

**Price:** 524

**Recommendation:** Buy

**Industry:** Power Generation

**Sector:** Utilities

**Report Date:** 03-Apr-2025

Nava Limited is actively expanding in the energy sector with the Maamba Stage 2 thermal power plant set for 2026. The company is also venturing into commercial agriculture in Zambia and exploring solar energy projects. Nava's strategies focus on cost optimization, efficiency, and strategic investments. Future growth includes lithium and magnetite mining exploration. Despite challenges in the ferroalloys market, Nava remains committed to delivering shareholder value and sustaining growth.

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	38.4	Sales Growth	0.60 %	Sales Growth	-15.41 %
PEG Ratio	7.90	PAT Growth	-30.07 %	Sales Growth QYoY	-9.09 %
EV/EBITDA	28.0	EPS Growth	80.13 %	PAT Growth	-64.93 %
P/B	3.96	Dividend Yield	0.38	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	15214 Cr
RoIC	14.8 %	Public	39.9 %	Enterprise value	15109 Cr
		No of Shares	29.0 Cr	Cash Equivalents	108 Cr

source : Company filings

## Company's Overview Based on Recent Concall and Performance:

In the recent earnings call, Nava Limited outlined several new initiatives and business strategies aimed at driving growth and diversification. The company is actively pursuing expansion in the energy sector with the Maamba Stage 2 thermal power plant expected to be commissioned by August 2026. Additionally, Nava is venturing into commercial agriculture with projects like avocado and sugar cultivation in Zambia, which are expected to commence commercial production soon. The company is also exploring opportunities in solar energy, with plans for a 100-megawatt solar power plant in Zambia. These initiatives reflect Nava's commitment to diversification and long-term value creation, as stated by the management: "Our expansion efforts in metals, energy, and agriculture continue as planned, positioning Nava Limited for sustained long-term growth."

Nava's business strategies are focused on optimizing costs, improving efficiencies, and driving strategic investments. The company has maintained high plant availability at its Maamba Energy operations and is progressing steadily with its Phase 2 expansion. In the metals division, Nava is adapting to sectoral pressures by diversifying into ferrosilicon, which has helped mitigate volatility in the silicomanganese market. The company is also leveraging its strong working capital limits to secure raw materials at favorable prices, providing cost visibility and margin improvement potential. As the management noted, "We remain committed to optimizing costs, improving efficiencies, and driving strategic investment to create value for all stakeholders."

Looking ahead, Nava Limited is optimistic about its future growth prospects. The company is exploring new opportunities in lithium and magnetite mining, although these are in the early stages of exploration. The management expects to have a concrete plan for these ventures within a year. Additionally, the company is evaluating shareholder-friendly actions, such as dividends, as it becomes debt-free and receives payments from its Maamba subsidiary. The management expressed confidence in the company's ability to deliver value to shareholders, stating, "We are optimistic about our future growth prospects and will continue to strengthen our position in our key business sectors."

While the company has demonstrated resilience and strategic foresight, there are areas for improvement. The volatility in the ferroalloys market poses challenges, and the company must continue to adapt its strategies to mitigate these risks. Additionally, the success of the agricultural initiatives will depend on market conditions and the timely execution of projects. The management's proactive approach to exploring new opportunities and optimizing existing operations is commendable, but continued vigilance and adaptability will be crucial for sustaining growth and profitability.

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
<b>Mafatlal Inds.</b>	955.69	8.41	8.20%	-8.56%	116.65%	-5.98%	42.82%
<b>Balmer Lawrie</b>	3296.07	12.72	14.69%	-1.33%	7.83%	1.03%	-6.01%
<b>3M India</b>	32721.85	58.93	24.81%	-1.88%	8.38%	-14.96%	-15.88%
<b>Nava</b>	15213.78	38.39	5.94%	-15.32%	-9.22%	-64.93%	10.89%
<b>Quess Corp</b>	10066.84	26.55	11.15%	6.56%	13.99%	7.36%	18.83%

Aspect	Commentary
<b>Revenue</b>	The company's revenue shows a decline from the previous year and quarter, indicating potential challenges in maintaining sales momentum. The quarterly year-over-year growth is positive, suggesting some recovery or seasonal factors at play. Monitoring future trends will be crucial for assessing long-term revenue stability.
<b>Profit &amp; Loss</b>	Operating profit and PAT figures reveal a decline in profitability, with a significant drop in quarterly PAT. This suggests cost pressures or revenue challenges impacting net earnings. The company must focus on cost management and revenue enhancement strategies to improve profitability in upcoming periods.
<b>Profitability Matrix</b>	The operating profit margin and EBITDA margin indicate a healthy operational efficiency, though net profit margin is lower, reflecting potential cost or revenue issues. EPS growth is strong, suggesting improved earnings per share, but overall profitability needs strategic focus to enhance margins.
<b>Valuation Matrix</b>	The company's valuation metrics, including a high P/E ratio and PEG ratio, suggest the market expects future growth. However, the EV/EBITDA and P/B ratios indicate the need for careful evaluation of growth prospects and profitability to justify current valuations.
<b>Growth (YoY)</b>	Year-over-year growth metrics show modest sales growth but a significant decline in PAT, highlighting profitability challenges. EPS growth is strong, indicating improved earnings per share, but the overall growth strategy needs to address profitability to sustain investor confidence.
<b>Growth (QoQ)</b>	Quarter-over-quarter growth figures reveal a decline in sales and PAT, indicating short-term challenges. However, the positive PAT growth in QYoY suggests some recovery. The company must address these fluctuations to stabilize and enhance quarterly performance.
<b>Capital Allocation</b>	The company's return metrics, including RoE, RoA, and RoCE, suggest moderate efficiency in capital utilization. The high RoIC indicates effective investment returns, but overall capital allocation strategies should focus on enhancing returns and optimizing resource deployment.
<b>Holdings</b>	The ownership structure shows a balanced mix of promoter and public holdings, with limited institutional investment. This structure may impact market perception and liquidity. Enhancing institutional interest could provide stability and support strategic initiatives.
<b>Leverage</b>	The company's leverage position is strong, with a zero debt-to-equity ratio, indicating financial stability and low risk. This provides flexibility for future investments and growth initiatives, though maintaining this position will require careful financial management.

**Analyst viewpoint:** Nava Limited has shown strong strategic promise, with initiatives aimed at driving growth and diversification. The company's expansion in the energy sector, highlighted by the development of Maamba Stage 2, positions Nava as a leader with anticipated commissioning by 2026. This strategic move, coupled with ventures in commercial agriculture in Zambia and solar energy projects, demonstrates a commitment to diversification and long-term value creation. The recent QoQ growth metrics reveal an encouraging 10.75% PAT QoQ improvement, signifying a recovery phase. The expertly managed capital allocation, with a RoIC of 14.8%, underscores effective investment returns and positions the company favorably within its peer group. Moreover, with a trailing P/E of 38.4 and zero debt to equity, the current valuation not only reflects market expectations of future growth but also provides a stable financial footing.

In the mid-term, Nava's focus on optimizing costs and strategic investments should bolster operational efficiencies across its diverse sectors. Despite short-term challenges, such as the 15.41% decline in QoQ sales, which highlight areas for potential improvement, the proactive approach in exploring opportunities in lithium and magnetite mining suggests robust future growth prospects. The management's foresight in securing raw materials at favorable prices further enhances cost visibility, positioning Nava to effectively navigate the competitive landscape. While the volatility in the ferroalloys market remains a challenge, the company's diversified approach mitigates risks while maintaining a commitment to delivering shareholder value.

Please read detailed disclosure on next page.

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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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