Market snapshot

Equities - India	Close	Chg .%	CYTD.%
Sensex	81,445	-0.2	4.2
Nifty-50	24,812	-0.2	4.9
Nifty-M 100	58,109	-0.5	1.6
Equities-Global	**Close**	**Chg .%**	**CYTD.%**
S&P 500	5,981	0.0	1.7
Nasdaq	19,546	0.1	1.2
FTSE 100	8,843	0.1	8.2
DAX	23,318	-0.5	17.1
Hang Seng	8,594	-1.2	17.9
Nikkei 225	38,885	0.9	-2.5
Commodities	**Close**	**Chg .%**	**CYTD.%**
Brent (US$/Bbl)	77	-0.4	4.0
Gold ($/OZ)	3,369	-0.6	28.4
Cu (US$/MT)	9,761	-0.3	12.8
Almn (US$/MT)	2,553	0.0	1.0
Currency	**Close**	**Chg .%**	**CYTD.%**
USD/INR	86.5	0.3	1.0
USD/EUR	1.1	0.0	10.9
USD/JPY	145.1	-0.1	-7.7
YIELD (%)	**Close**	**1MChg**	**CYTD chg**
10 Yrs G-Sec	6.3	0.00	-0.5
10 Yrs AAA Corp	7.0	0.01	-0.2
Flows (USD b)	**18-Jun**	**MTD**	**CYTD**
FIIs	0.1	0.03	-10.6
DIIs	0.13	6.90	39.8
Volumes (INRb)	**18-Jun**	**MTD***	**YTD***
Cash	954	1198	1072
F&O	1,94,894	1,89,880	2,07,192

Note: Flows, MTD includes provisional numbers.
*Average

Today's top research idea

Siemens Energy India: Long-standing player in transmission

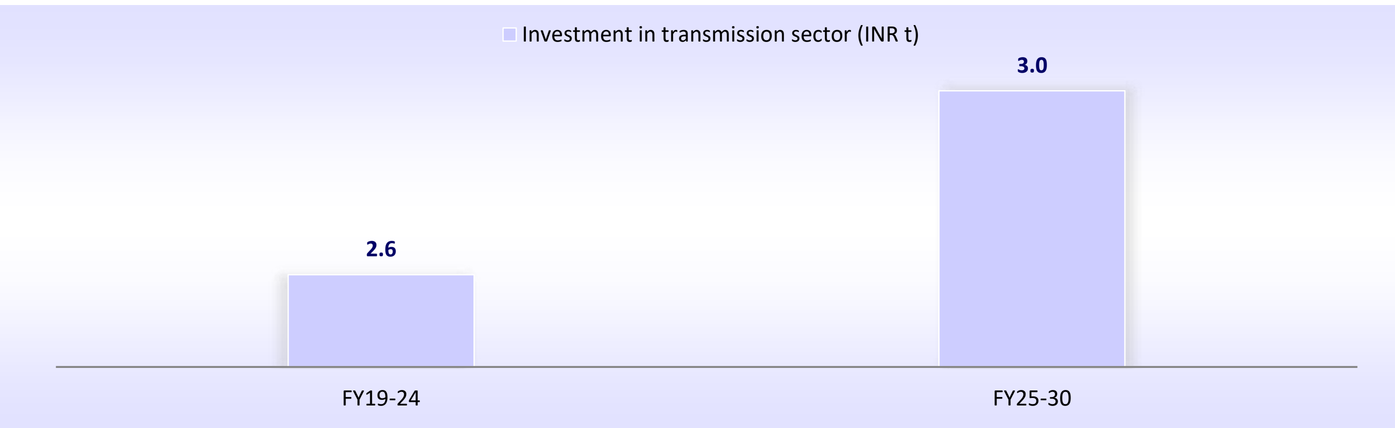
- Siemens Energy India Limited will get listed on 19th Jun'25. This business was demerged from Siemens Ltd in April'25 and focuses on Transmission and Distribution (T&D) as well as small-sized turbines.
- We expect the company to benefit from a strong addressable market in the T&D business. Based on the financial details available for FY24, we arrive at pro-forma financials for the energy business. We expect revenue/PAT CAGR of 25%/31% over FY25-27, with EBITDA margin expanding to 21.4% by FY27. Margins have already started expanding in 5MFY25.
- We ascribe a multiple of 60x to Siemens Energy and arrive at a TP of INR3,000 on Sep'27 estimates. We resume coverage with a BUY recommendation. Key risks to our thesis can come from a slowdown in ordering and supply chain issues impacting margin.

Research covered

Cos/Sector	Key Highlights
Siemens Energy India	Long-standing player in transmission
Trent	Aspires to grow 25%+ through higher revenue share
Ambuja Cements	Annual Report | Acquisition-led growth; efficiency push yet to materialize
Gravita (India)	From scrap to success: Capitalizing on market diversification

Chart of the Day: Siemens Energy India (Long-standing player in transmission)

Investment in the transmission sector (INR t)



Source: Industry, MOFSL

Research Team (Gautam.Duggad@MotilalOswal.com)

Kindly click on textbox for the detailed news link

1

US Fed keeps rates steady for 4th straight meeting, remains open for cuts

US Federal Reserve decided on Wednesday to keep interest rates unchanged, while indicating that reductions could still be on the table in the second half of the year

2

Vodafone Idea connects with AST to foray into satcom services

Vodafone Idea (Vi) is partnering with AST SpaceMobile to offer direct-to-device satellite broadband connectivity in India, joining Reliance Jio and Bharti Airtel in the space-based services arena.

3

Reliance Consumer to pour ₹8,000 crore into soft drinks business

Reliance Consumer Products is set to invest up to ₹8,000 crore to expand its beverage brands like Campa Cola, challenging Coca-Cola and PepsiCo.

4

SWIFT deadline nears: Indian banks face payment disruption risk

Indian banks, particularly private lenders, are lagging in the transition to the ISO 20022 SWIFT messaging standard, with only SBI fully compliant ahead of the November deadline.

5

Tata Elxsi, Infineon partner to develop application-ready EV solutions

The partnership also plans to explore electric Vertical Take-Off and Landing (eVTOL), energy, and off-highway applications

6

Air India cuts 15% international wide-body flights after Ahmedabad crash

Following a fatal Boeing 787 crash, Air India will cut 15 per cent of its international wide-body operations and conduct safety checks through mid-July to stabilise services

7

As RBI probes lapses, Standard Chartered Bank sees exits from forex desk

An RBI investigation revealed lapses in Standard Chartered Bank's sale of complex derivative products, leading to accountability measures.

Siemens Energy India

BSE Sensex	S&P CNX
81,445	24,812

Financials & Valuations (INR b)

Y/E SEPT	FY25E	FY26E	FY27E
Net Sales	66.5	79.8	103.7
EBITDA	12.9	16.3	22.2
PAT	10.4	13.0	17.9
EPS (INR)	29.1	36.6	50.1
GR. (%)	48.6	25.6	37.0
BV/Sh (INR)	119.5	156.1	206.2
Ratios			
ROE (%)	24.4	23.4	24.3
RoCE (%)	25.6	24.3	25.0

TP: INR3,000 Buy

Long-standing player in transmission

Siemens Energy India Limited will get listed on 19th Jun'25. This business was demerged from Siemens Ltd in April'25 and focuses on Transmission and Distribution (T&D) as well as small-sized turbines. We expect the company to benefit from a strong addressable market in the T&D business. Based on the financial details available for FY24, we arrive at pro-forma financials for the energy business. We expect revenue/PAT CAGR of 25%/31% over FY25-27, with EBITDA margin expanding to 21.4% by FY27. Margins have already started expanding in 5MFY25. We ascribe a multiple of 60x to Siemens Energy and arrive at a TP of INR3,000 on Sep'27 estimates. We resume coverage with a BUY recommendation. Key risks to our thesis are expected to arise from a slowdown in ordering and supply chain issues impacting margin.

Siemens Energy's business profile

Siemens Energy India Limited offers a wide range of services and solutions to power generation utilities and IPPs. It also provides industrial gas turbines and steam turbines—typically used in captive power plants across industries such as metals, cement, chemicals, sugar, textiles, and oil & gas—with capacities of up to 250MW. Additionally, it supplies heavy-duty gas turbines of up to 600 MW, as well as large utility steam turbines and generators of up to 800 MW. In the power transmission business, the company provides AIS and GIS, power transformers (up to 765 kV, 500 MVA), reactors (up to 765 kV), and traction transformers (up to 33 kV, 10 MVA), along with EPC solutions and services.

Well-placed to benefit from planned investments in T&D

We expect Siemens to be well-placed to benefit from planned investments in T&D. CEA expects investments worth INR3t from FY25-30 on planned transmission capacity addition across lines and substations. Consequently, the transmission line segment is expected to witness robust growth, particularly in HV lines of 400kV and 765kV, given their crucial role in inter-state transmission lines. Siemens is among the few players with a presence in high-voltage lines up to 765kV and is, hence, expected to benefit from planned investments. We believe that Siemens had adopted a selective stance for HVDC projects. However, with the upcoming pipeline of HVDC projects, we expect the company to participate based on its technological capabilities. Additionally, state-wise ISTS strengthening initiatives are expected to drive investments worth INR120b in the sector.

Planned capex across facilities to drive growth in financials

Siemens is continuously investing in capacity expansion across transformers and GIS. In its last annual report, the company highlighted a capex of INR4.6b for power transformers in Kalwa (doubling capacity from 15,000 MVA to 30,000MVA), INR3.3b for blue GIS in Goa, and INR0.6b for vacuum interrupters in Goa. This will provide support to revenue growth for the company once capex gets over. A portion of SIEM's capacity expansion toward transformers and GIS

Financial outlook

Based on the financials available for FY24, we arrive at proforma financials for the company. We expect revenue/PAT CAGR of 25%/31% over FY25-27, with EBITDA margin expanding to 21.4% by FY27. Margins have already started expanding in 5MFY25. EBIT margin adjusted with one-offs stood at 15.6% in 1QFY25 and improved to 20.6% for a two-month period of 2QFY25. Our assumptions for revenue growth takes into account capacity doubling for transformers and expansion in GIS along with normal business growth for turbine business. With improvement in revenues and increased demand, we expect operating leverage to improve margin. Company has receivables from Siemens Ltd which once received would aid other income. We thus expect a PAT CAGR of 31% over FY25-27.

Valuation and view

The stock will get listed on 19th Jun'25. We ascribe a multiple of 60x to Siemens Energy and arrive at a TP of INR3,000 on Sep'27 estimates. Based on relative valuation of peers, Hitachi Energy trades at 74x P/E and GE Vernova T&D trades at 58x P/E Mar'27 estimates. Hitachi Energy has benefited from large HVDC wins, while Siemens is also better placed to win upcoming projects and has a better margin profile.

Key risks and concerns

Key risks to our thesis can come from a slowdown in ordering and supply chain issues impacting margin.

Trent

BSE SENSEX	S&P CNX
81,445	24,812

TRENT

Bloomberg	TRENT IN
Equity Shares (m)	355
M.Cap.(INRb)/(USDb)	2038.7 / 23.6
52-Week Range (INR)	8346 / 4488
1,6,12 Rel. Per (%)	4/-22/2
12M Avg Val (INR M)	6746

Financials &Valuations (INR b)

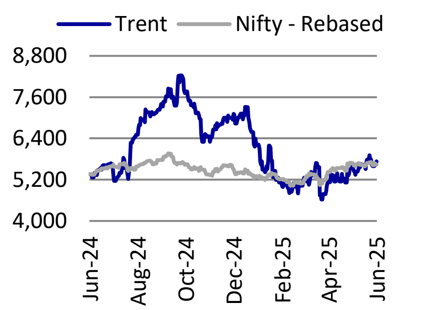
INR b	FY25	FY26E	FY27E
Sales	171.3	219.4	265.0
EBITDA	27.5	35.6	43.0
NP	15.3	19.7	24.3
EBITDA Margin (%)	16.0	16.2	16.2
Adj. EPS (INR)	43.2	55.5	68.3
EPS Gr. (%)	47.7	28.5	23.2
BV/Sh. (INR)	164.4	223.7	296.7
Ratios			
Net D:E	0.1	0.1	-0.1
RoE (%)	32.2	30.6	28.1
RoCE (%)	22.9	21.7	19.6
Payout (%)	0.0	0.0	0.0
Valuations			
P/E (x)	132.7	103.3	83.9
EV/EBITDA (x)	74.2	57.3	47.2
EV/Sales (x)	12.0	9.4	7.7
Div . Yield (%)	0.0	0.0	0.0

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	37.0	37.0	37.0
DII	17.2	15.3	13.9
FII	19.7	21.7	26.8
Others	26.1	26.0	22.3

FII Includes depository receipts

Stock's performance (one-year)



CMP: INR5,735 TP: INR6,900 (+20%) Buy

Aspires to grow 25%+ through higher revenue share

Despite robust growth over the past few years (6.5x revenue growth over FY19-25), management indicated that Trent's share in India's fashion and lifestyle retail industry remains in low-single digits. The company believes there is still a long runway for growth and aims to grow at 25%+ annually over the longer term through a multi-brand, cluster-based approach to increase its market share in key micro-markets. Management is cognizant of the impact on return metrics of their cluster focus approach, but believes there is enough headroom to drive operating leverage in the business. The company remains bullish on the growth opportunity in the Star format, but will continue to grow sensibly while focusing on the right economics and improving its differentiation through a rising share of non-third-party brands (73% currently). We continue to like Trent for its superlative execution and long growth runway. Reiterate BUY with an unchanged TP of INR6,900.

Long runway for growth for Trent's portfolio of brands

- The Indian retail industry is likely to reach USD2.2t by 2034 (vs. USD1t in 2025), driven by young aspirational population, rising urbanization and digital proliferation. Within retail, the fashion and lifestyle market is poised to record a higher 10-12% CAGR to reach INR18t by 2028. Despite robust growth (6.5x revenue growth over FY19-25), Trent's share remains in low-single digits.
- Management is focused on increasing its revenue market share in key micro-markets through a portfolio of multiple brands, forays into newer categories and a cluster-based approach (vs. focusing solely on SSSG).
- Trent aspires to grow 25%+ annually over the long term (in line with our revenue CAGR over FY25-27E) through its differentiated proposition to drive repeat purchases from a critical mass of consumers while staying relevant to the evolving consumer needs.
- Further, management indicated that there is enough headroom to drive operating leverage in the business through continued process improvements to offset any impact of the dilution in return metrics from the cluster-based growth approach.

Remains bullish on growth prospects for Star

- Star delivered ~25% revenue growth in FY25, driven by a net addition of 12 stores (+18% YoY) and robust LFL. Management acknowledges the challenges in running a food and grocery retail chain at scale. However, it remains bullish on the large opportunity for its Star business (current footprint of just 78 stores in 10 cities).
- The company aims to grow sensibly with the right economics while focusing on improving its differentiation through a continuous increase in the share of non-third-party brands to 80-85% (vs. 73% currently).

Scaling up the emerging categories

- The share of emerging categories has now inched up to ~20%, driven by robust volume growth in categories such as beauty (65% YoY to 81m units), innerwear (47% YoY to 50m units) and footwear (42% YoY to 27m units, even higher than Metro and Campus).
- The company is looking to ramp up its presence in the beauty segment through Zudio Beauty and has also recently launched its range of lab-grown diamonds under the brand "Pome".

Valuation and view

- Trent's growth rate has moderated in the last few quarters, though still robust, amid a weak discretionary demand environment.
- Back-ended strong store additions in Zudio should aid growth in FY26. However, recovery in SSSG across fashion and Star formats would be a key near-term monitorable.
- We continue to like Trent for its robust footprint additions, strong double-digit growth, long runway for growth in Star (presence in just 10 cities) and potential scale-up of new categories (beauty, and lab-grown diamonds).
- Our FY26-27 estimates are unchanged. We build in FY25-27E CAGR of ~25-26% in standalone revenue/EBITDA/PAT, driven by the continuation of robust area additions in Zudio.
- We assign 55x Mar'27E EV/EBITDA to the standalone business (Westside and Zudio; a premium over our Retail Universe, given TRENT's superlative growth), 2.5x FY27E EV/sales to Star JV, and ~7x EV/EBITDA to Zara JV to arrive at our unchanged **TP of INR6,900**. Adjusting the value of Star and Zara, the stock is trading at 77x FY27E PE for the standalone business (vs. ~90x LT average 1-year forward PE). We **reiterate our BUY rating**.

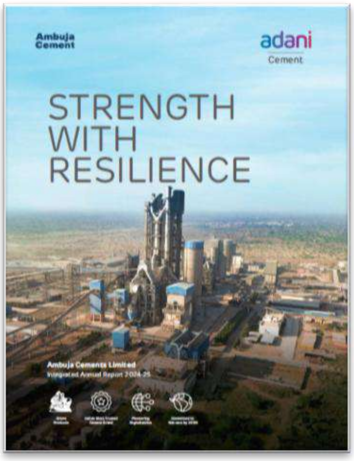
Exhibit 1: Valuation based on SoTP as of Mar'27E

Particulars (INR b)	Financial metric	Multiple	EBITDA/Sales	Value	Per share
Westside and Zudio	EBITDA	55	43.1	2,370	6,666
Star	Sales	3	27.8	69	195
Zara	EBITDA	7	2.7	18	49
Total Enterprise Value				**2457**	
Net Debt				4	
Equity Value				**2,453**	
Shares (m)				356	
Target Price (INR)				**6,900**	
CMP				5,728	
Upside				20%	

Source: MOFSL, Company

Ambuja Cements

BSE SENSEX	S&P CNX
81,445	24,812



Stock Info

Bloomberg	ACEM IN
Equity Shares (m)	2463
M.Cap.(INRb)/(USDb)	1342.5 / 15.5
52-Week Range (INR)	707 / 453
1, 6, 12 Rel. Per (%)	-2/-6/-24
12M Avg Val (INR M)	1768
Free float (%)	32.5

Financials Snapshot (INR b)

Y/E Mar	FY25	FY26E	FY27E
Sales	340.8	414.4	468.5
EBITDA	50.1	67.9	91.0
Adj. PAT	19.6	25.3	34.7
EBITDA Margin (%)	14.7	16.4	19.4
Adj. EPS (INR)	8.0	10.3	14.1
EPS Gr. (%)	-42.6	29.0	37.1
BV/Sh. (INR)	217	223	231
Ratios			
Net D:E	-0.1	-0.0	-0.0
RoE (%)	4.1	4.7	6.2
RoCE (%)	4.7	5.3	7.4
Payout (%)	11.8	48.6	42.6
Valuations			
P/E (x)	59.4	46.1	33.6
P/BV (x)	2.2	2.1	2.1
EV/EBITDA(x)	26.5	21.1	15.8
EV/ton (USD)	170	145	138
Div. Yield (%)	0.4	0.9	1.1
FCF Yield (%)	-4.7	-0.3	2.5

CMP: INR545 TP: INR630 (+16%) Buy

Acquisition-led growth; efficiency push yet to materialize

The key highlights of ACEM's FY25 annual report: 1) the company's consolidated cement capacity has risen to 100.3mtpa currently from 76.9mtpa in FY24-end, primarily led by inorganic growth. However, most of the company's organic grinding unit expansions are witnessing delays of around 6-12 months from the scheduled timeline; 2) various cost-saving measures, including group synergy initiatives, are currently underway but have yet to yield meaningful results; 3) it reported a sharp increase in related-party transactions, aimed at improving process efficiency and leveraging group synergies; and 4) projecting cement demand growth of ~7-8% YoY in FY26, led by strong demand from infrastructure, housing and commercial sectors.

Aggressive on M&A; organic growth yet to catch up

- The company's consolidated cement capacity has increased from 76.9mtpa as of Mar'24 to 100.3mtpa, including the acquisition of Orient Cement, brownfield expansion at Farakka, West Bengal, and a small capacity addition through debottlenecking in Apr'25.
- Under the new management, ACEM has been focusing on capacity expansion through strategic acquisitions, including Sanghi Industries (6.0mtpa), Penna Cement (10.0mtpa), and Orient Cement (8.5mtpa). In contrast, the progress on organic expansions has been slower, with construction going on at 12 sites and commissioning expected in FY26E. The board has also approved 21mtpa of additional grinding capacity, slated for FY27-28, as part of its plan to increase the capacity to 140mtpa.
- ACEM's consolidated sales volumes grew ~10% YoY to 65.2mt, aided by incremental growth from inorganic expansions. However, standalone cement production increased ~3% YoY. The company's cement capacity utilization (consolidated) stood at ~78% in FY25 vs. ~82% in FY24.

Cost reduction drive underway; yet to deliver results

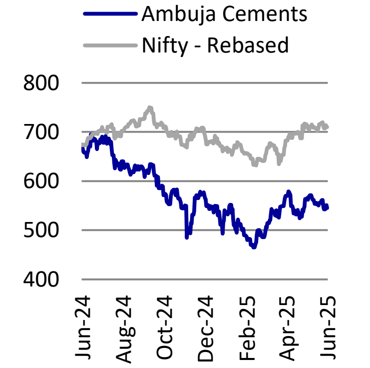
- ACEM has undertaken a series of cost-reduction initiatives to improve efficiency and profitability. These include long-term sourcing agreements for key raw materials like fly-ash, with nearly 40% of fly-ash now secured through such arrangements. It has increased the use of fly-ash sourced from group companies across its manufacturing plants to optimize the cost. It has significantly increased its limestone reserves to ~9.0b tons, ensuring a stable supply of a key raw material.
- A significant push is being made toward green energy, with investments of INR100b planned in WHRS, solar, and wind projects. Green power capacity has increased notably in FY25, and the company aims to raise the green power share to ~60% by FY28, which could reduce power costs by INR90/t. Efforts are also underway to improve energy efficiency and increase the use of alternative fuels, with ambitious targets for lowering both thermal and electrical energy consumption by FY30.

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	67.5	67.5	66.7
DII	17.3	16.6	14.5
FII	8.7	9.2	11.2
Others	6.5	6.7	7.7

FII includes depository receipts

Stock Performance (1-year)



- Logistics efficiency is another key area of focus, with a significant shift toward sea transport, optimized depot networks, and investments in specialized rakes for bulk cement transport. It operates 14 sea vessels and plans to expand its marine fleet and terminal infrastructure to further reduce freight costs. In FY25, the company's total opex/t (consolidated) inched down ~1% YoY (INR60/t) to INR4,460/t, mainly due to a reduction in power & fuel costs and freight costs. ACEM is targeting to reduce opex/t to INR3,650/t by FY28.

Related-party transactions rise on leveraging group synergies

- ACEM strategically established MSA with its subsidiaries to realize economies of scale, improve operational and logistics cost efficiency, optimize fuel and resource usage and sourcing, integrate its supply chain, reinforce competitive edge, and expand market reach. These agreements are in place with ACC, Sanghi Industries (SIL), Asian Fine Cement, Penna Cement, Orient Cement and Adani Cement Industries.
- ACEM is leveraging synergies of the group to substantially increase transactions with group companies. The value of goods/services purchased from other related parties stood at INR49.2b in FY25 vs. INR14.7b in FY24 (average INR9.2b over CY18-FY23). After a sharp increase in the purchase of goods/services from other related parties, the amount outstanding from other related parties also surged to INR9.4b from INR1.8b in FY24 (average INR1.4b over CY18-FY23).
- In FY23, ACEM made an advance payment of INR9.25b to Mundra Petrochem (MPL) for exclusive long-term raw material/fuel supply rights for its Mundra cement plant, initially expected to be commissioned in FY26. Currently, the advances stand at the same level and the cement plant is now expected to be commissioned by FY27-28, based on the progress of polyvinyl chlorine unit of MPL.

View and valuation

- ACEM has reiterated its capacity target of 140mtpa and EBITDA/t target of INR1,500 by FY28. Until now, capacity growth was largely driven by the inorganic route. However, the expansion will be largely organic in FY26, with multiple projects progressing across various locations. The company is also expected to prioritize the integration of acquired assets. Profitability improvement will be driven by ongoing cost-saving measures and a rising share of premium products.
- We estimate a CAGR of ~17%/35%/33% in consolidated revenue/EBITDA/PAT over FY25-27, albeit on a low base. We estimate EBITDA/t to increase to INR906/INR1096 in FY26/FY27 from INR768 in FY25. ACEM (consol.) trades at 21x/16x FY26/FY27E EV/EBITDA and USD147/USD140 EV/t. We maintain our BUY rating with a TP of INR630 (valuing the stock at 18x FY27E EV/EBITDA).

Gravita (India)

BSE SENSEX	S&P CNX
81,445	24,812

GRAVITA

Stock Info

Bloomberg	GRAV IN
Equity Shares (m)	74
M.Cap.(INRb)/(USDb)	124 / 1.4
52-Week Range (INR)	2700 / 1251
1, 6, 12 Rel. Per (%)	-16/-33/25
12M Avg Val (INR M)	876
Free float (%)	40.7

Financial Snapshot (INR b)

Y/E March	FY25	FY26E	FY27E
Sales	38.7	50.0	65.3
EBITDA*	4.0	5.0	6.7
EBITDA Margin (%)*	10.4	10.0	10.3
Adj. PAT	3.1	4.1	5.5
Cons. Adj. EPS (INR)	42.3	55.4	74.1
EPS Gr. (%)	22	31	34
BV/Sh. (INR)	280	335	408
Ratios (%)			
Net D:E	-0.3	-0.1	0.0
RoE (%)	21.5	18.0	19.9
RoCE (%)	18.8	17.1	19.3
Valuations			
P/E (x)	39.7	30.3	22.7
EV/EBITDA (x)	36.4	24.6	18.4

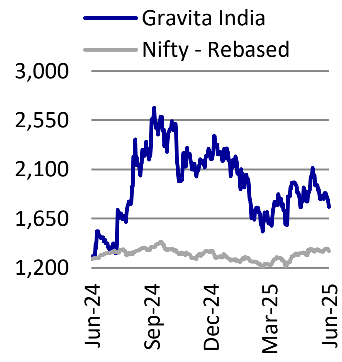
*Adjusted

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	59.3	59.3	66.5
DII	5.4	5.4	0.4
FII	15.4	15.5	12.5
Others	19.9	19.8	20.6

FII Includes depository receipts

Stock performance (one-year)



CMP: INR1,680 TP: INR2,300 (+37%) Buy

From scrap to success: Capitalizing on market diversification

Gravita India Ltd (Gravita), a prominent leader in India's recycling industry, is well-placed to leverage strong industry growth and rising momentum through its global and pan-India operations, supported by a comprehensive procurement network.

- **With the implementation of Environmental Compensation (EC) for EPR non-compliance, the availability of domestic scrap has improved, leading to a 60% increase in domestic scrap sourcing by Gravita in FY25. This shift to domestic sourcing is expected to improve working capital days from 85 in FY25 to 77/76 in FY26/FY27, thereby enhancing cash flow from operations to INR3.6b/INR3.1b from INR2.8b in FY25.**
- **The increase in domestic scrap availability is expected to sustain as automotive battery manufacturers are now mandated to collect and recycle ~90% of the batteries placed by them three years ago in FY26 (up from ~70% in FY25). This is likely to further increase the market share of organized players.**
- **Furthermore, with the company's heightened emphasis on the non-lead segment, including its upcoming ventures in rubber and lithium-ion recycling (currently in the prototype phase), both operations are scheduled to commence by 1HFY26. The management is targeting a revenue CAGR of ~70% from the rubber segment over the next 3-4 years.**
- **This strategic expansion is expected to support the company's goal of generating 30% of its revenue from the non-lead segment by FY29.**

Expanding horizons with Gravita's strategic shift beyond lead recycling

- In FY25, Gravita's lead recycling vertical contributed ~88% to the company's revenue and is set for substantial growth in the domestic market, driven by favorable industry dynamics and higher availability of domestic scrap.
- With the increase in domestic scrap procurement (up 60% YoY), led by regulatory tailwinds, we expect the working capital days to decrease from 85 in FY25 to 77/76 in FY26/FY27, resulting in an increase in cash flow from operations to INR3.6b/INR3.1b in FY26/FY27 from INR2.8b in FY25.
- Value-added lead products—tailored to specific customer requirements—will be a key growth driver for the lead segment, enabling Gravita to command a premium. These products offer margins that are 2-3% higher than the base product.
- The company plans to increase the share from value-added products to 50% from 45% in FY25.
- Meanwhile, the company remains committed to diversifying its revenue streams by expanding into new and faster-growing segments, such as lithium and rubber recycling, while also scaling up its aluminum and plastic recycling operations.
- The non-lead business accounted for ~12% of the company's revenue in FY25. However, Gravita aims to expand this segment, targeting a contribution of up to 30% of total revenue by FY29.

- Gravita is set to enter the rubber and lithium recycling segment, with the inaugural plant scheduled to be operational by 1HFY26 in Mundra, India.
- The company does not anticipate significant revenue from lithium-ion recycling in the near term, primarily due to the limited availability of scrap materials, as EV adoption has yet to reach a scale that supports substantial recycling volumes.
- The ongoing pilot project is expected to provide a competitive edge by enhancing the company's understanding of the technology, with early expertise and advancements being crucial for long-term success in this capital-intensive sector. This approach aligns with the company's playbook, as seen during its initial expansion in the lead segment.

Expanding global presence and market opportunities in rubber recycling

- As Gravitas intensifies its focus on enhancing the composition of its non-lead portfolio, the company's entry into rubber recycling represents a significant strategic milestone, with the management aiming for a revenue CAGR of ~70% over the next 3-4 years.
- The global rubber recycling market reported a volume of 11MMT in CY23, registering a CAGR of 7.2% over CY18-23. Looking ahead, the market is expected to post a CAGR of ~6.8% over CY24-32, reaching volumes of ~21MMT by CY32.
- The growing awareness of environmental sustainability and the need to reduce carbon footprints among end users are expected to significantly drive the rubber recycling market growth.
- Additionally, global regulations aimed at reducing landfill waste and promoting recycling are likely to boost market expansion. Initiatives like the European Union's and the US's push for stricter waste management practices have sparked further interest in scalable rubber recycling solutions, ensuring the market's continued growth.
- As part of its strategic entry into the European market, Gravita, through its step-down subsidiary Gravita Netherlands BV (GNBV), has signed an MoU to acquire an 80% stake in a ~18,000 MTPA waste tire recycling facility in Romania for INR320m.
- Alongside its expansion in Europe, Gravita is setting up a plant in Mundra, India, which is expected to commence operations by 1HFY26, with an additional capacity of 30 KMT in Phase 1 and another 30KMT in Phase 2.
- In addition to producing pyrolysis oil, Gravita will focus on manufacturing a wide array of value-added products like sheets, crumb rubber, reclaimed carbon black, and byproducts like steel, which will not only be sold but also hold potential for further recycling.

Seizing market potential by expanding operations and global presence

- As a large-scale recycler with a pan-India presence, Gravita has been a key beneficiary of favorable regulatory changes, which have significantly shifted industry dynamics in favor of organized players.
- Strict government regulations under the Battery Waste Management Rules (BWMR) and Extended Producer Responsibility (EPR) have improved domestic scrap availability, leading to higher local sourcing. In FY25, Gravita witnessed a 60% YoY increase in domestic scrap procurement.

- To capitalize on the increasing availability of domestic scrap, Gravita is steadily expanding its capacity, aiming to exceed 728KTPA (major increase in rubber and lead) by FY27, up from 334KTPA in FY25. In addition to its greenfield expansion, the company is also exploring strategic M&A opportunities to fuel its growth plan.
- Backed by its deeply rooted procurement network—comprising ~33 owned yards and ~1,900+ touch points—Gravita is actively pursuing three overseas projects to expand its global presence.

Valuation and view

- As a leading player in India's rapidly growing recycling industry, Gravita is well-positioned to capitalize on evolving market dynamics, driven by regulatory policy changes that are expected to increase the availability of domestic scrap—benefiting organized players such as Gravita.
- Going forward, we expect the company to report robust earnings growth on the back of: 1) strategic capacity expansion across verticals and geographies, 2) an increased focus on value-added products, and 3) higher growth in new segments (rubber).
- We expect a revenue/EBITDA/PAT CAGR of 30%/29%/32% over FY25-27. **We value the stock at 31x FY27 EPS to arrive at our TP of INR2,300. We reiterate our BUY rating on the stock.**

Happiest Mind: For GenAI, Utilisation Rate Will Rise To 60-70%, To Take The Co To A Breakeven Point; Venkatraman Narayanan, MD

- Targets a $1 billion revenue milestone by 2031 through balanced organic and inorganic growth strategies.
- BFSI, healthcare, and high-tech verticals are prioritized for growth following recent strategic acquisitions.
- Edtech remains important but is facing headwinds; diversification into other sectors is underway.
- Maintains a healthy deal pipeline despite industry challenges and a previous client-specific setback.
- GenAI business is evolving, expected to break even by FY27 and contribute significantly thereafter.

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- Foray into castings, battery packs for EVs.
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- 40% jump in realizations driven by focus on upper mid and premium segments.
- Expanding in Bangalore, Hyderabad, Chennai before eyeing Mumbai/Delhi.
- ₹1100 cr leased portfolio; REIT monetization likely post ₹1500–2000 cr scale.

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- Confident of 11–12% loan growth in FY26, led by MSME and retail push.
- RBI's rate and CRR cuts enhance lending capacity, aid margin recovery.
- 6.5L new accounts, ₹1,000 cr deposits via revamped digital savings platform.
- Focus on ethical bancassurance; gold loan growth steady at 12%.
- Canara HSBC IPO likely to happen around Q3FY26

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