

# INVESTOR PRESENTATION

*Jan 2023*



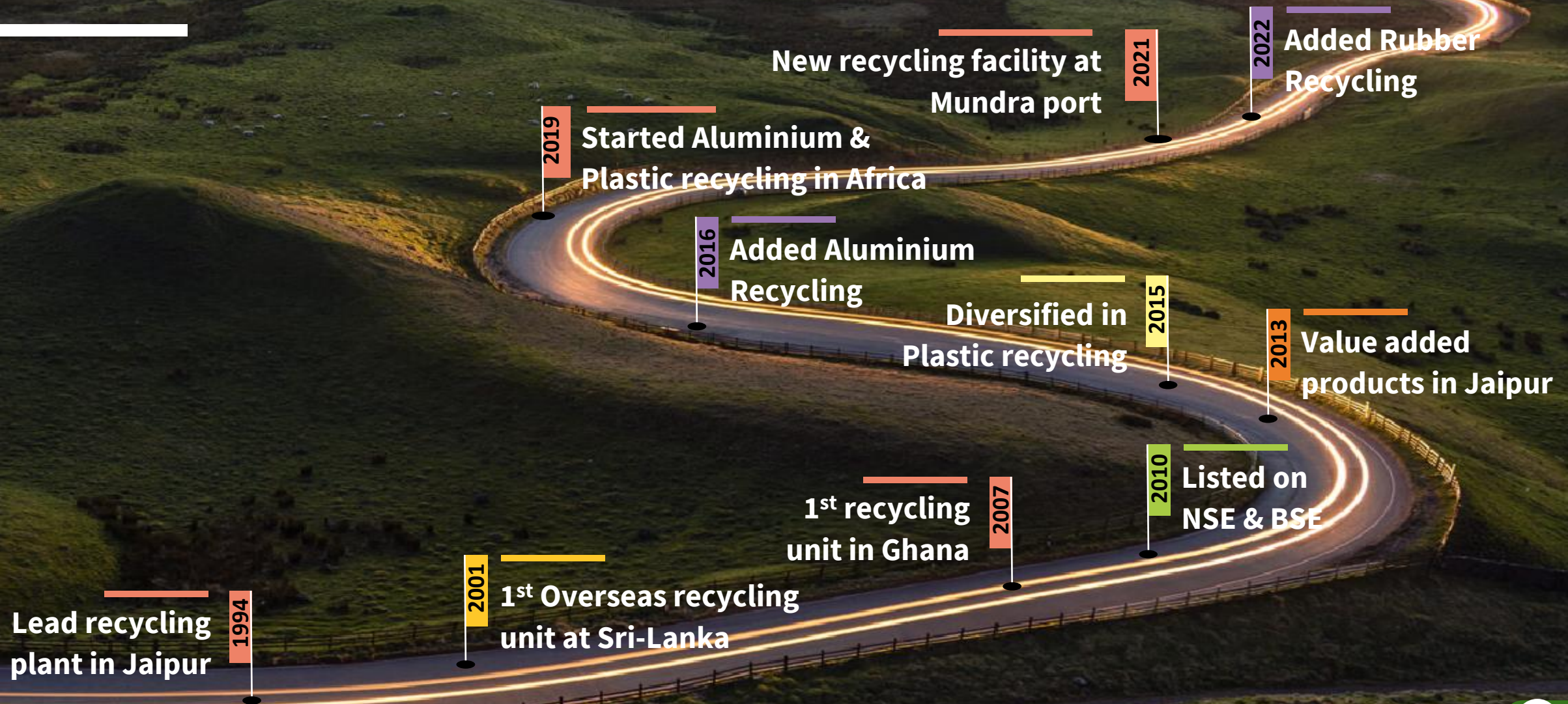
*Towards Clean, Green &  
Sustainable Future*



30  
YEARS

**GRAVITA, Started In 1992 by First  
Generation Entrepreneur  
RAJAT AGRAWAL at JAIPUR**

# We are on an **AMAZING JOURNEY**



# VISION 2026

## New recycling verticals

Rubber, Lithium, Copper & Paper

**25% +**

Revenue CAGR


**35% +**

Profitability Growth

**25%+**  
ROCE

**50%+**  
Value added products

**25%+**  
Non-Lead business

- 
- Shareholder value creation
  - Return accretive growth
  - Judicious use of capital

## Our **Priorities**

# FINANCIAL Highlights

✓ **26 %**  
Revenue CAGR - 5 Yrs

✓ **~ 9%**  
Consistent EBITDA margins

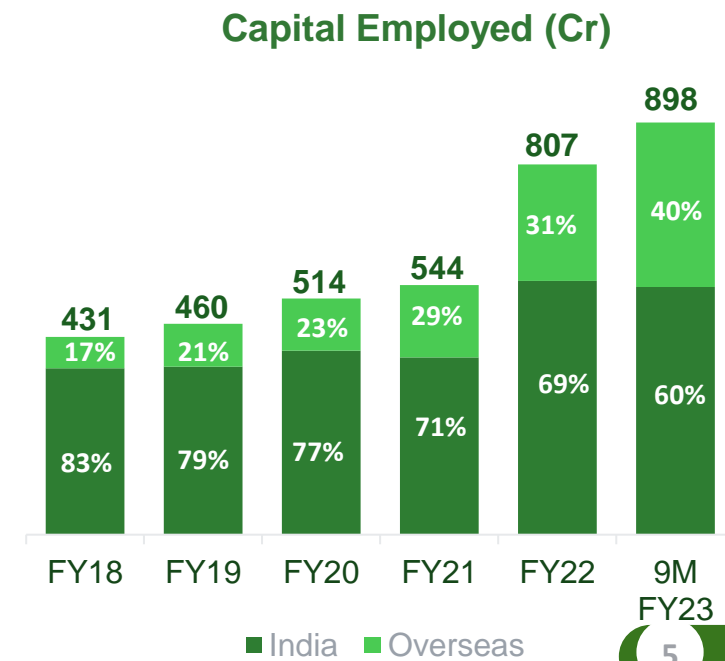
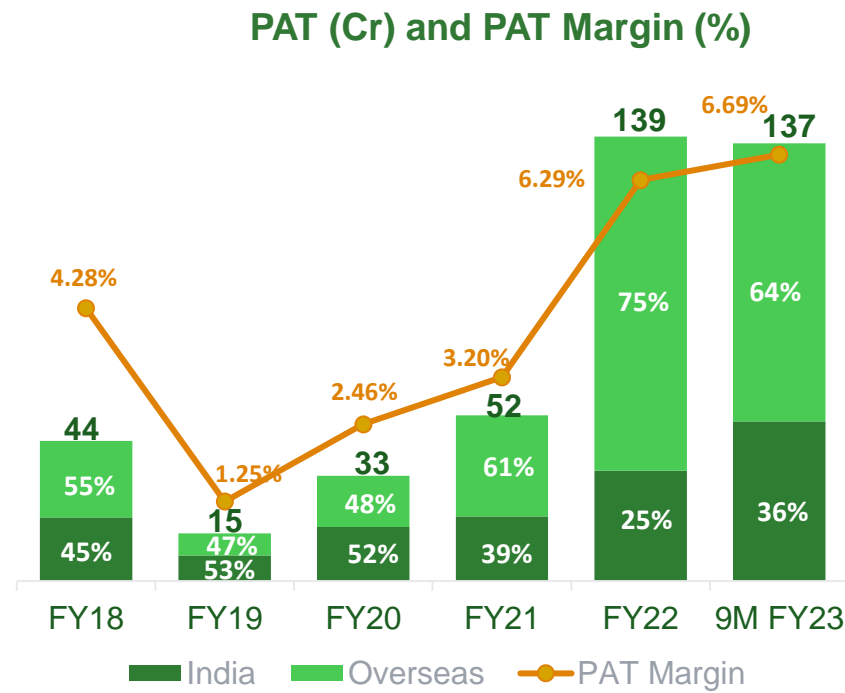
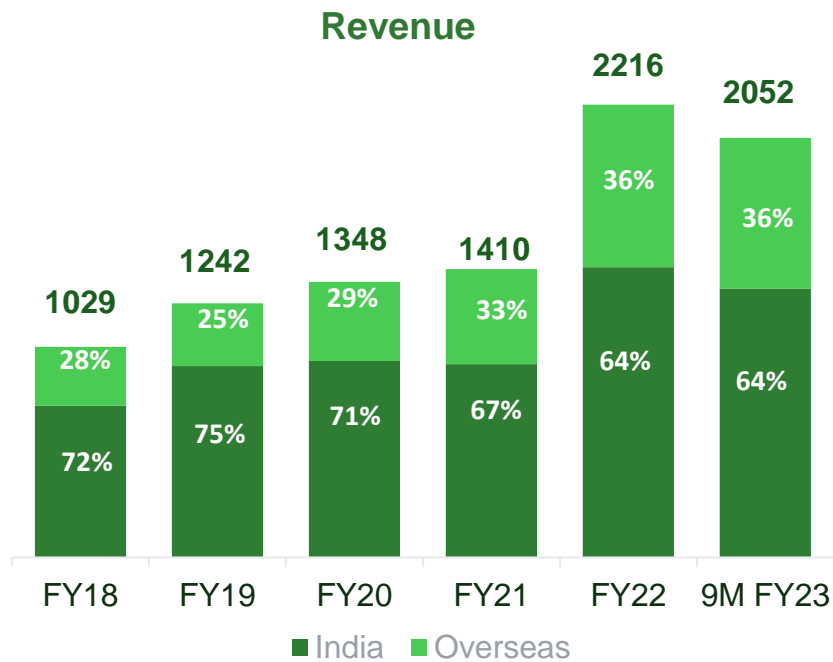
✓ **A**  
External credit rating from ICRA

✓ **34 %**  
PAT CAGR - 5 Yrs

✓ **Locking the margins**  
Back-to-back hedging mechanism in place

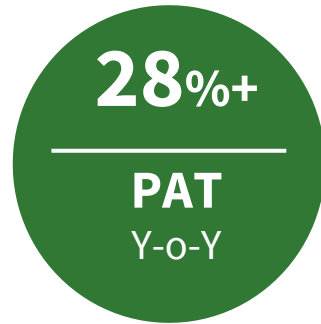
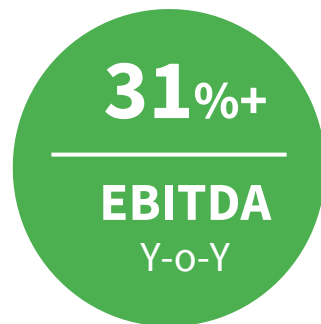
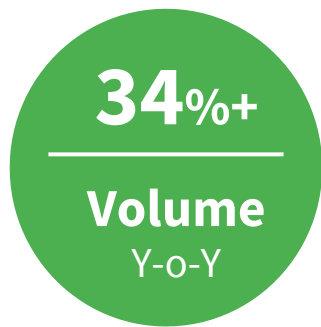
✓ **11 Years**  
History of sustainable dividend payouts

✓ **75%**  
Profit from overseas business with only 30% of the capital employed



# QUARTERLY HIGHLIGHTS - Q3 FY23

## Changing gears - VISION 2026

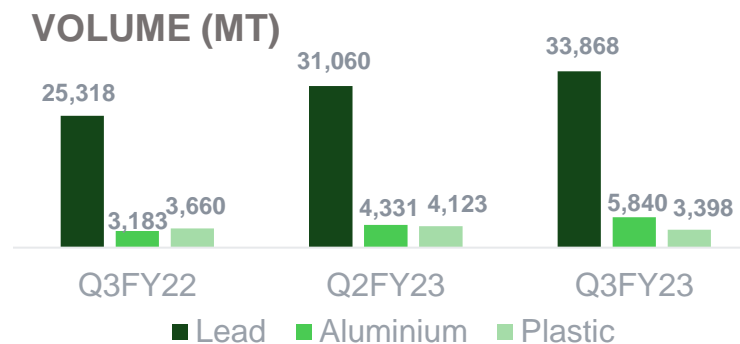
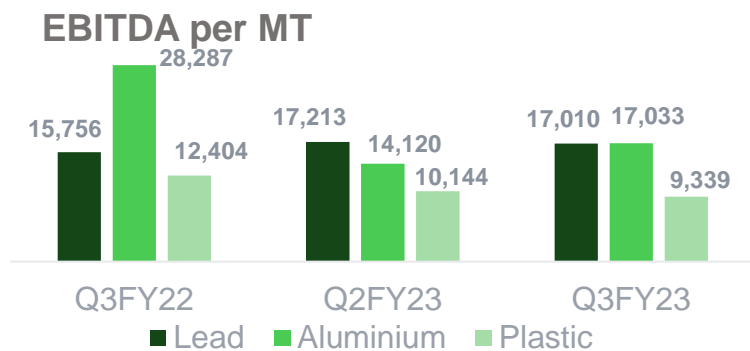


✓ **45%**  
Revenue from Value added products

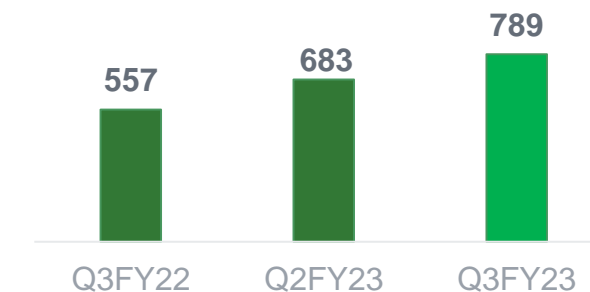
✓ **30%**  
Revenue from Overseas Business

✓ **40%**  
Domestic scrap collection for Indian Plants

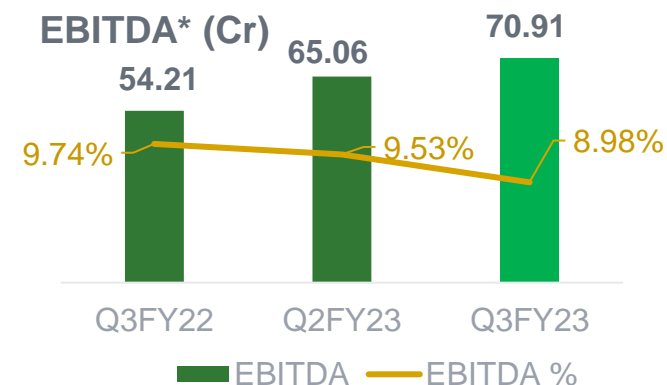
✓ **65%**  
Profit from Overseas business



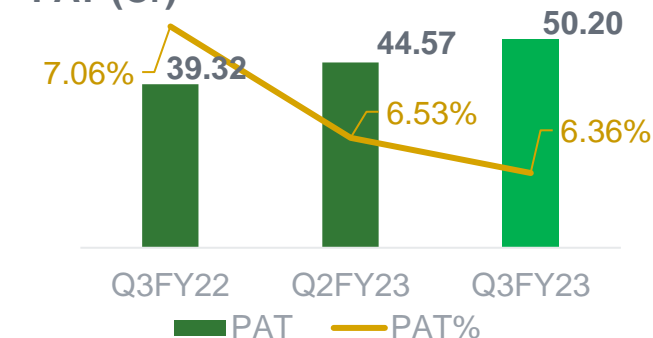
### REVENUE (Cr)



### EBITDA\* (Cr)

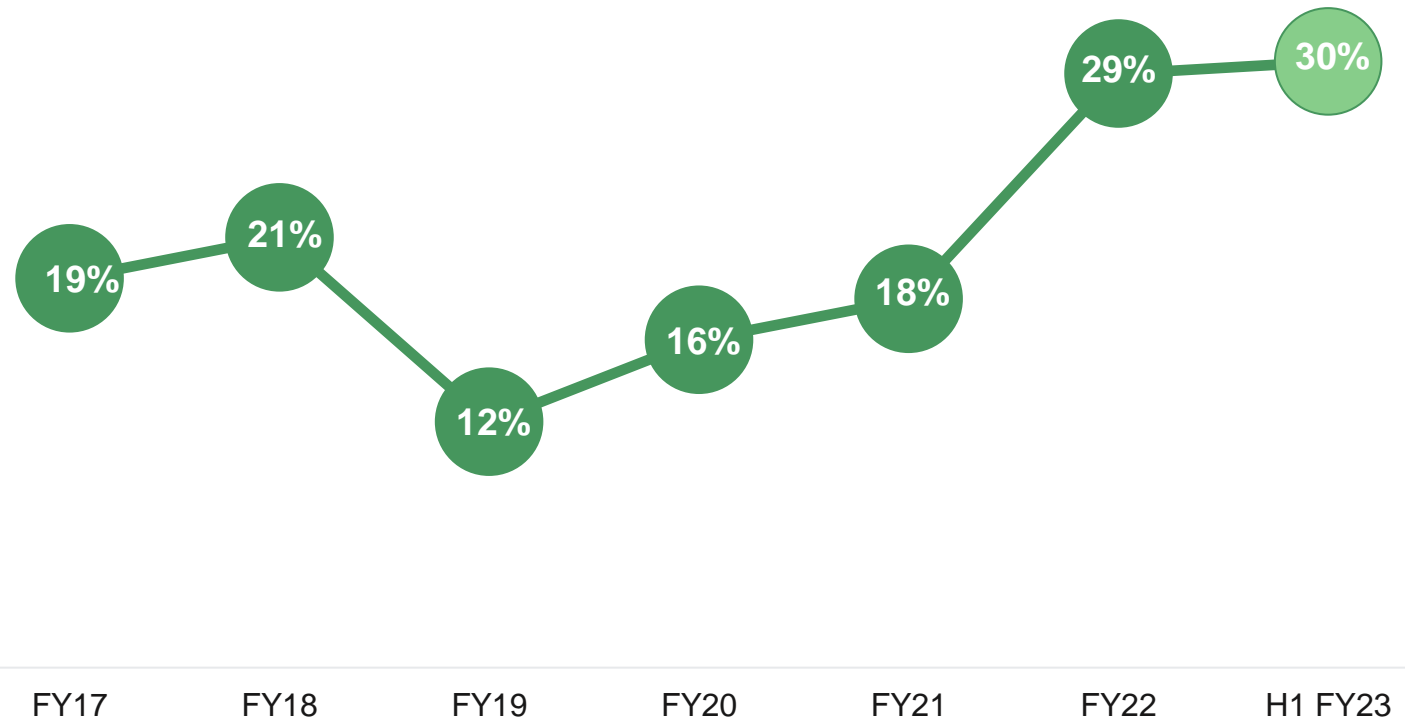


### PAT (Cr)



\*Revenue / EBITDA after adjustment of income/loss from Currency & Metal hedging

# RETURN ON CAPITAL EMPLOYED



\*on Average Capital Employed

**Target ROCE 25% + Consolidated**

### Drivers of ROCE

- Improving industry dynamics
- Resultant reduction in working capital
- Improving demand-supply
- Value added products

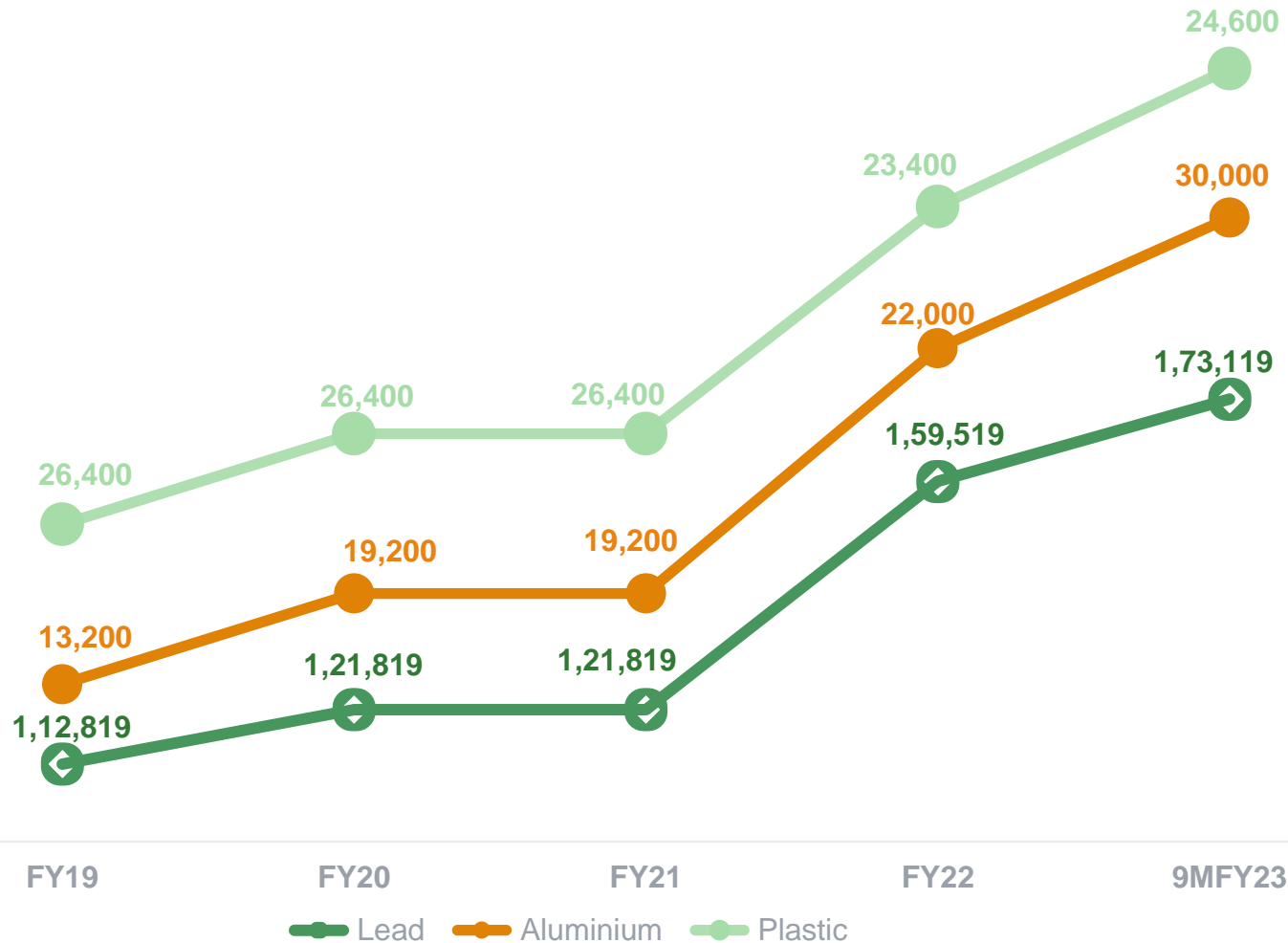
**Capital Allocation policy for new projects**

• **3 Years**  
Maximum Payback period

• **25% +**  
ROCE

• **8+**  
Asset turns

# Capacity Expansion over the Years

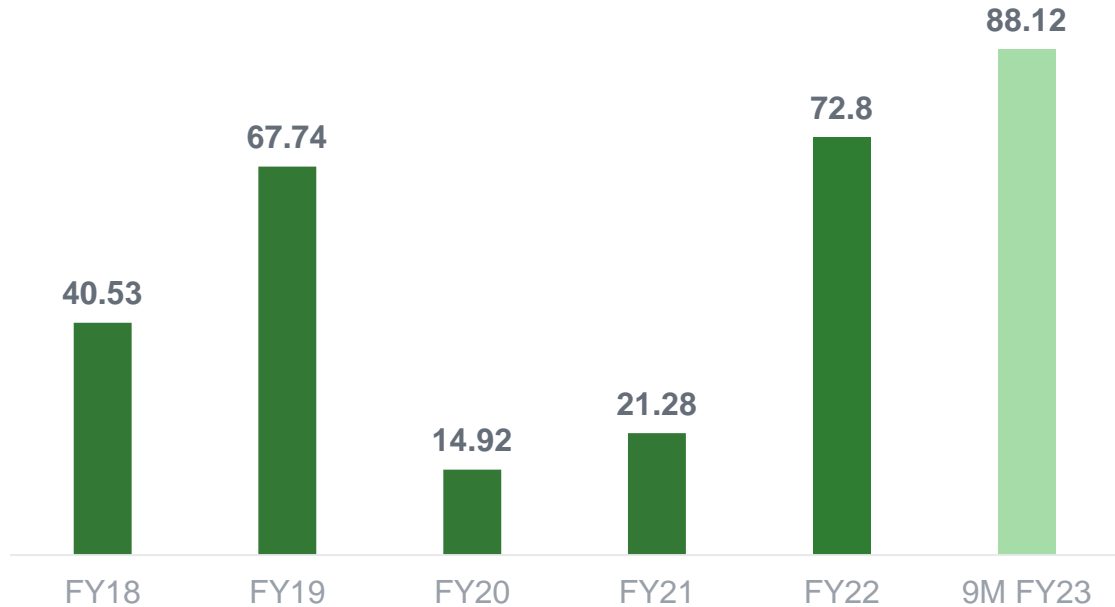


**4,25,000 MTPA**  
Capacity expected by  
FY 2026

\*Figures are in Metric Tons



# CAPEX Trend over the years



\*Figures are in INR Cr

## Project Updates

### Senegal -started Aluminium Recycling

- Annual capacity – 4,000 MTPA
- Investment made – Rs.3.5Cr. (from internal accruals)
- Expectation of Rs.60 Cr. additional revenues and gross margin of 20%

### Ghana -started Plastic Recycling

- Annual capacity – Phase 1 – 1200MTPA
- Further plan to increase capacity to 2,700 MTPA in Phase 2
- Investment made – Rs.1.9Cr. (from internal accruals)

### Togo -started Aluminium Recycling

- Annual capacity – 4,000 MTPA
- Investment made – Rs.11Cr. (from internal accruals)
- Expectation of Rs.60 Cr. additional revenues and gross margin of 26%

# Leveraging existing **GRAVITA'S STRENGTHS**

Our Entry into new verticals is based on proven, existing Gravita's Strengths.

**Barriers to Entry**



**Global Operations & Integrated Supply Chain**



Deep Routed procurement network

Diversified Customer network

**Operation Excellence**



**Strong Partnering Capability**



**Turnkey Recycling Technology Solutions**



**Robust Management**

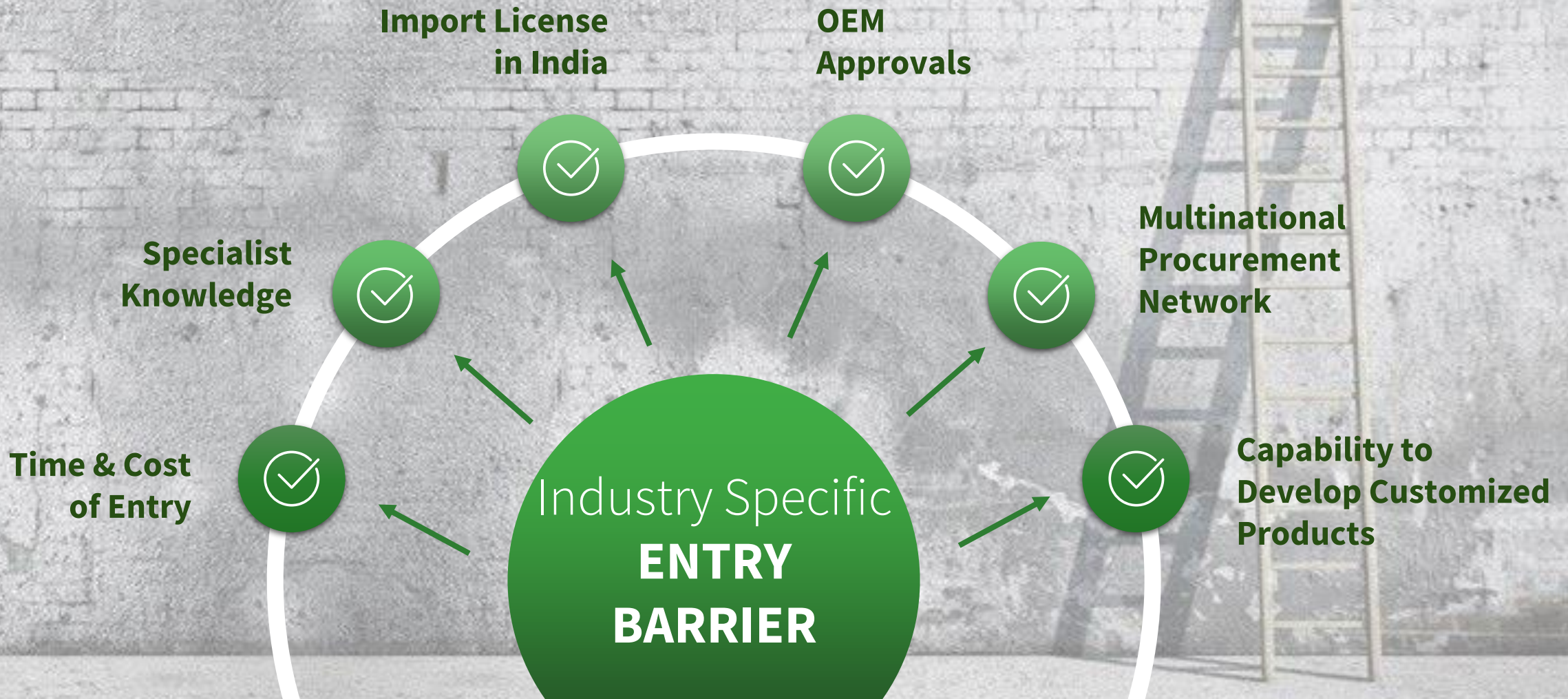


**Customised & Value Added Products**



**Risk Mitigation-Back to Back Hedging Mechanism**

# Barriers to Entry



# GLOBAL & PAN INDIA Operations

- Global spread helps reduce logistics costs and procure material cheaper.
- Start small > grow volumes > establish new plants close to procurement sources.
- Increased flexibility in recycling closest to raw material access and consuming markets.



# Deep Routed **PROCUREMENT NETWORK**

**29**

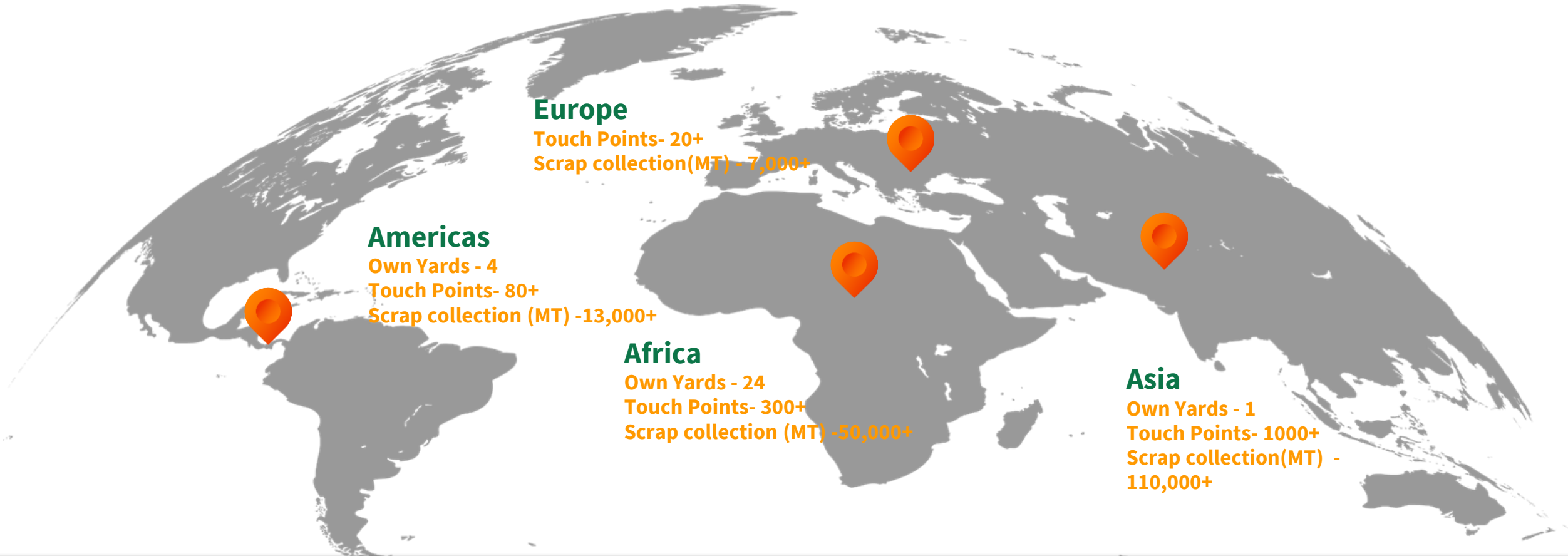
Own yards

**1400+**

Touch points

**1,80,000 MT+**

Scrap collection



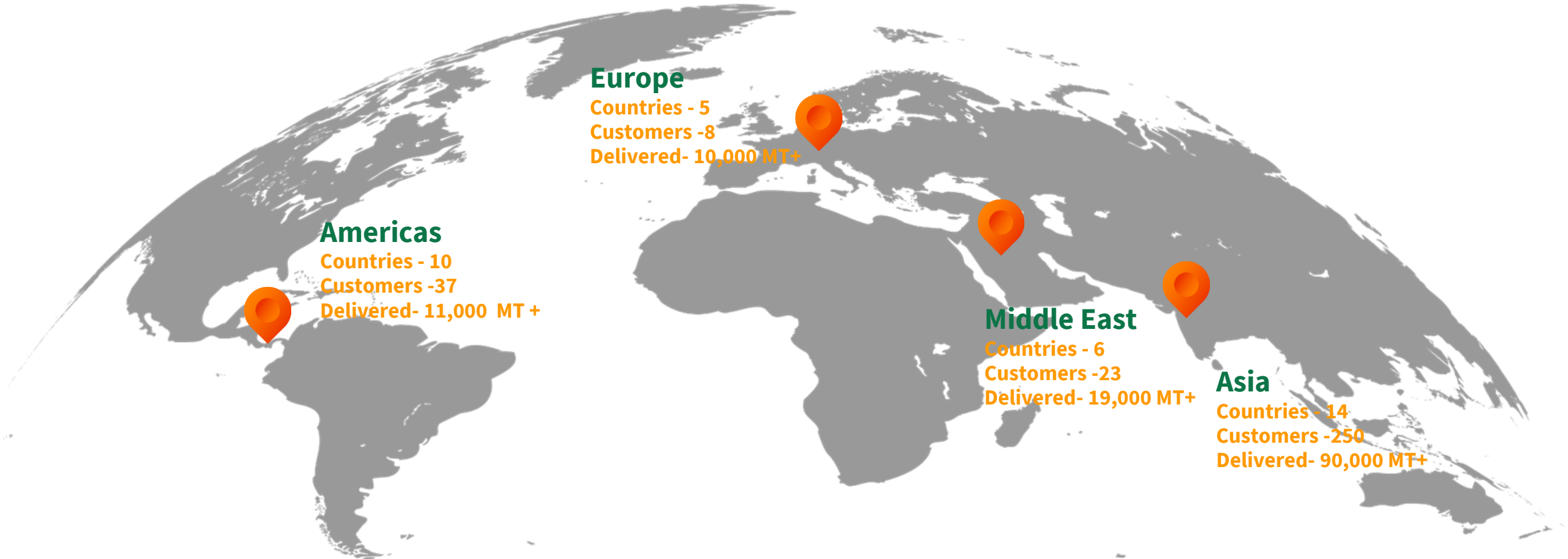
*Deep presence in Asia , Africa , Middle East, Europe & America ensures raw material at competitive prices*

# Diversified **CUSTOMER NETWORK - GLOBAL**

**35 +**  
Countries

**300 +**  
Customers

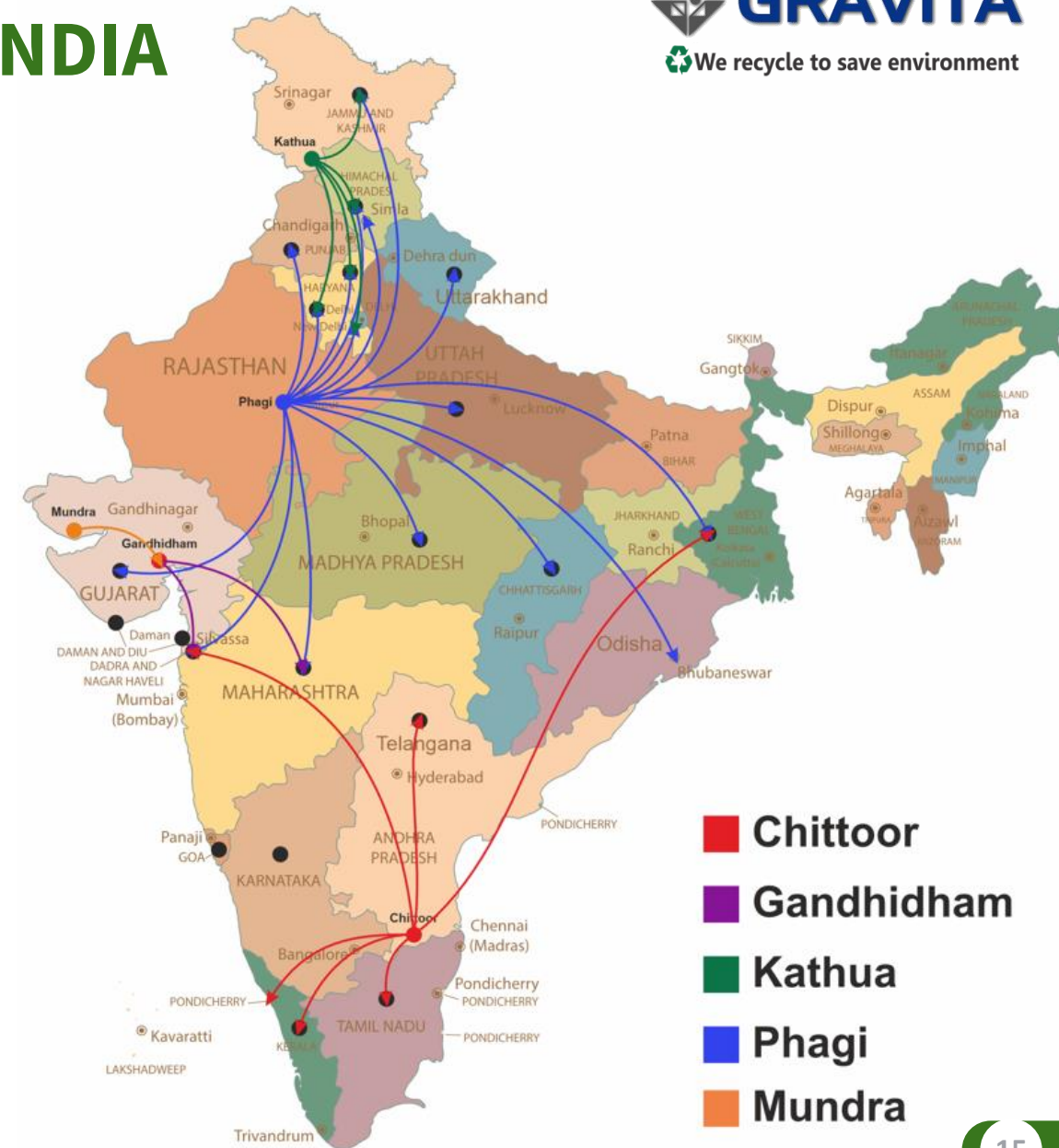
**1,30,000 MT +**  
Recycled products delivered



# Diversified **CUSTOMER NETWORK- INDIA**

Gravita with pan India presence enjoys the logistic benefits by serving :

- **200+** domestic customers in 22 states in India
- **75 +** overseas customers in 31 countries.



# OPERATIONAL EXCELLENCE



**4**  
Recycling  
Verticals

**13**  
Recycling  
Plants

**1400+**  
Touch Points  
Globally

**43%**  
Customized &  
Value added  
products

**2.27 Lac+**  
MT Production  
Capacity

**63%**  
Capacity  
Utilization

**37%**  
Overseas  
Capacity

**1.80 Lac+**  
MT Scrap  
Collection

**ILA**  
India's only  
Accredited  
Plant

**60000 MT+**  
Healthy  
Orderbook



# OUR PARTNERS

(Strong Partnering Capability)



# Gravita offers **TURNKEY SOLUTIONS** for Lead Acid Battery Recycling

- In house Lead Acid Battery Recycling Technology
- Technical Consultancy & Services for Lead Recycling & Smelting
- PLC based Control & Monitor System for advanced set-ups
- Annual Maintenance Contracts
- Executed more than 50 turnkey projects globally including Qatar, UAE, Saudi Arabia, Poland, Chile.
- Helps in reducing capital expenditure
- Regular R&D for cost effective & environment friendly processing.

Planning and  
Specification

Design

Fabrication

Testing

Installation

Operation

Handover

# ROBUST MANAGEMENT



**Dr. M. P. Agarwal**  
Chairman



**Rajat Agrawal**  
Managing Director

## OTHER SALIENT FEATURES

- Top management with an average experience of more than 26 Yrs in diversified industries
- Separate SBU heads for all verticals
- Incentive scheme throughout the organisation
- Creating wealth of employees by granting Employee Stock Options to them
- 2% equity holding in Employee Welfare Trust for long term wealth creation for employees



**400 +**  
Employees



**150+**  
Professionals (CA's, MBA's, Engineers)



**35 Yrs**  
Average Employee Age



**5 Yrs**  
Average Employee Association



**14 Yrs**  
Average Management Association



**4 rounds**  
ESOP's

# CUSTOMIZED AND VALUE ADDED PRODUCTS



Customized Lead Alloys



Lead Sheets



Lead Bricks



Red Lead



Lead Oxide



Customized Aluminium Alloys



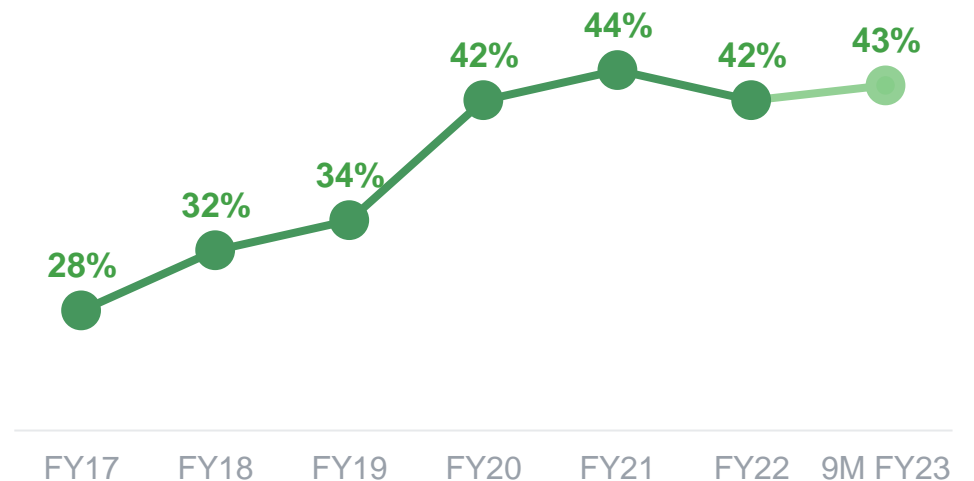
Plastic Granules



Pet Flakes - Food grade

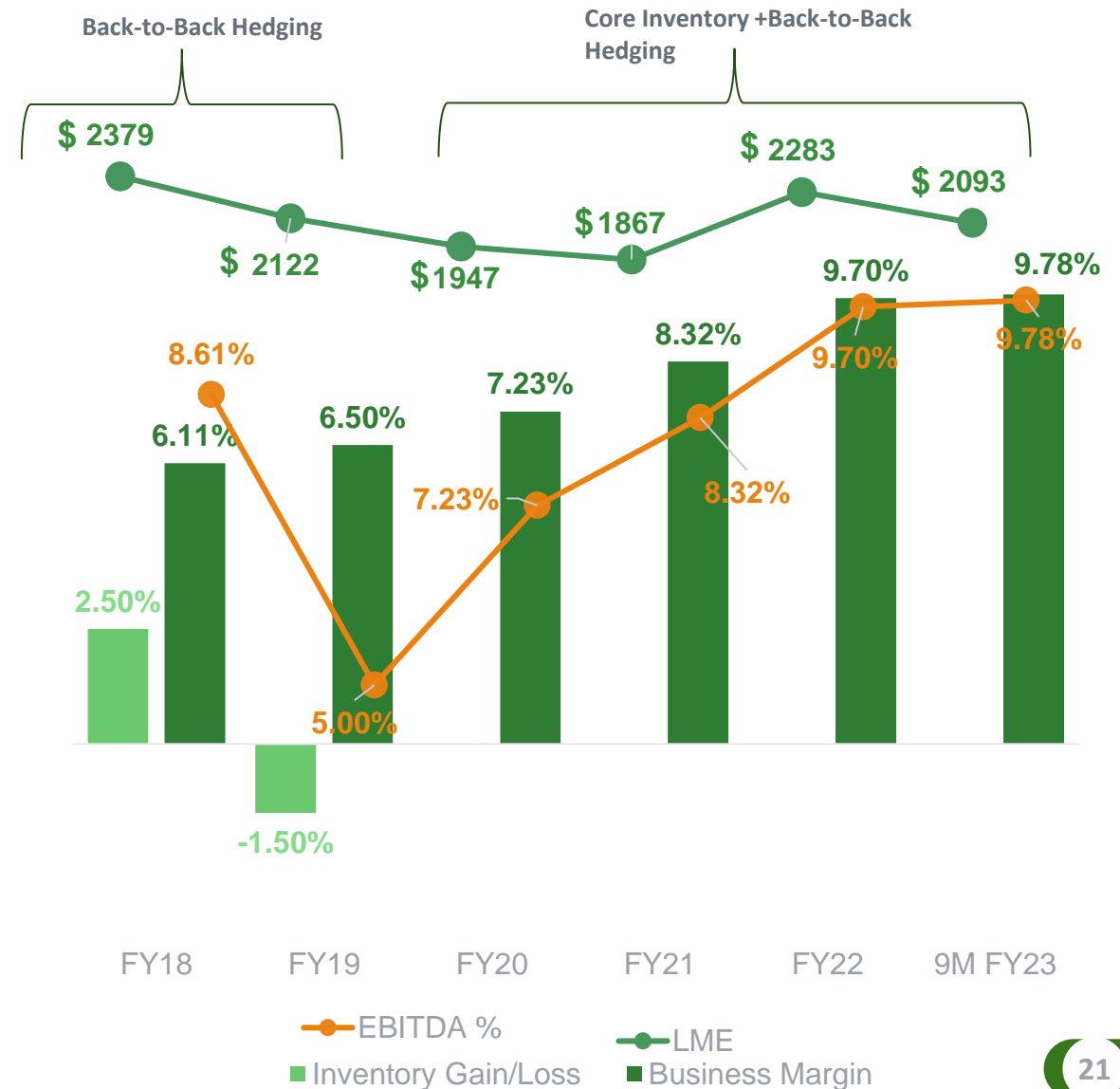
Our Capability to produce customized and value added products for diversified customer segments gives us better contributions and larger pie of customer's product mix.

Value Added Products % in revenue

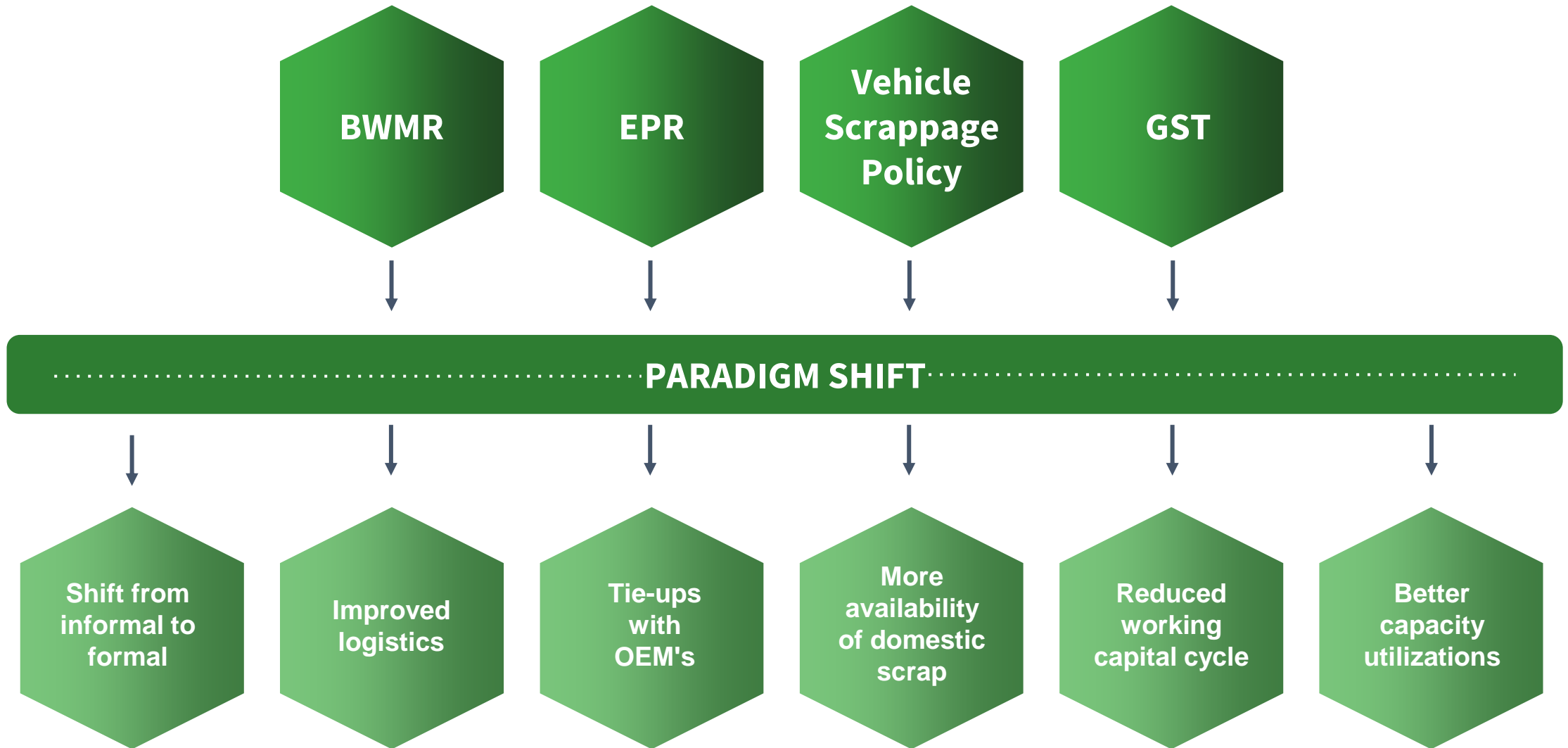


# Risk Mitigation by **BACK TO BACK HEDGING** mechanism

- To mitigate the risk of commodity prices fluctuation from June, 2016
  - Metal equivalent of the scrap bought, is sold on the same day
    - Pricing against Customer contracts - Natural Hedging
    - Forward Contracts on LME Exchange for balance quantity - till final sale to customer
    - Core inventory was not part of back to back hedging
- Gravita started **hedging of core inventory** also in June, 2019 by taking a forward contract on LME Exchange.
- June, 2019 onwards Gravita is enjoys stable margins and is not affected by the commodity price fluctuations



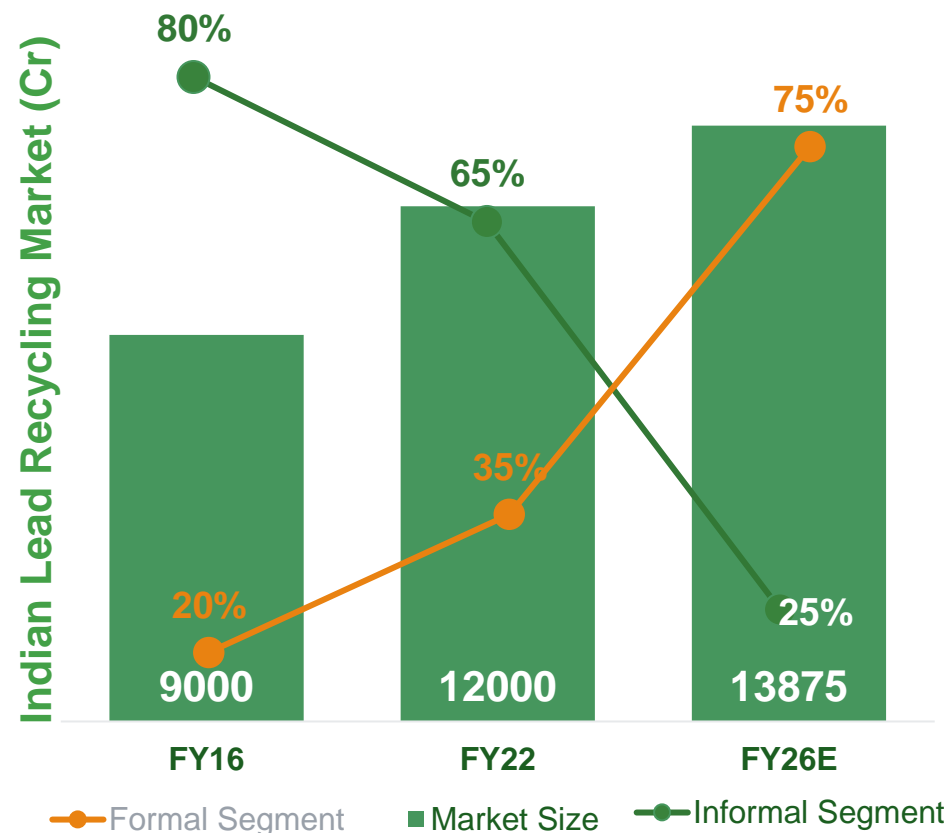
# Improving **MARKET DYNAMICS IN RECYCLING** - Paradigm Shift



# Shift from **INFORMAL TO FORMAL**

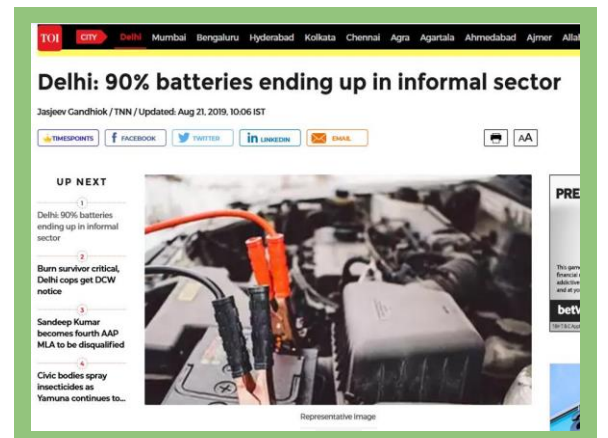
With redefining of Battery Waste Management Rules (BWMR) , Extended producers responsibility (EPR) and stricter implementation of GST, the scrap availability for formal recycling sector has increased and is further expected to grow.

## Informal Lead recycling trend in India



\*Source - Management estimate

*Gravita having Pan India presence and association with OEM's will benefit the most from this shift*



## More availability of **DOMESTIC SCRAP**

- With shift of scrap from Informal to formal for processing through a authorized recycler.
- Contracts with battery manufacturers
- PAN India collection of scrap from corporates
- Contracts with various chains of workshops

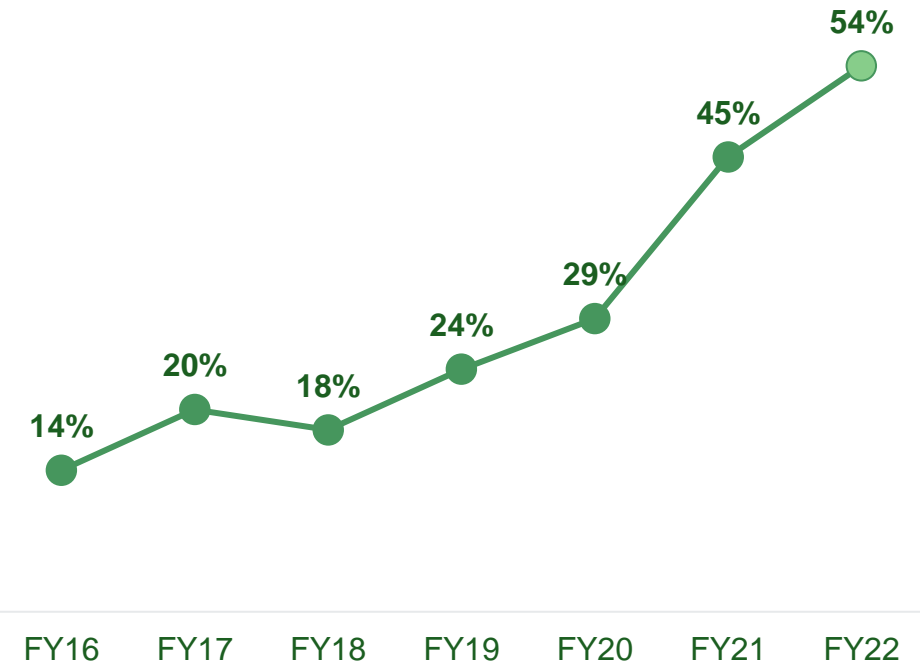
### Domestic scrap collection partners



Global Data Centers  
and Cloud Infrastructure



### % of Raw materials domestically collected within India

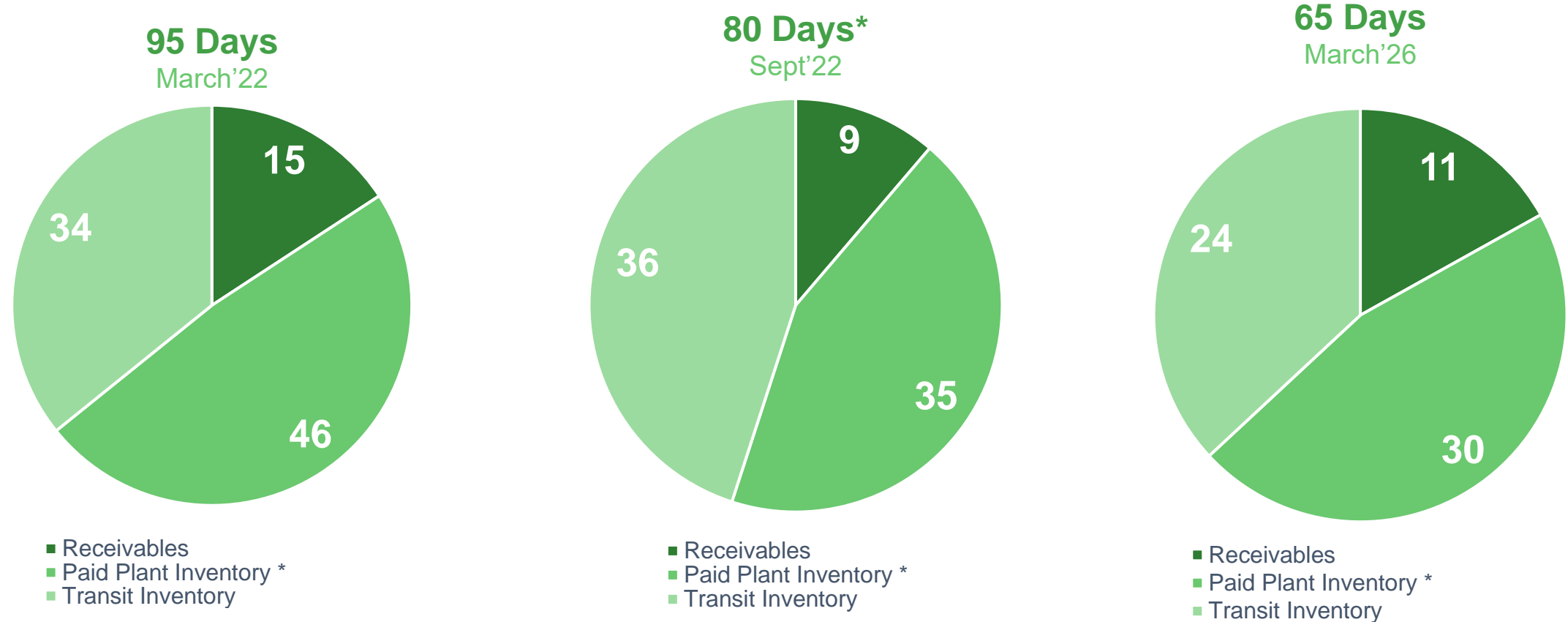


*Gravita having presence in 240 cities across India for collection of domestic scrap*



# Reducing **NET WORKING CAPITAL CYCLE**

- More domestic scrap & Lower imports reduces transit inventory
- Retail scrap collection through OEM's - Zero working capital



- Paid Inventory includes advance to vendors and net off Trade payables
- Based on Avg Core working capital

## Focused on Capturing Value from Waste Through Modern Recycling and Recovery

4

Recycling verticals

12

Recycling Plants

1,80,000 MT+

Scrap collection

1,30,000 MT +

Recycled products delivered

### Recycling Waste:

- Uses scrap of lead, aluminum, plastic and rubber in manufacturing of finished goods and has a process in place to collect the scrap and recycle the same
- Systems in place to mitigate the exposure risk of hazardous materials

### Conserving Nature:

- Consciously track usage of these resources – water, energy and raw materials, throughout all operations

### Energy Conservation:

- Utilizing alternate sources of energy by installing solar panels for its plants situated at Mundra, Chittoor, Phagi and SEZ Jaipur thereby minimizing the consumption of electricity from commercial electricity boards

### Alternate Energy Source:

- Uses pyrolysis oil generated during waste rubber recycling process as an alternate source of energy for recycling of Lead & Aluminium
- Using carbon briquettes as an alternate source of energy during recycling process

## Involved in Making Holistic & Meaningful Contributions to Society

4

Round of ESOPs

2%

Equity holding in Employee Welfare Trust

4%

Women employees

**OHSAS 18001**

Certified

**Rs. 73 Lakh**

CSR spending

- **Engagement Platforms of Customers & Partners:** Customers: Regular business meetings, Customer satisfaction survey
- **Product/Service Safety and Quality:** Identify areas for improvement at every stage of manufacturing to provide the best value possible in the products Gravita produce
- **Diversity and Inclusion:** The Company has 67 permanent women employees as on 31st March, 2022; Women in the total workforce: 4%
- **Lower Staff Turnover Rate:** Attrition at Ages; Age upto 30 years -3%; age from 31 to 44 years (2%) and age above 44 years (1%)
- **Employee Well Being Programs:** Well-defined policies/principles in place to foster utmost employee safety and wellbeing which not only takes care of the wellness of employees but also the environment
- **CSR Initiatives:** Main focus of the CSR activities of the Company is on health, education and environment

## Fosters a Culture of High Ethical Standards, Accountability and Transparency

**50%**

Independent directors

**A**

Ratings by Brickworks

**ISO 9001 : 2015**

Certified

**ISO 14001:  
2015**

Certified

**ISO 45001 :  
2018**

Certified

**ILA**

Registered plants

- **Business Ethics:** Always worked towards building trust with shareholders, employees, customers, suppliers and other stakeholders based on the principles of good corporate governance, viz., integrity, equity, transparency, fairness, disclosure, accountability and commitment to values
- **Details of Related Party Transactions:** Detail of transaction and balance outstanding with related parties is provided in annual report
- **Board of Directors:** 50% of directors are independent
- **Financial Expertise on Audit Committee:** All the members of the Audit committee are financially literate and possess thorough knowledge of accounting or related financial management expertise
- **Executive Pay Performance Alignment Policies:** Remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay

**Thank You**

**SAVE THE PLANET**