

### 3R MATRIX

	+	=	-
Right Sector (RS)	✓	✓	✗
Right Quality (RQ)	✓	✗	✗
Right Valuation (RV)	✓	✗	✗
+ Positive	= Neutral	- Negative	

### What has changed in 3R MATRIX

	Old		New
RS	✗	↔	✗
RQ	✓	↔	✓
RV	✓	↔	✓

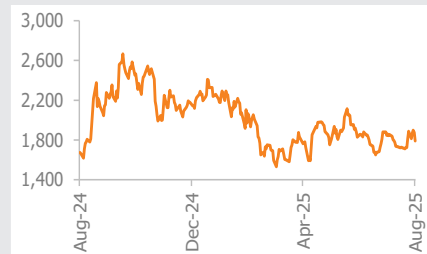
### Company details

Market cap:	Rs. 13,212 cr
52-week high/low:	Rs. 2,700/1,435
NSE volume: (No of shares)	4.2 lakh
BSE code:	533282
NSE code:	GRAVITA
Free float: (No of shares)	3.3 cr

### Shareholding (%)

Promoters	55.9
FII	15.1
DII	5.4
Others	23.6

### Price chart



Source: NSE India, Mirae Asset Sharekhan Research

### Price performance

(%)	1m	3m	6m	12m
Absolute	-3.7	-1.2	-9.1	9.1
Relative to Sensex	-0.4	-1.3	-12.6	10.5

Source: Mirae Asset Sharekhan Research, Bloomberg

## Gravita India Ltd

### Growth on track; maintain positive view

Metal & Mining	Sharekhan code: GRAVITA		
Reco/View: Positive ↔	CMP: Rs. 1,790 (as on Aug 01, 2025)	Upside potential: 27%	↔

#### Summary

- Q1FY26 results were good with revenue of Rs. 1,040, up 15% y-o-y led by lead and aluminium volumes. Operating profit of Rs. 111 crore increased 25% y-o-y due to some available arbitrages and PAT of Rs. 93 crore was up 39% y-o-y because of higher other income.
- The company has guided for a 25%/35% revenue/PAT CAGR and an ROCE of 25%+ over FY25-29.
- It is to be led by the implementation of Battery Waste Management Rules (BWMR), EPR, Reverse Charge Mechanism (RCM) and capacity expansion in new and existing recycling verticals.
- We assign a 30x multiple on its FY27 EPS and arrive at a target price of Rs. 2,280, which is a 27% upside on CMP. It is currently trading at 30x/24x its FY26/27 EPS.

**Company reported good numbers with revenue of Rs. 1,040 crore (+14.5% y-o-y). It was led by the volume growth of lead segment (+10% y-o-y) and aluminium segment (+96% y-o-y). Adj. Operating profit margin (OPM) of 10.7% was up 91 bps y-o-y. Consequently, operating profit grew 25% y-o-y to Rs. 111 crore. Segment wise, EBITDA/tonne of Lead/Aluminium/Plastic was Rs. 21,790/17,140/10,213, a growth of +13%/-12%/+1% respectively. Margins increased due to the arbitrage opportunity available in India. Volumes from overseas were moved to India to take advantage of the pricing arbitrage. Consolidated PAT of Rs. 93 crore was up 39% y-o-y because of good operating performance and higher other income.**

#### Key positives

- Lead margins of Rs. 21,790/tonne increased 12.8% y-o-y.

#### Key negatives

- Lead volumes at 46,215 tonne were up only 10.3% y-o-y.

#### Management Commentary

- The company has increased the long term lead margin guidance to Rs. 19-20/kg from Rs. 18-19/kg previously because of higher mix of value added products.
- The company's pilot lithium-ion battery recycling unit in Mundra is expected to be operational in Q2FY26.
- Rubber segment is expected to generate EBITDA of Rs 7-8/kg and revenue of Rs 300-400 crore by FY28.
- Of the 25%+ volume growth guidance for the next few years, company expects 15-16% volume growth from existing businesses and 7-8% from new capacity additions.
- The company has a Rs. 1,500 crore capex plan till FY28, with Rs. 1,000 crore designated for existing businesses and the remainder for new verticals. For FY26, they plan to spend over Rs. 350 crore on capex, with Rs. 60 crore already spent in Q1.
- The effective tax rate is expected to be 15-16% because of the treasury income. It will drop back to 13-14% without the treasury income.

#### Our Call

**Valuation – Maintain Positive view on Gravita India; expect 27% upside:** The company offers a compelling play on regulatory tailwinds, capacity expansion, and strategic forays into new recycling verticals. With a strong track record and expected Revenue/PAT CAGR of 27%/30% over FY25–FY27E, Gravita is well-positioned to sustain growth. Government emphasis on circular economy initiatives and the company's goal to increase the share of non-lead and value-added products to 30%+/50%+ respectively could act as key re-rating catalysts. Our target price is based on a 30x multiple of FY27E EPS. The stock currently trades at 30x/24x its FY26/FY27 earnings estimates.

#### Key Risks

- Country-specific risk given overseas expansion in Africa, Europe, etc.
- Project delays and misallocation of capital especially towards new verticals.

#### Valuation (Consolidated)

Particulars	FY23	FY24	FY25	FY26E	FY27E
Revenue	2,801	3,161	3,869	4,878	6,204
Operating profit	286	284	324	503	642
OPM (%)	10.2	9.0	8.4	10.3	10.3
Adjusted PAT	201	239	312	413	524
% Y-o-Y growth	44.3	18.9	30.6	32.2	26.8
Adjusted EPS (Rs.)	29.1	34.6	45.2	59.8	75.9
P/E (x)	61.5	51.7	39.6	29.9	23.6
P/B (x)	21.0	14.8	6.0	5.1	4.3
EV/EBITDA (x)	44.3	45.2	37.8	24.3	19.4
RoCE (%)	19.8	21.0	15.8	18.8	20.9
RoNW (%)	41.2	33.5	21.5	18.4	19.8

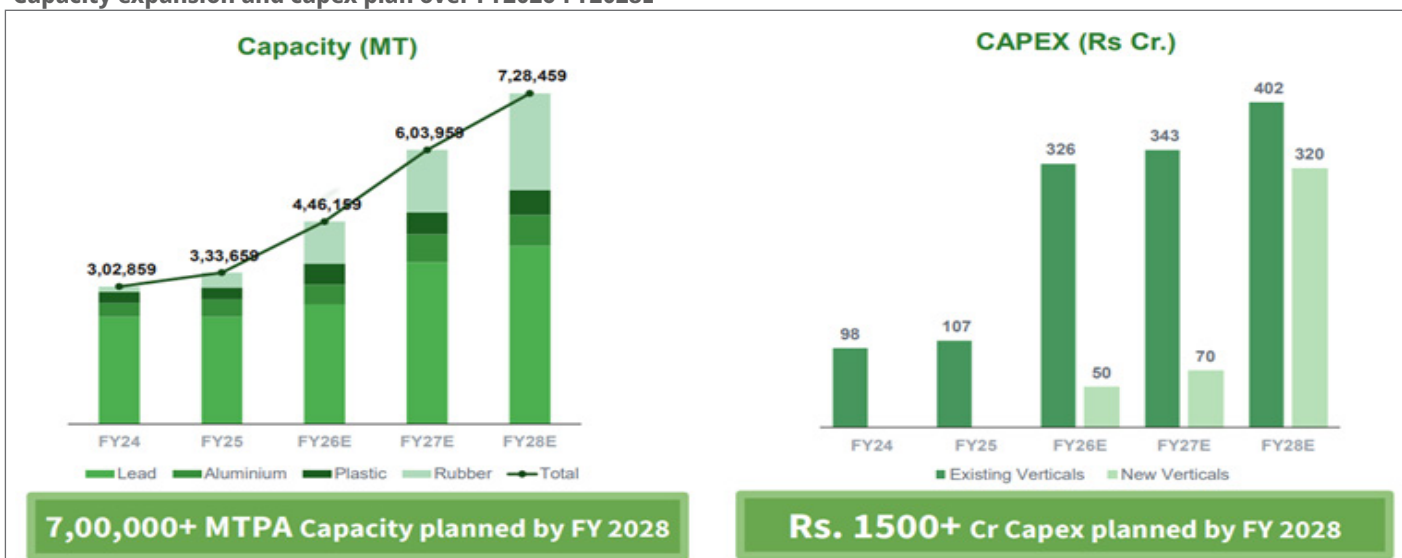
Source: Company; Mirae Asset Sharekhan estimates

Gravita Vision 2029 – Aim of 25%+/35%+ volume/profitability CAGR over FY2025-FY2029E



Source: Company; Mirae Asset Sharekhan Research

Capacity expansion and capex plan over FY2026-FY2028E



Source: Company; Mirae Asset Sharekhan Research

**Results (Consolidated)**

					Rs cr
Particulars	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)
<b>Net Sales</b>	<b>1,040</b>	<b>908</b>	<b>14.5</b>	<b>1,037</b>	<b>0.3</b>
Total Expenditure	939	820	14.5	945	-0.6
<b>Adj. Operating profit</b>	<b>111</b>	<b>89</b>	<b>25.2</b>	<b>106</b>	<b>4.7</b>
Other Income	30	7	337.6	36	-15.9
Depreciation	9	7	33.6	8	12.4
Interest	6	13	-53.3	6	7.7
<b>PBT</b>	<b>116</b>	<b>75</b>	<b>54.4</b>	<b>115</b>	<b>1.2</b>
Tax	23	7	223.9	20	16.4
Share of Minority Interest	0	1	-129.9	0	-4.8
<b>PAT</b>	<b>93</b>	<b>67</b>	<b>38.5</b>	<b>95</b>	<b>-2.0</b>
Equity Shares (cr)	6.9	6.9		6.9	
Reported EPS (Rs)	12.8	9.8	30.4	13.0	-1.8
<b>Margins(%)</b>			<b>BPS</b>		<b>BPS</b>
OPM	10.7	9.8	91.4	10.3	45.3
NPM	9.0	7.4	155.1	9.2	-20.5
Tax rate	19.7	9.4	1032.2	17.2	257.6

Source: Company; Mirae Asset Sharekhan Research

**Volume break-up**

					Tonnes
Particulars	Q1FY26	Q1FY25	y-o-y (%)	Q4FY25	q-o-q (%)
Lead	46,215	41,913	10.3%	45,630	1.3%
Aluminium	4,812	2,459	95.7%	5,254	-8.4%
Plastic	2,414	3,189	-24.3%	2,630	-8.2%

Source: Company; Mirae Asset Sharekhan Research

**Realization**

					Rs./tonne
Particulars	Q1FY26	Q1FY25	y-o-y (%)	Q4FY25	q-o-q (%)
Lead	2,00,837	1,98,535	1.2%	1,99,770	0.5%
Aluminium	1,96,197	1,95,974	0.1%	1,91,035	2.7%
Plastic	67,978	64,660	5.1%	72,586	-6.3%

Source: Company; Mirae Asset Sharekhan Research

**Margin profile**

					Rs./tonne
Particulars	Q1FY26	Q1FY25	y-o-y (%)	Q4FY25	q-o-q (%)
Lead	21,790	19,321	12.8%	20,466	6.5%
Aluminium	17,140	19,414	-11.7%	19,836	-13.6%
Plastic	10,213	10,077	1.3%	9,882	3.3%

Source: Company; Mirae Asset Sharekhan Research

## Outlook and Valuation

### ■ Sector Outlook – Organised lead recycler to gain from strict regulations

The BWMR had mandated that, in FY2023, Indian lead battery manufacturers should compulsorily collect back 30% of their total batteries sold in FY2020 and increase the same to 50%/70%/90% in FY2024/FY2025/FY2026. Stricter regulations and implementation of RCM (Reverse Charge Mechanism) should provide tailwinds for a shift of battery scrap availability to organised markets from unorganised players. Thus, the share of organised players in battery recycling is expected to increase to 70% by FY2026E (versus ~40% currently). Globally as well, the emphasis is increasing on the promotion of a circular economy and the same bodes well for sustained growth of organised recyclers such as Gravita India.

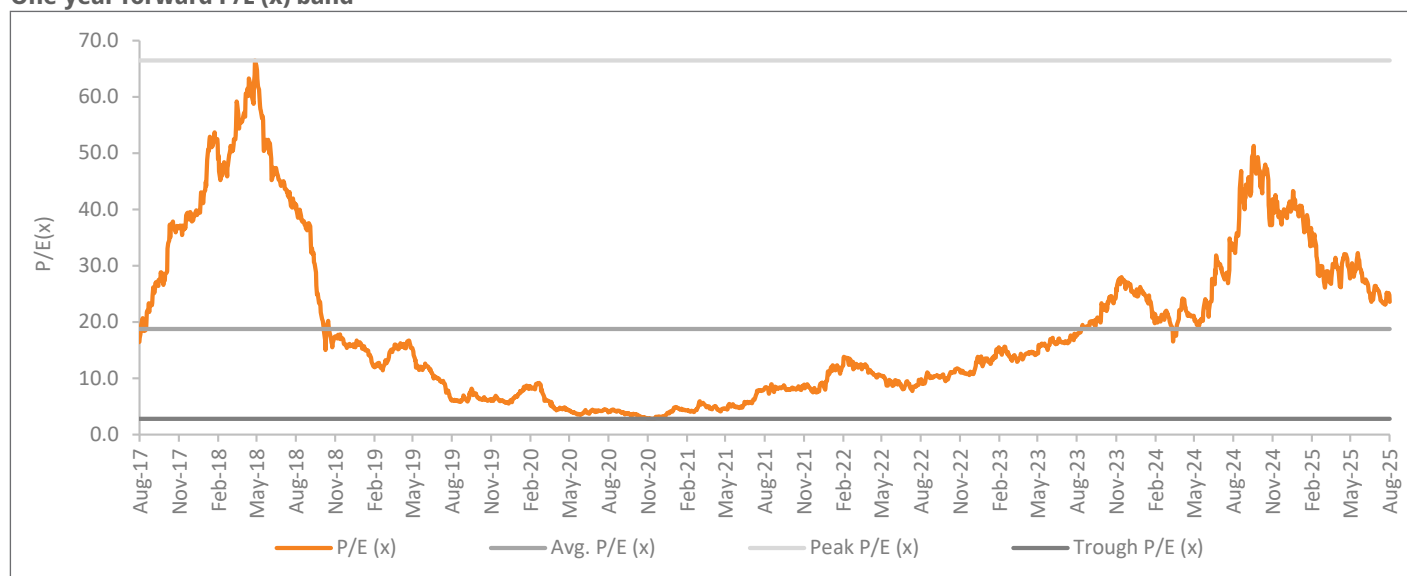
### ■ Company Outlook – Robust growth prospects

Gravita India's capacity expansion plans in India/overseas in various segments, steady per unit margin across metal cycles, regulatory tailwinds and favourable government policies in India would drive sustained higher earnings growth (expect PAT CAGR of 30% over FY2025-FY2027E) along with strong return ratios.

### ■ Valuation – Maintain Positive view on Gravita India; expect 27% upside

The company offers a compelling play on regulatory tailwinds, capacity expansion, and strategic forays into new recycling verticals. With a strong track record and expected Revenue/PAT CAGR of 27%/30% over FY25-FY27E, Gravita is well-positioned to sustain growth. Government emphasis on circular economy initiatives and the company's goal to increase the share of non-lead and value-added products to 30%/50%+ respectively could act as key re-rating catalysts. Our target price is based on a 30x multiple of FY27E EPS. The stock currently trades at 30x/24x its FY26/FY27 earnings estimates.

One-year forward P/E (x) band



Source: Company; Mirae Asset Sharekhan Research

## About company

Gravita India Limited, established in 1992, is one of the largest lead recyclers in India in the organised lead recycling market. The company's business is organised across five specialized verticals: lead recycling (flagship), aluminium recycling, plastic recycling, rubber recycling and turnkey projects. The company has expertise in the recycling of used batteries, cable scrap/other lead scrap, aluminium scrap, and plastic scrap among others.

## Investment theme

Gravita India is expected to be beneficiary of the government latest regulation on battery waste management as the same would result in strong double-digit volume growth for its India lead sales volume. Moreover, the company is implementing sizable capacity expansion plans for existing recycling verticals in India as well as in the overseas business. Focus to diversify into the new recycling vertical i.e. rubber, steel, paper, e-waste, and lithium is expected to stream new business avenues and would support to achieve management's 2029 target 25%+/35%+ revenue/PAT CAGR along with 25% RoCE.

## Key Risks

- ◆ Country-specific risk given overseas expansion in Africa, Europe, etc.
- ◆ Project delays and misallocation of capital especially towards new verticals.

## Additional Data

### Key management personnel

Name	Designation
Rajat Agrawal	Managing Director
Yogesh Malhotra	CEO and Executive Director
Sunil Kansal	Chief Financial Officer (CFO)
Nitin Gupta	Company Secretary

Source: Company Website

### Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	OXBOW MASTER FUND LTD	2.44
2	Goldman Sachs Group Inc/The	2.24
3	GOLDMAN SACHS FUNDS	2.23
4	Jupiter Fund Management PLC	1.64
5	Vanguard Group Inc/The	1.54
6	GRAVITA EMPLOYEE WELFARE TRUST	1.33
7	Tata Asset Management Pvt Ltd	1.28
8	JUPITER INDIA FUND	1.11
9	UTI Asset Management Co Ltd	0.74
10	Dimensional Fund Advisors LP	0.38

Source: Bloomberg

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## Understanding the Mirae Asset Sharekhan 3R Matrix

Right Sector	
Positive	Strong industry fundamentals (favorable demand-supply scenario, consistent industry growth), increasing investments, higher entry barrier, and favorable government policies
Neutral	Stagnancy in the industry growth due to macro factors and lower incremental investments by Government/private companies
Negative	Unable to recover from low in the stable economic environment, adverse government policies affecting the business fundamentals and global challenges (currency headwinds and unfavorable policies implemented by global industrial institutions) and any significant increase in commodity prices affecting profitability.
Right Quality	
Positive	Sector leader, Strong management bandwidth, Strong financial track-record, Healthy Balance sheet/cash flows, differentiated product/service portfolio and Good corporate governance.
Neutral	Macro slowdown affecting near term growth profile, Untoward events such as natural calamities resulting in near term uncertainty, Company specific events such as factory shutdown, lack of positive triggers/events in near term, raw material price movement turning unfavourable
Negative	Weakening growth trend led by led by external/internal factors, reshuffling of key management personal, questionable corporate governance, high commodity prices/ weak realisation environment resulting in margin pressure and deteriorating balance sheet
Right Valuation	
Positive	Strong earnings growth expectation and improving return ratios but valuations are trading at discount to industry leaders/historical average multiples, Expansion in valuation multiple due to expected outperformance amongst its peers and Industry up-cycle with conducive business environment.
Neutral	Trading at par to historical valuations and having limited scope of expansion in valuation multiples.
Negative	Trading at premium valuations but earnings outlook are weak; Emergence of roadblocks such as corporate governance issue, adverse government policies and bleak global macro environment etc warranting for lower than historical valuation multiple.

Source: Mirae Asset Sharekhan Research



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