Nava Ltd — Aug 2026 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Beat on Cash Flow | Miss on YoY PAT (Base effect) | Inline on Operations **One-line:** The thesis is undergoing a "Timeline Shift" as the lucrative Zambia Phase 2 expansion is delayed by six months to Q2 FY28, but the core business is de-risking faster than expected with sovereign arrears now reaching a near-terminal liquidation point ($13.4M).

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Prior Quarter	Beat (Operational)	Record standalone income of □689 Cr; India PLFs hit multi-quarter highs (Odisha 93.4%).	□
Earnings Quality	High (Cash-backed)	Receivables dropped $54M+ post-quarter; PAT is "cleaner" as FX/ Tax distortions moderated.	□
Guidance Confidence	Neutral (Mixed)	Solar on track (Sept '26), but Phase 2 Thermal pushed from Jan '27 to July '27.	□
Management Credibility	Neutral	Successfully repatriating cash, but the logistical delay in Phase 2 raises supply-chain execution questions.	□
Business Quality Signal	Improving	Transition to a debt-free parent with massive upstreaming of subsidiary cash.	□
Key Q&A Exchange	Q#1 - Phase 2 Delay	Logistics/Conflict pushed COD to Q2 FY28; Revenue impact is ~□1,660 Cr ($200M) annually.	□
The Street's Primary Anxiety	Zambia Phase 2 Delay	Management cited logistical/global conflict delays; no material impact on capex expected.	□
Capital Cycle Stage	Investment	Committed to $400M Phase 2 ($100M equity) and long-gestation Agri/Sugar projects.	□
Margin Trajectory	Improving (Zambia)	MEL EBITDA margin healthy at 52%; India margins supported by contract renewals.	□
Pricing Power	Stable	Alloys realizations increased by □3,200/MT despite lower volumes.	□
FCF Conversion & Quality	Exceptional	Post-quarter recovery of $54.5M in arrears makes this a massive liquidity-event quarter.	□
Competitive Moat Signals	Stable	"Mine-to-mouth" asset in Zambia remains the lowest-cost producer in the region.	□
Balance Sheet Strength	Strong	Parent is a net cash entity; Zambia debt being serviced through operational cash flows.	□
Working Capital Efficiency	Improving	Receivables cycle in Zambia has structurally collapsed from years to ~60 days.	□
Mgmt Guidance Track Record	Mixed	Consistent on dividends and Solar; inconsistent on Phase 2 Thermal and Lithium timelines.	□
Key Vulnerability	Concentration	Over-reliance on Zambia for 90%+ of consolidated profitability.	□
Management Tone	Confident	Bullish on "location-agnostic" returns and the "success" of the Zambian model.	□

Key Takeaways (Positives & Negatives): * **Positives:** The Zambian cash engine has effectively been "unlocked," with sovereign receivables falling from $77.4M in June to just $13.4M by mid-August. India operations are firing on all cylinders with PLFs across all three domestic plants (Telangana, Odisha, NBEIL) improving sequentially. The 100MW Solar project is weeks away from commissioning (Sept '26), providing the first major growth catalyst of FY27. * **Negatives:** The 300MW Thermal expansion (Phase 2), the most critical EBITDA driver in the pipeline, has been delayed by approximately 6 months (now Q2 FY28) due to logistical disruptions. This creates a "dead zone" for incremental thermal earnings in H2 FY27. Additionally, the Lithium project remains "on hold" due to license contests, and the high-margin Ferro Alloy volume was hit by a planned shutdown in Odisha. * **The Street's Concern:** Analysts focused on the Phase 2 delay and the stagnation of the Metals business. Management's response suggests they are prioritizing "yield-optimization" over volume in Metals and that the Phase 2 delay is a "force majeure" logistical issue that doesn't impair the long-term IRR. * **Forward Watchpoint:** Monitoring the successful synchronization of the 100MW Solar plant in September 2026—this will be the litmus test for Nava's ability to execute renewable projects outside their core thermal expertise.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS *PPT figures used as primary source. Concall used for Mgmt Commentary and consolidation details.*

Metric	Current Qtr (Q1FY27)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Revenue (Consol) (□ Cr)	1,269.0	↑ 6.6%	↑ 110.5%	↑	Record high driven by standalone dividends and improved PLFs in India/Zambia.
Revenue (Standalone) (□Cr)	689.0	↑ 69.7%	↑ 70.6%	↑	Driven by record dividend income from Nava Global; standalone core ops stable.
EBITDA (Consol) (□ Cr)	433.0	↓ 18.0%	↑ 132.0%	↑	YoY dip due to high ECL reversal ($8.7M) in Q1FY26; QoQ surge on higher PLFs.
EBITDA Margin %	34.1%	↓ 1020 bps	↑ 310 bps	↑	Normalizing as ECL reversals fade; Zambia margin remains robust at ~52%.
PAT (Consol) (□Cr)	266.0	↓ 44.4%	↑ 92.2%	↑	YoY drop due to base effect; Q1FY26 had massive non-recurring ECL/Tax gains.
Net Cash (Parent) (□ Cr)	~1,347.0	→	→	→	Maintained high liquidity; reserved for $100M Phase 2 equity and Agri capex.
Installed Capacity (MW)	714	→	→	→	414MW (India) + 300MW (Zambia).
PLF - Zambia (MEL) (%)	89.3%	↓ 590 bps	↑ 330 bps	↑	High availability maintained; YoY dip due to minor maintenance timing.
PLF - India Avg (%)	85.4%	↑ 1390 bps	↑ 550 bps	↑	Telangana (87.3%) and Odisha (93.4%) operating near peak capacity.
SiMn Sales (Tons)	29,133	↓ 2.2%	↓ 28.7%	↓	Volume hit by Odisha shutdown; partially offset by +□3,200/MT price increase.
Arrears/Receivables ($M)	$67.9	↓ 48.7%	↓ 12.3%	↑	Liquidation accelerated post-quarter to $13.4M (Aug 14).
CFO-to-PAT (Consol)	1.48x	↑	↑	↑	High Quality: Receivables liquidation is driving cash flow significantly above PAT.

2B. SEGMENT BREAKDOWN

Segment	Revenue (□ Cr)	YoY Growth	Margin (EBITDA)	Trend	vs Co. Avg	Key Development
Energy (Zambia)	542.0	↓ 4.9%	52.0%	→	Above	Receivables almost cleared; Phase 2 Thermal delay is the main headwind.
Energy (India)	147.0	↑ 18.0%	22.0%	↑	Below	50MW medium-term contract and high PLFs improved operational stability.
Ferro Alloys	224.0	↓ 12.0%	8.5%	↓	Below	Odisha plant shutdown reduced volumes; realizations up on export mix.
Mining (Zambia)	45.7	↓ 1.7%	N/A	→	N/A	Coal sales to external parties stable at 116k tons; supports MEL captive.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Feasibility	Historical Delivery	Risk Flag
Guidance	Phase 2 Thermal	COD by Q2 FY2027-28 (July '27).	~□100 Cr/month incremental capex spend.	**Missed:** Pushed from Jan '27 to July '27.	High
Guidance	Solar Project	COD by end of September 2026.	Commissioning within 45 days.	**On Track:** Construction finished; testing phase.	Low
Guidance	Sugar Plant	COD in Q4 FY2028.	Long-term execution required.	**New:** Timeline established ($55-60M rev target).	Medium
Strategy	Agri (Avocado)	$22M peak revenue (post-2032).	Multi-year growth; 2026/27 harvest critical.	**On Track:** Pilot harvests successful.	High
Balance	Arrears	Complete liquidation in FY27.	$13.4M remaining; high feasibility.	**Beat:** Arrears falling faster than expected.	Low
Strategy	Land Bank	Monetization/JV study ongoing.	Third-party evaluation underway.	**Stagnant:** No action for 4+ quarters.	Medium

4. ANALYST Q&A

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
1	5.0	Vansh / Individual	Phase 2 Timeline	Capex and Allocation	When will Phase 2 Thermal commission and what is the revenue impact?	Mgmt confirmed commissioning is delayed to Q2 FY28 (July '27) due to logistical/ global conflict delays affecting critical material shipments. This pushes the ₹1,660 Cr ($200M) annual revenue catalyst by six months; Delay overhang.	None	4.0	Specific timeline
2	4.5	Vansh / Individual	Project Funding	Financials	What is the debt-equity mix for the $400M Phase 2 expansion?	Mgmt reiterated a 75:25 structure with $300M debt and $100M equity, noting the debt profile remains constant despite timing shifts. This confirms the parent's ₹1,347 Cr cash buffer is more than sufficient for the $100M equity check; Low dilution risk.	None	5.0	Quantified
3	4.0	Vijay / Individual	Asset Value	Capex and Allocation	Why is the massive land bank (65 acres Hyderabad, 200 acres Samalkot) kept at historical	Mgmt stated they follow historical cost accounting as per standards but have engaged a third-party to evaluate JV/	Current market value	2.0	Hedged on value

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					cost and not revalued?	monetization options now that valuations have peaked. A successful land monetization would be a massive non-core cash trigger for the parent; Re-rating watch.			
4	3.5	Vijay / Individual	Ownership	Governance	Who is the ultimate owner of Zambia and is there a plan for a spin-off/ IPO?	Mgmt clarified that Nava Limited is the 100% ultimate beneficial owner of Nava Global (Singapore), which holds the Zambian and Ivory Coast assets. This confirms all cash flows ultimately belong to Nava shareholders, though a spin-off remains unlikely in the near term; Thesis anchor.	Spin-off timeline	3.0	Consistent
5	4.0	Vansh / Individual	Mining	Business Overview	What is the status of Lithium and Manganese exploration?	Mgmt reported promising Manganese results in Ivory Coast (converting to exploitation) but noted Lithium exploration has slowed due to elections. This suggests Manganese is a medium-	Lithium timeline	2.0	Vague

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						term EBITDA catalyst while Lithium remains speculative; Asset optionality.			
6	3.5	Sai Shreyas / Sci Inv	Margins	Financials	Why did Zambian EBITDA margins decline YoY and what is sustainable?	Mgmt attributed the decline to the lower ECL reversal ($0.5M vs $8.7M) and guided for a sustainable 45-50% operational EBITDA margin in Zambia. This resets analyst expectations to a more realistic "core" margin excluding accounting one-offs; Margin floor set.	None	4.0	Directional
7	3.5	Sai Shreyas / Sci Inv	Metals	Business Overview	Why has Metals sales been stagnant and what is the outlook?	Mgmt explained the Q1 volume dip was due to a planned Odisha maintenance shutdown and claimed 70% of production is already committed under long-term contracts. This suggests Metals will provide steady but capped cash flows rather than	Expansion plans	2.0	Volume capped

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						growth; Value-play.			

PATTERN FLAGS & SENTIMENT Analyst focus has shifted from "Zambian Arrears" (now viewed as solved) to "Project Timing." The recurring questions on the Phase 2 delay and the land bank valuation indicate the market is looking for the *next* catalyst to move the stock beyond its current valuation. Management appeared defensive only when pressed on the exact market value of their land bank and the specific timeline for Lithium exploration.

Analyst Sentiment Verdict: Analysts are satisfied with the operational cash-cow status of Zambia but are growing impatient with the 12-month+ stagnation in land monetization and the 6-month delay in Phase 2. Management's credibility remains solid due to the aggressive repatriation of dividends, but the "logistical delay" in Zambia adds a layer of execution risk for FY28.

GUIDANCE GAPS REVEALED IN Q&A | Topic | What Mgmt Claimed (Prior Q) | What Q&A Revealed | Gap / Walk-back | Risk to Thesis | | :--- | :--- | :--- | :--- | :--- | | Phase 2 Thermal | COD by Jan/Feb 2027 | COD by July 2027 | 6-month delay | Impact on FY27-28 EBITDA projections. | | Lithium Project | Exploration underway | Slowed/On-hold | Indefinite delay | Resource optionality is fading. | | Arrears | $77.4M (Mar '26) | $13.4M (Aug '26) | Faster collection | **Positive:** De-risks equity funding for Agri. |

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5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Q4FY26)	This Quarter (Q1FY27)	Direction
ZESCO Arrears	$77.4 Million	$13.4 Million (Post-Q)	↑ Improving
Phase 2 COD	January 2027	July 2027	↓ Deteriorating
India Power PLF	79.9% (Avg)	85.4% (Avg)	↑ Improving
Zambia FX Hit	□163 Cr (Deferred Tax)	□40 Cr (Deferred Tax)	↑ Improving
Agri COD (Sugar)	TBD	Q4 FY2028	↑ Improving
Land Bank Strategy	Internal evaluation	Third-party study engaged	↑ Improving
Metals Volume	40,863 Tons (SiMn)	29,133 Tons (SiMn)	↓ Deteriorating

Investor Notes: * **The Receivables Breakthrough:** The drop from $77M to $13M in just 45 days is the single most important data point. Nava is now essentially a debt-free parent with a liquid Zambian subsidiary, fundamentally changing the risk profile from "distressed sovereign" to "infrastructure yield." * **Expansion Delay:** The 6-month delay in Phase 2 is frustrating but management was emphatic that project capex remains unchanged. This is a timing issue, not a viability issue. * **Earnings Quality:** CFO significantly outpaced PAT again this quarter due to the $9.5M receivable reduction during the quarter and the subsequent $54M collection. The cash flow story is much stronger than the headline P&L suggest. * **Thesis Verdict:** Thesis remains intact. The delay in growth is offset by the near-total elimination of sovereign risk.

STOP HERE.