



NAVA /SECTL / 85 /2024-25

May 23, 2024

Listing Department
National Stock Exchange of India Limited
Exchange Plaza, 5th 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 May 17, 2024, on the operational and financial performance of the Company for the quarter and year ended March 31, 2024.

This is also available on the Company's website at

<https://www.navalimited.com/investors/financials/investor-conference-call/>

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

Q4 FY‘24 Earnings Conference Call”

May 17, 2024



MANAGEMENT: **MR. ASHWIN DEVINENI – CHIEF EXECUTIVE OFFICER – NAVA LIMITED**
MR. GRK PRASAD -- EXECUTIVE DIRECTOR – NAVA LIMITED
MR. NIKHIL DEVINENI -- SENIOR VICE PRESIDENT – NAVA LIMITED
MR. SULTAN A BAIG – CHIEF FINANCIAL OFFICER – NAVA LIMITED
MR. VSN RAJU -- COMPANY SECRETARY – NAVA LIMITED

MODERATOR: **MR. NIKHIL ABHYANKAR -- ICICI SECURITIES**

Moderator: Ladies and gentlemen, good day, and welcome to Nava Limited Q4 FY '24 Conference Call hosted by ICICI Securities. 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 an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Nikhil Abhyankar from ICICI Securities. Thank you, and over to you, sir.

Nikhil Abhyankar: Thank you, Aditya. On behalf of ICICI Securities, we welcome you all to Q4 FY '24 Earnings Call of Nava Limited. We have with us Mr. Ashwin Devineni, CEO; Mr. GRK Prasad, Executive Director; Mr. Nikhil Devineni, Senior Vice President; Mr. Sultan Baig, CFO; and Mr. VSN Raju, Company Secretary.

With this, I hand over the call to the management for brief opening remarks, which will be followed by Q&A. Thank you, and over to you, sir.

Ashwin Devineni: Hello, everyone. A very good afternoon, and welcome to Nava Limited investor call to discuss our financial results for the fourth quarter and fiscal year 2024. This is Ashwin Devineni. I'm delighted to share with you the remarkable achievements and strides we have made as a company.

First and foremost, I'm pleased to announce that Nava has once again demonstrated consistent and stable growth at both stand-alone and consolidated levels. Our commitment to financial prudence and operational excellence has resulted in significant milestones including the full debt repayment of USD314.4 million during the financial year at Maamba Collieries ahead of schedule.

This achievement not only highlights our financial strength, but also opens up avenues for the distribution of free cash flows to our sponsors. I'm also pleased to report that our stand-alone profit increased by an impressive 55% quarter-on-quarter, showcasing the resilience and agility of our business operations. At the consolidated level, we have achieved the highest ever yearly revenue and profit for the fiscal year 2024.

Our Energy division has particularly excelled with Nava Bharat Energy's 150 megawatts power plant, witnessing a turnaround in its financial performance marked by substantial increase in PLF in the current financial year.

Similarly, our mining division in Zambia has reported healthy growth in sales and profitability, driven by improved coal sales and operational efficiencies. I can undoubtedly state that our efforts in diversification and expansion have yielded promising results. Our agri business segment, Nava Avocado, has made significant strides in plantation activities with promising yields as per the expected timelines. As we move forward, I'm confident in the growth opportunities that lie ahead of Nava.

Our current debt-free status, coupled with the highest annual earnings set a solid foundation for the future growth and value creation for our stakeholders. Thank you all very much for joining us today. I now open this platform for any questions you all may have regarding our financial results. Thank you.

Moderator: Our first question is from the line of A.M. Lodha from Sanmati.

A.M. Lodha: Sir, I have got 2 questions. So, number one question is recently, Manganese Ore India has increased the prices of the high-grade manganese by 40% and 25% of lower-grade manganese ore. So, the prices have been shot up, and likely to be shot up further in international market as supply from the Australian mines has been disrupted and likely, it will take another 9 to 12 months to restore the supply in the system to ferroalloy producers. And just I wanted to know when our Ivory Coast mines will be in operations.

Nikhil Devineni: So Mr. Lodha, thank you for your question. As you rightly pointed out, MOIL has increased their manganese ore prices by about 40% very recently. And this was essentially following suit by what the others in the international market like Gabon and others have done. Now our reliance on MOIL is very limited. We use only about 10% of MOIL's ore in the overall blend. Having said that, as a company, we are quite well insulated from these increased prices because when prices were low, we had accumulated large stocks. So, our current inventory would serve us for the next couple of quarters, so we are fairly insulated from these increased prices in the market.

With regards to your second question with respect to the Ivory Coast mine, as we indicated in the press release, we have recently completed the third phase of exploration, which included the core drilling. Now unfortunately, while the surface exposure was good, once we went deeper, we found that the quantities and the qualities will not be fitting for us to go ahead with commercial exploitation.

So, keeping this in mind, we have been pursuing with the government on alternate locations for manganese ore mines. And currently, we are in a very advanced stage to be allocated another mine, which is about 3x the size of the existing one, where we intend to take an exploration activity shortly.

A.M. Lodha: Is this the same mine, which you are talking in the letter today under regulation 30 of SEBI. Can you put some light on this letter? What is 323 hectares land is for manganese ore or what we could not understand properly?

Ashwin Devineni: No. the 323 hectares is a completely different mine, That's a magnetite mine, not a manganese mine and that's in Zambia.

A.M. Lodha: Okay. And my second question is regarding the receivables from MCL. Last concall, Management indicated that out of the total dues receivable by MCL, from ZESCO, \$75 million was due up to December, 2023 and \$180 million was due up to the December, 2024. Now just I wanted to know how much money you have received out of the \$75 million, which was supposed to be received by December 2023? And how much money you received against the \$180 million, which is supposed to be receivable up to the December,2024, please?

Ashwin Devineni: So, with regards to the 2023 arrears payment, the September payment, which was actually the \$75 million, is still outstanding. We are currently in discussions and things are progressing well, but it's still outstanding. And with regards to what is supposed to be received this year, we have been discussing with ZESCO and they've been following a monthly plan. And to date, we received \$ 20 million, which is as per the plan that we have mutually agreed on.

Moderator: Our next question is from the line of Jatin from Svan Investment.

Jatin: Sir, just want to follow up on the previous questions pertaining to our receivables. So, I mean, there has been a continuous delay because initially, the cost of payment and now the \$225 million, which is yet to receive \$255 million, is getting delayed. Probably it's the financial liability or financial stability of the ZESCO is the back in the question, and that's why we are probably reporting the expected credit loss on this current receivables? So can you help us understand the financial ability of the ZESCO which is probably -- for which we are getting suffered in terms of the receivables.

Ashwin Devineni: Yes. if I understand you right, you're essentially questioning ZESCO'S ability to pay. I think one thing that needs to be noted is, we seem to be just looking at the arrears payment. There is a large chunk that we also get on a monthly basis based on the power we sell.

And ZESCO has been current and on time on paying those receivables to the tune of like \$21 million, \$22 million per month, from May 2022. And they've been current all throughout and they've been honouring their ongoing commitments. With regards to the arrears too, they did pay a major chunk except that 1-month payment of \$75 million, which they're actively working on to clear. .

And as per the payment plan that we have agreed for 2024, they've been very current in terms of their monthly payment. So I don't see any reason to worry about ZESCO's payment capacity right now. They are doing their very best. They are going through some tough times because of the power crisis in Zambia, which is resulting in lesser revenues for them. But we are in constant dialogue, and I don't think there's any reason to worry.

Jatin: But sir, if you look from our perspective and from the domestic shareholder perspective, the receivables, I mean, definitely getting delayed and because of which our further capex plan and permission from the domestic shareholders in terms of distribution of the excess cash flow, now which probably we are almost close to debt free is also getting delayed. So how should one look into the corporate actions going ahead and the capital deployment for the Nava as a whole?

Ashwin Devineni: No. So I think -- you see, it's a function of 2 things: one is the ZESCO payments. And like I said, they're sticking to their plan, the only delay is the \$75 million. So there's no reason to be worried on their payment obligation. With regards to the investors back home and corporate actions, we had to become debt-free. We had to clear our lenders to give way for dividend distribution. Because although we were current on our loan repayments, we have certain restrictions with the previous lenders where we were not allowed to declare dividends or repay shareholder loans or so on. Now that's out of the way.

So, I think in the next few months, as the Maamba board starts to declare dividends.....based on dividends or repayment of shareholder loans based on excessive cash available, we, as a company, will also, in turn, be able to take corporate actions so that the domestic shareholders benefit. So, I think as we kind of move forward and cash starts to come to the Singapore and the India level, we will be able to take corporate actions.

Jatin: Future capital deployment and capex for the future in which area we will be targeting?

Ashwin Devineni: Yes. So, there are a lot of growth projects that we are currently looking at to the tune of almost \$700 million. That would be funded in the form of debt and equity. So, as we get the funds and the dividends from our international operations, we would use some of it to fund our equity, and the remainder for corporate actions.

Jatin: And Sir, this \$700 million is largely for the second phase of Zambia, right?

Ashwin Devineni: Well, a large chunk of it is for the second phase of Zambia, but we do have expansions, I mean new projects at Ivory Coast, like what Nikhil had mentioned with regards to the manganese mine and taking up a smelter there. And also, we have our agri division, which is growing at a fairly rapid pace, where we're looking at avocados and possibly other crops.

Jatin: But sir, in your initial remarks, you indicated that because of the current exploration activity that you conducted, the current mine area was unviable for the commercial operation, and we are looking for the alternate options. So, I think that the expansion of the capex in the Ivory Coast will be delayed further for some time, then the larger focus will be on the second phase of Zambia only, for which we are attributing \$500 million to \$600 million. Is it fair to assume that?

Sultan Baig: Jatin, I think it is speculative at this point of time. I would suggest why don't you give chance to other investor participants also to ask the questions.

Moderator: Our next question is from the line of Dhruv Rawani from Shreeji Finserv LLP.

Dhruv Rawani: My question is on the macro theme that the steel in India is picking up in a big way. So, are we looking at any capex once the company receives the money from the Zambian entity and deploy some further capital allocation in the ferroalloy business? Your views on that. And secondly, what is aiding the current ferroalloy business? how you are seeing the market trends over the last 2 months in terms of prices and volume?

Nikhil Devineni: So I think in terms of expansion in India, right now, that has been ruled out because one is we want to get our hands in terms of the raw material security. And that's precisely why we are actively pursuing other mines in Ivory Coast, which has been a resource for manganese historically.

Now like I mentioned, although this mine did not click, we have been in pursual with the government to scout out for alternative locations. And today, we're at a very advanced stage to clinch in another exploration permit which is almost 3 times the size of the existing one. So I think in about a year or so, as and when we do the exploration, I'm hopeful that we should have some results.

- Dhruv Rawani:** Okay. And on the existing business of ferroalloy in India, what is the outlook?
- Nikhil Devineni:** So I think you may be aware that FY '24, the ferroalloys market as a whole went through an extremely bearish cycle. But fortunately, those days are now behind us. And from this quarter onwards, we have witnessed a sharp rebound in prices. So just to put it into perspective, if I had to compare quarter-on-quarter, Q4, the silicomanganese price was around Rs. 65,000 per metric ton for the domestic rate.
- And today, as we speak, that has jumped to about Rs. 90,000, So the delta is quite vast. And as a Company, we have secured raw material pricing, which are also in the rise.... early on at reduced prices. So we have an inventory, which will last for the next couple of quarters, which essentially means that the cost structure is going to be more or less of a linear one going forward. And furthermore, I think for the current quarter, we have committed close to about 80% to 90% of our overall production.
- Dhruv Rawani:** Okay. And 1 last question. Any update on the future capex on the power side that we are planning to do on the brownfield expansion of the power plant out there in Zambia?
- Ashwin Devineni:** Yes. So basically, the doubling of the capacity to 600 megawatts. So things are moving at a very fast pace. I don't know if you have been following the Zambian situation, but they've been facing a very large power deficit because they are predominantly dependent on hydro and because of the bad rains, they have almost 12 hours of power cuts every day. So the government itself has taken this expansion as a critical project. We're in discussions with them, things are progressing extremely fast so we will get back to you once we have something concrete to disclose.
- Moderator:** Our next question is from the line of Viraj Mahadevia from MoneyGrow India.
- Viraj Mahadevia:** Mr. Ashwin, many congratulations to you and the team on turning around the balance sheet, really commendable. Two questions from my side. One is over the next 6 months about the arbitration, how much are you likely to get for the contracted schedule in terms of payments collectively? Is it \$6 million -- \$5 million per month over 6 months?
- Ashwin Devineni:** Right now, it's \$110 million. It's not 5 to 6 months. I think it's \$ 5 million for the next 1 or 2 months and then the number increases. So altogether for 6 months, it's \$110 million. And if there is any kind of discrepancy or a change in schedule, I think ZESCO is calling us and having a discussion and only doing it post our concurrence.
- Viraj Mahadevia:** Okay. Helpful. Second question is capex that we had of \$700 million. I assume this is over 2025 and 2026. \$100 million would be the capex cash contribution per year. And with the free cash generation even on a normalized basis, without these special receivables, you should be generating over INR1,500 crores of cash, and it seems you have a net cash position of INR400 crores already. So when are you likely to look at this corporate action because your stock is terrifically cheap at 40% free cash flow yield single-digit dividend paying?
- Ashwin Devineni:** Like I previously said, the fact that we can start returning shareholder loans and declaring dividends has just opened up given that we sorted out our entire debt. So we will be looking at corporate actions very soon. I can't commit to it, but it will be sooner rather than later.

- Viraj Mahadevia:** All the very best on the continued path of fiscal responsibility.
- Moderator:** Our next question is from the line of Govind, an individual investor.
- Govind:** I have only one question. This arbitration award getting, we're getting delayed. The only thing I want to know from you, monthly minimum commitment of \$5 million, at least that we are receiving?
- Ashwin Devineni:** Yes, we've been receiving basically monthly commitment, \$5 million or whatever it is, except for the month of September 2023, which was \$75 million, which was a large chunk which I think, ZESCO was trying to settle out of loans that they were securing. Those loans unfortunately got delayed. So that's why that payment got delayed. But apart from that, we are receiving every month payment on the arrears.
- Govind:** So total, how much we have to receive now from ZESCO, as on today?
- Sultan Baig:** The outstanding is close to \$234 million as on today.
- Govind:** As on today, \$234 million. That includes the bullet payments, you are saying that monthly we also receive \$5 million.
- Sultan Baig :** It's as per the payment plans. For some months, we have \$5 million; and for some months, going forward, it will be a larger amount. So \$234 million includes the \$75 million.
- Moderator:** Our next question is from the line of A.M. Lodha from Sanmati Consultants.
- A.M. Lodha:** I have got 2 more questions. Number one, on consolidated balance sheet, I found there is some Rs. 400 crores loan is there, whereas I believe that project loan has been entirely paid in MCL? I'm talking of MCL, sir?
- Sultan Baig :** This is not a project loan. This is equity which is kept in the form of loan from Nava Bharat Singapore as well as ZCCMIH.
- A.M. Lodha:** But so far, I have read the balance sheet of Nava Bharat Singapore. Originally, they have given INR700 crores in rupee terms and INR300 crores something is interest outstanding, as they are providing every year, they were making a provision of the interest on the loans given. So out of that INR1,000 crores loan, how much the MCL has to return to Singapore?
- Sultan Baig :** Sir, just some time back, our CEO clarified that now we have repaid the entire debt to the lenders. It opens up the window for distribution to the sponsors. As and when there is availability of surplus cash, free cash flow, MCL's Board will be in a position to start the distribution to Nava Bharat Singapore and also to ZCCMIH.
- A.M. Lodha:** Another one, I could not hear properly, according to my memory, it was approximately INR1,000 crores in Indian currency. How much MCL has repaid to the Singapore subsidiary holding company?

- GRK Prasad:** We are talking about that amount only, which will get now repaid by MCL following the repayment to all the external lenders. MCL now is in a position to address that loan, which incidentally includes the interest accrued but not paid.
- A.M. Lodha:** Still not commenced the repayment? After taking the permission from the lenders, they will start repaying?
- GRK Prasad:** No, the issue was the lenders are not allowing this kind of distribution. Now that the lenders got repaid completely, MCL is in a position to service these loans. So we could start with payment of all the accrued interest and also distributions thereafter.
- A.M. Lodha:** Okay, sir. Then another question that the profit in the MCL's Power division is lesser than the third quarter. Is there any shutdown in the last quarter in MCL?
- Sultan Baig:** Yes, MCL had undergone routine shut down in both the units for 14 days, in the month of February and March.
- A.M. Lodha:** February and March, each unit. But there was no filing to the stock exchange. How we come to know that the company has taken a shutdown?
- Sultan Baig :** This is not a major maintenance. There was a routine maintenance.
- A.M. Lodha:** When your next major maintenance is due, sir?
- Ashwin Devineni:** It's every 6 months, Mr. Lodha. it's a biannual maintenance. And every time we basically figure out when we're going to have it is based on discussions that we have with ZESCO because of the power crisis and so on, we cannot take a maintenance when there is a huge power deficit. So we discussed with them, we agree on our schedule, and we take the biannual maintenance every 6 months.
- Moderator:** Our next question is from the line of Gorsidak from Prudent Equity.
- Gorsidak:** I want to know post majority repayment of consolidated debt that happened in FY '24, what will be our normalized interest cost going forward for FY '25 and '26?
- Sultan Baig :** There is no interest cost for FY '25 as of now because there is no debt either at a stand-alone level or at a consolidated level. It's only normal working capital, which is very minimal.
- Moderator:** Our next question is from the line of Jatin from Svan Investments.
- Jatin:** Just on your operational numbers, I was just thinking on your mining operations. In the sequential perspective, we reported a substantial degrowth in the numbers on the mining side and the power side. So power, definitely, we can understand there is a lower tariff which you got in Zambia, but on the mining front, can you help us understand what are the reasons behind the sequential decline?
- Ashwin Devineni:** Yes. So the mining operations at MCL have been doing extremely well. If you look at the year-on-year figures, there's a significant increase in terms of quantities and also profitability.

Quarter-on-quarter, there has been a decline because what we have also experienced is other competitors coming up in the vicinity, so the volumes have decreased to a slight level. But after that, they started increasing. They started going on the upward trend, but the decrease is primarily attributable towards new competition that has emerged.

Moderator: Our next question is from the line of Vignesh Iyer from Sequent Investments.

Vignesh Iyer: So, when you are operating our ferrochrome capacity, we had a capacity of around 2 lakh tons, if I'm not wrong. So now we are producing, in fact, silicomanganese and ferrosilicon. What is the equivalent production that is possible if we are producing at 100%?

Nikhil Devineni: So, Vignesh, when we were producing ferrochrome, the annual capacity was 60,000 tons so we had two 16.5 MVA furnaces, and the production per month was around 5,800 or so. Now given that we're producing silicomanganese, which has a higher specific power consumption, the production volumes go down slightly. So with silicomanganese, it is instead of 6,000 tons per month, it's at about 4,000.

Vignesh Iyer: So this is for silicomanganese, right?

Nikhil Devineni: Correct, silicomanganese. So the annual capacity for both the units put together producing only silicomanganese is about 140,000 tons per annum.

Vignesh Iyer: Okay. 140,000 tons per annum putting both the factories together, right? And I remember you had said about the ferrosilicon having a delta of INR15,000, INR20,000 per ton over the silicomanganese, if I'm not wrong? How is that delta faring out now since we have seen an increase in price across?

Nikhil Devineni: See, I think last year, the silicomanganese industry went through a very lean phase. And during this period, it was very difficult for most producers like us to even recover the variable cost component. So in order to alleviate the situation, we diversified into a new product lines. And at that point of time, ferrosilicon was doing rather well. So we were able to either break even or make the slight margin on that. But today, with the rebound in silicomanganese prices, it makes more commercial sense to revert back to silicomanganese on all the furnaces that we have.

Vignesh Iyer: Absolutely. So basically, if I understand it right, for this quarter, we'll be operating on the both plants on silicomanganese front only, purely?

Nikhil Devineni: We do have a commitment that we have been -- that is currently being serviced for ferrosilicon, which would complete by 15 June, post which we intend to convert even that furnace back to silicomanganese. So post 15 June, all of them are going to be running on silicomanganese.

Vignesh Iyer: Right. Sir, just one more question from my side. The provision now we have done around say INR283 crores compared to what it was like INR472 crores, so what is the total provisions we have done already until now? And do we intend to continue to have this expected credit loss along that going ahead?

- Sultan Baig:** Currently, in the books, we have \$34 million provision. If, once we start realizing the receivables from ZESCO, we'll be able to do the reversal of this provision.
- Moderator:** Our next question is from the line of Anant from CIL.
- Anant:** In December '23 in the con call, I think our payment outstanding was about \$254 million. And today, our payment outstanding is \$234 million. Are you 100% sure that by the calendar year '24, we will be able to recoup this \$234 million?
- Ashwin Devineni:** Yes. So I don't think we can be 100% sure of anything in life. So what we can assure you is we are doing our level best to discuss with ZESCO. ZESCO has been honouring a lot of its commitments. We are working with ZESCO times are tough in Zambia, and we definitely wish and hope to recoup the entire amount, but it will all depend on discussions that we have with ZESCO as we move forward.
- Anant:** How will you structure the entire African business? You have got expansion. Will it be a part of MCL, or will you make a different subsidiary for ferroalloy's front in Africa?
- Sultan Baig:** There are different subsidiaries. Whereas Maamba Collieries is a different subsidiary under which we have the Phase 1 power plant, and the Phase 2 could be under that. And agri business is anyway 100% in a different subsidiary.
- Anant:** Regarding the new expansion of 300-megawatt in Zambia, will MCL be able to finance it or will there be more equity infusion from the Singapore entity from our side?
- Ashwin Devineni:** Yes. So with regards to the Phase 2, the equity would need to be financed by NBS. But at the end of the day, MCL will declare dividends and repay the shareholder loan to NBS. So NBS will be utilizing some of that cash flow to fund its equity.
- Moderator:** Our next question is from the line of Dinesh K, an individual investor.
- Dinesh:** I have 3 quick questions. One is regarding the interest cost. It is still very high. Don't you think that for operation cost, this is too high, INR52 crores. The second question is the investment in Avocado? And how long it will take to get revenues from Avocado? And the third question is, we have this magnetite reserves and how much investment is planned into this?
- Sultan Baig:** I'll answer the second question. First, magnetite is very new. We are yet to start on the exploration. Once we get to the reserves, that time we'll be able to envisage what's going to be the investment on the magnetite mining site, etc. On the first question, you were not very clear. From what I could understand, you're talking about the interest cost in the last quarter. That's because the loans were repaid. And also, there was some prepayment penalty and default interest, that was also paid to the lenders. From the Q1 '24-'25 onwards, we don't have any loans outstanding either at stand-alone level nor at consolidated level, so there is no interest cost.
- Dinesh:** Yes. You missed my second question, the Avocado part. What will be the potential revenue for the Avocados?

- Sultan Baig:** Avocados, the total area where we have the plant is about 1100 hectares. And once the entire 1,100 hectares come into full scale production, we anticipate a production of somewhere about 22,000 to 25,000 metric tons. Going by the present values of Avocado, we anticipate revenue of \$50 million to \$60 million.
- Moderator:** Next question is from the line of Viraj from MoneyGrow India.
- Viraj:** Can you confirm the net debt status as of 31st of March '24, because you have debt on your books and cash. So if you can just confirm the position?
- Sultan Baig:** We do not have a debt on our books, Viraj. The debt what you're referring may be the equity debt, which is from NBS to MCL, which is actually the equity portion. NBS has provided the equity both in form of equity as well as the shareholder loan to the MCL.
- Viraj:** Understood. So would that mean you have INR800 crores net cash between cash, bank balances and investments. Is that reading, correct?
- Sultan Baig:** Absolutely right.
- Viraj:** Perfect. My second question is regarding the IMF i.e. impending IMF package for Zambia. Do you think -- this has been on for 3 years. Do you think that will see the resolution and liquidity position around ZESCO where if that were to go through, ZESCO would be in a better position to service the liabilities faster? I'm talking on the arbitration awards.
- Ashwin Devineni:** So I think the IMF has been in discussion, but it's gained a lot of traction because one of the roadblocks were the government was trying to renegotiate with a lot of their existing lenders, which I think they have made some positive traction with. With regards to ZESCO, what's actually going to increase and improve the cash flows is not really the IMF part, but the fact that there's a lot of new investments and expansion taking place in the copper industry in Zambia. You have a lot of large Middle Eastern entities that are taking significant stakes in copper assets and are either going to recommence operations or start construction.
- But the investment level that we are seeing in Zambia, especially in the copper sector is very high, which will increase the power demand definitely and will improve ZESCO's financials. What the IMF is preventing until it's closed is essentially external borrowing. So I think the problem Zambia or ZESCO's facing today is all their borrowing can be done internally through the domestic market. So, I think once the IMF deal is secured, it will allow ZESCO to also reach out to external financial institutions for the borrowing aspect.
- Moderator:** Ladies and gentlemen, that was the last question for the day. I now hand the conference over to the management for the closing comments.
- Ashwin Devineni:** As we close today's call, I hope we've answered all your queries. If there are any further questions, please reach out to us on the wider investor platform, and we'll be happy to answer. I would like to express my gratitude to our Shareholders, investors and the dedicated team members who are consistently contributing to our success with our unwavering commitment to



Nava Limited
May 17, 2024

excellence and innovation. I am confident that Nava Limited will continue to thrive in the years to come. Thank you very much.

Moderator:

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