

Gravita India (GRAV) - ADD

Result Update

Current Market Price (CMP)

Rs.2177

Target Price

Rs.2500

Rationale:

- GRAV reported a healthy 24.4% yoy PAT growth in Q2FY25, 3.5% higher than our estimate.
- EBITDA margins at 10.5% (100 bps yoy, 50 bps qoq) were aided by an arbitrage opportunity on higher domestic lead prices versus LME.
- Volumes were tepid with 7.7% yoy growth and should recover in H2FY25E.
- Recent regulatory developments such as a reverse charge mechanism for GST on metal scrap and a penalty on battery OEMs for recycling obligations should drive the formalization of the recycling industry and benefit GRAV.
- We trim earnings and FV, factoring weaker volumes. Maintain ADD.

2QFY25 Result Update:

Positives:

- Volumes, at 48.7 kt, increased 7.7% yoy (2.3% qoq).
- Domestic scrap availability has increased owing to policy tailwinds, and is expected to improve further in the coming months.
- Expansion plans on track, new verticals to drive diversification.

Negatives:

- Volumes were muted versus guidance due to lower lead volumes (8.7% yoy, 0.6% qoq).

[Click here](#) To read the detailed report



This is a synopsis of the Research report issued by Kotak Securities Limited. This is not a comprehensive report and before taking any investment decision we request you to refer the detailed report including disclaimers by clicking here: <https://www.kotaksecurities.com/ksweb/ResearchCall/Fundamental>. Further, the recipient of this material should take their own professional advice before investing.

Holding Period: 12 Months / Disclaimer: <https://bit.ly/research-v2>