



NAVA /SECTL /230/2024-25

August 13, 2024

Listing Department  
National Stock Exchange of India Limited  
Exchange Plaza, 5<sup>th</sup> Floor,  
Plot No.C/1, G Block  
Bandra Kurla Complex, Bandra (E)  
MUMBAI – 400 051  
**NSE Symbol: 'NAVA'**

Dept. of Corp. Services  
BSE Limited  
Phiroze Jeejeebhoy Towers,  
Dalal Street  
MUMBAI – 400 001

**Scrip Code: '513023' / 'NAVA'**

Dear Sirs,

**Sub: Transcript of Conference Call.**

**Ref: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015: Transcript of the Conference call with investors.**

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Please find enclosed the transcript of the Conference Call with Investors/Analysts held on August 08, 2024, on the operational and financial performance of the Company for the quarter ended June 30, 2024.

This is also available on the Company's website at [www.navalimited.com/financials/](http://www.navalimited.com/financials/).

Kindly take the same on record and acknowledge the receipt.

Thanking you,

Yours faithfully,  
for NAVA LIMITED

VSN Raju  
Company Secretary  
& Vice President

Encl: as above.



“Nava Limited

Q1 FY‘25 Earnings Conference Call”

August 08, 2024



**MANAGEMENT: MR. ASHWIN DEVINENI – CHIEF EXECUTIVE OFFICER  
– NAVA LIMITED**

**MR. NIKHIL DEVINENI – SENIOR VICE PRESIDENT –  
NAVA LIMITED**

**MR. SULTAN BAIG – CHIEF FINANCIAL OFFICER –  
NAVA LIMITED**

**MR. VSN RAJU – COMPANY SECRETARY – NAVA  
LIMITED**

**MODERATOR: MR. MOHIT KUMAR – ICICI SECURITIES**

**Moderator:** Ladies and gentlemen, good day, and welcome to Nava Limited Q1 FY'25 Earnings Conference Call hosted by ICICI Securities Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing star & zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Mohit Kumar from ICICI Securities Limited. Thank you, and over to you, sir.

**Mohit Kumar:** Thank you, Neha. On behalf of ICICI Securities, we welcome you all to Q1 FY'25 Earnings Call of Nava Limited. Today, we have with us Mr. Ashwin Devineni, CEO; Mr. Nikhil Devineni, Senior Vice President; Mr. Sultan Baig, CFO; and Mr. VSN Raju, Company Secretary.

Without much delay, I will now hand over the call to the management for opening remarks, which will be followed by Q&A. Thank you, and over to you, sir.

**Ashwin Devineni:** Good afternoon, everyone. I'm pleased to welcome you all to quarterly investor call. Today, we are here to discuss the financial results for the quarter ended 30 June 2024. I am delighted to report that Nava Limited has sustained its growth momentum with robust performance across all our business divisions.

This quarter, we achieved our highest ever quarterly income of INR1,258.4 crores marking a 16.7% increase year-on-year. Our profit before tax has also reached a record of INR530.8 crores, reflecting a 27.6% growth compared to the same period last year. These numbers are a testament to our strategic focus on operational efficiency and cost optimization enabling us to navigate market volatility effectively.

Our Energy divisions in India and Zambia have shown remarkable results. The Maamba Energy Limited power plant operated at near perfect 100% plant availability, contributing significantly to our consolidated revenue and profitability. We have also commenced the construction of an additional 300-megawatt power plant in Zambia, which will further strengthen our position in the energy sector.

In the Metals division, we reported a profit before tax of INR23.2 crores compared to a loss of INR1.6 crores last year, driven by higher realization and successful product diversification to Ferro Silicon. Our Mining division sustained a robust wholesale, contributing to our overall positive financial performance.

Furthermore, I'm pleased to announce that Nava Bharat Singapore Pte. Limited has started paying dividends to Nava Limited and Maamba Energy Limited has commenced discharging accumulative interest to the sponsors with USD19.5 million received since April 2024.

These achievements highlight our commitment to enhancing shareholder value and generating reserves for future growth. Our Agri business has also made significant strides with Nava Avocado Limited successfully completing the plantation in Division A with over 90,000 trees

and preparing for the next phase of planting. This aligns with our vision of sustainable agriculture and environmental stewardship.

In summary, our diversified portfolio and robust business model has enabled us to deliver strong financial results and position ourselves for sustained growth. I want to thank all of you for your continued support and confidence in Nava Limited. Let us now open the floor for any questions you may have. Thank you.

- Moderator:** Thank you. We will now begin the question and answer session. The first question is from the line of Nidhi Shah from ICICI Securities Limited. Please go ahead.
- Nidhi Shah:** Congratulations on a great quarter. My first question would be on Maamba Energy Limited, the 300-megawatt plant, do we have a PPA in place for that? And what are the terms of the PPA?
- Ashwin Devineni:** Yes, we do have a PPA. It has been signed and also been approved by the Energy Regulation Board. The PPA is for a term of 20-years and the offtake starts post COD, which is going to be 2 years from now.
- Nidhi Shah:** Okay. And my second question is on NBEIL. You gave the PBT numbers in the presentation. Could we have the revenue, EBITDA and PAT numbers? And simultaneously, do we have any tie-ups for this plant for the balance 9 months of the year?
- Sultan Baig:** So for Nava Bharat Energy, the total revenue for the first quarter was at INR 201 crores and profit before tax was INR 68.2 crores and profit after tax is INR 44.4 crores. For the current quarter, the plant operated at 91%-plus PLF. We have bilateral contracts. And overall, for the year, we anticipate it to be over 70% PLF.
- Nidhi Shah:** And my absolute last question would be that the interest cost has come down significantly this quarter. What is the reason for that? And is it something that we will see over the full year or was this a one-off?
- Sultan Baig:** The debt has been completely repaid both by Nava, Maamba Energy and also Nava Bharat Energy. That's why there is no interest cost.
- Nidhi Shah:** All right. And are you planning to bring back debt in the group? Or this is what we broadly assume the situation to be for next 1 or 2 years?
- Sultan Baig:** I could not get you.
- Nidhi Shah:** So broadly being debt-free is the plan for the next 1 or 2 years, right?
- Sultan Baig:** At Nava Limited level, certainly, yes. But at Maamba Energy Limited level, there will be certain debt in the books for Phase II 300-megawatt expansion.
- Ashwin Devineni:** I think just to explain further, on a consolidated level, we're not going to be debt-free but at standalone level, yes, we continue to be debt-free.

- Moderator:** Thank you. The next question is from the line of Sandeep Mathivanan from MoneyGrow Asset. Please go ahead.
- Sandeep Mathivanan:** Thanks for the opportunity and congratulations on good set of numbers. I just have one question. So, the gross margins have increased from 65% to 70% year-over-year. Is this primarily due to decrease in coal prices? Similarly, the RM costs have come down. Are there any restrictions in other RM costs contributing to the improvement that you would like to add?
- Ashwin Devineni:** So, it's a combination of two factors operating at high PLF and also reduction in the coal prices.
- Moderator:** Thank you. The next question is from the line of S.G Kankani from S. G. Kankani and Associates. Please go ahead.
- S.G. Kankani:** Good afternoon, Mr. Devineni. I am very delighted to see the performance of the company in the first quarter. And I just have 2 questions. One is that what is the present tariff in the PPA, which you have mentioned in the presentation as USD 0.095, so what is the tariff applicable in the latest PPA that you have entered for Phase II?
- Sultan Baig:** Currently, Phase 1 has a tariff of USD 10.3 cents and the PPA is valid upto 2036.
- S.G. Kankani:** USD 10.3 cents
- S.G. Kankani:** So, the tariff being negotiated is less than the present tariff? It is USD 9.7 cents as compared to USD 10.3 cents.
- Sultan Baig:** Yes.
- S.G. Kankani:** Okay. And sir, this is the first-year tariff, whether there will be increase every year as compared to the cost of production or what is the provision in the present PPA.
- Ashwin Devineni:** It is linked to U.S. PPA inflation index, every year.
- S.G. Kankani:** Okay. And sir, my one question is, what is the expected revenue from Avocado products in the next financial year? I have read that in the next financial year, the production will be there of Avocado. So, what is the expected revenue from this product in the next financial year?
- Ashwin Devineni:** So next financial year, revenue will be small, about USD 3 or 4 million, but the peak revenue will be from '2027-28 onwards.
- S.G. Kankani:** Okay.
- Moderator:** Thank you. The next question is from the line of Viraj Mahadevia from MoneyGrow Asset Private Limited. Please go ahead.
- Viraj Mahadevia:** Hello. Congratulations to the promoter group and the management team for excellent results. A question, what was the free cash flow in Q1 and any noncore asset sales planned by the company, such as the Hyderabad land parcel erstwhile sugar plant land in Samalkot?

- Ashwin Devineni:** No. So I think in terms of the land parcels, definitely, valuations have increased. We have the Samalkot land and then we also have the Dharmavaram land. I think the valuations are definitely increasing. There are a lot of investors looking to set up shop within AP. So I think, hold on and look at opportunities, there's no urgency for us to sell. I think it's a good call that we held on to the land parcels basically enjoying the fruit of the valuations going up. So we're always evaluating opportunities and when the right opportunity strikes, we will move.
- Viraj Mahadevia:** Understood. the free cash flow, Ashwin, in Q1.
- Sultan Baig:** The free cash flow at the group level will be about INR500 crores.
- Viraj Mahadevia:** INR500 crores in Q1 is fantastic. So, my next question is, Ashwin, I think I brought this up a few times before. Obviously, a remarkable job by you and the team in making this debt-free and now net cash, both with incremental arbitration awards coming through as well as the organic cash flow generation. But given that scenario on net cash, what are the plans for use of proceeds, I've seen that you declared an interim dividend of INR4, but that's only INR60 crores. So how do you plan to really reward the shareholders?
- Ashwin Devineni:** Yes. So I think we've started by rewarding. I mean, at the end of the day, we just started receiving the funds. While we were getting paid in Zambia, we were clearing up all our debt for Phase 1 which has enabled us to become debt-free and essentially embark on Phase 2.
- As Maamba starts declaring more dividends and paying off its shareholder loan, we will definitely look at other corporate actions that will benefit shareholders and increase the company value. And also, we are embarking in terms of expansion of Maamba, the Avocado project, the Ivory Coast project. And we have other things that we are currently exploring. So we're definitely going to leave a significant chunk out for growth capital.
- Viraj Mahadevia:** I appreciate that, but just correct me if I'm wrong. Avocado plus the equity contribution on the 300-megawatt plant plus Ivory would probably not be more than USD100 million, USD150 million, which is about INR1,000 crores. The company is generating INR500 crores of free cash flow per quarter, plus you have an incremental INR1,200 crores to come in from arbitration. The government in the recent buyback rules allowed a relaxation until the 1st of October. So that's one avenue, two is obviously dividends, but keen to see either of the 2 or both come through for shareholders.
- Ashwin Devineni:** So, I see, in terms of our payments and so on, there's still some due. We hope when it comes, we can take certain aggressive corporate decisions with regard to increasing shareholding value.
- . We're really trying to ensure that ZESCO pays the Arrears on time. And I think once we get the cash, we will definitely take certain corporate actions. So, in terms of the expansion, if you look at the equity portion of the Avocado and the Maamba, you're looking at about USD120 million. And we are looking at other opportunities too. You need to understand that we are in certain sectors that could be phased out say in 20 years, 30 years from now. . So, we would want to save some cash to grow other verticals that we want to get into.
- Viraj Mahadevia:** Understood. All the very best on the growth and the shareholder value enhancement.

- Moderator:** Thank you. The next question is from the line of Govind Lal an Individual Investor. Please go ahead.
- Govind Lal:** Congratulations to the whole Nava team for this great set of numbers. As a shareholder, I'm very happy. I have 2 to 3 questions. First is that in last investor call held in May, you said that corporate action will happen very soon, sooner than later, that is the words what you used. can you define this, sir?
- Ashwin Devineni:** Yes. we did say 3 months later, we did take the corporate action by declaring an interim dividend. I think we just started receiving cash from our Zambian subsidiary and as soon as we have, we have declared an interim dividend like promised.
- Govind Lal:** On an overall basis, this dividend is very small. We, as a shareholder thought that we would receive big as corporate action Is that what you hinted in last call, which is something small this quarter or something more is in pipeline?
- Ashwin Devineni:** We take decisions based on what we have. We've just started receiving money and we've taken a corporate action. Now we are working hard to get the remainder of the arrears paid. And once that comes, maybe it could allow Board to deliberate on larger corporate action. It is very hard for the Company to predesign the actions that it may take, while we don't have the money sitting with us.
- Govind Lal:** Yes. My second question is regarding the tax rate in second phase. Will we be getting a similar tax holiday in phase 2 also, as we got for Phase 1. .
- Sultan Baig:** Yes, we will be getting tax holiday similar to the Phase 1 in Phase 2 as well.
- Govind Lal:** So, we got for first 5 years in Phase 1, will we get the same for Phase 2 also?
- Sultan Baig:** Yes.
- Govind Lal:** Okay. Then last question is regarding the dues which we received from arbitration arrears in this quarter.
- Ashwin Devineni:** In the current quarter we received USD15 million.
- Govind Lal:** How much is due as on today?
- Sultan Baig:** USD 224 million.
- Govind Lal:** Now we must receive USD25 million every month going forward from August?
- Ashwin Devineni:** No. It's a very dynamic situation. You need to also understand that right now Zambia is going through big power crisis, as the hydros are working at suboptimal plant load factors. We are in constant discussions and they are paying us a certain amount every month, but it's a very dynamic thing which is happening during discussions. We are trying to work with them rather than being unreasonable. So I don't think we can communicate any numbers right now. But on a month-on-

month basis, they are paying a certain amount, and that's based on verbal agreements that we are having with the utility.

**Govind Lal:** So the equity contributions for second phase shall be from arrears?

**Ashwin Devineni:** Yes. I think the good thing here is the way we structured the project finance, which has been equity rear-ended, unlike what it was for the initial Phase 1 project, which means our equity comes at the end. And we made it very clear that the equity from our side would just to be paid from the arrears, so there won't really be a contribution from the Nava side.

**Govind Lal:** So just to have a more clarity, out of INR100 crores equity, INR65 crores Nava has to contribute, which will be contributed through the arrears received?

**Ashwin Devineni:** Well, that is our plan. As Maamba gets money and as it declares dividends to Nava Bharat Singapore, Nava Bharat Singapore will use that cash to fund its equity portion.

**Govind Lal:** Okay

**Moderator:** It seems like we have lost our current participant. We'll take a question from the line of Nidhi Shah from ICICI Securities Limited. Please go ahead.

**Nidhi Shah:** I wanted to know what is the capex expenditure that we're looking at for the full year? And how are you going to plan it across various quarters?

**Ashwin Devineni:** In terms of the Indian operations currently there's no large capex plan. I think most of the planned capex emanate from our overseas operations, which include the Maamba Energy expansion and on the Avocado side since we are now looking at putting together a pack house and also with our exploration activities at Ivory Coast and also the lithium assets that we have recently acquired exploration licenses. We plan on starting the exploration activity there, too.

**Nidhi Shah:** Also, the ferro alloys we saw this quarter that the profit and EBIT margins have jumped quite a lot, as compared to Y-o-Y. Is this something that we see as a normalized rate of EBIT from the ferro alloys segment? Or we will see the margins maturing further?

**Nikhil Devineni:** Unfortunately, no, because the prices, which you're seeing in quarter 1 have tapered down in quarter 2. But having said that, I think we are also taking some mitigated measures particularly with respect to diversification of different products. So that is helping us retain the margin. And similarly, even for the existing bulk product that we produce which is silico manganese, we have a long-term agreement with overseas customers.

So that is faring much better than, what the domestic market is offering. So these things are helping us the situation that we're facing today, but it's very different from what we had in quarter 1.

**Moderator:** Thank you. The next question is from the line of Rucheeta Kadge from iWealth Management LLP. Please go ahead.



- Rucheeta Kadge:** Sorry if I missed on this point. I just wanted to understand on ZESCO. how much amount are we expecting from them this year in terms of the arbitration?
- Ashwin Devineni:** Yes. So, like we said, the outstanding amount is USD224 million. They are right now paying us on a monthly basis, about USD 5 million towards the arbitration. They have to start paying a larger amount to the tune of about USD25 million per month.
- Now unfortunately, given the current situation there, their revenues have also kind of come down because of the bad rains and the fact that they're not able to generate and sell as much power as they earlier envisaged. We currently are in discussions with them. They are very determined to clear the entire USD224 million. In fact, they are working on other initiatives such as taking loans to really clear this. But this is under discussion. So, we can't commit to any payment plan in terms of how much they will be clearing every month, but they've been paying us USD5 million on a monthly basis.
- Rucheeta Kadge:** Okay. And sir, what is the status on the magnetite exploration that you were supposed to start?
- Ashwin Devineni:** We have been undertaking exploration activities. We do feel that there is high-grade magnetite there and the activities are currently ongoing. Like any exploration activities, these are time consuming, and we'll only get the results later.
- Rucheeta Kadge:** Okay. Just one question is regarding the unallocated the other segment that we report. This quarter the EBITDA has come at around INR70 crores. So, wanted to understand what does others consist of?
- Ashwin Devineni:** These are technical services and the other income. So technical services, which include other services and operation and maintenance services that the company provides.
- Rucheeta Kadge:** Okay. The operations and maintenance that happens at Zambia?
- Ashwin Devineni:** Yes.
- Moderator:** Thank you. The next follow-up question is from the line of Viraj Mahadevia from Money Grow Asset Private Limited. Please go ahead.
- Viraj Mahadevia:** Until when the Zambia Phase 1 tax concessions valid?
- Sultan Baig:** Current financial year is the last financial year for the first 5 years of tax holiday, then the next 5 years will commence from 1st April '25 onwards.
- Viraj Mahadevia:** Understood. So, after the current financial year FY '25 there will no longer be a tax concession. And what will be the tax rate going forward there?
- Sultan Baig:** 30% corporate tax.
- Viraj Mahadevia:** Okay.

- Moderator:** Thank you. The next question is from the line of Govind Lal an Individual Investor. Please go ahead.
- Govind Lal:** Just a clarification on the question asked by previous participant. So this year, we are adjusting first 5 years tax concession. So next year, I don't think it is full tax 30%. For the next few years, it will be 15%. After that, it will be 20%, 30% like that, I think. So my understanding is correct?
- Sultan Baig:** Yes, absolutely.
- Govind Lal:** So how much it will be from next year, sir? From nil to?
- Sultan Baig:** First 2 years, it will be 75% exempt, then the next 3 years it will be 50%.
- Govind Lal:** Okay. Then last one more question sir. This quarter was very phenomenal. For Zambia, that is a regular business. For Indian operations, is there any seasonality that power or ferro alloys will be distributed?
- Sultan Baig:** During the first quarter, demand for power will be generally high especially from the Northern states. That's why energy sector does better in the first quarter. And the demand for power slightly reduced in the Q2, but again picks up in Q3 onwards.
- Govind Lal:** Then last one question. How much arrears we have to still write back?
- Sultan Baig:** So, the outstanding arrears on the arbitration as on today is USD224 million.
- Govind Lal:** No, how much more is the credit loss to be written back.
- Sultan Baig:** It is USD31.9 million.
- Govind Lal:** Still USD31.9 million to be reversed?
- Sultan Baig:** Yes.
- Moderator:** Thank you. The next question is from the line of Vijay, an Individual Investor. Please go ahead.
- Vijay P:** Yes. I missed the part about Ivory Coast exploration. It was said that this exploration had not given encouraging results, and we have given it up. Now what is the next thing happening in Ivory Coast?
- Nikhil Devineni:** So, we're actively pursuing other options. Ivory Coast at the end of the day, does have a decent manganese potential. So, we are looking at other options and as and when we get them, we'll disclose.
- Vijay P:** So as of now, we do not have any opening in Ivory Coast as far as manganese ore is concerned?
- Ashwin Devineni:** No, we do. Essentially, the way it works with these concessions is you can have multiple concessions. If one is not very fruitful, there are other concessions that we are exploring in Ivory Coast. It's not like we've given up on Ivory Coast. It's just that you find the most economical concession and the exploration activity is continuing.

**Vijay P:** Coming back to the ferroalloy operation in India, every time somebody asked about the monetization of land parcels, it is told that there is no usage of the money at the moment and the price is going up and so we are holding on to it. So, what are we doing about expanding our ferroalloy capacity or the power generation capacity in India when we have the source of money for funding it?

**Nikhil Devineni:** Well, I think if you look at the last year, the ferroalloys division with the existing capacity had proved hard to turn profitable and that's mainly on account of input costs are essentially the same as the competitor.

Unless you backward integrate and have access to your own new raw material, in this case, it's manganese ore. So, we're pursuing that very actively. I think once that does take place, then a call for expansion could be justified. But at this juncture when there is already an oversupply in the market, it doesn't make sense to expand.

**Moderator:** As there are no further questions, I would now like to hand the conference over to the management for closing comments.

**Ashwin Devineni:** In conclusion, I want to express my gratitude to our dedicated team for everything, and I hope we've answered all your questions. We remain focused on our long-term goals, future diversification and global expansion. We look forward to also delivering sustained growth and margin to all our shareholders and stakeholders. Thank you very much.

**Moderator:** Thank you. On behalf of ICICI Securities Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.

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*Note: 1. This document has been edited to improve readability and  
2. Blanks if any, in this transcript represent inaudible or incomprehensible words.*