

Price: 462

Recommendation: Buy

Industry: Power Generation

Sector: Utilities

Report Date: 05-May-2025

Nava Limited is a diversified enterprise excelling in energy, metals, and agriculture. With a debt-free status and strategic investments, it drives growth through initiatives like Maamba Energy's Phase 2 expansion, a 100 MW solar plant, and avocado plantations. Focused on operational efficiency, cost optimization, and mining exploration, Nava is committed to delivering sustained profitability and shareholder value.

Sales		Profit & Loss		Profitability Matrix	
Current Year	1519 Cr	Operating Profit(Year)	368 Cr	Operating Profit Margin	24.2 %
Previous Year	1600 Cr	Operating Profit(Quarter)	61.8 Cr	EBITDA Margin	21.40 %
Current Quarter	280 Cr	PAT (Year)	214 Cr	Net Profit Margin	14.6 %
Previous Quarter	331 Cr	PAT (Quarter)	50.5 Cr	EPS	13.6
Revenue (QYoY)	308 Cr				
Valuation Matrix		Growth(YoY)		Growth(QoQ)	
Trailing P/E	33.9	Sales Growth	0.60 %	Sales Growth	-15.41 %
PEG Ratio	6.97	PAT Growth	-30.07 %	Sales Growth QYoY	-9.09 %
EV/EBITDA	24.7	EPS Growth	80.13 %	PAT Growth	-64.93 %
P/B	3.54	Dividend Yield	0.43	PAT Growth QYoY	10.75 %
Capital Allocation		Holdings		Leverage	
RoE	5.94 %	Promoter	50.1 %	Debt/Equity	0.00
RoA	5.45 %	FII	9.74 %	Debt	3.15 Cr
RoCE	8.00 %	DII	0.19 %	Market Cap	13420 Cr
RoIC	14.8 %	Public	39.9 %	Enterprise value	13316 Cr
		No of Shares	29.0 Cr	Cash Equivalents	108 Cr

source : Company filings

Company's Overview Based on Recent Concall and Performance:

Nava Limited's Q3 FY25 earnings call highlighted the company's resilience and strategic focus amidst market challenges. The management emphasized steady profitability and operational efficiency across its core sectors—energy, metals, and agriculture. Key initiatives include the ongoing Phase 2 expansion of the Maamba Energy plant in Zambia, expected to be commissioned by August 2026, and the development of a 100 MW solar power plant under Maamba Solar Energy. Additionally, the company is advancing its avocado plantation project, with 1.3 lakh trees planted and plans to scale to 4 lakh trees across four divisions. Investments in sugar cultivation adjacent to the avocado plantation and exploration of lithium and magnetite mines further underscore Nava's commitment to diversification and long-term value creation.

Strategically, Nava is leveraging its strong financial position, including debt-free status and consistent repayments from Maamba Energy, to drive growth. The company has secured a PPA for the Maamba Phase 2 expansion at a tariff of \$0.095 per unit, ensuring revenue visibility. In the ferroalloys segment, diversification into ferrosilicon and strategic raw material procurement during price dips have helped mitigate volatility. Export markets, particularly the U.S., are showing promise for ferrosilicon, while silicomanganese prices have rebounded, improving profitability. The domestic power business is also positioned to capitalize on favorable coal prices and potential tariff increases during summer months.

Future growth perspectives are robust, with multiple initiatives underway. The avocado project is expected to yield its first commercial fruit by the end of FY26, while sugar cultivation and lithium exploration are progressing steadily. The company is also exploring manganese processing in Ivory Coast, with promising results from a newly allocated mine. These projects, coupled with the solar and thermal power expansions, position Nava for sustained growth across diverse sectors. Management's focus on cost optimization, operational efficiency, and strategic investments ensures scalability and resilience.

Overall, Nava Limited's proactive approach to diversification and expansion reflects a strong commitment to shareholder value. The company's ability to navigate sectoral challenges, secure long-term agreements, and invest in high-potential projects demonstrates strategic foresight. With steady repayments from Maamba Energy and promising developments across agriculture, energy, and mining, Nava is well-positioned to deliver consistent growth and profitability in the coming years.

NAVA Daily Closing One Year Price Chart



Name	Mar Cap (Rs. Cr.)	P/E	ROE	Sales(G) QoQ	Sales(G) QYoY	PAT(G) QoQ	PAT(G) QYoY
Mafatlal Inds.	942.05	8.24	8.20%	-8.56%	116.65%	-5.98%	42.82%
Quess Corp	5159.65	13.65	11.15%	6.56%	13.99%	7.36%	18.83%
Balmer Lawrie	3553.42	13.71	14.69%	-1.33%	7.83%	1.03%	-6.01%
3M India	34024.87	61.28	24.81%	-1.88%	8.38%	-14.96%	-15.88%
Nava	13420.31	33.89	5.94%	-15.32%	-9.22%	-64.93%	10.89%

Aspect	Commentary
Revenue	Revenue declined YoY from Rs.1600 Cr to Rs.1519 Cr, reflecting a 0.60% drop. QoQ sales fell 15.41%, indicating weaker quarterly performance. However, the company’s diversified operations and strategic initiatives may help stabilize revenue in the long term.
Profit & Loss	Operating profit for the year stood at Rs.368 Cr, with a PAT of Rs.214 Cr. Quarterly PAT declined significantly by 64.93% QoQ, signaling short-term challenges. EPS growth of 80.13% YoY highlights improved profitability despite quarterly volatility.
Profitability Matrix	Operating profit margin of 24.2% and EBITDA margin of 21.4% reflect strong operational efficiency. Net profit margin at 14.6% indicates sustained profitability. EPS of 13.6 showcases earnings strength, supporting long-term shareholder value.
Valuation Matrix	Trailing P/E of 33.9 and EV/EBITDA of 24.7 suggest the stock is priced at a premium. PEG ratio of 6.97 indicates slower growth relative to valuation. Dividend yield of 0.43% provides modest returns, while P/B of 3.54 reflects fair asset valuation.
Growth (YoY)	Sales growth of 0.60% YoY indicates flat revenue performance. PAT growth declined by 30.07%, reflecting profitability challenges. EPS growth of 80.13% highlights improved earnings efficiency, driven by operational optimization and cost control.
Growth (QoQ)	QoQ sales declined by 15.41%, signaling weaker quarterly demand. PAT fell 64.93%, indicating significant profitability pressure. However, PAT growth QYoY of 10.75% suggests recovery potential. Strategic initiatives may stabilize future growth.
Capital Allocation	RoE of 5.94% and RoCE of 8% reflect moderate returns on equity and capital employed. RoIC of 14.8% highlights efficient capital utilization. Debt-free status and Rs.108 Cr in cash equivalents provide financial flexibility for growth initiatives.
Holdings	Promoter holding at 50.1% ensures strong control, while FII at 9.74% reflects foreign investor confidence. Public holding of 39.9% indicates broad market participation. DII presence is minimal at 0.19%, suggesting limited domestic institutional interest.
Leverage	Debt-to-equity ratio of 0.00 and debt of Rs.3.15 Cr confirm the company’s debt-free status. Market cap of Rs.13,420 Cr and enterprise value of Rs.13,316 Cr reflect strong valuation. Financial stability supports Nava’s ability to fund strategic expansions.

Analyst viewpoint: Nava Limited presents a compelling investment opportunity in the short to mid-term, driven by its diversified operations across energy, metals, and agriculture. The company's debt-free status and robust capital allocation strategies provide a solid foundation for growth, with Rs.108 Cr in cash equivalents ensuring financial flexibility. Key initiatives such as the Maamba Energy Phase 2 expansion, a 100 MW solar power plant, and avocado plantations highlight Nava's strategic focus on long-term value creation. Despite a 15.41% QoQ decline in sales and a 64.93% drop in PAT, the company's YoY EPS growth of 80.13% underscores its ability to optimize operations and improve profitability. Additionally, the rebound in silicomanganese prices and promising export markets for ferrosilicon signal recovery potential in the metals segment. Nava's proactive approach to cost control and operational efficiency positions it well to navigate short-term challenges and capitalize on favorable market conditions.

The recent concall emphasized Nava's resilience and strategic foresight, with management securing a PPA for Maamba Phase 2 at \$0.095 per unit, ensuring revenue visibility. The avocado project, expected to yield its first commercial fruit by FY26, along with sugar cultivation and lithium exploration, further diversifies the company's growth avenues. While valuation metrics such as a trailing P/E of 33.9 and EV/EBITDA of 24.7 suggest a premium pricing, the company's strong operational margins and RoIC of 14.8% reflect efficient capital utilization. A mild concern is the flat YoY sales growth of 0.60%, which indicates subdued revenue momentum. However, Nava's strategic investments and sectoral diversification provide confidence in its ability to deliver sustained growth and shareholder value in the coming quarters.

Please read detailed disclosure on next page.

Explanation of Investment Rating*	
Investment Rating	Expected Return (over 12-month)
BUY	>=15%
SELL	<-10%
NEUTRAL	>-10% to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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