



## GRAVITA INDIA LTD.

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CIN : L29308RJ1992PLCO06870

7<sup>th</sup>February, 2019

GIL/2018-19/206

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| To,<br>The Listing Department<br>The National Stock Exchange Of India Ltd.<br>Exchange Plaza, C-1, Block-G,<br>Bandra-Kurla Complex, Bandra(E)<br>Mumbai-400 051<br>Fax No.: 022-26598237/38<br>Company Code: GRAVITA | To<br>The BSE Ltd.<br>Phiroze Jeejeebhoy Towers<br>Dalal Street MUMBAI-400001<br>Fax No.: 02222723121<br>Company Code: 533282 |
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**Sub: Press Release for Un-audited Financial Results for the Quarter ended 31<sup>st</sup> December, 2018**

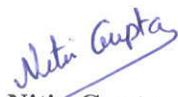
Dear Sir/Madam,

With reference to the cited subject, please find enclosed Press Release for Un-audited Financial Results for the Quarter ended 31<sup>st</sup> December, 2018.

Kindly take the above on your records and oblige.

Yours Faithfully

For Gravita India Limited

  
Nitin Gupta  
(Company Secretary)  
FCS-9984



Encl.: As above

## Gravita India Limited Revenue up by 27% in Q3 FY19

### Key financial highlights of the Q3-FY19

- Revenue INR 30,507 lacs
- EBITDA INR 1,015 lacs
- PAT INR 36 Lacs
- EPS INR 0.05
- Sales Quantity- Lead – 16,499 MT, Aluminum-2,044 MT & Plastic-2,146 MT

### Key financial highlights of the 9M-FY19

- Revenue INR 90,274 lacs
- EBITDA INR 4,707 lacs
- PAT INR 1,607 lacs
- EPS INR 2.34
- Sales Quantity- Lead – 46,513 MT, Aluminum-5,984 MT & Plastic-7,260 MT

### Update on Hedging Policy

The company is having policy of back-to-back hedging of Lead metal with a core inventory equivalent to production of approx. 15 days. Under the back-to-back hedging mechanism, the equivalent finished goods are sold on the day of procuring the raw material at the prevailing market prices so that buying of raw material and selling of finished goods are on the same price as the index to lock the margins. As a practice, this core inventory was not hedged as this will always remain in the production system. This core inventory of approx. 2,900 MT was restated due to continuous declining of LME prices.

Henceforth, the company has decided to hedge the core inventory to avoid the restatements of the inventory values due to notional gain/loss on account of changes in LME prices and has already hedged 25% of the same. Over the coming quarters the entire core inventory would be fully hedged and this will result in better stability of profitability in coming quarters.

### Operational Highlights

During the quarter the consolidated revenue of the company increased by 27% as compared to corresponding quarter of previous year. The increase in revenue is due to increase in the sales volume by 37%, although the LME prices during the last quarter witnessed drop of ~ 5% which impacted the realisations.

The company's profitability declined primarily due to restatement of core inventory, change in production mix with higher capacity utilisations at Indian facilities against the overseas facilities which command lower margins. Additionally, due to ongoing stabilization of Chittoor facility, the recoveries were lower and conversion cost per ton was higher. Now the recoveries at Chittoor facility is stabilised and is at par with Jaipur facility.

### Expansion Projects

**Ghana Plant** – The Company has received Free Zone License as well as EPA License to run the facility. The construction activities are in final stage and certain plant & equipment's have already been reached to Ghana. We expect this plant to commence its operations by March 2019. Establishment of this plant will result in saving of logistics cost on the battery scrap which is currently imported to

India, processed and re-exported to various countries. This will also help the company to reduce its working capital cycle.

**Tanzania Project** – The Company has received Free Zone License as well as EPA License to run the facility. The construction activities are in final stage and plant & Equipment's have already been reached. Further, company expects that operations of the said plant will start by March 2019.

**Mundra Project** – The Company has decided to shift its existing Gandhidham facility to Mundra by May 2019 in order to save the logistics cost as Mundra facility is much closer to the port than Gandhidham facility and company will also save the lease rentals which are being paid for Gandhidham facility.

Considering the above expansion plans, the company has already initiated setting up of 9 more scrap sourcing centres in Africa and is also focusing on strengthening its existing scrap sourcing centres.

Furthermore, the above expansions in Ghana and Tanzania will result in increase in contribution from overseas business which commands the higher margins and will increase the overall profit margins of the company.

### **Management Commentary**

Mr. Rajat Agrawal, Managing Director, Gravita India Limited said, "We have performed well in terms of scrap procurement and production which resulted in higher volumes and revenues despite lower LME in the last nine months. We shall thrive to achieve higher profitability in coming months by improving operational efficiencies at our existing facilities and also due to the new hedging policy."

### **Outlook**

Domestic scrap industry is expected to shift from unorganized to organized because of implementation of GST and E-Way Bill in the coming months. India generates approx. 1.1 Mn MT of lead acid battery scrap every year, of which organized recyclers recycle approx. 40% of available scrap. Stricter environmental norms by various governments including public awareness about recycling benefits are key drivers of growth in recycling industry. Our recycled production is expected to be in the range of 75000-80000 MT in FY2019.

### **About Gravita India Limited**

Gravita India Limited ([www.gravitaindia.com](http://www.gravitaindia.com)), a leader in integrated operations of non-ferrous metals and plastics having recycling, manufacturing and Turnkey business in 7 countries of Asia, Africa and America Continent. The company enjoys patronage of its products in more than 59 countries. Incorporated in 1992, the company commenced its journey with recycling of secondary lead and lead based products. Over the years, the company diversified into recycling of Aluminium and Plastics. Gravita is actively involved in collection of scrap globally and processing the same at strategically located recycling facilities across the world. The company also provides turnkey solutions by manufacturing and selling state-of-the-art recycling equipments.

### **Forward looking statement:**

We have disclosed forward-looking information so that investors can comprehend the Company's prospects and make informed investment decisions. This release and other written and oral statements that we make periodically contain such forward-looking statements that set out anticipated results based on the Management's plans and assumptions. We have tried, wherever possible, to qualify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words and terms of similar substance in connection with any discussion of future operating or financial performance.

We do not guarantee that any forward-looking statement will be realised, although we believe we have been diligent and prudent in our plan and assumptions. The achievement of future results is subject to risk, uncertainties and validity of inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, our actual results could vary materially from those anticipated, estimated or projected. Investors should bear this in mind as they consider forward-looking statements. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

**For further information, please contact:**

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