

GRAVITA INDIA LIMITED
31st Annual General Meeting

Day	Monday
Date	11 th September, 2023
Time	01:00 P.M

Chairman's Speech - AGM 2023

A very warm welcome and Good Afternoon to each and every one of you.

It gives me great pleasure to welcome you to the 31st Annual General Meeting of Gravita India Limited.

As I look back at the exceptional year of 2022-23, I could not have been prouder of the entire Gravita family. Our employees and our business continued to demonstrate the strength of our strong business model, with the Company achieving robust operational and financial performance during the year. The success we have achieved over the last few years wouldn't have been possible without the commitment and hardwork of our employees. Today, Gravita family comprises 1900+ employees spread across our operations in India, Europe, Africa and Asia.

We have already articulated our Vision 2026 that envisages our diversification into recycling of steel, paper, and lithium ion batteries. Our entry into new verticals will be eased based on our proven skills and capabilities and our strong knowhow in safe and reliable recycling will enable us to shrink payback and hence boost cashflows and liquidity, thus creating a pool of growth capital for the Company.

We possess a unique business model and are strategically positioned because of high entry barriers to our business and that gives us immense confidence about our future growth trajectory. We are responsible towards the communities in which we operate and stakeholder value creation will continue to remain our key focus area.

We are committed to shared prosperity and I believe that is what distinguishes us from the others. As our performance in 2022-23 and our Vision 2026 demonstrate, we will not take the easiest path but take the path that we believe will drive the best long-term value for our stakeholders and our planet.

During the fiscal year 2022-23, our Company made significant progress in strengthening our foundation and advancing our growth initiatives. The commendable financial results achieved are a testament to the collective abilities of our teamwork. Furthermore, we placed heightened emphasis on infusing sustainability into all facets of our business operations.

In our line of business, sourcing the raw materials at right price is generally the biggest challenge. Therefore, we made a conscious decision to establish a presence in regions with ready access to raw materials and a large nearby market, resulting in five manufacturing facilities within India and six manufacturing sites located outside of India, with a total capacity to produce 2.34 Lacs+ MTPA as of 31st March 2023. With a global footprint that spans over thirty-eight countries spread across four continents, today we can obtain raw materials more efficiently through twenty-seven yards and realize cost efficiency. This also improves our ability to penetrate diverse markets while remaining viable over varying market cycles and geographic regions.

We are also pleased to inform that our step down subsidiary Gravita Netherlands BV has secured a 34 million Euros ESG loan from European Developmental Financial Institutions “Proparco” and “OeEB”. This Facility has been granted after rigorous due diligence on various ESG aspects at our manufacturing subsidiaries which showcases our commitment to sustainability and circular economy. This funding would thus enable our company’s offshore businesses to gain financial independence for their capex and working capital requirements.

I would now like to present the salient features of your Company’s performance during the F.Y. 2022-23.

- Our total capacity utilisation stood at 67%.
- Approx 50 K+ MT of products were produced from manufacturing sites outside India.
- Our order book during the year stood at 60,000 MT of various products.
- Capex during the year stood at Rs.110 crores.
- Signed an MOU to establish our first battery recycling unit in the Middle-East, in Oman, with a capacity to produce 6,000 MTPA.
- Commissioned 4,000 MTPA Aluminium recycling unit at Senegal.
- Commissioned 4,000 MTPA Aluminium recycling unit at Togo.
- Commissioned 1,200 MTPA Plastic recycling unit at Ghana.
- Reduced debt by Rs.40 crores.
- Due to active cash flow management strategies, we reduced the receivable cycle by 12 days.
- During the year under review on Consolidated basis our Topline grew by 26% to achieve a total of Rs.2,801 crores
- EBIDTA increased by 33% to achieve a total of Rs.286 crores
- PAT jumped by 44% to achieve a total of Rs.201 crores.

Such impressive results have helped us to maintain a consistent 22% Revenue CAGR in the last 5 years. Our PAT margin grew consistently over the last 5 years and achieved a 35% CAGR growth. Our EBIDTA margin stood in the range of 9-10% annually. We generated 37% of our revenue and 51% PAT from overseas businesses.

In addition to our mainstay of Lead recycling, we also accelerated our focus on Aluminium and Plastic recycling with the result that both these businesses are attaining scale. This gave us the confidence to take steps in rubber recycling, in line with our focus on diversifying in new recycling

Future Plans

We have set an ambitious growth plan, aimed at achieving a compounded annual growth rate (CAGR) of at least 25%. Our strategy is focused on value-added products and non-lead business as we aim to broaden our business scope. To accomplish this, we plan to invest Rs.600+ crores in capex to increase our manufacturing capacity to 4,25,000 MTPA by FY 2026. We are confident that our pragmatic approach and commitment to a circular economy will support sustainable growth and generate value for all our stakeholders in the long run.

Yes. That's what drives all members of Gravita towards more opportunities and achievements. We are curious to know how we can do more to care for nature and bring about a sustainability movement. We have identified growth opportunities in Lead, Aluminium and Plastic recycling. We are also looking for opportunities to foray into new verticals of recycling – Lithium, Steel and Paper.

We are also committed to strengthening our ESG policies and will focus on the reduction of our carbon footprints by using alternate sources of energy. The company has already adopted solar energy by installing solar plants at its manufacturing locations situated in India. As we advance, we also plan to install solar plants at our overseas locations.

As we look ahead to 2023-24 and beyond, the hard work, dedication and focus of our employees on long-term value creation for our shareholders will continue to drive us and because of that I know that the future for Gravita and our employees will be brighter.

Acknowledgment

We continue to march forward in our quest for sustainable growth with a defined purpose, improved strategy and well supported by our values. With our diverse, focused, and dedicated pool of human resources, we strive to build a sustainable future for ourselves while creating value for our stakeholders.

In the end, I extend my sincere appreciation to Team Gravita, who have consistently demonstrated their resilience and capacity to rise above any adversity and reach further to achieve new milestones.

Thank you for your continued support and cooperation.

Thank you all!