GRAVITA INDIA LIMITED

EQUITY RESEARCH — Institutional Research Note

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CMP (1-Jul-26)	Mkt Cap	52-Wk H/L	P/E (TTM)	P/B	FY26 ROE	FY26 ROCE
Rs 1,700	Rs 12,550 Cr	1,949 / 1,267	33.1x	5.1x	15.5%	24%*

**ROCE pre-acquisition of Rashtriya Metal Industries Ltd (RMIL), on average invested capital, pre-tax. Source: Company Q4/FY26 investor presentation, Screener.in, exchange filings.*

1. Company Overview & Business Model

Gravita India Ltd, founded in 1992 by first-generation entrepreneur Rajat Agrawal and headquartered in Jaipur, is one of India's largest integrated non-ferrous metal recycling companies. The Group recycles lead, aluminium, plastic, rubber, lithium-ion batteries and (from March 2026) copper, converting post-consumer and industrial scrap into pure metals, alloys and value-added products (VAP). Gravita operates 14 manufacturing plants across India, Ghana, Senegal, Mozambique, Tanzania, Togo, Sri Lanka, Romania and the Dominican Republic, supported by 39 owned scrap yards and 2,200+ procurement touch-points across five continents. It also offers turnkey recycling-plant design/build/O&M services (70+ projects executed globally) and holds “India's only ILA-accredited plants” status.

Group structure/verticals: Lead (flagship, ~87% of FY26 volumes), Aluminium, Plastic, Rubber (organic build-out + Romania acquisition), Turnkey Solutions, and two new-age verticals added in FY26 – Lithium-ion battery recycling (6,000 MTPA pilot commissioned at Mundra, Jan-2026) and Copper (99.44% stake acquired in Rashtriya Metal Industries Ltd [“RMIL”] for Rs 561.84 Cr in March 2026, a 78-year-old copper/copper-alloy manufacturer with 31,200 MTPA capacity at Sarigam, Gujarat, exporting to the UAE, USA, Thailand and other markets).

2. How Gravita Makes Money

Gravita's earnings model is a scrap-to-metal margin business, not a commodity-price bet. The Group procures battery/metal scrap and industrial waste through its own yards and a 2,200+ touch-point network (39 owned yards; ~3.3 lakh MT of scrap collected in FY26), smelts/processes it into pure metal, alloys and value-added downstream products, and sells into a diversified base of 400+ customers across 37 countries (250+ domestic accounts across 22 states; 50+ overseas accounts). Profitability is captured as a largely metal-price-agnostic EBITDA-per-tonne spread between scrap procurement cost and finished-product realisation, materially protected through a back-to-back LME/domestic hedging mechanism. Raw material (scrap) cost was ~84% of FY26 sales (Rs 3,592 Cr of Rs 4,265 Cr revenue) – the single largest cost line – making sourcing reach and hedging discipline the key operating levers, ahead of conversion cost.

Vertical	Sustainable EBITDA / kg (guided)	Commentary
Lead	Rs 19-20/kg	Flagship; FY26 volume 48,889 MT (+7% YoY); FY26 realised EBITDA/ton Rs 23,043 aided by a temporary domestic-LME arbitrage
Aluminium	Rs 14-15/kg	Awaiting MCX hedging contract approval (pending ~12 months) before India capacity is scaled up
Plastic	Rs 10-12/kg	Volumes to build gradually; Q4 FY26 benefited from a price spike on Middle-East supply disruption
Copper (RMIL, current)	~Rs 45/kg	Post backward-integration recycling plant (Mundra, FY27-28), guided to Rs 60-65/kg, rising toward Rs 65-70/kg over 2-3 years
Rubber	Rs 7-8/kg	New vertical; India capacity of ~30,000 MTPA to be commissioned H1 FY27; existing Romania (tyre) plant to be expanded

Source: Gravita 4Q/FY26 earnings call (8-May-2026), management Q&A – Yogesh Malhotra (CEO). EBITDA/kg = EBITDA/kg on a sustainable, non-arbitrage basis.

Value-added products (customised alloys, sheets, bricks, red lead, TPO, brass cups, copper foils etc.) contributed 42% of FY26 revenue, up from ~39% in FY25, on the way to a Vision-2030 target of 45-50%. Capacity utilisation stood at 70% (ex. recent expansions), overseas capacity mix at 27%, with a healthy order book of 60,000+ MT.

3. Revenue & Earnings Breakdown

Gravita reports a consolidated P&L; granular segmental revenue is disclosed at the standalone (India) entity level and via volume/EBITDA-per-tonne KPIs at the group level. Key cuts:

Rs Cr	FY22	FY23	FY24	FY25	FY26	FY22-26 CAGR
Consolidated Revenue	2,216	2,801	3,161	3,869	4,265	18%
Consolidated PAT	139	201	239	312	379	28% (FY21-26: 48%)
Adj. EBITDA	222	268	329	403	452	-
Adj. EBITDA Margin	10.0%	9.6%	10.4%	10.4%	10.6%	-
Value-Added Product Mix	n.a.	n.a.	n.a.	~39%	42%	Target 45-50% by FY29

Source: Company investor presentation (FY22-FY26 financial highlights), Q4FY26 earnings call.

Standalone Segment Revenue & Profit (Rs Cr, FY26 vs FY25)

Segment	FY26 Revenue	FY25 Revenue	FY26 Segment Profit
Lead	core (majority of Rs 4,265 Cr consol.)	-	454.15
Aluminium	-	-	17.09
Plastics	70.43	84.45	8.98
Copper (RMIL, part-year)	51.78	Nil	2.42
Turnkey Projects	4.76	19.96	-

Source: Exchange filing / 5paisa result summary, FY26 standalone segment disclosure. Lead/Aluminium segment revenue not separately disclosed at standalone level in the source; profit shown as reported.

FY26 Volume & Reach Snapshot

Metric	FY26	Metric	FY26
Total Volume	56,208 MT (+5% YoY)	Scrap Collection	3.30 lakh+ MT
Lead Volume	48,889 MT (+7% YoY)	Products Delivered	2.13 lakh+ MT
Manufacturing Plants	14	Countries Served	37
Total Customers	400+	Recycling Verticals	6 (7 incl. Turnkey)

4. FY26 Consolidated Financial Highlights

Rs Cr	FY22	FY23	FY24	FY25	FY26
Sales	2,215.9	2,800.6	3,160.8	3,868.8	4,265.3
EBITDA (reported, incl. OI)	-	-	-	-	452.5*
Depreciation	20.6	24.0	38.0	29.1	38.8
Interest	38.0	43.5	51.8	46.4	24.8
PBT	164.6	227.6	274.2	363.5	448.3
Tax	16.2	23.5	31.9	50.6	69.9
Net Profit	139.4	201.1	239.2	312.4	378.8
Net Debt	359.0	310.0	449.0	(121.3)	534.1
Net Worth	386.9	588.9	837.4	2,069.9	2,451.6
ROE	36.0%	34.2%	28.6%	15.1%	15.5%

**Adjusted consolidated EBITDA (post currency/metal hedge adjustment) per management commentary; Screener-derived P&L used for other lines. Net worth = equity capital + reserves. Source: Company filings, Screener.in.*

Q4 FY26 in isolation was softer: revenue grew 13% YoY to Rs 1,172.8 Cr, but adjusted EBITDA rose only 4% YoY to Rs 112.9 Cr (margin 9.63%, down from 11.41% in Q3 FY26) and PAT fell 3% YoY to Rs 91.9 Cr, as the Middle-East conflict disrupted ~10-12% of sales (largely value-added exports) and pushed up inward logistics cost – a dynamic management flagged as continuing into Q1 FY27.

5. Capacity Expansion & Capex Plan

Total capex guidance through FY29 has been raised from Rs 1,200 Cr to Rs 1,700 Cr, entirely to fund a bigger-than-planned copper build-out (Rs ~700 Cr) following the RMIL acquisition; lead capacity plans are unchanged and remain on track to ~8,00,000 MTPA by FY29 (vs 4.57 lakh MTPA installed currently). FY26 capex was Rs 372 Cr, funded through internal accruals.

Rs Cr	FY27E	FY28E	FY29E	Total (FY27-29)
Guided Capex	~600	~700	~400	~1,700

Key Ongoing / Planned Projects

Project	Capacity	Investment	Timeline
Mundra lead capacity expansion	+80,300 MTPA (to 1,45,100 MTPA)	Rs 49 Cr	Commissioned FY26
Jaipur lead capacity addition	45,000 MT	-	Q1 FY27 (awaiting govt approval)
Li-ion battery recycling (pilot), Mundra	6,000 MTPA (black mass)	Rs 14 Cr	Commissioned Jan-2026; refining phase 2 to follow
Copper recycling plant, Mandvi (Gujarat)	29,400 MTPA Phase-1 (→60,000 in 2-3 yrs; 1,00,000 by FY29)	~Rs 160 Cr (Phase-1); ~Rs 700 Cr total copper capex	Commercial ops within 12 months
Rubber/tyre recycling, India	~30,000 MTPA	-	H1 FY27

Project	Capacity	Investment	Timeline
Steel recycling	Under evaluation	-	Long-term / back-burner for now

Source: Company FY26 investor presentation, 4Q/FY26 earnings call transcript (8-May-2026).

6. Management Guidance & Vision 2030

Selected forward-looking commentary from the Q4/FY26 earnings call (Yogesh Malhotra, CEO; Sunil Kansal, CFO):

- "We are very confident of getting a CAGR of 20%-25% in volume terms consistently over the next three years."
- "RMIL EBITDA/ton is currently ~Rs 45,000; with backward integration [Mandvi copper plant] this should improve to Rs 60,000-65,000/ton, and beyond Rs 65,000 over 2-3 years."
- "Working capital... including copper, was around 90 days this year... going forward also it should be in the range of 85-90 days."
- "Peak net debt should be close to Rs 800-900 Cr [working-capital debt] once the copper business scales, from Rs 118 Cr currently – we don't consider hedged inventory-linked debt as real leverage."
- Net debt reconciliation: the Rs 118 Cr figure in the quote above appears to reference a more recent (post-FY26-close) net-debt data point rather than the FY26 year-end reported net debt of Rs 534 Cr shown in Section 4. This note uses the Rs 534 Cr FY26 year-end figure consistently for all EV, DuPont and valuation calculations elsewhere in this report; the Rs 118 Cr → Rs 800-900 Cr trajectory is retained here as management's own framing of the expected leverage build.
- "Blended tax rate for going forward should be in the range of 17%-18%" (vs ~15% in FY26), as RMIL/copper profits are taxed at the standard ~25% domestic rate.

Vision 2030 Target	Metric
Volume CAGR	20-25%
Sustained ROCE	~25%
Profitability (PAT) growth	30-35%
Value-added product mix	45-50% of revenue
Non-lead business contribution	35-40% of revenue
Total capacity by FY29	8,00,000+ MTPA (from 4.57 lakh MTPA)
Renewable power usage	25-30% of total energy

7. Government Policy Impact: Rs 1,500 Cr Critical Mineral Recycling Incentive Scheme

India's Union Cabinet approved a Rs 1,500 Cr Critical Mineral Recycling Incentive Scheme (CMRIS) under the National Critical Mineral Mission (NCMM) in September 2025, running FY2025-26 to FY2030-31, to incentivise recovery of lithium, cobalt, nickel, graphite, copper and other critical minerals from e-waste, lithium-ion battery (LIB) scrap and end-of-life-vehicle catalytic converters. As of the April/June-2026 updates, the scheme is live, oversubscribed and allocation-complete: against a 270 kilotonne recycling-capacity target, the Ministry of Mines received commitments for 850 kilotonnes and formally approved 58 recyclers; a dedicated battery-minerals processing policy (Cabinet nod expected within three months of the June-2026 update) is being layered on top.

Feature	Detail
Total outlay	Rs 1,500 Cr (Rs 700 Cr lithium-ion battery recycling; Rs 650 Cr e-waste; Rs 135 Cr other critical-mineral streams)
Incentive structure	20% capex subsidy + progressive opex subsidy through FY31; payout staggered 40% in Yr-2, 60% in Yr-5, subject to sales thresholds
Caps	Large entities: Rs 50 Cr per entity (opex sub-limit Rs 10 Cr); Small/Group-B entities: Rs 25 Cr (opex sub-limit Rs 5 Cr), with input-capacity criteria eased 50% for Group-B (<Rs 200 Cr turnover)
Capacity/output target	270 kt/yr recycling capacity → ~40 kt/yr critical mineral output; Rs ~8,000 Cr investment and ~70,000 jobs envisaged
Status (as of Jul-2026)	Oversubscribed 3x; 58 recyclers approved; dedicated battery-minerals policy in the pipeline

Source: Cabinet approval (Business Standard, 3-Sep-2025); Down To Earth / MRAI Conference remarks by Mines Secretary (Jun-2026); Autocar Professional, IBEF, Entrepreneur India coverage (Apr-Jun 2026).

Read-through for Gravita

- Direct relevance is currently modest but rising. Gravita's lithium-ion recycling facility (6,000 MTPA, Mundra) is explicitly flagged by management as a pilot for the "black mass" stage only – the downstream refining/extraction stage that would actually qualify for mineral-recovery incentives is still to be built. Management has stated it is not baking any lithium-ion revenue into its FY29 guidance; any CMRIS-linked capex subsidy would therefore be incremental upside not yet in consensus numbers.
- As a CPCB-recognised, ILA-accredited, large-scale organised recycler already running BWMR/EPR-compliant operations, Gravita is structurally well positioned to be a beneficiary if it scales its lithium-ion/e-waste registration to claim the capex subsidy (Group-A entity, cap Rs 50 Cr) once its refining-stage plant is commissioned.
- The indirect effect is more important near-term: CMRIS and the parallel EPR/BWMR/GST-reform push (MSTC-based EPR trading exchange, CPCB audit mechanism, proposed reverse-charge/TDS on battery scrap) are together formalising India's lead-acid and e-waste recycling value chain,

improving domestic scrap availability and reducing informal-sector price undercutting – a tailwind management explicitly linked to the EPR portal, MSTC exchange and NITI Aayog's recent tyre/ELV/battery reform recommendations.

• Competitive intensity in the incentive pool is a watch-item: the scheme's 3x oversubscription (850 kt vs 270 kt target, 58 recyclers approved) signals a crowded new entrant base, including well-funded pure-play battery recyclers (Attero, Lohum, Recyclekaro) alongside diversified players such as Ecoreco – Gravita's scale and existing yard network are advantages but not a structural moat in this specific sub-segment yet.

8. DuPont Analysis (FY22-FY26, Consolidated)

ROE has structurally declined even as absolute profitability has scaled, driven almost entirely by balance-sheet dilution/deleveraging rather than any deterioration in operating profitability – net margin has in fact steadily improved.

FY	Net Margin	x	Asset Turnover	x	Equity Multiplier	=	ROE
FY22	6.29%	x	2.22	x	2.58	=	36.0%
FY23	7.18%	x	2.32	x	2.05	=	34.2%
FY24	7.57%	x	1.97	x	1.91	=	28.6%
FY25	8.07%	x	1.54	x	1.21	=	15.1%
FY26	8.88%	x	1.25	x	1.39	=	15.5%

Net Margin = PAT/Sales; Asset Turnover = Sales/Total Assets; Equity Multiplier = Total Assets/Net Worth. Source: computed from Screener.in P&L/balance-sheet data.

• Net margin expanded from 6.3% (FY22) to 8.9% (FY26) – a function of rising value-added product mix (39% → 42%), improving lead EBITDA/ton, and a declining interest burden (Rs 46 Cr in FY26 vs Rs 52 Cr in FY25, on a much larger asset base) following the Rs 1,000 Cr FY25 QIP.

• Asset turnover nearly halved from 2.22x (FY22) to 1.25x (FY26) as the balance sheet almost quadrupled (Rs 998 Cr → Rs 3,417 Cr total assets) on capex, the RMIL acquisition and QIP-related cash/investment build – assets have grown faster than revenue during this investment phase, which is typical and should normalise as new capacity ramps to utilisation.

• Equity multiplier collapsed from 2.58x to 1.21x in FY25 (Rs 1,000 Cr QIP nearly tripled net worth) before ticking back up to 1.39x in FY26 as debt was re-added (net debt swung from -Rs 121 Cr net cash to +Rs 534 Cr) to fund the RMIL acquisition and working capital.

• Net-net: the FY25-26 ROE compression (34.2% → 28.6% → 15.1% → 15.5%) is a leverage/capital-structure story, not an operating one. Management's own capital-allocation policy targets a 3-year payback and 25%+ ROCE on new projects (pre-tax, average invested capital) – FY26 group ROCE (pre-RMIL) was ~24%, broadly on track, though the copper vertical is guided to a lower steady-state ROCE of ~20%+ per management's own disclosure, which would be dilutive to blended returns if copper becomes a larger share of the capital base.

Return on Capital Employed (ROCE) Trend

FY21	FY22	FY23	FY24	FY25	FY26 (pre-RMIL)
19%	30%	31%	26%	27%	24%

ROCE = EBIT (adj. for hedge income/loss) / average pre-tax invested capital; company-disclosed metric, target 25%+, max 3-year payback policy for new capex. Source: Company investor presentation.

9. Forward EV/EBITDA Valuation

This note values Gravita on a forward EV/EBITDA basis rather than a discounted cash flow (DCF)/FCFF framework. The methodology, underlying FY27E/FY28E EBITDA estimates and peer multiple context are set out below. Consistent with the rest of this note, no price target or investment recommendation is expressed – the reference ranges below are illustrative cross-checks only.

Why EV/EBITDA, Not DCF, for Gravita

• Capex-cycle distortion: Gravita is mid-way through a heavy, front-loaded capex programme (~Rs 1,700 Cr guided through FY29) alongside working-capital build for the import-heavy copper vertical. A standard explicit-period FCFF/DCF model penalises the stock for investment that only becomes cash-generative from FY29 onward, understating value during the build-out phase – a distortion EV/EBITDA avoids by valuing operating earnings power directly.

• Capital-structure agnostic: EV/EBITDA sits ahead of D&A, capex and financing choices, which matters given Gravita's continually rising depreciation base (new plants) and shifting leverage profile (FY25 QIP, RMIL acquisition funding, copper working-capital debt) – all balance-sheet mechanics that a DCF's WACC and terminal-value assumptions are highly sensitive to, but which do not change the underlying earnings quality.

• Read-across to the actual peer set: EV/EBITDA is the multiple the market and covering brokers already use to price Gravita's closest listed peer, Jain Resource Recycling (JRR) (Section 10), so using the same lens allows a like-for-like comparison and a cleaner read on re-rating potential as the copper (RMIL) business execution derisks.

• Long growth runway: with Vision-2030 volume/VAP targets, the RMIL/copper ramp and Li-ion optionality still largely ahead of the company, a single trailing or one-year-forward multiple understates fair value; a forward (FY27E/FY28E) EV/EBITDA lens captures embedded growth without relying on the long-dated terminal-growth and WACC assumptions a multi-year FCFF model requires.

FY27E / FY28E EBITDA Build (Base Case)

Rs Cr	FY27E	FY28E
Revenue	5,289	6,453
Revenue growth YoY	24.0%	22.0%

Rs Cr	FY27E	FY28E
EBITDA margin	10.8%	11.3%
EBITDA	571	729

Revenue growth in line with management's guided 20-25% volume CAGR plus mix/price; EBITDA margin trajectory reflects VAP mix rising toward the Vision-2030 45-50% target. Estimates are ThirdView Capital assumptions, not company guidance.

Peer EV/EBITDA Context

Company / basis	EV/EBITDA
Gravita – trailing (FY26 Adj. EBITDA, current CMP)	~28.9x
Gravita – one-year forward (FY27E EBITDA, current CMP)	~22.9x
Gravita – two-year forward (FY28E EBITDA, current CMP)	~17.9x
Jain Resource Recycling (JRR) – current	~23-25x
Eco Recycling (Ecoreco) – current	n.a. (small base)

Gravita multiples computed on current CMP of Rs 1,700, market cap of ~Rs 12,550 Cr and FY26 year-end net debt of Rs 534 Cr (Section 4); JRR/Ecoreco per broker commentary (Section 10 sources). The glide path from ~29x trailing to ~18x two-year-forward illustrates the market effectively paying up for embedded EBITDA growth.

Applying a reference range of 18-22x to FY28E EBITDA of Rs 729 Cr – modestly below JRR's growth-driven 23-25x band (Gravita's lead-led growth is slower but higher-margin and longer-track-record) and below Gravita's own richer trailing multiple, consistent with a normalising re-rating as the business scales – gives the illustrative range below.

Implied Value Range (Illustrative, FY28E EBITDA basis)

EV/EBITDA multiple	FY28E EBITDA (Rs Cr)	Implied EV (Rs Cr)	(-) Net Debt (Rs Cr)	Implied Equity Value (Rs Cr)	Implied Value/Share (Rs)
18.0x	729	13,122	534	12,588	~1,705
20.0x	729	14,580	534	14,047	~1,903
22.0x	729	16,038	534	15,504	~2,100

Net debt held constant at the FY26 year-end reported figure of Rs 534 Cr (Section 4) for consistency across this note; see Section 12 for a reconciliation of the different net-debt figures referenced in management commentary. Illustrative cross-check only – not a price target or recommendation. Refer to Section 11 for a fuller scenario-based EV/EBITDA analysis (bull/base/bear).

10. Comparable Company Analysis (CCA)

Rs Cr unless stated	Gravita India	Jain Resource Recycling	Eco Recycling (Ecoreco)
Core business	Lead / Al / Plastic / Rubber / Copper / Li-ion	Lead / Copper / Aluminium / Tin	E-waste & Li-ion battery recycling
Market Cap	12,550	13,068	874
FY26 Revenue	4,265	9,543	48
FY26 EBITDA (margin)	452 (10.6%)	~558 (5.9%)	n.a. (asset-light, EPR-credit linked)
FY26 PAT	379	347	23
Revenue CAGR (FY24-26)	16%	~48% (FY25-26 alone)	n.m. (small base, high volatility)
P/E (TTM)	33.1x	~34-40x	~38x
EV/EBITDA (approx.)	~28.9x	~23-25x	n.a.
P/B	5.1x	8.4x	7.9x
FY26 ROE	15.5%	n.a. (recently listed, Oct-2025)	high, small base
Export mix	~28-30%	~63-70%	n.a.

Source: Screener.in, Company filings, 5paisa, Kotak Neo, Tickertape, Motilal Oswal (all as of late Jun/early Jul-2026). JRR listed Oct-2025; trades at a valuation premium to Gravita per multiple broker notes, reflecting faster (but lower-margin, copper-heavy) revenue growth. Ecoreco is a much smaller, EPR-credit-levered e-waste pure play with a richer but low-base-driven multiple; not directly comparable on scale.

- Gravita trades at a premium EV/EBITDA to JRR despite slower top-line growth, reflecting its longer track record, higher and more stable EBITDA margin (10.6% vs JRR's ~6-7%), superior ROE, and more diversified geography/vertical mix.
- JRR's revenue growth (48% FY26) is copper/lead-trading-led and lower-margin; its 25-35x EV/EBITDA (per broker commentary) already prices in aggressive copper-value-add execution – a useful read-across for how the market could re-rate Gravita's own copper (RMIL) ramp if execution proves out.
- Ecoreco is not a scale peer but is the cleanest listed proxy for the lithium-ion/e-waste CMRIS opportunity – its rich multiple on a tiny base illustrates the market's willingness to pay up for pure-play exposure to India's critical-mineral-recycling policy tailwind, a segment where Gravita is still sub-scale.

11. Scenario Analysis

BULL CASE	BASE CASE	BEAR CASE
Rs 2,200	Rs 1,900	Rs 1,250
• Volume CAGR sustains 25%+; VAP mix hits 50%+ ahead of schedule, lifting FY28E EBITDA toward ~Rs 800 Cr (~11.8% margin) • MCX aluminium hedge approved → India Al capacity scales • RMIL/copper backward-integration lands at Rs 65-70k EBITDA/ton on schedule, ahead of the base-case Rs 60-65k • CMRIS + battery-mineral policy accelerates Li-ion economics; Gravita scales past pilot stage • West Asia disruption resolves quickly; VAP export mix normalises, supporting a re-rating toward JRR's 23-25x band • EV/EBITDA value/share: ~Rs 2,200 (21x on ~Rs 800 Cr FY28E EBITDA, less Rs 534 Cr net debt)	• Volume CAGR in line with 20-25% guidance; capacity to 8L MTPA by FY29 • Copper EBITDA/ton ramps to guided Rs 60-65k over 2-3 years • EBITDA margin gradually expands toward ~11.3% by FY28E as VAP mix rises to 45-50%, FY28E EBITDA ~Rs 729 Cr • Working capital stable at 85-90 days; blended tax rate 17-18% • ROCE sustained near management's 25% target (ex. copper drag) • EV/EBITDA value/share: ~Rs 1,900 (20x on ~Rs 729 Cr FY28E EBITDA, less Rs 534 Cr net debt)	• West Asia disruption persists, pressuring VAP exports and logistics cost further • MCX aluminium approval keeps slipping; Al volumes stay muted • RMIL utilisation stays near 50%; copper margin ramp disappoints, stays near Rs 45-50k/ton, capping FY28E EBITDA near ~Rs 570 Cr (~10.0% margin) • Working capital stretches beyond 90 days as copper import mix rises faster than sourcing network scales • Lead arbitrage/EPR-linked tailwinds fade if domestic-global spread normalises, and the multiple de-rates toward the low end of the peer range • EV/EBITDA value/share: ~Rs 1,250 (17x on ~Rs 570 Cr FY28E EBITDA, less Rs 534 Cr net debt)

EV/EBITDA-implied values shown for illustration of scenario sensitivity only; not a price target or recommendation. Net debt held constant at Rs 534 Cr (FY26 year-end, per Section 4) across all three scenarios for consistency. Refer to Section 9 for the base-case EV/EBITDA methodology and peer multiple context.

12. Key Risks & Monitorables

- **Copper integration risk:** RMIL is running at ~50% utilisation; the Mandvi backward-integration plant (29,400 MTPA Phase-1) is not yet commissioned. Margin-accretion (Rs 45k → Rs 60-65k EBITDA/ton) and the Rs 700 Cr capex allocation both hinge on execution over the next 2-3 years.
- **Geopolitical/logistics disruption:** ~10-12% of sales (concentrated in higher-margin VAP) route through the Middle East; the ongoing regional conflict has already dented Q4 FY26 EBITDA/ton and management flags continued Q1 FY27 impact.
- **Regulatory/approval risk:** Aluminium volume scale-up in India is gated on an MCX hedging-contract approval that management says has been "hanging for the past one year" with no firm date; Jaipur's 45,000 MT lead expansion also awaits government approval.
- **Commodity & currency exposure:** Despite a back-to-back hedging mechanism, un-hedged verticals (aluminium, to an extent plastic) see realisation swings; a normalisation of the current favourable domestic-vs-LME lead arbitrage would compress the elevated Rs 22-23k/ton lead EBITDA seen in FY26 back toward the Rs 19-20k/ton sustainable level.
- **Leverage build-up:** net debt is guided by management to rise toward Rs 800-900 Cr as copper working capital scales, up from Rs 534 Cr at FY26-end (per reported financials; Section 4) – management's own Q4FY26 commentary cited a lower Rs 118 Cr starting point, which we treat as a more recent data point rather than the FY26 year-end base (see Section 6 reconciliation note). While management characterises this build-up as low-risk (hedged, metal-backed inventory), it is a swing from the net-cash position seen post the FY25 QIP.
- **Policy execution risk:** BWMR/EPR reforms (MSTC exchange, CPCB audit mechanism, proposed reverse-charge/TDS on battery scrap) remain pending GST Council action; delays would slow the formal-sector scrap-availability tailwind Gravita is counting on.
- **Competitive/incentive crowding:** the CMRIS scheme's 3x oversubscription signals many new entrants (Attero, Lohum, Recyclekaro, Ecoreco and others) targeting the same critical-mineral recycling pool; Gravita's Li-ion vertical is still pre-scale relative to some peers.

Sources

Company FY26 Investor Presentation (Jan/May 2026); Q4 & FY26 Earnings Conference Call transcript (Antique Stock Broking, 8-May-2026); Regulation 30 exchange filings (7-May-2026, 11-May-2026); Screener.in financial data export; Business Standard, Down To Earth, Autocar Professional, IBEF, Entrepreneur India (CMRIS policy coverage, Apr-Jun 2026); Kotak Neo, Tickertape, Motilal Oswal, 5paisa, INDmoney (peer/market data, Jun-Jul 2026).

Disclaimer