, contrasted by notable growth at ICD-Morbi. Financial performance was impacted by lower revenues, reduced volumes, and higher depreciation and interest costs. However, revenue and profitability are expected to improve in upcoming quarters, with a revival in agro-commodity exports and domestic rail transportation.

**Growth, Expansion, and Opportunities:** While no significant fresh capital expenditure is planned, the company continues improving ICD-Morbi facilities and plans to add leased rakes. It anticipates robust growth of 10-15% in domestic volumes and 25-30% in exports, driven by potential quota revisions, alongside steady expansion in imports and exports at ICD-Morbi.

## Key Highlights

**Comprehensive Logistics Solutions:** Navkar Corporation provides integrated logistics and cargo transit services across Container Freight Stations (CFSs), Inland Container Depots (ICDs), Private Freight Terminals (PFTs), and Multimodal Logistics Parks (MMLPs). The company offers end-to-end solutions, including customs clearance, cargo handling, and transportation, catering to both EXIM and domestic circuits.

### Strategic Business Segments

**Container Freight Stations (CFSs):** Operates three CFSs near Nhava Sheva port, equipped with modern handling facilities and warehouses. In FY24, trade volumes declined due to reduced exports of agro-commodities and government-imposed export quotas.

**Inland Container Depot (ICD) & Multimodal Logistics Park (MMLP):** Owns an ICD near Morbi with facilities for various cargo types. The Morbi ICD is in its nascent stage but is projected to grow as it expands its commodity and geographic coverage.

**Private Freight Terminals (PFTs):** Runs two PFTs, serving key industrial and port regions, capable of handling diverse freight types, including bulk, steel, and automobiles.

**Container Train Operations (CTO):** Holds a Category 1 license, operating 8 heavy-duty container trains across India, providing seamless services for both EXIM and domestic sectors.

**Revenue Composition:** In FY24, revenue streams were dominated by cargo handling (68%), followed by transportation (30%) and others (2%). This diversification highlights the company's stronghold in cargo handling and transportation services.

### Capacity and Equipment Portfolio

**CFS and ICD Capacity:** Total CFS capacity of 535,500 TEUs per annum and ICD Morbi capacity of 200,000 TEUs p.a.

**Infrastructure Growth:** Expanded its owned fleet of container rakes (8 in FY24 vs. 6 in FY23), handling equipment, containers, and trailers, reflecting its focus on operational efficiency and scalability.

**Strategic Locations:** The company's facilities are strategically located near major ports and industrial hubs. The Morbi ICD serves as a critical link to Mundra Port and North India, while the CFSs near Nhava Sheva Port offer logistical advantages, reducing transportation costs and time for import and export operations.

**Financial and Debt Management:** In September 2022, Navkar Corporation sold its ICD operations in Tumb, Gujarat, for ₹831 crore, utilizing ₹650 crore to reduce debt. However, net debt increased to ₹213 crore in FY24, driven by vehicle expansion for operational growth.

**Open Offer and Strategic Divestment:** In June 2024, promoters sold their 70% stake to JSW Port Logistics Pvt Ltd for ₹1,012 crore under a strategic partnership agreement, positioning the company for enhanced growth under the new ownership.

**Challenges and Growth Prospects:** The company faced challenges in FY24 due to reduced export volumes and early-stage operations of the Morbi ICD. However, its strategic investments in infrastructure, strong foothold in key logistics segments, and alignment with JSW Port Logistics indicate significant growth potential in the coming quarters.

**Quarterly Financial Consolidated**

**Profit and loss account**

**(Rs Cr)**

	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24
Sales	94.58	116.84	117.92	117.63	133.12
Growth(%)	-10%	24%	1%	0%	13%
Expenses	80.26	104.51	98.58	115.57	118.39
Operating Profit	14.32	12.33	19.34	2.06	14.73
Growth(%)	-9%	-14%	57%	-89%	615%
Other Income	0.80	-3.08	0.55	-3.61	1.67
Depreciation	9.61	11.12	12.19	12.72	12.54
Interest	1.99	5.27	5.68	5.41	5.82
Profit before tax	3.52	-7.14	2.02	-19.68	-1.96
Tax	1.41	7.67	-5.24	-6.61	0.34
Net profit	2.11	-14.80	7.26	-13.07	-2.30
Growth(%)	-77%	-114%	304%	-156%	468%

**Financial Consolidated**

**Profit & Loss**

**(Rs Cr)**

	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Sales	567.10	672.36	453.14	441.52	434.87
Growth(%)	18%	19%	-33%	-3%	-2%
Expenses	400.43	528.34	363.23	353.63	367.37
Operating Profit	166.67	144.02	89.91	87.89	67.50
Growth(%)	9%	-14%	-38%	-2%	-23%
Other Income	0.45	-1.04	32.05	45.58	-7.07
Depreciation	42.10	50.02	27.80	26.79	41.71
Interest	47.61	60.26	19.89	18.96	14.02
Profit before tax	77.41	32.70	74.27	87.72	4.70
Tax	32.10	16.76	7.04	-4.77	6.42
Net profit	45.31	15.93	67.23	92.49	-1.71
Growth(%)	-14%	-65%	322%	38%	-102%

**Balance Sheet**

**(Rs Cr)**

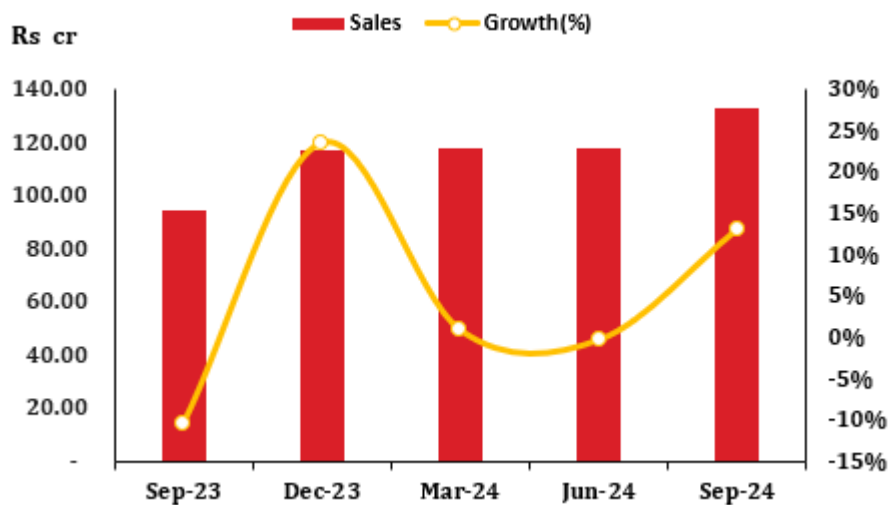
Report Date	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Equity Share Capital	150.52	150.52	150.52	150.52	150.52
Reserves	1,648.73	1,664.56	1,731.62	1,826.00	1,823.99
Borrowings	546.92	633.60	709.35	44.36	219.67
Other Liabilities	80.95	44.14	42.13	44.57	33.53
<b>Total</b>	<b>2,427.12</b>	<b>2,492.82</b>	<b>2,633.62</b>	<b>2,065.45</b>	<b>2,227.71</b>
Net Block	2,159.53	2,225.52	2,265.49	1,653.07	1,945.66
Capital Work in Progress	46.04	42.25	98.08	53.77	22.88
Investments	-	-	-	-	-
Other Assets	221.55	225.05	270.05	358.61	259.17
<b>Total</b>	<b>2,427.12</b>	<b>2,492.82</b>	<b>2,633.62</b>	<b>2,065.45</b>	<b>2,227.71</b>

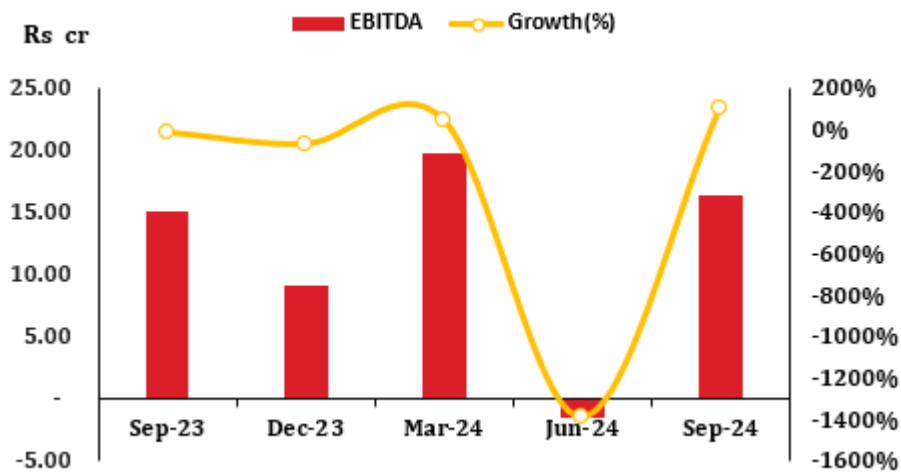
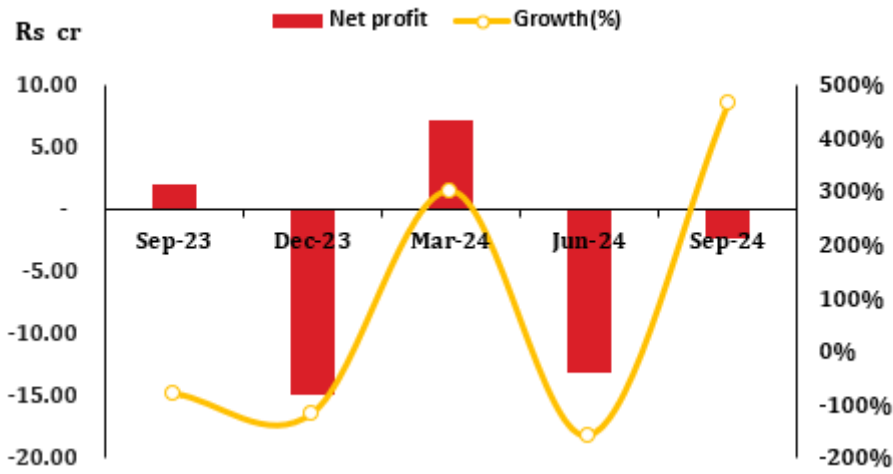
**Cash Flow**

**(Rs Cr)**

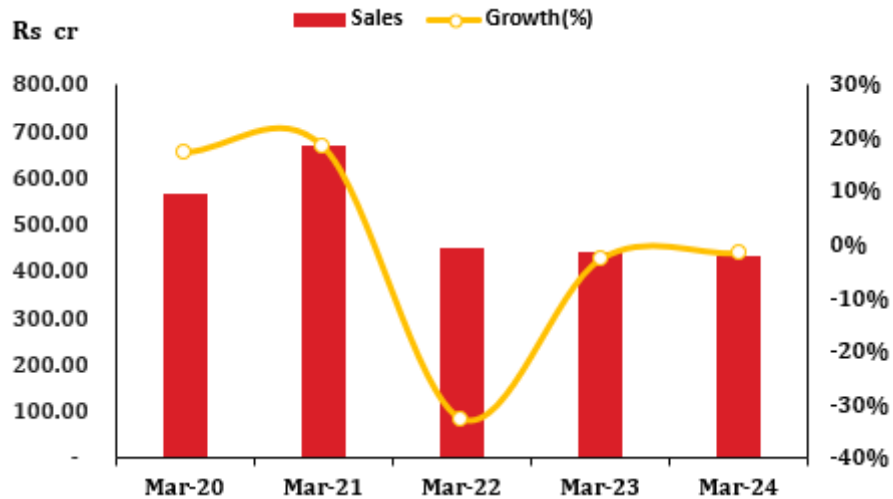
	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Cash from Operating Activity	164.78	113.61	124.64	125.58	61.86
Cash from Investing Activity	-169.94	-116.95	-151.62	648.29	-302.27
Cash from Financing Activity	1.34	7.87	23.07	-685.38	154.36
Net Cash Flow	-3.83	4.53	-3.91	88.49	-86.05

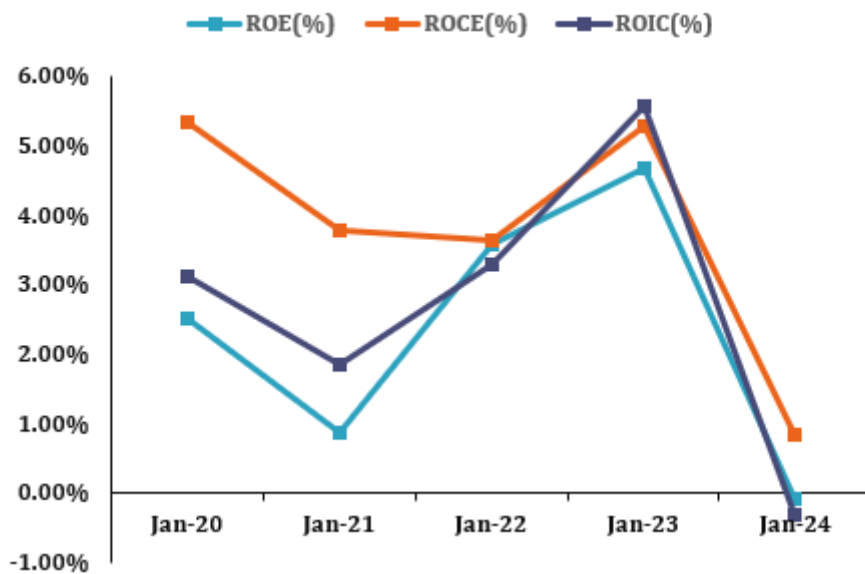
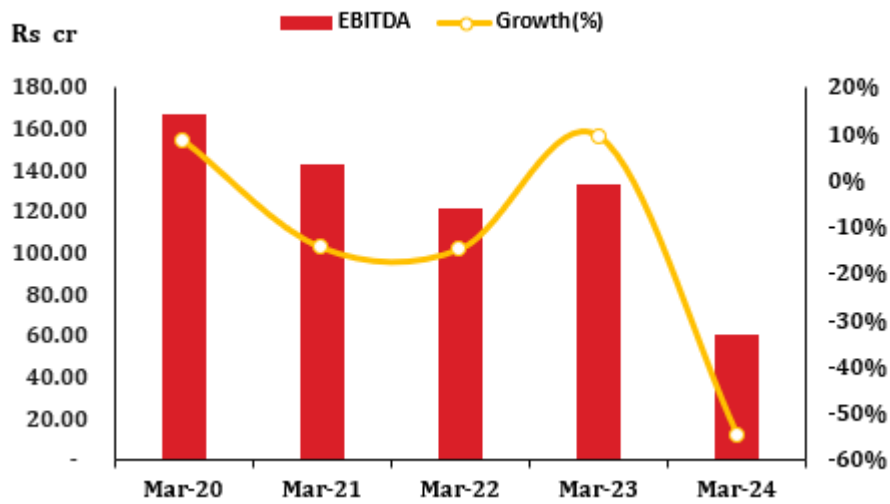
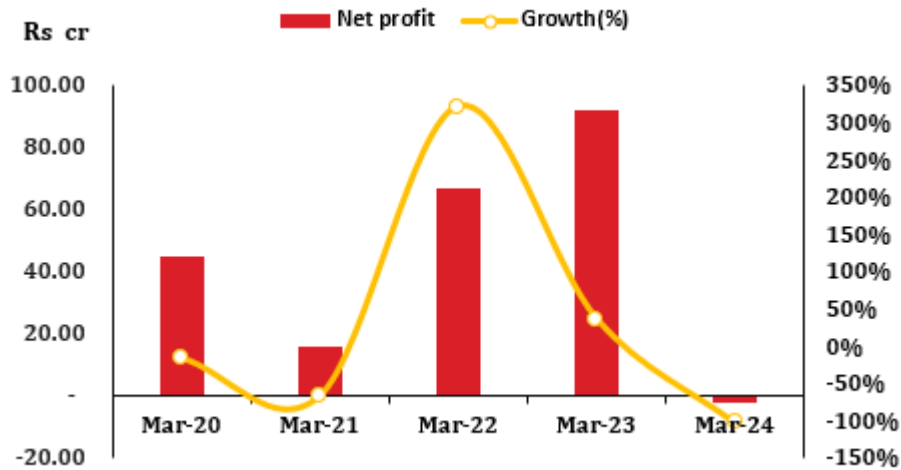
**Key Metrics: Quarterly**





**Key Metrics: Yearly**





**Key Ratio:**

<b>Leverage Ratios</b>	<b>Mar-20</b>	<b>Mar-21</b>	<b>Mar-22</b>	<b>Mar-23</b>	<b>Mar-24</b>
D/E	0.30	0.35	0.38	0.02	0.11
Debt/Assets	0.23	0.25	0.27	0.02	0.10
Debt/Ebitda	3.27	4.43	5.82	0.33	3.64
Debt/Capital Ratio	23%	26%	27%	2%	10%
Cash flow/Debt	0.30	0.18	0.18	2.83	0.28
Interest coverage ratio	2.63	1.54	4.73	5.63	1.34
Sales Change	18%	19%	-33%	-3%	-2%
Ebit Change	10%	-26%	1%	13%	-82%
Operating Leverage	0.52	-0.73	1.15	0.88	15.40
Financial Leverage	1.35	1.37	1.40	1.04	1.13

<b>Efficiency ratios</b>					
Receivable days	52	58	73	25	64
Receivable turnover	7.09	6.26	4.99	14.79	5.72
Inventory days	0.00	0.00	0.00	0.00	0.00
Inventory turnover	41	85	43	179	106
Net Fixed assets turnover	0.26	0.30	0.20	0.27	0.22
Sales/capital employed	0.24	0.27	0.17	0.22	0.20
Total Asset Turnover	0.23	0.27	0.17	0.21	0.20

<b>Profitability ratios</b>					
Ebitda	167.12	142.98	121.96	133.47	60.43
Ebitda margin	29%	21%	27%	30%	14%
Gross Profit	269.21	236.62	192.95	181.32	157.89
Gross Profit Margin	47%	35%	43%	41%	36%
EBIT	125.02	92.96	94.16	106.68	18.72
EBIT Margin	22%	14%	21%	24%	4%
ROE	3%	1%	4%	5%	0%
Net profit margin	8%	2%	15%	21%	0%
EPS	3.01	1.06	4.47	6.15	-0.11
DU Pont ROE	3%	1%	4%	5%	0%
Net Profit Margin	8%	2%	15%	21%	0%
Sales/Total assets	0.23	0.27	0.17	0.21	0.20
Financial Leverage	1.35	1.37	1.40	1.04	1.13
DU PONT ROA	2%	1%	3%	4%	0%
Net Profit Margin	8%	2%	15%	21%	0%
Sales/Total assets	0.23	0.27	0.17	0.21	0.20

Capital Allocation Ratios	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
ROCE	4%	3%	2%	3%	1%
EBIT Margin	22%	14%	21%	24%	4%
Sales/cap employed	0.24	0.27	0.17	0.22	0.20
NOPAT	73.18	45.31	85.23	112.48	-6.85
Capital employed	2346.17	2448.68	2591.49	2020.88	2194.18
ROIC	3%	2%	3%	6%	0%

Valuation Ratios	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Price/Earnings	5.93	29.43	7.13	8.61	-807.95
Price/Book	0.15	0.26	0.25	0.40	0.70
Marketcap	268.64	468.81	479.34	796.15	1,381.59
Enterprise Value	813.17	1,095.49	1,185.68	749.03	1,595.83
EV/EBITDA	4.87	7.66	9.72	5.61	26.41



**Disclaimer:** ANALYST CERTIFICATION I, Mr. Anshul Jain B.com, Research Analyst, author and the name subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. 'Subscriber' is the one who has subscribed to the Research Reports in various forms including Research Recommendations, Research SMS Alerts/Calls, Fundamental and Technical Research calls, Investment Strategist Magazine, Research/market news etc through Lakshmishree Investment & Securities Limited. Subscriber may or may not be client of Lakshmishree Investment & Securities Ltd.

**Terms & conditions and other disclosures:**

Lakshmishree Investment & Securities Ltd. (hereinafter referred to as "LISL ") is engaged in the business of Stock Broking, Depository Participant and distribution for third party financial products. (LISL) will, at its discretion, provide its company research reports/news, results, and event updates/sector report/monthly commentary/regular compendium, trading call, technical and derivatives reports (together "the reports") as also market news to subscribers either in the form of a written market commentary or research report sent in e-mail, form, SMS or through postal or courier service. A brief extract of the reports may also be sent, on enrolment, in SMS, e-mail form. This document has been prepared by the Research Division of LISL and is meant for use by the recipient only as information and is not for circulation. This document is not to be reported or copied or made available to others without the prior permission of LISL. It should not be considered or taken as an offer to sell or a solicitation to buy or sell any security. The information contained in this report has been obtained from sources that are considered to be reliable. However, LISL has not independently verified the accuracy or completeness of the same. Neither LISL nor any of its affiliates, its directors or its employees accepts any responsibility of whatsoever nature for the information, statements and opinion given, made available or expressed herein or for any omission therein. Recipients of this report should be aware that past performance is not necessarily a guide to future performance and value of investments can go down as well. The suitability or otherwise of any investments will depend upon the recipient's particular circumstances and, in case of doubt, advice should be sought from an independent expert/advisor. Either LISL or its affiliates or its directors or its employees or its representatives or its clients or their relatives may have position(s), make market, act as principal or engage in transactions of securities of companies referred to in this report and they may have used the research material prior to publication. LISL is registered as Research Analyst under Securities and Exchange Board of India (ResearchAnalysts) Regulations, 2014 LISL submits that no material disciplinary action has been taken on us by any Regulatory Authority impacting Equity Research Analysis activities. LISL or its research analysts or its associates or his relatives do not have any financial interest in the subject company. LISL or its research analysts or its associates or his relatives do not have actual / beneficial ownership of one percent or more securities of the subject company at the end of the month immediately preceding the date of publication of the research report. LISL or its research analysts or its associates or his relatives do not have any material conflict of interest at the time of publication of the research report. LISL or its associates might have received compensation from the subject company in the past twelve months. LISL or its associates might have managed or co-managed public offering of securities for the subject company in the past twelve months or mandated by the subject company for any other assignment in the past twelve months. LISL or its associates might have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months. LISL or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months. LISL or its associates might have received any compensation or other benefits from the subject company or third party in connection with the research report. LISL encourages independence in research report preparation and strives to minimize conflict in preparation of research report. LISL or its analysts did not receive any compensation or other benefits from the subject Company or third party in connection with the preparation of the research report. LISL or its Research Analysts do not have any material conflict of interest at the time of publication of this report. It is confirmed that Mr. Anshul Jain B.com, Research Analyst of this report has not received any compensation from the companies mentioned in the report in the preceding twelve months Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. The Research analysts for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report. The research analysts for this report has not served as an officer, director or employee of the subject company. LISL or its research analysts have not engaged in market making activity for the subject company Our sales people, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. LISL and its associates, their directors and employees may (a) from time to time, have a long or short position in, and buy or sell the securities of the subject company or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company or act as an advisor or lender/borrower to the subject company or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.