

Techno Funda Stock



GRAVITA
INDIA LIMITED

GRAVITA INDIA LTD

13/12/2022

Sector : Non-Ferrous Metals(Smelting/Recycling)

Recommendation **BUY**

₹

Buy Price Range
₹400-450

🎯

Target Price
₹550-600

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%

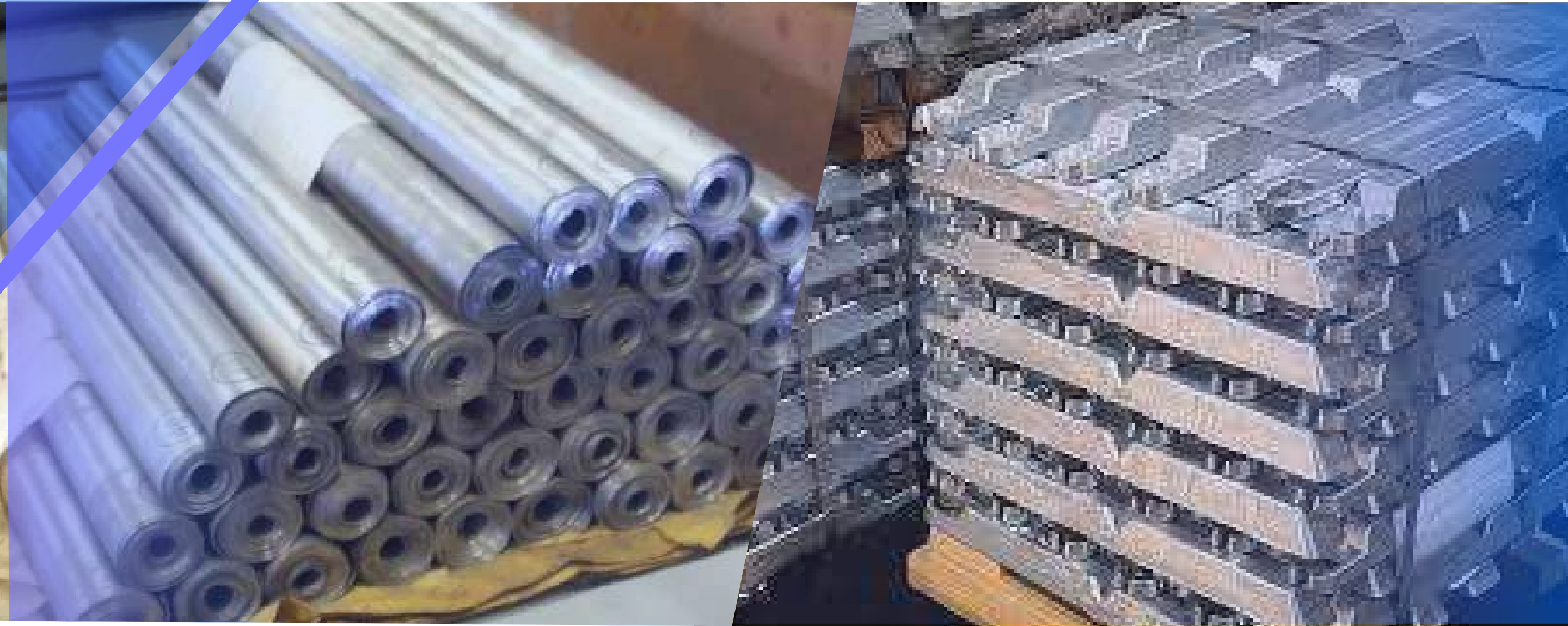
Expected Return
25-40%

📅

Holding Period
1-1.5 Years

📈

Market Capitalization
₹2711 Cr. (Small-Cap)



PRODUCTS

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The company is in the business of smelting of Lead Ore / Lead Concentrate / Lead Battery Scrap and Aluminium scrap to produce Secondary Lead Metal and Aluminium Ingots

- ▶ Lead Sheet
- ▶ Lead Powder
- ▶ Pure Lead
- ▶ Lead Alloys
- ▶ Remelted Lead Ingots
- ▶ PET Bottle Flakes
- ▶ Polypropylene Granules
- ▶ Aluminium Alloys

Turkey Solutions (engineering and capital goods business)

WHY TO INVEST?

New Aluminium Recycling Plant Established in Senegal

with a capacity of 4,000 metric ton per annum which will lead to additional revenues of Rs. 60 Cr. and a margin of 20%

New Plastic Recycling Plant in Ghana

has started running with a capacity of 1,200 metric ton per annum in Phase-I & the company is planning to take the capacity to 2,700 metric ton in Phase-II

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Increased Capacity Utilization in Lead by 6% in H1 FY'23

from 159,000 metric tons to 168,000 metric tons

Expected Capacity Expansion

from 168,000 metric tons to 425,000 metric tons by 2026 in all the verticals

Volume Growth of about 17% in Q2 FY '23 on a year-on-year basis

Improved Working Capital Cycle from 95 days in March 2022 to 80 days in September 2022 and the company wants to bring it further down to 65 days by 2026

WHY TO INVEST?

Industry Specific Entry Barriers

like time & cost of entry, capability to develop customized products, specialist knowledge, OEM tie-ups etc.

**Deep Presence
Across Key
Geographies**
ensures raw materials at competitive prices

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Diversified Customer Network

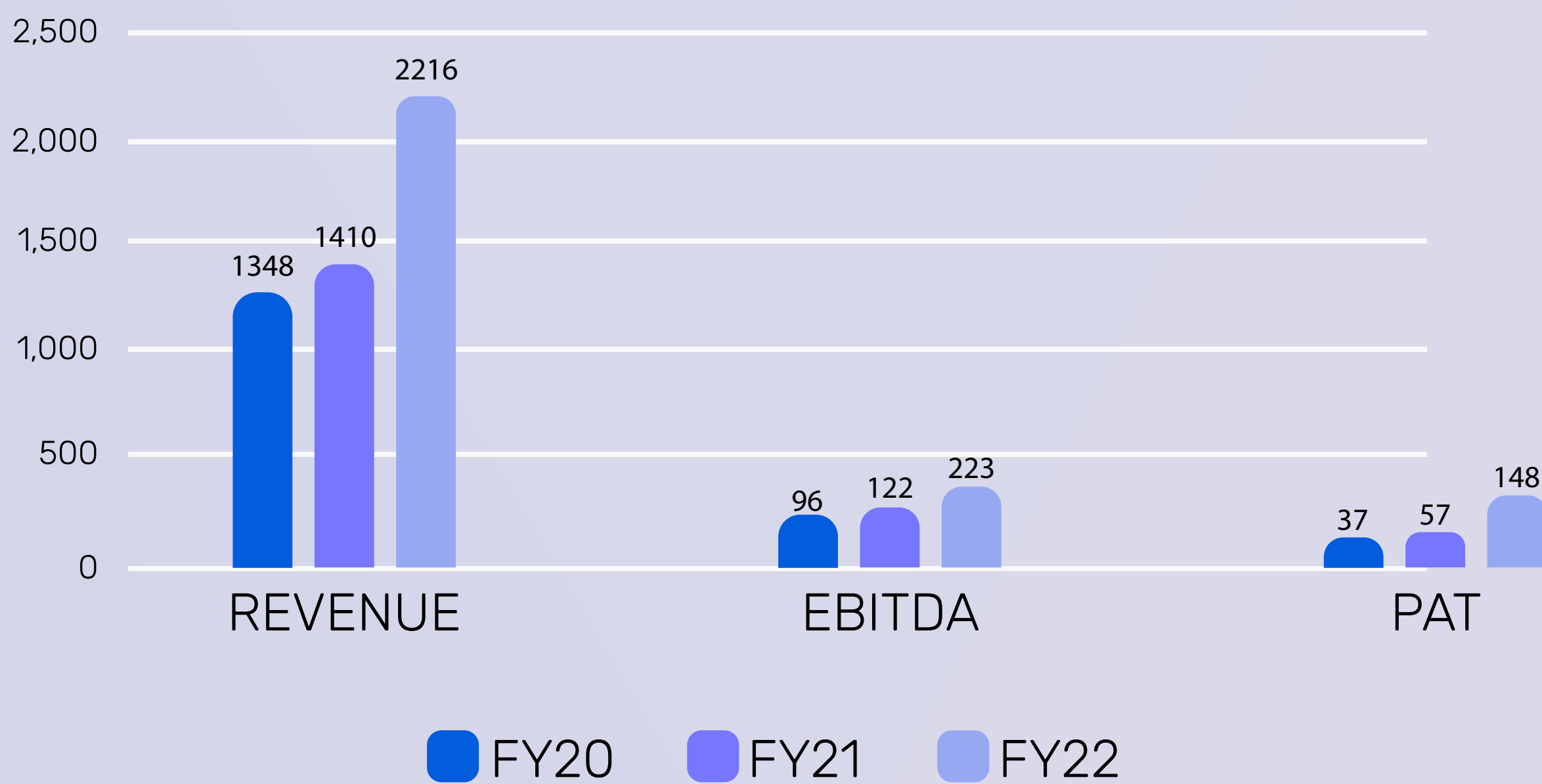
Paradigm Shift
due to improving market dynamics in recycling and environmental health concerns across the globe.

**Shift from
Unorganized to
Organized Recycling**
due to government regulations is another factor towards the growth of the company

**Reduced Debt
by Repayment
in H1 FY'23**

FINANCIAL HIGHLIGHTS

(All figures are in INR Cr.)



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FY22 KEY FINANCIALS

- ▶ High ROCE **31.2%**
- ▶ EBITDA Margin **9.8%**
- ▶ PAT Margin **6.7%**
- ▶ Debt/Equity Ratio **1**
- ▶ 3-Year Revenue CAGR **21%**
- ▶ 3-Year PAT CAGR **97%**
- ▶ Dividend Payout **14.9%**

Q2 FY23

- ▶ Revenue growth of **25% Y-o-Y**
- ▶ EBITDA growth of **22% Y-o-Y**
- ▶ Net Profit growth of **15% Y-o-Y**
- ▶ Debt/Equity **0.65 (Reduced Debt)**

TECHNICAL HIGHLIGHTS



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- ▶ Trendline breakout with high volume support
- ▶ Stock coming out of consolidation
- ▶ Upward price-cycle movement
- ▶ Price action above 13, 21, 50 and 150 Weekly Exponential Moving Average
- ▶ Powerful Cup & Handle breakout

RESEARCHED BY



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